A Practical Guide to the 2007 USPS Rate Change

Rates effective 5/14/07

Ways to apply the new rules 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

IMPORTANT NOTE: The USPS Board of Governors (BOG) has approved most of the rate changes that were recommended by the Postal Regulatory Commission (PRC). All rate changes will go into effect May 14, 2007 except for Periodicals rates which will go into effect July 15, 2007. Still pending is the BOG's request that the PRC reconsider its recommendation relating to Standard Mail flats. No date has been announced for that decision.

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When new USPS rates go into effect May 14, 2007, the average consumer will merely see this as a two-cent increase in the price of a stamp.

As a business mailer, however, you will need to address significant changes in mail piece size, classification and rate structures. To assist you, we've taken the time to scrutinize these changes and created this step-by-step guide on how to optimize the new rules to your advantage.

This guide focuses on opportunities where you can mitigate the effect of this rate increase by making smart decisions. As every mailer is unique, we also encourage you to review your specific mailstream needs with your Pitney Bowes representative, who may be able to outline additional opportunities.

What is the USPS trying to accomplish?

The common thread running through this rate change is simple: the USPS is looking to better align postal rates with the actual costs to process and deliver mail on a piece-by-piece basis. In basic terms, you will be given incentives to:

- Create mailpieces that are compatible with the USPS processing systems
- Improve address quality
- Deposit letters, flats and parcels closer to their destinations

Through these changes, both you and the USPS will benefit from a more efficient approach to overall mail preparation and delivery – one that will provide stability, value and added economies well into the future.

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.

Keeping it simple: What you can expect once the new rates take effect.

- Previously, postage costs were based primarily on weight. The new rate structure puts a greater emphasis on **size, shape and weight**.
- Lower costs for an “additional ounce” will create new opportunities in many cases.
- The postal service is making a big push to decrease Undeliverable as Addressed (UAA) mail and will make it more affordable for you to **update addresses**.
- Worksharing / **presorting** remains the key to lowering your expenses.
- Permanent, **flat-rate** pricing for Priority Mail® envelopes and boxes provides greater value – anywhere and everywhere.
- The increasingly digital nature of the mailstream opens new doors of barcoding and low-cost **delivery confirmation** services.

For more information, please contact us.
SIMPLIFYING THE USPS RATE CHANGE
The Pitney Bowes guide to the most significant changes.

The current USPS rate change, effective May 14, 2007, will impact all classes of mail.

First-Class Mail®

The shape of the mailpiece will play a larger role in the pricing of First-Class Mail®. Today, letters, flats (large envelopes) and parcels over 1-ounce have the same price at every weight increment. The new rate design recognizes that each of these shapes has substantively different processing costs and should have separate prices.

- **Letters**: A two-cent increase from 39 cents to 41 cents for a 1 ounce letter. However, the cost for each additional ounce will be only 17 cents (seven cents less than today).
- **Flats**: A 28-cent increase from 52 cents to 80 cents for a 1 ounce flat, and 17 cents for each additional ounce.
- **Parcels**: A 61-cent increase from 52 cents to $1.13 for a 1 ounce parcel, and 17 cents for each additional ounce.
- **Postcards**: A two-cent increase from 24 cents to 26 cents.
- **Workshare Discounts**: Significant discounts would continue to be available for those who presort their mail. Automation rates (which require a barcode) provide for even greater discounts. However, the best presort rates would be the 5-digit ZIP tier as the Carrier Route presort category would no longer be offered.

- **Nonmachinable Formats**: A four-cent increase in the nonmachinable surcharge, from 15 cents to 17 cents.
- **Address Correction**: A 25-cent decrease for Address Correction Service from 75 cents to 50 cents for paper-based notifications. The cost of electronic ACS™ notification would be lowered to six cents (down from 21 cents today for First-Class Mail®).

Standard Mail®

The current rate and mail preparation structure for automation letters would not change. As in First-Class Mail®, Standard Mail® pricing has a greater recognition of shape and a reduced reliance on weight. In general, Standard Mail® pieces that are not compatible with USPS processing would be priced higher.

- **Letters**: A 7% to 9% increase in the automation rates for letter mail up to 3.3 ounces.
- **Flats**: With the emphasis on shape-based pricing, the costs for mailing flats could increase by more than 40%.
- **Parcels**: In one of the biggest changes in Standard Mail®, the simple residual-shape surcharge would be replaced by a completely separate pricing table. Parcel rates would increase by as much as 86%.

- **Nonmachinable**: Mailpieces that are not compatible with USPS technology would be assessed significantly higher rates. There is also a new category, Not Flat-Machinable, for mail that is too thick or too rigid to run on flat processing equipment.

Priority Mail®, Express Mail® and Package Services

One of the major initiatives involves new ways to price light-weight pieces that are large in size. This includes the introduction of “dimensional-weight” (or dim-weight) pricing – where the price is based on the size – and “balloon” rates that would impose a minimum charge on oversized parcels. Dim-weight pricing would apply to Priority Mail®. Balloon rates would apply to both Priority Mail® and Package Services, such as Parcel Post.

For the most part, the fees for USPS Extra Services, such as Certified Mail™ and Signature Confirmation™, would increase. Charges for Electronic Return Receipt, however, would be reduced from $1.35 to $0.85.

* The Governors of the USPS have requested that the Postal Regulatory Commission reconsider the amount of this increase.
GO THE EXTRA OUNCE

With lower costs for each additional ounce, you can offset rising costs by putting more into each and every communication.

The Changes

A lower cost for each additional ounce of First-Class Mail®, including letters, flats and parcels.

Smart Mailstream Practices

Under the USPS rate change, companies who already send a high volume of two- and three-ounce letters may actually experience a decrease in overall postage expenses. 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, the decrease in the additional ounce rate makes it possible for you to 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.

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

First-Class Letters – Single Piece Rates

<table>
<thead>
<tr>
<th>Additional Ounce</th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ounce Letter</td>
<td>$0.24</td>
<td>$0.17</td>
</tr>
<tr>
<td>2 ounce Letter</td>
<td>$0.39</td>
<td>$0.41</td>
</tr>
<tr>
<td>3 ounce Letter</td>
<td>$0.63</td>
<td>$0.58</td>
</tr>
<tr>
<td>3.5 ounce Letter</td>
<td>$1.11</td>
<td>$0.92</td>
</tr>
</tbody>
</table>
FLATS TO FOLDED

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

The Changes

With the emphasis on shape-based pricing, the cost for flats will increase much more than the cost for letter-size mail – with some weights increasing by more than 50%.

Previously the cost for flats and letter-size mail over 1 ounce was the same. Under the new plan, flats would cost $0.39 more per piece, regardless of weight.

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.** Under the new rates, the cost for a 1-ounce parcel would more than double. 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.

Making it Happen

The rate 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 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 postage calculation.

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**First-Class Flats – Single Piece Rates**

<table>
<thead>
<tr>
<th>Weight</th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ounce Flat</td>
<td>$0.52</td>
<td>$0.80</td>
</tr>
<tr>
<td>2 ounce Flat</td>
<td>$0.63</td>
<td>$0.97</td>
</tr>
<tr>
<td>3 ounce Flat</td>
<td>$0.87</td>
<td>$1.14</td>
</tr>
<tr>
<td>Additional Ounce</td>
<td>$0.24</td>
<td>$0.17</td>
</tr>
</tbody>
</table>

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**Letter Dimensions**

- 6 1/8” maximum height
- 3 1/2” minimum height
- 5” minimum length
- 11 1/2” maximum length
- Thickness: 0.007” minimum, 1/4” maximum
- Maximum weight = 3.5 oz.

**Flat Dimensions**

- 6 1/8” minimum height
- 11 1/2” minimum length
- 15” max length
- Thickness: 3/4” maximum
- *Flats exceed at least one minimum dimension

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

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

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For more information, please contact us.
MAIL THAT’S MACHINE-READY
An increase in the nonmachinable surcharge adds to cost on nonmachinable mail.

The Changes
The “nonmachinable surcharge” – which is assessed when letters are designed in ways that make it difficult to process – increases from 13 cents to 17 cents.

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 0.009 inch
• Is rigid or contains odd-shaped contents
• Is polybagged, polywrapped, or enclosed in any plastic 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)

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 Foldes. 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.

The Changes

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

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.

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**First-Class Letters – Automation Rates**

<table>
<thead>
<tr>
<th>Weight</th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0 ounces</td>
<td>$0.757</td>
<td>$0.61</td>
</tr>
<tr>
<td>3.5 ounces</td>
<td>$0.994</td>
<td>$0.735</td>
</tr>
<tr>
<td>4.0 ounces</td>
<td>$0.994</td>
<td>$1.196</td>
</tr>
</tbody>
</table>

**Mixed AADC Rate**

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**Letter Dimensions**

- **6 1/8” maximum height**
- **3 1/2” minimum height**
- **5” minimum length**
- **11 1/2” maximum length**
- **Thickness: 0.007” minimum, 1/4” maximum**

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

- Document generation software
- Digital mailing systems
- Automatic Inserting Solutions

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For more information, please contact us.
COMMUNICATE WITH POSTCARDS
These highly targeted mailings can keep you top-of-mind at lower costs.

The Changes
While postcard rates will rise under the rate change, the cost to send postcards would still be 36% less expensive than a letter.

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

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.

For more information, please contact us.
SORT OUT THE SAVINGS

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

The Changes

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

You can achieve even lower rates at the 3- or 5-digit presort levels – but, you can no longer earn a lower rate by sorting at Carrier Route levels. (The Postal Service ends up re-sorting this mail in delivery point sequence, so there are no added efficiencies.)

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, you can presort First-Class Mail® to save nearly 10%. 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 automated mail because it is much easier to process, so you can cut postal costs by up to 24%. 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.

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™) is another option that verifies that an address exists prior to mailing. (DPV™ and LACSLink™ are scheduled to become USPS requirements in August of 2007). 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 at least once every 185 days.

Barcode Printing: Many software solutions give you the capability to print professional barcodes as part of your mailing address. An alternative approach is to use a specialized address printer, which provides the 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.
RETURN TO SENDER: TACKLE THE HIGH COST OF RETURNED MAIL

As the USPS hones in on the high-cost of Undeliverable as Addressed (UAA) and Returned Mail, mailers can find additional savings by tackling their own returned mail challenges head on.

The Changes

The USPS has announced plans to reduce UAA mail by 50% by 2010. Today, nearly one in every four addresses is mailed with one or more errors.

Common address deficiencies:
- Moved (2.8%)
- Apartment Number (4.9%)
- Directional Suffix (7.0%)
- Rural Route/Box Number (0.4%)
- Street Name/Number (6.9%)
- City/State/Zip (3.1%)
- Incorrect ZIP+4 (2.6%)

Smart Mailstream Practices

Every piece of mail returned is a reminder that you may not know your customers as well as you thought. You should consider the mail you get back to be the tip of the iceberg, because a lot of UAA mail actually makes its way to the intended recipient through the sheer determination of the postal service and even more mail arrives despite mistakes in the customer’s name – neither of which is necessarily good for your company.

Many mailers look at returned mail as a “cost of doing business” – but if you took the time to total these costs, you may find a windfall of opportunity, as it doesn't take a big investment to save a lot of money.

The true cost of returned mail includes:
- 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

Estimates place the hard costs of returned mail to be more than $3.00 per mail piece – and a number of firms have reported bottom-line savings totaling tens of thousands of dollars simply by addressing this issue head on. Some 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 at least once every 185 days.

Delivery Point Validation. Delivery Point Validation is a USPS-based system available through many presorting software solutions that enables users to verify an address actually exists. Beginning in August 2007, this will be required in order to achieve automation rate discounts.

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.

For more information, please contact us.
THE PITNEY BOWES POSTAGE DISCOUNT PROGRAM

Mailers can save 9% on the cost of mailing by taking advantage of the Pitney Bowes Postage Discount Program.

The Changes

Across the board, there are increases in the cost of postage for virtually every class of mail. The overall 7.6% rate increase will bring the full cost of First-Class Mail® postage up to 41 cents for a one-ounce letter.

<table>
<thead>
<tr>
<th>1 ounce</th>
<th>New</th>
<th>PDP Discounted</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.41</td>
<td>$0.373</td>
<td>9%</td>
<td></td>
</tr>
</tbody>
</table>

| 2 ounce | $0.58 | $0.543 | 6%    |

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 Postage Discount Program (PDP). 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 9% – 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 Postage Discount Program could help you save thousands of dollars with no 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 contact us or call 866-MAIL-PBI (1-866-624-5724).
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 Changes

While Standard Mail® postage rates will increase, these 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) 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 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

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 ensure more of your mail is 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 inserter, give you the flexibility you need to produce a broad range of effective mail formats.

<table>
<thead>
<tr>
<th>New Letter Rates</th>
<th>First-Class</th>
<th>Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 ounce Single Piece</td>
<td>$0.41</td>
<td>n/a</td>
</tr>
<tr>
<td>1 ounce Presorted*</td>
<td>$0.373</td>
<td>$0.246</td>
</tr>
<tr>
<td>1 ounce AADC Automation</td>
<td>$0.341</td>
<td>$0.238</td>
</tr>
<tr>
<td>3 ounce Single Piece</td>
<td>$0.75</td>
<td>n/a</td>
</tr>
<tr>
<td>3 ounce Presorted*</td>
<td>$0.713</td>
<td>$0.246</td>
</tr>
<tr>
<td>3 ounce AADC Automation</td>
<td>$0.591</td>
<td>$0.238</td>
</tr>
</tbody>
</table>

* 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 Changes

With the emphasis on shape-based-pricing, the cost for Standard Mail® flats will increase much more than the cost for letter-size mail. Depending on the types of presort you do, you could be facing an increase of more than 40% on flats.

NOTE: The Governors of the USPS have requested that the Postal Regulatory Commission reconsider the amount of this increase.

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 on the same piece and 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.

Making it Happen

The rate 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.

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 Changes

Creating mail that is easier for the USPS to process will be even more important under this rate change. Nonmachinable letter rates will increase dramatically. But the biggest change is the creation of an entirely new category – Not Flat-Machinable – which would be assessed on mail that’s too thick or too rigid for machine-processing.

<table>
<thead>
<tr>
<th>Smart Mailstream Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>By knowing the guidelines, you can design mailpieces to avoid the Not Flat-Machinable category, which will apply to:</td>
</tr>
<tr>
<td>• Mail that is too thick or too rigid to run on the USPS processor</td>
</tr>
<tr>
<td>• Mailpieces smaller than 5” x 6” and thicker than 1/4” (up to 1 1/4”)</td>
</tr>
<tr>
<td>• Mailpieces longer than 15” (up to 15 3/4”)</td>
</tr>
<tr>
<td>• Mailpieces thicker than 3/4” (up to 1 1/4”)</td>
</tr>
</tbody>
</table>

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.

Higher cost of Not Flat-Machinable (NFM)

<table>
<thead>
<tr>
<th></th>
<th>Current Automation</th>
<th>New Automation</th>
<th>New NFM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed ADC</td>
<td>$0.316</td>
<td>$0.477</td>
<td>$1.028</td>
</tr>
<tr>
<td>3-digit</td>
<td>$0.275</td>
<td>$0.392</td>
<td>$0.506</td>
</tr>
</tbody>
</table>

For pieces 3.3 ounces or less.

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.

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 Changes

Under the new rate structure, there will be ten presort tiers for Standard Mail® letters (up from seven today) with the lowest being the new 5-digit Automation Rate ($0.218) and the highest being the new Nonmachinable – Mixed AADC Rate ($0.520). With more than a 150% difference between these two extremes, presort strategies may become even more important.

<table>
<thead>
<tr>
<th>Automation Tiers</th>
<th>Nonautomation Tiers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mixed AADC</td>
<td>• Machinable – Mixed AADC</td>
</tr>
<tr>
<td>• AADC</td>
<td>• Machinable – AADC</td>
</tr>
<tr>
<td>• 3-digit/scheme</td>
<td>• Nonmachinable – Mixed ADC</td>
</tr>
<tr>
<td>• 5-digit/scheme</td>
<td>• Nonmachinable – ADC</td>
</tr>
<tr>
<td></td>
<td>• Nonmachinable – 3-digit</td>
</tr>
<tr>
<td></td>
<td>• Nonmachinable – 5-digit</td>
</tr>
</tbody>
</table>

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.

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 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.
The Changes

The discount available for mailers who enter their mail closer to the delivery destination has increased, and you could save up to 19% or more. You would need to transport your mail to the appropriate DBMC or DSCF.

**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 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 be addressed for delivery within the service area for that particular DSCF.

Smart Mailstream Practices

Obviously, getting mail to a DBMC or DSCF will require some effort on your part, but it makes 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](http://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.

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.
ENJOY FLAT-RATE PRICING, COAST TO COAST

With flat-rate pricing for Priority Mail® boxes and envelopes, you can ship parcels up to and including 70 lb. door-to-door more affordably.

The Changes

Under the USPS rate change, flat-rate pricing for the two different sized boxes would now be a permanent offering for Priority Mail®. Flat-rate pricing for envelopes will still be offered. For one low rate, you can ship what can be properly secured in a flat rate envelope or box to any U.S. destination.

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Envelopes</td>
<td>$4.05</td>
<td>$4.60</td>
</tr>
<tr>
<td>Boxes</td>
<td>$8.10</td>
<td>$8.95</td>
</tr>
<tr>
<td><strong>Up to and including 70 lb.</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 boxes available are 11” x 8.5” x 5.5” and 13.625” x 11.875” x 3.375”
- 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.

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

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

The Changes

The changes are designed to more accurately reflect the cost of shipping lightweight packages that take up a lot of space. The guidelines you need to follow will depend on the shipping destination.

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 new 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 new 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.

For more information, please contact us.
EXPEDITE DELIVERY FOR LESS

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

The Changes

Despite increases to both Priority Mail® and Express Mail® postage, these services are often less expensive than the alternative carriers – and can include the same level of tracking and delivery confirmation.

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.

**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, including Saturdays, Sundays and holidays at no extra charge
- 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

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.

**Package Services.** When time is not of the essence (and the contents are not-personal in nature), consider the lower-cost Package Service alternatives (see next page).

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.

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

**Priority Mail®**

1 to 3 day delivery, starting at $4.60

**Express Mail®**

Next day or second-day delivery, starting at $16.25

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
PACKAGE SERVICES: THE LOWER-COST ALTERNATIVE
For non-personal mail and parcels where speed of delivery is less important, package services provide added savings.

The Changes

Package Services mail includes Bound Printed Matter (BPM), Library Mail, Media Mail, and Parcel Post®/Parcel Select®. The change includes the elimination of BPM as an option for retail customers, however, mailers can use a postage meter to apply postage. Mailers would still have options such as Express Mail®, Priority Mail®, Parcel Post®, Library Mail and Media Mail, as appropriate.

A lower postage increase for drop-shipped BPM and Parcel Select mail recognizes the savings generated by mailers who enter mail in bulk at downstream processing and delivery facilities. Similar to Priority Mail®, the USPS has also implemented ‘balloon rate’ pricing for lightweight (but large) Parcel Post and Parcel Select packages.

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.
AUTOMATED ADDRESS CORRECTIONS

Going to electronic (vs. paper-based) address corrections is now even more rewarding.

The Changes

The USPS has stated that it wishes to reduce Undeliverable as Addressed Mail (UAA) by 50% between now and 2010. To support that initiative, the fees for Address Correction Services (ACS) have been significantly reduced.

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. And under the USPS rate change, there will be two ways you can save money.

• **Electronic ACS.** The USPS is reducing the cost of electronic ACS notification to $0.06 on First Class Mail® letters (down from $0.21 today, and a far cry from the current $0.75 fee for paper-based notifications). If you are currently requesting paper-based notifications, you could save a lot of money by switching. To participate in ACS, mailers must modify their mailing label format to include a mailer identification (participant) code assigned by the National Customer Support Center (NCSC).

• **Automated ACS.** While the new 4-State Customer Barcode (Intelligent Mail®) is not likely to become a USPS requirement until 2009, the new rates provide added incentives to mailers who make the switch today. The Intelligent Mail® barcode – a 31-digit, four-state barcode that carries a 9-digit unique identifier – is a new technology that can support multiple applications and services through a single barcode. In addition to Confirm® service, you can also receive address correction information electronically through OneCode ACS™, which provides significant cost savings.

The USPS will provide the OneCode ACS™ service FREE for the first two scans of a particular address (and only two cents for Standard Mail®). 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.

**OneCode Advantages.** Today’s leading address quality solutions include the integration of 4-State barcodes and support the OneCode™ initiative at every stage of the mail production process, from initial address cleansing and coding, to barcode production, through the tracking of mail. With the enhanced address quality capabilities, mailers can use the one-code technology to help uniquely identify their mail and gain end-to-end visibility into the USPS mailstream to better manage their business processes and resources, and reduce costs.

For more information, please contact us.

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### First-Class Mail Address Correction

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual</td>
<td>$0.75</td>
<td>$0.50</td>
</tr>
<tr>
<td>Electronic</td>
<td>$0.21</td>
<td>$0.06</td>
</tr>
<tr>
<td>Automated – First Two</td>
<td>n/a</td>
<td>FREE</td>
</tr>
<tr>
<td>Automated – Additional</td>
<td>n/a</td>
<td>$0.05</td>
</tr>
</tbody>
</table>

---

Pitney Bowes offers a range of mail management software solutions that will facilitate electronic ACS™ notification, including:

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software

Group 1 Software offers the most advanced address cleansing solutions, which can also facilitate OneCode ACS™

- CODE-1 Plus® Computer Program
- Finalist®
ELECTRONIC RETURN RECEIPT

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

The Changes

The USPS has decreased its fees for Electronic Return Receipts from $1.35 to $0.85. Customers can now save $1.30 every time they opt for electronic rather than paper-based return-receipt records.

<table>
<thead>
<tr>
<th>Return Receipt Fees</th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Receipts</td>
<td>$1.35</td>
<td>$0.85</td>
</tr>
<tr>
<td>Paper-based Receipts</td>
<td>$1.85</td>
<td>$2.15</td>
</tr>
</tbody>
</table>

Smart Mailstream Practices

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

- **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.

To learn more about these strategies, contact us.

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 Changes

The cost of virtually every special service will increase.

<table>
<thead>
<tr>
<th>Service</th>
<th>Current</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Mail</td>
<td>$2.40</td>
<td>$2.65</td>
</tr>
<tr>
<td>Registered Mail</td>
<td>$7.90</td>
<td>$9.50</td>
</tr>
<tr>
<td>Delivery Confirmation</td>
<td>$0.60</td>
<td>$0.75</td>
</tr>
<tr>
<td>e-Delivery Confirmation</td>
<td>$0.14</td>
<td>$0.18</td>
</tr>
<tr>
<td>Signature Confirmation</td>
<td>$1.90</td>
<td>$2.10</td>
</tr>
<tr>
<td>e-Signature Confirmation</td>
<td>$1.35</td>
<td>$1.75</td>
</tr>
<tr>
<td>Certificate of Mailing</td>
<td>$0.95</td>
<td>$1.05</td>
</tr>
</tbody>
</table>

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

Smart Mailstream Practices

Select the least expensive option that meets your needs. Based on the new 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 $2.47.
- **Evidence of Mailing.** Instead of Certified Mail™, request a Certificate of Mailing, which would save you $1.60.
- **Evidence of Mailing and Proof of Delivery.** Instead of Registered Mail, take advantage of Certified Mail™, which would save you $6.85.
- **Proof of Delivery with Signature.** Instead of Certified Mail™ with a Return Receipt, choose Signature Confirmation,™ which could save you up to $3.05.

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.

To learn more about these strategies, contact us.

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 Changes

In addition to the increase in actual permit postage, the permit imprint application fee and all annual mailing fees will increase by almost 10%.

Smart Mailstream Practices

There are two smart ways to counter the impact of permit-postage rate and fee increases:

- **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 PSI.

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.

To learn more, please contact us or call 1-888-737-6486.
Additional resources that will help you apply the new rules to your advantage.

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 rate change – and learn how you can save. This robust web site is your resource for tips, information and practical advice. Special features include:

- **Rate Change Impact Tool** – answer a few questions and see which changes may impact your business most.
- **Online Seminars** – hear from the experts in these exclusive Pitney Bowes webinars, which you can view at your convenience.
- **Postal News** – keep up with Postal Reform, the new addressing requirements scheduled for August 2007, and more.
- **Postage Saving Solutions** – find out about strategies for offsetting the postal increases including the Pitney Bowes Postal Discount Program.

Shape Based Template
This handy guide makes it easy for you to tell if your mailpiece conforms to the new guidelines for letters, flats and parcels. It’s as easy to use as a ruler! (Available through the Online Store at www.pb.com or call 1-800-243-7824.)

Shape Based Rating Module
Designed for DM800™, DM 900™ & DM1000™ Mailing Systems with Weigh-on-the-Way technology, this new 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 rate change 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.