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BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH FOREIGN POSTAL OPERATORS CANADA POST CORPORATION – UNITED STATES POSTAL SERVICE CONTRACTUAL BILATERAL AGREEMENT (MC2010-34) NEGOTIATED SERVICE AGREEMENT	Docket No. CP2018-96

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING FUNCTIONALLY EQUIVALENT INBOUND COMPETITIVE MULTI-SERVICE AGREEMENT WITH A FOREIGN POSTAL OPERATOR
(December 15, 2017)

In accordance with 39 C.F.R. § 3015.5 and Order No. 546,[1] the United States Postal Service (Postal Service) hereby gives notice that it has entered into an Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator. This foreign postal operator is Canada Post Corporation (Canada Post). Pursuant to 39 C.F.R. § 3015.5(a), a change in rates not of general applicability must be filed at least 15 days prior to their effective date; in this case, the rates will take effect on January 1, 2018, if approved. This notice concerns only the inbound competitive portions of the multi-product "Canada Post Corporation – United States Postal Service Contractual Bilateral Agreement" (herein referred to as the "Canada Post 2018 Agreement") that the Postal Service seeks to include within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators (MC2010-34) product.[2]

[1] PRC Order No. 546, Order Adding Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 to the Competitive Product List and Approving Included Agreement, Docket Nos. MC2010-34 and CP2010-95, September 29, 2010.
[2] In Order No. 4263, the Postal Regulatory Commission (Commission) recently approved the inbound market-dominant rates within this same Canada Post 2018 Agreement. PRC Order No. 4263, Order Approving Inbound Market Dominant Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Canada Post Corporation), Docket No. R2018-2, December 4, 2017.

Prices and classifications for competitive products not of general applicability for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, issued August 9, 2010 (Governors' Decision No. 10-3).[3]

The Commission previously determined, in Order No. 546 (at 8-10), that the agreement with Koninklijke TNT Post BV and TNT Post Pakketservice Benelux BV that is the subject of Docket No. CP2010-95 (TNT Post Agreement) should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34 and CP2010-95) product. In Order No. 546, the Commission acknowledged that the Postal Service proposed "that additional agreements functionally equivalent to the TNT Agreement be added to the competitive product list as price categories under the Competitive Multi-Service Agreements product."[4] In PRC Order No. 840, the Commission accepted the Postal Service's designation of the TNT Post Agreement "as the baseline agreement for functional equivalency analyses of the

[3] A redacted copy of the Governors' Decision No. 10-3 was filed on August 13, 2010, and is also filed as Attachment 2 of this Notice. An unredacted copy of this Governors' Decision was filed under seal on the same day with the Request of United States Postal Service to Add Inbound Competitive Multi-Service Agreements with Foreign Postal Operators to the Competitive Product List, and Notice of Filing (Under Seal) of Enabling Governors' Decision and Negotiated Service Agreement, Docket Nos. MC2010-34 and CP2010-95, August 13, 2010. That Request may be accessed at the following link: http://prc.gov/Docs/69/69690/MC2010-34_CP2010-95%20Request_Notice.pdf. Another unredacted copy is also being filed separately under seal in this docket.
[4] PRC Order No. 546, at 4.

Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 product."[5]

The Canada Post 2018 Agreement is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the terms of the agreements remain similar in scope and purpose. Although there are variations in the agreements, the agreement share most terms and clauses in common. Accordingly, the Postal Service requests that the Commission include the Canada Post 2018 Agreement within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

The Commission is familiar with the negotiation cycle and regulatory process associated with this long-standing bilateral relationship. In Order Nos. 1088 & 1934, the Commission previously determined that predecessor agreements with Canada Post should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.[6] More recently, the Commission determined in Order No. 2963 that the predecessor agreement with Canada Post (Canada Post 2016 Agreement) that was the subject of Docket No. CP2016-57 should be included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.[7] That agreement is scheduled to expire on December 31, 2017.[8]

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[5] PRC Order No. 840, Order Concerning an Additional Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2011-69, September 7, 2011, at 5.

[6] PRC Order No. 1088, Order Adding an Additional Bilateral Agreement to Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 Product, Docket No. CP2012-4, December 30, 2011, at 7; PRC Order No. 1934, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement (with Canada Post Corporation), Docket No. CP2014-13, December 30, 2013, at 6.

[7] PRC Order No. 2963, Order Approving Additional Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. CP2016-57, December 30, 2015, at 7.

The unredacted Canada Post 2018 Agreement and unredacted supporting financial Excel files establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. An Application for Non-Public Treatment of materials filed under seal is included as Attachment 1. Attachment 2 is a copy of the Governors' Decision No. 10-3, as described in footnote 3, *supra*. A certified statement concerning the Canada Post 2018 Agreement that is required by 39 C.F.R. § 3015.5(c)(2) is included with this filing as Attachment 3. A redacted copy of the Canada Post 2018 Agreement, as modified, is included as Attachments 4 & 5.[9] Redacted versions of the supporting financial documentation are included with this filing as separate Excel files.

Identification of the Additional Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator

The Postal Service believes that, like the Canada Post 2016 Agreement, the Canada Post 2018 Agreement fits within the Mail Classification Schedule (MCS) language included as Attachment A to Governors' Decision No. 10-3.[10] The competitive services offered to Canada Post in the Canada Post 2018 Agreement include rates for inbound parcels and Express Mail Service (EMS).[11] The competitive rates that are the

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[8] *Id.* at 3. The Canada Post 2016 Agreement, which the Commission approved in Order No. 2963 and which is scheduled to expire on December 31, 2017, is also substantially similar to the Canada Post 2018 Agreement.

[9] On December 11 and 12, 2017, the parties executed a "Modification One" to the Canada Post 2018 Agreement. This Modification One affects certain competitive streams under the Canada Post 2018 Agreement, but it does not alter the streams for market-dominant products. A redacted copy of the Modification One is included with this Notice as Attachment 5, and an unredacted copy is being filed separately under seal with the Commission together with the remainder of the agreement. The redacted copy of the Canada Post 2018 Agreement as originally executed on November 17, 2017, is included as Attachment 4.

[10] *See also* Postal Regulatory Commission, (Draft) Mail Classification Schedule, posted January 22, 2017 (with revisions through September 30, 2017), 2515.10 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, at 592-593, available at http://www.prc.gov/mail-classification-schedule.

[11] The inbound competitive rates that are the subject of this filing include the inbound rates appearing in Modification One (as shown in Attachment 5 to this Notice), in addition to the rates that the Postal Service

subject of this docket are intended to become effective on January 1, 2018, and to remain in effect until December 31, 2019, unless terminated sooner.[12]

In this docket, as in PRC Docket No. CP2016-57 concerning the Canada Post 2016 Agreement, the Postal Service presents only the inbound portions of the agreement with Canada Post that concern competitive products. The rates paid by the Postal Service to Canada Post for outbound delivery of competitive postal products to Canada were not presented previously to the Commission and are not presented here. Those rates represent supplier costs to the Postal Service, which are built into the prices that the Postal Service charges its shipping customers for outbound competitive products to be delivered in Canada. An agreement concerning outbound competitive services with Canada Post would no more need to be classified as a product or otherwise subjected to prior Commission review than would an agreement by the Postal Service to purchase trucking services from highway contractors or to purchase air transportation from air carriers.

Application for Non-public Treatment

The Postal Service maintains that the redacted portions of the contract and related financial information should remain confidential.[13] Attachment 1 to this Notice is the Postal Service's application for non-public treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 1.

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is to be paid for competitive products appearing in "Attachment 1 Rates" within the original Canada Post 2018 Agreement (as shown within Attachment 4 to this Notice).

[12] *See* Attachment 4, Article 21.

[13] By the terms of the current bilateral agreement, Canada Post and the Postal Service have consulted and concurred with respect to the agreement's redactions and the justifications in support of the application for non-public treatment.

Functional Equivalency of Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

The inbound competitive portions of the Canada Post 2018 Agreement are materially similar to the inbound portions of the baseline TNT Post Agreement with respect to products and cost characteristics. Similar to the TNT Post Agreement, the Canada Post 2018 Agreement also fits within the parameters outlined by Governors' Decision No. 10-3, which establishes the rates for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators. There are, however, differences between the inbound competitive portions of the Canada Post 2018 Agreement and the inbound portions of the TNT Post Agreement, which include the following:[14]

- The Canada Post 2018 Agreement and the TNT Post Agreement are with different foreign postal operators. As a result, the name and address of the foreign postal operator with which the agreement is made is different in the title, first paragraph, Article 1, Article 20 concerning notice, the signature block, and throughout the agreement.
- The beginning of the Canada Post 2018 Agreement has fewer introductory paragraphs, but includes an additional article Article 1 Definitions.
- The following articles in the Canada Post 2018 Agreement resemble the articles with similar titles that appear in the TNT Post Agreement: Confidentiality (Article 12), Dispute Resolution Process (Article 14), Temporary Suspension of Service (Article 15), Assignment (Article 16), Conditions Precedent (Article 18), Effect of Partial Invalidity (Article 19),

[14] This comparison focuses on the differences between the sections of the Canada Post 2018 Agreement that concern inbound competitive rates and the sections of the TNT Post Agreement that concern inbound competitive rates.

Notices (Article 20), Term (Article 21), Entire Agreement (Article 28), and Amendments to this Agreement (Article 29).

- The Canada Post 2018 Agreement has additional articles, including the following: Quality of Service (Article 4), Rates (Article 5), Terms for the Delivery of EMS Items (Article 6), Terms for Electronic Advance Data Exchange (Article 7), Settlement Principles (Article 8), Transportation Costs (Article 9), Audit (Article 10), Meetings (Article 11), Procedure Respecting USPS Postal Regulatory Commission Filings (Article 13), Waiver (Article 17), Termination (Article 22), Negotiated Commercial Arrangement (Article 23), Compliance with Applicable Laws when Operating in the Other Party's Country (Article 24), Application of the *Universal Postal Convention* (Article 25), Survival of Various Articles of the *1981 Postal Convention* (Article 26), and Previous Bilateral Agreement Superseded (Article 27).
- The inbound competitive rates and the explanatory terms included in Attachment 1 of the Canada Post 2018 Agreement concern negotiated pricing for various inbound competitive products, including parcels and Express Mail Service (EMS).
- Furthermore, additional attachments, which provide greater specificity with respect to a number of competitive products, include the following: Scanning and On-Time Quality of Service Measurement and Pay-for-Performance (Attachment 2); Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada

Post (Attachment 3); Electronic Advance Data Exchange (Attachment 4); Transportation and Operations Initiatives (Attachment 5); Confidentiality Provisions (Attachment 6); Strategic Initiatives (Attachment 7); and Customer Service (Attachment 9).

Because Canada Post 2018 Agreement and the TNT Post Agreement incorporate the same cost attributes and methodology, the relevant cost and market characteristics are similar, if not the same. The Postal Service does not consider that the specified differences affect either the fundamental service that the Postal Service is offering or the fundamental structure of the agreements. Nothing detracts from the conclusion that these agreements are "functionally equivalent in all pertinent respects."[15]

Conclusion

For the reasons discussed, and as demonstrated by the financial data filed under seal, the Postal Service has established that the Canada Post 2018 Agreement is in compliance with the requirements of 39 U.S.C. § 3633 and is functionally equivalent to the TNT Post Agreement, which was included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators (MC2010-34) product. Accordingly, the Canada Post 2018 Agreement should be added to the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators (MC2010-34) product.

[15] PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket No. CP2008-8, June 27, 2008, at 8.

Respectfully submitted,

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ATTACHMENT 1

APPLICATION OF THE UNITED STATES POSTAL SERVICE FOR NON-PUBLIC TREATMENT OF MATERIALS

In accordance with 39 C.F.R. § 3007.21, the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket. The materials pertain to the inbound competitive portions of the multi-service agreement between the Postal Service and Canada Post Corporation (Agreement) filed in this proceeding. The Agreement and supporting documents establishing compliance are being filed separately under seal with the Commission. A redacted copy of the Agreement, as modified, is filed with this notice as Attachments 4 & 5. In addition, a redacted version of the supporting financial documentation is included with this public filing as a separate Excel file.

The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3007.21(c) below.

(1) The rationale for claiming that the materials are non-public, including the specific statutory basis for the claim, and a statement justifying application of the provision(s);

The materials designated as non-public consist of information of a commercial nature that would not be publicly disclosed under good business practice. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).[1] Because the portions of the materials that the Postal Service is

[1] In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial

applying to file only under seal fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

(2) Identification, including name, phone number, and e-mail address for any third-party who is known to have a proprietary interest in the materials, or if such an identification is sensitive, contact information for a Postal Service employee who shall provide notice to that third party;

In the case of this Agreement, the Postal Service believes that the only third party with a proprietary interest in the materials is the counterparty to the agreement. The Postal Service has already informed Canada Post Corporation (Canada Post), in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Ewa Kowalski, Director International Mail Settlement and USPS Relations, Canada Post Corporation, as the appropriate contact on behalf of Canada Post. Ms. Kowalski's telephone number is (613) 734-6201, and her email address is ewa.kowalski@canadapost.ca.[2]

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transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

[2] In the event of a request for early termination of non-public treatment under 39 C.F.R. § 3007.31, a preliminary determination of non-public status under 39 C.F.R. § 3007.32, or a request for access to non-public materials under 39 C.F.R. § 3007.40, the Postal Service notes, on Canada Post's behalf, that differences in the official observation of national holidays might adversely and unduly affect Canada Post's ability to avail itself of the times allowed for response under the Commission's rules. In such cases, Canada Post has requested that the Postal Service convey its preemptive request that the Commission account for such holidays when accepting submissions on matters that affect Canada Post's interests. A listing of Canada Post's holidays can be found at

(3) A description of the materials claimed to be non-public in a manner that, without revealing the materials at issue, would allow a person to thoroughly evaluate the basis for the claim that they are non-public;

In connection with its notice filed in this docket, the Postal Service included an Agreement and financial workpapers associated with that Agreement. These materials were filed under seal, with redacted copies filed publicly, after notice to the affected postal operator. The Postal Service maintains that the redacted portions of the Agreement and related financial information should remain confidential.

With regard to the Agreement filed in this docket, the redactions withhold the actual prices being offered between the parties under the Agreement, as well as the particulars of financial performance incentives and assignments of liability, certain thresholds for eligibility for discounted services, and the specific products that the parties have agreed to make the focus of their collaborative development for the North American market. The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, negotiated pricing, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

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https://www.canadapost.ca/web/en/kb/details.page?article=find_out_operating_h&cattype=kb&cat=sending&subcat=generalinformation.

(4) Particular identification of the nature and extent of commercial harm alleged and the likelihood of such harm;

If the portions of the Agreement that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about negotiated pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practice. Foreign postal operators could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to foreign postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. If the areas in which Canada Post and the Postal Service intend to collaboratively develop new products and services were to be disclosed publicly, their competitors could use this information to preemptively enter the market in those areas. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial workpapers include specific information such as costs, assumptions used in pricing decisions, the negotiated prices themselves, projections of variables, and contingency rates included to account for market fluctuations and exchange risks. All of this information is highly confidential in the business world. Competitors would be able to take advantage of the

information to offer lower pricing to postal customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the Agreement or from the information in the workpapers whether additional margin for net contribution exists under the Agreement's prices. The settlement charges between the Postal Service and the foreign postal operator constitute costs underlying the postal services offered to each postal operator's customers, and disclosure of this cost basis would upset the balance of Postal Service negotiations with contract customers by allowing them to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each foreign postal operator or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the foreign postal operator involved in the Agreement at issue in this docket could use the information in the workpapers in an attempt to renegotiate the rates in its instrument by threatening to terminate its current Agreement.

Price information in the Agreement and financial spreadsheets also consists of sensitive commercial information of the foreign postal operator. Disclosure of such information could be used by competitors of the foreign postal operator to assess the foreign postal operator's underlying costs, and thereby

develop a benchmark for the development of a competitive alternative. The foreign postal operator would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

(5) At least one specific hypothetical, illustrative example of each alleged harm;

Harm: Public disclosure of the prices in the Agreement, as well as any negotiated terms, would provide foreign postal operators or other potential customers extraordinary negotiating power to extract lower rates from the Postal Service.

Hypothetical: The negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the price and determines that there may be some additional available margin below the rates provided to either operator. The other postal operator, which was offered rates comparable to those published in the Agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered.

Harm: Public disclosure of information in the financial workpapers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing delivery service obtains unredacted versions of the financial workpapers from the Postal Regulatory Commission's website. The competing delivery services analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to comply with business or legal considerations regarding cost coverage and contribution to institutional costs. The competing delivery service then sets its own rates for products similar to what the Postal Service offers its customers below that

threshold and markets its purported ability to beat the Postal Service on price for international delivery services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of one or more relevant international delivery markets. Even if the competing providers do not manage wholly to freeze out the Postal Service, they will significantly cut into the revenue streams upon which the Postal Service relies to finance provision of universal service.

Harm: Public disclosure of information in the financial workpapers would be used detrimentally by the foreign postal operator's competitors.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to assess the foreign postal operator's underlying costs for the corresponding products. The competitor uses that information as a baseline to negotiate with U.S. companies to develop lower-cost alternatives. Disclosure of the inbound rates charged by the foreign postal operator for delivery within its territory would also subject it to the same risks identified in the hypotheticals above.

(6) The extent of protection from public disclosure deemed to be necessary;

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international delivery products (including both private sector integrators and foreign postal operators), as well as

their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products (including other postal operators) should not be provided access to the non-public materials. This includes the counterparty to the Agreement with respect to all materials filed under seal except for the text of the postal operator's Agreement, to which that counterparty already has access.

(7) The length of time deemed necessary for the non-public materials to be protected from public disclosure with justification thereof; and

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30.

(8) Any other factors or reasons relevant to support the application.

None.

Conclusion

For the reasons discussed, the Postal Service asks that the Commission grant its application for non-public treatment of the identified materials.

"RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE"

DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR INBOUND COMPETITIVE MULTI-SERVICE AGREEMENTS WITH FOREIGN POSTAL OPERATORS (GOVERNORS' DECISION NO. 10-3)

August 6, 2010

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices. This decision establishes prices by setting price floor and price ceiling formulas for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators. The agreements to which these prices will apply are described in Attachment A.[1] The pricing formulas and management's analysis of the appropriateness of these formulas are specified in Attachment B. We have reviewed that analysis and have concluded that the prices and classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. Agreements that fall within the terms specified in Attachment A, and whose prices fall within the price ranges established by the price floor and price ceiling formulas specified in Attachment B, are hereby authorized.

The PAEA provides that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. We are satisfied that the prices established according to the formulas listed in Attachment B will enhance the Postal Service's ability to meet the applicable statutory and regulatory requirements. We accept and rely upon the certification in Attachment C that the correct cost inputs for the formulas have been identified. In addition, the price floor formulas should produce prices that allow each product to cover attributable costs and

[1] Because the Postal Service is creating a new grouping for Inbound Competitive Multi-Service Agreements with Foreign Postal Administrations, entirely new Mail Classification Schedule language is proposed.

provide a contribution toward the Postal Service's institutional costs. The prices should thus prevent cross-subsidies from market dominant products. As noted in the certification in Attachment C, entry into agreements pursuant to this Decision should not impair the ability of competitive products as a whole to cover an appropriate share of institutional costs.

No agreement authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3).

ORDER

In accordance with the foregoing Decision of the Governors, the formulas set forth herein, which establish prices for the applicable Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:

Louis J. Giuliano
Chairman

Attachment A

Description of Applicable Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

2614 Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

2614.1 Description

a. Inbound Competitive Multi-Service Agreements with Foreign Postal Operators provide prices for acceptance, transportation within the United States, and delivery of any combination of Inbound Air Parcel Post, Inbound Surface Parcel Post, Inbound Direct Entry, and/or Inbound International Expedited Services (Express Mail Service) tendered by foreign postal operators. These constituent services may include other services that the relevant foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in a similar manner within the United States Postal Service's network. Such agreements may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

b. Inbound Competitive Multi-Service Agreements with Foreign Postal Operators may set forth general operating terms and conditions, on-time delivery and scanning service performance targets and standards, specifications for mail product categories and formats, processes for indemnity, and shared transportation arrangements that modify the requirements generally applicable to the services covered by each agreement.

c. Items tendered under Inbound Competitive Multi-Service Agreements with Foreign Postal Operators items are either sealed or not sealed against inspection, according to the general nature of each underlying service.

2614.2 Size and Weight Limitations

Size and weight requirements are the requirements for Inbound Air Parcel Post at UPU Rates, Inbound Surface Parcel Post (at UPU Rates), Inbound Direct Entry, and Inbound International Expedited Services (Express Mail Service), respectively, subject to any applicable country-specific modifications.

2614.3 Optional Features

The Postal Service may offer such optional features as may be mutually agreed with the relevant foreign postal operator.

2614.4 Products Included in Group (Agreements)

- Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-X, CP2010-X)

"Restricted and Sensitive Business Information - Do Not Disclose."

Attachment B

Formulas for Prices Under Applicable Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

[redacted]

"Restricted and Sensitive Business Information - Do Not Disclose."

[redacted]

Attachment C

Certification of Prices for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators

I, Joseph Moeller, Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the price formulas for Inbound Competitive Multi-Service Agreements with Foreign Postal Operators, which are set forth in Attachment B. I hereby certify that these formulas adequately represent all necessary cost elements. If the Postal Service were to enter into agreements and offer services that set prices above the price floors, the Postal Service would be in compliance with 39 U.S.C. § 3633(a)(1), (2), and (3). The price floor formulas are designed to ensure that each agreement and service should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. In Fiscal Year 2009, all international competitive mail accounted for a relatively small percentage of the total contribution by all competitive products. Contribution from Inbound Competitive Multi-Service Agreements with Foreign Postal Operators should be much smaller. Even if all such agreements are signed with prices at the price floor, they should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Joseph Moeller

CERTIFICATION OF GOVERNORS' VOTE IN THE GOVERNORS' DECISION NO. 10-3

I hereby certify that the Governors voted on adopting Governors' Decision No. 10-3, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.

Julie S. Moore

Date: 8-9-2010

Julie S. Moore
Secretary of the Board of Governors

Certification of Prices for the Inbound Competitive Multi-Service Agreement with Canada Post Corporation (Canada Post)

I, Stephen Phelps, Manager of Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the inbound competitive prices for the Canada Post Corporation - United States Postal Service Contractual Bilateral Agreement executed in 2017. The prices contained in this agreement were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Inbound Competitive Multi-Service Agreement, issued August 6, 2010 (Governors' Decision No. 10-3).

I hereby certify that the cost coverage for the agreement with Canada Post has been appropriately determined and represents the best available information. The prices are in compliance with 39 U.S.C. § 3633(a)(1), (2), and (3). The prices demonstrate that the agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from this agreement should be much smaller. The agreement with Canada Post should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven R. Phelps

Digitally signed by Steven R. Phelps
DN: cn=Steven R. Phelps, o=United States Postal Service, ou=Pricing & Costing, email=steven.r.phelps@usps.gov, c=US
Date: 2017.12.15 08:18:40 -05'00'

Steven R. Phelps

CANADA POST CORPORATION – UNITED STATES POSTAL SERVICE CONTRACTUAL BILATERAL AGREEMENT

BETWEEN

CANADA POST CORPORATION,
a corporation incorporated under the
Canada Post Corporation Act, R.S.C. 1985,
c. C-10 as amended, and having its head
office in the City of Ottawa in the Province
of Ontario

AND

THE UNITED STATES POSTAL SERVICE,
an independent establishment of the Executive
Branch of the United States Government
having its headquarters in the City of
Washington, District of Columbia

This Agreement governs the exchange, between Canada Post Corporation and the United States Postal Service, of the international products and services addressed in this Agreement (the "International Products and Services") and sets out quality objectives and standards as well as "Pay-for-Performance" incentives for meeting the prescribed quality standards.

NOW THEREFORE in consideration of the mutual covenants set out in this Agreement, Canada Post Corporation and the United States Postal Service agree as follows:

1. Definitions

In this Agreement, the following terms shall have the meanings set out below:

"Parties" means Canada Post Corporation ("Canada Post" or "CPC") and the United States Postal Service ("USPS").

2. Purposes of this Agreement

The purposes of this Agreement are the following:

(a) to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;

(b) to set out the principles and general terms and conditions that shall apply to the exchange of International Products and Services between the Parties; and

(c) to set out the rates that will apply to the exchange of International Products and Services between the Parties.

3. Guiding Principles of the Agreement

(a) The Parties agree to work together to improve the quality of postal services between Canada and the United States in order to better serve the North American market, within the scope of the services they currently provide or may provide during the term of this Agreement. In particular, the Parties agree to provide access to each other's operating networks and services in such a way that for each service provided, to the extent practicable:

(i) excellence in quality of service performance will be attained and maintained;

(ii) the flexibility required to meet changing market, regulatory, and logistical conditions will be supported;

(iii) the costs to each Party of providing services will be minimized; and

(iv) settlement and payment processes will be electronically-based to the extent practicable, with the objective being to make such processes efficient, timely, and specific to each particular service or type of service.

(b) Each Party agrees to commit the necessary resources to collaborate on product development, enhancements to current products, and specified value-added services required to meet the ever-evolving needs of their customers.

4. Quality of Service

In order to encourage commitment to achievement of high levels of on-time delivery performance and high levels of delivery confirmation scan performance, the Parties agree to continued on-time measurement systems and to Pay-for-Performance arrangements as set out in Attachment 2 – Scanning and On-Time Quality of Service and Pay-for-Performance.

5. Rates

(a) The Parties agree that for each of the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post, the Agreement on the International Exchange of Exprès Packets between the U.S. Postal Service and Canada Post, and any other services for which a specific agreement with its own terms and conditions is added to this Agreement as an attachment, any adjustments to the rates for the services shall be subject to the terms and conditions of the applicable attached specific agreement.

(b) Each Party agrees that for the services, other than those that are the subject of clause (a), that the other Party provides to it during each of the periods specified in Attachment 1, the first-mentioned Party shall pay the other Party the applicable rates specified in Attachment 1. If the rates are to be amended during the Term, the amendment must be made as an amendment to this Agreement.

6. Terms for the Delivery of EMS Items

Subject to Article 28, the terms and conditions for the delivery of EMS items shall be governed by the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post which is Attachment 3 to this Agreement.

7. Terms for Electronic Advance Data Exchange

The terms and conditions of exchanging Electronic Advance Data ("EAD," also known as "Advance Electronic Data" or "AED") are set out in Attachment 4.

8. Settlement Principles

(a) The Parties are committed to the settlement of accounts according to the following principles:

(i) use of monthly billing, settlement and payment for streams of mail exchanged between the Parties using agreed-upon interim values where applicable;

(ii) generation of independent bills of account for northbound and southbound mail based on the use of PREDES data;

(iii) quarterly exchange of monthly sampling and preliminary weight data; and

(iv) annual settlement of accounts using agreed-upon final values where applicable.

9. [redacted] Transportation Costs

The terms and conditions [redacted] transportation costs shall be governed by Attachment 5.

10. Audit

The Parties reserve the right to review, in accordance with a mutually agreed to schedule, the account settlement processes and practices used by each in association with the acceptance, dispatching, recording, and accounting for the volumes exchanged under this Agreement. Notwithstanding the foregoing, each Party reserves the right to restrict access to information it deems to be commercially-sensitive, except as specifically set forth elsewhere in this Agreement, including in Attachments 4 and 6.

11. Meetings

(a) The Parties shall hold an annual meeting during each calendar year of the Term. At each annual meeting, the Parties will discuss and review the following:

(i) the services being provided and any adjustments required;

(ii) the addition or deletion of any services;

(iii) implementation of plans outlined in the Agreement;

(iv) general compliance with this Agreement; and

(v) any rate adjustments proposed by either Party.

(b) In addition, the Parties may hold *ad hoc* meetings as required to deal with specific issues.

(c) The Parties agree to hold meetings on operational and accounting issues at least three times a year, with operational and accounting representatives of both Parties present.

12. Confidentiality

(a) Confidential information shared in connection with this Agreement is subject to the confidentiality provisions that are set out in Attachment 6 of this Agreement.

(b) The Parties, through the USPS Chief Privacy Officer and Canada Post's General Manager, Compliance and Chief Privacy Officer, respectively (each being the Party in question's "Privacy Representative") shall keep each other apprised of significant changes in the administration of records pertaining to individual customers of international mail and the content of those records. In

particular, each Party's Privacy Representative shall advise the other of any significant changes in connection with the following:

(i) the purposes for which the other Party may use records about individual customers of international mail;

(ii) the implementation of adequate measures to safeguard those records;

(iii) measures to segregate those records;

(iv) the time period for which those records may be kept; and

(v) the manner in which that information is to be destroyed when the relevant time period has expired.

(c) If after having received information of a change under clause (b) the receiving Privacy Representative has a concern, the other Privacy Representative shall give due consideration to the receiving Privacy Representative's concerns with the objective, to the extent possible, of resolving the concern to the mutual satisfaction of both Parties.

13. Procedure Respecting USPS Postal Regulatory Commission Filings

(a) The USPS represents that as part of its legislated requirement to secure the U.S. Postal Regulatory Commission ("PRC") approval of this Agreement and in other subsequent regulatory filings, the USPS is required to file this Agreement and supporting documentation with the PRC in a docketed proceeding. Given that this Agreement contains confidential information of CPC, the disclosure of which could cause harm to CPC, the USPS shall, prior to filing any part of this Agreement with the PRC or any redacted version of any part of this Agreement, consult with CPC with the objective of achieving consensus between the Parties with respect to the scope of what the USPS will file, particularly:

(i) the parts of the Agreement that are to be identified as non-public and claimed as exempt from disclosure;

(ii) the placement of any redactions that are to appear in place of the parts identified as non-public; and

(iii) the wording that the USPS proposes to use in its applications for non-public treatment of the materials claimed as exempt from disclosure.

(b) CPC further understands that any unredacted portion of the Agreement and any redactions and supporting information will be available on the PRC's public website, www.prc.gov. In addition, the USPS is required to file other information in connection with this Agreement (including the USPS's revenue, the USPS's cost, or the USPS's volume data) in other PRC dockets, including under the Commission docket numbers for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which the Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR201#, in which ACR201# signifies the USPS fiscal year to which the ACR pertains. For filings in PRC dockets, the Parties agree that the provisions of clause (a) shall be read with the objective of the Parties always reaching a consensus with respect to the parts of the material to be filed that are to be identified as non-public and the wording of any redactions and submissions.

c) Notwithstanding paragraphs (a) and (b), the USPS shall continue the redaction of or public disclosure of information connected to this Agreement in "Routine Filings" consistent with its practice of such filings in the period from 2009-the present. In such Routine Filings, the notice and consultations requirements of paragraphs (a), (b), and (d) shall not apply. [redacted]

[redacted]

(d) The USPS agrees that CPC at all times maintains the right, in accordance with the PRC's rules, to address CPC's confidentiality concerns directly with the PRC. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is published as Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website at www.prc.gov/Docs/63/63467/Order225.pdf. With the exception of the matters identified in clause (c) above, the USPS will provide CPC with timely notice of the docket numbers of all PRC proceedings in which the USPS has a filing requirement that may involve disclosure to the PRC of sensitive matters related to this Agreement or other confidential information of CPC.

(e) Without limiting the generality of the other clauses of this Article, the USPS represents that one aspect of its filing requirements is to give notice to the PRC as to which parts of the Agreement are to be added to the competitive products list and which are to be added to the market dominant products list. In this regard, both Parties acknowledge that what may be identified as competitive products and what may be identified as market dominant products in any filing with the PRC are so identified with respect to the U.S.A. market only and would not necessarily have the same classification in the Canadian market.

(f) CPC also acknowledges that USPS shall furnish an unredacted copy of this Agreement to the U.S. Department of State with a request that the unredacted copy be treated as sensitive and non-public. USPS may also be required by law to provide redacted and/or unredacted copies of the Agreement other United States government entities exercising their oversight, law enforcement, or regulatory jurisdiction; to the extent that USPS provides unredacted copies of the Agreement, USPS shall provide Canada Post with advance notice of such disclosures and shall request that the unredacted copies be treated as sensitive and non-public.

14. Dispute Resolution Process

(a) Except as otherwise provided in this Agreement, the Parties will endeavour to resolve all disputes between the Parties relating to this Agreement at the level of their respective representatives identified in Article 20.

(b) If a dispute still cannot be resolved, the Parties will escalate it up within their respective organizations. If the dispute cannot be resolved even after it has been escalated to the top level in each organization, *i.e.,* the level of Canada Post's President and United States Postal Service's Postmaster General (or the equivalents to those positions at the time), then, if there is still no resolution, the Parties shall engage in non-binding mediation. If a resolution still cannot be found, the Parties agree to submit the dispute to binding arbitration to take place in Windsor, Ontario (Canada) or Detroit, Michigan (USA). The Parties shall alternate between these locations for each separate dispute, with the first such arbitration proceeding being held in Windsor, or another

mutually agreed to location, under the Rules of Arbitration of the International Chamber of Commerce (ICC) by three arbitrators appointed in accordance with the Rules. For any reason, which shall include but not be limited to the partial or full enforcement of a binding judgment by the arbitrators, either Party may enter said judgment or an award of the arbitrators in any court of competent jurisdiction in the country of the Party against whom the judgment or award is to be enforced.

15. Temporary Suspension of Service

Except for payment obligations, neither Party shall be liable for temporary suspension of services, delays, or inability to perform due to causes outside of its reasonable control including, but not limited to, acts of God, natural disasters, or labour disruptions. On-Time and Scanning Pay-for-Performance objectives and penalties shall, however, be adjusted to take account of the temporary service suspensions, delays or inability to perform due to causes outside a Party's reasonable control.

16. Assignment

Neither Party may assign this Agreement without the prior written consent of the other Party.

17. Waiver

(a) No delay or omission by either Party to exercise any right or power accruing upon any non-compliance or default by the other Party with respect to any of the terms of this Agreement shall be construed as a waiver of such non-compliance or default.

(b) A waiver by either of the Parties of any breach of the terms of this Agreement shall not be construed to be a waiver of any preceding or succeeding breach.

(c) A Party shall not be deemed to have waived any matter under this Agreement unless that Party has given the other Party a written notice that the first-mentioned Party has waived the matter in question.

18. Conditions Precedent

(a) For purposes of this Article and Article 21:

1. "southbound rates" include any rates for items originating in Canada and delivered in the United States, as well as international business reply service or international merchandise return service for which the return leg originates in the United States, and such rates are classified as "market dominant" or "competitive" under the Mail Classification Schedule, and
2. "northbound rates" include any rates for items originating in the United States and delivered in Canada, as well as international business reply service or international merchandise return service for which the return leg originates in Canada.

(b) At the time of signing this Agreement, CPC represents and warrants that it has obtained all necessary approvals for the comprehensive package of rates set out in this Agreement.

(c) The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving approvals from, and/or non-objection by, (hereinafter "Conditions Precedent") one or more internal and external bodies that have oversight responsibilities, and such approvals may apply to certain mail flows after the Effective Date of this Agreement set forth in Article 21. Conditions Precedent may include but are not limited to: approvals or, if applicable, non-objection, from USPS senior management, the Governors of the USPS, the Board of Governors of the USPS, and the U.S. Postal Regulatory Commission. At the time of signing this Agreement, the USPS represents and warrants that the only Conditions Precedent remaining to be fulfilled on its side are the rate approvals required from the PRC for the southbound market dominant rates and the southbound competitive rates.

(d) The Parties acknowledge that the Agreement or rates in connection with certain flows might not be approved by the PRC. Until such time as the Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS or CPC and no benefit or rights granted through this Agreement or portion thereof, as appropriate, shall inure to either Party unless and until the Conditions Precedent shall have been fulfilled.

(e) In the event that the Conditions Precedent are not fulfilled, the USPS and CPC shall have no liability, which shall include no obligation to pay costs associated with any action taken by CPC prior to the fulfilment of Conditions Precedent. Further, in the event of the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

19. Effect of Partial Invalidity

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the Parties agree that the remaining provisions shall be deemed to be in full force and effect.

20. Notices

(a) For each of the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post, the Agreement on the International Exchange of Exprès Packets between the U.S. Postal Service and Canada Post, and any other services for which a specific agreement setting out its own terms and conditions is added to this Agreement as an attachment, notices, requests, or other communications with respect to the specific agreement and the services provided under it shall be given in accordance with the terms and conditions of the relevant attachment without reference to any aspect of the notice provisions that are set out here in the body of this Agreement. All other notices, requests, or other communications required or permitted to be given under this Agreement ("Notices") shall, unless otherwise specifically provided for in this Agreement, be given in writing in accordance with clause (b).

(b) Notices may be:

(i) personally delivered,

(ii) sent by EMS, or email, or

(iii) sent by facsimile to a number provided in each Party's entry in the UPU List of Addresses

to each of the Parties at its respective address as follows:

to United States Postal Service,

MANAGING DIRECTOR
GLOBAL BUSINESS
475 L'ENFANT PLAZA SW ROOM 5012
WASHINGTON DC 20260-0004
USA
[redacted]

and to Canada Post,

DIRECTOR
INTERNATIONAL RELATIONS
2701 RIVERSIDE DRIVE SUITE N0220
OTTAWA ON K1A 0B1
CANADA
[redacted]

and to such other individuals or addresses of which the Parties may advise the other by Notices from time to time.

(c) Any Notice sent by facsimile shall be deemed to have been received by the Party to whom it was addressed on the day following the day on which it was sent.

(d) Either Party may change its address for Notice to another address by Notice to the other Party given in accordance with clause (b). All addresses for Notice must be addresses to which Notices can be personally delivered.

21. Term

(a) The intended Effective Date for the southbound rates and the northbound rates in this Agreement shall be January 1, 2018, subject to Article 18. This Agreement and its Attachments shall bind the Parties for the period beginning on the intended Effective Date and ending on December 31, 2019 (the "Term"), unless terminated earlier in accordance with Article 22. Notwithstanding the intended Effective Date, upon the later date of both Parties' signatures, the Parties shall perform the steps necessary for approvals of the Agreement under Articles 13 and 18, and shall further preserve confidentiality under the terms required by Article 12 and Attachment 6, even if such approvals are not obtained.

(b) USPS will inform Canada Post once the U.S. Postal Regulatory Commission has completed its review of the southbound rates, which may occur on different dates for southbound market dominant and competitive rates.

22. Termination

(a) Subject to clause (b), either Party may terminate this Agreement without cause upon at least 90 days' written notice to the other Party. However, if this Agreement is terminated under the preceding sentence, each of the specific agreements that are attached to this Agreement shall be deemed to be unaffected by such termination, to the extent that those agreements contain an express method of termination. Each of the specific agreements that are attached to this Agreement may be terminated only in accordance with the terms and conditions of that specific agreement.

[redacted]

23. Negotiated Commercial Arrangement

Each of the Parties acknowledges that this Agreement sets out the terms and conditions of a negotiated commercial arrangement between the Parties and is not an agreement entered into or subject to international law. This Agreement is binding only on the United States Postal Service and on Canada Post Corporation as a Crown corporation.

Nothing in this Agreement shall be deemed to create, either express or implied, the power in either Party to bind the other. Neither Party shall be bound by the actions of the other, be liable for the debts of the other, or have a right to share in the profits of the other. This Agreement is not intended to be a joint venture, partnership, or other formal business organization, and neither Party is under any obligation to enter into any further agreement with, or make any additional compensation to, the other Party.

24. Compliance with Applicable Laws when Operating in the Other Party's Country

Nothing in this Agreement shall relieve a Party of its obligation to comply with the laws in force in the other Party's country with respect to any operations that the first-mentioned Party carries out in the other Party's country.

25. Application of the *Universal Postal Convention*

For the period during which both Parties are signatories to the *Universal Postal Convention*, the obligations of the Parties under the *Universal Postal Convention* remain in effect except to the extent that this Agreement defines other terms and conditions or arrangements between the Parties, in which case this Agreement shall take precedence.

26. Survival of Various Articles of the *1981 Postal Convention*

With respect to the "Postal Convention between Canada and the United States of America" that was signed on September 10, 1981, and September 14, 1981, by the Postmasters General of Canada and the United States (the "*1981 Postal Convention*"), the Parties agree to apply Article 7 and Article 23 of the *1981 Postal Convention* and shall consider taking such steps as necessary to suspend the outdated provisions of the *1981 Postal Convention* and in any event, between the Parties, the Parties shall consider those outdated provisions to be suspended.

27. Previous Bilateral Agreement Superseded

The Canada Post – United States Postal Service Bilateral Agreement that was signed on December 16, 2015, by the United States Postal Service as represented by its Vice President and Managing Director, Global Business, Giselle Valera, and signed on December 20, 2015 by Canada Post as represented by its Group President, Physical Delivery Network, Jacques Côté, is superseded by this Agreement as of January 1, 2018 assuming all Conditions Precedent are satisfied.

28. Entire Agreement

(a) This Agreement, including the Attachments listed in clause (b) and any other document or portion of a document that is expressly incorporated into this Agreement by reference, constitutes the entire umbrella agreement between the Parties for the exchange of International Products and Services, and no representations, negotiations, or conditions either oral or written shall bind the Parties except as expressly set out in this Agreement.

(b) The Attachments to this Agreement as of the signing date are as follows:
Attachment 1 - Rates
Attachment 2 - Scanning and On-Time Quality of Service Measurement and Pay-for-Performance
Attachment 3 - Modified Agreement On The International Exchange of EMS Items between The U.S. Postal Service and Canada Post
Attachment 4 - Electronic Advance Data Exchange

Attachment 5 - Terms For [redacted] Transportation and Operations Initiatives
Attachment 6 - Confidentiality Provisions
Attachment 7 - Strategic Initiatives
Attachment 8 - Agreement on The International Exchange of Exprès Packets Between The U.S. Postal Service and Canada Post
Attachment 9 - Customer Service

(c) Subject to Article 13, the entire Agreement, or portions thereof, will be filed with the U.S. Postal Regulatory Commission with a notice to add it to the competitive and/or market dominant products lists.

(d) Except as set forth in Article 27, nothing in this Agreement is intended to derogate from the obligations under other effective agreements to which both Parties are also signatories. Such agreements include, but are not limited to, the effective multilateral agreements among the members of the Kahala Posts Group (KPG) to the extent that both Canada Post and USPS are signatories to such other agreements, which may include the KPG Members Agreement and KPG Strategic Service Agreement into which the Parties may enter each year. Except as set forth in subsection (e), to any extent any such other agreements are construed as inconsistent with the terms of this Agreement (including its Attachments), the terms of this Agreement shall govern.

(e) During the time period when both this Agreement as well as the "Agreement for the Electronic Exchange of Customs Data," Version 6.1 (23 September 2016) remain in effect between the Parties, their terms shall be applied in the following order of precedence when interpreting them in the case of any doubt, ambiguity, conflict, or dispute:

1. The terms of Attachment 4 to this Agreement.
2. The terms of the Agreement for the Electronic Exchange of Customs Data, Version 6.1 (23 September 2016).
3. The terms of this Agreement, including its Attachments except for Attachment 4.

29. Amendments to this Agreement

(a) This Agreement may be amended, or extended, only by mutual written agreement signed by authorized representatives of Canada Post Corporation and the United States Postal Service.

(b) Any amendments may be contingent upon each Party obtaining not only its own executive or board approvals, but also approvals or non-objections from governmental bodies that have oversight responsibility. Each of the Parties shall attempt to obtain all such approvals prior to signing any amendment; to the extent either of them has not been able to do so, however, the amendment shall describe the approvals that have not yet been obtained and provide that the amendment will not become effective until such time as all required approvals have been given.

This Agreement is made in duplicate between:

United States Postal Service

Signature

Cliff Rucker
Senior Vice President
Sales and Customer Relations

11/17/2017
Date

Canada Post Corporation

Signature

Doug Ettinger
Chief Commercial Officer

Nov. 17, 2017
Date

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ATTACHMENT 1
RATES

Rates for the Contractual Bilateral Agreement between Canada Post Corporation and the United States Postal Service

Terminal dues rates listed in the tables included below are product stream rates per item and per kilogram stated in Special Drawing Rights (SDRs) unless noted otherwise. The rates are set on the conditions that current work sharing arrangements are substantially maintained. Any changes to current work sharing (i.e., sortation and preparation) arrangements will be subject to negotiation and mutual agreement first being reached including, but not limited to, agreement as to any impact on pricing.

2018 – 2019 Bilateral Rates

Service	Stream	2018 Rates		2019 Rates	
Northbound		item	kg	item	kg
Tracked Letter Post*					
[redacted]	[redacted]				
Registered					
Parcels					
[redacted]	[redacted]				
Express Mail Service (EMS)					
[redacted]EMS Bag	[redacted]				
[redacted]EMS Container	[redacted]				
[redacted]EMS Bag	[redacted]				
[redacted]EMS Container	[redacted]				
[redacted]EMS [redacted]	[redacted]				
[redacted]EMS [redacted]	[redacted]				
Merchandise Returns					
IMRS Parcels (CPC pays USPS)	[redacted]				

Service	Stream	2018 Rates		2019 Rates	
Southbound		item	kg	item	kg
Tracked Letter Post					
[redacted]ePacket Bag*	[redacted]				
[redacted]ePacket Container*	[redacted]				
[redacted]IPA ePacket Bag	[redacted]				
[redacted]IPA ePacket Container	[redacted]				
Registered					
Parcels					
[redacted]Expedited Parcels Bag	[redacted]				
[redacted]Expedited Parcels Container	[redacted]				
[redacted]Priority Parcels Bag	[redacted]				
[redacted]Priority Parcels Container	[redacted]				
Express Mail Service (EMS)					
[redacted]EMS Bag	[redacted]				
[redacted]EMS Container	[redacted]				
[redacted]EMS Bag	[redacted]				
[redacted]EMS Container	[redacted]				
Merchandise Returns					
IMRS Parcels (USPS pays CPC)**	[redacted]				

2018 – 2019 Non-Bilateral (UPU) Default Rates

The rates in the tables below appear for informational purposes only and are not established by this Agreement. The rates listed below are the base terminal dues rates for 2018 and 2019 established by the UPU through the Convention Article 29. [redacted]

Service			2018 Rates		2019 Rates	
Northbound	**Stream**	**UPU Format**	**item**	**kg**	**item**	**kg**
Non-Tracked Letter Post*						
Priority Letter Tray	[redacted]					
Priority Flat Tray						
Priority Packet Bag						
Priority Packet Container						
Priority M-Bag						
IPA Letter Tray						
IPA Flat Tray						
IPA Bag						
SAL Letter Tray						
SAL Flat Tray						
SAL Bag						
SAL Container						
SAL M-Bag						
Non Billable Services						
Empty Equipment						
Return to Sender - Letter Post						
Return to Sender - Parcels						

[redacted]

Service			2018 Rates		2019 Rates	
Southbound	**Stream**	**UPU Format**	**item**	**kg**	**item**	**kg**
Non-Tracked Letter Post*						
Priority Letter Tray	[redacted]					
Priority Flat Tray						
Priority Packet Bag						
Priority Packet Container						
Priority M-Bag						
Priority IPA Letter Tray						
Priority IPA Flat Tray						
Priority IPA Bag						
Priority IPA Container						
Non-Priority Flat Tray						
Non-Priority Large Container (Flat Trays)						
Non-Priority Large Container						
Non-Priority M-Bag						
Non Billable Services						
Empty Equipment						
EMS Returns						
Missent - US to US						

[redacted]

Specifications of Mail Product Categories and Formats

The rates for the stream categories above shall be based upon the following format and product definitions:

Letters — Any piece which has:
- a length less than or equal to 292 mm (11 1/2 inches) and
- a width less then or equal to 155 mm (6 1/8 inches) and
- a thickness not less than 0.1778 m (0.007 inch) thickness, or not more than 6 mm (1/4 inch)
- and which has a weight of less than or equal to 2 kilograms (3.5 ounces for USPS).

Flats — Any piece exceeding any one of the maximum limits for a Letter and which has:
- a length less than or equal to 381 mm (15 inches) and
- a width less than or equal to 292 mm (12 inches) and
- a thickness less than or equal to 20 mm (3/4 inch)
- and which has a weight of less than or equal to 2 kilograms

Packets — Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Convention Regulations Articles 17-102 through 17-105 and which has a weight of less than or equal to 2 kilograms

Parcels — Any piece corresponding to size limits as set forth in the Universal Postal Convention Regulations Article 17-204 and which has a weight of less than or equal to 30 kilograms

M-Bags — Printed matter in a direct sack to a single foreign address, subject to the Reservations of Canada and the United States of America in Universal Postal Union Article R XVI, which has a weight less than or equal to 30 kilograms

Registered Mail — Any piece that meets the size and weight dimensions of Letters, Flats, or Packets and bears a Registered label on the mail piece

EMS — See Attachment 3

Xpresspost-USA™ (EMS) — All documents or packages which bear Xpresspost-USA identification, and which bear an EMS logo and an S-10 EMS Unique identifier barcode and which meets the dimensions as per Attachment 3.

Expedited Parcel – USA™ (Priority Mail) — All air parcels corresponding to size limits as set forth in the Universal Postal Convention Regulations Article 17-204 and which have a weight of less than or equal to 30 kilograms.

Rates for International Business Reply Service (IBRS)

Definition and details regarding International Business Reply Mail (IBRS) can be found in Attachment 7 of the 2018-2019 Canada Post-United States Postal Service Contractual Bilateral Agreement.

Rates: The rate USPS will be invoiced by CPC is according to the following schedule. [redacted]

IBRS Rate Schedule (SDRs)

Weight (in grams)	2018	2019
[redacted]		

ATTACHMENT 2
SCANNING AND ON-TIME QUALITY OF SERVICE MEASUREMENT AND PAY-FOR-PERFORMANCE

A. OBJECTIVES:

1. Provide incentives to encourage competitive levels of customer visibility for scanning of USPS northbound products and CPC's southbound products.

2. Agree on scanning performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each Party's products.

3. Provide incentives to encourage competitive levels of on-time service performance for delivery of USPS northbound products and CPC's southbound products.

4. Agree to on-time delivery performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each Party's products.

5. Both Parties agree that they will provide treatment in the receipt, processing and delivery of postal traffic which is at least comparable to that provided to similar postal traffic from other postal administrations.

6. Both Parties agree that they will give best efforts to unload, receive, process and deliver inbound international mail in accordance with operating plans for such international inbound mail.

B. LETTER POST

General Framework for Measurement and Compensation

The general framework for measurement and compensation of Letter Post products will be the UPU level [redacted]

Product streams covered

1. Northbound and Southbound Non-tracked streams set at UPU Letter Post rates, excluding M-Bags and Registered mail, [redacted]

[redacted]

[redacted]

Measurement of On-time Delivery

Measurement of on-time delivery of product in these streams will be based on the US-Canada test pieces included in the [redacted]

The delivery standards to be applied will also be those in effect for each of the Parties in the [redacted]

However, either Party, in the event of a change to its domestic network structure and/or delivery standards, will submit updated standards, Latest Arrival Times (LATs) and/or Critical Tag Times (CTTs) to the UPU International Bureau and to International Post Corporation (IPC), [redacted]

Measurement of on-time delivery service performance for purposes of this Agreement will be limited to product actually sent from the USPS to Canada Post, or from Canada Post to the USPS. The Parties have arranged for the production of reports by UPU and IPC in order to apply the rules of the UPU level system only to the test items sent between the Parties.

Quality of Service Pay-for-Performance Financial Elements

Compensation for each year will be based in general on the application of the [redacted] compensation formula in effect for that year.

[redacted]

[redacted]

[redacted]

[redacted]

C. EMS

General Framework for Measurement and Compensation

The general framework for measurement and compensation of EMS products will be based, in principle, except as provided for in the Determination of Penalties section below, on that laid out in the EMS Cooperative document known as "Pay-for-performance Plan" for 2017 in place for the duration of this bilateral agreement and in the Modified Agreement on the International Exchange of EMS Items between the United States Postal Service and Canada Post in Attachment 3.

Product streams covered

1. Northbound EMS (also known as the USPS product called Priority Mail Express International)
2. Southbound EMS (also known as the Canada Post product called EMS - Xpresspost USA™ documents and merchandise)

Measurement of Scan Performance

Measurement of scan performance will follow the methods of the EMS Cooperative for arrival scanning and for delivery scanning.

Measurement of On-time Delivery

Measurement of on-time delivery and on-time transmission of delivery scan data will follow the methods of the EMS Cooperative.

The delivery standards to be applied will also be those in effect for each of the Parties with the EMS Cooperative.

However, the Parties may agree to include additional offices for acceptance of inbound product without formal amendment of this Annex. In this case, associated delivery standards information; LAT/CETs, etc. must be reported to either the EMS Cooperative or IPC as appropriate to support the complete tracking of this product.

Either Party, in the event of a change to its domestic network structure, or delivery standards, will submit updated standards, LATs and/or CETs to the UPU International Bureau and to IPC. These updates to standards, LATs and / or CETs, once validated by the EMS Cooperative or as agreed to mutually by CPC and USPS, will amend the standards, LATs and or CETs on file with and used by IPC to calculate on-time delivery performance and measurement.

Quality of Service Pay-for-Performance Financial Elements

Pay-for-Performance compensation for each year will be based in general on the application of the EMS plan referenced above.

Determination of Penalties

The following text will modify the general application of "EMS Pay-for-performance Plan 2017" Article 4, paragraphs g through i:

Penalty values for settlement purposes for each stream (northbound or southbound) will be determined on a quarterly basis as follows:

D. Air Parcel Products

General Framework for Measurement and Compensation

Given that the Parties wish to have relatively customized performance measurement arrangements in place for these products, there will not be a general framework based on any existing multilateral third-party performance plan. However, to the extent that this attachment is silent on a particular matter of interest, the Parties may jointly agree in writing, but without formal amendment of this Annex, to apply measures already in place at the UPU level for Parcel services in such instances or to pursue third-party measurement options.

Product streams covered

1. Northbound Parcels (also known as the USPS product called Priority Mail International)

2. Southbound Parcels (also known as the CPC product called Expedited Parcel™ – USA

Measurement of Scan Performance

Basis for measurement

Scan performance for Air Parcel products will be measured based on Parcel

anomalies agreed on as a basis for measurement performed during 2014-2015 will be maintained in this agreement and excluded from the population being measured.

Scan Bar-code Label Prefixes

Scan performance for these bar coded products will be measured based on the population of items for each product using product-specific prefixes on bar codes as listed below:

Product	Product Specific Prefixes on Barcodes
NB PMI Parcel SB Expedited Parcel™ – USA	[redacted]

Exclusion of Return to Sender items

Measurement reports will be designed to ensure the exclusion of Return to Sender (undeliverable, refused, unclaimed) items or such other items as are not in conformity with the bar-coding prefixes described above.

Minimum data transmission quality expectations

The sending Party must transmit [redacted] failing which the financial elements as described below for that product stream will not be applied for that quarter.

Performance reporting frequency

Performance reports will be produced on a monthly basis to support diagnostic activity and to support pay-for-performance. However, as noted later, pay-for-performance penalties will be determined on a quarterly basis, and quarterly reports will be used to support this activity.

Cut-off time interval for inclusion of delivery scan data in the measurement reports

In light of the requirement to match delivery scan data to its associated arrival or dispatch scan data, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

Right to retransmit scan event data

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting, a Party may with notice to the other Party re-transmit the missing or incorrect scan event data. The Parties have up to 30 days after the issuance of the associated monthly performance measurement report to discover any such failure and to file notice with the other Party, after which such re-transmission will no longer be permitted.

Diagnostic measurement and reporting frequency

For this bilateral, commencing January 1, 2018, the Parties will arrange for the provision of third party performance measurement, of calculation of scanning and on-time performance and of production of reports by a mutually agreed upon third party at a mutually agreed frequency and schedule.

Financial Elements for Scan Quality Pay-for-Performance

Pay-for-Performance measurement and reporting frequency

Calculation of measurement and production of reports shall be performed by a mutually agreed upon third party at a mutually agreed frequency and schedule.

Target threshold to be met

For each of the products, the scan target threshold to be met each quarter is [redacted]

Measurement of On-time Delivery

Basis for measurement

On-time delivery performance will continue to be measured for these products based on the proportion of items which [redacted] subject to any exclusions indicated below.

Delivery Standards and LAT/CETs to be applied

In principle, once published by the UPU, the parcel delivery standards to be applied (including Latest Arrival Times (LATs) and/or Critical Entry Times (CETs) shall be provided to each Party, and also provided to the mutually agreed upon third party vendor for its third party performance measurement and calculations.

Should a situation arise where either Party does not have UPU level delivery standards for a particular agreed-upon new point of entry, then delivery standards corresponding to that point of entry will be validated according to a process to be agreed upon by the Parties when it is needed.

Either Party, in the event of a change to its domestic network structure and/or delivery standards, will submit updated standards, LATs and/or CETs to the UPU International Bureau, to the mutually agreed upon third party vendor, and to the other Party. These updates to standards, LATs and/or CETs will change the standards, LATs and or CETs on file with and used by the mutually agreed upon third party vendor to calculate on-time delivery performance and measurement, without the need to formally amend this Annex.

In the event of a change to its domestic network structure and/or delivery standards, either Party can submit its updated standards, LATs and/or CETs to the other Party and to the third party vendor at any time using the notification process described here. The change will take effect on performance measurements starting the first day of the next quarter following such notice. However, to allow the third party vendor sufficient time for amending its measurement systems, the Parties agree to provide a minimum of two weeks advance notification prior to the start of the new quarter in which these updated standards, LATs and / or CETs would take effect.

Stopping the Clock While in Customs

The principles to be applied for stopping the clock for time in Customs are as follows: [redacted]

Accommodations for Force Majeure

The principles and accommodations to be applied to force majeure will be the same [redacted]

Stopping the Clock for Non-operating Days

[redacted] will be used as basis to stop the clock for measurement and the validation of delivery standards and calculation of on-time delivery.

Exclusion of Remote Locations

The Parties will agree a set of "remote location" postal codes/zip codes for which measurement of on-time performance will not occur, provided always that such lists [redacted] postal codes/zip codes otherwise being measured, and provided that such lists are supported by an explicit description of the rationale for exclusion (e.g., less-than-5(-or-6)-day delivery to this location).

Exclusion of Return to Sender items

Measurement reports will be designed to ensure the exclusion of Return to Sender (undeliverable, refused, or unclaimed) items or such other items as are not in conformity with the barcoded prefixes described above.

Right to Retransmit Scan Event Data

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting, that Party may with notice to the other Party re-transmit the missing or incorrect scan event data. The Parties have up to 30 days after the issuance of the associated monthly Pay-for-Performance measurement report to discover any such failure and file notice with the other Party, after which such re-transmission will no longer be permitted.

Cut-off Time Interval for Inclusion of Delivery Scan Data in the Measurement Reports

In light of the requirement to match delivery scan data to its associated arrival scan data, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

[redacted]

On-Time Quality Pay-for-Performance Financial Elements

Pay-for-Performance Measurement and Reporting Frequency

The Parties will conclude at the earliest opportunity arrangements with the third party vendor to refine and provide measurement reports for all of these same products on a quarterly frequency, starting with the period of January to March, 2018. The Parties will establish with the third party vendor the deadlines for production of such reports, and the support that the third party vendor may require in order to adhere to these deadlines.

Target Threshold to Be Met

For each of the products, the on-time target threshold to be met each quarter is 90.0%.

Penalty Formula/Frequency

The penalty to be assessed for Northbound Air Parcel and Southbound Expedited Parcel™ – USA will be determined as follows:

[redacted]

[redacted]

[redacted]

[redacted]

E. PRIME

Product streams covered

1. Northbound Tracked Letter Post: Commercial ePacket, USPS ePacket, USPS Electronic Delivery Confirmation International, First Class Package International Service.

2. Southbound Tracked Letter Post: Tracked Packet, Canada Post Tracked Packet.

Scan Bar-code Label Prefixes

[redacted]

[redacted] The remainder of items for measurement and remuneration are as defined in Attachment 8.

Appendix "A" – Pay-for-Performance table

2018 - 2019 CPC - USPS Contractual Bilateral Agreement

Attachment 2, Appendix A

Scanning and On-Time Quality of Service and Pay for Performance

	EMS (SB/NB)	NB Air Parcels / SB Expedited Parcels USA	Letter Post (NB/SB)	PRIME EXPRES (NB/SB)
Pricing Elements				
Pricing Basis (Delivery Confirmation Bundling)	[redacted]			
Scanning Elements				
Included Scans				
Performance Target Threshold				
Measure				
Payment for items w/ missing scans and below threshold ("failures")				
On-Time Elements				
Categories Included				
Delivery Standards				
Holiday Exclusion Treatment				
Remote Location Treatment				
LAT / CETs				
Data Transmission Standards				
Performance Target Threshold				
Delivery time measure				
Payment for items late and below threshold ("failures")				
Reporting Elements				
Diagnostic Reporting Frequency				
P4P Calculation Frequency				
Invoicing Frequency				

[redacted]

ATTACHMENT 3

Modified Agreement On The International Exchange of EMS Items Between The U.S. Postal Service and Canada Post

Article 1: Purpose of the Agreement

The purpose of the Agreement shall be to establish mutually agreed terms and conditions for the exchange of EMS items between the United States Postal Service and Canada Post within the framework of the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019.

Article 2: Operation of the EMS service

The exchange of EMS items between the United States Postal Service and Canada Post shall take place in accordance with the terms of the EMS Cooperative's Standard Agreement and its Procedures, as adopted in 2016 and its Procedures, as amended from time to time by the EMS Cooperative and as modified by the changes noted in the Table of Differences below. Nothing in this Agreement is intended to derogate from the obligations under other effective agreements to which both Parties are also signatories. Such agreements include, but are not limited to, the effective multilateral agreements among the members of the Kahala Posts Group (KPG) to the extent that both Canada Post and USPS are signatories to such other agreements, which may include the KPG Members Agreement and KPG Strategic Service Agreement into which the Parties may enter each year.

Table – Differences applied and article references

Article reference in the EMS Standard Agreement	*Description of the agreed change related to the EMS Standard Agreement to be applied on a bilateral basis between the United States Postal Service and Canada Post Corporation.*
Article 2 B	Replace the first sentence with the following: "EMS operator" means Canada Post Corporation or the USPS or any other entity designated by either of them to provide EMS service.
Article 2 H	Replace with the following: "EMS Pay-for-Performance Plan" means the Plan used by EMS Cooperative members to link quality of service with payment, as amended in this bilateral agreement and noted in Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019 Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay-for-Performance.
Article 3.3	Deleted.
Article 9	Deleted with article number reserved.
Article 18	Replace with the following: The rates to be applied for delivery of EMS items are set out in the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019, Attachment 1 Rates.
Article 19	Replace with the following: The procedure for settlement of accounts shall be as follows: (a) An invoice shall be prepared monthly by the delivery operator showing: I. the total number and weight of EMS items received; II. the charge payable per item and per kilogram in accordance with Article 18 of

	the Agreement; III. the total charge payable. (b) Consistent with the USPS/CPC settlement agreement, the invoice will be an electronic upload to the appropriate GXS mail box and will occur the Sunday following the second Saturday of the month and consist of an overall summary level (of all products), as well as Origin-Destination summary level. The Parties agree to explore the feasibility of transmitting electronically using AS2 connectivity via S/MIME over HTTP(S) transportation protocol. (c) After verifying the invoice, [redacted], the origin operator returns a copy with payment to the delivery operator. Should the origin operator wish to dispute the invoice, a copy of the invoice duly amended is to be returned to the delivery operator [redacted]. If the delivery operator disputes the amendments, it will confirm the actual data by sending data from the PREDESv2 records to the origin operator. If the delivery operator has not received notice of amendment or acceptance [redacted] the account is regarded as fully accepted. (d) Payment terms will be consistent with the USPS/CPC settlement process and shall be made [redacted] on a weekend or a holiday.
Article 20.2	Replace with the following: EMS operators may collect only the rates, charges, and fees provided for under this Agreement.
Article 22	Replace “required” with “authorized”
Article 25	Insert “and the origin operator” following the words “to the EMS Unit.”
Article 27	Replace with the following: In accordance with Article 36-001 of the Universal Postal Convention Regulations, in cases not expressly provided for in this Agreement or the Procedures or in other portions of the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019, aspects of EMS are subject to the appropriate provisions of the Acts of the Universal Postal Union. Notwithstanding such reference to the UPU Acts, this agreement remains a commercial agreement, not an agreement made under international law.
Article 30	Replace with the following: This Agreement and the corresponding EMS Cooperative Pay-for-Performance Plan, as modified by the provisions of the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019, Attachment 2 Scanning and On-Time Quality of Service Measurement and Pay-for-Performance, shall constitute the entire agreement between the United States Postal Service and Canada Post Corporation for the provision of this service. Any prior understanding or representation between them which precedes the date of this Agreement and concerns the provision of this service, with the exception of any agreements purporting to be executed under international law, shall not be binding upon either party except to the extent incorporated in this Agreement.
Article 31	Delete with article number reserved.
Article 32	Delete with article number reserved.
Article 33	Deleted.

Attachment 1	Deleted.
Attachment 2	Deleted.
Table and Signature Block	Replaced with this Attachment 3.
Date of application	Replaced with Article 21 (“Term”) of the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019.
Notice to EMS Unit	N/A

ATTACHMENT 4
Electronic Advance Data Exchange

This Agreement governs the terms and conditions of Electronic Advance Data ("EAD," also known as "Advance Electronic Data" or "AED") exchange between Canada Post Corporation (CPC) and the United States Postal Service (USPS). CPC and USPS agree the following requirements apply to all bidirectional flows originating and destinating in the territories served by both Parties under this Agreement:

1) Each Party shall generate and transmit, [redacted], ITMATT v.8 with plans to implement ITMATT v.11 towards the end of 2018;

2) Each Party shall generate and transmit, [redacted] PREDES with item to receptacle information and scheduled transportation information; and

3) Each Party shall generate for access by the other Party, [redacted] EMSEVT v.3 with acceptance event and departure from origin office of exchange event scans.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

PREDES Quality
The Parties agree to improve the quality and accuracy of PREDES messaging [redacted]

ITMATT Quality
The Parties agree to improve the quality and accuracy of ITMATT messaging [redacted]

ATTACHMENT 5
TERMS FOR [redacted] TRANSPORTATION AND OPERATIONS INITIATIVES

[redacted] TRANSPORTATION

The Parties agree that the costs for any surface transportation contract or service used to carry mail [redacted]

If either Party decides to permanently cancel a surface transportation contract [redacted], they must provide the other Party [redacted] consistent with the terms of the contracts to make other preparations.

If the contract or service is [redacted] the Party originating the contract or service.

[redacted]

[redacted]

Invoices for [redacted] will be reviewed, reconciled and paid by [redacted] a monthly basis.

[redacted]

OPERATIONS INITIATIVES

The Parties agree to work together with the aim to improve the customer experience and optimize cost-effective processing and transportation. The Parties will work together on identified initiatives that represent areas for improvement via cross-functional task forces. For the 2018-2019 bilateral period, the Parties agree to continue analysis and development of solutions to address the initiatives that are described below. The Parties note respective requirements for approvals may be needed concerning operational or financial elements related to the implementation of the solution, which could have implications for resolution.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

ATTACHMENT 6
CONFIDENTIALITY PROVISIONS

All references in these provisions to "this Agreement" shall mean the agreement to which these provisions are attached.

1. The Parties agree that the Agreement of which this Attachment forms a part contains Confidential Information as defined below. Further, the Parties agree that negotiations, including those related to the execution of a successor agreement, concerning modification or renewal of the rates, terms, and conditions that represent Confidential Information shall remain confidential and subject to the provisions of this Attachment. The Parties also agree that any personal information about an identifiable individual (including, but not limited to, the name and address of an individual) provided to it by the other Party or obtained by the other Party in providing services under this Agreement is included within Confidential Information as defined below. For additional certainty, identifiable individuals include the customers of a Party and the individual employees of an entity that is a customer of a Party. With respect to all other information, the Parties agree that no obligations shall arise with respect to information not in writing and appropriately marked as "Protected", "Confidential", "Proprietary," "Sensitive," or with a mark having a similar meaning. Each Party, as "Disclosing Party," further agrees that information disclosed under this Agreement or related to this Agreement shall be subject to these confidentiality provisions only if the Disclosing Party reduces it to a written document that is appropriately marked as "Protected", "Confidential", "Proprietary," "Sensitive," or with wording having a similar meaning, and provided to the other Party, as "Receiving Party" either at the time of its initial disclosure or if disclosed orally, within ten (10) business days after the initial oral disclosure. All information so identified and disclosed (the "Confidential Information") to a Party, as Receiving Party, shall be held in confidence by the Receiving Party and may not be released by the Receiving Party to third parties or used outside of the stated purposes of this Agreement, except to the extent paragraphs 5, 6, 7, 8, 9 and 10 of this Attachment are applicable, unless such disclosure or use is authorized in writing by an authorized representative of the Disclosing Party.

2. Each Party, as Receiving Party, agrees that the Confidential Information that the other Party discloses to it under this Agreement shall be held in confidence during the period that covers the Term of this Agreement and three (3) years thereafter. During that period, neither Party, as Receiving Party, shall disclose or use the other Party's Confidential Information outside of the intended purposes of this Agreement unless written consent is first obtained from the Disclosing Party, or unless the Receiving Party is no longer obligated to hold in confidence the information for the reasons specified in paragraphs 5, 6 or 7. All employees, agents or consultants of a Party, as Receiving Party, who are required to come into contact with the other Party's Confidential Information shall be notified of its confidential nature and shall be required by the Receiving Party to be bound by confidentiality provisions applicable to this Agreement, but not necessarily expressly applicable, and no less stringent than those set out in this Agreement.

3. Each Party shall provide the same care to avoid disclosure or unauthorized use of the other Party's Confidential Information as it would provide to maintain the confidentiality of its own confidential information, but in no event less than reasonable and prudent care. Each Party, as Receiving Party, agrees not to reproduce in any form or to distribute or sell, except as required in conjunction with the stated purposes of this Agreement, the Confidential Information of the other Party. Each Party shall retain the other Party's Confidential Information in a secure place that may be accessed only by those of its employees, agents, and consultants who need to know such information for the purposes of this Agreement.

4. Upon demand by the Disclosing Party, the Receiving Party shall promptly return, or provide evidence of destruction of, all the Disclosing Party's Confidential Information and copies thereof except that one (1) copy may be retained for record purposes.

5. The Receiving Party shall be under no obligation to hold in confidence any Confidential Information that:

a. is publicly available (other than as a result of a breach of this Agreement) at the time that the Receiving Party proposes to disclose it;

b. was known to the Receiving Party prior to the time of the disclosure by the Disclosing Party;

c. is properly received by the Receiving Party on a non-confidential basis from any third party with respect to whom the Receiving Party has no reason to suspect other than that the third party is lawfully entitled to make such disclosure;

d. is required by an order by a court (subject to paragraph 6), legislative body, or regulatory authority to be disclosed because of an express determination that the information is not a trade secret, or privileged or confidential commercial or financial information; or

e. the Receiving Party can demonstrate was independently developed by it without breach of this Agreement.

6. If a court or tribunal of competent jurisdiction orders the Receiving Party to disclose any of the Disclosing Party's Confidential Information, including that which may be contained in this Agreement, then the Receiving Party shall immediately notify the Disclosing Party. If the Disclosing Party elects to oppose such order, the Disclosing Party shall immediately inform the Receiving Party by notice to that effect. If the Disclosing Party so requests, the Receiving Party shall assist the Disclosing Party in opposing such order to the extent consistent with its management's policies. Where it is not consistent with the Receiving Party's management policies to oppose such order, Receiving Party shall inform Disclosing Party by notice to that effect and consult with Disclosing Party before making a final decision with respect to opposing the order. If the Disclosing Party elects at any time to abandon its active opposition to such order, the Disclosing Party shall immediately inform the Receiving Party by notice to this effect and the exception set out in paragraph 5(d) shall, from the time of receipt of such notice, take effect.

7. The Receiving Party may release Confidential Information, including that which may be contained in this Agreement, requested by or required to be provided by the rules of any federal, state, provincial or local government body in the proper exercise of any oversight or investigatory jurisdiction or other authority, including, but not limited to, customs and law enforcement authorities. However, in all such circumstances, the Receiving Party shall advise the body to whom the Confidential Information is to be released by notice in writing that it is Confidential Information and accordingly it should be held in confidence.

8. The United States Postal Service may release Confidential Information if such release is required by the *Freedom of Information Act*, 5 U.S.C. § 552 ("FOIA"). Before any release under FOIA, the United States Postal Service will provide Canada Post with prompt written notice of the requirement to release the Confidential Information. If any request is made under FOIA that would involve potential release of any Confidential Information of Canada Post that is in the United States Postal Service's possession, the United States Postal Service shall:

a. assert the applicability of Exemption 4 or such other Exemption as the USPS deems appropriate, to the extent the invocation of any Exemption is consistent with U.S. federal law, and

b. promptly advise Canada Post of any information it requires from Canada Post in order to support the Exemption argument(s).

However, nothing in this Article is intended to limit the United States Postal Service's obligations under FOIA and the United States Postal Service's regulations implementing FOIA, including the United States Postal Service's discretion to determine whether the requested information is required to be released under FOIA. In addition, nothing in this Article is intended to modify United States Postal Service rules in Title 39, Code of Federal Regulations, section 265.7, concerning procedures to be followed when responding to FOIA requests for business information received from parties outside the United States Postal Service. In the event that the United States Postal Service or a competent judicial body determines that Confidential Information in question or any part of it is not exempt from release under FOIA, the United States Postal Service shall also promptly advise Canada Post of the steps that the United States Postal Service itself would take in similar circumstances to prevent further disclosure of the Confidential Information beyond the required disclosure under FOIA.

9. Canada Post may release Confidential Information if such release is required by the *Access to Information Act*, R.S.C.1985, c. A-1 ("ATIA"). Before any release under the ATIA, Canada Post will provide the United States Postal Service with prompt written notice of the requirement to release the Confidential Information. If any request is made under the ATIA that would involve potential release of any Confidential Information of the United States Postal Service that is in Canada Post's possession, Canada Post shall:

a. assert the applicability of Section 20 or such other Exemption as Canada Post deems appropriate, to the extent the invocation of any Exemption is consistent with Canadian federal law, and

b. promptly advise the United States Postal Service of any information it requires from the United States Postal Service in order to support the Exemption argument(s).

However, nothing in this Article is intended to limit Canada Post's obligations under the ATIA and its regulations, including Canada Post's discretion to determine whether the requested information is required to be released under the ATIA. In the event that Canada Post or a competent judicial body determines that Confidential Information in question or any part of it is not exempt from release under the ATIA, Canada Post shall also promptly advise the United States Postal Service of the steps that Canada Post itself would take in similar circumstances to prevent further disclosure of the Confidential Information beyond the required disclosure under the ATIA.

10. Each Party, as Receiving Party, shall observe confidentiality obligations, no less stringent than those set out in this Agreement, in each sub agreement under which there is any possibility of disclosure of the other Party's Confidential Information.

11. Canada Post Corporation and the United States Postal Service shall protect, indemnify, save harmless, and defend each other from and against all losses, liabilities, obligations, claims, penalties, costs, and expenses (including, without limitation, reasonable attorneys' fees and expenses) resulting from the indemnifying Party's use of the other Party's Confidential Information for purposes other than those specified in this Agreement.

12. The Receiving Party shall not be obligated to compensate the Disclosing Party for Confidential Information and the Receiving Party acknowledges and understands that no representations or warranties of any kind, including, without limitation, fitness for a particular purpose, merchantability, and non-infringement, are given by the Disclosing Party with respect to the Disclosing Party's Confidential Information.

ATTACHMENT 7
STRATEGIC INITIATIVES

The Parties agree to work together with the aim to develop products to capture growth opportunities in the North American market. [redacted] The Parties will target a small number of specific strategic initiatives that will be implemented or improved, if already developed, during the term of this bilateral agreement. The Parties agree to form a team (USPS & CPC) to work on requirements to meet the Parties' mutual needs, devise a plan and timeline for the project according to the implementation targets agreed below, followed by assessment, technical development, testing and implementation.

[redacted]

[redacted]

[redacted]

2. International Business Reply Service (IBRS)

This service is currently available for approved USPS and CPC customers. The IBRS indicia must be used. The label shall also include customs declaration (since customs will likely consider this as merchandise) to ensure a problem-free return. USPS offers this service for approved customers.

Operationally, this customized small packet IBRS service will return to the United States in the applicable letter post stream, [redacted]

[redacted]

[redacted]

[redacted]

ATTACHMENT 8

Agreement on the International Exchange of Exprès Packets between the U.S. Postal Service and Canada Post

Article 1: Purpose of the Agreement

The purpose of this Agreement on the International Exchange of Exprès Packets between the U.S. Postal Service and Canada Post shall be to establish mutually agreed terms and conditions for the exchange of Exprès items between the United States Postal Service (USPS) and Canada Post Corporation (CPC) within the framework of the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2018-2019.

Article 2: Precedence of Agreements

Terms of agreements shall be applied in the following order of precedence when interpreting this Agreement in the case of doubt, ambiguity, conflict or dispute:

1. Specific changes noted in the Table of Differences below.
2. Other terms of the CPC—USPS Contractual Bilateral Agreement effective January 1, 2018 through December 31, 2019
3. Terms of the Exprès Service Agreement and its Procedures, as adopted 23 December 1999 and amended from time to time, thereafter, excluding rates.

Article 3: Operation of the Exprès service

The exchange of Exprès items between the USPS and CPC shall take place in accordance with the terms of the Exprès Service Agreement and its Procedures, as adopted on 23rd December 1999 and previously amended from time to time by the Parties to the agreement or in accordance with its terms and as modified by the changes noted in the Table of Differences below. The rates and the enhanced payment set out in Attachment 1 for Exprès service will remain in effect for the duration of the CPC – USPS Contractual Bilateral Agreement 2018-2019 and will not be affected by amendments to the Exprès Service Agreement and may be modified only by written agreement between the USPS and CPC.

Any operational routing, distribution, or sortation changes by either Party require concurrence from the other with regard to both the change and the date of its implementation. This concurrence shall not be unreasonably withheld nor shall implementation be unreasonably delayed.

Table – Differences applied and article references

Article reference in the Exprès Service Agreement	Description of the agreed change related to the Exprès Service Agreement to be applied on a bilateral basis between the United States Postal Service and Canada Post Corporation.
List of the Parties	Replace with United States Postal Service (USPS) and Canada Post Corporation (CPC)
Witnesseth:	Replace with the following: WHEREAS the Parties engage in joint marketing and development to develop products to capture growth opportunities in the North American Market, and WHEREAS the Parties have developed product features and requirements for the exchange of lightweight packets [redacted], which they refer to as e-Packets, and WHEREAS the Parties are both parties to the Exprès Service Agreement which provides a basic legal framework for the exchange of such items, and WHEREAS the Parties wish to modify the terms of the Exprès Service Agreement to suit their particular needs better within the context of their own Contractual Bilateral Agreement in accordance with Article 8 of the Exprès Service Agreement, Now therefore, the Parties hereby Agree as follows:
[redacted]	Delete the following paragraph [redacted] Replace with Article 15 Temporary Suspension of Service from the Contractual Bilateral Agreement between CPC and USPS
[redacted]	Amend [redacted] replace with the following: For greater certainty, the Terminal Dues payable by the Sending Party to the Receiving Party are determined by the CPC-USPS Contractual Bilateral Agreement 2018-2019. This agreement shall not affect these Terminal Dues or any penalty provisions applicable to them. [redacted]
[redacted]	Delete title and text of the article. Replace with "Points of Contact" The points of contact for purposes of correspondence concerning this Agreement shall be the same as those identified in Article 20 of the CPC-USPS Contractual Bilateral Agreement currently in effect.

[redacted]	Replace with the following: The procedure for [redacted] of accounts shall be as follows: [redacted] (c) Consistent with the USPS/CPC settlement agreement, the invoice will be an electronic upload to the appropriate GXS mail box and will occur the Sunday following the second Saturday of the month and consist of an overall summary level (of all products), as well as Origin-Destination summary level. The Parties agree to explore the feasibility of the invoice transmission using AS2 connectivity via S/MIME over HTTP(S) transportation protocol. (d) After verifying the invoice, within 30 days, the origin operator returns a copy with payment to the delivery operator. Should the origin operator wish to dispute the invoice, a copy of the invoice duly amended is to be returned to the delivery operator within those same 30 days. If the delivery operator disputes the amendments, it will confirm the actual data by sending data from the PREDESv2 records to the origin operator. If the delivery operator has not received notice of amendment or acceptance within 30 days from the date of invoicing, the account is regarded as fully accepted. (e) Payment terms will be consistent with the USPS/CPC [redacted] falls on a weekend or a holiday. [redacted]

	reports are accurate.
[redacted]	Delete existing text and replace with the following: This Agreement shall bind the Parties for a period beginning on the date upon which the removal of any conditions precedent identified by the Parties for the full approval of the terms of this Agreement has been accomplished, including establishment of the agreed upon rates. This Agreement shall remain in effect so long as the CPC-USPS Contractual Bilateral Agreement for the 2018-2019 period remains in effect.
[redacted]	Delete title and text and replace title with "Deleted"
[redacted]	Replace text with the following: The Annexes referred to in the Exprès Services Agreement are integral parts of this Agreement. Together, they constitute the entire agreement and understanding between the Parties within the context of the CPC-USPS Contractual Bilateral Agreement.
[redacted]	Delete title and text and replace title with "Deleted"
[redacted]	Delete title and text and replace title with "Deleted"
[redacted]	Delete 2nd paragraph, "The Steering Committee is empowered to amend…."
Article 19: Governing Law	Delete title and text and replace title with "Deleted"
Annex 1: Definitions	Replace the definition of Agreement with the following: The Agreement on the International Exchange of Exprès Packets between the U.S. Postal Service and Canada Post Corporation, included as Attachment 8 to the 2018-2019 Canada Post Corporation – United States Postal Service Contractual Bilateral Agreement, as amended. [redacted] [redacted]
Annex 2: USPS United States of America (as updated and approved at the PRIME Steering Committee meeting in April, 2013)	[redacted]

ATTACHMENT 9
CUSTOMER SERVICE

For Customer Service Support the Parties agree to leverage capabilities and streamline processes for improved customer service. Service inquiry, support and enhancements planned for Parcels and Registered Mail services are described below. Service inquiry and support for EMS is covered in Attachment 3 of this agreement. [redacted]

1. Customer Inquiry Support and Acceptance of Liability for Claims Respecting the Loss, Damage and/or Missing Content

(a) The Parties agree to continue the practice between them as of the signing date of this Agreement, which is that the administration of origin is responsible for, and undertakes the payment of indemnity for, the loss, rifling, and damage of parcels in accordance with its postal laws and regulations.

(b) The Parties agree to continue to receive and respond to inquiries relating to Parcels and Registered mail received by each other's administration consistent with the mutually agreed practices and procedures developed and implemented between the parties as of July 1, 2009 using the GCSS modules within the IPC Global Customer Service System. The process and procedures to support an automated customer inquiry system are outlined here.

(i) Provision of Inquiry, Customer Service and Support Services for Northbound Priority Mail International Parcels and Registered Mail.
Procedures are as follows; [redacted]

[redacted]

[redacted]

(ii) Provision of Inquiry, Customer Service and Support services for Southbound Expedited Parcel-USA Parcels and Registered Mail.
Procedures are as follows: [redacted]

[redacted]

[redacted]

[redacted]

MODIFICATION ONE TO THE CANADA POST CORPORATION - UNITED STATES POSTAL SERVICE BILATERAL AGREEMENT

This "Modification" amends the Canada Post Corporation – United States Postal Service Bilateral Agreement between the United States Postal Service ("USPS"), an independent establishment of the Executive Branch of the Government of the United States, having its headquarters in the City of Washington, District of Columbia, and Canada Post Corporation ("Canada Post" or "CPC"), a corporation incorporated under the *Canada Post Corporation Act*, R.S.C. 1985, c. C-10 as amended, and having its head office in the City of Ottawa in the Province of Ontario, which was executed by USPS and CPC on November 17, 2017 (the "Agreement"). The USPS and CPC may be referred to herein individually as a "Party" and together as the "Parties."

On page 2 of Attachment 1 of the Agreement, directly underneath the row that states "**Express Mail Service (EMS)**" within the "**Northbound**" table," this Modification adds a new row stating as follows:

[redacted]					
EMS Flat Tray					

On page 2 of Attachment 1 of the Agreement, directly underneath the row that states "**Express Mail Service (EMS)**" within the "**Southbound**" table," this Modification adds a new row stating as follows:

[redacted]					
EMS Flat Tray					

All other terms and conditions of the Agreement shall remain in force.

As required by law and in other subsequent regulatory filings, this Modification and any supporting documentation will be filed with the U.S. Postal Regulatory Commission ("Commission") in docketed proceedings (including Docket No. R2018-2). USPS shall also furnish a copy of this Modification to the U.S. Department of State as required by law, and that USPS may be required to provide copies of this Modification to other United States government entities exercising their respective oversight, law enforcement, or regulatory jurisdictions. Canada Post has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the Commission for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website at http://www.prc.gov/Docs/63/63467/Order225.pdf. At Canada Post's request, USPS will notify Canada Post of the docket numbers of other Commission proceedings used in connection with the filing of this Modification. As this Modification is part of the Agreement, the Modification is subject to the procedure set forth in Article 13 of the Agreement, and, therefore, the Parties shall confer regarding the redactions to appear in place of the parts of this Modification identified as non-public before its public filing with the Commission.

The Parties may execute this Modification in one or more counterparts (including by facsimile or by electronic means such as .pdf format). Both Parties do not need to sign the same counterpart. All counterpart signed documents shall be deemed an original and one instrument.

The intended effective date of this Modification is January 1, 2018.

IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of this Modification.

CANADA POST CORPORATION

(Signature)

Name: Doug Ettinger

Title: CEO

Dec. 11, 2017

Date

UNITED STATES POSTAL SERVICE

(Signature)

Name: Cliff Rucker

Title: Senior Vice President, Sales and Customer Relations

12/12/17

Date