

POSTAL NEWS

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National Briefing | Washington

1. **Postal Staff Down 25,000 This Year**

By THE ASSOCIATED PRESS

Published: May 18, 2009

The Postal Service has cut its staff by 25,000 this year as it struggles to reduce huge deficits, the postmaster general, John E. Potter, said. Postal employment is now below 635,000, down from about 800,000 in 1999, Mr. Potter said, adding that thousands of carrier routes have been eliminated as mail volume declines. The agency is expected to handle about 170 billion items this year, well below the peak of more than 210 billion, Mr. Potter said in a briefing at a convention for the mailing industry. The agency still faces a potential \$6.5 billion loss this year, he said, and even with increased borrowing and other changes it could finish the year with a \$1.5 billion shortfall. Postal rates went up last week to 44 cents for a first-class stamp.

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May 18, 2009 09:00 ET

2. **InfoPrint Unveils Postal Optimization ADF Solution to Reduce Costs and Achieve Near-Term Return on Investment for Mailers**

New Bundled Offering Is an Extension of the Company's Industry-Leading Automated Document Factory Technologies

BOULDER, CO--(Marketwire - May 18, 2009) - InfoPrint Solutions Company, the joint venture between IBM and Ricoh, today announced the creation of the Postal Optimization ADF Solution to maximize postal discounts, minimize waste and enable a more productive, streamlined printing environment. This ADF workflow Intelligent Mail®-compliant offering will help mailers see less returned mail, greater process control, lower postal rates and in certain cases, the reduction or elimination of expensive sorter equipment.

This bundled offering is built on the InfoPrint ProcessDirector (IPPD) backbone, the company's market-leading* ADF (Automated Document Factory) software technology. Because it is fully integrated and centralized in the print/mailroom, the Postal Optimization ADF Solution minimizes IT development costs and can eliminate multiple upstream software licenses required for address preparation software. And by providing a packaged offering to mailers, InfoPrint manages the complexities, delivering to customers a solution that can be efficiently integrated into their current environment.

This most recent ADF offering further illustrates InfoPrint's commitment to mailroom technologies, following closely on the release of its Mailroom Integrity Solution.

With the Intelligent Mail requirement set to take effect in May 2011, the United States Postal Service (USPS) is offering mailers who implement the full solution a \$.003 per first class mailpiece postal discount beginning November 29, 2009. InfoPrint's Postal Optimization ADF Solution offers mailers the services and technology needed to seamlessly deploy the Intelligent Mail requirement without disrupting their current printing processes. Intelligent Mail will improve mail tracking and give updates on the location and status of each outbound and inbound mailpiece.

Customers implementing basic Intelligent Mail can still receive significant savings through better address cleansing, change of address processing and production optimization using InfoPrint's technology.

"As companies continue to closely watch every penny spent, the incentive to fully embrace Intelligent Mail now is extremely attractive," said Enrico Parodi, Vice President of Worldwide Software & Services. "Stemming from our extensive experience in enterprise mailroom management with our market-leading Automated Document Factory offering, InfoPrint is poised to assist mailers with our Postal Optimization ADF Solution, enabling them to optimize their processes and to achieve both a higher return on investment (ROI) and lower postal rates."

With InfoPrint's Postal Optimization ADF Solution, mailers can:

- Receive short term ROI with significant cost savings - by combining full service Intelligent Mail with best practices in document production, eliminating equipment, labor, returned mail, and eliminating waste
- Combine similar print jobs to enhance productivity - by commingling, organizations can print two separate mailings in the same job that have

- common characteristics to optimize the postal discounting and job setup
- Do more than implement Intelligent Mail - this technology is a complete ADF workflow implementation, in which Intelligent Mail is one component of many. With the Postal Optimization ADF Solution, mailers can optimize job processing and print more efficiently, realizing an overall ROI
 - Support a variety of hardware and software - as with all of InfoPrint's offerings, the Postal Optimization ADF Solution can be integrated with most hardware and software on the market, eliminating the need to replace an investment that works well
 - Take advantage of industry-leading experience - InfoPrint has taken its knowledge and experience from working with organizations ranging from small to medium businesses (SMBs), enterprises and larger corporations and packaged it into one, complete end-to-end solution intended to improve mailroom management
 - Eliminate sorter equipment - with the electronic sorting capability, companies using the Postal Optimization ADF Solution will be able to save floor space by removing the need for extra sorter equipment

IPPD, a configurable output process management system, is the foundation for the Postal Optimization ADF Solution. It allows production mail organizations to optimize workflow by adding new components and functionality as the requirements of each output evolves. It integrates multi-vendor software and devices to go "beyond print" to achieve higher cost savings and improve the integrity of output. With IPPD, print and mail operations can begin with packaged software and build capabilities tailored to their unique operations, when they need them.

For more information regarding InfoPrint's Postal Optimization ADF Solution, please visit www.infoprint.com/adf

* Gartner "MarketScope for Automated Document Factory 2.0 Software" by Pete Basiliere. December 2, 2008. InfoPrint was ranked a "Strong Positive" in this MarketScope

About InfoPrint Solutions Company:

InfoPrint Solutions Company, headquartered in Boulder, Colorado, brings to market the advantages IBM and Ricoh have in the development, manufacturing, marketing and building of strategic solutions for customers, creating a growth-oriented global enterprise that is strategically focused on the output market.

The InfoPrint Solutions Company portfolio includes solutions for production printing for enterprises and commercial printers as well as solutions for office workgroup environments and industrial segments. The company offers customers the highest quality output solutions that optimize productivity by providing efficient workflow and, at the

same time, delivering low cost of ownership and high return on investment. The heritage of InfoPrint Solutions Company includes the development of the IBM Advanced Function Presentation (AFP) Architecture -- now an industry standard -- and Intelligent Printer Data Stream (IPDS), which has since become the standard for mission critical business printing. The company also leads the industry in print management solutions with both InfoPrint Process Director and InfoPrint Manager. Please visit <http://www.infoprint.com> for more information.

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3. Assistant Secretary Duckworth Joins U.S. Postal Service for Purple Heart Stamp Ceremony

WASHINGTON, May 18 /PRNewswire-USNewswire/ -- Today, the Department of Veterans Affairs (VA) Assistant Secretary for Public and Intergovernmental Affairs, L. Tammy Duckworth, spoke at a U.S. Postal Service ceremony announcing the reissue of the Purple Heart stamp. Hundreds of people attended the morning event at the Washington Convention Center.

"This stamp is a tribute to our nation's wounded Veterans and a reminder of our society's commitment to care for them when the war is over," Assistant Secretary L. Tammy Duckworth said. "Many people who are severely wounded have their initial fears of a life destroyed replaced by the understanding that they can do just about anything."

This is the fifth issue of the Purple Heart definitive postage stamp. The Purple Heart stamp was first issued on May 20, 2003, at Mount Vernon, Va. The Purple Heart is awarded in the name of the President of the United States to members of the U.S. Military who have been wounded in combat or to the next of kin of those killed in action.

Assistant Secretary L. Tammy Duckworth is a recipient of the Purple Heart for wounds she sustained while serving in Iraq with the United States Army. In 2004, her aircraft was ambushed and a rocket-propelled grenade struck the Black Hawk helicopter she was co-piloting during a mission north of Bagdad.

Website: <http://www.va.gov>

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4. Postal Service Expects Steeper Declines

The U.S. Postal Service has cut 25,000 jobs this year and mail volume will continue to drop into 2010 as it struggles to break even and return to profitability, Postmaster General John E. Potter warned today. The bleak outlook comes as the agency expects a \$6.5 billion loss this year. It still expects a cash shortfall in excess of \$1.5 billion.

"Unfortunately, I wish I could say we've hit bottom, but we haven't yet," Potter told reporters at the start of this week's National Postal Forum, a mailing industry convention.

USPS anticipates delivering 180 billion pieces of mail this year, far below the record 213 billion delivered in 2006. Worse, Potter says mail volume will likely bottom out at closer to 170 billion pieces per year.

"Folks are looking at alternatives and there are some that simply will not return," he said. The agency has commissioned a survey of its largest customers in hopes of anticipating future workloads.

As if the migration to e-mail and e-commerce wasn't bad enough, the collapse of the housing and financial sectors have made the Postal Service fall faster and farther. Fewer housing starts mean fewer new addresses created each year. Potter said new addresses will drop from an average of 1.9 million per year to 1.1 million. The financial sector, which has long relied on the mail to transact and communicate with its customers, has also cut back on mail significantly. Last week's 2-cent increase for the price of first-class postage might also make it difficult for some customers, and Potter said the bump will not be enough to offset losses.

"What we really need to be talking about is how to do we find a path back to break even and then beyond break event to profitability," Potter said. He's seeking permission from Congress and the Obama administration to delay the prefunding of payments to an employee retiree health benefits fund, money that could help offset current losses. The service has also cut more than 10,000 city carrier routes in the last several years, saving about \$100,000 per route and the eliminating the need for some vehicles.

Then there's the possibility of trimming a day of service, a suggestion Potter threatened earlier this year might be necessary someday soon. Lawmakers have all-but killed the cutback for now, but Potter discussed it as a realistic solution during today's conversation with reporters.

"With some minor exceptions, people have told me that if they have to adjust their operations, they can," he said.

Still, "Until people hear from us...they should count on getting the same great service that they've always got."

The Associated Press contributed to this report.

By washingtonpost.com Editors | May 18, 2009

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talks with Holtzbrinck

5. Possible distribution partnership

Tue May 19, 2009 11:25am EDT

By Aaron Gray-Block

AMSTERDAM, May 19 (Reuters) - Dutch mail company TNT NV (TNT.AS) said on Tuesday it was in talks with the German publishing house Georg von Holtzbrinck about forming a possible distribution partnership.

"Although there is still no level playing field in the German postal market, due to the ongoing uncertainties regarding minimum wage and VAT, TNT remains interested to strengthen its current position," TNT said in a statement.

TNT, Europe's second-largest mail and express group after Deutsche Post (DPWGn.DE), said it issued its statement to confirm earlier reports in the German press.

German business daily Financial Times Deutschland had earlier reported, citing no sources, that the family-owned company Holtzbrinck was looking for a partner for its post business and was in negotiations with Dutch TNT.

The report added TNT would get 50 percent of Berlin-based PIN Mail AG and 25 percent each of Holtzbrinck's other regional postal services.

"We are in the midst of talks to see how a transaction can take shape," TNT spokesman Ernst Moeksis said. "The scenarios involve a partnership, using networks or taking a part in a company."

TNT has been battling against what it says is unfair competition in Germany, where Deutsche Post enjoys an exemption on VAT payments. TNT is also locked in a dispute over minimum wage requirements in Germany.

But the spokesman said a partnership with Holtzbrinck would help TNT protect its investment in Germany as it could use Holtzbrinck's network, boosting TNT's own postal service.

TNT has previously raised concerns about its investment in the country.

Shares in TNT were up 1.6 percent at 14.02 euros at 1525 GMT, compared with a 2.1 percent rise in the with DJ Stoxx industrial goods and services index .SXNP. TNT Post has been operating on the German postal market for almost 10 years, building up its distribution networks via partners and acquiring shares in several distribution companies.

Besides Holtzbrinck, TNT has also said it is following British plans to partly privatise Royal Mail and is still investigating possibilities for a deal with the group. (Editing by Hans Peters and Will Waterman)

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6. Chamber critical of postal merger

WINCHESTER — The Top of Virginia Regional Chamber has released a statement expressing its concern about the U.S. Postal Service’s plans to consolidate bulk mail processing from the Pleasant Valley Road post office to a regional mailing center near Washington Dulles International Airport.

“We have heard from many businesses in the region who work everyday with client bulk mailings,” says chamber President and CEO Randy Collins. “This action will cost them a tremendous amount of money and time.”

A recent public hearing on the issue in Winchester was poorly attended, the release says, in part because many local businesses received notice of the meeting late or not at all.

“If consolidation is absolutely necessary,” Collins says, “the postal service may want to consider closing other less efficient facilities in other areas and moving them to Winchester.”

The chamber has requested additional meetings with the postal service so that businesses will have a chance to respond, the release says.

— Daily Staff Report

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