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**Flux Drive Awarded US Navy Contract for Shipboard Energy Conservation
Patented Adjustable Speed Drive (ASD) technology to be scaled to 200 horsepower**

Seattle, WA – December 21, 2011 – [Flux Drive, Inc.](http://www.fluxdrive.com), developer of patented electric motor optimization technologies, today announced a Dept. of Defense contract to scale its existing magnetic drive/coupling products for use in demanding marine applications. The Naval Surface Warfare Center, Caderock Division (NSWCCD), selected Flux Drive's technology through a Broad Agency Announcement (BAA) seeking energy conservation technologies with the potential for rapid transition to US Naval fleet operations.

Flux Drive's permanent-magnet Adjustable Speed Drives (ASDs) are a perfect fit for controlling pumps, blowers and fans in harsh marine environments where other variable speed motor control solutions are not feasible. Electronic Variable Frequency Drives (VFDs) are often not an option in moist and corrosive saltwater environments and also produce harmonics that may impact critical shipboard electronics. While throttling valves can provide air/fluid flow control, they are highly inefficient, create vibration and noise, and add to overall maintenance costs.

"Based on the energy saving performance achieved with our existing 5-50 horsepower ASDs, we presented a proposal to develop larger ASD units that offer savings equivalent to electronic VFDs, but in a much more robust and lower-maintenance package. The response was immediate and resulted in a US Navy contract to develop our product up to 200hp." noted Flux Drive CEO, Chip Corbin.

Phase 1 of the contract, valued at \$225k, will expedite the design of these units, including models for both horizontal and vertical mounted motor applications. Potential uses will include speed control / optimization of boiler forced draft fans, condenser circulation and condensate pumps, cooling system pumps, and onboard HVAC systems. The first phase also supports preparation of all documentation required for American Bureau of Shipping (ABS) certification – an approval Flux Drive's existing products have already achieved.

"We're very excited the Navy has recognized the value of Flux Drive products in the marine environment," said Mr. Corbin, "This contract will allow us to rapidly develop larger versions of our award-winning products, benefiting not only the Navy but also other marine and industrial customers needing energy efficient speed control without the drawbacks of electronic VFDs. We also look forward to demonstrating the other important benefits of our technology such as reduction in machinery vibration and noise levels; which are known to be important to US Navy shipboard operations."

A second phase of the contract, with an estimated value of \$750k, is to be initiated immediately upon the successful completion of Phase 1 and will provide additional funding for prototype units, field-testing, and overall energy savings verification. The goal of the project is to move to production following the completion of Phase 2 and then rapidly transition the Flux Drive energy savings products into US Naval fleet-wide operations.

About Flux Drive

Flux Drive Inc. designs and manufactures permanent magnetic adjustable speed drives and couplings that increase the life and performance of rotating equipment. The company's patented technology greatly lowers power requirements and extends the life of motor driven systems by allowing motors to run at constant speed while the Flux Drive provides soft starting and/or adjustable speed. For more information about Flux Drive, please visit www.fluxdrive.com.