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Compact Power, Inc. Lithium-Ion Battery Technology Address Safety and Performance Concerns

Troy, Mich. – April 16, 2007 – Compact Power, Inc. (CPI), a North American subsidiary of LG Chem, is leading the development of lithium-ion batteries that are safe and provide exceptional performance.

"There is an on-going debate about the safety of lithium-ion batteries that was initiated by the unfortunate problems experienced by small format battery cells used in laptops and consumer electronics," said Prabhakar Patil, CEO. "CPI is in the business of developing large format lithium-ion batteries for hybrid electric vehicles (HEVs) and we have successfully addressed the concerns. Our battery technology is among the most advanced in the industry providing the safety and performance required in automotive applications as confirmed by cell and pack level tests."

The main design advantages found in the LG Chem/CPI large format cells are:

- Safer chemistry (that does not compromise performance or life) – LG Chem/CPI use proprietary manganese-based cathode chemistry with additives to improve calendar life under high temperature conditions. Manganese- (also referred to as "spinel") based cathodes, similar to those using phosphate, are well recognized for not releasing oxygen at elevated temperatures. Independent tests have verified that LG Chem's chemistry can achieve greater than 15 years of calendar life in an automotive environment through accelerated testing. And this chemistry retains spinel's inherent advantages in high power density and low cost since

manganese is in abundant supply and not subject to price volatility as is nickel or cobalt.

- Minimized thermal runaway – Special high temperature separators (membranes between the electrodes) called SRS for their safety reinforcing characteristics, have been developed to minimize potential thermal runaway due to internal shorts. These separators remain functional at high temperatures resulting from abuse conditions, eliminate the need for external protection devices and protect against internal shorts where external protection devices are ineffective. Root cause of some of the recent small format cell recalls has been determined to be thermal runaway due to an internal short that cannot be prevented with an external protection device.
- Safer laminated package construction – Designed to be more forgiving than a metal can under abuse conditions, and not to explode under extreme conditions. LG Chem's experience in producing more than 28 million small cells per month, including nearly 10 million cylindrical cells, combined with input from leading automotive OEM's, has led LG Chem to develop the laminated package specifically for automotive applications.

"LG Chem/CPI eliminated cause for concern over the safety issues of large format lithium-ion batteries," said Patil. "We have developed batteries that are robust, have the right chemistries and provide long-life. Based on the inherent advantages of this technology, we predict that lithium-ion batteries will dominate automotive applications in the next generation hybrids, including plug-in hybrids, as they have in consumer electronics."

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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