

JANUARY 4, 2010 USPS® SHIPPING SERVICES PRICE CHANGES!

Recently the USPS announced that they will **not** increase prices in 2010 for Market Dominant products, now known as Mailing Services. Recall that domestic Mailing Services includes First-Class Mail®, Standard Mail®, Periodicals, single-piece Package Services and Extra Services.

However, Competitive Products, also known as Shipping Services will change on January 4, 2010. Competitive Products include Express Mail®, Priority Mail®, Parcel Select®, and Parcel Return services, and also Express Mail International®, Priority Mail International® and Global Express Guaranteed® services. Under the Postal Accountability and Enhancement Act, Shipping Services must cover its costs and make a 5.5% contribution to institutional overhead.

Highlights of the Shipping Services Priority Mail® and Express Mail® changes include:

- Price changes
- Price difference between Priority Mail® small Flat-Rate Box and Flat-Rate Envelope
- New pricing structure for one-pound Priority Mail® packages based on Zone
- New opportunities for Priority Mail® Commercial Plus shippers

Price Changes

Examples of Priority Mail® Flat-Rate Commercial Base price changes include:

Prior to January 4, 2010*

- Flat-Rate Envelope \$4.80
- Small Flat-Rate Box \$4.80
- Medium Flat-Rate Box \$9.85
- Large Flat-Rate Box
 - Domestic \$13.50
 - APO/FPO/DPO \$11.50

* Commercial Base prices

Effective January 4, 2010*

- Flat-Rate Envelope \$4.75
- Small Flat-Rate Box \$4.85
- Medium Flat-Rate Box \$10.20
- Large Flat-Rate Box
 - Domestic \$13.95
 - APO/FPO/DPO \$11.95

* Commercial Base prices

Express Mail® service price changes:

While most Retail, Commercial Base and Commercial Plus pricing changes January 4, 2010, here are the Express Mail® Flat-Rate envelope changes:

Prior to January 4, 2010

- Retail \$17.50
- Commercial \$16.63
- Commercial Plus \$14.96

Effective January 4, 2010

- Retail \$18.30
- Commercial \$17.40
- Commercial Plus \$14.96

Percent Increase Price Changes

Average price increases for January 2010 are lower than changes occurring in 2009. Average 2010 price changes by category are as follows:

Domestic Products	Rate Change (%)
• Express Mail®	4.5% Retail, 4.5% Commercial Base, 4.4% Commercial Plus
• Priority Mail®	3.9% Retail, 2.9% Commercial Base, 0.9% Commercial Plus
• Parcel Select®	4.7%
• Parcel Return Service	3.0%

International Products	
• Global Express Guaranteed®	4.1%
• Express Mail International®	2.9%
• Priority Mail International®	3.0%

Small Priority Mail® Flat-Rate Box and Flat-Rate Envelope

As illustrated by the Priority Mail® Flat-Rate price changes on the previous page, the small Flat-Rate box and Flat-Rate envelope are priced separately. This applies to Retail, Commercial Base and Commercial Plus pricing.

One-Pound Price for Priority Mail® Service

The one-pound price for Priority Mail® is now priced according to weight and zone based on seven zone separations. This applies to Retail, Commercial Base and Commercial Plus pricing. For example:

Retail pricing prior to January 4, 2010:

Weight Not Over (pounds)	Zone ^{1, 2, 3}						
	Local, 1 & 2	3	4	5	6	7	8
1	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95	\$4.95

Impact of 2010 change:

- Price dependent on zone
- Reduction in Local, 1 & 2 price
- No change Zone 3
- 2% to 12% increase in one-pound retail pricing for packages destined to Zones 4 – 8

Retail pricing effective January 4, 2010:

Weight Not Over (pounds)	Zone ^{1, 2, 3, 4}						
	Local, 1 & 2	3	4	5	6	7	8
1	\$4.90	\$4.95	\$5.05	\$5.15	\$5.25	\$5.35	\$5.55

Note: While the average increase for Priority Mail® retail pricing is 3.9%, changes actually range from (1%) to 18% and Commercial Base pricing up to 14%!

To mitigate expenditures, shippers should consider the implementation of an outbound shipping solution, such as SendSuite™, to efficiently and simply shop amongst multiple carriers for the best price and service based on mailstream objective!

New opportunities for Priority Mail® Commercial Plus shippers

In 2009, the USPS added new Priority Mail® and Express Mail® Commercial *Plus* pricing. In 2010, three additional cost-saving opportunities will be introduced for Priority Mail® Commercial **Plus** shippers! These include:

1. Priority Mail® Cubic Volume-Based Pricing
2. Priority Mail® Half-Pound Price
3. Priority Mail® Flat-Rate padded envelope

Priority Mail® Cubic Volume-Based Pricing

- The targeted audience for this opportunity is large Commercial Plus customers who ship small dense, space-efficient flats and parcels.
- Prices are available to registered end-users of USPS-approved PC Postage® products or permit imprint customers who qualify for commercial base prices and whose account volumes exceed 250,000 pieces in the previous calendar year or who have a customer commitment agreement with the USPS. Permit imprint customers are required to use the Electronic Verification System (eVS) program or submit an electronic postage statement with a computerized manifest.
- Each mailpiece must measure .50 cubic foot or less and weigh 20 pounds or less
- For postage evidenced with PC Postage®, pieces must bear the applicable marking that reflects the respective price tier, for example "Cubic .10"; for Permit Imprint packages, pieces must bear "Cubic" or "CUBIC"
- Cubic prices are not based on weight but are charged per cubic measurement of the mailpiece and zone:

Priority Mail Commercial Plus CUBIC PRICING – FLATS & PARCELS

Cubic Ft. Range Up To	Zone ^{1,5}						
	Local, 1 & 2	3	4	5	6	7	8
0.10	\$4.22	\$4.27	\$4.36	\$4.45	\$4.53	\$4.61	\$4.78
0.20	4.85	4.90	5.03	5.19	5.32	5.43	5.65
0.30	4.95	5.31	5.94	7.26	8.11	8.77	9.63
0.40	5.20	6.04	6.93	8.62	10.07	11.00	12.35
0.50	5.87	7.00	7.98	10.55	12.25	13.46	15.33

The savings potential is significant!
For example, 8-pound parcel measuring 0.45 cubic feet: destined to Zone 6:

Retail	\$20.20
Commercial	\$18.47
Commercial Plus	\$17.53
Commercial Plus Cubic	\$12.25

To mitigate shipping expenditures, high-volume shippers should reduce package sizes and implement solutions such as SendSuite™ that enable Commercial Plus pricing.

Priority Mail® Half-Pound Price

A half-pound price (for packages weighing up to 0.5 pound) based on distance will be available to Commercial Plus shippers.

Again, the savings potential is significant!

	Zone	Local, 1 & 2	3	4	5	6	7	8
Retail 1-pound		\$4.90	\$4.95	\$5.05	\$5.15	\$5.25	\$5.35	\$5.55
Commercial 1-pound		\$4.80	\$4.85	\$4.95	\$5.05	\$5.15	\$5.24	\$5.44
Commercial Plus 0.5-pound		\$4.22	\$4.27	\$4.36	\$4.45	\$4.53	\$4.61	\$4.78

To mitigate shipping expenditures, high-volume shippers should reduce package sizes and implement solutions that enable Commercial Plus pricing.

Priority Mail® Flat-Rate Padded Envelope

A Flat-Rate padded envelope measuring 9.5 x12.5 inches will be available for Commercial Plus shippers. The envelope is designed for jewelry, electronics and other delicate goods and is priced slightly higher (\$4.95) than the Commercial Plus Priority Mail® Flat-Rate Envelope (\$4.70).

You can download the January 4, 2010 Notice 123 Price List from the Postal Explorer® Web page <http://pe.usps.gov/>



PITNEY BOWES SOLUTIONS—Leveraging the Changes:

Pitney Bowes DM Series® mail finishing solutions, SendSuite™ and Ascent™ outbound shipping solutions enable customers to qualify for Commercial Base and Plus Priority Mail® and Express Mail® pricing:

Priority Mail® Service

Commercial Base Pricing

- Click-N-Ship® solution
- PC Postage® products + shipping label via IOP option of SendSuite™ solution
- Permit Imprint + barcode using manifest feature of SendSuite™ solution
- Open & Distribute
- IBI + routing barcode + confirmation services barcode via DM Series® mail finishing solutions and USPS Shipping Assistant® program
- IBI + inscription + data transmission – DM Series® mail finishing solutions

Commercial Plus Pricing

- Requirement: 100,000 pieces in previous year or customer commitment agreement
- PC Postage® products + shipping label via IOP option of SendSuite™ solution
- Permit Imprint + barcode using manifest feature SendSuite™
- Open & Distribute

* Refer to DMM® for specific requirements.

Express Mail® Service

Commercial Base Pricing

- Express Mail® Corporate Account
- Click-N-Ship® solution
- PC Postage® products + shipping label via IOP option of SendSuite™ solution
- IBI + Express Mail® shipping label via DM Series® mail finishing solutions
- IBI + Express Mail® label + inscription + data transmission via DM Series® mail finishing solutions

Commercial Plus Pricing

- Requirement: 6,000 pieces in previous 4 quarters or customer commitment agreement
- Express Mail® Corporate Account
- PC Postage® products + shipping label via IOP option of SendSuite™ solution

* Refer to DMM® for specific requirements.

Ultimately, customers that implement a multi-carrier shipping system, i.e., SendSuite™ or Ascent™ solutions, are able to smart shop amongst carriers, as well as service levels within those carriers, to meet delivery objectives at the most cost-effective prices! Further, features such as the Residential Delivery Indicator, Fuel Surcharge indicator and Address Verification enable customers to reduce the likelihood of carrier assessorial fees!

In addition to leveraging the many benefits of our DM Series® and outbound shipping solutions, consider these strategies to mitigate shipping expenditures:

1. Reshape packages. Express and ground carrier packages and Priority Mail® packages may be subject to Dimensional Weight rating. As it applies to Priority Mail®, packages destined to Zones 5 - 8 that measure greater than one cubic foot are rated based on the actual weight or the dimensional weight, whichever is greater.
2. Reduce material costs by taking advantage of free Express Mail® and Priority Mail® packaging. Packaging can be ordered on www.usps.com.
 - Use Express Mail® and Priority Mail® flat-rate packaging. These specially marked packages are not subject to actual weight or zone.
3. Use the free electronic Delivery Confirmation™ service with Priority Mail® to obtain delivery information! In doing so, your customers will often enjoy next day or second service without the extra assessorial fees such as fuel surcharges, address correction charges or delivery area surcharges often added by other express and ground carriers.

In conclusion, as savvy mailers and shippers, you can leverage the benefits of Pitney Bowes carrier-neutral outbound shipping solutions to improve efficiencies and mitigate costs. Having the ability to “smart shop” enables businesses and organizations to select amongst carriers, as well as services levels within those carriers, to keep costs in check while meeting important delivery deadlines. You will be able to make informed decisions to reduce or avoid assessorial charges. The reporting features within Pitney Bowes outbound shipping solutions enables you to measure volumes (ideal relative to Commercial Plus pricing qualification!), charge-back costs and monitor carrier performance.

For questions or comments relative to this content, please contact elizabeth.lombard@pb.com .

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