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

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| COMPETITIVE PRODUCT PRICES<br>GLOBAL PLUS 2C CONTRACTS (MC2012-5)<br>NEGOTIATED SERVICES AGREEMENTS | Docket No.<br>CP2014-43 |

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING A FUNCTIONALLY EQUIVALENT GLOBAL PLUS 2C CONTRACT NEGOTIATED SERVICE AGREEMENT AND APPLICATION FOR NON-PUBLIC TREATMENT OF MATERIALS FILED UNDER SEAL**
(April 14, 2014)

In accordance with 39 C.F.R. § 3015.5 and Order No. 112,[1] the United States Postal Service (Postal Service) hereby gives notice that it is entering into a Global Plus 2C contract. Prices and classifications not of general applicability for Global Plus 2 Contracts were previously established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts, issued on July 16, 2008 (Governors' Decision No. 08-10).[2] Subsequently, the Postal Regulatory Commission (Commission) determined that the Global Plus 2 contracts filed in Docket Nos. CP2008-16 and CP2008-17,[3] and the Global Plus 2 contracts filed in Docket Nos. CP2009-48

[1] PRC Order No. 112, Order Concerning Global Plus 2 Negotiated Service Agreements, Docket Nos. MC2008-7, CP2008-16, and CP2008-17, October 3, 2008.
[2] A redacted copy of this decision was filed as an attachment to Request of the United States Postal Service to Add Global Plus 2 Negotiated Service Agreements to the Competitive Product List, and Notice of Filing (Under Seal) The Enabling Governors' Decision and Two Functionally Equivalent Agreements, Docket Nos. MC2008-7, CP2008-16, and CP2008-17, August 8, 2008. An unredacted copy of the decision, as well as a record of proceedings, were filed under seal that same date.
[3] PRC Order No. 112, at 8-9.

and CP2009-49,[4] were functionally equivalent to each other and included them within the Global Plus 2 product on the competitive products list. In addition, the Commission added the contracts filed in Docket Nos. CP2010-69 and CP2010-70 to the competitive product list as a new product, Global Plus 2A.[5] The Commission also added the contracts filed in Docket Nos. CP2011-41 and CP2011-42 to the competitive product list as a new product, Global Plus 2B.[6] Subsequently, the Commission added the contracts filed in Docket Nos. CP2012-10 and CP2012-11 to the competitive product list as a new product, Global Plus 2C. The contracts filed in Docket Nos. CP2012-10 and CP2012-11 serve as the baseline agreements for comparison of potentially functionally equivalent agreements under the Global Plus 2C grouping.[7] The Commission determined that individual Global Plus 2C contracts may be included as part of the Global Plus 2C product if they meet the requirements of 39 U.S.C. § 3633 and if they are functionally equivalent to the previously submitted Global Plus 2C contracts.[8]

The contract and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately under seal with the Commission. A redacted copy of the contract, a redacted version of the certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract, and a redacted version

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[4] PRC Order No. 267, Order concerning Filing of a Functionally Equivalent Global Plus 2 Contract Negotiated Service Agreement, Docket No. CP2009-48, July 31, 2009, at 6-7; PRC Order No. 268, Order concerning Filing of a Functionally Equivalent Global Plus 2 Contract Negotiated Service Agreement, Docket No. CP2009-49, July 31, 2009, at 6-7.
[5] PRC Order No. 505, Order Approving Functionally Equivalent Global Plus 2A Contracts Negotiated Service Agreements, Docket Nos. MC2010-27, CP2010-69, and CP2010-70, July 30, 2010, at 9.
[6] PRC Order No. 623, Order Adding Global Plus 2B to the Competitive Product List and Approving Functionally Equivalent Global Plus 2B Contracts, PRC Docket Nos. MC2011-8, CP2011-41 and CP2011-42, December 23, 2010, at 8.
at 8.
[7] PRC Order No. 1135, Order Adding Global Plus 2C to the Competitive Product List and Approving Functionally Equivalent Global Plus 2C Agreements, PRC Docket Nos. MC2012-5, CP2012-10, and CP2012-11, January 13, 2012, at 6-7.
[8] *Id*., at 5-7.

of Governors' Decision No. 11-6 are filed as Attachments 1, 2, and 3, respectively. Attachment 4 to this Notice is the Postal Service's Application for Non-public Treatment of materials filed under seal in this docket. A full discussion of the required elements of the application appears in Attachment 4. Redacted versions of the supporting financial documents for each contract are included with this filing as separate Excel files.

## *I. Background*

The contract that is the subject of this filing is the successor to the agreement that the Commission found to be eligible for inclusion in the Global Plus 1C product in Docket No. CP2013-42. The contract is on behalf of the company that signed the contract that was the subject of Docket No. CP2013-42. The contract that is the subject of this docket is scheduled to become effective on May 1, 2014, upon the termination of the agreement that is the subject of Docket No. CP2013-42.[9]

The Postal Service demonstrates below that the agreement that is included with this filing is functionally equivalent to the contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11. Accordingly, this contract should be included within the Global Plus 2C product.

## *II. Identification of the Additional Global Plus 2C Contract*

The Postal Service believes that this additional Global Plus 2 contract fits within the Mail Classification Schedule (MCS) language for Global Plus 2, which was included as Attachment A to Governors' Decision No. 08-10, as revised in Attachment 2C of the Postal Service's initial filing in Docket Nos. MC2012-5, CP2012-10, and CP2012-11.[10]

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[9] *See* PRC Order No. 2028, Order Granting Motion for Temporary Relief in Global Plus 2C Contract Negotiated Service Agreement, Docket No. CP2013-42, March 19, 2014.

[10] *See* Errata to Request of the United States Postal Service to add Global Plus 2C to the Competitive Products List and Notice of Filing Two Functionally Equivalent Global Plus 2C Contracts Negotiated

By its terms, the agreement that is the subject of this docket will remain effect until March 31, 2015.[11]

### *III. Functional Equivalence of Global Plus 2C Contracts*

The Global Plus 2C contract under consideration is substantially similar to the contracts filed in Docket Nos. CP2012-10 and CP2012-11. The contracts are functionally equivalent to each other, in that they share similar cost and market characteristics. In Governors' Decision No. 08-10, the Governors established a pricing formula and classification that ensure each Global Plus 2 contract meets the criteria of 39 U.S.C. § 3633 and the regulations promulgated thereunder. The pricing formula relied on for these Global Plus 2C contracts is in Governors' Decision No. 11-6, which is included as Attachment 3 to this filing.

The costs of each Global Plus 2C contract conform to a common description. In addition, the Global Plus language for the MCS requires that each Global Plus contract must cover its attributable costs. The contract at issue here meets the Governors' criteria and thus exhibits similar cost and market characteristics to the previous Global Plus 2 contracts.

The functional terms of the contract that is the subject of this filing are very similar to those of the contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11, which serve as the baseline agreements for the Global Plus 2C product grouping. The benefits of the contract to the Postal Service are comparable as well. Therefore, the Postal Service submits that the contract is functionally equivalent to the

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Service Agreements, Docket Nos. MC2012-5, CP2012-10 and CP2012-11, January 5, 2012, Attachment 2C.

[11] *See* Attachment 1, at 9.

contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11, and should be added to the Global Plus 2C product grouping.

In a concrete sense as well, this Global Plus 2C contract shares the same cost and market characteristics as the previous Global Plus 2C contracts. Customers for Global Plus 2C contracts are Postal Qualified Wholesalers (PQWs) and other large businesses that offer mailing services to end users for shipping articles via Global Direct and/or International Business Reply Service. Prices offered under the contracts may differ depending on the volume or postage commitments made by the customers. Prices also may differ depending upon when the agreement is signed, due to the incorporation of updated costing information. These differences, however, do not alter the contracts' functional equivalency. Because the agreement incorporates the same cost attributes and methodology, the relevant characteristics of this Global Plus 2C agreement are similar, if not the same, as the relevant characteristics of previously filed Global Plus 2C contracts.

Like the contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11, this contract also fits within the parameters outlined by the Governors' Decisions establishing and authorizing the rates for Global Plus 2C agreements. There are, however, differences between this contract and the contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11, which include:

- The name of the customer in the title and first paragraph of the agreement;
- The non-inclusion of Global Bulk Economy (GBE) service in the agreement, which is reflected throughout the agreement – for example, in

Article 1; in Article 2, in the deletion of the paragraph defining GBE, which caused the renumbering of the subsequent paragraphs in Article 2; in Article 3, in the deletion of paragraphs concerning GBE and GBE M-bags; in Article 4, in the deletion of paragraph (3) concerning GBE, which caused the renumbering of subsequent paragraphs; in paragraph (4) of Article 6; in the deletion of a paragraph concerning GBE in paragraph (2) of Article 7; in Article 8, in the deletion of paragraph (1) concerning GBE; in Article 9, in the deletion of the reference to Article 8 paragraph (1) concerning GBE; in the deletion of references to GBE in paragraphs (2) and (7) of Article 15, and in Article 26; and in the deletion of Annex 1 concerning GBE Base Prices, which caused the renumbering of the subsequent annexes and references to those annexes throughout the agreement;

- A revised Article 3 concerning Qualifying Mail;
- In Article 7, the negotiated minimum revenue commitment; an additional paragraph (3) concerning tender; an additional paragraph (4)(e) concerning advance notification; an additional paragraph (6)(b) concerning penalties; and a revised paragraph (10) concerning customs and export requirements;
- In Article 12, revisions concerning the term of the agreement;
- In Article 14, the revision of the paragraph numbers from Article 7 that are referred to, because of the renumbering of the paragraphs in Article 7;

- In Article 15, the revision of the dates referred to, the deletion of a paragraph concerning Canada Post Corporation price changes and other revisions;
- A revised Article 18 concerning indemnity;
- In Article 19, the addition of paragraphs (4) and (5);
- In Article 26, revisions concerning the entire agreement and survival;
- A revised Article 28 concerning mailability, exportability, and importability;
- Revisions to information concerning the customer's representative to receive notices under the agreement in Article 30;
- Minor revisions to Article 31 concerning Conditions Precedent and Article 32 Confidentiality;
- Revisions to Article 34 concerning Contingency Prices and the deletion of Annex 5 concerning Contingency Prices for International Business Reply Service items;
- An additional Article 35 concerning Intellectual Property, Co-Branding, and Licensing;
- An additional Article 36 concerning Warranties and Representation; and
- The name of the customer on the signatory page.

The Postal Service does not consider that the specified differences affect either the fundamental service the Postal Service is offering or the fundamental structure of the contract. Nothing detracts from the conclusion that this agreement is "functionally

equivalent in all pertinent aspects"[12] to the contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11.

## IV. *Conclusion*

For the reasons discussed, and on the basis of the financial data filed under seal, the Postal Service has established that this Global Plus 2C contract is in compliance with the requirements of 39 U.S.C. § 3633. In addition, the contract is functionally equivalent to the baseline Global Plus 2C contracts that are the subject of Docket Nos. CP2012-10 and CP2012-11. Accordingly, the contract should be added to the Global Plus 2C product grouping.

Respectfully submitted,

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[12] PRC Order No. 85, Order Concerning Global Plus Negotiated Service Agreements, Docket No. CP2008-8, June 27, 2008, at 8.

# *GLOBAL PLUS 2 SERVICE AGREEMENT BETWEEN THE UNITED STATES POSTAL SERVICE AND* [redacted]

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

## INTRODUCTION

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

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

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

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

## ARTICLE 1. PURPOSE OF THE AGREEMENT

This Agreement shall govern the use the Mailer may make of customized mail service for Global Direct (GD) service, and International Business Reply Service (IBRS).

## ARTICLE 2. DEFINITIONS

As used in this Agreement:

1. "IMM" means the *International Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
2. "DMM" means the *Domestic Mail Manual* as found on the USPS website pe.usps.com on the date of mailing.
3. "CPC" means Canada Post Corporation, a Canadian crown corporation and the designated postal operator for Canada.
4. "GD" means Global Direct service. Global Direct service is mail that conforms to the size, shape, and mailpiece specifications as determined by a postal administration other than the USPS and is mailed in the United States for intended delivery in a country other than the United States by the postal administration of that country.

5. "Lettermail" means mailable items as defined by Canadian law for lettermail, including, but not limited to the Letter Mail Regulations, SOR/88-430, and Letter Definition Regulations, SOR/83-481, as applicable. When in USPS custody, Lettermail is sealed against inspection under U.S. law.

6. "Global Direct – Canada Lettermail" means Global Direct service in connection with Lettermail to Canada. Global Direct – Canada Lettermail is subject to Canada Post Corporation specifications for domestic Canadian lettermail. When in USPS custody, Global Direct – Canada Lettermail is sealed against inspection under U.S. law.

7. "Incentive Lettermail" means one or more tenders of large volumes of identical lettermail items meeting mail preparation requirements set by CPC and eligible for CPC's domestic incentive lettermail prices. When in USPS custody, Incentive Lettermail is sealed against inspection under U.S. law.

8. "Global Direct – Canada Incentive Lettermail" means Global Direct service in connection with Incentive Lettermail to Canada. Global Direct – Canada Incentive Lettermail is subject to CPC's specifications for domestic Canadian incentive lettermail. When in USPS custody, Global Direct – Canada Incentive Lettermail is sealed against inspection under U.S. law.

9. "Admail" means mailable items bearing a uniform message that promote the sale or use of products or services; or solicit donations or contributions; or report on financial performance, primarily for promotional purposes.

10. "Global Direct – Canada Admail" means Global Direct service used in connection with Admail to Canada. Global Direct – Canada Admail is subject to Canada Post Corporation specifications for domestic Canadian Addressed Admail service. Global Direct – Canada Admail is not sealed against inspection under U.S. law.

11. "Publications Mail" means almost any kind of periodical.

12. "Global Direct – Canada Publications Mail" means Global Direct service used in connection with Publications Mail to Canada. Global Direct – Canada Publications Mail is subject to Canada Post Corporation specifications for domestic Canadian Publications Mail. Global Direct – Canada Publications Mail is not sealed against inspection under U.S. law.

13. "M-bags" means special sacks for printed matter directed to a single addressee at a single address in another country.

14. "United States" or "U.S." means the United States of America, its territories and possessions.

15. "Qualifying Mail" means Mail that meets the requirements set forth in Article 3 of this Agreement.

16. "Non-Qualifying Mail" means Mail that does not meet the requirements set forth in Article 3 of this Agreement.

17. "Effective Date" means the first date on which the USPS is willing to accept Qualifying Mail.

18. "IPA" means International Priority Airmail service.

19. "ISAL" means International Surface Air Lift service.

20. "PMEI" means Priority Mail Express International service with the exception of the Priority Mail Express International Flat Rate Envelopes.

21. "PMI" means Priority Mail International service with the exception of the Priority Mail International Flat Rate Envelopes, Priority Mail International Padded Flat Rate Envelopes, Priority Mail International Small Flat Rate Boxes, Priority Mail International Medium Flat Rate Boxes, and the Priority Mail International Large Flat Rate Boxes.

22. "CeP" means Commercial ePacket service. Commercial ePacket service is a service available for International Priority Airmail (IPA) items. Each piece must have a label, applied by the Mailer, bearing a unique barcode allowing for delivery confirmation information to be transmitted when the barcode is scanned in the receiving country.

23. "IBRS" means International Business Reply Service.

**ARTICLE 3. QUALIFYING MAIL**

Only mail that meets the following requirements:

1. Global Direct. Every item must comply with the preparation requirements of the destination country;

2. IBRS. Every item must comply with the preparation and payment requirements the USPS shall provide the Mailer. Only mail that meets the requirements set forth in IMM 382 for International Business Reply Service shall be considered as Qualifying Mail under this Agreement except as those requirements conflict with the applicable specific preparation requirements set forth in Article 4. No item may contain a letter or message directed to a specific person or address and recorded in or on a tangible object, except for invoices or similar letters relating to the item(s) contained in the same envelope;

with the exception of:

1. Any item destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740;

2. Any item addressed to persons or entities identified on the Office of Foreign Assets Control's (OFAC's) Specially Designated Nationals List, the Bureau of Industry and Security's (BIS's) Denied Persons List, or BIS's Entities List; and

3. Any item tendered on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, BIS's Denied Persons List, or BIS's Entities List;

shall be considered as Qualifying Mail, except as those requirements conflict with the applicable specific preparation requirements set forth in Article 4.

## ARTICLE 4. SPECIFIC PREPARATION REQUIREMENTS

1. Mailings of Qualifying Mail must be kept separate from any other type of mail the Mailer tenders.

2. International mailings must be separated from domestic mailings.

3. Mailings of Global Direct – Canada must comply with the preparation and pre-notification requirements the USPS provides the Mailer. Such requirements are subject to any changes CPC may make and are binding upon the Mailer on the effective date determined by CPC whether or not they are reflected in any documentation the USPS provides to the Mailer. The Mailer is responsible for ensuring that the items meet CPC preparation requirements found on the CPC website (www.canadapost.ca).

4. The Mailer may apply to the USPS in writing in the event the Mailer wishes an exception(s) to the requirements set forth in supplied documentation intended to provide preparation and/or pre-notification requirements for Global Direct – Canada mailings. Responses to such applications may be subject to review and approval by CPC in addition to the USPS review.

5. The provisions of this Agreement relating to IBRS shall apply only to IBRS items deposited in Canada for return to the United States.

6. IMM 382.4 shall not apply.

7. IMM 382.5 shall not apply. All items mailed under this Agreement must conform to the following maximum size and weight requirements:

   a. Maximum package dimensions

      Length: 24 inches

      Length, height, and depth combined: 36 inches

   b. Maximum package weight

      No item may weigh more than 4 pounds 6.55 ounces (2,000 grams).

## ARTICLE 5. NON-QUALIFYING MAIL

The USPS, at its option and without forfeiting any of its rights under this Agreement, may either refuse to accept Non-Qualifying Mail or accept Non-Qualifying Mail under the terms, conditions, and handling charges the USPS and/or CPC specify.

## ARTICLE 6. OBLIGATIONS OF THE USPS

The USPS hereby agrees:

1. Supplies. To furnish the Mailer or its agent(s) with the postal equipment and postal supplies required for the use of Qualifying Mail.

2. Training. To provide the Mailer or its agent(s) with the preparation requirements for Qualifying Mail and any training necessary to prepare mail in conformity with the requirements for Qualifying Mail.

3. Transportation. To

a. Arrange with carriers to transport Qualifying Mail to international destinations for delivery by the appropriate authority;

b. Coordinate with Canada Post Corporation for delivery in the United States of International Business Reply Service items deposited in Canada.

4. Reporting. To provide the Mailer with a report regarding postage paid by the Mailer to the USPS, by month, for Qualifying Global Direct, and IBRS mailings. The USPS will provide this report on a quarterly basis and shall include the:

a. Customer name and permit number;

b. Date of the mailing statement for Global Direct mailings;

c. Service / product; and

d. Postage paid.

5. CPC Penalties. To inform the Mailer, via e-mail as provided in Article 30, if CPC informs the USPS that mail presented under this Agreement has not been prepared in accordance with CPC regulations. Such notification shall provide the Mailer, in advance, with the opportunity to either take back possession of the mailing in Canada, correct the problem identified by CPC, and re-tender the mail directly to CPC at the Mailers expense, or inform the USPS that the Mailer will pay any penalty CPC may assess as a result of the identified non-conformance with CPC regulations. In the event that the Mailer elects to inform the USPS that it will pay any penalty CPC may assess as a result of the identified non-conformance with CPC regulations, the USPS shall provide the Mailer with an invoice for the penalty CPC assesses. The procedure of repossession by the Mailer and retender to CPC in this Paragraph is subject to the discretion of CPC.

6. Confidentiality. To seek non-public treatment of information it determines to be eligible for protection from public disclosure under applicable law and practice when it files the Agreement with the Postal Regulatory Commission, or when it files information (including data) in connection with the Agreement in accordance with other regulatory requirements.

## ARTICLE 7. OBLIGATIONS OF THE MAILER

The Mailer hereby agrees:

1. Tender Amount. To tender to the USPS mail intended for delivery outside the United States that generates at least:

a. [redacted] in combined actual postage calculated after all discounts have been applied for IPA, ISAL, GD, GXG, PMEI, PMI, CeP, and IBRS Qualifying Mail during the term that begins on the Effective Date of this Agreement and ends on March 31, 2015, subject to the following:

b. Of the [redacted] commitment in Paragraph (a) above, [redacted] must be in combined actual postage calculated after all discounts have been applied for PMEI and PMI, during the term of this Agreement.

2. Tender Locations. To tender One hundred percent (100%) of Global Direct – Canada Lettermail, Global Direct – Canada Incentive Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail in drop shipments at the appropriate deposit location as specified in Annex 1.

3. Tender Not to:

   a. Tender or attempt to tender any item under this Agreement that is destined for any country included in Country Group E-1 under Supplement No. 1 to Title 15, Code of Federal Regulations, Part 740;

   b. Tender or attempt to tender any item addressed to persons or entities identified on OFAC's Specially Designated Nationals List, BIS's Denied Persons List, or BIS's Entities List;

   c. Tender or attempt to tender any item on behalf of third parties or entities identified on OFAC's Specially Designated Nationals List, BIS's Denied Persons List, or BIS's Entities List.

4. Advance Notification. To provide:

   a. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of intent to drop ship mail at a specific location two weeks before the initial shipment to that location.

   b. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of new permit numbers used for Qualifying Mail, one week in advance of using the new numbers. The message should include the permit number, the city, state, and ZIP Code where the permit is held, and the name of the permit owner. The message should also include a requested effective date.

   c. The appropriate USPS acceptance sites with notification if the intended volume of mail to be presented varies more than twenty-five percent (25%) higher or lower than normal daily volumes. The Mailer shall make every effort to inform the appropriate USPS acceptance sites at least forty-eight (48) hours in advance of presenting the mail.

   d. The Manager, Customized Mail, via e-mail to icmusps@usps.gov, with notification of intent to receive IBRS items at a particular USPS facility. The message should include the permit number, the city, state, and ZIP Code where the permit is held, the name of the permit owner, and the requested effective date. The message must indicate that the permit is to be used for the payment of IBRS items.

   e. The Manager, Customized Mail, USPS, via e-mail to icmusps@usps.gov with notification of the Mailer's intent to tender Qualifying Mail under this Agreement that requires a license from OFAC, BIS, or the U.S. Department of State not less than ten (10) days prior to tender of such items.

5. Payment of Postage. To pay postage to the USPS, either directly or through a mailing agent:

a. For Global Direct Qualifying Mail by use of a dedicated unique permit imprint to be used only for Global Direct mailings subject to the conditions stated in DMM 604.5, with the exception that DMM 604.5.1.1 shall not apply.

b. For Global Direct Qualifying Mail, the indicia must conform to the requirements in any preparation requirement document the USPS may provide the Mailer, subject to any disclaimer(s) that document may contain, and such other CPC requirements as may apply.

c. Non-identical-weight items are acceptable as authorized under the specific procedures in one of the special payment programs in DMM 705.

d. For IBRS Qualifying Mail by use of advance deposit accounts for Business Reply Mail subject to the conditions stated in IMM 362 and DMM 507.9.

6. Penalties.

a. To pay any penalty CPC may assess for mail not prepared in accordance with CPC regulations provided that the USPS has provided the Mailer with notice of the non-conformance with CPC regulations and has provided the Mailer with an opportunity to retrieve the non-conforming mail under the circumstances described in Article 6, Paragraph 5.

i CPC will inform the USPS of any penalty assessed on Qualifying Mail presented under this Agreement that is not prepared in accordance with CPC regulations.

ii The USPS will invoice the Mailer for these assessed penalties.

iii The Mailer shall pay to the USPS the amount of the assessed penalties within thirty (30) days of the date of the invoice. All invoices that are not paid within thirty (30) days will incur an annual late payment penalty (finance charge) of [redacted] Any invoicing discrepancies will be resolved subsequent to payment of the invoice. In addition to late payment penalties (finance charges), the USPS reserves the right to pursue other available remedies.

b. To pay any fines or penalties as well as any other expenses, damages, and/or charges, including any applicable duties, taxes, and/or fees that result from an action of any other governmental entity that regulates exports and/or imports in relation to any item tendered under this agreement, or that results from the Mailer's failure to comply with applicable laws and regulations of the origin country, destination country, or any country through which a mailing tendered under this Agreement passes (including failure to provide necessary documentation and/or failure to obtain any required license or permit).

7. Monthly Reporting. To provide the USPS with a report on a monthly basis, in a format to be specified by the USPS;

a. That states for Global Direct mailings the total revenue, pieces, and weight for each product mailed in the preceding month separated by point of

tender to the USPS, destination country, and country price group for each permit owned by the Mailer under this Agreement. The Mailer will undertake all reasonable efforts to provide the same information for each permit holder mailing under this Agreement;

b. And that states for International Business Reply Service items received the total revenue, pieces, and weight for each item received in the preceding month separated by the point where the items were received.

c. This requirement shall include the final month of the Agreement.

8. Information Link. To establish a secure data connection with the USPS in order to ensure that the USPS can receive the necessary information for Customs clearance as well as the data needed to monitor the proper prices and country destination of mailings under this Agreement. The Mailer will be responsible for all aspects of service quality of the information link, interconnectivity, and interoperability of network services of such data connection, which shall be available under commercially reasonable standards but shall be capable of ensuring that the data for all Qualifying Mail under this Agreement are available to the USPS.

9. Customs and Export Documentation. To provide any necessary documentation, including data provided in electronic format, in connection with each mailing, in the form and at the time specified by the USPS, Customs & Border Protection, Transportation Security Administration, the U.S. Census Bureau, a destination country foreign government, or other authority. The Mailer further understands that the failure to provide any such required documentation may result in refusal at acceptance, delay in processing, involuntary seizure by Customs authorities, and/or return of mail to sender.

10. Customs and Export Requirements. To comply with any regulation or order promulgated by the USPS, OFAC, the U.S. Department of the Treasury, the U.S. Census Bureau, BIS, the U.S. Department of Commerce, the U.S. Department of State, the U.S. Customs & Border Protection, the U.S. Fish and Wildlife Service, the Transportation Security Administration, a destination country foreign government, or other government unit, according to any requirements specified by those authorities. See IMM 5 for additional information.

11. Responsibility. To ensure that all entities mailing under the aegis of this Agreement, having provided the USPS with a permit number and notification of intent to mail under the terms of Paragraph 4 above, follow the terms and conditions set forth in this Agreement as they pertain to the preparation and tender of mailings.

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

13. Qualified Business Reply Mail (QBRM) Program. To participate in the qualified Business Reply Mail (QBRM) Program by paying the prescribed accounting fee in accordance with IMM 382.3 and DMM 507.9.

**ARTICLE 8. POSTAGE PRICES**

In consideration of Article 7 Paragraph 1, and in accordance with Article 9 but subject to Article 13 and Article 34, the Mailer:

1. Will pay postage according to the price charts in Annex 2 to this Agreement for Global Direct – Canada Lettermail, Global Direct – Canada Incentive Lettermail, Global Direct – Canada Admail, and Global Direct – Canada Publications Mail.
2. Will pay postage according to the price charts in Annex 3 to this Agreement for International Business Reply Mail Service.

**ARTICLE 9. APPROVAL OF PRICES**

The prices for Global Direct Service listed in Annex 2, the prices listed in Annex 3 for International Business Reply Mail Service, and the contingency prices for International Business Reply Mail Service set forth in Article 34 are contingent upon any and all necessary approvals for corresponding USPS prices by the USPS Governors, the USPS Board of Governors, and/or the United States Postal Regulatory Commission.

**ARTICLE 10. SUSPENSIONS OF MAIL SERVICE**

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

**ARTICLE 11. GOVERNING LAW**

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

**ARTICLE 12. TERM OF THE AGREEMENT**

1. The USPS will notify the Mailer of the Effective Date of the Agreement within thirty (30) days after receiving the approval of the entities that have oversight responsibilities for the USPS. The Agreement will remain in effect until 11:59 p.m. on March 31, 2015, unless terminated sooner pursuant to Article 14 or Article 27. If the Agreement is terminated prior to March 31, 2015, the tender amounts in Article 7 shall be pro-rated accordingly.
2. The Mailer acknowledges that this Agreement is subject to regulatory oversight and such oversight might affect the Effective Date.
3. The USPS will notify the Mailer of the status of the approval process or of potential fulfillment of the approval process, or when major steps in the process are completed. The USPS also will respond to Mailer inquiries concerning the status of the process.

**ARTICLE 13. PENALTY AND REIMBURSEMENT**

1. In the event that the Mailer does not meet its minimum commitment as set forth in Article 7 Paragraph 1, the Mailer agrees to pay the USPS [redacted]

2. The USPS will invoice the Mailer for the amount of these assessed penalties.

3. The Mailer shall pay to the USPS the amount of the assessed penalties within sixty (60) days of the date of the invoice. On or before the due date, the Mailer shall notify the USPS in writing of any disputed amounts on the invoice and the grounds for such dispute. The Mailer shall pay all undisputed amounts within sixty (60) days of the date of the invoice. The parties shall cooperate in good faith to promptly resolve the dispute and, if after the due date the parties reach an agreement concerning the disputed amount to be paid by the Mailer, any additional amounts owed shall be paid by the Mailer within five (5) business days. If the dispute is irreconcilable, nothing in this Agreement prevents the Parties from pursuing other available remedies.

**ARTICLE 14. TERMINATION OF THE AGREEMENT**

Either Party to this Agreement, in its sole discretion, may terminate this Agreement for any reason, by giving the other Party a thirty (30) day written notification, unless a time frame longer than thirty (30) days that falls within the term of the Agreement is indicated by the terminating Party. In the event that this Agreement is terminated before the anticipated termination date in Article 12, the Mailer remains bound by the terms of Article 7 Paragraph 6 and 7, and Article 13, except that the Mailer's obligation, if any, under Articles 7 and 13 shall be calculated on a *pro rata* basis to reflect the actual duration of the agreement.

**ARTICLE 15. POSTAGE UPDATES**

1. The prices in Annex 2 are based in part on the exchange rate between the United States Dollar and the Canadian Dollar reported on February 10, 2014, on the following URL on the International Monetary Fund website.
http://www.imf.org/external/np/fin/data/rms_mth.aspx?reportType=REP
The USPS will continue to use this website or any successor website the International Monetary Fund may establish.

   a. The USPS Postal Fiscal Year quarters begin on October 1, January 1, April 1, and July 1.

   b. The USPS will review the foreign exchange rate of the Canadian Dollar as measured in United States Dollars ("Exchange Rate") reported on the International Monetary Fund website [redacted]

   c. Should the Exchange Rate change [redacted] the USPS will adjust the prices in the then-current Annex 2 [redacted]

d. [redacted]

2. In the event that the costs the USPS incurs to provide Global Direct – Canada Lettermail, Global Direct – Canada Incentive Lettermail, Global Direct – Canada Admail, Global Direct – Canada Publications Mail, or International Business Reply Service increase [redacted] during the term of this Agreement, the USPS reserves the right to adjust the prices for that service during the term of this Agreement.

3. The prices in Annex 3 are related to the price Canada Post Corporation (CPC) charges the USPS for processing International Business Reply items in Canada. Should the price CPC charges the USPS for processing International Business Reply items change during the term of this Agreement, the USPS shall notify the Mailer and modify the prices established under this Agreement.

4. Notwithstanding the provisions of Paragraph 1 above, if the Exchange Rate [redacted] results in the then-current prices, denominated in United States Dollars, in Annex 2 of this Agreement falling below the CPC prices for domestic Canadian Lettermail, Incentive Lettermail, Admail, or Publications Mail as expressed in United States Dollars, the USPS will adjust the then-current prices in Annex 2 as necessary to avoid such a result.

5. Any revision of prices in Annex 2 pursuant to Article 15 Paragraph 1 [redacted] Any price revision pursuant to Article 15 Paragraph 2 [redacted]

6. The USPS shall use its best efforts to provide the Mailer with notification of any revision to the prices in Annex 2 at least fifteen (15) days prior to the date on which the revised prices will take effect.

7. The USPS shall use its best efforts to provide the Mailer with notification of any revision to the prices for International Business Reply Service at least thirty-five (35) days prior to the date on which the revised prices will take effect.

8. The Mailer acknowledges that revisions in prices may be subject to regulatory oversight and such oversight might affect the effective date of any price revision.

9. No revision to the prices in Annex 2 or Annex 3 shall be retroactive.

10. In the event that this Agreement is extended for any period of time under the terms of Article 27, the price adjustment provisions of this Article shall continue to apply during the extension term.

## ARTICLE 16. NO SERVICE GUARANTEE

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

## ARTICLE 17. CUSTOMS DUTIES AND TAXES

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

## ARTICLE 18. INDEMNITY

The Mailer shall indemnify and save harmless the USPS and its officers, directors, agents, and employees from any and all claims, losses, costs, damages, or expenses or liabilities, including but not limited to penalties, fines, liquidated damages, charges, taxes, fees, duties, or other money due ("Claims") growing out of or connected in any other way with the discharge by the Mailer or its agents(s) of any undertaking contained in this Agreement, including Claims that result from the noncompliance of the Mailer with the laws of the United States and other countries.

## ARTICLE 19. LIMITATION OF LIABILITY

1. The liability of the USPS under this Agreement shall be limited to the refund of postage for Qualifying Mail that is lost or destroyed in bulk after being tendered to the USPS and prior to being received by the delivery authority outside of the United States. The USPS shall not be liable for any actual or consequential damages suffered by the Mailer as the result of late delivery or non-delivery of Qualifying Mail. Qualifying Mail mailed under this Agreement is not insured against delay in delivery. Neither indemnity payments nor postage refunds will be made in the event of delay.
2. The USPS shall not be liable for any loss of IBRS Qualifying Mail or damage to IBRS Qualifying Mail mailed in Canada under the terms of this Agreement.
3. The USPS bears no responsibility for the refund of postage in connection with actions taken by Customs authorities.
4. The USPS shall not be liable for any loss or expense, including, but not limited to fines and penalties, for the Mailer's or any other person's failure to comply with any export laws, rules, or regulations.
5. The USPS shall not be liable for any act or omission by any person not employed or contracted by the USPS, including any act or omission of the Mailer, the Mailer's customer, or the recipient of an item tendered under this Agreement.

## ARTICLE 20. FORCE MAJEURE

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

## ARTICLE 21. NO WAIVER

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

**ARTICLE 22. NUMBER AND GENDER**
The use of any particular gender, or the plural or singular, in this Agreement is intended to include the other gender, or the plural or singular, as the text may require.

**ARTICLE 23. EFFECT OF PARTIAL INVALIDITY**
The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect.

**ARTICLE 24. ASSIGNMENT**
The rights of each party under this Agreement are personal to that party and may not be assigned or transferred to any other person, firm, corporation, or other entity without the prior, express, and written consent of the other party. Granting such consent shall not be unreasonably withheld and shall be allowed for assignment to a subsidiary or affiliate of the Mailer.

**ARTICLE 25. PARAGRAPH HEADINGS AND REFERENCE CITATIONS**
The titles to the paragraphs of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement. All citations to provisions in the DMM, IMM, and Code of Federal Regulations within this Agreement are intended to refer to the substantive information found within the cited sections(s) at the time this Agreement was drafted. Subsequent changes to the citations or the relevant substantive information due to published revisions of the DMM, IMM, or Code of Federal Regulations shall be applicable to this Agreement upon the effective date of such revisions.

**ARTICLE 26. ENTIRE AGREEMENT AND SURVIVAL**

1. This Agreement, Global Plus 2 Service Agreement, including all Annexes thereto for Global Direct – Canada Lettermail, Global Direct – Canada Incentive Lettermail, Global Direct – Canada Admail, Global Direct – Canada Publications Mail, and International Business Reply Service along with the companion Global Plus 1 Service Agreement, including all Annexes thereto for Qualifying International Priority Airmail service (IPA), International Surface Air Lift service (ISAL), Global Express Guaranteed (GXG), Priority Mail Express International (PMEI), Priority Mail International (PMI), and Commercial ePacket (CeP) shall constitute the entire agreement between the Parties as it pertains to Qualifying Global Direct – Canada Lettermail, Global Direct – Canada Incentive Lettermail, Global Direct – Canada Admail, Global Direct – Canada Publications Mail, International Priority Airmail service (IPA), International Surface Air Lift service(ISAL), Global Express Guaranteed (GXG), Priority Mail Express International (PMEI), Priority Mail International (PMI), and Commercial ePacket (CeP) intended for delivery outside the United States and for International Business Reply Service (IBRS) intended for receipt within the United States.

2. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus 1 Service Agreement between [redacted] and the USPS executed by the Mailer on January 2, 2013, and by the USPS on January 3, 2013, as modified by Modification One, executed by the Mailer on August 6,

2013, and executed by the USPS on August 6, 2013, further modified by Modification Two, executed by the Mailer on December 30, 2013, and executed by the USPS on December 30, 2013, and further modified by Modification Three, executed by the Mailer on February 12, 2014, and executed by the USPS on February 18, 2014.

3. Neither the Mailer nor the USPS is released from any obligations arising under the Global Plus 2 Service Agreement between [redacted] and the USPS executed by the Mailer on January 2, 2013, and by the USPS on January 3, 2013, as modified by Modification One, executed by the Mailer on December 30, 2013, and executed by the USPS on December 30, 2013, and further modified by Modification Two, executed by the Mailer on February 12, 2014, and by the USPS on February 18, 2014.

4. With the exception of the Agreements mentioned in Article 26, Paragraphs 2 and 3, any prior understanding or representation of any kind regarding the use of said Qualifying Mail originating in the United States and intended for delivery outside the United States, and any prior understanding or representation of any kind regarding the use of IBRS Qualifying Mail which precedes the date of this Global Plus 2 Agreement and the companion Global Plus 1 Agreement, shall not be binding upon either Party except to the extent incorporated in this Agreement.

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

## ARTICLE 27. MODIFICATION

1. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement, with the exception of changes to prices under the terms of Article 15, shall be binding only if placed in writing and signed by each party.

2. Modifications may be contingent upon any and all necessary approvals by USPS management's executive committee, the Board of Governors of the USPS, the Governors of the USPS, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS.

3. If such approvals are required, the modifications will not become effective until such time as all necessary approvals are obtained.

4. The USPS will notify the Mailer of the date the modification becomes effective within thirty (30) days after receiving the approval of the entities that have oversight responsibility for the USPS.

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

## ARTICLE 28. MAILABILITY, EXPORTABILITY, AND IMPORTABILITY

All items mailed under this Agreement must conform to the mailability requirements of the USPS as detailed in IMM 130; all applicable United States laws and regulations,

including export control and customs laws and regulations; and all applicable importation restrictions of the destination countries. For each item mailed under this Agreement, the Mailer is responsible for determining export and import requirements, obtaining any required licenses and permits, and ensuring that the recipient of the item is authorized by the laws of the United States and destination countries to receive the item. The Mailer is solely responsible for the exportation and importation status of the products mailed under this Agreement as detailed in IMM 112.

**ARTICLE 29. PRESERVATION AFTER TERMINATION**

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

**ARTICLE 30. NOTICES**

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

**To the United States Postal Service:**

Managing Director, Global Business and Vice President
United States Postal Service
475 L'Enfant Plaza, SW Room 1P830
Washington, DC 20260-0830

**To the Mailer:**

[redacted]

With a copy to

[redacted]

or via e-mail:

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

**To the Mailer** at: [redacted]

## ARTICLE 31. CONDITIONS PRECEDENT

1. The Parties acknowledge and understand that all obligations of the USPS under this Agreement, including the prices listed in Annex 2, the prices listed in Annex 3, and the contingency prices for International Business Reply Mail Service set forth in Article 34 shall be contingent on the USPS receiving approvals hereinafter ("Conditions Precedent") from one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include, but are not limited to: approvals or, if applicable, non-objection, from responsible USPS management officials, the USPS Board of Governors, the USPS Governors, the Postal Regulatory Commission, and/or any other governmental body with oversight responsibility for the USPS. The Parties acknowledge that the Agreement may not be approved by such individuals or bodies. Until such time that all Conditions Precedent are fulfilled that are necessary to allow the Postal Service to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS and no benefit shall inure to either Party.

2. In the event that the Conditions Precedent are not fulfilled, the USPS shall have no liability, which shall include no obligation to pay costs associated with any action taken by the Mailer prior to the Effective Date of the Agreement. Further, in the event of termination of the Agreement or the failure of any Condition Precedent, the USPS shall not be held liable for any damages including, without limitation, actual; special; indirect; incidental; punitive; consequential; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or for costs incurred by either Party attributable to such non-approval such as attorney's fees.

## ARTICLE 32. CONFIDENTIALITY

The Mailer acknowledges that as part of securing approval of this Agreement, and in other subsequent regulatory filings, the Agreement and supporting documentation will be filed with the Postal Regulatory Commission ("Commission") in a docketed proceeding. The Mailer authorizes the USPS to determine the scope of information that must be made publicly available in any Commission docketed proceeding. The Mailer further understands that any unredacted portion of the Agreement or supporting information will be available on the Commission's public website, www.prc.gov. In addition, the USPS may be required to file information in connection with this instrument (including revenue, cost, or volume data) in other Commission dockets including ACR2014 and ACR2015. The Mailer has the right, in accordance with the Commission's rules, to address its confidentiality concerns directly with the Commission. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is found at Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website www.prc.gov/Docs/63/63467/Order225.pdf. At the request of the Mailer, the USPS will notify the Mailer of the docket number of the Commission proceeding to establish the prices in this instrument once assigned.

## ARTICLE 33. COUNTERPARTS

The parties may execute this Agreement in one or more counterparts (including by facsimile or by electronic means such as .pdf format), not all parties need be signatories

to the same documents, and all counterpart-signed documents shall be deemed an original and one instrument.

**ARTICLE 34. CONTINGENCY PRICES**

In the event that either the Mailer or the USPS terminates this Agreement under the terms of Article 14 or Article 27 before the expiration date set forth in Article 12 above, or in the event that the Mailer and the USPS do not enter into a Global Plus 2 agreement upon the expiration of this current Agreement, the Mailer shall pay postage for any International Business Reply Service Qualifying Mail the USPS receives after the agreed upon termination date or expiration date, as appropriate, [redacted] These prices shall have no bearing on the price the USPS shall charge in the event that the Mailer and the USPS do enter into a Global Plus 2 agreement upon the expiration of this current Agreement. These prices shall be valid until such time as they are revised at the sole discretion of the USPS.

**ARTICLE 35: INTELLECTUAL PROPERTY, CO-BRANDING AND LICENSING**

The Mailer is allowed the use of the following trademarks: Global Express Guaranteed®, Priority Mail Express International™, Priority Mail International®, International Priority Airmail®, International Surface Air Lift®, Commercial ePacket™, Global Direct®, M-Bag®, International Business Reply™ Service, and the acronyms GXG®, PMEI™, PMI™, IPA®, and ISAL® to indicate the USPS service offered. The Parties acknowledge that in the service of marketing the products under this Agreement that such product marketing 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 other than to refer to the trademark owner or the trademark owner's services until such time that a license for 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 36 WARRANTIES AND REPRESENTATIONS**

The Mailer warrants and represents that the Mailer is not subject to, and is not related to, an entity that is subject to a temporary or other denial of export privileges by BIS, that the Mailer is not listed on BIS's Entity List or OFAC's Specially Designated Nationals List, and that the Mailer is not in arrears for any amount due to the USPS.

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

**ON BEHALF OF THE UNITED STATES POSTAL SERVICE:**

Signature: Frank A. Cebello

Name: Frank A. Cebello

Title: Executive Director, Global Business Management

Date: 3/27/14

**ON BEHALF OF** [redacted]

Signature: [redacted]

Name: [redacted]

Title: [redacted]

Date: 3/26/14

ANNEX 1 MAILING LOCATIONS FOR GLOBAL DIRECT – CANADA

ANNEX 2 GLOBAL DIRECT – CANADA PRICE CHARTS

ANNEX 3 INTERNATIONAL BUSINESS REPLY SERVICE PRICE CHART

# ANNEX 1

## MAILING LOCATIONS FOR GLOBAL DIRECT – CANADA

**GLOBAL DIRECT – CANADA LETTERMAIL**
**GLOBAL DIRECT – CANADA INCENTIVE LETTERMAIL**
**GLOBAL DIRECT – CANADA ADMAIL**
**GLOBAL DIRECT – CANADA PUBLICATIONS MAIL**

JOHN F. KENNEDY AIRPORT MAIL CTR
US POSTAL SERVICE
JOHN F. KENNEDY INTERNATIONAL AIRPORT BLDG 250
JAMAICA NY 11430-9998

NEW JERSEY NETWORK DISTRIBUTION CTR
US POSTAL SERVICE
80 COUNTY RD
JERSEY CITY NJ 07097-9998

JT WEEKER INTERNATIONAL SERVICE CTR
US POSTAL SERVICE
OHARE INTERNATIONAL AIRPORT
11600 W IRVING PARK RD
CHICAGO IL 60666-9998

# ANNEX 2

## GLOBAL DIRECT – CANADA PRICE CHARTS

### PRICES FOR GLOBAL DIRECT – CANADA LETTERMAIL

ALL PRICES ARE EXPRESSED IN U.S. DOLLARS

[redacted]

# ANNEX 2

## GLOBAL DIRECT – CANADA PRICE CHARTS

### PRICES FOR GLOBAL DIRECT – CANADA INCENTIVE LETTERMAIL

ALL PRICES ARE EXPRESSED IN U.S. DOLLARS

[redacted]

[redacted]

[redacted]

# ANNEX 2

## GLOBAL DIRECT – CANADA PRICE CHARTS

### PRICES FOR GLOBAL DIRECT – CANADA ADMAIL

ALL PRICES ARE EXPRESSED IN U.S. DOLLARS

[redacted]

### PRICES FOR GLOBAL DIRECT – CANADA PUBLICATIONS MAIL

ALL PRICES ARE EXPRESSED IN U.S. DOLLARS

[redacted]

# ANNEX 3

[redacted]

**Certification of Prices for the Global Plus 2 Contract with [redacted]**

I, Virginia Mayes, Manager, Cost Attribution, Finance Department, United States Postal Service, am familiar with the prices for the Global Plus 2 Contract with [redacted] The prices contained in this contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates, issued on March 22, 2011 (Governors' Decision No. 11-6), which established prices by means of price floor formulae.

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

Virginia Mayes

Virginia Mayes

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

# DECISION OF THE GOVERNORS OF THE UNITED STATES POSTAL SERVICE ON THE ESTABLISHMENT OF PRICES AND CLASSIFICATIONS FOR DOMESTIC COMPETITIVE AGREEMENTS, OUTBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, INBOUND INTERNATIONAL COMPETITIVE AGREEMENTS, AND OTHER NON-PUBLISHED COMPETITIVE RATES (GOVERNORS' DECISION NO. 11-6)

March 22, 2011

## STATEMENT OF EXPLANATION AND JUSTIFICATION

Pursuant to our authority under section 3632 of title 39, as amended by the Postal Accountability and Enhancement Act of 2006 ("PAEA"), we establish new prices not of general applicability for certain of the Postal Service's competitive service offerings, and such changes in classification as are necessary to implement the new prices.

This decision establishes prices for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates. Domestic Competitive Agreements consist of negotiated service agreements with Postal Service customers for domestic services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Outbound International Competitive Agreements consist of negotiated service agreements with Postal Service customers for outbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Inbound International Competitive Agreements consist of negotiated service agreements with foreign postal operators or other entities for inbound international services that are categorized as competitive in accordance with 39 U.S.C. § 3642(b)(1)-(2). Other Non-Published Competitive Rates consist of rates not of general applicability that are not embodied in contractual instruments, but nonetheless arise from other sources, such as the Universal Postal Convention.

With respect to any product within the above categories, management is hereby authorized to prepare any necessary product description, including text for inclusion in the Mail Classification Schedule, and to present such product description to the Postal Regulatory Commission.

The Postal Accountability and Enhancement Act (PAEA) requires that prices for competitive products must cover each product's attributable costs, not result in subsidization by market dominant products, and enable all competitive products to contribute an appropriate share to the Postal Service's institutional costs. For agreements subject to this Decision, there are hereby established all prices that will cover [redacted] costs for the relevant product and that conform in all other respects to 39 U.S.C. §§ 3632-3633 and 39 C.F.R. §§ 3015.5 and 3015.7. As discussed in the accompanying management analysis, the Chief Financial Officer (or his delegee(s)) shall certify that all cost inputs have been correctly identified for prices subject to this Decision and that all prices subject to this Decision conform to this Decision and to the requirements of the PAEA.

No agreement, grouping of functionally equivalent agreements, or other classification authorized pursuant to this Decision may go into effect unless it is submitted to the Postal Regulatory Commission with a notice that complies with 39 U.S.C. § 3632(b)(3). On a quarterly basis, management shall furnish the Governors with a report on all non-published rate and classification initiatives. Not less than once each year, the Governors shall review the basis for this Decision and make such further determination as they may deem necessary. This Decision does not affect postal management's obligation to furnish to the Board of Governors information regarding any significant, new program, policy, major modification, or initiative, or any other matter under 39 C.F.R. § 3.7(d), including where such a matter also falls within the scope of this Decision.

This Decision does not supersede or otherwise modify Governors' Decision Nos. 08-5, 08-6, 08-7, 08-8, 08-10, 08-20, 08-24, 09-5, 09-6, 09-7, 09-14, 09-15, 09-16, 10-1, 10-2, 10-3, 10-6, and 10-7, nor does it affect the validity of prices and classifications established under those Decisions. Management may also continue to present to the Postal Regulatory Commission for its review, as appropriate, rate and classification changes to succeed the minimum and maximum non-published rates in Decision Nos. 10-2 and 10-6.

## ORDER

In accordance with the foregoing Decision of the Governors, the prices set forth herein for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates and the changes in classification necessary to implement those prices, are hereby approved and ordered into effect. An agreement is authorized under this Decision only if the prices fall within this Decision and the certification process specified herein is followed. Prices and classification changes established pursuant to this Decision will take effect after filing with and completion of review by the Postal Regulatory Commission.

By The Governors:

Louis J. Giuliano
Chairman

## Attachment A

### Management Analysis of Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates

This analysis concerns the inbound competitive prices and classifications in the Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (collectively, "competitive instruments"). Competitive instruments are often negotiated with customers and foreign postal operators for better cost coverage, higher overall contribution, and improved service with respect to postal services classified as competitive. They may also arise from other sources, such as the Universal Postal Convention.

The cost coverage for each competitive agreement or grouping of functionally equivalent instruments (collectively, each "product") will be [redacted]

The cost coverage for a product equals [redacted]

Each competitive instrument may have multiple price categories and negotiated components. Examples of such categories or components would be Priority Mail, Express Mail, Parcel Return Service, Priority Mail International, Express Mail International, International Priority Airmail, International Surface Air Lift, Inbound Air Parcel Post, Inbound Surface Parcel Post, Inbound Direct Entry, and Inbound International Expedited Services. These or other categories may include other services that the relevant customer or foreign postal operator offers to its customers under differing terms, but that nevertheless are processed and delivered in the same manner within the United States Postal Service's network. Such instruments may also establish negotiated rates for services ancillary to such items and for customized competitive services developed for application solely in the context of the agreement.

[redacted]

RESTRICTED AND SENSITIVE BUSINESS INFORMATION - DO NOT DISCLOSE

[redacted]

[redacted] Prices established by these formulas should not interfere with competitive products' ability as a whole to comply with 39 U.S.C.§ 3633(a)(3), which, as implemented by (39 C.F.R.§ 3015.7(c)) requires competitive products to contribute a minimum of 5.5 percent to the Postal Service's total institutional costs. Accordingly, no issue of subsidization of competitive products by market dominant products should arise (39 U.S.C.§ 3633(a)(1)).

**CERTIFICATION OF GOVERNORS' VOTE
IN THE
GOVERNORS' DECISION NO. 11-6**

I hereby certify that the Governors voted on adopting Governors' Decision No. 11-6, and that, consistent with 39 USC 3632(a), a majority of the Governors then holding office concurred in the Decision.

Julie S Moore

Date: 3/22/2011

Julie S. Moore
Secretary of the Board of Governors

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

In accordance with 39 C.F.R. § 3007.21 and Order No. 225,[1] the United States Postal Service (Postal Service) hereby applies for non-public treatment of certain materials filed with the Commission in this docket and the accompanying Global Plus contract docket.[2] The materials pertain to two Global Plus contracts – a Global Plus 1C contract that the Postal Service believes is functionally equivalent to previously filed Global Plus 1C contracts,[3] and a Global Plus 2C contract that the Postal Service believes is functionally equivalent to previously filed Global Plus 2C contracts.[4] The contract that is the subject of this docket and supporting documents establishing compliance with 39 U.S.C. § 3633 and 39 C.F.R. § 3015.5 are being filed separately in this docket under seal with the Commission. A redacted copy of the contract, a redacted version of the certified statement required by 39 C.F.R. § 3015.5(c)(2) for the contract, and a redacted version of Governors' Decision No. 11-6 are filed as Attachments 1, 2, and 3, respectively. Redacted versions of other financial documentation are filed publicly in separate Microsoft Excel documents.

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

[2] A similar Application for Non-Public Treatment was filed with the accompanying Global Plus 1C contract that the Postal Service filed in Notice of the United States Postal Service of Filing a Functionally Equivalent Global Plus 1C Contract Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal, Docket No. CP2014-42, April 14, 2014, Attachment 4. The financial documents included in this filing concern not only the Global Plus 2C contract that is the subject of this docket, but also the Global Plus 1C contract that the Postal Service filed in Docket No. CP2014-42.

[3] *See* PRC Order No. 1151, Order Adding Global Plus 1C to the Competitive Product List and Approving Related Global Plus 1C Agreements, PRC Docket Nos. MC2012-6, CP2012-12, and CP2012-13, January 19, 2012, at 8.

[4] *See* PRC Order No. 1135, Order Adding Global Plus 2C to the Competitive Product List and Approving Functionally Equivalent Global Plus 2C Agreements, Docket Nos. MC2012-5, CP2012-10, and CP2012-11, January 13, 2012, at 7.

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

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

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

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

In the case of Global Plus 1C and 2C contracts, the Postal Service believes that the third parties with a proprietary interest in the materials are the customer with whom the contracts are made, Canada Post Corporation (Canada Post), and Federal Express Corporation (FedEx Express) with respect to data concerning Global Express

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

Guaranteed (GXG).[6] The Postal Service believes that it is possible that Federal Express (FedEx), which is involved in the provision of GXG, may have a proprietary interest in some of the information in this filing.[7]

The Postal Service maintains that customer identifying information should be withheld from public disclosure. Therefore, rather than identifying the customer for these contracts, the Postal Service gives notice that it has already informed the customer, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service employee responsible for providing notice to the customer with proprietary interest in the materials filed in this docket is Mr. James J. Crawford, Business Development Specialist, Global Business, United States Postal Service, 475 L'Enfant Plaza, Room 2P020, Washington, DC 20260-0020, whose email address is james.j.crawford@usps.gov, and whose telephone number is 202-268-7714.

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[6] However, other postal operators can be considered to have a proprietary interest in some rate information in the financial workpapers included with this filing. The Postal Service maintains that such information should be withheld from public disclosure. In view of the practical difficulties, the Postal Service has not undertaken to inform all affected postal operators about the nature and scope of this filing and about the ability to address any confidentiality concerns directly with the Commission as provided in 39 C.F.R. § 3007.20(b). Due to language and cultural differences as well as the sensitive nature of the Postal Service's rate relationship with the affected foreign postal operators, the Postal Service proposes that a designated Postal Service employee serve as the point of contact for any notices to the relevant postal operators. The Postal Service identifies as an appropriate contact person Guadalupe Contreras, EMS Manager, International Postal Relations. Ms. Contreras' phone number is (202) 268-4598, and her email address is guadalupe.n.contreras@usps.gov. The Postal Service acknowledges that 39 C.F.R. § 3007.21 (c)(2) appears to contemplate only situations where a third party's identification is "sensitive" as permitting the designation of a Postal Service employee who shall act as an intermediary for notice purposes. To the extent that the Postal Service's filing in the absence of actual notice might be construed as beyond the scope of the Commission's rules, the Postal Service respectfully requests a waiver that would allow it to forgo providing a notice to each postal operator, and to designate a Postal Service employee as the contact person under these circumstances, since it is impractical to communicate with dozens of operators in multiple languages about this matter.

[7] Although FedEx Express might have a proprietary interest in data reflecting charges between the Postal Service and FedEx Express and possibly data showing volume or weights for GXG, the Postal Service maintains that the Postal Service is the only party with a proprietary interest in revenue data reflecting GXG transactions between the Postal Service and its customers.

The financial documentation also contains information that could be considered proprietary to Canada Post. The Postal Service has already informed Canada Post, in compliance with 39 C.F.R. § 3007.20(b), of the nature and scope of this filing and its ability to address its confidentiality concerns directly with the Commission. The Postal Service identifies Ewa Kowalski, Canada Post Corporation, as the appropriate contact on behalf of Canada Post. Ms. Kowalski's telephone number is (613) 734-6201, and her email address is ewa.kowalski@canadapost.postescanada.ca. Canada Post has requested that any communications regarding confidential treatment of these data be sent with a courtesy copy to Dennis Jarvis, General Manager, International Product Management, Canada Post Corporation. Mr. Jarvis's telephone number is (613) 734-8149, and his email address is dennis.jarvis@canadapost.ca.[8]

The financial documentation also contains data specific to GXG service, which the Postal Service offers in partnership with FedEx Express. The Postal Service identifies James H. Ferguson, Corporate Vice President, Customer and Business Transactions, FedEx Corp. & General Counsel, FedEx Corporate Services, Inc., as the appropriate contact on behalf of FedEx Express. Mr. Ferguson's telephone number is (901) 434-8600, and his email address is jhferguson1@fedex.com

**(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;**

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

In connection with its Notice filed in this docket, the Postal Service included a contract, as well as financial workpapers, the certified statement required for the contract by 39 C.F.R. § 3015.5(c)(2), certifying that the agreement should meet the requirements of 39 U.S.C. § 3633(a)(1), (2), and (3), as well as the applicable Governors' Decision No. 11-6. These materials were filed under seal, with redacted copies filed publicly, after notice to the customer. The Postal Service maintains that the redacted portions of these materials should remain confidential.

With regard to the contract filed in this docket, the redactions on page 1 and to the footers of each page, the article concerning notices, and the signature block constitute the name or address of a postal patron whose identifying information may be withheld from mandatory public disclosure by virtue of 39 U.S.C. § 504(g)(1) and 39 U.S.C. § 410(c)(2). The redacted portions of the footers of the Annexes also protect the customer's identifying information from disclosure.

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

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

Governors' Decision No. 11-6 is reproduced as Attachment 3 and includes as

supporting materials an Attachment A. Redactions appear on page two and in Attachment A of Governors' Decision No. 11-6. These redactions protect sensitive commercial information concerning the applicable cost-coverage.

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

Any performance reports filed in this docket will typically show the actual revenue and cost coverage of the customer's completed contract. The Postal Service will redact all of the values represented in such performance reports as commercially sensitive business information and will also protect any customer identifying information from disclosure.

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

If the portions of the contract that the Postal Service determined to be protected from disclosure due to their commercially sensitive nature were to be disclosed publicly, the Postal Service considers that it is quite likely that it would suffer commercial harm.

Revealing customer-identifying information would enable competitors to focus marketing efforts on current postal customers, undermining the effort and resources that the Postal Service has invested in cultivating business relationships with those customers

Other redacted information in the Agreement (which is included as Attachment 1 to this notice) includes negotiated contract terms, such as the minimum volume and/or revenue commitment agreed to by the customer, various penalties and the percentage of cost increase which may trigger a consequential price increase. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. Competitors could use the information to assess the offers made by the Postal Service to its customers for any possible comparative vulnerabilities and focus sales and marketing efforts on those areas, to the detriment of the Postal Service. Additionally, other potential customers could use the information to their advantage in negotiating the terms of their own agreements with the Postal Service. The Postal Service considers these to be highly probable outcomes that would result from public disclosure of the redacted material.

The financial workpapers include specific information such as costs, assumptions used in pricing formulas, the formulas themselves, mailer profile information, projections of variables, contingency rates included to account for market fluctuations and the exchange risks. All of this information is highly confidential in the business world. If this information were made public, the Postal Service's competitors would have the advantage of being able to determine the absolute floor for Postal Service pricing. Unlike its competitors, the Postal Service is required by the mail classification schedule to demonstrate that each negotiated agreement within this group covers its attributable

costs. Furthermore, the Postal Service's Governors have required that each contract be submitted to the Commission with a notice that complies with 39 C.F.R. § 3015.5.[9] Thus, competitors would be able to take advantage of the information to offer lower pricing to the Global Plus 1C and/or Global Plus 2C customers, while subsidizing any losses with profits from other customers. Eventually, this could freeze the Postal Service out of the relevant delivery services markets. Given that these spreadsheets are filed in their native format, the Postal Service's assessment is that the likelihood that the information would be used in this way is great.

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

Price information in the contract and financial spreadsheets also consists of sensitive commercial information of the customer. Disclosure of such information could

[9] Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Plus Contracts (Governors' Decision No. 08-8), May 28, 2008, at 2-3 and Attachment A; Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Global Direct, Global Bulk Economy, and Global Plus Contracts (Governors' Decision No. 08-10), July 16, 2008, at 2-3 and Attachment A.

be used by competitors of the customer to assess its underlying costs, and thereby develop a benchmark for the development of a competitive alternative.

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

In addition, information in the financial spreadsheets consists of sensitive commercial information related to FedEx Express. Disclosures of information could be used by competitors of FedEx Express to develop alternatives to FedEx Express' products.

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

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

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

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

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

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

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

business-to-customer delivery services markets for which the Global Plus 1C and 2C product is designed.

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

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

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

recognized that the mailer's practice and projected profile were at variance, the costs associated with establishing the contract, including filing it with the Postal Regulatory Commission, would be sunk costs that would have a negative impact on the Global Plus 1C and/or Global Plus 2C product overall.

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

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

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

Hypothetical: A competing international delivery service obtains a copy of the unredacted version of the financial workpapers and contract from the Postal

Regulatory Commission's website. The competitor analyzes the contract and workpapers to assess Canada Post's prices. The competitor uses that information to target its competitive offerings accordingly.

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

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

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

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

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

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

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

None.

***Conclusion***

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