

News Release

Xantrex signs CDN\$4.5 million wind converter contribution agreement with Sustainable Development Technology Canada

VANCOUVER, B.C. July 5, 2007 — Xantrex Technology Inc. today announced that it has signed an agreement for a contribution of up to CDN\$4.5 million with Sustainable Development Technology Canada (SDTC), a not-for-profit foundation created by the Government of Canada to fund and foster Canadian clean and sustainable technologies.

The funds will be used for development and demonstration of an advanced power electronics and control system for wind turbines. Xantrex and its consortium partners that include Siemens subsidiaries Winergy AG and Loher GmbH will invest an additional CDN\$9.0 million in this project to leverage SDTC's grant which will be disbursed over 2007 to 2009.

Xantrex Chairman, Mossadiq S. Umedaly, said, "We are pleased with the support from SDTC, which will help develop and demonstrate the next-generation, integrated drive train for wind turbine manufacturers around the world. The integrated drive train system, initially for two-megawatt to three-megawatt wind turbines, is expected to reduce operating costs and boost system performance, reliability and efficiency."

"Electricity produced by wind has become increasingly important because it consumes no fuel, produces no pollution, and is today the most economic large-scale form of renewable energy available," said Dr. Vicky J. Sharpe, President and Chief Executive Officer of SDTC. "Should this project be successful, clean, large-scale wind turbine systems will become more cost effective and reliable for increased deployment in Canada and the world thanks to Xantrex technology."

Xantrex CEO, John Wallace, added, "The drive train system will integrate the gearbox and generator with Xantrex power electronics and controls. Winergy and Loher will contribute technology and expertise on gear units and generators as well as a state-of-the art test facility for the integrated drive train system. This integrated drive train solution will improve our position as a provider of key enabling technology for wind energy, the fastest growing renewable energy technology in the world."

Technological advances have been a major factor in the growth of the wind energy business, reducing the cost of electricity generated by wind by 90% over the past 20 years, to less than US\$0.07 per kilowatt hour (kWh) at favourable sites, without any government incentives. The cost of power from the most efficient wind farms is as competitive as power generated from fossil fuels.

Xantrex is a world-leader in the development of efficient and reliable power electronics for large wind turbines. Its power electronics convert highly variable energy from wind into high-quality electrical power and control the delivery of this electricity to the utility grid.

At the end of 2006 cumulative global wind energy generating capacity topped 74,000 megawatts (MW), with more than 15,000 MW installed worldwide during the year for a growth rate of over 25%. Canada also had a record year, with the installed capacity more than doubling from 683 MW in 2005 to 1459 MW at the end of 2006, with a target of 10,000 MW installed by 2015.

About Xantrex

Xantrex Technology Inc. (www.xantrex.com) is a world leader in the development, manufacturing and marketing of advanced power electronic products and systems for the renewable, programmable, mobile, portable, power markets. The company's products convert and control raw electrical power from any central, distributed, renewable, or backup power source into high-quality power required by electronic and electrical equipment. Headquartered in Vancouver, British Columbia, the company has facilities in Arlington, Washington; Livermore and San Diego, California; Elkhart, Indiana; Barcelona, Spain; and Reading, England. Xantrex is listed on the Toronto Stock Exchange under the symbol "XTX".

About SDTC

Sustainable Development Technology Canada is a foundation created by the Government of Canada that currently operates a \$550 million fund, leveraged two to three times by project partners, to support the development and demonstration of clean technologies — solutions that address issues of clean air, greenhouse gases, clean water, and clean soil, to deliver environmental, economic and health benefits to Canadians.

An arm's length, not-for-profit corporation, SDTC fills the void in the innovation chain between research and commercialization — helping clean technology developers move through the development and demonstration phases, in preparation for commercialization.

SDTC encourages collaboration among private, financial, academic, public sector partners, and with all levels of government to build a sustainable development infrastructure in Canada.

Note that this news release contains forward-looking statements related to Xantrex Technology Inc. Such statements reflect the current views of Xantrex with respect to future events and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in these forward-looking statements.

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