



6th October 2014

Royal Mail Wholesale

2nd Floor
185 Farringdon Road
London
EC1A 1AA

PRICE CHANGES FOR THE ACCESS LETTERS CONTRACT

Dear Customer,

On the 24th September we advised of our intention to move our usual price review of Access Letters from the beginning of the financial year to the beginning of the calendar year. It is also our intention to follow the calendar year in future. This change will move us from a position where we implement all of our price changes for all of our customers across many thousands of price points on one date in the year. Today, we are announcing the new Access prices for the Access Letters Contract that will come into effect from the 5th January 2015.

This letter summarises the key prices changes to be made in January 2015.

Keeping Prices Low

Royal Mail has kept price increases low for the past two years and is doing so again in 2015. The lowest price increases will be for items posted under the Royal Mail Advertising Mail® service which we wish to encourage more use of by increasing the discount to 4.36p per Letter item and 6.93p per Large Letter item. For example, this means that trayed Mailmark Advertising Letters will only increase by 0.31p per item.

Driving Innovation

Our £70 million investment in Royal Mail Mailmark®, our new barcoded product which offers online reporting, means that our customers now have access to data on the quantity, performance and predicted delivery of their mail as well as supply chain insight and item level error reporting. We are committed to helping as many customers as possible make the transition to Mailmark technology. As advised last month, we are offering mail producers support in setting up the new technology in their production processes via our £0.5 million “Investment in Change” programme. We also wish to encourage more customers to switch to Mailmark by offering the lowest machineable prices for Mailmark postings. From January 2015, we are introducing a price differential of 1% (0.2p per item) between Mailmark and CBC. This differential is likely to increase in future years.

In 2015, we will be making further investments in the machine processing of Large Letters which will result in beneficial specification changes for Large Letter machineable services, namely: for OCR mail, an increase in the allowance of the 20mm poly overhang to 30mm; a reduction in the minimum OCR size; the cessation of the application of the white barcoded labels by our machines; and, a specification for open, unwrapped mail.

6th October 2014 (continued)

Driving Efficiency

The use of trays enhances mail hygiene, and they are the lowest cost/ most efficient container for Letters and Large Letters (up to 10mm thick). We want more mail in trays and are therefore increasing the discount customers receive for presenting mail in trays. The discount for items presented in trays will be 0.25p per Letter item and 0.4p per Large Letter item, when compared to the same items being presented in bags.

Full details of all prices are now published on our website www.royalmailwholesale.com

Yours sincerely,

A handwritten signature in black ink that reads "Luisa Fulci". The signature is written in a cursive style with a small apostrophe over the 'i' in Fulci.

Luisa Fulci
Regulated Products Director
Consumer and Network Access