

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

COMPETITIVE PRODUCT PRICES
GLOBAL EXPEDITED PACKAGE SERVICES CONTRACTS
NON-PUBLISHED RATES

Docket Nos. MC2010-29
CP2010-72

**NOTICE AND REQUEST OF THE UNITED STATES POSTAL SERVICE
CONCERNING GLOBAL EXPEDITED PACKAGE SERVICES--NON-PUBLISHED
RATES AND APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS
FILED UNDER SEAL
(July 16, 2010)**

On July 14, 2010, the Governors of the United States Postal Service (Postal Service) established the Global Expedited Package Services--Non-published Rates product as a competitive product not of general applicability by their Decision 10-2 (Attachment 2). The Postal Service now requests that the Commission add GEPS--Non-published Rates to the competitive product list within the Mail Classification Schedule (MCS). An application for non-public treatment of the materials filed to support this request is attached, as are redacted versions of those materials, including the Statement of Frank Cebello filed in compliance with 39 C.F.R. § 3020. Unredacted versions of the supporting materials are being filed under seal.

I. Introduction

Global Expedited Package Services (GEPS) was originally added to the competitive products list of the MCS over two years ago.¹ The GEPS product is familiar to the Commission and its Public Representatives because over 70 individual negotiated service agreements have been added to the competitive products list of the MCS under the GEPS 1 and GEPS 2 groupings.² GEPS agreements represent the majority of the negotiated service agreements for competitive products consisting of international mail. GEPS agreements are marketed to small- and medium-sized businesses willing to make revenue commitments at eight tiers, within a range typical of such businesses' mailing profiles, for incentive pricing on Express Mail International (EMI) and Priority Mail International (PMI).

Prior to its experience with international negotiated service agreements for competitive products and GEPS in particular, the Commission determined in Order No. 43 that each such agreement would be considered a separate "product."³ The Commission noted that products considered to be functionally equivalent to one another could, though, be grouped together.⁴ Consistent with the Commission's regulations, the Postal Service filed a request to add the GEPS product to the competitive product list and subsequently has presented each negotiated service agreement falling within the same market and cost characteristics of the GEPS product to be added to the grouping

¹ PRC Order No. 86, Order Concerning Global Expedited Package Services Contracts, June 27, 2008, at 6 and 8.

² The Postal Service filed its request to add GEPS 3 to the competitive product list on July 14, 2010, in PRC Dockets MC2010-28 and CP2010-71.

³ PRC Order No. 43, Order Establishing Ratemaking Regulations for Market Dominant and Competitive Products, Docket No. RM2007-1, October 29, 2007, at 57.

⁴ Id. at 58.

as a functionally equivalent product. Without exception, these agreements have all been found to be functionally equivalent to one another, despite the evolution of the contract terms of the agreements.

In Order No. 43, the Commission acknowledged that commenters to the proposed rules concerning negotiated service agreements raised legitimate concerns that the process for adding these agreements to the competitive products list should not be overly cumbersome,⁵ but the Commission lacked experience at that time with competitive agreements and, in particular, with international customized mail agreements.⁶ The Commission advised that with greater experience, it might be appropriate to group functionally equivalent negotiated service agreements as a single product, if it could be shown that they shared the same market and cost characteristics.⁷ The Commission also acknowledged that although its regulations for competitive ratesetting attempt to strike a balance among the divergent interests of mailers, modifications to the rules might be necessary as experience with them is gained.⁸

In this context, the Postal Service developed the GEP--Non-published Rates product, which is complementary to the original GEPS product. The GEPS--Non-published Rates product provides business rules to ensure that the specific, potential rates for functionally equivalent GEPS agreements are set and that they will, as a product, comply with all statutory and regulatory requirements for cost-coverage and contribution to institutional costs and that they will not be subsidized by market-

⁵ Id. at 62.

⁶ Id. at 57, n.22.

⁷ Id. at 58.

⁸ Id. at 56.

dominant products. The Postal Service anticipates that nearly all GEPS agreements will fit within the rates set by the Governors' decision for GEPS--Non-published Rates. In the event that an agreement with a mailer for EMI and PMI does not conform to the GEPS--Non-published Rates model, the original GEPS product could be utilized to add such an agreement to the competitive products list. A more detailed description of the GEPS--Non-published Rates product follows in section III below.

II. Overview of GEPS Contracts

The Postal Service offers 8 incentive tiers based on a mailer's volume commitments for EMI and PMI combined, with Tier 8 reserved for the largest volume customers. GEPS prices are based on the level of downstream access: International Service Center (ISC) Drop Ship, Metro, and Traditional. The ISC Drop Ship service requires the mailer to tender directly to an ISC, thereby eliminating both domestic and local surface transportation costs to the USPS. The Metro offering requires that the mailer tenders at designated locations within 200 miles of an ISC to avoid domestic air transportation costs. In both cases, the mailer assumes responsibility and the costs associated with delivering to the point of entry. Traditional access does not geographically restrict where a mailer enters, but the mail must be tendered at a Business Mail Acceptance Unit.

EMI and PMI published rates are set by country of destination and weight of the article, currently with a total of ten country groups and 71 weight steps, beginning with articles not weighing not more than 0.5 pound. The minimum potential prices for EMI and PMI under GEPS—Non-published rates are the prices that might be offered to a

mailer making a revenue commitment at Tier 8 and electing the ISC Drop Ship downstream access option.

GEPS customers are required to meet minimum volume or weight requirements established for presentation of a manifest mailing and to use USPS-approved software to generate labels and customs declarations. Retail customers using Click-N-Ship™ receive incentives of eight percent and five percent off the published rates for EMI and PMI respectively. GEPS customers would qualify for these incentives by using Click-N-Ship, even if they were unable to present the articles using a manifest mailing.

III. *GEPS--Non-published Rates Product Description*

The GEPS--Non-published Rates product may be described initially by way of comparison to and distinction from the original GEPS product. GEPS--Non-published Rates, like GEPS, its sister-product, includes sales of EMI and PMI to small- and medium-sized business enterprises. Both GEPS and GEPS--Non-published Rates provide rates that are not generally applicable to mailers as an incentive for increasing levels of revenue commitments and for tendering the mail at points in the distribution network at or near the International Service Center where the mail is ultimately dispatched to foreign postal operators.

Under the GEPS product classification, the Governors approved a range of rates within a cost-coverage floor and ceiling, but no specific prices were identified. Rather, on a case-by-case basis, customer-specific prices were developed using the approved cost-formula. Consistent with PRC Order No. 43, each mailer's contract, including the prices developed for the customer using the contract cost formula, constitutes a

competitive product.⁹ Similarly developed prices for other small- to medium-sized enterprises now are routinely filed and added to the competitive products list as functionally equivalent agreements within the GEPS 2 product grouping.

Unlike the GEPS product, the GEPS--Non-published Rates product consists of specific approved prices that may be offered to mailers depending upon whether the items to be mailed are EMI or PMI, the weight of the items to be mailed and their destination. The selection of the particular price for each mailer is further dependent upon that mailer's revenue commitment tier and choice of downstream access entry point. The potential minimum prices for each destination country group consist of the Tier 8 ISC Drop Ship rates, and these establish the floor for prices for GEPS—Non-published Rates. The most that the GEPS--Non-published Rates customers will pay are the prices resulting from applying the publicly available eight and five percent discounts to the EMI and PMI published rates for the highest weight step in each of the destination country groups. These prices represent the ceiling for GEPS--Non-published Rates.

The minimum and maximum prices representing the floor and ceiling for EMI and PMI prices under GEPS--Non-published rates are expressed in Attachment B to Governors' Decision 10-2. The range of prices by cell represent all of the potential prices in one-cent increments which are to be considered as if they actually appeared on the table. The potential prices that could be offered as approved under the Governors' Decision for GEPS--Non-published Rates for EMI and PMI are all of those prices, in one-cent increments, between the minimum and maximum prices appearing in

⁹ PRC Order No. 43, at 57.

each rate cell listed by country group and the weight steps available to the applicable destinations.

These rates will be maintained until such time as the Governors set a new minimum price of general applicability for EMI, PMI or both. At that time, the Governors will issue a new rate decision for GEP--Non-published Rates as well.

A contract with the mailer memorializes its revenue commitments and downstream access choice, and it reveals to the mailer the rates that apply in its case for every weight step and destination group for both EMI and PMI based on those choices.¹⁰ The rates are not so much the subject of negotiation as they are the product of a complex combination of cost factors designed to generate a profitable sale for the Postal Service at a competitive rate for the services rendered. Foreign exchange and other economic fluctuations are adjusted periodically, but the prices approved by the Governors remain the same. Volume variability by destination is controlled through the application of business rules, leading to cell-by-cell pricing that should result in the GEP--Non-published Rates product covering its attributable costs, contributing to institutional costs, and avoiding any cross-subsidization from market-dominant products. These business rules are more fully described in the Governors' Decision.

In their Decision to classify the GEP--Non-published Rates product and set the rates, the Governors approved all the possible prices that could be offered to potential mailers in one-cent increments within each weight step and destination country group for both EMI and PMI. While all of the rates approved for the GEPS--Non-published

¹⁰ If GEPS--Non-published Rates is approved as a niche classification, the filing each of mailer's agreement to be added to the competitive product list would no longer be necessary. Nevertheless, the Postal Service anticipates providing copies of the agreements to the Commission under cover of a notice pleading.

Rates product are available to the Commission for its review, each mailer will only receive those prices that apply to its specific circumstances.

IV. GEPS--Non-published Rates As A Niche Classification

The Commission previously noted that “the transaction costs of negotiating and approving short-term Negotiated Service Agreements potentially limit their usefulness, and thus might limit such agreements.”¹¹ Further the Commission suggested that “[i]f the Postal Service were to anticipate a great interest in any particular short-term Negotiated Service Agreement, consideration could be given to reformulating the agreement as a niche classification. This potentially will reduce overall transaction costs, (sic) and implement the service in a shorter period of time.”¹² Experience with GEPS has shown that this is a very popular agreement for small- and medium-sized businesses with a need to ship items internationally on an expedited basis. The number of agreements continues to grow, and the number of renewing customers is substantial. Because the agreements typically have a term of one year, the transaction costs for developing the pricing and filing each agreement as a separate product are substantial as well. The resources of the Commission are also affected by these agreements, as the Commission and a Public Representative must review each agreement and its rates prior to determining the functional equivalence of the agreement under review in comparison to the baseline GEPS agreement. Traditionally, this review has focused on a literal comparison of the contracts and an analysis of the comparability of the benefits of the contracts to the Postal Service.¹³

¹¹ PRC Order No. 1391, Order Establishing Rules Applicable to Requests for Baseline and Functionally Equivalent Negotiated Service Agreements, Docket No. RM2003-5, February 11, 2004, at p.55, n.27.

¹² Id.

¹³ Id. at 50-51.

In the case of GEPS--Non-Published Rates, like the original GEPS product, there are essentially two functional components to the agreements. There is a commitment from the mailer to use a particular level of downstream access to the distribution network, and there is a revenue commitment. The mailer's commitment to a certain minimum revenue level assures the Postal Service of some predictability in its revenue stream associated with EMI and PMI and increasingly rewards mailers for greater commitments. The mailer's choice of downstream access options has the potential of reducing Postal Service transportation costs. When the mailer elects to tender the mail at the ISC from which the mail will be dispatched internationally, the mailer's potential savings are the greatest because both air and surface transportation costs for getting it to that point are borne by the mailer. All customers using GEPS--Non-published Rates will have agreements with these terms, based on the attached model agreement.

No distinction between mailers based on industry or other individual criteria is made by the Postal Service in offering the GEPS or the GEPS--Non-published Rates product. Any small- or medium-sized businesses wishing to mail through the GEPS--Non-published Rates product may take advantage of the incentives, based solely on their revenue commitments and choice of downstream access. There are no "market characteristics," *per se*, to evaluate in this case, and the cost characteristics for the agreements are exactly the same, because the potential prices for all of the potential weight steps and destination country groupings for both EMI and PMI are set in advance.

The Postal Service respectfully submits that based on its and the Commission's experience with its precursor, the reformulated GEPS--Non-Published Rates product is

ripe for niche classification as a single competitive product containing functionally equivalent agreements with small- and medium-sized business mailers.¹⁴

V. Benefits of Adding GEPS--Non-published Rates to the MCS

The new methodology and process for implementing GEPS negotiated service agreements are advantageous in a number of respects. For instance, the new process will provide both the Postal Service and the Commission the means to decrease administrative costs associated with the current GEPS contract review process, which requires customer-specific pricing development. Since Postal Service revenues fund both organizations, savings to either organization result in overall savings for the Postal Service.

Additionally, the Postal Service will be better able to serve customers by quickly gaining commitment to enter into sales contracts without waiting for regulatory review of each individual contract for a determination of its functional equivalency to the established product grouping. This allows the USPS to be better positioned against competitors who currently have the capability and authority to implement agreements quickly with customers.

VI. Application for Non-Public Treatment

The Postal Service maintains that certain portions of Governors' Decision 10-2 and related financial information should remain confidential.¹⁵ As Attachment 1 to this Request and Notice, the Postal Service files its application for non-public treatment of

¹⁴ GEPS and GEPS Non-published Rates are the same in terms of the analysis used by the Commission to determine whether a product is market-dominant or competitive. Therefore, the Postal Service relies on its prior submissions in PRC Docket Nos. CP2008-5 and CP2009-50, which resulted in the Commission's placement of the GEPS 1 and GEPS 2 products, respectively, on the competitive product list.

materials filed under seal. A full discussion of the requested elements of the application appears in Attachment 1. Other attachments to this request include:

- Attachment 2 Governors' Decision 10-2
- Attachment 3 Statement of Supporting Justification, Frank Cebello
- Attachment 4 Model agreement

VII. Conclusion

For the reasons discussed, the Postal Service believes that Global Expedited Package Services--Non-published Rates should be added to the competitive product list. The Postal Service asks that the Commission approve this Request.

A notice concerning this Request will be sent for publication in the Federal Register.

¹⁵ As noted above, the Postal Service anticipates providing the mailer agreements memorializing the sale of GEPS--Non-Published Rates to the Commission. Minimal information from those agreements is considered to be confidential due to its commercially sensitive nature or its identification of a particular customer. The Postal Service, therefore, will file a single Application for Nonpublic Treatment with the first agreement and incorporate that by reference with each subsequent filing.

Respectfully submitted,

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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. The materials pertain to a request to add Global Expedited Package Services (GEPS)—Non-Published Rates to the competitive product list of the Mail Classification Schedule. The Governors' Decision establishing the rate and classification for GEPS—Non-published Rates, Frank Cebello's Supporting Statement of Justification for the new product, and a model contract are being filed separately under seal with the Commission, although redacted copies of the materials are filed with the Notice as Attachments 2, 3 and 4, respectively.

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)(3) and (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. §

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

504(g)(3)(A).² Because the portions of materials filed non-publicly in this docket fall within the scope of information not required to be publicly disclosed, the Postal Service asks the Commission to support its determination that these materials are exempt from public disclosure and grant its application for their non-public treatment.

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

The Postal Service is not aware of a third party with a proprietary interest in the materials filed with this request.

(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 the applicable Governors' Decision, the Supporting Statement of Justification, and a model contract. These materials were filed under seal, with redacted copies filed publicly. The Postal Service maintains that the redacted portions of the Governors' Decision and model contract should remain confidential as sensitive business information.

The redactions applied to the Governor's Decision in Attachment B protect the actual rates established by the Governors. The redactions in Attachment C on page one protect the mailer commitment thresholds for revenue and the corresponding incentive discounts for the eight-tier rate design model. On page two, figures given in an example from Attachment B are also redacted. On pages two and three, percentages indicating the Postal Service's desired baseline cost coverage for rate cells

² The Commission has indicated that "likely commercial injury" should be construed broadly to encompass other types of injury, such as harms to privacy, deliberative process, or law enforcement interests. PRC Order No. 194, Second Notice of Proposed Rulemaking to Establish a Procedure for According Appropriate Confidentiality, Docket No. RM2008-1, Mar. 20, 2009, at 11.

included in GEPS—Non-Published Rates are redacted, as are the figures resulting from the forward-looking cost-coverage model which is described in detail.

With regard to the model GEPS agreement filed in this docket, redactions appear on pages four, five, six and 11. They include various penalties and the percentage of cost increase which may trigger a consequential price increase.

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

If the portions of the contract that the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Redacted information in the model contract (which is included as Attachment 4 to this notice) includes 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, potential customers could use the information to their advantage in negotiating the terms of their 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 attachments to the Governors' Decision include specific rate information, which is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of knowing the range of

prices that may be offered by the Postal Service to its customers for EMI and PMI with volume incentives applied. Thus, competitors would be able to take advantage of the information to offer lower pricing to the GEPS customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the expedited package services market.

Potential customers could also take advantage of the information in negotiating the specific rates to be applied to their circumstances, depending upon the downstream access choices they make and their revenue commitment level. They could demand the absolute floor, when it would otherwise be possible in some cases for the Postal Service to offer a higher, but still competitive rate.

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

Identified harm: Public disclosure of established rates would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing expedited package delivery service obtains a copy of the unredacted version of the Governors' Decision from the Postal Regulatory Commission's website. It reviews those rates and then sets its own rates for products similar to what the Postal Service offers its GEPS customers under the Postal Service's rates and markets its ability to guarantee to beat the Postal Service on price for international expedited 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 expedited delivery services markets for which the GEPS product is designed.

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

Hypothetical: A customer with the rate information included in the Governors' Decision could, on a cell by cell basis, demand the lowest possible rate in every rate cell, knowing that the Postal Service's approved rates include those floor amounts. Armed with the rate information, a customer could threaten that it will not use the Postal Service for its expedited package service delivery needs if it does not receive the lowest possible rates. This would severely threaten the Postal Service's ability to offer competitive but profitable rates to its customers within the minimum and maximum rates established by the Governors' for each rate cell.

Identified harm: Public disclosure of the information redacted from the model contract would provide competitors commercial advantages at the Postal Service's expense.

Hypothetical: A competitor is able to review the Postal Service's penalty clauses and underlying cost increase trigger for pass-through increases in pricing. The competitor takes that information and uses it to differentiate its own product from the Postal Service's product when it sells to potential customers, convincing those customers that the competitor's product is better.

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

The Postal Service maintains that the redacted portions of the materials filed non-publicly should be withheld from persons involved in competitive decision-making in the relevant market for international expedited and parcels products (including both private sector integrators and foreign postal administrations), as well as their consultants and attorneys. Additionally, the Postal Service believes that actual or potential customers of the Postal Service for this or similar products should not be provided access to the non-public materials.

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

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless 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.

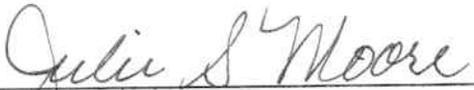
None.

Conclusion

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

**CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 10-2**

I hereby certify that the Governors voted on adopting Governors' Decision No. 10-2, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.



Julie S. Moore
Secretary of the Board of Governors

Date: 7-14-2010

**DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE
ESTABLISHMENT OF PRICES AND CLASSIFICATION FOR GLOBAL EXPEDITED PACKAGE
SERVICES—NON-PUBLISHED RATES (GOVERNORS' DECISION NO. 10-2)**

July 14, 2010

STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, United States Code, 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 approving all of the potential prices in one-cent increments from the minimum possible to the maximum possible prices for Express Mail International and Priority Mail International offered through Global Expedited Package Services (GEPS) negotiated service agreements. The types of contracts to which these prices will apply are described in Attachment A, the prices for the product are specified in Attachment B, and management's analysis of the prices and methodology is explained in Attachment C. We have reviewed that analysis and have concluded that the prices emerging from application of the methodology 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 that fall within the terms specified in Attachment A, and that provide prices specified in Attachment B, including every one-cent increment between the stated minimum and maximum price for each rate cell, 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 in Attachment B, including every one-cent increment between the stated minimum and maximum price for each rate cell, would be appropriate for the services covered by the GEPS contracts included in the product grouping classified in Attachment A. Management's analysis of the prices and the

methodology for determining the prices, included as Attachment C, supports our decision to establish these prices for the specified type of contracts.

We are satisfied that the prices and the methodology for assigning the prices as approved in Attachment B meet the applicable statutory and regulatory requirements. Based on historical customer volume distribution, the minimum prices when assigned using the approved methodology provide greater than 100 percent coverage of the costs attributable to each agreement within this product grouping. We accept and rely upon the certification in Attachment D that the prices will satisfy applicable pricing criteria. Thus, the prices should prevent cross-subsidization 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.

Agreements authorized pursuant to this Decision may go into effect as specified by the terms of the agreement after the GEPS Non-Published Rates product grouping is added by the Postal Regulatory Commission to the competitive products list of the Mail Classification Schedule.

ORDER

In accordance with the foregoing Decision of the Governors, the prices set forth herein, along with the changes in classification necessary to implement the prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices offered to and accepted by the customer fit within the prices set by this Decision.

Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:

A handwritten signature in black ink, appearing to read "Lou Giul", is written over a horizontal line.

Louis J. Giuliano

Chairman

Attachment A

Description of Applicable Global Expedited Package Services—Non-published Rates

2610.7 Global Expedited Package Services—Non-published Rates

2610.7.1 Description

Global Expedited Package Services--Non-published rates provide tiered incentives for small and medium sized enterprises mailing Express Mail International (EMI) and Priority Mail International (PMI) for all destinations served by EMI and PMI. Customized rates are available through negotiated service agreements and depend upon the mailer's revenue commitment and choice of downstream access option. Preparation requirements are the same as for all EMI and PMI shipments with the following exceptions: The mailer is required to use USPS-supplied labeling software or a non-USPS supplied labeling software that has the same functionality as the USPS-supplied labeling software. The software allows for preparation of address labels and Customs declarations and submission of electronic shipment information to the Postal Service. The mailer may be required to prepare specific shipments according to country specific requirements. To qualify for GEPS—Non-published Rates, a mailer must be capable, on an annualized basis, of paying at least \$50,000 in international postage to the Postal Service.

2610.7.2 Size and Weight Limitations

See Size and Weight Limitations for Express Mail International at 2205.2.

See Size and Weight Limitations for Priority Mail International at 2215.2.

2610.7.3 Minimum Revenue Commitment

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

2610.7.4 Price Categories:

The incentives are based on the revenue commitment and the downstream access option selected by the customer. Optional features are separately charged according to the published rates for each service at the time of mailing.

GEPS – Non-published Rates (EMI and PMI)

2610.7.5 Optional Features

Pickup On-Demand

International Ancillary Services

- International Certificate of Mailing (PMI flat-rate envelope and small PMI flat-rate box only)
- International Insurance (For PMI Parcels and EMI items containing merchandise.)
- International Registered Mail (PMI flat-rate envelope and small PMI flat-rate box only)
- International Restricted Delivery (PMI flat-rate envelope and small PMI flat-rate box only and only when Registered Mail has been purchased)
- International Return Receipt (only for registered items, insured parcels and certain countries when sending EMI items.)

Attachment B

GEPS Non-Published Rates--EMI

Minimum Rates: EMI Discount: [REDACTED]

Maximum Rates: EMI Discount: [REDACTED]

[A]		[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]
Weight Not Over (lb)	Range	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
[b] 61	min max	[REDACTED]									
[b] 62	min max	[REDACTED]									
[b] 63	min max	[REDACTED]									
[bm] 64	min max	[REDACTED]									
[bn] 65	min max	[REDACTED]									
[bo] 66	min max	[REDACTED]									
[bp] 67	min max	[REDACTED]									
[bq] 68	min max	[REDACTED]									
[br] 69	min max	[REDACTED]									
[bs] 70	min max	[REDACTED]									

Attachment B

GEPS Non-published Rates--PMI

Minimum Rates: PMI Discount: [REDACTED]

Maximum Rates: PMI Discount: [REDACTED]

[L]	[M]	[N]	[O]	[P]	[Q]	[R]	[S]	[T]	[U]	[V]	
Weight Not Over (lb)	Range	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
[b] 62	min max	[REDACTED]									
[b] 63	min max	[REDACTED]									
[b] 64	min max	[REDACTED]									
[b] 65	min max	[REDACTED]									
[b] 66	min max	[REDACTED]									
[b] 67	min max	[REDACTED]									
[b] 68	min max	[REDACTED]									
[b] 69	min max	[REDACTED]									
[b] 70	min max	[REDACTED]									

Attachment C

Management’s Analysis Of The Prices And Methodology For Determining Prices For Negotiated Service Agreements Under Global Expedited Package Services— Non-published Rates

Through the establishment of GEPS Non-published Rates, management proposes a more streamlined process for approving GEPS agreements, while maintaining their profitability and competitive positioning in the market. This process improvement seeks to minimize the administrative time and effort required by all parties involved, neutralize the risk that fluctuating exchange rates and inflation indices cause, and eliminate uncertainty for both the customers and the Postal Service concerning the implementation of the sales agreements.

Overview of the GEPS product

The Postal Service offers 8 incentive tiers based on a mailer’s volume commitments for EMI and PMI combined. GEPS prices are based on the level of downstream access: International Service Center (ISC) Drop Ship, Metro, and Traditional. The ISC Drop Ship service requires the mailer to tender directly to an ISC, thereby eliminating both domestic and local surface transportation costs to the USPS. The Metro offering requires that the mailer tenders at designated locations within 200 miles of an ISC to avoid domestic air transportation costs. In both cases, the mailer assumes responsibility and the costs associated with delivering to the point of entry. Traditional access does not restrict where a mailer enters, but the mail must be tendered at a Business Mail Acceptance Unit. The following table summarizes the GEPS options and potential pricing incentives based on customer revenue commitment level:

Tier	Revenue (USD 000s)	Traditional		Metro		ISC Drop Ship	
		EMI	PMI	EMI	PMI	EMI	PMI
1							
2							
3							
4							
5							
6							
7							
8							

Minimum and Maximum Prices

EMI and PMI published rates are set by country of destination and weight of the article, currently with a total of ten country groups and 71 weight steps, beginning with articles not weighing not more than 0.5 pound. The minimum potential prices for EMI and PMI under GEPS—Non-published rates are the prices that might be offered to a mailer making a revenue commitment at Tier 8 and electing the ISC Drop Ship downstream access option. Under these circumstances, the mailer could potentially be provided incentives resulting in prices that are [REDACTED] the EMI published rate and [REDACTED] the PMI published rate for the same destination and weight step. The potential minimum prices for each destination country group consist of the Tier 8

ISC Drop Ship rates, and these establish the floor for prices for GEPS—Non-published Rates.

GEPS customers are required to meet minimum volume or weight requirements established for presentation of a manifest mailing and to use USPS-approved software to generate labels and customs declarations. Retail customers using Click-N-Ship™ receive incentives of eight percent and five percent off the published rates for EMI and PMI respectively. GEPS customers would qualify for these incentives by using Click-N-Ship, even if they were unable to present the articles using a manifest mailing. Therefore, the most that the GEPS—Non-published Rates customers will pay are the prices resulting from applying the publicly available eight and five percent discounts to the EMI and PMI published rates for the highest weight step in each of the destination country groups. These prices represent the ceiling for GEPS—Non-published Rates.

The minimum and maximum prices representing the floor and ceiling for EMI and PMI prices under GEPS-Non-published rates are expressed in the charts in Attachment B. The range of prices by cell represent all of the potential prices in one-cent increments which are to be considered as if they actually appeared on the table. The potential prices that could be offered as approved under the Governors' Decision for GEPS—Non-published Rates for EMI and PMI are all of those prices, in one-cent increments, between the minimum and maximum prices appearing in each rate cell listed by country group and the weight steps available to the applicable destinations.

As an example, for EMI, a GEPS mailer sending an item weighing four ounces to a destination in country Group 1 could potentially be offered a price [REDACTED] including every price between the two in one-cent increments (i.e., [REDACTED]). The exact price would be determined by applying a consistent methodology to the downstream access option, payment option and revenue commitment choices made by the customer.

Pricing Methodology

Management's pricing methodology begins with the cost coverage evaluation of the Postal Service's on-line published prices. The absolute floor for GEPS pricing is defined by the incentives offered to ISC Drop Ship customers at Tier 8 for the lowest weight step at each country rate group available. For each of these price cells, the Postal Service determines if there is cost coverage to support the applicable GEPS Non-published Rate.

Rate design involves the following constraints applied to each price cell:

- If the fully discounted price covers less than [REDACTED] of attributable costs, then the mailer is offered either the published price or a smaller percentage discount off the published price that covers [REDACTED] of attributable costs; or
- If the fully discounted price covers [REDACTED] or more of attributable costs, then the mailer is offered a price up to the full discount.

To ensure that the prices are not stale in comparison to indices used as cost inputs or in comparison to foreign exchange rate fluctuations, management updates these factors

on a monthly basis, but the rates generated will never be lower than the actual minimum prices established in the Governors' decision.

Financial Review

The application of the [REDACTED] cost coverage mechanism described above results in prices offered to customers that will meet the thresholds established by statute and by regulation, based on an analysis of historical customer volumes. Management modeled a 12-month forward looking cost coverage analysis of the prices based on the volume and mailing profile of the GEPS agreements for a 12-month period.

The chart below demonstrates the expected cost coverages for GEPS agreements based on a 12-month historical profile of GEPS customers' mailing patterns, from May 2009 to April 2010. This historical volume profile, which plots volume by tier, country group, and downstream access option, was then used to create a distribution key. That distribution key was then applied to projected volumes for the 12-month period beginning June 2010. The projected volumes by tier and downstream access were then multiplied by the applicable projected rates for Tiers 1 to 8, which were constructed based on the minimum prices for Tier 8 in Attachment B. Finally, these were summed to determine total revenue. The model demonstrates that the rates designed from the minimum prices in Attachment B would comfortably cover attributable costs.

GEPS Non-published Rates Expected Cost Coverage

Product	Total Volume	Estimated Total Revenue	Estimated USPS Revenue	Estimated Cost	Contribution	Total Cost Coverage	% of Total GEPS
GSS Traditional	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GSS Metro	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
GSS Drop Ship	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Traditional	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Metro	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED] Traditional	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total Cost Coverage	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Regulatory Review and Contract Implementation

The Postal Service will submit prices to the Postal Regulatory Commission for Tier 8 incentives based on the ISC Drop Ship downstream access option in support of its GEPS Non-published Rate filing to add the product to the competitive products list. These prices will represent the price floor for all sales contracts offering GEPS Non-published Rate incentives. The publicly available discounts of eight percent and five percent off the published rates for EMI and PMI, respectively, will represent the price ceiling for each country rate group for all downstream access options. Each time the published rates for EMI and PMI change, the Postal Service will also secure a decision from the Governors setting a new price floor for GEPS Non-published Rates.

The functional equivalence of the negotiated service agreements will be reviewed in advance by the PRC, based on the Postal Service's use of a standard contract offered to customers in the small to medium sized enterprise market for the same products: EMI and PMI. The cost and market characteristics of the product grouping will not vary by customer. As it implements each new GEPS Non-published Rates agreement, the Postal Service will provide a notice filing of the agreement's effective date to the PRC.

If the GEPS Non-published Rates product grouping is added to the competitive products list of the Mail Classification Schedule, the Postal Service then will be able to provide the prices within the established range to qualified customers applying for the incentives, using the methodology described above. Once a customer signs a GEPS agreement under this pricing approach, the Postal Service will begin the customer's incentive program as soon as the Postal Service and the customer are ready to implement it.

Benefits

The new methodology and process for implementing GEPS negotiated service agreements are advantageous in a number of respects. For instance, the new process will provide both the Postal Service and the Commission the means to decrease administrative costs associated with the current GEPS contract review process, which requires customer-specific pricing development. Since Postal Service revenues fund both organizations, savings to either organization result in overall savings for the Postal Service.

Additionally, the Postal Service will be better able to serve customers by quickly gaining commitment to enter into sales contracts without waiting for regulatory review of each individual contract for a determination of its functional equivalency to the established product grouping. This allows the USPS to be better positioned against competitors who currently have the capability and authority to implement agreements quickly with customers. Moreover, customers will have the certainty of knowing that when they sign an agreement with the Postal Service, they have a binding contract, not just a preliminary agreement that is subject to approvals before it can be implemented.

Summary

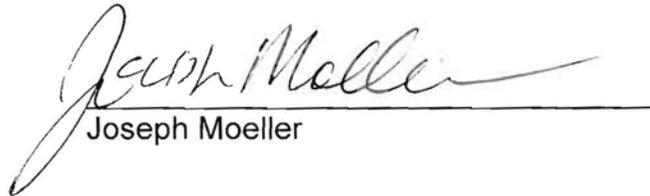
The prices and methodology employed in the GEPS—Non-published Rates product grouping proposal are appropriate for the highly competitive international expedited delivery service market with small to medium sized enterprises as mailers. When the customer opts to tender the mail at a location that reduces costs to the Postal Service, the GEPS—Non-published Rates reward the customer with pricing incentives. Likewise, when the customer commits to a fixed level of revenue for EMI and PMI, which are strong contribution products, the Postal Service rewards the customer with pricing incentives that compete with other international expedited delivery service providers while maintaining the cost coverages necessary to make a positive contribution to the Postal Service's net profitability.

Attachment D

Certification As To The Prices And Methodology For Determining Prices For Applicable Negotiated Service Agreements Under Global Expedited Package Services—Non-published Rates

I, Joseph Moeller, Manager, Regulatory Reporting and Cost Analysis, Finance Department, United States Postal Service, am familiar with the prices that establish the price floor and the price ceiling for negotiated service agreements under the Global Expedited Package Services—Non-published Rates product grouping, which are presented in Attachment B. I am also familiar with the methodology described in Attachment C for determining the prices for customer-specific agreements.

I hereby certify that these prices are determined in a manner that satisfies applicable pricing criteria, using appropriate and accurate data. If the Postal Service were to enter into agreements and offer services that set prices at or above the price floors using the methodology described in Attachment C, the Postal Service would be in compliance with 39 U.S. C. § 3633(a)(1), (2) and (3). The minimum prices that establish the price floor and the methodology for determining the rates for individual customers provide that the agreements under Global Expedited Package Services—Non-published Rates should cover the product grouping's attributable costs (based on a distribution of historical customer volumes) and preclude the subsidization of competitive products by market dominant products. Even if all the agreements under Global Expedited Package Services—Non-published Rates were assigned prices at the price floor for the corresponding downstream access option, the prices and methodology used should prevent the product group from impairing the ability of competitive products on the whole to cover an appropriate share of institutional costs.


Joseph Moeller

Statement of Supporting Justification

I, Frank Cebello, Executive Director, Global Business Management, am sponsoring the Request that the Commission add the Global Expedited Package Services (GEPS) Non-published Rates product filed in Docket Nos. MC2010-29 and CP2010-72 to the competitive products list for prices not of general applicability. The proposed Mail Classification Schedule (MCS) language for GEPS Non-published Rates describes the requirements for this product. My 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.*

The addition of this new product is in accordance with the policies and applicable criteria of the Act, because GEPS Non-published Rates is a product designed to increase the efficiency of the Postal Service's processes and enhance its ability to compete in the marketplace, while assuring that the product is not subsidized by market dominant products, covers the costs attributable to it, and does not cause competitive products as a whole to fail to make the appropriate contribution to institutional costs.

(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.

- (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.*

GEPS Non-published Rates is a product designed to enable the Postal Service's Global Business sales force to quickly establish, based on customer revenue commitments, selection of downstream access option, and projected mailing profile, whether a GEPS-type agreement will be profitable enough to justify entering into an incentive-based mailing plan for Express Mail International (EMI) and Priority Mail International (PMI) with that customer. To accomplish this goal, the product design approved by the Governors' in Governors' Decision 10-2 includes actual rates that, on a cell-by-cell basis, cover their costs or default to the lowest published rate, which the customer could get, even without a specific arrangement with the Postal Service.

Our financial modeling in support of this product included a cost-coverage analysis for a 12-month forward looking period that was based on the actual mail volume and profile of the GEPS customers for a period of 12 months prior to the projected period. This modeling demonstrated that the GEPS Non-published Rates approved by the Governors and applied to the historical mailing profile of GEPS customers resulted in adequate cost coverage to ensure that no cross subsidization of this product by market-dominant products should occur. It also demonstrated that this new product should be able to contribute to institutional costs in addition to covering its own attributable costs.

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

The addition of the GEPS Non-published Rates product to the competitive products list will not result in classifying a product over which the Postal Service has market dominance as a competitive product. The new product consists of sales of EMI and PMI, which are a small part of all international revenue received by the Postal Service. In its 2009 Annual Report, the Postal Service reported that all international revenue made up less than four percent of total revenue, or less than three billion dollars. In their 2009 annual reports, two of the Postal Service's competitors in the international package delivery market, Federal Express and United Parcel Service, reported international revenue of \$6.9 billion and \$9.68 billion, respectively. The Postal Service does not maintain a position of dominance in this market.

- (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.*

The GEPS Non-published Rates product consists of Express Mail International and Priority Mail International, both of which are classified as competitive products, falling outside the scope of the Private Express Statutes.

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

As noted in part (d) above, major competitors in the market include Federal Express and United Parcel Service, which are widely available to

customers in the United States. Private consolidators, freight forwarders, and integrators also offer international shipping arrangements whereby they provide analogous 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.*

Customers using the GEPS 1 and GEPS 2 products have commented on their frustration with the regulatory process associated with implementing the agreements. Until their agreements are added to the competitive products list of the Mail Classification Schedule, they encounter risks if they make changes to their businesses and processes prior to receiving confirmation that the rates are available for them to use. When they do business with the Postal Service's competitors, they are able to commit to a discounted shipping solution and immediately begin receiving the benefits.

Additionally, customers express frustration if they receive a provisional offer of prices from the Postal Service, which later must be rescinded because the customer's projected mailing profile shows that the GEPS agreement will not be able to cover its attributable costs.

The GEPS Non-published Rates product should address these problems by eliminating the need for each agreement to be added to the competitive products list individually and by making the rates for each weight step and country group destination at every tier and downstream access option available immediately for the customer's consideration.

I am not aware of any negative views from users of EMI and PMI or GEPS 1 and 2 concerning the proposal to add GEPS Non-published Rates to the competitive products list.

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

The business concerns that engage in international package delivery services typically are not small business concerns, because of the resources necessary to compete in the industry. Large shipping companies, consolidators, and freight forwarders serve this market, particularly with respect to the type of customers represented by the GEPS Non-published Rates product; the Postal Service is unaware of any small business concerns that could offer comparable service for these volumes.

The small business concerns utilizing the GEPS Non-published Rates product will likely observe a positive impact. By offering GEPS Non-published Rates, the Postal Service will be able to more quickly provide the small businesses access to pricing incentives that will help them reduce their own cost of doing business.

(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.*

In the two years that the Postal Service has offered EMI and PMI incentive pricing to small- and medium-sized businesses through GEPS 1 and GEPS 2, over 70 contracts have been added to the competitive products list of the MCS. None of the contracts presented to the Commission have been rejected. For

every contract added to the list, the Postal Service also files a notice of the effective dates of the contract and a financial report of the contract's performance. In every case, the GEPS 1 and GEPS 2 contracts demonstrated through their performance that they covered their costs and were able to contribute to institutional costs.

The GEPS-associated administrative costs to both the Postal Service and the PRC are substantial in comparison to the individual contribution that each GEPS agreement can produce. Collectively, the GEPS agreements make a substantial contribution to international revenue and are certainly worthwhile to both the Postal Service and its customers. By reformulating the product into a niche classification as GEPS--Non-published Rates, the Postal Service loses a minimal amount of pricing flexibility to capture more significant investment of time and resources and brings a better product to its customers.

This is a representative agreement using standard contract clauses developed over two years from experience with the Global Expedited Package Service product. The highlighted text is what will be redacted from public disclosure when a customer-specific agreement is filed with the Postal Regulatory Commission. The revenue commitment, tender option and payment option are terms that the Postal Service negotiates with each mailer prior to memorializing them in the agreement. Other highlighted terms include business sensitive information.

**GLOBAL CUSTOMIZED MAIL AGREEMENT BETWEEN
THE UNITED STATES POSTAL SERVICE AND
COMPANY NAME**

This Agreement (“Agreement”) is between **Company Name** (“Mailer”), with offices at **Street, City, ST 00000-0000**, 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 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 Express Mail International and Priority Mail International.

ARTICLE 2. CHOICE OF PAYMENT METHOD

By initialing one of the following two options, the Mailer hereby selects a postage payment method.

_____ **Option A** Postage Payment through a PC Postage Provider

The Mailer shall pay postage to the USPS through the intermediary of a USPS-approved PC Postage Provider. The Mailer agrees to use only one USPS-approved PC Postage Provider at a time. The Mailer retains the right to change from one PC Postage Provider to another.

_____ **Option B** Postage Payment through a Permit Imprint

The Mailer shall pay postage to the USPS through the use of a permit imprint subject to the conditions stated in IMM 152.3 and DMM 604.5, with the exception that DMM 604.5.1.1 shall not apply.

ARTICLE 3. 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. "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail.
4. "PC Postage Provider" means a USPS-approved provider of software-based solutions for managing postage accounts.
5. "Qualifying Mail" means mail that meets the requirements set forth in Article 4 of this Agreement.
6. "Non-Qualifying Mail" means mail that does not meet the requirements set forth in Article 4 of this Agreement. Express Mail International and Priority Mail International tendered to the USPS at a Business Mail Entry Unit or at a USPS retail window are Non-Qualifying Mail under Option A above.

ARTICLE 4. QUALIFYING MAIL

1. Only mail that meets the requirements set forth in IMM 220 for Express Mail International, with the exception of the Express Mail International Flat-Rate Envelope, and in IMM 230 for Priority Mail International, with the exception of the Priority Mail International Flat-Rate Envelope, the Priority Mail International Small Flat-Rate Box, the Priority Mail International Regular/Medium Flat-Rate Box, and the Priority Mail International Large Flat-Rate Box, shall be considered as Qualifying Mail.
2. Under Option B above, Qualifying Mail includes all the requirements set forth in paragraph 1 of this Article, except as those requirements conflict with the applicable specific preparation requirements set forth in Article 6.

ARTICLE 5. TREATMENT OF NON-QUALIFYING MAIL

1. Under Options A and B above, the USPS, at its option and without forfeiting any of its rights under this Agreement, may refuse to accept Non-Qualifying Mail or may accept Non-Qualifying Mail at the applicable published prices.
2. In addition, under Option A above, the USPS may accept Non-Qualifying Mail at the applicable published prices and impose a penalty upon the Mailer.

ARTICLE 6. SPECIFIC PREPARATION REQUIREMENTS UNDER OPTION B

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. Mailings processed using Global Shipping Software (GSS), or a USPS-approved functionally equivalent software, must:
 - a. Be accompanied by a postage manifest and postage statement;
 - b. Be paid for through the use of a Permit Imprint.

ARTICLE 7. OBLIGATIONS OF THE USPS

The USPS hereby agrees:

1. Transportation To arrange with carriers to transport Qualifying Mail to international destinations where the proper authority will effect delivery.
2. Undeliverable Items To return:
 - a. Express Mail International items refused by an addressee and undeliverable Express Mail International items to the Mailer via Express Mail at no charge.
 - b. Priority Mail International items refused by an addressee and undeliverable Priority Mail International items to the Mailer according to the provisions of IMM 771.
3. Prices To provide prices for Qualifying Mail to be paid for and tendered as required by this Agreement.
4. Pickup To provide pickup service for Qualifying Mail according to the applicable local agreement, if any, as amended from time to time.
5. 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.
6. Penalties for Non-Qualifying Mail under Option A To provide the Mailer with an invoice for any penalties imposed as a result of the improper tender of mail if the Mailer has chosen Option A above.
7. Technical Assistance under Option B To provide the Mailer with technical assistance necessary to prepare information linkages, electronic data files, and data exchanges as required for the proper functioning of USPS-provided Global Shipping Software (GSS) if the Mailer has elected to use the USPS provided Global Shipping Software (GSS) in lieu of a USPS-approved functionally equivalent software.

ARTICLE 8. OBLIGATIONS OF THE MAILER – GENERAL

The Mailer hereby agrees:

1. Postage To pay postage for Qualifying Mail according to the price charts in Annex 1.
2. 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 the sender.
3. 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.

4. 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 9. OBLIGATIONS OF THE MAILER UNDER OPTION A

The Mailer, having chosen Option A above, hereby agrees:

1. Advance Notification To provide the Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov:
 - a. With notification of the PC Postage Provider the Mailer intends to use at least three weeks in advance of the first use of the PC Postage Provider in connection with this Agreement;
 - b. With notification of the Mailer's intent to change PC Postage Providers and the name of the new PC Postage Provider the Mailer intends to use at least forty-five (45) days in advance of the anticipated change from one PC Postage Provider to another.
2. Tender To present the mailings to the USPS using any means of tender the USPS authorizes for items paid for by the use of PC Postage with the exception of tender at a Business Mail Entry Unit or a retail window of any post office.
3. Software To apply address labels and Customs declarations to Qualifying Mail using the software provided by the USPS-approved PC Postage Provider which the Mailer has identified as its chosen postage payment intermediary.
4. Postage Due To pay any postage due to the USPS as a result of discrepancies between the actual PC postage applied to the mailings and the postage required under this Agreement.
5. Penalty for the Improper Tender of Mail To pay:
 - a. Any penalty the USPS may assess under the terms of Article 33 for the improper tender of mail provided that the USPS has provided the Mailer with notice of the number of pieces of Non-qualifying Mail and an invoice for the total dollar amount of the penalty due;
 - b. The amount of the assessed penalties within thirty (30) days of the date of the invoice. All invoices that are not paid within thirty (30) days will incur an annual late payment penalty (finance charge) of [REDACTED] of the total assessed penalty, to be compounded monthly. Any invoicing discrepancies will be resolved subsequent to payment of the invoice. In addition to late payment penalties (finance charges), the USPS reserves the right to pursue other available remedies.

ARTICLE 10 OBLIGATIONS OF THE MAILER UNDER OPTION B

The Mailer, having chosen Option B above, hereby agrees:

1. Advance Notification To provide:
 - a. The Manager, Customized Mail, USPS, 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 permit numbers. The message should include the permit number, the city, state, and ZIP Code where the permit is held, the name of the permit owner, and the anticipated effective date.
 - b. The appropriate USPS acceptance site(s) with notice of intent to mail and to adhere to the acceptance times and scheduling procedures in place at the appropriate acceptance site(s).
2. Tender To present the mailings at a Business Mail Entry Unit (BMEU) approved by the USPS to receive Qualifying Mail.
3. Software To apply address labels and Customs declaration to Qualifying Mail:
 - a. Using USPS-provided Global Shipping Software (GSS) or a USPS-approved functional equivalent of that software.
 - b. In the event that the Mailer decides to use a functional equivalent to the USPS-provided Global Shipping Software (GSS) not already approved by the USPS, the Mailer must seek the approval of the USPS prior to deploying such software. Such approval shall be in the sole and unreviewable discretion of the USPS, but shall not be unreasonably withheld.
4. Information Link To establish the necessary linkages with the USPS so that:
 - a. The Mailer and the USPS can exchange data transmissions concerning the Mailer's packages;
 - b. The USPS can, at the Mailer's request, extract information by scanning the Mailer-provided barcode on each package.
5. Data Transmission To exchange electronic information with the USPS according to the instructions the USPS provides.

ARTICLE 11. MINIMUM COMMITMENT

1. The Mailer is required to meet an annualized minimum commitment of **XXXXX** thousand dollars (**\$XX0,000**) in postage paid for Qualifying Mail. The postage commitment is for postage after all discounts have been applied.
2. In the event that the Mailer does not meet its minimum commitment as set forth in Paragraph 1 of this Article, the Mailer agrees to pay the USPS up to **██████████** of the shortfall between the actual postage paid to the USPS and the postage commitment in Paragraph 1 of this Article. The actual amount to be determined by the USPS.
3. The USPS will provide the Mailer with an invoice for any postage due for the failure to meet the minimum commitment stated in Paragraph 1. All amounts due are to be paid within thirty (30) days of the date of the invoice. Any invoice that is

not paid within thirty (30) days will incur an annual late payment penalty (finance charge) of [REDACTED] of the total assessed penalty, to be compounded monthly. Any invoicing discrepancies will be resolved subsequent to payment of the invoice. In addition to late payment penalties (finance charges), the USPS reserves the right to pursue other available remedies.

ARTICLE 12. TERM OF THE AGREEMENT

1. The USPS will notify the Mailer of the Effective Date of the Agreement within fifteen (15) business days after receiving the signed Agreement from the Mailer. The Agreement will remain in effect for one calendar year from the Effective Date, unless terminated sooner pursuant to Article 13.

ARTICLE 13. TERMINATION OF THE AGREEMENT

1. Either Party to this Agreement, in its sole discretion, may terminate the Agreement for any reason, without cost, fault, or penalty, regardless of whether either Party is in default, upon a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party.
2. In the event that this Agreement is terminated for any reason before the termination date provided for in Article 12, the minimum commitment in Article 11 shall be enforceable and shall be calculated on a *pro rata* basis to reflect the actual duration of the Agreement.

ARTICLE 14. POSTAGE UPDATES

1. In the event that the USPS incurs an increase in costs in excess of [REDACTED] [REDACTED] associated with providing this service, the USPS shall notify the Mailer and modify the prices established under this Agreement. The increase in prices shall be the same as the increase in costs.
2. The prices in Annex 1 are related to the non-discounted published postage for Express Mail International and Priority Mail International. In the event that the non-discounted published postage for these services should change, the prices in Annex 1 will also change. Such increases to the prices in Annex 1 shall be calculated using the same assumptions and constraints used to determine the prices in the existing Annex 1.
3. The USPS will give the Mailer thirty (30) days notice of changes to the prices in Annex 1.
4. Any revision of prices in Annex 1 shall not be retroactive.
5. No price shall increase beyond the non-discounted published price for the affected service.

ARTICLE 15. 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 addresses within any particular time.

ARTICLE 16. CUSTOMS DUTIES AND TAXES

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

ARTICLE 17. MODIFICATION OF THE AGREEMENT

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 14, 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 shall have no obligation to notify the Mailer of the status of the approval process or of potential fulfillment of the approval process.
6. Any changes to or modification of the local agreement referred to in Article 7, Paragraph 4 are not subject to the provisions of this Article.

ARTICLE 18. ENTIRE AGREEMENT AND SURVIVAL

This Agreement, including all Annexes thereto and any corresponding written local pickup agreement, shall constitute the entire agreement between the Parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding upon either Party except to the extent incorporated in this Agreement. The provisions of Article 7, Paragraph 5; Article 8, Paragraph 4; and Article 20 shall expire ten (10) years from the date of termination or expiration of this Agreement.

ARTICLE 19. 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, 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 20. 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 highlighted portions of this Agreement shall be redacted from it prior to the public filing. 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/63/63467/Order225.pdf. The docket number in which this Agreement will be filed is CP2010-72.

ARTICLE 21. 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 22. 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, 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. Insured mail 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 in connection with actions taken by Customs authorities.

ARTICLE 23. 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 agents(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 24. GOVERNING LAW

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

ARTICLE 25. SUSPENSIONS OF MAIL SERVICE

In the event that a suspension of either Express Mail International or Priority Mail International service from the United States to a country would prevent delivery of Qualifying Mail to addressees in that country, the Mailer shall not tender Express Mail International or Priority Mail International, as appropriate, to the USPS until service is restored. The annualized minimum commitment for Qualifying Mail set forth in Article 8 shall be recalculated *pro rata* to reflect the reduction in available service time.

ARTICLE 26. 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.

ARTICLE 27. 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 28. 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 section(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 29. MAILABILITY AND IMPORTABILITY

All items mailed under this Agreement must conform to the mailability requirements of the USPS as detailed in IMM 130 and conform to the importation restrictions of the destination countries. The Mailer is solely responsible for the importation status of the products mailed under this Agreement as detailed in IMM 112.

ARTICLE 30. NOTICES

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

To the USPS:

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:

Name
Title
Company Name
Street
City, ST 12345-6789

or via e-mail:

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

To the Mailer at: name@XXXXX.com

ARTICLE 31. 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 counterparty-signed documents shall be deemed an original and one instrument.

ADDITIONAL ARTICLES WHICH APPLY UNDER OPTION A ABOVE

ARTICLE 32. PENALTY FOR THE IMPROPER TENDER OF MAIL

The penalty for the improper tender of mail under Option A shall be [REDACTED] per piece.

ARTICLE 33. FRAUD

The Mailer understands that providing false information with the intent to access discounted rates through the use of a PC Postage Provider may subject the Mailer to criminal and/or civil penalties, including fines and imprisonment.

In witness whereof, each Party to this Agreement has caused it to be 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 COMPANY NAME:

Signature: _____
Name: _____
Title: _____
Date: _____

Annex 1 PRICES FOR EXPRESS MAIL INTERNATIONAL AND PRIORITY
MAIL INTERNATIONAL

ANNEX 1 PRICES FOR EXPRESS MAIL INTERNATIONAL

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
0.5	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
1	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
2	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
3	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
4	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
5	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
6	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
7	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
8	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
9	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
10	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
11	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
12	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
13	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
14	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
15	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
16	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
17	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
18	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
19	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
20	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
21	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
22	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
23	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
24	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
25	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
26	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
27	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
28	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
29	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
30	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
31	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
32	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
33	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
34	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
35	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$

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ANNEX 1 PRICES FOR EXPRESS MAIL INTERNATIONAL

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
36	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
37	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
38	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
39	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
40	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
41	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
42	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
43	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
44	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
45	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
46	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
47	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
48	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
49	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
50	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
51	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
52	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
53	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
54	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
55	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
56	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
57	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
58	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
59	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
60	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
61	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
62	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
63	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
64	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
65	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
66	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
67	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
68	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
69	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
70	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$

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USPS / Company Name; XX/2010

Annex 1 Page 2 of 4

ANNEX 1 PRICES FOR PRIORITY MAIL INTERNATIONAL

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
1	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
2	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
3	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
4	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
5	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
6	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
7	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
8	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
9	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
10	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
11	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
12	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
13	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
14	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
15	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
16	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
17	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
18	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
19	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
20	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
21	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
22	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
23	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
24	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
25	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
26	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
27	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
28	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
29	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
30	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
31	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
32	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
33	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
34	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
35	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$

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USPS / Company Name; XX/2010

ANNEX 1 PRICES FOR PRIORITY MAIL INTERNATIONAL

Weight Not Over (LBS)	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7	Group 8	Group 9	Group 10
36	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
37	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
38	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
39	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
40	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
41	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
42	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
43	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
44	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
45	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
46	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
47	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
48	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
49	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
50	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
51	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
52	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
53	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
54	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
55	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
56	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
57	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
58	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
59	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
60	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
61	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
62	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
63	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
64	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
65	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
66	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
67	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
68	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
69	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$
70	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$	\$\$

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