



Azure Dynamics Announces 10 Balance™ Hybrid Electric Sales to Kentucky Municipalities with Option for 40 Additional Buses

Oak Park, Michigan – August 5th, 2009 – Azure Dynamics Corporation (TSX: AZD) – (“Azure”) or (the “Company”), a leading developer of state-of-the-art green technologies that address environmental and cost issues for the commercial transportation industry, today announced their success on a recent bid for 50 Balance™ Hybrid Electric Shuttle Buses. Ten buses were ordered immediately by three separate Kentucky municipalities with an option for up to 40 additional buses.

The State of Kentucky, under direction of its Office of Transportation Delivery is one of the first states to receive Federal Transit Administration (FTA) stimulus money aimed at providing fuel efficient and environmentally friendly transportation solutions. The stimulus funds were provided to members of the Kentucky Public Transit Association. Under a competitive bid process a contract was awarded to National Bus Sales and Leasing, Inc. for the Azure Balance™ Hybrid Electric drivetrain on a Ford E450 chassis and shuttle bus bodies built by Goshen Coach.

The Azure vehicles are expected to be delivered by the beginning of September 2009. The City of Owensboro, via Audubon Area Community Services, will receive seven buses for its paratransit program. Two other vehicles will be used for Demand Response in the state capital of Frankfort. The final bus serves in a pilot program for the Rural Transportation Enterprise Council (RTEC). The latter organization has a shuttle fleet of 150 buses operating in 13 counties. This is its first hybrid electric vehicle. The organization hopes to add additional hybrid electric vehicles pending results of this pilot program.

“We’re thrilled to supply this initial order of ten vehicles to Kentucky,” said Jay Sandler, VP Sales at Azure. “Our high standard of customer service coupled with our innovative product which addresses both cost and environmental issues, gives us confidence that Azure will realize additional orders from this bid.”

David Clawson, Regional Manager of Transit Sales for National, said, “Kentucky has demonstrated that it can act quickly to take advantage of available federal funding support to upgrade its vehicle fleet. As more municipalities access these programs, we expect to see a significant increase in orders for hybrid electric technology like that on the Azure products specified by Kentucky.”

Goshen Coach of Elkhart, Indiana will be providing shuttle bodies in both 10 passenger plus two wheelchair and 12 passenger plus two wheelchair configurations. Goshen’s heritage of quality craftsmanship has been proven in the 22,000 vehicles it has put on the road.

National Bus Sales and Leasing Inc. of Marietta, GA consistently ranks in the top three commercial vehicle providers in the United States. The organization owes its long-term success

to its dedicated customer service as directed by its' Smith family ownership. National has four offices nationwide – Marietta, Georgia; the Shenandoah Valley of Virginia; Charlotte, North Carolina and Dallas, Texas.

For more information about Azure Dynamics and its products, please visit www.azuredynamics.com.

About Azure Dynamics

[Azure Dynamics Corporation \(TSX: AZD\)](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. For more 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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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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