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SKYPOSTAL NETWORKS, INC. Wall Street Analyst Forum's 20th Annual Institutional Investor Conference Transcript

Question-and-Answer Session

Unidentified Participant

(inaudible).

Albert Hernandez

No. By 2013, all EU members, European Union members, about 26 countries must deregulate their market. So far UK, Holland, Germany, most of the larger countries have. The CIS countries are in the process, but this is a mandate. If you are in EU, you must deregulate the market. In the United States, there is a possibility that might happen. The USPS of course will fight back and Congress will support it. We don't see ourselves in the US market delivering mail. We see ourselves in the US market competing against the USPS on international, which is a five USPS – I am sorry, \$2.5 billion last year in international mail, of which about 200 million of that was to Latin America.

Unidentified Participant

(inaudible).

Albert Hernandez

Okay. When it comes to mail there is no liability. As you know, the USPS is not liable, no one is ever liable for mail. When it comes to parcels, we offer the first \$100 for free, we self insure on that. Anything over \$100, we charge \$1 per \$100 of valuation. It is not a major issue. Most people do not take insurance. Yes?

Unidentified Participant

(inaudible).

Albert Hernandez

We do business in Mexico, it is our second-largest market.

Unidentified Participant

(inaudible).

Albert Hernandez

It is affecting us to a certain extent, mostly in our favor. The valuation of the businesses that we want to acquire from last year to this year, the valuations have gone down instead of up even though their sales went up. And it is because of this uncertainty as to what is going to happen in general with the government down there.

Unidentified Participant

(inaudible).

Albert Hernandez

No. Generally, mail, it's done by a messenger, either on foot or on a motorbike. Parcels are done with two men on a vehicle, and we must have two men in almost all countries in Latin America because of the high crime and theft issue. But as you know, labor costs are very, very low in most of these countries compared to what we're accustomed to in the United States. UPS, I don't think, or FedEx would put two drivers on a vehicle and survive.

Unidentified Participant

(inaudible).

Albert Hernandez

No. The average value of the items we deliver are under \$200. And in fact, Amazon, the policy that they have, their 40% loss, if you put a claim in as a buyer, the claim that you didn't receive it, they'll just give you a new one, they will send you a new one.

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