



Research & Investment Services

April 9, 2008

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Company Insight!

Industry: Renewable Energy

Hybrid Technologies, Inc. US\$3.40

“CHANGING THE WORLD BY REINVENTING POWER”

Hybrid Technologies, Inc., (NASDAQ OTCBB: HYBR) is a research and development company focused and engaged in the development of electric-powered vehicles and other products. Hybrid converts vehicles from conventional gasoline and diesel fuel systems to electric power with a range of 100+ miles and also converts military, two-wheeled and three-wheeled vehicles, such as bicycles and vehicles for the handicapped, into lithium-powered products. With completion of Hybrid's proprietary designed battery-management systems (BMS) its line of products is now ready for the market. The BMS is programmed to provide the highest efficiency in lithium battery use and charging. In February 2008, the cost of lithium batteries was slashed by 30%, making Hybrid's emission free electric vehicle affordable. Because of the reduction of lithium battery costs, we believe that the Yaris Y-120, priced at \$39,500, will clearly create significant buzz. Last year Hybrid completed a highly advanced rapid battery charger system that reduces the charge time by sixty-five percent. Hybrid recently signed an agreement with the largest retailer in the world, an agreement that could significantly change the automobile industry of the future. The Company now has great new products based on cutting edge technology and is now entering a new and growing market.

Hybrid Technologies Inc.

Balance Sheet Data From Last 10-Q / Jan. 31, 2008

Cash	47,622
Total Current Assets	635,060
Total Assets	2,850,931
Total Current Liabilities	459,211
Long-term Debt	3,579,883
Stockholder Equity	-1,188,163

P & L Data

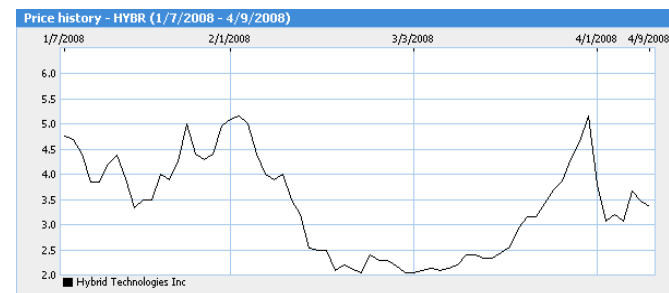
	Jul. 06	Oct. 06	Jan. 07	Apr. 07	Jul. 07	Oct. 07	Jan. 08
Revenues	390	276	325	384	1,379	337	302
Gross Profit	-452	-30	14	-12	72	-35	61
Operating Loss	-13,876	-1,579	-6,405	-4,402	-10,222	-1,041	-1,308
Net Loss	-3,127	-1,593	-6,429	-4,739	-10,619	-1,064	-1,318
EPS	(1.22)	(0.11)	(0.23)	(0.15)	(0.37)	(0.03)	(0.16)

Market and Trading Data

FY 2008	Ends July 31, 2008
Market Capitalization	US\$ 53.2 million
Shares outstanding (March 18, 2008)	15,647,257
Book Value/ Share (January 31, 2008)	-\$0.08
Price/Book Ratio	N/A
Est. 5 Year Earning Growth	N/A

Stock Data

52-Week Range	N/A
Symbol / Exchange	OTC BB:HYBR
1-Year Return	N/A



INVESTMENT HIGHLIGHTS:

- **The year 2007 was a major step forward for Hybrid** as the Company has completed its development stage and is now ready for commercial production. Using its proprietary technology, Hybrid has successfully converted cars, scooters, bicycles, mopeds, motorcycles, and even homes to zero-emission, from lithium power. An electric vehicle equipped with Hybrid's unique battery pack and battery management system performs the same function as the gas tank in a conventional vehicle: it stores the energy needed to operate the vehicle.
- **In August of 2007 Hybrid achieved a major milestone** by completing the development and testing phase of a highly advanced rapid battery charger system. This new lithium supercharged system can charge a battery pack equivalent to 35-40 kWh within 2.75 – 4.00 hours and reduce the charge time by sixty-five percent. In February of 2008 Hybrid completed the development of a new cathode material which will be incorporated to a Lithium Ion Polymer Battery allowing electric vehicles to be driven over 200 miles compared to the current 120+ mile range and operates at a wide voltage range of 4.3V to 2V. The pure material was produced in-house and has been synthesized at an industrial scale.
- **We believe that environmental concerns and the need to reduce dependence on foreign oil** are encouraging governments to promote the purchase of electric cars and will drive Hybrid's product demand. Hybrid's corporate strategy focuses on commercializing its lithium power technology by: (a) licensing this technology to automotive manufacturers; (b) establishing a dealer/distributor network for products across North America; and (c) working closely with the US Army, US Navy, and NASA to develop electric vehicles for special tasks. Currently, electric cars have a limited market due to their high cost, however this technology has the potential to become mainstream as production volume increases. Subsequently, vehicle prices should decline. We believe that electric powered vehicles will quickly gain market share in the worldwide vehicle market due to rising energy costs and increased emissions regulations.
- **Hybrid Technology is still in its early stage of business development.** This includes a high degree of inherent risk for failure and adversely affects the stock price. Currently, the Company has no definitive Joint Venture agreements to commercialize any of its products and revenues are still very small. The Company will incur operating losses for the foreseeable future. Hybrid has recently arranged a debt financing but needs to obtain additional financing within the next five months to complete its ambitious business plan. We acknowledge that the risk profile may be more than some investors are comfortable with and therefore we recommend the stock be purchased only by investors who can tolerate above average risk. The industry has a very favorable long-term strong growth outlook, and Hybrid Technologies products have become more competitive in the market. We are initiating coverage on Hybrid Technologies with a Speculative Buy 4/rating and a 12-month target price of \$ 5.30.

COMPANY PROFILE

Hybrid Technologies, Inc., (NASD OTCBB: HYBT) is a research and development company, focused and engaged in the development of electric powered vehicles and other products. We visited the Company in November 2007 and were very impressed with its innovations. We drove a Smart Car 128 and were stunned with the power and speed of this vehicle. The Company's business strategy is simple: "TO CHANGE THE WORLD BY REINVENTING POWER." The Company focuses on the research and development of electric powered vehicles and other products, which will be marketed to strategic partners and consumers through original equipment manufacturers ("OEMs"), licensees/joint venture partners, automotive and engine and other power system and component manufacturers and suppliers. The Company has an office in Las Vegas and a 40,000-square-foot R&D and production facility in Mooresville, N.C. Through a sixty-nine percent equity interest in its majority-owned subsidiary, Zingo Inc., (OTC BB: ZNGO.OB), the Company provides telecommunications services through Zingo's VoIP system that utilizes the Internet. Just a few weeks ago, Hybrid Technologies announced price reductions for all 2008 electric vehicles due to a thirty percent cut in the cost of lithium

batteries. The Company will substantially reduce prices on the Smart Car, Mini Cooper, PT Cruiser and their all-new Y-120. The emission free Y-120 vehicle will have an affordable introductory



Y-120 CITY CAR

SPEED: 75+ MPH
ACCELERATION: 0-60 MPH IN 12 SECONDS
RANGE: 100+ MILES
CHARGE TIME: 6-8 HOURS

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price of \$39,500 and the Company should start to see revenue soon. The Company currently has sufficient working capital for the next five months but needs to obtain an additional four million in financing during 2008 to complete its ambitious business plan.

The heart of an electric car is the battery pack system, which remains the most expensive part of any electric vehicle, but we see prices coming down. During the past two years, the Company has designed and developed a unique Battery Management System (BMS) which continuously monitors the individual cells for temperature and voltage and a "limp mode" controlling system which puts the vehicle into limp mode if the car has been driven to the minimum charge, thus allowing the operator to get to a charging area without immediately shutting the vehicle down. All batteries currently manufactured have a limited lifespan. Unless this changes, every electric vehicle will eventually need new battery packs, something that will add thousands of dollars to the cost of operating the car, however it is logical to assume that replacement battery pack prices could be brought to a reasonable price when they are mass-produced for a major auto manufacturer. Hybrid Technologies has set up its own battery lab and is currently developing an advanced lithium portable battery power pack technology. Once development is complete, the Company will market its own brand of portable battery power pack system. Very importantly, the Company, in addition, has developed a rapid charge system that reduces charge time by sixty-five percent. Currently, the Company has twenty-five employees, two at the corporate office and twenty-three in Mooresville. Hybrid Technologies has completed its line of products and is now ready to enter the market.

In October 2003, the Company entered the field of development and marketing of electric powered vehicles and products by signing a licensing agreement for the worldwide rights to sell, distribute, and/or manufacture specified products utilizing portable power systems. In 2006, however, the Company terminated this licensing agreement. Since then, the Company has worked tirelessly in its Mooresville facility to develop a portable battery power pack technology to effect vehicle conversions from conventional power systems to electric power systems. Hybrid Technologies' vehicles draw power from electricity stored in batteries instead of from the combustion of liquid fuels. The Company removes the gasoline engine and replaces the fossil fuel system with a Lithium Ion Electric Drive System. Since this drive system is run solely by electricity, the vehicle is exceedingly quiet and has no engine hum or vibration. In February of 2006, Hybrid Technolo-

gies and lithium battery giant Kokam from South Korea, a leader in high performance lithium batteries and a developer of high capacity lithium cells, agreed on a strong working relationship in the development of an ultra long range battery system. This expanded joint project will allow for further and closer collaboration and will provide automotive platforms for Kokam to introduce its latest lithium technology. Headquartered in Seoul, Kokam has 175 employees and two battery-manufacturing operations within Korea. In August of 2007, Hybrid Technologies, Inc. achieved a major milestone by completing the development and testing phase of a highly advanced rapid battery charger system. This new lithium supercharged system can charge a battery pack equivalent to 35-40 kWh within 2.75 - 4.00 hours and reduce the charge time by sixty-five percent. This fast charger system has been designed and fabricated at Hybrid Technologies' research center and is able to operate under both constant current and pulse charge. In February of 2008 Hybrid completed the development of a new cathode material which will be incorporated to a Lithium Ion Polymer Battery allowing electric vehicles to be driven over 200 miles compared to the current 120+ mile range and operates at a wide voltage range of 4.3V to 2V. The pure material was produced in-house and has been synthesized at an industrial scale.

Hybrid Technologies took a major step forward in 2007. The Company successfully completed its development stage and is now delivering its products to the market place. In its Mooresville facility, Hybrid Technologies converted a Chrysler PT Cruiser, a Mini Cooper, Chrysler Crossfire, a Smart Car and a Toyota Yaris from conventional power to electric power. In addition to replacing gasoline-powered systems with all new electric powered systems, the Company is also introducing and including battery management systems. In early January 2007, the Company completed final testing of several fleet replacement all-lithium PT Cruisers and approved delivery of the L-(lithium) PT Cruiser to the market place. The New York City Taxi Commission has



agreed to test an electric powered PT Cruiser that has been painted yellow, delivered, and is ready for full service in New York City. In addition, Paratransit, Inc., one of the leading and largest transportation providers of the

Sacramento region, agreed to purchase two lithium battery powered PT Cruiser vehicles, which were delivered in February 2007. Hybrid Technologies has also signed an agreement with NASA. Pursuant to this agreement, NASA, at the Kennedy Space Center in Florida, is currently testing several vehicles. In the summer of 2007, Hybrid Technologies delivered a fully electric all-lithium PT Cruiser to the EPA (Environmental Protection Agency). This vehicle, which is equipped with Hybrid Technologies' on-board rapid charge system of 2.75 - 4.00 hours, was selected, based on its zero-emissions, high-speed capacity, charge time, and overall functionality, for the EPA's Near-Road Air Quality Study.

Last summer, Hybrid Technologies, Inc. signed a vehicle contract with the Canadian Government in which it will be evaluating Daimler Chrysler's Lithium powered PT Cruiser and Mercedes Benz's Lithium powered Smart Car. The Canadian ecoTECHNOLOGY for Vehicles Program will include in-depth testing and publishing of the safety and environmental performance of a range of emerging technologies for use in light-duty vehicles. Very importantly, the program will foster important new partnerships within the automobile industry and others across the country to help identify and take action against barriers to the introduction of environmental technologies in Canada.

The Company is now ready for commercial production. In July 2007, the Company delivered an all-lithium Smart Car to Oscar-winning actor George Clooney's home in Italy. Vehicle delivery is part of Hybrid's new European product launch, scheduled for 2008. In July 2007, the Company began to produce an all-lithium Mini Cooper that is



MINI COOPER

SPEED: 80+ MPH
ACCELERATION: 0-60 MPH IN 9 SECONDS
RANGE: 100+ MILES
CHARGE TIME: 7-12 HOURS

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now ready for the consumer market.

Just recently, Hybrid lowered the price of its Mini Cooper from \$65,000 to \$57,500. The Mini Cooper entered

production status after two years of research and development by Hybrid Technologies.

The car accelerates from 0 – 80 mph or 128+ km/h in 9.0 seconds and has a range of 100+ miles/160+ km on a single charge. Mini Cooper, in Oxford, England produces the Mini Cooper frame, and the conversion to all-lithium currently takes place in North Carolina at Hybrid's Mooresville plant.

In the fall of 2007, Hybrid Technologies signed an Agreement with the largest retailer in the world, something that could significantly change the automobile industry of the future

Wal-Mart Stores, owner of Sam's Club®, one of the nation's largest warehouse clubs, began offering its more than forty-seven million members a fully electric Smart Car on November 8, 2007. The Limited Edition STS-128 Smart Car, priced at \$35,000, represents the latest in advanced lithium technology. Sams's Club believes that Hybrid Technologies' Smart Car STS-128 could change the way people think about commuting. The Smart Car has a range of more than 100+ miles before the car needs fuel, and the charge is achieved simply by plugging in to a household electric grid outlet.

In our view, based on the newest improved technologies, electric cars make sense and can be made economically feasible. In ninety percent of the cases, people are traveling fewer than nine miles (14.4 kilometers), to go to work, do some shopping, and take the kids to school. An electric car with a range of 100+ miles is perfectly suited to these tasks, as it is not needed to charge the battery during the day. In Europe, the overall cost for an electric car could be one-third that of using a conventional car. Currently, electric vehicles have a limited market because of high prices, but this technology has the potential to become mainstream as production volume increases. Subsequently, vehicle prices should decline. The key to success is putting the electric technology into cars that the general public will be able to afford.

The worldwide electric vehicle market is expected to cross 963,000 vehicles by 2010, growing from an estimated 381,000 thousand vehicles in 2006. Major factors driving the market include growing environmental concerns as a result of deteriorating air quality and emphasis toward increased alternative fuel consumption to minimize heavy dependence on oil imports. North America, Japan, and Europe are expected to continue dominating the global electric vehicle market through 2010. The battery-powered electric vehicles (BPEV) market in general, however, is still plagued by limited range, long recharging times, and limited top speeds, despite rapid technological developments. Hybrid's electric vehicles, however, are close to perfect. The cars can manage 0 – 60 miles per hour between 6.0 and 9.0 seconds, can cruise at speeds of more than 80 miles per hour, and have a range of 100+ miles and a one hundred percent charge time of 2.75 hours. Conversions such as this take the electric car from the world of short-range city trips and make them suitable for everyday use on longer journeys.

ELECTRIC VEHICLES ARE BECOMING COMPETITIVE IN TERMS OF COST PER GALLON AND ALREADY HAVE AN ADVANTAGE IN TERMS OF COST OF MAINTENANCE

The drive system in an electric vehicle is much simpler than in a conventionally powered car and the electric vehicle needs much less maintenance. An electric vehicle motor has one moving part, the shaft, which is very reliable and requires little or no maintenance, thus reducing repair costs. The gasoline-powered vehicle's motor has numerous moving parts, each requiring a wide range of maintenance. In an electric car, the controller and charger are electronic devices with no moving parts and they require little or no maintenance. Driving an electric vehicle also costs less. Using a fuel mileage rating of 31 mpg and a gasoline price of \$3/gallon, the cost-per-mile is approx. ten cents. In Europe, the average price per gallon of gas is \$9.15 or approx. \$0.31 per mile and will rise in the future. Today, an electric vehicle can travel 100 – 120 miles on a single charge of its 35kWh battery pack. If we assume that electricity costs ten cents per kWh and the battery pack is fully drained after 100 miles, then we can calculate the cost of electric

ity at three to four cents per mile, a savings of seventy-eighty percent over a conventionally powered car. Furthermore, an electric vehicle never needs an oil change and never needs new spark plugs. Since it gets most of its stopping power from a regenerative braking system, brake pads and rotors last several times longer than those in a conventionally powered car.

Since electric motors have much more torque at lower speeds when compared to a conventionally powered car, transmissions in electric vehicles can be drastically simplified. The simplified drivetrain in an electric vehicle not only makes it more reliable, it also results in much lower maintenance costs.

As mentioned before, the most expensive part of an electric vehicle, in terms of maintenance, is likely to be the battery pack. All batteries currently manufactured have a limited lifespan. Unless this changes, every electric vehicle will eventually need new battery packs, which will cost the owner thousands of dollars over the life of the vehicle. However, companies such as Hybrid Technologies are currently developing lithium-based batteries with dramatically longer lifespans than those of current Li-Ion batteries.

It is logical to assume that replacement battery pack prices could be brought down to a reasonable price when they are mass-produced for a major auto manufacturer. If the lifespan of these battery packs can be brought up to 150,000 miles through technological development, the cost per mile for battery use would be less than ten cents. Additionally, there is much discussion in the electric vehicle community about the possibility of renting or leasing battery packs that would effectively allow electric vehicle owners to spread out the cost of battery replacement over the life of an electric vehicle. This is exactly the business idea Shai Agassi from Project Better Place is going to develop. He is a former SAP executive, and Project Better Place is a company with \$200 million in first-round funding that is focused on developing a sustainable infrastructure to support the transition of countrywide transportation systems to electricity and away from fossil fuels. Project Better Place will deploy a regional and global infrastructure throughout Europe to support electric vehicles on a country-by-country basis. It will also establish a widespread grid of electric charging spots at current parking locations as well as battery exchange stations through software systems integration.

CONVERTING A CONVENTIONAL CAR INTO AN ELECTRIC CAR

Several modifications are needed to convert a conventional car into an electric car. The gasoline engine, along with the muffler, catalytic converter, tailpipe, and gas tank, has to be removed, as does the clutch assembly. The manual transmission is left in place and has to be pinned in second gear. An Alternating Current (AC) electric motor must be bolted to the transmission with an adapter plate, and then an electric controller has to be added to control the AC motor. A battery tray has to be installed in the floor of the car. Fifty 12-volt batteries are then placed in the battery tray (two sets of twenty-five each to create 300 volts DC). (DC power supply is available from batteries and generators.) An electric motor is added to power things that formerly received their power from the gasoline engine: the water pump, power steering pump, and air conditioner. An automatic transmission shifter is set to select forward and reverse. It contains a small switch, which sends a signal to the controller. A small electric water heater has to be added to provide heat in the car. The gas gauge has to be replaced with a voltmeter. The "gas gauge" in an electric car is either a simple voltmeter or a more sophisticated computer that tracks the flow of amps to and from the battery pack.

Everything else about the car is stock. To start the car, the driver simply places the key in the ignition and turns it to the "On" position. The shift must be on "Drive." All one has to do next is push on the accelerator and go. Essentially, the electric car performs much like a normal gasoline-powered car.

The following provide some interesting statistics:

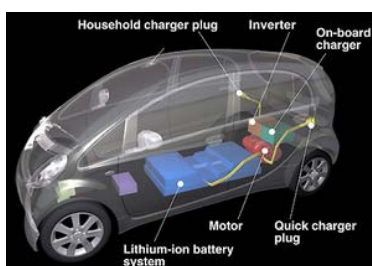
- The range of cars with the newest battery technologies is about 120 miles (193 km).
- The cars accelerate from 0 – 60 mph in about six to nine seconds.
- It takes about 35 – 40 kilowatt-hours of electricity to charge the car after a 120-mile trip.
- The batteries weigh about 480 pounds (218 kg.) of lithium cells.
- The battery's life cycle is 1500+ charges, which means it can travel about 180,000 miles before the battery pack has to be replaced.

The weak link in any electric car is the battery, and replacement of the battery has to be included in the cost calculation. A battery replacement runs about \$18,000 and will last approx. 180,000 miles, for a cost of about ten cents per mile. As production volume increases, however, subsequent battery prices should soon decline.

ELECTRIC-CAR MOTORS AND BATTERIES

Electric cars can use AC or DC motors:

- If the motor is a DC motor, then it may run on anything from 96 to 192 volts. Many of the DC motors used in electric cars come from the electric forklift industry.
- If it is an AC motor, then it is probably a three-phase AC motor running at 240 volts, with a 300-volt battery pack.



DC installations tend to be simpler and less expensive than AC installations. A typical DC motor will be in the 20,000-watt to 30,000-watt range. A typical DC controller will be in the 40,000-watt to 60,000-watt range (for example, a 96-volt controller will deliver a maximum of 400 to

600 amps). DC motors have a nice feature in that an overdrive (up to a factor of 10-to-1) can operate for short periods of time. That is, a 20,000-watt motor will accept 100,000 watts for a short period of time and deliver five times its rated horsepower. This is great for short bursts of acceleration. The only limitation is heat build-up in the motor. Too much overdriving and the motor will heat up to the point where it self-destructs. AC installations allow for the use of almost any industrial three-phase AC motor and that can make finding a motor with a specific size, shape, or power rating easier. AC motors and controllers often have a regeneration feature: during braking the motor turns into a generator and delivers power back to the batteries.

HYBRID TECHNOLOGIES' BATTERY PACK

Hybrid Technologies develops its portable battery power pack technology in-house in Mooresville, North Carolina. The Company also completed a rapid charge system in August that is reducing charge time by sixty-five percent. Hybrid Technologies works with Kokam (South Korea) and other battery suppliers as well as several independent engineers to develop the very best battery management systems (BMS). The Company's system interconnects small battery cells with each other, optimizing battery cell balancing in terms of voltage output. In addition, its CAM bus system allows monitoring of multiple interconnected batteries without separate wiring for each battery cell. Battery packs can be produced in a wide variety of sizes, capacities, and voltages as required by the particular product application.

Hybrid Technologies uses individual lithium polymer cells that have 4.2 volts DC and 100AH each and are connected in such a manner (in parallel and series) to provide up to 336 volts DC and 30 KW (thus a battery pack can contain up to 160 individual cells) depending on the performance required. The battery pack may contain many "packs" of these cells, each in an ABS shell for protection against abrasion and moisture. Each will have a separate thermal cut-off circuit to prevent overheating as well as control circuits that will monitor the voltage during discharge and charging to ensure that the pack does not go below a minimum voltage or above a maximum.

The Company has filed provisional patent applications with the US Patent and Trademark Office ("USPTO") for three of four inventions relating to its battery management system, cathode material, and an ultracapacitor that is still pending.

WHY LITHIUM BATTERY TECHNOLOGY

Lithium batteries are becoming the battery of choice for today's feature-rich and power-hungry electronic devices. Of all battery chemistries, lithium is the lightest nongaseous metal, offering unique benefits because its intrinsic negative potential exceeds that of all metals. Batteries based on lithium chemistries have the highest specific energy (energy per unit weight) and energy density (energy per unit volume) of any type.

LITHIUM-ION

This is the fastest growing battery system and offers high-energy density and low weight. Protection circuits are needed to limit voltage and current for safety reasons. Main applications include notebook computers and cell phones.

LITHIUM-ION-POLYMER

This is similar to lithium-ion. This system enables slim geometry and simple packaging at the expense of higher cost per watt/hours. Main applications are cell phones.

ELECTRIC MOTORS

The Company is using a variety of electric motors in its prototypes. Hybrid is not reliant on any single manufacturer of electric motors. There are a large number of domestic and foreign manufacturers of electric motors and the Company anticipates the motors with the specifications they require will be available at reasonable commercial prices from a number of suppliers. Hybrid Technologies believes that an important characteristic of its technology is the lithium battery power source it intends to use. Lithium battery power sources are more efficient and powerful than other battery power sources. Vehicles utilizing this technology have the ability to travel far greater distances, can recharge in less time, and also benefit from weight reduction, as compared with vehicles using other battery powered systems. One of the major historic hurdles facing electric vehicle manufacturers is that most power sources would not allow the vehicle to travel more than one hundred miles before needing to be recharged. Hybrid Technologies believes that it can produce electric powered vehicles with a travel range equal to or greater than two hundred miles.

HYBRID WILL UNTLIZE ITS OWN DEVELOPED AND UNIQUE BATTERY MANAGEMENT SYSTEM TO POWER ELECTRIC CARS AND VARIOUS APPLICATONS

The Company will be able to integrate its BMS with automobiles and other vehicles and applications (e.g., vacuum cleaners, lawn and garden equipment, etc.) to incorporate very tightly integrated battery packs so as to increase any application's power efficiency and performance. The end result will be an advanced lithium battery solution that is simple and practical for current and future applications. Central to Hybrid's development is the fact that the Company is using and constructing both the battery packs and actual end-user applications so that these applications can be optimized to fit naturally within existing automobiles and other vehicles and applications. In all planned Hybrid products, the battery packs and electric motor/controller are inserted so as to maximize power and efficiency. This critical design element allows for far less space and also greatly reduces the so-called overall system's "balance of plant" that can exist in building power applications. A major problem with traditional electric vehicles and designs has been that the balance of plant is too large, cumbersome, and expensive. Hybrid management believes it has a practical lithium battery alternative with revolutionary new designs and superior efficiency, thus significantly improving performance at an affordable cost.

HYBRID HAS DIFFERENT PRODUCTS UNDER DEVELOPMENT

The Company has products under development in the following categories:

Hybrid has successfully converted golf carts into a type of neighborhood electric vehicle (NEV). A NEV is a 4-wheeled vehicle, larger than a go-cart, but smaller than most light-duty passenger vehicles. NEVs are usually configured to carry two or four passengers with a pickup bed. NEVs are defined by the United States National Highway Traffic Safety Administration as subject to Federal Motor Vehicle Safety Standards (FMVSS) No. 500. Per FMVSS No. 500, NEVs have top speeds of between twenty and twenty-five miles per hour and are defined as "Low Speed Vehicles." FMVSS No. 500 requires that NEVs be equipped with headlamps, stop lamps, turn signal lamps, tail lamps, reflex reflectors, parking brakes, rear view mirrors, windshields, seat belts, and vehicle identification numbers. Approx. thirty-five states have passed legislation or regulations allowing NEVs to be licensed and driven on roads that are generally posted at thirty-five miles per hour or less. While NEVs were initially used in gated communities, they have been increasingly used by the general public for school transportation, shopping, and general neighborhood trips. In addition, they are used at military bases, national parks, and commercial airports, and for local government activities.

ATVS, LAWN AND GARDEN EQUIPMENT

The Company has converted ATVs, including four small two-passenger ATVs and a four-wheel drive, and two-passenger ATVs with a truck bed. The Company has also developed what is viewed as a next generation ATV with four-wheel independent suspension produced by a major ATV manufacturer. This is planned to be the first "stealth" (or totally quiet) ATV. The Company has also converted some lawn and garden equipment.

WHEELCHAIRS

Hybrid Technologies has created a new division that will center on a new and exciting wheelchair line, which will be going to market this year.

TWO-WHEELED BICYCLES

The Company converted two-wheeled bicycles using Geely Corporation frames and will discuss manufacturing these bicycles with Geely Corporation in China.

FROM THE LAB TO THE MARKET PLACE

Hybrid Technologies Inc.'s business strategy is simple: "To change the world by reinventing power." The Company focuses on the research and development of electric powered vehicles and other products, which will be marketed to strategic partners and consumers through original equipment manufacturers ("OEMs"), licensees/joint venture partners, automotive and engine and other power systems and component manufacturers and suppliers. It has already built and developed relationships in Asia with strategic partners to acquire the best and lowest-cost lithium battery cells. These manufacturers/strategic partners are capable of large-scale production of battery packs. This means that Hybrid's proprietary battery packs can be produced in a wide variety of sizes, capacities, and voltages as required by the particular product application.

PRODUCTS READY FOR THE MARKET

Battery packs and power systems: With completion the proprietary designed battery-management systems (BMS), products are now ready for the market. The management of Hybrid Technologies also expects to be able to deliver large numbers of battery packs for various portable applications by the first half of 2008.

Two- and Three-Wheeled Vehicles: To date, the Company has developed a series of beta motorcycles, scooters, trikes, and bicycle products. These products vary from a Harley-type motorcycle to a Vespa-type scooter to the two-wheeled bicycle where the motor is in the front wheel and the lithium batteries are in the bicycle frame. The Company has also converted vehicles for the handicapped and Hybrid Technologies will be able to provide its strategic business partners fully functioning Hybrid products during the first half of 2008.

Neighborhood Electric Vehicles: Various power-rated NEVs will be targeted at vehicle makers and related applications in early 2008. Other industrial applications, vehicle fleets, and consumer oriented vehicles thereafter.

Four-Wheeled Vehicles: The Company will supply models of electric vehicles that will be targeted at vehicle applications and markets in 2008 as well as vehicle fleets thereafter.

Lawn and Garden Equipment: The Company started work on this technology in 2006. Hybrid intends to offer complete lithium battery solutions to various OEMs and manufacturers of equipment to reduce gasoline requirements. The Company will offer consumer oriented lithium battery enabled equipment and vehicles by the end of 2008 and thereafter.

Solar Powered Homes/Buildings: The Company plans to offer complete distributed power systems in homes and commercial buildings. Solar panels will be used to collect energy and a distributed array of lithium battery packs will be used to bring DC power systems through a home so that electricity is available twenty-four hours a day.

REOCCURRING REVENUES DRIVEN BY CHOSEN BUSINESS, STRATEGIC, AND OEM PARTNERS

A key part of Hybrid's core short- and long-term strategy is to work with chosen business, strategic, and OEM partners so as to drive recurring revenues. The Company's wide range of products gives OEMs the flexibility to work with Hybrid on the individual battery pack, or motor or controller level, as well as on the complete integrated electric power train solution basis. The Company's flexibility allows customers the freedom to determine the most efficient and cost effective way of implementing new technologies into their own products.

Negotiations with the following strategic partners are now underway:

- ❖ The Company is in negotiations with the Motorcycle Division and the International Trade Division of Geely Corporation.
- ❖ The Company initiated a lithium-ion conversion project with the United States Navy. The initial 3kw prototype for this project is currently being tested.
- ❖ The Company delivered a Smart Car and a PT Cruiser to a municipal government agency in Canada.
- ❖ The Company is currently negotiating with United Nations' officials to place electric vehicles in the five most polluted cities in the world. If these discussions are successfully consummated, the presence of these vehicles in these cities could lead to relationships with governments on national levels.
- ❖ The Company is currently negotiating with a chain store in the United States to carry Hybrid products in their stores and catalogue.

HYBRID TECHNOLOGIES IS STILL IN THE DEVELOPMENT STAGE

Any company still in its development stage carries a high degree of inherent risk for failure and uncertainty. Hybrid's ability to continue as a going concern is also contingent upon its ability to raise additional capital. The Company has minimal revenues and we expect that it will continue to incur operating losses in the foreseeable future. Since incorporation, the Company has financed its operations almost entirely through the sale of common shares and is planning to continue this practice in the foreseeable future. In October 2007, the Company received a loan for three years of \$4 million at the rate of 10% per annum. This loan is secured by shares of common stock held by the lender at the rate of two and one half shares of common stock for each dollar principal amount. Since then, the Company has drafted \$2.5 million from the loan and Hybrid Technologies needs an additional approx. \$4 million in working capital for the next ten months for market introduction of its products.

G&A, Pre-Launch Sales & Marketing & Overhead Developing <i>Partnership programs</i>	US\$3,000,000
Electrical Storage and related R&D <i>Develop technologies as per specifications</i>	US\$1,500,000
Prototype work on Systems <i>Finishing prototypes</i>	US\$1,000,000
Total	US\$5,500,000

The management of Hybrid forecasts that it will begin to obtain revenues from its products this year. This will be achieved by the sale of battery power packs and related systems and related "battery pack" technology to targeted OEMs, government, military, and fleets. Also, the Company's introduction of its electric vehicle products will drive early revenues.

INDUSTRY OUTLOOK: ELECTRIC CARS

The US is the world's largest hybrid car market, accounting for nearly seventy percent of global hybrid sales in 2005. The hybrid electric vehicle market is booming and prosperous, with worldwide 2005 sales approaching \$31.1 billion, with an estimated 730% growth by 2015. Significant growth in the market in 2006 and 2007 is reflected by rising oil prices and the availability of new hybrid models by automakers. It is estimated that the overall hybrid vehicle market increased thirty-five percent from 2006 to 2007. North America, Japan, and Europe are expected to continue dominating the global electric vehicle market through 2010. The battery-powered electric vehicle (BPEV) market in general, however, is still plagued by limited range, long recharging times, and limited top speeds, despite rapid technological developments. Hybrid Technologies' electric vehicles, however, are close to perfect. Electric powered vehicles will quickly gain meaningful share in the worldwide light vehicle market due to rising energy costs and increased emissions regulations. Currently the market is limited because of high prices, but this technology has the potential to become mainstream as production volume increases. Subsequently, vehicle prices should decline.

MANAGEMENT TEAM

Holly A. Roseberry – Secretary, Treasurer and CFO

Ms. Roseberry was appointed Secretary, Treasurer, and Chief Financial Officer on February 20, 2002. On November 15, 2002, she resigned from these positions and was appointed President, Chief Executive Officer, and Director. From 2001 to 2003, she acted as Manager for the Azra Shopping Center. She obtained a Bachelor of Arts degree from Sacred Heart University in Bridgeport, Connecticut in 1973. Ms. Roseberry was employed from 1993 to 1996 as Human Resources Manager, and from 1997 to 1999 as Business Office Manager of the Las Vegas location of Wards Department Store. Ms. Roseberry has held the positions of President, Chief Executive Officer, and Director of Hybrid's majority-owned subsidiary, Zingo, Inc. since August 30, 2005.

Mehboob Charania – Secretary

Mr. Charania joined the Company in November 2002. Previously, Mr. Charania had been the owner and operator of Infusion Bistro, a restaurant located in Calgary, Alberta. From 1998 to 2001, he acted as a manager at IBM's Calgary office. Mr. Charania has held the position of Secretary and Director of Hybrid's majority-owned subsidiary, Zingo, Inc. since August 30, 2005.

Brian Newman – Accountant

Mr. Newman graduated with a Bachelor of Commerce degree from the University of Calgary in 1978, and received a degree as a Chartered Accountant from the Institute of Chartered Accountants in Alberta in 1982. He has been a Director and President of Brian Newman Professional Corporation, a public accounting firm located in Calgary, Alberta for the past twenty-five years. Mr. Newman has served, since September 2004 to the present, as a Director of Olympia Financial Group, and since September 2004 to the present, has also served as a Director of Albury Resources Ltd. Both of these companies are publicly traded in Canada, but neither is a reporting company under the Securities Exchange Act of 1934.

MANAGEMENT TEAM AT THE FACILITY IN NORTH CAROLINA

Name		
Tom Zgoda	Facility Manager	Manages Facility Operations
Ron Cerven	Project Development Engineer	Plans and oversees all Projects
Bryan Leddy	Mechanical Engineer Lead Fabricator and Project	Component Drawings and Design
William Bratton	Researcher	Component Research and Design
Paul Payton	Fabrication Shop Supervisor	Existing Automotive integration and fabrication
John England	Electrical Technicians Supervisor	Project Wiring Design Installation Supervisor
Surajit Sengupta (Sen)	Director of R & D Battery Division	Directs all Battery Operations and Development
Pham, Luc	Electrical Engineering Supervisor	Supervises all electrical Engineer
Boucher, Keith	Electrical Engineer	New recharging development
Coulter, Matthew	Electrical Engineer	Existing vehicle component Interfacing
Negede, Abiyu	Electrical Engineer	BMS Design and Development
Hauil Edward Lin	Motor Development Engineer	Motor Design and Development

VALUATION

Oil is becoming the greatest problem of our time. Not only does it pollute, it also supports terror and violence from Venezuela to Iran, and at \$100 a barrel, oil has crossed a historic threshold, making electricity and batteries a significantly cheaper model than using gasoline (currently more than \$9/gallon in Europe). There is clearly a commercial future in electric cars. Small countries and crowded cities like London, Paris, Singapore, and New York are ideal places in which to drive electric cars. China needs electric cars because of its increasing car penetration, oil consumption, and huge environmental pollution. Still, battery technology innovation is required to increase capacity, decrease cost, and extend service life. Today's battery technology allows 1,500 charges, which is roughly 150,000 miles, the life of the average car. The replacement rate in Europe for cars on the road is approx. ten percent each year. It can be expected that the electric car industry can record double and triple digit sales gains over the next few years, resulting in greater efficiencies and economies of scale and lower manufacturing costs. We believe Hybrid Technologies, which is still a small player, has a great chance of success because of its technology leadership and its differentiation strategy. The stock prices on companies in this industry plunged dramatically over the last six months, something that can be blamed on the generally bearish market conditions caused by the credit crunch in North America. Currently, the market is valued at only 6.3 Price/Sales multiples. As mentioned earlier, Hybrid Technologies battery management system is close to perfect and offers the Company rapid growth and progress towards commercializing its hybrid vehicles.

We believe that with the establishment of a distribution network, which will be marketed to strategic partners and consumers through original equipment manufacturers ("OEMs"), licensees/joint venture partners, automotive and engine and other power systems and component manufacturers and suppliers, Hybrid Technologies can be estimated to grow at a compound annual rate of 175% by 2010.

FY-Ends July		CAGR
2006A	\$390,000	
2007A	\$1,379,000	253.59%
2008E	\$4,000,000	190.06%
2009E	\$9,000,000	125.00%
2010E	\$21,000,000	133.00%
Average		175.50%

Applying these growth rates and the peer group 6.3 P/S multiple, we have derived a fair value for Hybrid Technologies that approaches \$132.3 million by year-end 2010. Applying a sixty percent increase in shares outstanding, by year-end 2010 we derive a current price target for Hybrid Technologies of \$5.30 per share. We have initiated coverage with a Speculative Buy/4 rating for Hybrid Technologies with a 12-month target price of \$5.30. We acknowledge that the risk profile may be more than some investors are comfortable with, and therefore we recommend the stock be purchased only by investors who can tolerate above average risk.

SHARE STRUCTURE

As of the beginning of the trading session on January 17, 2008, the new trading symbol for the Company is HYBR. In late December 2007, the board of directors ratified a 7:1 reserve split effective January 17, 2008. Currently, the Company has 15,647,257 shares of common stock outstanding.

ANALYST DISCLOSURE

Analyst: Ernest C. Schlotter

Ernest C. Schlotter has been an analyst since 1995. He is a securities analyst covering companies with SISM Research & Investment Services, Zurich, Switzerland. His areas of focus have included technology and all energy industry sub-sectors, with a focus on independent companies in exploration/production. According to the tracking firm StarMine, based in San Francisco, Ernest C. Schlotter is a four out of five star analyst for EPS estimate accuracy and target price estimates.

Analyst Certification:

I, Ernest Schlotter, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

GLOSSARY OF COMMON BATTERY AND RELATED TERMS

Battery (ies) - A battery is a container, or group of containers, holding electrodes and an electrolyte for producing electric current by chemical reaction and storing energy. The individual containers are called "cells." Batteries produce direct current ("DC").

Capacity - The amount of electrical energy a cell or battery contains expressed in ampere-hours.

Cells - Basic unit used to store energy in a battery. A cell consists of an anode, cathode, and the electrolyte.

Clean Air Act/Clean Air Act Amendments (CAA/CAAA) - The original US Clean Air Act was signed in 1963. The law sets emissions standards for stationary sources, e.g., factories, power plants. The CAA was amended several times, most recently in 1990 (P.L. 101-549). The Amendments of 1970 introduced motor vehicle emission standards, e.g., automobiles, trucks. Criteria pollutants included lead, ozone, CO, CO₂, NO_x, and PM as well as air toxins.

Hybrid Vehicles - Automotive vehicles that have two or more sources of energy. There are two types of hybrid electric vehicles (“HEVs”), referred to as “series” and “parallel.” In a series hybrid vehicle, all of the vehicle power is provided from one source. For example, with an IC/electric series hybrid vehicle, the electric motor drives the vehicle from the battery pack and the internal combustion engine powers a generator that charges the battery. In a parallel hybrid vehicle, power is delivered through both paths. In an IC/electric parallel hybrid, both the electric motor and the internal combustion engine power the vehicle.

Kilowatt (kW) - The standard unit of measurement for electric power capacity. One kilowatt equals 1,000 watts.

Lithium-Ion Battery - A high power/density battery in which lithium is used as an electrochemically active material and the electrolyte is a liquid that conducts lithium ions.

Lithium Polymer Battery - A battery in which lithium is used as an electrochemically active material and the electrolyte is a polymer or polymer-like material that conducts lithium ions.

Nickel-Cadmium Battery - Nickel-Cadmium (“Ni-Cd”) batteries use a nickel electrode and a cadmium electrode with potassium hydroxide as the electrolyte. These batteries are generally in a polypropylene container. As with some other types of batteries, Ni-Cd batteries are often put in a series and placed in automotive battery containers.

Nickel Metal Hydride Battery - Composed of nontoxic, completely recyclable materials, nickel-metal hydride batteries may provide double the range and twice the life cycle of current battery technology. The battery is composed of nickel hydroxide and a multi-component, engineered hydride alloy consisting of vanadium, titanium, zirconium, nickel, and other metals in minor quantities.

Zero Emissions Vehicle (“ZEV”) - Any vehicle that is certified by the California Air Resources Board to have zero tailpipe emissions. The only vehicles that currently qualify as ZEVs are electric vehicles (“EVs”) and fuel cell vehicles.