



Azure Dynamics Announces First Quarter Results for 2009

Oak Park, MI - May 12, 2009 - Azure Dynamics Corporation (TSX: AZD) - ("Azure" or the "Company"), a leading innovator in the development of environmentally friendly and cost effective hybrid electric and electric technologies for commercial vehicles, today reported its first quarter financial results for the period ending March 31, 2009. The Company also provided an update on corporate and product development activities.

First Quarter 2009 Highlights

-On January 13, 2009, Azure announced a five year supply agreement with Johnson Controls-Saft under which Johnson Controls-Saft will supply the Company with its state-of-the-art lithium-ion hybrid batteries. This agreement with one of the world's leading developers of hybrid electric technology will enable Azure to provide a cost-effective, consistent and timely product flow to all of its customers.

-On January 15, 2009, the Company announced a plan designed to address cost issues while meeting growing demand for our solutions. The plan included a 25% workforce reduction, cuts in discretionary spending, actions to offset component cost increases and a focus on new programs that involve a sharing of development costs.

-The Balance(TM) Hybrid Electric shuttle bus passed the U.S. federal government's rigorous "Altoona" durability test enabling purchasers of the vehicle to apply for significant financial assistance from the government.

-Azure staff has completed significant due diligence on the federal stimulus program as it relates to the transportation sector. Azure executives, in turn, have met with numerous politicians and have led webinar discussions with well over 100 Ford Truck Dealers and shuttle bus dealers and manufacturers. The webinars highlighted relevant stimulus program elements that will support customer decisions to purchase Azure's green technology vehicles.

-On April 9, 2009, Azure announced a supply agreement with Collins Bus of Kansas that will allow Collins' customers to specify the Azure Balance(TM) Hybrid Electric drive train on select Type A school buses.

"Many companies have put the brakes on new spending until the economy shows some signs of recovery," said Scott T. Harrison, Azure Dynamics Chief Executive Officer. "But that hasn't dimmed their level of interest in our products. We continue

to work with existing customers to fulfill orders and we're talking to new prospects virtually every day to educate them on what our technology can do for their operations.

"We're seeing genuine enthusiasm for our value proposition and we're confident that once the government stimulus funds kick in and the economy shows some positive momentum, these companies will be ready to place orders with us," Harrison said. "As a result we believe our sales will be up again this year as they were last."

Financial Results

Revenue for the first quarter of 2009 totaled \$0.6 million compared to \$0.4 million in the first quarter of 2008. The higher revenue in the current quarter is attributable to the sale of one Azure Citibus(TM) shuttle bus recorded in 2008 compared to six Balance(TM) Hybrid Electric systems and one LEEP(TM) Freeze system recorded in 2009. Net loss for the first quarter of 2009 was \$7.4 million, or \$(0.02) cents per share, compared to a loss of \$7.9 million or \$(0.03) cents per share in the first quarter of 2008.

The Company's engineering, operations and product development expenses for the quarter totaled \$3.8 million (including \$1.2 million in product development costs), compared to \$4.7 million for the same period in 2008 (including \$2.4 million in product development costs). During the first quarter, the Company continued to focus on the development of its Balance(TM) Hybrid Electric program and component development, as well as ongoing production activities associated with the Series Hybrid shuttle buses and electric components.

As of March 31, 2009, the Company's net cash and cash equivalents totaled \$7.9 million, and working capital totaled \$13.1 million, compared to cash and cash equivalents of \$13.7 million, and working capital of \$25.1 million, as at March 31, 2008, and cash and cash equivalents of \$13.8 million, and working capital of \$19.8 million, as at December 31, 2008.

Product Development Updates

G1 Series (7,500 to 16,000 lbs. gross vehicle weight, "GVW")

-The 49 G1 Purolator fleet crossed a major milestone in operating over 1,000,000 miles in service

Balance™ Hybrid Electric (P1) Parallel (10,000 - 19,000 lbs. GVW)

-The Company completed the design release and pilot production start of the 2009

model year Balance(TM) Hybrid Electric shuttle bus chassis

-The 105 balance hybrid vans delivered to Purolator in Q4 last year have all entered service in the quarter

-The Company began testing of the first level prototype advanced Lithium-Ion battery pack from Johnson Controls-Saft (JCS) in accordance with the agreement announced in January

-The Company's announced agreement with Collins Bus in April brings the total number of shuttle bus body builders on the product to six which accounts for the majority of the North American market in sales

LEEP Freeze & LEEP Lift (Low Emission Electric Power)

-The Company successfully completed testing of a new variant of the LEEP(TM) Freeze product in conjunction with Eaton Corporation. The system, which is integrated with an Eaton Ultrashift transmission, entered a field trial at Schwan Food Company in Minnesota in March

-A field trial of LEEP(TM) Lift commenced with AT&T in Kansas

Other Product Developments

-The Company received a second generation prototype advanced soft-switched inverter which is being developed with support of the DOE Freedom Car program

"Our most important product activity during the first quarter was finalizing the Johnson Controls-Saft battery supply agreement," said Curt Huston, Azure's Chief Operating Officer. "With increased public pressure and government attention on more efficient, environmentally-friendly vehicles, all indicators point to continued growth in the hybrid electric vehicle commercial sector. Batteries have been a constraint industry-wide. This five year agreement with a world-class partner protects our supply chain and offers an attractive pricing model and proven battery performance characteristics."

"We have been aggressively marketing our products and technology to new prospects and new markets since we moved into a full commercialization mode over a year ago," Harrison said. "We aren't any happier about the slowdown in the economy than any other business is, but it did allow us to fill existing orders, refine our technology and complete our future battery supply agreement with Johnson Controls-Saft so that we're ready to meet market demand when it comes back. We're confident it will come back and that's why we feel positive about our 2009 sales outlook."

The Company's fiscal 2009 first quarter financial statements and MD&A are

available at www.sedar.com or on the Company's website at www.azure Dynamics.com.

Annual General Meeting

All interested parties are invited to attend the Annual Shareholder Meeting on June 9, 2009 at 4:30 p.m. (local time) at our Corporate Headquarters, 14925 W. 11 Mile Road, Oak Park, Michigan. In addition to the formal business described in the Management Information Circular there will be a management presentation on business activities and the Company's 2008 financial results.

About Azure Dynamics

Azure Dynamics Corporation (TSX: AZD) 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.azure Dynamics.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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