



## News Release

# AZURE DYNAMICS AND UNITED STATES POSTAL SERVICE SIGN PROTOTYPE AGREEMENT FOR TWO VEHICLE PLATFORMS

Vancouver, British Columbia— October 22, 2003

[Azure Dynamics Corporation \(TSX Venture Exchange - AZD\)](#) (“Azure”), a leading developer of hybrid electric powertrains for commercial vehicles and United States Postal Service (“U.S.P.S.”), the world’s leading provider of mailing and delivery services, are pleased to announce the signing of an agreement whereby Azure will test and retrofit two U.S.P.S. vehicles with Azure’s “Smart Energy Management” hybrid technology.

Azure will develop a prototype gas hybrid electric powertrain for U.S.P.S.’s carrier route vehicle (CRV) as well as a prototype diesel hybrid electric powertrain for the U.S.P.S. two-ton step van. USPS operates approximately 140,000 CRV’s and 10,000 step vans. Each of the prototype vehicles will be tested and monitored in regular service. Similar to the Azure Dynamics Purolator MOU of October 2002, the demonstration vehicles are intended to allow the U.S.P.S. to evaluate the relative economics of Azure’s hybrid powertrains benchmarked against the performance characteristics of its existing fleet of conventional vehicles in the same categories.

David Deacon, President and Chief Operating Officer of Azure Dynamics said, “We are pleased to have this opportunity to demonstrate our hybrid technology to the United States Postal Service. We have proven our Smart Energy Management system can significantly lower fuel consumption and harmful emissions, thereby making an important difference to the environment. Azure believes it can achieve these results without sacrificing sound economic principles.” He added, “The U.S.P.S. program is designed specifically to determine the economic case.”

Han Dinh, Manager, Vehicle Engineering of U.S.P.S. stated, “We will examine Azure’s technology on two vehicle platforms to determine exactly how much it will improve fuel consumption while reducing emissions. It is important to U.S.P.S. to pursue alternative energy programs with the potential to both improve the environment as well as reduce our total energy usage.” Mr. Dinh went on to say, “The testing and development program will be utilized as a means to determine the economic viability of these hybrids in postal service drive cycles as well as experience their performance in real day to day service.” U.S.P.S. will be contributing the vehicles for both programs.

Since 1775, the [U.S. Postal Service](#) has connected friends, families, neighbors and businesses by mail. An independent federal agency, the Postal Service visits more than 141 million homes and businesses every day and is the only service provider to deliver to every address in the nation. The Postal Service receives no taxpayer dollars for routine operations, but derives its operating revenues solely from the sale of postage, products and services. With annual revenues of more than \$68.9 billion, it is the world’s leading provider of mailing and delivery services, offering some of the most affordable postage rates in the world. The U.S. Postal Service delivers more than 46 percent of the world’s mail volume—some 202 billion letters, advertisements, periodicals and packages a year—and serves seven million customers each day at its 40,000 retail locations nationwide.

[Azure Dynamics Corporation](#) is an innovative company that has developed proprietary hybrid electric vehicle technology for the light and medium duty commercial vehicle category. Azure was the recipient of the Canadian Energy Efficiency Award 2003 from Natural Resources Canada in the category of transportation (light duty commercial vehicles) and also received the 2002 Applied Energy Innovation Award from the Canadian Institute of Energy (BC).

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*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*

**FOR MORE INFORMATION ON AZURE, CONTACT:**

Steven Glaser, Vice-President, Corporate Affairs, (416) 367-0220 ext 105

Email: [sglaser@azuredynamics.com](mailto:sglaser@azuredynamics.com)

Or visit the company's website at [www.azuredynamics.com](http://www.azuredynamics.com)

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