

A Practical Guide to USPS[®] Prices

Rates effective 1/4/2010

Ways to apply the new
prices to your advantage.

WAYS TO SAVE

Quick Overview

First-Class Mail[®] Strategies

Standard Mail[®] Strategies

Priority Mail[®], Express Mail[®] and
Package Services Strategies

Extra Services Strategies

A PRACTICAL GUIDE TO USPS PRICES

Law provides for regular and predictable price changes.

Since 1971, whenever the U.S. Postal Service wanted to revise pricing they needed to file a rate case—a complex proceeding that involved long lead times and several regulatory reviews. With no pre-set limits on what could change, mailers sometimes faced significant increases and new sets of rules.

That all changed with the passing of the Postal Accountability and Enhancement Act. Under the current rules, price increases for most services (see sidebar) are now limited to the rate of inflation, as measured by the Consumer Price Index. The Postal Service no longer needs to file a “rate case”, instead they must publish new pricing at least 45 days in advance. There is still regulatory oversight, and the Postal Regulatory Commission provides the public with 20 days to comment on whether the proposed pricing is consistent with statutory requirements.

Schedule for Regular and Predictable Price Changes

By law, the USPS is required to maintain a schedule for future price increases. This schedule is posted on the Postal Regulatory Commission website, www.prc.gov. The Postal Service expects to implement price changes for all of the market-dominant classes in mid-May of each year.

The Postal Service expects that all of the market-dominant classes will experience a price increase each year equal, on average, to the applicable price cap limitation. In September 2009, the Price Cap for market-dominant products was less than zero.

Rather than wait for the year-end numbers, the USPS announced in October 2009 that there would be no 2010 price increase for market dominant products including First-Class Mail®, Standard Mail®, periodicals and single-piece Parcel Post. New prices for competitive products (also known as Shipping Services) will take effect January 4, 2010.

Pitney Bowes: your resource for innovation and savings

As the world’s leading provider of mailstream solutions, we understand the critical role mail plays in terms of your marketing, operations and financial well-being. Through this guide, we’ll not only inform you of the key changes – we’ll show you how you can work the new rules to your advantage. With dozens of practical strategies, you can choose best practices that make the most sense for your business.

To make it easy, we have organized this tool into distinct sections, so you can explore the areas that are most pertinent to your needs without getting bogged down in unnecessary details. And, of course, your Pitney Bowes representative is always available to answer your questions, and help you customize an approach that’s right-sized for you and your company.

Different Rules for Different Products

MARKET-DOMINANT PRODUCTS

Price increase tied to CPI.
Minimum 45 days advance notice.

- First-Class Mail®
- Standard Mail®
- Periodicals
- Single-Piece Parcel Post®
- Media Mail
- Bound Printed Matter
- Library Mail
- Special Services
- Single-Piece International

COMPETITIVE PRODUCTS

Not tied to CPI, but must cover costs.
Minimum 15 days advance notice.

- Priority Mail®
- Express Mail®
- Bulk Parcel Post®
- Bulk International

For more information,
please contact us.

PITNEY BOWES QUICK GUIDETO USPS PRICES

New prices for Shipping Services take effect January 4, 2010. There will be no change in prices for market dominant products in May 2010. As such, the May 2009 prices will remain in effect.

First-Class Mail®

The shape and format of your mailpiece continue to have a significant impact on your cost. You can save \$0.003 for each letter that complies with the full-service Intelligent Mail® option requirements.

Select Rates for First-Class Mail®	May '09	May '10
Single-piece Letter – First ounce	\$0.44	same
Single-piece Flat – First ounce	\$0.88	same
Single-piece Parcel – First ounce	\$1.22	same
Each additional ounce	\$0.17	same
Nonmachinable surcharge	\$0.20	same
Presorted Letter – First ounce	\$0.414	same
Presorted Flat – First ounce	\$0.757	same
Automation Letter – 5-digit – First ounce	\$0.335	same
Automation Flat – 5-digit – First ounce	\$0.380	same
Postcards	\$0.28	same

Standard Mail®

Continue to earn discounts for automation and BMC/SCF Destination Entry. Save \$0.001 on letters that comply with full-service Intelligent Mail® requirements.

Select Rates for Standard Mail®	May '09	May '10
Letter up to 3.3 ounces – AADC (Nonautomation)	\$0.256	same
Flat up to 3.3 ounces – ADC (Nonautomation)	\$0.509	same
Letter up to 3.3 ounces – 5-digit (Automation)	\$0.233	same
Flat up to 3.3 ounces – 5-digit (Automation)	\$0.346	same
BMC Destination Entry Discount (Piece Rate)	\$0.034	same
SCF Destination Entry Discount (Piece Rate)	\$0.043	same

Priority Mail®, Express Mail® and Package Services

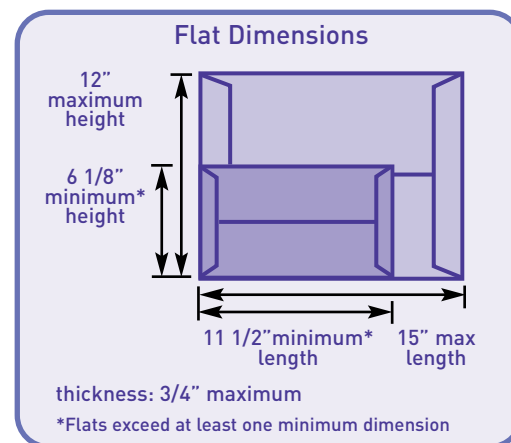
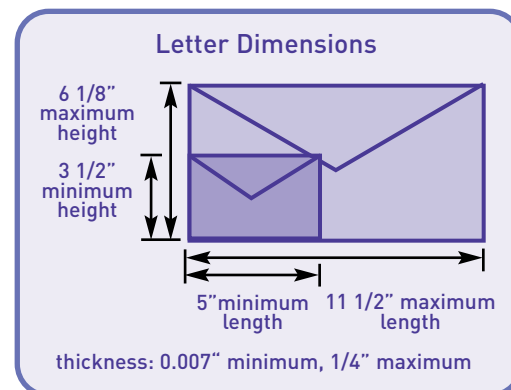
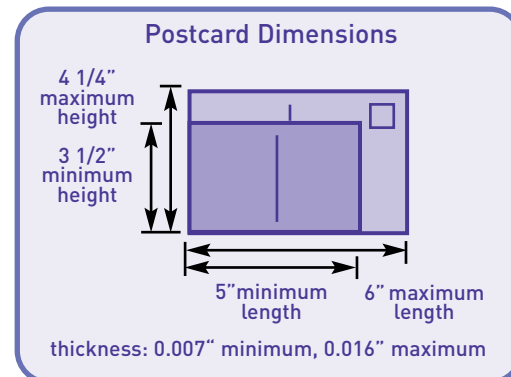
Other than Flat-Rate envelopes and boxes, Priority Mail® and Express Mail® prices are based on weight and zone, with savings available when you use qualifying postage payment methods or meet volume requirements.

Select Retail Rates for Priority Mail® Express Mail® and Package Services	Jan '09	Jan '10
Priority Mail® – Flat Rate Envelope	\$4.95	\$4.90
Priority Mail® – Small Flat Rate Box	n/a	\$4.95
Priority Mail® – Regular Flat Rate Box	\$10.35	\$10.70
Priority Mail® – Oversized Flat Rate Box	\$13.95	\$14.50
Express Mail® – Flat Rate Envelope	\$17.50	\$18.30
Parcel Post – 1 lb.	\$4.90	\$4.90
Media Mail – 1 lb. Single-Piece	\$2.38	\$2.38
Library Mail – 1 lb. Single-Piece	\$2.26	\$2.26

Extra Services

No price changes have been announced for the broad range of USPS Extra Services.

Select Rates for Extra Services	May '09	May '10
Registered Mail™ Base Rate	\$10.60	same
Certified Mail™	\$2.80	same
Return Receipt (paper-based)	\$2.30	same
Electronic Return Receipt	\$1.10	same
First-Class Address Correction – Manual	\$0.50	same
First-Class Address Correction – Electronic	\$0.10	same



For more details, including new rate tables, please visit www.usps.com/prices.

GO THE EXTRA OUNCE

FIRST-CLASS STRATEGIES

A Practical Guide

With no increase in the cost of each additional ounce, you can offset rising costs by putting more into each and every communication.

The Opportunity

You can still send each additional ounce of First-Class Mail® at the same low cost, including letters, flats and parcels.

Smart Mailstream Practices

Companies who already send a high volume of two- and three-ounce letters will continue to save on overall postage expenses as the cost for each additional ounce remains unchanged. Others should consider whether they can increase bottom-line profits by adding additional content to existing mail.

- **Use your transactional mail for marketing purposes.** You can promote other products and services by adding inserts, brochures and cross-sell materials to statements and invoices.
- **Increase the number of inserts.** If you are already including inserts, it may be cost effective to add even more. Depending on the size and weight of each insert, you may be able to add up to six or more new components per ounce.
- **Combine multiple communications into one envelope.** If you are planning to send a notification or reminder to your customers, you could save money by combining this communication with another mailing, such as a statement. Likewise, if you have customers who currently receive two or more statements each month, consolidating these into a single envelope (a practice known as householding) can reduce your expenses dramatically.

Overall, with no increase in the additional ounce rate, you can save money by sending fewer, but more valuable, mail pieces. But be careful – once you exceed the 3.5 ounce threshold for letter mail, your piece will be classified as a flat, which will increase your costs.

Making it Happen

Going the extra ounce means more than stuffing envelopes – it means adding speed and intelligence to your mailstream.

Intelligent Inserting. Having the ability to selectively insert allows you to choose which customers receive which components, giving you the control and flexibility you need to target messages to the right person. You can even print and scan marks that include specific processing instructions for each mail piece. OMR (Optical Mark Recognition) helps ensure accuracy and mail piece integrity. By automating and integrating the entire process of mail creation, from document generation through folding and inserting, you can gain end-to-end efficiencies.

Document Enhancement. Combining seemingly disparate communications requires some planning, but may be easier than you think. Printstream engineering gives you the flexibility to modify and combine the print-ready files created by your existing applications – without disrupting your underlying operations or mission-critical systems.

Accurate Weights, Lower Postage. There's no need to sort your mail by weight before you apply postage, as today's leading mail systems can automatically weigh and rate each mail piece on the fly, so you won't overpay for postage.

First-Class Letters – Single Piece Rates

	May '09	May '10
Additional Ounce	\$0.17	same
1 ounce Letter	\$0.44	same
2 ounce Letter	\$0.61	same
3 ounce Letter	\$0.78	same
3.5 ounce Letter	\$0.95	same

For more information,
please contact us.

Going the extra ounce may make sense if you:

- Are looking to strengthen relationships with existing customers
- Mail multiple communications to the same individual
- Would like to sell additional products and services

Pitney Bowes makes it easier for companies to get more out of each communication through mailstream solutions such as:

- Automatic Inserting Solutions
- Document Generation Software
- Digital Mailing Systems

FLATS TO FOLDED

By converting flats into letter-size mail, you can take advantage of lower postal rates.

The Opportunity

The retail rate for a one-ounce large envelope (flat) is double the rate for a normal letter. By conforming to letter-size dimensions, you can save \$0.44 on every piece.

Smart Mailstream Practices

By having a good understanding of what constitutes a letter vs. a flat, you can take steps to create mail pieces that are easier for the post office to process.

- **Design mailpieces to meet letter-size dimensional requirements.** While many letters are already created to fit inside a standard #10 envelope, you actually have a lot of flexibility to create mailings of different sizes – and still qualify for the lower letter-size rates.
- **Convert flat mail to letter-size mail (up to and including 3.5 ounces) with a single fold.** The concept of “flats to folded” is important if your current mailings are between one and 22 pages. (Higher page counts are unlikely to qualify for letter-mail rates as the weight will likely exceed the 3.5 ounce limit.) In simplest terms, converting flat mail to letter-size mail would be one of the easiest ways to cut costs and mitigate the rate increase.
- **Repackage parcels as flats.** With the new pricing, the postage for parcels is 34 cents higher than flats. However, a flat-size mailpiece could be up to 3/4 inches thick – which may make it possible for you to repackage mailings that you currently send as parcels to meet the flat-rate requirements. In addition to meeting the Flat Dimensions noted to the right, flat-size mailpieces must be uniform in thickness, flexible and rectangular in shape.

Making it Happen

The price change creates many opportunities for savings through proper mailpiece planning.

Precision Folding. If you're looking for a quick ROI fix, a heavy-duty folder combined with an intelligent inserting system can provide you with the high-speed, automatic feeding and folding required to transform documents into a size appropriate for a 6" x 9" letter – all with a single fold. Not only can you save on postage, you can increase speed and productivity across your entire operation.

Automatic Rating. Mailing systems with dynamic weighing and postage rating by shape technology maximize efficiency by processing mixed weight material up to 16 oz. in a single operation. Each piece is automatically weighed and measured, ensuring an accurate postage calculation.

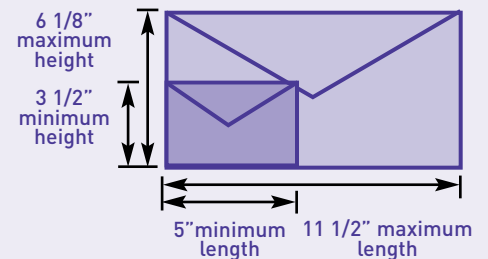
FIRST-CLASS STRATEGIES

A Practical Guide

First-Class Flats – Single Piece Rates

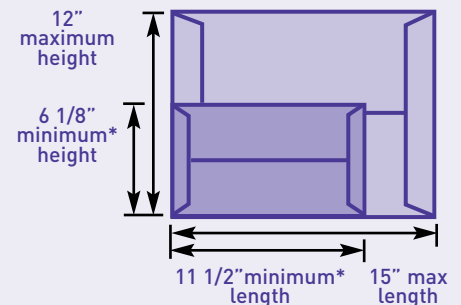
	May '09	May '10
1 ounce Flat	\$0.88	same
2 ounce Flat	\$1.05	same
3 ounce Flat	\$1.22	same
Additional Ounce	\$0.17	same

Letter Dimensions



thickness: 0.007" minimum, 1/4" maximum
maximum weight = 3.5 oz.

Flat Dimensions



thickness: 3/4" maximum

*Flats exceed at least one minimum dimension

Pitney Bowes makes it easier for companies to optimize their mailstream, with solutions including:

- Automatic Inserting Solutions
- Mail Folding Systems
- Digital Mailing Systems

For more information,
please contact us.

MAIL THAT'S MACHINE-READY

The nonmachinable surcharge adds to cost on nonmachinable mail.

FIRST-CLASS STRATEGIES

A Practical Guide

The Opportunity

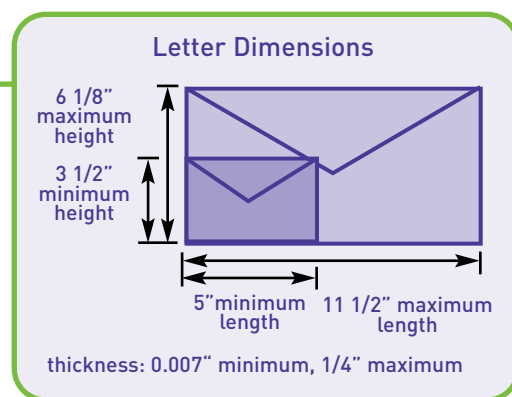
The “nonmachinable surcharge” – which is assessed when First-Class Mail® letters are designed in ways that make it difficult to process – adds 20 cents to each piece.

Smart Mailstream Practices

By knowing the guidelines, you can design mailpieces to meet letter-size dimensional requirements and avoid nonmachinable characteristics.

A letter-size piece is considered nonmachinable if it has one or more of the following characteristics:

- Weighs more than 3.5 ounces
- Has an aspect ratio (length divided by height) of less than 1.3 or more than 2.5
- Measures more than 4.25 inches high or 6 inches long, and has a thickness of less than 0.007 inch (0.009 inch for commercial letters.)
- Is rigid or contains odd-shaped contents
- Is polybagged, polywrapped, or enclosed in any non-paper material
- Includes clasps, strings, buttons, or similar closure devices
- Is a self-mailer with a folded edge perpendicular to the address and is not folded and secured (e.g., tabbed)
- Contains items such as pens, pencils, keys or coins that cause the thickness of the mailpiece to be uneven.



Making it Happen

When you have an unusual mailpiece, take a moment to determine whether it meets the machinable requirements. And if not, what you can do differently to meet the letter-requirements. Whoever is designing your mailpieces and marketing promotions should also be brought up to speed on these guidelines. Some mail creation tools which can help include:

Duplex printing. If your mailpieces are over 3.5 ounces, you should consider duplex (two-sided) printing. That will help you save on paper costs, as well.

Tabbers. If you send self-mailers, newsletters, catalogs or flyers, you may want to consider a tabber, which applies the wafer seals needed to secure your mailpiece.

Inserters and Folders. These automation tools give you the flexibility you need to produce a broad range of effective mail formats.

Pitney Bowes makes it easier for companies to create USPS compliant mail with mailstream solutions such as:

- Automatic Single Tabber
- High Speed Laser Printer
- Automatic Inserting Solutions
- Mail Folding Systems

For more information,
please contact us.

WATCH YOUR WEIGHT

Avoid more costly flat-rate pricing by keeping your letter-size mailpieces to 3.5 ounces or less.

FIRST-CLASS STRATEGIES

A Practical Guide

The Opportunity

As the USPS works to better align their rates with actual processing costs, they will charge flat-size prices (or even parcel prices) for letter-size mailpieces that exceed 3.5 ounces in weight.

First-Class Letters – Automation Rates

	May '09	May '10
3.0 ounces	\$0.632	same
3.5 ounces	\$0.757	same
4.0 ounces*	\$1.235	same

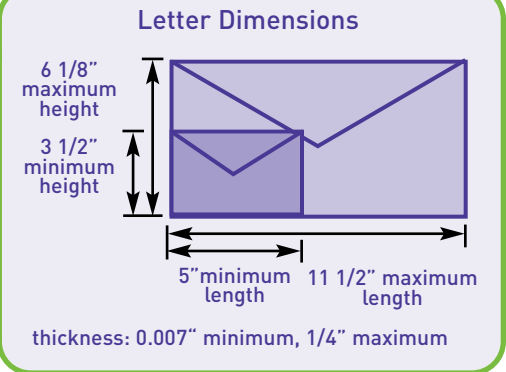
Mixed AADC Rate

* Charged rate for flat-sized mail.

Smart Mailstream Practices

By carefully managing the make-up of your mailpieces, you can maximize impact while keeping your mailpiece weight in letter-size range.

- **Design mailpieces to meet letter-size dimensions.** To qualify as “letter-size”, your mailing doesn’t have to fit into a standard #10 envelope – but it does have to comply with USPS standards for letter-size mail. You have a lot of flexibility to create mailings that can stand out while staying within “letter-size” specifications.
- **Use your weight wisely.** You can say a lot in 3.5 ounces. Duplex printing, lighter paper stock, smaller inserts – all of these can help you keep your content intact while trimming the weight of your mailpiece overall. Make sure that you include all the elements when you weigh in.
- **Prioritize your messaging.** If you’re still over the weight limit, take a good look at your mailpiece contents. When extra inserts put you over 3.5 ounces, you need to do a quick cost-benefit analysis: does it make more sense to include the inserts now, to push them back to a later date, or even to leave them out altogether? Make sure they’re worth the added expense.



Making it Happen

Duplex printing. Duplex or two-sided printing can enable you to reduce mailpiece weight – and reduce paper costs as well. It’s environmentally friendly and commonly used in today’s cost-conscious world.

Document Enhancement. Modifying and combining the print-ready files created by your existing applications may sound like a daunting task. But new technologies make it simple to change document sizes with minimal disruptions to your underlying operations and mission-critical systems. Be sure to check with your mailstream expert to see how easy the change can be.

Pitney Bowes makes it easier for companies to create powerful, cost-effective mailpieces.

- Document generation software
- Digital mailing systems
- Automatic Inserting Solutions
- High-speed color printers

For more information,
please contact us.

COMMUNICATE WITH POSTCARDS

These highly targeted mailings can keep you top-of-mind at lower costs.

FIRST-CLASS STRATEGIES

A Practical Guide

The Opportunity

The cost to send postcards is still 36% less expensive than a letter.

Keep in mind, the postage for a First-Class Mail® postcard would in most cases remain cost-effective even when compared to a Standard Mail® letter.

Single Piece	First-Class Postcard	First-Class Letter
May '09	\$0.28	\$0.44
May '10	same	same

Presorted	First-Class Postcard	Standard Letter
May '09	\$0.245	\$0.273
May '10	same	same

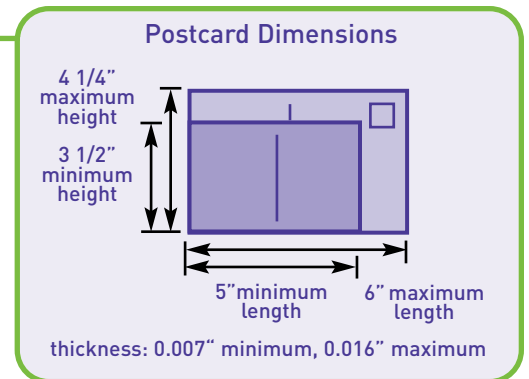
Smart Mailstream Practices

Think about ways you can communicate with customers and prospects in the most effective manner.

Augment your communication plan with postcards. Postcards are easy to produce and can be personalized for each customer. They are ideal for notifications, invitations, reminders and lead generation – and any communication that requires a quick turnaround. In addition to lower postage costs, the simplicity of postcards can help you save money on production, too. To qualify for postcard rates, however, your mailpiece must conform to USPS requirements.

Increase communication frequency. Postcards are also a great way to connect with customers. Follow-up communications and reminder postcards can help you generate a lift from your other marketing efforts more cost effectively.

Meter or use a permit indicia. You can set your mailing machine to meter postcards at the lower postcard rates, the same as any other mail you send. If you are having postcards printed, however, you may also want to consider a permit imprint, which may take up less space.



Making it Happen

Creating and mailing postcards is easy, if you have the right tools.

Postcard Addressing: With the right system, you can print addresses on each card and avoid the less-professional look of a label. Many solutions also offer you the opportunity to print personalized messages, so you can make each piece even more relevant. As a final touch, the automatic creation of a barcode can help speed delivery and lower postage costs, too.

Postage Printing: If you are printing postcards, you may want to consider getting a USPS permit, so you can pre-print your indicia directly onto your card. Otherwise, you can easily run your postcards through your postage meter – just be sure to set the postage amount to the lower rate.

Postage Payments: If you are going to use a USPS permit, you can eliminate many of the hassles associated with postage payments and reconciliation by taking advantage of smart payment solutions. For example, the Purchase Power account makes it easy to add permit postage expenses directly onto your existing Pitney Bowes postage statement – and pay later, after you mail.

Pitney Bowes offers a broad range of solutions that can increase the effectiveness and efficiency of your marketing, including:

- Address Printers
- Digital Mailing System
- Postage Payment Solutions

For more information,
please contact us.

SORT OUT THE SAVINGS

A simple presort can practically offset the impact of the rate increase.

FIRST-CLASS STRATEGIES

A Practical Guide

The Opportunity

The First-Class Mail® presort rate is more than two cents less than today's single-piece rate.

You can achieve even lower rates at the 3- or 5-digit presort levels. A one-ounce letter sorted to 5-Digit ZIP Codes, for example, would cost only \$0.335 to mail.

	May '09	May '10
Single-Piece Letter	\$0.44	same
Presorted Letter	\$0.414	same
Automation Letters	\$0.360	same

AADC Rate

Smart Mailstream Practices

The concept of worksharing gives you the opportunity to save money by doing some of the presort work normally done by the postal service.

Presort Savings. If you are sending at least 500 mailpieces within the same processing category (letters, flats, parcels), you can presort First-Class Mail® to save nearly 6%. Basically, "presorting" means grouping your mail by ZIP Code. All of the pieces going to the same destination get grouped into the same package or tray. You'll sort to specific areas, and then work your way up to more general areas.

The Automation Advantage. If you decide to presort your mail, you are already doing most of the work – so it pays to take it to the next level: automation. The USPS offers more significant savings for automation-compatible mail because it is much easier to process, so you can cut postal costs by up to 23%. To qualify for automation rates, you need to print a delivery point barcode on each mailpiece, and use an address list that has been validated against the USPS databases. Switch to the new full-service Intelligent Mail® barcode and save even more.

The Intelligent Mail® Advantage

As of November 29, 2009, mailers who comply with the full-service Intelligent Mail® barcode requirements can save an additional \$0.003 on every automation rate letter or card.

For more information,
please contact us.

Making it Happen

Presorting could be complex if you tried to utilize a manual process, but today's software solutions make it easy. All of the USPS guidelines are pre-programmed, so your mail will automatically be sequenced in the order that maximizes your postal discounts.

Presort Software. Today's leading solutions do more than sort your mail – they improve your address quality as well. When considering options, look for software that is CASS-certified (this is the USPS Coding Accuracy Support System) and PAVE-certified (this stands for Presort Accuracy Validation and Evaluation) so you can benefit from better addresses, more accurate presorts and all of the required mailing forms. Delivery Point Validation (DPV™) verifies that an address exists prior to mailing. While this may all sound complicated, the right software makes it easy.

Move Updates. Keeping your addresses up-to-date not only helps you save money on postage – it helps ensure that more of your mail reaches its intended recipient. And if you are presorting mail, you will be required to update your lists using the latest USPS National Change of Address information within 95 days of your mail date.

Barcode Printing: Many software solutions give you the capability to print address and barcodes on a document as part of your mailing address. An alternative approach is to use a specialized address printer, which provides the crisp, direct-to-envelope address and imaging to create a more professional look. With the addition of spot color and personalized messages, these solutions can help ensure more of your mail is opened and read.

Pitney Bowes offers a broad range of solutions that can make it easier for you to save money, including:

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
- VeriMove™ Software
- Address Printers
- Intelligent Mail® Solutions

High-volume mailers may want to consider the Pitney Bowes Business Insight line of mailing efficiency solutions, including:

- CODE-1 Plus™ Computer Program
- MailStream Plus™ Mail Sortation Software
- MAIL360™ for Intelligent Mail® Barcode

UPDATE ADDRESSES

Comply with all Move Update standards and avoid paying more for postage.

The Opportunity

Starting January 4, 2010, the USPS will employ a Performance Based Verification system at the point of mail acceptance to monitor compliance with the Move Update standards that took effect in November 2008. In simple terms, this calculation will measure how many addresses **were** updated as compared to how many addresses **should have been** updated based on information available in the USPS® National Change of Address database.

- Mail will be sampled at the time of induction.
- Samples that score a minimum of 70% will be inducted at no additional cost. That means that for every address that changed between 95 days and 18 months, a minimum of 70% must be corrected by the mailer.
- If the sampling scores at lower than 70% (with a minimum of six wrong addresses) the mailer will have the choice of taking the mailing back to correct the problem or paying a seven-cent postage assessment against the portion of the entire mail file that falls below the 70% threshold.

Smart Mailstream Practices

Under the current rules, all commercial (discounted) First-Class™ and Standard Mail® mailings must be processed through an approved Move Update method at least 95 days prior to a mail date in order to take advantage of presort discounts.

Consider the total cost of returned mail. In addition to the seven-cent postage assessment, poor address quality can add significant costs to any business, including:

- print and mail costs of initial mailer
- postage on initial mailing
- lost sales opportunities
- increased call volume
- unnecessary collection calls
- handling of returned mail
- one-off address corrections
- mail regenerations
- postage on re-mails
- communication delays
- customer dissatisfaction
- delayed revenue receipt

Making it Happen

In addition to the USPS assessments, poor address quality leads to returned mail, added costs and dissatisfied customers. Best practices include:

Move Updates. Keeping your addresses up-to-date not only helps you save money on postage – it helps ensure that more of your mail reaches its intended recipient. And if you are presorting mail, you will be required to update your lists using the latest USPS National Change of Address information within 95 days of your mail date.

Closed Loop Address Management. Many problems occur at the point of data entry, so taking the time to ensure that you key in addresses correctly is a good start. Then, when you receive corrections (whether from the customer or the USPS), it is important that you update your records as soon as possible.

Move Update Assessments

EXAMPLE ONE:

A 200,000 piece First-Class™ mailing. 2,000 pieces are sampled by the USPS.

- The system identifies 20 Change of Address occurrences.
- The mailer corrected 14 addresses
- Scored at 70% (14/20) – no penalty assessed

EXAMPLE TWO:

A 200,000 piece First-Class™ mailing. 2,000 pieces are sampled by the USPS.

- The system identifies 20 Change of Address occurrences.
- The mailer corrected 11 addresses
- Scored at 55% (11/20)
- Calculates that 15% of mailing falls below threshold (70% - 55%)
- Charges \$0.07 on 30,000 pieces (15% of entire 200,000 piece mailing)
- Mailer pays additional \$2,100 at time of mail acceptance

For more information,
please contact us.

Pitney Bowes offers a broad range of solutions that make it easier for you to update addresses and save money, including:

- VeriMove™ VeriMove™ Net
- AddressRightNow™ Service
- MAIL360™ Software
- Aura™ Software

THE PITNEY BOWES PRESORTXTRA SOLUTION

Mailers can save up to 12% on the cost of mailing by taking advantage of the Pitney Bowes PresortXtra Solution.

FIRST-CLASS STRATEGIES

A Practical Guide

The Opportunity

Across the board, there are increases in the cost of postage for virtually every class of mail. With adjustments for inflation (as measured by the Consumer Price Index), the full cost of First-Class Mail® increases to 44 cents for a one-ounce letter.

PB PresortXtra Solution

	May '10	PX Rate	Savings
1 ounce	\$0.44	\$0.414	\$0.026
2 ounce	\$0.61	\$0.539	\$0.071

Smart Mailstream Practices

If you're a high-volume mailer, you can save money by presorting your mail. But if presorting mail in-house doesn't make sense to you, you can still get the benefit of presorting – including reduced postage rates – without doing the work.

The PresortXtra Solution. Under this program, Pitney Bowes will pick up outgoing mail directly from your office. Your mail will be commingled and presorted with mail from other companies, and then sent out the next day. Best of all, you can meter your mail at a lower rate, which saves you money.

You'll save from 6% to 12% – thereby mitigating the effect of the rate increase. Plus, as part of this discount program, you'll also benefit from automatic address verification, automatic move update services and no-cost pickups. Depending on your mail volume, the PresortXtra Solution could help you save thousands of dollars with no additional work required.

Making it Happen

Customers who will benefit from and qualify for the Postage Discount Program:

- Mailers with a minimum of 1,000 pieces of qualifying mail per scheduled pickup,

OR

- Mailers with a minimum of 500 pieces of qualifying mail every day
- Mailers must be located in an eligible PDP location

To learn more about what mail can qualify for this program, please go to www.pb.com/presortxtra

THE ECONOMY CLASS: WHEN STANDARD MAIL® MAKES SENSE

With one low price for up to 3.3 ounces, switching to Standard Mail could make good economic sense in certain situations.

The Opportunity

Standard Mail® postage rates are much lower than First-Class Mail® rates, especially for higher-weight mailpieces.

Smart Mailstream Practices

Every time you have a mailing of 200 pieces or more, (or total weight of the mail equaling 50 lb. or more) within the same processing category (letters, flats, parcels), it makes sense to carefully consider which class is best.

When to mail First-Class Mail®:

Some materials must be mailed First-Class Mail®:

- Handwritten or typewritten materials
- Bills, statements of account and invoices
- Personal correspondence

When time is of the essence:

- First-Class Mail® will reach most domestic destinations in 2-3 business days
- However, there are ways to speed up the process of Standard Mail® – such as making sure your mail is automation-compatible and dated with a meter indicia

When you do not have the ability to presort your mail:

- Sending fewer than 200 pieces or less than 50 lb.
- Do not currently have easy-to-use presort software

When to mail as Standard Mail®:

You may want to consider Standard Mail® rates for all other non-personal mail options, particularly when your marketing mail, newsletters or other mass communications are over one ounce.

- The minimum mail quantity is 200 pieces (or mailing equal to 50 or more pounds)
- The per-piece rate for Standard Mail® is good for mail up to 3.3 ounces. The postage on heavier mailpieces is based on a piece/pound calculation.

Making it Happen

Presort Software. The biggest challenge of Standard Mail® is that you have to presort your mail. And while the presort rules are complex, a good software application can do almost all of the work for you, including the preparation of any USPS required forms. When considering options, look for software that is CASS™ Certified (this is the USPS Coding Accuracy Support System) and PAVE™ (this stands for Presort Accuracy Validation and Evaluation) so you can benefit from better addresses, more accurate presorts and greater discounts.

Maintain Your Image. Saving money is smart, and you can look good too. Printing your postage indicia with a meter vs. a permit is the first step to a professional look. Plus, high-quality address printers provide crisp, precise, direct-to-envelope imaging and some even allow you to add spot color and personalized messages, which can help lead to more of your mail being opened and read.

High-speed processing. Producing high-volume mail in-house may be easier than you think. Mailstream automation solutions, including document folders and inserters, give you the flexibility you need to produce a broad range of effective mail formats.

May '10 Letter Rates	First-Class	Standard
1 ounce Single Piece	\$0.44	n/a
1 ounce Presorted*	\$0.414	\$0.273
1 ounce AADC Automation	\$0.360	\$0.253
3 ounce Single Piece	\$0.78	n/a
3 ounce Presorted*	\$0.664	\$0.273
3 ounce AADC Automation	\$0.610	\$0.253

*Machinable

For more information,
please contact us.

Pitney Bowes makes it easier for you to take advantage of Standard Mail® savings with a broad range of mailstream solutions:

- Address Printers
- SmartMailer™ Mail Management Software
- AddressRight® Pro
- Digital Mailing Systems
- Automatic Inserting Solutions
- Mail Folding Systems
- Postage Discount Program

FLATS TO FOLDED

By converting flats to letter-size mail, you can take advantage of lower rates.

The Opportunity

With shape-based pricing, the cost for Standard Mail® flats remains significantly higher than the cost for letter-size mail. Depending on the types of presort you do, you could be paying more than double the postage for a flat-size mailer.

Standard Mail – Letters vs. Flats

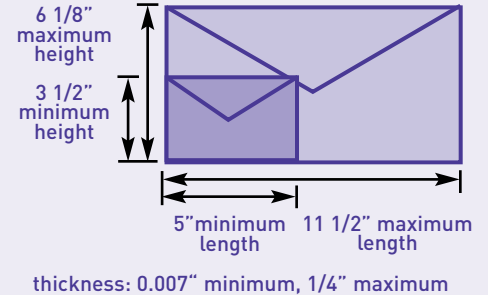
May '10 Rates	Letters	Flats
Machinable – Mixed AADC/ADC	\$0.273	\$0.558
Automation – Mixed AADC/ADC	\$0.270	\$0.496
Automation – 3-digit/scheme	\$0.251	\$0.418

Smart Mailstream Practices

By having a good understanding of what constitutes a letter vs. a flat, you can take steps to create mail pieces that are easier for the post office to deliver.

- **Design mailpieces to meet letter-size dimensional requirements.** While many letters are already created to fit inside a standard #10 envelope, you actually have a lot of flexibility to create mailings of different sizes – and still qualify for the lower letter-size rates.
- **Convert flat mail to letter-sized mail with a single fold.** The concept of “flats to folded” is important if your current mailings weigh less than or equal to 3.3 ounces. (Over 3.3 ounces, postage is based in part on the same per pound rate for both letters and flats.) In simplest terms, converting flat mail to letter-size mail is one of the easiest ways to cut costs and mitigate the rate increase. For example, documents that currently measure 8 1/2" x 11" can be folded once to fit into a 6" x 9" envelope, or twice to fit into a #10 window envelope, which will allow you to qualify for significantly lower rates.

Letter Dimensions



Making it Happen

The price change creates many opportunities for savings through proper mailpiece planning.

Precision Folding. If you're looking for a quick way to save postage, a heavy-duty folder combined with an intelligent inserting system can provide you with the high-speed, automatic feeding and folding required to transform documents into a size appropriate for a letter rate. For many documents, one fold will get you into a 6" x 9" envelope, two folds for a standard #10. Not only will you save on postage, you'll increase speed and productivity across your entire operation.

Automatic Rating. Mailing systems with dynamic weighing and postage rating by shape technology maximize efficiency by processing mixed weight material up to 16 oz. in a single operation. Each piece is automatically weighed and measured, ensuring an accurate postal calculation.

Pitney Bowes makes it easier for companies to optimize their mailstream, with solutions including:

- Automatic Inserting Solutions
- Mail Folding Systems
- Digital Mailing Systems

For more information,
please contact us.

AVOID HIGHER COSTS FOR NONMACHINABLE MAIL

Taking the time to ensure your mail is machinable could cut your postage costs in half.

The Opportunity

Creating mail that is easier for the USPS to process continues to be important. The cost for nonmachinable letters is significantly greater than machinable mail, and higher Not Flat-Machinable rates will be assessed on mail that is too thick or rigid for machine processing.

Higher cost of Not Flat-Machinable (NFM)

	Automation	NFM
Mixed BMC/ADC	\$0.496	\$1.515
3-digit	\$0.418	n/a
5-digit	\$0.346	n/a*

For pieces 3.3 ounces or less.

* Available only on mail that qualifies for Entry Discounts.

Smart Mailstream Practices

By knowing the guidelines, you can design mailpieces to avoid the Not Flat-Machinable category, which will apply to:

- Mail that is too thick or too rigid to run on the USPS processor
- Mailpieces smaller than 5" x 6" and thicker than 1/4" (up to 1 1/4")
- Mailpieces longer than 15" (up to 15 3/4")
- Mailpieces thicker than 3/4" (up to 1 1/4")

IMPORTANT: If mailpieces are not uniform in thickness, you won't even qualify for the Not Flat-Machinable rate as such mailpieces will be classified as parcels and charged a higher rate.

Making it Happen

When you have an unusual mailpiece, particularly one that is rigid, take a moment to determine whether it meets the machinable requirements – and if not, what you can do differently. Whoever is designing your mailpieces and marketing promotions should also be brought up to speed on these guidelines.

Adjust Packaging. It may be possible for you to modify your envelope or mail kit to conform to the guidelines. You may also want to rethink what you are sending. For example, if you currently include pens or key chains in envelopes as a promotional item, perhaps you could find an alternative premium that is more mail-friendly.

Duplex Printing. If your mailpieces are thicker than 3/4", you should consider duplex (two-sided) printing. That will help you save on paper costs, as well.

Automated Folding and Inserting. These automation tools give you the flexibility you need to produce a broad range of effective mail formats.

Pitney Bowes makes it easier for companies to create USPS compliant mail with mailstream solutions such as:

- High Speed Laser Printer
- Automatic Inserting Solutions
- Mail Folding Systems

For more information,
please contact us.

AUTOMATE YOUR DISCOUNTS

As presorting Standard Mail® by hand becomes even more complex, software solutions add simplicity – and added savings.

The Opportunity

Under the current rate structure, there are 13 presort tiers for Standard Mail® letters, with the lowest being the Saturation Rate (\$0.182) and the highest being the Nonmachinable Mixed ADC Rate (\$0.578). With more than a 300% difference between these two extremes, presort strategies may become even more important.

Enhanced Carrier Route

- Saturation
- High Density
- Basic

Automation

- 5-Digit
- 3-Digit
- AADC
- Mixed AADC

Machinable

- AADC
- Mixed AADC

Nonmachinable

- 5-Digit
- 3-Digit
- ADC
- Mixed ADC

Mixed AADC Rates	May '09	May '10
Automation	\$0.270	same
Machinable	\$0.273	same
Nonmachinable	\$0.578	same

For letters 3.3 ounces or less

Smart Mailstream Practices

Ensuring that more of your mail qualifies for Automation Rates is one of the best ways to offset the postal rate increase.

The Automation Advantage. If you presort your mail, you are already doing most of the work – so it pays to take it to the next level: automation. The USPS offers more significant savings for automated mail because it is so much easier to process, so you can cut postal costs dramatically. To qualify for automation rates, you need to print a delivery point barcode on each mailpiece, and use an address list that has been validated against the USPS database. Switch to the new full-service Intelligent Mail® barcode and save even more.

Avoid Nonmachinable Formats. Designing mailpieces that can be processed efficiently will help you avoid the significant increases in nonmachinable mail.

Making it Happen

Presorting could be complex if you tried to utilize a manual process, but today's software solutions make it easy. All of the USPS guidelines are pre-programmed, so your mail will automatically be sequenced in the order that maximizes your postal discounts.

Presort Software. Today's leading solutions do more than sort your mail – they improve your address quality as well. When considering options, look for software that is CASS™ Certified (this is the USPS Coding Accuracy Support System) and PAVE™ (this stands for Presort Accuracy Validation and Evaluation) so you can benefit from better addresses, more accurate presorts and all of the required mailing forms. While this may all sound complicated, the right software makes it easy.

Barcode Printing: Many software solutions give you the capability to print barcodes on a document as part of your mailing address. You may also want to use a specialized address printer, which provides crisp, direct-to-envelope address and imaging to create a more professional look. With the addition of spot color and personalized messages, these solutions can help lead to more of your mail being opened and read.

The Intelligent Mail® Advantage

As of November 29, 2009, mailers who comply with the full-service Intelligent Mail® barcode requirements can save an additional \$0.001 on every automation rate letter or card.

For more information,
please contact us.

Pitney Bowes offers a broad range of solutions that can make it easier for you to save money, including:

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
- VeriMove™ Software
- Addressing Printers
- Digital Mailing Systems
- Intelligent Mail® Solutions

High-volume mailers may want to consider the Group 1 Software line of mailing efficiency solutions, including:

- CODE-1 Plus® Computer Program
- MailStream Plus® Mail Sortation Software
- MAIL360™ for Intelligent Mail® Barcode

UPDATE ADDRESSES

Comply with all Move Update standards and avoid paying more for postage.

The Opportunity

Starting January 4, 2010, the USPS will employ a Performance Based Verification system at the point of mail acceptance to monitor compliance with the Move Update standards that took effect in November 2008. In simple terms, this calculation will measure how many addresses **were** updated as compared to how many addresses **should have been** updated based on information available in the USPS® National Change of Address database.

- Mail will be sampled at the time of induction.
- Samples that score a minimum of 70% will be inducted at no additional cost. That means that for every address that changed between 95 days and 18 months, a minimum of 70% must be corrected by the mailer.
- If the sampling scores at lower than 70% (with a minimum of six wrong addresses) the mailer will have the choice of taking the mailing back to correct the problem or paying a seven-cent postage assessment against the portion of the entire mail file that falls below the 70% threshold.

Smart Mailstream Practices

Under the current rules, all commercial (discounted) First-Class™ and Standard Mail® mailings must be processed through an approved Move Update method at least 95 days prior to a mail date in order to take advantage of presort discounts.

Consider the total cost of returned mail. In addition to the seven-cent postage assessment, poor address quality can add significant costs to any business, including:

- print and mail costs of initial mailer
- postage on initial mailing
- lost sales opportunities
- increased call volume
- unnecessary collection calls
- handling of returned mail
- one-off address corrections
- mail regenerations
- postage on remails
- communication delays
- customer dissatisfaction
- delayed revenue receipt

Making it Happen

In addition to the USPS assessments, poor address quality leads to returned mail, added costs and dissatisfied customers. Best practices include:

Move Updates. Keeping your addresses up-to-date not only helps you save money on postage – it helps ensure that more of your mail reaches its intended recipient. And if you are presorting mail, you will be required to update your lists using the latest USPS National Change of Address information within 95 days of your mail date.

Closed Loop Address Management. Many problems occur at the point of data entry, so taking the time to ensure that you key in addresses correctly is a good start. Then, when you receive corrections (whether from the customer or the USPS), it is important that you update your records as soon as possible.

Move Update Assessments

EXAMPLE ONE:

A 200,000 piece Standard Class mailing. 2,000 pieces are sampled by the USPS.

- The system identifies 20 Change of Address occurrences.
- The mailer corrected 14 addresses
- Scored at 70% (14/20) – no penalty assessed

EXAMPLE TWO:

A 200,000 piece Standard Class mailing. 2,000 pieces are sampled by the USPS.

- The system identifies 20 Change of Address occurrences.
- The mailer corrected 11 addresses
- Scored at 55% (11/20)
- Calculates that 15% of mailing falls below threshold (70% - 55%)
- Charges \$0.07 on 30,000 pieces (15% of entire 200,000 piece mailing)
- Mailer pays additional \$2,100 at time of mail acceptance

For more information,
please contact us.

Pitney Bowes offers a broad range of solutions that make it easier for you to update addresses and save money, including:

- VeriMove™ VeriMove™ Net
- AddressRightNow™ Service
- MAIL360™ Software
- Aura™ Software

DROP OFF CLOSER TO DESTINATIONS

Entry Discounts provide for the lowest rates possible.

The Opportunity

The USPS continues to provide discounts for Standard Mail® mailers who enter their mail closer to the delivery destination. By transporting your mail to the appropriate DBMC or DSCF, you could save up to 18% or more.

Destination Bulk Mail Center (DBMC) There are 21 DBMCs in the U.S., which handle mail for large areas. To qualify for DBMC rates, your mailpieces must enter and be addressed for delivery within the service area for that particular DBMC.

Destination Sectional Center Facility (DSCF) There are 350 DSCFs in the U.S. and you can receive a greater discount by entering your mail at one of these facilities. To qualify for DSCF rates, your mailpieces must enter and be addressed for delivery within the service area for that particular DSCF.

Entry Discounts – Automation Letters

	None	DBMC	DSCF
Mixed AADC	\$0.270	\$0.236	n/a
AADC	\$0.253	\$0.219	\$0.210
3-digit/scheme	\$0.251	\$0.217	\$0.208
5-digit/scheme	\$0.233	\$0.199	\$0.190

For letters 3.3 ounces or less

Smart Mailstream Practices

Obviously, getting mail to a DBMC or DSCF will require some effort on your part, but it may make sense to determine if entry discounts make sense for you.

Locate your local bulk mail centers. There may be a location near you. You can find a listing, which includes hours and directions, at www.usps.com/bulkmailcenters.

Analyze your mail files. Do you tend to mail to a lot of people in the same area? Are your mailings concentrated in a certain region or geography? If so, saving on postage may be easier than you think.

Get the savings you're entitled too. Even if you conduct national mailings, you can still take advantage of the discounts for all mail within the service area of your drop-off point.

For more information,
please contact us.

Making it Happen

With a pencil and calculator, you can easily estimate the extra discounts you can earn. Simply compare these discounts to the costs you would incur in getting mail to an appropriate drop-off point to see how much you can save.

Presort Software. The leading solutions can automatically calculate the destination discounts you've earned, whether all of your mail qualifies for entry-level discounts or only a small portion. When considering options, look for software that is CASS Certified™ (this is the USPS Coding Accuracy Support System) and PAVE™ (this stands for Presort Accuracy Validation and Evaluation) so you can benefit from better addresses, more accurate presorts and all of the required mailing forms.

Pitney Bowes makes it easier for you to take advantage of Standard Mail savings with a broad range of mailstream solutions:

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software

ENJOY FLAT-RATE PRICING, COAST TO COAST

With even more flat-rate pricing options for Priority Mail®, you can ship parcels up to 70 lb. door-to-door more affordably.

The Opportunity

The USPS Flat Rate Box lets you send up to 70lbs anywhere in the US for as little as \$4.95. The small-sized box is perfect for jewelry, electronics, event tickets or other small items that need expedited shipping.

Smart Mailstream Practices

You can ship your letters or packages in an average of 2-3 days with Priority Mail® Flat Rate Envelopes and Boxes. All you need to do is reformat your parcels, documents and packages so that they work within the Flat Rate Envelope and Box shapes. Best of all, you can order the envelopes and boxes at no cost to you right from the USPS website.



Flat Rate Envelopes

- The dimensions of the envelope are 12.5" X 9.5"
- The contents of the flat rate envelope must be confined within the envelope, using the flap adhesive as the primary means of closure
- The flap must close easily, adhere to the envelope and may be secured with tape if desired
- The design and shape of the envelope may not be altered or enlarged in any way to fit the contents

Flat Rate Boxes

- The inside dimensions for the two regular size boxes are 11" x 8.5" x 5.5" and 13.625" x 11.875" x 3.375". The larger box dimensions are 12" x 12" x 5 1/2". The smaller box dimensions are 8.625" x 5.375" x 1.625".
- The contents of the flat rate box must be neatly contained inside of the box with adhesive packaging tape
- The box must close securely and retain its shape when taped with adhesive
- The shape of the box may not be changed or enlarged to fit its contents



Making it Happen

There are a number of ways you can make flat rate pricing even more advantageous for your business.

Smart Shipping Solutions. With the right system, you can take the guesswork out of selecting carriers and service options. In addition to printing complete shipping labels, these systems compare real-time information from multiple carriers, so you can make informed choices based on delivery objectives, rates, service levels and business rules. It will even alert your customers via e-mail or the Internet that their package has shipped.

Intelligent Mail Finishing. The right mailing system makes it easy to apply the correct postage, without having to go to the post office. Systems equipped with IntelliLink® technology give you the ability to process and track Priority Mail® – right up until delivery confirmation at reduced USPS fees.

PRIORITY, EXPRESS & PACKAGE SERVICES STRATEGIES

A Practical Guide

Retail Prices	Jan '09	Jan '10
Envelopes	\$4.95	\$4.90
Small Boxes	\$4.95	\$4.95
Regular Boxes	\$10.35	\$10.70
Larger Boxes	\$13.95	\$14.50
Up to and including 70 lb.		

Enjoy all of the benefits of Priority Mail® for one low price.

- no delivery area surcharge
- no residential surcharge
- no extra charge for Saturday delivery
- no fuel surcharge
- no "wrong address" surcharge
- free electronic Delivery Confirmation™

For more information,
please contact us.

Pitney Bowes provides comprehensive tools that make it easier for businesses of every size to make smart shipping decisions.

- SendSuite™ Shipping Solutions
- Digital Mailing Systems

SHAPES THAT FIT

Balloon rates and dimensional weighting requirements increase the cost of oversized Priority Mail® parcels.

PRIORITY, EXPRESS & PACKAGE SERVICES STRATEGIES

A Practical Guide

The Opportunity

The guidelines established in 2007 remain in effect, adding an extra cost to lightweight packages that take up a lot of space.

For Zones 1-4. Oversized packages less than 20 lbs. will be charged the 20-lb. rate. This “balloon” rating only impacts parcels where the length plus girth (the circumference) exceeds 84 inches.

For Zones 5-8. As packages traveling further involve air-transportation, these parcels are subject to dimensional-weight pricing. Dimensional weight (also referred to as “dim” weight) is a transportation industry standard, and is calculated based on the size of the package. This type of pricing will impact Priority Mail® packages larger than one cubic foot – or, in other words, if the length times width times height exceeds 1,728 inches.

Smart Mailstream Practices

This size-based pricing could increase shipping costs dramatically, so it pays to review your current packaging to determine if balloon or dim-weight charges would apply.

- **Reformat packages.** You may be able to revise packaging to avoid these extra charges. In some cases, it may be more economical to split a shipment into two separate packages (to keep the size smaller). In other cases, it may be more economical to combine two oversized items into a single package (to avoid paying the higher charges twice).
- **Consider USPS branded Priority Mail® containers.** These packages all conform to the guidelines, ensuring your mail will not be subject to dim-weight or balloon rating. They are also provided free of charge by the USPS.

Making it Happen

Your shipping department, as well as your package design groups, should all be made aware of the Priority Mail® guidelines. In addition to a good tape measure, shipping tools that can help include:

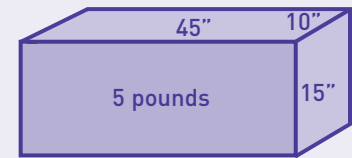
High-capacity Scale. Electronic scales can calculate precise postage for accurate processing of mail and parcels. Many can provide rates and fees for USPS and UPS, as well as FedEx and DHL. A Differential Weighing Option enables you to stack mail pieces or parcels of differing weights on the scale. As pieces are removed, the proper postage is calculated and postage tape is printed.

Intelligent Mail Finishing. The right mailing system makes it easy to apply the correct postage without having to go to the post office. Systems equipped with IntelliLink® technology also give you the ability to process and track Priority Mail® – right up until delivery confirmation.

Balloon Rate Example

Zones 1-4

When length + girth > 84 inches



Actual weight = 5 lb.

Length (45") plus Girth (15" + 10" + 15" + 10") = 95 inches (which is greater than 84)

Balloon rate = 20 lb.

Dim-Weight Example

Zones 5-8

When volume exceeds 1 cubic foot

To calculate the dim-weight in terms of pounds, multiply the length by the width by the height, then divide the total by 194. Round that up to the nearest whole number.



Actual weight = 10 lb.

Dim-weight = $(30 \times 15 \times 15) \div 194 = 35$ lb.

Pitney Bowes provides a broad range of shipping solutions, such as:

- Mailing And Shipping Scales
- SendSuite™ Shipping Solutions
- Digital Mailing Systems

For more information,
please contact us.

EXPEDITE DELIVERY FOR LESS

USPS services often provide added value for lower costs than private carriers.

The Opportunity

Zone-based pricing for Priority Mail® and Express Mail® means you will pay less for nearby destinations. Additional discounts are available for Corporate Accounts and those who qualify for volume incentives. Discount options are also available on Priority Mail®, including incentives for customers who use electronic postage or meet other requirements.

Smart Mailstream Practices

Before sending a package or parcel, consider all of your choices.

Priority Mail® Features

- Expedited delivery of packages at an economical rate
- Delivered in 1 to 3 days nationally (often overnight locally)
- Delivered to all U.S. addresses, including P.O. boxes and military addresses
- Saturday and residential delivery are available at no additional charge
- Electronic Delivery Confirmation is available at no additional charge
- Flat-rate pricing available for packages up to and including 70 lbs.
- With Commercial Pricing, you can qualify for reduced rates using your Pitney Bowes mailing system, with greater savings for high-volume shippers (see next page)

Express Mail® Features

- Next-day delivery is guaranteed by noon or 3 p.m. to many destinations or your money back
- Delivered to most U.S. addresses, including P.O. boxes and military addresses
- Available 365 days a year. No extra charge for Saturday delivery, but a \$12.50 premium will apply for Sunday and holiday delivery.
- Insured automatically up to \$100 against loss or damage
- Additional merchandise insurance is available up to \$5,000
- Includes proof of delivery with signature upon request
- With Commercial Pricing, you can qualify for reduced rates using your Pitney Bowes mailing system, with greater savings for high-volume shippers (see next page)

For both types of service, the USPS offers free envelopes and boxes, no fuel surcharges, no residential surcharges, and no “wrong address” surcharge. The USPS also offers Carrier Pick Up service, including a Pick Up on Demand option.

Making it Happen

With today's technology, it's easier than ever to get more value out of expedited shipping.

Built-in Confirmation Services. The right mailing system makes it easy to apply the correct postage, without having to go to the post office. Systems equipped with IntelliLink® technology also give you the ability to enhance your Priority Mail® and First-Class Mail® experience with Delivery Confirmation™, Signature Confirmation™, Certified Mail™, and e-Return Receipt at reduced USPS fees.

Smart Shipping Solutions. With the right system, you can take the guesswork out of selecting carriers and service options. In addition to printing complete shipping labels, these systems compare real-time information from multiple carriers, so you can make informed choices based on delivery objectives, rates, service levels and business rules. It will even alert your customers via e-mail or the Internet that their package has shipped.

PRIORITY, EXPRESS & PACKAGE SERVICES STRATEGIES

A Practical Guide

Priority Mail®

1 to 3 day delivery, retail prices start at \$4.90.

Express Mail®

Next day or second-day delivery, retail prices start at \$13.65.

TIP: When the destination is local, consider Priority Mail® instead of Express Mail®, as your package will often be delivered the next day.

NOTE: If you qualify for Commercial Base Pricing or Commercial Plus Pricing, you could save even more. See next page for details.

For more information, please contact us.

Pitney Bowes provides a full line of solutions that can help you handle express shipments with ease.

- SendSuite™ Shipping Solutions
- Ascent™ Multi-Carrier Package Management
- Mailing And Shipping Scales
- Digital Mailing System

COMMERCIAL PRICING

PRIORITY, EXPRESS & PACKAGE SERVICES STRATEGIES

A Practical Guide

Enjoy up-front price incentives for qualifying shippers using USPS overnight and 2-3 day expedited services.

The Opportunity

The 2010 price increases on USPS Shipping Services are lower than the changes that occurred in 2009. With even lower average increases in the Commercial Base and Commercial Plus categories, business shippers can save even more off of the retail rates.

	Average Increase		
	Retail	Commercial Base	Commercial Plus
Priority Mail®	3.9%	2.9%	0.9%
Express Mail®	4.5%	4.5%	4.4%

Three new cost-saving opportunities have also been introduced for Priority Mail® Commercial Plus shippers:

- Priority Mail® Cubic Volume-Based Pricing
- Priority Mail® Half-Pound Price
- Priority Mail® Flat-Rate Padded Envelope

Smart Mailstream Practices

As a Pitney Bowes customer, you may already have the means to qualify for commercial pricing.

Commercial Base Pricing. There are no volume requirements. Eligibility is based primarily on how you prepare your shipments. These reduced rates are available for customers who use Click-N-Ship®, PC Postage® products, permit imprints, or digital mailing systems that generate an IBI (Information Based Indicia). If your IBI postage meter does not electronically transmit data to the USPS, you must also generate an approved shipping label that includes a confirmation services barcode with a postal routing code.

Commercial Plus Pricing. Eligibility is based primarily on your shipping volume.

- Priority Mail®: 100,000 pieces in prior year
- Express Mail®: 6,000 pieces in previous four quarters

In lieu of past volume, you could also complete a customer commitment agreement.

Please refer to the Domestic Mail Manual for specific requirements.

Making it Happen

There are a number of ways you can take advantage of the savings available for business shippers.

Smart Shipping Solutions. With the right system, you can take the guesswork out of selecting carriers and service options. In addition to printing complete shipping labels, these systems compare real-time information from multiple carriers, so you can make informed choices based on delivery objectives, rates, service levels and business rules. It will even alert your customers via e-mail or the Internet that their package has shipped.

Digital Mailing Systems. The right mailing system makes it easy to apply the correct postage, without having to go to the post office. Systems that generate IBI (Information Based Indicia) make it easy to qualify for Commercial Base Pricing.

Priority Mail®

	Retail	Commercial Base	Commercial Plus
Regular Flat-Rate Box	\$4.90	\$4.75	\$4.70
Flat-Rate Padded Envelope	n/a	n/a	\$4.95
Small Flat-Rate Box	\$4.95	\$4.85	\$4.80
Regular Flat-Rate Box	\$10.70	\$10.20	\$9.77
Large Flat-Rate Box	\$14.50	\$13.95	\$13.40
0.5 Pound, Zone 1 & 2	n/a	n/a	\$4.22
1.0 Pound, Zone 1 & 2	\$4.90	\$4.80	\$4.75

Rates effective January 4, 2010

Express Mail®

	Retail	Commercial Base	Commercial Plus
Flat-Rate Envelope	\$18.30	\$17.40	\$14.96
0.5 Pound, Zone 1 & 2	\$13.65	\$12.96	\$11.66
1.0 Pound, Zone 1 & 2	\$15.70	\$14.89	\$13.41

Pitney Bowes provides a full line of solutions that can help you save money on express shipments.

- Digital Mailing Systems
- SendSuite™ Shipping Solutions
- Ascent™ Multi-Carrier Package Management

For more information, please contact us.

PACKAGE SERVICES: THE LOWER-COST ALTERNATIVE

For non-personal mail and parcels where speed of delivery is less important, package services provide added savings.

PRIORITY, EXPRESS & PACKAGE SERVICES STRATEGIES

A Practical Guide

The Opportunity

Package Services mail includes Bound Printed Matter (BPM), Library Mail, Media Mail, and Parcel Post®/Parcel Select®. Despite modest increases, these services are significantly less expensive than other delivery methods. Large- and medium-size shippers may be eligible for volume discounts on Parcel Select® service. Plus, mailers can use a postage meter to apply postage.

Smart Mailstream Practices

The USPS package service options may provide you with the most cost-effective delivery.

- **Compared to Higher-Cost Carriers.** These package service options, including Parcel Post, may allow you to save money. You can also add extra services such as Delivery Confirmation™, Return Receipt for Merchandise, Signature Confirmation™ and Collect on Delivery (COD).
- **Compared to Expedited Delivery.** When time is not of the essence, these package service options may make sense, as you can normally expect delivery between two and nine days.
- **Avoid balloon-size ratings.** Parcels that weigh less than 20 lbs. but measure more than 84 inches in combined length and girth are charged the applicable rate for a 20 lb. parcel (see prior strategy, Shapes That Fit.) Any parcel that measures more than 108 inches (but not more than 130 inches) in combined length and girth must pay the higher 'oversized rate' regardless of weight.

Making it Happen

Shipping smarter means having the right tools.

High-capacity Scale. Electronic scales can calculate precise postage for accurate processing of mail and parcels. Many can provide rates and fees for USPS and UPS, as well as FedEx and DHL. A Differential Weighing Option enables you to stack mail pieces or parcels of differing weights on the scale. As pieces are removed, the proper postage is calculated and postage tape is printed.

Built-in Confirmation Services. The right mailing system makes it easy to apply the correct postage, without having to go to the post office. Systems equipped with IntelliLink® technology also give you the ability to enhance your Priority Mail® and First-Class Mail® experience with Delivery Confirmation™, Signature Confirmation™, Certified Mail™ and e-Return Receipt at reduced USPS fees.

Smart Shipping Solutions. With the right system, you can take the guesswork out of selecting carriers and service options. In addition to printing complete shipping labels, these systems compare real-time information from multiple carriers, so you can make informed choices based on delivery objectives, rates, service levels and business rules. It will even alert your customers via e-mail or the Internet that their package has shipped.

Parcel Post
General merchandise
As low as \$4.90 for 1 lb., Zone 1-8

Media Mail
Books, tapes, other media
As low as \$1.99 for 1 lb., Basic

Library Mail
Schools, libraries, museums
As low as \$1.89 for 1 lb., Basic

Bound Printed Matter
Catalogs, books with ads
Rate based on weight, shape and zone

For more information,
please contact us.

Pitney Bowes provides a full line of solutions that make it easier to take advantage of low-cost shipping options.

- SendSuite™ Shipping Solutions
- Ascent™ Multi-Carrier Package Management
- Mailing And Shipping Scales
- Digital Mailing Systems

AUTOMATED ADDRESS CORRECTIONS

Going to electronic (vs. paper-based) address correction is still more economical.

EXTRA SERVICES STRATEGIES

A Practical Guide

The Opportunity

The USPS remains committed to reducing Undeliverable as Addressed (UAA) Mail. They continue to provide incentives – including free processing – for certain types of Address Correction Service (ACS).

Smart Mailstream Practices

Updating addresses makes smart business sense because more of your mail will be delivered to its intended recipient in a timely manner. There are two ways you can save money.

- **Electronic ACS.** Updating addresses electronically is significantly less than paper-based methods. To participate in ACS, mailers must modify their mailing label to include a mailer identification (participant) code assigned by the National Customer Support Center (NCSC).
- **Automated ACS.** Mailers who adopt the new full-service Intelligent Mail® barcode qualify for lower postal rates plus, you'll also benefit from free Address Correction Service. After receiving the corrected data, you can update your source data or start whatever process you have in place for notification and consent – improving overall data quality.

Making it Happen

There are a range of data quality solutions that can help you keep your customer data up-to-date by using the USPS Address Correction Services.

Barcode Printing: Many software solutions give you the capability to print professional barcodes as part of your mailing address. You may also want to use a specialized address printer, which provides crisp, precise, direct-to-envelope imaging to create a more professional look. With the addition of spot color and personalized messages, these solutions can help ensure more of your mail is opened and read.

Intelligent Mail® Solutions. How you manage the near-term implementation of this expected mandate could have long-term implications for your business. Put simply, there are four ways you can apply the barcode, and Pitney Bowes has expertise in each of these four disciplines, which provides for a thorough review of the advantages, disadvantages and challenges, plus insights into the many ways you can simplify the process, help ensure compliance, reduce postage and add value to your business. Depending on the size of your business and the number of applications involved, you may want to begin with a one-on-one consultation or a full-scale readiness assessment.

First-Class Mail Address Correction

	May '09	May '10
Manual	\$0.50	same
Electronic	\$0.10	same
Automated – First Two	\$0.02	same
Automated – Additional	\$0.08	same
Full-Service Intelligent Mail	FREE	FREE

Standard Mail® Address Correction

	May '09	May '10
Manual	\$0.50	same
Electronic	\$0.26	same
Automated – First Two	\$0.05	same
Automated – Additional	\$0.20	same
Full-Service Intelligent Mail	FREE	FREE

To learn more about these strategies, contact us.

Pitney Bowes offers a range of mail management software solutions and services that facilitate address corrections, including:

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
- Intelligent Mail® Assessments

Pitney Bowes Business Insight offers the most advanced address cleansing solutions, which can also facilitate OneCode ACS™

- CODE-1 Plus® Computer Program
- Finalist®
- MAIL360™ for Intelligent Mail® Barcode

ELECTRONIC RETURN RECEIPT

Say goodbye to “green cards” and enjoy even greater savings.

The Opportunity

If you want to receive return receipts by mail, you'll pay \$2.30. But if you opt to receive these receipts electronically, you can save \$1.20 every time.

Return Receipt Fees		
	May '09	May '10
Electronic Receipts	\$1.10	same
Paper-based Receipts	\$2.30	same

Smart Mailstream Practices

Managing documents electronically can save you time and money. And, with the savings for Electronic Return Receipts (ERR), there is no better time to shift to ERR.

To learn more about these strategies, contact us.

- **Electronic Return Receipt (ERR).** With ERR, the recipient's signature is collected and stored digitally. Unlike green cards, receipts therefore cannot be “lost”. You can print the digital receipt when needed, or download the delivery date into a spreadsheet or data file. And the cost per electronic receipt is less than half that of the old paper-based alternative.

Making it Happen

Today's smart systems add to the benefits of ERR:

Built-in Confirmation Services. You can choose a system equipped with IntelliLink™ technology for Delivery Confirmation,™ Signature Confirmation,™ Certified Mail™ and e-Return Receipt built in. You'll benefit from reduced USPS fees, and the mailing process couldn't be easier.

Online Tracking. ERR makes electronic online tracking of your accountable mail simple: you can check status through 'My Account' on pb.com or the USPS website. Either way, you're only one click away from all your delivery details.

Pitney Bowes offers an array of solutions designed to make your mailing process run more efficiently, including:

- IntelliLink® Technology
- SendSuite™ Shipping Solutions
- Digital Mailing Systems

CONFIRMATION SERVICES

Choosing the right service to meet your needs can greatly reduce what you spend on USPS delivery confirmation.

The Opportunity

The USPS offers many services that can help you confirm delivery. Take a moment to understand your choices so you can select the best option for your business.

Smart Mailstream Practices

Select the least expensive option that meets your needs. Based on the current rates, you may want to consider:

- **Proof of Delivery.** Instead of Certified Mail™, you may want to consider Delivery Confirmation™, which could save you up to \$2.61.
- **Evidence of Mailing.** Instead of Certified Mail™, request a Certificate of Mailing, which would save you \$1.65.
- **Evidence of Mailing and Proof of Delivery.** Instead of Registered Mail, take advantage of Certified Mail™, which would save you \$7.80.
- **Proof of Delivery with Signature.** Instead of Certified Mail™ with a Return Receipt, choose Signature Confirmation™, which could save you up to \$3.15.

	May '09	May '10
Certified Mail™	\$2.80	same
Registered Mail	\$10.60	same
Delivery Confirmation	\$0.80	same
e-Delivery Confirmation	\$0.19	same
Signature Confirmation	\$2.35	same
e-Signature Confirmation	\$1.95	same
Certificate of Mailing	\$1.15	same

NOTE: e-Delivery Confirmation is included with Priority Mail® at no additional cost.

To learn more about these strategies, contact us.

Making it Happen

Efficiencies and savings come from automation, and today you can manage both confirmation and tracking electronically

Built-in Confirmation Services. You can choose a system equipped with IntelliLink™ technology for Delivery Confirmation™, Signature Confirmation™, Certified Mail™ and e-Return Receipt built in. You'll benefit from reduced USPS fees, and the mailing process couldn't be easier.

Online Tracking. We make electronic online tracking of your accountable mail simple: you can check status through 'My Account' on pb.com or the USPS website. Either way, you're only one click away from all your delivery details.

Pitney Bowes offers an array of solutions designed to make your mailing process run more efficiently, including:

- IntelliLink® Technology
- SendSuite™ Shipping Solutions
- Digital Mailing Systems

PERMIT MAIL PAYMENTS

New ways to pay for permit postage can save you time and money.

The Opportunity

While the USPS charges \$185 a year for a permit fee, companies often spend more in terms of time and effort in managing their permit account.

Smart Mailstream Practices

There are several ways to save time and money when it comes to permit mail.

- **Streamline your postal payment process.** Instead of tying up your funds in advance of each mailing, you can pay later for permit mail. Put your dollars to work: better cash management can help offset rising fees and higher postage expenses.
- **Presort your mail for savings.** Significant workshare discounts are available for presorted mail. You can presort your mail yourself or turn to a presort service, such as Pitney Bowes Presort Services.

To learn more,
please contact us or
call 1-888-737-6486.

Making it Happen

Creative postage-payment options and presort alternatives are among the many cost-saving opportunities available through Pitney Bowes.

EasyPermitPostage®: This convenient, automated service eliminates the need to pre-pay or bring a check to the Post Office for postage on permit mail. You'll receive a statement once a month showing the exact postage used and can pay after you mail rather than tying up your funds in advance. As a Pitney Bowes customer, you can even choose to add permit postage expenses to your Purchase Power account.

Purchase Power Rewards: The Purchase Power account enables Pitney Bowes customers to earn money-saving rewards that can be redeemed for free postage. By adding your permit postage expenses to your Purchase Power account, you'll have one more way to offset the increases in rates and fees.

Presort Options. Software that is CASS-certified™ and PAVE-certified will increase your mailing accuracy, help you comply with USPS requirements and enable you to presort for workshare discounts. You can also arrange for your mail to be handled by a third-party presort service – you'll gain valuable discounts without having to perform the presort process.

Pitney Bowes offers an array of solutions designed to make your mailing process run more efficiently, including:

- Postage Payment Solutions
- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
- PSI Presort Solutions

Additional resources that will help you apply the new prices to your advantage.

A PRACTICAL GUIDE TO USPS PRICES

Rate Change Central

Your one-stop resource for rate change instructions and downloads for your Pitney Bowes meters, scales and software. Get answers to your questions – and the support you need – at www.pb.com/ratechange.



www.pbpostalinfo.com

Deepen your understanding of the postal rates – and learn how you can save. This robust web site is your resource for tips, information and practical advice. Special features include:

- **Intelligent Mail® and Move Update Sections** – learn more about the major USPS initiatives, which could represent significant changes for many businesses.
- **Postal News** – keep up with all of the changes, including meter migration and new move update requirements scheduled for later this year.
- **Postage Saving Solutions** – find out about strategies for offsetting the postal increases including the Pitney Bowes Postal Discount Program.



Shape Based Rating Module

Designed for DM800™, DM 900™ & DM1000™ Mailing Systems with Weigh-on-the-Way technology, this module verifies the length, width, thickness and weight of a mailpiece automatically – so you can apply the correct postage every time.



Your Pitney Bowes Mailstream Team

Whether you're looking for a customized one-on-one analysis – or simple answers to your most pressing questions – your local Pitney Bowes Team can provide you with the mailstream expertise you need to stay ahead.

Simply call 1-800-322-8000 and we'll arrange for you to speak to your Pitney Bowes Account Manager.



Information current as of 11/15/09 and is subject to change based on changes in USPS rates and rules and other applicable regulatory changes.

The Corporate Logo, Engineering the flow of communication and Pitney Bowes are trademarks owned by Pitney Bowes Inc. The following trademarks are owned by the United States Postal Service: ACS, CASS Certified, Certified Mail, Confirm, First-Class Mail, Intelligent Mail, NCOALink, OneCode, POSTNET, Standard Mail, MASS, United States Postal Service, Postal Service, Delivery Confirmation, ZIP Code, CASS and USPS.

© Copyright 2010 Pitney Bowes Inc. All rights reserved.