

WORLDWIDE NEWSFLASH

USPS & Canada Post Rate Increases Scheduled for 2007

December 5, 2006

USPS Rates Set to Increase in May, 2007

The USPS' new rates are expected to go into effect as early as May 6, 2007, according to Postmaster General Jack Potter. The proposed rate case calls for a 3-cent increase in the price of a First-Class stamp, with average rate increases of about 8.5%. However, unlike the rate hike implemented this past January of 5.4% across the board, the pending rate case is much more variable, reflecting the shape of mail, and the cost to cover the USPS' increasing operational costs. In addition, the proposed rate case sets forth new sortation levels and worksharing options.

Average increases are as follows:

| | |
|------------------|-------|
| First-Class | 7.1% |
| Standard | 9.0% |
| Periodicals | 11.7% |
| Priority | 13.8% |
| Express | 12.5% |
| Package Services | 13.4% |
| Special Services | 11.2% |

Current USPS rates do not distinguish between some letters, flats, and parcels. However, the new pricing will reflect the fact that each of these shapes has substantially different processing costs. Under the new rate structure, companies will benefit a great deal by sending mail as a letter, whenever possible. If mail that was originally a Flat is folded to meet Letter specifications, the postage savings would be roughly \$0.20 per piece. In the same respect, if a Parcel is redesigned to meet the specifications of a Flat, the postage savings would be approximately \$0.38 per piece.

In addition to pricing changes based on the shape of the mail, the USPS has proposed a new structure for its additional ounce rate. Under the new rates, at each weight break, the price increase declines, resulting in lower than current rates for those letters weighing over one ounce.

For more detail on the proposed rate increase set to go into effect next May, please follow the link below to the USPS' *Proposed Price Adjustments for Spring 2007*: <http://www.usps.com/ratecase/welcome.htm>

The USPS will also be raising its rates for international mail services, but has not yet released details on the anticipated changes; however, these rate changes are also expected to take place in May of 2007. As soon as Brokers Worldwide is made aware of the anticipated changes to international postal rates, we will communicate this information to our customers.

Canada Post Rates Scheduled to Increase Effective January 15, 2007

Canada Post has announced rate increases to take effect on January 15, 2007. Average increases are as follows:

- Addressed Admail: overall weighted average increase of 3.3%
- Publications Mail: overall weighted average increase of 2.7%
- Unaddressed Admail: overall weighted average increase of 5.6%
- Catalogue Mail: overall weighted average increase of 2.9%
- Business Reply Mail: overall weighted average increase of 3.2%

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