



1st November 2010

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**CONDITION 7 NOTIFICATION:
The Royal Mail First Time User Scheme¹**

Dear Philip,

I am writing to notify you formally, under Condition 7 of Royal Mail's Licence that, from 1st February 2011, the Royal Mail will be launching the Royal Mail First Time User Scheme to promote the use of Direct Mail by advertisers. The scheme will offer a postage credit to customers who have not used mail as an advertising medium at all, **with any carrier**, for a period of 24 months or more ('First Time Users'). Under the scheme First Time Users will be able to claim a credit on their first three advertising mailings.

The credit will be available on the following **domestic** mail products:

- Mailsort 3rd Class Letter and Large Letter formats (and Sustainable variants)
- Cleanmail 2nd Class Letter and Large Letter formats
- Meters and Account 2nd Class Letter and Large Letter formats

For each of these services, qualifying customers will be offered a postage credit of 25% on their first mailing, 20% on their second mailing and 15% on their third mailing.

The scheme will also be available at different credit rates on the following **international** mail products:

- International Destination Sort
- International Unsorted: Letters and Flats
- International Zone Sort: Letters and Flats

¹ Please note that this is a working title for the scheme and is subject to change before 1st December 2010

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For each of these services, qualifying customers will be offered a postage credit of 10% on their first mailing, 7½% on their second mailing and 5% on their third mailing.

This initiative is intended to grow mail volumes by attracting customers who do not use mail at all in their media mix - over 750 of the top 3,000 advertisers by media spend fall into this category. The aim is to demonstrate the effectiveness of mail to these advertisers so that having tried mail they continue using mail in their advertising campaigns beyond the three mailings covered by the scheme.

We will confirm eligibility using the market data on a customers' advertising spend generated by research companies, such as Billetts and Nielsen, who monitor spend across all media providers. In addition, we will require all customers wishing to access the discount to sign a declaration to the effect that they have not used mail for advertising purposes in the past 24 months

Appendix 1 shows a customer communication summarising the scheme. Active communication of the scheme to customers will begin at the start of December 2010.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Waples". The signature is written in a cursive style and is positioned above the printed name and title.

Mark Waples
Head of Regulation and Compliance

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Appendix 1 – Customer text for the Royal Mail First Time User offer

The Royal Mail First Time User Scheme

If you haven't used Direct Mail to advertise for at least 24 months or more we're offering some fantastic savings of up to 25% off of our existing Letter and Large Letter prices.

We want you to find out just what great value and results Direct Mail can deliver so as well as a fantastic 25% credit on your first mailing we'll give you a great 20% credit on your second mailing and an impressive 15% credit on your third mailing too.

These savings are on top of our existing prices and applicable discounts.

The good news doesn't stop there though. We're also offering some great savings on our international prices if you haven't used Direct Mail to advertise internationally for at least 24 months or more.

Qualifying Services	Saving ² on top of existing Royal Mail prices and discounts		
	Mailing 1	Mailing 2	Mailing 3
Inland UK Mailsort® 3: Letter and Large Letter format Sustainable @Mail 3: Letter and Large Letter format Second Class Franking (Smart Meter only) or Account: Letter and Large Letter format Second Class Cleanmail: Letter format Second Class Cleanmail Plus: Letter format Second Class Cleanmail Advance: Letter format	25%	20%	15%
International International Destination Sort International Letters Unsorted International Letters Zone Sort International Flats Unsorted International Flats Zone Sort	10%	7½%	5%

The scheme will launch on 1st February 2011 and applications will be accepted from 1st December 2010 onwards.

² Savings are applied after all other applicable discounts as a Postage Credit to your account. A minimum spend of £6,000 before discount applies to the first mailing and a minimum spend of £1,200 applies to the second and third mailings.