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**MTI INSTRUMENTS LAUNCHES NEW
STAND-ALONE LASER SYSTEM**

Albany, N.Y., January 8, 2007 – MTI Instruments, Inc. (“MTII”), a worldwide leader in precision measurement solutions and a subsidiary of Mechanical Technology Incorporated (MTI) (NASDAQ: MKTY), announces the expansion of their Microtrak II laser triangulation product family with the addition of a Stand Alone Laser (“SAL”) system.

The SAL system has a state-of-the-art compact design that uses laser triangulation technology for measuring displacement, position, vibration or thickness and it can be used in a wide variety of industries. For example, the SAL system can be used in industrial processing plants for measuring the thickness of glass, wood or paper, in the automotive industry for measuring the vibration of fan belts, and out-of-round conditions for automobile tires, and in construction for measuring the dimensional accuracy of cement blocks, pavers and containers.

The SAL system ships with MTII’s software package that in combination with a user-friendly interface makes the system simple to use. In addition to packing more functionality in a compact design, the SAL system has better performance than other products in the market place in both higher resolution and better accuracy.

“What makes this product desirable is its ability to outperform similar systems that require a processing controller,” said Bob Kot, Vice President and General Manager of MTII. “Although other stand alone systems are available in the marketplace, we are not aware of any that come close to the performance of the Microtrak II SAL. This performance allows us access to high volume applications and expands our customer base throughout a wide variety of industries that can not be served with existing products.”

As part of MTII’s growth strategy, the Company has implemented a number of growth initiatives including the development of new products including the SAL System. Additionally, the Company has focused its efforts on OEM and high volume production sales including sales to a global leader in photolithography equipment for microelectronics.

“We are very pleased with our progress at MTII. Through the third quarter of 2007, we have experienced double digit growth for the last seven consecutive quarters,” said Peng

Lim, CEO of MTI. “With this consistent revenue growth and a record orders at Instruments, we are confident we will continue to increase MTII’s annual revenues in the future.”

About MTI Instruments, Inc.

MTI Instruments, Inc. (MTII), a subsidiary of Mechanical Technology Incorporated (NASDAQ: MKTY) headquartered in Albany, NY, is a worldwide supplier of precision non-contact physical measurement solutions, precision balancing equipment and semiconductor wafer inspection tools. MTII products use a comprehensive array of technologies to address complex real-world applications in numerous industries including manufacturing, semiconductor, commercial/military aviation, automotive and data storage. Mechanical Technology Incorporated is also engaged in the development and commercialization of award winning Mobion[®] cord-free advanced portable power systems, through its subsidiary MTI MicroFuel Cells Inc.

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Statements in this press release which are not historical fact including statements regarding management’s intentions, hopes, beliefs, expectations, representations, projections, plans or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, among others, MTI Instruments’ future business prospects, technology and performance; MTI Instrument’s ability to meet their stated milestones on time if at all; MTI Instruments’ ability to expand or maintain sales into commercial, military and other governmental markets; and the importance of any relationships we may have including OEMs, and our ability to maintain those relationships going forward. All forward-looking statements are made as of today, and MTI and MTII disclaim any duty to update such statements. It is important to note that MTII’s and MTI’s actual results could differ materially from those projected in forward-looking statements. Factors that could cause the anticipated results not to occur include, among others, the risk factors listed from time to time in MTI’s SEC reports including but not limited to, the annual report on Form 10-K and Quarterly Reports on Form 10-Q.