



POSTAL NEWS

FOR IMMEDIATE RELEASE
May 3, 2006

Contact: Media Relations
202-268-2155
News Release No. 06-031
www.usps.com

POSTAL SERVICE SEEKS PRICE ADJUSTMENTS ***Governors propose "forever stamp"***

- ✍* Price for a First-Class stamp stays at 39 cents for another year
- ✍* Postal Service not immune to rising fuel and health care costs
- ✍* Average household affected by only 50 cents per month

WASHINGTON – The Governors of the U.S. Postal Service today proposed a "forever stamp" as part of a broader rate adjustment plan that would be scheduled to go into effect next year. Customers would be able to purchase a special First-Class stamp which would be good for any future single-piece First Class letter mailing, no matter how prices might change beyond 2007.

"A forever stamp would help ease the transition to any future price adjustments," said Board of Governors Chairman James C. Miller III.

On the broader plan, the Governors cited increasing costs for fuel and health care as among the reasons for today's filing with the independent Postal Rate Commission (PRC) for price adjustments next year. The plan includes a three-cent increase in the price of a First-Class stamp. The annual affect is well below \$6 for the average household.

"The Postal Service is not immune to the cost pressures affecting every household and business in America," said Postmaster General John E. Potter. "However, by the time new rates take effect next Spring, the cost of a First-Class stamp will have increased by an average of just a penny a year during the last five years, less than many other consumer products and services.

As one of the nation's largest transportation and delivery organizations, the Postal Service is extremely sensitive to rising energy costs. It operates a fleet of more than 260,000 delivery vehicles, supported by air transportation contracts, more than 17,000 long-haul surface transportation contracts and a network of more than 37,000 facilities.

Like other businesses, the Postal Service has also experienced significant growth in health benefit payments for more than 621,000 current employees and 445,000 retirees. In 2005 alone, these costs increased by \$437 million, reaching a total of \$6.6 billion.

When new rates are implemented in 2007, the price of a stamp will have grown at or below the rate of inflation since the last operational rate adjustment in 2002 – and since today's Postal Service began operations in 1971.

Postal Service operations are funded solely by the sale of products and services, not by tax revenues. While other delivery services have responded to growing costs with fuel surcharges and annual rate increases, today's filing is the first time since 2002 that the Postal Service is proposing to adjust rates to cover growth in operational costs. A January 2006 rate increase was implemented solely to fund a \$3.1 billion escrow account required by a 2003 federal law. Congress has not yet determined how the Postal Service may apply these funds.

Since 1775, the Postal Service and its predecessor, the Post Office Department, has connected friends, families, neighbors and businesses by mail. It is an independent federal agency that visits more than 144 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 \$70 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 U.S. Postal Service delivers more than 46 percent of the world's mail volume—some 212 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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