
FOR IMMEDIATE RELEASE**May 1, 2007****Contact:** Kurt Knaus
717-571-5687**AXION POWER INTERNATIONAL INC. RELOCATES OPERATIONS FROM TORONTO TO NEW CASTLE; LAUNCHES NEW RESEARCH CENTER, MANUFACTURING LINE**

Company receives \$1.2 million in state aid for innovative work that will create approximately 90 jobs in the design and manufacture of advanced batteries and energy storage devices

NEW CASTLE, Lawrence County --- Axion Power International Inc. (OTC Pink Sheets: AXPW), an industry leader in the development of advanced batteries and energy storage devices, will create as many as 90 high-paying jobs at its new operations base for the design, manufacture and sale of products based on its patented lead-carbon (PbC) technology.

Axion recently relocated from Toronto, Canada, to New Castle, located about 50 miles north of Pittsburgh, choosing Pennsylvania over several other vying states. The move was aided by \$1.2 million in state assistance that Pennsylvania Governor Edward G. Rendell delivered today during a ribbon-cutting ceremony and tour of the company's new research and development center and manufacturing facility.

"The resources being presented to us today are yet another step in Axion's march toward the energy storage markets of the world," Axion Chief Executive Officer Thomas Granville said. "The Pennsylvania grants allow us to accelerate our process schedules and obtain automated, continuous-run equipment, ahead of schedule. The funding also allows us to expand our adjunct standard and niche market lead-acid battery business and, in the process, create additional job opportunities in Lawrence County."

Axion's new lead-carbon technology represents the first major advance in lead-acid battery technology in 30 years. A few of the product advantages are: less lead; higher power delivery rates; faster recharge rates; and longer life cycles than conventional batteries. The technology will help to expand the markets for hybrid vehicles and alternative energy systems, such as those fueled by wind or solar power. Each of these markets is seeking the very advantages Axion offers.

Axion began some small-scale production of niche market lead-acid batteries in May 2006 after minor site modifications and equipment upgrades at the former New Castle Battery site. Equipment at the plant had been mothballed and slated for auction when Axion came across the site in November 2005 while looking to buy what it needed for a small prototype line in Canada.

Relocation to New Castle offered a greater advantage to Axion than moving equipment because the lead-acid production line was already in place. Axion was able to reduce development and manufacturing costs through this acquisition since one of the major advantages of the proprietary PbC battery product is the ability to manufacture it on existing lead-acid battery production lines without significant changes to production equipment or fabrication processes.

The 70,000-square-foot New Castle facility is a plant fully permitted to manufacture 3,000 batteries a day. Right now, the proprietary carbon electrode is still handmade, limiting production to only a few batteries per day. More automated continuous-run equipment is needed to dramatically increase production, and that is what the Pennsylvania grant money will be used for. The thousands of lead-acid batteries, including the 16-volt racecar and collector car batteries that will flow out of New Castle, will augment the company's main lead-carbon product.

Nineteen people currently work at the New Castle plant, with employment expected to grow to as many as 90 in research, development, design and production positions as the facility ramps up over the next year, with the help of the \$1.2 million in state aid.

The state funds will finance job training, product testing and automated production equipment. The funding includes: a \$750,000 grant from the Department of Environmental Protection's Small Business and Household Pollution Prevention Program; a \$150,000 grant from the Department of Community and Economic Development's Opportunity Grant Program; \$42,300 in Customized Job Training funds from DCED; and \$258,000 in Job Creation Tax Credits.

"This project, and others like it throughout the state, is crucial to Pennsylvania's energy future," Governor Rendell said during his tour. "Pennsylvania has earned a reputation as a national leader in the production and use of energy made from renewable sources."

Axion produced its first batch of PbC batteries in January and immediately put them into test protocols. Additional batteries produced in March went to CPE, a Canadian company that is using the devices to store energy created by wind and solar appliances. Axion also is involved in a project in New Jersey to test using the new batteries in grid buffering and load leveling, thus helping utilities deal with production surges and shortfalls. The batteries can support a backup system that can be called upon to store energy when demand is low and release energy when demand is high.

The lead acid battery market is a \$30 billion a year business. Axion's PbC technology offers key performance advantages (both environmentally and economically) over conventional lead-acid batteries, which use negative electrodes made of sponge lead pasted on a lead grid current collector. Axion's PbC batteries use negative electrodes made of microporous activated carbon with very high surface area. The result is a battery-supercapacitor hybrid that uses less lead.

The PbC technology is a "platform technology." Energy storage devices based on the technology can be configured to accommodate a wide range of energy storage and power delivery requirements by changing the number, geometry and arrangement of the electrodes.

"Our new technology is really the result of two major innovations," said Ed Buiel, Axion's Vice President and Chief Technical Officer. "The first is the new negative electrode chemistry that is very different from the standard lead-acid battery in that it allows our lead-carbon battery to be an enabling technology for hybrid electric vehicles, renewable energy and other existing energy storage applications. The second innovation is the ability to manufacture our new PbC technology using standard lead-acid battery equipment, which results in a very cost-effective solution that other new battery technologies simply can't compete with."

About Axion Power International Inc.

Axion Power International Inc. is the industry leader in the field of lead-acid-carbon energy storage technologies. Axion is producing prototype PbC batteries in small quantities at its plant in New Castle and believes this new battery technology is the only class of advanced battery that can be assembled on existing lead-acid battery production lines throughout the world without significant changes to production equipment and fabrication processes. It also believes it will be able to manufacture carbon electrode assemblies in volume at low cost using standard automated production methods that are commonly used in other industries. If and when its electrode manufacturing methods are fully developed, Axion believes it will be able to sell carbon electrode assemblies as virtual plug-and-play replacements for lead-based negative electrodes used by all other lead-acid battery manufacturers. Axion's goal is to become the leading supplier of carbon electrode assemblies for the lead-acid battery industry. For more information, visit www.axionpower.com.