

Azure Dynamics

18 July 2006

Azure Dynamics announces Memorandum of Understanding with StarTrans for hybrid bus production

TORONTO, July 18 /CNW/ - Azure Dynamics Corporation (TSX: AZD & LSE: ADC) ('Azure' or the 'Company') a leading developer of hybrid electric and electric powertrains for commercial and military vehicles, today announced it has signed a Memorandum of Understanding ('MOU') for the production of hybrid shuttle buses with StarTrans, a business division of Supreme Corporation (AMEX: STS) and one of North America's leading commercial bus manufacturers.

Under the proposed terms of the MOU, Azure will provide StarTrans with hybrid cab-chassis' on which StarTrans will assemble their shuttle bus body at its manufacturing facilities in Goshen, Indiana. StarTrans intends to utilize its HD Senator Series model line of shuttle buses. Azure's hybrid cab-chassis is a derivative of Azure's series hybrid chassis integrated with a newly developed cab. When fully assembled, the Azure hybrid electric shuttle bus will be compliant with the United States' Buy-America program and after testing will be eligible for the Federal Transit Administrations funding for bus purchases.

Azure's hybrid systems offer significant fuel and maintenance savings for shuttle bus operators. Azure's systems have demonstrated nearly a 50% reduction in fuel consumption on a mile per gallon basis in city driving, compared to conventional chassis. Azure's hybrid chassis also significantly reduce vehicular emissions, achieving reductions in hydrocarbon, carbon monoxide and nitrogen oxide emissions of up to 83%, 91% and 53% respectively. Azure and StarTrans plan to jointly market the hybrid shuttle bus via the StarTrans dealer and distributor network.

#### About StarTrans

Supreme Corporation's StarTrans Bus Division came into existence in 1983. Since then, StarTrans has grown to be one of the leaders in commercial bus manufacturing. StarTrans markets 32 models of transit and tour buses, with passenger capacities ranging from seven up to 42 and offers various wheelchair placements. StarTrans has two manufacturing facilities, one in Goshen, Indiana and the newest in Moreno Valley, California. The company is strongly committed to building quality products, having successfully completed commercial testing for 17 buses at the Federal Transit Administration's Altoona Bus Testing Center. StarTrans is an ISO 9001:2000 certified manufacturer. For more information, please visit [www.startransbus.com](http://www.startransbus.com).

#### About Azure Dynamics

Azure Dynamics Corporation is a world leader in the development and production of hybrid electric and electric commercial and military vehicles and systems. The Company estimates it has more than 25 million miles of vehicle experience. Azure Dynamics' operations are based in North America and Europe.

Azure is currently working internationally with various partners and customers including Purolator Courier Ltd., Canada Post, United States Postal Service, Smith Electric Vehicles, Engineered Support Systems, Inc. and AM General LLC. Azure Dynamics Corporation is a public company trading on the TSX (TSX: AZD) in Canada and on the AIM (LSE: ADC) in the UK. For more company information please visit [www.azuredynamics.com](http://www.azuredynamics.com).

The TSX and LSE Exchanges do not accept responsibility for the adequacy or accuracy of this release.

For further information: Steven Glaser, Vice-President, Corporate Affairs,  
(416) 367-0220 ext 105, Email: [sglaser\(at\)azuredynamics.com](mailto:sglaser@azuredynamics.com)  
(ADC)

END