

Experian's List Processing Summer Rebate Program



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Agenda

- USPS® Summer Sale Details
- Experian's List Processing Summer Rebate Program Details
- Current status of Move-Update
- Questions



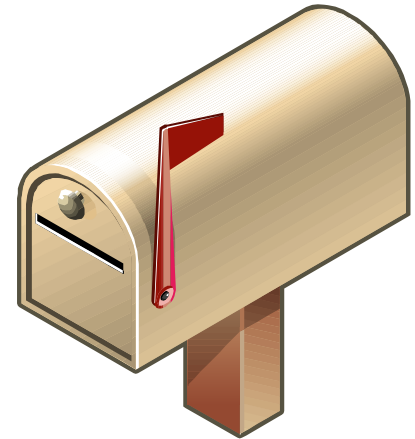
USPS® Summer Sale

- USPS® is leveraging the flexibility allowed under the Postal Accountability and Enhancement Act (PAEA).
- The industry has long advocated seasonal pricing as a win – win for the Postal Service and Mailers to grow mail volumes during slow periods.
- As an industry, it is in all of our best interests to support these initiatives.
- If successful, this could be the first of many such USPS® offerings.



USPS® Summer Sale Details

- Runs from July 1, 2009 through September 30, 2009.
- Mailers who mailed over one million Standard Mail® letters and/or flats from October 1, 2007, through March 31, 2008, are eligible to participate in the sale (about 3,250 mailers who account for about 75 percent of Standard Mail volume).
- Mailers will receive a rebate of 30 percent on any mail volume in that period which is over the past threshold.
- A mailers' rebate will be adjusted if their October, 2009, volume is less than their October, 2008, mail volume adjusted by their mailing trend



USPS® Summer Sale Details

- The rebate is determined as follows (Vol. = Volume; Post = Postage):
 - ▶ $(\text{Oct 1/08 thru Mar 31/09 Vol.}) \div (\text{Oct 1/07 thru Mar 31/08 Vol.}) = \text{Trend}$
 - ▶ $\text{Trend} \times (\text{Jul 1/08 thru Sep 30/08 Vol.}) = \text{Threshold}$
 - ▶ $(\text{Jul 1/09 thru Sep 30/09 Post}) \div (\text{Jul 1/09 thru Sep 30/09 Vol.}) = \text{Avg. Post}$
 - ▶ $(\text{Jul 1/09 thru Sep 30/09 Vol.} - \text{Threshold}) \times \text{Avg. Post} \times 30\% = \text{Unadjusted Rebate}$
 - ▶ $((\text{Oct/08 Vol.} \times \text{Trend}) - \text{Oct/09 Vol.}) \times 30\% \times \text{Avg. Post} = \text{Oct Adjustment}$
 - ▶ $\text{Unadjusted Rebate} - \text{Oct Adjustment} = \text{Final Rebate}$

USPS® Summer Sale

- Scenario
 - ▶ Mailed 8MM during 2009 Baseline Period (10/08 – 3/09)
 - ▶ Mailed 10MM during 2008 Baseline Period (10/07 – 3/08)
 - ▶ Mailed 2MM in Summer, 2008, and 1MM in October, 2008
 - ▶ Will Mail 2.5MM in Summer, 2009, with Total Postage of \$750,000
 - ▶ Will Mail 750,000 pieces in October, 2009

- Example of how the USPS will do the calculation
 - ▶ $8\text{MM} \div 10\text{MM} = .80$ *Trend*
 - ▶ $.80 \times 2\text{MM} = 1.6\text{MM}$ *Threshold*
 - ▶ $\$750\text{K} \div 2.5\text{MM} = \0.30 *Avg Postage*
 - ▶ $2.5\text{MM} - 1.6\text{MM} = 900,000 \times 30\% \times \$0.30 = \$81,000$ *Unadjusted Rebate*
 - ▶ $(1\text{MM} \times .80) - 750,000 = 50,000 \times 30\% \times \$0.30 = \$4,500$ *Oct Adjustment*
 - ▶ $\$81,000 - \$4,500 = \underline{\$76,500}$ ***Final Rebate***

USPS® Summer Sale Details

- Mailers will pay full postage during the summer. After October 31, 2009, the USPS will determine the rebate which each mailer is due. Rebates will be credited to the mailer's permit account before December 31, 2009.
- The Postal Service™ has sent to eligible mailers a letter that will provide the Threshold as determined by USPS data systems. Mailers who believe they are eligible but did not receive a letter or mailers who do not agree with the USPS determined Threshold may appeal to the USPS, although at this time it may be too late.
- Mailers needed to enroll in the program on the Web on or before July 1, 2009, after they received their eligibility letter. NOTE: If you enrolled on the Web that means that you accepted the Threshold as determined by USPS or as determined via appeal, whichever is applicable.

USPS® Summer Sale Details

- In determining the Threshold, the USPS will aggregate a mailer's mail from all its permits, ghost permits and subsidiaries and business names.
- If a mailer has entered its mail or portion thereof using another's permit (such as a mail service provider or printer), the burden is upon the mailer to provide documentation indicating its volume of mail entered under that permit.



Experian is Making the USPS® Summer Sale Even Better

- To help our clients take advantage of the USPS® Summer Sale, Experian is launching our List Processing Summer Rebate Program
 - ▶ Receive a 15 percent rebate on incremental list processing fees during July, August and September 2009
 - ▶ We'll make the process easy and ensure that you receive your rebate by the end of 2009.
 - ▶ Take advantage of this great opportunity to engage your customers while saving money.



Experian's List Processing Summer Rebate Program

▪ **Goals**

- ▶ To assist our clients in their efforts to take advantage of the USPS® Summer Sale
- ▶ An incentive for increased processing revenues with Experian

▪ **Program Details**

- ▶ Eligibility – All existing List Processing clients who have processed with Experian as of 7/1/2008
- ▶ 15% rebate of Incremental List Processing revenue
 - Includes only invoices posted in the months of July, August, and September
 - Rebate administration will be prior to December 31, 2009
 - Mechanism for October campaign adjustment
- ▶ Upon enrollment
 - Customized program letter will be sent that outlines the program and communicates the baseline List Processing revenue

Experian's List Processing Summer Rebate Program

■ Scenario

- ▶ Mailed 8MM during 2009 Baseline Period (10/08 – 3/09)
- ▶ Mailed 10MM during 2008 Baseline Period (10/07 – 3/08)
- ▶ Mailed 2MM in Summer, 2008, and 1MM in October, 2008
- ▶ Will Mail 2.5MM in Summer, 2009, with Total Postage of \$750K
- ▶ Will Mail 750K in October, 2009
- ▶ Experian List Processing Costs \$10.00/M (not a real #) on Mail Volume

■ Example

- ▶ $2\text{MM} \times \$10/\text{M} = \$20,000$ *Baseline 2008 Revenue*
- ▶ $2.5\text{MM} \times \$10/\text{M} = \$25,000$ *Eligible 2009 Revenue*
- ▶ $\$25,000 - \$20,000 = \$5,000$ *Incremental Revenue in 2009*
- ▶ $\$5,000 \times 15\% = \underline{\$750}$ ***Final Rebate****

*Experian reserves the right to disqualify any fees associated with campaigns that were rescheduled from later months into program dates

To Enroll

- To enroll or to get more details
 - ▶ Contact your Experian Account Director
 - ▶ Note: you can enroll at any time during this summer



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- **MOVE UPDATE**
 - **(the US Postal Inspection Service versus USPS Performance based Verification system {PBV on MERLIN})**

What is happening with Move Update Penalties?

- US Postal Inspection Service
 - ▶ Authorized to come in after the mailing if Return to Sender mail is occurring at high rates
 - ▶ Authorized to do an investigation
 - ▶ Authorized to either find a revenue deficiency or False claims act violation
 - ▶ If False claims act, seek an attorney (usually this is accompanied with a Subpoena)
 - ▶ If Revenue Deficiency, the USPS BMEU Cluster Manager will send you a letter indicating you owe postage on pieces they believe did not qualify.....usually the ENTIRE mailing

Move Update

- US Postal Inspection Service (cont'd)
 - ▶ What do you do?
 - If the job in question is not known as to what occurred, contact your address hygiene partner for information. Do not answer questions without seeking all the information first!
 - DO NOT make things up. If you don't know the answer tell them you need to obtain that information
 - Only provide answers for the specific mailing in question. ASK what triggered the inquiry and which mailing was in question.
 - Currently, the US PIS should only be auditing First-Class Mailings, but if they find you guilty here they have the right to look at ALL CLASSES of mailings you do!

Move Update Standard Mail January 2010

- How will Performance Based Verification (PBV) impact mail acceptance in January 2010?
 - ▶ A sample will be taken at acceptance. You must pass with at least 70% of the COA's in the sample applied (they figure out how many you should have had versus how many you did have)
 - ▶ Only COA's that have a Move Effective Date or "moves applied to the NCOA database date" (whichever is newer to the file) of 96 days to 18 months count against you. However, moves older than 18 months NEED to be updated or you send it to unwanted potential customers!
 - ▶ If your sample has less than a minimum number in the set of COA's you should have found (i.e. 14 or less total COA's on file to find) the sample is invalid.
 - ▶ If you fail, the USPS will take the % you didn't have, subtract the 30% tolerance rate and apply the penalty to that percentage of the mailing.
 - So, if you missed 50%, and the mailing was 1MM pieces, the USPS would apply a penalty to 20% of the mailing (currently suggested at 7 cents up charge for each piece in the 20%, thus your up charge would be \$14,000.00. Under the ORIGINAL proposal, your up charge would have been \$70,000.00!!!!

Move Update SUMMARY

- There are two ways to face penalties: One at mail acceptance come January 2010 and one AFTER the mailing via a US PIS audit. THESE ARE TWO DIFFERENT SCEANRIOS!
- KEEP ALL MOVE UPDATE records and procedures for at least 12 months!
- Get your address hygiene providers to help you answer USPS questions.
- Seek legal help when a subpoena is issued
- If you don't know the answer, don't answer it! Seek the proper answer first
- If you mix vendors on a specific mailing string make sure you Identify which vendor records caused the problem before asking one vendor to help.....

Questions / Comments



For Further Information Contact:
Your Experian Account Director
Or

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