

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

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1
AUSTRALIAN POSTAL CORPORATION - UNITED STATES
POSTAL SERVICE BILATERAL AGREEMENT (MC2010-35)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2014-2

**NOTICE OF UNITED STATES POSTAL SERVICE OF TYPE 2 RATE ADJUSTMENT,
AND NOTICE OF FILING FUNCTIONALLY EQUIVALENT AGREEMENT**

(November 15, 2013)

Pursuant to authorization from its Governors, the United States Postal Service (Postal Service) hereby provides notice of a Type 2 rate adjustment, in accordance with 39 C.F.R. § 3010.40 *et seq.*, that results in improvement over default rates established under the Universal Postal Union (UPU) Acts for inbound letter-post items. This notice concerns the inbound portion of a bilateral agreement with the Australian Postal Corporation (“Australia Post”), which is the successor agreement to one previously found to be functionally equivalent to the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 contracts added to the market dominant product list.¹

Attachment 1 to this Notice is the Postal Service’s application for non-public treatment of these materials. A redacted copy of the agreement is included in the public version of this filing as Attachment 2. The full text of the agreement and supporting

¹ PRC Order No. 549, Order Adding Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators 1 to the Market Dominant Product List and Approving Included Agreements, Docket Nos. MC2010-35, R2010-5, and R2010-6, September 30, 2010; PRC Order No. 996, Order Concerning An Additional Inbound Market Dominant Multi-Service Agreement With Foreign Postal Operators 1 Negotiated Service Agreement, Docket No. R2012-2, November 23, 2011.

financial documentation are being filed separately under seal with the Commission. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

I. Notice of Agreement and Rate Adjustment

A. Satisfaction of the Criteria under Part 3010, Subpart D of the Rules of Practice and Procedure

The Postal Service provides the following answers, descriptions, and affirmations in response to the criteria for contents of a notice of agreement in support of a negotiated service agreement, as provided in 39 C.F.R. § 3010.42. This statement provides support for the implementation of the Agreement and the establishment of the rates offered therein.

- (a) ... [A] notice of agreement that shall include at a minimum:*
- (1) A copy of the negotiated service agreement;*
 - (2) The planned effective date(s) of the proposed rates;*
 - (3) A representation or evidence that public notice of the planned changes has been issued or will be issued at least 45 days before the effective date(s) for the proposed new rates; and*
 - (4) The identity of a responsible Postal Service official who will be available to provide prompt responses to requests for clarification from the Commission.*

A copy of the agreement is being filed under seal in connection with this filing.

The agreement's inbound market dominant rates are planned to become effective on January 1, 2014. Public notice of these rates is being given through this Notice at least 45 days before the effective date. Ms. Lea Emerson, Executive Director, International Postal Affairs, will be available to provide prompt responses to requests for clarification from the Commission.

- (b) A statement identifying all parties to the agreement and a description clearly explaining the operative components of the agreement.*

As with its predecessor agreement, the parties to the agreement are the United States Postal Service and Australia Post, the designated operators of the United States of America and Australia, respectively. This agreement includes negotiated pricing for various inbound letter-post products, including small packets with delivery confirmation and registered mail.²

(c) Details regarding the expected improvements in the net financial position or operations of the Postal Service. The projection of change in net financial position as a result of the agreement shall include for each year of the agreement:

- (1) The estimated mailer-specific costs, volumes, and revenues of the Postal Service absent the implementation of the negotiated service agreement;*
- (2) The estimated mailer-specific costs, volumes, and revenues of the Postal Service which result from implementation of the negotiated service agreement;*
- (3) An analysis of the effects of the negotiated service agreement on the contribution to institutional costs from mailers not party to the agreement; and*
- (4) If mailer-specific costs are not available, the source and derivation of the costs that are used shall be provided, together with a discussion of the currency and reliability of those costs and their suitability as a proxy for the mailer-specific costs.*

The agreement with Australia Post is expected to improve not only the financial performance over the default UPU rates that the Postal Service would receive, but it is expected to improve operational performance and other factors as well. The Postal Service provided the required information about expected financial improvements, costs, volumes, and revenues in the financial workpapers that it filed under seal with this Notice. Operational and other improvements that are expected to flow from this agreement are described below.

² The agreement also includes the framework for a new service envisioned for use by the Parties, but which the Parties are not yet prepared to introduce. This service is described in Annex 8, and the Postal Service provides it in this docket for transparency purposes under its obligations in accordance with 39 U.S.C. § 407(d). When the Parties are prepared to introduce the service, the Postal Service will undertake to prepare any necessary classification and rate filings with the Commission.

(d) An identification of each component of the agreement expected to enhance the performance of mail preparation, processing, transportation or other functions in each year of the agreement, and a discussion of the nature and expected impact of each such enhancement.

For the Australia Post agreement, operational and other improvements include:

- incorporating the framework for a new product planned for introduction within the term of the agreement;
- clarifying and limiting liability for the Postal Service when items are detained at U.S. borders by enforcement officials other than U.S. Customs and Border Protection, and
- providing improved accounting and settlement processes.

(e) Details regarding any and all actions (performed or to be performed) to assure that the agreement will not result in unreasonable harm to the marketplace.

While it should improve financial and operational performance for the Postal Service, this agreement will not result in unreasonable harm to the marketplace. Australia Post maintains a generally dominant position in the market for letter-post originating in its home country. Therefore, Australia Post is the only entity in a position to avail itself of an agreement with the Postal Service of this type and scope. The United States' Private Express Statutes also generally prohibit entities other than the Postal Service from carrying inbound international letters commercially after entry at a U.S. port, at least below certain price and weight thresholds. The Postal Service is unaware of any private entity that would be able to serve the United States market for inbound letter-post from Australia on the terms and scale contemplated in this agreement.

In addition, the Postal Service and Australia Post serve as their respective countries' designated operators for the exchange of mail, including in particular letter-post, under rules set by the UPU. Designated operators ordinarily compensate one another for the delivery of letter-post in accordance with terminal dues rates set by the UPU, unless a bilateral agreement is concluded.³ Because no other entities are in a position to serve as designated operators for the relevant types of mail either originating in Australia or destined for the United States, and because no other entities are subject to terminal dues rates with respect to inbound letter-post to the United States from Australia, the market for the services offered under this agreement is in essence limited to its parties.

Because there is no significant competition in the relevant market when the inbound letter-post flows are considered in totality, the Postal Service submits that the agreement is unlikely to pose competitive harm to the marketplace.⁴

(f) Such other information as the Postal Service believes will assist the Commission to issue a timely determination of whether the requested changes are consistent with applicable statutory policies.

In this docket, the Postal Service is presenting only those parts of the agreement that call for delivery of letter-post in the United States that is tendered by a foreign postal operator, i.e., negotiated rates for inbound market dominant products. The rates paid by the Postal Service to Australia Post for outbound delivery of the Postal Service's products in Australia are not presented to the Commission, because those rates represent supplier costs to the Postal Service, akin to an agreement to purchase trucking services from highway contractors or air transportation from air carriers. As

³ See Universal Postal Convention Article 27 ¶ 9.

⁴ This does not imply, however, that there is an absence of competition in this market. The market is liberalized to some degree, particularly for bulk business letters and heavier weight letter-post.

such, they are built into the prices that the Postal Service charges its mailing customers for outbound products, which are the subject of a different regulatory filing.

Those parts of the agreement that relate to competitive products will be the subject of regulatory review in another PRC docket, accompanied by Annex 8, which is presented here and will be included in the competitive products docket to satisfy the Postal Service's obligations under 39 U.S.C. § 407(d) .

B. Data Collection Plan

Under 39 C.F.R. § 3010.43, the Postal Service must include with its notice of agreement “a detailed plan for providing data or information on actual experience under the agreement sufficient to allow evaluation of whether the negotiated service agreement operates in compliance with 39 U.S.C. [§] 3622(c)(10).”⁵ The Postal Service intends to report information on this agreement through the Annual Compliance Report. The Postal Service will continue to cooperate with the Commission to provide any necessary information about mail flows from Australia within the course of the annual compliance review process. Therefore, the Postal Service proposes that no special data collection plan be created for this agreement. Furthermore, with respect to performance measurement, the Postal Service notes that this agreement is excepted from separate reporting under 39 C.F.R. § 3055.3(a)(3) by virtue of the Commission Order No. 966. That Order provided a standing exception for all agreements filed in the International Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 product grouping.

⁵ 39 C.F.R. § 3010.43.

C. Statutory Criteria

Under 39 U.S.C. § 3622(c)(10), the criteria for the Commission's review are whether the agreement (1) improves the net financial position of the Postal Service or enhances the performance of operational functions, (2) will not cause unreasonable harm to the marketplace, and (3) will be available on public and reasonable terms to similarly situated mailers. The first two criteria have been addressed in Part IA above. With respect to the third criterion, there are no entities that are similarly situated to Australia Post in their ability to tender the broad-based letter-post flows from Australia under similar operational conditions, nor any other entities that serve as a designated operator for letter-post originating in Australia. Therefore, the Postal Service finds it difficult to conceive of a "similarly situated mailer" to which it could make a similar agreement available for each country-specific flow; accordingly, the Postal Service views this criterion as inapplicable in this instance.⁶ Because all of the criteria set forth in 39 U.S.C. § 3622(c)(10) have been met, the Postal Service respectfully urges the Commission to act promptly by allowing the agreement's rates to be implemented under 39 C.F.R. § 3010.40, as requested.

II. Functional Equivalence

The Commission, in Order 1864,⁷ called upon the Postal Service to put forth, in its "next" filing of an agreement in this product group, a proposal for identification of the appropriate baseline for comparison of agreements for the purpose of determining

⁶ See PRC Order No. 163, Order Concerning Bilateral Agreement with Canada Post for Inbound Market Dominant Services, Docket Nos. MC2009-7 and R2009-1, December 31, 2008, at 9-10 ("Given its narrow characterization of the underlying Agreement, the Postal Service's position [as to 'similarly situated mailers'] is correct. For purposes of this proceeding, the Commission concludes that it would be largely an academic exercise to consider whether a broader characterization should be employed.").

⁷ PRC Order No. 1864, Order Approving and Additional Inbound Market Dominant Multi-Service Agreement With Foreign Postal Operators 1 Negotiated Service Agreement (With Korea Post), Docket No. R2013-9, October 30, 2013 at 8 and 10.

whether a new agreement is functionally equivalent to others in an existing product grouping such that it can be included in that group. The Postal Service filed a Motion for Partial Reconsideration of Order 1864 and incorporates by reference the substance of that motion here.⁸

The Postal Service posits that the 2014 Australia Post agreement is functionally equivalent to the agreements previously filed and included in the product grouping for Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1, because it is in all material respects the same as the predecessor agreement between these same two parties insofar as it relates to inbound market dominant services. That agreement was found by the Commission to be appropriately classified in this product grouping, because it met all of the applicable statutory and regulatory requirements.

As with its predecessor agreement, relevant terms of the 2014-2015 Australia Post agreement fit within the Mail Classification Schedule language for the Inbound Market Dominant Multi-Service Agreements With Foreign Postal Operators 1 product grouping. Therefore, the 2014-2015 Australia Post agreement and the existing agreements conform to a common description. The agreements share a common market: Foreign postal operators designated by their countries to fulfill the obligations of the UPU Acts. In fact, in comparison with its predecessor, which remains in the product grouping, the markets are identical.

The agreements also have identical cost characteristics. The agreements are, with minor changes, nearly identical. Annex 7 of the 2014-2015 version of the agreement incorporates an amendment made to the 2012-2013 version of the

⁸ Motion For Partial Reconsideration Of Order No. 1864, Docket No. R2013-9, November 6, 2013.

agreement during its term. Annex 8 is as yet inoperative, but has been included in the 2014-2015 version of the agreement to facilitate implementation when the parties are prepared to introduce the service without need for formal amendment of the agreement. The financial models used to project costs and revenues for the duration of the agreements are the same. Only the inputs vary from the last agreement to the one presented to the Commission in this docket.

Therefore, the Postal Service submits that the 2014-2015 Australia Post agreement is functionally equivalent to its predecessor, which is a logical baseline agreement to use for the purposes of this comparison.

There are, however, differences between the 2014-2015 Australia Post agreement and the existing. None of these differences have an effect on the similarity of market characteristics of the agreements or the similarity of their cost characteristics.

- Article 1 includes two new purposes for the agreement that encompass the amendment to the predecessor agreement to establish an International Merchandise Return Service and a new product to be introduced within the term of the agreement.
- The need for a “Conditions Deadline” in the predecessor no longer exists, so references in Article 2 and Article 4 have been deleted.
- Article 7’s limitation of liability for items held in customs has been expanded to include seizure by other U.S. law enforcement agencies with import and export enforcement authority.

- Article 10 now includes language to reinforce the commercial nature of the agreement, despite some references to the UPU Convention within the agreement.
- Dates have been updated in Article 13.
- Language in paragraph 2 of Article 21 has been changed for the purpose of clarity.
- The time period within which the Parties have agreed to discuss renewal or amendment of the agreement in anticipation of its expiration has been lengthened in Article 22.
- The representative executing the agreement on behalf of Australia Post has been updated.

None of these differences affect the cost or market characteristics of the agreements; therefore, the Postal Service does not consider that the differences detract from the conclusion that the 2014-2015 Australia Post agreement is functionally equivalent to the 2012-2013 Australia Post agreement in the Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1 product grouping.

III. Application for Non-Public Treatment

The Postal Service maintains that certain portions of the agreement and related financial information should remain confidential. In accordance with 39 C.F.R. § 3007.21, the Postal Service files as Attachment 1 to this Request its application for non-public treatment of materials filed under seal. A full discussion of the required elements of the application appears in Attachment 1.

IV. Conclusion

For the reasons discussed, the Postal Service believes that the agreement with 2014-2015 Australia Post should be added to the product listing for Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators 1.

Respectfully submitted,

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ATTACHMENT 1

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

In accordance with 39 C.F.R. § 3007.21, 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 the bilateral agreement between the Australian Postal Corporation and the United States Postal Service filed in this proceeding. The agreement and supporting documents establishing compliance are being filed separately under seal with the Commission. A redacted copy of the agreement is filed with the Notice as Attachment 2. In addition, a redacted version of the supporting financial documentation is included with this public filing as a separate Excel file.

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);

The materials designated as non-public consist of information of a commercial nature that would not be publicly disclosed under good business practice. In the Postal Service's view, this information would be exempt from mandatory disclosure pursuant to 39 U.S.C. § 410(c)(2) and 5 U.S.C. § 552(b)(3) and (4).¹ Because the portions of the materials that the Postal Service is

¹ In appropriate circumstances, the Commission may determine the appropriate level of confidentiality to be afforded to such information after weighing the nature and extent of the likely commercial injury to the Postal Service against the public interest in maintaining the financial transparency of a government establishment competing in commercial markets. 39 U.S.C. § 504(g)(3)(A). The Commission has indicated that "likely commercial injury" should be construed

applying to file only under seal 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;

In the case of this Agreement, the Postal Service believes that the only third party with a proprietary interest in the materials is the foreign postal operator with which the contract is made. Through text in the agreement, the Postal Service has already informed the postal operator, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and the operator's ability to address its confidentiality concerns directly with the Commission. Due to the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operator, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices. The Postal Service identifies as an appropriate contact person Ms. Lea Emerson, Executive Director, International Postal Affairs. Ms. Emerson's phone number is (202) 268-2574, and her email address is lea.emerson@usps.gov.²

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.

² The Postal Service acknowledges that 39 C.F.R. § 3007.21(c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver to designate a Postal Service employee as the contact person under these circumstances, for the reasons provided in the text above.

(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 Request filed in this docket, the Postal Service included an agreement and financial work papers associated with that agreement. These materials were filed under seal, with redacted copies filed publicly, after notice to the affected postal operator. The Postal Service maintains that the redacted portions of the agreement and related financial information should remain confidential.

With regard to the agreement filed in this docket, the redactions withhold the actual prices being offered between the parties under the agreement, as well as the targeted delivery scanning rate for one product. Annex 8 is redacted in its entirety, because this Annex describes a new service that is not yet being offered by either party to the agreement and which has not yet been presented to the Commission for review. Until such time as one or both of the parties is prepared to introduce the service, even its existence is commercially sensitive to both parties. The redactions applied to the financial work papers protect commercially sensitive information such as underlying costs and assumptions, negotiated pricing, and cost coverage projections. To the extent practicable, the Postal Service has limited its redactions in the work papers to the actual information it has determined to be exempt from disclosure under 5 U.S.C. § 552(b).

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

If the portions of the agreement that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be

disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm. Information about negotiated pricing is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Foreign postal operators could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. Competitors could also use the information to assess the offers made by the Postal Service to foreign postal operators or other customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. This latter concern applies to the extent that the prices in the filed agreement cover certain competitive services, which are included in the agreement filed under seal; market dominant services for which competition exists (*e.g.*, with respect to Letter Post, heavier Letter Post small packets, and outbound international items, which are included in the agreement filed under seal); and monopoly letters, to the extent that competing providers are not fully cognizant of or compliant with the Private Express Statutes.

With regard to Annex 8, the information there describes a service, the terms of which are negotiated, but the launch of which is anticipated for a date not yet determined. Until such time as the parties are prepared to offer the service and all regulatory and statutory obligations have been met, advance notice about the service could provide competitors information upon which they would act to pre-empt the parties' efforts in the same commercial space. Additionally, should the parties choose never to implement the service, there

could be harm to the public insofar as customers may look forward to its introduction and be disappointed, harming the good relationships that both parties have with the public. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial work papers include specific information such as costs, assumptions used in pricing decisions, the negotiated prices themselves, projections of variables, and contingency rates included to account for market fluctuations and exchange risks. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing, in light of statutory, regulatory, or policy constraints. Thus, competitors would be able to take advantage of the information to offer lower pricing to postal customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant inbound delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

Potential customers could also deduce from the rates provided in the agreement or from the information in the workpapers whether additional margin for net contribution exists under agreement's prices. The settlement charges between the Postal Service and the foreign postal operator constitute costs underlying the postal services offered to each postal operator's customers, and

disclosure of this cost basis would upset the balance of Postal Service negotiations with contract customers by allowing them to negotiate, rightly or wrongly, on the basis of the Postal Service's perceived supplier costs. From this information, each foreign postal operator or customer could also attempt to negotiate ever-decreasing prices, such that the Postal Service's ability to negotiate competitive yet financially sound rates would be compromised. Even the foreign postal operator involved in the agreement at issue in this docket could use the information in the work papers in an attempt to renegotiate the rates in its instrument by threatening to terminate its current agreement.

Price information in the agreement and financial spreadsheets also consists of sensitive commercial information of the foreign postal operator. Disclosure of such information could be used by competitors of the foreign postal operator to assess the foreign postal operator's underlying costs, and thereby develop a benchmark for the development of a competitive alternative. The foreign postal operator would also be exposed to the same risks as the Postal Service in customer negotiations based on the revelation of their supplier costs.

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

Harm: Public disclosure of the prices in the Agreement, as well as any negotiated terms, would provide foreign postal operators or other potential customers extraordinary negotiating power to extract lower rates from the Postal Service.

Hypothetical: The negotiated prices are disclosed publicly on the Postal Regulatory Commission's website. Another postal operator sees the price and determines that there may be some additional profit margin below the rates

provided to either operator. The other postal operator, which was offered rates comparable to those published in the agreement, then uses the publicly available rate information to insist that it must receive lower rates than those the Postal Service has offered.

Harm: Public disclosure of information in the financial work papers would be used by competitors and customers to the detriment of the Postal Service.

Hypothetical: A competing delivery service obtains unredacted versions of the financial workpapers from the Postal Regulatory Commission's website. It analyzes the workpapers to determine what the Postal Service would have to charge its customers in order to comply with business or legal considerations regarding cost coverage and contribution to institutional costs. It then sets its own rates for products similar to what the Postal Service offers its customers below that threshold and markets its purported ability to beat the Postal Service on price for international delivery services. By sustaining this below-market strategy for a relatively short period of time, the competitor, or all of the Postal Service's competitors acting in a likewise fashion, would freeze the Postal Service out of one or more relevant international delivery markets. Even if the competing providers do not manage wholly to freeze out the Postal Service, they will significantly cut into the revenue streams upon which the Postal Service relies to finance provision of universal service.

Harm: Public disclosure of information in Annex 8 causes customers to anticipate introduction of the service and have a negative view toward the Postal Service if the service is not offered.

The Commission publishes an unredacted version of Annex 8 on its website, where customers interested in benefitting from it become excited. Initially, these customers have a positive feeling toward the Postal Service. For operational or other reasons, the service is not ultimately implemented. Because of the customers' raised expectations and anticipation, when this occurs, the customers become disappointed and have a negative view of the Postal Service for having "failed" to implement the service. This negatively impacts the Postal Service's good customer relationships and its brand, and it undermines the public view of the Postal Service as a business organization.

Harm: Public disclosure of information in the financial workpapers would be used detrimentally by the foreign postal operator's competitors.

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers from the Postal Regulatory Commission's website. The competitor analyzes the workpapers to assess the foreign postal operator's underlying costs for the corresponding products. The competitor uses that information as a baseline to negotiate with U.S. companies to develop lower-cost alternatives.

(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 delivery products (including both private sector integrators and foreign postal operators), 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 (including other postal operators) should not be provided access to the non-public materials. This includes the counter-party to the agreement with respect to all materials filed under seal except for the text of the postal operator's agreement, to which that counter-party already has access.

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

The Commission's regulations provide that non-public materials shall lose non-public status ten years after the date of filing with the Commission, unless the Commission or its authorized representative enters an order extending the duration of that status. 39 C.F.R. § 3007.30. With respect to Annex 8, if the Postal Service files the terms in a classification or rate-setting docket in the future, the Postal Service supposes that the protection provided by this application would no longer apply, being superseded by the application that would be filed in that docket.

(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.

AUSTRALIAN POSTAL CORPORATION – UNITED STATES POSTAL SERVICE BILATERAL AGREEMENT

This Agreement (“Agreement”) is between the United States Postal Service (“USPS”), an independent establishment of the Executive Branch of the Government of the United States with offices at 475 L’Enfant Plaza SW, Washington, DC 20260, and Australian Postal Corporation (“Australia Post” or “AUP”), an Australian statutory corporation established by an act of the parliament of the Commonwealth of Australia, and owned by the Government of Australia, with offices at 111 Bourke St, Melbourne, Victoria 3000. The USPS and Australia Post 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 Parties will provide each other certain products and/or services pursuant to the terms and conditions contained herein;

WHEREAS, the Parties acknowledge and understand that the commencement of performance under this Agreement is subject to the approval of and/or non-objection by certain bodies with oversight responsibilities for each Party. Accordingly, each Party acknowledges and understands that the ability of the other Party to perform under this Agreement may not occur, and in this respect the provisions of Article 2 and 3 shall apply;

WHEREAS, in light of the aforementioned acknowledgements, the Parties desire to be bound by the terms of this Agreement as well as the terms of Article 3 of this Agreement entitled “Conditions Precedent”;

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

Article 1: Purpose of the Agreement

The purposes of this Agreement are the following:

1. to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties’ respective customers;
2. to set out the rates that will apply to the exchange of certain international products and services between the Parties, as set forth in Annex 1.
3. to set out the principles and general terms and conditions that shall apply to the exchange of certain international products and services between the Parties, as further detailed in and set forth in Annexes 2, 3, 4, and 5 ; and
4. to establish a working project team and explore joint business development activities such as ecommerce knowledge sharing, product development, and joint sales/marketing as further detailed in Annex 6.
5. to set out principles for International Merchandise Return Service (IMRS) as further detailed in Annex 7.
6. to set out principles for Direct Entry Agreement as further detailed in Annex 8.

Article 2: Oversight and Effective Date

The terms and pricing set forth under this Agreement require the approval from certain bodies that have oversight responsibilities for the Parties. Upon execution of this Agreement, each Party must obtain the relevant approvals as set out in Article 3 below. Each Party shall immediately notify the other Party upon receipt of each approval it requires.

Subject to receipt of all approvals set out in Article 3, this Agreement shall come into effect on 1 January 2014 ("the Effective Date") unless an alternative date is proposed and agreed to by both Parties, in which case that alternative date shall be the Effective Date.

Article 3: Conditions Precedent

The Parties acknowledge and understand that all obligations of the Parties under this Agreement shall be contingent on the Parties receiving the approvals from, and/or non-objection by (hereinafter "Conditions Precedent") the following bodies with oversight responsibilities:

Party	Approval Required
USPS	- USPS management's executive committee, - USPS Governors, - USPS Board of Governors and - U.S. Postal Regulatory Commission.
Australia Post	- Nil

The Parties acknowledge that the Agreement might not be approved by such bodies. No obligation shall exist for the USPS or Australia Post and no benefit or rights granted through this Agreement shall inure to either Party unless and until the Effective Date occurs and upon such occurrence the Conditions Precedent shall have been deemed to have been fulfilled.

Article 4: Limitation on Liability and Costs

In the event that the Conditions Precedent are not fulfilled, the USPS and Australia Post shall have no liability, which shall include no obligation to pay costs associated with any action taken by Australia Post or USPS. Further, in the event of the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

Article 5: Price Changes; No Effect on Service Terms

For each of the services with specific terms and conditions set forth in an attachment to this Agreement, any adjustments to the rates for the services shall be subject to the terms and conditions set forth in the annexes.

Article 6: Monetary Transactions

1. Each Party will bear the costs and retain the revenues for any work performed by it and by agents or contractors on its behalf, unless the Parties agree to other arrangements to allocate costs or revenues and those arrangements are incorporated in an annex or a subsequent amendment to this Agreement. Any such subsequent amendment shall be governed by Article 18 below.
2. All taxes and duties are the sole responsibility of the Party to whom they are duly assessed and shall not be charged to any other Party in any form unless the Parties otherwise provide in an

annex or subsequent amendment to this Agreement. Any such amendment shall be governed by Article 18 below.

Article 7: Customs Inspection

1. USPS bears no responsibility for the disposition of items in the custody of U.S. Customs & Border Protection or any other U.S. government agency with authority over imports and exports. Further, Australia Post understands that all contents of any item, including items that are treated as sealed mail under USPS regulations, are subject to inbound search and inspection by U.S. Customs & Border Protection, regardless of when the USPS elects to conduct verification and acceptance of any inbound items.
2. Australia Post bears no responsibility for the disposition of items in the custody of the Australian Customs and Border Protection Service and/or Australian Quarantine Inspection Service. Further, USPS understands that all contents of any item are subject to inbound search and inspection by Australian Customs and Border Protection Service and/or Australian Quarantine Inspection Service, regardless of when Australia Post elects to conduct verification and acceptance of any inbound items.

Article 8: Termination

1. Either Party may terminate this Agreement without cause upon 30 days advance written notice to be served on the other Party, with such termination effective as of the end of the calendar month in which the 30-day notice period expires. The right to terminate the Agreement for good cause remains unaffected.
2. In the event of termination of the Agreement under this Article, the Parties shall be liable to make final settlement of all amounts owing as of the effective date of the termination. Each Party shall bear its own costs in the event of termination. All further rights and remedies shall remain unaffected.
3. In the event of termination, and as of the effective date of termination, the Parties shall revert to the default rates applicable under the Universal Postal Union Convention effective at the time of such termination, and neither Party shall be liable to the other for any damages including, without limitation, actual, special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason incurred as a result of the change of rates after termination.

Article 9: Dispute Resolution

1. The Parties intend to resolve all disputes under this Agreement informally through correspondence, oral communications, and informal meetings.
2. If the method described in the above paragraph proves insufficient to resolve a dispute, the Parties agree that the signatories to this agreement, or their replacement, shall be given a written description of the dispute by each Party and a suggested outcome. They will review the information provided and shall attempt in good faith to come to an agreement on the issue through correspondence, oral communications, or informal meetings.
3. If the methods described in the above paragraph prove insufficient to resolve a dispute, the Parties agree to refer that dispute to mediation, which shall consist of an informal, nonbinding conference or conferences between the Parties and the mediator, which shall perform mediation responsibilities in the English language. The mediator will be selected as mutually agreed by the Parties.

4. With the exception of disputes concerning cost or revenue liability, mediation will provide the sole means for addressing disputes related to this Agreement. If mediation does not resolve such a dispute, the Parties may exercise their right to terminate.
5. For disputes related to cost or revenue liability, and after attempting resolution through the actions outlined in paragraphs 1 and 2 of this Article, Australia Post and the USPS will first refer the matter to mediation as discussed in paragraph 3 above. If mediation does not resolve such a dispute, or the Parties are unable to agree upon a mediator, a dispute relating to cost or revenue liability shall be referred to arbitration for final settlement under the Rules of the International Chamber of Commerce ('the **Rules**') by three arbitrators who have substantial experience in business disputes and appointed in accordance with the Rules. Unless the Parties agree otherwise, the place of arbitration shall be determined by the arbitrators. The arbitration proceedings shall be conducted in the English language.
6. Notwithstanding the provisions of this Article 9, and without prejudice to Article 11, paragraph 1, in the event of conflict or inconsistency between the provisions of this Article 9 and Article 11, paragraph 1, the provisions of Article 11, paragraph 1 shall prevail.

Article 10: Construction

Except as otherwise provided in this Agreement, this Agreement shall be governed by and construed in accordance with U.S. Federal law. Where provisions of the UPU Convention are referenced as applicable to the terms of this Agreement, the Parties intend only that the terms of the UPU Convention shall be used to determine the conduct to which the Parties reasonably could expect the other to adhere.

Article 11: Indemnification and Liability

1. The Parties acknowledge that aspects of liability or indemnification (including, but not limited to registered mail and air parcels) in favor of third Parties not expressly governed by this Agreement or its regulations are subject to the appropriate provisions of the Acts of the Universal Postal Union and any reservations the Parties have taken to those instruments.
2. In the event that an entity not Party to this Agreement asserts claims against Australia Post or USPS that are attributable to the actions of the other Party to this Agreement and are not subject to the provisions of the Acts of the Universal Postal Union, the latter Party shall indemnify the defending Party for, and hold the defending Party harmless from, any losses, damages or liabilities suffered by the defending Party as a result. In that instance, the indemnifying Party shall also reimburse the defending Party for all reasonable expenses incurred in connection with investigating, preparing for, or defending any such claim, whether in an administrative, regulatory or judicial proceeding, and whether or not the indemnified Party is named in the proceeding.
3. Neither Party to this Agreement shall be liable to the other Party nor will they indemnify the other Party for any loss or damage including special, indirect, incidental, punitive, consequential or any other damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) for any reason, except for the following:
 - a. liability and indemnification as described in Article 11, paragraph 1,
 - b. final settlement under Article 8, or
 - c. any actual damage or loss suffered by a Party as a result of a breach of this Agreement by the other Party.
4. Nothing in this Agreement shall be construed as an acknowledgment or concession regarding the validity of any claim or the entitlement of any Party to any amount of damages.

Article 12: Language

The official version of this Agreement, including all supporting documentation and correspondence, shall be in English. The English language shall be the controlling language for the purpose of interpreting this Agreement, and all correspondence between the Parties pertaining to this Agreement shall be in the English language. In the event of inconsistency between any terms of this Agreement, including its supporting documentation and correspondence, and any translation into another language, the English language meaning shall control.

Article 13: Confidentiality Requirements

1. The Parties may share confidential information about their businesses. Subject to the provisions of subparagraph 13.6 below, confidential information includes the terms of this Agreement and all information concerning either Party's markets, customers, organization, administration, operation, business, finance, methods and systems (including any secret process or trade secret).
2. The Parties will take the same measures (being not less than reasonable measures) to protect the other Party's confidential information in their possession, as they take to protect the confidentiality of their own information.
3. The Parties agree that all confidential information will be used by the recipient Party only for the purposes intended and will not be disclosed to any third Party unless;
 - (a) the disclosing Party has obtained the prior written consent of the other Party;
 - (b) the information is known to either Party prior to disclosure by the other Party;
 - (c) the information is public knowledge (except because of a breach of this clause or obligations of confidentiality under this Agreement); or
 - (d) is required to be disclosed by law, court order or administrative order to disclose;
 - (e) the confidential information is requested by any governmental body in the proper exercise of its oversight or investigatory jurisdiction;
4. The obligations of this clause will survive termination of this Agreement and will end on the second anniversary of the expiration or termination of this Agreement.
5. At the expiry and or termination of this Agreement both Parties must cease using any confidential information of the other Party and must immediately return to the other Party or destroy and certify they have destroyed all confidential information held on behalf of the other Party.
6. Australia Post acknowledges that United States law may require that this Agreement be filed with the U.S. Postal Regulatory Commission (Commission) and the U.S. Department of State. Australia Post authorizes the USPS to determine the scope of information that must be made publicly available under the Commission's rules. Australia Post further understands that any unredacted portion of this document may be posted on the Commission's public website, www.prc.gov. In addition, the USPS may file information in connection with this agreement (including revenue, cost, or volume data) in other Commission dockets, including PRC docket numbers ACR2014, ACR2015, and ACR 2016.

Australia Post has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. USPS will assist Australia Post with the making of any application to the Commission for non-public treatment of materials believed to be

protected from disclosure, as outlined at Title 39, Code of Federal Regulations, Section 3007.22, on the Commission's website: www.prc.gov/Docs/63/63467/Order225.pdf. U.S. Postal Service will immediately notify Australia Post of the docket number of the Commission proceeding, if any, used in connection with this Agreement.

Article 14: Severability

If any of the provisions of this Agreement shall be held void or unenforceable, the other provisions shall survive and remain in full force and effect, subject only to either Party's unilateral right to terminate the Agreement.

Article 15: Notices

Any notice or other document to be given under this Agreement will be in writing and addressed as set out below. Notices may be delivered by hand, email, or Express Mail.

To the USPS:

Executive Director, International Postal Affairs
United States Postal Service
475 L'Enfant Plaza SW, Room 1p906
Washington, DC 20260
lea.emerson@usps.gov

To Australia Post:

Primary contact for product and pricing matters:

Lucy Watson-Jones
Manager of International Product and Business Development
Australia Post
111 Bourke Street,
Melbourne Victoria 3000 Australia
Lucy.Watson-Jones@auspost.com.au

Primary Contact for Australia- United States relationship and commercial opportunity matters:

Michael Cope
Global Development Manager
Australia Post
111 Bourke Street,
Melbourne Victoria 3000 Australia
michael.cope@auspost.com.au

Article 16: 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 catastrophic weather events, earthquakes, 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.

All Force Majeure events will be treated consistently with the application of the pertinent UPU rules, as if they were controlling, unless otherwise stated in an annex or subsequent amendment made subject to Article 18 below.

Article 17: Legal Status of this Agreement

This Agreement constitutes a legally binding agreement on the part of each signatory hereto and does not bind the Parties' respective governments. The Parties acknowledge that this Agreement sets out the terms and conditions of a negotiated contractual arrangement between the Parties and is not an agreement entered into or subject to public international law. This Agreement does not involve the creation of a wholly-owned subsidiary of any Party or a joint venture company or partnership funded in any ratio by the Parties. The Parties do not intend that any agency or partnership relationship be created between them by this Agreement.

Article 18: Amendment

This Agreement may be amended or extended only by mutual written agreement signed by authorized representatives of Australia Post and USPS. Neither a Party's acquiescence in any performance at variance to this Agreement nor a Party's failure to exercise any right or enforce any obligation shall be deemed an amendment to this instrument. The amendment may be contingent upon any and all necessary approvals listed in Article 3. If such approvals are required, the amendment will not become effective until such time as all necessary approvals are obtained.

Article 19: Assignment

This Agreement may not be assigned in whole or in part by any Party without the prior written consent of the other Party. Each Party may, however, delegate certain of its responsibilities under this Agreement to a subsidiary or other affiliate entity within its organizational structure without the need for consent by the other Parties so long as such subsidiary or entity would be bound by this Agreement.

Article 20: Applicability of Other Laws

The Parties acknowledge that this Agreement does not involve the USPS's acquisition of property or services and is not subject to the Contract Disputes Act (41 U.S.C. §§ 601 et seq.).

Article 21: Entire Agreement

1. This Agreement and its annexes shall constitute the entire agreement between the Parties concerning the exchange of international mail described herein. Except as otherwise indicated in this Agreement, any prior agreement, understanding, or representation of any kind pertaining to the subject matter of this Agreement and preceding the date of this Agreement shall not be binding upon either Party.
2. The Parties acknowledge that the provisions of the Universal Postal Convention and applicable regulations and any agreement of the Kahala Group continue to apply to their relations outside of this Agreement,

Article 22: Term & Renewal

This Agreement will remain in effect for two years from the Effective Date ('the Term'), unless terminated sooner pursuant to Article 8 or extended by amendment.

Six (6) months prior to the expiration of the Term, both Parties shall meet to discuss whether to extend the Term by amendment and/or renegotiate the Agreement.

Article 23: Intellectual Property, Co-Branding, and Licensing

The Parties acknowledge that in the service of improving existing international products or developing new international products under this Agreement that such products may be enhanced through the use of

co-branding or the use of each Party's trademarks, logos or intellectual property. In such instances, the Parties acknowledge and agree that any use shall be subject to separate written agreements. The Parties acknowledge and agree that neither Party shall use the other Party's trademarks, logos or intellectual property until such time that a license for each specific such use has been executed by the Parties and all laws and regulations required for such license's effectiveness have been perfected, which shall include but not be limited to any recordation requirements.

Article 24: Survival

The provisions of Articles 8, 9, 10, 11, 13, 15 and 17, as well as any other terms insofar as they apply to the Parties' continuing obligations to one another under the articles listed above shall survive the conclusion or termination of this Agreement.

IN WITNESS WHEREOF, the Parties agree to be bound as of the latest date of signature to the terms and conditions of this Agreement.

Australian Postal Corporation

United States Postal Service

Richard Umbers
Executive General Manager
Parcels and Express Services

Giselle Valera
Managing Director, Global Business,
and Vice President

Date

Date

Annex 1 - Rates

The rates below shall be in effect for the term of this Agreement, as set forth in Article 22. Changes in rates during the term of this Agreement will be negotiated and agreed to in accordance with Article 18.

Settlement rates listed in the tables included below are stated in Special Drawing Rights (SDRs) unless noted otherwise. Any changes to current specifications (i.e. sortation and preparation) must be agreed to in writing by both Parties as provided in Article 18 of this Agreement.

US to AU							
				CY 2014		CY 2015	
Mail Category	Dispatch Subclass	Format	Description	SDR/Item	SDR/Kg	SDR/Item	SDR/Kg
A	UL	P	Letters				
A	UA	G	Flats				
A	UN	E	Packets				
A	UM	P/G	Mbags				
A	UZ	P/G/E	LCAO - IPA letters, Flats and packets				
A	UR	E	Registered				
B	UL	P	ISAL				
B	UA	G					
B	UN	E					
B	UM	P/G	Mbags				
A	ED/EM/EN		EMS				
A/C	CN		Parcels				
A	UX	E	Expres/ePacket - using IPC report for counts				
AU to US							
Mail Category	Dispatch Subclass	Format	Description	SDR/Item	SDR/Kg	SDR/Item	SDR/Kg
A	UL	P	Letters				
A	UN	G	Flats				
A	UA	E	Packets				
A	UR	E	Registered				
A	UM	P/G	Mbags				
C	UN	P/G/E	LCAO				
C	UM	P/G	Mbags				
A	ED/EM/EN		EMS				
A/C	CN		Parcels				
A	UX	E	Expres/ePacket				

*Rates incorporate provisional quality link performance. These rates may potentially be adjusted depending on performance results in accordance with current UPU rules.

* Air Parcels (CN) rates in both directions for CY 2015 will be as per Annex 1, except in the instance that the published ILR rates for either party is lower than the rates in Annex 1 for CY 2015. In this instance the UPU published ILR rates for that party will apply to Air Parcels (CN).

Settlement of accounts

The settlement of each Party's (LCAO) Terminal Dues accounts shall be in accordance with the process prescribed by the UPU Convention and the Letter Post Regulations for settlement of terminal dues (as that term is defined in the UPU Convention and the Letter Post Regulations).

- (a) Invoicing in relation to each Party's Inward Land Rates, EMS, Tracked Packets, Commercial ePackets and eDelcon accounts shall be provided on a quarterly basis. The invoices will detail the number of items and kilograms being invoiced for the relevant calendar quarter. Invoices will be separately prepared for each category. An invoice must be settled no later than 90 days from the date of the invoice, 30 days to render the account, 30 days to review/return account accepted or accepted as amended and 30 days to settle the account.

Detailed accounting settlement arrangements for Terminal Dues (LCAO)

- (a) An annual provisional account shall be raised for Terminal Dues (LCAO) items by the end of June of the year it relates to. The provisional account should be calculated on the basis on the last four accepted CN56 statements and the exchange rate used to calculate the provisional account will be calculated as at the 30th of June of that year.
- (b) Provisional payments in respect of a year shall be made no later than the end of July of that year.
- (c) The final Terminal Dues account shall be sent no later than the end of the following calendar year. The party reviewing the documents must then check and return an accepted copy within 30 days of receipt. Once the dispatching administration has received the confirmed documents, a payment to settle the balance must be made within 30 days.
- (d) At the end of each calendar quarter (31 March, 30 June, 30 September, 31 December), both administrations shall send their inbound documents for the other party to verify. The documents must be sent within 30 days of the end of the quarter.
- (e) The party reviewing the documents must then check and return an accepted copy within 30 days of receipt.

Detailed accounting settlement arrangements for Inward Land Rate, EMS, Tracked Packets, Commercial ePackets and eDelcon items

- (a) At the end of each calendar quarter (31 March, 30 June, 30 September, 31 December), each Party shall send its inbound documents to the other Party to verify. The documents must be sent within 30 days of the end of a calendar quarter.
- (b) The Party reviewing the documents must then check and return an accepted copy within 30 days of receipt of the documents.
- (c) Once a Party has received the confirmed documents, the balance must be made within 30 days (ie by no later than 30 June for Q1, 30 September for Q2, 31 December for Q3 and 31 March for Q4, the "payment period" for that quarter) using gross flow method of payment.

Supplementary and other accounts

- (a) Supplementary accounts relating to Inward Land Rate, EMS, Tracked Packets, Commercial ePackets and eDelcon items for each calendar quarter must be raised within 30 days after the end of the payment period for that quarter (ie 30 July for Q1, 30 October for Q2, and 30 January for Q3 and 30 April for Q4) and settled within 60 days of the raising of the supplementary accounts for that quarter.
- (b) Supplementary accounts include (a) any items not claimed in the original account and (b) any amendments made to the original account that the creditor Party disputes.

(c) UPU guidelines and time frames will apply for rendering, acceptance and settlement of the following accounts:

- IBRS
- Missent
- Transit Airmail
- A'decouvert
- Compensation
- Empty Bags
- Surface Transit

Specifications of Mail Product Categories and Formats

The rates for the stream categories above shall be based upon the following format and product definitions:

Letters

As specified in UPU Letter Post Regulation (RL 130):

- Minimum dimensions: 90 x 140 mm.
- Maximum dimensions: 165 x 245 mm.
- Maximum weight: 100 g.
- Maximum thickness: 5 mm.

Flats/Large Letters (

As specified in UPU Letter Post Regulation (RL 130):

- Minimum dimensions: 90 x 140 mm.
- Maximum dimensions: 305 x 381 mm.
- Maximum weight: 500 g.
- Maximum thickness: 20 mm.

Packets

Any piece exceeding any of the maximum size limits for a Flat, but within the maximum size limits as set forth in the Universal Postal Union Letter Post Regulations Article RL 121 and which has a weight of less than or equal to 2 kilograms.

M-Bags

Printed matter in a direct sack to a single foreign address, subject to the Reservations of the United States of America in Universal Postal Union Protocol Article RL II and V, which has a weight less than or equal to 16 kilograms (66 pounds).

Registered Mail

Any piece that meets the size and weight dimensions of Letters, Flats, or Packets and bears a registered label on the front of the mail piece.

Parcels

The maximum weight limit for USPS Priority Mail International or Australia Post parcels is up to 30kg (66 lbs)

The maximum size for parcels is 1.05m (42 inches) for any one dimension or 2m (79 inches) for the sum of the length and the greatest circumference measured in a direction other than that of length.

Express Mail Service (EMS)

"EMS items" means mail items as defined by Article 14 of the Universal Postal Union Convention (Geneva 2008). An EMS item may contain documents or merchandise or both.

The Parties to this Agreement also confirm their adherence to all terms and conditions (other than rates which are dealt with under Annex 1 of this Agreement) relating to the exchange of EMS items set forth in their previous agreements as well as to the service guarantees, targets and levels of achievement adopted by the members of the Kahala Post Group, which are expressly incorporated into this Agreement by reference.

Packets with Delivery Scanning

Refer to Annex 2 and Annex 3 respectively of this Agreement

Annex 2 – Australia to United States Tracked Packet with Delivery Scanning

For the purposes of this Annex 2 the product referred as Tracked Packet with Delivery Scanning is defined as commercial or non-commercial packets and 'Delivery Scanning' will include inferred scanning in circumstances where delivery scanning is unavailable.

Package Specific Preparation Requirements

1. **Package Dimensions and Weight.** Each Tracked Packet with Delivery Scanning shipped under this Agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual. Specifically, each packet shall not exceed 2 kilograms in weight or limits of size specified in UPU Article RL 122.
2. **Package Labeling.** A bilaterally agreed upon label will be displayed on the outside of each package. Customers in Australia will use Australia Post certified software to print labels which will include a valid UPU Letter-Post barcode utilizing the LA through LZ (although specifically excluding LX) prefix of the UPU S10 barcode construct. In addition, each item will display a completed customs declaration (CN22). The sample label is presented below.

Receptacle Preparation Requirements

1. **Separation from other products.** The Tracked Packet with Delivery Scanning product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing Tracked Packet with Delivery Scanning items.
2. **Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the mutually agreed-upon dispatch mail subclass code of "UX". Each receptacle should also be identified by an Expres logo as per the sample labels below.
3. **Receptacle Routing.** To expedite the processing and delivery of these Tracked Packets with Delivery Scanning, the sending party shall present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 4.

Dispatch Preparation Requirements

1. **Separation from other products.** The Tracked Packet with Delivery Scanning product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including but, not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be mixed in dispatches containing the Tracked Packets with Delivery Scanning items.
2. **Dispatch Identification.** Each dispatch will use the mutually agreed-upon UX despatch mail subclass code and unique dispatch numbers, which shall not repeat within a calendar year period.
3. **Sampling.** The Tracked Packets with Delivery Scanning described in this Agreement are not subject to IPK sampling processes.

Dispatch Manifesting. -All tracked packets will be dispatched using subclass UX and each dispatch will be pre-advised using existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the total weight will be transmitted as accurately and timely as possible. The Dispatch documentation will be the CN31, as per UPU Letter Post Regulations

Return Service, Customer Inquiries and Compensation

1. **Return Service.** Return service for undeliverable, refused, or missent Tracked Packets with Delivery Scanning will be provided consistent with the current procedures for letter-post under the UPU regulations.
2. **Customer Inquiries.** USPS and Australia Post will use the PRIME customer service platform to handle customer inquiries.
3. **Compensation.** Other than specified in this agreement USPS and Australia Post do not offer indemnity or insurance for Tracked Packets with Delivery Scanning. Accordingly, unless the Parties agree otherwise in a separate written agreement, neither the USPS nor Australia Post shall have any liability other than specified in this Agreement

Service Standards

Tracked Packets with Delivery Scanning under this Agreement carry no day- or time-specific guarantee. Applicable domestic service standards apply once the Tracked Packets with Delivery Scanning are cleared through U.S. Customs and Border Protection and entered into the U.S. domestic mailstream. However, both Parties shall target delivery scanning rates of [REDACTED] which will be monitored monthly via the PRIME platform of the International Postal Corporation (IPC)

Sample Label

Below is a sample label for the Tracked Packet with Delivery Scanning. The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

Settlement and billing of Tracked Packets

Settlement and billing of Tracked Packets will be based on an item count taken from the customized monthly IPC PRIME report using the D, H or I scans and will be billed as per the rates in Annex 1 at the agreed UX subclass rates. The parties will meet on a quarterly basis to review operational performance and work towards improving the customized monthly IPC Prime report.

<h1>Pack and Track International</h1> <h2>CN22</h2> <p>IMPORTANT: Use a ballpoint pen and press firmly. This form must be completed in English. Customer to complete all details except Official Use Only. See Privacy Notice on the back of label. The value of the items cannot exceed AU\$500. This service is for items weighing up to 2kg. Lodge this item over the counter at any Australia Post retail outlet. DO NOT lodge in street post boxes.</p>		<h3>Forwarder air bill – Non negotiable</h3>	
From Name Company name Address City State Postcode Telephone / Fax number () Australia Post Account Number		To Name Company name Address City State Postcode Country Telephone / Fax number ()	
<h4>Customs declaration</h4> <p>Full Description of Goods. <i>Designation détaillée du contenu</i></p> <p> <input type="checkbox"/> Gift <i>Cadeau</i> <input type="checkbox"/> Documents <input type="checkbox"/> Merchandise <i>Marchandises</i> <input type="checkbox"/> Commercial sample <i>Echantillon commercial</i> <input type="checkbox"/> Returned goods <input type="checkbox"/> Other </p> <p>HS Tariff No. (for Commercial Items) Country of origin Value (AUS Dollars) \$</p>			
 <h4>Sender's declaration</h4> <p>The sender acknowledges that this article may be carried by air and will be subject to aviation security and clearing procedures; and the sender declares that: • the article does not contain any dangerous or prohibited goods, explosive or incendiary devices; • the information provided is true and correct; • he /she accepts liability for any costs, including customs or excise duty, which may be imposed by Customs; and • he /she agrees to the Australia Post Terms and Conditions available at www.auspost.com.au or in-store.</p> <p>Sender's signature _____ Date _____</p> <p>Articles without this declaration completed will not be forwarded.</p>		<h4>Official use only</h4> <p>Weight Kilos Grams Time: am/pm</p> <p>Date / / Office of Origin / Office WCC</p> <p>Acceptance officer's signature</p> <p><input type="checkbox"/> "A" Scan Completed</p> 	

Sample from Australia Post online Click and Send system

Below is a sample label for the Tracked Packet with Delivery Scanning generated from Australia Post Click and Send system. The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

Pack and Track International CN22			 LK000001575AU			Affix postage here				
Forwarder air bill – Non negotiable										
Lodge this item over the counter at participating Australia Post retail outlets that offer Bank@Post™ service. DO NOT lodge in street posting boxes. The value of the items cannot exceed AU\$500. This service is for items weighing up to 2kg.										
FROM Name Huttly Peter				TO Name peter huttly						
Company name				Company name						
Address 28 McBurney Avenue				Address 111 bourke street						
City MASCOT		State NSW		Postcode 2020		City SYDNEY		State Postcode 200000		
Telephone / Fax number 02 9202 6069				Country Singapore					Telephone / Fax number	
Customs declaration										
Full Description of Goods. <i>Designation détaillée du contenu</i> dfgdfgfdg				<input checked="" type="checkbox"/> Gift <i>Cadeau</i>		<input type="checkbox"/> Documents		<input type="checkbox"/> Merchandise <i>Marchandises</i>		
				<input type="checkbox"/> Commercial sample <i>Echantillon commercial</i>		<input type="checkbox"/> Returned goods		<input type="checkbox"/> Other		
				HS Tariff No. (for Commercial Items)		Country of origin		Value (AUS Dollars) \$ 12.00		
			Sender's declaration			Official use only				
			The sender acknowledges that this article may be carried by air and will be subject to aviation security and clearing procedures; and the sender declares that: • the article does not contain any dangerous or prohibited goods, explosive or incendiary devices; • the information provided is true and correct; • he /she accepts liability for any duties, taxes, brokerage or any other charges which may be imposed at the destination.			Weight 1 Kilos 0 Grams Time: any/pm				
Sender's signature			Date 19/10/2012			Office of Origin / Office WCC				
Articles without this declaration completed will not be forwarded.			<input type="checkbox"/> *A Scan Completed			Acceptance officer's signature				
										

Attach to item - CLICK AND SEND

Sample of Expres bag Label



Annex 3 – United States to Australia Small Packet with Delivery Scanning

For the purposes of this Annex 3 the product Commercial ePacket is defined as commercial Flats (referred to as packets by Australia Post) and packets. Commercial ePacket use the prefix LX. The eDelcon product is defined as First Class Package International Service (FCPIS) packets that use the prefix LZ.

Package Specific Preparation Requirements

- 1. Package Dimensions and Weight.** Each Commercial ePacket and eDelcon shipped under this Agreement must conform to the size and weight limitations specified in the UPU Letter Post Manual. Specifically, each packet shall not exceed 2 kilograms in weight or limits of size specified in UPU Article RL 122.
- 2. Package Labeling.** A bilaterally agreed upon, label will be displayed on the outside of each package. Customers in United States will use USPS-certified software to print labels which will include a valid UPU letter-post barcode utilizing the prefix LX and LZ of the UPU S10 barcode construct. In addition, each item will display a completed customs declaration (CN22). The sample labels are presented in below.

Receptacle Preparation Requirements

- 1. Separation from other products.** The Commercial ePacket product that is described in this Agreement will be sorted in receptacles separate from other mail pieces. Other international products, including, but not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be commingled in receptacles containing Commercial ePacket items.
- 2. Receptacle Identification.** Each receptacle will contain a 29-character UPU barcode containing the mutually agreed-upon mail dispatch subclass code of "UX". Each receptacle should also be identified by an Express logo as per the sample labels below.
- 3. Receptacle Routing.** To expedite the processing and delivery of these Commercial ePacket, the sending party shall present receptacles to corresponding Offices of Exchange (OEs) per the routings outlined in Annex 4.

Dispatch Preparation Requirements

- 1. Separation from other products.** The Commercial ePacket product that is described in this Agreement will be dispatched separately from other mail pieces. Other international products, including but, not limited to, other letter-post products, Express Mail Service (EMS), Air Parcels (Air CP), and direct entry packages, may not be mixed in dispatches containing the Commercial ePacket items.
- 2. Dispatch Identification.** Each dispatch will contain the mutually agreed-upon UX dispatch mail subclass code and unique dispatch numbers, which shall not repeat within a calendar year period.
- 3. Sampling.** The Commercial ePacket described in this Agreement are not subject to IPK sampling processes.
- 4. Commercial ePacket Dispatch Manifesting.** Each dispatch will be manifested using the existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the

total weight and number of pieces contained in each receptacle will be transmitted as accurately and timely as possible.

5. eDelcon Dispatch Manifesting.

All Commercial ePacket and eDelcon to be dispatched using subclass UX and each dispatch will be pre-advised using existing PREDES 2.0 or PREDES 2.1 messages, whereby the number of receptacles and the total weight will be transmitted as accurately and timely as possible. The Dispatch documentation will be the CN31, as per UPU Letter Post Regulations

Return Service, Customer Inquiries and Compensation

- 1. Return Service.** Return service for undeliverable, refused, or missent Commercial ePacket and eDelcon will be provided consistent with the current procedures for letter-post under the UPU regulations.
- 2. Customer Inquiries.** USPS and Australia Post will use the PRIME customer service platform to handle customer inquiries.
- 3. Compensation.** Other than specified in this agreement USPS and Australia Post do not offer indemnity or insurance for Commercial ePacket and eDelcon. Accordingly, unless the Parties agree otherwise in a separate written agreement, neither the USPS nor Australia Post shall have any liability other than specified in this Agreement

Service Standards

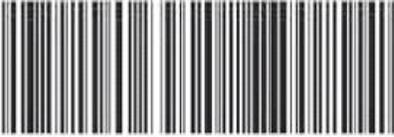
Commercial ePacket and eDelcon under this Agreement carry no day- or time-specific guarantee. Applicable domestic service standards apply once the Commercial ePackets are cleared through Australian Border agencies and entered into the AU domestic mailstream. However, both Parties shall target delivery scanning rates of [REDACTED] which will be monitored monthly via the PRIME platform of the International Postal Corporation (IPC)

Sample Label

Below is a sample label for the Commercial ePacket (LX). The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

Settlement and billing of Tracked Packets

Settlement and billing of Tracked Packets will be based on an item count taken from the customized monthly IPC PRIME report using the D, H or I scans and will be billed as per the rates in Annex 1 at the agreed UX subclass rates. The parties will meet on a quarterly basis to review operational performance and work towards improving the customized monthly IPC Prime report.

			<p>INTERNATIONAL PRIORITY AIRMAIL™ POSTAGE PAID U.S. POSTAL SERVICE PERMIT #</p>
From: _____			
US SENDER NAME STREET ADDRESS SUITE/ APT NUMBER CITY STATE ZIP+4 USA		USPS ePacket™	
		LETTER-POST	
TO:	FOREIGN RECIPIENT ADDRESS SUITE/ APT NUMBER CITY STATE/OTHER POSTCODE COUNTRY		
USPS DELIVERY CONFIRMATION®			
			
LX123456789US			

Below is a sample label for the eDelcon Small Packet Service (LZ). The Parties acknowledge that this is only a sample and the required label may vary from time to time as agreed between the Parties.

 LZ 123 456 789 US				Click-N-Ship <small>usps.com</small> US POSTAGE PAID		LZ123456789US001229502000M5V0 	
		2 lb 0 oz 07/23/12		Commercial Base Pricing Mailed from 20905 062S0000000311			
USPS(R) PRIORITY MAIL INTL SMALL FLAT RATE BOX W/ E-DELCON SERVICE							
Customs Declaration CN 22				From: Sender Name Street Address City, State, Zip			
Contents: Gift <input checked="" type="checkbox"/> Commercial Sample <input type="checkbox"/> Documents <input type="checkbox"/> Other <input type="checkbox"/> Cell Phone Case <input type="checkbox"/>							
Detailed description of contents:			Qty.	Weight lb. oz.	Value (US \$)	To: Recipient Name Street Address City/Province, Zip Country	
Cell Phone Case			1	2 0	20.00		
HS tariff number and country of origin: US			2	0	20.00	PFC or Exemption/ Exclusion Legend NOEEI 30.36	
I, the undersigned, whose name and address are given on the item, certify that the particulars given in this declaration are correct and that this item does not contain any dangerous article or articles prohibited by legislation or by postal or customs regulations.						Mailing Office Date Stamp 	
Sender's signature: SENDER NAME		Date: 07/23/2012					
PS Form 2976-PMI Do not duplicate this form without USPS approval.		The item/parcel may be opened officially.					

Sample of Express bag Label- Front and Back



Annex 4 – Office of Exchange Routing Details

USPS

The following tables illustrate the appropriate United States (U.S.) points of entry based on the destination address postal code.

Table A1: Suggested U.S. points of entry for EMS and Parcels

		From			
	<u>EMS and Parcels</u>	AUBNEB AUBNEA	AUMELB AUMELA	AUPERB AUPERA	AUSYDB AUSYDA
To	USHNLA	96700-96999	96700-96999	96700-96999	96700-96999
	USJFKA	00500-45999	00500-45999	00500-45999	00500-45999
	USLAXA	80000-93999	80000-93999	80000-93999	80000-93999
	USMIAA	NA	NA	NA	NA
	USORDA	46000-79999	46000-79999	46000-79999	46000-79999
	USSFOA	94000-96699	94000-96699	94000-96699	94000-96699

Table A2: Suggested U.S. points of entry for Tracked packets

		From			
	<u>Tracked Packages</u>	AUBNEA	AUMELA	AUPERA	AUSYDA
To	USHNLA	96700-96999	96700-96999	96700-96999	96700-96999
	USJFKA	00500-45999	00500-45999	00500-45999	00500-45999
	USLAXA	80000-96699	80000-96699	80000-96699	80000-96699
	USMIAA	NA	NA	NA	NA
	USORDA	46000-79999	46000-79999	46000-79999	46000-79999
	USSFOA	NA	NA	NA	NA

Table A3: Suggested U.S. points of entry for LCAO (incl. registered)

		From			
	<u>LCAO</u>	AUBNEA	AUMELA	AUPERA	AUSYDA
To	USHNLA	96700-96999	96700-96999	96700-96999	96700-96999
	USLAXA	All other ranges	All other ranges	All other ranges	All other ranges

Australia Post

For all classes of mail, the following table illustrates the appropriate Australian point of entry based on the first digit of the destination address postal code. A more detailed table based on the four digits can be provided upon request.

Table B: Suggested Australian points of entry

First Digit of Postal Code	Suggested Australian Point of Entry	Air, SAL and EMS	Surface
NSW, ACT – Postcodes beginning with 1, 2 and 02	Sydney	AUSYDA (Air LC/AO + Parcels) AUSYDB (EMS) AUSYDD (SAL LC/AO + Parcels)	AUSYDE (Surface)
VIC, SA, NT, TAS – Postcodes beginning with 3, 8, 5, 08 and 7	Melbourne	AUMELA (LC/AO + Parcels) AUMEL B (EMS) AUMELD (SAL LC/AO + Parcels)	AUSYDE (Surface)
WA – Postcodes beginning with 6	Perth	AUPERA (LC/AO + Parcels) AUPER B (EMS) AUPERD (SAL LC/AO + Parcels)	AUSYDE (Surface)
QLD – Postcodes beginning with 4 and 9	Brisbane	AUBNEA (LC/AO + Parcels) AUBNE B (EMS) AUBNED (SAL LC/AO + Parcels)	AUSYDE (Surface)

Acknowledgment

The Parties agree and acknowledge that this Annex 4 imposes an obligation on:

- (a) Australia Post to route all mail product categories covered by this Agreement destined for the United States from Australia through the entry points listed in Tables A1, A2 and A3;
- (b) USPS to route all mail product categories covered by this Agreement destined for Australia from the United States through the entry points listed in Table B;
- (c) Both Parties to obtain written confirmation of any changes to the information provided in tables A and B of this Annex, although no formal written amendment to the Agreement is required by such changes; and
- (d) Both Parties to use best endeavors to work towards operational efficiencies that will benefit both Parties.

Annex 5 – Detailed Item Content Restrictions

All items mailed under this Agreement must conform to the following:

a) the mailability requirements of the United States Postal Service, as detailed in the International Mail Manual sections 134, Valuable Articles, 135, Mailable Dangerous Goods, and 710, Treatment of Inbound Mail; the United States country listing in the Universal Postal Union's Customs List of Prohibited Items; and Domestic Mail Manual section 601, Mailability. As of the execution date of this Agreement, these materials are available at the following websites, respectively:

http://pe.usps.gov/text/imm/immc1_013.htm

http://pe.usps.gov/text/imm/immc1_014.htm

http://pe.usps.com/text/imm/immc7_001.htm

http://www.upu.int/uploads/tx_sbdownloader/listCustomsProhibitedArticlesEn.pdf

<http://pe.usps.gov/text/dmm300/601.htm>

and

b) the mailability requirements of Australia Post, as detailed in the documents (including but not limited to the Australia Post Terms & Conditions, Australia Post International Post Guide and the Australia Post Dangerous & Prohibited Goods and Packaging Guide) found on the following websites (and as may be amended from time to time):

<http://auspost.com.au/statutorydocuments/generalpostalservices/frame.htm>

<http://auspost.com.au/media/documents/international-post-guide.pdf>

<http://auspost.com.au/media/documents/dangerous-prohibited-goods-packaging-post-guide.pdf>

<http://www.customs.gov.au/site/page4369.asp>

<http://www.daff.gov.au/biosecurity/mail/cant-mail>

Annex 6 – Project Team

The Parties agree to establish a project team to explore joint business development initiatives such as ecommerce, knowledge sharing, product development, and joint sales/marketing that could be adopted jointly by the Parties for their respective strategic and commercial benefit (**Project Team**). The Project Team will consist of at least one representative of each Party, as may be nominated by a Party from time to time.

The Parties agree that the Project Team will hold a meeting at least once each quarter in a calendar year to: (a) agree on the initiatives to be developed and implemented in that quarter or in subsequent quarters of that calendar year; and (b) to track progress against such agreed initiatives. In addition, the Parties agree that senior executives of their respective businesses will have a face to face meeting at least once a year to review the progress being made by the Project Team.

The key contact from each Party for the Project Team is as follows:

Australia Post:

Primary contact for product and pricing matters:

Lucy Watson-Jones
Manager of International Product and Business Development
Australia Post
111 Bourke Street,
Melbourne Victoria 3000 Australia
Lucy.Watson-Jones@auspost.com.au

Primary Contact for Australia- United States relationship and commercial opportunity matters:

Michael Cope
Global Development Manager
Australia Post
111 Bourke Street,
Melbourne Victoria 3000 Australia
michael.cope@auspost.com.au

USPS:

Lea Emerson
Executive Director, International Postal Affairs
United States Postal Service
475 L'Enfant Plaza SW, Room 1p906
Washington, DC 20260
lea.emerson@usps.gov

Annex 7 - Agreement on the Exchange of International Merchandise Return Service between the U.S. Postal Service and the Australian Postal Corporation

Article 1: Purpose of the Agreement

The purpose of the Agreement shall be to establish mutually agreed terms and conditions for the International Merchandise Return service from the Australian Postal Corporation (AUP) to the United States Postal Service (USPS) and within the framework of the AUP-USPS Bilateral Agreement.

Article 2: Precedence of Agreements

Terms of agreements shall be applied in the following order of precedence when interpreting this Agreement in the case of doubt, ambiguity, conflict or dispute:

1. Specific processes, conditions, and rates set forth in this Annex 7 and its Schedule A.
2. Terms of the Australian Postal Corporation-United States Postal Service Bilateral Agreement effective January 1, 2014 through December 31, 2015.

Operational Procedures of the International Merchandise Return Service (IMRS)

1. U.S. Merchant shall send goods to customer in Australia using USPS or any other outbound carrier.
2. Customer in Australia wishing to return an item shall contact U.S. Merchant and follow the Merchant's instructions for requesting return service and label. The instructions may vary by Merchant but must require the customer to submit detailed item information to the Merchant including name, address, contact information, merchandise description, type of service, and weight.
3. U.S. Merchant shall authorize the return and acquire return label by accessing USPS Web Services.
4. USPS Web Services sends the label data to the Kahala Post Group (KPG) Intercontinental Returns (ICR) system, hosted by the International Post Corporation (IPC), for the purpose of obtaining the IMRS label and customs declaration.
5. U.S. Merchant shall provide by electronic means (e-mail, .pdf download, etc.) the label and customs declaration to the customer in Australia.
6. All IMRS labels shall utilize the S10 barcode identifier. Air Parcel IMRS shall reflect the "CU" prefix. Both constructs shall end with "AU".
7. AUP shall capture IMRS item weights and transmit IMRS item barcodes and associated item weights in PREDES messaging upon dispatch.
8. The Air Parcel IMRS items shall be dispatched and returned to USPS with AUP's Air Parcels.

International Merchandise Return Service Rates

Schedule A outlines the rates applicable to IMRS items for the 2014/15 calendar years, ending 31 December 2015. Rates are inclusive of USPS inbound Air Parcel rates and will be reviewed and adjusted each quarter by Australia Post to accommodate any fluctuations in the foreign currency exchange rates.

International Merchandise Return Service Billing

AUP shall include IMRS item-level barcodes and weight data in PREDES messaging to USPS at the point of dispatch. Utilizing information from AUP's PREDES, IPC shall provide a monthly and quarterly report to AUP and USPS which will include the following required information:

1. A listing of IMRS item identifiers beginning with "CU" for all labels generated
2. An "Applied Invoice Weight" per item
3. Listing of billable and non-billable volume
4. Total billable item count and average billable weight

USPS/AUP Settlement

AUP shall send IMRS in co-mingled receptacles with ordinary Air Parcels. The standard USPS/AUP settlement process for IMRS items returned as AUP's Air Parcels will be applied.

AUP and USPS agree to settle IMRS on a quarterly basis.

USPS/AUP Customer Service Support for Inquiries, Claims and Liability

1. AUP shall enable customer support services to customers in Australia.
2. One quarter after launching IMRS, AUP and USPS shall work together to determine the success of the IMRS product based on user feedback and the rate of IMRS adoption.
3. At that time, AUP and USPS shall make the determination to offer U.S. merchants the ability to inquire and file claims regarding lost or damaged IMRS items.
4. Additionally if it is decided to offer customer support services to U.S. merchants, AUP and USPS shall work together to determine the rules of liability for IMRS and the appropriate inquiry and claims process.

Schedule A to Annex 7 – IMRS Settlement Rates

The following rates are irrespective of IMRS volume dispatched from Australia Post to USPS, are inclusive of USPS inbound Air Parcel rates and are applicable on a per (piece) item and kilogram basis:

IMRS Settlement Rates	Per Piece (SDR)	Per KG (SDR)
IMRS – Air Parcel Service	■	■

Australia Post reserves the right to review and amend the IMRS Air Parcel rates above each quarter of Agreement to reflect fluctuations in foreign currency exchange in the Australian Dollar (AUD).

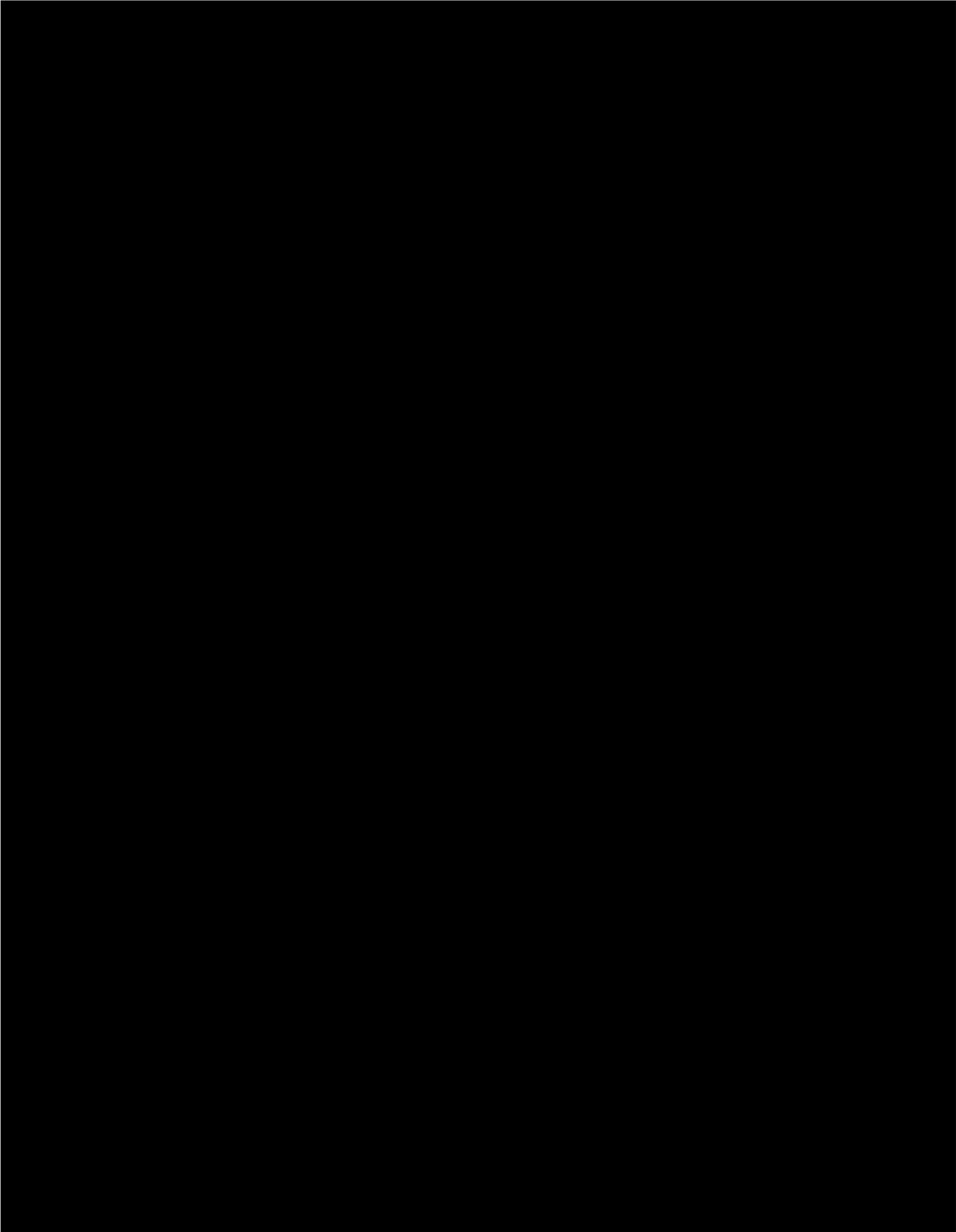
Annex 8 - [Redacted]

SCHEDULE A TO ANNEX 8

[REDACTED]

I [REDACTED]

SCHEDULE B TO ANNEX 8



[REDACTED]

SCHEDULE C TO ANNEX 8

[REDACTED]

