



AZURE DYNAMICS' BALANCE™ HYBRID ELECTRIC SHUTTLE BUS COMPLETES RIGOROUS "ALTOONA" DURABILITY TESTING

Oak Park, MI - January 29, 2009 – Azure Dynamics Corporation (TSX: AZD, LSE: ADC & OTCQX: AZDDF) – (“Azure” or the “Company”), a leading developer of hybrid electric and electric powertrains for commercial vehicles, today announced that its revolutionary Balance™ Hybrid Electric shuttle bus has been certified by rigorous “Altoona” testing, on the Ford E-450 chassis, enabling purchasers of these hybrid vehicles to apply for financial assistance from the federal government.

Altoona testing subjects vehicle to a lifetime of usage in just a few months time at the Altoona, PA accelerated durability test center where harsh road conditions mimic real-world conditions endured by a commercial shuttle bus over a seven year, 200,000 mile cycle.

The successful completion of this test qualifies Ford E-450 shuttle buses built with 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 E-450 shuttle bus with Azure's Balance Hybrid System, along with Azure's series hybrid HD Senator CitiBus, are the only hybrid shuttle buses that have completed this significant Altoona durability testing. The testing is an important validation for the durability and engineering integrity of the Balance™ Hybrid Electric system.

“With the successful completion of the Altoona testing, now our municipal and government customers have another Azure hybrid shuttle bus option that qualifies for federal funding support (FTA),” Scott Harrison, Azure's Chief Executive Officer said. “We believe that our public transit customers share Azure's desire to be ‘part of the solution’ by providing energy efficient, reliable and clean transportation within our cities. With this federally funded program (FTA) now available, U.S. shuttle bus operators can cost effectively adopt an environmentally cleaner and more fuel efficient hybrid shuttle bus solution.”

The Altoona test demonstrates, on an accelerated time frame, the ability of Azure's Balance™ Hybrid Electric system to withstand the rigors of operating in a demanding urban transit bus environment.

The Balance™ Hybrid Electric integrates Azure's proprietary technology onto Ford's E450 chassis. The result is a shuttle bus that provides up to a 40% fuel consumption savings and environmental benefit of over 30% reduction in green house gas emissions. In addition, Azure's Balance™ Hybrid Electric technology can reduce vehicle maintenance costs by approximately 30% thereby further reducing overall fleet operating costs.

The Azure G1Series-Hybrid HD Senator CitiBus shuttle bus had previously completed Altoona testing in 2007.

Azure Dynamics Director of Fleet Sales, Mike Byers (248-298-2403 ext 1204 or mbyers@azuredynamics.com), is available to help answer inquiries related to federal, state and/or agency financial support programs.

About Azure Dynamics

[Azure Dynamics Corporation](#) (TSX: AZD) (LSE: ADC) (OTCQX: AZDDF) 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.

For more information, please visit www.azuredynamics.com.

About Altoona Bus Testing Program

The FTA New Model Bus Testing Program is designed to promote the production of better transit vehicles and components and to ensure that transit customers purchase safe vehicles able to withstand the rigors of transit service. The program was established in response to legislation included in the 1987 Surface Transportation and Uniform Relocation Assistance Act. This legislation required all new and modified bus models to be tested before being purchased with federal funds. The Altoona Bus Testing and Research Center was established in 1989. The Pennsylvania Transportation Institute ("PTI") operates and maintains the facility on behalf of FTA. PTI provides all management, administrative, technical and support staff, facilities, instrumentation, equipment, and materials necessary to test new bus models for maintainability, reliability, safety, performance, structural integrity, fuel economy, emissions, noise, and related technical support.

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

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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 labour 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.

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