



POSTAL NEWS

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EVERYONE LOVES A GOOD BOOK ***Postal Service, Bookspan ask for a Negotiated Service Agreement***

WASHINGTON, D.C. — Days before the United States Postal Service sets out to deliver almost 1 million copies of the latest Harry Potter adventure, a request has been filed to allow the first Negotiated Service Agreement for Standard Mail with Bookspan, the premier direct marketer of general interest and specialty book clubs.

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.

The changes in rates and mail classification needed to implement the NSA must first be reviewed and recommended by the Postal Rate Commission and then approved by the Postal Service's Governors. The request filed today is for a NSA with Bookspan.

"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."

With more than 8.5 million members, Bookspan's book clubs include Doubleday Book Club®, Book-of-the-Month Club®, The Literary Guild®, Quality Paperback Book Club® and more than 40 others. The NSA would apply only to standard letters, not packages containing books that have been ordered by club members.

Under the terms of the proposed three-year agreement, Bookspan will receive customized price incentives that will help them grow membership in their book clubs. The Postal Service benefits from the financial contribution of additional advertising mail, and the additional mailings of catalogs, books orders and customer correspondence that book club membership generates.

"We strive to bring educational, scientific and cultural literature to our members through the mail," said Robert J. Posch, Senior Vice President, Bookspan. "A new baseline NSA sends a message to all mail users and others thinking of utilizing mail as a part of the media mix that the

transformed Postal Service is open to implement new ideas bounded only by the creativity of their customers.”

The Postal Service filed the NSA request late Thursday afternoon with the PRC.

If approved, Bookspan will join Capital One Service Inc., Bank One (now JPMorgan Chase), Discover Financial Services Inc. and HSBC North America Holdings Inc. in approved NSAs.

While existing Negotiated Service agreements address First-Class Mail, the Postal Service’s agreement with Bookspan is the first to provide incentives that apply to Standard Mail. The decision to test Standard Mail is consistent with the Transformation Plan’s goal of testing NSAs across various Postal Service product lines.

Bookspan is a partnership between Doubleday Direct, Inc., owned by Bertelsmann AG and Book-of-the-Month Club Holdings LLC, owned by Time Warner Inc.

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.

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