

MagnaDrive Awarded \$2.7 mil Contract to Supply U.S. Navy

Bellevue, Washington – February 2, 2005 – MagnaDrive Corporation, a supplier of patented torque transfer technology to industry, announced an award to supply constant torque couplings for the U.S. Navy. The couplings will be used in an assortment of pump refurbishment applications across the Navy's entire fleet.

“MagnaDrive's technology has clearly demonstrated significant operating cost reductions through improved reliability, lower maintenance expense, and energy savings in a wide assortment of uses,” stated Jim Cich, President and CEO of MagnaDrive. “The U.S. Navy has been testing this technology for over two years and the order for nine different pump applications is evidence of their support for our technology. We are especially proud to see the first Navy orders being accepted for the rigorous operating environment of front-line onboard use.”

Cich noted that the three-year order is valued at over \$2.7 million. The Navy has installed the MagnaDrive technology on ten of its twelve ship classes in the fleet including aircraft carriers, destroyers, frigates and cruisers.



Navy seaman installs MagnaDrive Coupling on a seawater pump.

In addition to the constant torque applications currently under investigation, there is enormous potential for MagnaDrive's Adjustable Speed Drive (ASD) technology with the Navy. However, Cich cautioned, “... constant torque technology was the easiest avenue to pursue, so efforts were focused there first. Based on the acceptance timetable observed in this process, we do not expect any sizable Navy ASD orders until after 2008.”

About MagnaDrive

Bellevue based MagnaDrive Corporation was founded in 1999. The Company's technology provides a cost effective solution to increase reliability and lower maintenance expense while achieving energy savings and process control. The technology is protected by 20 domestic patents and over 150 international patents. The impact and potential of the technology was recognized by IndustryWeek magazine, which selected MagnaDrive as a Technology of the Year in 2001.

More information about MagnaDrive is available at www.magnadrive.com. For a self-paced on-line tutorial about MagnaDrive's technology, please see the MagnaDrive Education System at www.magnadriveeducation.com.