



Azure Dynamics Announces Two CitiBus™ Sales to Terre Haute

Oak Park, Michigan – January 12, 2010 – Azure Dynamics Corporation (TSX: AZD) - ("Azure" or the "Company"), an industry leader in the development of hybrid electric and electric technologies for commercial vehicles, today announced that its dealer MidWest Transit Equipment, has been awarded a contract with Terre Haute Transit for two Azure CitiBus™ vehicles. Terre Haute Transit of Terre Haute, IN currently operates eight buses on fixed route operations. MidWest Transit Equipment, the largest bus dealership in the United States, managed the sale.

“As environmental concerns become more top-of-mind, interest and demand for our products grows exponentially,” said Jay Sandler, Azure Dynamics Vice President of Sales. “Every hybrid vehicle we sell helps commercial and municipal operators reduce their costs and clean up their local environment so we expect that demand to continue to grow significantly in the months and years ahead.”

Midwest Transit Equipment has seen increased interest in alternative energy vehicles. With its ability to achieve up to 40% improvement in fuel economy, a 30% reduction in maintenance costs and a 30% reduction in greenhouse emissions, the Azure CitiBus™ is a proven solution.

“The future is moving to clean energy options and we want to be a part of that movement, as well as to give our customers that option,” said Tom Baldwin, Director of Government Sales for Midwest Transit Equipment. “That’s why the partnership with Azure Dynamics is such a great fit and one we hope to move forward with on future projects.”

Azure Dynamics and Midwest Transit Equipment previously partnered on an agreement with the Michigan Department of Transportation (MDOT) for a contract that created a three year fixed price for up to 50 Azure Balance™ Hybrid Electric buses. That contract has a total potential maximum value of \$5.6 million.

AZD has developed the hybrid electric CitiBus™ using the HD Senator bus body manufactured by Supreme Corporation's StarTrans Bus Division for paratransit and shuttle bus customers. The CitiBus™ is an environmentally responsible solution that reduces fuel consumption and harmful emissions thereby making it an attractive alternative to conventional buses. The CitiBus™ has completed the Altoona 200,000 mile, seven-year durability test and meets the requirements for most Federal and State stimulus programs.

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

About Midwest Transit Equipment

Midwest Transit Equipment sells more buses than any other company in the United States. For over 30 years, Midwest Transit Equipment has been known for their honesty and integrity in their dealings with both their manufacturers and their customers. Midwest takes pride in their reputation for offering quality vehicles, exceptional service and affordable prices. Midwest maintains thousands of vehicles at five locations in four states, a \$3 million parts inventory and over 200 employees committed to providing safe, comfortable and reliable transportation for their customers around the world.

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.

FOR MORE INFORMATION ON AZURE, CONTACT:

Jay Sandler Vice President – Sales 248-298-2403 x1205
Email: jsandler@azuredynamics.com

Patrick Liebler, Liebler Group, (248) 229-4418
Email: pat@lieblergroup.com