

DISTINGUISHED TRUSTEES

Michael J. Critelli
Chairman and CEO
Pitney Bowes

Richard M. Hochhauser
President & Chief Executive Officer
Harte-Hanks, Inc.

John W. Irvin
President, Catalog and Internet
JCPenney

John P. Loughlin
Executive Vice President & General Manager
Hearst Magazines Division

Ann S. Moore
President & CEO
Time Inc.

Thomas O. Ryder
Chairman and CEO
The Reader's Digest Association, Inc.

Patricia Schroeder
President
Association of American Publishers, Inc.

Larry Sharnak
Executive Vice President & General
Manager of Consumer Lending
& Acquisitions
American Express Company

BOARD OF DIRECTORS

Jerry Cerasale
Senior Vice-President, Government Affairs
Direct Marketing Association, Inc.

Robert J. Colucci
Vice President
Harte-Hanks

Laurel Kamen
Vice President
American Express Company

Alice M. Kijak
Vice President
Global Operations Shared Services
The Reader's Digest Association, Inc.

James R. O'Brien
Vice President, Distribution & Postal Affairs
Time Inc.

EXECUTIVE DIRECTOR

Robert E. McLean
2001 Jefferson Davis Highway, Ste. 1004
Arlington, VA 22202-3617
p 703-418-0390
f 703-416-0014
bmclean@mailers.org
www.mailers.org



MAILERS COUNCIL

September 8, 2006

Dear Member of Congress:

The Mailers Council believes the future of the United States Postal Service, the federal agency that touches every one of your constituents and that supports more than 9 million jobs in the mailing industry, is in jeopardy. Because the Postal Service continues to see a steady decline in First-Class mail volume, postage prices will continue to increase and mailing industry jobs will be eliminated—unless the Postal Service can take the necessary steps to reduce its operating costs.

We ask for your support of the Postal Service's plan to help reduce its costs: consolidating some of its 450 mail processing plants, especially those plants that are outdated and that unnecessary because of mail volume changes. Our members, who represent 70% of all mail, believe these consolidations can be done without a decline in service. The Postal Service is committed to these consolidations without laying off one postal employee.

This situation is important to every Member of Congress because the Postal Service remains the vital communications tool for Americans of all ages, and as important, a vital tool of commerce. For Americans who cannot use the Internet, or choose not to because of concerns about the security of their financial information, the Postal Service is their only means of receiving and paying bills, and for receiving parcels, legal notices, magazines and small town newspapers.

The Postal Service can continue to serve this important communications role in the \$9 billion mailing industry if the price of postage remains affordable. That goal is increasingly different for several reasons:

- Each year the Postal Service adds 1.5 million new addresses, requiring the hiring of more employees, the purchase of more vehicles and the building of new post offices.
- Fewer Americans are using the Postal Service, which means that overhead costs are being spread among fewer pieces of mail. As important, First-Class mail, which contributes more than half of all postal revenue, is declining for the first time in history.
- Fuel costs are spiraling, adding hundreds of millions of dollars to transportation costs. And unlike airlines or delivery firms such as FedEx and UPS, the Postal Service cannot add a fuel surcharge whenever it would like to. Instead, it must wait at least nine months after going through a costly, litigious regulatory process.

September 8, 2006

Page -2-

- The Postal Service must contribute \$3.1 billion to a congressionally-mandated escrow account in September—the primary reason why the Postal Service has asked for a postage increase of 8.5% that will go into effect next May or June.
- Employee costs are increasing. This fall all four postal employee unions will negotiate new labor contracts. Since 1971 these employee contracts have included cost of living allowances. With rising interest rates these new contracts will most likely result in significant annual wage increases that the Postal Service passes along to customers every time they buy postage.

In response to higher operating costs and the inescapable fact that First-Class mail volume will continue to decline, the Postal Service has begun a massive cost reduction program to ensure that postage remains affordable. This program has already resulted in the reduction of nearly 100,000 jobs—without major disruption in service. There have been some isolated service issues, but they have been addressed quickly and effectively. As important, and in stark contrast to private sector downsizing plans, not one postal employee has been laid off.

Other cost reduction plans call for eliminating excess capacity in mail processing operations. This includes consolidating older, less efficient mail processing plants that are too small, lack modern loading dock facilities or that are located far from major roadways (important because most mail today travels by road, not by air or train as was the case for many decades).

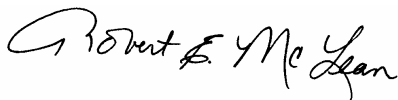
Postal customers, including Mailers Council members, and postal employees have expressed concern that plant consolidations will result in service reductions. Some members of Congress have even proposed legislation that would prohibit plant consolidations. We believe that such legislation would be unwise, unnecessary and could result in higher postage costs for all mailers.

On behalf of the Mailers Council, we encourage you to let the Postal Service continue with its plans to consolidate unnecessary and outdated facilities. Such closings are the only way we can retain affordable postal service in this country. We share the concerns of those who believe service may be harmed, and expect that there may be some temporary problems as postal operations change in response to consolidations. But we believe such service problems will be temporary.

Postmaster General Jack Potter has assured us that he is committed to cutting costs without reducing service to postal customers and is working with the Council to identify and resolve any service problems caused by plant consolidations. We believe Congress should allow the Postal Service to manage its operations—as was intended with passage of the 1970 Postal Reform Act that created the independent Postal Service.

We encourage you to oppose any legislation that would restrict plant consolidations. Please allow the Postal Service to manage its operations so that that all Americans will continue to enjoy both affordable postage and good service.

Sincerely,



Robert E. McLean
Executive Director