

Hybrid Owners of America Launch -- August 17th, 2006

MODERATOR: MAUREEN THOMPSON.

MAUREEN THOMPSON: Good afternoon and welcome to the telenews event sponsored by the nonprofit and nonpartisan Civil Society Institute. The purpose of today's news event is to launch a new group, The Hybrid Owners of America. You will hear from two speakers today. Before I introduce them as a group and then individually, I want to invite the operator back on the line to explain how you can queue up during the Q&A portion of today's news event.

OPERATOR: During the question & answer session, you may ask a question by pressing "star" then "1" on your touchtone phone. If you would like to be removed from the question queue, you may press then "star" then "2". Again, it is "star 1" to ask a question.

MAUREEN THOMPSON: We will have the operator back on the line at the conclusion of the Q&A period to repeat those instructions. As I mentioned, we have only two speakers today, Pam Solo, the president and the founder of the nonprofit Civil Society Institute and Scott Stapf, project director of the new Hybrid owners of America. We will begin with the opening statement of Pam Solo, the president and founder of the nonprofit Civil Society Institute. Pam?

PAM SOLO: Good afternoon. My name is Pam Solo and on behalf of the Civil Society Institute, which is a nonprofit and nonpartisan think tank, I would like to thank you for joining us today.

We are here to launch a new project of the Civil Society Institute, the new Hybrid Owners of America. The nonprofit and 100% independent hybrid owners of America is being launched to organize and advocate on behalf of America's half a million gas electric vehicle owners and to encourage hybrid friendly federal and state policies. In addition to tracking federal, state, local and private sector incentives to keep hybrid car owners armed with the latest information, HOA is encouraging hybrid vehicle drivers to get involved by urging Congress and the White House to embrace a five point hybrid friendly agenda. First, lifting the current cap on federal tax break for hybrid purchases, second, creating a new federal tax incentive for those who undertake a plug-in hybrid conversion, third, promoting a new federal tax break for corporations that provide direct incentives to employees who buy hybrids, fourth, rewarding US automakers that undertake more hybrid research and production with assistance and dealing with healthcare and other high-cost issues, and fifth, conversion of 30% of the federal car and truck fleet over three years to hybrids. You will hear more in a few minutes from Hybrid Owners of America Project Director Scott Stapf about these points and what the group will do for and with hybrid owners. The reason the Civil Society Institute is launching this new group today is very simple ... it is needed and until today it did not exist. The benefits for Americans promoting greater fuel efficiency through more hybrid auto purchases are clear. We can reduce our dependence on Middle Eastern oil, making us more secure. We can lower the carbon emissions into the atmosphere that contribute to global warming and we can put America's technology community to work on these important problems, creating jobs and showing that the U.S. leads in the development and sale of new technologies. Before I turn

things over to Scott, I want to stress a few big picture points. Americans want the President and Congress to take decisive leadership on climate change and there really is no excuse for further debate and delay. We all know that we have to kick the oil habit, what President Bush calls our addiction to oil, and putting more hybrids on the road is a great way for individuals to take action to get that done. Where Washington comes into the picture is making it easier for more Americans to go hybrid. We actually do know that Americans want to see this kind of action. The Civil Society Institute and www.40mpg.org have conducted more than a half dozen major opinion surveys on energy issues. What emerges from our surveys is the picture of the American public growing in its demands for Washington to adopt a smarter, more forward-looking approach to dealing with our National Energy Policy. Americans increasingly understand that what we do about energy is more than just energy; it is inexplicably bound up with our national security and economic security. I don't think Americans grasped that fact five years ago, but more and more of them do today and that is why they are disgruntled about the lack of action from Washington. If Washington embraces the hybrid friendly agenda that Scott Stapf will outline in a few minutes, that would send a clear signal to Americans that real change is underway. It would only be one of many steps in the process, but it would be an important and meaningful step. That concludes my opening statement and thank you for your attention to these remarks and I look forward to your questions.

MAUREEN THOMPSON: That was the opening statement of Pam Solo, the President and founder of the nonprofit Civil Society Institute. Let us now turn to our second speaker, Scott Stapf, project director for the new Hybrid Owners of America.

SCOTT STAPF:

Good afternoon. As you just heard my name is Scott Stapf. I am a hybrid car owner and I am also the project director of the Hybrid Owners of America. I want to begin by thanking Pam Solo and the Civil Society Institute for the opportunity to be involved in this important project, and I want to stress a couple of things in beginning.

This is a nonprofit undertaking that's beholden only to one group and that will be the individual hybrid owners who join it. We take no funding and get no other kind of support of any kind directly or indirectly from auto companies, energy companies or related entities or associations. The Civil Society Institute is supported by a number of individuals and foundations that have no ties of any kind to auto or energy companies. Instead, the Civil Society Institute has a track record of supporting increased fuel efficiency standards, as with its well-known 40mpg project, which you may know about. So this is really a perfect fit with the mission of the Civil Society Institute.

I am very pleased to be involved in the Hybrid Owners of America because everyone wins when there are more hybrid vehicles on the road in the United States. The bottom line is that hybrid vehicle purchases should be encouraged, because they empower typical Americans with the direct way to reduce our nation's addiction to Middle Eastern oil, save money at the gas pump and cut global warming pollution. By working together, hybrid owners can protect their own interests while also serving the greater good promoting US National Security and protecting the environment. Those who sign up to join the Hybrid Owners of America at no

cost will get regular updates on hybrid related news and tips about federal, state, local and corporate incentives for hybrid owners.

Members of the Hybrid Owners of America also will be invited to participate in regular efforts to encourage more hybrid friendly policies at both the federal and the state levels. And we will start out initially with the focus on the federal level. That is why the Hybrid Owners of America web site right now, if you go there at www.hybridownersofamerica.org, you will see that the current and potential hybrid vehicles owners are being encouraged to urge Congress and White House to promote hybrid vehicle purchases and productions through a five step plan.

I want to go through the points of the plan quickly and talk about each one of them in turn.

The first point that's discussed in the Hybrid Owners of America plan is to broaden the federal tax credit for hybrid vehicle purchases, so that more vehicle types are eligible for the credit faster and so that popular hybrid credits do not fade out so quickly. The current federal tax cap for hybrid taxes is arbitrary, it's confusing and it will not work efficiently to promote the maximum number of hybrid purchases. We have some ideas about how that might be addressed, but the important thing is for recognition to take root for changes that are needed to occur.

The second point in the five point plan is to create a new and additional tax incentive that provides further assistance to individuals who convert existing hybrids into plug-in hybrid electric vehicles (PHEVs), in order to further increase fuel efficiency and decrease oil consumption and pollution output.

Americans can save additional money, further reduce their consumption of foreign oil and further trim their personal global warming pollution contribution by converting hybrid cars to plug-in electric power. It's something we should encourage and that is the second point of this five point plan.

The third point is to provide tax and other incentives to businesses that help employees to buy hybrids particularly when such inducements are tied to corporate strategies to mitigate the global warming pollution. As you may know, dozens of leading US companies including Google, Bank of America and Timberland already reward consumers who buy hybrids. The federal government should encourage this practice through tax policy with a focus on large and small corporations that adopt such hybrid friendly policies as part of their company wide strategies to reduce their carbon footprint.

The fourth point in the five point plan is to provide U.S. automakers that commit to more hybrid vehicle research and production with major encouragement to do so including aid with healthcare and other state cost that make it tougher for American car companies to be competitive in today's global marketplace. The federal government has a long history of using tax law to encourage research and investment that is beneficial to the US economy including the creation of new jobs and the preservation of existing jobs and Detroit should be encouraged to boost its focus on hybrids as a way of meeting the growing consumer demand that's out there and also competing in what is really a very tough global marketplace.

The fifth element of the five-point plan is to set a target of switching over federal vehicle fleet purchases to hybrids of 10% for each of the following years 2007, 2008 and 2009. According to the Federal Highway Administration, there are currently more than a 109,000 cars and about 385,000 pickups and other trucks in the federal vehicle fleet. A three year target of adding up to 30% for conversion to hybrids of the federal vehicle fleet would put another 150,000 hybrids on the road that would save tax payers money on fuel costs and it would also obviously support sales of US made hybrids.

So there is a lot at stake here.

With 1 million hybrids on American roads, which is about twice the number there are out there right now, the nation could save one million gallons of gasoline a day, that's assuming a 40-mile commute with hybrid fuel efficiency of about 40 miles per gallon as opposed to fuel efficiency of 20 miles per gallon. So roughly speaking, every one million hybrids we get on the road, means that we as a nation saved a million gallons of gasoline a day, it adds up over time.

Obviously where we are right now, there not a lot of hybrids, but if we encourage the introduction and the purchase of more hybrids, those savings could add up very quickly. The more hybrids we have on the road, the less foreign oil we use and the less we have to worry about added global warming pollution.

So this is a rare opportunity for Americans to join a group that looks after their pocketbook and also does something that is really quite patriotic and quite important when it comes to our national

security and the integrity of the environment that we all share, whether or not we are hybrid owners.

That concludes my opening statement. I want to thank you for your attention to my comments and I look forward to taking your questions during the Q&A period.

MAUREEN THOMPSON: Thank you Scott. At this time, we'll move into the Q&A portion of the call. I would like to invite the operator back on the line to explain again how you can join in. Operator?

OPERATOR: At this time, if you would like to ask a question, please press "star" then "1" on your touchtone phone. If you decide to withdraw your question, please press "star" then "2" to remove yourself from the list. Please limit yourself to one question and a single followup. If you need to ask an additional question, please note that you may press * then 1 to rejoin the queue. Thank you.

MAUREEN THOMPSON: Operator, do we have a question.

OPERATOR: Oh yes, we have our first question from Joanne Helpern of Edmunds.com.

MAUREEN THOMPSON: GO AHEAD.

JOANNE HELPERN: Hi, I would like to know if I can get a transcript of your discussions?

SCOTT STAPF: I believe we will have the statements available and we will have the streaming audio replay of the news event available after the event. We can look into getting a transcript done as well.

MAUREEN THOMPSON: And you can find Hybrid Owners of America on the web at www.hybridownersofamerica.org ...again that's www.hybridownersofamerica.org. As Scott mentioned, there will be a streaming audio replay of this news event by about 6:00 pm eastern time tonight. If you have additional questions, you can, reach Pam Solo or Scott Stapf later today.

SCOTT STAPF: Maureen, we did have one question that was posed to us before the news event started, a reporter submitted it by e-mail, I believe it is a reporter who is going to be listening into the streaming audio replay and it is a question that I would like to address because I think it is an important one, if that's alright, while we are waiting for a question here, if it is alright for me to just jump in.

MAUREEN THOMPSON: Yes Scott.

SCOTT STAPF: The question that was posed is one that I think many people may have on their mind whether they come out and ask it or not and that is why it is that a special group is needed for hybrid owners and why it is that hybrid owners should get "special treatment" of any kind?

I think that is an important question, it is one that really goes to the core of what the Hybrid Owners of America is all about and the way I would address it is this way. We're not looking at a situation here with the only people who benefit when there are inducements provided to hybrid owners to or people who want to become hybrid owners, the benefits of those kind of inducements do not stop with the hybrid owners and I think that's what is really important.

Clearly what happens when people buy hybrid cars ... our nations' addiction to Middle Eastern and other foreign oil is reduced, which benefits everyone. That goes right to the national security kind of question to the extent that there are hybrid friendly policies that promote hybrid research and production in the United States, that goes right to the economic security of the United States in general, and benefits obviously people in the US auto industry, employees and the US economy in general.

To the extent that you have more and more hybrid owners out there, everybody breathes the same air is the way that I look at it and if that air is cleaner, as a result of there being a million or 2 million or 3 million additional hybrid owners on the road reducing their climate related emissions by 80 to 85%, that air does not, you know, just go into their noses that clean air goes into everybody's nose and their lungs and that means everybody benefits.

It is a long-standing approach under federal tax policy to have tax inducements of all kinds that are designed to benefit, in many cases, just the individuals who take up whatever the particular course of action is. Might be, for example, retrofitting their home for solar energy, winterizing their home, that sort of thing. But in this case, we have this really unusual situation where there are significant reasons to encourage individual to use tax policy to encourage individuals to make changes, but also the rest of America benefits as well as in many different ways when you have more hybrid owners on the road.

You have this unusual situation where promoting hybrid research and promoting hybrid sales in the United States benefits

everybody, not just the people who...whose money...whose pocket that...that money goes into. I do not know if there is anything you want to add Pam, but I thought that was an important question that came up that people asked us to address and I wanted to be sure that we have done that.

PAM SOLO: I do not really have that much to add to what you have already outlined Scott except that the benefits... I mean there are very few actions that are as easily attained as moving towards hybrids, that can have as many multiplier...positive multiplier effects as adopting hybrid technology and reaching greater fuel efficiency, so it...well it should be a no-brainer and the technology is the only thing missing is the political will and these sorts of incentives that we are outlining today I think could help move the market you know towards the kind of changes that increasing the public is demanding.

MAUREEN THOMPSON: Operator, any other questions. I know we do have a number of reporters on the call and I want to make sure that you take advantage of this opportunity to pose your questions. Do we have any other questions?

OPERATOR: One moment please...we do have one question from a Larry Whiteman, I'm sorry, Larry Weitzman of Auto News.

MAUREEN THOMPSON: Go ahead.

LARRY WEITZMAN: Yes, you know it seems like you are asking government to make decisions for people here wherein not using the marketplace to make decisions. In the 1970s when gas was expensive people were smart enough to make choices that reduced their fuel consumption

and reduced their cost of driving. What you are doing here seems to me that you are picking the technology of the future by offering tax incentives on one technology, if you are going to offer tax incentives, you know there are other technologies out there currently available such as diesel technology and, uh, and other gas saving automobiles just pure gas engines that do just as well. Why not offer them incentives as well, I mean instead of offering mandates, why not offer everybody incentives because the cost of hybrids, you never get your cost back. There's data to that effect.

SCOTT STAPF:

Well, you have raised a couple of different questions and let me address each one of those in turn. I want to start with the last, the point that you raised about whether or not people actually recover the money that they invested in hybrids. There are in fact people within the auto industry who are reluctant to see hybrids introduced for variety of reasons or for them to catch on with the public who have tried to promote the idea that people never get their money back. In fact, if you look at Consumer Reports and other analysis that has been done, they've looked at the question very closely of the big picture when you look at, when you combine, when you take a look at the supposed roughly 3000 dollar on average hybrid premium as it is referred to, that is the amount that people pay extra for buying a hybrid on average compared to the typical purely gas engine car that is directly comparable.

The reality is that at this point in time, we are already relatively close in many cases for people who are diligent and take advantage of everything that is available to them, whether it is reduced insurance costs, which reduced insurance premiums are becoming widespread now and more widely available for hybrid owners

because of what we know about the profile of hybrid owners. You have the federal tax incentive and you have of course the lower fuel costs ...

A number of the early studies that were done about whether or not people will ever recover the money from hybrids assumed much lower fuel cost than what we are looking at today, something in the order of \$3 or 3.25 and of course, you read the stories over the last couple of weeks and I guess for now being prepared for the notion of \$4 gasoline or higher and under any of the scenarios that go from 3.25 to 3.50 a gallon and up, hybrids actually end up returning money very quickly to people, but that is one of the reasons why the whole notion of looking at inducements or incentives through federal tax policy or state tax policy in some cases makes so much sense.

If we can provide the encouragement to people to do something that is so smart in terms of their pocketbook, in terms of the environment, in terms of national security, in terms of reducing our dependence on Middle Eastern and other foreign oil, it seems to me there is a much more compelling case to take this kind of action and there is for many other ways that we use the federal tax code to encourage or discourage behavior of the individuals.

Now, as to whether or not this is the favoring of one technology versus another, there is of course a lot of talk about alternate technology and approaches, clean diesel is one of them. We are also hear to about hydrogen fuel cells and other things that may be further down the road and we do not look at this as being competitive with clean diesel. In fact, Pam Solo's organization The Civil Society Institute, and its 40mpg project went on the record

last December 2005 very strongly and encouraging the wider introduction in the United States of more fuel-efficient vehicles including, with the very big emphasis, on the clean diesels, that at that point in time, were available almost entirely outside the United States, but not inside the United States.

So the reality is that the Civil Society Institute, if you look across the breadth of its efforts, it is actually encouraging the promotion of higher fuel efficiency standards, the introduction of highly fuel efficient vehicles that are available for sale outside of the United States bringing those vehicles to the United States that includes a whole variety of technology. The reason that we are focused on hybrid technology is that we know that there is demonstrated and growing consumer interest in this particular technology.

It is here ... it may make sense to promote other technologies down the road if they catch on, clean diesel being one, if they catch on in the same way, but right now where we are is we have the ability to move large numbers of consumers potentially over time into hybrids. We are not forcing anybody to do it, we are not suggesting any of the five steps that we outlined would have the effect of compelling anyone to do anything. These steps would simply reinforce and provide further incentives for people to consider things that they have may already been doing, but nobody is talking about using the tax code here to force anybody or compel anybody to do...to do anything.

MAUREEN THOMPSON: Thank you Scott. Operator, do you have any other questions?

OPERATOR: The next question is from Nani Kodaka of NHK-Japan Broadcasting Corp.

NANI KODAKA:

Hi, I wanted to ask if you guys have a data of how many hybrid owners in U/S/, then also I wonder... I also believe that the most of the people here drive Japanese hybrid cars, then how do you see the situation and are you planning to encourage American...only American automakers right? American automakers do spend much more money for the research.

SCOTT STAPF:

This is Scott Stapf again. The story of hybrid car sales in the United States is basically an annual doubling every year going back to 1999. I remember when I was on a trip to New York City in 1999, I saw my very first hybrid on the road and everyone else was gawking at it as well. At that point in time, there were really a relatively just a handful of hybrids on the road and that's basically doubled every year through 2005 when there were roughly 200,000 hybrids sold in United States.

In keeping with that doubling, we are going to end up being at or very close to a doubling of the 2005 sales levels in 2006. So, obviously that is a growth pattern that you cannot sustain overtime, but it is estimated that if you add up every hybrid that has been sold, you have got sold roughly 550,000 hybrids that have been sold to date in the United States, this is going back to 1999 and from 1999 sales figures through July of 2006 and of those about half a million roughly are believed to still be on the road. That's a reflection of the fact that most of these cars have just been sold in the last few years.

One of the things that has been very troubling to people who watched the U.S. auto industry is the fact that it has not embraced hybrids and hybrid technology in the same way that Toyota and

other non-U.S. auto manufacturers have really latched on to hybrids and really made it their own. So if you look at the Hybrid Owners of America web site, if you look at one of the five points in our plan, you will see that one of the five points in our plan is to encourage the federal government to offer inducements to the U.S. auto industry and this is particularly in relation to such high-cost areas as healthcare costs for the US auto industry to look at providing them with assistance in exchange for a commitment to do more investment in hybrid research and also hybrid production. So that is one of the ways we try to address what ails the US auto industry currently, in terms of what remains an insufficient focus on the hybrid market, particularly insufficient given where US consumer demand is and if you will notice also that's the fourth of the five points.

The fifth of the five points is that we actually encourage the US government to...to look at converting 30% over three years, a total of 30% of the roughly 500,000 vehicle US government auto fleet to hybrids and the assumption that we are making is that many of those, 150,000 vehicles that would be purchased as part of that 30% conversion process would in fact be US made hybrids, which would obviously be a shot in the arm for US manufacturers.

... If you look at the five points that we are recommending that the White House and Congress embrace, you will see that we are encouraging the hybrid owners to get behind, you will see that we try to be very sensitive to the situation with the US auto industry.

NANI KODAKA: Okay, thank you.

MAUREEN THOMPSON: Operator, do we have another question.

OPERATOR: The next question is from Takuya Higuchi of JiJi Press.

TAKUYA HIGUCHI: Oh yes, thank you for taking my question and my question goes to Mr. Stapf. Are you launching this project to unite hybrid drivers in the United States today, so my question is do you have any numerical target to increase the number of its memberships in the future?

SCOTT STAPF: Well, we do not have a target right now for members ... the way we are trying to be different in this web site is to focus on a membership organization. We are trying to make sure that the Hybrid Owners of America is an organization that actually accumulates members over time and we could actually be very attractive to people, because what we want people to be able to do is to turn to the Hybrid Owners of the America when they want unbiased non-commercial information about hybrids, about what is going on with federal, state, local, corporate incentives for hybrid purchases.

There is a lot of this information that is out there right now in the Web, we are trying to pull together the best information, the best news stories to make sure that people who are either current or potential hybrid owners can get educated.

We do not have a target, but we actually, for membership, we actually believe this will be a very attractive information service membership group for current and potential hybrid owners. I am just trying to look at it from my own perspective as a hybrid owner, it is a kind of thing that I wish was out there six months

ago, when I first started the process of trying to decide what I was going to buy and where and what made sense.

PAM SOLO: I would like to just underscore that Hybrid Owners of America; it's about more than pushing one particular technology. This technology is in means to some very important ends, which are energy independence, really breaking our dependence on Middle Eastern oil, uh, helping to disentangle us from a very volatile and complicated region of the world, lowering the cost - the economic cost - creating jobs, and as important addressing the emissions problem in global warming. So it is technology with some very strong purposes behind it.

TAKUYA HIGUCHI: Thank you so much.

MAUREEN THOMPSON: Ok.

TAKUYA HIGUCHI: Thank you .

MAUREEN THOMPSON: I want to repeat that you can find Hybrid Owners of America on the web at www.hybridownersofamerica.org ...again that is www.hybridownersofamerica.org. That is where you will be able to find a streaming audio replay of this news event by about 6:00 pm Eastern Time tonight. If you have further questions, for Pam Solo or Scott Stapf, you should contact Ailis Aaron Wolf at 703-276-3265, again that's Ailis Aaron Wolf at 703-276-3265. Before we wrap things up, I want to invite Pam Solo and Scott Stapf to offer any closing thoughts they have on this news event, any points that they would like to underscore. Pam?

PAM SOLO: I have really have said it pretty much that this is an opportunity for us to through technology, to solve a number of different problems and it is not the only step that needs to be taken, but it is a very important and positive step that technology is there, it can be advanced and spread more widely and the benefits will be shared both by the auto industry in job creation as well as serving our national interests in terms of our foreign policy.

MAUREEN THOMPSON: Thank you Pam. Scott, do you have any closing thoughts?

SCOTT STAPF: Yes. I just want stress that this is the first of its kind group, 100% independent of the auto industry, not allied or funded in any way, really beholden only to current and potential hybrid owners and I hope that people will take a look at the www.hybridownersofamerica.org and join us and join in the effort to encourage the White House and Congress to adopt a more hybrid friendly policy agenda.

I also want to stress that this is going to be a great resource for people who want to keep track of what is going on with federal state local and corporate hybrid incentives, also hybrid news and then by signing up, you will be getting regular updates becoming a member at no cost, and I really want to encourage people to do this because as Pam stressed a moment ago, this is about more than just the bottom line or pocketbooks for hybrid owners.

We really have a unique opportunity here to benefit Americans in general by encouraging a reduction in our dependence or addiction to Middle Eastern and other foreign oil, that means a stronger and more independent United States, we also have the opportunity here to do something about the environment that all of us share by

encouraging the use of, wider use of, auto technology that can significantly reduce individual global warming emissions.

This is really a great opportunity for individuals to get directly involved in something that they either care about now because they are hybrid owners or they may care about very soon because there are one of those many, many Americans out there who are thinking about...about buying a hybrid. So saving money on gasoline is a nice place to start, but the hybrid story is much bigger than that and we are hoping that the Hybrid Owners of America will be a big part of that story going forward. Thank you.

MAUREEN THOMPSON: Thank you Scott. Thank you. You have been listening to a telenews event sponsored by the Civil Society Institute to launch its new project, the Hybrid Owners of America. On behalf of Pam Solo, Scott Stapf and everyone else associated with Hybrid Owners of America, I would like to thank you for joining us today. That concludes this news conference. Thank you.

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