



Azure Dynamics Reports Fiscal 2008 Year End Results

OAK PARK, MI – March 31, 2009 – Azure Dynamics Corporation (TSX: AZD & LSE: ADC) (“Azure” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial vehicles, today announced its financial results for the three and twelve-month periods ended December 31, 2008. The Company also provided an update on corporate and product development activities in the year.

“2008 was highlighted with the launch of our revolutionary Balance™ Hybrid Electric commercial delivery truck and shuttle bus vehicles. As a result, we were able to nearly triple our sales revenue versus 2007,” said Scott T. Harrison, Azure Chief Executive Officer. “Significantly, despite the difficult global and national economies, we’re expecting to continue our sales revenue growth in the upcoming year as more customers continue to seek vehicles that reduce operational costs and improve their environmental position.”

Key 2008 Milestones

- Completed private placement offering of \$25 million at a significant premium to the market. The financing allows Azure to continue its product development and commercialization activities.
- Executed an agreement with Waukesha, IN, based Utilimaster for the assembly, hybridization, and manufacturing engineering of Azure’s Balance™ Hybrid Electric (P1) commercial delivery vans and shuttle buses.
- Shipped a record number of units during the year, including 149 Balance™ Hybrid Electric vehicles to a variety of major delivery van and shuttle bus customers including Purolator, AT&T, FedEx Express, Consolidated Edison and others.
- Achieved new orders for the LEEP Freeze™ (Low Emission Electric Power) system to provide dependable power for transport refrigeration and cold storage product protection.
- The Balance™ Hybrid Electric shuttle bus passed the U.S. federal government’s rigorous “Altoona” durability test enabling purchasers of the units to apply for significant financial assistance from the government.
- As a result of the 2008 initiative to broaden the sales, service and distribution network for Azure’s Balance™ Hybrid Electric vehicles, the company has signed a total of 26 dealerships to date.
- In January 2009, Azure signed a five year supply agreement with Johnson Controls-Saft under which Johnson Controls-Saft will supply the Company with its state-of-the-art lithium-ion hybrid batteries. This agreement with one of the world’s leading developers of hybrid electric technology will enable Azure to provide a cost-effective, consistent and timely product flow to all of its customers.

Financial Results

Revenue for the fourth quarter of 2008 totaled \$2.6 million compared to \$0.5 million in the fourth quarter of 2007. For the year ended December 31, 2008 revenue increased to \$7.7 million compared to \$2.8 million in 2007. Net loss for the fourth quarter of 2008 totaled \$14.5 million, or \$(0.04) per share compared to a loss of \$8.4 million or \$(0.03) per share in the fourth quarter of 2007. For the year ended December 31, 2008, the Company's net loss was \$38.9 million, or \$(0.12) per share, compared to a net loss of \$30.2 million, or \$(0.14) per share in 2007.

Before contributions, the Company's engineering, research and development ("R&D") expenses in the quarter totaled \$6.0 million (including \$3.1 million in product development costs), compared to \$5.0 million for the same period in 2007 (including \$2.7 million in product development costs). For the year ended December 31, 2008, the Company's engineering and R&D expenses totaled \$21.5 million (including \$11.6 million in product development costs) compared to \$17.8 million in 2007 (including \$10.0 million in product development costs).

As of December 31, 2008, the Company's cash and cash equivalents totaled \$13.8 million and working capital totaled \$19.8 million, compared to cash and cash equivalents of \$24.1 million and working capital of \$32.3 million as at December 31, 2007. During the year, the Company completed an equity financing, raising net proceeds of \$24.3 million to fund ongoing product development, operations and working capital.

Corporate

"During 2008 we accomplished all our major goals and positioned ourselves to become a major player in the hybrid electric commercial vehicle business in the future," said Harrison. "Our partnership with Ford to hybridize their E-450 commercial vans continued to grow stronger, our manufacturing arrangement with Utilimaster ran smoothly, and our new agreement with Johnson Controls-Saft resolves potential future battery supply problems, so we feel very good about where we are. Our products are performing well in customer fleets and we're hearing from potential new customers on a regular basis.

"Our major concern is the same as everybody else, the state of the economy. Customers are reluctant to make new investments while their own businesses are in flux and until they have a better idea of where the economy is headed," said Harrison. "My belief is that opportunity exists at every inflection point. The economy is certainly at an inflection point and our recent restructuring and product development activities will enable us to take full advantage of opportunities as they arise. Furthermore, we are encouraged by the Obama administration's stimulus plans and believe that Azure's products will qualify for federal funding assistance from a variety of programs. The addition of federal support could greatly accelerate our production ramp."

Azure's restructuring, announced this January, included a 25% workforce reduction, cuts in discretionary spending, and a focused effort to share its product development costs with its partners. It also involved rationalization of the product line to allow the company to concentrate its efforts on existing products and product programs.

Product Development

Azure continued to form significant relationships with industry leaders to increase penetration into its target markets and advance its product development programs. Along with Ford Motor Company, StarTrans (a business division of Supreme Corporation), Utilimaster Corporation

and Kidron, Azure also formed relationships with Altec and launched new products with key customers such as FedEx Express, AT&T and Purolator.

G1 Series (7,500 to 16,000 lbs. gross vehicle weight, "GVW")

- Purolator's fleet of 49 G1 hybrid vehicles has accumulated over 930,000 miles as of December 31, 2008. The vehicles are deployed in Montreal, Ottawa, Toronto and Vancouver. Nine of the 19 diesel hybrids have now surpassed three years in service, while the 30 G1 gas hybrids have exceeded a year and a half in service.
- Azure delivered 16 more G1 hybrid shuttle buses (CitiBus Hybrid Senator HD or "CitiBus") in 2008 including 10 for PennDOT. Five buses sold to Bronx Overall Economic Development Corporation (BOEDC) have now been in service for approximately one year.

Balance™ Hybrid Electric (P1) Parallel (10,000 – 19,000 lbs. GVW)

- During 2008, the Company completed the production launch of the main, Balance™ Hybrid Electric development program on the model year 2008 Ford E-450 chassis. The Company also started model year 2009 production in December.
- In total, the Company delivered 149 model year 2008 Balance™ Hybrid Electric chassis in 2008. 105 of these were delivered to Purolator, 20 to FedEx Express and 15 to AT&T. These vehicles accumulated more than 200,000 miles while in service in 2008.
- The Federal Transit Administration's accelerated seven year durability test on the shuttle bus variant was completed in September in Altoona, Pennsylvania and the final report has now been issued. This successful completion of this test qualifies Azure's Balance™ gasoline hybrid drive system for federally-supported hybrid bus purchases by public transit agencies across the United States.

LEEP Freeze™ & LEEP Lift™ (Low Emission Electric Power)

- Azure and Kidron continued their relationship on the LEEP Freeze™ system and supported 12 fleet demonstrations including over a week trial in Phoenix during the month of August, where the LEEP Freeze™ system demonstrated its capability to effectively operate at temperatures above 100 degree F.
- Azure delivered seven LEEP Freeze™ systems to Kidron in the fourth quarter which will be used in conjunction with the Kidron cold plate technology, of which six were delivered to Buchy Foods in Ohio.
- Azure and Altec signed a Memorandum of Understanding in March, 2008 to develop LEEP Lift™ systems for electric utility and telecom aerial lift trucks. Pursuant to the completion of the definitive agreement, Altec will integrate Azure's LEEP Lift™ systems into their utility and telecom truck bodies and Altec will market, sell and service the systems through their existing sales and service network.
- The first demonstration LEEP Lift™ system was commissioned and tested during the third quarter and delivered to Altec for additional internal testing. The initial unit demonstrated up to a 30% fuel savings versus a conventionally equipped truck on a

representative test cycle. This vehicle will be used for various customer in-service demonstrations in early 2009.

Other Product Developments

- Azure evaluated, developed and tested advanced energy storage systems throughout 2008 including NiMH and Li-Ion batteries as well as ultracapacitors.
- Azure continued to develop and test advanced power electronics, electric motors and flexible embedded control systems in 2008, including gasoline engine control, automatic transmission control as well as advanced energy management and diagnostic strategies.

Sales and Marketing Highlights:

- The Balance™ Hybrid Electric is the only hybrid shuttle bus to have been certified as Altoona tested. Under the current guidelines, successful completion of this test qualifies Azure's Balance™ Hybrid Electric drive train system for Federal Transit Authority (FTA) programs of up to 80% funding when purchased by public transit agencies across the United States. In addition to FTA programs, Azure's Balance™ Hybrid Electric may qualify for up to a \$3,000 US Federal tax credit and/or numerous individual state and agency programs
- The Company shipped 16 G1 CitiBus Series Hybrid Electric shuttle buses and 31 Force Drive™ Electric vehicle systems in 2008.
- Azure's LEEP system was specified in an order from a major player in the baking industry. As a whole, the baking industry operates one of the largest vehicle fleets in North America.
- On January 13, 2009, Johnson Controls-Saft and Azure Dynamics managed a joint press conference at the North American International Auto Show at Cobo Hall in Detroit. The conference attracted over 200 guests and resulted in more than 250 relevant media placements. Coverage of the announcement was included in prestigious outlets such as: *New York Times*; *Wall Street Journal*; *Automotive News* as well as significant coverage in on-line news sources like *MSN*; *CNN*; *AOL*; *Yahoo* to name just a few.
- Azure Dynamics has been featured in numerous automotive, environmental, business and lifestyle publications. Select titles include: *Business News Network (BNN)*, *Forbes*; *Government Product News*; *Green Car Journal*, *Popular Mechanics*; *Automotive Engineering International*; *Trailer Body Builders*; *Ward's Auto World*.
- Displayed the Balance™ Hybrid Electric to thousands of potential customers at the Bus Con Conference at Navy Pier in Chicago and at the American Public Transit Association in San Diego. Products received favorable response from shuttle bus industry attendees.
- Azure has signed Sales and Service agreements with 26 Ford Dealerships in key major metro markets.
- The Company is researching current federal stimulus bill elements and will manage an aggressive marketing campaign to educate and encourage customers to participate.

Conclusion

“2009 is going to be a difficult business year for everybody. The economy is going to take awhile to settle and in the meantime businesses and consumers alike are going to be nervous about spending,” said Harrison. “Having said that, I’m confident the economy will come back and when it does Azure will be in a sweet spot to help fleet owners control their fuel and maintenance costs and decrease the environmental impact of their products. Overall, we are well positioned and are ready with products the market needs as soon as the market is ready to purchase again.”

The Company’s complete fiscal 2008 audited year-end financial statements and MD&A are available at www.sedar.com or on the Company’s website at www.azuredynamics.com.

Azure Dynamics

[Azure Dynamics Corporation \(TSX: AZD\) \(LSE: ADC\)](http://www.azuredynamics.com) is a world leader in the development and production of hybrid electric and electric components and powertrain systems for commercial vehicles. Azure is strategically targeting the commercial delivery vehicle and shuttle bus markets and is currently working internationally with various partners and customers. The Company is committed to providing customers and partners with innovative, cost-efficient, and environmentally-friendly energy management solutions. Azure Dynamics’ operations are based in North America and Europe.

For more information please visit www.azuredynamics.com.

The TSX and LSE Exchanges do not accept responsibility for the adequacy or accuracy of this release.

###

Forward-looking Statements

This press release contains forward-looking statements. More particularly, this press release contains statements concerning Azure’s business development strategy, projected commercial revenues and product deliveries.

The forward-looking statements are based on certain key expectations and assumptions made by Azure, including expectations and assumptions concerning achievement of current timetables for development programs, target market acceptance of Azure’s products, current and new product performance, availability and cost of labor and expertise, and evolving markets for power for transportation vehicles. Although Azure believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Azure can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with Azure’s early stage of development, lack of product revenues and history of losses, requirements for additional financing, uncertainty as to commercial viability, uncertainty as to product development and commercialization milestones being met, uncertainty as to the market for Azure’s products and unproven acceptance of Azure’s technology, competition for capital, product market and personnel, uncertainty as to target markets, dependence upon third parties, changes in environmental laws or policies, uncertainty as to patent and proprietary rights, availability of management and key personnel, and acquisition integration risk. These risks are set out in more detail in Azure’s annual information form which can be accessed at www.sedar.com.

The forward-looking statements contained in this press release are made as of the date hereof and Azure undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

FOR MORE INFORMATION, CONTACT:

Ryan Carr, Chief Financial Officer, (248) 298-2403 ext 1206
Email: rcarr@azuredynamics.com

Pat Liebler, Liebler Group, (313) 832-4376
Email: pat@lieblergroup.com