



FEDEX EXPRESS, AZURE DYNAMICS ENTER AGREEMENT TO DEVELOP HYBRID ELECTRIC POWERTRAIN

Toronto, Ontario – May 15, 2007 – FedEx Express, a subsidiary of FedEx Corp. (NYSE: FDX) today announced it has signed agreements with Azure Dynamics Corporation (TSX: AZD & LSE: ADC) a leading developer of hybrid-electric and electric powertrains for commercial vehicles, to develop gasoline parallel hybrid-electric powertrains for their delivery fleet.

Under terms of the agreements, Azure will supply a parallel hybrid-electric test vehicle to FedEx Express for the Ford E-450 hybrid commercial delivery van development program. Once the development phase is completed, FedEx Express has committed to purchase a minimum of 20 pre-production parallel hybrid-electric Ford E-450 delivery vans to be delivered by May 2008.

“FedEx Express introduced hybrid-electric vehicles to the commercial vehicle market six years ago, and we look forward to further advancing this important, environmentally-conscious initiative with Ford and Azure Dynamics,” said John Formisano, Vice President, Global Vehicles, FedEx Express. “We continue to look for opportunities for economic efficiencies, environmental stewardship and being a good corporate citizen. We are encouraged that this project can do just that.”

“These agreements with FedEx Express provide an opportunity for greater customer input in product development, as well as a high-profile, multinational fleet as a lead customer for the Ford E-450 parallel hybrid electric vehicle,” said Scott Harrison, CEO of Azure Dynamics. “We look forward to our association with FedEx Express, and to working with Ford in support of the FedEx commitment to cleaner-energy transportation solutions.”

In 2004, FedEx Express introduced the FedEx OptiFleet E700, an environmentally-superior delivery truck, into its delivery fleet. With 93 hybrid-electric vehicles in service in North America that have traveled more than one million miles, FedEx Express has the largest fleet of hybrid-electric delivery vehicles of any transportation company within the United States.

About FedEx Corp.

FedEx Corp. (NYSE: FDX) provides customers and businesses worldwide with a broad portfolio of transportation, e-commerce and business services. With annual revenues of \$35 billion, the company offers integrated business applications through operating companies competing collectively and managed collaboratively, under the respected FedEx brand. Consistently ranked among the world’s most admired and trusted

employers, FedEx inspires its more than 275,000 employees and contractors to remain “absolutely, positively” focused on safety, the highest ethical and professional standards and the needs of their customers and communities. For more information, visit fedex.com.

About Azure Dynamics

Azure Dynamics Corporation ([TSX: AZD](http://TSX:AZD)) ([LSE: ADC](http://LSE:ADC)) 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 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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