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

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| COMPETITIVE PRODUCT PRICES<br>INTERNATIONAL PRIORITY AIRMAIL,<br>INTERNATIONAL SURFACE AIR LIFT, COMMERCIAL EPACKET,<br>PRIORITY MAIL EXPRESS INTERNATIONAL,<br>PRIORITY MAIL INTERNATIONAL &<br>FIRST-CLASS PACKAGE INTERNATIONAL SERVICE WITH<br>RESELLER CONTRACT 1 | Docket No.<br>MC2020-172 |
| COMPETITIVE PRODUCT PRICES<br>INTERNATIONAL PRIORITY AIRMAIL,<br>INTERNATIONAL SURFACE AIR LIFT, COMMERCIAL EPACKET,<br>PRIORITY MAIL EXPRESS INTERNATIONAL,<br>PRIORITY MAIL INTERNATIONAL &<br>FIRST-CLASS PACKAGE INTERNATIONAL SERVICE WITH<br>RESELLER CONTRACT 1 (MC2020-172)<br>NEGOTIATED SERVICE AGREEMENT | Docket No.<br>CP2020-195 |

**USPS REQUEST TO ADD INTERNATIONAL PRIORITY AIRMAIL, INTERNATIONAL SURFACE AIR LIFT, COMMERCIAL EPACKET, PRIORITY MAIL EXPRESS INTERNATIONAL, PRIORITY MAIL INTERNATIONAL & FIRST-CLASS PACKAGE INTERNATIONAL SERVICE WITH RESELLER CONTRACT 1 TO COMPETITIVE PRODUCT LIST AND NOTICE OF FILING MATERIALS FILED UNDER SEAL**
(June 15, 2020)

In accordance with 39 U.S.C. § 3642, 39 C.F.R. § 3040.130 et seq., and 39 C.F.R. § 3035.105, the United States Postal Service requests that International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contract 1 be added to the competitive product list within the Mail Classification Schedule. This is a competitive product not of general applicability within the meaning of 39 U.S.C. § 3632(b)(3).

Attachment A is a redacted version of Governors' Decision No. 19-1, which includes the explanation and justification required by the Commission's rules. Attachment B is a redacted version of the contract. Attachment C shows the requested changes in the Mail Classification Schedule product list, with the additions underlined. Attachment D provides a statement of supporting justification, as required by 39 C.F.R. § 3040.132. Attachment E is a certification of compliance with 39 U.S.C. § 3633(a)(1), (2) and (3). Unredacted versions of the Governors' Decision, contract, and required cost and revenue data are being filed under seal. Attachment F provides an Application for Nonpublic Treatment of these materials.

As required by 39 U.S.C. § 3642(d)(1), this Request is being published in the Federal Register.

The agreement that is the subject of this docket is intended to go into effect on July 1, 2020. The contract will remain in effect pursuant to the terms of Article 11, unless it is terminated sooner pursuant to Article 21, 32, or 43.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
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June 15, 2020

# DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 19-1)

February 7, 2019

## 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 new prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to make all necessary regulatory filings with the Postal

Regulatory Commission. [redacted]

The Postal Accountability and Enhancement Act (PAEA) requires 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. For agreements subject to this Decision, there are hereby established prices that will enable each agreement to cover [redacted] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification 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). On a semi-annual basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives, as specified in the accompanying Management Analysis. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision supersedes previous Governors' Decisions setting classifications and rates not of general applicability for competitive products; however, prices and classifications established under those Decisions may continue to be offered until the expiration of their terms, and contractual option periods and extension provisions that are included in the existing and future agreements can continue to be exercised.

**ORDER**

In accordance with the foregoing Decision of the Governors, the new prices and terms set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement or other nonpublished rate and classification initiative 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 any necessary review by the Postal Regulatory Commission.

By The Governors:

Robert M. Duncan

Robert M. Duncan
Chairman, Board of Governors

# Attachment A

## Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each "product") will be [redacted]

The cost coverage for a product equals [redacted]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Priority Mail Express, Parcel Return Service, Parcel Select, First-Class Package Service, First Class Package International Service, Commercial ePacket Service, Priority Mail International, Priority Mail Express International, International Priority Airmail, International Surface Air Lift, Inbound Parcel Post, Inbound Direct Entry, and Inbound EMS services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments 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.

[redacted]

[redacted]

[redacted] Prices established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C. §3633(a)(3), which, as implemented by 39 C.F.R.§ 3015.7(c), requires competitive products to contribute a minimum percentage to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise from 39 U.S.C. §3633(a)(1).

The Postal Service shall submit a semi-annual report to the Governors. The report shall include information on the cost coverage for each agreement or initiative that has been executed under the authority of Governors' Decision 19-1. Agreements classified as non-published rates or rate ranges may be reported as a collective grouping; all other agreements or initiatives are to be reported separately. The report shall also include cost coverage information on any agreements and nonpublished initiatives established under previous numbered Governors' Decisions and Resolutions.

**UNITED STATES POSTAL SERVICE**
**OFFICE OF THE BOARD OF GOVERNORS**

**CERTIFICATION OF GOVERNORS' VOTE ON**
**GOVERNORS' DECISION NO. 19-1**

Consistent with 39 USC 3632(a), I hereby certify that the following Governors voted in favor of Governors' Decision No. 19-1:

Robert M. Duncan
David C. Williams

7 February 2019

Michael J. Elston
Secretary of the Board of Governors (A)

Date

***GLOBAL PLUS SERVICE AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE AND [redacted]***

This Agreement ("Agreement") is between [redacted] ("Contractholder"), with offices at [redacted] and the United States Postal Service ("USPS" or "Postal Service"), an independent establishment of the Executive Branch of the United States Government, with offices at 475 L'Enfant Plaza SW, Washington, DC 20260-9998. The Contractholder and the USPS may be referred to individually as a "Party" and together as the "Parties."

**Introduction** WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Contractholder pursuant to the terms and conditions contained herein; WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of various entities with oversight responsibilities, which may include but not be limited to the USPS management's Executive Committee, the USPS Governors, and/or the Postal Regulatory Commission. Accordingly, the Contractholder acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur; WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement: NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

**1. Purpose of the Agreement** This Agreement shall govern the use: (1) The Contractholder as "Mailer" may make of: (a) the prices for Priority Mail Express International ("PMEI") service set forth in the Mailer PMEI Annex of this Agreement, if a Mailer PMEI Annex is included in this Agreement; (b) the prices for Priority Mail International ("PMI") service set forth in the Mailer PMI Annex of this Agreement, if a Mailer PMI Annex is included in this Agreement; (c) the prices for First-Class Package International Service ("FCPIS") service set forth in the Mailer FCPIS Annex of this Agreement, if a Mailer FCPIS Annex is included in this Agreement; (d) the prices for International Priority Airmail service ("IPA") and International Surface Air Lift service ("ISAL") set forth in the Mailer IPA and ISAL Annex of this Agreement, if a Mailer IPA and ISAL Annex is included in this Agreement; and (e) the prices for Commercial ePacket ("CeP") service set forth in the Mailer CeP Annex of this Agreement, if a Mailer CeP Annex is included in this Agreement. Mail, shapes or services that is the subject of any annex mentioned above that is not included in this Agreement is not Qualifying Mail as defined in Article 3 of this Agreement, and the Contractholder as Mailer shall be subject to published rates, to the extent available in the International Mail Manual for those mail, shapes, or services. (2) The Contractholder as "Reseller" may make of: (a) the prices for PMEI service set forth in the Reseller PMEI Annex of this Agreement, if a Reseller PMEI Annex is included in this Agreement; (b) the prices for PMI service set forth in the Reseller PMI Annex of this Agreement, if a Reseller PMI Annex is included in this Agreement; (c) the prices for FCPIS service set forth in the Reseller FCPIS Annex of this Agreement, if a Reseller FCPIS Annex is included in this Agreement.

**2. Definitions** As used in this Agreement: (1) "IMM" means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (2) "DMM" means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing. (3) "IPA" means International Priority Airmail service. (4) "ISAL" means International Surface Air Lift service. (5) "PMEI" means Priority Mail Express International service. (6) "PMI" means Priority Mail International service. (7) "FCPIS" means First-Class Package International service. (8) "M-bags" means special sacks for printed matter directed to a single addressee at a single address in another country. (9) "CeP" means Commercial ePacket service. Commercial ePacket service is a service available for International Priority Airmail (IPA) Items. Each piece must have a label, applied by the Mailer, bearing a unique barcode allowing for delivery confirmation information to be transmitted when the barcode is scanned in the receiving country. (10) "United States" means the United States of America, its territories and possessions. (11) [redacted] (12) "Mailer" means Contractholder acting as Mailer. (13) "Reseller" means Contractholder acting as Reseller. (14) "Mailer Qualifying Mail" means any mail that meets the requirements set forth in Article 3 for Qualifying Mail when the Contractholder acts as Mailer. (15) "Duty and Tax Chargeback Qualifying Mail" means any mail that meets the requirements set forth in Article 3 and Article 10 for Qualifying Mail when the Contractholder acts as Mailer. (16) "Reseller Qualifying Mail" means any mail that meets the requirements set forth in Article 11 when the Contractholder acts as Reseller. (17) "Reseller's Customers" means any third party to which the Contractholder as Reseller agrees to offer rates under the terms of this contract. (18) "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail in accordance with this Agreement. (19) "Mailer's Permit" means [redacted] (20) "Non-Mailer Permit" means [redacted] (21) [redacted] (22) "PC Postage Provider" means any of the USPS-authorized providers of software-based solutions for managing postage accounts listed in DMM 604.4.1.4. (23) "PMEI [redacted] Chargeback Preparation Requirements Document" means the USPS document entitled *PMEI Presort Drop Shipment* [redacted] *Chargeback Mailer Preparation Requirements*, setting forth the preparation



[redacted]

requirements and payment requirements for PMEI [redacted] Chargeback Qualifying Mail, which the USPS shall provide the Mailer. (24) "PMI [redacted] Chargeback Preparation Requirements Document" means the USPS document entitled [redacted], setting forth the preparation requirements and payment requirements for PMI [redacted] Chargeback Qualifying Mail, which the USPS shall provide the Mailer. (25) "CeP [redacted] Chargeback Preparation Requirements Document" means the USPS document entitled [redacted] setting forth the preparation requirements and payment requirements for CeP [redacted] Chargeback Qualifying Mail, which the USPS shall provide the Mailer. (26) "PMI Presort Drop Shipment Mailer Preparation Requirements document" means the USPS document entitled *PMI Presort Drop Shipment Mailer Preparation Requirements*, which the USPS shall provide the Mailer. (27) "PMEI Presort Drop Shipment Mailer Preparation Requirements Document" means the USPS document entitled *PMEI Presort Drop Shipment Mailer Preparation Requirements*, which the USPS shall provide the Mailer. (28) "FCPIS Presort Drop Shipment Mailer Preparation Requirements Document" means the USPS document entitled *FCPIS Presort Drop Shipment Mailer Preparation Requirements*, which the USPS shall provide the Mailer.

## I. CONTRACTHOLDER AS "MAILER"

**3. Qualifying Mail when Contractholder acts as Mailer** Only mail and shapes as checked below tendered by the Mailer, which is paid for by the Mailer using the Mailer's Permit that meets the following requirements shall be considered as Mailer Qualifying Mail, except as those requirements conflict with the applicable specific preparation requirements set forth in Article 4:

(1) ☒ PMEI. Every item must comply with the preparation requirements set forth in IMM 220 for Priority Mail Express International. Priority Mail Express International Flat Rate items are not Qualifying Mail under this Agreement. [redacted]

☒ PMEI [redacted]
In order to qualify for the rates in the PMEI Annex under the [redacted] Chargeback Program, PMEI [redacted] Chargeback Qualifying Mail items must also comply with the requirements in the PMEI [redacted] Chargeback Preparation Requirements Document.

(2) ☒ PMI. Every item must comply with the preparation requirements set forth in IMM 230 for Priority Mail International. Priority Mail International Flat Rate items are not Qualifying Mail under this Agreement. [redacted]

☒ PMI [redacted]
In order to qualify for the rates in the PMI Annex under the [redacted] Chargeback Program, PMI [redacted] Chargeback Qualifying Mail items must also comply with the requirements in the PMI [redacted] Chargeback Preparation Requirements Document.

(3) ☒ FCPIS. Every item must comply with the preparation requirements set forth in IMM 250 for First-Class Package International Service. [redacted]

(4) IPA and ISAL

☒ IPA Flats

☒ ISAL Flats

☒ IPA Letters

Every IPA item must comply with the preparation requirements set forth in IMM 292 for International Priority Airmail service. Every ISAL item must comply with the preparation requirements set forth in IMM 293 for International Surface Air Lift service.



[redacted]

☒ IPA M-bags.
Every IPA M-bag item must comply with the preparation requirements set forth in IMM 260 and 292 for direct sacks of printed matter to a single addressee at a single address.

(5) ☒ CeP. Every item must comply with the preparation requirements and payment requirements that the USPS shall provide the Mailer (*"CeP Mailer Preparation Requirements Document"*);

☒ CeP [redacted]
In order to qualify for the rates in the CeP Annex under the [redacted] Chargeback Program, CeP [redacted] Chargeback Qualifying Mail items must also comply with the requirements in the CeP [redacted] Chargeback Preparation Requirements Document.

The following is not Qualifying Mail: (a) Any Flat Rate item; (b) any mail or shape not checked above; (c) any mail or shape for which prices for that mail or shape are not included in an Annex to this Agreement; (d) Any item destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740; I Any item addressed to persons or entities identified on the Office of Foreign Assets Control's ("OFAC's") Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, the Bureau of Industry and Security's ("BIS's") Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; and (f) Any item tendered on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382.

**4. Specific Preparation Requirements when Contractholder acts as Mailer** (1) Mailings of Mailer Qualifying Mail must be kept separate from any other type of mail the Mailer tenders. (2) Duty and Tax Chargeback Qualifying Mail must be kept separate from any other type of mail the Mailer tenders and may only be presented at the Entry Site specified in Article 7, Paragraph 3(i). (3) International mailings must be separated from domestic mailings. (4) For Qualifying Mail under this Agreement, the Mailer must prepare the mailings in accordance with Article 3 of this Agreement and IMM 152.6 shall apply. (5) Mailings of PMEI, PMI, and FCPIS by Mailer must be prepared in accordance with the Annexes included in this Agreement and be accompanied by a postage manifest and postage statement. (6) Mailings of IPA, ISAL, and CeP may be tendered to the USPS without a country name in the delivery address provided the items are contained in properly labeled direct country receptacles, subject to the exception in Article 4, Paragraph 7. (7) Mailings of PMEI, PMI, and CeP under [redacted] Chargeback Program must be accompanied by a postage manifest and postage statement. (8) Mailer may apply to the USPS in writing in the event the Mailer wishes an exception(s) to the requirements set forth in IMM 220, IMM 230, IMM 260, IMM 292, IMM 293, or the USPS mailer preparation requirement documents. (9) Mailer agrees to abide by any additional preparation requirements prescribed by USPS or [redacted], or by the customs authorities of the United States or [redacted] (10) At the discretion of the USPS, Qualifying Mail under this Agreement may be carried through an alternative delivery provider in lieu of the designated foreign postal operator serving that country. To the extent that Mailer wishes to continue to send Qualifying Mail to any such destination country for which final delivery is furnished by an alternative delivery provider, Mailer agrees to abide by any additional preparation requirements prescribed by the USPS, which shall be set forth in an alternative delivery provider Preparation Requirements Document furnished by USPS to the Mailer with reasonable advance notice. Delivery by an alternative delivery provider is subject to terms and conditions determined in the sole discretion of the USPS, and may be subject to change. Such terms and conditions could affect certain product features, terms, and conditions that are set forth in this Agreement or the IMM.

**5. Non-Qualifying Mail when Contractholder acts as Mailer** "Non-Qualifying Mail" when Contractholder acts as Mailer means any mail that does not meet the requirements set forth in Article 3 of this Agreement. The USPS, at its option and without forfeiting any of its rights under this Agreement, may either refuse to accept Non-Qualifying Mail or accept Non-Qualifying Mail at the applicable published rates.

**6. Obligations of the USPS when Contractholder acts as Mailer** The USPS hereby agrees: (1) Supplies. To furnish the Mailer or its agent(s) with the postal equipment and postal supplies required for the use of Qualifying Mail. (2) Training. To provide the Mailer or its agent(s) with the preparation requirements for Qualifying Mail and training to prepare mail in conformity with the requirements for Qualifying Mail. (3) Reporting. To provide the Mailer with a report regarding postage paid by the Mailer to the USPS, by month, for Qualifying PMEI, PMI, FCPIS, IPA, ISAL, and CeP, if Annex(es) with prices for Mailer for PMEI, PMI, FCPIS, IPA, ISAL, and/or CEP and FCPIS are included in this Agreement . The USPS will provide this report on a quarterly basis and shall include the: (a) Customer name and permit number; (b) Date of the mailing statement; (c) Service / product; and

(d) Postage paid. (4) Transportation. To arrange with carriers to transport (a) Mailer Qualifying Mail to international destinations for delivery by the appropriate authority. (b) Duty and Tax Chargeback Qualifying Mail to international destinations where the proper authority will effect delivery. (5) Postage. To provide prices for Qualifying Mail and Duty and Tax Chargeback Qualifying Mail paid for and tendered as required by this Agreement. (6) Undeliverable Items. To cause to be returned upon receipt from a foreign postal or carrier: (a) IPA. ISAL, IPA M-bags, ISAL M-bags, and CeP items refused by an addressee or that are undeliverable to the Mailer [redacted] (b) PMEI Items refused by an addressee or that are undeliverable to the Mailer via Priority Mail Express [redacted] (c) PMI Items including PMI [redacted] Chargeback Qualifying Mail, as well as FCPIS items, refused by an addressee or that are undeliverable to the Mailer according to the provisions of IMM 771. (7) Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements. (8) Commercial ePacket Notices. To provide the Mailer, on a periodic basis to be determined by the USPS, with a list of the countries to which Commercial ePacket service is available. Commercial ePacket is offered at the sole discretion of the USPS to select destination countries; in no circumstances is the USPS required to offer CeP service to any country if the operator of that country has not entered into arrangements executed by the USPS for provision of CeP tracking services. (9) Technical Assistance. To provide the Mailer with technical assistance necessary to prepare information linkages, electronic data files, and data exchanges as required for the proper functioning of USPS-provided Global Shipping Software ("GSS"). (10) Duties, Taxes, and Fees for [redacted] Chargeback Qualifying Mail. For PMEI, PMI, and CeP [redacted] Chargeback Qualifying Mail. To pay [redacted] for duties, taxes, and fees on behalf of Mailer. USPS will [redacted]

**7. Obligations of the Contractholder as Mailer** The Mailer hereby agrees: (1) Tender Amount. To tender to the USPS mail intended for delivery outside the United States that generates [redacted] for Mailer Qualifying Mail in accordance with the prices set forth in the Mailer Annexes included in this Agreement, during the term that begins on the Effective Date of this Agreement as set forth in Article 20 of this Agreement. (2) Tender. Not to tender or attempt to tender: (a) any item under this Agreement that is destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740; (b) any item addressed to persons or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; (c) any item on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382. (d) any item as Duty and Tax Chargeback Qualifying Mail that requires an export license or specific license, as applicable from BIS, OFAC, the U.S. Department of State, the U.S. Department of Energy, or any other governmental unit that imposes restrictions on exports. (3) Tender Locations. To tender: (a) IPA Qualifying Mail including IPA M-bags in drop shipments to the appropriate locations specified in IMM 292.532. Mailings tendered at these locations are subject to Drop Ship prices. (b) IPA Qualifying Mail including IPA M-bags at USPS Business Mail Entry Units ("BMEUs") approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices. (c) ISAL Qualifying Mail including ISAL M-bags in drop shipments to the appropriate locations specified in IMM 293.532. Mailings tendered at these locations are subject to Drop Ship prices. (d) ISAL Qualifying Mail including ISAL M-bags at USPS Business Mail Entry Units (BMEUs) approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices. (e) One hundred percent (100%) of PMEI Qualifying Mail that Mailer tenders in drop shipments at any USPS International Service Center location. (f) One hundred percent (100%) of PMI Qualifying Mail that Mailer tenders in drop shipments at any USPS International Service Center location. (g) One hundred percent (100%) of FCPIS Qualifying Mail that Mailer tenders in drop shipments at any USPS International Service Center location. (h) CeP Qualifying Mail to locations specified in the *CeP Mailer Preparation Requirements Document*. (i) The mailings under [redacted] Chargeback program to the USPS at the acceptance location(s) as set forth in the *PMEI* [redacted] *Chargeback Preparation Requirements Document, PMI* [redacted] *Chargeback Preparation Requirements Document*, or the *CeP* [redacted] *Chargeback Preparation Requirements Document*, as applicable. (4) Advance Notification. To provide: (a) The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of Mailer's intent to drop ship mail at a specific location two (2) weeks before the initial shipment to that location. (b) The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of new Mailer's Permit numbers used for Qualifying Mail, ten (10) days in advance of using the new numbers. The message should include the Mailer's Permit number,

the city, state, and ZIP Code where the Mailer's Permit is held, and the name of the permit owner. [redacted] The message should also include a requested effective date. (c) [redacted] (d) The Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov with notification of the Mailer's intent to tender Qualifying Mail under this Agreement that requires a license from OFAC, BIS, or the U.S. Department of State not less than ten (10) days prior to tender of such items. (5) Payment of Postage. To pay postage to the USPS directly for all Qualifying Mail that Mailer tenders by use of the Mailer's Permit Imprint subject to the conditions stated in IMM 152.6, DMM 604.5, and DMM 705.4, with the exception that DMM 604.5.1.1 shall not apply. (6) Monthly Reporting. (a) To provide the USPS with a report, at a frequency to be mutually determined, in a format to be specified by the USPS that states for PMEI, PMI, FCPIS, IPA, ISAL, IPA M-bags, ISAL M-bags, CeP including Duty and Tax Chargeback Qualifying Mail tendered by the Mailer, the total revenue, pieces, and weights for each product mailed in the preceding month separated by point of tender to the USPS, destination country, and country price group for each Mailer's Permit used by the Mailer under this Agreement; (b) This report requirement shall include the final month of the Agreement. (7) Receptacle Barcoding. To place on each receptacle containing IPA, ISAL, or CeP mailings, a barcode prepared in accordance with the specifications the USPS shall provide. (8) Address Labels and Customs Declarations To create address labels and Customs declarations for Qualifying Mail using USPS-provided Global Shipping Software (GSS). (9) Data Transmission To exchange electronic information with the USPS according to the instructions the USPS provides. (10) Information Link. To establish a secure data connection with the USPS in order to ensure that the USPS can receive the necessary information for Customs clearance as well as the data needed to monitor the proper prices and country destination of the Mailer's packages. The Mailer is responsible for all aspects of service quality of the information link, interconnectivity, and interoperability of network services of such data connection, which shall be available under commercially reasonable standards but shall be capable of ensuring that the data for all Qualifying Mail under this Agreement are available to USPS. (11) Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Postal Regulatory Commission. (12) Customs Duties and Taxes. (a) To pay duties, taxes, and fees assessed by customs and postal authorities as provided in Article 10 for Qualifying Mail under the [redacted] Chargeback Program. (b) When the Contractholder acts as the Mailer, customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee. (13) Customs and Export Documentation. (a) To comply with all USPS customs documentation guidelines found at: http://postalpro.usps.com/shipping/customs-forms. This Paragraph does not apply to or impact the payment method required for Qualifying Mail under Article 7 Paragraph 5 of this Agreement. (b) To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. (c) The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of Mailer Qualifying Mail, including Duty and Tax Chargeback Qualifying Mail, to sender. (14) Customs and Export Requirements. (a) To comply with any regulation or order promulgated by the USPS, OFAC, the U.S. Department of the Treasury, the U.S. Census Bureau, BIS, the U.S. Department of Commerce, the U.S. Department of State, the U.S. Customs & Border Protection, the U.S. Fish and Wildlife Service, the Transportation Security Administration, a destination country foreign government, or other government unit, according to any requirements specified by those authorities. See IMM 5 for additional information. (b) For all items destined for Cuba, the Mailer shall comply with and take all necessary measures to ensure compliance with all applicable BIS and OFAC provisions, and to ensure that electronic export information about shipments under this Agreement destined for Cuba are properly filed, if necessary, under regulations of the U.S. Census Bureau. (15) Responsibility. The Mailer, having provided the USPS with Mailer's Permit number and notification of intent to mail under the terms of Article 7 Paragraph 4 of this Agreement, must follow the terms and conditions set forth in this Agreement as they pertain to the preparation of, tender of, and payment for mailings. [redacted] (16) CeP Labeling. To create and place on each piece of CeP Qualifying Mail a unique label allowing for delivery confirmation when scanned in the receiving country in accordance with the specifications provided in the *CeP Preparation Requirements Document*. (17) Penalties. To pay any fines or penalties, as well as any other expenses, damages, and/or charges, including any applicable duties, taxes, and/or fees that result from an action of any other governmental entity that regulates exports and/or imports in relation to any item tendered under this Agreement, or that results from the Mailer's failure to comply with applicable laws and regulations of the origin country, destination country, or any country through which a mailing tendered under this Agreement passes



[redacted]

(including failure to provide necessary documentation and/or failure to obtain any required license or permit). (18) Notice of Investigations, Prosecutions, or Proceedings. To notify USPS, via e-mail to globaltradecompliance@usps.gov and internationalmailsecurity @uspis.gov, of all criminal, civil, or administrative investigations, prosecutions, or proceedings relating to violations or potential violations of export control, customs, fraud, data, or mailability laws concerning transactions involving the Mailer, brought against the Mailer, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents, in no case more than five (5) business days after discovery.

**8. Postage Prices when Contractholder acts as Mailer** In consideration of Article 7 Paragraph 1 for Mailer Qualifying Mail, the Mailer shall pay postage to the USPS: (1) For PMEI, according to the Mailer PMEI Annex of this Agreement, if a Mailer PMEI Annex is included in this Agreement; (2) For PMI, according to the Mailer PMI Annex of this Agreement, if a Mailer PMI Annex is included in this Agreement; (3) For FCPIS, according to the Mailer FCPIS Annex of this Agreement, if a Mailer FCPIS Annex is included in this Agreement; (4) For IPA and ISAL, according to the Mailer IPA and ISAL Annex of this Agreement, if a Mailer IPA and ISAL Annex is included in this Agreement; (5) For CeP, according to the Mailer CeP Annex of this Agreement, if a Mailer CeP Annex is included in this Agreement; (6) For PMEI, PMI, and CeP [redacted] Chargeback Qualifying Mail, through the use of a permit imprint subject to the conditions stated in IMM 152.6 and DMM 604.5 that shall not be used for any other type of mail than Duty and Tax Chargeback Qualifying Mail that meets the requirements set forth in Article 10 of this Agreement;.

**9. [redacted] PMEI** [redacted]

**10. Customs Duties and Taxes for when Contractholder acts as Mailer under the [redacted] Chargeback Program** (1) Customs duties, taxes, and/or fees for Duty and Tax Chargeback Qualifying Mail tendered under this Agreement are the responsibility of the Mailer. (2) In addition to payment of duties and taxes, the Mailer agrees [redacted]

(3) [redacted]

(4) [redacted]

(5) [redacted]

(6) [redacted]

(7) [redacted]

(8) [redacted]



[redacted]

[redacted] (9) [redacted]

## II. CONTRACTHOLDER AS "RESELLER"

**11. Qualifying Mail when Contractholder acts as Reseller** With the exception of:

(1) Any item destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740;

(2) any item addressed to persons or entities identified on the Office of Foreign Assets Control's ("OFAC's") Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, the Bureau of Industry and Security's ("BIS's") Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382; and

(3) any item tendered on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382.

"Qualifying Mail" when Contractholder acts as Reseller means mail that: (a) meets the requirements set forth in IMM 220 for Priority Mail Express International, excluding all Flat Rate items; or (b) meets the requirements set forth in IMM 230 for Priority Mail International, excluding all Flat Rate items and Priority Mail International Regional Rate Boxes; or (c) meets the requirements set forth in IMM 250 for First-Class Package International Service; except as those requirements conflict with the applicable specific preparation requirements set forth in Article 14.

**12. Non-Qualifying Mail when Contractholder acts as Reseller** "Non-Qualifying Mail" when Contractholder acts as Reseller means any mail that does not meet the requirements set forth in Article 11 of this Agreement. In addition, Priority Mail Express International, Priority Mail International, and First-Class Package International Service items tendered to the USPS at a Business Mail Entry Unit or a USPS retail window shall be considered Non-Qualifying Mail. The USPS, at its option and without forfeiting any of its rights under this Agreement, either may refuse to accept Non-Qualifying Mail or may accept Non-Qualifying Mail at the applicable published prices.

**13. Obligations of the USPS when Contractholder acts as Reseller** The USPS hereby agrees, when Contractholder acts as Reseller: (1) Postage. To provide discounted prices for Reseller Qualifying Mail paid for and tendered as required by this Agreement. (2) Notice of Postage Due. To provide the Reseller with a statement to support the calculation of postage due to the USPS as a result of discrepancies between the PC postage or the postage paid through the Electronic Verification System (eVS®) administered by USPS (as described in Article 14, Paragraph 3) that was applied by Reseller's Customers sending Qualifying Mail and the actual postage due to the USPS under this Agreement. (3) Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files this Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with this Agreement in accordance with other regulatory requirements.

**14. Obligations of the Contractholder when Acting as Reseller** The Reseller hereby agrees: (1) Prices that Reseller is to Pay USPS: To pay postage to the USPS for Priority Mail Express International Qualifying Mail, Priority Mail International Qualifying Mail, and First-Class Package International Service Qualifying Mail set forth in the Reseller Annexes included in this Agreement. (2) Prices Offered by Reseller to Reseller's Customers. Subject to the conditions of this Agreement, the Reseller has the right to offer the Reseller's Customers discounts for Qualifying Mail [redacted] (3) Payment Method. (a) To pay postage to the USPS through the intermediary of one or more PC Postage Providers of the Reseller's choosing provided that the PC Postage Provider(s) is/are listed as approved in DMM 604.4.1.4, and capable of both (i) programming rates based on this Agreement, and (ii) complying with USPS reporting requirements related to this Agreement; and/or (b) Only after notification from USPS to the Reseller that postage payment through the Electronic Verification System (eVS) is acceptable, to pay postage through eVS®, using a permit imprint that is in the name of the Reseller subject to the conditions stated in DMM 604.5 and IMM 152.6, following standards as published in USPS Publication 205 *Electronic Verification System (eVS®) Business and Technical Guide*, USPS Publication 199 *Intelligent Mail Package Barcode (IMpb) Implementation Guide for: Confirmation Services and Electronic Verification System (eVS) Mailers*, and other related documents. Reseller may pay postage through eVS® only after USPS provides notification to the Reseller that postage payment through the eVS system under this Agreement is permissible. (4) Advance Notification. (a) To provide the Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov, with (i) notification of the USPS-approved PC Postage Provider(s) the Reseller intends to use at least fifteen (15) days in advance of the first use of that PC Postage Provider(s) in connection with this Agreement; (ii) notification



[redacted]

of the Reseller's intent to add an additional PC Postage Provider(s), or to cease using a particular PC Postage Provider(s), at least fifteen (15) days in advance of the date of the intended change; (iii) any and all relevant information required to identify a particular sender tendering Qualifying Mail to the USPS under the pricing terms of this Agreement, as quickly as possible after the relevant information has been determined; (iv) notification of new PC Postage Provider account number(s) used for Qualifying Mail fifteen (15) days in advance of using the new PC Postage Provider account numbers. The message should include the PC Postage Provider account number, the name of the PC Postage Provider account owner, and the requested implementation date. (b) To provide the Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov, with (i) notification that Reseller intends to pay postage pursuant to this Agreement through eVS® at least fifteen (15) days in advance of the first use of eVS® in connection with this Agreement; (ii) notification of the Reseller's intent to cease using eVS® in connection with this Agreement at least fifteen (15) days in advance of the date of the intended change; (iii) any and all relevant information required to identify a particular sender tendering Qualifying Mail to the USPS under the pricing terms of this Agreement, as quickly as possible after the relevant information has been determined; (iv) notification of the eVS® permit numbers and mailer ID numbers of the Reseller used for Qualifying Mail fifteen (15) days in advance of using the new eVS® permit numbers and mailer ID numbers. The message should include the eVS® permit numbers and mailer ID numbers of the Reseller, the name of the account owner for the eVS® permit numbers and mailer ID numbers, and the requested implementation date. (5) Tender. To require that the Reseller's Customers present the mailings to the USPS using any means of tender the USPS authorizes for items paid for by use of PC Postage or eVS®, with the exception of the following means of tender: (a) when using PC Postage, cannot tender to the USPS at a Bulk Mail Entry Unit or a USPS retail window, or a commercial mail receiving agency, accompanied by a PS Form 3152 Confirmation Services Certification, or a PS Form 5630 Shipment Confirmation Acceptance Notice, or an equivalent form produced by the PC Postage Provider's software. (b) When using eVS, the Reseller cannot tender to a USPS retail window, a collection box, or a carrier. (6) Customs and Export Documentation. To provide and to require that Reseller's Customers provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, the U.S. Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Reseller further understands and agrees to notify the Reseller's Customers that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of mail to the sender. (7) Customs and Export Requirements. (a) To comply with and to require the Reseller's Customers to comply with any regulation or order promulgated by the USPS, OFAC, the U.S. Department of the Treasury, the U.S. Census Bureau, BIS, the U.S. Department of Commerce, the U.S. Department of State, the U.S. Customs & Border Protection, the U.S. Fish and Wildlife Service, the Transportation Security Administration, a destination country foreign government, or other governmental unit, in accordance with any requirements specified by those authorities. See IMM 5 for additional information. The Reseller further understands and agrees to notify the Reseller's Customers that any non-compliance may lead to fines, denial of mailing privileges, and/or other penalties, including, but not limited to, the payment of any fines, penalties, expenses, damages, and/or other charges assessed to the Postal Service and resulting from the Reseller's Customers' failure to comply with applicable laws and regulations of the origin country, destination country, or any country through which a mailing tendered under this Agreement passes. (8) Software. (a) If postage payment is through a PC Postage Provider, to require the Reseller's Customers to apply address labels and Customs declarations to Qualifying Mail using the software provided by the approved PC Postage Provider which the Reseller has identified as its chosen postage payment intermediary. (b) If postage payment is through eVS® to create address labels for PMEI, PMI, and FCPIS Qualifying Mail using eVS® and to send the required Customs information for each Qualifying Mail item to USPS through USPS PTR Shipping Services file 1.7 or 2.0, in accordance with the most recent versions of USPS Export Compliance Customs Data Requirements and USPS Guidelines for Privately Printed customs Declarations Forms. (The most recent versions of these two documents, as of July 9, 2018, were available at https://postalpro.usps.com/node/2710 and https://postalpro.usps.com/node/2713.) (9) Data Transmission. To exchange electronic information with the USPS according to the instructions the USPS provides. (10) Notices to Reseller's Customers. To provide notice to the Reseller's Customers of the terms and conditions identified in this Agreement as requiring such notice. (11) Postage Due. To pay postage due to the USPS as a result of discrepancies between the PC postage or postage paid through eVS® applied by the Reseller's Customers and the actual postage due to the USPS under this Agreement. (12) Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Postal Regulatory Commission. (13) Compliance. To comply with all applicable USPS regulations and orders, and in good faith, to seek to comply with all other applicable laws and regulations. (14) Penalties. To pay any fines or penalties, as well as any other expenses, damages, and/or charges (including any applicable duties, taxes, and/or fees vis-a-vis any federal agency other than the USPS), to the extent such are due and owing, and are



[redacted]

no longer eligible to be contested by the Reseller (a) that result from an action of any governmental entity that regulates exports and/or imports in relation to any item tendered under this Agreement, or (b) that result from the Reseller's and/or Reseller's Customer's failure to comply with applicable laws and regulations of the origin country, destination country or any country through which a mailing tendered under this Agreement passes (including failure to provide necessary documentation and/or failure to obtain any required license or permit). (15) Notices to Reseller's Customers Concerning Customs Duties and Taxes. When the Contractholder acts as Reseller, the Reseller shall notify the Reseller's Customers that customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee. **(16)** Qualifying Mail to Cuba. For all items destined for Cuba, the Reseller shall take all necessary measures to ensure that the Reseller's Customers comply with all applicable BIS and OFAC provisions and ensure that electronic export information about shipments under this Agreement destined to Cuba are properly filed, if necessary, under regulations of the U.S. Census Bureau. (17) Notice of Investigations, Prosecutions, or Proceedings. To notify USPS, via e-mail to globaltradecompliance@usps.gov and internationalmailsecurity@uspis.gov, of all criminal, civil, or administrative investigations, prosecutions, or proceedings relating to violations or potential violations of export control, customs, fraud, data, or mailability laws concerning transactions involving the Reseller, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents, in no case more than five (5) business days after discovery. **(18)** At the discretion of the USPS, Qualifying Mail under this Agreement may be carried through an alternative delivery provider in lieu of the designated foreign postal operator serving that country. To the extent that Reseller wishes to continue to send Qualifying Mail to any such destination country for which final delivery is furnished by an alternative delivery provider, Reseller agrees to abide by any additional preparation requirements prescribed by the USPS, which shall be set forth in an alternative delivery provider Preparation Requirements Document furnished by USPS to the Reseller with reasonable advance notice. Delivery by an alternative delivery provider is subject to terms and conditions determined in the sole discretion of the USPS, and may be subject to change. Such terms and conditions could affect certain product features, terms, and conditions that are set forth in this Agreement or the IMM.

**15. Minimum Commitment of Reseller** (1) The Reseller is required to meet an annualized minimum commitment of [redacted] (2) [redacted]

**16. No Service Guarantee** Nothing in this Agreement shall be construed as a representation or guarantee by the USPS that Qualifying Mail when Contractholder acts as Reseller will be delivered to the appropriate addresses within any particular time. The Reseller shall notify the Reseller's Customers that there is no service guarantee for mail tendered to the USPS at the discounted prices provided through this Agreement.

**17. Fraud.** The Reseller shall notify the Reseller's Customers that providing false information to access discounted rates or pay less than the applicable postage due through the use of a PC Postage provider or through eVS® may subject the Reseller's Customers to criminal and/or civil penalties, including fines and imprisonment.

## III. GENERAL TERMS AND CONDITIONS

**18. Suspensions of Mail Service** In the event that a suspension of mail service from the United States to a given country would prevent delivery of Qualifying Mail to addressees in that country, the Contractholder shall not tender Qualifying Mail to the USPS until service is restored. In addition, the Contractholder as Reseller shall notify Reseller's Customers not to tender Priority Mail Express International, Priority Mail International or First-Class Package International Service, as appropriate, to the USPS until service is restored. The minimum commitment for Qualifying Mail as set forth in Articles 7 and 15 of this Agreement shall be recalculated pro rata to reflect the reduction in available service time.

**19. Governing Law** This Agreement shall be governed by, construed under, and enforced in accordance with United States federal law.

**20. Term of the Agreement** (1) The USPS will notify the Contractholder of the Effective Date of the Agreement within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS. If the Effective Date of this Agreement is not the first of the month, the Agreement shall remain in effect until the last day of the month in which the Effective Date falls in the year subsequent to the Effective Date (for example, if the Effective Date of the Agreement is April 2 or a later day in April, the Agreement will expire on April 30 in the subsequent year), unless terminated sooner pursuant to Article 21, Article 32, or Article 43. (2) The USPS shall



[redacted]

have no obligation to notify the Contractholder of the status of the approval process or of potential fulfillment of the approval process. (3) The Contractholder acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date. (4) At the discretion of the USPS and subject to Article 36 Conditions Precedent, as well as official notification to the Postal Regulatory Commission at least seven (7) days prior to the expiration date of this Agreement, the USPS may, provide notice to the Contractholder in accordance with Article 34 that this Agreement has been extended for up to an additional three (3) months, with the option for the USPS to extend this Agreement for a second additional three (3) months, and the USPS reserves the right to adjust the duration of such extension, depending on the effective date, if any, of a successor agreement with the Contractholder.

**21. Termination of the Agreement** (1) Either Party to this Agreement, in its sole discretion, may terminate this Agreement for any reason, without cost, fault, or penalty, except as provided for in Paragraph 3 of this Article 21, regardless of whether either Party is in default, by giving the other Party a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. (2) [redacted]

(3) In the event that this Agreement is terminated for any reason before the anticipated termination date in Article 20 (including for the reasons and under the terms set forth in Article 43), any penalties arising under Article 7 or any other article of this Agreement shall be enforceable, and the Contractholder remains bound by the terms of Article 7 Paragraph 1 and Article 15, and the Contractholder's obligation, if any, under Articles 7 and 15 shall be calculated on a pro rata basis to reflect the actual duration of the Agreement. In the event of early termination under this Article, the Contractholder as Reseller shall notify its PC Postage Provider(s) and the Resellers' Customers of the date the discounted prices will no longer be available to them through this Agreement. (4) The USPS is under no obligation to remind the Contractholder of the termination of this Agreement. In addition, the USPS is under no obligation to enter into a subsequent agreement with the Contractholder.

**22. Postage Updates** (1) In the event that the USPS incurs [redacted] (2) The USPS will give the Contractholder as Mailer thirty-five (35) days' notice of changes in the prices in the Mailer Annexes included in this Agreement. (3) The USPS will give the Contractholder as Reseller thirty (30) days' notice of changes to the prices in the Reseller Annexes included in this Agreement. (4) Any revision to the prices in the Annexes included in this Agreement shall not be retroactive; (5) No price shall increase beyond the non-discounted published prices for the affected service. (6) All price changes under the provisions of this Article will be subject to review and oversight by the USPS Governors, the USPS Board of Governors, and/or the Postal Regulatory Commission.

**23. Indemnity** The Contractholder shall indemnify and save harmless the USPS and its officers, directors, agents, and employees from any and all claims, losses, costs, damages, or expenses or liabilities, including but not limited to penalties, fines, liquidated damages, charges, taxes, fees, duties, or other money due (Claims) growing out of or connected in any other way with the discharge by the Contractholder or its agent(s) of any undertaking contained in this Agreement, including Claims that result from the non-compliance of the Contractholder with the laws of the United States and other countries.

**24. Limitation of Liability** (1) The liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered by Mailer to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as a result of late delivery or non-delivery of any Qualifying Mail. (2) PMEI, PMI, FCPIS, IPA, ISAL, and CeP Qualifying Mail as well as Duty and Tax Chargeback Qualifying Mail mailed under this Agreement are not guaranteed against delay in delivery. Neither indemnity payments nor postage refunds will be made in the event of delay. (3) The USPS bears no responsibility for the refund of postage for Qualifying Mail or Duty and Tax Chargeback Mail in connection with actions taken by Customs authorities. (4) The USPS shall not be liable for any loss or expense, including but not limited to fines and penalties, for the Mailer's, the Reseller's, the Reseller's Customer's or any other person's failure to comply with any export laws, rules, or regulations. (5) The USPS shall not be liable for any act or omission by any person not employed or contracted by the USPS, including any act or omission of the Mailer, the Mailer's Customer, the Reseller, the Reseller's Customer or the recipient of an item tendered under this Agreement. (6) Unless otherwise specified by notice published in a future issue of the *Postal Bulletin* that a date-certain, postage-refund guarantee will be offered for this particular type of Global Customized Mail Agreement, Priority Mail Express International With Money-Back Guarantee Service Qualifying Mail mailed under this agreement is not guaranteed against delay in delivery, and neither indemnity payments nor postage refunds will be made in the event of delay. (7) The



[redacted]

USPS is not liable for any of the Reseller's actions or the Reseller's Customers' actions and bears no liability in the event of termination with or without cause. (8) The USPS, as well as its agents, suppliers, and vendors, shall not be liable for any damages of any type, including but not limited to, any lost profits (both actual and anticipated) or other incidental or consequential damages arising out of any action by the USPS. The USPS is further not liable for any loss due to the use of, programming related to, or inability to use the USPS' or other vendors' or suppliers' software.

**25. Force Majeure** Neither Party shall be liable for its failure to perform under the terms of this Agreement due to any contingency beyond its reasonable control, including acts of God, fires, floods, wars, sabotage, accidents, pandemics impacting service, and labor disputes or shortages; governmental laws, ordinances, rules and regulations, whether valid or invalid; court orders, whether valid or invalid; inability to obtain material, equipment, or transportation; and any other similar or different contingency.

**26. No Waiver** The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

**27. Number and Gender** The use of any particular gender, or the plural or singular, in this Agreement is intended to include the other gender, or the plural or singular, as the text may require.

**28. 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.

**29. Assignment.** Neither Party may, or shall have the power to, assign its rights under this Agreement or, delegate its obligations hereunder, without the prior consent of the other; such consent is not to be unreasonably withheld. In addition, in the event that the Contractholder is merged with or into or acquires another firm, corporation, or entity, pricing under this Agreement following such merger or acquisition shall apply only to mail sent by the entity existing prior to the merger or acquisition. Following any such merger or acquisition, the parties may negotiate in good faith to extend, modify or enter into a new Agreement applicable to the merged or acquired entity. Assignment by the Contractholder to a subsidiary of the Contractholder for which the Contractholder is the majority owner shall be allowed.

**30. Paragraph Headings and Reference Citations** The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM, IMM, and Code of Federal Regulations within this Agreement are intended to refer to the substantive information found within the cited section(s) at the time this Agreement was drafted. Changes to the citations or the relevant substantive information due to published revisions of the DMM, IMM, or Code of Federal Regulations shall be applicable to this Agreement upon the effective date of such revisions.

**31. Entire Agreement and Survival** (1) This Agreement, including all Annexes thereto, shall constitute the entire Agreement between the Parties as it pertains to Qualifying PMEI service, PMI service, FCPIS service, IPA service, ISAL service, CeP service, PMEI using the [redacted] Chargeback Program, PMI using the [redacted] Chargeback Program and CeP using the [redacted] Chargeback Program, intended for delivery outside the United States. (2) [redacted] (3) With the exception of the Agreement(s) mentioned in Paragraph 2 of this Article, any prior understanding or representation of any kind regarding the use of PMEI service, PMI service, FCPIS service, IPA service, ISAL service, IPA M-bag service, ISAL M-bag service, CeP service, PMEI using the [redacted] Chargeback Program, PMI using the [redacted] Chargeback Program, CeP using the [redacted] Chargeback Program shall not be binding upon either Party except to the extent incorporated in this Agreement. (4) The obligations of the Parties with respect to confidentiality as set forth in Article 6 Paragraph 7, Article 7 Paragraph 11, Article 13 Paragraph 3, Article 14 Paragraph 12, and Article 37 will expire ten (10) years from the date of termination or expiration of this Agreement. (5) The obligations of the Parties with respect to notice and payment of postage due as provided for in Article 6 Paragraph 5, Article 13 Paragraph 2, and Article 14 Paragraph 11, will expire ninety (90) days from the date of termination or expiration of this Agreement.

**32. Modification** (1) Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 22 and with the exception of a notice of termination under the terms of Article 21 or Article 43, shall be binding only if placed

in writing and signed by each Party. (2) Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. (3) If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained. (4) The USPS will notify the Contractholder of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS. (5) The USPS shall have no obligation to notify the Contractholder of the status of the approval process or of potential fulfillment of the approval process.

**33. Mailability, Exportability, and Importability** (1) All items mailed under this Agreement must conform to the mailability requirements of the USPS as detailed in the IMM 130 and USPS Publication 52; all applicable United States laws and regulations, including export control and customs laws and regulations; and all applicable importation restrictions of the destination countries. For each item mailed under this Agreement, the Contractholder as Mailer is responsible for notifying the Contractholder as Mailer's Customers, and the Contractholder as Reseller is responsible for notifying the Contractholder as Reseller's Customers, of their responsibility for determining export and import requirements, obtaining any required licenses and permits, and ensuring that the recipient of the item is authorized by the laws of the United States, as well as destination countries to receive the item, and for the exportation and importation status of the products mailed under this Agreement as detailed in IMM 112. (2) The Contractholder is responsible for ensuring that no item mailed under this Agreement includes non-mailable dangerous goods. Internationally mailable dangerous goods include only certain biological substances, certain radioactive materials, and small lithium batteries packaged in the devices they are meant to operate, as described in greater detail in IMM 135. Hazardous materials listed within the Department of Transportation's regulations, including at 49 C.F.R. § 172.101, are known as dangerous goods that are prohibited from all international mail, as set forth in Exhibit 331 of USPS Publication 52. These substances and items are in addition to any prohibitions or restrictions on imports that may be found in the Individual Country Listings in the IMM. Penalties for knowingly mailing dangerous goods may include civil penalties pursuant to 39 U.S.C. § 3018 and criminal charges pursuant to 18 U.S.C. § 1716.

**34. Notices** (1) All notices or demands required by this Agreement shall be sufficient if delivered personally or mailed via Priority Mail Express to the following individuals: To the United States Postal Service: Managing Director, Global Business, United States Postal Service, 475 L'Enfant Plaza, SW Room 5012, Washington, DC 20260-4016; To the Contractholder: [redacted] or via e-mail to the United States Postal Service at: icmusps@usps.gov and to the Contractholder at [redacted] (2) The Contractholder hereby agrees to provide the USPS with updates to the contact information in Paragraph 1 of this Article.

**35. Preservation after Termination** of this Agreement shall be without prejudice to any rights, obligations, and liabilities of the Contractholder accrued up to and including the effective date of such termination. In the event of termination of the Agreement, the Contractholder shall be liable to make final settlement of all amounts owing as of the effective date of termination within three (3) months of written notice by the USPS of any deficiency or liability under this Agreement.

**36. Conditions Precedent** (1) The Parties acknowledge and understand that all obligations of the USPS under this Agreement, as well as the prices in the Annexes included in this Agreement, shall be contingent on the USPS receiving approvals from one or more internal and external bodies that have oversight responsibilities ("Conditions Precedent"). Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that the Agreement might not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the Postal Service to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party. (2) In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Contractholder prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual; special; indirect; incidental; punitive; consequential; 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 for costs incurred by either Party attributable to such non-approval such as attorney's fees.

**37. Confidentiality** The Contractholder acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. The Contractholder authorizes the USPS to



[redacted]

determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Contractholder further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may be required to file information in connection with this Agreement (including revenue, cost, or volume data) in other Commission dockets including the Commission docket number for the Annual Compliance Report (ACR) for the USPS fiscal year(s) in which this Agreement is in effect. Each ACR docket has a distinct docket number, such as ACR202#, in which "202#" signifies the USPS fiscal year to which the ACR pertains. The Contractholder 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 in part 3011 of the regulations concerning the Commission in Title 39 of the Code of Federal Regulations.

**38. Notice** The Contractholder acknowledges and understands that the USPS may review its product offerings during the term of this Agreement and that the USPS may modify existing product offerings during the term of this Agreement in a manner that could affect the Contractholder's ability to achieve the volume commitment in Articles 7 and 15.

**39. Counterparts** The Parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all Parties need be signatories to the same documents, and all counterpart-signed documents shall be deemed an original and one instrument.

**40. USPS Sales** Nothing in this Agreement prohibits the USPS from soliciting sales from the Mailer's Customers or Reseller's Customers.

**41. Intellectual Property, Co-Branding and Licensing** The Contractholder is allowed the factual use of the following trademarks to identify the appropriate USPS service: Priority Mail Express International®, Priority Mail International®, First-Class Package International Service®, International Priority Airmail®, International Surface Air Lift®, M-Bag®, Commercial ePacket®, and the acronyms PMEI™, PMI™, FCPIS®, IPA®, ISAL®, and CeP®. The Parties acknowledge that in the service of marketing the products under this Agreement that such product marketing may be enhanced through the use of co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property other than to factually identify the trademark owner or the trademark owner's services until such time that a license for marketing use has been executed by the Parties. Contractholder agrees to cooperate and execute any necessary filings required to perfect such license's effectiveness in the applicable jurisdictions, including, but not limited to the recording of such licenses.

**42. Warranties, Representations, and Covenants** The Contractholder warrants, represents, and covenants that to the Postal Service as follows: (1) the execution, delivery, and performance by the Contractholder of its obligations under the Agreement (a) are within the Contractholder's power and authority; (b) have been duly authorized; and (c) do not and will not contravene (i) any law or regulation binding on or affecting the Contractholder, (ii) any contractual restriction binding on the Contractholder, (iii) any order, judgment or decree of any court or other governmental or public body or authority, or subdivision thereof, binding on the Contractholder, or (iv) the organizational documents of the Contractholder; (2) the Contractholder is not subject to, and is not related to an entity that is subject to, a temporary or other denial of export privileges by BIS and that the Mailer is not listed on OFAC's Specially Designated Nationals List, OFAC's Foreign Sanctions Evaders List, BIS's Denied Persons List, or BIS's Entity List, or subject to active sanctions by the U.S. Department of State pursuant to Executive Order No. 13382, and that the Contractholder is not in arrears for any amount due to the USPS; (3) that the Contractholder is not aware of any pending investigations that would be subject to the notice obligation under Article 7, Paragraph 18 and Article 14, Paragraph 17; (4) that there has been no criminal, civil, or administration enforcement action in the past five (5) years against the Contractholder, any of its subsidiaries or affiliates, or any of its directors, officers, employees, or agents. (5) [redacted] (6) the individual signing the Agreement on behalf of the Contractholder is a duly authorized officer of the Contractholder with the power and authority to enter into the Agreement on behalf of Contractholder; (7) the Contractholder shall comply with all applicable federal, state, and local laws, rules and regulations.

**43. Sovereign Acts** The USPS and the Contractholder acknowledge and agree that this Agreement is subject to any legislation that might be enacted by the Congress of the United States or any orders or regulations that might be promulgated by any executive authority, agency, branch, or independent establishment of the United States Government. The USPS and the Contractholder further acknowledge and agree that this Agreement in no way waives the USPS's authority to act in its sovereign capacity and that, pursuant to the sovereign acts



[redacted]

doctrine, the USPS shall not be held liable for any acts performed in its sovereign capacity, or for any acts performed by any executive authority, agency, branch, or independent establishment of the United States in their sovereign capacities that may directly or indirectly affect the terms of this Agreement. In the event that either Party is required by legislation enacted by the Congress of the United States or any orders or regulations that might be promulgated by any executive authority, agency, branch, or independent establishment of the United States Government to terminate, or otherwise as a result of such action is unable to perform its obligations under this Agreement, either Party may give notice of termination pursuant to Article 34 of this Agreement, which termination shall be effective immediately or on the effective date of such requirement, whichever is later. The Parties agree that in the event that this Agreement is terminated, as set forth in the preceding two sentences, or in the event that either Party is enjoined from proceeding with this Agreement by any court of competent jurisdiction, such Party shall not be subject to any liability by reason of such termination or injunction, except as set forth in Article 21 Paragraph 3. Further, the USPS will evaluate the impact on the Agreement of amendments to statutes affecting its ability to perform under this Agreement and may give notice of termination pursuant to Article 34 of this Agreement based upon such amendments, which termination shall be effective immediately or as determined by the USPS. To the extent of termination on this basis, the USPS shall not be subject to any liability by reason of such termination.

**44. Record Keeping and Audit** Contractholder shall prepare and maintain complete and accurate records, in accordance with good industry practice, to verify and document compliance with its obligations under this Agreement and substantiate any and all postage and penalties, and any related fees and expenses, payable by Contractholder hereunder, in furtherance of the audit requirement under Section 3654 of Title 39, United States Code, as well as compliance with export control laws. Contractholder will retain all such records in the ordinary course of its business for a period of at least five (5) years after expiration or termination of this Agreement. Contractholder shall respond to the USPS' or its designated auditor's quarterly and/or yearly transaction confirmations related to Postal Service transactions; and such other assistance as required by the Postal Service or its designated auditors in connection with Contractholder's performance under this Agreement.



[redacted]

In witness whereof, this Agreement is deemed executed on the latter of the two dates accompanying the Parties' signatures.

**ON BEHALF OF THE UNITED STATES POSTAL SERVICE:**

Signature: Donald W. Ross

Name: Donald W Ross

Title: Director International Sales

Date: 6-8-2020

**ON BEHALF** [redacted]

Signature:

Name:

Title:

Date: June 4, 2020

**CONTRACTHOLDER AS "MAILER" ANNEXES**

| | |
|---|---|
| ANNEX 1 | MAILER PMEI ANNEX - PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL |
| ANNEX 2 | MAILER PMI ANNEX - PRICES FOR PRIORITY MAIL INTERNATIONAL |
| ANNEX 3 | MAILER FCPIS ANNEX - PRICES FOR FIRST CLASS PACKAGE INTERNATIONAL SERVICE |
| ANNEX 4 | MAILER IPA AND ISAL ANNEX - PRICES FOR INTERNATIONAL PRIORITY AIRMAIL SERVICE AND INTERNATIONAL PRIORITY AIRMAIL SERVICE |
| ANNEX 5 | MAILER CeP ANNEX - PRICES FOR COMMERCIAL E-PACKET SERVICE |

**CONTRACTHOLDER AS "RESELLER" ANNEXES**

| | |
|---|---|
| ANNEX 6 | RESELLER PMEI ANNEX - PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL |
| ANNEX 7 | RESELLER PMI ANNEX - PRICES FOR PRIORITY MAIL INTERNATIONAL |
| ANNEX 8 | RESELLER FCPIS ANNEX - PRICES FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE |
| ANNEX 9 | PMEI, PMI, AND FCPIS REQUIREMENTS ANNEX - REQUIREMENTS TO RECEIVE DISCOUNT OFF OF PUBLISHED COMMERCIAL BASE PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL [redacted] AND FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE [redacted] THAT ARE |

- PRESORT DROP SHIPMENT SERVICE - <u>PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)</u>
- DROPSHIP SERVICE - <u>TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)</u>
- NATIONWIDE SERVICE - TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN THIS ANNEX FOR PRESORT DROP SHIPMENT ITEMS OR DROPSHIP ITEMS



[redacted]

## ANNEX 1 MAILER PMEI ANNEX – CONTRACTHOLDER AS "MAILER" PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL QUALIFYING MAIL

Postage prices for Priority Mail Express International Qualifying Mail items under this Agreement are as follows.

[redacted]

## ANNEX 2 MAILER PMI ANNEX – CONTRACTHOLDER AS "MAILER" PRICES FOR PRIORITY MAIL INTERNATIONAL QUALIFYING MAIL

Postage prices for Priority Mail Qualifying Mail items under this Agreement are as follows.

[redacted]

## ANNEX 3 MAILER FCPIS ANNEX – CONTRACTHOLDER AS "MAILER"
## PRICES FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE QUALIFYING MAIL

Postage prices for First-Class Package International Service Qualifying Mail items under this Agreement are as follows.

[redacted]

**ANNEX 4 MAILER IPA AND ISAL ANNEX – CHART 1**
**PRICES IN UNITED STATES DOLLARS FOR CONTRACTHOLDER AS "MAILER" FOR INTERNATIONAL PRIORITY AIRMAIL SERVICE AND INTERNATIONAL SURFACE AIR LIFT SERVICE: FLATS**

[redacted]



[redacted]

## ANNEX 4 MAILER IPA AND ISAL ANNEX – CHART 2
## PRICES IN UNITED STATES DOLLARS FOR CONTRACTHOLDER AS "MAILER" FOR INTERNATIONAL PRIORITY AIRMAIL SERVICE: LETTERS

[redacted]



[redacted]

**ANNEX 4 MAILER IPA AND ISAL ANNEX – CHART 3**
**PRICES IN UNITED STATES DOLLARS FOR CONTRACTHOLDER AS "MAILER" FOR INTERNATIONAL PRIORITY AIRMAIL SERVICE: M-BAGS**

[redacted]



[redacted]

**ANNEX 5 MAILER CeP ANNEX
PRICES IN UNITED STATES DOLLARS FOR
CONTRACTHOLDER AS "MAILER" FOR
COMMERCIAL EPACKET SERVICE**

[redacted]

## ANNEX 6 RESELLER PMEI ANNEX – CONTRACTHOLDER AS "RESELLER" PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL QUALIFYING MAIL

Postage prices for Priority Mail Express International Qualifying Mail items under this Agreement are as follows.

[redacted]

## ANNEX 7 RESELLER PMI ANNEX – CONTRACTHOLDER AS "RESELLER" PRICES FOR PRIORITY MAIL INTERNATIONAL QUALIFYING MAIL

Postage prices for Priority Mail Qualifying Mail items under this Agreement are as follows.

[redacted]

## ANNEX 8 RESELLER FCPIS ANNEX – CONTRACTHOLDER AS "RESELLER" PRICES FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE QUALIFYING MAIL

Postage prices for First-Class Package International Service Qualifying Mail items under this Agreement are as follows.

[redacted]



[redacted]

**ANNEX 9 PMEI, PMI, AND FCPIS REQUIREMENTS ANNEX**
**CONCERNING PRESORT DROP SHIPMENT SERVICE -**
**REQUIREMENTS TO RECEIVE DISCOUNT OFF OF PUBLISHED COMMERCIAL BASE PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL**
**[redacted]**
**AND FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE**
**[redacted] THAT ARE**
**PRESORTED AND TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)**

[redacted]

1. paid for through a separate permit imprint using USPS-provided Global Shipping Software (GSS) that is not used for any other type of mail than Qualifying Mail that meets the requirements set forth in this Agreement;
2. [redacted]
3. [redacted]
4. tendered to the USPS at any of the following USPS International Service Center locations:
   - JOHN F KENNEDY AIRPORT MAIL CENTER
     US POSTAL SERVICE
     JOHN F KENNEDY INTERNATIONAL AIRPORT BLDG 250
     JAMAICA NY 11430-9998
   - JT WEEKER INTERNATIONAL SERVICE CENTER
     US POSTAL SERVICE
     11600 WEST IRVING PARK ROAD
     CHICAGO IL 60666-9998
   - LOS ANGELES INTERNATIONAL SERVICE CENTER
     US POSTAL SERVICE
     5800 WEST CENTURY BLVD
     LOS ANGELES CA 90009-9998
   - SAN FRANCISCO INTERNATIONAL SERVICE CENTER
     US POSTAL SERVICE
     660 WEST FIELD ROAD
     SAN FRANCISCO CA 94128-3161
   - MIAMI INTERNATIONAL SERVICE CENTER[1]
     US POSTAL SERVICE
     11698 NW 25TH ST
     MIAMI FL 33112-9997
   - MIAMI PROCESSING AND DISTRIBUTION CTR[2]
     U.S. POSTAL SERVICE
     2200 NW 72ND AVE
     MIAMI FL 33152-9997

[redacted]

[redacted]

**ANNEX 9 PMEI, PMI, AND FCPIS REQUIREMENTS ANNEX**
**CONCERNING DROPSHIP SERVICE -**
**REQUIREMENTS TO RECEIVE DISCOUNT OFF OF PUBLISHED COMMERCIAL BASE PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL [redacted] THAT ARE**
**TENDERED AT A USPS INTERNATIONAL SERVICE CENTER (ISC)**

[redacted]

JOHN F KENNEDY AIRPORT MAIL CENTER
US POSTAL SERVICE
JOHN F KENNEDY INTERNATIONAL AIRPORT BLDG 250
JAMAICA NY 11430-9998

JT WEEKER INTERNATIONAL SERVICE CENTER
US POSTAL SERVICE
11600 WEST IRVING PARK ROAD
CHICAGO IL 60666-9998

LOS ANGELES INTERNATIONAL SERVICE CENTER
US POSTAL SERVICE
5800 WEST CENTURY BLVD
LOS ANGELES CA 90009-9998

SAN FRANCISCO INTERNATIONAL SERVICE CENTER
US POSTAL SERVICE
660 WEST FIELD ROAD
SAN FRANCISCO CA 94128-3161

MIAMI INTERNATIONAL SERVICE CENTER[1]
US POSTAL SERVICE
11698 NW 25TH ST
MIAMI FL 33112-9997

MIAMI PROCESSING AND DISTRIBUTION CTR[2]
U.S. POSTAL SERVICE
2200 NW 72ND AVE
MIAMI FL 33152-9997

[redacted]

[redacted]



[redacted]

**ANNEX 9 PMEI, PMI, AND FCPIS REQUIREMENTS ANNEX**
**CONCERNING NATIONWIDE SERVICE -**
**REQUIREMENTS TO RECEIVE DISCOUNT OFF OF PUBLISHED COMMERCIAL BASE PRICES FOR PRIORITY MAIL EXPRESS INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL**
**[redacted]**
**AND FOR FIRST-CLASS PACKAGE INTERNATIONAL SERVICE**
**[redacted]**
**TENDERED AT LOCATIONS OTHER THAN THOSE SPECIFIED IN THIS ANNEX FOR PRESORT DROP SHIPMENT ITEMS OR DROPSHIP ITEMS**

[redacted]



[redacted]

**PART B—COMPETITIVE PRODUCTS**
**2000 COMPETITIVE PRODUCT LIST**
*******
**NEGOTIATED SERVICE AGREEMENTS**
**International**

*********

**2510.21 IPA, ISAL, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contracts**

These contracts provide incentives to the contractholder as mailer for International Priority Airmail (IPA)(2320), International Surface Air Lift (ISAL)(2325), Commercial ePacket (CeP), Priority Mail Express International (PMEI) (2305), Outbound Priority Mail International (PMI) (2315), and Outbound Single-Piece First-Class Package International Service (FCPIS)(2335). CeP is a commercial service designed for volume shipments of outbound international letter post packet items (destined for delivery to certain destinations outside of the United States). Individual item tracking is provided. CeP pieces are sealed against inspection and shall not be opened except as authorized by law. CeP pieces that are undeliverable-as-addressed are entitled to be forwarded or returned to the sender. Size and weight limitations for CeP are the same as for International Priority Airmail Packages (Small Packets) and Rolls (2320.2). For certain destinations for which the Postal Service has made arrangements with the destination country postal operator, as an optional feature, the Postal Service may offer destination country duty and taxes chargeback service, through which custom duties and taxes are paid by the mailer in lieu of the recipient.

These contracts also provide incentives to the contract holder as reseller for PMEI (2305), PMI (2315), and FCPIS (2335). The contract holder as reseller offers prices based on its contract to its customers (reseller's customers). Preparation requirements are the same as for all PMEI, PMI, and FCPIS shipments with some specific criteria for payment, preparation, and tender.

Each product is followed by a list of agreements included within that product.

- IPA, ISAL, CeP, PMEI, PMI & FCPIS with Reseller Contract 1

## Statement of Supporting Justification

I, Frank Cebello, Manager, International Products & Major Accounts, am sponsoring this request that the Postal Regulatory Commission (Commission) add International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contract 1 to the list of competitive products. This statement supports the United States Postal Service's (Postal Service's) request by providing the information required by each applicable subsection of 39 C.F.R. § 3040.132. I attest to the accuracy of the information contained herein.

*(a) Demonstrate why the change is in accordance with the policies and applicable criteria of the Act.*

As demonstrated below, the change complies with the applicable statutory provisions.

*(b) Explain why, as to market dominant products, the change is not inconsistent with each requirement of 39 U.S.C. § 3622(d), and that it advances the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c).*

Not applicable. The Postal Service is proposing that this International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contract 1 product be added to the competitive products list.

*(c) Explain why, as to competitive products, the addition, deletion, or transfer will not result in the violation of any of the standards of 39 U.S.C. § 3633.*

The service to be provided under the contract will cover its attributable costs and make a positive contribution to competitive products' ability collectively to meet the required minimum contribution requirement under Section 3633(a)(3). The contract will increase contribution toward competitive products' currently required minimum contribution of the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products arises (39 U.S.C. § 3633(a)(1)).

*(d) Verify that the change does not classify as competitive a product over which the Postal Service exercises sufficient market power that it can, without risk of losing a significant level of business to other firms offering similar products: (1) set the price of such product substantially above costs, (2) raise prices significantly; (3) decrease quality; or (4) decrease output.*

The contract sets specific terms and conditions for providing to the customer International Priority Airmail (IPA), International Surface Air Lift (ISAL), Commercial ePacket (CeP), Priority Mail Express International (PMEI), Priority Mai International (PMI), and First-Class Package International Service (FCPIS). IPA, ISAL, CeP, PMEI, PMI, and FCPIS are provided in a highly competitive market. The Postal Service is unable to set prices substantially above costs, raise prices significantly, decrease quality, or decrease output, without losing this business to private competitors in the expedited shipping market.

In negotiating this contract, the Postal Service's bargaining position was constrained by the existence of other providers of services similar to the Postal

Service's. As such, the market precludes the Postal Service from taking unilateral action to increase prices or decrease service. The Postal Service may not decrease quality or output without risking the loss of business to competitors that offer similar delivery services. The market does not allow the Postal Service to raise prices or offer prices substantially above costs; rather, the contract is premised on prices and terms that provide sufficient incentive for the customer to ship with the Postal Service rather than a competitor.

*(e) Explain whether or not each product that is the subject of the request is covered by the postal monopoly as reserved to the Postal Service under 18 U.S.C. § 1696, subject to the exceptions set forth in 39 U.S.C. § 601.*

IPA, ISAL, CeP, PMEI, PMI, and FCPIS are products intended primarily for merchandise, and any letters contained in these items would be covered by one or more exceptions or suspensions to the Private Express Statutes.

*(f) Provide a description of the availability and nature of enterprises in the private sector engaged in the delivery of the product.*

See part (d) above. Shipping similar to IPA, ISAL, CeP, PMEI, PMEI, and FCPIS is widely available from well-known and successful private firms at both published and contract prices.

*(g) Provide any available information on the views of those who use the product on the appropriateness of the proposed modification.*

We naturally expect that the customer would support the addition of the contract to the product list so that the contractual terms can be effectuated.

*(h) Provide a description of the likely impact of the proposed modification on small business concerns.*

The market for similar delivery services is highly competitive and requires substantial infrastructure to support a national network. Large shipping companies serve this market. The Postal Service is unaware of any small business concerns that could offer comparable service for this customer.

*(i) Include such other information, data, and such statements of reasons and bases, as are necessary and appropriate to fully inform the Commission of the nature, scope, significance, and impact of the proposed modification.*

Additional details regarding the terms of the contract have been provided to the Commission under seal due to the sensitivity of the contract to both the customer and the Postal Service.

**Certification of Prices for**
**International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contract 1**

I, Nan K. McKenzie, Manager, Pricing Innovation, Finance Department, United States Postal Service, am familiar with the prices and terms for International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller Contract 1. The prices and terms contained in this contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, adopted February 7, 2019 (Governors' Decision No. 19-1).

I hereby certify, based on the financial analysis provided herewith, that the prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. This contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Nan K. McKenzie

Digitally signed by Nan K. McKenzie
DN: cn=Nan K. McKenzie, o, ou=Manager, Pricing Innovation, email=nan.k.mckenzie@usps.gov, c=US
Date: 2020.06.14 20:41:24 -04'00'

Nan K. McKenzie

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

In accordance with 39 C.F.R. § 3011, the United States Postal Service (Postal Service) hereby applies for non-public treatment of the unredacted Governors' Decision, the unredacted International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller contract, and the supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3035.105. The Postal Service hereby furnishes the justification required for this application by 39 C.F.R. § 3011.201(b), as enumerated below.

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

**(1) The rationale for claiming that the materials are non-public, including the specific statutory provision(s) supporting the claim, and an explanation justifying application of the provision(s) to the materials.**

The materials designed as non-public consist of information of a commercial nature, which under good business practice would not be publicly disclosed. In the Postal Service's opinion, 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), (b)(4).[1] Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support the Postal Service's determination that these materials are exempt from public disclosure and grant the Postal Service's application for their non-public treatment.

[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 transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g) (3) (A).

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, are not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). 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 transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).[2] Because the portions of materials filed non-publicly in this docket 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) A statement of whether the submitter, any person other than the submitter, or both have a proprietary interest in the information contained within the non-public materials, and the identification(s) specified in paragraphs (b)(2)(i) through (iii) of this section (whichever is applicable). For purposes of this paragraph, identification means the name, phone number, and email address of an individual.[3]**

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[2] 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.

[3] Section 3011.201(b)(2) further states the following:

(i) If the submitter has a proprietary interest in the information contained within the materials, identification of an individual designated by the submitter to accept actual notice of a motion related to the non-public materials or notice of the pendency of a subpoena or order requiring production of the Materials.

(ii) If any person other than the submitter has a proprietary interest in the information contained within the materials, identification of each person who is known to have a proprietary interest in the information. If such an identification is sensitive or impracticable, an explanation shall be provided along with the identification of an individual designated by the submitter to provide notice to each affected person.

(iii) If both the submitter and any person other than the submitter have a proprietary interest in the information contained within the non-public materials, identification in accordance with both paragraphs (b)(2)(i) and (ii) of this section shall be provided. The submitter may designate the same individual to fulfill the requirements of paragraphs (b)(2)(i) and (ii) of this section.

In the case of this International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller contract, the Postal Service believes that the parties with a proprietary interest in the materials would be the counterparty to the contract, the PC Postage Provider(s) (if the contract allows for and the customer intends to use a PC Postage Provider), and foreign postal operators.

The Postal Service believes that the customer with whom the contract is made has a proprietary interest in the non-public materials and customer-identifying information should be withheld from public disclosure. Therefore, in compliance with 39 C.F.R. § 3011.200(b), rather than identifying the customer, the Postal Service gives notice that it has already informed the customer,[4] and the PC Postage Provider (if applicable),[5] that have a proprietary interest in the materials for the contract that is the subject of this docket of the nature and scope of this filing and their ability to address their confidentiality concerns directly with the Commission.

The Postal Service employee responsible for providing notice to the customer with proprietary interest in the materials filed in this docket is Ms. Amy E. Douvlos, Marketing Specialist, Global Business, United States Postal Service, 475 L'Enfant Plaza, SW, Room 5427, Washington, DC 20260-4017, whose email address is Amy.E.Douvlos@usps.gov, and whose telephone number is 202-268-3777.

[4] The Postal Service informed the customer for the contract prior to filing a notice that the Postal Service would be seeking non-public treatment of the redacted portions of the contract. The Postal Service also informed the customer for the contract that it could file its own application for non-public treatment of these materials in accordance with 39 C.F.R. § 3011.204.

[5] The Postal Service has provided a blanket notice to PC Postage Providers in light of the fact that these filings are fairly routine. To the extent required, the Postal Service seeks a waiver from having to provide each PC Postage Provider notice of this docket.

As for foreign postal operators, the Postal Service recently provided notice to all foreign postal operators within the Universal Postal Union network through an International Bureau Circular issued on December 9, 2019, that the Postal Service will be regularly submitting certain business information to the Commission. Some UPU-designated foreign postal operators may have a proprietary interest in such information. The circular includes information on how third parties may address any confidentiality concerns with the Commission. In addition, contact information for all UPU Designated Operators is available at the following link, which is incorporated by reference into the instant application: http://pls.upu.int/pls/ap/addr_public.display_addr?p_language=AN.[6]

**(3) A description of the information contained within the materials claimed to be non-public in a manner that, without revealing the information at issue, would allow the Commission to thoroughly evaluate the basis for the claim that the information contained within the materials are non-public.**

The Governors' Decision establishing International Competitive contracts, including those for International Priority Airmail, International Surface Air Lift, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service with Reseller, the contract identifying the customer and containing the prices, terms, and conditions of the contract, and the financial workpapers supporting the contract are being filed under seal in this docket. Redacted copies of the Governors' Decision and the contract are being filed publicly in this docket. The Postal Service maintains that the redacted portions of the Governors' Decision, the contract, name of the customer and related information should remain confidential.

[6] To the extent required, the Postal Service seeks a waiver from having to provide each foreign postal operator notice of this docket. It is impractical to communicate with dozens of operators in multiple languages about this matter. Moreover, the volume of contracts would overwhelm both the Postal Service and the applicable foreign postal operators with boilerplate notices.

With regard to the contract, the redactions are of the name, address, signature block, and other information that could identify the customer, such identifying information of a postal patron may be withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c). The additional redactions to the agreement protect information with specific impact on the customer, including the minimum commitment to the Postal Service and the timing and manner in which the Postal Service might change prices under the contract. In addition, certain terms and the prices in the annexes of the agreement are redacted.

The redacted portions of the Governors' Decision and attached Analysis protect the costs authorizing International Competitive contracts, and the analysis of those costs.

The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, information relevant to the mailing profile of the customer, business information of interested third parties, 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). However, in a limited number of cases, narrative passages or notes were redacted in their entirety due to the practical difficulties of redacting particular words or numbers within the text as presented in a spreadsheet format, or certain words or numbers in text were replaced with general terms describing the redacted material.

To the extent that the Postal Service files data in future filings that will show the actual revenue and cost coverage of the customer's completed contract, the Postal

Service will redact in its public filing all of the values included that are commercially sensitive information and will also protect any information that identifies the customer from disclosure.

**(4) Particular identification of the nature and extent of the harm alleged and the likelihood of each alleged harm alleged to result from disclosure.**

If the redacted information were to be disclosed publicly, the Postal Service considers that it is quite likely that it and the customer would suffer commercial harm. The information is commercial sensitive, and the Postal Service does not believe that it would be disclosed under good business practices.

Revealing this information would provide a competitive advantage to competitors of the Postal Service and of the customer. The Postal Service considers that it is highly probable that if this information were made public, such entities would take immediate advantage of it and there is a substantial risk that the Postal Service and the customer would lose business as a result. Additionally, other postal customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service and other businesses could use the information to the information to their advantage in negotiating with the customer. 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, negotiated prices and pricing structure, assumptions used in developing costs and prices, business information of foreign postal operators, mailer profile information, and projections of variables. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's and the customer's competitors

would likely take great advantage of this information. Unlike its competitors, the Postal Service is required to meet the standards of 39 U.S.C. § 3633 with each negotiated agreement that it asks to have added to the competitive products list. Competitors are not so constrained and could use the redacted information to their advantage in gaining customers. The formulas shown in the spreadsheets in their native format provide additional sensitive information. Revealing the Postal Service's profit margin information could also be used by the customer to attempt to renegotiate its own prices.

Information in the financial spreadsheets and any cost, volume and revenue data concerning this agreement filed after the expiration of this contract also consists of sensitive commercial information related to agreements between the Postal Service and interested third parties. Such information would be extremely valuable to competitors of both the Postal Service and third parties. Using detailed information about such agreements, competitors would be able to better understand the counterparty's underlying costs, and identify areas where they could adapt their own operations to be more competitive. In addition, competitors of the counterparty could use such information to their advantage in negotiating the terms of their own agreements with the Postal Service. And competitors of foreign postal operators could use the information in the financial spreadsheets to understand their nonpublished pricing to better compete against them.

Information in the financial models may also include sensitive commercial information related to agreements between the Postal Service and PC Postage Providers. Such information would be extremely valuable to competitors of both the Postal Service and the PC Postage Providers. Using detailed information about such an

agreement, competitors would be able to better understand the costs of the postage programs used, and identify areas where they could adapt their own operations to be more competitive. In addition, competitors of the PC Postage Providers could use such information to their advantage in negotiating the terms of their own agreements with the Postal Service.

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

Identified harm: Revealing information that identifies the customer would enable competitors to target the customers for sales and marketing purposes.

Hypothetical: The identity of the customer in this contract is revealed to the public. A competitor's sales representatives contact the Postal Service's customer and offer the customer lower rates or other incentives, taking away the business anticipated by the Postal Service.

Identified harm: Public disclosure of negotiated terms of the agreement could be used by competitors and potential customers to the detriment of the Postal Service and its customer.

Hypothetical: A competitor obtains a copy of the unredacted version of Customer A's contract and workpapers to the detriment of the Postal Service's customer. Company B discovers proprietary business strategies and changes its business practices to minimize differentiation, identify their key customer base and cause defection of Customer A's customers. Customer A cancels the contract and withdraws their business from the Postal Service. Other companies would then refuse to share critical details of their business or to participate in negotiated prices with the Postal

Service, harming the Postal Service's ability to compete in the marketplace for additional volume and revenue.

Also, the competitor could leverage multiple services to offer deeper discounts than provided by the Postal Service's contract as a loss leader, using profits on other products profits to make up for the temporary loss.

Identified harm: Public disclosure of the price formula, underlying cost structure, and information in the financial workpapers relating to the contract would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing package delivery service or its representative obtains a copy of the unredacted version of the financial workpapers. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. The competing package delivery service then sets its own rates for products similar to what the Postal Service offers its customers under that threshold and markets its ability to guarantee to beat the Postal Service on price for similar delivery services.

Identified harm: Public disclosure of the prices and related terms would provide potential customers extraordinary negotiating power.

Hypothetical: Customer B obtains the contract showing Customer A's negotiated prices and the underlying workpapers. Customer B can determine that there is additional profit margin between the prices provided to Customer A and the statutory cost coverage that the Postal Service must produce in order for the agreement to be added to the competitive products list. Although Customer B was offered prices

identical to Customer A's, Customer B uses the publicly available information to insist that unless the Postal Service offers Customer B even lower prices than Customer A's, Customer B will not use the Postal Service but will give its business to a competitor of the Postal Service.

Alternatively, Customer B attempts to negotiate lower rates only for those destinations for which it believes the Postal Service is the low-cost provider among all service providers. The Postal Service may agree to this demand in order to keep the customer's business overall, which it believes will still satisfy total cost coverage for the agreement. Then, Customer B uses other providers for destinations other than those for which it negotiated lower rates. This impacts the Postal Service's overall projected cost coverage for the agreement. Although the Postal Service can terminate the contract when it sees that the mailer's practice and projected profile are at variance, the costs associated with establishing the contract, including filing it with the Postal Regulatory Commission, would be sunk costs that would have a negative impact on postal finances.

Identified harm: Public disclosure of the information in the contract and the financial workpapers would be used by the customer's competitors to its detriment.

Hypothetical: A business in competition with the customer obtains a copy of the unredacted version of the financial workpapers. The customer's competitor analyzes the workpapers to assess the customer's underlying shipping costs. The customer's competitor uses that information as a baseline to negotiate with shipping companies and other suppliers to develop lower-cost alternatives and thereby to undercut the customer.

Identified harm: Public disclosure of information in the contract and financial workpapers would be used by the competitors of a foreign postal operator to the detriment of the Postal Service, the counterparty to the agreement and/or the foreign postal operator.

Hypothetical: A firm competing with a foreign postal operator obtains a copy of the unredacted version of the contract and financial workpapers from the Commission's website. The firm uses the information to assess the business information concerning the foreign postal operator in the contract and financial workpapers, and thereby develop benchmarks for competitive alternatives. In addition, disclosure of such information could provide leverage to other parties in their negotiations with the Postal Service concerning financial arrangements that they may make with the Postal Service in the future.

Identified harm: Public disclosure of any cost, volume and revenue data concerning the agreement that the Commission may require the Postal Service to file after the contract's expiration would give competitors a marketing advantage.

Hypothetical: A competitor could use any cost, volume and revenue data associated with this agreement, which the Commission may require the Postal Service to file in this docket after the contract's expiration, to "qualify" potential customers. The competitor might focus its marketing efforts only on customers that have a certain mailing profile, and use information filed after the contract's expiration to determine whether a customer met that profile.

Identified harm: Public disclosure of information in any contract involving postage payment through a PC Postage Provider, and of related information in financial

workpapers for that contract, would be used by the competitors of the PC Postage Provider to the Postal Service and/or the PC Postage Provider's detriment.

Hypothetical: A firm competing with the customer's PC Postage Provider (if applicable) obtains a copy of the unredacted version of a contract involving postage payment through a PC Postage Provider, and financial workpapers, from the Commission's website. The firm uses the information to assess the PC Postage Provider's revenue sources and growth opportunities, and thereby develop benchmarks for competitive alternatives. In addition, disclosure of such information could provide leverage to other PC Postage Providers in their negotiations with the Postal Service concerning financial arrangements that PC Postage Providers make with the Postal Service in the future.

**(6) The extent of the protection from public disclosure alleged 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 parcel and expedited services, 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 should not be provided access to the non-public materials.

**(7) The length of time for which non-public treatment is alleged to be necessary with justification thereof.**

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 otherwise provided by the Commission. 39 C.F.R. § 3011.401(a). However, because the Postal Service's relationships with customers often continue beyond ten years or decades, the

Postal Service intends to oppose requests for disclosure of these materials pursuant to 39 C.F.R. § 3011.401(b-c).

**(8) Any other relevant factors or reasons 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.