

October 31, 2005

Government Contracts with GSA for Power Efficiency Corporation

Power Efficiency engages Joseph Breen & Associates, LLC to develop offer for IDIQ with the General Services Administration

LAS VEGAS, Nevada, October 31, 2005 - Power Efficiency Corporation (OTC-BB: PEFF), a leading U.S. manufacturer of energy-saving devices using a patented technology for alternating current induction motors, announced today they have retained Joseph Breen & Associates, LLC of Washington, DC to develop a government contracts program that would put into place, government contract vehicles that would allow all government agencies to purchase Power Efficiency's Controller units directly. These proprietary controller units employ technologies that allow for significant energy savings on certain types of equipment employed by most commercial facilities.

Breen & Associates recently developed an offer for an Indefinite Quantity, Indefinite Delivery Contract (IDIQ) with the General Services Administration. "The offer was submitted and it is expected that a contract will be awarded during the fourth business quarter," said J. Paul Breen, President of Joseph Breen & Associates.

The Power Efficiency Controller allocates power in direct proportion to the required workload, eliminating wasted energy. By reducing current and voltage to the motor, the system also keeps motor temperatures low, extending motor life and increasing efficiency. "With our Controller, you use only the energy you need to operate the AC motor. Every kilowatt of electricity burned 'beyond exact power needed' is energy wasted," said Steven Strasser, CEO and President of Power Efficiency Corporation. "We are delighted to partner with Joseph Breen & Associates because we feel that the U.S. government - as the nation's largest property owner/manager, is a natural fit for our energy-saving products," Strasser added.

"The United States Government is the largest facility manager in the United States," said Breen. All told, the government manages or owns over 400,000 facilities. "The unique energy-saving products manufactured by Power Efficiency Corporation offer commercial facilities significant energy savings. As fuel costs continue to escalate, we foresee a formidable interest in Power Efficiency's products by the government," continued Breen.

About Joseph Breen & Associates

Joseph Breen & Associates, LLC is a Washington, DC-based firm specializing in developing successful government programs for public and private firms who have products and/or services that are in demand by the government. For more information on government contracting/government programs, call Breen & Associates at 202-624-3175.

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.

For more information visit www.powerefficiencycorp.com or contact B.J. Lackland at 702-697-0377.

As a cautionary note to investors, certain matters discussed in this press release may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such matters involve risks and uncertainties that may cause actual results to differ materially, including the following: changes in economic conditions; general competitive factors; acceptance of the Company's product in the market; the Company's success in technology and product development; the Company's ability to execute its business model and strategic plans; and all the risks described from time to time in the Company's SEC filings. Power Efficiency assumes no obligation to update the information in this release.

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