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8th February 2011

**CONDITION 7 NOTIFICATION:
Correction of Airsure prices**

Dear Philip,

Further to my letter of 29th October 2010 I wish to alert you to a small error. Unfortunately, Royal Mail provided the franking industry with incorrect price information for franked Airsure items to EU destinations that weigh 300g and over. The incremental price permutations of 300g+ items have been stated at the non-inclusive VAT rate and these prices fall slightly short (minimum of 2p) of the correct price. As items get heavier (every 20g) the gap between the correct price and the incorrect price increases but it will always remain small in comparison with the overall price of the product purchased. This issue is specific to Airsure purchased via Smart meters and as this product is not a mainstream product we believe the number of items affected will be low.

We are keen to ensure customers are not refused access with this product having unknowingly underpaid or have their items surcharged as they pass through our network.

The error was spotted and brought to our attention on Friday lunch time. As it is not possible to alter the prices contained within franking machine chips in the short term we are notifying you of the correct current prices and these are contained in Annex 1.

When new Airsure prices go live on 4th April 2011 franking machine chips will be updated and this error will be rectified. In the meantime we will:

- work with POL to communicate to their network of branches/outlets that customers who present franked Airsure (300g+) to EU destination items that are slightly underpaid should be accepted by the outlet in the normal way.
- work with our Customer Service and Revenue Protection teams to ensure these items are not surcharged and all customer calls are handled in the correct way.
- update all documents and web pages to show the correct prices

Royal Mail will remain compliant with its obligations to HMRC.

Please contact me if you have any questions. A copy of this letter has been sent to Consumer Focus and will be published within 4 working days.

Yours sincerely,

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

Mark Waples
Commercial Policy Manager

Annex 1 - Meter Airsure Prices effective from Jan 31st 2011

Weight	Airsure Letters European Union	Airsure Printed Papers & Small Packets European Union
Not over	Franking	Franking
	VAT Inc. Price	VAT Inc. Price
10g	£6.59	£7.43
20g	£6.59	£7.43
40g	£6.91	£7.43
60g	£7.22	£7.43
80g	£7.52	£7.43
100g	£7.82	£7.43
120g	£8.15	£7.55
140g	£8.46	£7.73
160g	£8.77	£7.88
180g	£9.10	£8.03
200g	£9.37	£8.18
220g	£9.67	£8.35
240g	£9.96	£8.50
260g	£10.26	£8.65
280g	£10.54	£8.82
300g	£10.82	£8.99
Every 20g up to 500g add	£0.16	£0.12
Every 20g up to 1kg add	£0.17	£0.11
Every 20g above 1kg add	£0.15	£0.10