



19th March 2009

Philip Groves
Postcomm
Hercules House
6 Hercules Road
LONDON
SE1 7DB

Mark Waples
1st Floor
Royal Mail Letters Centre
35-50 Rathbone Place
LONDON
W1T 1HQ
mark.waples@royalmail.com

Copied for information to:

Ruth Heller
Postcomm
Hercules House
6 Hercules Road
LONDON
SE1 7DB

Nigel Woods & Cem Suleyman
Consumer Focus
4th floor
Artillery House
Artillery Row
LONDON
SW1P 1RT

**CONDITION 7 NOTIFICATION:
Amendment to Royal Mail Tracked™ Terms and Conditions**

Dear Philip,

I am writing to formally notify you, as required by Condition 7 of Royal Mail's Licence, that from 22nd June 2009 Royal Mail will be making an amendment to the Terms and Conditions of the Royal Mail Tracked™ product. This change is being made in response to a market demand from large business customers for a simplification of the price review process for Royal Mail Tracked.

Existing price review process

At present the Royal Mail Tracked terms and conditions contain a section ("Charges") which, with Appendix 1, sets out in some detail how the initial charges to the customer are set and also how the final charges will be arrived at. All Royal Mail Tracked customers are subject to a price review process, which is set out in the Terms & Conditions. After the initial price for the service is agreed using the web based Pricing Calculator and the best estimate of the customer posting profile (e.g. item weights, annual volumes). The customer can opt for either a quarterly or annual price review process, where sampling data from Mail Centres or Regional Distribution Centres is used to determine if the customer is on the correct price. If a price change is needed, a retrospective adjustment is also made to either recover the underpayment or refund any overpayment for the review period.

New price review process

From 22nd June 2009, the following changes will be made to the price review process:

Cont...

1. The initial price will be set as now but all customers postings will be reviewed quarterly and not given the option of an annual review.
2. Sample postings will continue to be used to determine if a customer's price needs to change, but there will be no retrospective adjustments. The price will only be changed going forward.
3. In addition, a tolerance of 5% will apply to all customers. For example, if as a result of the posting profile analysis the customers price is due to change by less than 5%, then the existing price will carry on until the next quarterly review.

A copy of this letter has been sent to Consumer Focus. The Royal Mail Tracked Terms and Conditions will be amended and published on Royal Mail's website prior to the introduction of this change. This letter will be published on Royal Mail's website in due course.

Yours sincerely,

A handwritten signature in black ink, reading "M Waples". The signature is written in a cursive style with a large, stylized 'M'.

Mark Waples
Head of Regulation and Compliance