



23rd December 2008

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**CONDITION 7 NOTIFICATION:
Product extension of Royal Mail Tracked™**

Dear Philip,

I am writing to formally notify you, as required by Condition 7 of Royal Mail's Licence, that from 6th April 2009 Royal Mail will be extending the capability of the Royal Mail Tracked™ product. These extensions have been developed in response to a market demand from large business customers for an end to end tracked packet service.

Detail relating to customers posting more than 300,000 items per annum

Customers posting more than 300,000 items per annum will post through the Regional Distribution Centre (RDC) network. Royal Mail has introduced additional equipment and IT capability including volumetric scanners. This will allow customers to post items that weigh up to 20 kilograms, to present items loose loaded and to receive a new standard suite of online reporting. Customers will be able to benefit from the following attributes at additional cost:

- Electronic proof of delivery signature capture at the doorstep
- Text and email pre-notification options

Items returned to sender will be charged for at the outbound price (this is not included within the base price as with other products including Royal Mail Tracked™ when posted through a Mail Centre). Customers can make their own delivery arrangements to Royal Mail or can request Royal Mail undertake collections for a fee.

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Access through a RDC

- 300,000 items per annum minimum
- Maximum size dimensions 610mm x 460mm x 460mm
- Items up to 20 kilograms or a maximum of 0.129cubic metres will be accepted
- Customers may present their items loose loaded or in rigid stackable containers. A pre sortation option will be made available
- Royal Mail Tracked items must be presented separately to all other product streams. A unique barcode label must be affixed on each item. The label must include an alpha numeric sort code provided by Royal Mail
- Suitable PPI indicia must be applied to all Royal Mail Tracked™ mail items
- The mail addressing quality must be to 99% accuracy with the current postal address file (PAF)
- A return address must be on the outside of the packaging to ensure the return of undeliverable items
- An electronic pre-advice file in the format specified by Royal Mail for their daily postings must be provided

Pricing

The pricing will be calculated according to customer's own forecasted annual posting profile. This is sampled and assessed for accuracy on an ongoing basis by Royal Mail. The posting profile comprises an assessment of the average weight and volumetric size of items posted, likely annual volumes, likely volume range of daily postings, collection requirements and destination zone (as per the current Royal Mail Tracked™ zones 1-3).

Pricing for a term deal of two or three years is available. This gives a discount of 0.9% p.a. for a two-year deal and 1.4% p.a. for a three-year deal. The terms and conditions, including termination arrangements, reconciliation payments and volume growth plans will reflect similar provisions to those that appear in the current Mailsort term contract.

Prices can be calculated from a pricing calculator accessed via [Royal Mail's website](#).

Customers who currently post more than 300,000 items per annum will be migrated to post through an RDC and will gain the additional benefits.

Details relating to customers posting less than 300,000 items per annum

Royal Mail Tracked™ prices for volumes less than 300,000 items per annum are also changing. These prices are contained within the pricing calculator accessed via the link above.

All customers

From the 6th April 2009, Royal Mail will be extending the capability of the Royal Mail Tracked™ product for all customers to include a doorstep scan. This improvement has been made possible with the introduction of handheld technology on vehicles that allows tracking of items to the doorstep. This capability is included within the price.

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A copy of this letter has been sent to Consumer Focus and will be published on Royal Mail's website within 4 working days. Full details of the Royal Mail Tracked™ product extension including the terms and conditions will be published on Royal Mail's website prior to launch.

Yours sincerely,

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

Mark Waples
Head of Regulation and Compliance