

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

COMPETITIVE PRODUCT PRICES
GLOBAL PLUS 1A CONTRACTS (CP2008-9 AND CP2008-10)
NEGOTIATED SERVICES AGREEMENTS

Docket Nos.
MC2010-26
CP2010-67
CP2010-68

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING TWO
FUNCTIONALLY EQUIVALENT GLOBAL PLUS 1A CONTRACTS NEGOTIATED
SERVICE AGREEMENTS**

(July 13, 2010)

In accordance with 39 C.F.R. § 3015.5 and Order No. 85,¹ the United States Postal Service (Postal Service) hereby gives notice that the Postal Service intends to enter into two additional Global Plus 1A contracts.² Prices and classifications not of general applicability for Global Plus 1 Contracts were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Plus Contracts, issued on May 28, 2008 (Governors' Decision No. 08-8).³ The Postal Regulatory Commission (Commission) previously determined that the individual Global Plus 1 contracts filed in Docket Nos. CP2008-9 and CP2008-10, as well as the Global Plus 1 contracts filed in Docket Nos.

¹ PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 27, 2008.

² Although certain aspects of the agreements filed in this proceeding await finalization between the parties, the current agreements' impending expiration and the regulatory time-frame demand that the Postal Service submit these materials in their present state. The parties expect to finalize this and related agreements soon, and any lingering details will not affect the rates, classification, or other fundamental basis for this Request and Notice.

³ A redacted copy of this decision was filed as an attachment to the United States Postal Service Notice of Filing Redacted Copy of Governors' Decision No. 08-8, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 16, 2008. An unredacted copy of the decision, as well as a record of proceedings, was filed under seal with the Postal Service's Notice of Governors' Decision Establishing Prices and Classifications for Global Plus Contracts, Docket No. CP2008-8, June 2, 2008.

CP009-46 and CP2009-47, were functionally equivalent and included them within the Global Plus 1 product on the Competitive Products List.⁴

I. Background

The contracts that are the subject of this docket are the immediate successors to the instruments that the Commission found to be eligible for inclusion in the Global Plus 1 product in Docket Nos. CP2009-46 and CP2009-47. The Postal Service respectfully request that the instant contracts be considered the new “baseline” contracts for future functional equivalency analyses concerning the Global Plus 1 product.⁵ As such, in keeping with the Commission’s classification approach in Order No. 290, the renewed contracts would presumably be listed as Global Plus 1A on the Competitive Product List, the successor product name to Global Plus 1A.⁶

Attachment 1 to this Request is the Statement of Supporting Justification of

⁴ Order No. 85 at 11; PRC Order No. 265, Order concerning Filing a Functionally Equivalent Global Plus 1 Contract Negotiated Service Agreement, Docket No. CP2009-46, July 31, 2009; PRC Order No. 266, Order concerning Filing a Functionally Equivalent Global Plus 1 Contract Negotiated Service Agreement, Docket No. CP2009-47, July 31, 2009.

⁵ See Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket Nos. CP2008-8, CP2008-9, and CP2008-10. June 27, 2008, at 8 (applying standards for the filing of functionally equivalent contracts).

⁶ In Order No. 290 in Docket No. CP2009-50, the Commission Identified requirements for the establishment of new baseline instruments. In particular, the Commission advised that “[f]uture requests to implement a new baseline agreement should be filed as an MC docket since it will result in adding a new product to the product list and may result in removing a product from the product list.” The Postal Service is not undertaking to remove Global Plus 1 from the product list at this time, however, because the arrangements for Global Plus 1 described in Docket Nos. CP2009-46 and CP2009-47, which are functionally equivalent to the Global Plus 1 product, are ongoing at this time.

Frank Cebello, Executive Director, Global Business Management, which was used to support the classification of Global Plus 1.⁷ That same justification applies here as well. Redacted versions of the contracts are included as Attachments 2A and 2B, and redacted versions of the certified statements required by 39 C.F.R. § 3015.5(c)(2) are included as Attachments 3A and 3B, respectively. In accordance with the Commission's instructions in Order No. 265, the redacted version of the Governors' Decision that authorizes Global Plus 1 contracts is included as Attachment 4. The Postal Service's application for non-public treatment of the unredacted versions of these materials is included with this filing as Attachment 5.

The contracts and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. Redacted versions of the supporting financial document for each contract are included with this filing as a separate Excel file.

II. Identification of the Additional Global Plus 1 Contracts

The Postal Service believes that these additional Global Plus 1A contracts fit within the Mail Classification Schedule (MCS) language for Global Plus 1, included as Attachment A to Governors' Decision No. 08-8.

These agreements are the immediate successors and counterparts of the Global Plus 1 contracts at issue in Docket Nos. CP2009-46 and CP2009-47, which are scheduled to expire on July 31, 2010. The instant agreements that are the subject of this filing are set to begin on August 1, 2010, at the expiration of the customers' current

⁷ United States Postal Service Response to Order No. 81 and Notice of Filing Information Responsive to Part 3020 of the Commission's Rules of Practice and Procedure, Docket Nos. CP2008-8, CP2008-9, CP2008-10, June 13, 2008, at Attachment A. This document is available at <http://www.prc.gov/Docs/60/60137/CP08-8Order81resp1.pdf>.

customized agreements, which were added to the competitive product list in Docket Nos. CP2009-46 and CP2009-47. By their terms, the agreements will expire on the day prior to the day of any changes in the published rates that affect the Qualifying Mail in the agreements, unless termination of the agreements occurs earlier.

III. Functional Equivalence of Global Plus 1A Contracts to Each Other

The Global Plus 1A contracts under consideration are functionally equivalent to each other, in that they share similar cost and market characteristics, and they therefore should be classified as a single product. The contracts are very similar except with respect to each customer's identifying information.⁸ Given that the customers that signed these agreements are similar in their relevant customer characteristics, this similarity in agreements is appropriate and does not produce an implicit lack of functional equivalence. Therefore, the Postal Service respectfully submits that the two agreements are functionally equivalent to each other and should be grouped together as a single product.

In addition, the two agreements are functionally equivalent to those reviewed in Docket Nos. CP2009-46 and CP2009-47, with the result that the instant contracts should be categorized within the Global Plus 1A listing on the Competitive Products List.⁹ In its Order No. 85, the Commission held that "[a]ny future Global Plus contracts having substantially the same terms and conditions as the Global Plus 1 contracts [filed in Docket Nos. CP2008-9 and CP2008-10] may be filed under Section 3015.5 of the Commission's rules," with an "identif[ication of] all significant differences between the

⁸ In the interest of protecting its and the customers' proprietary interests in negotiated pricing, however, the Postal Service declines to indicate here whether the prices are or are not identical between the two contracts.

⁹ Order No. 85, at 8-9.

new contract and the pre-existing product group. Such differences would include terms and conditions that impose new obligations or new requirements on any party to the agreement.” The Global Plus 1A contracts in the instant proceedings are made with the same Postal Qualified Wholesalers (PQWs) that were parties to the contracts in Docket Nos. CP2008-9 and CP2008-10 and Docket Nos. CP2009-46 and CP2009-47.¹⁰

Although many of the terms and conditions have changed as a result of experience and negotiation, the substance of the fundamental terms and conditions remains essentially the same: the Postal Service is providing PQW customers with price-based incentives to commit to large amounts of mail volume or postage revenue for International Priority Airmail (IPA), International Surface Air Lift (ISAL), Express Mail International (EMI), and Priority Mail International (PMI).¹¹

In addition to cosmetic differences, updates to account for changes in generally applicable Postal Service policies and product structures, and additional terms that simply clarify the applicability of Postal Service policies and export requirements, the Postal Service offers the following identification of material changes in comparison to the Global Plus 1 contracts that are the subject of Docket Nos. CP2009-46 and CP2009-47, including those that impose new obligations or requirements:

¹⁰ The Postal Service incorporates by reference the arguments about functional equivalency presented at pages 2 through 4 of its Response to Order No. 81 and Notice of Filing Information Response to Part 3020 of the Commission’s Rules of Practice and Procedure, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 13, 2008; as well as the facts and explanations contained in the Statement of Supporting Justification by Frank Cebello, Executive Director, Global Business Management, which was submitted as Attachment A to that filing; and pages 3 to 8 of Notice of the United States Postal Service of Filing Two Functionally Equivalent Global Plus 1 Contracts Negotiated Service Agreements, Docket Nos. CP2009-46 and CP2009-47, July 13, 2009.

¹¹ The commitments also account for Global Bulk Economy and Global Direct items mailed under a separate but related Global Plus 2 contract with each customer. As befitting their distinct entry on the Competitive Products List, these Global Plus 2A contracts are the subject of a separate competitive products proceeding.

- Term. The term of these agreements, rather than one year, is from August 1, 2010 through the day prior to the date of any change in the published rates for Qualifying Mail as defined in the Global Plus 1A contracts.
- Price Incentives, Commitments, and Penalties. The precise levels of the price-based incentives, commitments and penalties for non-achievement of commitments, set forth in Articles 7 and 13, differ from those in the Global Plus 1 contracts that were the subject of Docket Nos. CP2009-46 and CP2009-47, due to the course of negotiations, the customers' mailing histories, and the agreed-upon commitment levels. These prices continue to fulfill the formulae and MCS description established by the Governors for Global Plus 1 Contracts, and these innovations in structure do not affect the essence of the bargain, which remains the same (price incentives in exchange for volume and/or revenue commitments, and penalties for failure to achieve those commitments).
- IPA and ISAL Minimum Shipment Weight. For IPA and ISAL, each shipment presented to the USPS must have a minimum weight of 50 pounds, rather than 500 pounds.
- The International Mailer Label Specifications which were included as Annex 1 to the Global Plus 1 contracts that were the subject of Docket Nos. CP2009-46 and CP2009-47, has been removed from the Global Plus 1A contracts, and provided to the customers as a separate document.

- Confidentiality. The instant contract includes new language, at Article 6, paragraph 6, Article 7, paragraph 12, and Article 32 to account for the Commission's rules governing confidentiality.

In the Postal Service's view, these updated provisions simply add detail or elaboration to processes that were included in the prior Global Plus 1 contracts. Because these agreements, as well as the four Global Plus 1 contracts filed previously, incorporate the same cost attributes and methodology, the relevant cost and market characteristics are similar, if not the same, for the Global Plus 1A contracts. The Postal Service does not consider that the specified differences affect either the fundamental service the Postal Service is offering or the fundamental structure of the contracts.

Thus, in terms of cost and market characteristics, these agreements are substantially similar both to one another and to the precursor Global Plus 1 contracts. Nothing detracts from the conclusion that these agreements are "functionally equivalent in all pertinent respects."¹²

Because the Postal Service expects the text of any future Global Plus 1 Contracts to resemble the instant contract more closely than the agreements that are the subject of Docket Nos. CP2009-46 and CP2009-47, the Postal Service requests that the contracts in this proceeding be treated as the baseline for future Global Plus 1 functional equivalency comparisons.

IV. Filing under Part 3020, Subpart B of the Rules of Practice and Procedure

The Statement of Supporting Justification of Frank Cebello, Executive Director, Global Business Management, is included as Attachment 1 in accordance with Part 3020, Subpart B, of the Rules of Practice and Procedure. This Statement, which was

¹² PRC Order No. 85 at 8.

originally furnished in Docket Nos. CP2008-8, CP2008-9, CP2008-10,¹³ provides support for the addition of Global Plus 1 to the competitive products list. Under 39 U.S.C. § 3642(b), the only criteria for such review are whether the product qualifies as market dominant, whether it is excluded from the postal monopoly, and whether the proposed classification reflects certain market considerations. Each of these criteria has been addressed in this case. With its Order No. 43, the Commission has already assigned all NSAs concerning outbound international mail to the competitive category,¹⁴ and all Global Plus 1A contracts, regardless of whether they may be classified as a single product or individually, are NSAs concerning outbound international mail. Therefore, there is no further need to ponder whether Global Plus 1A contracts are market dominant or covered within the postal monopoly. To the extent that the Commission believes the additional considerations listed in 39 U.S.C. § 3642(b)(3) have not yet been satisfied, the Postal Service is filing Mr. Cebello's Statement of Supporting Justification, which filed in response to Order No. 81. It should be noted that the instant filing of an "MC"-docketed proceeding is simply a technical matter arising from the Commission's method for handling successor contracts, and does not involve a substantively new product requiring fresh review. Because all of section 3642's criteria for classification have been met, the Postal Service respectfully urges the Commission to act promptly by adding this product to the competitive products list as requested.

V. Conclusion

¹³ United States Postal Service Response to Order No. 81 and Notice of Filing Information Responsive to Part 3020 of the Commission's Rules of Practice and Procedure, Docket Nos. CP2008-8, CP2008-9, and CP2008-10, June 13, 2008, Attachment A.

¹⁴ PRC Order No. 43, App. A, at 9, 11.

For the reasons discussed above, and on the basis of the financial data filed under seal, the Postal Service has established that these new Global Plus 1A contracts are in compliance with the requirements of 39 U.S.C. § 3633, fit within the proposed Mail Classification Schedule (MCS) language for Global Plus Contracts under Governors' Decision No. 08-08, and are functionally equivalent to each other. Because these instruments are the direct successors to the contracts in Docket Nos. CP2009-46 and CP2009-47, which the Commission determined were "the 'baseline' for future functional equivalency analysis" regarding the Global Plus 1 product,¹⁵ these contracts should now be treated as the new "baseline" agreements for consideration of future such agreements' functional equivalency and thereby added to the competitive products list as Global Plus 1A.

Respectfully submitted,

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¹⁵ PRC Order No. 265, at 7; PRC Order No. 266, at 7.

Statement of Supporting Justification

I, Frank Cebello, Executive Director, Global Business Management, am sponsoring this request that the Commission add the shell classification for Global Plus contracts, filed in Docket No. CP2008-8, or the Global Plus Contracts filed in Docket Nos. CP2008-9 and CP2008-10 to the competitive products list for prices not of general applicability. This statement supports the Postal Service's request by providing the information required by each applicable subsection of 39 C.F.R. § 3020.32. 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 the shell classification for Global Plus Contracts be a competitive product or, alternatively, that the Global Plus Contracts filed in CP2008-9 and CP2008-10 and offered in accordance with that shell classification be added to the competitive products list.

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

Adding the shell classification for Global Plus Contracts to the competitive product list will improve the Postal Service's competitive posture, while enabling the Commission to verify that each contract covers its attributable costs and makes a positive contribution to coverage of institutional costs. In turn, each successive contract under the shell classification will increase contribution toward the requisite 5.5 percent of the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products arises. The alternative proposal – that the Global Plus Contracts be approved themselves as competitive products – would also improve the Postal Service's competitive posture, but to a lesser degree.

- (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.*

When negotiating Global Plus Contracts, the Postal Service's bargaining position is constrained by the existence of other shippers who can provide services similar to the Postal Service's. As such, the market precludes the Postal Service from taking unilateral action to increase prices or decrease service. Global Plus Contracts concern volume-based incentives for the tendering of large volumes of International Priority Airmail (IPA), International Surface Air Lift (ISAL), Global Bulk Economy (GBE), Global Direct (GD), Express Mail International (EMI), and/or Priority Mail International (PMI), all of which have been classified as competitive by virtue of their exclusion from the letter

monopoly, as well as the significant level of competition in their respective markets. As with each of the respective underlying products in general, the Postal Service may not decrease quality or output without risking the loss of business to large competitors that offer international express and package delivery services. The relevant market also does not allow the Postal Service to raise prices or offer prices substantially above costs; rather, the contracts are premised on prices that provide sufficient incentive for customers to ship specified volumes with the Postal Service rather than a competitor. If the Postal Service were to raise these prices, it risks losing these customers 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.*

Because all of the underlying products fall outside of the prohibition on private carriage of letters over post routes by virtue of the exceptions to the Private Express Statutes, neither are the Global Plus Contracts subject to that prohibition. See part (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 part (d) above. Private consolidators and freight forwarders also may offer international shipping arrangements whereby they provide express and package delivery services under similar conditions.

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

The customers for these Global Plus Contracts are Postal Qualified Wholesalers (PQWs) and other large businesses offer mailing services to end users for shipping articles via IPA, ISAL, GBE, GD, EMI, and/or PMI. These customers have previously entered Global Plus Contracts with the Postal Service pursuant to the latter's former authority, and they find the arrangement sufficiently attractive to merit renewal. The Postal Service has concluded similar arrangements with other businesses of comparable size, which indicates that the relevant segment of postal customers in general, as well as their end users, finds this type of product to be advantageous as against similar products offered by the Postal Service's competitors. Customers are aware that competitive services are provided by such private enterprises. However, no specific data are available to the Postal Service on Global Plus Contract customer views regarding the regulatory classification of these Global Plus Contracts as market dominant or competitive.

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

The market for international express and package delivery services comparable to IPA, ISAL, GBE, GD, EMI, and PMI is highly competitive. Therefore, a shell classification for Global Plus Contracts will likely have little, if any, impact upon small business concerns. Large shipping companies serve this market, particularly with respect to the volume customers represented by this and other Global Plus Contracts; the Postal Service is unaware of any small business concerns that could offer comparable service for these volumes.

In addition, these Global Plus Contracts will form the basis for the PQW customers' service offerings to their own end users, which include small businesses. By offering the prices in these Global Plus Contracts, the Postal Service is giving small businesses an additional option for shipping articles internationally, beyond the services offered by private competitors. Thus, the net impact on small businesses is positive, because of the absence of negative impact on small business competitors and the positive impact on the small businesses who will use the services that the Global Plus customers can offer them under these contracts.

- (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.*

The customer eligibility criteria for Global Plus Contracts concluded under the Postal Service's previous authority included lower capacity thresholds for EMI and PMI, along the lines of the Postal Service's initially proposed Mail Classification Schedule (MCS) language. The Postal Service recently published EMI and PMI price incentives for smaller customers, some of whom might have met the previous Global Plus capacity thresholds. Because the capacity to meet the EMI and PMI threshold previously included in the proposed MCS language would now entitle a customer to published prices, the Postal Service proposes to modify the eligibility criteria for the Global Plus Contract product classification to include EMI and PMI with the other underlying products in the contract's overall capacity thresholds. In addition, the Postal Service is offering changes to the previously proposed MCS language that concern shape-based criteria for IPA

and ISAL, in accordance with the recent advent of shape-based pricing for First-Class Mail International.

GLOBAL PLUS 1 SERVICE AGREEMENT BETWEEN

[REDACTED]

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

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of various entities with oversight responsibilities, which may include but not be limited to the USPS management’s Executive Committee, the USPS Governors, and/or the Postal Regulatory Commission. Accordingly, the Mailer acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement:

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

ARTICLE 1. PURPOSE OF THE AGREEMENT

This Agreement shall govern the use the Mailer may make of customized mail service for International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service, and Priority Mail International service.

ARTICLE 2. DEFINITIONS

As used in this Agreement:

1. “IMM” means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
2. “DMM” means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
3. “IPA” means International Priority Airmail service.
4. “ISAL” means International Surface Air Lift service.
5. “EMI” means Express Mail International service.
6. “PMI” means Priority Mail International service.
7. “GBE” means Global Bulk Economy service. Global Bulk Economy service provides for letter-post items dispatched in bulk via surface transportation.

8. "GD" means Global Direct service. Global Direct service is mail that conforms to the size, shape, and mail piece specifications as determined by a postal administration other than the USPS and is mailed in the United States for intended delivery in a country other than the United States by the postal administration of that country.
9. "M-bags" means special sacks for printed matter directed to a single addressee at a single address in another country.
10. "United States" means the United States of America, its territories and possessions.
11. "Qualifying Mail" means any mail that meets the requirements set forth in Article 3 of this Agreement.
12. "Non-Qualifying Mail" means any mail that does not meet the requirements set forth in Article 3 of this Agreement.
13. "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail.

ARTICLE 3. QUALIFYING MAIL

Only mail that meets the following requirements shall qualify as Qualifying Mail except for those requirements that conflict with the applicable specific preparation requirements set forth in Article 4.

1. IPA. Every item must comply with the preparation requirements set forth in IMM 292 for International Priority Airmail service.
2. ISAL. Every item must comply with the preparation requirements set forth in IMM 293 for International Surface Air Lift service.
3. EMI. Every item must comply with the preparation requirements set forth in IMM 220 for Express Mail International. The Express Mail International Flat-Rate Envelope is not Qualifying Mail under this Agreement.
4. PMI. Every item must comply with the preparation requirements set forth in IMM 230 for Priority Mail International. The Priority Mail International Flat-Rate Envelope, Priority Mail International Small Flat-Rate Box, Priority Mail International Regular/Medium Flat-Rate Box, and the Priority Mail International Large Flat-Rate Box are not Qualifying Mail under this Agreement.
5. IPA and ISAL M-bags. Every item must comply with the preparation requirements set forth in IMM 260 for direct sacks of printed matter to a single addressee at a single address.

ARTICLE 4. SPECIFIC PREPARATION REQUIREMENTS

1. Mailings of Qualifying Mail must be kept separate from any other type of mail the Mailer tenders.
2. International mailings must be separated from domestic mailings.
3. For EMI and PMI mailed under this Agreement, the Mailer must use Permit Imprint as the method of payment and IMM 152.4 shall apply.

4. Mailings of EMI and PMI must be accompanied by a postage manifest and postage statement.
5. Mailings of IPA and ISAL may be tendered to the USPS without a country name in the delivery address provided the items are contained in properly labeled direct country receptacles.
6. Mailer may apply to the USPS in writing in the event the Mailer wishes an exception(s) to the requirements set forth in IMM 220, IMM 230, IMM 260, IMM 292, or IMM 293.
7. For IPA and ISAL, each shipment presented to the USPS must have a minimum of fifty (50) pounds of Qualifying Mail. Each shipment may include multiple postage statements for IPA and ISAL.
8. The Mailer is not required to place a facing slip on bundles placed in IPA and ISAL Direct Country Sacks. The Mailer is required to place a facing slip on bundles placed in IPA and ISAL Mixed Country Sacks.
9. Mailings of IPA and ISAL Qualifying Mail may bear an approved non-bar-coded PS Form 2976, USPS Customs Declaration CN 22.
10. Mailings of letter-size and flat-size IPA and ISAL Qualifying Mail may be presented in trays upon approval.

ARTICLE 5. NON-QUALIFYING MAIL

The USPS, at its option and without forfeiting any of its rights under this Agreement, may either refuse to accept Non-Qualifying Mail or accept Non-Qualifying Mail at the applicable published rates.

ARTICLE 6. OBLIGATIONS OF THE USPS

The USPS hereby agrees:

1. Supplies. To furnish the Mailer or its agent(s) with the postal equipment and postal supplies required for the use of Qualifying Mail.
2. Training. To provide the Mailer or its agent(s) with the preparation requirements for Qualifying Mail and any training necessary to prepare mail in conformity with the requirements for Qualifying Mail.
3. Reporting. To provide the Mailer with a report regarding postage paid by the Mailer to the USPS, by month, for Qualifying IPA, ISAL, EMI, and PMI. The USPS will provide this report on a quarterly basis and shall include the:
 - a. Customer name and permit number;
 - b. Date of the mailing statement;
 - c. Service / product; and
 - d. Postage paid.
4. Transportation. To arrange with carriers to transport Qualifying Mail to international destinations for delivery by the appropriate authority.

5. Undeliverable Items. To return:
 - a. EMI items refused by an addressee or that are undeliverable to the Mailer via Express Mail at no charge.
 - b. PMI items refused by an addressee or that are undeliverable to the Mailer according to the provisions of IMM 771.
6. Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements.

ARTICLE 7. OBLIGATIONS OF THE MAILER

The Mailer hereby agrees:

1. Tender Amount. To tender to the USPS mail intended for delivery outside the United States that generates at least:
 - a. [REDACTED] in combined actual postage calculated after all discounts have been applied for IPA, ISAL, GBE, GD, EMI and PMI Qualifying Mail during the term that begins on the Effective Date of this Agreement and ends on December 31, 2010 (any postage paid to the USPS during the term of this Agreement that falls within the month of January 2011, shall be applied to any agreement(s) the Parties shall enter into with an Effective Date that falls within the month of January 2011); and
 - b. Of the [REDACTED] commitment in Paragraph (a) above, [REDACTED] must be in combined actual postage calculated after all discounts have been applied for EMI and PMI, during the term of this Agreement; or
 - c. A combined actual volume of [REDACTED] pieces of EMI and PMI may substitute for the requirement of [REDACTED] in actual postage calculated after all discounts have been applied for EMI and PMI in Paragraph (b) above during the term of this Agreement.
2. Tender Locations. To tender:
 - a. IPA Qualifying Mail including IPA M-bags in drop shipments to the appropriate locations specified in IMM 292.531. Mailings tendered at these locations are subject to Drop Ship prices.
 - b. IPA Qualifying Mail including IPA M-bags at USPS Business Mail Entry Units (BMEUs) approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices.
 - c. ISAL Qualifying Mail including ISAL M-bags in drop shipments to the appropriate locations specified in IMM 293.531. Mailings tendered at these locations are subject to Drop Ship prices.

- d. ISAL Qualifying Mail including ISAL M-bags at USPS Business Mail Entry Units (BMEUs) approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices.
 - e. One hundred percent (100%) of EMI Qualifying Mail in drop shipments at any USPS International Service Center location.
 - f. One hundred percent (100%) of PMI Qualifying Mail in drop shipments at any USPS International Service Center location.
3. Advance Notification. To provide:
- a. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of intent to drop ship mail at a specific location two weeks before the initial shipment to that location.
 - b. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of new permit numbers used for Qualifying Mail, one week in advance of using the new numbers. The message should include the permit number, the city, state, and ZIP Code where the permit is held, and the name of the permit owner. The message should also include a requested effective date.
 - c. The appropriate USPS acceptance sites with notification if the intended volume of mail to be presented varies more than twenty-five percent (25.00%) higher or lower than normal daily volumes. The Mailer shall make every effort to inform the appropriate USPS acceptance sites at least forty-eight (48) hours in advance of presenting the mail.
4. Payment of Postage. To pay postage to the USPS, either directly or through a mailing agent:
- a. For IPA and ISAL services by use of a USPS approved Alternate Mailing System (AMS) for total postage due subject to the conditions stated in DMM 705.4.
 - b. For EMI and PMI Qualifying Mail by use of a permit imprint subject to the conditions stated in DMM 604.5, with the exception that DMM 604.5.1.1 shall not apply.
5. Monthly Reporting. To provide the USPS with a report, at a frequency to be mutually determined, in a format to be specified by the USPS, stating, for IPA, ISAL, EMI, and PMI:
- a. The total revenue, pieces, and weights for each product mailed in the preceding month separated by point of tender to the USPS, destination country, and country price group for each permit owned by the Mailer under this Agreement. The Mailer will undertake all reasonable efforts to provide the same information for each permit holder mailing under this Agreement;
 - b. This requirement shall include the final month of the Agreement.

6. Receptacle Bar-coding. To place on each receptacle containing either IPA or ISAL mailings, a barcode prepared in accordance with the specifications the USPS shall provide.
7. Information Link. To establish a secure data connection with the USPS in order to ensure that the USPS can receive the necessary information for Customs clearance as well as the data needed to monitor the proper prices and country destination of the Mailer's packages. The Mailer will be responsible for all aspects of service quality of the information link, interconnectivity, and interoperability of network services of such data connection, which shall be available under commercially reasonable standards but shall be capable of ensuring that the data for all Qualifying Mail under this Agreement are available to USPS.
8. Customs Declarations and Address Labels. To create customs declarations and address labels for EMI and PMI Qualifying Mail:
 - a. Using USPS-provided Global Shipping Software (GSS) or functionally equivalent software;
 - b. In the event that the Mailer decides to use functionally equivalent software not provided by the USPS, the Mailer must seek the approval of the USPS prior to deploying such software, which shall not be unreasonably withheld. Mailer agrees that if deploying such functionally equivalent software, Mailer will provide any reasonable information necessary for the USPS to perform the necessary due diligence to determine the appropriateness and capabilities of such software, which shall include but not be limited to such software's ability to provide adequate information regarding Qualifying Mail as well as the overall security standards of said software. Mailer acknowledges that such due diligence may require physical site review.
9. Customs and Export Documentation. To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of mail to sender.
10. Customs and Export Requirements. To comply with any regulation or order promulgated by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other governmental unit with jurisdiction over mail, to facilitate the Customs processing of its mail, according to any requirements specified by those authorities.
11. Responsibility. To ensure that all entities mailing under the aegis of this Agreement, having provided the USPS with a permit number and notification of intent to mail under the terms of Paragraph 3 above, follow the terms and conditions set forth in this Agreement as they pertain to the preparation and tender of mailings.

12. Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Postal Regulatory Commission.

ARTICLE 8. POSTAGE PRICES

In consideration of Article 7 Paragraph 1, and in accordance with Article 9 but subject to Article 13:

1. For IPA and ISAL
 - a. The Mailer will receive a discount of [REDACTED] off the non-discounted published prices for IPA and ISAL Qualifying Mail in effect on the date of mailing;
 - b. The Mailer will receive an additional discount of [REDACTED] off the non-discounted published prices for IPA and ISAL Qualifying Mail in effect on the date of mailing to be paid in the form of a rebate to the Mailer. The rebate shall be calculated quarterly based upon the Effective Date of this Agreement. The USPS shall pay the rebate to the Mailer via a paper check mailed within forty-five (45) days of the end of the relevant quarter.
2. For EMI and PMI, the Mailer will pay postage according to the price charts in Annex 1.

ARTICLE 9. APPROVAL OF PRICES

The discounts in Article 8 Paragraph 1 (a) and (b) for IPA and ISAL and the prices for EMI and PMI in Annex 1 are contingent upon any and all necessary approvals for corresponding USPS prices by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

ARTICLE 10. SUSPENSIONS OF MAIL SERVICE

In the event that a suspension of mail service from the United States to a given country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Qualifying Mail to the USPS until service is restored. The minimum commitment for Qualifying Mail as set forth in Article 7 of this Agreement shall be recalculated *pro rata* to reflect the reduction in available service time.

ARTICLE 11. GOVERNING LAW

This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

ARTICLE 12. TERM OF THE AGREEMENT

1. The Effective Date of this Agreement shall be 12:01 a.m. on August 1, 2010. The Agreement will remain in effect until 11:59 p.m. on the day prior to the date of any change in the published rates that affect the Qualifying Mail in this Agreement, unless terminated sooner pursuant to Article 14.
2. The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date.

3. The USPS will notify the Mailer of the status of the approval process or of potential fulfillment of the approval process, or when major steps in the process are completed. The USPS also will respond to Mailer inquiries concerning the status of the process.

ARTICLE 13. PENALTY AND REIMBURSEMENT

1. In the event that the Mailer does not meet its minimum commitment as set forth in Article 7 Paragraph 1, the Mailer agrees to pay the USPS [REDACTED]. The actual amount to be determined by the USPS.
2. Should payment be due under the terms of this Article, payment must be made no later than three (3) months after the date the USPS informs the Mailer of the amount of the required payment. If the USPS does not receive payment within three (3) months after the date the USPS informs the Mailer of the amount of the required payment, any customized agreement in effect shall be terminated on a date the USPS shall determine.
3. For purposes of calculating the payments detailed in this Article, postage paid for IPA, ISAL, GBE, GD, EMI, and PMI shall be counted from August 1, 2010, and shall include December 31, 2010, as the final inclusive date.

ARTICLE 14. TERMINATION OF THE AGREEMENT

Either Party to this Agreement, in its sole discretion, may terminate this Agreement for any reason, by giving the other Party a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. In the event that this Agreement is terminated before the anticipated termination date in Article 12, the Mailer remains bound by the terms of Article 7 Paragraph 5 and Article 13, except that the Mailer's obligation, if any, under Articles 7 and 13 shall be calculated on a *pro rata* basis to reflect the actual duration of the agreement.

ARTICLE 15. POSTAGE UPDATES

1. In the event that the USPS incurs an increase in total costs [REDACTED] associated with providing any one of the categories of Qualifying Mail, the USPS reserves the right to notify the Mailer and modify the prices for that service established under this Agreement.
2. The prices in Annex 1 are related to the non-discounted published postage for EMI and PMI. In the event that the non-discounted published postage for EMI and PMI should change during the term of this Agreement, the prices in Annex 1 may also change. The discount applied to IPA and ISAL is related to the non-discounted published postage for these services. In the event that the non-discounted published postage for IPA and ISAL should change during the term of this Agreement, the discount applied to these services may also change. Such changes to the prices in Annex 1 and the discount applied to IPA and ISAL shall be calculated using the same assumptions and constraints used to determine the prices in the existing Annex 1 and the existing discount for IPA and ISAL.

3. The USPS will give the mailer thirty-five (35) days notice of changes in the prices in Annex 1 or the discount applied to International Priority Airmail (IPA) or International Surface Air Lift (ISAL).
4. Any revision to the prices in Annex 1 or the discount applied to IPA or ISAL shall not be retroactive.
5. No price shall increase beyond the non-discounted published prices for the affected service.
6. All price increases under the provisions of this Article will be subject to review and oversight by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

ARTICLE 16. NO SERVICE GUARANTEE

Nothing in this Agreement shall be construed as a representation or guarantee by the USPS that Qualifying Mail will be delivered to the appropriate addressees within any particular time.

ARTICLE 17. CUSTOMS DUTIES AND TAXES

Customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee.

ARTICLE 18. INDEMNITY

The Mailer shall indemnify and save harmless the USPS and its officers, agents, and employees from any and all claims, losses, costs, damages, or expenses ("Claims") growing out of, or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, except for Claims arising out of the negligence or willful misconduct of the USPS or of its officers, agents, or employees. Notwithstanding its obligation to indemnify the USPS, the Mailer shall not be liable for any consequential damages suffered by the USPS.

ARTICLE 19. LIMITATION OF LIABILITY: INSURANCE

1. Except as noted in Paragraphs 2 and 3 of this Article, the liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as a result of late delivery or non-delivery of any Qualifying Mail. Qualifying Mail mailed under this Agreement is not insured against delay in delivery. Neither indemnity payments nor postage refunds will be made in the event of delay.
2. Express Mail International items that are tendered to the USPS under the terms of this Agreement include document reconstruction insurance for non-negotiable documents up to one hundred dollars (\$100.00), and merchandise insurance up to one hundred dollars (\$100.00), at no additional charge. Insurance is provided against loss, damage, or missing contents. Optional additional merchandise insurance over one hundred dollars (\$100.00) may be purchased for an additional fee. Express Mail International merchandise insurance is not available to all countries and is subject to the maximum indemnity available to the country

of destination. Express Mail International items that are tendered to the USPS under the terms of this Agreement are not insured against delay in delivery. Indemnity is payable in accordance with IMM 222.71 and IMM 935; and DMM 609 and DMM 503.

3. Except as noted in Paragraph 4 of this Article, Priority Mail International items that are tendered to the USPS under the terms of this Agreement include indemnity coverage against loss, missing contents, or damage at no additional charge. Indemnity is limited to the lesser of the actual value of the contents or the maximum indemnity based on the weight of the item. Priority Mail International items that are tendered to the USPS under the terms of this Agreement are not insured against delay in delivery. Indemnity will be paid in accordance with IMM 230 and IMM 933.
4. For a separate fee, Priority Mail International parcels may be insured against loss, missing contents, or damage. Indemnity is based on the actual value of the article at the time of mailing and is limited to the amount of insurance purchased by the fee paid. Priority Mail International insurance is not available to all countries and is subject to the maximum indemnity limits of the destination country. If insured mail service is purchased, it replaces the ordinary parcel indemnity specified in Paragraph 3. Indemnity will be paid in accordance with IMM 320, IMM 932, and IMM 933.
5. The USPS bears no responsibility for the refund of postage for Qualifying Mail in connection with actions taken by Customs authorities.

ARTICLE 20. FORCE MAJEURE

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

ARTICLE 21. NO WAIVER

The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

ARTICLE 22. NUMBER AND GENDER

The use of any particular gender or the plural or singular number in this Agreement is intended to include the other gender or number as the text may require.

ARTICLE 23. EFFECT OF PARTIAL INVALIDITY

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

ARTICLE 24. ASSIGNMENT

The rights of each Party under this Agreement are personal to that Party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other Party. Granting such consent shall not be unreasonably withheld and shall be allowed for assignment to a subsidiary or affiliate of the Mailer.

ARTICLE 25. PARAGRAPH HEADINGS AND REFERENCE CITATIONS

The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM and IMM within this Agreement are intended to refer to the substantive information found within the cited sections(s) at the time this Agreement was drafted. Subsequent changes to the citations or the relevant substantive information due to published revisions of the DMM or IMM shall be applicable to this Agreement upon the effective date of such revisions.

ARTICLE 26. ENTIRE AGREEMENT AND SURVIVAL

1. This Agreement, Global Plus 1 Service Agreement, including all Annexes thereto for Qualifying International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service (EMI), and Priority Mail International service (PMI) along with the companion Global Plus 2 Service Agreement, including all Annexes thereto for Qualifying Global Bulk Economy service, Global Direct – Canada Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail shall constitute the entire agreement between the Parties as it pertains to Qualifying International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service (EMI), Priority Mail International service (PMI), Global Bulk Economy service, Global Direct – Canada Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail, intended for delivery outside the United States.
2. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus Service Agreement between the Mailer and the USPS executed by the Mailer on April 29, 2008, and by the USPS on April 30, 2008; and the Global Plus Service Agreement between the Mailer and the USPS executed by the Mailer on June 19, 2008, and by the USPS on June 19, 2008.
3. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus 1 Service Agreement between the Mailer and the USPS executed by the Mailer on June 16, 2009, and by the USPS on June 19, 2009; and the Global Plus 2 Service Agreement between the Mailer and the USPS executed by the Mailer on June 16, 2009, and by the USPS on June 19, 2009.
4. With the exception of the Agreements mentioned in Article 26, Paragraphs 2 and 3, any prior understanding or representation of any kind regarding the use of said Qualifying Mail originating in the United States and intended for delivery outside the United States, which precedes the date of this Global Plus 1 Agreement and the companion Global Plus 2 Agreement, shall not be binding upon either Party except to the extent incorporated in this Agreement.

5. The provisions of Article 6, Paragraph 6; Article 7, Paragraph 12; and Article 32 shall expire ten (10) years from the date of termination or expiration of this Agreement.

ARTICLE 27. MODIFICATION

1. Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 15, shall be binding only if placed in writing and signed by each Party.
2. Modifications may be contingent upon any and all necessary approvals by USPS management's Executive Committee, the Board of Governors of the USPS, the Governors of the USPS, the Postal Regulatory Commission, the Antitrust Division of the Department of Justice, the Federal Trade Commission and/or any other governmental body with oversight responsibility for the USPS.
3. If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained.
4. The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS.
5. The USPS will notify the Mailer of the status of the approval process or of potential fulfillment of the approval process, when major steps in the process are completed. The USPS also will respond to Mailer inquiries concerning the status of the process.

ARTICLE 28. MAILABILITY AND IMPORTABILITY

All items mailed under this Agreement must conform to the export requirements of the United States, the mailability requirements of the USPS as detailed in IMM 130, and any importation restrictions of any destination country. The Mailer is solely responsible for the importation status of Qualifying Mail mailed under this Agreement as detailed in IMM 112.

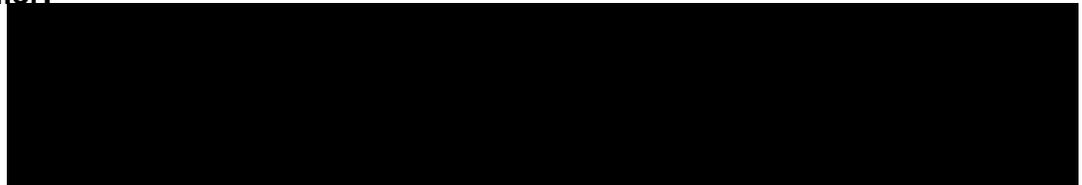
ARTICLE 29. NOTICES

All notices or demands required by this Agreement shall be sufficient if delivered personally or mailed via Express Mail to the following individuals:

To the United States Postal Service:

Managing Director, Global Business and Vice President
United States Postal Service
475 L'Enfant Plaza, SW Room 4016
Washington, DC 20260-4016

To the Mailer:



or via e-mail:

To the United States Postal Service at: icmusps@usps.gov

To the Mailer at: [REDACTED]

ARTICLE 30. PRESERVATION AFTER TERMINATION

Termination of this Agreement shall be without prejudice to any rights, obligations, and liabilities of the Mailer accrued up to and including the effective date of such termination. In the event of termination of the Agreement, the Mailer shall be liable to make final settlement of all amounts owing as of the effective date of termination within three (3) months of written notice by the USPS of any deficiency or liability under this Agreement. In the event of termination of this Agreement, the USPS shall make payment of any rebate amount owed to the Mailer under Article 8 within forty-five (45) days of the date of termination, however, any liability or deficiency owed by the Mailer to the USPS as determined by the USPS shall be offset against any such rebate payment.

ARTICLE 31. CONDITIONS PRECEDENT

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

ARTICLE 32. CONFIDENTIALITY

The Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission (“Commission”) in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Mailer

further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may file information in connection with this instrument (including revenue, cost, or volume data) in other Commission dockets. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website www.prc.gov/Docs/63/63467Order225.pdf. At the request of the Mailer, the USPS will notify the Mailer of the docket number of the Commission proceeding to establish the prices in this instrument once assigned.

ARTICLE 33. COUNTERPARTS

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

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

ON BEHALF OF THE UNITED STATES POSTAL SERVICE:

Signature: _____

Name: Frank A. Cebello

Title: Executive Director, Global Business Management

Date: _____

ON BEHALF OF [REDACTED]

Signature: _____

Name: _____

Title: _____

Date: _____

ANNEX 1 PRICES FOR EXPRESS MAIL INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL WHEN THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE OR FUNCTIONALLY EQUIVALENT SOFTWARE

ANNEX 1
EXPRESS MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

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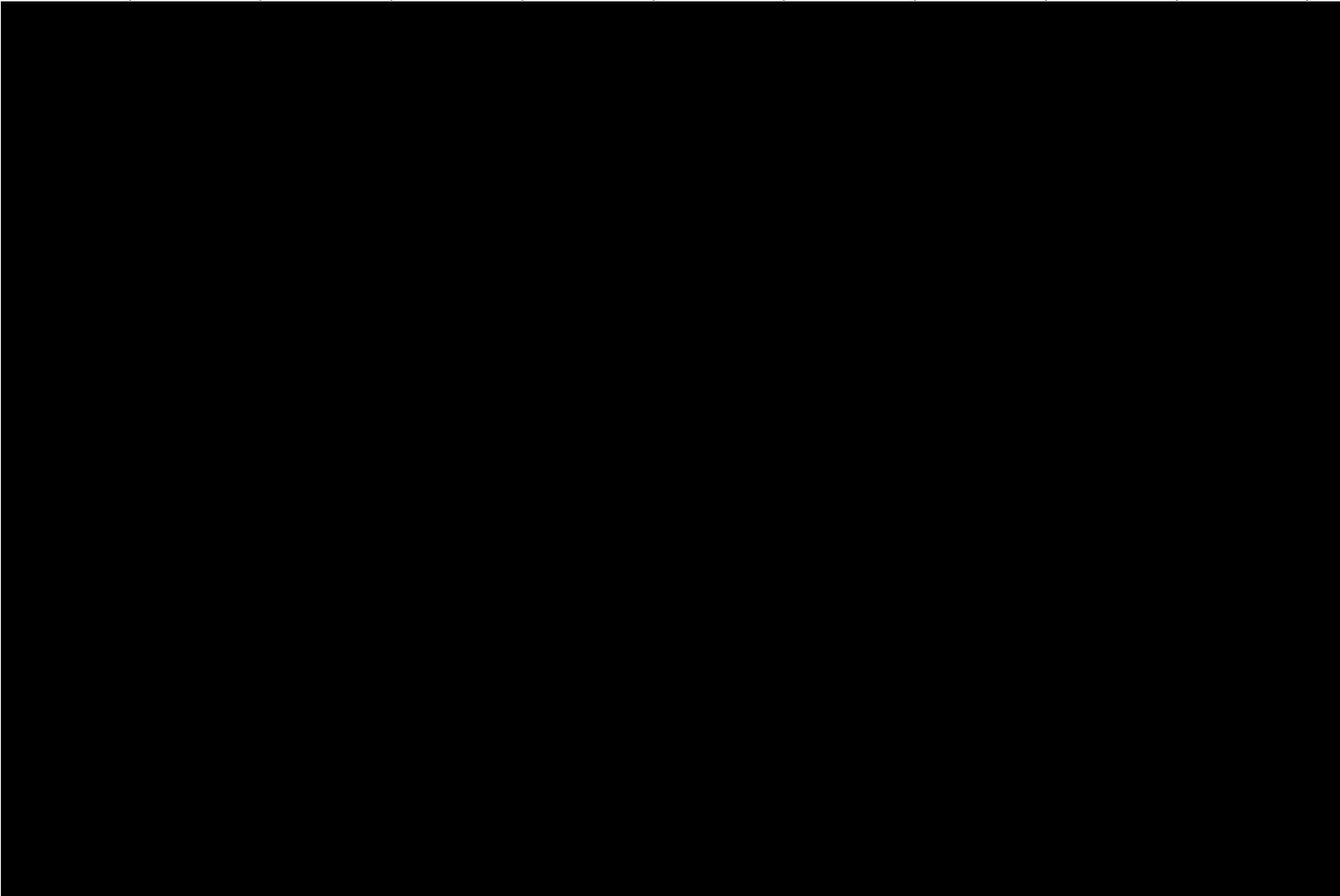
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P1; 06/2010

Agreement Annex 2 Page 1 of 4

ANNEX 1
EXPRESS MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

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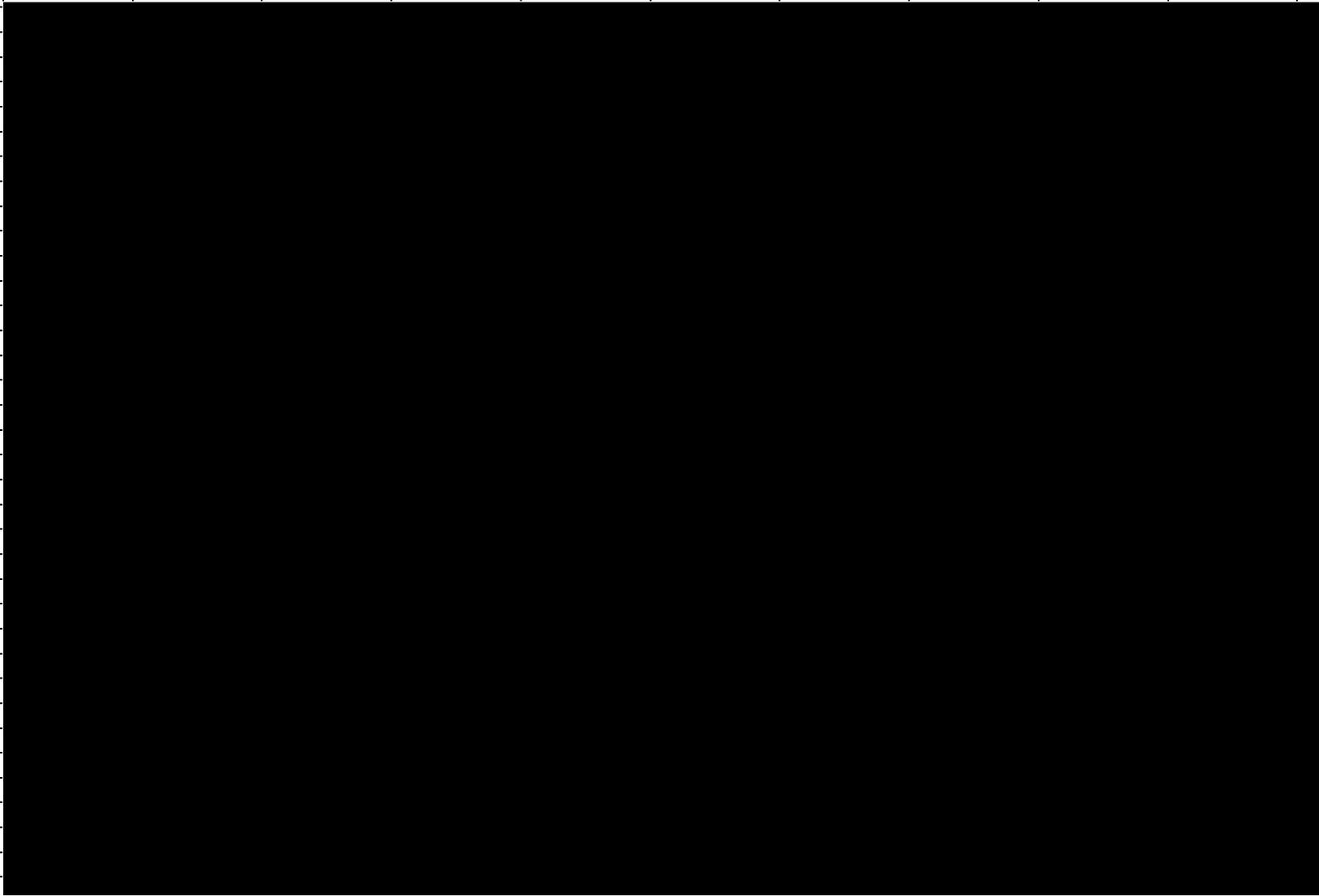
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Agreement Annex 2 Page 2 of 4

ANNEX 1
PRIORITY MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

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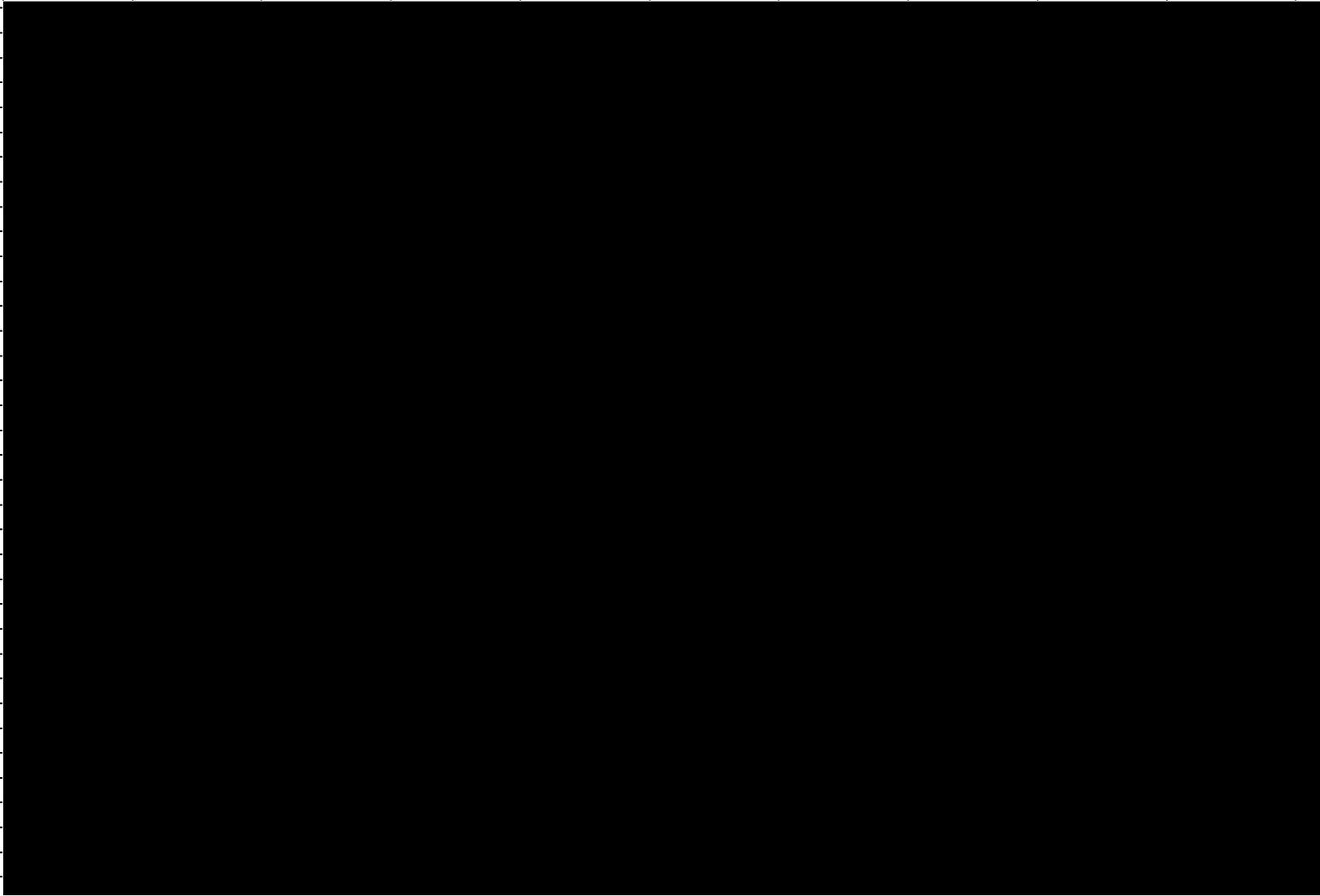
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Agreement Annex 2 Page 3 of 4

ANNEX 1
PRIORITY MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

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**GLOBAL PLUS 1 SERVICE AGREEMENT BETWEEN
THE UNITED STATES POSTAL SERVICE AND**

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

INTRODUCTION

WHEREAS, the Parties desire to enter into a non-exclusive relationship whereby the USPS will provide certain products and/or services to the Mailer pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of various entities with oversight responsibilities, which may include but not be limited to the USPS management’s Executive Committee, the USPS Governors, and/or the Postal Regulatory Commission. Accordingly, the Mailer acknowledges and understands that the ability of the USPS to perform under this Agreement may not occur;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement:

NOW, THEREFORE, in consideration of the mutual promises set forth below, the Parties hereby agree as follows:

ARTICLE 1. PURPOSE OF THE AGREEMENT

This Agreement shall govern the use the Mailer may make of customized mail service for International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service, and Priority Mail International service.

ARTICLE 2. DEFINITIONS

As used in this Agreement:

1. “IMM” means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
2. “DMM” means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
3. “IPA” means International Priority Airmail service.
4. “ISAL” means International Surface Air Lift service.
5. “EMI” means Express Mail International service.
6. “PMI” means Priority Mail International service.
7. “GBE” means Global Bulk Economy service. Global Bulk Economy service provides for letter-post items dispatched in bulk via surface transportation.

8. "GD" means Global Direct service. Global Direct service is mail that conforms to the size, shape, and mail piece specifications as determined by a postal administration other than the USPS and is mailed in the United States for intended delivery in a country other than the United States by the postal administration of that country.
9. "M-bags" means special sacks for printed matter directed to a single addressee at a single address in another country.
10. "United States" means the United States of America, its territories and possessions.
11. "Qualifying Mail" means any mail that meets the requirements set forth in Article 3 of this Agreement.
12. "Non-Qualifying Mail" means any mail that does not meet the requirements set forth in Article 3 of this Agreement.
13. "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail.

ARTICLE 3. QUALIFYING MAIL

Only mail that meets the following requirements shall qualify as Qualifying Mail except for those requirements that conflict with the applicable specific preparation requirements set forth in Article 4.

1. IPA. Every item must comply with the preparation requirements set forth in IMM 292 for International Priority Airmail service.
2. ISAL. Every item must comply with the preparation requirements set forth in IMM 293 for International Surface Air Lift service.
3. EMI. Every item must comply with the preparation requirements set forth in IMM 220 for Express Mail International. The Express Mail International Flat-Rate Envelope is not Qualifying Mail under this Agreement.
4. PMI. Every item must comply with the preparation requirements set forth in IMM 230 for Priority Mail International. The Priority Mail International Flat-Rate Envelope, Priority Mail International Small Flat-Rate Box, Priority Mail International Regular/Medium Flat-Rate Box, and the Priority Mail International Large Flat-Rate Box are not Qualifying Mail under this Agreement.
5. IPA and ISAL M-bags. Every item must comply with the preparation requirements set forth in IMM 260 for direct sacks of printed matter to a single addressee at a single address.

ARTICLE 4. SPECIFIC PREPARATION REQUIREMENTS

1. Mailings of Qualifying Mail must be kept separate from any other type of mail the Mailer tenders.
2. International mailings must be separated from domestic mailings.
3. For EMI and PMI mailed under this Agreement, the Mailer must use Permit Imprint as the method of payment and IMM 152.4 shall apply.

4. Mailings of EMI and PMI must be accompanied by a postage manifest and postage statement.
5. Mailings of IPA and ISAL may be tendered to the USPS without a country name in the delivery address provided the items are contained in properly labeled direct country receptacles.
6. Mailer may apply to the USPS in writing in the event the Mailer wishes an exception(s) to the requirements set forth in IMM 220, IMM 230, IMM 260, IMM 292, or IMM 293.
7. For IPA and ISAL, each shipment presented to the USPS must have a minimum of fifty (50) pounds of Qualifying Mail. Each shipment may include multiple postage statements for IPA and ISAL.
8. The Mailer is not required to place a facing slip on bundles placed in IPA and ISAL Direct Country Sacks. The Mailer is required to place a facing slip on bundles placed in IPA and ISAL Mixed Country Sacks.
9. Mailings of IPA and ISAL Qualifying Mail may bear an approved non-bar-coded PS Form 2976, USPS Customs Declaration CN 22.
10. Mailings of letter-size and flat-size IPA and ISAL Qualifying Mail may be presented in trays upon approval.

ARTICLE 5. NON-QUALIFYING MAIL

The USPS, at its option and without forfeiting any of its rights under this Agreement, may either refuse to accept Non-Qualifying Mail or accept Non-Qualifying Mail at the applicable published rates.

ARTICLE 6. OBLIGATIONS OF THE USPS

The USPS hereby agrees:

1. Supplies. To furnish the Mailer or its agent(s) with the postal equipment and postal supplies required for the use of Qualifying Mail.
2. Training. To provide the Mailer or its agent(s) with the preparation requirements for Qualifying Mail and any training necessary to prepare mail in conformity with the requirements for Qualifying Mail.
3. Reporting. To provide the Mailer with a report regarding postage paid by the Mailer to the USPS, by month, for Qualifying IPA, ISAL, EMI, and PMI. The USPS will provide this report on a quarterly basis and shall include the:
 - a. Customer name and permit number;
 - b. Date of the mailing statement;
 - c. Service / product; and
 - d. Postage paid.
4. Transportation. To arrange with carriers to transport Qualifying Mail to international destinations for delivery by the appropriate authority.

5. Undeliverable Items. To return:
 - a. EMI items refused by an addressee or that are undeliverable to the Mailer via Express Mail at no charge.
 - b. PMI items refused by an addressee or that are undeliverable to the Mailer according to the provisions of IMM 771.
6. Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements.

ARTICLE 7. OBLIGATIONS OF THE MAILER

The Mailer hereby agrees:

1. Tender Amount. To tender to the USPS mail intended for delivery outside the United States that generates at least:
 - a. [REDACTED] in combined actual postage calculated after all discounts have been applied for IPA, ISAL, GBE, GD, EMI and PMI Qualifying Mail during the term that begins on the Effective Date of this Agreement and ends on December 31, 2010 (any postage paid to the USPS during the term of this Agreement that falls within the month of January 2011, shall be applied to any agreement(s) the Parties shall enter into with an Effective Date that falls within the month of January 2011); and
 - b. Of the [REDACTED] commitment in Paragraph (a) above, [REDACTED] must be in combined actual postage calculated after all discounts have been applied for EMI and PMI, during the term of this Agreement; or
 - c. A combined actual volume of [REDACTED] of EMI and PMI may substitute for the requirement of [REDACTED] in actual postage calculated after all discounts have been applied for EMI and PMI in Paragraph (b) above during the term of this Agreement.
2. Tender Locations. To tender:
 - a. IPA Qualifying Mail including IPA M-bags in drop shipments to the appropriate locations specified in IMM 292.531. Mailings tendered at these locations are subject to Drop Ship prices.
 - b. IPA Qualifying Mail including IPA M-bags at USPS Business Mail Entry Units (BMEUs) approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices.
 - c. ISAL Qualifying Mail including ISAL M-bags in drop shipments to the appropriate locations specified in IMM 293.531. Mailings tendered at these locations are subject to Drop Ship prices.

- d. ISAL Qualifying Mail including ISAL M-bags at USPS Business Mail Entry Units (BMEUs) approved by the USPS to receive Qualifying Mail. Mailings tendered at these locations are subject to Full Service prices.
 - e. One hundred percent (100%) of EMI Qualifying Mail in drop shipments at any USPS International Service Center location.
 - f. One hundred percent (100%) of PMI Qualifying Mail in drop shipments at any USPS International Service Center location.
3. Advance Notification. To provide:
- a. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of intent to drop ship mail at a specific location two weeks before the initial shipment to that location.
 - b. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of new permit numbers used for Qualifying Mail, one week in advance of using the new numbers. The message should include the permit number, the city, state, and ZIP Code where the permit is held, and the name of the permit owner. The message should also include a requested effective date.
 - c. The appropriate USPS acceptance sites with notification if the intended volume of mail to be presented varies more than twenty-five percent (25.00%) higher or lower than normal daily volumes. The Mailer shall make every effort to inform the appropriate USPS acceptance sites at least forty-eight (48) hours in advance of presenting the mail.
4. Payment of Postage. To pay postage to the USPS, either directly or through a mailing agent:
- a. For IPA and ISAL services by use of a USPS approved Alternate Mailing System (AMS) for total postage due subject to the conditions stated in DMM 705.4.
 - b. For EMI and PMI Qualifying Mail by use of a permit imprint subject to the conditions stated in DMM 604.5, with the exception that DMM 604.5.1.1 shall not apply.
5. Monthly Reporting. To provide the USPS with a report, at a frequency to be mutually determined, in a format to be specified by the USPS, stating, for IPA, ISAL, EMI, and PMI:
- a. The total revenue, pieces, and weights for each product mailed in the preceding month separated by point of tender to the USPS, destination country, and country price group for each permit owned by the Mailer under this Agreement. The Mailer will undertake all reasonable efforts to provide the same information for each permit holder mailing under this Agreement;
 - b. This requirement shall include the final month of the Agreement.

6. Receptacle Bar-coding. To place on each receptacle containing either IPA or ISAL mailings, a barcode prepared in accordance with the specifications the USPS shall provide.
7. Information Link. To establish a secure data connection with the USPS in order to ensure that the USPS can receive the necessary information for Customs clearance as well as the data needed to monitor the proper prices and country destination of the Mailer's packages. The Mailer will be responsible for all aspects of service quality of the information link, interconnectivity, and interoperability of network services of such data connection, which shall be available under commercially reasonable standards but shall be capable of ensuring that the data for all Qualifying Mail under this Agreement are available to USPS.
8. Customs Declarations and Address Labels. To create customs declarations and address labels for EMI and PMI Qualifying Mail:
 - a. Using USPS-provided Global Shipping Software (GSS) or functionally equivalent software;
 - b. In the event that the Mailer decides to use functionally equivalent software not provided by the USPS, the Mailer must seek the approval of the USPS prior to deploying such software, which shall not be unreasonably withheld. Mailer agrees that if deploying such functionally equivalent software, Mailer will provide any reasonable information necessary for the USPS to perform the necessary due diligence to determine the appropriateness and capabilities of such software, which shall include but not be limited to such software's ability to provide adequate information regarding Qualifying Mail as well as the overall security standards of said software. Mailer acknowledges that such due diligence may require physical site review.
9. Customs and Export Documentation. To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by customs authorities, and/or return of mail to sender.
10. Customs and Export Requirements. To comply with any regulation or order promulgated by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other governmental unit with jurisdiction over mail, to facilitate the Customs processing of its mail, according to any requirements specified by those authorities.
11. Responsibility. To ensure that all entities mailing under the aegis of this Agreement, having provided the USPS with a permit number and notification of intent to mail under the terms of Paragraph 3 above, follow the terms and conditions set forth in this Agreement as they pertain to the preparation and tender of mailings.

12. Confidentiality. To treat as confidential and not disclose to third parties, absent express written consent by the USPS, any information related to this Agreement that is treated as non-public by the Postal Regulatory Commission.

ARTICLE 8. POSTAGE PRICES

In consideration of Article 7 Paragraph 1, and in accordance with Article 9 but subject to Article 13:

1. For IPA and ISAL, The Mailer will receive a discount of [REDACTED] off the non-discounted published prices for IPA and ISAL Qualifying Mail in effect on the date of mailing;
2. For EMI and PMI, the Mailer will pay postage according to the price charts in Annex 1.

ARTICLE 9. APPROVAL OF PRICES

The discounts in Article 8 Paragraph 1 (a) and (b) for IPA and ISAL and the prices for EMI and PMI in Annex 1 are contingent upon any and all necessary approvals for corresponding USPS prices by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

ARTICLE 10. SUSPENSIONS OF MAIL SERVICE

In the event that a suspension of mail service from the United States to a given country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Qualifying Mail to the USPS until service is restored. The minimum commitment for Qualifying Mail as set forth in Article 7 of this Agreement shall be recalculated *pro rata* to reflect the reduction in available service time.

ARTICLE 11. GOVERNING LAW

This Agreement shall be governed by, construed, and enforced in accordance with United States federal law.

ARTICLE 12. TERM OF THE AGREEMENT

1. The Effective Date of this Agreement shall be 12:01 a.m. on August 1, 2010. The Agreement will remain in effect until 11:59 p.m. on the day prior to the date of any change in the published rates that affect the Qualifying Mail in this Agreement, unless terminated sooner pursuant to Article 14.
2. The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date.
3. The USPS will notify the Mailer of the status of the approval process or of potential fulfillment of the approval process, or when major steps in the process are completed. The USPS also will respond to Mailer inquiries concerning the status of the process.

ARTICLE 13. PENALTY AND REIMBURSEMENT

1. In the event that the Mailer does not meet its minimum commitment as set forth in Article 7 Paragraph 1, the Mailer agrees to pay the USPS [REDACTED].
[REDACTED] The actual amount to be determined by the USPS.
2. Should payment be due under the terms of this Article, payment must be made no later than three (3) months after the date the USPS informs the Mailer of the amount of the required payment. If the USPS does not receive payment within three (3) months after the date the USPS informs the Mailer of the amount of the required payment, any customized agreement in effect shall be terminated on a date the USPS shall determine.
3. For purposes of calculating the payments detailed in this Article, postage paid for IPA, ISAL, GBE, GD, EMI, and PMI shall be counted from August 1, 2010, and shall include December 31, 2010, as the final inclusive date.

ARTICLE 14. TERMINATION OF THE AGREEMENT

Either Party to this Agreement, in its sole discretion, may terminate this Agreement for any reason, by giving the other Party a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. In the event that this Agreement is terminated before the anticipated termination date in Article 12, the Mailer remains bound by the terms of Article 7 Paragraph 5 and Article 13, except that the Mailer's obligation, if any, under Articles 7 and 13 shall be calculated on a *pro rata* basis to reflect the actual duration of the agreement.

ARTICLE 15. POSTAGE UPDATES

1. In the event that the USPS incurs an increase in total costs [REDACTED] associated with providing any one of the categories of Qualifying Mail, the USPS reserves the right to notify the Mailer and modify the prices for that service established under this Agreement.
2. The prices in Annex 1 are related to the non-discounted published postage for EMI and PMI. In the event that the non-discounted published postage for EMI and PMI should change during the term of this Agreement, the prices in Annex 1 may also change. The discount applied to IPA and ISAL is related to the non-discounted published postage for these services. In the event that the non-discounted published postage for IPA and ISAL should change during the term of this Agreement, the discount applied to these services may also change. Such changes to the prices in Annex 1 and the discount applied to IPA and ISAL shall be calculated using the same assumptions and constraints used to determine the prices in the existing Annex 1 and the existing discount for IPA and ISAL.
3. The USPS will give the mailer thirty-five (35) days notice of changes in the prices in Annex 1 or the discount applied to International Priority Airmail (IPA) or International Surface Air Lift (ISAL).

4. Any revision to the prices in Annex 1 or the discount applied to IPA or ISAL shall not be retroactive.
5. No price shall increase beyond the non-discounted published prices for the affected service.
6. All price increases under the provisions of this Article will be subject to review and oversight by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

ARTICLE 16. NO SERVICE GUARANTEE

Nothing in this Agreement shall be construed as a representation or guarantee by the USPS that Qualifying Mail will be delivered to the appropriate addressees within any particular time.

ARTICLE 17. CUSTOMS DUTIES AND TAXES

Customs duties and taxes for packages mailed under this Agreement are the responsibility of the addressee.

ARTICLE 18. INDEMNITY

The Mailer shall indemnify and save harmless the USPS and its officers, agents, and employees from any and all claims, losses, costs, damages, or expenses ("Claims") growing out of, or connected in any other way with the discharge by the Mailer or its agent(s) of any undertaking contained in this Agreement, except for Claims arising out of the negligence or willful misconduct of the USPS or of its officers, agents, or employees. Notwithstanding its obligation to indemnify the USPS, the Mailer shall not be liable for any consequential damages suffered by the USPS.

ARTICLE 19. LIMITATION OF LIABILITY: INSURANCE

1. Except as noted in Paragraphs 2 and 3 of this Article, the liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as a result of late delivery or non-delivery of any Qualifying Mail. Qualifying Mail mailed under this Agreement is not insured against delay in delivery. Neither indemnity payments nor postage refunds will be made in the event of delay.
2. Express Mail International items that are tendered to the USPS under the terms of this Agreement include document reconstruction insurance for non-negotiable documents up to one hundred dollars (\$100.00), and merchandise insurance up to one hundred dollars (\$100.00), at no additional charge. Insurance is provided against loss, damage, or missing contents. Optional additional merchandise insurance over one hundred dollars (\$100.00) may be purchased for an additional fee. Express Mail International merchandise insurance is not available to all countries and is subject to the maximum indemnity available to the country of destination. Express Mail International items that are tendered to the USPS under the terms of this Agreement are not insured against delay in delivery. Indemnity is payable in accordance with IMM 222.71 and IMM 935; and DMM 609 and DMM 503.

3. Except as noted in Paragraph 4 of this Article, Priority Mail International items that are tendered to the USPS under the terms of this Agreement include indemnity coverage against loss, missing contents, or damage at no additional charge. Indemnity is limited to the lesser of the actual value of the contents or the maximum indemnity based on the weight of the item. Priority Mail International items that are tendered to the USPS under the terms of this Agreement are not insured against delay in delivery. Indemnity will be paid in accordance with IMM 230 and IMM 933.
4. For a separate fee, Priority Mail International parcels may be insured against loss, missing contents, or damage. Indemnity is based on the actual value of the article at the time of mailing and is limited to the amount of insurance purchased by the fee paid. Priority Mail International insurance is not available to all countries and is subject to the maximum indemnity limits of the destination country. If insured mail service is purchased, it replaces the ordinary parcel indemnity specified in Paragraph 3. Indemnity will be paid in accordance with IMM 320, IMM 932, and IMM 933.
5. The USPS bears no responsibility for the refund of postage for Qualifying Mail in connection with actions taken by Customs authorities.

ARTICLE 20. FORCE MAJEURE

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

ARTICLE 21. NO WAIVER

The failure of either Party to this Agreement to insist upon the performance of any of the terms and conditions of this Agreement, or the waiver of any breach of the terms and conditions of this Agreement, shall not be construed as thereafter waiving any such terms and conditions, but these shall continue and remain in full force and effect as if such forbearance or waiver had not occurred.

ARTICLE 22. NUMBER AND GENDER

The use of any particular gender or the plural or singular number in this Agreement is intended to include the other gender or number as the text may require.

ARTICLE 23. EFFECT OF PARTIAL INVALIDITY

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

ARTICLE 24. ASSIGNMENT

The rights of each Party under this Agreement are personal to that Party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other Party. Granting such consent shall not be unreasonably withheld and shall be allowed for assignment to a subsidiary or affiliate of the Mailer.

ARTICLE 25. PARAGRAPH HEADINGS AND REFERENCE CITATIONS

The titles to the paragraphs of this Agreement are solely for the convenience of the Parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM and IMM within this Agreement are intended to refer to the substantive information found within the cited sections(s) at the time this Agreement was drafted. Subsequent changes to the citations or the relevant substantive information due to published revisions of the DMM or IMM shall be applicable to this Agreement upon the effective date of such revisions.

ARTICLE 26. ENTIRE AGREEMENT AND SURVIVAL

1. This Agreement, Global Plus 1 Service Agreement, including all Annexes thereto for Qualifying International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service (EMI), and Priority Mail International service (PMI) along with the companion Global Plus 2 Service Agreement, including all Annexes thereto for Qualifying Global Bulk Economy service, Global Direct – Canada Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail shall constitute the entire agreement between the Parties as it pertains to Qualifying International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Express Mail International service (EMI), Priority Mail International service (PMI), Global Bulk Economy service, Global Direct – Canada Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail, intended for delivery outside the United States.
2. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus Service Agreement between the Mailer and the USPS executed by the Mailer on April 30, 2008, and by the USPS on April 30, 2008; and the Global Plus Service Agreement between the Mailer and the USPS executed by the Mailer on May 13, 2008, and by the USPS on May 16, 2008.
3. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus 1 Service Agreement between the Mailer and the USPS executed by the Mailer on June 17, 2009, and by the USPS on June 18, 2009; and the Global Plus 2 Service Agreement between the Mailer and the USPS executed by the Mailer on June 17, 2009, and by the USPS on June 18, 2009.
4. With the exception of the Agreements mentioned in Article 26, Paragraphs 2 and 3, any prior understanding or representation of any kind regarding the use of said Qualifying Mail originating in the United States and intended for delivery outside the United States, which precedes the date of this Global Plus 1 Agreement and the companion Global Plus 2 Agreement, shall not be binding upon either Party except to the extent incorporated in this Agreement.

5. The provisions of Article 6, Paragraph 6; Article 7, Paragraph 12; and Article 32 shall expire ten (10) years from the date of termination or expiration of this Agreement.

ARTICLE 27. MODIFICATION

1. Any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement, with the exception of changes to prices under the terms of Article 15, shall be binding only if placed in writing and signed by each Party.
2. Modifications may be contingent upon any and all necessary approvals by USPS management's Executive Committee, the Board of Governors of the USPS, the Governors of the USPS, the Postal Regulatory Commission, the Antitrust Division of the Department of Justice, the Federal Trade Commission and/or any other governmental body with oversight responsibility for the USPS.
3. If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained.
4. The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS.
5. The USPS will notify the Mailer of the status of the approval process or of potential fulfillment of the approval process, when major steps in the process are completed. The USPS also will respond to Mailer inquiries concerning the status of the process.

ARTICLE 28. MAILABILITY AND IMPORTABILITY

All items mailed under this Agreement must conform to the export requirements of the United States, the mailability requirements of the USPS as detailed in IMM 130, and any importation restrictions of any destination country. The Mailer is solely responsible for the importation status of Qualifying Mail mailed under this Agreement as detailed in IMM 112.

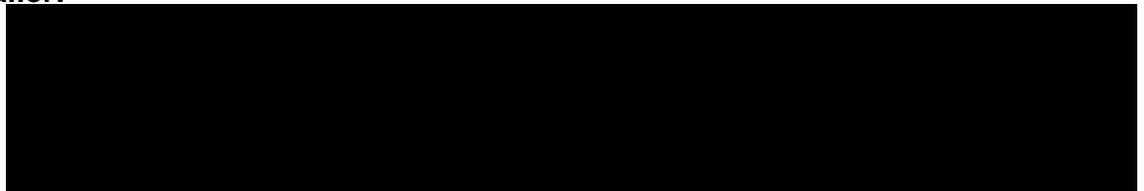
ARTICLE 29. NOTICES

All notices or demands required by this Agreement shall be sufficient if delivered personally or mailed via Express Mail to the following individuals:

To the United States Postal Service:

Managing Director, Global Business and Vice President
United States Postal Service
475 L'Enfant Plaza, SW Room 4016
Washington, DC 20260-4016

To the Mailer:



or via e-mail:

To the United States Postal Service at: icmusps@usps.gov

To the Mailer at: [REDACTED]

ARTICLE 30. PRESERVATION AFTER TERMINATION

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

ARTICLE 31. CONDITIONS PRECEDENT

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

ARTICLE 32. CONFIDENTIALITY

The Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may file information in connection with this instrument (including revenue, cost, or volume data) in other Commission dockets. The Mailer has the right,

in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website www.prc.gov/Docs/63/63467Order225.pdf. At the request of the Mailer, the USPS will notify the Mailer of the docket number of the Commission proceeding to establish the prices in this instrument once assigned.

ARTICLE 33. COUNTERPARTS

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

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

ON BEHALF OF THE UNITED STATES POSTAL SERVICE:

Signature: _____

Name: Frank A. Cebello

Title: Executive Director, Global Business Management

Date: _____

ON BEHALF OF [REDACTED]

Signature: _____

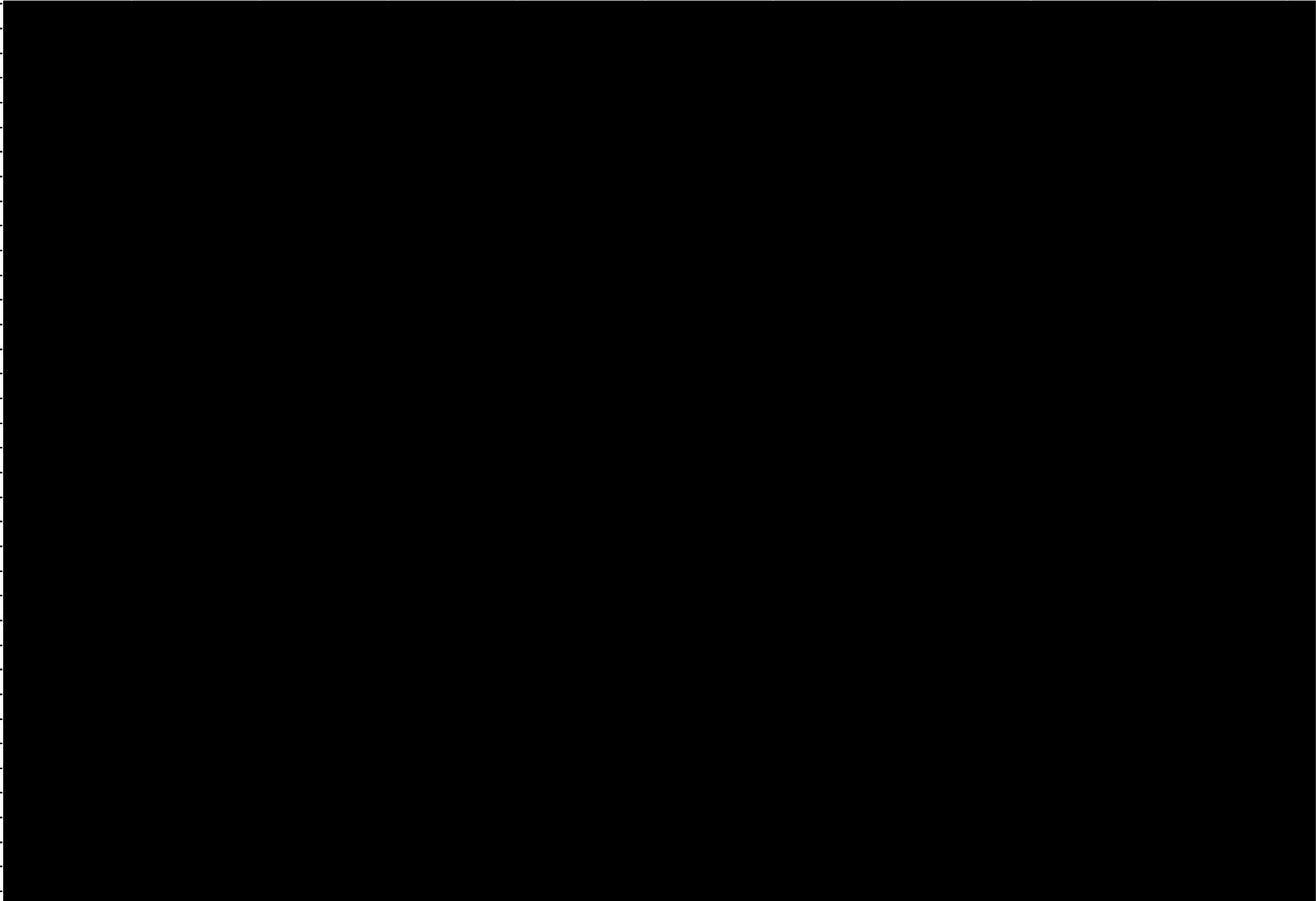
Name: _____

Title: _____

Date: _____

ANNEX 1 PRICES FOR EXPRESS MAIL INTERNATIONAL AND PRIORITY MAIL INTERNATIONAL WHEN THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE OR FUNCTIONALLY EQUIVALENT SOFTWARE

ANNEX 1
EXPRESS MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
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2										
3										
4										
5										
6										
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Confidential

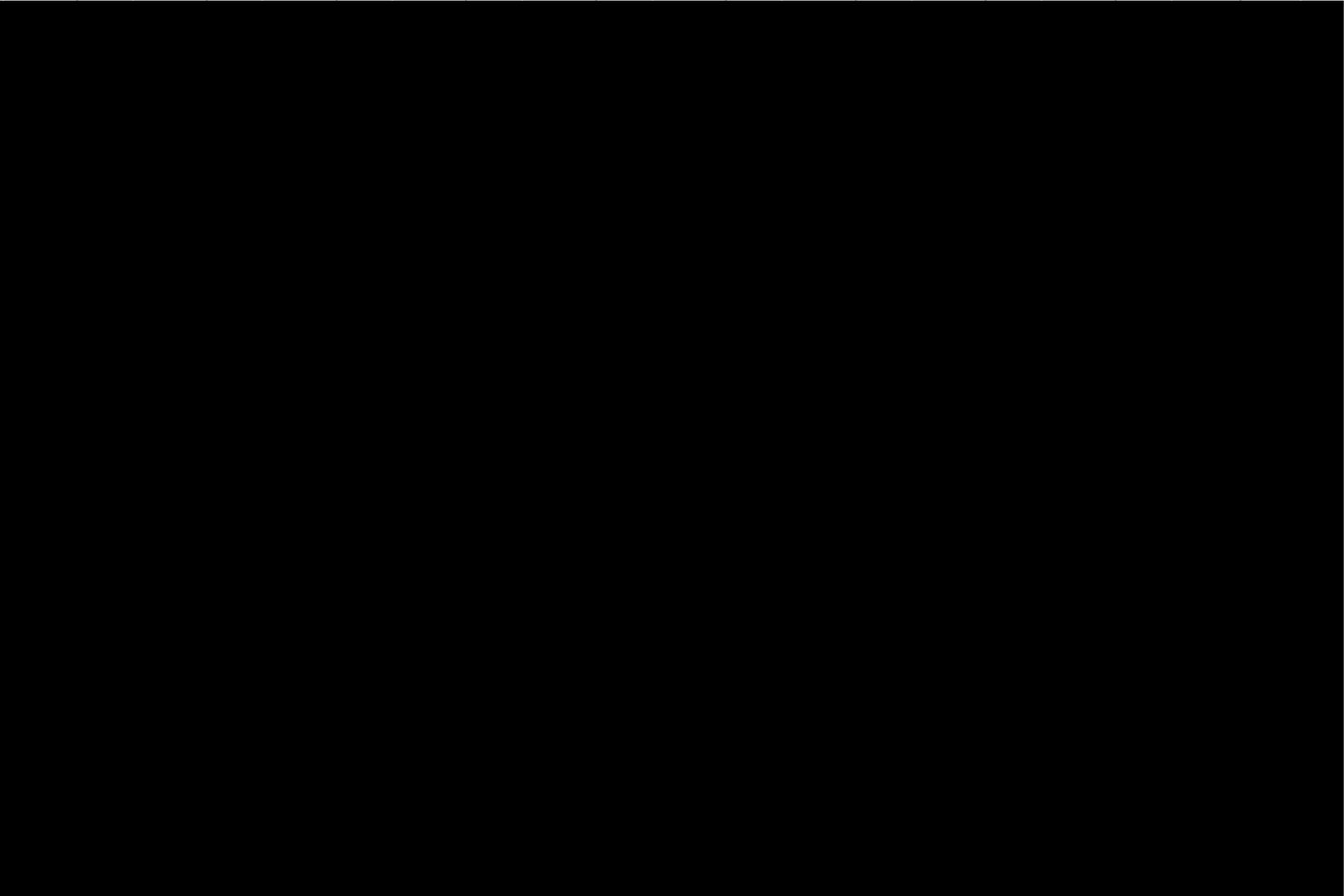
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GP1; 06/2010

Agreement Annex 2 Page 1 of 4

ANNEX 1
EXPRESS MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
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38										
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40										
41										
42										
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Confidential

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Agreement Annex 2 Page 2 of 4

**ANNEX 1
PRIORITY MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE**

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
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3										
4										
5										
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5 / 6 10

Confidential

USPS



GP1; 06/2010

Agreement Annex 2 Page 3 of 4

ANNEX 1
PRIORITY MAIL INTERNATIONAL
THE MAILER APPLIES LABELS USING USPS-SUPPLIED SOFTWARE
OR FUNCTIONALLY EQUIVALENT SOFTWARE

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
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Certification of Prices for the Global Plus 1 Contract with
[REDACTED]

I, Joseph Moeller, Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for the Global Plus 1 Contract with [REDACTED]. The prices contained in this contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Plus Contracts, issued on May 28, 2008 (Governors' Decision No. 08-8), which established prices by means of price floor and ceiling formulas.

I hereby certify that the numerical cost values underlying the prices in the [REDACTED] Contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governor's Decision, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Plus 1 Contracts should be even smaller. The Agreement with [REDACTED] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.


Joseph Moeller

Certification of Prices for the Global Plus 1 Contract with
[REDACTED]

I, Joseph Moeller, Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices for the Global Plus 1 Contract with [REDACTED]. The prices contained in this contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Plus Contracts, issued on May 28, 2008 (Governors' Decision No. 08-8), which established prices by means of price floor and ceiling formulas.

I hereby certify that the numerical cost values underlying the prices in the [REDACTED] Contract are the appropriate costs to use in the formulas and represent the best available information. The prices, resulting in a cost coverage of in excess of the minimum required by the Governor's Decision, are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). The prices demonstrate that the Contract should cover its attributable costs and preclude the subsidization of competitive products by market dominant products. International competitive mail accounts for a relatively small percentage of the total contribution by all competitive products. Contribution from Global Plus 1 Contracts should be even smaller. The Agreement with [REDACTED] should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.


Joseph Moeller

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE
ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR GLOBAL PLUS CONTRACTS
(GOVERNORS' DECISION NO. 08-8)**

May 28, 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 for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices. This decision establishes prices by setting price floor and price ceiling formulas for Global Plus Contracts. The types of contracts to which these prices will apply are described in Attachment A, the price floor and price ceiling formulas are specified in Attachment B, and management's analysis of the appropriateness of these formulas is explained in Attachment C. We have reviewed that analysis and have concluded that the prices emerging from application of the formulas and the classification changes are in accordance with 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. Contracts which fall within the terms specified in Attachment A, and whose prices fall within the price range established by the price floor and price ceiling formulas specified in Attachment B, are hereby authorized.

The PAEA provides that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. We have determined that prices established according to the formulas listed in Attachment B would be appropriate for the services covered by the types of Global Plus

Contracts classified in Attachment A.¹ Management's analysis of the formulas, included as Attachment C, supports our decision to establish prices through such formulas for the specified types of contracts.

We are satisfied that the prices established by 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 these types of agreements. 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] should cover the agreements' 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, entry into agreements pursuant to this Decision should not impair the ability of competitive products as a whole to cover an appropriate share of institutional costs.

No agreement authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 C.F.R. § 3015.5. The notice must include a financial analysis that demonstrates that the agreement covers its attributable costs, based on [REDACTED] Attachment B. The notice must also include a certification from a Postal Service official that the numerical values chosen for each agreement are appropriate, in that they represent the

¹ The classification for Global Plus Contracts is contained in the Mail Classification Schedule language originally proposed by the Postal Service, as modified in Attachment A. See United States Postal Service Submission of Additional Mail Classification Schedule Information in Response to Order No. 43, November 20, 2007. It should be noted that certain of the modifications involve changes to the size and weight charts pertaining to International Priority Airmail (IPA) and International Surface Airlift (ISAL) to mirror the shape-based First-Class Mail International sizes and weights effective May 12, 2008. In addition, while the classification language for Global Plus Contracts reflects that these types of contracts cover IPA, ISAL, Global Bulk Economy (GBE), Global Direct (GD), Express Mail International (EMI), and Priority Mail International (PMI) services, this Decision is establishing prices through price floor and price ceiling formulas only for IPA, ISAL, EMI and PMI. Prices for GBE and GD will be established at a later date. Accordingly, only Global Plus Contracts including IPA, ISAL, EMI and PMI are authorized by this Decision.

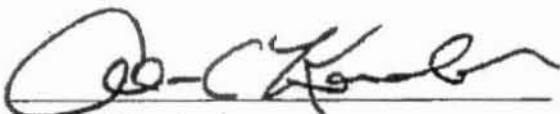
best available information and that the agreement should not result in a cross-subsidy from market dominant products and should not impair the ability of competitive products, as a whole, to cover an appropriate share of institutional costs.

ORDER

In accordance with the foregoing Decision of the Governors, the formulas set forth herein, which establish prices for the applicable Global Plus Contracts, and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within the formulas set by this Decision and the certification process specified herein is followed. After an authorized agreement is entered into, the Postal Service shall comply with all applicable statutory and regulatory requirements.

Prices and classification changes established pursuant to this Decision will take effect fifteen days after the date on which the agreement is filed with the Postal Regulatory Commission.

By The Governors:

A handwritten signature in black ink, appearing to read "Alan C. Kessler", written over a horizontal line.

Alan C. Kessler

Chairman

Attachment A

Description of Applicable Global Plus Contracts

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 a contract, 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 either tendering at least 5,000 pieces of international mail to the Postal Service or paying at least \$100,000 in international postage to the Postal Service, 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 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 Letters/Small Packets/Packages:⁴

	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

⁴If 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 Letters:¹

	Length	Height	Thickness	Weight
Minimum	5.5 inches	3.5 inches	0.007 inch	None
Maximum	11.5 inches	6.125 inches	0.25 inch	3.5 ounces

¹ If ISAL: Packages of letter-size pieces of mail should be no thicker than approximately a handful of mail (4" to 6"); 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 Large Envelopes (Flats):¹

	Length	Height	Thickness	Weight
Minimum ²	11.5 inches	6.125 inches	0.25 inch	none
Maximum	15 inches	12 inches	0.75 inch	4 pounds

¹ If ISAL: 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.

² Every minimum dimension does not have to be met; only one does.

Size and Weight for Packages (Small Packets):

	Length	Height	Thickness	Weight
Minimum	Large enough to accommodate postage, address and other required elements on the address side.			None
	Length	Length plus height plus thickness		Weight
Maximum	24 inches	36 inches		4 pounds

Size and Weight for Rolls:

	Length	Length plus twice the diameter	Weight¹
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 labeling, for harmonization ~~and for~~ or return services.

Global Plus – IPA

Global Plus – ISAL

Global Plus – GBE

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)

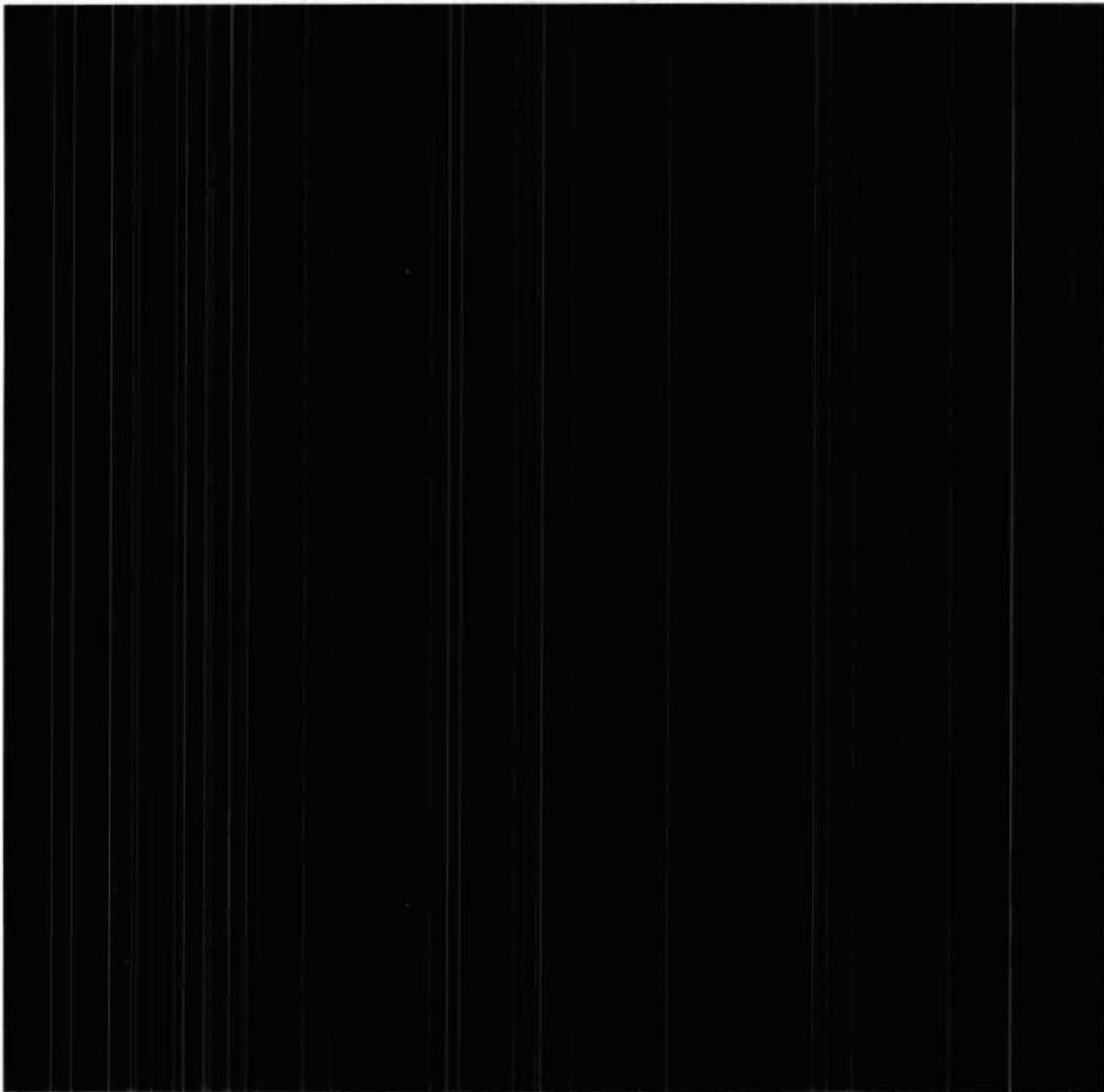
For GD, all optional features applicable to the product as set by the receiving country.

Software-Related Services (EMI and PMI only):

- Labeling: At the mailer's request, the Postal Service will arrange for ~~apply~~ labels and Customs declarations ~~at a postal location~~ to be applied.
- Harmonization: At the mailer's request, the Postal Service ~~facilitates~~ will arrange for classification of merchandise according to country specified Customs regulations to determine applicable duties and taxes.
- Returns: At the mailer's request, the Postal Service will contract 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.

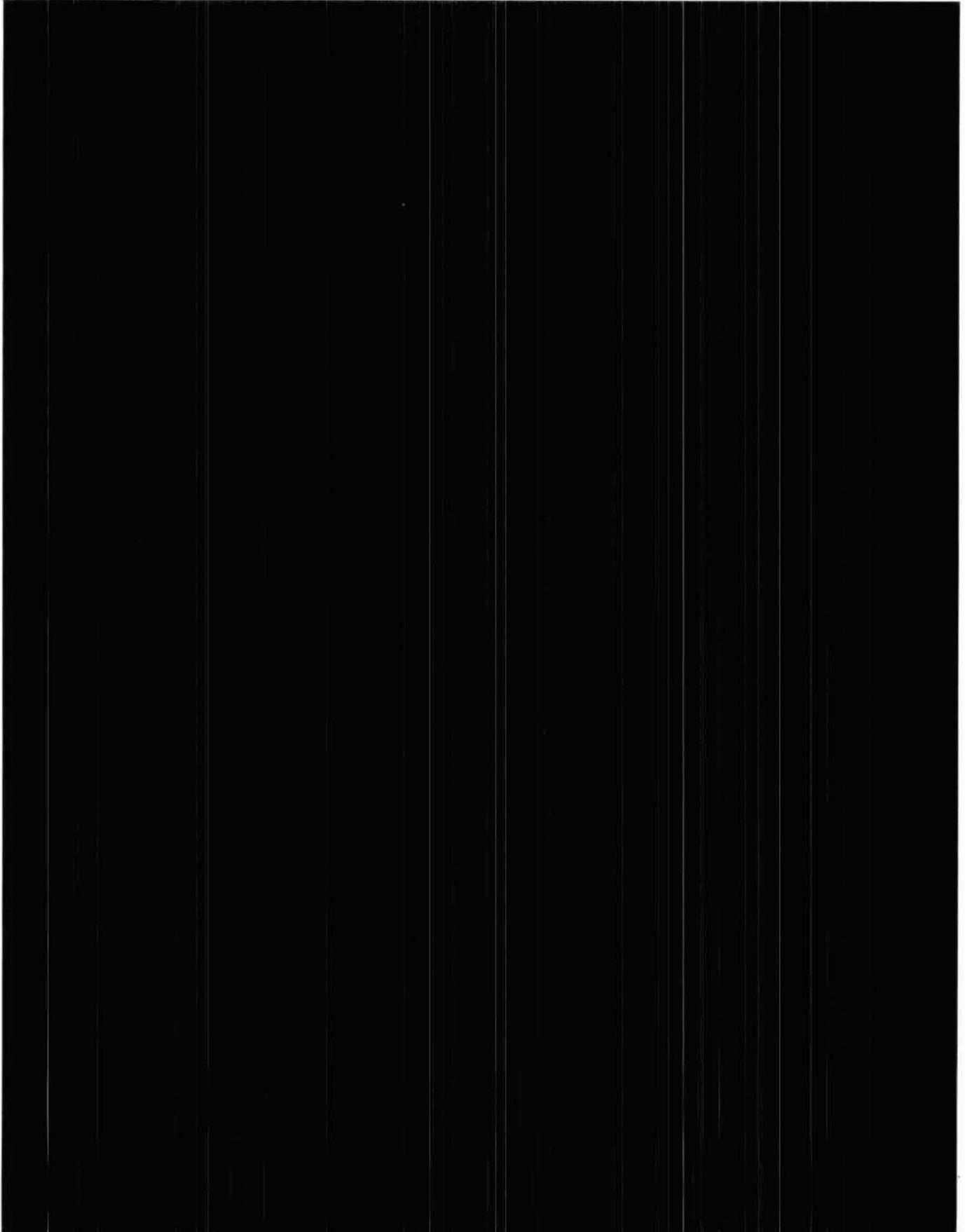
Attachment B

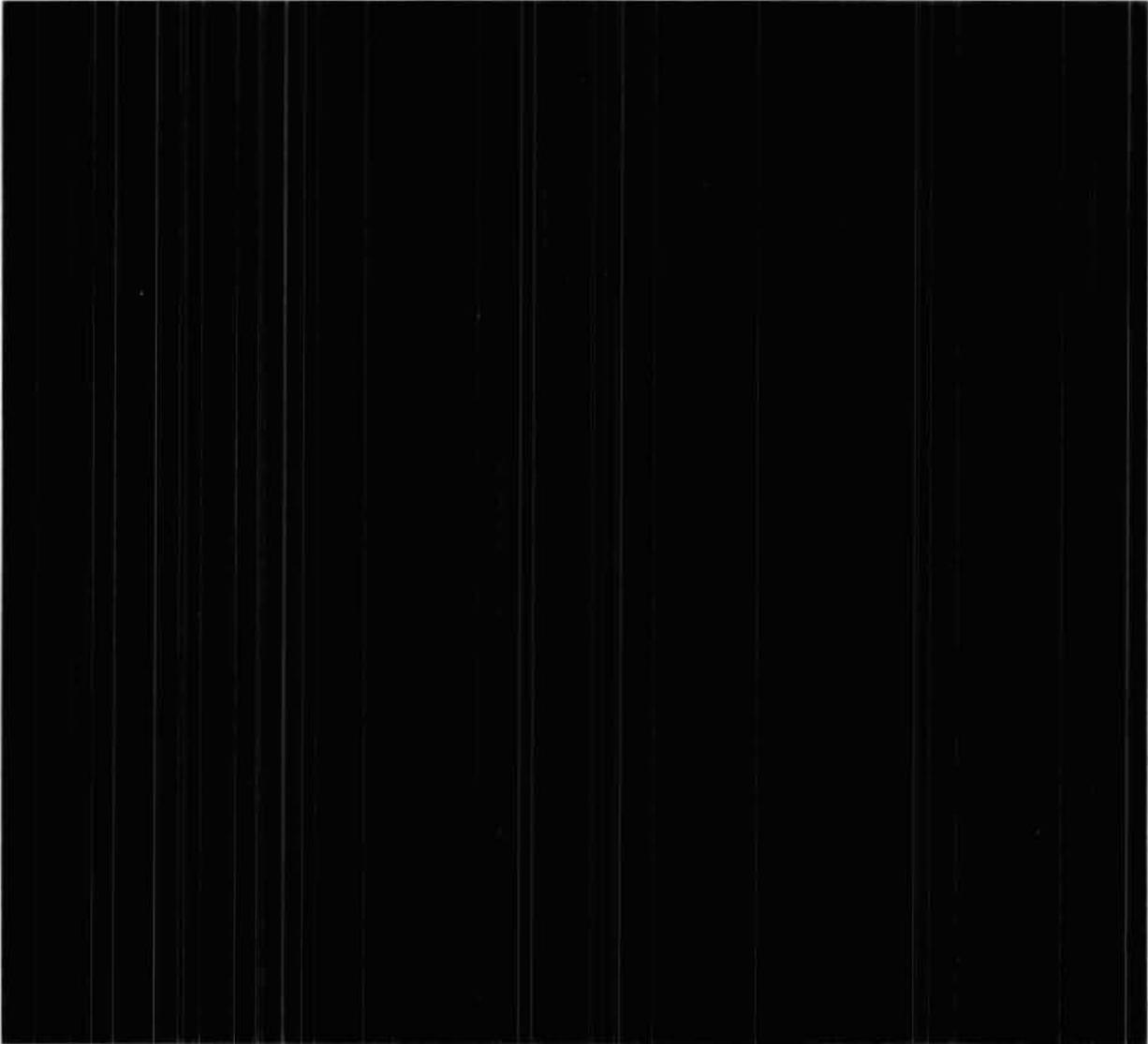
Formulas for Prices Under Applicable Global Plus Contracts



Attachment C

Analysis of the Formulas for Prices Under Applicable Global Plus Contracts





Attachment D

Certification as to the Formulas for Prices Offered Under Applicable Global Plus Contracts

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 Global Plus Contracts which are set forth in Attachment B.

I hereby certify that these formulas adequately represent all necessary [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. In Fiscal Year 2007, all outbound international competitive mail accounted for approximately 11 percent of the total contribution by all competitive products. Contribution from Global Plus Contracts should be much smaller. Even if all the agreements for Global Plus Contracts 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.

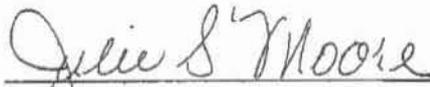

W. Ashley Lyons

CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 08-8

I hereby certify that the following Governors voted by paper ballot on adopting
Governors' Decision No. 08-8:

Mickey D. Barnett
James H. Bilbray
Carolyn Lewis Gallagher
Louis J. Giuliano
Alan C. Kessler
James C. Miller III
Katherine C. Tobin

The vote was 6-1 in favor.



Julie S. Moore
Secretary of the Board of Governors

Date: 5-29-08

ATTACHMENT 5

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

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,¹ the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket and the accompanying Global Plus contract docket.² The materials pertain to four Global Plus contracts -- two Global Plus 1A contracts that the Postal Service believes are functionally equivalent to the “baseline” for Global Plus 2 contracts established by the Commission,³ and two Global Plus 2A contracts that the Postal Service believes are functionally equivalent to the “baseline” for Global Plus 2 contracts established by the Commission,⁴ The contracts and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission, although redacted copies of the contracts and the certified statement required by 39 C.F.R. 3015.5(c)(2) for each contract, and the related Governors’ Decision are filed as Attachments 2A, 2B, 3A, 3B and 4 to the Postal Service’s Notice, respectively. A redacted version of other financial documentation is filed publicly as a separate Microsoft Excel document.

¹ PRC Order No. 225, Final Rules Establishing Appropriate Confidentiality Procedures, Docket No. RM2008-1, June 19, 2009.

² The identical Application for Non-Public Treatment is filed in the accompanying Global Plus contract docket.

³ PRC Order No. 265, Order concerning Filing a Functionally Equivalent Global Plus 1 Contract Negotiated Service Agreement, PRC Docket No. CP2009-46, July 31, 2009, at 7; PRC Order No. 266, Order concerning Filing a Functionally Equivalent Global Plus 1 Contract Negotiated Service Agreement, PRC Docket No. CP 2009-47, July 31, 2009, at 7.

⁴ PRC Order No. 267, Order Concerning Filing of a Functionally Equivalent Global Plus 2 Contract Negotiated Service Agreement, July 31, 2009, at 6-7, Docket No. CP2009-48, July 31, 2009 at 6-7; PRC Order No. 268, Order Concerning Filing of a Functionally Equivalent Global Plus 2 Contract Negotiated Service Agreement, Docket No. CP2009-49, July 31, 2009 at 6-7.

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

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

Information of a commercial nature, which under good business practice would not be publicly disclosed, as well as third party business information, is not required to be disclosed to the public. 39 U.S.C. § 410(c)(2); 5 U.S.C. § 552(b)(4). The Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A).⁵ Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

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

In the case of Global Plus 1A and 2A contracts, the Postal Service believes that the third parties with a proprietary interest in the materials are the customers with whom the contracts are made and Canada Post Corporation (Canada Post).⁶ The Postal

⁵ The Commission has indicated that “likely commercial injury” should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

⁶ However, other postal operators can be considered to have a proprietary interest in some rate

Service maintains that customer identifying information should be withheld from public disclosure. Therefore, rather than identifying the customers for these contracts, the Postal Service gives notice that it has already informed the customers, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service employee responsible for providing notice to the third party with proprietary interest in the materials filed in this docket is Mr. James J. Crawford, Business Development Specialist, Global Business, United States Postal Service, 1735 North Lynn Street, Room 2030, Arlington, VA 22209-2030, whose email address is james.j.crawford@usps.gov, and whose telephone number is 703-292-3614.

The financial documentation also contains information that could be considered proprietary to Canada Post. The Postal Service has already informed Canada Post, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Dave Eagles, Director, International Relations, Canada Post Corporation, as the appropriate contact on behalf of Canada Post. Mr. Eagles'

information in the financial workpapers included with this filing. The Postal Service maintains that such information should be withheld from public disclosure. In view of the practical difficulties, the Postal Service has not undertaken to inform all affected postal operators about the nature and scope of this filing and about the ability to address any confidentiality concerns directly with the Commission as provided in 39 C.F.R. § 3007.20(b). Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Brian Hutchins, Manager, International Postal Relations. Mr. Hutchins' phone number is (703) 292-3591, and his email address is brian.hutchins@usps.gov. The Postal Service acknowledges that 39 C.F.R. § 3007.21 (c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing in the absence of actual notice might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver that would allow it to forgo providing a notice to each postal operator, and to designate a Postal Service employee as the contact person under these circumstances, since it is impractical to communicate with dozens of operators in multiple languages about this matter.

telephone number is (613) 734-6043, and his email address is dave.eagles@canadapost.ca. Canada Post has requested that any communications regarding confidential treatment of these data be sent with a courtesy copy to Dennis Jarvis, General Manager, International Product Management, Canada Post Corporation. Mr. Jarvis's telephone number is (613) 734-8149, and his email address is dennis.jarvis@canadapost.ca.⁷

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

In connection with its Notice filed in this docket, the Postal Service included two contracts, as well as financial workpapers, and the certified statement required for each contract by 39 C.F.R. § 3015.5(c)(2), certifying that the agreement should meet the requirements of 39 U.S.C. § 3633(a)(1), (2), and (3).. These materials were filed under seal, with redacted copies filed publicly, after notice to each customer. The Postal Service maintains that the redacted portions of the contracts, related financial information, and identifying information concerning the customers should remain confidential.

With regard to the contracts filed in this docket, the redactions on page 1 and to the footers of each page, the article concerning notices, and the signature block constitute the name or address of a postal patron whose identifying information may be

⁷ In the event of a request for early termination of non-public treatment under 39 C.F.R. § 3007.31, a preliminary determination of non-public status under 39 C.F.R. § 3007.32, or a request for access to non-public materials under 39 C.F.R. § 3007.40, the Postal Service notes, on Canada Post's behalf, that differences in the official observation of national holidays might adversely and unduly affect Canada Post's ability to avail itself of the times allowed for response under the Commission's rules. In such cases, Canada Post has requested that the Postal Service convey its preemptive request that the Commission account for such holidays when accepting submissions on matters that affect Canada Post's interests. A listing of Canada's official holidays can be found at <http://www.pch.gc.ca/pgm/ceem-cced/jfa-ha/index-eng.cfm>.

withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c)(2). The redacted portions of the footers of the Annexes also protect the customer's identifying information from disclosure.

Other redacted information in the agreements includes negotiated contract terms, such as the minimum volume and/or revenue commitment agreed to by the customer, various penalties, the discount received, and the percentage of exchange rate and cost increases which may trigger a consequential price increase.

The redactions made in the Annexes of the contracts, other than those involving the customer's name, withhold the actual prices that are being offered to the customers in exchange for commitments and performance of their obligations under the terms of the agreements.

The redactions applied to the financial workpapers protect commercially sensitive information such as underlying costs and assumptions, pricing formulas, information relevant to the mailing profile of the customer, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the workpapers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b). However, in a limited number of cases, narrative passages, such as words or numbers in text, were replaced with general terms describing the redacted material. For example, where the mailer's name appears in the spreadsheet within a cell, it has been replaced by the word "Mailer." Likewise, where an actual number appears as a percentage discount as a column header, in the public filing the number is replaced by the word "Discount" and followed by the percentage symbol (e.g., "Discount%").

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

If the portions of the contracts that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. First, revealing customer-identifying information would enable competitors to focus marketing efforts on current postal customers, undermining the effort and resources that the Postal Service has invested in cultivating business relationships with those customers

Other redacted information in the Agreements (which are included as Attachments 2A and 2B to this notice) includes negotiated contract terms, such as the minimum volume and/or revenue commitment agreed to by the customer, various penalties and the percentage of cost increase which may trigger a consequential price increase. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers made by the Postal Service to its customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Additionally, other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial workpapers include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, mailer profile information, projections of variables, contingency rates included to account for market fluctuations and the exchange risks. All of this information is highly confidential in the business world. If this

information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing. Unlike its competitors, the Postal Service is required by the mail classification schedule to demonstrate that each negotiated agreement within this group covers its attributable costs. Furthermore, the Postal Service's Governors have required that each contract be submitted to the Commission with a notice that complies with 39 C.F.R. § 3015.5.⁸ Thus, competitors would be able to take advantage of the information to offer lower pricing to the Global Plus 1A and/or Global Plus 2A customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the contracts or from the information in the workpapers whether additional margin for net profit exists between the contracts being filed and the contribution that Global Plus 1A and/or Global Plus 2A contracts must make. From this information, each customer could attempt to negotiate ever-increasing incentives, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even a customer involved in this filing could use the information in the workpapers in an attempt to renegotiate its own rates by threatening to terminate its current agreement, although the Postal Service considers this risk to be lower in comparison to those previously identified.

⁸ Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts (Governors' Decision No. 08-10) at 2-3 and Attachment A,

Price information in the contracts and financial spreadsheets also consists of sensitive commercial information of the customer. Disclosure of such information could be used by competitors of the customer to assess its underlying costs, and thereby develop a benchmark for the development of a competitive alternative.

Information in the financial spreadsheets also consists of sensitive commercial information of Canada Post. Disclosure of such information could be used by competitors of Canada Post to develop competitive alternatives to its products.

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

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

Hypothetical: The identity of the customer in this contract is revealed to the public.

Another delivery service has an employee monitoring the filing of Global Plus 1A and/or Global Plus 2A contracts and passing along the information to its sales function. The competitor's sales representatives can then quickly contact the Postal Service's customer and offer the customer lower rates or other incentives to terminate its contract with the USPS in favor of using the competitor's services.

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

Hypothetical: Customer A signs a Global Plus 1A and/or 2A contract that is filed with the Postal Regulatory Commission. At the same time, Customer B is considering

signing a similar Global Plus 1A or 2A contract and has no real concern about the penalty provision, which calls for Customer B to pay up to \$10,000 in penalty if it fails to meet its minimum volume commitment before termination of the agreement. The information about Customer A's penalty is made public. Customer A's agreement calls for a \$5,000 maximum payment as penalty. Customer B sees the information. Customer B now insists that it will not agree to be obligated to pay any more than Customer A was obligated to pay, diminishing the Postal Service's bargaining leverage.

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

Hypothetical: A competing delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to meet its minimum statutory obligations for cost coverage and contribution to institutional costs. It then sets its own rates for products similar to what the Postal Service offers its Global Plus 1A and/or Global Plus 2A customers under that threshold and markets its ability to guarantee to beat the Postal Service on price for international delivery services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of the business-to-business and business-to-customer delivery services markets for which the Global Plus 1A and 2A product is designed.

Identified harm: Public disclosure of the rate charts in the Annexes would provide potential customers extraordinary negotiating power to extract lower rates.

Hypothetical: Customer A's negotiated rates are disclosed publicly on the Postal Regulatory Commission's website. Customer B sees the rates and determines that there may be some additional profit margin between the rates provided to Customer A and the statutory cost coverage that the Postal Service must produce in order for the agreement to be added to the competitive products list. Customer B, which was offered rates identical to those published in Customer A's agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered it, or it will not use the Postal Service for its international delivery needs.

Alternatively, Customer B attempts to extract lower rates only for those destinations for which it believes the Postal Service is the low-cost provider among all service providers. The Postal Service may agree to this demand in order to keep the customer's business overall, which it believes will still satisfy total cost coverage for the agreement. Then, the Customer uses other providers for destinations other than those for which it extracted lower rates. This impacts the Postal Service's overall projected cost coverage for the agreement, such that it no longer meets its cost coverage requirement. Although the Postal Service could terminate the contract when it first recognized that the mailer's practice and projected profile were at variance, the costs associated with establishing the contract, including filing it with the Postal Regulatory

Commission, would be sunk costs that would have a negative impact on the Global Plus 1A and/or Global Plus 2A product overall.

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

Hypothetical: A firm competing with the customer obtains a copy of the unredacted version of one of the contracts and financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the prices and the workpapers to assess the customer's underlying costs, volumes, and volume distribution for the corresponding delivery products. The competitor uses that information to (i) conduct market intelligence on the customer's business practices, and (ii) develop lower-cost alternatives using the customer's mailing costs as a baseline.

Identified harm: Public disclosure of information in the contracts would be used by Canada Post's competitors to its detriment.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers and contract from the Postal Regulatory Commission's website. The competitor analyzes the contract and workpapers to assess Canada Post's prices. The competitor uses that information to target its competitive offerings accordingly.

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

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant delivery services markets, as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials. This includes all competitors of the relevant customer, whether or not they are currently actual Postal Service customers.

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

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

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

None.

Conclusion

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