

# POSTAL NEWS

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## 1. Postal merger announced

Tuesday, 03 February 2009 12:45 KR

Denmark and Sweden have signed an agreement to merge their national postal services

An agreement formalising the merger of the Danish postal service Post Danmark with its Swedish neighbour, Posten Sverige, was signed yesterday by the relevant ministries. The merger is still subject to approval by the competition authorities.

The new postal service will be jointly owned by the Danish and Swedish states, with shares being divided 40 and 60 percent respectively. The board will be divided equally between the two countries.

As part of the deal, private equity firm CVC Capital Partners sold its 22 percent stake in Post Danmark to the Danish state – conditional on the merger being completed. A statement from the Transport Ministry said the merger would have left CVC as a minority stakeholder, which clashed with the investment policy of the equity firm.

As part of the deal, Post Danmark sold its entire holdings in the Belgian postal company De Poste to CVC for €373 million.

Danish Transport Minister Lars Barfoed said that he was pleased the agreement had been reached on the merger terms after a long treatment process.

‘I’m convinced that the two companies will be strengthened by this merger and the citizens of Denmark and Sweden will also have access to a high quality postal service with competitive prices.’

## 2. UPS picks up DHL business, cuts 401(k) match

STAFF AND WIRE REPORTS • FEBRUARY 4, 2009

UPS gained significant new business at the end of last year from competitor DHL's announced withdrawal from the U.S. domestic shipping market, but that wasn't enough to offset a drop in package volume caused by the sagging economy. To save money, the company said it is freezing management salaries and suspending its match for its employee 401(k) plans.

The steps to reduce expenses were apparently well-received on Wall Street, where UPS shares rallied 6 percent.

The world's largest shipping carrier said yesterday that its total U.S. volume decreased 4.4 percent in the fourth quarter of 2008, including a 3.7 percent drop in ground volume and a 10.1 percent decline in next-day air.

UPS's main air hub is in Louisville as is the headquarters for its airline.

"The severe decline in economic activity around the world resulted in sharply lower package and freight volumes for UPS" and has prompted broad cost-cutting measures, Scott Davis, chairman and CEO, said in a statement.

Revenues slid 5.2 percent and Davis warned that 2009 will be very difficult because "the consumer is not spending."

But he said UPS will continue to build for the future. It recently opened a new hub in Shanghai, is building another hub in southern China, and will complete an expansion of Louisville's Worldport in 2010.

"We're a great company that's just operating in a bad economy right now," Davis said. "Great companies do weather the storm and they come out stronger."

UPS said its October-December profit was \$254 million, or 25 cents a share, compared to a loss of \$2.6 billion, or \$2.52 a share, for the same period a year earlier. The year-ago figures included a big charge related to a shift to a new pension plan for some employees.

Not counting one-time charges for both periods, UPS fell short of Wall Street expectations by earning 83 cents per share in the most recent quarter, down from \$1.07 per share in the fourth quarter of 2007.

Despite the economy's tailspin, UPS moved about the same volume of packages during December's holiday season as it did the year before.

UPS probably benefited from "customers that decided to jump over to UPS in light of the dramatic uncertainty at DHL," Kurt Kuehn, UPS chief financial officer, said in a conference call.

German-owned DHL, the fourth-largest shipper of packages in the U.S., announced in November that it planned to eliminate the bulk of its U.S. operations and focus on international shipments as of Jan. 30.

The announcement clouded a possible deal for UPS to fly DHL packages in the U.S., which could have resulted in more jobs at UPS's Worldport in Louisville.

Davis told analysts yesterday that while UPS continues to talk to DHL, his company is "finding it very difficult to reach an agreement" because of the reduced scale of DHL's business.

UPS revenue in the fourth quarter dropped to \$12.7 billion, compared to \$13.4 billion a year earlier. Analysts had predicted revenue of \$13.2 billion for the fourth quarter.

Rival FedEx and the U.S. Postal Service have been hit hard as well.

In January, Moody's Investors Service predicted FedEx will suffer a significant loss in freight and express package deliveries because of the recession. At the same time, the

ratings agency said FedEx has ample cash to survive a downturn, and its investments in expansion and efficiency will pay off when the economy recovers.

Recently, the U.S. Postal Service suggested it may need to cut one day of service because of hard financial times.

Going forward, UPS projected first quarter earnings per share within a range of 52 cents and 68 cents. Analysts had been expecting first-quarter earnings of 65 cents a share.

Reporter Patrick Howington and The Associated Press contributed to this story.

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### **3. Correos Adopts Motorola MC75 Mobile Computers**

03 February 2009 by Steve Lawson - © Hellmail.co.uk

The Spanish postal operator Correos, which has been modernising its postal service at a fast pace in recent years, has selected Motorola EMB's MC75 with integrated 3G and GPS, and WLAN networking in order to streamline their postal operations both on the postal rounds and in the sorting office.

Out in the field, around 7000 MC75s will allow for accurate proof of package collection and delivery for postal workers, whilst removing the need for paper-based records. The MC75s also supply realtime data on times, locations and routes of postal workers, which allows for greater understanding and so more efficient planning of delivery routes and cycles. The introduction of the units will see faster and easier real-time access to data in back-office systems, reducing delivery errors.

In the sorting office, WLAN is being used to help sort parcels, with faster processing of information possible over the network by staff both in the sorting office, and during and after delivery. New employees will train using the new computerised processes.

“We have chosen Motorola for its advanced technological leadership and the comprehensive solution that offers Correos not only the MC75 as the handheld for the postman, but also the WLAN equipment and the mobility software management platform,” said Alberto Yagüe, Correos’ mobility solutions project director.

The MC75 EDA integrates 3G (HSDPA) voice and data communications, data capture, location information (GPS) and image recording on one single device, which reduces capital expenses and support costs. Creating products that support leading-edge technologies, like 3G, helps ensure that Motorola products have a long, viable life-cycle improving the ROI for the customer while providing gains in efficiency and productivity. Additionally, the rugged device is built especially to withstand everyday usage in the sorting centre or on the road, which reduces operational and service costs to minimise the total cost of ownership.

To fully realize the capabilities of the MC75 EDAs and RFID scanners, Correos selected Motorola’s innovative wireless LAN solution, which involves scaling to more than 4000 adaptive AP-5131 wireless access points (AP) connected to a cluster

of RFS7000 wireless switches offering a highly reliable WLAN network to deliver secure and reliable coverage across their facilities. The adaptive APs can be controlled with a wireless switch to enable central management from the NOC and, in the event of loss of connectivity, resume functionality as standalone access points, ensuring service is always maintained. Motorola's AP-5131 access points fully support mesh networking, leveraging self-assembling and self-healing capabilities to ensure that changes in the environment are always taken into account, the network maintains the most efficient configuration at any point in time, and network management is simplified and hassle-free.

RFID technology, whilst not fully rolled out in Spain, is used as a quality of service test, to enable full tracking of selected parcels for measurement purposes.

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