

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

REGULATIONS ESTABLISHING SYSTEM
OF RATEMAKING

Docket No. RM2007-1

UNITED STATES POSTAL SERVICE SUBMISSION
OF ADDITIONAL MAIL CLASSIFICATION SCHEDULE
INFORMATION IN RESPONSE TO ORDER NO. 43
(November 20, 2007)

On October 29, 2007, the Commission issued Order No. 43, establishing pricing regulations for both market-dominant and competitive products. In that Order, the Commission also called for additional information concerning the proposed Mail Classification Schedule (MCS). Specifically, the Commission called for “descriptive information necessary to identify and explain each market dominant and competitive negotiated service agreement (including each International Customized Mail Agreement).”¹ The Commission indicated, however, that agreements with “identical or very similar terms and conditions” could be grouped together.² In addition, the Commission ordered that descriptive information be provided for certain inbound international products that it classified.³ Finally, the Commission requested that the Postal Service propose a new name for the First-Class Mail “Bulk Letters/Postcards” product. The Commission requested this information by November 20, 2007.

The proposed MCS language providing this information is attached. These proposed additions to the MCS as submitted previously by the Postal Service use the

¹ Order No. 43 at 99.

² *Id.*

³ *Id.* at 99-100.

Commission's numbering system where possible, in response to Order No. 43. The proposed MCS language includes, in some instances, products and price categories in addition to those requested by the Commission in Order No. 43. For example, the Postal Service has proposed entries for inbound international mail that reflect existing inbound mail categories which the Commission did not classify in Order No. 43, but for the sake of a complete MCS, likely should be included. In addition, the Postal Service groups the international customized agreements (ICMs), in accordance with the Commission's suggestion that similar agreements be grouped together. The Postal Service's proposed additions to the MCS are discussed more fully below.

I. Market-Dominant Products

A. Domestic customized agreements

The Postal Service proposes MCS language for the four existing domestic, market-dominant customized agreements: J.P Morgan (Bank One), HSBC, Discover, and Bookspan. This language is more streamlined and less legalistic than the language concerning those agreements that appeared in the Domestic Mail Classification Schedule (DMCS), consistent with the rest of the Postal Service's proposed MCS.

B. Inbound and outbound international mail

Pursuant to Order No. 43, the Postal Service provides information on Inbound Single-Piece First-Class Mail International and Inbound Surface Parcel Post (at UPU rates). These products, however, do not reflect the full range of inbound market-dominant products and services that are available. They also do not expressly reflect

an existing bilateral agreement between the Postal Service and Canada Post.⁴ The Postal Service accordingly has added material to the proposed market-dominant portion of the MCS not specifically requested by the Commission.

First, the Postal Service has added Undeliverable Mail of Domestic Origin as a price category under Outbound Single-Piece First-Class Mail International to reflect a new price category that the Postal Service intends to establish by December 9, 2007. This is UAA mail that was posted outside the United States, but with a U.S. return address. This new price category establishes a fee equal to the applicable outbound Single-Piece First-Class Mail International price plus any other charges, including charges assessed by foreign postal administrations for undeliverable-as-addressed mail. Although the returned item travels in an “inbound” direction, the piece has a domestic return address and thus more appropriately seems to belong as a price category under Outbound Single-Piece First-Class Mail International.

Second, the Postal Service includes Inbound International Ancillary Services, which were not part of the proposed initial MCS because inbound services were not classified at that time. This includes a service for inbound packages, referred to as the Customs Clearance and Delivery Fee, whereby the Postal Service collects a fee on each inbound package on which customs duty or Internal Revenue tax is collected. The Postal Service has classified this as an inbound ancillary service and has included it as an “Optional Feature” under those package categories for which it is available. In addition to this service, Inbound International Ancillary Services consists of Inbound International Registered Mail, Inbound International Return Receipt, Inbound

⁴ Attempting to classify bilateral and multilateral agreements between the Postal Service and foreign postal administrations presents unique issues. These agreements are thus discussed separately below.

International Restricted Delivery, and Inbound International Insurance. Also, language for Inbound International Reply Coupon Service and Inbound International Business Reply Mail Service is proposed.

C. New product name for “Bulk Letters/Postcards”

The Commission urged that the Postal Service propose a new name for First-Class Mail “Bulk Letters/Postcards,” noting that the proposed name was “unhelpful because large quantities of what might commonly be thought of as ‘bulk’ mail also is mailed at single-piece rates.”⁵ The Commission suggested using a descriptive term such as “presorted” or “workshared.” The Postal Service proposes that this product be named “Presorted Letters/Postcards.”

II. Competitive Products

A. Inbound international

The Postal Service, in accordance with Order No. 43, provides information on Inbound Express Mail International (EMS), Inbound Air Parcel Post, and Inbound Surface Parcel Post (at non-UPU rates). However, this does not include the entire spectrum of inbound competitive products and services. Thus, as with inbound market-dominant products and services, the Postal Service proposes material not expressly requested by the Commission.

Specifically, the Postal Service adds Inbound International Direct Sacks – M-Bags as a competitive product as well as Inbound International Money Transfer Service. As with the market-dominant product descriptions, the proposed MCS additions also list

⁵ Order No. 43 at 100.

those Inbound International Ancillary Services available for use with competitive products. These include Inbound International Return Receipt, Inbound International Insurance, and Customs Clearance and Delivery Fee.

B. International Customized Agreements with Customers

The Postal Service has approximately 92 customized agreements with mailers for international services.⁶ With so many different agreements, the Postal Service believes that the Commission's suggestion that the agreements be grouped is both practical and sensible. The Postal Service accordingly has established seven groupings or "buckets" for these customized agreements – five for customized agreements offering outbound international services and two for customized agreements offering inbound international services.⁷

The services offered through the agreements within each of these groupings share the same core features, as indicated by the fairly detailed descriptions of these types of services in the proposed MCS language. This level of detail should provide confidence that the agreements in each of the buckets are sufficiently similar and thereby merit being classified together in similar groupings. In Order No. 43, the Commission indicated that it might be appropriate to group functionally equivalent agreements into a single product "if it can be shown that they have similar cost and market characteristics."⁸ The Postal Service submits that its each of its detailed groupings demonstrates like cost and market characteristics and, therefore, the

⁶ The exact number of agreements fluctuates frequently as existing agreements either expire or are renewed, and new customers are added. There are currently no customized agreements for domestic competitive products.

⁷ With the proposed grouping of international customized agreements, section 2520 (Global Customized Shipping Services) no longer has relevance and should be eliminated from the MCS.

⁸ Order No. 43 at 58.

Commission should consider each grouping a “product.” Moreover, cost coverages for individual agreements should not be a concern. The Postal Service’s proposed MCS language explicitly reflects the fact that for a mailer to qualify for a customized agreement under one of these groupings, the individual contract must cover its attributable costs. A summary of each of the proposed groupings appears below.

1) Outbound International Customized Agreements

a) Global Package Discount (GPD) Contracts

GPD Contracts are standard form contracts that provide flat discount tiers across all Express Mail International rate groups. Customers must agree to tender all qualifying mail to the Postal Service and must be capable of tendering a minimum amount of pieces or postage on an annualized basis. Varying annual minimum volume or postage commitments must be made by the mailer and tiered discounts are offered, with discount percentages dependent upon these commitments. Optional features available with Express Mail International are available under these agreements. Currently, there are approximately 52 customers with GPD contracts.

b) Global Expedited Package Services (GEPS) Contracts

Under GEPS contracts, the Postal Service either supplies the mailer with software or approves mailer use of private software with the same functionality, allowing for preparation of address labels and Customs declarations, submission of electronic shipment information to the Postal Service, prepayment of Customs duties and taxes, and pre-advice for foreign Customs authorities by the Postal Service. These contracts cover Express Mail International, Priority Mail International, or both.

To qualify, customers must agree to tender all qualifying mail to the Postal Service and must be capable of tendering a minimum amount of pieces or postage on an annualized basis. These contracts provide for fixed discounts off of published prices, based on volume or revenue commitments, although the discounts are “capped” at a particular cost coverage floor, meaning that the discounts may not be consistent across the rate charts. Optional features available for Express Mail International and Priority Mail International are available under these contracts. Other optional features include Postal Service package labeling, customs harmonization, and return services. The Postal Service assesses separate charges for these latter optional features. Presently, approximately 29 customers have GEPS contracts.

c) Global Direct (GD) Contracts

GD contracts provide a rate for mail acceptance in the United States, transportation to a foreign country by the Postal Service, and foreign postage (applied by the customer). To qualify, customers must agree to tender all qualifying mail to the Postal Service and must be capable of tendering a minimum amount of pieces or postage on an annualized basis. Prices depend upon a specific volume or revenue commitment by the customer. Currently, approximately six mailers have GD contracts.

d) Global Bulk Economy (GBE) C ontracts

These types of contracts are for letter post items dispatched to destination countries in bulk via surface transportation. To qualify, customers must agree to tender all qualifying mail to the Postal Service and must be capable of tendering a minimum amount of pieces or postage on an annualized basis. Discount percentages off a base rate depend upon a specific volume or revenue commitment by the customer. There is

a minimum volume per mailing requirement of 100 pounds. Presently, there are no mailers with this type of agreement; rather, mailers make use of GBE service through Global Plus agreements, described immediately below.

e) Global Plus Contracts

These contracts give discounts for any combination of the following services: International Priority Airlift, International Surface Airlift, Global Bulk Economy, Global Direct, Express Mail International, and Priority Mail International. These contracts are for high-volume mailers or Postal Qualified Wholesalers and are the only contract vehicles for IPA and ISAL mailings.

To qualify, customers must agree to tender all qualifying mail to the Postal Service and must be capable of tendering a minimum amount of pieces or postage on an annualized basis. The discount percentage or price, applicable to the particular service, depends upon a volume or revenue commitment by the mailer. Additional tiered discounts are available if the mailer exceeds its minimum commitment. Optional features available for the particular service are available under these contracts. In addition, the Postal Service, as with GEPS contracts, either supplies the mailer with software or approves mailer use of private software with the same functionality. The same optional services available under GEPS contracts are available with these contracts and separate charges for Postal Service labeling, customs harmonization, and return services likewise apply. Currently, approximately four customers have Global Plus contracts.

ii) Inbound International Customized Agreements

a) International Business Reply Service (IBRS) Contracts

Under these contracts, customers mail items deviating from the Postal Service's standard published requirements for IBRS cards and envelopes. Preparation requirements are specified by the originating country in which the items are mailed. Prices depend upon the volume or postage commitment made by the customer. Presently, approximately 3 customers have IBRS contracts.

b) Inbound Direct Entry Contracts

Under these contracts, the Postal Service agrees with a customer outside the United States to process and deliver mail bearing domestic indicia within the domestic territory of the United States. Full domestic prices are charged and preparation requirements are generally the same as for the applicable domestic postal services. The Postal Service presently does not have any of these types of agreements with customers.

C. Agreements with Foreign Postal Administrations

The Postal Service has over 200 bilateral and multilateral agreements with foreign postal administrations governing many aspects of the exchange of mail between countries. Some of these agreements address charges and others do not; also, some cover only market-dominant products, some cover only competitive products, and one covers both. Agreements with foreign posts thus present unique issues that have not yet been fully briefed in this docket and may warrant further discussion.

The Postal Service submits that agreements that do not set charges or classifications should not be included in the MCS. For example, the Kahala Posts

Group agreement is not listed under Inbound Air Parcel Post because that agreement does not implicate the charges or classifications for that product.

In addition, for agreements that address both outbound and inbound international mail (and many do), the Postal Service submits that the outbound portion of such agreements does not properly belong in the MCS. Although the inbound portion reflects payment to the Postal Service for the processing and delivery services that it offers to foreign posts, the outbound portion is not directly tied to either services the Postal Service provides or what it charges for such services. Rather, the outbound portion reflects payment by the Postal Service for the processing and delivery services it is purchasing for its mail, much like the Postal Service purchases trucking services from highway contractors to haul mail between postal facilities or services from the airlines to fly mail from one point to another. It seems clear that the amount the Postal Service pays for a foreign postal administration to deliver the mail in the destination country should not be subject to the pricing regulations.

The Postal Service has included descriptions of the various bilateral and multilateral agreements in the MCS that involve charges or classifications. The agreements are classified as price categories under the applicable inbound international mail categories covered by the agreements. Agreements covering multiple mail categories are listed under each applicable category if charges or classifications are involved. Similar to the treatment of customized agreements, discussed above, the Postal Service has grouped the agreements. The Postal Service submits that each bilateral or multilateral agreement should not be classified as a separate “product.” The Commission did not appear to anticipate that each bilateral or multilateral agreement

should be classified as a separate product; for example, it described inbound EMS in its entirety as being a competitive “product,” even though it also understood that Inbound EMS is only offered through agreements.⁹ The unique issues presented by these agreements also argue against them being treated as “products.” For example, an analysis of the economic benefit of a bilateral agreement to the Postal Service cannot be limited to the inbound and outbound charges that the respective posts pay; additional consideration must be given to the relative flow of mail between the parties to the agreement as well as the total revenue received by the Postal Service in terms of postage paid by mailers. Inbound prices will be subject to the pricing rules. While the outbound flows may be included in the descriptions of the agreements, the Postal Service does not intend that the outbound rates charged by foreign posts be treated as products. Once the Commission has experience with the intricate international issues under the new pricing regime, it can always revisit its treatment of bilateral and multilateral agreements.

What follows is a general description of the agreements with foreign posts.

i) Canada Post Bilateral Agreement

This agreement governs exchange of letter post and air and surface parcel post between the United States and Canada and provides for service standards, tracking, tracing, transportation cost-sharing, and charges for both inbound and outbound mail.

ii) Bilateral Express Mail Service (EMS) Agreements

The Postal Service has standard EMS bilateral agreements with approximately 170 countries for service standards and tracking and tracing for inbound and outbound

⁹ See Order No. 43 at 83.

EMS items. Each destination administration can set its charge once a year by notifying their partners either directly or via the UPU International Bureau.

iii) EMS Cooperative Pay for Performance Plan

This plan, which links payment for delivery to quality of service, has been implemented for 31 countries. Charges are not covered; rather, total payments between countries account for service quality.

iv) Kahala Post Group

Five countries are members of this Group, which seeks to improve international postal services, particularly EMS, packages and logistics services. The agreement does not cover charges except that under the Group's Strategic Services Agreement, a postage refund guarantee is provided for inbound EMS if date-certain delivery targets are not achieved.

v) E Parcels Group

This agreement, with 15 countries, provides for service standards, tracking and tracing, and charges for EMS and air parcels.

vi) China Post

The Postal Service has a bilateral agreement with China Post which sets inbound and outbound charges for EMS and discusses improved service opportunities.

vii) Postal Payment Services Agreements

The Postal Service currently has 30 agreements with foreign postal administrations governing the exchange of outbound and inbound paper money orders.

viii) Direct Entry Contracts

The Postal Service has bilateral agreements with foreign postal administrations for outbound and inbound direct entry mailings. Under these agreements, the foreign postal administration agrees to accept, process, and deliver international mail from the Postal Service which may bear the indicia of the foreign country, and the Postal Service agrees to accept, process, and deliver mail from the foreign country which may bear a U.S. indicia. These agreements establish charges and preparation requirements.

Respectfully submitted,

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MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1125 Outbound Single-Piece First-Class Mail International

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Price Categories:

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Undeliverable Mail of Domestic Origin -- Establishes a fee equal to the applicable outbound Single-Piece First Class Mail International price plus any other charges including charges assessed by foreign postal administrations for undeliverable as addressed mail on which outbound postage was not paid to the Postal Service.

1130 Inbound Single-Piece First-Class Mail International (Letter-Pos)

Inbound single-piece First-Class Mail International consists of letter post mail pieces subject to the provisions of the Universal Postal Convention of the Universal Postal Union (UPU) and includes letters and letter packages, postcards, printed matter, and small packets. Matter containing personal information, partially or wholly hand-written or typewritten matter, or bills or statements of account must be mailed as letter post mail. Inbound Single-Piece First-Class Mail International (letter post mail) is received from other postal administrations in accordance with UPU established procedures. It is entitled to be returned to the sender or forwarded as specified in the International Mail Manual. Transit mail, which consists of letter post mail transiting from a foreign country to another foreign country through the United States, is included in this grouping. Both inbound letter post mail and transit mail are sealed against inspection but may be opened by Customs and Border Protection under certain circumstances. Postage and other charges paid by the sender are determined by the country of origin.

Size and weight for Letters/Small Packets/Packages:

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
	Length	Length plus height plus thickness		Weight
Maximum	24 inches	36 inches or less		4 pounds

Size and Weight for Postcards:

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	6 inches	4.25 inches	0.016 inch	Not applicable

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

Size and Weight for Rolls:

	Length	Length plus twice the diameter	Weight
Minimum	4 inches	6.75 inches	none
Maximum	36 inches	42 inches	4 pounds

Minimum Volume: None

Price Categories:

Foreign administrations pay the Postal Service for the delivery of inbound mail. The amount paid is set either by the Universal Postal Convention, known as terminal dues, or by bilateral and multilateral agreements

UPU-Terminal Dues: Payment by the foreign administration is made in accordance with Part III of the Universal Postal Convention and associated UPU Letter Post Regulations. This information is available at www.upu.int.

Postcards

Letters/Small Packets – Weigh 13 ounces or less.

Packages – Weigh more than 13 ounces.

Bilateral/Multilateral Agreements

Canada Post Bilateral Agreement This agreement governs the exchange of letter post mail between the U.S. and Canada. In particular, the agreement provides for service standards, tracking, tracing, transportation cost-sharing, and charges for delivery of outbound and inbound letter post.

Optional Features:

Inbound International Ancillary Services

- Inbound International Registered Mail
- Inbound International Restricted Delivery
- Inbound International Return Receipt
- Customs Clearance and Delivery Fee (dutiable items only)

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1410 Inbound Surface Parcel Post(at UPU rates)

Single-piece inbound surface parcel post is subject to the provisions of the Universal Postal Convention and the Parcel Post Regulations. Documents having the character of current and personal correspondence generally are prohibited in parcel post. Inbound surface parcels may weigh up to 70 pounds and include reciprocal indemnity based on the weight of the parcel. Limits of indemnity based on weight correspond to the outbound limitations as specified in the International Mail Manual. Transit mail, which consists of surface parcel post mail transiting from a foreign country to another foreign country through the United States, is included in this grouping. Postage and other charges paid by the sender are determined by the country of origin.

Size and Weight:

	Length	Height	Width	Weight
Minimum	5.5 inches	none	3.5 inches	none
Maximum	42 inches	Length plus girth: 79 inches Circular parcels: length plus diameter: 64 inches		70

Minimum Volume: None

Price Category:

Foreign administrations pay the Postal Service for the delivery of inbound mail. The amount paid is set by the Universal Postal Convention, known as inward land rates.

UPU-Inward Land Rates: Payment by the foreign administration is made in accordance with Part III, Chapter 2 of the Universal Postal Convention and associated UPU Parcel Post Regulations. This information is available at www.upu.int.

Optional Features:

Inbound International Ancillary Services:

- Inbound International Insurance
- Inbound International Return Receipt
- Customs Clearance and Delivery Fee (dutiable items only)

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1510 International Ancillary Services

1510.2.1 Inbound International Registered Mail

Inbound International Registered Service is available for inbound letter post items. Inbound registered mail is conveyed in the domestic registered mailstream. Indemnity in the event of loss or damage is limited to the amount set by the Universal Postal Union Convention. Inbound registered mail service is subject to both the regulations of the country of origin and U.S. Postal Service. Indemnity between administrations is reciprocal.

Payment

Payment is made in accordance with Part III of the Universal Postal Convention. This information is available at www.upu.int.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1510.3 International Return Receipt

1510.3.1 Inbound International Return Receipt

Inbound International Return Receipt service provides evidence to the mailer that an article has been received at the delivery address. A return receipt is signed for at the point of delivery and is returned to the sender. International return receipt service is available for registered letter post items and insured parcels.

Payment

No additional payment.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1510.4 International Restricted Delivery

1510.4.1 Inbound International Restricted Delivery

Inbound International Restricted Delivery Service limits who may accept and sign for a registered letter post item. Restricted Delivery service is available for registered mail items sent with a return receipt. Restricted delivery registered mail is delivered as specified in the Domestic Mail Manual.

Payment

No additional payment.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1510.5 Inbound International Insurance

Inbound International Insurance is available for inbound surface parcels from countries which offer the service on a reciprocal basis. Indemnity limits vary by country as specified in the International Mail Manual. The maximum insurance limit available into the United States is \$5,000.

Payment

Payment is made in accordance with Part III of the Universal Postal Convention and associated UPU Parcel Post regulations. This information is available at www.upu.int. Other prices may be set under negotiated agreements.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1510.6 Customs Clearance and Delivery Fee

The Postal Service collects a fee on each inbound package on which customs duty or Internal Revenue tax is collected.

Fee

\$5.35 per dutiable item.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1535 International Reply Coupon Service

1535.1 Inbound International Reply Coupon Service

Inbound International Reply Coupon Service allows a sender in member countries of the UPU to prepay a reply by purchasing reply coupons that are exchangeable for U.S. postage stamps. One coupon is exchangeable for a stamp or stamps representing the minimum postage of an unregistered outbound First-Class Mail International letter. International Reply Coupons for all administrations are bought and exchanged through the UPU.

Payment

Payment is made in accordance with Part III of the Universal Postal Convention and associated UPU Letter Post Regulations. This information is available at www.upu.int.

MAIL CLASSIFICATION SCHEDULE

1001 MARKET DOMINANT PRODUCT DESCRIPTIONS

1540 International Business Reply Mail Service

1540.1 Inbound International Business Reply Mail Service

Inbound International Business Reply Mail Service (IBRS) provides for the return of properly distributed postcards and envelopes to addressees in other countries. Payment of postage and fees are the responsibility of the addressee.

Payment

Payment is made in accordance with Part III of the Universal Postal Convention and associated UPU Letter Post Regulations. This information is available at www.upu.int.

1600 NEGOTIATED SERVICE AGREEMENTS

First-Class Mail Declining Block Rate Incentive Package

Negotiated Service Agreement (NSA) based upon a First-Class Mail declining block rate incentive package allow a mailer to receive electronic notification for undeliverable First-Class Mail solicitations instead of physical return of the pieces. The notices are to be provided through the Address Change Service (ACS) program and the usual electronic address correction fee is to be waived. The mailer also agrees to maintain and enhance address and mail preparation quality. In exchange for the mailer's receipt of the electronic notice for its First-Class Mail solicitations and its compliance with the terms of the NSA, the mailer would have available declining block rates of postage for volumes above stated thresholds. Failure to meet a stated minimum volume may result in the payment of a transaction charge as specified in each agreement. As specified in each agreement, the Postal Service shall annually adjust the discount thresholds and/or the beginning and ending point of each volume block and shall accommodate acquisition, mergers or portfolio activity.

Agreements: Discover, Bank One, and HSBC.

Standard Mail Declining Block Rates

Negotiated Service Agreements based upon Standard Mail declining block rates allow a mailer to receive discounts for Standard Mail letters that seek to acquire customers for programs involving recurring mailings offering merchandise. These agreements may be entered into with customers demonstrating a similar or greater multiplier effect to Bookspan. For a mailer to have a similar or greater multiplier effect, at least six times per year, that mailer must send a continuing series of marketing mail, send products to a list of people who have agreed to purchase some stipulated minimum number of items on a more or less regular basis and use at least one other subclass for merchandise fulfillment. Failure to meet a stated minimum volume may result in the payment of a transaction charge as specified in each agreement. As specified in each agreement, the Postal Service shall adjust the discount thresholds and accommodate acquisition or mergers.

Agreements: Bookspan

1600 NEGOTIATED SERVICE AGREEMENTS

1605 Discover Financial Services Negotiated Service Agreement

Eligible Mail: Discover Financial Services' First-Class Mail customer correspondence related to credit and banking products and services account holders; and First-Class Mail solicitations for credit and banking products, as specified in the agreement.

Size and Weight: Same as First-Class Mail Presorted Letters

Minimum Volume: 405 million pieces

Discounts:

The Initial Volume Block Incremental Discounts apply unless there is a threshold adjustment.

Initial Volume Block Incremental Discounts

405,000,000 to 435,000,000	2.5¢
435,000,001 to 465,000,000	3.0¢
465,000,001 to 490,000,000	3.5¢
490,000,001 to 515,000,000	4.0¢
515,000,001 and above	4.5¢

Adjusted Volume Block Incremental Discounts

Adjusted Threshold (A.T.) to A.T. + 30,000,000	2.5¢
A.T. + 30,000,001 to A.T. + 60,000,000	3.0¢
A.T. + 60,000,001 to A.T. + 85,000,000	3.5¢
A.T. + 85,000,001 to A.T. + 110,000,000	4.0¢
A.T. + 110,000,001 and above	4.5¢

Maximum Cumulative Discount: \$13 million

Expiration Date: January 1, 2008

1600 NEGOTIATED SERVICE AGREEMENTS

1610 Bank One Negotiated Service Agreement

Eligible Mail: Bank One letter shape First-Class Mail customer account mail (statements and correspondence) related to credit and banking products and services account holders; and First-Class Mail solicitations for credit and banking products that bear the specified endorsement, except that no more than 35 million flat shape solicitation pieces will be counted annually toward the discount threshold or be eligible for discounts.

Size and Weight: Same as First-Class Mail Presorted Letters and First-Class Mail Flats

Minimum Volume: 535 million pieces

Discounts:

The Initial Volume Block Incremental Discounts apply unless there is a threshold adjustment.

In the third year of the agreement availability of some of the discounts volume blocks will be subject to the cumulative financial impact of the agreement at the end of the second year, as specified in the agreement.

Initial Volume Block Incremental Discounts

535,000,001 to 560,000,000	2.5¢
560,000,001 to 585,000,000	3.0¢
585,000,001 to 610,000,000	3.5¢
610,000,001 to 645,000,000	4.0¢
645,000,001 to 680,000,000	4.5¢
680,000,001 and above	5.0¢

Adjusted Volume Block Incremental Discounts

Adjusted Threshold (A.T.) to A.T. + 25,000,000	2.5¢
A.T. + 25,000,001 to A.T. + 50,000,000	3.0¢
A.T. + 50,000,001 to A.T. + 75,000,000	3.5¢
A.T. + 75,000,001 to A.T. + 110,000,000	4.0¢
A.T. + 110,000,001 to A.T. + 145,000,000	4.5¢
A.T. + 145,000,001 and above	5.0¢

Maximum cumulative discount: \$11.508 million.

Expiration Date: April 1, 2008.

1600 NEGOTIATED SERVICE AGREEMENTS

1615 HSBC North America Holdings Inc. Negotiated Service Agreement

Eligible Mail First-Class Mail customer correspondence related to credit and banking products and services account holders; and First-Class Mail solicitations for credit and banking products, as specified in the agreement.

Size and Weight: Same as First-Class Mail Presorted Letters

Minimum Volume: 615 million pieces year one
725 million pieces year two
810 million pieces year three

Discounts:

The Year One, Year Two, and Year Three discounts apply unless there is a threshold adjustment, as specified in the agreement. Discount thresholds may be adjusted based on the actual date of implementation.

Year One Volume Block Incremental Discounts

615,000,001 to 655,000,000	2.5¢
655,000,001 to 675,000,000	3.0¢
675,000,001 to 695,000,000	3.5¢
695,000,001 to 715,000,000	4.0¢
715,000,001 to 735,000,000	4.5¢
735,000,001 and above	5.0¢

Year Two Volume Block Incremental Discounts

725,000,001 to 765,000,000	2.5¢
765,000,001 to 785,000,000	3.0¢
785,000,001 to 805,000,000	3.5¢
805,000,001 to 825,000,000	4.0¢
825,000,001 to 845,000,000	4.5¢
845,000,001 and above	5.0¢

Year Three Volume Block Incremental Discounts

810,000,001 to 850,000,000	2.5¢
850,000,001 to 870,000,000	3.0¢
870,000,001 to 890,000,000	3.5¢
890,000,001 to 910,000,000	4.0¢
910,000,001 to 930,000,000	4.5¢
930,000,001 and above	5.0¢

1600 NEGOTIATED SERVICE AGREEMENTS

1615 HSBC North America Holdings Inc. Negotiated Service Agreement

Adjusted Volume Block Incremental Discounts

A.T. to A.T. + 40,000,000	2.5¢
A.T. + 40,000,001 to A.T. + 60,000,000	3.0¢
A.T. + 60,000,001 to A.T. + 80,000,000	3.5¢
A.T. + 80,000,001 to A.T. + 100,000,000	4.0¢
A.T. + 100,000,001 to A.T. + 120,000,000	4.5¢
A.T. + 120,000,001 and above	5.0¢

Maximum cumulative discount: \$9 million.

Expiration Date: January 1, 2009.

1600 NEGOTIATED SERVICE AGREEMENTS

1620 Bookspan Negotiated Service Agreement

Eligible Mail: Standard Mail letter-shaped pieces, as specified in the agreement, sent by Bookspan for the purpose of soliciting book club membership: (1) of persons who are not current subscribers to the book club or clubs Bookspan is promoting in the mailing; or (2) of book club members whose membership is expiring.

Size and Weight: Same as Standard Mail Letters

Minimum Volume: 94 million pieces year one
95 million pieces year two
105 million pieces year three

Discounts:

If the minimum volume for the year is met, then the following schedules apply.

Year One Volume Block Incremental Discounts

87,000,001 to 120,000,000	2.0¢
120,000,001 to 150,000,000	3.0¢

Year Two Volume Block1 Incremental Discounts

85,000,001 to 110,000,000	2.0¢
110,000,001 to 150,000,000	3.0¢

Year Three Volume Block Incremental Discounts

94,000,001 to 100,000,000	1.0¢
100,000,001 to 120,000,000	2.0¢
120,000,001 to 150,000,000	3.0¢

Maximum cumulative discount: \$9 million.

Termination: Eligibility for discounts terminates if volume exceeds 150,000 or if either party terminates the agreement, upon 30 days notice.

Expiration Date: June 1, 2009.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2115 Inbound International Expedited Services

Inbound Express Mail International (EMS)

Inbound Express Mail International is a reliable, high-speed service, available from most countries. Inbound Express Mail International may contain matter with personal information, partially or wholly hand-written or typewritten matter, or bills or statements of account. Inbound Express Mail International is sealed against inspection. There is no service guarantee or postage refund for delay. Unless covered by a negotiated agreement, indemnity is paid by the country of origin to the sender and it is not reciprocal.

Size and Weight:

	Length	Width	Height	Weight¹
Minimum	None	None	None	
Maximum	36 inches	Length plus girth: 79 inches		

¹ Country-specific restrictions may apply as specified by the originating country.

Minimum Volume: None

Price Categories:

Bilateral/Multilateral Agreements:

Bilateral Express Mail Service (EMS) The Postal Service has standard EMS bilateral agreements with a large number of countries for service standards, tracking, and tracing concerning delivery of both inbound and outbound international express mail items. Each destination administration can set its charge once a year by notifying their partners either directly no later than August 1 or via the UPU International Bureau no later than September 1 of the year prior to the effective date.

EMS Cooperative Pay for Performance The EMS Cooperative Pay-for-Performance plan has been implemented with certain countries. The EMS Pay-for-performance Plan links payment for delivery of EMS items to the quality of service performed. Charges are not covered; rather, total payments between countries account for service quality.

Kahala Posts Group The Postal Service entered into an agreement with certain postal administrations to work together to improve international postal services, particularly EMS, packages and logistic services under the name Kahala Posts Group. This agreement does not cover charges. Inbound Express Mail International With Postage Refund Guarantee, provided under the Group's Strategic Services Agreement, is comparable to regular Express Mail International with the exception that postage refunds may be provided if date-certain delivery is not made. This service is available to and from a limited number of countries as specified in the IMM.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

E Parcel Group This agreement provides for service standards, tracking, tracing, and charges for delivery of outbound and inbound air parcels and EMS destined to and originating in certain European countries.

China Post The Postal Service has a bilateral agreement with China Post which sets inbound and outbound charges for EMS and discusses improved service opportunities.

Optional Features:

Inbound International Ancillary Services

Inbound International Insurance
Inbound International Return Receipt
Customs Clearance and Delivery Fee

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2215 Inbound Air Parcel Post

Inbound international air parcel service is designed for the carriage of postal parcels. Written correspondence having the nature of current and personal correspondence is not permitted in inbound air parcel post. It is not sealed against inspection. Air parcel post may weigh up to 70 pounds.

Single-piece inbound air parcel post is subject to the provisions of the Universal Postal Union Convention and the Parcel Post Regulations. Inbound air parcel post may also be covered under bilateral or multilateral agreements. Unless otherwise specified, reciprocal indemnity based on the weight of the parcel, is included. Limits of indemnity based on weight correspond to the outbound limitations specified in the International Mail Manual.

Size and Weight:

	Length	Width	Height	Weight
Minimum	5.5 inches	None	3.5 inches	none
Maximum	42 inches	Length plus girth: 79 inches Circular parcels: length plus diameter: 64 inches		70

Minimum Volume: None

Price Categories:

UPU – Inward Land Rates:

Payment for processing inbound single-piece air parcel post is made under UPU inward land rates. See Universal Postal Union International Bureau Circular 337, September 25, 2006.

Bilateral/Multilateral Agreements

E Parcel Group This agreement provides for service standards, tracking, tracing, and charges for delivery of outbound and inbound air parcels and EMS destined to and originating in certain European countries.

Canada Post Bilateral Agreement This agreement governs the exchange of air and surface parcel post mail between the U.S. and Canada. In particular, the agreement provides for service standards, tracking, tracing, transportation cost-sharing, and charges for delivery of outbound and inbound air and surface parcel post.

Optional Features:

Inbound International Ancillary Services

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

Inbound International Insurance
Inbound International Return Receipt
Customs Clearance and Delivery Fee

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2515.1 Inbound International Direct Sacks — M-Bags

Inbound air and surface M-bags are direct sacks of printed matter to a single addressee. M-bags may include articles of merchandise as specified in the Universal Postal Convention. Actual or personal correspondence and paper having the character of a bill or statement of account are not permitted. Inbound International Direct Sacks – M-Bags are not sealed against inspection; mailing of matter by such service constitutes consent by the mailer to postal inspection of the contents, regardless of physical closure.

Size and Weight:

No defined size limits as long as articles being sent can be enclosed in the mailbag as specified in the UPU Convention. No minimum weight; maximum weight of 66 pounds, including the tare weight of the sack.

Minimum Volume: None

Price Category:

Payment is made in accordance with Part III of the Universal Postal Convention and associated UPU Letter Post Regulations. This information is available at www.upu.int.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2525.1 Inbound International Money Transfer Service

Inbound International Money Transfer Services consist of two categories – paper money orders governed by the Universal Postal Convention and those governed by agreements with foreign postal administrations.

Price Category:

UPU Payment is made in accordance with Article 8, RF 801 of the Manual of the Postal Payment Services. This information is available at www.upu.int. Other prices may be set under negotiated agreements.

Postal Payment Services Agreements Currently, the USPS has a number of International Money Order agreements for both outbound and inbound paper money orders.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2530 Inbound Surface Parcel Post (at non-UPU rates)

Inbound surface parcel post (at non-UPU rates) is subject to the provisions of negotiated agreements. Documents having the character of current and personal correspondence generally are prohibited in parcel post. It is not sealed against inspection. Inbound surface parcels may weigh up to 70 pounds and include reciprocal indemnity based on the weight of the parcel. Limits of indemnity based on weight correspond to the outbound limitations as specified in the International Mail Manual.

Size and Weight:

	Length	Height	Width	Weight
Minimum	5.5 inches	none	3.5 inches	none
Maximum	42 inches	Length plus girth: 79 inches Circular parcels: length plus diameter: 64 inches		70

Minimum Volume: None

Price Category:

Bilateral/Multilateral Agreements

Canada Post Bilateral Agreement This agreement governs the exchange of air and surface parcel post mail between the U.S. and Canada. In particular, the agreement provides for service standards, tracking, tracing, transportation cost-sharing, and charges for delivery of outbound and inbound air and surface parcel post.

Optional Features:

Inbound International Ancillary Services:

Inbound International Insurance
Inbound International Return Receipt
Customs Clearance and Delivery Fee

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2535 International Ancillary Services

2535.3 International Return Receipt

2535.3.1 Inbound International Return Receipt

Inbound International Return Receipt service provides evidence to the mailer that an article has been received at the delivery address. A return receipt is signed at the point of delivery and is returned to the sender. International return receipt service is available for insured air parcels.

Payment

No additional payment.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2535.5 International Insurance

2535.5.1 Inbound International Insurance

Inbound International Insurance is available for inbound air parcels from countries which offer the service on a reciprocal basis. Indemnity limits vary by country as specified in the International Mail Manual. The maximum insurance limit available to the United States is \$5,000.

Payment

Payment is made in accordance with Part III of the Universal Postal Convention, associated UPU Parcel Post Regulations. This information is available at www.upu.int. Other charges may be set under negotiated agreements.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2535.6 Customs Clearance and Delivery Fee

The Postal Service collects a fee on each inbound package on which customs duty or Internal Revenue tax is collected.

Fee

\$5.35 per dutiable item.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2600 Negotiated Service Agreements

2605 Domestic

2610 Outbound International

The Postal Service enters into contracts, on a mailer-specific basis, to provide outbound services and respective rates that are available only to mailers meeting defined eligibility requirements.

2610.1 Global Package Discount (GPD) Contracts

These are contracts that provide tiered discounts across all Express Mail International rate groups. The contract includes all destinations served by Express Mail International. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and must be capable, on an annualized basis of tendering at least 600 pieces of non-First-Class Mail International mail to the Postal Service, or paying at least \$12,000 in non-First-Class Mail International postage to the Postal Service. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight for Express Mail International:

	Length	Width	Height	Weight ¹
Minimum	None	None	None	
Maximum	36 inches	Length plus girth: 79 inches		

¹ Country-specific restrictions may apply as specified in the International Mail Manual

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage of Express Mail International on an annualized basis. There is no minimum volume requirement per mailing.

Price Categories:

Tiered discounts are offered, with discount percentages dependent upon the volume or postage commitment on the part of the customer. Higher discounts are available for higher volume or postage commitments.

Optional Features:

Pickup On-Demand

International Ancillary Services

International Insurance
International Return Receipt

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2610.2 Global Expedited Package Services (GEPS) Contracts

These are contracts that provide for discounts for Express Mail International (EMI) and/or Priority Mail International (PMI) for all destinations served by Express Mail International and Priority Mail International. Preparation requirements are the same as for all Express Mail International and/or Priority Mail International shipments with the following exceptions: The mailer is required to use USPS-supplied labeling software, or a non-USPS supplied labeling software that has the same functionality as the USPS-supplied labeling software. The software allows for preparation of address labels and Customs declarations and submission of electronic shipment information to the Postal Service, as well as prepayment of Customs duties and taxes and pre-advice for foreign Customs authorities by the Postal Service. The mailer may be required to prepare specific shipments according to country specific requirements. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and must be capable, on an annualized basis of tendering at least 600 pieces of non-First-Class Mail International mail to the Postal Service, or paying at least \$12,000 in non-First-Class Mail International postage to the Postal Service. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight for Express Mail International:

	Length	Width	Height	Weight ¹
Minimum	None	None	None	
Maximum	36 inches	Length plus girth: 79 inches		

¹ Country-specific restrictions may apply as specified in the International Mail Manual

Size and Weight for Priority Mail International:

	Length	Width	Height	Weight ¹
Minimum	5.5 inches	None	3.5 inches	none
Maximum	42 inches	Length plus girth: 79 inches Circular parcels: length plus diameter: 64 inches		70

¹ Weight and other exceptional size limits based on shape and destination country restrictions may apply as specified in the International Mail Manual

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage of Express Mail International, Priority Mail International or both, on an annualized basis. The mailer is required to meet the minimum volume or weight requirements in effect for manifest mailing as specified by the Postal Service.

Price Categories:

The discount is a fixed discount based on the volume or revenue commitment above a specified cost floor. Also, separate charges apply if the customer has the Postal Service label the mailpieces, for harmonization and for return services.

GEPS – Express Mail International

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

GEPS – Priority Mail International

Optional Features:

Pickup On-Demand

International Ancillary Services

International Certificate of Mailing (PMI flat-rate envelope only)

International Insurance

International Registered Mail (PMI flat-rate envelope only)

International Restricted Delivery (PMI flat-rate envelope only)

International Return Receipt

Software-Related Services:

Labeling: At the mailer's request, the Postal Service will apply labels and Customs declarations at a postal location.

Harmonization: At the mailer's request, the Postal Service facilitates classification of merchandise according to country specified Customs regulations to determine applicable duties and taxes.

Returns: At the mailer's request, the Postal Service contracts with a returns center appropriate for the particular country. The returns center inspects the goods it receives from the mailer's customers and returns the goods in bulk to the mailer in the United States. The Postal Service invoices the mailer for appropriate charges. The Postal Service may also charge for certain Express Mail International and Priority Mail International undeliverable-as-addressed returns when customs duties have been prepaid.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2610.3 Global Direct Contracts

These are contracts giving a rate for mail acceptance within the United States and transportation to a receiving country with the addition by the customer of appropriate foreign postage charged by the receiving country. The preparation requirements are the preparation requirements for the given product set by the receiving country. All items must bear the postal imprint of the receiving country and a return address in the receiving country. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and be capable, on an annualized basis, of either paying at least \$2 million in First-Class Mail International postage to the Postal Service, or tendering at least 600 pieces of non-First-Class International mail to the Postal Service, or paying at least \$12,000 in non-First-Class Mail International postage to the Postal Service. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight:

Size and weight requirements are the requirements for the given product set by the receiving country.

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage on an annualized basis. The mailer may be required to meet minimum volume or weight requirements as specified by the Postal Service.

Price Category:

Prices are dependent upon a volume or postage commitment on the part of the customer and basically cover mail acceptance within the United States, transportation from the United States to the receiving country and the appropriate postage in the receiving country.

Optional Features:

All optional features applicable to the product as set by the receiving country.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2610.4 Global Bulk Economy (GBE) Contracts

These are contracts for letter-post items that are dispatched in bulk via surface transportation to destination countries. The mailer must physically separate the sacks and/or pallets by rate group. Within each rate group direct country sacks weighing less than 11 pounds must be physically separated from other direct country sacks and identified with the letter "S" on the bag tag. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and must be capable, on an annualized basis, of paying at least \$2 million in First-Class Mail International postage to the Postal Service. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight for Letters/Small Packets/Packages: ¹

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	24 inches	Length plus height plus thickness: 36 inches		4 pounds

¹ Packages of letter-size pieces of mail should be no thicker than approximately a handful of mail (4" to 6"); packages of flat-size mail may be thicker than 6", but weigh no more than 11 pounds. A package or packet is defined as 10 or more pieces of mail to the same country separation or 1 pound or more regardless of the number of pieces.

Size and Weight for Postcards:

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	6 inches	4.25 inches	0.016 inch	Not applicable

Size and Weight for Rolls:

	Length	Length plus twice the diameter	Weight
Minimum	4 inches	6.75 inches	none
Maximum	36 inches	42 inches	4 pounds ⁷⁰

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage on an annualized basis. The minimum volume requirement is 100 pounds per mailing.

Price Categories:

The discount percentage off a base rate is dependent upon a volume or postage commitment on the part of the customer.

Optional Features:

None

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2610.5 Global Plus Contracts

These are contracts giving rates for any combination of the following: International Priority Airmail (IPA), International Surface Air Lift (ISAL), Global Bulk Economy (GBE), Global Direct (GD), Express Mail International (EMI), and Priority Mail International (PMI). These contracts are for high-volume mailers or Postal Qualified Wholesalers and are the only contract vehicles for IPA and ISAL mailings. For a mailer to qualify, the contract must cover its attributable costs.

The contracts include all destinations served by IPA, and/or ISAL, and/or GBE, and/or GD, and/or EMI, and/or PMI, as specified by the Postal Service. The preparation requirements are the same as for all IPA shipments, and/or ISAL shipments, and/or GBE shipments, and/or EMI shipments, and/or PMI shipments. For GD shipments, the preparation requirements are the preparation requirements for the given product set by the receiving country. The mailer may use USPS-supplied labeling software, or a non-USPS supplied labeling software that has the same functionality as the USPS-supplied labeling software for EMI and PMI shipments. The software allows for preparation of address labels and Customs declarations and submission of electronic shipment information to the Postal Service, as well as prepayment of Customs duties and taxes and pre-advice for foreign Customs authorities by the Postal Service. The mailer may be required to prepare specific shipments according to country specific requirements.

To qualify for International Priority Airmail (IPA), and/or International Surface Air Lift (ISAL), and/or Global Bulk Economy (GBE) and/or Global Direct (GD), a mailer must tender all of its qualifying mail to the Postal Service and must be capable, on an annualized basis, of paying at least \$2 million in International First-Class Mail International postage to the Postal Service.

To qualify for Express Mail International (EMI), and/or Priority Mail International (PMI), a mailer must tender all of its qualifying mail to the Postal Service and must be capable, on an annualized basis, of tendering at least 600 pieces of non-First-Class Mail International mail to the Postal Service, or of paying at least \$12,000 in non-First-Class Mail International postage to the Postal Service.

Size and Weight for Letters/Small Packets/Packages: ¹

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	24 inches	Length plus height plus thickness: 36 inches		4 pounds

¹ If ISAL: Packages of letter-size pieces of mail should be no thicker than approximately a handful of mail (4" to 6"); packages of flat-size mail may be thicker than 6", but weigh no more than 11 pounds. A package or packet is defined as 10 or more pieces of mail to the same country separation or 1 pound or more regardless of the number of pieces.

Size and Weight for Postcards:

	Length	Height	Thickness	Weight
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MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	6 inches	4.25 inches	0.016 inch	Not applicable

Size and Weight for Rolls:

	Length	Length plus twice the diameter	Weight ¹
Minimum	4 inches	6.75 inches	none
Maximum	36 inches	42 inches	4 pounds

Size and Weight for Express Mail International:

	Length	Width	Height	Weight ¹
Minimum	None	None	None	
Maximum	36 inches	Length plus girth: 79 inches		

¹ Country-specific restrictions may apply as specified in the International Mail Manual

Size and Weight for Priority Mail International:

	Length	Width	Height	Weight ¹
Minimum	5.5 inches	None	3.5 inches	none
Maximum	42 inches	Length plus girth: 79 inches Circular parcels: length plus diameter: 64 inches		70

¹ Weight and other exceptional size limits based on shape and destination country restrictions may apply as specified in the International Mail Manual

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage on an annualized basis. The minimum volume requirement for GBE is 100 pounds per mailing. The mailer may be required to meet a volume minimum or weight requirement for Global Direct. If paying through permit imprint, the mailer is required to meet the minimum volume or weight requirements in effect for manifest mailings. For EMI paid through an Express Mail Corporate Account (EMCA), there is no minimum volume requirement per mailing.

Price Categories:

The discount percentage or price, as applicable to the service, is dependent upon a volume or postage commitment on the part of the customer. Additional tiered discounts are available if the mailer exceeds the minimum volume or postage commitment. Also, separate charges apply if the customer has the Postal Service label the mailpieces, for harmonization and for return services.

Global Plus – IPA

Global Plus – ISAL

Global Plus – GBE

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

Global Plus – EMI

Global Plus – GD

Global Plus – PMI

Optional Features:

Pickup On-Demand (EMI and PMI only)

International Ancillary Services

International Certificate of Mailing (IPA, PMI flat-rate envelope only)

International Insurance (EMI, PMI parcels only)

International Registered Mail (PMI flat-rate envelope only)

International Restricted Delivery (PMI flat-rate envelope only)

International Return Receipt (EMI, PMI only)

For GD, all optional features applicable to the product as set by the receiving country.

Software-Related Services (EMI and PMI only):

Labeling: At the mailer's request, the Postal Service will apply labels and Customs declarations at a postal location.

Harmonization: At the mailer's request, the Postal Service facilitates classification of merchandise according to country specified Customs regulations to determine applicable duties and taxes.

Returns: At the mailer's request, the Postal Service contracts with a returns center appropriate for the particular country. The returns center inspects the goods it receives from the mailer's customers and returns the goods in bulk to the mailer in the United States. The Postal Service invoices the mailer for appropriate charges. The Postal Service may also charge for certain Express Mail International and Priority Mail International undeliverable-as-addressed returns when customs duties have been prepaid.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2611 Inbound International

The Postal Service enters into contracts, on a mailer-specific basis, to provide inbound services and respective rates that are available only to mailers meeting defined eligibility requirements. Preparation requirements are specified by the originating country in which the items are mailed.

2611.1 International Business Reply Service (IBRS) Contracts

These are contracts giving a rate for IBRS with preparation requirements deviating from the standard, published requirements for cards and envelopes. Preparation requirements are specified by the originating country in which the items are mailed. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and be capable, on an annualized basis, of paying at least \$2 million in First-Class Mail International postage to the Postal Service. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight:

The mailer may be required to meet specific size and weight limitations set by the origination country in which the items are mailed.

Minimum Volume or Revenue Commitment:

Mailers must commit to tender varying minimum volumes or postage on an annualized basis. There is no minimum volume requirement per mailing.

Price Category:

The rates are dependent upon a volume or postage commitment on the part of the customer.

Optional Features: None

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2611.2 Inbound Direct Entry Contracts with Customers

These are contracts whereby the Postal Service agrees with a customer outside the United States to process and deliver mail bearing domestic indicia within the domestic territory of the United States. Preparation requirements are generally the same as for the applicable domestic postal services as specified by the Postal Service. To qualify, a mailer must tender all of its qualifying mail to the Postal Service and must be capable of paying and actually present at least \$2 million in domestic postage on an annualized basis. For a mailer to qualify, the contract must cover its attributable costs.

Size and Weight:

All size and weight restrictions for comparable domestic postal services generally apply as specified by the Postal Service.

Minimum Volume or Revenue Commitment:

There is no minimum volume requirement per mailing.

Price Category:

No discounts are applied to domestic postage.

Optional Features:

Development of a joint business plan

Participation in a joint management team to monitor service performance

Participation in joint marketing and sales efforts

All optional features applicable to the relevant domestic postal services as specified by the Postal Service.

MAIL CLASSIFICATION SCHEDULE

2001 COMPETITIVE PRODUCT DESCRIPTIONS

2612 Inbound Direct Entry Contracts with Foreign Postal Administrations

The Postal Service has bilateral agreements with foreign postal administrations for outbound and inbound direct entry mailings. To qualify, the party must be the legal authority within the country in question with jurisdiction over mail.

These agreements contain a component whereby the foreign postal administration agrees to accept, process and deliver international mail received by the Postal Service which may bear the indicia of the foreign country. Preparation requirements are specified by the foreign postal administration.

The agreements also contain a component whereby the Postal Service agrees with the foreign postal administration to accept, process and deliver mail which may bear a U.S. indicia. Preparation requirements are specified by the Postal Service.

Size and Weight:

All size and weight restrictions for comparable domestic postal services apply as specified by the Postal Service.

Minimum Volume or Revenue Commitment:

Minimum volume requirements are set by the Postal Service.

Price Category:

Variation from otherwise agreed upon terminal dues charges, inward land rates, delivery charges, or other applicable required payments is negotiated. No discounts are applied to domestic postage for those mailpieces delivered in the United States.

Optional Features:

All optional features applicable to the relevant domestic postal services as specified by the Postal Service.