

## Azure Dynamics agrees DRS contract for \$5.7 Million

TORONTO, Feb. 22 /CNW/ - Azure Dynamics Corporation (TSX: AZD & LSE: ADC) ('Azure' or the 'Company') a leading developer of hybrid electric and electric powertrains for commercial vehicles, today announced that it has agreed its contract with DRS Sustainment Systems, Inc. ('DRS') in respect of Azure's portion of the cancelled program for the Chemical Biological Protective Shelter ('CBPS-M2').

The agreement of CDN\$5.7 million (US\$4.9 million) represents the value of Azure's contribution to the CBPS-M2 program in 2006 as well as related contract closure matters. Azure has already received CDN\$2.5 million in cash through contract progress billings in 2006 and the balance of the cash (CDN\$3.2 million) is expected to be received in early 2007 upon the execution of contract modification. Azure developed the advanced power electronics for the CBPS-M2 contract, including such components as inverters, converters and under-the-hood export power, which DRS has integrated into the CBPS-M2.

The Company has already redeployed all engineering resources from this program to its core production programs with Ford and StarTrans.

Azure Dynamics Corporation (TSX: AZD) (LSE: ADC) 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. Azure Dynamics' operations are based in North America and Europe.

For more 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.

NOTE: The foregoing information may contain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, but are not limited to: the ability to raise the capital required for product development and operations, product development delays, changing environmental regulations, the ability to attract and retain business partners, competition from other developers of hybrid electric vehicle control systems, competition from other advanced or existing power technologies, evolving markets for power for transportation vehicles. These factors should be considered carefully and readers should not place undue reliance on Azure's forward-looking statements. Investors are encouraged to review the risks detailed from time to time in the company's filings with regulatory authorities.

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