

September 6, 2005

## **Power Efficiency Corporation Announces the Completion of its New Equity Financing**

LAS VEGAS, NV - September 6, 2005 - Power Efficiency Corporation (OTC BB:PEFF.OB), a manufacturer of energy-saving devices using a patented technology for alternating current induction motors, announced today that on August 31, 2005 it closed on \$470,000 in equity financing. This was a subsequent closing of the same offering through which, on July 8, 2005, the Company closed on \$2.43 million in equity financing. The Company has therefore received a total of \$2.9 million in equity financing through this offering, and the offering is now closed. Joseph Stevens & Company, Inc. of New York acted as the sole placement agent for the offering.

With the August 31, 2005 closing, the Company issued 2,349,900 shares of common stock and 1,174,950 warrants to investors. Combined with the earlier closing, the Company has issued a total of 14,499,900 shares of common stock and 7,249,950 warrants to investors through this offering. Summit Energy Ventures, LLC, a venture capital fund owned by Power Efficiency's CEO and CFO, invested \$600,000 of the \$2.9 million in total financing.

Steven Strasser, Power Efficiency's CEO, stated, "We are extremely pleased that we have completed this new equity financing for our company and this infusion of funds will allow us to aggressively pursue the new sales opportunities before us as well as put us on the path to realizing our strategy for continued corporate growth. We are particularly pleased to have worked with Joseph Stevens on this offering."

### **About Power Efficiency Corporation**

Power Efficiency Corporation designs and manufactures controllers that reduce the amount of energy used by electric motors. 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, granulators, mixers, saw mills and many other applications. The savings from these controllers are typically 15-35%, but can be as high as 45%. The controllers also reduce the operating heat of the motor, which provides significant motor life extension and downtime reduction benefits. The controllers are UL compliant and CE and CSA certified. The Company also has a prototype unit applicable to single phase electronic motors that are found in applications such as clothes dryers, refrigerators, vending machines, mixers and coffee grinders.

*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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