



News Release

AZURE DYNAMICS AND ZF SACHS FORM STRATEGIC ALLIANCE FOR HYBRID ELECTRIC POWERTRAIN COMPONENTS

Vancouver, British Columbia – July 22, 2003

[Azure Dynamics Corporation \(TSX Venture - AZD\)](#) ("Azure"), a leading developer of hybrid electric powertrains for commercial vehicles is pleased to announce it has signed a strategic alliance with ZF Sachs, the Powertrain and Suspension Components division of ZF Group ("ZF"). Under the terms of the strategic alliance, ZF Sachs will adapt their electric traction drive and generator technology specifically to Azure's hybrid electric smart energy management system. The components will be co branded as - ZF Sachs Azure.

David Deacon, President and COO of Azure said, "ZF Sachs has a long history of building very high quality products for the automotive market. ZF Sachs is also unique in that it produces generators, traction motors, clutches and transmissions all under one roof, making it the only Tier 1 supplier who is capable of providing components for all forms of hybrid architecture. This agreement provides Azure with an exceptionally strong partner in the ongoing commercialization of its Smart Energy Management System."

Martin Sattler, Director of Electric Drives for ZF Sachs said, "We are pleased to announce this strategic alliance with Azure Dynamics as we believe they have a very good understanding of where and how to market hybrid electric drive trains to the commercial fleet industry. Their target of light and medium duty commercial vehicles, such as postal trucks, delivery vans, taxis and shuttle buses can take maximum advantage of hybrid characteristics and is the best route to commercialize both of our technologies."

[Azure Dynamics Corporation](#) is an innovative company that has developed proprietary hybrid electric vehicle technology for the light and medium duty commercial vehicle category. Azure was the recipient of the Canadian Energy Efficiency Award 2003 from Natural Resources Canada in the category of transportation (light duty commercial vehicles) and also received the 2002 Applied Energy Innovation Award from the Canadian Institute of Energy (BC).

[ZF Sachs AG](#) is the "Powertrain and Suspension Components" division of ZF that develops and produces vibration dampers and other components for chassis regulation as well as car and CV converters and clutches. ZF Group is a leading worldwide automotive supplier for Driveline and Chassis Technology. Headquartered in Friedrichshafen, Germany, ZF is the 15th largest automotive supplier in the world. The company has a total workforce of 53,300 at 119 locations in 25 countries, and combined revenues for the group totaled more than \$10 billion usd in 2002.

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