



News Release

AZURE DYNAMICS LAUNCHES NORTH AMERICAN SHUTTLE BUS PROGRAM WITH SALE OF FIVE HYBRID ELECTRIC SHUTTLE BUSES TO THE BRONX

Toronto, Ontario – July 21, 2005

[Azure Dynamics Corporation](#) ([TSX – AZD](#) & [LSE - ADC](#)) (“Azure Dynamics” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial and military vehicles, is pleased to announce that it has launched a shuttle bus program in North America based on its G1 series hybrid powertrain product. Its first sale will be to The Bronx Overall Economic Development Corporation (“BOEDC”), to deliver five hybrid-electric, 20-passenger shuttle buses. The Bronx Clean Commuter Van Program is the first hybrid electric bus shuttle initiative in the borough.

The shuttle buses will employ the same chassis and hybrid electric drive system currently used in delivery vans supplied to other Azure customers such as Purolator Courier Ltd. The hybrid chassis will be fitted with conventional shuttle bus bodies. “This program is an important milestone for Azure as we are leveraging our series hybrid powertrain, currently incorporated in several other active programs, in a market that has considerable importance to many different communities,” said Mark Federle, Azure’s Vice-President, Sales.

As of July 15, 2005, 173 Mayors, representing 36 million inhabitants in U.S. cities, have signed The Climate Protection Agreement to meet or beat Kyoto Protocol emissions reductions goals. The agreement commits signatory cities to devise their own ways to reduce greenhouse gas emissions by at least 7 percent below 1990 benchmarks. It is this type of initiative that Azure Dynamics will assist through the sale of its shuttle bus and electric and hybrid electric product offerings. With support from funding sources like the Congestion Mitigation and Air Quality (“CMAQ”) Improvement Program, who have already provided approximately \$6.0 billion in funding for surface transportation and other related projects that contribute to air quality improvements and reduce congestion, Azure will expand upon its programs. Azure is currently in discussions with numerous municipalities in Canada and the U.S. regarding similar programs.

“This innovative project demonstrates that hybrid electric technology can be applied to shuttle buses, reducing diesel emissions while providing important transportation in areas severely underserved by public transit,” noted Rafael Salaberrios, BOEDC President. The hybridized buses will operate approximately two to three shifts daily and are expected to drive between 160-240 miles per day, six days per week, all-year round. Three shuttles will provide service for workers at the Hunts Point Food Distribution Center, and two will replace vans currently used by non-profit organizations throughout the Bronx.

Funding for the Bronx hybrid electric shuttle bus program came in part from the Clean Air Communities (“CAC”) which is collaborative initiative of NESCCAF — a sister-organization of NESCAUM — Con Edison, Natural Resources Defense Council, and the New York State Department of Environmental Conservation. BOEDC has committed approximately US\$387,000 towards part of the program while the Clean Air Communities has committed US\$300,000. Additional funding, in the form of a grant to BOEDC, was raised from the New York State Energy Research Authority (NYSERDA) in the amount of US\$339,200.

[The Bronx Overall Economic Development Corporation](#), established in 1981, is a community-based non-profit organization that has been a central figure in the revitalization of the borough. The Bronx contains two overlapping zones, the New York State Economic Development Zone and the federally-designated Bronx Empowerment Zone. BOEDC, as administrator of the Bronx Empowerment Zone and through its lending subsidiary, the Bronx Initiative Corporation, has facilitated economic incentives for businesses to start, expand and relocate to The Bronx and employ borough residents.

[Azure Dynamics Corporation](#) is a world leader in the development and production of hybrid electric and electric commercial and military vehicles and systems. The group estimates it has over 25 million miles of vehicle experience. Azure Dynamics' operations are based in North America and Europe.

Azure Dynamics is currently working internationally with various partners and customers including Purolator Courier Ltd., Canada Post, US Department of Defence, United States Postal Service, DHL, SEV Group Limited, Leyland Product Development and London Taxis International. Azure Dynamics Corporation is a public company trading on the TSX (AZD) in Canada and on AIM (ADC) in the UK. For more company information please visit www.azuredynamics.com.

The TSX Exchange does not accept responsibility for the adequacy or accuracy of this release.

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