

Price Adjustments

July 2023

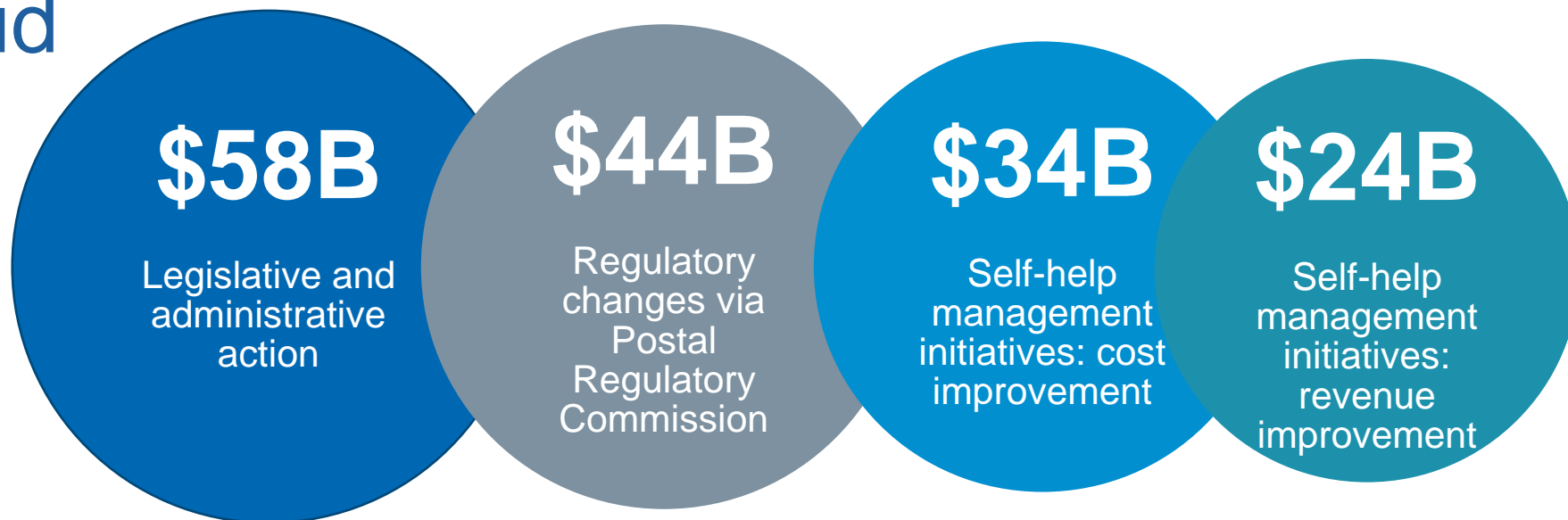
Sharon Owens
VP, Pricing and Costing

April 2023



Delivering for America 10-Year Plan launched in March 2021

The DFA Plan laid out a **Balanced Approach** to Revitalizing the Postal Service



DFA Progress to Date: Improving Service and Efficiencies



Improved on-time performance for all products



Stabilized workforce

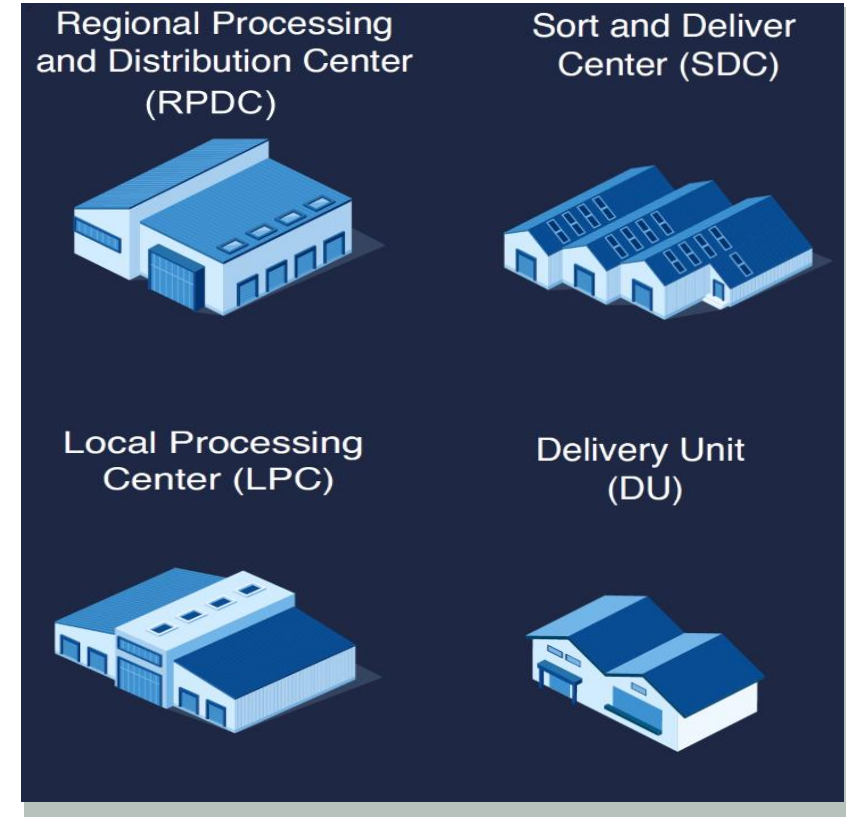


Reduced dependency on air transport and optimized ground network



Expanded automation

Making Investments in Modern Integrated Mail and Package Processing, Transportation and Delivery Network



REDUCE COST • ON-TIME DELIVERY • SHORTEN SERVICE STANDARDS • OPTIMIZE RESOURCE & PROCESS YIELD

ENERGIZE EMPLOYEES • EXPAND USPS CONNECT REACH • ENHANCE PRODUCT OFFERINGS • CAPTURE GREATER SHARE OF 1-2 DAY MARKET

Making Investments in Modern and Electric Delivery Fleet



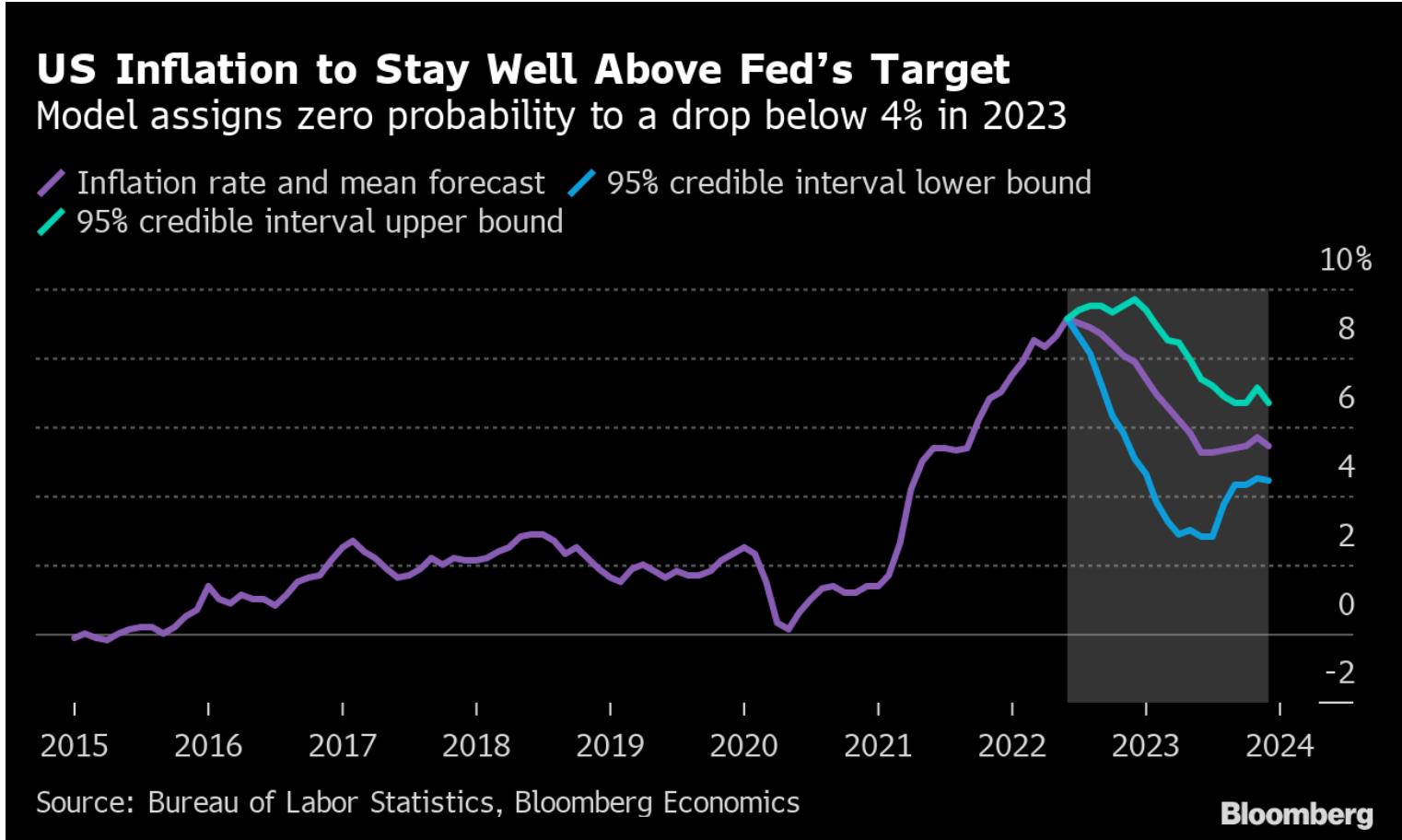
Headwinds: Inflation Still a Concern

Increase in CPI for year ending March 31, 2023 was 4.8%

Employee Cost Index also at 4.8%

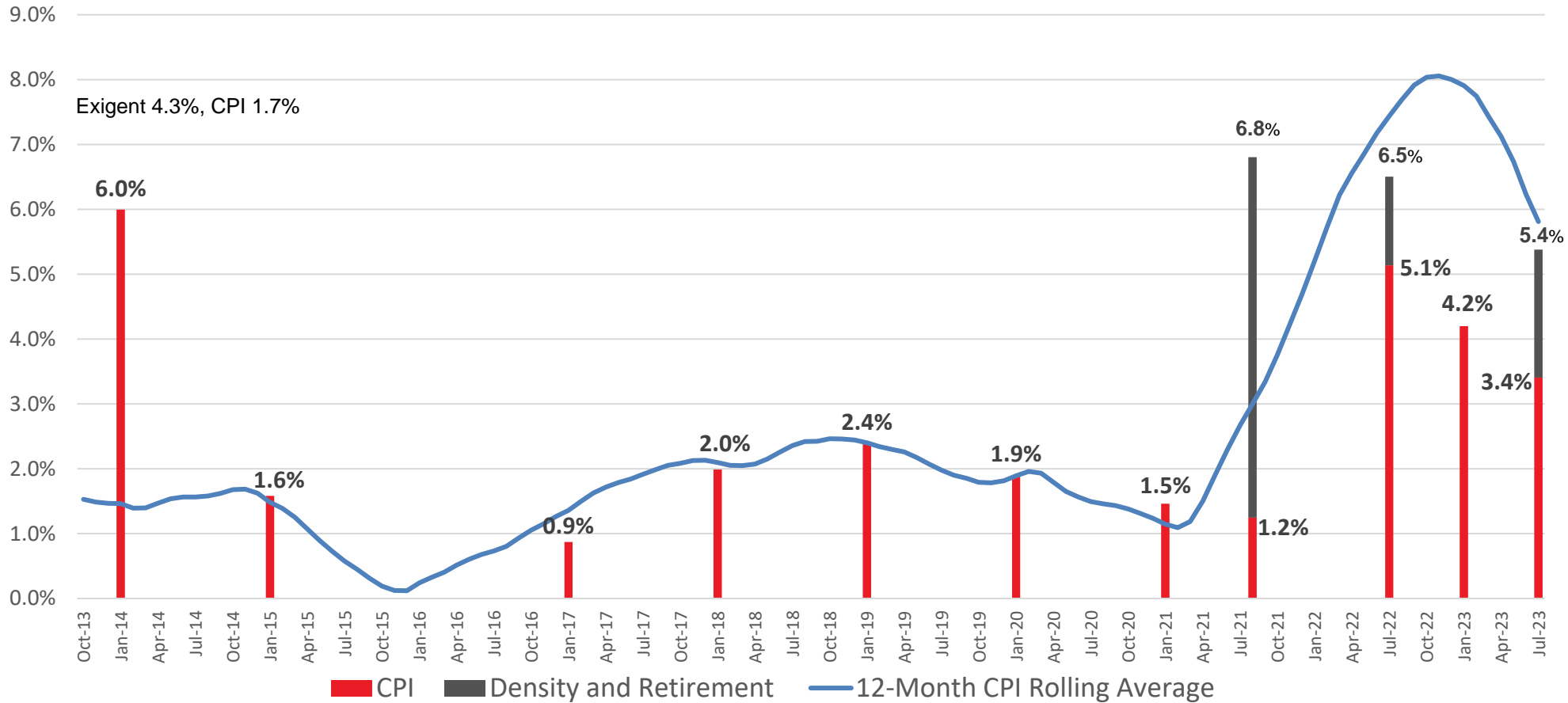
COLA increases in FY 21 and FY 22 were some of the highest ever

Annual pension amortization expenses projected +\$1.7B over two-year period



Long-Term Trend of CPI and Price Cap Authority

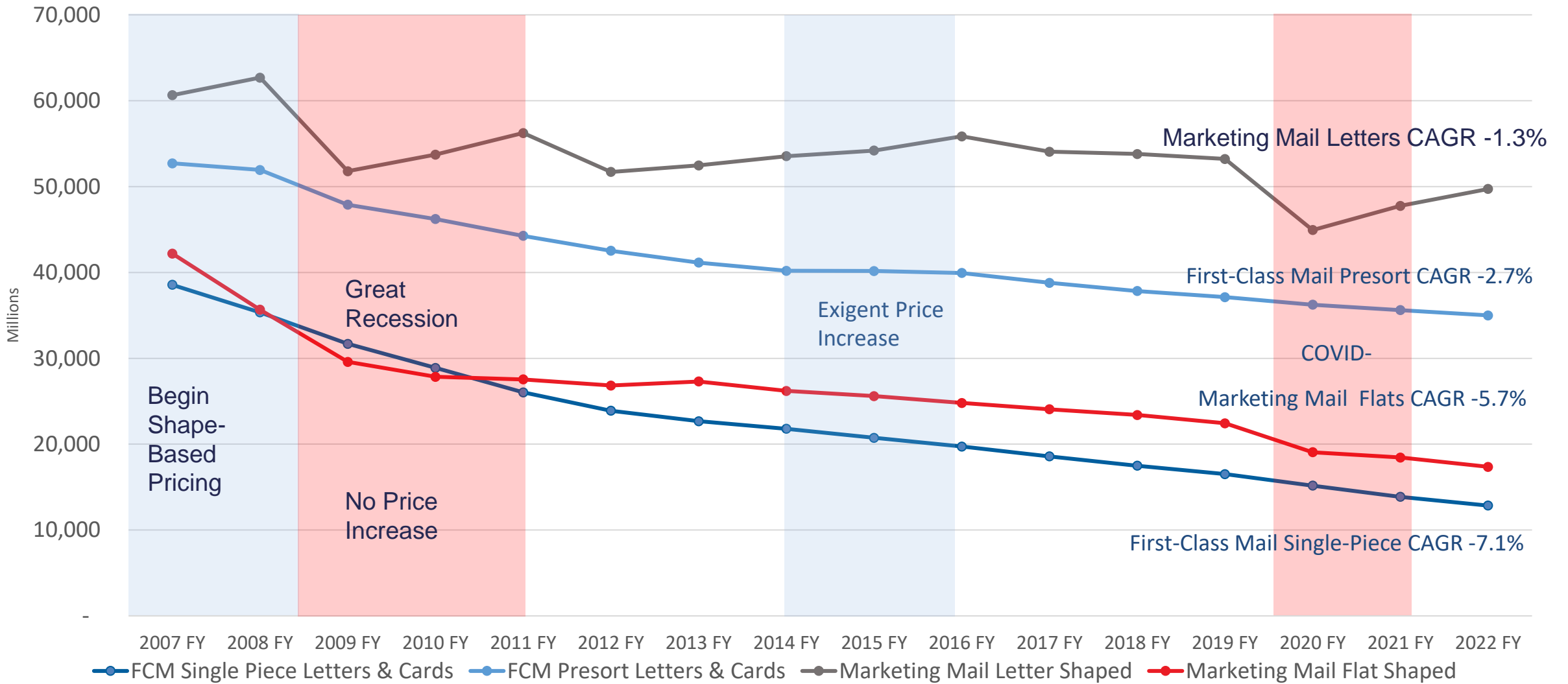
Bi-annual price changes have offset the rise in inflation and volume reductions.



Exigent 4.3%, CPI 1.7%

Actual CPI: Bureau of Labor Statistics (BLS) Consumer Price Index—All Urban Consumers, U.S. All Items, Not Seasonally Adjusted, Base Period 1982-84 = 100

Mail Volume by Class



Resources

Resources

Online

Postal Explorer® — pe.usps.com

- Current and new prices, in Excel and CSV formats, and draft Notice 123 Pricelist
- *Federal Register* notices detailing the price and classification changes
- *Domestic Mail Manual & International Mail Manual*

DMM® *Advisory* — on Postal Explorer, also special e-mail updates

Promotions, Incentives, and Permit Fees

Proposed 2024 Promotions Calendar



USPS Marketing Mail® and First-Class® Mail Products



First-Class® Mail Service



Registration Period



Promotion Period

PROMOTIONS	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
TACTILE, SENSORY AND INTERACTIVE	Dec 15		FEB 1					JUL 31					
PERSONALIZED COLOR TRANSPROMO	DEC 15		FEB 1					JUL 31					
EMERGING TECHNOLOGY <small>(mailer selects start date for limited time promotion)</small>	DEC 15	JAN 1											DEC 31
REPLY MAIL IMbA™								MAY 15		JUL 1			DEC 31
INFORMED DELIVERY®								JUN 15		AUG 1			DEC 31
RETARGETING										JUL 15	SEPT 1		NOV 30

Full-Service and Seamless Incentives and Permit Fees

	Current Incentive/Fee	Proposed Incentive/Fee	Percent Change
Full Service IMb			
First-Class Mail	\$0.003	\$0.003	0.0%
Marketing Mail	\$0.003	\$0.003	0.0%
Periodicals	\$0.001	\$0.001	0.0%
Package Services	\$0.001	\$0.001	0.0%
Seamless Incentive	\$0.001	\$0.001	0.0%
Permit Fee	\$290.00	\$310.00	6.9%
Periodicals Application Original Entry Fee	\$890.00	\$930.00	4.5%

Proposed Price Change

First-Class Mail

First-Class Mail

Product	Current Price	Proposed Price	Percent Change
Rate Authority			5.4%
Stamp Price	63¢	66¢	4.8%
Meter Price	60¢	63¢	5.0%
Single-Piece Cards	48¢	51¢	6.3%
Single-Piece Flats - 1 ounce	\$1.26	\$1.35	7.1%
Additional ounce rate Letters & Flats	24¢	24¢	0.0%
Nonmachinable surcharge – letters	40¢	40¢	0.0%
Presorted Letters (Auto & Nonauto)	48¢*	50¢*	5.8%
Presorted Cards (Auto & Nonauto)	36¢*	36¢*	1.3%
Presorted Flats (Auto & Nonauto)	\$1.24*	\$1.38*	11.5%
First-Class Mail International Outbound	\$1.45**	\$1.50**	3.4%



First-Class Mail Stamp price is still one of the lowest in the world

*Average revenue per piece

** First Class Mail International Letters and Cards 1 ounce price. Inbound prices set by UPU, expected increase 0.1%.

First-Class Mail

	Current Price	Proposed Price	\$ Difference	% Difference
1 oz. SP Metered	\$0.60	\$0.63	\$0.03	5.0%
1 oz. Auto Mixed AADC Letters	\$0.531	\$0.561	\$0.030	5.6%
1 oz. Auto AADC Letters	\$0.507	\$0.537	\$0.030	5.9%
1 oz. Auto 5-Digit Letters	\$0.471	\$0.498	\$0.027	5.7%
Shared Mail Letters	\$0.66	\$0.70	\$0.03	6.1%
Nonautomation Presort Cards	\$0.394	\$0.404	\$0.010	2.5%
Mixed AADC Automation Card	\$0.381	\$0.388	\$0.007	1.8%
AADC Automation Card	\$0.370	\$0.376	\$0.006	1.6%
Automation 5-Digit Card	\$0.352	\$0.355	\$0.003	0.9%

Widened incentive to presort

\$3 more per 1000 to sort to 5-Digit from AADC Letters

\$3 more per 1000 for 5-Digit Cards

Widened incentive for Automation

\$3 more per 1000 for Mixed AADC Cards

Proposed Price Change

Marketing Mail

Marketing Mail

Product	Current Price	Proposed Price	Percent Change
Available CAP			5.4%
Letters	\$0.251*	\$0.264*	5.2%
High Density Letters	\$0.249*	\$0.268*	7.8%
High Density Plus Letters	\$0.199*	\$0.210*	5.6%
Saturation Letters	\$0.172*	\$0.172*	0.5%
Flats	\$0.539*	\$0.579*	7.4%
Carrier Route	\$0.341*	\$0.367*	7.4%
High Density Flats	\$0.283*	\$0.291*	2.9%
High Density Plus Flats	\$0.205*	\$0.217*	5.9%
Saturation & EDDM Flats	\$0.184*	\$0.189*	2.8%
EDDM-Retail	\$0.189	\$0.198	4.8%
DAL	\$0.070	\$0.075	7.1%
DML	\$0.090	\$0.095	5.6%
Parcels	\$2.327*	\$2.803*	20.5%

* Average revenue per piece – percent change is calculated on actual numbers rather than rounded shown

Marketing Mail Structural Change, Discount and Incentive

Structural Change – Marketing Mail flat-shaped pieces

- *Piece price applicable to all pieces regardless of weight based on presort and entry.*
- *Dropship Entry Discounts Set on Per-Piece Prices*
- *Pound rates applicable to pieces weighing over 4 ounces, applicable only to weight above 4 ounces.*

Additional Discounts

- *SCF or Finer Presort Pallet Discount for Marketing Mail Letter-shaped Pieces to avoid tray sorting at upstream facilities*
- *Discounts for ECR (CR, HD, HD+ & Saturation) slightly lower than the discount on other letter-shaped pieces.*

Marriage Mail 2 oz incentive

- *10 percent (rounded to 10th of a cent) incentive for Marriage Mail Saturation letters and flats up to 2 ounces for qualifying pieces*
 - *Minimum of 4 advertisers in each piece.*
 - *At least 10 mailings in a 12 month period.*

Marketing Mail

USPS Marketing Mail Flats - Commercial & Nonprofit

Commercial

4 oz or less	Carrier Route				
Entry Point	Saturation	EDDM	High Density Plus	High Density	Basic
None	0.300	0.301	0.329	0.389	0.467
DNDC	0.229	0.230	0.258	0.318	0.396
DSCF	0.209	0.210	0.238	0.298	0.376
DDU	0.196	0.197	0.225	0.285	0.363
More than 4 ounces (Pound price only applies to weight exceeding 4 ounces)					
None	0.640	0.640	0.640	0.756	0.756
DNDC	0.640	0.640	0.640	0.756	0.756
DSCF	0.640	0.640	0.640	0.756	0.756
DDU	0.640	0.640	0.640	0.756	0.756
Per piece None	0.300	0.301	0.329	0.389	0.467
Per piece DNDC	0.229	0.230	0.258	0.318	0.396
Per piece DSCF	0.209	0.210	0.238	0.298	0.376
Per piece DDU	0.196	0.197	0.225	0.285	0.363

For example, a 6 ounce Saturation piece entered at DSCF will a piece price of \$0.209 plus a pound price for 2 ounces \$0.080 for a total price of \$0.289

Marketing Mail Automation Commercial Letters Prices

Letters Product get below average price increase

Marketing Mail Auto Letters	Current Price	Proposed Price	\$ Difference	% Difference
5-Digit Origin	\$0.305	\$0.326	\$0.021	6.9%
5-Digit DNDC	\$0.282	\$0.299	\$0.017	6.0%
5-Digit DSCF	\$0.275	\$0.291	\$0.016	5.8%
HD DSCF	\$0.260	\$0.282	\$0.022	8.5%
HD Plus DSCF	\$0.210	\$0.223	\$0.013	6.2%
Saturation Origin	\$0.213	\$0.228	\$0.015	7.0%
Saturation DNDC	\$0.190	\$0.201	\$0.011	5.8%
Saturation DSCF	\$0.183	\$0.193	\$0.010	5.5%

Widened incentive to dropship

\$4 more per 1000 dropshipped at DNDC from Origin
 \$1 more per 1000 dropshipped at DSCF from DNDC

Operationally there is no difference between 5-Digit and finer sortation levels for letters.

Marketing Mail Piece-Rate Commercial Flats Prices

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference
5-Digit DSCF	\$0.483	\$0.518	\$0.035	7.2%
C-R Basic DSCF	\$0.352 <small>\$0.131</small>	\$0.376 <small>\$0.142</small>	\$0.024	6.8%
HD DSCF (125 pieces)	\$0.298	\$0.298	\$0.000	0.0%
HD+ DSCF (300 pieces)	\$0.230	\$0.238	\$0.008	3.5%
Saturation DSCF (90%)	\$0.207	\$0.209	\$0.002	1.0%
Saturation DDU (90%)	\$0.187	\$0.196	\$0.009	4.8%

Widened incentive to presort
 \$11 more per 1000 to sort to CR entered at DSCF

Marketing Mail Containerization Discounts

Delivery Sort Container Discount

Flat-Shaped	Current Discount	New Discount	\$ Difference	% Difference
Basic CR Flats	\$0.022	\$0.024	\$0.002	9.1%
HD Flats	\$0.015	\$0.018	\$0.003	20.0%
HD Plus Flats	\$0.012	\$0.015	\$0.003	25.0%
Saturation/EDDM Flats	\$0.009	\$0.011	\$0.002	22.2%

SCF Pallet Discount

Flat-Shaped	Current Discount	New Discount	\$ Difference	% Difference
5-D and 3-D Flats	\$0.014	\$0.017	\$0.003	21.4%
Basic CR Flats	\$0.011	\$0.014	\$0.003	27.3%
HD Flats	\$0.008	\$0.010	\$0.002	25.0%
HD Plus Flats	\$0.007	\$0.009	\$0.002	28.6%
Saturation/EDDM Flats	\$0.002	\$0.003	\$0.001	50.0%

Widened incentive to presort

Delivery Sort Container

\$2 more per 1000 for CR flats and Saturation/EDDM flats;
\$3 more per 1000 for HD flat and HD+ flats.

SCF Pallet

\$3 more per 1000 for 5-D,3-D flats and CR flats
\$2 more per 1000 for HD flats and HD Plus flats
\$1 more per 1000 for Saturation/EDDM flats

Proposed New Discount for letter-shaped pieces on SCF or Finer Presort Pallet

Product	Presort Level	Per-Piece Discount
Letters (including nonautomation, nonmachinable)	AADC, 3-Digit & 5-Digit	0.3¢
High Density and Saturation Letters (including nonautomation, and carrier route)	Auto HD, HD+, Saturation & EDDM Letters	0.2¢

New SCF Pallet incentive
 \$3 per 1000 for AADC, 5-D and 3-D letters

 \$2 per 1000 for Automation and Nonautomation ECR letters

Proposed Price Change

Periodicals

Periodicals Mail - FY2022 Revenue \$0.95B (Directional based on preliminary inputs)

Product	FY2022 Revenue \$M	Proposed Price Percent Change*
Available CAP		8.1%
Outside County	\$904	8.1%
Inside County	\$51	8.8%

* Estimated as CPI and other rate authorities may change

Periodicals Mail – Outside County (across the nation)

Product	Proposed Price Change Percentage
Rate Authority	8.1%
Pounds	2.1%
Pieces	9.9%
Bundles	5.9%
Sacks	6.3%
Trays	7.6%
Pallets	5.7%

Sacks containing flats will only be accepted at DSCF and DDU. Sacks containing parcels will accept at all entry level. Bundles in sacks at other than DSCF and DDU will be required to be placed in a Postal Service provided container and will not be charged a container price.

The prices of bundles in sacks at other than DSCF and DDU will be charged as if these are in Origin Mixed ADC container.

Increased price of origin entry pallets.

Origin entered Mixed ADC pallets price increased 18%.

Proposed Price Change Package Service

Package Services Mail

Product	Current Price	Proposed Price	Percent Change
Available CAP			5.4%
Alaska Bypass Service	\$31.27*	\$32.70*	4.6%
BPM Flats	\$0.93*	\$0.96*	3.5%
BPM Parcels	\$1.39*	\$1.44*	3.5%
Total Media / Library Mail	\$4.66*	\$5.00*	7.4%

* Average revenue per piece

Media/Library Mail receive higher than average price increase as they are non-compensatory

Proposed Price Change

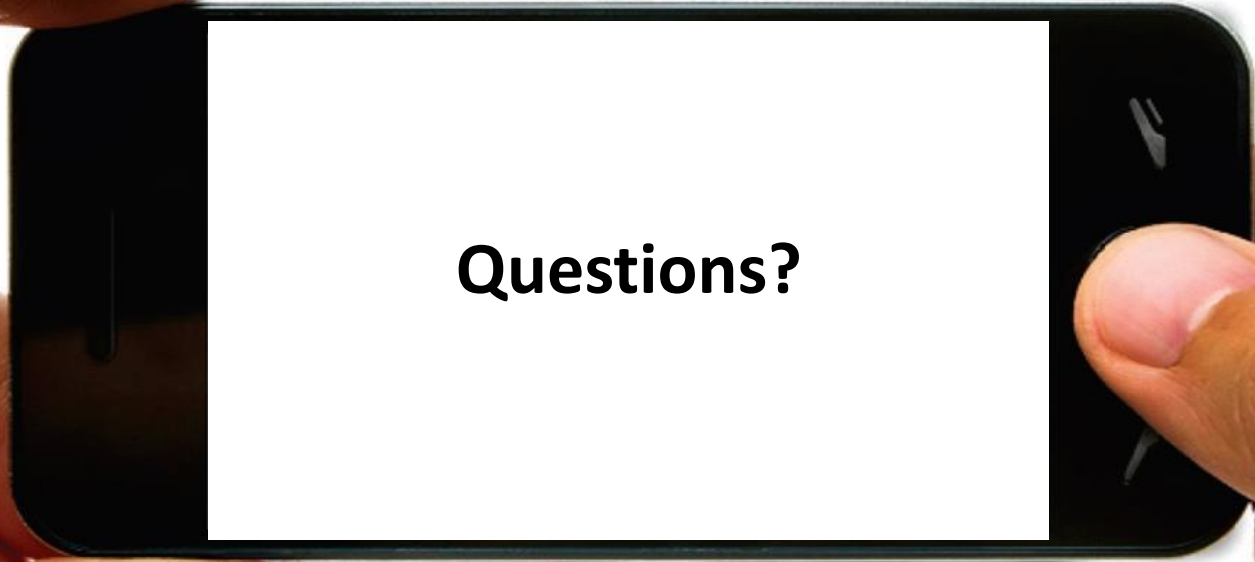
Special Services

Ancillary & Special Services

Special Services	Proposed Percent Price Change
Available CAP	5.4%
Certified	4.8%
Post Office Boxes	4.1%
Return Receipts	5.5%
Money Orders	15.7%*
Insurance	-2.2%**
Registry	11.3%
Caller Service	7.4%
Other	Varies

* Money Orders receive higher than average increase as they are non-compensatory

** The effective price increase is ~5.2%, but because we are including free insurance up to \$100 for USPS Ground Advantage, the regulatory price increase is -2.2%.



Questions?

Marketing Mail Automation Nonprofit Letters Prices

Letters Product get below average price increase

Marketing Mail Auto Letters	Current Price	Proposed Price	\$ Difference	% Difference
5-Digit Origin	\$0.158	\$0.171	\$0.013	8.2%
5-Digit DNDC	\$0.135	\$0.144	\$0.009	6.7%
5-Digit DSCF	\$0.128	\$0.136	\$0.008	6.3%
HD DSCF	\$0.127	\$0.134	\$0.007	5.5%
HD Plus DSCF	\$0.120	\$0.132	\$0.012	10.0%
Saturation Origin	\$0.132	\$0.143	\$0.011	8.3%
Saturation DNDC	\$0.109	\$0.116	\$0.007	6.4%
Saturation DSCF	\$0.102	\$0.108	\$0.006	5.9%

Widened incentive to dropship

\$4 more per 1000 dropshipped at DNDC from Origin
 \$1 more per 1000 dropshipped at DSCF from DNDC

Operationally there is no difference between 5-Digit and finer sortation levels for letters.

Marketing Mail Piece-Rate Nonprofit Flats Prices

Marketing Mail Auto Flats	Current Price	New Price	\$ Difference	% Difference
5-Digit DSCF	\$0.268	\$0.293	\$0.025	9.3%
C-R Basic DSCF	\$0.261 <small>\$0.007</small>	\$0.287 <small>\$0.006</small>	\$0.026	10.0%
HD DSCF (125 pieces)	\$0.207	\$0.209	\$0.002	1.0%
HD+ DSCF (300 pieces)	\$0.136	\$0.146	\$0.010	7.4%
Saturation DSCF (90%)	\$0.115	\$0.119	\$0.004	3.5%
Saturation DDU (90%)	\$0.095	\$0.106	\$0.011	11.6%