STANDARD MAIL® STRATEGIES

When Standard Mail makes sense
Convert flats to letter-size mail
Avoid higher costs for nonmachinable mail
Automate mail for maximum savings
Update Addresses
Drop off closer to destinations

Ways to apply the new prices to your advantage.
THE ECONOMY CLASS: WHEN STANDARD MAIL® MAKES SENSE

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

The Opportunity

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

Smart Mailstream Practices

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

When to mail First-Class Mail®:

Some materials must be mailed First-Class Mail®:
- Handwritten or typewritten materials
- Bills, statements of account and invoices
- Personal correspondence

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

When you do not have the ability to presort your mail:
- Sending fewer than 200 pieces or less than 50 lb.
- Do not currently have easy-to-use presort software

When to mail as Standard Mail®:

You may want to consider Standard Mail® rates for all other non-personal mail options, particularly when your marketing mail, newsletters or other mass communications are over one ounce.
- The minimum mail quantity is 200 pieces (or mailing equal to 50 or more pounds)
- The per-piece rate for Standard Mail® is good for mail up to 3.3 ounces. The postage on heavier mailpieces is based on a piece/pound calculation.

Making it Happen

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

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

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

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

The Opportunity

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

Smart Mailstream Practices

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

- **Design mailpieces to meet letter-size dimensional requirements.** While many letters are already created to fit inside a standard #10 envelope, you actually have a lot of flexibility to create mailings of different sizes – and still qualify for the lower letter-size rates.

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

Making it Happen

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

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

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

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

The Opportunity

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

<table>
<thead>
<tr>
<th></th>
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<tr>
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*Available only on mail that qualifies for Entry Discounts.

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.

Smart Mailstream Practices

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

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

Making it Happen

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

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

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

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

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

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

For more information, please contact us.
AUTOMATE YOUR DISCOUNTS

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

The Opportunity

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

Enhanced Carrier Route
- Saturation
- High Density
- Basic

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

Machinable
- AADC
- Mixed AADC

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

Smart Mailstream Practices

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

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

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

Making it Happen

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

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

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

Mixed AADC Rates | May ’09 | May ’10
--- | --- | ---
Automation | $0.270 | same
Machinable | $0.273 | same
Nonmachinable | $0.578 | same

For letters 3.3 ounces or less

The Intelligent Mail® Advantage

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

For more information, please contact us.

Pitney Bowes offers a broad range of solutions that can make it easier for you to save money, including:
- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
- VeriMove™ Software
- Addressing Printers
- Digital Mailing Systems
- Intelligent Mail® Solutions

High-volume mailers may want to consider the Group 1 Software line of mailing efficiency solutions, including:
- CODE-1 Plus® Computer Program
- MailStream Plus® Mail Sortation Software
- MAIL360™ for Intelligent Mail® Barcode
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 mailing
- 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

For more information, please contact us.

Move Update Assessments

EXAMPLE ONE:

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

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

EXAMPLE TWO:

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

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

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.
The Opportunity

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

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

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

Smart Mailstream Practices

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

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

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

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

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.

For more information, please contact us.

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<th>Entry Discounts – Automation Letters</th>
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</table>

For letters 3.3 ounces or less

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

- SmartMailer™ Mail Management Software
- AddressRight® Pro Software
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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