



POSTAL NEWS

FOR IMMEDIATE RELEASE
June 2, 2003

Contact: Media Relations
202-268-2155
Release No. 047
www.usps.com

NEGOTIATED SERVICE AGREEMENT GETS STAMP OF APPROVAL

WASHINGTON, D.C. – In a precedent-setting move, the U.S. Postal Service Governors today approved the first Negotiated Service Agreement (NSA), a pricing strategy that gives business mailers a mechanism for customized rates and services that addresses their unique mailing needs and encourages cost-efficient behavior.

The first NSA features discounts for Capital One First-Class Mail volume above an annual threshold of 1.225 billion pieces and electronic return of undeliverable mail data by the Postal Service to Capital One.

“Historically, providing price incentives for mailers to encourage more mail volume and best practices has made it possible for the Postal Service to keep rates affordable for everyone. As we build towards the future, pricing innovations like NSAs will help the Postal Service preserve universal mail service which is fundamental to the American way of life,” said Stephen Kearney, Vice President, Pricing and Classification, U.S. Postal Service.

“The U.S. Mail has been – and will continue to be – an integral part of our business,” said Nigel Morris, Vice Chairman of Capital One. “We feel this negotiated service agreement is an important step in the right direction and we appreciate the Postal Service’s responsiveness to the business community.”

According to Kearney, all postal customers are the beneficiaries of NSAs because the pricing innovation will drive mail growth and increase efficiency. “The volume incentives in the Capital One NSA will help foster increased use of First-Class Mail by Capital One, which helps pay for overhead costs that support the entire mail system and the electronic return of undeliverable mail data will create savings in the millions,” said Kearney.

Prior to today's Board decision, the Capital One NSA was examined during eight (8) months of open litigation before the Postal Rate Commission (PRC), September 19, 2002 to May 15, 2003.

NSAs, generally, specify mutual agreements between the Postal Service and customers involving the preparation, presentation, acceptance, processing, transportation and delivery of mailings under particular rate, classification and service conditions and restrictions that go beyond those required of other mailers.