

BANTA Mailbox

Banta Publications Group ■ Drake Oak Brook Plaza, 2215 York Road, Suite 400, Oak Brook, IL 60523 ■ March 2005

Smaller postal rate increase

Recent rumors indicate that the USPS will ask for a 6% across-the-board rate increase in early 2006. This is substantially lower than the double-digit increases which all previous reports indicated were likely. The lower increase is based on high USPS worker productivity, effective USPS cost management initiatives, and encouraging mail volume trends. However, these rumors also indicate that the 2006 increase would be followed by another increase in 2007, probably an additional 5% to 6%.

These rumors are swirling amid new postal reform legislation being introduced, which is essentially identical to the postal reform legislation that failed to pass Congress last year.

Industry experts are anticipating that the rate case will be filed sometime in March 2005. The USPS is also indicating that they will ask for a negotiated settlement, similar to that which occurred in the 2001 rate case. This essentially means that all parties agree to the proposed rates and it saves the time and money involved with a rate case, which typically lasts 10 months. By asking for a negotiated settlement, however, that most likely means that any controversial rate structure changes, such as cost-based rates, would not be proposed.

At this point, it is too early to make any predictions. For budget purposes, publishers may still want to plan for a 10% to 15% increase until further details about the filing are known.

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New Year... Old Bill

Congress has reintroduced postal reform legislation in 2005, but it is virtually identical to the proposed legislation that failed to pass in 2004. While there was some surprise that there were not more changes to the new legislation, sponsors of the reform say that the legislation has a better chance in a similar form rather than starting from scratch. The toughest issues continue to be the postal labor union resistance to the administration's push for more flexibility in negotiating worksharing agreements, and the proposed changes in responsibilities for the current Postal Rate Commission (to be

known as the Postal Regulatory Commission) and the Board of Governors.

Some form of legislative relief is needed to eliminate the Civil Service Retirement System escrow account set to take effect in 2006. While the USPS financial picture has fostered rumors of a proposed rate hike lower than what was first anticipated, failure to get some form of legislative relief will undoubtedly affect future postage rates.

Stay tuned for updates on postal reform in future issues.

Canada postage rates up

Canada Post implemented a postage rate hike on January 17, 2005. Letter mail increased 5 cents, with rates of 85 cents for letter mail up to 30 grams and \$1.00 for letter mail between 30 and 50 grams. Publications saw increases averaging 1 to 3 cents per piece. Addressed admail saw increases of 1 cent per piece in most categories.

If you enter mail directly into Canada Post, you will experience these rate increases. If you use a remailer, you may or may not experience increases, depending on the vendor. If you are using the USPS to mail your Canadian copies, there has been no rate increase.

Banta Publications Group Distribution Contacts

As a customer, you are encouraged to direct all of your communications to your plant Account Manager. However, there may be occasions when you may need to contact someone in the distribution areas directly. To facilitate this, the following is a list of contacts:

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Final rules on Repositionable Notes

As we told you last issue, the USPS has implemented a postage rate, effective April 3, 2005, for placement of Repositionable Notes (RPN's) on mailpieces without the additional requirement of polybagging or wrapping. The postage rates for using the RPN's are \$0.005 per piece for RPN's attached to discount First-class Mail letters or flats, and \$0.015 per piece for RPN's on Standard or Periodicals letter or flat size pieces. These rates are in addition to the postage for the host piece, and the weight of the RPN is included when calculating the weight and postage of the host piece.

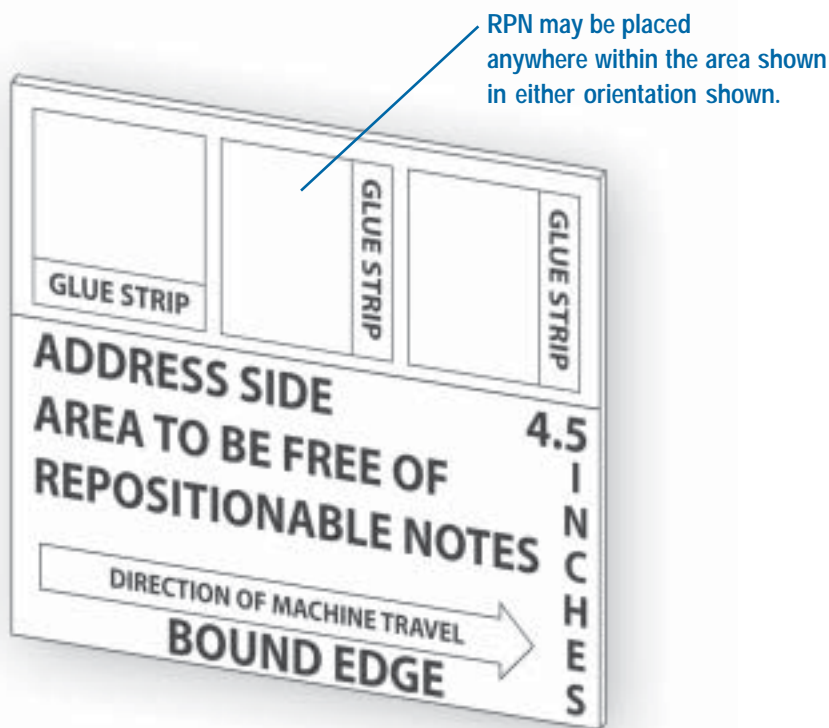
These new rates are not available for Package Services Bound Printed Matter pieces, and they are not applicable to RPN's attached to pieces in polybags.

There are regulations for the RPN's and their position on the mailpieces. The RPN's must:

- Measure 3 inches x 3 inches, plus or minus 1/8 inch for either dimension.
- Not contain phosphorescent or red fluorescent colorants.
- Not be manually affixed.
- Be adhered with a 3/4 inch (plus 3/4 inch or minus 1/16 inch) adhesive strip across the top portion on the reverse side of the note.
- Not be placed in a manner that interferes with the delivery address, rate markings, or postage.
- Not display a specific address or ZIP code.

In addition to the above, the written and graphic content printed on the notes will be considered when determining eligibility of mailpieces at Stan-

Exhibit 1



Allowable RPN locations and orientations on the address side of the mailpiece.

standard regular and nonprofit rates. For example, if the RPN contains an insurance ad and is placed on a Standard nonprofit mailpiece, it may make the mailpiece ineligible for the nonprofit rates.

With regards to the placement of the RPN's on the host piece:

- Only a single RPN can be attached to the host piece.
- On letter size pieces, the RPN can be attached only to the addressed side of the piece.
- On flat size pieces, such as magazines and catalogs, the RPN may be attached to either the addressed or non-addressed side of the host piece.
- On letter size pieces, the RPN must be positioned parallel with the length of the piece, placed no closer than 3/8 inch from the left edge of the delivery address and must be at least 1/2 inch (plus or minus 1/8 inch) from the bottom and left edges of the mailpiece.
- On flat size pieces, the RPN's may only be positioned according to the exhibits below and on

the previous page. Exhibit 1 shows the requirements for RPN's placed on the address side of the piece, and Exhibit 2 shows the requirements for RPN's placed on the non-address side of the piece.

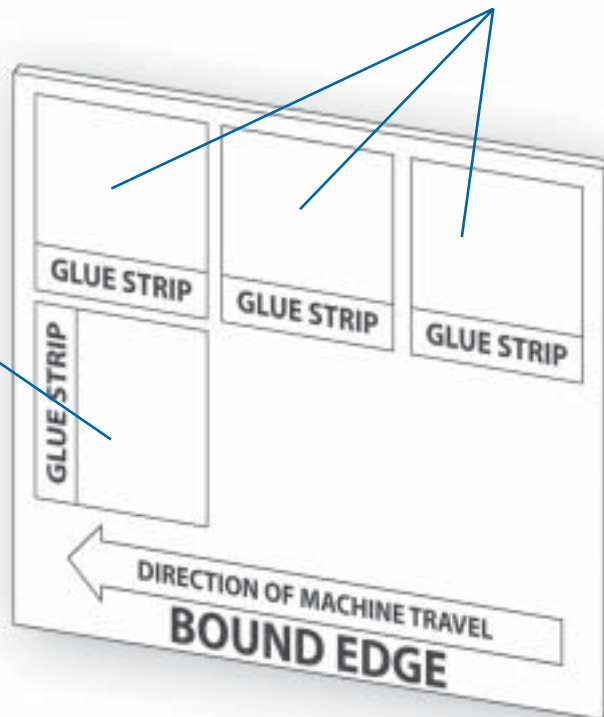
There are additional requirements in order for these host pieces to qualify for automation rates. For letter size pieces, there are stringent size requirements, paper basis weight requirements, and requirements for window envelopes. For flat size mail, the RPN's must be obtained from a USPS approved vendor, and this must be documented either by printing the vendor name on the notes or providing a copy of the invoice from the vendor for the purchase of the notes.

For details regarding the new regulations, log on to <http://ribbs.usps.gov/index.html>, then click on RIBBS Links, then on Federal Register Notices. Click on 2005 and you may then select either a text file or .pdf file of the February 1, 2005 notice on Repositionable Notes. The new regulations will be incorporated into Section G994 of the Domestic Mail Manual.

These 3 RPNs represent the only allowable positions for RPNs on the non-address side with the glue strip orientation shown.

Exhibit 2

RPNs with this glue strip orientation may be placed anywhere on the non-addressed side of the mailpiece.



Banta PubNet Design

This issue was designed and assembled by Banta PubNet. If you are currently outsourcing the design of your publication, you might want to investigate Banta's design and assembly capabilities. Banta's creative team has the experience it takes to design outstanding publications from scratch, or work with your existing templates. We can also convert your native layout documents to PDF for streamlined computer-to-plate workflow as well as provide custom designed graphics and layouts for your magazine. For more information, contact Wayne Metcalfe at 816-792-6394, or make an e-mail inquiry to wmetcalfe@banta.com.

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Allowable RPN locations and orientations on the non-address side of the mailpiece.

CAPS minimums waived

The USPS recently announced that it is, at long last, removing the minimum volume requirements previously needed to qualify for the Centralized Account Processing System (CAPS). The CAPS program allows mailers to manage all their postage payments from one central account, with online access to transaction information. CAPS is also the only means of electronic funds transfer with the USPS.

Up until recently, mailers needed to meet minimum volume requirements, such as a specific number of permits per location and postage/or minimum dollars in annual revenue in order to participate. Now the program is open to all mailers, regardless of the number of permits they hold or postage revenues generated. This is great news for smaller mailers who were prevented from taking advantage of the benefits of CAPS due to their limited number of permits or postal revenues.

As we go forward with our co-palletization and co-mailing efforts in 2005, participation in the CAPS debit account option will be required. This, along with the many administrative and financial benefits of CAPS, are reasons that we strongly encourage all of our clients who are not currently on CAPS to apply as soon as possible. If you are currently on CAPS but are using the trust account option rather than the debit account option, we encourage you to switch over to the debit option.

As mentioned in previous issues, the USPS is converting the CAPS program to PostalOne!, but new participants are requested to apply for CAPS rather than PostalOne!, and the conversion from CAPS to PostalOne! will occur on a later date. For more information or to apply for CAPS, log on to <http://caps.usps.gov/capshome.asp>

Online Information

More information on Banta Corporation is available through the company's Web site at www.banta.com

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