

FOR IMMEDIATE RELEASE

Reston, Virginia- May 4, 2007- Magnetic Torque International (MTI) announced today that it has acquired the assets of Panaphase Technologies, LLC based in the Corporate Research Center, Blacksburg, Virginia in a cash transaction. Under the terms of the agreement, MTI acquired all of Panaphase's intellectual property, technology, development personnel and customers. Panaphase will continue operations in Blacksburg as a division of MTI.

Founded in 2002, Panaphase was formed by Dr. Krishnan Ramu, a Professor in the Electrical and Computer Engineering Dept. at Virginia Tech. Panaphase commercializes variable reluctance motor technology developed by Dr. Ramu and licensed to Panaphase by Virginia Tech Intellectual Properties. During 2002, Panaphase entered the Virginia Tech Knowledgeworks incubator program. VT Knowledgeworks assists technology startups in the formative stages of business development with a goal of accelerating the growth of technology based businesses in the region.

"We are excited to join the MTI team and look forward to contributing to the dynamic growth and future of MTI" said Lon Whelchel, President and CEO of Panaphase Technologies.

MTI, headquartered in Reston, Virginia develops sophisticated energy conversion technology and devices for a wide range of industries including defense, industrial and automotive markets.

"The Panaphase acquisition strengthens and expands MTI's capabilities into motor drive technology and products. Dr. Ramu is a world authority in rotating electrical machinery and control. Having Dr. Ramu associated with the firm will accelerate the development of leading edge products and Intellectual Property in the field of variable reluctance and permanent magnet electric motors and drives," said Tom Cooper President and CEO of MTI.

The transaction was facilitated by GenTek Ventures, LLC also located in the Virginia Tech CRC. GenTek Ventures provides strategic business development services for early stage technology businesses.

If you have any questions please feel free to contact the following individuals:

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