

A Practical Guide to USPS® Prices

Rates effective 1/4/2010

Ways to apply the new
prices to your advantage.

FIRST-CLASS MAIL® STRATEGIES

Go the extra ounce

Convert flats to letter-size mail

Mail that's machine-ready

Watch your weight

Communicate with postcards

Sort out the savings

Tackle the high cost of returned mail

Let us do the work – and save 9%

GO THE EXTRA OUNCE

FIRST-CLASS STRATEGIES

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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.

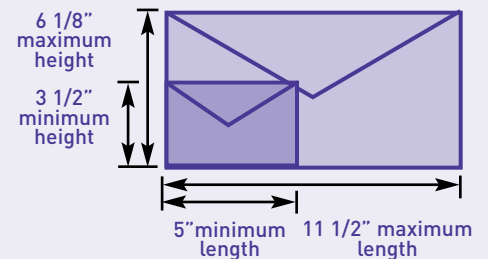
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First-Class Flats – Single Piece Rates

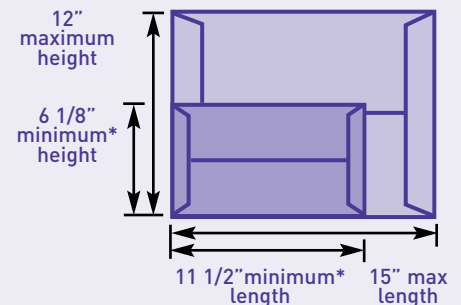
	May '09	May '10
1 ounce Flat	\$0.88	same
2 ounce Flat	\$1.05	same
3 ounce Flat	\$1.22	same
Additional Ounce	\$0.17	same

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.

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The Opportunity

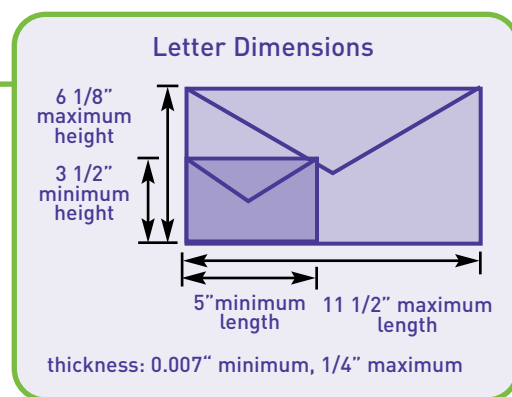
The “nonmachinable surcharge” – which is assessed when First-Class Mail® letters are designed in ways that make it difficult to process – adds 20 cents to each piece.

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.

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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

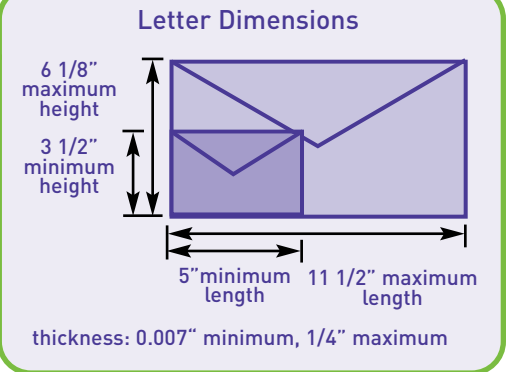
Mixed AADC Rate

* 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.

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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

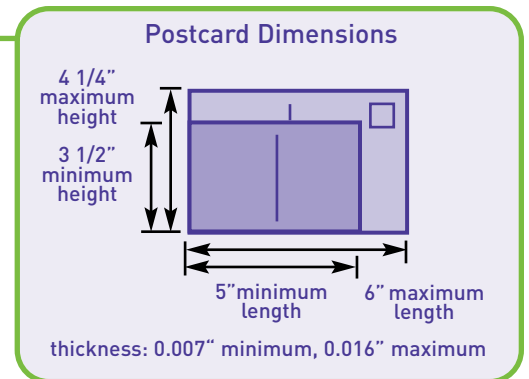
Smart Mailstream Practices

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.

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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.

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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



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.

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