



UPS FAILS TO GAG ITS FRANCHISEES

MALIBU, California (May 19, 2004)- Last Friday, May 14 Los Angeles Superior Court Judge Wendall Mortimer, Jr. denied a motion by United Parcel Service (UPS) that would place a media gag order on 160 Mail Boxes Etc. and UPS Store franchisees who are suing UPS.

Howard Siegal, president of the Platinum Shield Association (PSA), a nonprofit franchisee group issued the following statement after Judge Mortimer's ruling.

"This shows that UPS is clearly upset that the facts of this case are starting to get media coverage. UPS has limitless access to the media, yet would deny us our voice."

"The franchisees are suing UPS over the forced conversion of Mail Boxes Etc. stores to The UPS Store. Their contention is UPS had no valid reason to destroy the MBE business model and that the forced conversion to The UPS Store was solely to benefit the UPS shipping business at the expense of the franchisee."

"This corporation breached their fiduciary duty to their franchisees when they withheld 75% of the test results from the six cities where they supposedly verified that the UPS Store business model would be in the best interests of franchisees. This is a case of a \$37 billion business behemoth taking outrageous advantage of mom and pop franchisees."

Howard Spanier, secretary/treasurer of PSA added, "UPS repeatedly states in press releases, interviews and stockholder communications that package counts and royalties are up. The facts that have emerged over the past year clearly show that many UPS Store franchisees are working harder for little or no profit due to maximum pricing mandated by UPS. When margins are razor thin, increased sales do not necessarily translate into profitability. This is why an increasing number of UPS store franchisees are putting their businesses up for sale, walking away or worse yet, declaring bankruptcy."

The PSA suit also contends that UPS, the parent company of Mail Boxes Etc. has breached the franchise agreements of the remaining MBE franchisees. In April of this year, PSA initiated a class action suit on behalf of the 3,000 MBE store owners who chose to convert to the UPS Store model. The next hearing on the case is scheduled for June 29, 2004 in Los Angeles.

NOTE TO EDITORS: Interviews with independent storeowners throughout the United States and copies of court documents are available.

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