



POSTAL NEWS

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Statement of Thomas G. Day, Vice President, Engineering at Postal Service and General Motors Joint Announcement of Fuel Cell Vehicle Test
Washington, D.C. June 15, 2004

Good afternoon. I am pleased to be here with you today as the United States Postal Service joins with General Motors in an extraordinary agreement to operate a hydrogen fuel cell vehicle in mail delivery service.

We do a lot of driving in the Postal Service. Almost 1.2 billion miles last year. We have the mandate to deliver to every single address in America – about 141 million addresses every day. In fact, the U.S. Postal Service delivers more than 43 percent of the world's mail volume — 202 billion letters, advertisements, magazines, newspapers and packages a year.

We serve seven million customers each day at 38,000 post offices. It takes a lot of vehicles to link our huge network together. There are 210,000 vehicles in the Postal Service fleet. They travel a billion miles a year moving the mail for every one of those 38,000 Post Offices, and every home and business in America.

Keep in mind that we receive no taxpayer dollars for operations; instead, our operating revenue comes solely from the sale of postage, products and services. So we have to keep an eye on costs, if we are going to keep prices stable.

Obviously, with the network we have, gas prices are a significant cost. Last week the average price of gasoline in this country was \$2.03 per gallon – about 54 cents higher than this time last year.

Other types of fuel have been similarly affected by rising costs. Every year, the Postal Service consumes about 800 million gallons of gasoline, diesel and aviation fuel.

Although we have been successful in offsetting these cost increases with other cost reduction efforts, the fact remains that continued increases in fuel costs can erode our bottom line.

We work very hard to manage our fuel costs and stay ahead of potential problems. But, with the size of our network, every penny increase in the price of fuel costs us about \$8 million more a year.

That's why we are so excited about the vehicle you see today. It can help save us money, and it's also kind to the environment.

This is nothing new for the Postal Service. We've been an innovator in the transportation industry for a very long time.

And we remain committed to promoting alternative fuel technology. For example, in 1899, we were already using an electric motor coach to collect mail in Buffalo, New York.

Today, we have 30,000 vehicles fueled by natural gas, propane, ethanol, or electricity. This is the largest and most diverse fleet of alternative fuel vehicles in the United States.

By adding this new alternative fuel vehicle that is powered by hydrogen fuel cells, we have the potential to solve several major challenges facing America today: dependence on petroleum imports, poor air quality, and greenhouse gas emissions.

We take great pride in our role in helping the United States improve air quality and reduce reliance on petroleum fuels. And we look forward to a long and productive relationship with General Motors, as we work to continue our progress toward those goals.

And now, it is my pleasure to introduce Larry Burns, the Vice President for Research & Development and Planning at General Motors.

Larry oversees GM's advanced technology and innovation programs. He is also a member of the Automotive Strategy Board, GM's highest-level management team -- so when he says GM is doing something, he means it. And speaking of doing something, he is a long-time proponent for innovative vehicle technology, and has been championing GM's "reinvention" of the automobile with promising new technologies like fuel cells.

Ladies and gentlemen, please join me in giving him a warm Postal Service welcome! Larry?

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