



News Release

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Vectrix Reports Strong Second Half Growth and Expanded 2009 Product Line

Middletown, R.I.—Oct. 8, 2008—Vectrix Corporation, the world leader in high performance zero emission two wheel vehicles, is pleased to provide the following update for the financial year ended September 30, 2008.

During the year the Company sold 1,184 bikes to dealers (“Sell-In”) representing a 156% increase over the previous financial year (FY2007: 462). These were split between 204 bikes sold-in in the first half of the year and 980 bikes sold-in in the second half. The ‘half-on-half’ growth rate of 380% was a direct result of Vectrix’s move from being an R&D development stage company into an organisation fully focussed on commercialising its product.

North American Sales

In North America, Sell-In for the year was 455 bikes of which 432 were in the second half (H1 2008: 23). This growth is attributed to Vectrix’s strategy to focus on developing a North American dealer network. .

Revenue for the year is currently accounted for on the number of units sold to end users (“Sell-Out”). The Company anticipate Sell-Out for the year of 754 bikes, resulting in an increase in revenue of 738% to \$6.7 million (FY2007: \$0.8 million). Revenue for the second half of the year is expected to be \$4.8 million, an increase of 152% on the first half of the year (H1 2008: \$1.9 million).

The Company also saw significant growth in its distribution business during the year. Its dealer organization, which is defined as “dealer points of sale”, expanded to 160 dealer points of sale from 38 at the close of the previous financial year. This represented an increase of 122 dealer points of sale or 321% growth. This growth occurred in both North America and Europe with virtually all the growth occurring in the second half of the year. Vectrix believes that its continued focus and success in building a distribution network is critical to supporting the long term objectives of the Company. As a result, for the first time in the Company’s history, Vectrix will enter a new financial year with a backlog of orders for its product.

Much of the acceleration in sales during the second half of the financial year is as a result of the previously announced pricing strategy. This has also resulted in a significant reduction in inventory to approximately \$8.8 million at the year end, while also conditioning consumer expectation for model price increases for 2008 and the new 2009 model year offerings.

Michael Boyle, CEO, Vectrix Corporation said: “The second half of the financial year has been an exciting time at Vectrix. Strategies to stabilize the business are taking hold, cost reductions have proved effective and the acceleration of Sell-In, as a result of the focused expansion in distribution, is

continuing. All of these factors, coupled with the expanded 2009 product strategy will allow us to take further steps towards achieving the success we expect from these markets and our business.”

Expanded Product Family

For the new financial year Vectrix is introducing an expanded Product Family. The flagship product will be called the Vx1 and will be a refreshed version of the current Vectrix bike. A new model identified as the Vx1e will be introduced in spring 2009. The Vx1e uses the same platform and drive train as the Vx1, but features a more urban commuter driver profile with slightly less acceleration and top speed and will create an exciting new price point. In addition, in summer 2009, the Company will introduce an entry level model called the Vx2. The Vx2 will be a smaller and more compact electric equivalent of a 50cc internal combustion engine (ICE) bike and use both US and European designs. The Company expects to add additional power profiles to this product up to the electric equivalent of a 150cc ICE motor bike. Like the Vx1 and Vx1e, the Vx2 will have the distinctive style and quality consumers have come to expect from Vectrix.

The expanded product line creates a “Product Family Strategy” and provides the consumer with a Vectrix product equivalent to 50 - 350cc ICE bikes, which is the largest electric two wheel range in the world. Additionally, the Company is introducing a line of new accessories. All of these new products and accessories will contribute and support the Company’s growth in the new financial year. Vectrix is positioned in the market as a high end product offering with exceptional technology, engineering, performance and quality. Vectrix’s “Product Family Strategy” will build on the current Vectrix brand image, positioning our products in a way similar to the way high end automotive companies have positioned their products.

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About Vectrix Corporation

Vectrix Corporation was formed in 1996 to develop and commercialize zero emission vehicle platform technologies focused on two-wheel applications. The single focus of Vectrix has been to provide clean, efficient, reliable and affordable urban transportation. Vectrix two-wheel zero emission vehicles currently are being marketed to consumers and government fleets. Vectrix Corporation has headquarters in Middletown, R.I., engineering and test facilities in New Bedford, Mass., sales offices in London, UK and Rome, Italy, and production facilities in Wroclaw, Poland.

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