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For Immediate Release

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Compact Power, Inc. Awarded New Lithium-Ion Battery Technology Development Contract by USABC

Troy, Mich. – Jan 2, 2008 – Compact Power, Inc. (CPI), today announced that their proposal to develop lithium-ion battery technology for plug-in hybrid-electric vehicle (PHEV) applications has been approved by the United States Advanced Battery Consortium (USABC). The contract will be for a 27-month period, beginning in January of 2008, to develop batteries for 10-mile range PHEVs using high energy and high power manganese-spinel cathode chemistry. CPI's contract is valued at $12.9 million, with $4.5 million funded through a cost share by the USABC.

"This is our fifth and largest development contract with USABC since 2002," said Prabhakar Patil, CEO, CPI. "Our combined efforts are leading the way toward establishing lithium-ion as a viable battery technology for powering hybrid-electric vehicles in North America while, at the same time, safeguarding the environment. This work with USABC is allowing us to push the state-of-the-art to deliver the energy and power in the same cell to meet the demands of PHEV applications. Importantly, the work we are undertaking with this new contract is very complimentary to the work we are doing with General Motors on the Volt/E-Flex development program, which tells us we are on the right track with our technology."

USABC is a consortium of the United States Council for Automotive Research (USCAR) and comprises the three U.S. automakers. USABC's mission is to develop electrochemical energy storage technologies that support commercialization of fuel cell,

hybrid and electric vehicles. USABC has a cooperative agreement with the U.S. Department of Energy (DOE) for research and development of battery technologies. USCAR is an umbrella organization of Chrysler LLC, Ford Motor Company and General Motors Corporation, which was formed in 1992 to further strengthen the technology base of the domestic auto industry through cooperative research.

CPI, a North American subsidiary of LG Chem, is involved in the development of large format lithium-ion battery cells that are superior in design and performance to the small format cells that are used for consumer products such as laptop computers. They are designed to maximize safety and performance for hybrid electric vehicles. The main advantages of LG Chem/CPI large format cells are:

1) Safer chemistry (without compromises in performance or life) – specifically LG Chem/CPI use manganese-based cathode chemistry with additives to improve calendar life under high temperature conditions.

2) Special high temperature separators (the membranes between the electrodes) – the semi-permeable insulating membranes separating the electrodes in LG Chem/CPI cells are mechanically and thermally far superior to commonly used separators in lithium-ion cells. This property enables LG Chem/CPI cells to withstand abuse situations such as internal shorts and overcharges without undergoing thermal runaway.

3) A safer laminated package – designed to be more forgiving than a metal can under abuse conditions and does not lead to explosions.

About Compact Power, Inc.

Compact Power, Inc. (CPI) is a North American subsidiary of LG Chem, one of the world's largest producers of lithium-ion batteries for automotive hybrid electric vehicles and non-automotive (commercial and military) markets. The company was formed in 2001 in the United States and is headquartered in Troy, Mich., at the heart of the automotive industry. CPI's mission is to become the supplier of choice for lithium-ion battery technology. To learn more about CPI, please visit: www.compactpower.com.

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