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## **USPS SEEKS TO EXTEND NEGOTIATED PRICING TO FOURTH MAILER**

WASHINGTON, D.C. — The U.S. Postal Service has filed for a recommended decision on a fourth negotiated service agreement (NSA) from the Postal Rate Commission that extends the innovative product to the financial services company HSBC North America Holdings Inc.

The agreement with HSBC would be similar to three previous NSAs with other mailers, and is functionally equivalent to the Postal Service's landmark first such agreement with Capital One.

"Providing price incentives for mailers to encourage more mail volume and best practices can help make it possible for us to keep rates affordable for everyone," said Anita Bizzotto, Senior Vice President and Chief Marketing Officer.

HSBC is one of the largest banking and financial services organizations in the world, and one of the ten largest originators of First-Class Mail in the United States.

The agreement has three main features: it provides incentives for HSBC to send additional First-Class Mail, ensures that the customer will maintain superior mail-quality practices, and produces cost savings for the Postal Service from the customer agreeing to receive electronic information about undeliverable mail instead of having pieces physically returned.

A negotiated service agreement is a pricing instrument that gives the Postal Service a mechanism for customizing rates and services to accommodate the unique mailing needs of specialized business customers and to encourage cost-efficient mail preparation for accurate sorting and distribution.

The Postal Service broke new ground when it negotiated the first NSA with Capital One. "Clearly with the results of the Capital One NSA, which produced \$21.7 million of contribution to the cost of overhead in just one year, we have demonstrated

the value of NSAs to encourage incremental First-Class Mail volume" said Stephen Kearney, Vice President of Pricing and Classification.

The Postal Service anticipates an expeditious review of this NSA under the Commission's rules governing "functionally equivalent NSAs." Once the Postal Service receives a recommended decision, the Governors must still vote to implement the NSA.

Since 1775, the Postal Service has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that visits 142 million homes and businesses every day and is the only service provider delivering 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 \$69 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 Postal Service delivers more than 46 percent of the world's mail volume—some 206 billion letters, advertisements, periodicals and packages a year—and serves seven million customers each day at its 37,000 retail locations nationwide.