

[Your Name]
[Street Address]
[City, ST ZIP Code]
January 8, 2009

[Recipient Name]
[Title]
[Company Name]
[Street Address]
[City, ST ZIP Code]

Dear [Recipient Name]:

I am writing to alert you to the effect that current postage rates are having on [Company Name] during these very tough economic times, and to make a suggestion as to what you can do to help us.

The “rate shock” that we experienced when catalog rates went up 20% in 2007 is now being combined with the weakest retail environment in several decades, and the effect is to put all catalogers in serious trouble. My company is cutting the number of pages in our catalogs and we have fewer names available to profitably mail: this trend is typical in the catalog industry as businesses are shrinking. Paper and printing prices are stable, but postage is the largest part of our catalog’s cost and it remains high. If postage rates do not come down I expect the catalog industry’s downward spiral will continue and [Company Name] to be under sharp pressure to cut expenses and jobs.

The USPS could cut postage rates for catalogs if they were allowed by Congress to stop overfunding retiree health care benefits – this is where you could help.

The USPS is currently paying more than \$5 billion each year (as required by PAEA) into a federal fund that now stands at \$30 billion. These payments are currently scheduled to continue until 2016. In addition, the USPS pays the healthcare cost on a current basis for all the retirees on the books today. This amounts to some \$2.2 billion each year, covering 100% of the current expense. Clearly the two payments are overkill and the effect is to put an unnecessary burden on current rate payers. This unnecessary burden is the underlying reason for high postage rates and the catalog industry’s downward spiral.

The first thing Congress could do to help catalogers is to revisit the PAEA requirement and suspend it for a few years so the USPS could roll back rates and get catalog volume growing again. Requiring the USPS to only fund current retiree health benefits would free-up over \$5 billion annually to be used to roll back rates. Congressmen Danny Davis and John McHugh have introduced bill H.R. 7313 to reduce the pension burden on the Postal Service and have asked House leadership to include this provision in the developing Obama economic stimulus package. I ask you to provide similar leadership on this issue in the Senate.

[Recipient Name]

January 9, 2009

Page 2

If Congress suspended payments to the health care fund you would also need to mandate that the savings be used to rollback rates, rather than diverting those funds toward higher USPS expenses. PMG Potter has made significant progress in driving costs out of the Postal Service and this work needs to continue. The viability of the catalog industry depends on an affordable USPS.

Rolling back postage rates for catalogs to 2006 levels would be an efficient technique to stimulate the economy. Lower rates enable catalogers to mail larger quantities, which in turn require longer print runs and more paper. Mailing more catalogs drives sales volume, keeping catalog workers employed, and the volume spreads to our suppliers as we buy more goods and services. A postage rate rollback would help boost the economy, but it would also allow the USPS and the catalog industry the time we need to develop the rate and volume structures necessary to turn the catalog industry around.

Suspending the overfunding of USPS retiree health care benefits makes perfect sense regardless of the economic impact, but we have a catalog industry in crisis and a nation in deep recession, so swift action on this matter is critical. Thank you for considering my request for your help. I will follow-up with your staff to answer any questions they may have.

Sincerely,

[Your Name]