



Royal Mail Wholesale

148 Old Street
London
EC1V 9HQ

Dear Customer,

ACCESS LETTERS CONTRACT CHANGE NOTICES: NUMBERS 003 - 005 CHANGES AFFECTING ONLY CERTAIN PRICE PLANS

DATED: 10th JANUARY 2014

These notices apply to you if you hold an **Access Letters Contract** (Contract) with **Royal Mail Group Limited**, a company registered in England and Wales (number 04138203) with its registered address at 100 Victoria Embankment, London EC4Y 0HQ.

1 **Definitions and interpretation**

- 1.1 If a word or expression is defined in these notices, it shall have the meaning given in these notices.
- 1.2 Any words or expressions which are not defined in these notices, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to these notices.

2 **CONTRACT CHANGE NOTICE NUMBER 003 (CONTRACT CHANGES AFFECTING NATIONAL PRICE PLAN ONE (SSCs) INCLUDING CHANGE TO ACCESS CHARGES)**

- 2.1 We hereby give you notice under clauses 13.2.1(a) and 13.2.1(b) of the General Access Terms and Conditions, to make certain changes to **National Price Plan One (SSCs)** with effect from the 4 August 2014. The detailed contractual changes are set out in Annex A to this document but in summary, the changes are to:
 - (a) require customers to provide a two year notification showing details of reductions (outside the relevant SSC Variance) to volumes of Mailing Items to be delivered on an SSC specific basis and introducing an SSC Surcharge for non-compliance as set out in paragraph 4.2 of National Price Plan One (SSCs) in Schedule 3;
 - (b) require customers to provide a two year forecast (with monthly breakdown) of Mailing Items to be posted (which may be updated on three months' written notice no more than once each Contract Year) and introduce the opportunity for us to terminate the customer's National Price Plan One (SSCs) if such forecasts are not met by more than the relevant Normal Contract Volume Variance; and
 - (c) split Scotland and Northern Ireland into two separate National Profile Areas.

3 **CONTRACT CHANGE NOTICE NUMBER 004 (CHANGES TO PERMITTED VARIANCES AFFECTING NATIONAL PRICE PLAN ONE (SSCs))**

- 3.1 We hereby give you notice under clause 13.2.3 of the General Access Terms and Conditions, to make certain changes to the Permitted Variances that apply to **National Price Plan One (SSCs)** as set out below:

Relevant Permitted Variance	Effective Date of change	Details of change
SSC Permitted Variance Number	31 March 2014	The SSC Permitted Variance Number for England and Wales (as published on our Website) shall be changed to 5.
SSC Permitted Variance Number	4 August 2014 (to align with the introduction of separate National Profile Areas for Scotland and Northern Ireland)	The SSC Permitted Variance Number for Scotland shall be 1 and the SSC Permitted Variance Number for Northern Ireland shall be 0 (in each case, as published on our Website).
Normal Contract Volume Variance	4 August 2014 (to align with the introduction of the requirement for a two year volume forecast (with monthly breakdown))	A Normal Contract Volume Variance shall be introduced, being the variance we permit from the Contract Volume Forecast. The Normal Contract Volume Variance shall be published on our Website and is initially, from the date that the Normal Contract Volume Variance is introduced, set at 10% of the Contract Volume Forecast.
SSC Variance	4 August 2014 (to align with the introduction of the requirement of a two year notice on changes to volumes in relation to specific SSCs)	An SSC Variance shall be introduced, being the variance we permit in the SSC Ratio for an SSC determined by reference to the relevant SSC Ratio for that SSC for the previous Contract Year. The SSC Variance shall be published on our Website and is initially, from the date that the SSC Variance is introduced, set at 0.4 points.

4 CONTRACT CHANGE NOTICE NUMBER 005 (CHANGES TO ACCESS CHARGES AFFECTING AVERAGED PRICE PLAN TWO (ZONES) AND ZONAL PRICE PLAN)

4.1 We hereby give you notice under clause 13.2.3 of the General Access Terms and Conditions, to change the Access Charges as follows:

Relevant Price Plan	Effective Date of change	Details of change
Averaged Price Plan Two (Zones)	31 March 2014	The Access Charges shall be adjusted so that the Access Charges for the national Averaged Price Plan Two (Zones) (APP2 Tariff) shall be 1.2% higher than the Access Charges for National Price Plan One (SSCs). Full details of the amended Access Charges are included on our Website (www.royalmailwholesale.com).
Zonal Price Plan	31 March 2014	The Access Charges for the Zonal Price Plan shall be set relative to the APP2 Tariff and the zonal variances shall be changed as set out in the table below. Full details of the amended Access Charges are included on our Website (www.royalmailwholesale.com).

Variances to national APP2 Tariff for Zonal Price Plan:

	Urban	Suburban	national APP2 Tariff	Rural	London
Letter	-25.0%	10.4%	0.0%	44.1%	-25.0%
Large Letter	-25.0%	10.4%	0.0%	44.1%	-25.0%

Signed by



Luisa Fulci

duly authorised for and on behalf of
Royal Mail Group Limited

ANNEX A TO CONTRACT CHANGE NOTICES: NUMBERS 003 – 005

CHANGES TO CONTRACT TERMS FOR NATIONAL PRICE PLAN ONE (SSCS)

1. In Schedule 1 (Definitions and Interpretation) (Terms used in Schedule 3 Price Plans), the new definitions below will replace the current definitions in the Contract:

"SSC Ratio	has the meaning given in paragraph 7.1 of National Price Plan One (SSCs) in Schedule 3;"
"SSC Permitted Variance Number	a Permitted Variance number of SSCs for each of the England and Wales National Profile, the Scotland National Profile and the Northern Ireland National Profile, in each case as published on our Website and applied to National Price Plan One (SSCs) of Schedule 3;"
"National Profile Areas	the three national profile areas which are (a) England and Wales (excluding Jersey, Guernsey and the Isle of Man); (b) Scotland; and (c) Northern Ireland;"
"National Spread Surcharge	the surcharges for failure to meet the National Spread Benchmark calculated as set out in paragraph 8 of National Price Plan One (SSCs) in Schedule 3;"
"Permitted Variance	a variance we permit to any measurement used in the measurement of your profile and/or compliance with National Price Plan One (SSCs) or Average Price Plan Two (Zones) expressed either as a percentage of that measurement or as a whole number by which variance up or down from that measurement will be permitted, as published on our Website and as amended from time to time in accordance with clause 13.2.3;"

2. In Schedule 1 (Definitions and Interpretation) (Terms used in Schedule 3 Price Plans) the following additional definitions shall be included:

"Contract Volume Forecast	the forecast to be provided in the Required Forecast Form for a period of: (a) two Contract Years or, (b) in respect of the initial Contract Volume Forecast only, the Initial Abbreviated Forecast Period and the next Contract Year, in each case comprising the monthly volume of Mailing Items you expect to hand over to us under National Price Plan One (SSCs);"
"Contract Volume Forecast Period	the period covered by a Contract Volume Forecast;"
"Forecast Implementation Date	4 August 2014 or such other date as you and we agree in writing;"
"Initial Abbreviated Forecast Period	the period from the Forecast Implementation Date until the next anniversary of your Access Start Date;"
"Normal Contract Volume	

Variance	the variance we permit each Contract Year from your Contract Volume Forecast, as published on our Website and as amended from time to time in line with clause 13.2.3;"
"Required Forecast Form	the form of forecast set out in Annex A to National Price Plan One (SSCs) in Schedule 3, as amended from time to time in line with Schedule 3;"
"SSC Forecast	has the meaning as described in paragraph 4.1 of National Price Plan One (SSCs) in Schedule 3;"
"SSC Surcharge	as set out in paragraph 4.2 of National Price Plan One (SSCs) in Schedule 3;"
"SSC Variance	the variance we permit in the SSC Ratio for an SSC determined by reference to the relevant SSC Ratio for that SSC for the previous Contract Year, as published on our Website and as amended from time to time in line with clause 13.2.3;"

3. In Schedule 3, National Price Plan One (SSCs) shall be deleted and replaced with the text set out in Annex B to these notices.
4. In Schedule 3, the text set out in Annex C to these notices shall be included as Annex A to National Price Plan One (SSCs) in Schedule 3.

ANNEX B TO CONTRACT CHANGE NOTICES: NUMBERS 003 – 005

OPTION A National Price Plan One (SSCs)

1 Introduction

- 1.1 You acknowledge that the Access Charges for National Price Plan One (SSCs) are offered on the premise that:
- 1.1.1 your Daily Postings under this Price Plan will reflect a typical Royal Mail national geographic mix of Mailing Items;
 - 1.1.2 on or before the Forecast Implementation Date, you will provide to us a Contract Volume Forecast (including a monthly breakdown) and, if relevant, an SSC Forecast, for the Initial Abbreviated Forecast Period and the next Contract Year; and
 - 1.1.3 in month 12 of each Contract Year, you will provide to us a Contract Volume Forecast (including a monthly breakdown) and, if relevant, an SSC Forecast, for each of the following two Contract Years.

2 Eligibility to opt for National Price Plan One (SSCs)

- 2.1 You may only opt for National Price Plan One (SSCs) if you are able to prove to our reasonable satisfaction that you have a reasonable likelihood of meeting the National Spread Benchmark and the Urban Density Benchmark.

3 Change to your Contract Volume Forecast

- 3.1 You must discuss with us any change to your Contract Volume Forecast whenever you expect the volume of Mailing Items you hand over to us to change (for example, any unexpected mailing campaigns or company reorganisations that will affect your Contract Volume Forecast).
- 3.2 You may change your Contract Volume Forecast in respect of any future period that it covers by giving us three months' written notice of the adjustment required. You may change your Contract Volume Forecast in this way no more than once each Contract Year. If you change your Contract Volume Forecast we will provide written acknowledgement of this change to you within 14 days of receipt by us of your change notice. The change will take effect from the expiry of the three month notice period and the adjusted Contract Volume Forecast will be deemed to be the Contract Volume Forecast for the purposes of this Contract.

4 Change in SSC Forecast

- 4.1 If in respect of a Contract Volume Forecast Period, your SSC Ratio for an SSC will reduce by more than the SSC Variance when compared to your SSC Ratio for that SSC in the Contract Year immediately prior to the Contract Volume Forecast Period, you must provide us with details of the change as set out and in line with the Required Forecast Form (**SSC Forecast**) at the time you provide us with a Contract Volume Forecast (excluding revisions). For example, this would apply where due to any company reorganisation you no longer anticipate the usual volume to be sent to any particular SSC. For clarity, we do not require the Contract Volume Forecast to include a breakdown by SSC.
- 4.2 If you do not provide us with the information required in paragraph 4.1, the following provisions apply:
- 4.2.1 If in the Initial Abbreviated Period or the first year of any Contract Volume Forecast, your SSC Ratio for an SSC reduces by more than the SSC Variance when compared to your SSC Ratio for that SSC in the previous Contract Year, we may levy an SSC Surcharge of 0.1% of the total postage charged to you for that same period under National Price Plan One (SSCs) for each affected SSC.
 - 4.2.2 Except as set out in paragraph 4.2.3, if
 - (a) across the entire Contract Volume Forecast Period, your SSC Ratio for an SSC reduces by more than the SSC Variance when compared to your SSC Ratio for that

SSC in the Contract Year immediately prior to the Contract Volume Forecast Period;
or

- (b) a reduction in SSC Ratio that you notify to us does not materialise to the extent that you had notified us at the start of the SSC Forecast,

we may levy an SSC Surcharge for each affected SSC of 0.05% of the total postage charged to you for year two of the Contract Volume Forecast Period under National Price Plan One (SSCs) for the relevant SSC.

- 4.2.3 The SSC Surcharge at paragraph 4.2.2 will not apply to an affected SSC if you have paid the SSC Surcharge for the same affected SSC under paragraph 4.2.1 (i.e. we shall not charge you twice for the same affected SSC under each SSC Forecast).

5 Contract Volume Variances

- 5.1 Every quarter you and we will meet to review your Contract Volume Forecast and discuss whether you are likely to exceed or fall short of your Contract Volume Forecast by more than the Normal Contract Volume Variance.
- 5.2 If, at our review meeting, we indicate that we believe there is a risk that you are likely to fall short of your Contract Volume Forecast by more than the Normal Contract Volume Variance, within 7 Working Days of our review meeting you will provide us with a plan on how you will improve your forecasting for the future.
- 5.3 If your plan does not improve your Contract Volume Forecast to within the range of the Normal Contract Volume Variance within 3 months, we may terminate your right to post under this National Price Plan One (SSCs) on not less than 120 days' written notice.

6 Your Profile Commitment under National Price Plan One (SSCs)

- 6.1 The geographic spread and urban density of your Daily Postings under this Price Plan will be measured against the National Spread Benchmark and the Urban Density Benchmark during each Contract Year. You agree to use all reasonable endeavours to meet the National Spread Benchmark and the Urban Density Benchmark.
- 6.2 Breach of paragraph 6.1 of this Price Plan shall not constitute a material breach for the purposes of clause 8.2 of the General Access Terms and Conditions but shall entitle us to levy a National Spread Surcharge and/or an Urban Density Surcharge (both of which are 'Profile Surcharges') in accordance with paragraphs 8 and 10 of this Price Plan.

7 The National Spread Benchmark

- 7.1 To assess whether you have met the National Spread Benchmark, we shall calculate what percentage of your total volume of Mailing Items in a Contract Year was delivered to each SSC to arrive at your Actual SSC Percentage for each SSC. We shall then compare your Actual SSC Percentage with the National Spread Benchmark for every SSC and express this as a ratio (**SSC Ratio**) for every SSC. For example, if your Actual SSC Percentage for a particular SSC is 3 per cent, and the National Spread Benchmark for that SSC is 4 per cent, the SSC Ratio for that SSC is 0.75.
- 7.2 We shall apply a Ratio Threshold for each SSC. If your SSC Ratio in any SSC is lower than the Ratio Threshold, that is a Failed SSC. You have met the National Spread Benchmark in a Contract Year if in all National Profile Areas the number of your Failed SSCs is no greater than the SSC Permitted Variance Number for each National Profile Area.
- 7.3 If you do not meet the National Spread Benchmark and you are in breach of paragraph 6.1 above we may levy National Spread Surcharges calculated in accordance with paragraph 8.

8 National Spread Surcharge

- 8.1 Subject to paragraph 8.2, the National Spread Surcharge is calculated by working out the number of additional Mailing Items which you would need to have declared under this Price Plan in each Failed SSC to meet the Ratio Threshold for each SSC (Attributable Volume). The National Spread Surcharge will be the National Spread Surcharge Rate per Mailing Item applied to your Attributable Volume.

8.2 In carrying out the calculation in paragraph 8.1, we shall in each National Profile Area first calculate the Attributable Volume for each Failed SSC. We then rank in highest Attributable Volume order the Failed SSCs for each National Profile Area. The highest ranking Failed SSCs for each National Profile Area will be the SSCs included within the SSC Permitted Variance Number. Only the Attributable Volume of the remaining Failed SSCs will be used to calculate surcharges for the purpose of paragraph 8.1.

9 **The Urban Density Benchmark**

9.1 To assess whether you have met the Urban Density Benchmark, we shall measure your Urban SSC Percentage for each SSC and compare it the Urban Density Benchmark for that SSC. We shall calculate whether your Urban SSC Percentage is greater than or less than Urban Density Benchmark for each SSC by more than the Urban Permitted Variance.

9.2 If none of your Urban SSC Percentages are greater than or less than the Urban Density Benchmark by more than the Urban Permitted Variance, you have met the Urban Density Benchmark.

9.3 If any of your Urban SSC Percentages is greater than or less than the Urban Density Benchmark by more than the Urban Permitted Variance, you have not met the Urban Density Benchmark and if you are in breach of paragraph 6.1 we may levy a surcharge as set out in paragraph 10.

10 **The Urban Density Surcharge**

10.1 For any SSC for which your Urban SSC Percentage is greater than or less than the Urban Density Benchmark by more than the Urban Permitted Variance, we shall multiply the percentage by which you fall short of or exceed the Urban Permitted Variance for that SSC by your total Urban Volume for that Contract Year to arrive at a number of Mailing Items for that SSC which represents that percentage shortfall or excess. If the sum of all the excess volumes exceeds the sum of all the shortfalls, we shall take no action. If the sum of all the shortfalls exceeds the sum of all the excesses so that there is an overall shortfall, we will surcharge you the Urban Density Surcharge Rate per Mailing Item for the whole of that shortfall.

11 **Reviews**

11.1 We will measure your actual Daily Postings' performance against the National Spread Benchmark and Urban Density Benchmark each quarter and share this performance with you at each of your quarterly reviews and tell you whether according to the national spread and urban density of your Daily Postings to that point you are likely to be required to pay Profile Surcharges for that Contract Year.

12 **Payment of Profile Surcharges and SSC Surcharges**

12.1 We will invoice you for any Profile Surcharges and SSC Surcharges within 30 days after the end of the Contract Year to which those surcharges relate. Payment of the Profile Surcharges and SSC Surcharges invoiced shall be made in accordance with clause 11 of the General Access Terms and Conditions.

13 **Payment of Profile Surcharges and SSC Surcharges on Termination of this Contract or a change of Price Plans**

13.1 If this Contract terminates during a Contract Year, or you change to a different Price Plan under this Contract, we may levy Profile Surcharges and SSC Surcharges in respect of the period from the start of the Contract Year to the date of termination of the Contract or the date on which you cease posting on this Price Plan (which we refer to in this paragraph as an Abbreviated Contract Year). We will calculate your Profile Surcharges and SSC Surcharges for the Abbreviated Contract Year in line with paragraphs 4, 8 and 10 as if the Abbreviated Contract Year was a Contract Year, and we will invoice you for those surcharges within 30 days after the end of the Abbreviated Contract Year.

14 **Transferring to the Zonal Price Plan**

14.1 If the number of items incurring Profile Surcharges exceeds 15 per cent of your annual volume as invoiced by us under this National Price Plan One (SSCs) in any Contract Year, we shall terminate your right to post under this National Price Plan One (SSCs) on not less than 30 days' notice and you shall be required from the expiry of that 30 day period to post all Mailing Items under the Zonal Price Plan.

15 **Changes to our Access Charges, our Permitted Variances and our Pricing Structure**

- 15.1 The Access Charges and Permitted Variances which apply to National Price Plan One (SSCs) are published on our Website www.royalmailwholesale.com, and may be varied from time to time in accordance with the provisions of clause 13.2.3 of the General Access Terms and Conditions.
- 15.2 The terms of this National Price Plan One (SSCs) are part of our Pricing Structure, and may be varied from time to time in accordance with the provisions of clause 13.2.1 of the General Access Terms and Conditions.

ANNEX C CONTRACT CHANGE NOTICES: NUMBERS 003 – 005

ANNEX A TO NATIONAL PRICE PLAN ONE (SSCs)

CONTRACT VOLUME FORECAST AND SSC FORECAST FOR [INSERT PERIOD OF CONTRACT]

[CUSTOMER: Insert here your monthly Contract Volume Forecast for the next 24 months of the number of Mailing Items that you intend to hand over to us under the terms of your Access Letters contract].

Year 1		Year 2	
Month	Volume of Mailing Items	Month	Volume of Mailing Items
Total Year 1		Total Year 2	

[CUSTOMER: Insert here information on any SSC that you believe will experience a reduction in the volume of Mailing Items equivalent to a ratio reduction of greater than 0.4 points in the given period. Please provide a reason for each SSC change, indicating the Ratio Threshold that you think you will achieve in each year of the SSC Forecast period.

Year 1			Year 2		
SSC	Ratio Threshold Expected	Reason for change and expected date for change	SSC	Ratio Threshold Expected	Reason for change and expected date for change

BOTH PARTIES: Please sign below to confirm that this is the agreed Contract Volume Forecast and SSC Forecast for [insert period of Contract] for the Access Letters Contract dated 201[]

Signed by [insert name of signatory] duly authorised for and on behalf of [registered name of Customer]	
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Accepted and approved by Royal Mail Group Limited

Signed by [insert name of signatory] duly authorised for and on behalf of Royal Mail Group Limited	
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