

November 3, 2004

Power Efficiency Announces New Financing

LAS VEGAS--(BUSINESS WIRE)--November 3, 2004--Power Efficiency Corporation (OTC BB:PEFF.OB), a developer and international marketer of patented energy-saving devices for alternating current induction motors, announced today that it has closed on \$1.15 million in new debt financing. The financing was arranged by Pali Capital of New York, NY.

Steven Strasser, Power Efficiency's CEO, said, "We are very pleased to bring this fresh capital into the company. It will provide us valuable working capital to pursue the sales opportunities before us. We are particularly pleased to have worked with Pali Capital on this offering."

Herb Soroca, the lead investment banker at Pali Capital, said, "We believe Power Efficiency has some great sales prospects ahead and we are excited to be involved with the company through this financing."

The notes issued under this offering bear interest of 15% per annum and mature one year after issuance. The Notes will have a first priority security interest in all of the assets of the Company. However, the Company may grant a first security interest in its accounts receivable and inventory in order to obtain a line of credit in the ordinary course of business. The holders of the notes will be issued 115,385 warrants, with an exercise price of \$0.65 per share, for every \$100,000 note purchased.

The company had previously issued a \$300,000 secured bridge note to one of its largest shareholders. This \$300,000 note and accrued interest has been incorporated into the current note offering through Pali Capital, bringing the total amount of notes issued under the current offering to approximately \$1.46 million.

Power Efficiency Corporation's controllers, which it produces for major elevator and escalator manufacturers as well as under its own label, deliver up to 40% energy savings in AC motors. These electric motors are found in machines throughout industrial sites, commercial facilities and home appliances. The controllers also provide significant motor life extension and downtime reduction benefits, and are UL compliant and CE and CSA certified.

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 growth of service area, among other items. 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 risks on contracts, and other risks and uncertainties. The Company disclaims any obligation to update information contained in any forward-looking statement.

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