

AXION POWER INTERNATIONAL, INC.

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AXION POWER REPORTS FIRST QUARTER RESULTS 2008

Automated Manufacturing of PbC Electrodes a Principal Short-term Goal

FOR IMMEDIATE RELEASE

NEW CASTLE, PA (May 13, 2008) . . . Axion Power International Inc (OTC Pink Sheets: AXPW), a leading developer of advanced lead-carbon "PbC"TM batteries, today reported that during the first quarter of 2008, its sales were \$215,727, as compared to \$164,513 during the first quarter of 2007. All first quarter revenues came from specialty lead-acid batteries that the Company has been manufacturing in limited quantities at its modernized plant in New Castle, Pennsylvania. The Company reported a net loss of \$3.0 million, or \$0.17 per share, for the first quarter of 2008, as compared to a net loss of \$6.5 million, or \$0.40 per share, for the first quarter of 2007.

Commenting on Axion's business development and strategy, CEO Thomas Granville said, "We have spent four and a half years developing our PbC technology and the results continue to be impressive. We believe that our PbC technology offers the lowest end-user cost in the industry and we are now manufacturing PbC batteries, in small batches, in a 30-year-old legacy plant. We are preparing to install a first-generation automated electrode fabrication line, which should be operational in July. In June, we will be delivering 800 PbC batteries for a utility grid contract with Gaia and the New York State Energy Development Agency. Our manufactured PbC prototypes offer faster charge rates and longer cycle lives than comparable advanced lead-acid batteries and we believe we will be able to sell PbC batteries for a fraction of the cost of other battery technologies. At this point, we believe our biggest challenges will be increasing production and proving our technology in various demonstration applications."

Commenting on Axion's operating results and financial resources, Granville said "Our costs have been high in the first quarter of 2008 as we brought all of our restated filings into compliance, continued to modernize our plant and developed new manufacturing methods for our PbC batteries. The recent second closing of the Quercus Trust investment gives us enough cash to fund our operations through the first quarter of 2009. The final \$10 million investment, which is expected before the end of June, should provide enough cash to finance our planned installation of a second-generation electrode manufacturing line that will increase our capacity to 1,000 PbC batteries per day and permit the commercial sale of PbC batteries in the second quarter of 2009."

Granville concluded, "It has been a long and difficult road, but we are now ready to move our exciting PbC technology from the laboratory bench to the factory floor. With the support of dedicated and enthusiastic investors like our founders and The Quercus Trust, we plan to begin the commercialization of our PbC technology by producing a line of proprietary PbC batteries and eventually expanding our business by selling electrode assemblies to other lead-acid battery manufacturers. We believe our PbC Technology will reduce the cost of bulk energy storage, thereby improving the efficiency of emerging clean energy technologies. Other further potential benefits include reduced reliance on imported oil and a reduction in greenhouse gasses."

About Axion Power International, Inc.

Axion has developed and patented a next generation energy storage device that won the prestigious 2006 Frost & Sullivan Technology Innovation Award for North America in the field of lead-acid batteries. According to Frost & Sullivan, Axion's new PbC batteries have "the potential to revitalize the lead-acid battery industry by breathing new life into an established technology that was not well-suited to the requirements of important new applications like hybrid electric vehicles and renewable power."

PbCTM batteries use sophisticated carbon electrode assemblies to replace the simple lead-based negative electrodes used by other lead-acid battery manufacturers. The resulting device offers energy storage approaching lead acid batteries, coupled with far longer cycle life and power output approaching super-capacitors. These low-cost devices recharge rapidly and are environmentally friendly because they use 40% less lead. Axion has been producing prototype PbC batteries at its lead-acid battery plant in New Castle, Pennsylvania for more than a year using the same cases, positive electrodes, separators, electrolytes and manufacturing equipment used in its other lead-acid battery lines. The only notable manufacturing difference is the use of Axion's proprietary carbon electrode assemblies instead of lead-based negative electrodes.

Axion believes its PbC technology devices are the only class of advanced battery that can be assembled on existing lead-acid battery production lines 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 production methods that are commonly used in other industries. 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 the 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.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995:

Certain statements in this Press Release are "forward-looking statements" within the meaning of the Private Securities Litigation Act of 1995. These statements include, without limitation, statements concerning the effect of the staged investment by Quercus, the timing of the Company's future SEC reporting, the Company's belief that the funds from the completed investment would provide sufficient capital liquidity to complete its process development work, expand its manufacturing capabilities and bring its new PbC based battery products to market, the Company's belief that its completed products will be the only class of advance battery of its kind and that it will be viable replacements for older generation lead-acid batteries. These forward-looking statements are based on our current expectations and beliefs and are subject to a number of risk factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Such risks and uncertainties include the risk that the Company does not receive the additional \$14 million in investment funds, or that the funds do not prove sufficient for the Company to complete its development work, as well as the risks inherent in commercializing a new product (including technology risks, market risks, financial risks and implementation risks, as well as other risks and uncertainties affecting the Company), and other risks that have been included in filings with the Securities and Exchange Commission, all of which are available at www.sec.gov. We disclaim any intention or obligation to revise any forward-looking statements, including, without limitation, financial estimates, whether as a result of new information, future events, or otherwise.

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TABLES FOLLOW

AXION POWER INTERNATIONAL, INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(A Development Stage Company)

	Three Months Ended	
	March 31,	
	2008	2007
Revenues	\$ 215,727	\$ 164,513
Cost of tangible products sold	394,236	228,890
Gross profit / (loss)	(178,509)	(64,377)
Expenses		
Selling, general & administrative	1,713,165	879,462
Research & development	382,017	320,374
Impairment of assets	-	-
Interest expense - related party	419,673	17,202
Derivative revaluation	(2,844)	7,108
Mega C Trust Share Augmentation (Return)	-	-
Other, net	(11,328)	(22,543)
Net loss before income taxes	(2,679,192)	(1,265,980)
Income taxes	-	-
Deficit accumulated during development stage	(2,679,192)	(1,265,980)
Less preferred stock dividends and beneficial conversion feature	(287,415)	(5,283,092)
Net loss applicable to common shareholders	\$ (2,966,607)	\$ (6,549,072)
Basic and diluted net loss per share	\$ (0.17)	\$ (0.40)
Weighted average common shares outstanding	17,861,987	16,247,299

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