



POSTAL NEWS

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BANK CUSTOMERS TO BENEFIT FROM MAIL INCENTIVE PROGRAM

USPS Governors approve Negotiated Service Agreement at June meeting

WASHINGTON, D.C. – The Governors of the United States Postal Service approved a Negotiated Service Agreement with HSBC North America Holdings Inc. designed to improve customer service to bank clients.

A Negotiated Service Agreement (NSA) is a contractual agreement between the United States Postal Service and a company whose mail use is an integral part of its business strategy. The NSA provides customized pricing incentives based on the company's mail operations.

All proposed NSAs must first be reviewed and recommended by the Postal Rate Commission then approved by the Postal Service's Board of Governors.

"The volume and contribution incentives that we can create through NSAs are the real innovation for our customers and clients," said Stephen M. Kearney, Vice President of Pricing and Classification. "These agreements allow us to help our clients and customers grow their business through direct mail programs."

HSBC joins Capital One Service Inc., Bank One (now JPMorgan Chase) and Discover Financial Services Inc. in NSAs approved by the Board of Governors. HSBC will receive discounted rates for shifting volume from Standard to First-Class postage rates and increasing the use of First-Class Mail. The Postal Service will provide electronic address corrections on First-Class Mail under the agreement, eliminating the need to return undeliverable mail. This will result in savings of about \$7 million for the Postal Service over the three-year term of agreement.

The Governors also instructed the Postal Service to file a new request before the Postal Rate Commission for a Standard Mail NSA for a new customer.

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.