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New Pricing Strategy to Grow Priority Mail *U.S. Postal Service Capitalizing on Strong Package Growth*

WASHINGTON — The United States Postal Service today filed notice with the Postal Regulatory Commission (PRC) to change Priority Mail prices, including a reduction in prices on average for businesses and other customers who use Commercial Plus and Commercial Base online shipping services. The price change will include a modest increase for Priority Mail prices at Post Offices and other postal retail outlets. The proposed changes, which would go into effect in September 2014, are intended to offer more competitive pricing and build on Priority Mail's popularity with customers.

"The Postal Service is a vital business partner for small and large businesses and lowering shipping prices will save them money and improve their bottom line," said Nagisa Manabe, chief marketing/sales officer. "With our affordable shipping options, we hope to attract new business customers and become their preferred delivery service."

Both Commercial Base and Commercial Plus prices will be reduced on average, with most of the decreases concentrated in the ground zones weighing between 7-16 pounds. Price for Commercial Base customers will be reduced on average by 0.9 percent, and prices for Commercial Plus customers will decline on average 2.3 percent.

"Unlike others in the shipping industry, the Postal Service is not implementing any new dimensional-weight charges, continuing our commitment to deliver the best value for our customers," said Manabe.

The Postal Service will continue to offer Priority Mail customers free insurance, expected delivery day, flat-rate packaging options and Regional Rate Boxes. Priority Mail is one of the Postal Service's most popular shipping products, helping to boost USPS package volumes and meet customers' needs for convenience at competitive prices. Last year, 871 million pieces were shipped through Priority Mail.

"With the Postal Service, there are no shipping surcharges. We deliver on Saturdays for no extra charge, we pick up packages for free, and we deliver shipping boxes and envelopes, also for free. Just a few more ways we help businesses get the most out of their shipping¹," stated Manabe.

Commercial Base Pricing does not have any volume requirements and these reduced rates are available for customers who use Click-N-Ship, PC Postage products, permit imprints, or digital mailing systems (meters) that generate an IBI (Information Based Indicia) and submit data electronically to the USPS.²

Eligibility for Commercial Plus Pricing is based primarily on shipping volume. For Priority Mail, 50,000 pieces are required within the prior year. In lieu of past volume, customers can instead complete a

¹ Except when Saturday is a national holiday. For details on free Package Pickup, visit usps.com/pickup; Available with the U.S. For use with Priority Mail, and Priority Mail International shipping. Boxes are delivered with our regular mail usually within 7 to 10 business days. To order, visit store.usps.com/store.

² Visit USPS.com or call your USPS sales consultant for eligibility requirements.

customer commitment agreement.

Pricing at Post Offices and other retail outlets will have a modest increase of 1.7 percent on average.

Highlights of the new proposed retail pricing for Priority Mail products include:

- Small box - \$5.95
- Medium box - \$12.65
- Large box - \$17.90
- Large APO/FPO box - \$15.90
- Regular envelope - \$5.75
- Legal envelope - \$5.90
- Padded envelope - \$6.10

Priority Mail is the Postal Service's flagship Shipping Services product, accounting for \$6.4 billion in revenue in fiscal year 2013. It's a convenient and fast way to send documents and packages requiring expedited transportation and handling.

The PRC will review the prices before they become effective Sept. 7, 2014, and must agree the prices are consistent with applicable law.³ The new price proposals will be available on the PRC website at www.prc.gov.

The pricing adjustments are part of a broader strategy to position the Postal Service for the future. USPS is also streamlining its mail processing operations, which will allow the organization to invest in new package sorting equipment and other upgrades, as it continues to seek legislative changes to update its business model.

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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³ The price change applies to the Domestic Priority Mail Shipping Product.