

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

COMPETITIVE PRODUCT PRICES  
INBOUND EXPRESS MAIL INTERNATIONAL (EMS)  
ORIGINATING FROM FOREIGN POSTS

Docket No. MC2009-10

Docket No. CP2009-12

REQUEST OF THE UNITED STATES POSTAL SERVICE REGARDING INBOUND EXPRESS MAIL  
INTERNATIONAL (EMS) FROM FOREIGN POSTS TO ADD *INBOUND INTERNATIONAL EXPEDITED  
SERVICES 2* TO COMPETITIVE PRODUCT LIST; AND NOTICE OF ESTABLISHMENT OF RATES AND  
CLASSIFICATIONS NOT OF GENERAL APPLICABILITY  
(November 19, 2008)

In accordance with 39 U.S.C. § 3642 and 39 C.F.R. § 3020.30 et seq., the United States Postal Service hereby requests that the Commission add *Inbound International Expedited Services 2* to the Competitive Product List in the Mail Classification Schedule (MCS). The United States Postal Service also gives notice, pursuant to 39 U.S.C. § 3632(b)(3) and 39 C.F.R. § 3015.5 that the Postal Service Governors have established prices and classifications not of general applicability for inbound Express Mail International (EMS) originating from foreign posts.<sup>1</sup> A redacted copy of Governors' Decision No. 08-20 establishing those prices and classifications is provided in Attachment 1.<sup>2</sup> Attachment 2 is the Statement of Supporting Justification from Brian T. Hutchins, Manager, International Postal Relations, pursuant to Rule 3020.32.

<sup>1</sup> The Governors' Decision specifies Mail Classification Schedule (MCS) language that defines three price tiers; it also proposes that the Commission add EMS from foreign posts to the Competitive Product List so as to parallel the Commission's previous addition of *Inbound International Expedited Services 1* (CP2008-7) based on a request involving China Post Group.

<sup>2</sup> An unredacted copy of the Governors' Decision and other supporting documents establishing compliance with 39 C.F.R. §3015.5 are filed separately under seal.

Attachment 3 consists of the record of the Governors' vote on Governors' Decision No. 08-20.<sup>3</sup> Attachment 4 consists of the Certification of compliance with section 3633(a).

EMS prices in Governors' Decision No. 08–20 are established under the auspices of the Universal Postal Union (UPU). More specifically, the EMS Cooperative, a voluntary organization established in 1998 by the UPU's Postal Operations Council, established procedures whereby each destination postal administration (including those who are not EMS Cooperative members) sets its charges once a year by notifying all partners either directly or through the UPU's International Bureau no later than August 31 of the year prior to their effective date. Under the EMS Cooperative process, each destination administration sets piece and weight prices for each of three tiers. The tiers consist of:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) EMS Cooperative: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

While each postal administration sets its own prices, respective pairs of posts pay close attention to the prices each sets for the other, with a consequent trend toward mutual equivalence.<sup>4</sup>

The EMS Cooperative's process for establishing EMS prices does not define necessities such as the appearance and processing of EMS mail pieces. Such details

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<sup>3</sup> In accordance with the Commission's preference, the record of the Governors' vote is attached to this Request rather than to the unredacted Decision filed under seal. See PRC Order No. 119 (October 22, 2008) at 4.

<sup>4</sup> See Attachment 2.

are established in bilateral and multilateral agreements. All EMS agreements involving the Postal Service and foreign posts describe basic operational details such as the use of barcodes, mail piece design, and dispatch; all such agreements have already been filed with the Commission.<sup>5</sup> The appropriate classification of EMS has been discussed by the Postal Service and the Commission in various ways.<sup>6</sup>

As always, the Postal Service remains cognizant that the Commission's starting point has been to equate "product" under the PAEA with single negotiated service agreements,<sup>7</sup> while also recognizing that "[I]t may be appropriate to group functionally equivalent negotiated service agreements as a single product if it can be shown that they have similar cost and market characteristics."<sup>8</sup>

All of the bilateral or multilateral agreements between the Postal Service and foreign posts that deal with EMS have but a single set of cost and market characteristics. Aside from the negotiated China Post Group agreement, the terms of these agreements are standardized, starting with a base agreement that prescribes operational details, such as the use of barcodes, the color and design of envelopes and mailbags, and dispatch information requirements. Respective agreements do take on

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<sup>5</sup> See, United States Postal Service Response To Order No. 84 And Notice of Filing Ongoing Inbound International Expedited Services Agreements (July 23, 2008). That pleading describes the "standardized" agreements then filed under seal, to which the bilateral China Post Group agreement (which was the subject of Docket No. CP2008-7 and Order No. 84) constitute an exception. The Postal Service later found one agreement whose existence was reflected in the July 23 pleading and materials filed under seal, but which had not actually been filed; this oversight was remediated on October 17, 2008 (United States Postal Service Supplemental Response to Order No. 84 and Notice of Filing Additional Ongoing Inbound International Expedited Services Agreement).

<sup>6</sup> See, e.g., United States Postal Service Submission of Additional Mail Classification Schedule Information in Response to Order No. 43 (November 20, 2007); PRC Order Nos. 79 (June 3, 2008) and 84 (June 27, 2008); and United States Postal Service Response to Order No. 84 and Notice of Filing Ongoing Inbound International Expedited Services Agreements (July 23, 2008)

<sup>7</sup> "Order No. 26 classified negotiated service agreements, both market dominant and competitive, as separate products." Order No. 43 at 56. See *also*, Order No. 79 at 3-4 (discussing how agreements with foreign posts might appear in the MCS).

<sup>8</sup> Order No. 43 at 58.

minor modifications over time with the evolution of such technical and service aspects as barcodes and electronic messaging.

All inbound prices are bounded by a uniform set of pricing formulas approved by the Governors twice, once for the bilateral agreement with China Post Group and now underlying the three price tiers set via the UPU process.<sup>9</sup> All inbound EMS is, of course, delivered somewhere in the domestic service area. EMS prices are set using one generally applicable process under the aegis of the UPU. The Postal Service accordingly proposes that the three price tiers applicable to EMS from foreign posts whose prices are set using the UPU process be classified by the Commission as a single product, *Inbound International Expedited Services 2*.<sup>10</sup>

The Commission itself established the foundation for the road taken in this Request through its treatment of the bilaterally negotiated agreement involving EMS considered in PRC Docket No. CP2008-7. In PRC Order No. 84, the Commission established several useful guideposts.

On June 3, 2008, the Commission issued Order No. 79, which determined that Docket No. CP2008-6 establishes, in essence, a shell classification, while Docket No. CP2008-7 is a specific agreement negotiated pursuant to the conditions of the shell classification. [*Id.* at 2]

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<sup>9</sup> At the time of the Governors' vote on Governors' Decision No. 08-20, EMS prices complied with all applicable elements of the financial model supporting that decision. The model filed under seal in this proceeding, which reflects inputs that became available subsequent to the Governors' vote, introduce an anomaly in that the margin falls slightly below the threshold set by the Governors. This, however, should not impact the Commission's approval of EMS prices that were locked down in August 2008. Moreover, the cost coverage presented in the financial analysis is above 100 percent thereby satisfying the applicable statutory pricing criteria for competitive products.

<sup>10</sup> As discussed in part (c) of Attachment 2, the Postal Service sees all inbound Express Mail International from foreign posts as having a single set of demand and market characteristics, so the Commission could instead merge EMS from foreign posts with prices set per UPU procedures into the existing product, *Inbound International Expedited Services 1*. The Postal Service chose not to feature that option in this Request because incorporating UPU price setting into the PAEA regulated world is already sufficiently complex that this additional element was deemed too likely to complicate the Commission's section 3642 review. This option may well need to be addressed directly should the Postal Service conclude an additional bilateral/multilateral agreement with foreign posts regarding EMS.

\* \* \*

The Commission previously assigned Inbound International Expedited Services to the competitive product list [citing to Order No. 43]. The Postal Service contends that the China Post Group agreement falls within the Inbound International Expedited Services heading. [*Id.* at 4.]

\* \* \*

Having considered the statutory requirements, the argument put forth by the Postal Service, and the public comment, the Commission finds that the China Post Group agreement is appropriately categorized as a competitive product and should be added to the competitive product list. The revisions to the competitive product list are shown below the signature of this Order .... [*Id.* at 5-6.]

\* \* \*

**2000 COMPETITIVE PRODUCT LIST  
EXPRESS MAIL**

Express Mail  
Outbound International Expedited Services  
Inbound International Expedited Services  
    Inbound International Expedited Services 1 (CP2008-7)  
[*Id.* at 11.]

The Governors of the Postal Service have now followed the Commission's lead in Order No. 84 by establishing MCS language for the three price tiers specified pursuant to UPU procedures.

This Request, the underlying EMS agreements with foreign posts, and other materials filed under seal break no new ground regarding the confidentiality of information. The identities of the foreign posts and their host countries were publicly identified in the July 23 pleading.<sup>11</sup> Respective agreements, pricing details including the prices themselves, operational details including mailpiece appearance and transactional arrangements, and cost and volume data all remain, as they should, under seal. This

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<sup>11</sup> United States Postal Service Response to Order No. 84 and Notice of Filing Ongoing Inbound International Expedited Services Agreements (July 23, 2008).

information is clearly of a commercial nature, and the Postal Service is aware of no competitor or private company of comparable size and scope that releases such information to the public. Public disclosure would compromise the ability of both the Postal Service and its foreign counterparts to reach favorable agreements in the future.

Respectfully submitted,

UNITED STATES POSTAL SERVICE  
By its attorneys:

Anthony F. Alverno  
Chief Counsel, Global Business

Kenneth N. Hollies

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3083, Fax -3084  
[khollies@usps.gov](mailto:khollies@usps.gov)  
November 19, 2008

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF NEW PRICES AND CLASSIFICATIONS FOR INBOUND EXPRESS MAIL INTERNATIONAL (EMS) (GOVERNORS' DECISION No. 08-20)**

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November 3, 2008

**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 produced pursuant to EMS Cooperative<sup>1</sup> procedures for inbound Express Mail International (EMS) tendered by foreign postal administrations,<sup>2</sup> and such changes in classification as are necessary to implement the new prices.<sup>3 4</sup> This decision establishes three price tiers, effective January 1, 2009, that fall within price floor and price ceiling formulas for inbound EMS. The price floor and price ceiling formulas are specified in Attachment B, and management's analysis of and recommendation in favor of their use is explained in Attachment C. We have reviewed the analysis and conclude that the three price tiers established by EMS Cooperative procedures and the prices for each tier set by management are consistent with the formulas, and that the classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7.

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<sup>1</sup>The EMS Cooperative is a voluntary group established in 1998 by the Universal Postal Union's (UPU's) Postal Operations Council. The UPU is a specialized United Nations multilateral organization that facilitates the exchange of international mail. One hundred fifty EMS operators are currently members. Inbound EMS prices for those international posts who are not members of the EMS Cooperative are also set using the same timetable and procedures.

<sup>2</sup>Under these procedures, each destination administration sets its charges once a year by notifying all partners either directly or through the UPU's International Bureau no later than August 31 of the year prior to the effective date. The Postal Service normally makes notification through the UPU International Bureau, but also sends letters directly to the origin administrations.

<sup>3</sup>The Mail Classification Schedule (MCS) language describing the three EMS price tiers seeks to address Postal Regulatory Commission (Commission) suggestions that a consistent approach be adopted for "organizing competitive product negotiated agreements within the Mail Classification Schedule." PRC Order No. 84, Order Concerning the China Post Group Inbound EMS Agreement, Docket No. CP2008-7, June 27, 2008, at 6. Classification language appears as Attachment A.

<sup>4</sup>Specific operational agreements must also define how EMS is exchanged between and among posts. The USPS has many such bilateral/multilateral agreements, at least some of which may be supplanted by an umbrella operational agreement while the price tiers approved herein are effective.

The PAEA provides that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. We have previously determined that prices established according to the formulas listed in Attachment B are appropriate for EMS.<sup>5</sup> Inclusion of those formulas here, and management's analysis of them, confirms our decision that they retain their vitality and that such formulas are appropriate in the instant circumstances. Under the UPU process, each destination administration sets prices for three tiers:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) EMS Cooperative: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

As a general matter, the three tiers are mutually exclusive; at times, however, a foreign post may migrate from the second tier to the first.

We are satisfied that the prices established pursuant to EMS Cooperative processes and falling within the formulas in Attachment B meet the applicable statutory and regulatory requirements. The price floor formula provides greater than 100 percent coverage of the costs attributable to each of the price tier. We accept and rely upon the certification in Attachment D that the correct cost inputs for the formulas have been identified. In addition, the price floor formula [REDACTED] [REDACTED] should cover attributable costs and provide a contribution toward the Postal Service's institutional costs. The formula should thus prevent a cross-subsidy from market dominant products. As noted in the certification in Attachment D, the price tiers established pursuant to this Decision should not impair the

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<sup>5</sup> The same formula ranges were established and made applicable to incoming EMS from China Post in a non-UPU context. See Governors' Decision No. 08-5 filed in PRC Docket No. CP2008-7. An unredacted copy of our decision was filed under seal on May 20, 2008, while a redacted copy was filed on July 23, 2008.

ability of competitive products as a whole to cover an appropriate share of institutional costs.

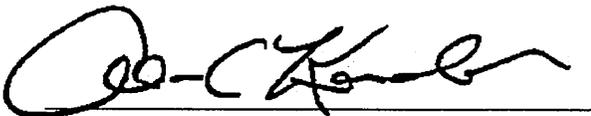
The three price tiers authorized pursuant to this Decision may not go into effect until submitted to the Postal Regulatory Commission with a notice that complies with 39 C.F.R. § 3015.5. The notice must include a financial analysis demonstrating that the price tiers cover attributable costs, [REDACTED] in Attachment B. The notice must also include a certification from a Postal Service official that the numerical values chosen for the price tiers are appropriate, in that they represent the best available information and that the price tiers should not result in a cross-subsidy from market dominant products and should not impair the ability of competitive products, as a whole, to cover an appropriate share of institutional costs.

#### ORDER

In accordance with the foregoing Decision of the Governors, the formulas set forth herein which establish the three price tiers produced pursuant to EMS Cooperative processes for inbound EMS, and the classification changes necessary to establish those prices, are hereby approved and ordered into effect.

Prices and classification changes established pursuant to this Decision will take effect on January 1, 2009, after review by the Postal Regulatory Commission.

By The Governors:



Alan C. Kessler  
Chairman

## CHANGE IN MAIL CLASSIFICATION SCHEDULE

*The Postal Service requests the addition of one new product to Competitive Product List:*

Inbound International Expedited Services 2 (MC2009-10, CP2009-12)

*This new language should appear as follows in the Competitive Product List:*

### **PART B—COMPETITIVE PRODUCTS**

#### **2000 COMPETITIVE PRODUCT LIST**

##### **EXPRESS MAIL**

Express Mail

Outbound International Expedited Services

Inbound International Expedited Services

Inbound International Expedited Services 1 (CP2008-7)

Inbound International Expedited Services 2 (CP2009-12)

\* \* \*

*Three pricing tiers also should be included in the Mail Classification Schedule (MCS).<sup>1</sup> ]*

Inbound International Expedited Services 2 (MC2009-10, CP2009-12).

Pursuant to EMS Cooperative procedures, each destination administration sets three price categories or tiers:

- 1) Pay-for-performance: available to members of the Kahala Post Group and EMS Cooperative members who elect to comply with pay-for-performance provisions;
- 2) Not pay-for-performance: EMS Cooperative members who elect not to comply with pay-for-performance provisions; and
- 3) All Others: International posts who choose not to be members of the EMS Cooperative.

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<sup>1</sup> Based on PRC Order Nos. 79 and 84, the proposed MCS language is a clean sheet approach.

**Attachment B**

**Price Formulas for Inbound Express Mail International (EMS)**

[REDACTED]

### Attachment C

#### Analysis of Price Formulas for Inbound Express Mail International (EMS)

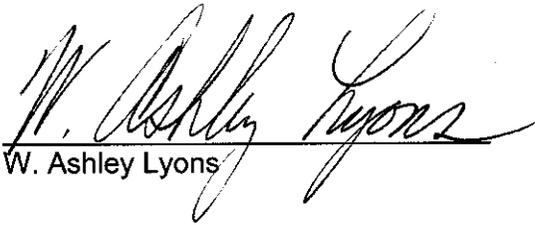
[REDACTED]

**Attachment D**

**Certification as to the Price Formulas for Inbound Express Mail International  
(EMS)**

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the price floor formula and price ceiling formula for Inbound Express Mail International (EMS) which are set forth in Attachment B.

I hereby certify that these formulas adequately represent all necessary [REDACTED] [REDACTED] If the Postal Service were to enter into agreements that set prices above the price floor, the Postal Service would be in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The price floor formula is designed to ensure that each agreement should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. Even if all the agreements for Inbound EMS are signed at the price floor, they should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

  
W. Ashley Lyons

## Statement of Supporting Justification

I, Brian T. Hutchins, Manager, International Postal Relations, sponsor the Request filed before the Postal Regulatory Commission in PRC Docket Nos. MC2009–10 and CP2009-12. The underlying product involves inbound Express Mail International (EMS) from foreign posts for delivery in the Postal Service’s domestic delivery area, with prices set pursuant to EMS Cooperative procedures under the aegis of the Universal Postal Union (UPU). The Mail Classification Schedule (MCS) language approved by the Postal Service Governors describes the three price tiers for which participating foreign posts may qualify. My statement supports the Postal Service Request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32 together with a description of the EMS business environment. 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 inbound EMS from foreign posts be added to the Competitive Product List as a new, sibling product to *Inbound International Expedited Services 1 (CP2008-7)* called *Inbound International Expedited Services 2*.

- (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 Postal Service Request seeks the addition of a new product to the Competitive Product List: *Inbound International Expedited Services 2*. The Postal Service also recognizes that this new product could instead be merged with existing product *Inbound International Expedited Services 1* (with two docket numbers appended to the existing one or without any docket numbers). The practical reality from the Postal Service perspective is that we are dealing only with inbound Express Mail International (EMS) from foreign posts, which has just one set of demand and market characteristics and one set of Governors-approved pricing formulas, although prices are set through negotiation (China Post Group) or unilaterally (pursuant to the EMS Cooperative procedures, with attendant focus on the prices postal administrations charge one another). The Postal Service Request, however, recognizes the larger context: price changes for EMS were locked down in August 2008 and this is the first experience putting prices set by this method through Commission review under the PAEA. The Request accordingly follows the simplest path, which appears to be the addition of a second product for inbound Express Mail International from foreign posts. The Postal Service does recognize that the PAEA makes the addition of a new product to the Competitive Product List a Commission decision, and that the Commission could nonetheless choose to merge inbound EMS from foreign posts with prices set per UPU procedures into the existing inbound EMS product. Regardless of which action the Commission chooses, it will improve the Postal Service's competitive posture, while enabling the Commission to verify that prices set according to EMS Cooperative

procedures cover their attributable costs and make a positive contribution to coverage of institutional costs. This agreement will increase contribution toward the requisite 5.5 percent of the Postal Service's total institutional costs paid for by competitive products. Accordingly, no issue of subsidization of competitive products by market dominant products arises.

- (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.*

UPU procedures provide the Postal Service (and all other interested foreign posts) a unilateral opportunity to set prices for inbound EMS by providing notice of them before the end of August of the year before the prices take effect. Over time, EMS prices that respective pairs of international posts charge one another tend toward equivalence; also, private competitors provide similar services to the international community, which is consistent with the nature of EMS as a competitive service. Consequently, the Postal Service does not have the market power to set its prices substantially above costs, to raise prices significantly, or to decrease quality or output. If the Postal Service were to employ any of these strategies, it risks losing inbound volume to a private competitor in the international shipping industry.

- (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.*

Inbound EMS, just like domestic Express Mail, falls outside the Private Express Statutes' prohibition on the private carriage of letters over post routes on grounds that

the amount paid for private carriage exceeds six times the basic First-Class Mail letter rate. See parts (c-d) above.

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

See parts (c-d) above. Private consolidators, freight forwarders, and integrators also offer international shipping arrangements whereby they provide quick end-to-end delivery of matter that could also be sent and delivered via EMS. Since delivery of EMS in the domestic service area of the United States requires a nationwide network, only large firms are able to participate in this market.

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

The originators of EMS are customers of foreign posts, so information available to the Postal Service is quite limited. EMS prices for the foreign posts are set by the Postal Service in complete accordance with procedures developed by the UPU and its constituent organizations (except for China Post Group), which has been true for many years. Accordingly, the existence of EMS volume in recent years demonstrates the interest in EMS by users in the countries where respective foreign posts are located. The concomitant existence of private competitors further demonstrates that foreign mailers have a choice of shipping providers.

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

The EMS prices set by the Postal Service reflect moderate increases also seen in the underlying costs of providing the service. The costs of providing service

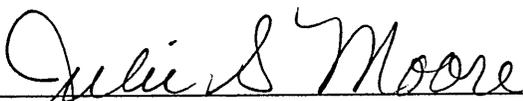
(particularly the long term increase in transportation costs) are increasing for all shippers, and the increases in EMS prices are similar in magnitude to other recent price increases. The prices set by the Postal Service using the UPU process should retain EMS as a shipping option for small business customers of foreign mailers and for domestic small businesses who receive matter shipped via EMS. The retention of such options accordingly provides a modest benefit to small business concerns. Given the need for any competitor to have a nationwide delivery network, the Postal Service is aware of no small businesses competing in this market.

- (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.*

Materials filed by the Postal Service under seal permit the Commission to examine the cost coverage for EMS from foreign posts from various perspectives. Regardless of which competitive product the Commission concludes such mail should be made part of, the materials filed permit examination of EMS from foreign posts as a whole, at each price tier, or for each foreign administration that sends EMS to the Postal Service for domestic delivery. Were the Postal Service to set prices that constitute too large of increases over the previous year, the likely results would include a diminution in incoming volume, and substantial increases in prices set by foreign posts for Express Mail International originating inside the United States of America.

**CERTIFICATION OF GOVERNORS' VOTE  
IN THE  
GOVERNORS' DECISION NO. 08-20**

I hereby certify that the Governors voted on adopting Governors' Decision No. 08-20, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision. The vote was 7 to 0 in favor.

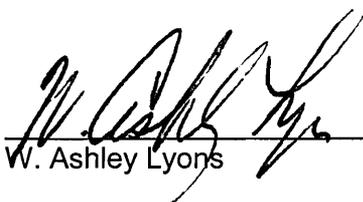
  
\_\_\_\_\_  
Julie S. Moore  
Secretary of the Board of Governors

Date: 11/19/08

**Certification of Prices for Inbound Express Mail International (EMS)**  
[REDACTED]

I, W. Ashley Lyons, Manager, Corporate Financial Planning, Finance Department, United States Postal Service, am familiar with the rate elements and prices for Inbound Express Mail International (EMS) sent by foreign posts for delivery in the Postal Service domestic service area; these prices were set in accordance with UPU/EMS Cooperative procedures by a letter to the International Bureau of the Universal Postal Union (UPU) dated August 28, 2008.

I hereby certify that the numerical [REDACTED] values underlying the EMS prices are the appropriate [REDACTED] to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of [REDACTED] are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that EMS should cover its attributable costs and preclude the subsidization of competitive products by market dominant products.

  
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W. Ashley Lyons