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U.S. Postal Service Seeks Reclassification of Standard Parcels *Switch to Competitive Products Means Seamless Offerings for Customers*

WASHINGTON — In a move designed to maintain true value in a competitive shipping market, the U.S. Postal Service has asked the Postal Regulatory Commission (PRC) to reclassify some Standard Mail parcels to complement its current shipping product line.

The strategy for Standard Mail small parcels redesign is included in the Postal Service's exigent price case, filed with the PRC on July 6. The redesign eliminates confusion for customers by breaking this category of mail into two significant and distinct customer segments; marketing parcels and fulfillment parcels.

Today's filing is a formal request to transfer commercial Standard Mail Fulfillment Parcels from the market-dominant product list to the competitive product list. If approved, fulfillment parcels would become a lightweight subcategory of Parcel Select.

The only real difference between the two products is the weight. Standard Mail fulfillment parcels weigh less than 1 pound; prices for Parcel Select start at 1 pound.

"This is a competitive market and there are other shippers in the marketplace fulfilling this weight for packages," said Gary Reblin, vice president, Shipping Services. "This is a logical change and customers will no longer have to navigate two different products and rate structures for one business need."

Marketing parcels is replacing the non-flat machinable category that will be eliminated upon approval by the PRC. Pieces up to 2 inches thick can then be mailed as marketing parcels. An addressing qualifier, such as "Or Current Resident," also must be included on the parcel.

Fulfillment parcels must be addressed to a specific resident or business owner and be used for mailing products ordered or purchased that weigh up to 1 pound: DVDs, CDs, checks and lightweight sweaters or shirts.

If approved by the PRC, Standard Mail fulfillment parcel prices will increase about 23 percent, effective Jan. 2, 2011. This price change proposal is not affected by today's filing to move Standard Mail fulfillment parcels to the competitive product list.

Pricing is one of a suite of solutions the Postal Service is using to address its current financial situation. Other solutions include a change in delivery frequency, restructuring the prepayment of retiree health benefits and expanding access to Postal Service products and services.

The Postal Service receives no tax dollars for operating expenses, and relies on the sale of postage, products and services to fund its operations.

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A self-supporting government enterprise, the U.S. Postal Service is the only delivery service that reaches every address in the nation, 150 million residences, businesses and Post Office Boxes. The Postal Service receives no direct support from taxpayers. With 36,000 retail locations and the most frequently visited website in the federal government, the Postal Service relies on the sale of postage, products and services to pay for operating expenses. Named the Most Trusted Government Agency six consecutive years and the sixth Most Trusted Business in the nation by the Ponemon Institute, the Postal Service has annual revenue of more than \$68 billion and delivers nearly half the world's mail. If it were a private sector company, the U.S. Postal Service would rank 28th in the 2009 Fortune 500.