



STRATEGIC ALLIANCE ANNOUNCED BETWEEN AZURE DYNAMICS AND TESMA INTERNATIONAL

Vancouver, British Columbia—June 25, 2001

[Azure Dynamics Corp \(CDNX - AZD\)](#) a leading developer of hybrid electric smart energy management systems for commercial vehicles is pleased to announce it has entered into a strategic alliance with [Tesma International](#) Inc. (TSE--TSM.A; NASDAQ--TSM.A) of Concord, Ontario. Azure and Tesma intend to develop advanced powertrain components for hybrid vehicle applications, particularly for medium duty commercial vehicles such as postal trucks, delivery vans and shuttle buses.

Azure and Tesma intend to develop and commercialize a proprietary planetary gear interface for a parallel hybrid system. The development of critical components such as a planetary gearbox, will enable the application of Azure's patented energy management system. Further development programs may follow.

Tesma will bear primary responsibility for design and manufacturing process development, while Azure will be responsible for component integration, vehicle implementation and laboratory and in-vehicle testing.

Campbell Deacon, CEO of Azure Dynamics said, "Tesma International Inc. is a recognized global supplier of highly engineered engine, transmission and fueling systems and components for the automotive industry. Our strategic alliance with Tesma should give the market confidence that we will indeed be successful in developing these components for an advanced hybrid electric powertrain."

According to a Tesma representative, "This agreement with Azure represents an initial project for Tesma in the area of hybrid commercial vehicle development. We believe the industry has tremendous potential and we look forward to working with Azure."

News of the strategic alliance with Tesma follows a June 7th announcement that Azure has also entered into a strategic alliance with Grumman Olson, one of the largest manufacturers of walk-in medium duty commercial vehicles in North America. The parties will develop a next generation vehicle with improved aerodynamics and ergonomics, and a hybrid electric power train utilizing Azure's smart energy management systems.

Azure also announced on June 14th that it had obtained an additional US Patent 6242873 for a process on how adaptive management may be implemented in hybrid electric systems.

-30 -

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