



News Release

AZURE DYNAMICS DELIVER'S HYBRID ELECTRIC VEHICLE TO THE UNITED STATES POSTAL SERVICE

Toronto, Ontario – June 2, 2005

[Azure Dynamics Corporation](#) (TSX – AZD & LSE - ADC) (“Azure Dynamics” or the “Company”) a leading developer of hybrid electric and electric powertrains for commercial and military vehicles, is pleased to announce that it has delivered a series hybrid electric delivery vehicle to the United States Postal Service (“USPS”) for in-service demonstration and monitoring.

Mark Federle, Azure’s Vice President, Sales said, “Azure Dynamics is very pleased to advance our demonstration program with the United States Postal Service. USPS has shown great interest and leadership in hybrid drive technology development and, as the largest vehicle fleet operator in the country, we are excited to be working with them to demonstrate the fuel savings and clean emissions associated with our drive systems.”

Han Dinh, Program Director, Vehicle Engineering for USPS said, “The Postal Service is glad to receive the Azure series hybrid electric vehicle for testing and evaluation while waiting for the conversion of our two-ton vehicle to parallel hybrid electric.”

Azure will follow on this delivery with a prototype diesel parallel hybrid drive for a two-ton step van that will also be used by USPS for in-service demonstration and monitoring. The scope of the program is to determine the relative economics of both the series and parallel hybrid powertrains compared to current fleet vehicles and to establish cost-benefit parameters. Azure expects to deliver the parallel hybrid delivery vehicle to USPS in October of 2005. USPS operates approximately 10,000 two-ton step vans.

USPS already operates 30 all-electric Azure Citivans in the state of New York. 22 Azure Citivans have been servicing Manhattan dating back to 1998 while eight more were added to the fleet in 2004 to service the Bronx. Two additional vehicles will start servicing Queens in June 2005.

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 a world leader in the development and production of hybrid electric and electric commercial and military vehicles and systems. The group estimates it has over 25 million miles of vehicle experience. Azure Dynamics’ operations are based in North America and Europe.

Azure Dynamics is currently working internationally with various partners and customers including Purolator Courier Ltd., Canada Post, DHL, the US Department of Defense, United States Postal Service, Smiths Electric Vehicles, Leyland Product Development, Renault Trucks UK, and London Taxis International. Azure Dynamics Corporation is a public company trading on the TSX (AZD) in Canada and on AIM (ADC) in the UK. For more company information please visit www.azuredynamics.com.

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

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