



PENNSYLVANIA DEPARTMENT OF TRANSPORTATION ORDERS HYBRID BUSES FROM AZURE DYNAMICS

Oak Park, Michigan – June 23, 2008 – 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, announced today it has received an order from the Pennsylvania Department of Transportation (“PennDOT”) for 10 hybrid buses with an option for 15 additional buses at a later date. PennDOT has ordered the eighteen passenger Azure/StarTrans Hybrid Para-transit Citibus for delivery in 2008.

“Azure’s hybrid technology continues to gain traction with proactive fleet managers who value our performance, significant fuel economy improvements, emissions reductions and long-term maintenance cost savings,” said Scott Harrison, Azure Dynamics’ Chief Executive Officer. “We see the PennDOT order as further validation that our technology answers stringent market demands.”

The Azure Series-Hybrid CitiBus system specified by PennDOT has unique attributes like engine-off driving while electronically supporting key ancillary functions like air conditioning, power steering and braking. The powertrain, with a GM Vortec 4.8L engine, offers over a 40% improvement in fuel economy, and a 30% reduction in carbon emissions in city conditions. The powertrain also offers a 25% reduction in engine maintenance and a 75% reduction in brake maintenance versus conventionally equipped competitors.

At a press conference at the Pennsylvania capital on Thursday Governor Edward G. Rendell said, “The only way to secure our energy future is to take steps now that allow Pennsylvania to be more energy efficient and conserve our natural resources. We cannot reduce our dependence on foreign oil unless we make better use of the alternative transportation options and invest in our own home-grown fuel resources as proposed by the PennSecurity Fuels Initiative.”

The Governor further stated that “Energy independence begins at home, and commuters can do their part to help reduce energy consumption and reduce Pennsylvania’s dependence on foreign oil by relying more on public transit or car pooling.”

The first ten Azure Dynamics Para-transit hybrid buses ordered by PennDOT will be operated by Rabbit Transit in York County, PA and will expand its shared-ride program.

The PennDOT contract was awarded via Arcola Bus Sales. The Azure bus purchase advances PennDot’s strategic focuses of balancing social, economic and environmental concerns in transportation programs for optimal effectiveness and efficiency of services offered.

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.

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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