



POSTAL NEWS

FOR IMMEDIATE RELEASE
June 28, 2006

Contact: Media Relations
202-268-2155
News Release No. 06-044
www.usps.com

POSTAL SERVICE, UNITED PARCEL SERVICE EXPAND BUSINESS RELATIONSHIP

WASHINGTON – The U.S. Postal Service today awarded a contract to United Parcel Service (UPS), significantly enhancing a business relationship involving the domestic air transportation of mail. The agreement calls for UPS to transport primarily First Class and Priority mail to and from 98 U.S. cities.

Today's agreement is a three-year arrangement with the possibility of a two-year extension. Currently, UPS provides the Postal Service with mail transportation to and from 16 U.S. cities.

"The Postal Service is one of the largest users of air transportation in the nation and UPS operates one of the world's largest airlines," said Postmaster General John E. Potter. "It only makes sense for the Postal Service to take advantage of the reach offered by UPS. The added advantage of the similarity of our operations will only enhance the Postal Service's ability to provide the highest levels of service for our customers."

Further, Potter added that it is prudent for the Postal Service to work with suppliers that have the transportation of like commodities as a principal mission.

UPS Chairman and Chief Executive Officer Michael L. Eskew also said the agreement is a win-win situation for both companies. "We are excited about expanding our relationship with USPS. We can help support the Postal Service's service commitment to its mail customers while creating new growth opportunities for our company."

Service under the contract will begin July 1, 2006. Postal Service customers will see no change in the way their mail is delivered as the result of this contract. Post Office retail operations are also unaffected.

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.

###