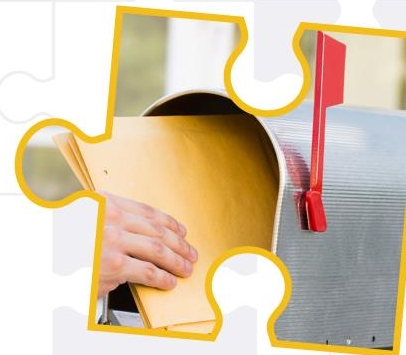


Let's Get Direct – Round Table Webinar

June 17, 2025



 **LET'S GET
DIRECT**

**THE POSTAL
PUZZLE**





Session Agenda

July 13th Changes

USPS Oversight & Future Rate
Predictions

USPS Promotions and
Mail Growth Incentive

USPS Network Evolution





July 13 Rate Change

Higher than forecasted Postage Increases due to moneys provided back to Mailers via the Mail Volume Growth Incentive

- \$153M First Class (0.6%)
- \$381M Marketing Mail (2.2%)

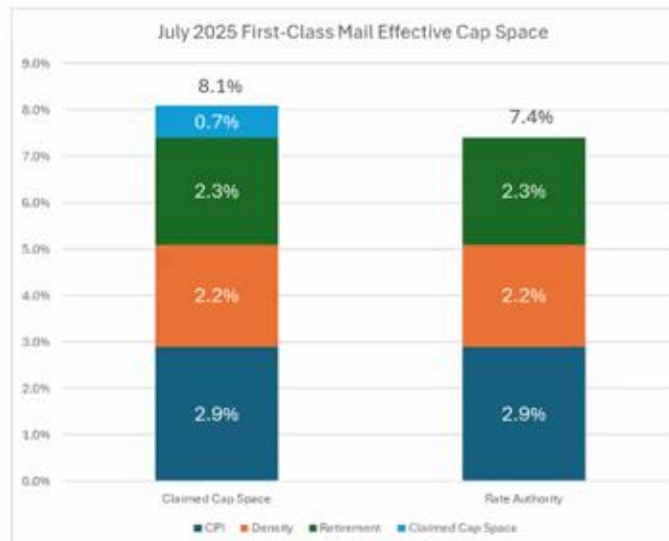
Elimination of DNDC Rates

Disincentivizing DSCF Drop Ship Discounts

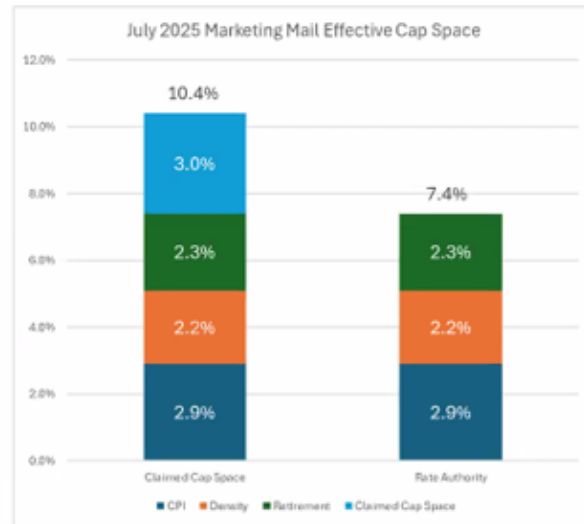


First-Class Mail Base Postage vs. All-In Postage

Product	% Price Change Base Postage	% Price Change All-In Postage*
Single-Piece Letters & Cards	7.0%	7.0%
Presorted Letters & Cards	8.7%	7.6%
Flats	7.7%	7.3%
First-Class Mail International	6.1%	6.1%
Total	8.1%	7.4%



Mail Class	Period	Status	Rate	Predictive % increase	Actual % increase over current	FINAL or AVG Rate	Variance over current rate
Single-piece 1st Class Letter	July 2024	current	\$0.73				
	July 2025	New	\$0.79	8.00%	6.85%	\$0.78	\$0.050
Presorted 1st Class Letter (16,000)	July 2024	current	\$0.601				
	July 2025	New	\$0.650	8.00%	8.14%	\$0.650	\$0.049



Drop Ship Discounts in Marketing Mail

Marketing Mail Letters

Entry Discount Level	Discount p/1000 pieces. Current	Discount p/1000 pieces. July 2025	Proposed Change	% of Change Proposed
DNDC	\$24	XXX	XXX	XXX
DSCF	\$27	\$17	-\$10	-37%

Marketing Mail - Non-Profit Letters				
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
	None	3%	2%	4%
	DNDC			
	DSCF	10.3%	8%	

Marketing Mail - Non-Profit Letters				
Letters weighing 3.5 ounces or less (Per piece price)	Entry Discount	Automation		
		5-Digit	AADC	Mixed AADC
	None	\$0.005	\$0.005	\$0.009
	DNDC			
	DSCF	\$0.015	\$0.015	-

Mail Class	Period	Status	Rate	Predictive % increase	Increase over current	FINAL or AVG Rate	Variance over current rate	Notes
NP Letter (1,043,834)	July 2024	current	\$0.151					
	July 2025	New	\$0.169	11.16%	13.00%	\$0.171	\$0.020	33% of the volume was DNDC and now allocated to origin

Drop Ship Discounts in Marketing Mail

Marketing Mail Flats under 4oz

Entry Discount Level	Discount p/1000 pieces. Current	Discount p/1000 pieces. July 2025	Proposed Change	% of Change Proposed
DNDC	\$66	XXX	XXX	XXX
DSCF	\$70	\$38	-\$32	-45.7%
DDU	\$81	\$49	-\$36	-44.4%

Marketing Mail Flats over 4oz.

Entry Discount Level	Discount p/100 pounds. Current	Discount p/100 pounds. July 2025	Proposed Change	% of Change Proposed
DNDC	\$44.80	XXX	XXX	XXX
DSCF	\$47.80	\$31.2	-\$16.6	-34.7%
DDU	\$55.10	\$40.3	-\$14.8	-26.8%

Marketing Mail - Non-Profit Flats					
Flats weighing 4.0 ounces or less (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	11.53%	14.49%	13.47%	14.04%
	DNDC				
	DSCF	22.05%	22.04%	19.70%	-

Marketing Mail - Non-Profit Flats					
Flats weighing 4.0 ounces or less (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$0.052	\$0.091	\$0.099	\$0.113
	DNDC				
	DSCF	\$0.084	\$0.123	\$0.131	-

Marketing Mail - Non-Profit Flats					
Flats weighing Greater than 4.0 ounces (Per piece price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$0.131	\$0.170	\$0.178	\$0.192
	DNDC				
	DSCF	\$0.131	\$0.170	\$0.178	-

Marketing Mail - Non-Profit Flats					
Flats weighing Greater than 4.0 ounces (Per pound price)	Entry Discount	Automation			
		5-Digit	3-Digit	ADC	Mixed ADC
	None	\$(0.352)	\$(0.352)	\$(0.352)	\$(0.352)
	DNDC				
	DSCF	\$(0.186)	\$(0.186)	\$(0.186)	-

Mail Class	Period	Status	Rate	Predictive % increase	Est % increase over current	FINAL or AVG Rate	Variance over current rate	Notes
NP FLAT 4 oz. or less (56,071)	July 2024	current	\$0.545					
	July 2025	new	\$0.620	13.60%	25.75%	\$ 0.686	\$ 0.140	82% of the volume was DNDC and now allocated to origin
NP FLAT OVER 4 oz. (349,988) (4.08 oz)	July 2024	current	\$0.390					
	July 2025	new	\$0.446	13.60%	24.88%	\$ 0.486	\$ 0.097	10% of the volume was DNDC and now allocated to origin
NP FLAT OVER 4 oz. (349,988) (6.25 oz)	July 2024	current	\$0.468					
	July 2025	new	\$0.535	13.60%	16.06%	\$ 0.543	\$ 0.075	10% of the volume was DNDC and now allocated to origin

July Rate Change Nonprofit Mailer Impacts

Org 1:

- Yearly mail volume: 29,000,000
- Postage increase expected: \$680,000
- Overall increase in postage of 11%

Org 2:

- Yearly mail volume: 39,000,000
- Postage increase expected: \$805,000
- Overall increase in postage of 12%

Org 3:


- Yearly mail volume: 45,000,000
- Postage increase expected: \$1,200,000
- Overall increase in postage of 12.5%

Org 4:

- Yearly mail volume: 760,000
- Postage increase expected: \$16,500
- Overall increase in postage of 11%

Org 5:

- Yearly mail volume: 191,000
- Postage increase expected: \$4,000
- Overall increase in postage of 11.5%



First Class Stamp - 0.04%
First Class Presort Letters – 8.6%
First Class Presort Flats – 0.1%
Nonprofit Letters – 87%
Nonprofit Flat under 4 oz – 3%
Stamped Reply Envelopes – 1%

Potential results beyond postage price increases for mailers

- Actual increases vary significantly
- Drop Shipped MM Letters < 1 Million likely now commingle or co-pal
- Continued shift of Flat mail to letter mail solutions
- Decline in Stamped Reply Envelopes
- Mail delivery will take longer for mail that was drop shipping and now mail local origin (ex. Flat mail for mid size mailings that had been drop shipping to NDCs).
- Mailshops and logistics solutions that are optimizing mail files for hybrid applications and offer digital commingling what is now separate mail panels into larger mail files may be sought after.

Estimating the Impacts

Don't assume Business as normal for Drop Shipping –

- Ask for price scenarios early in the schedule
- Consider the In-Home delivery impacts

Evaluate Total Postage Expense

	Current Scenario	July 13 Drop Ship	July 13 Commingle	July 13 Local Origin
Postage	\$0.165	\$0.187		\$0.210
Mailshop Prep	\$0.003	\$0.0015		
Freight/Fuel surcharge	\$0.016	\$0.010		
Total Cost	\$0.184	\$0.1985	\$0.202	\$0.210

Rates shown are for example only to provide guidance on how to review scenarios

USPS Oversight



PMG Louis DeJoy – June 2020 to March 2025

- PRC approved new Postage Ratemaking rules went into effect Jan 2021
- Delivering for America Plan introduced 2021 and revised 2024



PMG David Steiner – July 14th anticipated start

- Previously President of Waste Management and FedEx Board member



PRC Initiated Postage Ratemaking review April 2025

- PRC proposes changes based on the system ‘not achieving statutory objectives’- Comments due July 14th
 1. Restricting rate adjustments to once per fiscal year from 2025 to 2030
 2. Ensuring workshare discounts align with avoided costs to enhance efficiency by closing a regulatory gap allowing excessive passthrough reductions.

Postage Rate Change Predictions

	Jan 26	July 26	Jan 27	July 27	Jan 28	July 28	Jan 29	July 29	Jan 30	July 30
First Class	1.5%	4.9%	1.5%	5.0%	1.5%	5.1%	1.5%	5.1%	1.5%	5.1%
MM Letters	1.5%	7.2%	1.5%	7.3%	1.5%	7.4%	1.5%	7.4%	1.5%	7.4%
MM Flats, Periodicals	1.5%	9.2%	1.5%	9.3%	1.5%	9.4%	1.5%	9.4%	1.5%	9.4%

	July 26	July 27	July 28	Jan 29	July 30
First Class	6.4%	6.5%	6.6%	6.6%	6.6%
MM Letters	8.7%	8.8%	8.9%	8.9%	8.9%
MM Flats, Periodicals	10.7%	10.8%	10.9%	10.9%	10.9%

Based on 1 x Rate Change
Annually

These estimates are based on data and intel as of 6/16/25 and assume 0.715% cap space for First Class and 3.015% for MM for moneys back for MGI . Marketing Mail (MM) percentages apply to Commercial and Nonprofit Rates.



USPS PROMOTIONS CALENDAR



2025

		REGISTRATION PERIOD				PROMO PERIOD							SOLUTIONS A MOORE COMPANY PRODUCTIONSOLUTIONS.COM		2025
PROMO NAME		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	MAXIMUM SAVINGS*	
INTEGRATED TECHNOLOGY (FORMERLY EMERGING TECHNOLOGY)		Any Consecutive 6-Month Period, Starting with the First Maildate and Continuing for 6 Months or Until the End of the Year.												UP TO 3% DISCOUNT	
TACTILE, SENSORY AND INTERACTIVE		Registration: DEC 15, 2024 – JUL 31												UP TO 4% DISCOUNT	
		Promo Period: FEB 1 – JUL 31													
CONTINUOUS CONTACT (NEW!)		Registration: FEB 15 – DEC 31												UP TO 3% DISCOUNT	
		Promo Period: APR 1 – DEC 31													
REPLY MAIL IMBA							Registration: MAY 15 – DEC 31							3-6% DISCOUNT	
							Promo Period: JUL 1 – DEC 31								
FIRST CLASS MAIL ADVERTISING (NEW!)									Registration: JUL 15 – DEC 31					UP TO 3% DISCOUNT	
									Promo Period: SEP 1 – DEC 31						
CATALOG INSIGHTS** (NEW)										Registration: AUG 15, 2025 – JUN 30, 2026				UP TO 10% DISCOUNT	
										Promo Period: OCT1, 2025 – JUN 30, 2026					

ADD-ON DISCOUNTS AVAILABLE ALL YEAR LONG TO STACK WITH A BASE PROMOTION

INFORMED DELIVERY: 1% | SUSTAINABILITY (NEW): 1%



USPS PROMOTIONS CALENDAR



2026

REGISTRATION PERIOD

PROMO PERIOD

PROMO NAME	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	MAXIMUM SAVINGS*
INTEGRATED TECHNOLOGY	Any Consecutive 6-Month Period, Starting with the First Maildate and Continuing for 6 Months or Until the End of the Year. Registration begins NOV 15, 2025.												UP TO 5% DISCOUNT
TACTILE, SENSORY AND INTERACTIVE	Registration: NOV 15, 2025 – JUN 30 Promo Period: JAN 1 – JUN 30												UP TO 5% DISCOUNT
CONTINUOUS CONTACT	Registration: FEB 15 – DEC 31 Promo Period: APR 1 – DEC 31												UP TO 5% DISCOUNT
FIRST CLASS MAIL ADVERTISING	Registration: JUL 15 – DEC 31 Promo Period: SEP 1 – DEC 31												UP TO 5% DISCOUNT
CATALOG INSIGHTS** (NEW)	Registration: AUG 15, 2025 – JUN 30, 2026 Promo Period: OCT 1, 2025 – JUN 30, 2026												UP TO 10% DISCOUNT

ADD-ON DISCOUNTS AVAILABLE ALL YEAR TO STACK WITH A BASE PROMOTION: INFORMED DELIVERY: 1% | SUSTAINABILITY: 1% 2026 Add-On registration begins Nov 15, 2025

2026 MAIL GROWTH INCENTIVE: ENROLL BEFORE JUNE 2026 FOR A 30% POSTAGE CREDIT ON ANYTHING OVER 2025 ANNUAL VOLUME! ***



INTEGRATED TECHNOLOGY PROMOTION

Encourages the use of advanced technologies, such as augmented reality (AR), virtual reality (VR), artificial intelligence (AI) and near-field communication (NFC), in mailpieces to enhance customer engagement, offering a postage discount of up to 3%.

- **2025:** QR Codes leading to a shopping or donation page can be added to the mailing; however, they cannot be on the reply envelope or reply device.
- **2026:** Early reports are that QR codes will be eligible for this promotion in 2026, but the final decision is pending. Discount increases to up to 5%.



TACTILE, SENSORY & INTERACTIVE PROMOTION

Promotes mailpieces that incorporate specialty inks, textures, scents, and interactive elements to create a multi-sensory experience, providing a postage discount of up to 4%.

- **2025:** Promotion ends July 31.
- **2026:** Discount increases to up to 5%.



CONTINUOUS CONTACT PROMOTION

Rewards marketers who send sequential, complementary mailings to the same recipients, fostering ongoing engagement. The first mailing in the series does not receive the discount, but it must be mailed during the promotion period. Second (and third, fourth, etc) can receive the discount. Requesting a donation is considered a "complimentary" theme in the follow-up mailings.

- **2025:** Up to 3% discount.
- **2026:** Discount increases to up to 5%.



REPLY MAIL IMbA™ PROMOTION

Incentivizes the adoption of Intelligent Mail® barcode Accounting (IMbA®) for Qualified Business Reply Mail™, offering a 3% discount for static barcodes and 6% for serialized barcodes.

- **2025:** Runs until the end of December but will not be renewed for 2026.



FIRST-CLASS MAIL ADVERTISING PROMOTION

Encourages the use of First-Class Mail® for advertising purposes, providing a 3% postage discount on eligible mailings.

- **2025:** Include a marketing message on First Class mail to receive the discount.
- **2026:** Discount increase to up to 5%



CATALOG INSIGHTS PROMOTION

Designed to encourage catalog mailers to use content-rich catalogs to drive customer engagement. Eligible mailings will receive a discount of up to 10% on Marketing Mail catalogs, defined as a 12-page booklet (front and back are considered two pages) or more, containing a listing of products or services for sale. Enrollment will begin in August 2025, with the promotion starting for mailings in October 2025 and continuing through June 2026.



ADD-ON PROMOTIONS

Need to be combined with a main promotion (Reply Mail IMbA and Mail Growth Incentive excluded). Both add-ons can be combined with the same mailing, as long as they are part of a main promotion.

- **Informed Delivery® Add-On:** Offers a 1% discount on mailpieces that integrate digital campaign elements via Informed Delivery®, with an additional 0.5% credit for electronic documentation submitters.
- **Sustainability Add-On:** Provides a 1% discount for mailings that utilize paper from certified, responsible sources, promoting environmentally conscious practices.



2026 MAIL GROWTH INCENTIVE

Provides a 30% postage credit to any volume that exceeds a mail owner's 2025 volume. Also needs to exceed 1MM pieces. The enrollment process can be lengthy! Ideally, mailers should initiate the enrollment by the end of April and complete it by the end of June, 2026.





USPS Network Evolution

- Integrated mail and parcel supply chain vs mail only process, where previously separated
- NDC's being retired or transformed into Regional Processing & Distribution Centers (RPDC's)
- Growth in Package Services & 50% increase in transportation costs
- New standards will measure by 5D zips (04105 to 22182 as an example) vs 3D now
- Reorganizing the illogical facility network (427 facilities), all doing different things into:
 - RPDC's = Regional Processing & Distribution Center (e.g. enhanced NDC's)
 - LPC's = Local Processing Center (e.g. enhanced SCF's)
- Critical Entry Times (CET) - expected to slow down mail outside a 50mile radius of RPDCs (Apr 1)
- Service Bands – mail moving closer to RPDC hubs expected to speed up (Jul 1)

Critical Entry Time (CET) Changes

Sequencing of changes

On April 1st

- +1 for GA and SPFCM originating in offices outside of 50 miles from 60 RPDCs
 - No +1 applied to pre-sort FCM
- Volume from inside 50 miles of network launch point (60 RPDCs) will be back to plant by 2000
- Sunday and Holidays not counted in measurement if entered the day prior, aligns to our operational days and is more consistent with our competitors' practices
- New CETs go into effect

On July 1st

- Service bands expand for FCM and GA
- Turnaround rules go into effect

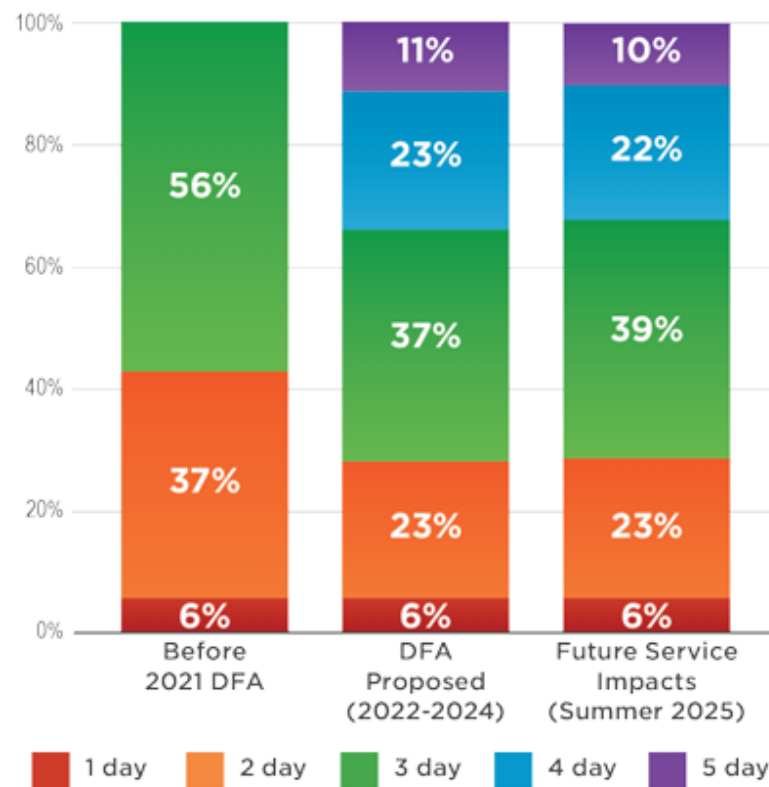
Ongoing – Complete by September 30

- Regional Transportation Optimization (RTO) - collect volume in the morning from offices outside of 50 miles from network launch point (60 RPDCs)
- Operating plans adjusted to process originating volume by 0000 and dispatch to network 4-6 hours earlier (all volume will be back to plant by 2000, regardless of office location)

Launching **Priority Next Day** product in select markets beginning in Q3 2025

USPS First Class Service Standards

Figure 3. Service Standards Changes Made and Planned for First-Class Mail



January 2026 Structural Changes

Elimination of Area Distribution Center Rates: There is no value associated with presorting mail at the ADC level, therefore Labeling Lists for ADC and SCF preparation will align soon. Rates will be eliminated in First-Class Mail, Marketing Mail, and Periodicals.

Elimination of Network Distribution Center Presort Rates: With the completion of the NDC unwind initiative, there is no value to presorting mail for NDC facilities. Rates will be eliminated in the Marketing Mail Parcels rate structure.

Introduce Zone-Based Pricing: Introduce a zone-based price structure for Marketing Mail and Periodicals Origin-entered mail. These zones will be defined based on Leg 2 service standard bands. Prices for DSCF and DDU-entered mail will continue but origin presorted prices will be segregated into 4 zones (and mixed a flat rate price).

Simplify and Align Periodicals Price Structure: The current Periodicals rate structure is unique and complex, requiring the application of multiple rates for a single mail piece. Periodicals rates will be aligned to resemble the Marketing Mail rate structure to streamline and simplify postage calculation. Rates for Advertising/Editorial, as an example, will remain.

Marketing Mail Zone-Based Structure

USPS Marketing Mail-Commercial

Commercial Letters - Carrier Route & Automation

	Entry	Carrier Route			Automation		
		Saturation	High Density Plus	High Density	5-Digit	3-Digit	Mixed
Letters weighing 3.5 oz. or less per piece price	Origin Entry						
	Zone D	X	X	X	X	X	
	Zone C	X	X	X	X	X	
	Zone B	X	X	X	X	X	
	Zone A	X	X	X	X	X	
	Destination Entry						
	DSCF	X	X	X	X	X	

Commercial Letters - Nonautomation

	Entry	Machinable	
		3-Digit	Mixed
Letters weighing 3.5 oz. or less per piece price	Origin Entry		
	Zone D	X	
	Zone C	X	
	Zone B	X	
	Zone A	X	
	Destination Entry		
	DSCF	X	

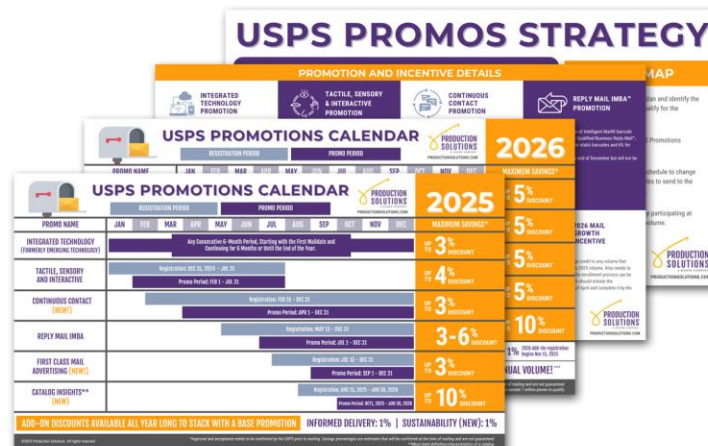
	Entry	Carrier Route				Nonmachinable		
		Saturation	High Density Plus	High Density	Basic	5-Digit	3-Digit	Mixed
Letters weighing 4.0 oz. or less per piece price	Origin Entry							
	Zone D	X	X	X	X	X	X	
	Zone C	X	X	X	X	X	X	
	Zone B	X	X	X	X	X	X	
	Zone A	X	X	X	X	X	X	
	Destination Entry							
	DSCF	X	X	X	X	X	X	
More than 4 oz Per Pound Price	Origin Entry							
	Zone D	X	X	X	X	X	X	
	Zone C	X	X	X	X	X	X	
	Zone B	X	X	X	X	X	X	
	Zone A	X	X	X	X	X	X	
	Destination Entry							
	DSCF	X	X	X	X	X	X	
Per Piece Price		X	X	X	X	X	X	X

Commercial Flats

	Entry	Carrier Route				
		Saturation	EDDM	High Density Plus	High Density	Basic
Letters weighing 4.0 oz. or less per piece price	Origin Entry					
	Zone D	X	X	X	X	X
	Zone C	X	X	X	X	X
	Zone B	X	X	X	X	X
	Zone A	X	X	X	X	X
	Destination Entry					
	DSCF	X	X	X	X	X
More than 4 oz Per Pound Price	Origin Entry					
	Zone D	X	X	X	X	X
	Zone C	X	X	X	X	X
	Zone B	X	X	X	X	X
	Zone A	X	X	X	X	X
	Destination Entry					
	DSCF	X	X	X	X	X
Per Piece Price		X	X	X	X	X

	Entry	Automation			Nonautomation		
		5-Digit Scheme	3-Digit Scheme	Mixed	5-Digit	3-Digit	Mixed
Letters weighing 4.0 oz. or less per piece price	Origin Entry						
	Zone D	X	X		X	X	
	Zone C	X	X		X	X	
	Zone B	X	X		X	X	
	Zone A	X	X		X	X	
	Destination Entry						
	DSCF	X	X		X	X	
More than 4 oz Per Pound Price	Origin Entry						
	Zone D	X	X		X	X	
	Zone C	X	X		X	X	
	Zone B	X	X		X	X	
	Zone A	X	X		X	X	
	Destination Entry						
	DSCF	X	X		X	X	
Per Piece Price		X	X	X	X	X	X

Additional Resources

[illegible]

Q & A

Additional Industry Support



Alliance
of Nonprofit
Mailers



<https://postalpro.usps.com/>

<https://pe.usps.com/PriceChange>