

March 31, 2006

# Power Efficiency Corporation Announces 2005 Annual Results and Goals for 2006

## Management views 2005 as a Successful Building Year

LAS VEGAS--Power Efficiency Corporation (OTCBB: PEFF), a developer and manufacturer of advanced energy savings technologies for electric motors, today announced results for its year ended December 31, 2005. Revenue was \$276,000 resulting in a net loss of \$2.57 million.

"The new management team took over the Company in late 2004, and 2005 was an important restructuring and building year for the Company," said Power Efficiency Corp.'s Chairman and CEO, Steven Strasser. "We achieved many important milestones necessary to build the Company's value in the future."

Key milestones attained in 2005 include:

- Significant development of the Company's new digital technology products
- Co-Marketing Initiative with KONE Inc. for elevator and escalator market
- Electric Utility Approval for Incentive Financing: New York Power Authority, Seattle City Light, Nevada Power
- Added Highly Experienced Board Members and Advisors: Gary Rado, former president of Casio USA, and Eric Naroian, former executive vice president of Sanmina SCI as board members; George Boyadjieff, Former CEO of Varco International (now National Oilwell Varco), as Senior Technical Advisor
- Completion of a \$2.9 million equity financing and associated registration statement (Form SB-2) declared effective
- Re-staffing of key personnel in sales and engineering

The Company also outlines its goals for 2006:

Sales:

- Growing sales to elevator and escalator users and service providers
- Growing sales to target industrial markets: Mining, Recycling, Distribution Centers, Gypsum and others

Technology:

- Completing development of a digital product for residential and commercial appliances, such as refrigerators, washing machines, vending machines, and coffee grinders
- Completing development of the next generation, digital industrial product, with important new features such as displaying of the amount of energy savings, providing predictive maintenance, and integrating with industrial networks
- Filing several provisional patents on new technology developments

About 2006, Strasser stated, "In addition to our sales goals, we believe achieving our goals to advance our technology are extremely important for the Company's growth and value. With energy prices near record highs, we believe that the time is right for technologies that reduce energy consumption and costs."

### **About Power Efficiency Corporation**

Power Efficiency Corporation designs and manufactures controllers that reduce the amount of energy used by alternating current induction motors. PEC power controllers allocate power in direct proportion to the required workload, eliminating wasted energy. 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, enabling significant motor life extension and downtime reduction benefits. PEC products 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](http://www.powerefficiencycorp.com).

*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 and related information described from time to time in the Company's SEC filings, including the financial statements and related information contained in the Company's 2005 Annual Report. Power Efficiency assumes no obligation to update the information in this release.*

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