



Azure Dynamics' California Customers Receive New Incentive Program for Deploying Transit Connect Electric

- The California Air Resources Board (CARB) approved up to \$15,000 per vehicle in incentives for the Ford Transit Connect Electric for customers deploying the vehicle within the state
- The CARB incentive is incremental to the U.S. federal incentive of up to \$7,500 per unit, therefore the total Transit Connect Electric incentive in California can reach up to \$22,500
- Total incentives estimated to reduce payback on Transit Connect Electric in California to less than two years

Oak Park, Michigan – October 27, 2011 – Azure Dynamics Corporation (TSX: AZD)(OTC: AZDDF) (“Azure” or the “Company”), a world leader in the development and production of hybrid electric and electric components and powertrain systems for light and medium duty commercial vehicles, today confirmed the California Air Resources Board’s (CARB) aggressive incentive support for the Ford Transit Connect Electric van, effective November 1, 2011. The incentive is designed to encourage further adoption of Azure’s fuel-efficient, environmentally-friendly powertrain technology employed in the Ford Transit Connect Electric. Coupled with other United States federal incentives, the payback period for the Transit Connect Electric in California is now estimated at less than two years.

The new program, which is expected to be in effect until February 2012, offers up to \$15,000 for the first Transit Connect Electric purchased by a commercial fleet or municipal fleet for deployment in the State of California. Subsequent purchases of Transit Connect Electric vans will qualify for an incentive of up to \$12,000, with a maximum of 100 vans per customer. Beginning in February 2012, the program will offer up to \$12,000 for the first three Transit Connect Electric vans and up to \$10,000 for subsequent purchases up to 100 vans per customer. Complete program details are available at www.californiahvip.org.

“On average, a Transit Connect Electric will spend about ten years in service for a commercial vehicle fleet,” said Scott Harrison, Azure Dynamics CEO. “The new incentive, in combination with the operational and maintenance savings resulting from the EV powertrain, may significantly reduce the incremental Transit Connect Electric acquisition cost and provides customers with an attractive less than two-year payback.”

“National and regional governments around the globe understand the value of increased deployment of electrified technology and the profound economic, environmental and energy advantages that the technology offers,” said Harrison. “Incentives are a first but crucial step in building this new transportation paradigm.”

The Transit Connect Electric is the result of a collaboration between Ford Motor Company and Azure Dynamics. The Transit Connect Electric utilizes an advanced lithium-ion battery from Johnson Controls to achieve a range of 50 to 80 miles depending on auxiliary power usage and drive cycle and is rechargeable using either a 240-volt or standard 120-volt outlet.

California fleets interested in adding the Ford Transit Connect Electric should visit www.azuredynamics.com to find a conveniently located participating Ford Commercial Truck dealership.

About Azure Dynamics

Azure Dynamics Corporation (TSX: AZD)(OTC: 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 a variety of 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 Advisory

Certain information included in this press release constitutes forward-looking statements and information and future-oriented financial information under applicable securities legislation and is provided for the purpose of expressing management’s current expectations and plans for the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes, such as making investment decisions.

More particularly, this press release contains statements concerning Azure’s anticipated: business development strategy, customer orders, product deliveries, sales, revenue and revenue growth. The forward-looking statements are based on a number of key expectations and assumptions made by

Azure, including expectations and assumptions concerning achievement of current timetables for development programs and sales, target market acceptance of Azure's products, current and new product performance, availability and cost of labor and expertise, and evolving markets for power for transportation vehicles. Although Azure believes that the expectations and assumptions used to develop the forward-looking statements 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 numerous risks and uncertainties that contribute to the possibility that the projections and forecasts in the forward-looking statements will not occur and that actual performance or results could differ materially from those anticipated in the forward-looking statements. These risks and uncertainties include, but are not limited to, the risks associated with Azure's stage of development, history of losses and lack of historical product revenues, uncertainty as to product development and sales milestones being met, product defect and performance risks, competition for capital and market share, uncertainty as to target markets, dependence upon third parties, changes in environmental laws or policies, uncertainty as to patent and proprietary rights, availability and retention of management and key personnel, exchange rate and currency fluctuations, uncertainties relating to potential delays or changes in plans with respect to product development or capital expenditures, the ability of Azure to access sufficient capital on acceptable terms, and environmental and safety risks. This is not an exhaustive list and additional information on these risks and other factors that could affect Azure's operations and financial results are included in reports on file with the Canadian securities regulatory authorities and can be accessed through the SEDAR website 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. Additionally, Azure undertakes no obligation to comment on the expectations of, or statements made by, third parties about Azure.

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