

August 1, 2005

Scott Lanning, Executive with Technical, Managerial and Sales Expertise, Joins Power Efficiency Corporation as General Manager of Sales

LAS VEGAS, NV, Aug. 1, 2005--Power Efficiency Corporation (OTC BB:PEFF.OB), a developer and international marketer of patented energy-saving devices for AC induction motors, announced today that Scott Lanning has joined Power Efficiency Corporation as General Manager of Sales. Steven Strasser, CEO of Power Efficiency Corporation, made the announcement.

Prior to joining Power Efficiency, Lanning was Manager/Salesman for Stusser Electric Company, Bellevue and Seattle, WA. He managed Stusser's Automation Technology Group and the Bellevue location where he built and inspired an outstanding sales team and returned the Bellevue location to profitability in less than one year.

Lanning has been selling related equipment for almost twenty years in the Pacific North-west and held various sales and managerial positions at Telemecanique/Square D, Allen-Bradley Company and at Consolidated Electrical Distributors.

"We are delighted to welcome Scott to our team," said Strasser. "In this position Scott will be able to utilize his technical, managerial and sales skills - including his knowledge of 'high-tech' industrial controls including sensors, PLC's and Variable Speed Drives," Strasser said.

"I am excited to be part of the future at Power Efficiency Corporation. I believe, not only is this product line unique in its abilities to save energy, but also the timing for presenting energy saving products to the market couldn't be better. Couple these factors with new, aggressive management at PEC, and the future success of the company is very likely," Lanning said.

Lanning graduated with honors in the Electronics Program at Columbia Basin College, Pasco, WA, where he earned an A.S., Electronic Technology degree. He then went on to Central Washington University, Ellensburg, WA, where he earned a B.S. degree in Electronic Engineering Technology in 1988. (While at CWU he completed all three fields of study - Emphasis in Power and Control Systems, Communications and Power Distribution - instead of only the one required.) He is currently a resident of Kirkland, WA and will soon be relocating to Las Vegas.

Power Efficiency Corporation designs and manufactures energy saving motor controllers, which include a soft start for constant speed-variable load AC induction motors. The savings from these controllers are typically 15-35%, but can be as high as 45%. The controllers also provide significant motor life extension and downtime reduction benefits, and are UL compliant and CE and CSA certified.

Power Efficiency Corporation provides proprietary energy management technology solutions. The company's core technology, which is based on patented improvements to NASA technology, is effective on motors that run at constant speeds and under variable loads. These motors are found in escalators, elevators, grinders, mixers, saw mills, oil well pumps and many other applications. The Company also has

a prototype unit applicable to single phase electronic motors such as clothes dryers, refrigerators, vending machines, mixers and coffee grinders.

The Company's mission is to deliver innovative and high quality energy saving products to its customers. Power Efficiency is committed to helping businesses control energy costs and achieve their energy-savings goals. Power Efficiency's products are approved by the European and Canadian Standards Association, and independent United States Government laboratories over several thousand Power Efficiency Motor Controllers have been sold and successfully installed in various applications in North America. For more information visit www.powerefficiencycorp.com or contact B.J. Lackland at 702-697-0377.

The statements contained in this release, which are not historical facts, may be deemed to contain forward-looking statements, including, but not limited to, deployment of new services, growth of customer base and sales, and growth of service area, among other items and other statements identified by words such as "may," "could," "would," "should," "believes," "expects," "anticipates," "estimates," "intends," "plans," or similar expressions. Actual results may differ materially from those anticipated in any forward-looking statement with regard to magnitude, timing or other factors. Deviation may result from risk and uncertainties, including, without limitation, the Company's dependence on third parties, market conditions for the sale of services, availability of capital, operational risk and uncertainties and those detailed in the Company's filings with the Securities and Exchange Commission. The Company disclaims any obligation to update information contained in any forward-looking statement.

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