



Royal Mail Wholesale

148 Old Street
London
EC1V 9HQ

Dear Customer

2013 Access Prices

We announced today the Access prices that will come into effect on 2nd April 2013. They include the prices for Access services under the current Condition 9 Access agreements as well as prices for services under a new Access letters contract and a Wholesale parcels contract available from April 2013. The current contracts have been in force for more than eight years and needed amending to better reflect changes in the postal market.

We recognise that the new terms have real commercial value for Royal Mail and therefore we will price the new contracts 2.44% less than the current agreements to provide customers with an appropriate incentive to switch.

Full details of the prices can be found on our website, www.royalmailwholesale.com

Summary of Changes

We are keeping letter price rises to a minimum for the coming year. Details of the prices, including available discounts for our key services are provided in Annex 1. Zonal prices will have the same average increases as the National prices.

Letters and Large Letters

Letters and large letters are a great medium for organisations to keep in touch with their customers. The volumes of mail that continue to be posted regardless of the developments in other media are a testimony to the fact that our customers recognise the advantages of mail in terms of cut through and generating action. We are pleased to be able to maintain our prices in real terms, increasing them only by RPI on the new Access letters contract.

Advertising Mail™

Direct Mail continues to be used by advertisers who recognise the strong return on investment performance it delivers over the customer life cycle. We are keeping price increases for Advertising Mail™ below inflation on the new access contracts, by increasing the discount for Advertising Mail™ by 0.3p to 3.5p per letter and by 0.5p to 5.0p per large letter. This will enable direct mail to compete even more effectively with other media.

To further encourage the industry to adopt standards that will deliver environmental benefits and better targeting, we are also increasing the discounts for both the Entry Level and Intermediate Level options of Royal Mail Responsible Mail®. This enables customers who meet the environmental standards of the Intermediate Level specification for Responsible Mail™ to achieve a total discount of 4.5p per item for their direct mail (6.0p for large letters) on the new Access letters contract.

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Presentation in trays

Trays are our most efficient container for processing of letters and large letters (up to 10mm thick) and their use enhances mail hygiene. The price for Access items presented in trays will be 0.117p per item lower than for presentation in bags.

Parcels

Parcel prices are increasing to better reflect the costs of providing these services. Royal Mail needs to achieve a reasonable commercial rate of return on the costs of providing all its products and services, and this change moves parcels towards this.

Zonal Pricing

We have updated the table of Zonal price variance percentages to the National prices which are the same for both the Condition 9 agreements and the new contracts. The new Zonal price variance percentages are summarised, to one decimal place, in the table below.

	Urban	Suburban	National	Rural	London
letter	-12.9%	0.3%	0.0%	13.9%	9.9%
large letter	-13.1%	-0.6%	0.0%	15.0%	10.9%
parcel & A3	-17.1%	-2.6%	0.0%	33.1%	0.8%

All the price changes will come into effect on 2nd April 2013.

Your Access Account Manager will be able to provide any further details you require.

Yours sincerely

Luisa Fulci
Director, Regulated products

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Annex 1

National Prices from 2nd April 2013 for Key Services

New Access Letters Contract

Service	Weight	Price per item (p)	Direct Mail Prices	
			Maximum Saving * per item (p)	Price per item (p)
Based on bag prices				
70 CBC Letters	100g	19.470	(4.5)	14.970
70 OCR Letters	100g	19.844	(4.5)	15.344
70 Letters	100g	22.509	(4.5)	18.009
1400 Large Letters	100g	26.538	(6.0)	20.538
1400 Large Letters	250g	34.256	(6.0)	28.256

*Based on Intermediate Level specification for Responsible Mail™

New Wholesale Parcels Contract

Service	Weight	Price per item (p)
Based on bag prices		
70 Parcels	750g	131.600
70 Parcels	1000g	147.484
70 Parcels	1500g	179.234

Full details of the prices can be found in the price tables on the Royal Mail Wholesale website, www.royalmailwholesale.com