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Power Efficiency Corporation's Energy Saving Technology Launched in Major Las Vegas Casino

Positive Test Results Pave Way for Sales Effort to Las Vegas Gaming and Hospitality Industry

LAS VEGAS--Power Efficiency Corporation (OTCBB: PEFF), a developer and manufacturer of advanced energy savings technologies for electric motors, announced today that tests conducted on its new technology installed at a major Las Vegas casino showed significant energy savings.

A Nevada Power Company field test, performed by its contractor, Paragon Consulting Services, on two escalators and one elevator validated energy savings of approximately 35% on the escalators and 21% on the elevator.

The results of these tests demonstrate how drastically power costs can be cut at commercial and industrial locations. Las Vegas hotels and resorts consume large quantities of electric power and have hundreds of escalators and elevators, making them ideal candidates for energy conservation measures like those delivered by Power Efficiency Corp. Another test report is anticipated shortly on escalators located at another major Las Vegas gaming property.

"Paragon Consulting conducted a comprehensive test over a ten-day period at the strip casino. During that time they monitored the energy consumption on the designated escalators and elevator. Those energy savings were then computed into actual expense reductions," said Steve Strasser, Power Efficiency Corporation's Chief Executive Officer. "The bottom line is that the savings were significant and will result in a rapid payback on investment, particularly on the escalators. We believe these positive test results will serve as a catalyst to promote a broad rollout of our technology in the hospitality industry in Las Vegas. With energy costs reaching all time highs across the country, we believe that our technology can significantly contribute to conservation efforts by industry. Las Vegas-based gaming and hospitality properties just might lead the way."

The specific parameters and results of the test include:

- Two escalators, each with dual 20 horsepower motors operating virtually non-stop 24/7
- The "up" escalator showed 34% energy savings, resulting in projections of over 18,000 kilowatt hours in savings per year
- The "down" escalator showed 36.5% energy savings, resulting in projections of over 20,000 kilowatt hours in savings per year
- The elevator has one 60 horsepower motor and is operated 24/7
- The elevator showed 21% energy savings, resulting in projections of roughly 5,000 kilowatt hours in savings per year
- Estimated annual energy and demand-charge cost savings, based on the Nevada Power Company tariff rate were \$1,598, \$1,775, and \$432 for the "up" escalator, "down" escalator and elevator system, respectively.

- Nevada Power Company also stated that the Power Genius features such as soft start capability and the resulting potential for extended motor life were not included for evaluation in their analysis, but, it included, these additional benefits would tend to reduce the life-cycle costs.

About Power Efficiency Corporation

Power Efficiency Corporation designs and manufactures the Power Genius™, a product that reduces the amount of energy used by electric motors in many constant speed/variable load applications. These motors are found in escalators, elevators, grinders, granulators, mixers, saw mills and many other applications. The Power Genius™ allocates power in direct proportion to the motor's required workload, eliminating wasted electricity. The company's core technology is based on patented improvements to NASA technology. The savings from these controllers are typically 20-40%, 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 electric motors that are found in applications such as clothes dryers, refrigerators, vending machines, mixers and coffee grinders.

For more information visit 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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