



10<sup>th</sup> January 2014

## Royal Mail Wholesale

148 Old Street  
London  
EC1V 9HQ

Dear Customer,

### 2014 Access Prices

We announce today changes to the Access prices which will come into effect on 31st March 2014. They include the prices for Access services under the current Access Letters Contract, the Wholesale Parcels Contract and the Condition 9 Access Agreements. Full details of the prices can be found on the Royal Mail Wholesale website, [www.royalmailwholesale.com](http://www.royalmailwholesale.com). We also announce changes to the Access Letters Contract which will come into effect on 4th August 2014.

#### High level summary of changes

We are changing the price plans of the Access Letters Contract to respond to changes in the market and reflect up-to-date information on costs. These changes are part of a longer term policy to adjust Access contracts so that they better reflect the way the Universal Service Obligation delivery network is structured and operated and the costs of maintaining that network, against the backdrop of a continuing decline in letter volumes.

There are three key changes to the Access price plans:

1. different levels of price change by service to reflect customer requirements and developments in our operation;
2. the introduction of a price differential of 1.2% between National Price Plan One (NPP1) and the national Averaged Price Plan Two (APP2)/ the Zonal Price Plan (ZPP3). This reflects the cost benefits to Royal Mail of receiving advance information about posting volumes at the local level, which NPP1 customers provide but APP2 and ZPP3 customers do not, as well as the value to customers of the greater flexibility they enjoy under APP2 and ZPP3; and
3. changes to the differential between zonal Access prices in response to changing market conditions.

Additionally, we are revising some of the criteria and permitted variances for NPP1. These are detailed in Customer Change Notices 3-4. Some of these changes will not take effect until 4 August 2014.

The rest of this letter summarises the key price changes. Your Access Account Director will contact you to discuss the changes in detail and how they affect your business.

#### Royal Mail Advertising Mail ® and Royal Mail Responsible Mail®

To allow customers to earn a better ROI on advertising mail, we are keeping price increases for advertising mail services below inflation for most services and are increasing the discount for the Royal Mail Advertising Mail® service by 0.5p to 4.02p per Letter and by 1.4p to 6.42p per Large Letter.

## Presentation in trays

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 are therefore increasing the discount customers receive for presenting mail in tray. The discount for items presented in trays will be 0.2p per Letter item, and 0.3p per Large Letter item, compared to presentation in bags.

## Large Letters

We are introducing a lower price for customers declaring that they are posting business mail Large Letters rather than a general mix of Large Letters. Customers will therefore be able to access 3 different prices for Large Letters depending on what content they are sending: Advertising Large Letters, Business Mail Large Letters or a general mix of Large Letters. We will be issuing the detailed specification next week.

## Mailmark™

As detailed on our website, we are currently staging an early adoption programme for the new machineable barcode product, Mailmark™ which we intend to roll out to all customers in July 2014. The prices at launch will be equal to the Access prices for 70 CBC Letters and 1400 Large Letters.

## Parcels

We are extending the first price weight band from 0-750g to 0-1000g, and changing the 1g increments to 250g steps for Parcels. For A3 Parcels we are changing the price weight bands from three (0-100g, 101-250g and 251-750g) to one weight band, 0-750g, which means that there will be a single price for 0 - 750g. We are also aligning the A3 Parcel price to that of the first weight band for Parcels, as the processing and delivery methods are the same.

## Zonal prices

The Zonal price variance percentages are changing. Please see the Customer Change Notices that are relevant to your contract for the details.

## Formal contract change notices

We enclose formal contract change notices relevant to specific Access contracts, as follows:

<b>Contract</b>	<b>Relevant Contract Notices</b>
Access Letters Contract	Access Letters Contract Change Notice 2 (affecting all Price Plans) Access Letters Contract Change Notice 3 (affecting National Price Plan One (SSCs)) Access Letters Contract Change Notice 4 (affecting National Price Plan One (SSCs)) Access Letters Contract Change Notice 5 (affecting Averaged Price Plan Two (Zones) and the Zonal Price Plan)
Wholesale Parcels Contract	Wholesale Parcels Contract Change Notice (affecting all Price Plans)

<b>Contract</b>	<b>Relevant Contract Notices</b>
Condition 9 Access Agreement	Condition 9 Access Agreement Change Notice (affecting Standard and Premium Agreements)

Further details regarding these changes will be available via your Access Account Director.

Yours faithfully,



Luisa Fulci  
Director, Regulated products