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Power Efficiency Corporation Appoints Two Experienced Executives to Board of Directors

Former CEO of Varco International, and Former Dean of Carnegie Mellon University's Graduate School of Industrial Administration Expected to Help Lead Company Through Next Phase of Growth

LAS VEGAS--(BUSINESS WIRE)---Power Efficiency Corporation (OTCBB: PEFF), a developer and manufacturer of advanced energy savings technologies for electric motors, today announced that George Boyadjieff and Dr. Douglas Dunn have been appointed to the Company's Board of Directors. Mr. Boyadjieff has been serving for almost one year as the Company's Senior Technical Advisor, assisting the Company with the development of the next generation of its technology. Mr. Boyadjieff is the retired CEO of the former Varco International, a NYSE, diversified Oil Service Company with over \$1.3 billion in annual revenues (now part of National Oilwell Varco (NYSE: NOV). Dr. Dunn was the Dean of Carnegie Mellon University's Graduate School of Industrial Administration, now the Tepper School of Business.

"We are honored to have two such experienced and accomplished executives join our board of directors," said Steven Strasser, the Company's Chairman and CEO. "Both have extensive technical and business achievements, and their input and advice will be invaluable as we continue to expand our business. Furthermore, with these appointments, our board has a majority of independent directors, The quality of our board of directors signifies a solid foundation for the company to execute its business plan."

"Having worked closely on the development of this technology over the past year, I am very pleased to join the board of directors and take an even more active role in the Company," Mr. Boyadjieff said. "This technology is already very effective at reducing the energy consumption of electric motors. However, the next generation of this technology, which will be based on a proprietary algorithm and software, will have greatly improved capabilities, providing even more significant savings to users and expanding the applications for the product."

Mr. Boyadjieff joined Varco in 1969 as Chief Engineer and was appointed CEO in 1991. During his tenure, Varco grew from a privately owned company doing less than \$3 million per annum to over \$1 billion in revenue. Mr. Boyadjieff holds over 50 U.S. patents. He is also Chairman of the Board of Southwall Technologies, a hi-tech firm doing approximately \$60 million in annual revenues. Mr. Boyadjieff began his career working for Lawrence Livermore National Laboratory as a research engineer. He holds BS and MS degrees in Mechanical Engineering from the University of California at Berkeley.

Dr. Dunn added, "With energy prices escalating worldwide, I am very pleased to be a part of a company with an exciting technology for reducing energy consumption, and I look forward to participating and contributing to the success of the company."

Dr. Dunn has had an extensive career in research, business and academic leadership, including being the Dean of Carnegie Mellon University's Graduate School of Industrial Administration, now the Tepper School of Business. He began his career AT&T Bell Laboratories, and his corporate experience culminated in senior positions as a corporate officer leading Federal Regulatory Matters, Regional Government Affairs, and Visual Communications and Multimedia Strategy for AT&T. Dr. Dunn served as dean of Carnegie Mellon University's Graduate School of Industrial Administration from July 1996 through June 2002. Dr. Dunn is a board member of Universal Stainless & Alloy Products, Inc. (NasdaqNM: USAP) and Solutions Consulting, which is wholly owned by Perot Systems, Inc. He holds a Ph.D. in business from the University of Michigan and an MS in industrial management and a BS in physics from the Georgia Institute of Technology.

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.

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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