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DIRECT TESTIMONY

OF

JAMES F. CALLOW

ON BEHALF OF

THE OFFICE OF CONSUMER ADVOCATE

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DIRECT TESTIMONY
OF
JAMES F. CALLOW

I. STATEMENT OF QUALIFICATIONS

My name is James F. Callow. I am a Postal Rate and Classification Specialist. I have been employed in the Office of Consumer Advocate (OCA) since February 1995.

I have testified before the Commission in Docket Nos. MC2002-2, R2000-1, MC98-1, R97-1, MC96-3, and MC95-1. My testimony in Docket No. MC2002-2 proposed, as alternatives to the principal features of the Capital One Negotiated Service Agreement, two new experimental mail classifications whereby First-Class mailers that improved their address databases wouldreceive free electronic address correction notices, and access to declining block rates.

In Docket No. R2000-1, I examined three issues related to First-Class Mail. I proposed that the rate for single-piece letters be maintained at 33 cents in order to mitigate the growing institutional cost burden on First-Class Letter Mail. Second, I proposed a new approach for setting the single-piece First-Class rate that would provide a longer period of rate stability for household mailers, while permitting smaller, more predictable rate adjustments desired by business mailers. Finally, I proposed elimination of the nonstandard surcharge for First-Class “low aspect ratio” (e.g., square or nearly square) letter mail. I also testified on rebuttal in Docket No. R2000-1. That testimony addressed the proper methodology for forecasting the number of additional ounces per piece for single-piece First-Class Letter Mail in the test year.

My testimony in Docket No. MC98-1 proposed a computer-implemented postage pricing formula for Mailing Online as an alternative to the single average discount rate,

Automation Basic (within class and shape), proposed by the Postal Service for all mailings using Mailing Online. In Docket No. R97-1, I proposed a restructuring of post office box fee groups to better reflect costs of providing box service in high and low cost post offices. My testimony in Docket No. MC96-3 opposed the Postal Service's non-resident surcharge on post office boxholders, and proposed alternative box fees designed to equalize inter-group cost coverage and reduce the disparity in cost coverage by box size. In Docket No. MC95-1, I summarized the comments of persons expressing views to the Commission and the Office of Consumer Advocate on postal rates and services.

Prior to joining the OCA, I was a special assistant to H. Edward Quick, Commissioner of the Postal Rate Commission. In that capacity, I advised the Commissioner in Docket Nos. R94-1, MC93-2 and MC93-1. I was previously employed by the State of Michigan in Washington, and served on the staff of a Senator and a Member of Congress from Michigan.

I am an accountant by training. In 1985, I earned an MS degree in accounting from Georgetown University. My course work included cost accounting and auditing. In 1977, I obtained my BA degree from the University of Michigan-Dearborn with a double major in political science and history and a minor in economics.

II. PURPOSE AND SCOPE

The purpose of my testimony is twofold. First, I propose application of an alternative financial model to the negotiated service agreement concluded between Washington Mutual Bank and the Postal Service, based upon the "Panzar" analysis presented by the Commission in Docket No. MC2005-3.[1] This alternative financial model incorporates a "price-difference" elasticity to estimate Washington Mutual's before-rates volume and the expected increase in institutional contribution to the Postal Service, rather than relying on the point volume estimates provided by Washington Mutual. The price-difference elasticity is used because, for purposes of estimating the financial value of the NSA, I accept Postal Servicewitness Ayub's assumption that Washington Mutual's entire discount induced First-Class Mail solicitation letter volume is converted from Standard Mail. OCA-T-1, Attachment 1, filed concurrently with this testimony, presents the development of the Panzar analysis as applied to Washington Mutual.[2]

Second, I propose two approaches to assure that the Postal Service obtains a meaningful contribution to institutional costs. Both approaches estimate the forecast volume that would provide expected contribution sufficient to recover the Postal Service's investment in the Washington Mutual NSA.

One approach uses net present value analysis to estimate a positive rate of return on the Postal Service's investment in the Washington Mutual NSA. I propose

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[1] PRC Op. MC2005-3 (herein "Bookspan"), paras. 4089-4093 ("Application of Panzar Analysis").

[2] OCA-T-1, Attachment 1, is developed in the Excel file "OCA-T-1_Att1-WMB.xls."

that the Commission limit Postal Service participation in the Washington Mutual NSA to that volume that produces a rate of return at least equal to the Postal Service's "cost of money."

The other approach, using analysis from the alternative financial model, identifies the point where the financial benefits of the agreement between Washington Mutual and the Postal Service are nearly in balance. I propose that the Commission limit discounts to that volume where the increase in contribution equals the discounts earned by Washington Mutual. This approach assures additional contribution sufficient to recover the Postal Service's investment in the Washington Mutual NSA, and provides a meaningful contribution to institutional costs.

III. POSTAL SERVICE RELIANCE ON WASHINGTON MUTUAL'S VOLUME ESTIMATES IS INSUFFICIENT TO ESTIMATE EXPECTED CONTRIBUTION AND PROTECT MAILERS NOT PARTY TO THE NEGOTIATED SERVICE AGREEMENT

In this proceeding, the Postal Service presents, along with Washington Mutual Bank (herein "Washington Mutual"), a new "baseline" Negotiated Service Agreement (herein "NSA").[3] This baseline NSA, like nearly all previous NSAs presented to the Postal Rate Commission, provides Washington Mutual with access to declining block rates for volumes of eligible First-Class Mail that exceed specified volume thresholds.[4] The testimony of witness Ali Ayub (USPS-T-1) presents the financial model estimating the value of the Washington Mutual NSA to the Postal Service. Witness Michael Rapaport (WMB-T-1) presents testimony describing Washington Mutual's approach to marketing credit cards and estimating before-rates and after-rates mail volumes.

However, the Washington Mutual NSA differs in important respects from the first NSA with Capital One Services, Inc., and the baseline NSA with Bookspan, as initially proposed. Unlike the Capital One NSA, where the Postal Service's financial gain was derived in part from cost savings associated with providing electronic address correction notices in lieu of physical returns, the Washington Mutual NSA does not rely on measurable cost savings as the source of additional contribution to institutional costs.

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[3] Request of the United States Postal Service for a Recommended Decision on Classifications, Rates and Fees to Implement a Baseline Negotiated Service Agreement With Washington Mutual Bank (herein "Request"), at 1.

[4] Supplemental Testimony of Ali Ayub (USPS-T-1), June 8, 2006, at 3; *see also* PRC Op. MC2002-2 (herein "Capital One"); PRC Op. MC2004-3 (herein "Bank One"); PRC Op. MC2004-4 (herein "Discover"); PRC Op. MC2005-2 (herein "HSBC"), for other declining block rate schedules applicable to First-Class Mail. The Bookspan NSA declining block rate schedule is applicable only to Standard Mail solicitations. *See* PRC Op. MC2005-3 (Bookspan), Appendix Two (Classification Schedule for Bookspan Negotiated Service Agreement, §620.11).

Rather, under the Washington Mutual NSA, additional contribution is derived primarily from increased volumes.[5] In contrast to the Bookspan NSA, discounts "earned" by Washington Mutual are not proposed to be limited by a cap on the total amount of incentives under the agreement.[6]

These differences affect assessment of the estimated financial value (and risks) of the Washington Mutual NSA to the Postal Service, and by extension, mailers not party to the agreement. In the absence of a "cost savings" or volume cap, the Postal Service's reliance on volume estimates provided by Washington Mutual is insufficient for estimating the financial value of the agreement. Those volume estimates are inherently unreliable, given the existence of non-price factors that can influence actual mail volumes. Moreover, the Postal Service, not Washington Mutual, bears all risk of error for misestimating the agreement's financial value if it fails to estimate correctly volumes that would be mailed absent the NSA.

In recommending the approval of previous NSAs, the Commission has viewed their purpose as a means to increase system-wide institutional contribution above what would be realized absent such NSAs.[7] NSAs that increase institutional contribution create what the Commission has characterized as a "win-win" situation for both the Postal Service and participating mailers, which in turn protects mailers not party to the agreement—especially mailers dependent on the Postal Service's monopoly services.

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[5] Request, at 2 and 3.

[6] *See* USPS-T-1 (Ayub), at 5.

[7] *See* PRC Op. MC2004-3, (herein "Bank One Opinion and Further Recommended Decision"), para. 3006.

The Commission will increase the likelihood that the Postal Service receives a meaningful increase in institutional contribution by applying the analyses and proposals in my testimony to the Washington Mutual NSA. In doing so, this proposal would achieve the "win-win" outcome for the Postal Service and Washington Mutual desired by the Commission, while protecting mailers not party to the agreement.

A. The Postal Service Should Assure the Expected Contribution from the Agreement Produces a "Win-Win" Outcome for Washington Mutual and the Postal Service and, by Extension, Other Mailers

An essential requirement of any negotiated service agreement is mutual financial gain for both the Postal Service and the potential NSA partner. Mutual gain arises where the agreement generates additional contribution for the Postal Service resulting from the entry of additional mail in response to discounted rates offered to the participating mailer. From the Commission's perspective:[8]

> Negotiated Service Agreements are tools to create win-win situations between the Postal Service and the participating mailers. The Postal Service wins by reducing its costs, increasing its revenues, or providing improved service. The mailer wins by increasing its internal efficiencies, reducing postal costs, sharing in the Postal Service's cost savings, or benefiting by the improved service.

A "win-win" outcome for the Postal Service and the participating mailer is also essential to reduce the risk of harm to mailers not party to the agreement, especially

[8] PRC Op. MC2004-3 (Bank One), para. 6043.

where such mailers are dependent on the monopoly services of the Postal Service.[9] This follows from the Commission's belief that,[10]

> the Postal Service has what is akin to a fiduciary responsibility to its captive mailers to conserve and properly apply its financial resources. Thus, the success or failure of a NSA should not be speculative. It is permissible to favor one mailer when other mailers will not be disadvantaged, but it is far more difficult to justify favoring one mailer at the expense of others.

The possibility of other mailers being "disadvantaged" exists should the Postal Service experience a loss in contribution under an NSA. In such circumstances, the "burden of recovering this contribution would fall largely on captive monopoly mailers not party to the agreement."[11]

Accordingly, the Commission considers the existence of captive monopoly mailers as requiring "adherence to a higher level of scrutiny for individualized rates" than other federal agencies (e.g., the ICC, the FCC, and the FERC, in certain circumstances) overseeing negotiated rates among private firms.[12] This in turn "result[s] in a lower risk tolerance for the Postal Service than may be acceptable for a business that exists completely in the private sector."[13]

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[9] PRC Op. MC2004-3 (Bank One), para. 1003. The Commission describes such mailers as being "captive" in that "they are without the ability to take their business elsewhere if they are not satisfied with the Postal Service's prices or service." PRC Op. MC2005-3 (Bookspan), para. 4015.

[10] PRC Op. MC2004-3 (Bank One Opinion and Further Recommended Decision), para. 4009.

[11] Id., para. 1004. The Commission also views this result as "inconsistent with the requirements of the Act." PRC Op. MC2004-3 (Bank One), para. 6014.

[12] PRC Op. MC2005-3 (Bookspan), para. 4015, citing *Williams Pipe Line Co.*, 80 FERC ¶ 61,402 (1997) (Williams), where FERC allows the "fil[ing of] an incentive rate that is less than the applicable ceiling, [with] no further regulatory action… ."

[13] Id.

The Washington Mutual NSA could produce a "win-win" outcome for both Washington Mutual and the Postal Service and, by extension, mailers not party to the agreement. The likelihood of achieving this outcome will depend upon the reliability of the volume estimates provided by Washington Mutual and, more specifically, whether and to what extent those estimates consist of volumes induced by the discounted rates or would have been sent absent the NSA. These considerations take on greater importance since the Washington Mutual NSA, unlike previously proposed or recommended NSAs, permits unlimited discounts.[14]

B. The Postal Service's Estimate of Expected Contribution from the Washington Mutual Agreement Relies on Volume Estimates that Do Not Exclude Exogenous Factors

In nearly all previous NSAs, a continuing source of controversy has been the "perceived unreliability of mailer provided volume estimates."[15] Such controversy, in turn, raises questions about the accuracy of the Postal Service's estimate of the financial value of an agreement. In this NSA, the Postal Service's expected contribution is entirely dependent upon Washington Mutual's volume estimates, as all contribution is to be derived from additional volume.[16]

To increase contribution above what would be realized absent a NSA requires that "additional mail volume is caused by the incentive to mail additional volume (because of the mailer's demand characteristics), and not because of exogenous

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[14] USPS-T-1 (Ayub), at 6.

[15] PRC Op. MC2004-3 (Bank One Opinion and Further Recommended Decision), para. 1008. *See also* PRC Op. MC2002-2 (Capital One); PRC Op. MC2004-3 (Bank One); and, PRC Op. MC2005-3 (Bookspan).

[16] USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 11.

factors."[17] Examples of exogenous factors include regulatory and market factors, such as bankruptcy law changes, changes in interest rate laws, allowances for bad debt, and market consolidation.[18] Others include changes in corporate management, or changes in corporate financial goals or marketing strategies.

The Postal Service's development of an accurate estimate of expected contribution also depends upon segregating increases in volume induced by discounted rates from volume increases unrelated to the discounted rates. This requires controlling for the effects of exogenous factors when estimating volumes; that is, assuming all other factors that might influence demand are unchanged.[19] The resulting estimate of financial value is therefore based on volumes attributable to the discounted rates, rather than exogenous factors.

The Postal Service estimate of the financial value of the Washington Mutual NSA is flawed because it does not control for exogenous factors in the estimate of quantity demanded before-rates and after-rates. In fact, the Postal Service is unable determine whether and to what extent Washington Mutual injected exogenous factors into its before-rates and after-rates volume estimates. Moreover, this problem cannot be resolved by analyzing the point volume estimates provided by Washington Mutual.

As a mailer responding to economic incentives, Washington Mutual has a natural, and not unanticipated, bias to provide volume estimates producing a favorable

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[17] PRC Op. MC2004-3 (Bank One Opinion and Further Recommended Decision), para. 3006.

[18] Tr. 2/39 (OCA/USPS-T1-10(g)); see also Tr. 2/27 (listing "other market conditions such as: consolidation within the industry, lower response rates, legislative changes, market saturation, and increases in postage costs." (OCA/USPS-T1-1(a)).

[19] This assumption is often referred to as *ceteris paribus*, or the "all other things being equal" assumption. McConnell, Campbell R., *Economics* (10th Ed., 1987), 5 and 65.

financial result. The Postal Service of necessity must begin with the before-rates and after-rates point volume estimates provided by Washington Mutual to estimate its expected contribution. However, Washington Mutual possesses "asymmetrical information" concerning possible mail marketing plans vis-à-vis the Postal Service.[20] In order to claim discounts on a larger quantity of eligible mail, "it is well recognized that potential Negotiated Service Agreement partners will face a strong temptation to provide estimates that tend to support generous agreements."[21] Such estimates might involve a pessimistic (or "low") before-rates volume estimate and an optimistic (or "high") after-rates estimate, or both.

Moreover, Washington Mutual's volume estimates are not subject to replication. The Postal Service cannot replicate "mailer judgment" because decisions concerning the development and execution of marketing plans for mail campaigns on which volume estimates are based are not transparent. This prevents the Postal Service from isolating discount induced volume from volume occurring because of exogenous factors in Washington Mutual's volume estimates.

Nor can the Postal Service ascertain the influence of exogenous factors on Washington Mutual's actual volumes after implementation to determine their effect on contribution. "Once discounts intended to influence mailer behavior are established, it is not possible to 'observe' what mailer behavior would have been without such discounts."[22] This follows from the fact that it is not possible to separately identify

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[20] *See* USPS-T-1 (Ayub), at 14.

[21] PRC Order No. 1450 at 16 (citing Docket No. MC2002-2, Tr. 8/1651, PRC Op. MC 2002-2 (Capital One), para. 5094).

[22] Docket No. MC2002-2, Tr. 4/767 (Response of Witness Plunkett to POIR No. 2, Question 5).

"existing" volume, or volume the mailer would have entered in the absence of discounts, from "new" or discount induced volume.[23] Consequently, the Postal Service cannot determine whether more contribution is generated than would have been generated in the absence of the discounted rates.

Washington Mutual's point volume estimates and the Postal Service's inability to verify such estimates is problematic. The risk of error is borne solely by the Postal Service, whose expected contribution is dependent upon the entry of discount induced eligible mail. From Washington Mutual's perspective, the existence of exogenous factors that cause actual volumes to vary from estimated volumes is largely academic.

> Volume discount agreements (including declining block rate Negotiated Service Agreements) with a maximum rate equal to the undiscounted uniform rate will not be unprofitable for the mailer under any circumstances. In this regard, all risk related to volume forecasts used as the basis for unrestricted volume discounts is borne by the Postal Service and other mailers not party to the agreement.[24]

Washington Mutual receives discounts on all eligible First-Class Mail solicitation letters exceeding the minimum discount threshold volume of 490 million mailpieces that are prompted for any reason, ensuring Washington Mutual a positive financial outcome.[25] Moreover, there is no limit on the discounts offered to Washington Mutual.

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[23] Id.

[24] PRC Op. MC2004-3 (Bank One Opinion and Further Recommended Decision), para. 5007, fn 21.

[25] According to witness Ayub, "Article II, Paragraph J of the NSA commits WMB to mailing the lesser of 500 million First-Class Mail solicitation pieces or 90 percent of the total marketing mail volume. Failure to meet this commitment will result in a financial penalty of $250,000." USPS-T-1 (Ayub), at 8. Nothing in the NSA, however, precludes Washington Mutual from earning discounts on First-Class Mail solicitation letters if volume is less than 500 million but greater than the discount volume threshold of 490 million. *See* Request, Appendix F, Article II, as amended June 6, 2006.

IV. THE "PANZAR" ANALYSIS SHOULD BE APPLIED TO THE WASHINGTON MUTUAL NEGOTIATED SERVICE AGREEMENT TO ESTIMATE EXPECTED CONTRIBUTION TO THE POSTAL SERVICE

In its Opinion and Recommended Decision in Bookspan, the Commission applied for the first time an alternative financial analysis to estimate whether forecasted volumes would generate an increase in contribution to the Postal Service's institutional costs.[26] That alternative analysis, based in part on the testimony of Commission witness John Panzar in Docket No. MC2002-2, identified the entire range of volumes over which the Postal Service could reasonably be expected to generate an increase in institutional contribution, and where higher volumes would generate a loss for the Postal Service. The alternative analysis was also intended to address the inherent difficulties of verifying mailer provided volume forecasts, where exogenous factors in addition to price influence the actual amount of volume to be mailed.[27]

I propose application of the Panzar analysis to the Washington Mutual NSA. The analysis presented herein is largely similar to the analysis presented in the Commission's Opinion and Recommended Decision in Bookspan. Unlike the Panzar analysis in Bookspan, however, I utilize a "price-difference" elasticity in the Panzar analysis applied to the Washington Mutual NSA.

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[26] PRC Op. MC2005-3 (Bookspan), paras. 4089-4093.

[27] *See* id., paras. 4087-4088.

A. Commission Application of the Panzar Analysis in Bookspan Used an Estimate of Bookspan's Own-Price Elasticity to Estimate Before-Rates Volumes

In discussing application of the Panzar analysis in Bookspan, the Commission described the "impact" of discounted rates on net revenue, or "new contribution," as having two parts. The first is the increase in net revenue resulting from the increase in volume induced by the discounted rates.[28] The second part of the impact is the "decrease in net revenue . . . [from] discounts on volume that the potential NSA partner would have demanded at the higher rate if there were no discounts."[29]

To estimate this impact on net revenue, the Commission derived an own-price elasticity of demand for Bookspan to reflect the fact that under the agreement, the forecast volumes induced by the discounted rates consisted entirely of new, or incremental, Standard Mail solicitation mailpieces. The Commission-derived own-price elasticity represented the average of the elasticity for the Regular and ECR subclasses weighted by Bookspan's base year letter volumes.[30] Bookspan's estimated price elasticity was applied to the proposed discounts at various forecasted after-rates volumes to produce estimates of before-rates volumes. The decrease in net revenue is calculated on volume greater than the thresholds at each discount tier but less than the various before-rates volumes, i.e., volume at discounted rates that the participating mailer would have mailed even absent the NSA.[31]

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[28] Id, para. 4089.

[29] Id.

[30] Id, para. 4090, fn 112.

[31] PRC Op. MC2004-3 (Bank One Opinion and Further Recommended Decision), para. 5014.

For each after-rates volume, then, if the increase in net revenue induced by the discounted rates exceeds the decrease in net revenue, the Postal Service will realize an overall increase in net revenue. Otherwise, the Postal Service will experience a loss in net revenue at that after-rates volume.[32] The Commission applied the above analysis to various possible after-rates volumes to "determine the points that would result in an increase in net revenue and those that would result in a decrease in net revenue."[33]

B. Application of the Panzar Analysis to the Washington Mutual Agreement Requires Use of a "Price-Difference" Elasticity to Estimate Before-Rates Volume and Expected Contribution to the Postal Service

In the case of the Washington Mutual NSA, witness Ayub assumes forecast after-rates volumes are to be derived entirely from the conversion of solicitation letters from Standard Mail to First-Class Mail for purposes of estimating the financial value of the agreement.[34] To estimate expected contribution, I make the same assumption. I therefore apply the Panzar analysis to Washington Mutual's forecast volumes utilizing a price-difference, rather than an own-price, elasticity of demand. Like Bookspan's own-price elasticity, this elasticity is used to estimate Washington Mutual's before-rates volume of Standard Mail solicitation letters converted *as a result of discounted rates* for First-Class Mail.

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[32] PRC Op. MC2005-3 (Bookspan), para. 4089.

[33] Id.

[34] USPS-T-1 (Ayub), at 25; *see also* Tr. 2/58 ("I assumed 100 percent of the growth in First-Class Mail resulted from conversion of Standard Mail for the purposes of estimating the financial value of the NSA," OCA/USPS-T1-29(a)).

The form of the equation used to estimate Washington Mutual's before-rates volume is

$$Q_0 = Q_1 \left(\frac{d_0}{d_1} \right)^{E_d} \qquad \text{Equation 1}$$

where Q_0 is the before-rates Standard Mail volume, Q_1 is the forecast after-rates First-Class Mail volume, d_0 is the before-rates average marginal price difference between First-Class Mail and Standard Mail, d_1 is the after-rates average marginal difference, and E_d is the price-difference elasticity.[35]

Neither the Postal Service nor Washington Mutual, however, supplied a price-difference (or own-price) elasticity specific to Washington Mutual in this proceeding.[36] In the absence of such a company-specific elasticity,I use the "Average Standard Regular Letters Discount (relative to First-Class)" developed by witness Thress (USPS-T-7) in Docket No. R2006-1.[37] That elasticity, estimated at -0.1115, serves by default as a proxy for Washington Mutual's elasticity of demand for Standard Mail with respect to the change in the price difference between First-Class Mail and Standard Mail.

The use of the price-difference elasticity in the Panzar analysis applied to the Washington Mutual NSA results in another difference as compared to the Bookspan NSA. The impact of the discounted rates on net revenues, or "new contribution," has three parts, rather than two. Like the Bookspan NSA, there is the increase in net revenue resulting from the increase in First-Class Mail volume induced by the

[35] Tr. 2/58 (OCA/USPS-T1-29(c)).

[36] Tr. 2/64 (OCA-USPS-T1-33(a)-(c)).

[37] Docket No. R2006-1, USPS-T-7 (Thress), Table 16; *see also* USPS LR-K-64.

discounted rates, less the decrease in net revenue from discounts earned on mail volume that would have been sent absent the NSA. However, as assumed above, Washington Mutual's discounted First-Class Mail under the agreement consists entirely of solicitation letters converted from Standard Mail. As a result, the third part of the impact on Postal Service net revenue is the decrease in net revenue consisting of the contribution of Standard Mail solicitation letters that convert to First-Class Mail.

Based upon the Panzar analysis, I estimate the financial value of the Washington Mutual NSA using the price-difference elasticity discussed above. I also utilize estimates of unit revenue and unit cost for Washington Mutual's First-Class Mail and Standard Mail solicitation letters developed by witness Ayub.[38] My estimate of the financial value of the Washington Mutual NSA for each year of the agreement is presented in the figures below.[39]

Figures 1, 2, and 3 present the estimated net change in contribution to the Postal Service and the discounts earned by Washington Mutual during each year of the agreement. These figures reveal the range of volume that is expected to provide an increase in contribution to the Postal Service, and where volumes are expected to generate a loss in contribution to the Postal Service.

[38] USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 10.

[39] Development of the Panzar analysis, on which Figures 1, 2, and 3 are based, is presented in Excel file "OCA-T-1_Att1-WMB.xls."

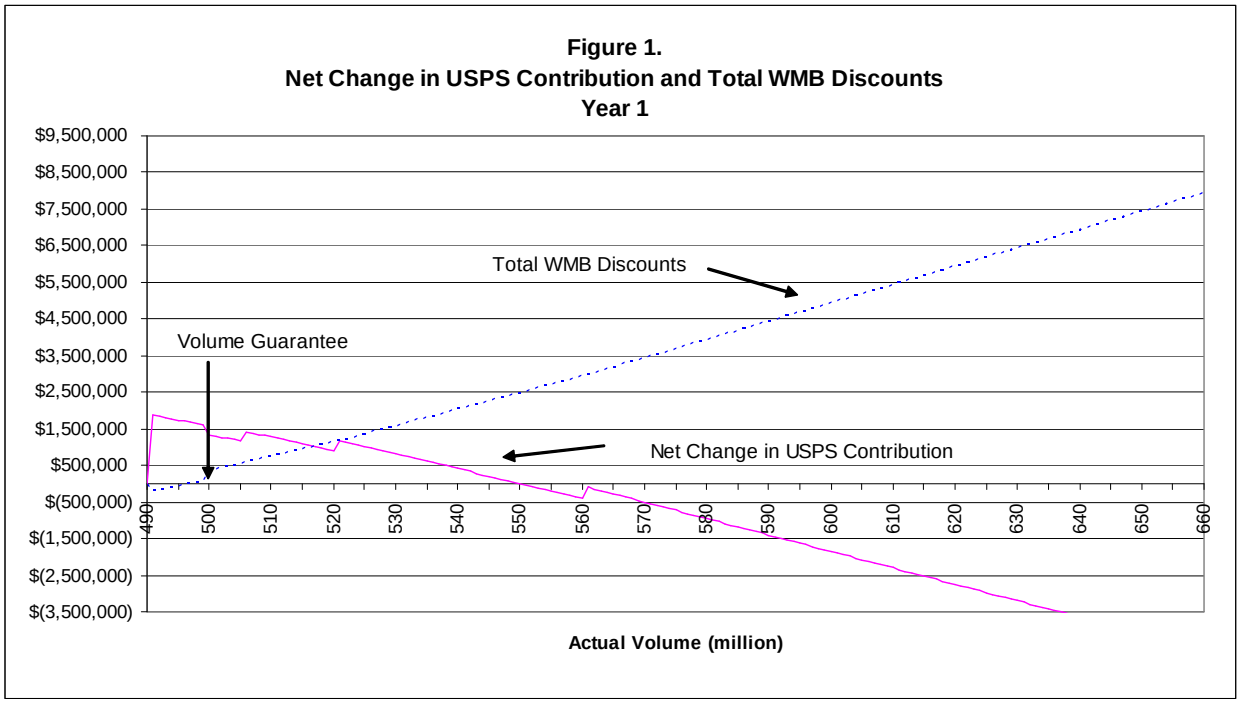
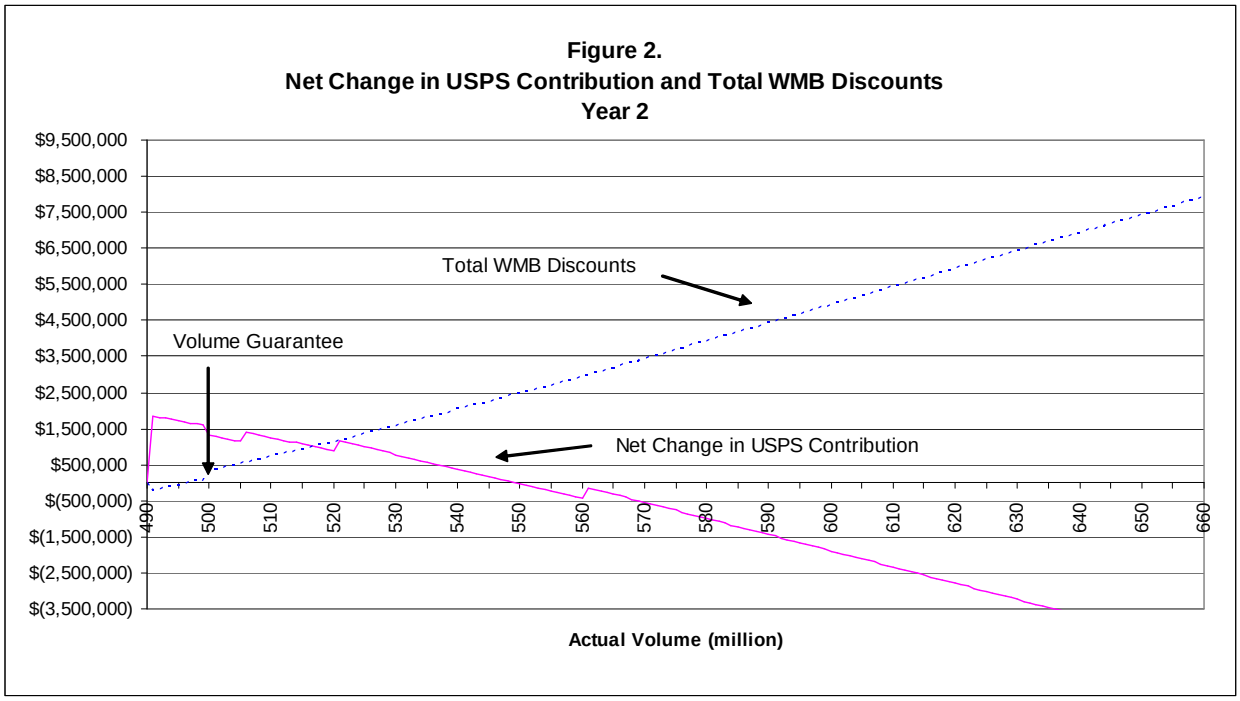


Figure 1 shows that in Year 1, the Postal Service will not lose contribution on First-Class Mail solicitation letters converted from Standard Mail if the volume of solicitation letters mailed by Washington Mutual ranges between 490 million and 550 million. However, if the volume of Washington Mutual's total First-Class Mail solicitation letters exceeds 550 million, the Postal Service will lose First-Class Mail contribution in Year 1 of the agreement.



In Year 2 of the agreement, Figure 2 shows the Postal Service will not lose contribution on First-Class Mail solicitation letters converted from Standard Mail if the volume of solicitation letters mailed by Washington Mutual ranges between 490 million and 549 million. By contrast, if the volume Washington Mutual's total First-Class Mail solicitation letters exceeds 549 million, the Postal Service will lose First-Class Mail contribution in Year 2.

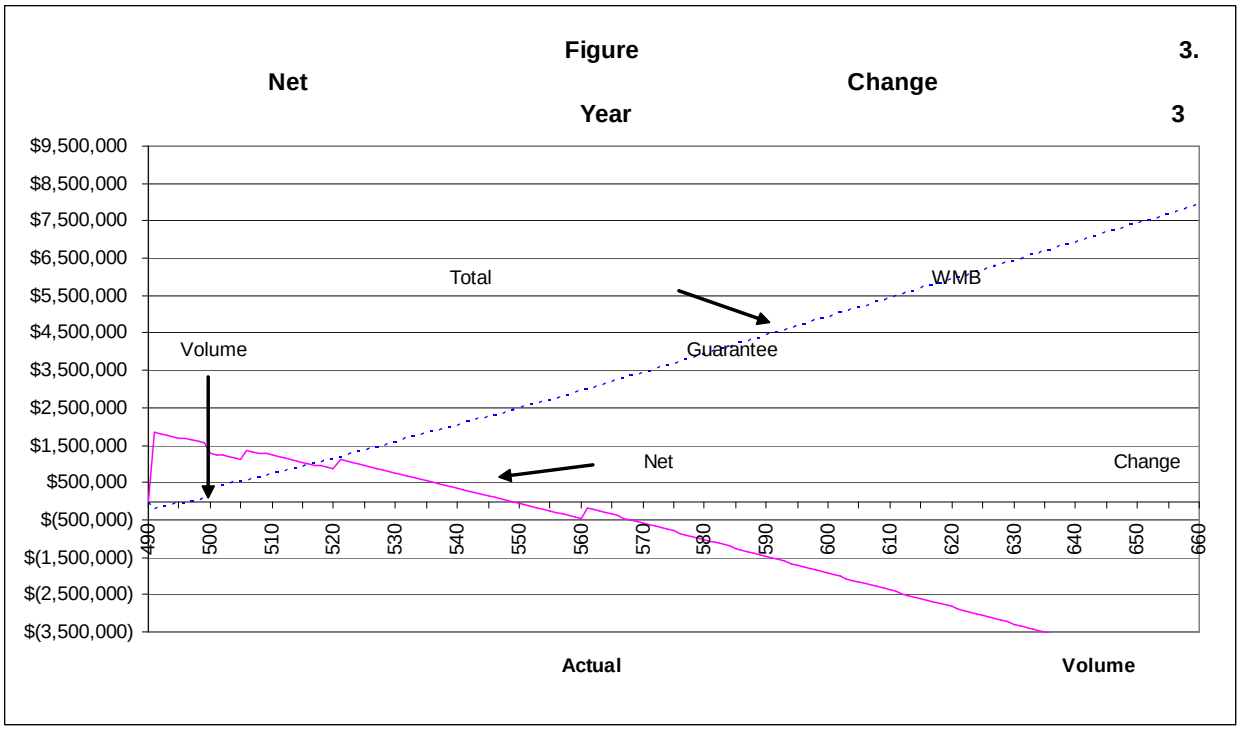


Figure 3 shows that contribution from First-Class Mail letters volume solicitation letter mailing and million. Should Washington's total First-Class Mutual volume however, the Postal exceed 548 contribution in Year .

V. THE WASHINGTON MUTUAL NEGOTIATED SERVICE AGREEMENT WILL BENEFIT THE POSTAL SERVICE IF THE EXPECTED CONTRIBUTION COMPENSATES THE POSTAL SERVICE FOR ITS INVESTMENT IN THE AGREEMENT

The Postal Service has undertaken a significant commitment of resources to conclude negotiations with Washington Mutual, and present the agreement to the Commission in this proceeding. The Postal Service must earn a positive rate of return on this investment in the form of additional contribution to institutional costs.

I propose the use of net present value analysis to estimate the forecast volume that produces a positive rate of return on the Postal Service's investment in the Washington Mutual NSA. Based upon this analysis, if Washington Mutual's total First-Class Mail solicitation letter volume exceeds 544 million in any year, the expected contribution does not provide a positive rate of return equal to the Postal Service's "cost of money." Consequently, the Commission should limit the agreement to 544 million.

In the alternative, I propose that the Commission limit discounts under the agreement to a volume of 521 million. At this volume, the financial benefits—discounts earned and additional contribution—as between Washington Mutual and the Postal Service are approximately equal. Balancing the financial benefits in this manner would recover the Postal Service's investment in the Washington Mutual NSA and provide a meaningful contribution to institutional costs.

A. Net Present Value Analysis Can Estimate the Postal Service's Return on Investment in the Washington Mutual Agreement

Discounted rates offered to Washington Mutual pursuant to the agreement are designed to induce conversion of Standard Mail solicitation letters to First-Class Mail,

and generate additional contribution to the Postal Service. According to the Commission:[40]

> These tariff rates are analogous to the returns on investment that the shareholders would receive if the Postal Service were a for profit entity since instead of any upsides or downsides resulting in dividends, it would directly translate into higher or lower tariffs.

In the most unfavorable circumstances, "captive customers would have to absorb higher rates and fees if individualized agreements fail to produce a positive return on investment."[41] This suggests the importance of net present value analysis to estimate the forecast volume that would provide a positive return on investment to the Postal Service. Moreover, net present value analysis is a form of "pricing" in the unique context of individualized rates for the Washington Mutual NSA.

1. Net present value analysis permits evaluation of the Postal Service's investment in the Washington Mutual agreement

A firm typically invests capital in a wide variety of projects. Such projects may involve acquisition of property, plant, and equipment, as well as expenditures for management contracts, advertising campaigns, and research and development. In making such investments, the firm must decide between competing alternatives and determine those projects that are most worthwhile.

Net present value analysis is often used to determine whether investment in a project is desirable in terms of improving profits (or, in this case, increasing contribution to institutional costs), given possible alternative investment options. Net present value analysis permits judgment about the relative value of a project by calculating whether

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[40] PRC Op. MC2005-3 (Bookspan), para. 4014, fn 50.

[41] Id., para. 4015, fn 51.

present values of cash inflows exceed present values of cash outflows when discounted at a standard, or minimum, rate of return. Such a rate of return may represent the firm's interest rate on borrowed funds, often referred to as the "cost of money," or a management-established internal "hurdle rate."

If net present value exceeds zero, then the discounted cash inflows are greater than the minimum rate of return. Where the net present value equals zero, the investment will provide the required minimum rate of return. If, however, the net present value is negative, the net cash inflow is inadequate to repay the outstanding investment while providing the required minimum rate of return.

The formula I propose to use to estimate the net present value of the Washington Mutual NSA is:

$$NPV = \frac{P_n}{(1+r)^n} + \frac{A_n}{(1+r)^n} \qquad \text{Equation 2}$$

where NPV equals the sum of P, the amount invested or cash outflows, plus the sum of A, the cash inflows, which are discounted at r, the standard, or minimum, rate of return.[42]

Net present value analysis applied to NSAs is analogous to the pricing of mail classes traditionally practiced by the Commission. For mail subclasses and mail classifications generally, the Commission considers the pricing criteria of the Postal Reorganization Act to arrive at an appropriate mark-up over attributable costs. In the context of NSAs, however, negotiated rates must simply generate an increase in institutional contribution greater than $0 for the agreement as a whole. Neither the

[42] Vichas, Robert P., *Handbook of Financial Mathematics, Formulas, and Tables* (1979), 129.

Postal Service nor the Commission has proposed the application of cost coverages to NSAs generally, given the negotiated individualized rates established for each agreement. Nevertheless, a determination should be made as to whether the Postal Service's expected contribution from any NSA is appropriate to cover the institutional costs of the Postal Service. For NSAs, then, net present value analysis serves as a means to "price" NSAs to determine the appropriate expected contribution to the Postal Service.

2. Net present value analysis reveals the Washington Mutual agreement provides a positive return on the Postal Service's investment for volumes of 544 million or less

As noted previously, the Panzar analysis reveals the range of volumes over which the Postal Service can reasonably be expected to generate an increase in contribution, and where volumes are expected to generate a loss in contribution to the Postal Service. That range of volumes is defined by the curve entitled "Net Change in USPS Contribution" in Figures 1, 2, and 3, and shows contribution to the Postal Service at each possible volume. Based upon the Panzar analysis and the NSA discount schedule, if Washington Mutual mails First-Class Mail solicitation letters exceeding 550 million, 549 million and 548 million in Years 1, 2, and 3, respectively, the agreement is not worthwhile as a financial proposition since the Postal Servicewill lose First-Class Mail contribution.

However, the Panzar analysis alone is not suited to estimate the financial value of the Washington Mutual NSA to the Postal Service. The Panzar analysis does not consider the Postal Service's investment in negotiating the agreement or the costs of litigation to obtain regulatory approval. Consequently, when those investment expenses

are accounted for, actual volumes less than 550 million, 549 million and 548 million in Years 1, 2, and 3, respectively, will not necessarily generate contribution sufficient to produce a positive return on the Postal Service's investment.

I use net present value analysis to estimate the volume that would produce a return on investment equal to the Postal Service's "cost of money." Table 1 shows the net present value of the Washington Mutual NSA at the Postal Service's "cost-of-money" rate of return volume of 544 million First-Class Mail solicitation letters.

Table 1
Net Present Value of Washington Mutual NSA
At Selected Forecast Volume of 544 Million

	Year -1	Year 0	Year 1	Year 2	Year 3	Total
WMB Forecast Volume			544,000,000	544,000,000	544,000,000	
USPS Contribution			$249,435	$218,765	$186,867	**$655,067**
Annual Adminstrative Costs			($11,006)	($11,006)	($11,006)	($33,017)
Negotiation Costs	($250,000)					
Litigation Costs		($250,000)				
Net USPS Value	($250,000)	($250,000)	$238,429	$207,759	$175,862	**$122,050**
Interest Rate	5.25%	5.50%	5.50%	5.50%	5.50%	
TOTAL NPV	($263,125)	($250,000)	$225,999	$186,662	$149,766	**$49,302**
WMB Discounts Earned			$2,205,000	$2,205,000	$2,205,000	**$6,615,000**

Note: NPV estimated at "time 0:" i.e., the beginning of year 1.

At a volume of 544 million, the Panzar analysis reveals cash inflows in the form of additional contribution equal $0.249 million, $0.219 million and $0.187 million in Years 1, 2, and 3, respectively, or $0.655 million in total (Table 1, Line [2]). However, a true estimate of total financial value must also consider the Postal Service's investment in, and annual administrative costs of, the agreement. I estimate $11,006 per annum to be incurred for the cost of administering the Washington Mutual NSA (Table 1, Line [3]).[43] In addition, I estimate the Postal Service's investment in negotiating and litigating the Washington Mutual NSA at $250,000 each (Table 1, Lines [4] and [5]), or

[43] OCA-T-1, Attachment 1, Table 1a, presents the development of annual administrative costs.

$500,000.[44] Deducting investment expenses and the annual costs of administration from the estimated additional contribution results in a total "Net USPS Value" of $0.122 million (Table 1, Line [6]).

Each of the cash inflows (e.g., additional contribution of $0.238 million, $0.208 million, and $0.176 million in Years 1, 2, and 3, respectively) and cash outflows (e.g., investment expenses of $500,000; and, annual costs of administration of $11,006) comprising total "Net USPS Value" are separately discounted at the Postal Service's interest rate, or "cost of money," for the appropriate time period. I use two different interest rates—5.25 percent and 5.50 percent—reflecting the "cost of money" in different time periods.[45] The discount rate of 5.25 percent is used for negotiation expenses, and the rate of 5.50 percent is used for litigation expense and the annual cash inflows (Table 1, Line [7]). Summing the discounted cash inflows and cash outflows results in a total net present value of $49 thousand (Table 1, Line [8]). At a volume of 544 million, the Postal Service's investment in the NSA provides the minimum rate of return, whichequal s itscost of money. Washington Mutual, by contrast, earns discounts of $2.205 million annually, or $6.615 million during the same three-year period of the agreement (Table 1, Line [9]).

[44] The "transaction penalty cost" of $250,000 represents the Postal Service's cost of litigation. Tr. 2/183-84. I assume the costs of negotiation are $250,000, an amount equal to "transaction penalty cost."

[45] Docket No. R2006-1, USPS-LR-L-50, Excel file "IntIncExp_06.xls," worksheet tab "Assumptions."

B. Alternatively, a Balancing of Financial Benefits Can Be Used to Assure a Meaningful Contribution that Recovers the Postal Service's Investment in the Washington Mutual Agreement

As an alternative to using net present value analysis to identify the volume that provides a minimum rate of return, the Panzar analysis can be used to identify other volumes that provide a meaningful contribution to the Postal Service. The Panzar analysis reveals that expected contribution to the Postal Service is greatest where forecast volume is 491 million in each year of the agreement. At this volume, the Postal Service's expected contribution from First-Class Mail solicitation letters equals $1.868 million, $1.847 million, and $1.826 million for Years 1, 2, and 3, respectively, a total of $5.541 million.[46] However, at this volume, Washington Mutual pays a net penalty of $215,000 per year because of the contract provision requiring a "volume guarantee."[47]

Nevertheless, within the volume range derived using the Panzar analysis, there is a forecast volume that is fair to both the Postal Service and Washington Mutual in that the financial benefits received by both are roughly in balance. At a volume of 521 million, the estimated financial benefit to Washington Mutual, in the form of discounts, approximately equals the expected contribution received by the Postal Service during the three-year period of the agreement.

The Panzar analysis indicates expected contribution to the Postal Service of $1.181 million, $1.151 million and $1.121 million in Years 1, 2, and 3, respectively, or

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[46] OCA-T-1, Attachment 1, Column [3] "Net USPS Benefit" at 491 million mailpieces, for year indicated. This estimate of expected contribution excludes investment expenses and the annual costs of administration.

[47] OCA-T-1, Attachment 1, Column [3] "Total Mailer Discounts" at 491 million mailpieces, for year indicated. The net penalty of $215,000 represents the difference between discounts earned ($35,000, Column [43]) and the volume guarantee penalty ($250,000, Column [6]). *See also* USPS-T-1 (Ayub), at 5, *supra* note 25, at 12.

$3.453 million, at a forecast volume of 521 million First-Class Mail solicitation letters. This expected contribution is sufficient to recover the Postal Service's investment in the Washington Mutual NSA, and provide a meaningful contribution to institutional costs. During the same three-year period, Washington Mutual "earns" discounts of $1.170 million annually, or a total of $3.510 million. Washington Mutual's discounts exceed the Postal Service's expected contribution by $57 thousand.

VI. POSTAL SERVICE COMPLIANCE WITH THE DATA COLLECTION PLAN FOR THE WASHINGTON MUTUAL NEGOTIATED SERVICE AGREEMENT IS FACILITATED BY UTILIZING THE FINANCIAL MODEL APPROVED BY THE COMMISSION.

Like all previous NSAs, the Postal Service proposes a data collection plan for the Washington Mutual NSA.[48] As part of each annual data collection plan report for the agreement, the Postal Service proposes "to provide an evaluation of the impact on contribution."[49]

In addressing this requirement in each annual report, Postal Service compliance must involve use of the financial model on which the Commission bases its estimate of the financial value of the agreement, if approved. This would entail substituting average unit revenues, average unit costs, and actual mail volumes entered for each year into the Commission-approved financial model. Doing so would facilitate Commission review and analysis of the financial value of the Washington Mutual NSA after implementation.

For example, if the Commission approves the Washington Mutual NSA based upon the financial model presented in the testimony of witness Ayub (USPS-T-1, Appendix A), each annual report would be required to include the approved financial model. The model would update estimated figures with Washington Mutual's actual operational and marketing letter mail volumes, the before-rates and after-rates average revenue per piece, and the before-rates and after-rates average operational and marketing unit cost per piece for the appropriate year. Updating the estimated figures

[48] USPS-T-1 (Ayub), Appendix C.

[49] Id.

for actual average unit revenue, average unit cost, and operational and marketing mail volumes would be put into the alternative financial model proposed in this testimony, if approved by the Commission.

Relying on the same financial model as approved by the Commission and simply updating estimated figures in this manner would reduce work effort for both the Postal Service and the Commission related to the annual data collection plan report. Moreover, it would minimize the possibility of errors associated with creating a new and separate financial model to display the annual results of the Washington Mutual NSA.

VII. CONCLUSION

This testimony presents analyses and proposals to increase the likelihood that the Postal Service receives a meaningful increase in institutional contribution from the Washington Mutual NSA. The Panzar analysis provides a method to explicitly control for the effects of exogenous factors in the estimate of volumes provided by Washington Mutual, and thereby presents an improved estimate of the financial value of the agreement. It is for these reasons that I propose application of the Panzar analysis to the Washington Mutual NSA.

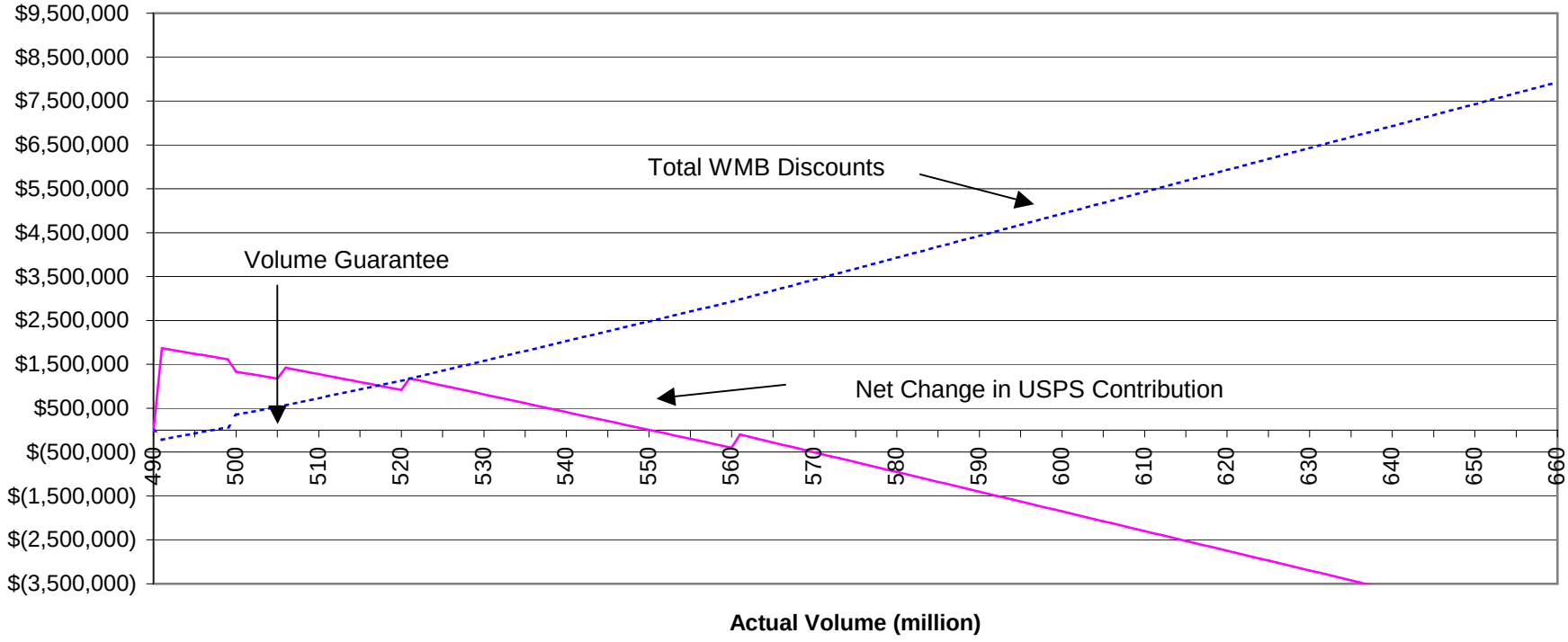
Net present value analysis provides a basis for evaluating the financial value of the Washington Mutual NSA against an objective standard—a minimum rate of return. By limiting participation to that volume that at least recovers the Postal Service's investment in the Washington Mutual NSA, the Postal Service is assured a meaningful contribution to institutional costs at least equal to the required minimum rate of return, or "cost of money."

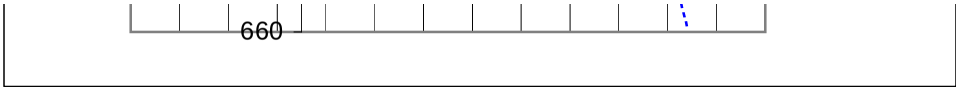
As an alternative to using net present value analysis to determine a meaningful contribution, I propose that discounts be limited to that volume where the increase in contribution equals the discounts earned by Washington Mutual. This approach is equitable to the Postal Service and Washington Mutual, and assures that contribution is sufficient to recover the Postal Service's investment while providing a meaningful increase in institutional contribution.

Postal Service compliance with the data collection plan's requirement to evaluate the impact on contribution must involve use of the financial model relied upon by the Commission to estimate the financial value of the agreement, if approved. Use of the

Commission-approved model would facilitate the annual review and analysis of the performance of the Washington Mutual NSA, by simplifying preparation and review, and minimizing the possibility errors.

Figure 1.
Net Change in USPS Contribution and Total WMB Discounts
Year 1

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OCA Financial Model WMB Year 2	Volume Minimum	Volume Maximum	Discount	Volume Guarantee	Year 2: FCM Marginal Revenue 1/	Cost 2/	Contribution
No Discount	-	490,000,000	$ -	500,000,000	$ 0.346	$ 0.112	$ 0.234
Tier 1	490,000,001	505,000,000	$ 0.035	$ 250,000	0.311	0.112	$ 0.199
Tier 2	505,000,001	520,000,000	$ 0.040		0.306	0.112	$ 0.194
Tier 3	520,000,001	560,000,000	$ 0.045		0.301	0.112	$ 0.189
Tier 4	560,000,001	660,000,000	$ 0.050		0.296	0.112	$ 0.184
Tier 5	660,000,000	660,000,000	$ 0.050		0.296	0.112	$ 0.184

Ave Std Reg Ltrs Discount (Relative to FC) Elasticity **(0.1115)** Source: Docket No. R2006-1, USPS-T-7 (Thress), Table 16; or, USPS LR-K-64

1/ FCM Marginal Revenue: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 4, Line (9)

2/ FCM Marginal Cost: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 10, Line (8)

[1]	After Rates Volume (Actual) [2]	Net USPS Benefit [3]	Total Mailer Discounts [4]	Before Rates Volume [5]	Vol. Guarantee Penalty [6]	Discount [7]	% Change in Discount [8]	FCM Marginal Revenue [9]
490	490,000,000	$ -	$ -	490,000,000	$ -	-	-	0.346
491	491,000,000	$ 1,847,158	$ (215,000)	475,530,612	$ 250,000	0.035	(0.10)	0.311
492	492,000,000	$ 1,815,482	$ (180,000)	476,499,106	$ 250,000	0.035	(0.10)	0.311
493	493,000,000	$ 1,783,806	$ (145,000)	477,467,600	$ 250,000	0.035	(0.10)	0.311
494	494,000,000	$ 1,752,130	$ (110,000)	478,436,094	$ 250,000	0.035	(0.10)	0.311
495	495,000,000	$ 1,720,455	$ (75,000)	479,404,589	$ 250,000	0.035	(0.10)	0.311
496	496,000,000	$ 1,688,779	$ (40,000)	480,373,083	$ 250,000	0.035	(0.10)	0.311
497	497,000,000	$ 1,657,103	$ (5,000)	481,341,577	$ 250,000	0.035	(0.10)	0.311
498	498,000,000	$ 1,625,427	$ 30,000	482,310,071	$ 250,000	0.035	(0.10)	0.311
499	499,000,000	$ 1,593,751	$ 65,000	483,278,565	$ 250,000	0.035	(0.10)	0.311
500	500,000,000	$ 1,312,075	$ 350,000	484,247,059	$ -	0.035	(0.10)	0.311
501	501,000,000	$ 1,280,399	$ 385,000	485,215,553	$ -	0.035	(0.10)	0.311
502	502,000,000	$ 1,248,724	$ 420,000	486,184,047	$ -	0.035	(0.10)	0.311
503	503,000,000	$ 1,217,048	$ 455,000	487,152,542	$ -	0.035	(0.10)	0.311
504	504,000,000	$ 1,185,372	$ 490,000	488,121,036	$ -	0.035	(0.10)	0.311
505	505,000,000	$ 1,153,696	$ 525,000	489,089,530	$ -	0.035	(0.10)	0.311
506	506,000,000	$ 1,396,892	$ 565,000	487,405,430	$ -	0.040	(0.12)	0.306
507	507,000,000	$ 1,360,770	$ 605,000	488,368,681	$ -	0.040	(0.12)	0.306
508	508,000,000	$ 1,324,647	$ 645,000	489,331,933	$ -	0.040	(0.12)	0.306
509	509,000,000	$ 1,288,524	$ 685,000	490,295,185	$ -	0.040	(0.12)	0.306
510	510,000,000	$ 1,252,401	$ 725,000	491,258,437	$ -	0.040	(0.12)	0.306
511	511,000,000	$ 1,216,279	$ 765,000	492,221,689	$ -	0.040	(0.12)	0.306
512	512,000,000	$ 1,180,156	$ 805,000	493,184,941	$ -	0.040	(0.12)	0.306
513	513,000,000	$ 1,144,033	$ 845,000	494,148,192	$ -	0.040	(0.12)	0.306
514	514,000,000	$ 1,107,911	$ 885,000	495,111,444	$ -	0.040	(0.12)	0.306
515	515,000,000	$ 1,071,788	$ 925,000	496,074,696	$ -	0.040	(0.12)	0.306
516	516,000,000	$ 1,035,665	$ 965,000	497,037,948	$ -	0.040	(0.12)	0.306
517	517,000,000	$ 999,542	$ 1,005,000	498,001,200	$ -	0.040	(0.12)	0.306
518	518,000,000	$ 963,420	$ 1,045,000	498,964,452	$ -	0.040	(0.12)	0.306
519	519,000,000	$ 927,297	$ 1,085,000	499,927,703	$ -	0.040	(0.12)	0.306
520	520,000,000	$ 891,174	$ 1,125,000	500,890,955	$ -	0.040	(0.12)	0.306
521	521,000,000	$ 1,151,289	$ 1,170,000	498,999,111	$ -	0.045	(0.13)	0.301
522	522,000,000	$ 1,110,745	$ 1,215,000	499,956,882	$ -	0.045	(0.13)	0.301
523	523,000,000	$ 1,070,200	$ 1,260,000	500,914,654	$ -	0.045	(0.13)	0.301
524	524,000,000	$ 1,029,656	$ 1,305,000	501,872,426	$ -	0.045	(0.13)	0.301
525	525,000,000	$ 989,111	$ 1,350,000	502,830,198	$ -	0.045	(0.13)	0.301
526	526,000,000	$ 948,567	$ 1,395,000	503,787,970	$ -	0.045	(0.13)	0.301
527	527,000,000	$ 908,022	$ 1,440,000	504,745,741	$ -	0.045	(0.13)	0.301
528	528,000,000	$ 867,478	$ 1,485,000	505,703,513	$ -	0.045	(0.13)	0.301
529	529,000,000	$ 826,933	$ 1,530,000	506,661,285	$ -	0.045	(0.13)	0.301

530	530,000,000	$	786,388	$	1,575,000	507,619,057	$	-	0.045	(0.13)	0.301
531	531,000,000	$	745,844	$	1,620,000	508,576,829	$	-	0.045	(0.13)	0.301
532	532,000,000	$	705,299	$	1,665,000	509,534,600	$	-	0.045	(0.13)	0.301
533	533,000,000	$	664,755	$	1,710,000	510,492,372	$	-	0.045	(0.13)	0.301
534	534,000,000	$	624,210	$	1,755,000	511,450,144	$	-	0.045	(0.13)	0.301
535	535,000,000	$	583,666	$	1,800,000	512,407,916	$	-	0.045	(0.13)	0.301
536	536,000,000	$	543,121	$	1,845,000	513,365,688	$	-	0.045	(0.13)	0.301
537	537,000,000	$	502,577	$	1,890,000	514,323,460	$	-	0.045	(0.13)	0.301
538	538,000,000	$	462,032	$	1,935,000	515,281,231	$	-	0.045	(0.13)	0.301
539	539,000,000	$	421,487	$	1,980,000	516,239,003	$	-	0.045	(0.13)	0.301
540	540,000,000	$	380,943	$	2,025,000	517,196,775	$	-	0.045	(0.13)	0.301
541	541,000,000	$	340,398	$	2,070,000	518,154,547	$	-	0.045	(0.13)	0.301
542	542,000,000	$	299,854	$	2,115,000	519,112,319	$	-	0.045	(0.13)	0.301
543	543,000,000	$	259,309	$	2,160,000	520,070,090	$	-	0.045	(0.13)	0.301
544	544,000,000	$	218,765	$	2,205,000	521,027,862	$	-	0.045	(0.13)	0.301
545	545,000,000	$	178,220	$	2,250,000	521,985,634	$	-	0.045	(0.13)	0.301
546	546,000,000	$	137,676	$	2,295,000	522,943,406	$	-	0.045	(0.13)	0.301
547	547,000,000	$	97,131	$	2,340,000	523,901,178	$	-	0.045	(0.13)	0.301
548	548,000,000	$	56,587	$	2,385,000	524,858,949	$	-	0.045	(0.13)	0.301
549	549,000,000	$	16,042	$	2,430,000	525,816,721	$	-	0.045	(0.13)	0.301
550	550,000,000	$	(24,503)	$	2,475,000	526,774,493	$	-	0.045	(0.13)	0.301
551	551,000,000	$	(65,047)	$	2,520,000	527,732,265	$	-	0.045	(0.13)	0.301
552	552,000,000	$	(105,592)	$	2,565,000	528,690,037	$	-	0.045	(0.13)	0.301
553	553,000,000	$	(146,136)	$	2,610,000	529,647,808	$	-	0.045	(0.13)	0.301
554	554,000,000	$	(186,681)	$	2,655,000	530,605,580	$	-	0.045	(0.13)	0.301
555	555,000,000	$	(227,225)	$	2,700,000	531,563,352	$	-	0.045	(0.13)	0.301
556	556,000,000	$	(267,770)	$	2,745,000	532,521,124	$	-	0.045	(0.13)	0.301
557	557,000,000	$	(308,314)	$	2,790,000	533,478,896	$	-	0.045	(0.13)	0.301
558	558,000,000	$	(348,859)	$	2,835,000	534,436,667	$	-	0.045	(0.13)	0.301
559	559,000,000	$	(389,404)	$	2,880,000	535,394,439	$	-	0.045	(0.13)	0.301
560	560,000,000	$	(429,948)	$	2,925,000	536,352,211	$	-	0.045	(0.13)	0.301
561	561,000,000	$	(135,624)	$	2,975,000	534,088,755	$	-	0.050	(0.14)	0.296
562	562,000,000	$	(180,563)	$	3,025,000	535,040,785	$	-	0.050	(0.14)	0.296
563	563,000,000	$	(225,502)	$	3,075,000	535,992,815	$	-	0.050	(0.14)	0.296
564	564,000,000	$	(270,441)	$	3,125,000	536,944,845	$	-	0.050	(0.14)	0.296
565	565,000,000	$	(315,379)	$	3,175,000	537,896,875	$	-	0.050	(0.14)	0.296
566	566,000,000	$	(360,318)	$	3,225,000	538,848,904	$	-	0.050	(0.14)	0.296
567	567,000,000	$	(405,257)	$	3,275,000	539,800,934	$	-	0.050	(0.14)	0.296
568	568,000,000	$	(450,196)	$	3,325,000	540,752,964	$	-	0.050	(0.14)	0.296
569	569,000,000	$	(495,134)	$	3,375,000	541,704,994	$	-	0.050	(0.14)	0.296
570	570,000,000	$	(540,073)	$	3,425,000	542,657,024	$	-	0.050	(0.14)	0.296
571	571,000,000	$	(585,012)	$	3,475,000	543,609,054	$	-	0.050	(0.14)	0.296
572	572,000,000	$	(629,950)	$	3,525,000	544,561,084	$	-	0.050	(0.14)	0.296
573	573,000,000	$	(674,889)	$	3,575,000	545,513,114	$	-	0.050	(0.14)	0.296
574	574,000,000	$	(719,828)	$	3,625,000	546,465,143	$	-	0.050	(0.14)	0.296
575	575,000,000	$	(764,767)	$	3,675,000	547,417,173	$	-	0.050	(0.14)	0.296
576	576,000,000	$	(809,705)	$	3,725,000	548,369,203	$	-	0.050	(0.14)	0.296
577	577,000,000	$	(854,644)	$	3,775,000	549,321,233	$	-	0.050	(0.14)	0.296
578	578,000,000	$	(899,583)	$	3,825,000	550,273,263	$	-	0.050	(0.14)	0.296
579	579,000,000	$	(944,522)	$	3,875,000	551,225,293	$	-	0.050	(0.14)	0.296
580	580,000,000	$	(989,460)	$	3,925,000	552,177,323	$	-	0.050	(0.14)	0.296
581	581,000,000	$	(1,034,399)	$	3,975,000	553,129,352	$	-	0.050	(0.14)	0.296
582	582,000,000	$	(1,079,338)	$	4,025,000	554,081,382	$	-	0.050	(0.14)	0.296
583	583,000,000	$	(1,124,276)	$	4,075,000	555,033,412	$	-	0.050	(0.14)	0.296
584	584,000,000	$	(1,169,215)	$	4,125,000	555,985,442	$	-	0.050	(0.14)	0.296
585	585,000,000	$	(1,214,154)	$	4,175,000	556,937,472	$	-	0.050	(0.14)	0.296
586	586,000,000	$	(1,259,093)	$	4,225,000	557,889,502	$	-	0.050	(0.14)	0.296
587	587,000,000	$	(1,304,031)	$	4,275,000	558,841,532	$	-	0.050	(0.14)	0.296

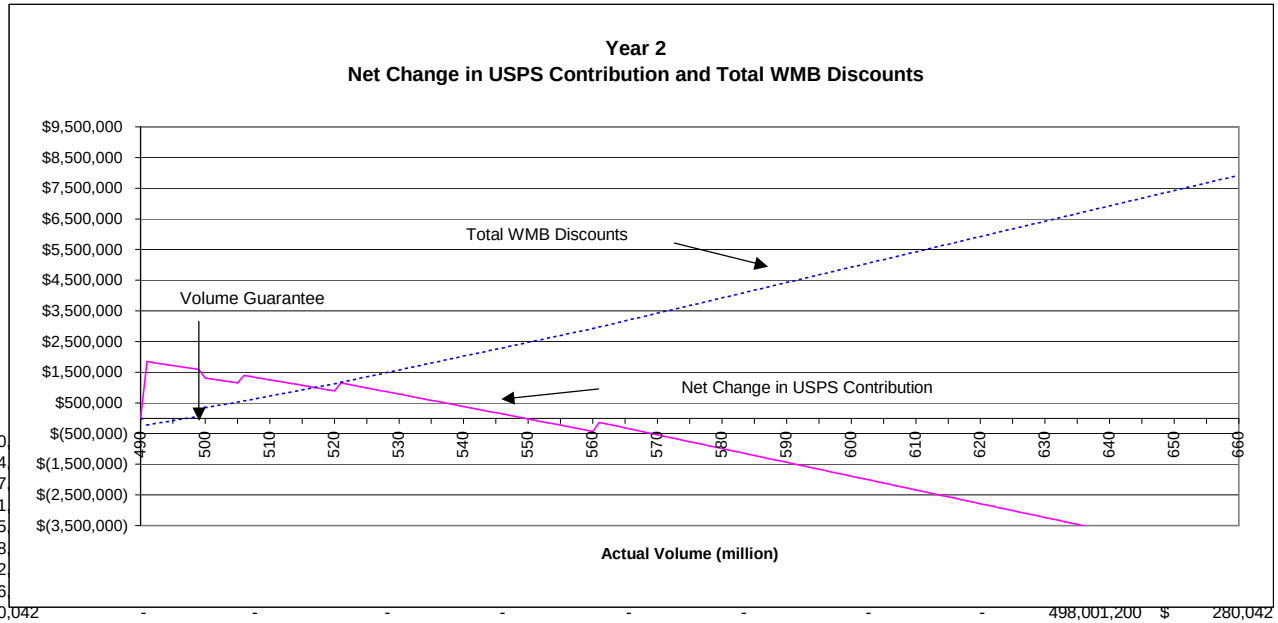
588	588,000,000	$	(1,348,970)	$	4,325,000	559,793,562	$	-	0.050	(0.14)	0.296
589	589,000,000	$	(1,393,909)	$	4,375,000	560,745,591	$	-	0.050	(0.14)	0.296
590	590,000,000	$	(1,438,847)	$	4,425,000	561,697,621	$	-	0.050	(0.14)	0.296
591	591,000,000	$	(1,483,786)	$	4,475,000	562,649,651	$	-	0.050	(0.14)	0.296
592	592,000,000	$	(1,528,725)	$	4,525,000	563,601,681	$	-	0.050	(0.14)	0.296
593	593,000,000	$	(1,573,664)	$	4,575,000	564,553,711	$	-	0.050	(0.14)	0.296
594	594,000,000	$	(1,618,602)	$	4,625,000	565,505,741	$	-	0.050	(0.14)	0.296
595	595,000,000	$	(1,663,541)	$	4,675,000	566,457,771	$	-	0.050	(0.14)	0.296
596	596,000,000	$	(1,708,480)	$	4,725,000	567,409,800	$	-	0.050	(0.14)	0.296
597	597,000,000	$	(1,753,419)	$	4,775,000	568,361,830	$	-	0.050	(0.14)	0.296
598	598,000,000	$	(1,798,357)	$	4,825,000	569,313,860	$	-	0.050	(0.14)	0.296
599	599,000,000	$	(1,843,296)	$	4,875,000	570,265,890	$	-	0.050	(0.14)	0.296
600	600,000,000	$	(1,888,235)	$	4,925,000	571,217,920	$	-	0.050	(0.14)	0.296
601	601,000,000	$	(1,933,173)	$	4,975,000	572,169,950	$	-	0.050	(0.14)	0.296
602	602,000,000	$	(1,978,112)	$	5,025,000	573,121,980	$	-	0.050	(0.14)	0.296
603	603,000,000	$	(2,023,051)	$	5,075,000	574,074,010	$	-	0.050	(0.14)	0.296
604	604,000,000	$	(2,067,990)	$	5,125,000	575,026,039	$	-	0.050	(0.14)	0.296
605	605,000,000	$	(2,112,928)	$	5,175,000	575,978,069	$	-	0.050	(0.14)	0.296
606	606,000,000	$	(2,157,867)	$	5,225,000	576,930,099	$	-	0.050	(0.14)	0.296
607	607,000,000	$	(2,202,806)	$	5,275,000	577,882,129	$	-	0.050	(0.14)	0.296
608	608,000,000	$	(2,247,745)	$	5,325,000	578,834,159	$	-	0.050	(0.14)	0.296
609	609,000,000	$	(2,292,683)	$	5,375,000	579,786,189	$	-	0.050	(0.14)	0.296
610	610,000,000	$	(2,337,622)	$	5,425,000	580,738,219	$	-	0.050	(0.14)	0.296
611	611,000,000	$	(2,382,561)	$	5,475,000	581,690,248	$	-	0.050	(0.14)	0.296
612	612,000,000	$	(2,427,499)	$	5,525,000	582,642,278	$	-	0.050	(0.14)	0.296
613	613,000,000	$	(2,472,438)	$	5,575,000	583,594,308	$	-	0.050	(0.14)	0.296
614	614,000,000	$	(2,517,377)	$	5,625,000	584,546,338	$	-	0.050	(0.14)	0.296
615	615,000,000	$	(2,562,316)	$	5,675,000	585,498,368	$	-	0.050	(0.14)	0.296
616	616,000,000	$	(2,607,254)	$	5,725,000	586,450,398	$	-	0.050	(0.14)	0.296
617	617,000,000	$	(2,652,193)	$	5,775,000	587,402,428	$	-	0.050	(0.14)	0.296
618	618,000,000	$	(2,697,132)	$	5,825,000	588,354,458	$	-	0.050	(0.14)	0.296
619	619,000,000	$	(2,742,070)	$	5,875,000	589,306,487	$	-	0.050	(0.14)	0.296
620	620,000,000	$	(2,787,009)	$	5,925,000	590,258,517	$	-	0.050	(0.14)	0.296
621	621,000,000	$	(2,831,948)	$	5,975,000	591,210,547	$	-	0.050	(0.14)	0.296
622	622,000,000	$	(2,876,887)	$	6,025,000	592,162,577	$	-	0.050	(0.14)	0.296
623	623,000,000	$	(2,921,825)	$	6,075,000	593,114,607	$	-	0.050	(0.14)	0.296
624	624,000,000	$	(2,966,764)	$	6,125,000	594,066,637	$	-	0.050	(0.14)	0.296
625	625,000,000	$	(3,011,703)	$	6,175,000	595,018,667	$	-	0.050	(0.14)	0.296
626	626,000,000	$	(3,056,642)	$	6,225,000	595,970,696	$	-	0.050	(0.14)	0.296
627	627,000,000	$	(3,101,580)	$	6,275,000	596,922,726	$	-	0.050	(0.14)	0.296
628	628,000,000	$	(3,146,519)	$	6,325,000	597,874,756	$	-	0.050	(0.14)	0.296
629	629,000,000	$	(3,191,458)	$	6,375,000	598,826,786	$	-	0.050	(0.14)	0.296
630	630,000,000	$	(3,236,396)	$	6,425,000	599,778,816	$	-	0.050	(0.14)	0.296
631	631,000,000	$	(3,281,335)	$	6,475,000	600,730,846	$	-	0.050	(0.14)	0.296
632	632,000,000	$	(3,326,274)	$	6,525,000	601,682,876	$	-	0.050	(0.14)	0.296
633	633,000,000	$	(3,371,213)	$	6,575,000	602,634,906	$	-	0.050	(0.14)	0.296
634	634,000,000	$	(3,416,151)	$	6,625,000	603,586,935	$	-	0.050	(0.14)	0.296
635	635,000,000	$	(3,461,090)	$	6,675,000	604,538,965	$	-	0.050	(0.14)	0.296
636	636,000,000	$	(3,506,029)	$	6,725,000	605,490,995	$	-	0.050	(0.14)	0.296
637	637,000,000	$	(3,550,968)	$	6,775,000	606,443,025	$	-	0.050	(0.14)	0.296
638	638,000,000	$	(3,595,906)	$	6,825,000	607,395,055	$	-	0.050	(0.14)	0.296
639	639,000,000	$	(3,640,845)	$	6,875,000	608,347,085	$	-	0.050	(0.14)	0.296
640	640,000,000	$	(3,685,784)	$	6,925,000	609,299,115	$	-	0.050	(0.14)	0.296
641	641,000,000	$	(3,730,722)	$	6,975,000	610,251,144	$	-	0.050	(0.14)	0.296
642	642,000,000	$	(3,775,661)	$	7,025,000	611,203,174	$	-	0.050	(0.14)	0.296
643	643,000,000	$	(3,820,600)	$	7,075,000	612,155,204	$	-	0.050	(0.14)	0.296
644	644,000,000	$	(3,865,539)	$	7,125,000	613,107,234	$	-	0.050	(0.14)	0.296
645	645,000,000	$	(3,910,477)	$	7,175,000	614,059,264	$	-	0.050	(0.14)	0.296

646	646,000,000	$	(3,955,416)	$	7,225,000	615,011,294	$	-	0.050	(0.14)	0.296
647	647,000,000	$	(4,000,355)	$	7,275,000	615,963,324	$	-	0.050	(0.14)	0.296
648	648,000,000	$	(4,045,294)	$	7,325,000	616,915,354	$	-	0.050	(0.14)	0.296
649	649,000,000	$	(4,090,232)	$	7,375,000	617,867,383	$	-	0.050	(0.14)	0.296
650	650,000,000	$	(4,135,171)	$	7,425,000	618,819,413	$	-	0.050	(0.14)	0.296
651	651,000,000	$	(4,180,110)	$	7,475,000	619,771,443	$	-	0.050	(0.14)	0.296
652	652,000,000	$	(4,225,048)	$	7,525,000	620,723,473	$	-	0.050	(0.14)	0.296
653	653,000,000	$	(4,269,987)	$	7,575,000	621,675,503	$	-	0.050	(0.14)	0.296
654	654,000,000	$	(4,314,926)	$	7,625,000	622,627,533	$	-	0.050	(0.14)	0.296
655	655,000,000	$	(4,359,865)	$	7,675,000	623,579,563	$	-	0.050	(0.14)	0.296
656	656,000,000	$	(4,404,803)	$	7,725,000	624,531,592	$	-	0.050	(0.14)	0.296
657	657,000,000	$	(4,449,742)	$	7,775,000	625,483,622	$	-	0.050	(0.14)	0.296
658	658,000,000	$	(4,494,681)	$	7,825,000	626,435,652	$	-	0.050	(0.14)	0.296
659	659,000,000	$	(4,539,619)	$	7,875,000	627,387,682	$	-	0.050	(0.14)	0.296
660	660,000,000	$	(4,584,558)	$	7,925,000	628,339,712	$	-	0.050	(0.14)	0.296

Year 2: Std Mail Marginal			Net	
Revenue 3/	Cost 4/	Contribution	Contribution	
$ 0.206	$ 0.077	$ 0.129	$ 0.106	
$ 0.206	$ 0.077	$ 0.129	$ 0.071	
$ 0.206	$ 0.077	$ 0.129	$ 0.066	15,000,000
$ 0.206	$ 0.077	$ 0.129	$ 0.061	15,000,000
$ 0.206	$ 0.077	$ 0.129	$ 0.056	40,000,000
$ 0.206	$ 0.077	$ 0.129	$ 0.056	99,999,999

3/ Std Mail Marginal Revenue: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 8, Line (6)
4/ Std Mail Marginal Cost: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 10, Line (12)

Leakage (BR Volume)															
No Disc		Tier 1		Tier 2		Tier 3		Tier 4		Tier 5		Total			
Volume [10]	Disc [11]	Volume [12]	Disc [13]	Volume [14]	Disc [15]	Volume [16]	Disc [17]	Volume [18]	Disc [19]	Volume [20]	Disc [21]	Volume [22]	Disc [23]		
490,000,000	-	-													
475,530,612	-	-													
476,499,106	-	-													
477,467,600	-	-													
478,436,094	-	-													
479,404,589	-	-													
480,373,083	-	-													
481,341,577	-	-													
482,310,071	-	-													
483,278,565	-	-													
484,247,059	-	-													
485,215,553	-	-													
486,184,047	-	-													
487,152,542	-	-													
488,121,036	-	-													
489,089,530	-	-													
487,405,430	-	-													
488,368,681	-	-													
489,331,933	-	-													
490,000,000	-	295,185	10												
490,000,000	-	1,258,437	44												
490,000,000	-	2,221,689	77												
490,000,000	-	3,184,941	111												
490,000,000	-	4,148,192	145												
490,000,000	-	5,111,444	178												
490,000,000	-	6,074,696	212												
490,000,000	-	7,037,948	246												
490,000,000	-	8,001,200	280,042	-	-	-	-	-	-	-	-	498,001,200	$	280,042	
490,000,000	-	8,964,452	313,756	-	-	-	-	-	-	-	-	498,964,452	$	313,756	
490,000,000	-	9,927,703	347,470	-	-	-	-	-	-	-	-	499,927,703	$	347,470	
490,000,000	-	10,890,955	381,183	-	-	-	-	-	-	-	-	500,890,955	$	381,183	
490,000,000	-	8,999,111	314,969	-	-	-	-	-	-	-	-	498,999,111	$	314,969	
490,000,000	-	9,956,882	348,491	-	-	-	-	-	-	-	-	499,956,882	$	348,491	
490,000,000	-	10,914,654	382,013	-	-	-	-	-	-	-	-	500,914,654	$	382,013	
490,000,000	-	11,872,426	415,535	-	-	-	-	-	-	-	-	501,872,426	$	415,535	
490,000,000	-	12,830,198	449,057	-	-	-	-	-	-	-	-	502,830,198	$	449,057	
490,000,000	-	13,787,970	482,579	-	-	-	-	-	-	-	-	503,787,970	$	482,579	
490,000,000	-	14,745,741	516,101	-	-	-	-	-	-	-	-	504,745,741	$	516,101	
490,000,000	-	15,000,000	525,000	703,513	28,141	-	-	-	-	-	-	505,703,513	$	553,141	
490,000,000	-	15,000,000	525,000	1,661,285	66,451	-	-	-	-	-	-	506,661,285	$	591,451	



490,000,000	-	15,000,000	525,000	2,619,057	104,762	-	-	-	-	-	-	507,619,057	$ 629,762
490,000,000	-	15,000,000	525,000	3,576,829	143,073	-	-	-	-	-	-	508,576,829	$ 668,073
490,000,000	-	15,000,000	525,000	4,534,600	181,384	-	-	-	-	-	-	509,534,600	$ 706,384
490,000,000	-	15,000,000	525,000	5,492,372	219,695	-	-	-	-	-	-	510,492,372	$ 744,695
490,000,000	-	15,000,000	525,000	6,450,144	258,006	-	-	-	-	-	-	511,450,144	$ 783,006
490,000,000	-	15,000,000	525,000	7,407,916	296,317	-	-	-	-	-	-	512,407,916	$ 821,317
490,000,000	-	15,000,000	525,000	8,365,688	334,628	-	-	-	-	-	-	513,365,688	$ 859,628
490,000,000	-	15,000,000	525,000	9,323,460	372,938	-	-	-	-	-	-	514,323,460	$ 897,938
490,000,000	-	15,000,000	525,000	10,281,231	411,249	-	-	-	-	-	-	515,281,231	$ 936,249
490,000,000	-	15,000,000	525,000	11,239,003	449,560	-	-	-	-	-	-	516,239,003	$ 974,560
490,000,000	-	15,000,000	525,000	12,196,775	487,871	-	-	-	-	-	-	517,196,775	$ 1,012,871
490,000,000	-	15,000,000	525,000	13,154,547	526,182	-	-	-	-	-	-	518,154,547	$ 1,051,182
490,000,000	-	15,000,000	525,000	14,112,319	564,493	-	-	-	-	-	-	519,112,319	$ 1,089,493
490,000,000	-	15,000,000	525,000	15,000,000	600,000	70,090	3,154	-	-	-	-	520,070,090	$ 1,128,154
490,000,000	-	15,000,000	525,000	15,000,000	600,000	1,027,862	46,254	-	-	-	-	521,027,862	$ 1,171,254
490,000,000	-	15,000,000	525,000	15,000,000	600,000	1,985,634	89,354	-	-	-	-	521,985,634	$ 1,214,354
490,000,000	-	15,000,000	525,000	15,000,000	600,000	2,943,406	132,453	-	-	-	-	522,943,406	$ 1,257,453
490,000,000	-	15,000,000	525,000	15,000,000	600,000	3,901,178	175,553	-	-	-	-	523,901,178	$ 1,300,553
490,000,000	-	15,000,000	525,000	15,000,000	600,000	4,858,949	218,653	-	-	-	-	524,858,949	$ 1,343,653
490,000,000	-	15,000,000	525,000	15,000,000	600,000	5,816,721	261,752	-	-	-	-	525,816,721	$ 1,386,752
490,000,000	-	15,000,000	525,000	15,000,000	600,000	6,774,493	304,852	-	-	-	-	526,774,493	$ 1,429,852
490,000,000	-	15,000,000	525,000	15,000,000	600,000	7,732,265	347,952	-	-	-	-	527,732,265	$ 1,472,952
490,000,000	-	15,000,000	525,000	15,000,000	600,000	8,690,037	391,052	-	-	-	-	528,690,037	$ 1,516,052
490,000,000	-	15,000,000	525,000	15,000,000	600,000	9,647,808	434,151	-	-	-	-	529,647,808	$ 1,559,151
490,000,000	-	15,000,000	525,000	15,000,000	600,000	10,605,580	477,251	-	-	-	-	530,605,580	$ 1,602,251
490,000,000	-	15,000,000	525,000	15,000,000	600,000	11,563,352	520,351	-	-	-	-	531,563,352	$ 1,645,351
490,000,000	-	15,000,000	525,000	15,000,000	600,000	12,521,124	563,451	-	-	-	-	532,521,124	$ 1,688,451
490,000,000	-	15,000,000	525,000	15,000,000	600,000	13,478,896	606,550	-	-	-	-	533,478,896	$ 1,731,550
490,000,000	-	15,000,000	525,000	15,000,000	600,000	14,436,667	649,650	-	-	-	-	534,436,667	$ 1,774,650
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,394,439	692,750	-	-	-	-	535,394,439	$ 1,817,750
490,000,000	-	15,000,000	525,000	15,000,000	600,000	16,352,211	735,849	-	-	-	-	536,352,211	$ 1,860,849
490,000,000	-	15,000,000	525,000	15,000,000	600,000	14,088,755	633,994	-	-	-	-	534,088,755	$ 1,758,994
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,040,785	676,835	-	-	-	-	535,040,785	$ 1,801,835
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,992,815	719,677	-	-	-	-	535,992,815	$ 1,844,677
490,000,000	-	15,000,000	525,000	15,000,000	600,000	16,944,845	762,518	-	-	-	-	536,944,845	$ 1,887,518
490,000,000	-	15,000,000	525,000	15,000,000	600,000	17,896,875	805,359	-	-	-	-	537,896,875	$ 1,930,359
490,000,000	-	15,000,000	525,000	15,000,000	600,000	18,848,904	848,201	-	-	-	-	538,848,904	$ 1,973,201
490,000,000	-	15,000,000	525,000	15,000,000	600,000	19,800,934	891,042	-	-	-	-	539,800,934	$ 2,016,042
490,000,000	-	15,000,000	525,000	15,000,000	600,000	20,752,964	933,883	-	-	-	-	540,752,964	$ 2,058,883
490,000,000	-	15,000,000	525,000	15,000,000	600,000	21,704,994	976,725	-	-	-	-	541,704,994	$ 2,101,725
490,000,000	-	15,000,000	525,000	15,000,000	600,000	22,657,024	1,019,566	-	-	-	-	542,657,024	$ 2,144,566
490,000,000	-	15,000,000	525,000	15,000,000	600,000	23,609,054	1,062,407	-	-	-	-	543,609,054	$ 2,187,407
490,000,000	-	15,000,000	525,000	15,000,000	600,000	24,561,084	1,105,249	-	-	-	-	544,561,084	$ 2,230,249
490,000,000	-	15,000,000	525,000	15,000,000	600,000	25,513,114	1,148,090	-	-	-	-	545,513,114	$ 2,273,090
490,000,000	-	15,000,000	525,000	15,000,000	600,000	26,465,143	1,190,931	-	-	-	-	546,465,143	$ 2,315,931
490,000,000	-	15,000,000	525,000	15,000,000	600,000	27,417,173	1,233,773	-	-	-	-	547,417,173	$ 2,358,773
490,000,000	-	15,000,000	525,000	15,000,000	600,000	28,369,203	1,276,614	-	-	-	-	548,369,203	$ 2,401,614
490,000,000	-	15,000,000	525,000	15,000,000	600,000	29,321,233	1,319,455	-	-	-	-	549,321,233	$ 2,444,455
490,000,000	-	15,000,000	525,000	15,000,000	600,000	30,273,263	1,362,297	-	-	-	-	550,273,263	$ 2,487,297
490,000,000	-	15,000,000	525,000	15,000,000	600,000	31,225,293	1,405,138	-	-	-	-	551,225,293	$ 2,530,138
490,000,000	-	15,000,000	525,000	15,000,000	600,000	32,177,323	1,447,980	-	-	-	-	552,177,323	$ 2,572,980
490,000,000	-	15,000,000	525,000	15,000,000	600,000	33,129,352	1,490,821	-	-	-	-	553,129,352	$ 2,615,821
490,000,000	-	15,000,000	525,000	15,000,000	600,000	34,081,382	1,533,662	-	-	-	-	554,081,382	$ 2,658,662
490,000,000	-	15,000,000	525,000	15,000,000	600,000	35,033,412	1,576,504	-	-	-	-	555,033,412	$ 2,701,504
490,000,000	-	15,000,000	525,000	15,000,000	600,000	35,985,442	1,619,345	-	-	-	-	555,985,442	$ 2,744,345
490,000,000	-	15,000,000	525,000	15,000,000	600,000	36,937,472	1,662,186	-	-	-	-	556,937,472	$ 2,787,186
490,000,000	-	15,000,000	525,000	15,000,000	600,000	37,889,502	1,705,028	-	-	-	-	557,889,502	$ 2,830,028
490,000,000	-	15,000,000	525,000	15,000,000	600,000	38,841,532	1,747,869	-	-	-	-	558,841,532	$ 2,872,869

490,000,000	-	15,000,000	525,000	15,000,000	600,000	39,793,562	1,790,710	-	-	-	-	559,793,562	$	2,915,710
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	745,591	37,280	-	-	560,745,591	$	2,962,280
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	1,697,621	84,881	-	-	561,697,621	$	3,009,881
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	2,649,651	132,483	-	-	562,649,651	$	3,057,483
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	3,601,681	180,084	-	-	563,601,681	$	3,105,084
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	4,553,711	227,686	-	-	564,553,711	$	3,152,686
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	5,505,741	275,287	-	-	565,505,741	$	3,200,287
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	6,457,771	322,889	-	-	566,457,771	$	3,247,889
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	7,409,800	370,490	-	-	567,409,800	$	3,295,490
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	8,361,830	418,092	-	-	568,361,830	$	3,343,092
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	9,313,860	465,693	-	-	569,313,860	$	3,390,693
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	10,265,890	513,295	-	-	570,265,890	$	3,438,295
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	11,217,920	560,896	-	-	571,217,920	$	3,485,896
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	12,169,950	608,497	-	-	572,169,950	$	3,533,497
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	13,121,980	656,099	-	-	573,121,980	$	3,581,099
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	14,074,010	703,700	-	-	574,074,010	$	3,628,700
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	15,026,039	751,302	-	-	575,026,039	$	3,676,302
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	15,978,069	798,903	-	-	575,978,069	$	3,723,903
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	16,930,099	846,505	-	-	576,930,099	$	3,771,505
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	17,882,129	894,106	-	-	577,882,129	$	3,819,106
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	18,834,159	941,708	-	-	578,834,159	$	3,866,708
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	19,786,189	989,309	-	-	579,786,189	$	3,914,309
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	20,738,219	1,036,911	-	-	580,738,219	$	3,961,911
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	21,690,248	1,084,512	-	-	581,690,248	$	4,009,512
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	22,642,278	1,132,114	-	-	582,642,278	$	4,057,114
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	23,594,308	1,179,715	-	-	583,594,308	$	4,104,715
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	24,546,338	1,227,317	-	-	584,546,338	$	4,152,317
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	25,498,368	1,274,918	-	-	585,498,368	$	4,199,918
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	26,450,398	1,322,520	-	-	586,450,398	$	4,247,520
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	27,402,428	1,370,121	-	-	587,402,428	$	4,295,121
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	28,354,458	1,417,723	-	-	588,354,458	$	4,342,723
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	29,306,487	1,465,324	-	-	589,306,487	$	4,390,324
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	30,258,517	1,512,926	-	-	590,258,517	$	4,437,926
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	31,210,547	1,560,527	-	-	591,210,547	$	4,485,527
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	32,162,577	1,608,129	-	-	592,162,577	$	4,533,129
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	33,114,607	1,655,730	-	-	593,114,607	$	4,580,730
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	34,066,637	1,703,332	-	-	594,066,637	$	4,628,332
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	35,018,667	1,750,933	-	-	595,018,667	$	4,675,933
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	35,970,696	1,798,535	-	-	595,970,696	$	4,723,535
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	36,922,726	1,846,136	-	-	596,922,726	$	4,771,136
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	37,874,756	1,893,738	-	-	597,874,756	$	4,818,738
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	38,826,786	1,941,339	-	-	598,826,786	$	4,866,339
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	39,778,816	1,988,941	-	-	599,778,816	$	4,913,941
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	40,730,846	2,036,542	-	-	600,730,846	$	4,961,542
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	41,682,876	2,084,144	-	-	601,682,876	$	5,009,144
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	42,634,906	2,131,745	-	-	602,634,906	$	5,056,745
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	43,586,935	2,179,347	-	-	603,586,935	$	5,104,347
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	44,538,965	2,226,948	-	-	604,538,965	$	5,151,948
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	45,490,995	2,274,550	-	-	605,490,995	$	5,199,550
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	46,443,025	2,322,151	-	-	606,443,025	$	5,247,151
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	47,395,055	2,369,753	-	-	607,395,055	$	5,294,753
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	48,347,085	2,417,354	-	-	608,347,085	$	5,342,354
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	49,299,115	2,464,956	-	-	609,299,115	$	5,389,956
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	50,251,144	2,512,557	-	-	610,251,144	$	5,437,557
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	51,203,174	2,560,159	-	-	611,203,174	$	5,485,159
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	52,155,204	2,607,760	-	-	612,155,204	$	5,532,760
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	53,107,234	2,655,362	-	-	613,107,234	$	5,580,362
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	54,059,264	2,702,963	-	-	614,059,264	$	5,627,963

490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	55,011,294	2,750,565	-	-	615,011,294	$	5,675,565
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	55,963,324	2,798,166	-	-	615,963,324	$	5,723,166
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	56,915,354	2,845,768	-	-	616,915,354	$	5,770,768
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	57,867,383	2,893,369	-	-	617,867,383	$	5,818,369
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	58,819,413	2,940,971	-	-	618,819,413	$	5,865,971
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	59,771,443	2,988,572	-	-	619,771,443	$	5,913,572
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	60,723,473	3,036,174	-	-	620,723,473	$	5,961,174
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	61,675,503	3,083,775	-	-	621,675,503	$	6,008,775
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	62,627,533	3,131,377	-	-	622,627,533	$	6,056,377
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	63,579,563	3,178,978	-	-	623,579,563	$	6,103,978
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	64,531,592	3,226,580	-	-	624,531,592	$	6,151,580
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	65,483,622	3,274,181	-	-	625,483,622	$	6,199,181
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	66,435,652	3,321,783	-	-	626,435,652	$	6,246,783
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	67,387,682	3,369,384	-	-	627,387,682	$	6,294,384
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	68,339,712	3,416,986	-	-	628,339,712	$	6,341,986

											New Contribution	
No Disc			Tier 1			Tier 2			Tier 3			
Volume [24]	Disc [25]	Contribution [26]	Volume [27]	Disc [28]	Contribution [29]	Volume [30]	Disc [31]	Contribution [32]	Volume [33]	Disc [34]	Contribution [35]	Volume [36]
-	-	-	-	-	-	-	-	-	-	-	-	-
14,469,388	-	1,526,649	1,000,000	35,000	70,509	-	-	-	-	-	-	-
13,500,894	-	1,424,464	2,000,000	70,000	141,018	-	-	-	-	-	-	-
12,532,400	-	1,322,280	3,000,000	105,000	211,527	-	-	-	-	-	-	-
11,563,906	-	1,220,095	4,000,000	140,000	282,036	-	-	-	-	-	-	-
10,595,411	-	1,117,910	5,000,000	175,000	352,544	-	-	-	-	-	-	-
9,626,917	-	1,015,725	6,000,000	210,000	423,053	-	-	-	-	-	-	-
8,658,423	-	913,541	7,000,000	245,000	493,562	-	-	-	-	-	-	-
7,689,929	-	811,356	8,000,000	280,000	564,071	-	-	-	-	-	-	-
6,721,435	-	709,171	9,000,000	315,000	634,580	-	-	-	-	-	-	-
5,752,941	-	606,986	10,000,000	350,000	705,089	-	-	-	-	-	-	-
4,784,447	-	504,802	11,000,000	385,000	775,598	-	-	-	-	-	-	-
3,815,953	-	402,617	12,000,000	420,000	846,107	-	-	-	-	-	-	-
2,847,458	-	300,432	13,000,000	455,000	916,616	-	-	-	-	-	-	-
1,878,964	-	198,247	14,000,000	490,000	987,124	-	-	-	-	-	-	-
910,470	-	96,063	15,000,000	525,000	1,057,633	-	-	-	-	-	-	-
2,594,570	-	273,750	15,000,000	525,000	1,057,633	1,000,000	40,000	65,509	-	-	-	-
1,631,319	-	172,119	15,000,000	525,000	1,057,633	2,000,000	80,000	131,018	-	-	-	-
668,067	-	70,487	15,000,000	525,000	1,057,633	3,000,000	120,000	196,527	-	-	-	-
-	-	-	14,704,815	514,669	1,036,820	4,000,000	160,000	262,036	-	-	-	-
-	-	-	13,741,563	480,955	968,902	5,000,000	200,000	327,544	-	-	-	-
-	-	-	12,778,311	447,241	900,985	6,000,000	240,000	393,053	-	-	-	-
-	-	-	11,815,059	413,527	833,067	7,000,000	280,000	458,562	-	-	-	-
-	-	-	10,851,808	379,813	765,149	8,000,000	320,000	524,071	-	-	-	-
-	-	-	9,888,556	346,099	697,231	9,000,000	360,000	589,580	-	-	-	-
-	-	-	8,925,304	312,386	629,313	10,000,000	400,000	655,089	-	-	-	-
-	-	-	7,962,052	278,672	561,395	11,000,000	440,000	720,598	-	-	-	-
-	-	-	6,998,800	244,958	493,478	12,000,000	480,000	786,107	-	-	-	-
-	-	-	6,035,548	211,244	425,560	13,000,000	520,000	851,616	-	-	-	-
-	-	-	5,072,297	177,530	357,642	14,000,000	560,000	917,124	-	-	-	-
-	-	-	4,109,045	143,817	289,724	15,000,000	600,000	982,633	-	-	-	-
-	-	-	6,000,889	210,031	423,116	15,000,000	600,000	982,633	1,000,000	45,000	60,509	-
-	-	-	5,043,118	176,509	355,585	15,000,000	600,000	982,633	2,000,000	90,000	121,018	-
-	-	-	4,085,346	142,987	288,053	15,000,000	600,000	982,633	3,000,000	135,000	181,527	-
-	-	-	3,127,574	109,465	220,522	15,000,000	600,000	982,633	4,000,000	180,000	242,036	-
-	-	-	2,169,802	75,943	152,990	15,000,000	600,000	982,633	5,000,000	225,000	302,544	-
-	-	-	1,212,030	42,421	85,459	15,000,000	600,000	982,633	6,000,000	270,000	363,053	-
-	-	-	254,259	8,899	17,927	15,000,000	600,000	982,633	7,000,000	315,000	423,562	-
-	-	-	-	-	-	14,296,487	571,859	936,547	8,000,000	360,000	484,071	-
-	-	-	-	-	-	13,338,715	533,549	873,804	9,000,000	405,000	544,580	-

-	-	-	-	-	-	12,380,943	495,238	811,062	10,000,000	450,000	605,089	-
-	-	-	-	-	-	11,423,171	456,927	748,319	11,000,000	495,000	665,598	-
-	-	-	-	-	-	10,465,400	418,616	685,577	12,000,000	540,000	726,107	-
-	-	-	-	-	-	9,507,628	380,305	622,834	13,000,000	585,000	786,616	-
-	-	-	-	-	-	8,549,856	341,994	560,092	14,000,000	630,000	847,124	-
-	-	-	-	-	-	7,592,084	303,683	497,349	15,000,000	675,000	907,633	-
-	-	-	-	-	-	6,634,312	265,372	434,606	16,000,000	720,000	968,142	-
-	-	-	-	-	-	5,676,540	227,062	371,864	17,000,000	765,000	1,028,651	-
-	-	-	-	-	-	4,718,769	188,751	309,121	18,000,000	810,000	1,089,160	-
-	-	-	-	-	-	3,760,997	150,440	246,379	19,000,000	855,000	1,149,669	-
-	-	-	-	-	-	2,803,225	112,129	183,636	20,000,000	900,000	1,210,178	-
-	-	-	-	-	-	1,845,453	73,818	120,894	21,000,000	945,000	1,270,687	-
-	-	-	-	-	-	887,681	35,507	58,151	22,000,000	990,000	1,331,196	-
-	-	-	-	-	-	-	-	-	22,929,910	1,031,846	1,387,463	-
-	-	-	-	-	-	-	-	-	22,972,138	1,033,746	1,390,019	-
-	-	-	-	-	-	-	-	-	23,014,366	1,035,646	1,392,574	-
-	-	-	-	-	-	-	-	-	23,056,594	1,037,547	1,395,129	-
-	-	-	-	-	-	-	-	-	23,098,822	1,039,447	1,397,684	-
-	-	-	-	-	-	-	-	-	23,141,051	1,041,347	1,400,239	-
-	-	-	-	-	-	-	-	-	23,183,279	1,043,248	1,402,794	-
-	-	-	-	-	-	-	-	-	23,225,507	1,045,148	1,405,350	-
-	-	-	-	-	-	-	-	-	23,267,735	1,047,048	1,407,905	-
-	-	-	-	-	-	-	-	-	23,309,963	1,048,948	1,410,460	-
-	-	-	-	-	-	-	-	-	23,352,192	1,050,849	1,413,015	-
-	-	-	-	-	-	-	-	-	23,394,420	1,052,749	1,415,570	-
-	-	-	-	-	-	-	-	-	23,436,648	1,054,649	1,418,126	-
-	-	-	-	-	-	-	-	-	23,478,876	1,056,549	1,420,681	-
-	-	-	-	-	-	-	-	-	23,521,104	1,058,450	1,423,236	-
-	-	-	-	-	-	-	-	-	23,563,333	1,060,350	1,425,791	-
-	-	-	-	-	-	-	-	-	23,605,561	1,062,250	1,428,346	-
-	-	-	-	-	-	-	-	-	23,647,789	1,064,151	1,430,901	-
-	-	-	-	-	-	-	-	-	25,911,245	1,166,006	1,567,861	1,000,000
-	-	-	-	-	-	-	-	-	24,959,215	1,123,165	1,510,254	2,000,000
-	-	-	-	-	-	-	-	-	24,007,185	1,080,323	1,452,648	3,000,000
-	-	-	-	-	-	-	-	-	23,055,155	1,037,482	1,395,042	4,000,000
-	-	-	-	-	-	-	-	-	22,103,125	994,641	1,337,436	5,000,000
-	-	-	-	-	-	-	-	-	21,151,096	951,799	1,279,829	6,000,000
-	-	-	-	-	-	-	-	-	20,199,066	908,958	1,222,223	7,000,000
-	-	-	-	-	-	-	-	-	19,247,036	866,117	1,164,617	8,000,000
-	-	-	-	-	-	-	-	-	18,295,006	823,275	1,107,010	9,000,000
-	-	-	-	-	-	-	-	-	17,342,976	780,434	1,049,404	10,000,000
-	-	-	-	-	-	-	-	-	16,390,946	737,593	991,798	11,000,000
-	-	-	-	-	-	-	-	-	15,438,916	694,751	934,192	12,000,000
-	-	-	-	-	-	-	-	-	14,486,886	651,910	876,585	13,000,000
-	-	-	-	-	-	-	-	-	13,534,857	609,069	818,979	14,000,000
-	-	-	-	-	-	-	-	-	12,582,827	566,227	761,373	15,000,000
-	-	-	-	-	-	-	-	-	11,630,797	523,386	703,767	16,000,000
-	-	-	-	-	-	-	-	-	10,678,767	480,545	646,160	17,000,000
-	-	-	-	-	-	-	-	-	9,726,737	437,703	588,554	18,000,000
-	-	-	-	-	-	-	-	-	8,774,707	394,862	530,948	19,000,000
-	-	-	-	-	-	-	-	-	7,822,677	352,020	473,342	20,000,000
-	-	-	-	-	-	-	-	-	6,870,648	309,179	415,735	21,000,000
-	-	-	-	-	-	-	-	-	5,918,618	266,338	358,129	22,000,000
-	-	-	-	-	-	-	-	-	4,966,588	223,496	300,523	23,000,000
-	-	-	-	-	-	-	-	-	4,014,558	180,655	242,916	24,000,000
-	-	-	-	-	-	-	-	-	3,062,528	137,814	185,310	25,000,000
-	-	-	-	-	-	-	-	-	2,110,498	94,972	127,704	26,000,000
-	-	-	-	-	-	-	-	-	1,158,468	52,131	70,098	27,000,000

-	-	-	-	-	-	-	-	-	206,438	9,290	12,491	28,000,000
-	-	-	-	-	-	-	-	-	-	-	-	28,254,409
-	-	-	-	-	-	-	-	-	-	-	-	28,302,379
-	-	-	-	-	-	-	-	-	-	-	-	28,350,349
-	-	-	-	-	-	-	-	-	-	-	-	28,398,319
-	-	-	-	-	-	-	-	-	-	-	-	28,446,289
-	-	-	-	-	-	-	-	-	-	-	-	28,494,259
-	-	-	-	-	-	-	-	-	-	-	-	28,542,229
-	-	-	-	-	-	-	-	-	-	-	-	28,590,200
-	-	-	-	-	-	-	-	-	-	-	-	28,638,170
-	-	-	-	-	-	-	-	-	-	-	-	28,686,140
-	-	-	-	-	-	-	-	-	-	-	-	28,734,110
-	-	-	-	-	-	-	-	-	-	-	-	28,782,080
-	-	-	-	-	-	-	-	-	-	-	-	28,830,050
-	-	-	-	-	-	-	-	-	-	-	-	28,878,020
-	-	-	-	-	-	-	-	-	-	-	-	28,925,990
-	-	-	-	-	-	-	-	-	-	-	-	28,973,961
-	-	-	-	-	-	-	-	-	-	-	-	29,021,931
-	-	-	-	-	-	-	-	-	-	-	-	29,069,901
-	-	-	-	-	-	-	-	-	-	-	-	29,117,871
-	-	-	-	-	-	-	-	-	-	-	-	29,165,841
-	-	-	-	-	-	-	-	-	-	-	-	29,213,811
-	-	-	-	-	-	-	-	-	-	-	-	29,261,781
-	-	-	-	-	-	-	-	-	-	-	-	29,309,752
-	-	-	-	-	-	-	-	-	-	-	-	29,357,722
-	-	-	-	-	-	-	-	-	-	-	-	29,405,692
-	-	-	-	-	-	-	-	-	-	-	-	29,453,662
-	-	-	-	-	-	-	-	-	-	-	-	29,501,632
-	-	-	-	-	-	-	-	-	-	-	-	29,549,602
-	-	-	-	-	-	-	-	-	-	-	-	29,597,572
-	-	-	-	-	-	-	-	-	-	-	-	29,645,542
-	-	-	-	-	-	-	-	-	-	-	-	29,693,513
-	-	-	-	-	-	-	-	-	-	-	-	29,741,483
-	-	-	-	-	-	-	-	-	-	-	-	29,789,453
-	-	-	-	-	-	-	-	-	-	-	-	29,837,423
-	-	-	-	-	-	-	-	-	-	-	-	29,885,393
-	-	-	-	-	-	-	-	-	-	-	-	29,933,363
-	-	-	-	-	-	-	-	-	-	-	-	29,981,333
-	-	-	-	-	-	-	-	-	-	-	-	30,029,304
-	-	-	-	-	-	-	-	-	-	-	-	30,077,274
-	-	-	-	-	-	-	-	-	-	-	-	30,125,244
-	-	-	-	-	-	-	-	-	-	-	-	30,173,214
-	-	-	-	-	-	-	-	-	-	-	-	30,221,184
-	-	-	-	-	-	-	-	-	-	-	-	30,269,154
-	-	-	-	-	-	-	-	-	-	-	-	30,317,124
-	-	-	-	-	-	-	-	-	-	-	-	30,365,094
-	-	-	-	-	-	-	-	-	-	-	-	30,413,065
-	-	-	-	-	-	-	-	-	-	-	-	30,461,035
-	-	-	-	-	-	-	-	-	-	-	-	30,509,005
-	-	-	-	-	-	-	-	-	-	-	-	30,556,975
-	-	-	-	-	-	-	-	-	-	-	-	30,604,945
-	-	-	-	-	-	-	-	-	-	-	-	30,652,915
-	-	-	-	-	-	-	-	-	-	-	-	30,700,885
-	-	-	-	-	-	-	-	-	-	-	-	30,748,856
-	-	-	-	-	-	-	-	-	-	-	-	30,796,826
-	-	-	-	-	-	-	-	-	-	-	-	30,844,796
-	-	-	-	-	-	-	-	-	-	-	-	30,892,766
-	-	-	-	-	-	-	-	-	-	-	-	30,940,736

-	-	-	-	-	-	-	-	-	-	-	-	30,988,706
-	-	-	-	-	-	-	-	-	-	-	-	31,036,676
-	-	-	-	-	-	-	-	-	-	-	-	31,084,646
-	-	-	-	-	-	-	-	-	-	-	-	31,132,617
-	-	-	-	-	-	-	-	-	-	-	-	31,180,587
-	-	-	-	-	-	-	-	-	-	-	-	31,228,557
-	-	-	-	-	-	-	-	-	-	-	-	31,276,527
-	-	-	-	-	-	-	-	-	-	-	-	31,324,497
-	-	-	-	-	-	-	-	-	-	-	-	31,372,467
-	-	-	-	-	-	-	-	-	-	-	-	31,420,437
-	-	-	-	-	-	-	-	-	-	-	-	31,468,408
-	-	-	-	-	-	-	-	-	-	-	-	31,516,378
-	-	-	-	-	-	-	-	-	-	-	-	31,564,348
-	-	-	-	-	-	-	-	-	-	-	-	31,612,318
-	-	-	-	-	-	-	-	-	-	-	-	31,660,288

Tier 4		Tier 5			Total		
Disc [37]	Contribution [38]	Volume [39]	Disc [40]	Contribution [41]	Volume [42]	Disc [43]	Contribution [44]
-	-	-	-	-	-	$ -	$ -
-	-	-	-	-	15,469,388	$ 35,000	$ 1,597,158
-	-	-	-	-	15,500,894	$ 70,000	$ 1,565,482
-	-	-	-	-	15,532,400	$ 105,000	$ 1,533,806
-	-	-	-	-	15,563,906	$ 140,000	$ 1,502,130
-	-	-	-	-	15,595,411	$ 175,000	$ 1,470,455
-	-	-	-	-	15,626,917	$ 210,000	$ 1,438,779
-	-	-	-	-	15,658,423	$ 245,000	$ 1,407,103
-	-	-	-	-	15,689,929	$ 280,000	$ 1,375,427
-	-	-	-	-	15,721,435	$ 315,000	$ 1,343,751
-	-	-	-	-	15,752,941	$ 350,000	$ 1,312,075
-	-	-	-	-	15,784,447	$ 385,000	$ 1,280,399
-	-	-	-	-	15,815,953	$ 420,000	$ 1,248,724
-	-	-	-	-	15,847,458	$ 455,000	$ 1,217,048
-	-	-	-	-	15,878,964	$ 490,000	$ 1,185,372
-	-	-	-	-	15,910,470	$ 525,000	$ 1,153,696
-	-	-	-	-	18,594,570	$ 565,000	$ 1,396,892
-	-	-	-	-	18,631,319	$ 605,000	$ 1,360,770
-	-	-	-	-	18,668,067	$ 645,000	$ 1,324,647
-	-	-	-	-	18,704,815	$ 674,669	$ 1,298,856
-	-	-	-	-	18,741,563	$ 680,955	$ 1,296,447
-	-	-	-	-	18,778,311	$ 687,241	$ 1,294,038
-	-	-	-	-	18,815,059	$ 693,527	$ 1,291,629
-	-	-	-	-	18,851,808	$ 699,813	$ 1,289,220
-	-	-	-	-	18,888,556	$ 706,099	$ 1,286,811
-	-	-	-	-	18,925,304	$ 712,386	$ 1,284,402
-	-	-	-	-	18,962,052	$ 718,672	$ 1,281,993
-	-	-	-	-	18,998,800	$ 724,958	$ 1,279,584
-	-	-	-	-	19,035,548	$ 731,244	$ 1,277,175
-	-	-	-	-	19,072,297	$ 737,530	$ 1,274,766
-	-	-	-	-	19,109,045	$ 743,817	$ 1,272,358
-	-	-	-	-	22,000,889	$ 855,031	$ 1,466,258
-	-	-	-	-	22,043,118	$ 866,509	$ 1,459,236
-	-	-	-	-	22,085,346	$ 877,987	$ 1,452,213
-	-	-	-	-	22,127,574	$ 889,465	$ 1,445,191
-	-	-	-	-	22,169,802	$ 900,943	$ 1,438,168
-	-	-	-	-	22,212,030	$ 912,421	$ 1,431,146
-	-	-	-	-	22,254,259	$ 923,899	$ 1,424,123
-	-	-	-	-	22,296,487	$ 931,859	$ 1,420,618
-	-	-	-	-	22,338,715	$ 938,549	$ 1,418,384

-	-	-	-	-	22,380,943	$	945,238	$	1,416,151
-	-	-	-	-	22,423,171	$	951,927	$	1,413,917
-	-	-	-	-	22,465,400	$	958,616	$	1,411,683
-	-	-	-	-	22,507,628	$	965,305	$	1,409,450
-	-	-	-	-	22,549,856	$	971,994	$	1,407,216
-	-	-	-	-	22,592,084	$	978,683	$	1,404,982
-	-	-	-	-	22,634,312	$	985,372	$	1,402,749
-	-	-	-	-	22,676,540	$	992,062	$	1,400,515
-	-	-	-	-	22,718,769	$	998,751	$	1,398,281
-	-	-	-	-	22,760,997	$	1,005,440	$	1,396,048
-	-	-	-	-	22,803,225	$	1,012,129	$	1,393,814
-	-	-	-	-	22,845,453	$	1,018,818	$	1,391,580
-	-	-	-	-	22,887,681	$	1,025,507	$	1,389,347
-	-	-	-	-	22,929,910	$	1,031,846	$	1,387,463
-	-	-	-	-	22,972,138	$	1,033,746	$	1,390,019
-	-	-	-	-	23,014,366	$	1,035,646	$	1,392,574
-	-	-	-	-	23,056,594	$	1,037,547	$	1,395,129
-	-	-	-	-	23,098,822	$	1,039,447	$	1,397,684
-	-	-	-	-	23,141,051	$	1,041,347	$	1,400,239
-	-	-	-	-	23,183,279	$	1,043,248	$	1,402,794
-	-	-	-	-	23,225,507	$	1,045,148	$	1,405,350
-	-	-	-	-	23,267,735	$	1,047,048	$	1,407,905
-	-	-	-	-	23,309,963	$	1,048,948	$	1,410,460
-	-	-	-	-	23,352,192	$	1,050,849	$	1,413,015
-	-	-	-	-	23,394,420	$	1,052,749	$	1,415,570
-	-	-	-	-	23,436,648	$	1,054,649	$	1,418,126
-	-	-	-	-	23,478,876	$	1,056,549	$	1,420,681
-	-	-	-	-	23,521,104	$	1,058,450	$	1,423,236
-	-	-	-	-	23,563,333	$	1,060,350	$	1,425,791
-	-	-	-	-	23,605,561	$	1,062,250	$	1,428,346
-	-	-	-	-	23,647,789	$	1,064,151	$	1,430,901
50,000	55,509	-	-	-	26,911,245	$	1,216,006	$	1,623,370
100,000	111,018	-	-	-	26,959,215	$	1,223,165	$	1,621,272
150,000	166,527	-	-	-	27,007,185	$	1,230,323	$	1,619,175
200,000	222,036	-	-	-	27,055,155	$	1,237,482	$	1,617,077
250,000	277,544	-	-	-	27,103,125	$	1,244,641	$	1,614,980
300,000	333,053	-	-	-	27,151,096	$	1,251,799	$	1,612,883
350,000	388,562	-	-	-	27,199,066	$	1,258,958	$	1,610,785
400,000	444,071	-	-	-	27,247,036	$	1,266,117	$	1,608,688
450,000	499,580	-	-	-	27,295,006	$	1,273,275	$	1,606,590
500,000	555,089	-	-	-	27,342,976	$	1,280,434	$	1,604,493
550,000	610,598	-	-	-	27,390,946	$	1,287,593	$	1,602,396
600,000	666,107	-	-	-	27,438,916	$	1,294,751	$	1,600,298
650,000	721,616	-	-	-	27,486,886	$	1,301,910	$	1,598,201
700,000	777,124	-	-	-	27,534,857	$	1,309,069	$	1,596,104
750,000	832,633	-	-	-	27,582,827	$	1,316,227	$	1,594,006
800,000	888,142	-	-	-	27,630,797	$	1,323,386	$	1,591,909
850,000	943,651	-	-	-	27,678,767	$	1,330,545	$	1,589,811
900,000	999,160	-	-	-	27,726,737	$	1,337,703	$	1,587,714
950,000	1,054,669	-	-	-	27,774,707	$	1,344,862	$	1,585,617
1,000,000	1,110,178	-	-	-	27,822,677	$	1,352,020	$	1,583,519
1,050,000	1,165,687	-	-	-	27,870,648	$	1,359,179	$	1,581,422
1,100,000	1,221,196	-	-	-	27,918,618	$	1,366,338	$	1,579,325
1,150,000	1,276,704	-	-	-	27,966,588	$	1,373,496	$	1,577,227
1,200,000	1,332,213	-	-	-	28,014,558	$	1,380,655	$	1,575,130
1,250,000	1,387,722	-	-	-	28,062,528	$	1,387,814	$	1,573,032
1,300,000	1,443,231	-	-	-	28,110,498	$	1,394,972	$	1,570,935
1,350,000	1,498,740	-	-	-	28,158,468	$	1,402,131	$	1,568,838

1,400,000	1,554,249	-	-	-	28,206,438	$	1,409,290	$	1,566,740
1,412,720	1,568,371	-	-	-	28,254,409	$	1,412,720	$	1,568,371
1,415,119	1,571,034	-	-	-	28,302,379	$	1,415,119	$	1,571,034
1,417,517	1,573,696	-	-	-	28,350,349	$	1,417,517	$	1,573,696
1,419,916	1,576,359	-	-	-	28,398,319	$	1,419,916	$	1,576,359
1,422,314	1,579,022	-	-	-	28,446,289	$	1,422,314	$	1,579,022
1,424,713	1,581,685	-	-	-	28,494,259	$	1,424,713	$	1,581,685
1,427,111	1,584,347	-	-	-	28,542,229	$	1,427,111	$	1,584,347
1,429,510	1,587,010	-	-	-	28,590,200	$	1,429,510	$	1,587,010
1,431,908	1,589,673	-	-	-	28,638,170	$	1,431,908	$	1,589,673
1,434,307	1,592,336	-	-	-	28,686,140	$	1,434,307	$	1,592,336
1,436,705	1,594,998	-	-	-	28,734,110	$	1,436,705	$	1,594,998
1,439,104	1,597,661	-	-	-	28,782,080	$	1,439,104	$	1,597,661
1,441,503	1,600,324	-	-	-	28,830,050	$	1,441,503	$	1,600,324
1,443,901	1,602,987	-	-	-	28,878,020	$	1,443,901	$	1,602,987
1,446,300	1,605,650	-	-	-	28,925,990	$	1,446,300	$	1,605,650
1,448,698	1,608,312	-	-	-	28,973,961	$	1,448,698	$	1,608,312
1,451,097	1,610,975	-	-	-	29,021,931	$	1,451,097	$	1,610,975
1,453,495	1,613,638	-	-	-	29,069,901	$	1,453,495	$	1,613,638
1,455,894	1,616,301	-	-	-	29,117,871	$	1,455,894	$	1,616,301
1,458,292	1,618,963	-	-	-	29,165,841	$	1,458,292	$	1,618,963
1,460,691	1,621,626	-	-	-	29,213,811	$	1,460,691	$	1,621,626
1,463,089	1,624,289	-	-	-	29,261,781	$	1,463,089	$	1,624,289
1,465,488	1,626,952	-	-	-	29,309,752	$	1,465,488	$	1,626,952
1,467,886	1,629,614	-	-	-	29,357,722	$	1,467,886	$	1,629,614
1,470,285	1,632,277	-	-	-	29,405,692	$	1,470,285	$	1,632,277
1,472,683	1,634,940	-	-	-	29,453,662	$	1,472,683	$	1,634,940
1,475,082	1,637,603	-	-	-	29,501,632	$	1,475,082	$	1,637,603
1,477,480	1,640,266	-	-	-	29,549,602	$	1,477,480	$	1,640,266
1,479,879	1,642,928	-	-	-	29,597,572	$	1,479,879	$	1,642,928
1,482,277	1,645,591	-	-	-	29,645,542	$	1,482,277	$	1,645,591
1,484,676	1,648,254	-	-	-	29,693,513	$	1,484,676	$	1,648,254
1,487,074	1,650,917	-	-	-	29,741,483	$	1,487,074	$	1,650,917
1,489,473	1,653,579	-	-	-	29,789,453	$	1,489,473	$	1,653,579
1,491,871	1,656,242	-	-	-	29,837,423	$	1,491,871	$	1,656,242
1,494,270	1,658,905	-	-	-	29,885,393	$	1,494,270	$	1,658,905
1,496,668	1,661,568	-	-	-	29,933,363	$	1,496,668	$	1,661,568
1,499,067	1,664,230	-	-	-	29,981,333	$	1,499,067	$	1,664,230
1,501,465	1,666,893	-	-	-	30,029,304	$	1,501,465	$	1,666,893
1,503,864	1,669,556	-	-	-	30,077,274	$	1,503,864	$	1,669,556
1,506,262	1,672,219	-	-	-	30,125,244	$	1,506,262	$	1,672,219
1,508,661	1,674,882	-	-	-	30,173,214	$	1,508,661	$	1,674,882
1,511,059	1,677,544	-	-	-	30,221,184	$	1,511,059	$	1,677,544
1,513,458	1,680,207	-	-	-	30,269,154	$	1,513,458	$	1,680,207
1,515,856	1,682,870	-	-	-	30,317,124	$	1,515,856	$	1,682,870
1,518,255	1,685,533	-	-	-	30,365,094	$	1,518,255	$	1,685,533
1,520,653	1,688,195	-	-	-	30,413,065	$	1,520,653	$	1,688,195
1,523,052	1,690,858	-	-	-	30,461,035	$	1,523,052	$	1,690,858
1,525,450	1,693,521	-	-	-	30,509,005	$	1,525,450	$	1,693,521
1,527,849	1,696,184	-	-	-	30,556,975	$	1,527,849	$	1,696,184
1,530,247	1,698,846	-	-	-	30,604,945	$	1,530,247	$	1,698,846
1,532,646	1,701,509	-	-	-	30,652,915	$	1,532,646	$	1,701,509
1,535,044	1,704,172	-	-	-	30,700,885	$	1,535,044	$	1,704,172
1,537,443	1,706,835	-	-	-	30,748,856	$	1,537,443	$	1,706,835
1,539,841	1,709,498	-	-	-	30,796,826	$	1,539,841	$	1,709,498
1,542,240	1,712,160	-	-	-	30,844,796	$	1,542,240	$	1,712,160
1,544,638	1,714,823	-	-	-	30,892,766	$	1,544,638	$	1,714,823
1,547,037	1,717,486	-	-	-	30,940,736	$	1,547,037	$	1,717,486

1,549,435	1,720,149	-	-	-	30,988,706	$	1,549,435	$	1,720,149
1,551,834	1,722,811	-	-	-	31,036,676	$	1,551,834	$	1,722,811
1,554,232	1,725,474	-	-	-	31,084,646	$	1,554,232	$	1,725,474
1,556,631	1,728,137	-	-	-	31,132,617	$	1,556,631	$	1,728,137
1,559,029	1,730,800	-	-	-	31,180,587	$	1,559,029	$	1,730,800
1,561,428	1,733,462	-	-	-	31,228,557	$	1,561,428	$	1,733,462
1,563,826	1,736,125	-	-	-	31,276,527	$	1,563,826	$	1,736,125
1,566,225	1,738,788	-	-	-	31,324,497	$	1,566,225	$	1,738,788
1,568,623	1,741,451	-	-	-	31,372,467	$	1,568,623	$	1,741,451
1,571,022	1,744,114	-	-	-	31,420,437	$	1,571,022	$	1,744,114
1,573,420	1,746,776	-	-	-	31,468,408	$	1,573,420	$	1,746,776
1,575,819	1,749,439	-	-	-	31,516,378	$	1,575,819	$	1,749,439
1,578,217	1,752,102	-	-	-	31,564,348	$	1,578,217	$	1,752,102
1,580,616	1,754,765	-	-	-	31,612,318	$	1,580,616	$	1,754,765
1,583,014	1,757,427	-	-	-	31,660,288	$	1,583,014	$	1,757,427

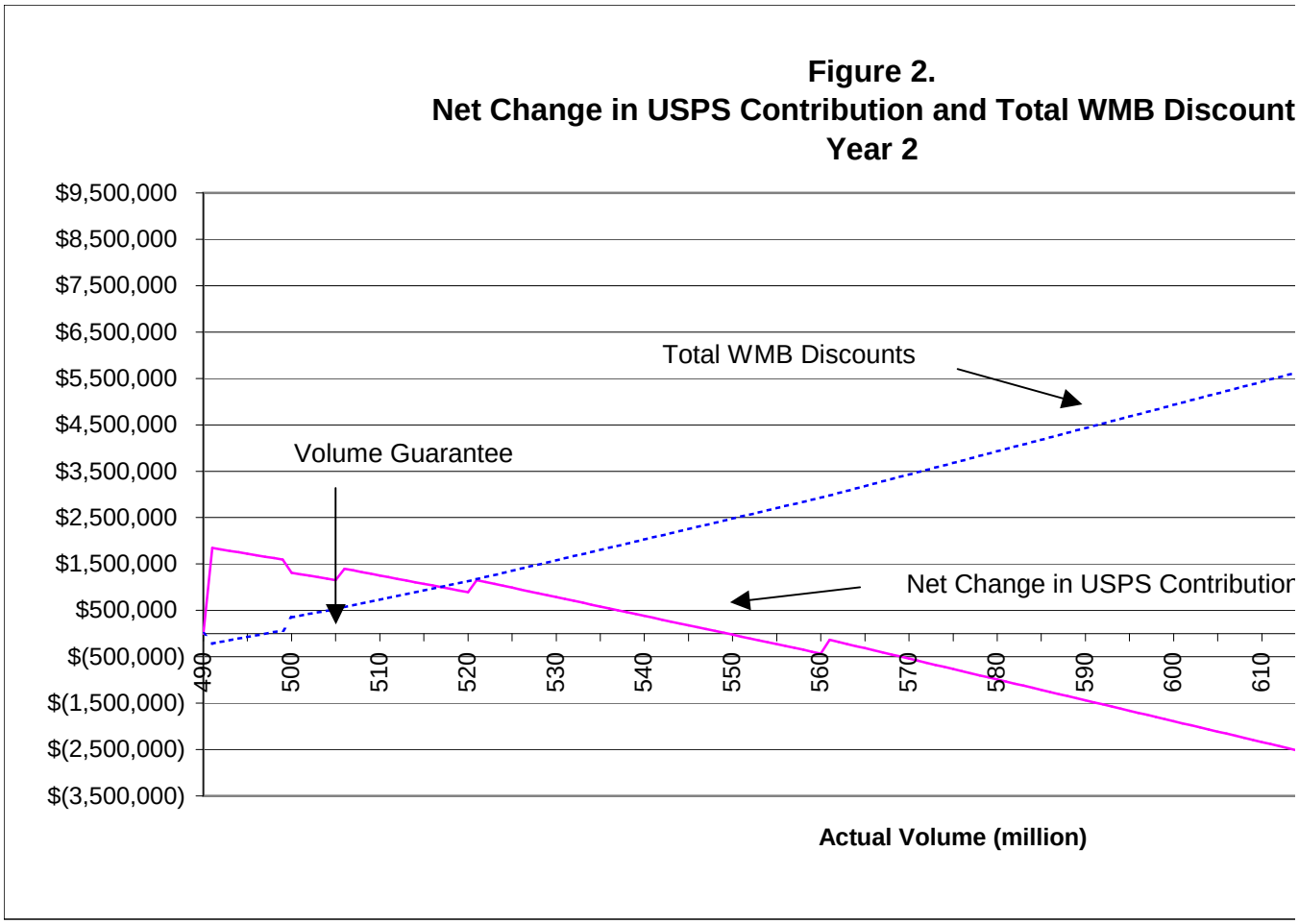
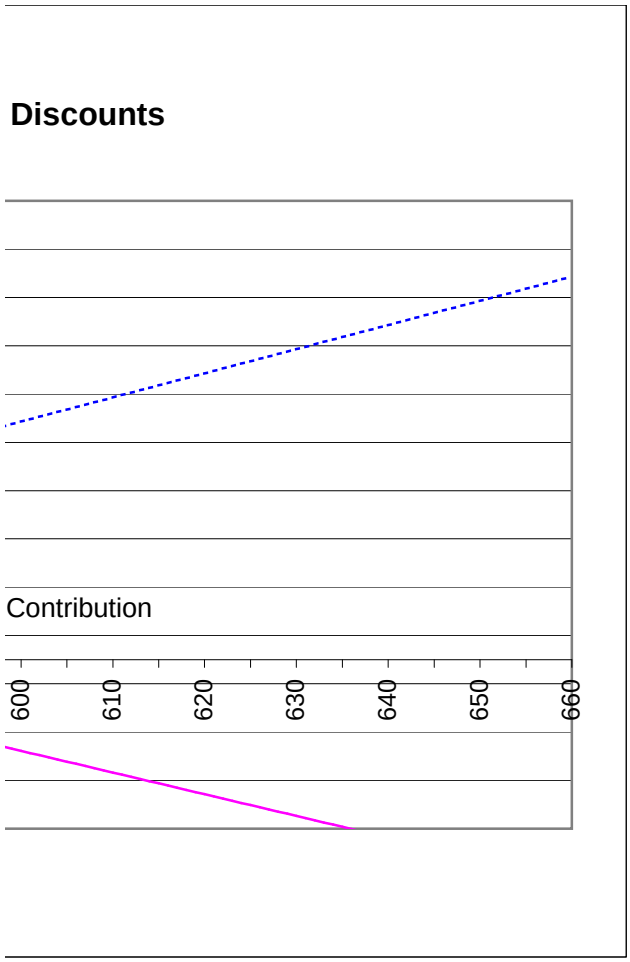


Figure 2.
Net Change in USPS Contribution and Total WMB Discount
Year 2
$9,500,000
$8,500,000
$7,500,000
$6,500,000
$5,500,000
$4,500,000
$3,500,000
$2,500,000
$1,500,000
$500,000
$(500,000)
$(1,500,000)
$(2,500,000)
$(3,500,000)
Total WMB Discounts
Volume Guarantee
Net Change in USPS Contributior
490
500
510
520
530
540
550
560
570
580
590
600
610
Actual Volume (million)


Discounts
Contribution
600
610
620
630
640
650
660

OCA Financial Model WMB Year 3	Volume Minimum	Volume Maximum	Discount	Volume Guarantee	Year 3: FCM Marginal Revenue 1/	Cost 2/	Contribution
No Discount	-	490,000,000	$ -	500,000,000	$ 0.346	$ 0.117	$ 0.230
Tier 1	490,000,001	505,000,000	$ 0.035	$ 250,000	0.311	0.117	$ 0.195
Tier 2	505,000,001	520,000,000	$ 0.040		0.306	0.117	$ 0.190
Tier 3	520,000,001	560,000,000	$ 0.045		0.301	0.117	$ 0.185
Tier 4	560,000,001	660,000,000	$ 0.050		0.296	0.117	$ 0.180
Tier 5	660,000,000	660,000,000	$ 0.050		0.296	0.117	$ 0.180

Ave Std Reg Ltrs Discount (Relative to FC) Elasticity **(0.1115)** Source: Docket No. R2006-1, USPS-T-7 (Thress), Table 16; or, USPS LR-K-64

1/ FCM Marginal Revenue: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 4, Line (9)

2/ FCM Marginal Cost: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 10, Line (8)

[1]	After Rates Volume (Actual) [2]	Net USPS Benefit [3]	Total Mailer Discounts [4]	Before Rates Volume [5]	Vol. Guarantee Penalty [6]	Discount [7]	% Change in Discount [8]	FCM Marginal Revenue [9]
490	490,000,000	$ -	$ -	490,000,000	$ -	-	-	0.346
491	491,000,000	$ 1,825,678	$ (215,000)	475,530,612	$ 250,000	0.035	(0.10)	0.311
492	492,000,000	$ 1,793,959	$ (180,000)	476,499,106	$ 250,000	0.035	(0.10)	0.311
493	493,000,000	$ 1,762,239	$ (145,000)	477,467,600	$ 250,000	0.035	(0.10)	0.311
494	494,000,000	$ 1,730,520	$ (110,000)	478,436,094	$ 250,000	0.035	(0.10)	0.311
495	495,000,000	$ 1,698,800	$ (75,000)	479,404,589	$ 250,000	0.035	(0.10)	0.311
496	496,000,000	$ 1,667,080	$ (40,000)	480,373,083	$ 250,000	0.035	(0.10)	0.311
497	497,000,000	$ 1,635,361	$ (5,000)	481,341,577	$ 250,000	0.035	(0.10)	0.311
498	498,000,000	$ 1,603,641	$ 30,000	482,310,071	$ 250,000	0.035	(0.10)	0.311
499	499,000,000	$ 1,571,922	$ 65,000	483,278,565	$ 250,000	0.035	(0.10)	0.311
500	500,000,000	$ 1,290,202	$ 350,000	484,247,059	$ -	0.035	(0.10)	0.311
501	501,000,000	$ 1,258,482	$ 385,000	485,215,553	$ -	0.035	(0.10)	0.311
502	502,000,000	$ 1,226,763	$ 420,000	486,184,047	$ -	0.035	(0.10)	0.311
503	503,000,000	$ 1,195,043	$ 455,000	487,152,542	$ -	0.035	(0.10)	0.311
504	504,000,000	$ 1,163,324	$ 490,000	488,121,036	$ -	0.035	(0.10)	0.311
505	505,000,000	$ 1,131,604	$ 525,000	489,089,530	$ -	0.035	(0.10)	0.311
506	506,000,000	$ 1,371,074	$ 565,000	487,405,430	$ -	0.040	(0.12)	0.306
507	507,000,000	$ 1,334,900	$ 605,000	488,368,681	$ -	0.040	(0.12)	0.306
508	508,000,000	$ 1,298,726	$ 645,000	489,331,933	$ -	0.040	(0.12)	0.306
509	509,000,000	$ 1,262,552	$ 685,000	490,295,185	$ -	0.040	(0.12)	0.306
510	510,000,000	$ 1,226,378	$ 725,000	491,258,437	$ -	0.040	(0.12)	0.306
511	511,000,000	$ 1,190,205	$ 765,000	492,221,689	$ -	0.040	(0.12)	0.306
512	512,000,000	$ 1,154,031	$ 805,000	493,184,941	$ -	0.040	(0.12)	0.306
513	513,000,000	$ 1,117,857	$ 845,000	494,148,192	$ -	0.040	(0.12)	0.306
514	514,000,000	$ 1,081,683	$ 885,000	495,111,444	$ -	0.040	(0.12)	0.306
515	515,000,000	$ 1,045,510	$ 925,000	496,074,696	$ -	0.040	(0.12)	0.306
516	516,000,000	$ 1,009,336	$ 965,000	497,037,948	$ -	0.040	(0.12)	0.306
517	517,000,000	$ 973,162	$ 1,005,000	498,001,200	$ -	0.040	(0.12)	0.306
518	518,000,000	$ 936,988	$ 1,045,000	498,964,452	$ -	0.040	(0.12)	0.306
519	519,000,000	$ 900,815	$ 1,085,000	499,927,703	$ -	0.040	(0.12)	0.306
520	520,000,000	$ 864,641	$ 1,125,000	500,890,955	$ -	0.040	(0.12)	0.306
521	521,000,000	$ 1,120,741	$ 1,170,000	498,999,111	$ -	0.045	(0.13)	0.301
522	522,000,000	$ 1,080,138	$ 1,215,000	499,956,882	$ -	0.045	(0.13)	0.301
523	523,000,000	$ 1,039,534	$ 1,260,000	500,914,654	$ -	0.045	(0.13)	0.301
524	524,000,000	$ 998,931	$ 1,305,000	501,872,426	$ -	0.045	(0.13)	0.301
525	525,000,000	$ 958,328	$ 1,350,000	502,830,198	$ -	0.045	(0.13)	0.301
526	526,000,000	$ 917,725	$ 1,395,000	503,787,970	$ -	0.045	(0.13)	0.301
527	527,000,000	$ 877,122	$ 1,440,000	504,745,741	$ -	0.045	(0.13)	0.301
528	528,000,000	$ 836,518	$ 1,485,000	505,703,513	$ -	0.045	(0.13)	0.301
529	529,000,000	$ 795,915	$ 1,530,000	506,661,285	$ -	0.045	(0.13)	0.301

530	530,000,000	$	755,312	$	1,575,000	507,619,057	$	-	0.045	(0.13)	0.301
531	531,000,000	$	714,709	$	1,620,000	508,576,829	$	-	0.045	(0.13)	0.301
532	532,000,000	$	674,106	$	1,665,000	509,534,600	$	-	0.045	(0.13)	0.301
533	533,000,000	$	633,502	$	1,710,000	510,492,372	$	-	0.045	(0.13)	0.301
534	534,000,000	$	592,899	$	1,755,000	511,450,144	$	-	0.045	(0.13)	0.301
535	535,000,000	$	552,296	$	1,800,000	512,407,916	$	-	0.045	(0.13)	0.301
536	536,000,000	$	511,693	$	1,845,000	513,365,688	$	-	0.045	(0.13)	0.301
537	537,000,000	$	471,090	$	1,890,000	514,323,460	$	-	0.045	(0.13)	0.301
538	538,000,000	$	430,487	$	1,935,000	515,281,231	$	-	0.045	(0.13)	0.301
539	539,000,000	$	389,883	$	1,980,000	516,239,003	$	-	0.045	(0.13)	0.301
540	540,000,000	$	349,280	$	2,025,000	517,196,775	$	-	0.045	(0.13)	0.301
541	541,000,000	$	308,677	$	2,070,000	518,154,547	$	-	0.045	(0.13)	0.301
542	542,000,000	$	268,074	$	2,115,000	519,112,319	$	-	0.045	(0.13)	0.301
543	543,000,000	$	227,471	$	2,160,000	520,070,090	$	-	0.045	(0.13)	0.301
544	544,000,000	$	186,867	$	2,205,000	521,027,862	$	-	0.045	(0.13)	0.301
545	545,000,000	$	146,264	$	2,250,000	521,985,634	$	-	0.045	(0.13)	0.301
546	546,000,000	$	105,661	$	2,295,000	522,943,406	$	-	0.045	(0.13)	0.301
547	547,000,000	$	65,058	$	2,340,000	523,901,178	$	-	0.045	(0.13)	0.301
548	548,000,000	$	24,455	$	2,385,000	524,858,949	$	-	0.045	(0.13)	0.301
549	549,000,000	$	(16,148)	$	2,430,000	525,816,721	$	-	0.045	(0.13)	0.301
550	550,000,000	$	(56,752)	$	2,475,000	526,774,493	$	-	0.045	(0.13)	0.301
551	551,000,000	$	(97,355)	$	2,520,000	527,732,265	$	-	0.045	(0.13)	0.301
552	552,000,000	$	(137,958)	$	2,565,000	528,690,037	$	-	0.045	(0.13)	0.301
553	553,000,000	$	(178,561)	$	2,610,000	529,647,808	$	-	0.045	(0.13)	0.301
554	554,000,000	$	(219,164)	$	2,655,000	530,605,580	$	-	0.045	(0.13)	0.301
555	555,000,000	$	(259,768)	$	2,700,000	531,563,352	$	-	0.045	(0.13)	0.301
556	556,000,000	$	(300,371)	$	2,745,000	532,521,124	$	-	0.045	(0.13)	0.301
557	557,000,000	$	(340,974)	$	2,790,000	533,478,896	$	-	0.045	(0.13)	0.301
558	558,000,000	$	(381,577)	$	2,835,000	534,436,667	$	-	0.045	(0.13)	0.301
559	559,000,000	$	(422,180)	$	2,880,000	535,394,439	$	-	0.045	(0.13)	0.301
560	560,000,000	$	(462,784)	$	2,925,000	536,352,211	$	-	0.045	(0.13)	0.301
561	561,000,000	$	(172,991)	$	2,975,000	534,088,755	$	-	0.050	(0.14)	0.296
562	562,000,000	$	(217,997)	$	3,025,000	535,040,785	$	-	0.050	(0.14)	0.296
563	563,000,000	$	(263,002)	$	3,075,000	535,992,815	$	-	0.050	(0.14)	0.296
564	564,000,000	$	(308,007)	$	3,125,000	536,944,845	$	-	0.050	(0.14)	0.296
565	565,000,000	$	(353,013)	$	3,175,000	537,896,875	$	-	0.050	(0.14)	0.296
566	566,000,000	$	(398,018)	$	3,225,000	538,848,904	$	-	0.050	(0.14)	0.296
567	567,000,000	$	(443,023)	$	3,275,000	539,800,934	$	-	0.050	(0.14)	0.296
568	568,000,000	$	(488,029)	$	3,325,000	540,752,964	$	-	0.050	(0.14)	0.296
569	569,000,000	$	(533,034)	$	3,375,000	541,704,994	$	-	0.050	(0.14)	0.296
570	570,000,000	$	(578,039)	$	3,425,000	542,657,024	$	-	0.050	(0.14)	0.296
571	571,000,000	$	(623,045)	$	3,475,000	543,609,054	$	-	0.050	(0.14)	0.296
572	572,000,000	$	(668,050)	$	3,525,000	544,561,084	$	-	0.050	(0.14)	0.296
573	573,000,000	$	(713,055)	$	3,575,000	545,513,114	$	-	0.050	(0.14)	0.296
574	574,000,000	$	(758,061)	$	3,625,000	546,465,143	$	-	0.050	(0.14)	0.296
575	575,000,000	$	(803,066)	$	3,675,000	547,417,173	$	-	0.050	(0.14)	0.296
576	576,000,000	$	(848,071)	$	3,725,000	548,369,203	$	-	0.050	(0.14)	0.296
577	577,000,000	$	(893,077)	$	3,775,000	549,321,233	$	-	0.050	(0.14)	0.296
578	578,000,000	$	(938,082)	$	3,825,000	550,273,263	$	-	0.050	(0.14)	0.296
579	579,000,000	$	(983,087)	$	3,875,000	551,225,293	$	-	0.050	(0.14)	0.296
580	580,000,000	$	(1,028,093)	$	3,925,000	552,177,323	$	-	0.050	(0.14)	0.296
581	581,000,000	$	(1,073,098)	$	3,975,000	553,129,352	$	-	0.050	(0.14)	0.296
582	582,000,000	$	(1,118,103)	$	4,025,000	554,081,382	$	-	0.050	(0.14)	0.296
583	583,000,000	$	(1,163,109)	$	4,075,000	555,033,412	$	-	0.050	(0.14)	0.296
584	584,000,000	$	(1,208,114)	$	4,125,000	555,985,442	$	-	0.050	(0.14)	0.296
585	585,000,000	$	(1,253,119)	$	4,175,000	556,937,472	$	-	0.050	(0.14)	0.296
586	586,000,000	$	(1,298,125)	$	4,225,000	557,889,502	$	-	0.050	(0.14)	0.296
587	587,000,000	$	(1,343,130)	$	4,275,000	558,841,532	$	-	0.050	(0.14)	0.296

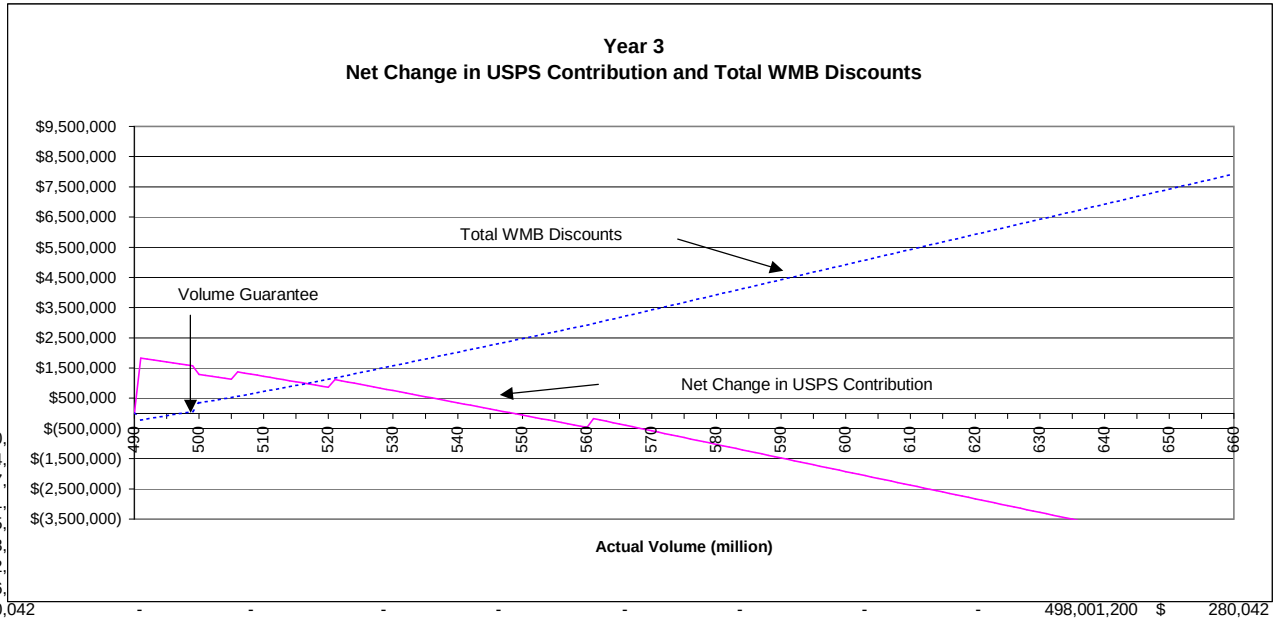
588	588,000,000	$	(1,388,135)	$	4,325,000	559,793,562	$	-	0.050	(0.14)	0.296
589	589,000,000	$	(1,433,141)	$	4,375,000	560,745,591	$	-	0.050	(0.14)	0.296
590	590,000,000	$	(1,478,146)	$	4,425,000	561,697,621	$	-	0.050	(0.14)	0.296
591	591,000,000	$	(1,523,151)	$	4,475,000	562,649,651	$	-	0.050	(0.14)	0.296
592	592,000,000	$	(1,568,157)	$	4,525,000	563,601,681	$	-	0.050	(0.14)	0.296
593	593,000,000	$	(1,613,162)	$	4,575,000	564,553,711	$	-	0.050	(0.14)	0.296
594	594,000,000	$	(1,658,167)	$	4,625,000	565,505,741	$	-	0.050	(0.14)	0.296
595	595,000,000	$	(1,703,173)	$	4,675,000	566,457,771	$	-	0.050	(0.14)	0.296
596	596,000,000	$	(1,748,178)	$	4,725,000	567,409,800	$	-	0.050	(0.14)	0.296
597	597,000,000	$	(1,793,183)	$	4,775,000	568,361,830	$	-	0.050	(0.14)	0.296
598	598,000,000	$	(1,838,189)	$	4,825,000	569,313,860	$	-	0.050	(0.14)	0.296
599	599,000,000	$	(1,883,194)	$	4,875,000	570,265,890	$	-	0.050	(0.14)	0.296
600	600,000,000	$	(1,928,199)	$	4,925,000	571,217,920	$	-	0.050	(0.14)	0.296
601	601,000,000	$	(1,973,205)	$	4,975,000	572,169,950	$	-	0.050	(0.14)	0.296
602	602,000,000	$	(2,018,210)	$	5,025,000	573,121,980	$	-	0.050	(0.14)	0.296
603	603,000,000	$	(2,063,215)	$	5,075,000	574,074,010	$	-	0.050	(0.14)	0.296
604	604,000,000	$	(2,108,221)	$	5,125,000	575,026,039	$	-	0.050	(0.14)	0.296
605	605,000,000	$	(2,153,226)	$	5,175,000	575,978,069	$	-	0.050	(0.14)	0.296
606	606,000,000	$	(2,198,231)	$	5,225,000	576,930,099	$	-	0.050	(0.14)	0.296
607	607,000,000	$	(2,243,237)	$	5,275,000	577,882,129	$	-	0.050	(0.14)	0.296
608	608,000,000	$	(2,288,242)	$	5,325,000	578,834,159	$	-	0.050	(0.14)	0.296
609	609,000,000	$	(2,333,247)	$	5,375,000	579,786,189	$	-	0.050	(0.14)	0.296
610	610,000,000	$	(2,378,253)	$	5,425,000	580,738,219	$	-	0.050	(0.14)	0.296
611	611,000,000	$	(2,423,258)	$	5,475,000	581,690,248	$	-	0.050	(0.14)	0.296
612	612,000,000	$	(2,468,263)	$	5,525,000	582,642,278	$	-	0.050	(0.14)	0.296
613	613,000,000	$	(2,513,269)	$	5,575,000	583,594,308	$	-	0.050	(0.14)	0.296
614	614,000,000	$	(2,558,274)	$	5,625,000	584,546,338	$	-	0.050	(0.14)	0.296
615	615,000,000	$	(2,603,279)	$	5,675,000	585,498,368	$	-	0.050	(0.14)	0.296
616	616,000,000	$	(2,648,285)	$	5,725,000	586,450,398	$	-	0.050	(0.14)	0.296
617	617,000,000	$	(2,693,290)	$	5,775,000	587,402,428	$	-	0.050	(0.14)	0.296
618	618,000,000	$	(2,738,295)	$	5,825,000	588,354,458	$	-	0.050	(0.14)	0.296
619	619,000,000	$	(2,783,301)	$	5,875,000	589,306,487	$	-	0.050	(0.14)	0.296
620	620,000,000	$	(2,828,306)	$	5,925,000	590,258,517	$	-	0.050	(0.14)	0.296
621	621,000,000	$	(2,873,311)	$	5,975,000	591,210,547	$	-	0.050	(0.14)	0.296
622	622,000,000	$	(2,918,317)	$	6,025,000	592,162,577	$	-	0.050	(0.14)	0.296
623	623,000,000	$	(2,963,322)	$	6,075,000	593,114,607	$	-	0.050	(0.14)	0.296
624	624,000,000	$	(3,008,327)	$	6,125,000	594,066,637	$	-	0.050	(0.14)	0.296
625	625,000,000	$	(3,053,333)	$	6,175,000	595,018,667	$	-	0.050	(0.14)	0.296
626	626,000,000	$	(3,098,338)	$	6,225,000	595,970,696	$	-	0.050	(0.14)	0.296
627	627,000,000	$	(3,143,343)	$	6,275,000	596,922,726	$	-	0.050	(0.14)	0.296
628	628,000,000	$	(3,188,349)	$	6,325,000	597,874,756	$	-	0.050	(0.14)	0.296
629	629,000,000	$	(3,233,354)	$	6,375,000	598,826,786	$	-	0.050	(0.14)	0.296
630	630,000,000	$	(3,278,359)	$	6,425,000	599,778,816	$	-	0.050	(0.14)	0.296
631	631,000,000	$	(3,323,365)	$	6,475,000	600,730,846	$	-	0.050	(0.14)	0.296
632	632,000,000	$	(3,368,370)	$	6,525,000	601,682,876	$	-	0.050	(0.14)	0.296
633	633,000,000	$	(3,413,375)	$	6,575,000	602,634,906	$	-	0.050	(0.14)	0.296
634	634,000,000	$	(3,458,381)	$	6,625,000	603,586,935	$	-	0.050	(0.14)	0.296
635	635,000,000	$	(3,503,386)	$	6,675,000	604,538,965	$	-	0.050	(0.14)	0.296
636	636,000,000	$	(3,548,391)	$	6,725,000	605,490,995	$	-	0.050	(0.14)	0.296
637	637,000,000	$	(3,593,397)	$	6,775,000	606,443,025	$	-	0.050	(0.14)	0.296
638	638,000,000	$	(3,638,402)	$	6,825,000	607,395,055	$	-	0.050	(0.14)	0.296
639	639,000,000	$	(3,683,407)	$	6,875,000	608,347,085	$	-	0.050	(0.14)	0.296
640	640,000,000	$	(3,728,413)	$	6,925,000	609,299,115	$	-	0.050	(0.14)	0.296
641	641,000,000	$	(3,773,418)	$	6,975,000	610,251,144	$	-	0.050	(0.14)	0.296
642	642,000,000	$	(3,818,423)	$	7,025,000	611,203,174	$	-	0.050	(0.14)	0.296
643	643,000,000	$	(3,863,429)	$	7,075,000	612,155,204	$	-	0.050	(0.14)	0.296
644	644,000,000	$	(3,908,434)	$	7,125,000	613,107,234	$	-	0.050	(0.14)	0.296
645	645,000,000	$	(3,953,439)	$	7,175,000	614,059,264	$	-	0.050	(0.14)	0.296

646	646,000,000	$	(3,998,445)	$	7,225,000	615,011,294	$	-	0.050	(0.14)	0.296
647	647,000,000	$	(4,043,450)	$	7,275,000	615,963,324	$	-	0.050	(0.14)	0.296
648	648,000,000	$	(4,088,455)	$	7,325,000	616,915,354	$	-	0.050	(0.14)	0.296
649	649,000,000	$	(4,133,461)	$	7,375,000	617,867,383	$	-	0.050	(0.14)	0.296
650	650,000,000	$	(4,178,466)	$	7,425,000	618,819,413	$	-	0.050	(0.14)	0.296
651	651,000,000	$	(4,223,471)	$	7,475,000	619,771,443	$	-	0.050	(0.14)	0.296
652	652,000,000	$	(4,268,477)	$	7,525,000	620,723,473	$	-	0.050	(0.14)	0.296
653	653,000,000	$	(4,313,482)	$	7,575,000	621,675,503	$	-	0.050	(0.14)	0.296
654	654,000,000	$	(4,358,487)	$	7,625,000	622,627,533	$	-	0.050	(0.14)	0.296
655	655,000,000	$	(4,403,492)	$	7,675,000	623,579,563	$	-	0.050	(0.14)	0.296
656	656,000,000	$	(4,448,498)	$	7,725,000	624,531,592	$	-	0.050	(0.14)	0.296
657	657,000,000	$	(4,493,503)	$	7,775,000	625,483,622	$	-	0.050	(0.14)	0.296
658	658,000,000	$	(4,538,508)	$	7,825,000	626,435,652	$	-	0.050	(0.14)	0.296
659	659,000,000	$	(4,583,514)	$	7,875,000	627,387,682	$	-	0.050	(0.14)	0.296
660	660,000,000	$	(4,628,519)	$	7,925,000	628,339,712	$	-	0.050	(0.14)	0.296

Year 3: Std Mail Marginal			Net	
Revenue 3/	Cost 4/	Contribution	Contribution	
$ 0.206	$ 0.080	$ 0.126	$ 0.104	
$ 0.206	$ 0.080	$ 0.126	$ 0.069	
$ 0.206	$ 0.080	$ 0.126	$ 0.064	15,000,000
$ 0.206	$ 0.080	$ 0.126	$ 0.059	15,000,000
$ 0.206	$ 0.080	$ 0.126	$ 0.054	40,000,000
$ 0.206	$ 0.080	$ 0.126	$ 0.054	99,999,999

3/ Std Mail Marginal Revenue: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 8, Line (6)
4/ Std Mail Marginal Cost: USPS-T-1 (Ayub), Appendix A (REV 6-7-06), Page 10, Line (12)

Leakage (BR Volume)													
No Disc		Tier 1		Tier 2		Tier 3		Tier 4		Tier 5		Total	
Volume [10]	Disc [11]	Volume [12]	Disc [13]	Volume [14]	Disc [15]	Volume [16]	Disc [17]	Volume [18]	Disc [19]	Volume [20]	Disc [21]	Volume [22]	Disc [23]
490,000,000	-	-											
475,530,612	-	-											
476,499,106	-	-											
477,467,600	-	-											
478,436,094	-	-											
479,404,589	-	-											
480,373,083	-	-											
481,341,577	-	-											
482,310,071	-	-											
483,278,565	-	-											
484,247,059	-	-											
485,215,553	-	-											
486,184,047	-	-											
487,152,542	-	-											
488,121,036	-	-											
489,089,530	-	-											
487,405,430	-	-											
488,368,681	-	-											
489,331,933	-	-											
490,000,000	-	295,185	10,										
490,000,000	-	1,258,437	44,										
490,000,000	-	2,221,689	77,										
490,000,000	-	3,184,941	111,										
490,000,000	-	4,148,192	145,										
490,000,000	-	5,111,444	178,										
490,000,000	-	6,074,696	212,										
490,000,000	-	7,037,948	246,										
490,000,000	-	8,001,200	280,042	-	-	-	-	-	-	-	-	498,001,200	$ 280,042
490,000,000	-	8,964,452	313,756	-	-	-	-	-	-	-	-	498,964,452	$ 313,756
490,000,000	-	9,927,703	347,470	-	-	-	-	-	-	-	-	499,927,703	$ 347,470
490,000,000	-	10,890,955	381,183	-	-	-	-	-	-	-	-	500,890,955	$ 381,183
490,000,000	-	8,999,111	314,969	-	-	-	-	-	-	-	-	498,999,111	$ 314,969
490,000,000	-	9,956,882	348,491	-	-	-	-	-	-	-	-	499,956,882	$ 348,491
490,000,000	-	10,914,654	382,013	-	-	-	-	-	-	-	-	500,914,654	$ 382,013
490,000,000	-	11,872,426	415,535	-	-	-	-	-	-	-	-	501,872,426	$ 415,535
490,000,000	-	12,830,198	449,057	-	-	-	-	-	-	-	-	502,830,198	$ 449,057
490,000,000	-	13,787,970	482,579	-	-	-	-	-	-	-	-	503,787,970	$ 482,579
490,000,000	-	14,745,741	516,101	-	-	-	-	-	-	-	-	504,745,741	$ 516,101
490,000,000	-	15,000,000	525,000	703,513	28,141	-	-	-	-	-	-	505,703,513	$ 553,141
490,000,000	-	15,000,000	525,000	1,661,285	66,451	-	-	-	-	-	-	506,661,285	$ 591,451



490,000,000	-	15,000,000	525,000	2,619,057	104,762	-	-	-	-	-	-	507,619,057	$ 629,762
490,000,000	-	15,000,000	525,000	3,576,829	143,073	-	-	-	-	-	-	508,576,829	$ 668,073
490,000,000	-	15,000,000	525,000	4,534,600	181,384	-	-	-	-	-	-	509,534,600	$ 706,384
490,000,000	-	15,000,000	525,000	5,492,372	219,695	-	-	-	-	-	-	510,492,372	$ 744,695
490,000,000	-	15,000,000	525,000	6,450,144	258,006	-	-	-	-	-	-	511,450,144	$ 783,006
490,000,000	-	15,000,000	525,000	7,407,916	296,317	-	-	-	-	-	-	512,407,916	$ 821,317
490,000,000	-	15,000,000	525,000	8,365,688	334,628	-	-	-	-	-	-	513,365,688	$ 859,628
490,000,000	-	15,000,000	525,000	9,323,460	372,938	-	-	-	-	-	-	514,323,460	$ 897,938
490,000,000	-	15,000,000	525,000	10,281,231	411,249	-	-	-	-	-	-	515,281,231	$ 936,249
490,000,000	-	15,000,000	525,000	11,239,003	449,560	-	-	-	-	-	-	516,239,003	$ 974,560
490,000,000	-	15,000,000	525,000	12,196,775	487,871	-	-	-	-	-	-	517,196,775	$ 1,012,871
490,000,000	-	15,000,000	525,000	13,154,547	526,182	-	-	-	-	-	-	518,154,547	$ 1,051,182
490,000,000	-	15,000,000	525,000	14,112,319	564,493	-	-	-	-	-	-	519,112,319	$ 1,089,493
490,000,000	-	15,000,000	525,000	15,000,000	600,000	70,090	3,154	-	-	-	-	520,070,090	$ 1,128,154
490,000,000	-	15,000,000	525,000	15,000,000	600,000	1,027,862	46,254	-	-	-	-	521,027,862	$ 1,171,254
490,000,000	-	15,000,000	525,000	15,000,000	600,000	1,985,634	89,354	-	-	-	-	521,985,634	$ 1,214,354
490,000,000	-	15,000,000	525,000	15,000,000	600,000	2,943,406	132,453	-	-	-	-	522,943,406	$ 1,257,453
490,000,000	-	15,000,000	525,000	15,000,000	600,000	3,901,178	175,553	-	-	-	-	523,901,178	$ 1,300,553
490,000,000	-	15,000,000	525,000	15,000,000	600,000	4,858,949	218,653	-	-	-	-	524,858,949	$ 1,343,653
490,000,000	-	15,000,000	525,000	15,000,000	600,000	5,816,721	261,752	-	-	-	-	525,816,721	$ 1,386,752
490,000,000	-	15,000,000	525,000	15,000,000	600,000	6,774,493	304,852	-	-	-	-	526,774,493	$ 1,429,852
490,000,000	-	15,000,000	525,000	15,000,000	600,000	7,732,265	347,952	-	-	-	-	527,732,265	$ 1,472,952
490,000,000	-	15,000,000	525,000	15,000,000	600,000	8,690,037	391,052	-	-	-	-	528,690,037	$ 1,516,052
490,000,000	-	15,000,000	525,000	15,000,000	600,000	9,647,808	434,151	-	-	-	-	529,647,808	$ 1,559,151
490,000,000	-	15,000,000	525,000	15,000,000	600,000	10,605,580	477,251	-	-	-	-	530,605,580	$ 1,602,251
490,000,000	-	15,000,000	525,000	15,000,000	600,000	11,563,352	520,351	-	-	-	-	531,563,352	$ 1,645,351
490,000,000	-	15,000,000	525,000	15,000,000	600,000	12,521,124	563,451	-	-	-	-	532,521,124	$ 1,688,451
490,000,000	-	15,000,000	525,000	15,000,000	600,000	13,478,896	606,550	-	-	-	-	533,478,896	$ 1,731,550
490,000,000	-	15,000,000	525,000	15,000,000	600,000	14,436,667	649,650	-	-	-	-	534,436,667	$ 1,774,650
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,394,439	692,750	-	-	-	-	535,394,439	$ 1,817,750
490,000,000	-	15,000,000	525,000	15,000,000	600,000	16,352,211	735,849	-	-	-	-	536,352,211	$ 1,860,849
490,000,000	-	15,000,000	525,000	15,000,000	600,000	14,088,755	633,994	-	-	-	-	534,088,755	$ 1,758,994
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,040,785	676,835	-	-	-	-	535,040,785	$ 1,801,835
490,000,000	-	15,000,000	525,000	15,000,000	600,000	15,992,815	719,677	-	-	-	-	535,992,815	$ 1,844,677
490,000,000	-	15,000,000	525,000	15,000,000	600,000	16,944,845	762,518	-	-	-	-	536,944,845	$ 1,887,518
490,000,000	-	15,000,000	525,000	15,000,000	600,000	17,896,875	805,359	-	-	-	-	537,896,875	$ 1,930,359
490,000,000	-	15,000,000	525,000	15,000,000	600,000	18,848,904	848,201	-	-	-	-	538,848,904	$ 1,973,201
490,000,000	-	15,000,000	525,000	15,000,000	600,000	19,800,934	891,042	-	-	-	-	539,800,934	$ 2,016,042
490,000,000	-	15,000,000	525,000	15,000,000	600,000	20,752,964	933,883	-	-	-	-	540,752,964	$ 2,058,883
490,000,000	-	15,000,000	525,000	15,000,000	600,000	21,704,994	976,725	-	-	-	-	541,704,994	$ 2,101,725
490,000,000	-	15,000,000	525,000	15,000,000	600,000	22,657,024	1,019,566	-	-	-	-	542,657,024	$ 2,144,566
490,000,000	-	15,000,000	525,000	15,000,000	600,000	23,609,054	1,062,407	-	-	-	-	543,609,054	$ 2,187,407
490,000,000	-	15,000,000	525,000	15,000,000	600,000	24,561,084	1,105,249	-	-	-	-	544,561,084	$ 2,230,249
490,000,000	-	15,000,000	525,000	15,000,000	600,000	25,513,114	1,148,090	-	-	-	-	545,513,114	$ 2,273,090
490,000,000	-	15,000,000	525,000	15,000,000	600,000	26,465,143	1,190,931	-	-	-	-	546,465,143	$ 2,315,931
490,000,000	-	15,000,000	525,000	15,000,000	600,000	27,417,173	1,233,773	-	-	-	-	547,417,173	$ 2,358,773
490,000,000	-	15,000,000	525,000	15,000,000	600,000	28,369,203	1,276,614	-	-	-	-	548,369,203	$ 2,401,614
490,000,000	-	15,000,000	525,000	15,000,000	600,000	29,321,233	1,319,455	-	-	-	-	549,321,233	$ 2,444,455
490,000,000	-	15,000,000	525,000	15,000,000	600,000	30,273,263	1,362,297	-	-	-	-	550,273,263	$ 2,487,297
490,000,000	-	15,000,000	525,000	15,000,000	600,000	31,225,293	1,405,138	-	-	-	-	551,225,293	$ 2,530,138
490,000,000	-	15,000,000	525,000	15,000,000	600,000	32,177,323	1,447,980	-	-	-	-	552,177,323	$ 2,572,980
490,000,000	-	15,000,000	525,000	15,000,000	600,000	33,129,352	1,490,821	-	-	-	-	553,129,352	$ 2,615,821
490,000,000	-	15,000,000	525,000	15,000,000	600,000	34,081,382	1,533,662	-	-	-	-	554,081,382	$ 2,658,662
490,000,000	-	15,000,000	525,000	15,000,000	600,000	35,033,412	1,576,504	-	-	-	-	555,033,412	$ 2,701,504
490,000,000	-	15,000,000	525,000	15,000,000	600,000	35,985,442	1,619,345	-	-	-	-	555,985,442	$ 2,744,345
490,000,000	-	15,000,000	525,000	15,000,000	600,000	36,937,472	1,662,186	-	-	-	-	556,937,472	$ 2,787,186
490,000,000	-	15,000,000	525,000	15,000,000	600,000	37,889,502	1,705,028	-	-	-	-	557,889,502	$ 2,830,028
490,000,000	-	15,000,000	525,000	15,000,000	600,000	38,841,532	1,747,869	-	-	-	-	558,841,532	$ 2,872,869

490,000,000	-	15,000,000	525,000	15,000,000	600,000	39,793,562	1,790,710	-	-	-	-	559,793,562	$	2,915,710
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	745,591	37,280	-	-	560,745,591	$	2,962,280
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	1,697,621	84,881	-	-	561,697,621	$	3,009,881
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	2,649,651	132,483	-	-	562,649,651	$	3,057,483
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	3,601,681	180,084	-	-	563,601,681	$	3,105,084
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	4,553,711	227,686	-	-	564,553,711	$	3,152,686
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	5,505,741	275,287	-	-	565,505,741	$	3,200,287
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	6,457,771	322,889	-	-	566,457,771	$	3,247,889
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	7,409,800	370,490	-	-	567,409,800	$	3,295,490
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	8,361,830	418,092	-	-	568,361,830	$	3,343,092
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	9,313,860	465,693	-	-	569,313,860	$	3,390,693
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	10,265,890	513,295	-	-	570,265,890	$	3,438,295
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	11,217,920	560,896	-	-	571,217,920	$	3,485,896
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	12,169,950	608,497	-	-	572,169,950	$	3,533,497
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	13,121,980	656,099	-	-	573,121,980	$	3,581,099
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	14,074,010	703,700	-	-	574,074,010	$	3,628,700
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	15,026,039	751,302	-	-	575,026,039	$	3,676,302
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	15,978,069	798,903	-	-	575,978,069	$	3,723,903
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	16,930,099	846,505	-	-	576,930,099	$	3,771,505
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	17,882,129	894,106	-	-	577,882,129	$	3,819,106
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	18,834,159	941,708	-	-	578,834,159	$	3,866,708
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	19,786,189	989,309	-	-	579,786,189	$	3,914,309
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	20,738,219	1,036,911	-	-	580,738,219	$	3,961,911
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	21,690,248	1,084,512	-	-	581,690,248	$	4,009,512
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	22,642,278	1,132,114	-	-	582,642,278	$	4,057,114
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	23,594,308	1,179,715	-	-	583,594,308	$	4,104,715
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	24,546,338	1,227,317	-	-	584,546,338	$	4,152,317
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	25,498,368	1,274,918	-	-	585,498,368	$	4,199,918
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	26,450,398	1,322,520	-	-	586,450,398	$	4,247,520
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	27,402,428	1,370,121	-	-	587,402,428	$	4,295,121
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	28,354,458	1,417,723	-	-	588,354,458	$	4,342,723
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	29,306,487	1,465,324	-	-	589,306,487	$	4,390,324
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	30,258,517	1,512,926	-	-	590,258,517	$	4,437,926
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	31,210,547	1,560,527	-	-	591,210,547	$	4,485,527
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	32,162,577	1,608,129	-	-	592,162,577	$	4,533,129
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	33,114,607	1,655,730	-	-	593,114,607	$	4,580,730
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	34,066,637	1,703,332	-	-	594,066,637	$	4,628,332
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	35,018,667	1,750,933	-	-	595,018,667	$	4,675,933
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	35,970,696	1,798,535	-	-	595,970,696	$	4,723,535
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	36,922,726	1,846,136	-	-	596,922,726	$	4,771,136
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	37,874,756	1,893,738	-	-	597,874,756	$	4,818,738
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	38,826,786	1,941,339	-	-	598,826,786	$	4,866,339
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	39,778,816	1,988,941	-	-	599,778,816	$	4,913,941
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	40,730,846	2,036,542	-	-	600,730,846	$	4,961,542
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	41,682,876	2,084,144	-	-	601,682,876	$	5,009,144
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	42,634,906	2,131,745	-	-	602,634,906	$	5,056,745
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	43,586,935	2,179,347	-	-	603,586,935	$	5,104,347
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	44,538,965	2,226,948	-	-	604,538,965	$	5,151,948
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	45,490,995	2,274,550	-	-	605,490,995	$	5,199,550
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	46,443,025	2,322,151	-	-	606,443,025	$	5,247,151
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	47,395,055	2,369,753	-	-	607,395,055	$	5,294,753
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	48,347,085	2,417,354	-	-	608,347,085	$	5,342,354
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	49,299,115	2,464,956	-	-	609,299,115	$	5,389,956
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	50,251,144	2,512,557	-	-	610,251,144	$	5,437,557
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	51,203,174	2,560,159	-	-	611,203,174	$	5,485,159
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	52,155,204	2,607,760	-	-	612,155,204	$	5,532,760
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	53,107,234	2,655,362	-	-	613,107,234	$	5,580,362
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	54,059,264	2,702,963	-	-	614,059,264	$	5,627,963

490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	55,011,294	2,750,565	-	-	615,011,294	$	5,675,565
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	55,963,324	2,798,166	-	-	615,963,324	$	5,723,166
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	56,915,354	2,845,768	-	-	616,915,354	$	5,770,768
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	57,867,383	2,893,369	-	-	617,867,383	$	5,818,369
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	58,819,413	2,940,971	-	-	618,819,413	$	5,865,971
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	59,771,443	2,988,572	-	-	619,771,443	$	5,913,572
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	60,723,473	3,036,174	-	-	620,723,473	$	5,961,174
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	61,675,503	3,083,775	-	-	621,675,503	$	6,008,775
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	62,627,533	3,131,377	-	-	622,627,533	$	6,056,377
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	63,579,563	3,178,978	-	-	623,579,563	$	6,103,978
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	64,531,592	3,226,580	-	-	624,531,592	$	6,151,580
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	65,483,622	3,274,181	-	-	625,483,622	$	6,199,181
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	66,435,652	3,321,783	-	-	626,435,652	$	6,246,783
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	67,387,682	3,369,384	-	-	627,387,682	$	6,294,384
490,000,000	-	15,000,000	525,000	15,000,000	600,000	40,000,000	1,800,000	68,339,712	3,416,986	-	-	628,339,712	$	6,341,986

											New Contribution	
No Disc			Tier 1			Tier 2			Tier 3			
Volume [24]	Disc [25]	Contribution [26]	Volume [27]	Disc [28]	Contribution [29]	Volume [30]	Disc [31]	Contribution [32]	Volume [33]	Disc [34]	Contribution [35]	Volume [36]
-	-	-	-	-	-	-	-	-	-	-	-	-
14,469,388	-	1,506,558	1,000,000	35,000	69,120	-	-	-	-	-	-	-
13,500,894	-	1,405,718	2,000,000	70,000	138,241	-	-	-	-	-	-	-
12,532,400	-	1,304,878	3,000,000	105,000	207,361	-	-	-	-	-	-	-
11,563,906	-	1,204,038	4,000,000	140,000	276,481	-	-	-	-	-	-	-
10,595,411	-	1,103,198	5,000,000	175,000	345,602	-	-	-	-	-	-	-
9,626,917	-	1,002,358	6,000,000	210,000	414,722	-	-	-	-	-	-	-
8,658,423	-	901,518	7,000,000	245,000	483,843	-	-	-	-	-	-	-
7,689,929	-	800,678	8,000,000	280,000	552,963	-	-	-	-	-	-	-
6,721,435	-	699,838	9,000,000	315,000	622,083	-	-	-	-	-	-	-
5,752,941	-	598,998	10,000,000	350,000	691,204	-	-	-	-	-	-	-
4,784,447	-	498,158	11,000,000	385,000	760,324	-	-	-	-	-	-	-
3,815,953	-	397,318	12,000,000	420,000	829,444	-	-	-	-	-	-	-
2,847,458	-	296,478	13,000,000	455,000	898,565	-	-	-	-	-	-	-
1,878,964	-	195,638	14,000,000	490,000	967,685	-	-	-	-	-	-	-
910,470	-	94,798	15,000,000	525,000	1,036,806	-	-	-	-	-	-	-
2,594,570	-	270,148	15,000,000	525,000	1,036,806	1,000,000	40,000	64,120	-	-	-	-
1,631,319	-	169,853	15,000,000	525,000	1,036,806	2,000,000	80,000	128,241	-	-	-	-
668,067	-	69,559	15,000,000	525,000	1,036,806	3,000,000	120,000	192,361	-	-	-	-
-	-	-	14,704,815	514,669	1,016,402	4,000,000	160,000	256,481	-	-	-	-
-	-	-	13,741,563	480,955	949,822	5,000,000	200,000	320,602	-	-	-	-
-	-	-	12,778,311	447,241	883,242	6,000,000	240,000	384,722	-	-	-	-
-	-	-	11,815,059	413,527	816,661	7,000,000	280,000	448,843	-	-	-	-
-	-	-	10,851,808	379,813	750,081	8,000,000	320,000	512,963	-	-	-	-
-	-	-	9,888,556	346,099	683,501	9,000,000	360,000	577,083	-	-	-	-
-	-	-	8,925,304	312,386	616,920	10,000,000	400,000	641,204	-	-	-	-
-	-	-	7,962,052	278,672	550,340	11,000,000	440,000	705,324	-	-	-	-
-	-	-	6,998,800	244,958	483,760	12,000,000	480,000	769,444	-	-	-	-
-	-	-	6,035,548	211,244	417,179	13,000,000	520,000	833,565	-	-	-	-
-	-	-	5,072,297	177,530	350,599	14,000,000	560,000	897,685	-	-	-	-
-	-	-	4,109,045	143,817	284,019	15,000,000	600,000	961,806	-	-	-	-
-	-	-	6,000,889	210,031	414,784	15,000,000	600,000	961,806	1,000,000	45,000	59,120	-
-	-	-	5,043,118	176,509	348,582	15,000,000	600,000	961,806	2,000,000	90,000	118,241	-
-	-	-	4,085,346	142,987	282,381	15,000,000	600,000	961,806	3,000,000	135,000	177,361	-
-	-	-	3,127,574	109,465	216,179	15,000,000	600,000	961,806	4,000,000	180,000	236,481	-
-	-	-	2,169,802	75,943	149,978	15,000,000	600,000	961,806	5,000,000	225,000	295,602	-
-	-	-	1,212,030	42,421	83,776	15,000,000	600,000	961,806	6,000,000	270,000	354,722	-
-	-	-	254,259	8,899	17,574	15,000,000	600,000	961,806	7,000,000	315,000	413,843	-
-	-	-	-	-	-	14,296,487	571,859	916,696	8,000,000	360,000	472,963	-
-	-	-	-	-	-	13,338,715	533,549	855,283	9,000,000	405,000	532,083	-

-	-	-	-	-	-	12,380,943	495,238	793,871	10,000,000	450,000	591,204	-
-	-	-	-	-	-	11,423,171	456,927	732,458	11,000,000	495,000	650,324	-
-	-	-	-	-	-	10,465,400	418,616	671,045	12,000,000	540,000	709,444	-
-	-	-	-	-	-	9,507,628	380,305	609,633	13,000,000	585,000	768,565	-
-	-	-	-	-	-	8,549,856	341,994	548,220	14,000,000	630,000	827,685	-
-	-	-	-	-	-	7,592,084	303,683	486,807	15,000,000	675,000	886,806	-
-	-	-	-	-	-	6,634,312	265,372	425,395	16,000,000	720,000	945,926	-
-	-	-	-	-	-	5,676,540	227,062	363,982	17,000,000	765,000	1,005,046	-
-	-	-	-	-	-	4,718,769	188,751	302,569	18,000,000	810,000	1,064,167	-
-	-	-	-	-	-	3,760,997	150,440	241,157	19,000,000	855,000	1,123,287	-
-	-	-	-	-	-	2,803,225	112,129	179,744	20,000,000	900,000	1,182,407	-
-	-	-	-	-	-	1,845,453	73,818	118,331	21,000,000	945,000	1,241,528	-
-	-	-	-	-	-	887,681	35,507	56,918	22,000,000	990,000	1,300,648	-
-	-	-	-	-	-	-	-	-	22,929,910	1,031,846	1,355,625	-
-	-	-	-	-	-	-	-	-	22,972,138	1,033,746	1,358,121	-
-	-	-	-	-	-	-	-	-	23,014,366	1,035,646	1,360,618	-
-	-	-	-	-	-	-	-	-	23,056,594	1,037,547	1,363,114	-
-	-	-	-	-	-	-	-	-	23,098,822	1,039,447	1,365,611	-
-	-	-	-	-	-	-	-	-	23,141,051	1,041,347	1,368,107	-
-	-	-	-	-	-	-	-	-	23,183,279	1,043,248	1,370,604	-
-	-	-	-	-	-	-	-	-	23,225,507	1,045,148	1,373,101	-
-	-	-	-	-	-	-	-	-	23,267,735	1,047,048	1,375,597	-
-	-	-	-	-	-	-	-	-	23,309,963	1,048,948	1,378,094	-
-	-	-	-	-	-	-	-	-	23,352,192	1,050,849	1,380,590	-
-	-	-	-	-	-	-	-	-	23,394,420	1,052,749	1,383,087	-
-	-	-	-	-	-	-	-	-	23,436,648	1,054,649	1,385,583	-
-	-	-	-	-	-	-	-	-	23,478,876	1,056,549	1,388,080	-
-	-	-	-	-	-	-	-	-	23,521,104	1,058,450	1,390,576	-
-	-	-	-	-	-	-	-	-	23,563,333	1,060,350	1,393,073	-
-	-	-	-	-	-	-	-	-	23,605,561	1,062,250	1,395,569	-
-	-	-	-	-	-	-	-	-	23,647,789	1,064,151	1,398,066	-
-	-	-	-	-	-	-	-	-	25,911,245	1,166,006	1,531,882	1,000,000
-	-	-	-	-	-	-	-	-	24,959,215	1,123,165	1,475,598	2,000,000
-	-	-	-	-	-	-	-	-	24,007,185	1,080,323	1,419,314	3,000,000
-	-	-	-	-	-	-	-	-	23,055,155	1,037,482	1,363,029	4,000,000
-	-	-	-	-	-	-	-	-	22,103,125	994,641	1,306,745	5,000,000
-	-	-	-	-	-	-	-	-	21,151,096	951,799	1,250,461	6,000,000
-	-	-	-	-	-	-	-	-	20,199,066	908,958	1,194,176	7,000,000
-	-	-	-	-	-	-	-	-	19,247,036	866,117	1,137,892	8,000,000
-	-	-	-	-	-	-	-	-	18,295,006	823,275	1,081,607	9,000,000
-	-	-	-	-	-	-	-	-	17,342,976	780,434	1,025,323	10,000,000
-	-	-	-	-	-	-	-	-	16,390,946	737,593	969,039	11,000,000
-	-	-	-	-	-	-	-	-	15,438,916	694,751	912,754	12,000,000
-	-	-	-	-	-	-	-	-	14,486,886	651,910	856,470	13,000,000
-	-	-	-	-	-	-	-	-	13,534,857	609,069	800,186	14,000,000
-	-	-	-	-	-	-	-	-	12,582,827	566,227	743,901	15,000,000
-	-	-	-	-	-	-	-	-	11,630,797	523,386	687,617	16,000,000
-	-	-	-	-	-	-	-	-	10,678,767	480,545	631,333	17,000,000
-	-	-	-	-	-	-	-	-	9,726,737	437,703	575,048	18,000,000
-	-	-	-	-	-	-	-	-	8,774,707	394,862	518,764	19,000,000
-	-	-	-	-	-	-	-	-	7,822,677	352,020	462,480	20,000,000
-	-	-	-	-	-	-	-	-	6,870,648	309,179	406,195	21,000,000
-	-	-	-	-	-	-	-	-	5,918,618	266,338	349,911	22,000,000
-	-	-	-	-	-	-	-	-	4,966,588	223,496	293,626	23,000,000
-	-	-	-	-	-	-	-	-	4,014,558	180,655	237,342	24,000,000
-	-	-	-	-	-	-	-	-	3,062,528	137,814	181,058	25,000,000
-	-	-	-	-	-	-	-	-	2,110,498	94,972	124,773	26,000,000
-	-	-	-	-	-	-	-	-	1,158,468	52,131	68,489	27,000,000

-	-	-	-	-	-	-	-	-	206,438	9,290	12,205	28,000,000
-	-	-	-	-	-	-	-	-	-	-	-	28,254,409
-	-	-	-	-	-	-	-	-	-	-	-	28,302,379
-	-	-	-	-	-	-	-	-	-	-	-	28,350,349
-	-	-	-	-	-	-	-	-	-	-	-	28,398,319
-	-	-	-	-	-	-	-	-	-	-	-	28,446,289
-	-	-	-	-	-	-	-	-	-	-	-	28,494,259
-	-	-	-	-	-	-	-	-	-	-	-	28,542,229
-	-	-	-	-	-	-	-	-	-	-	-	28,590,200
-	-	-	-	-	-	-	-	-	-	-	-	28,638,170
-	-	-	-	-	-	-	-	-	-	-	-	28,686,140
-	-	-	-	-	-	-	-	-	-	-	-	28,734,110
-	-	-	-	-	-	-	-	-	-	-	-	28,782,080
-	-	-	-	-	-	-	-	-	-	-	-	28,830,050
-	-	-	-	-	-	-	-	-	-	-	-	28,878,020
-	-	-	-	-	-	-	-	-	-	-	-	28,925,990
-	-	-	-	-	-	-	-	-	-	-	-	28,973,961
-	-	-	-	-	-	-	-	-	-	-	-	29,021,931
-	-	-	-	-	-	-	-	-	-	-	-	29,069,901
-	-	-	-	-	-	-	-	-	-	-	-	29,117,871
-	-	-	-	-	-	-	-	-	-	-	-	29,165,841
-	-	-	-	-	-	-	-	-	-	-	-	29,213,811
-	-	-	-	-	-	-	-	-	-	-	-	29,261,781
-	-	-	-	-	-	-	-	-	-	-	-	29,309,752
-	-	-	-	-	-	-	-	-	-	-	-	29,357,722
-	-	-	-	-	-	-	-	-	-	-	-	29,405,692
-	-	-	-	-	-	-	-	-	-	-	-	29,453,662
-	-	-	-	-	-	-	-	-	-	-	-	29,501,632
-	-	-	-	-	-	-	-	-	-	-	-	29,549,602
-	-	-	-	-	-	-	-	-	-	-	-	29,597,572
-	-	-	-	-	-	-	-	-	-	-	-	29,645,542
-	-	-	-	-	-	-	-	-	-	-	-	29,693,513
-	-	-	-	-	-	-	-	-	-	-	-	29,741,483
-	-	-	-	-	-	-	-	-	-	-	-	29,789,453
-	-	-	-	-	-	-	-	-	-	-	-	29,837,423
-	-	-	-	-	-	-	-	-	-	-	-	29,885,393
-	-	-	-	-	-	-	-	-	-	-	-	29,933,363
-	-	-	-	-	-	-	-	-	-	-	-	29,981,333
-	-	-	-	-	-	-	-	-	-	-	-	30,029,304
-	-	-	-	-	-	-	-	-	-	-	-	30,077,274
-	-	-	-	-	-	-	-	-	-	-	-	30,125,244
-	-	-	-	-	-	-	-	-	-	-	-	30,173,214
-	-	-	-	-	-	-	-	-	-	-	-	30,221,184
-	-	-	-	-	-	-	-	-	-	-	-	30,269,154
-	-	-	-	-	-	-	-	-	-	-	-	30,317,124
-	-	-	-	-	-	-	-	-	-	-	-	30,365,094
-	-	-	-	-	-	-	-	-	-	-	-	30,413,065
-	-	-	-	-	-	-	-	-	-	-	-	30,461,035
-	-	-	-	-	-	-	-	-	-	-	-	30,509,005
-	-	-	-	-	-	-	-	-	-	-	-	30,556,975
-	-	-	-	-	-	-	-	-	-	-	-	30,604,945
-	-	-	-	-	-	-	-	-	-	-	-	30,652,915
-	-	-	-	-	-	-	-	-	-	-	-	30,700,885
-	-	-	-	-	-	-	-	-	-	-	-	30,748,856
-	-	-	-	-	-	-	-	-	-	-	-	30,796,826
-	-	-	-	-	-	-	-	-	-	-	-	30,844,796
-	-	-	-	-	-	-	-	-	-	-	-	30,892,766
-	-	-	-	-	-	-	-	-	-	-	-	30,940,736

-	-	-	-	-	-	-	-	-	-	-	-	30,988,706
-	-	-	-	-	-	-	-	-	-	-	-	31,036,676
-	-	-	-	-	-	-	-	-	-	-	-	31,084,646
-	-	-	-	-	-	-	-	-	-	-	-	31,132,617
-	-	-	-	-	-	-	-	-	-	-	-	31,180,587
-	-	-	-	-	-	-	-	-	-	-	-	31,228,557
-	-	-	-	-	-	-	-	-	-	-	-	31,276,527
-	-	-	-	-	-	-	-	-	-	-	-	31,324,497
-	-	-	-	-	-	-	-	-	-	-	-	31,372,467
-	-	-	-	-	-	-	-	-	-	-	-	31,420,437
-	-	-	-	-	-	-	-	-	-	-	-	31,468,408
-	-	-	-	-	-	-	-	-	-	-	-	31,516,378
-	-	-	-	-	-	-	-	-	-	-	-	31,564,348
-	-	-	-	-	-	-	-	-	-	-	-	31,612,318
-	-	-	-	-	-	-	-	-	-	-	-	31,660,288

Tier 4		Tier 5			Total		
Disc	Contribution	Volume	Disc	Contribution	Volume	Disc	Contribution
[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]
-	-	-	-	-	-	$ -	$ -
-	-	-	-	-	15,469,388	$ 35,000	$ 1,575,678
-	-	-	-	-	15,500,894	$ 70,000	$ 1,543,959
-	-	-	-	-	15,532,400	$ 105,000	$ 1,512,239
-	-	-	-	-	15,563,906	$ 140,000	$ 1,480,520
-	-	-	-	-	15,595,411	$ 175,000	$ 1,448,800
-	-	-	-	-	15,626,917	$ 210,000	$ 1,417,080
-	-	-	-	-	15,658,423	$ 245,000	$ 1,385,361
-	-	-	-	-	15,689,929	$ 280,000	$ 1,353,641
-	-	-	-	-	15,721,435	$ 315,000	$ 1,321,922
-	-	-	-	-	15,752,941	$ 350,000	$ 1,290,202
-	-	-	-	-	15,784,447	$ 385,000	$ 1,258,482
-	-	-	-	-	15,815,953	$ 420,000	$ 1,226,763
-	-	-	-	-	15,847,458	$ 455,000	$ 1,195,043
-	-	-	-	-	15,878,964	$ 490,000	$ 1,163,324
-	-	-	-	-	15,910,470	$ 525,000	$ 1,131,604
-	-	-	-	-	18,594,570	$ 565,000	$ 1,371,074
-	-	-	-	-	18,631,319	$ 605,000	$ 1,334,900
-	-	-	-	-	18,668,067	$ 645,000	$ 1,298,726
-	-	-	-	-	18,704,815	$ 674,669	$ 1,272,884
-	-	-	-	-	18,741,563	$ 680,955	$ 1,270,424
-	-	-	-	-	18,778,311	$ 687,241	$ 1,267,964
-	-	-	-	-	18,815,059	$ 693,527	$ 1,265,504
-	-	-	-	-	18,851,808	$ 699,813	$ 1,263,044
-	-	-	-	-	18,888,556	$ 706,099	$ 1,260,584
-	-	-	-	-	18,925,304	$ 712,386	$ 1,258,124
-	-	-	-	-	18,962,052	$ 718,672	$ 1,255,664
-	-	-	-	-	18,998,800	$ 724,958	$ 1,253,204
-	-	-	-	-	19,035,548	$ 731,244	$ 1,250,744
-	-	-	-	-	19,072,297	$ 737,530	$ 1,248,284
-	-	-	-	-	19,109,045	$ 743,817	$ 1,245,824
-	-	-	-	-	22,000,889	$ 855,031	$ 1,435,710
-	-	-	-	-	22,043,118	$ 866,509	$ 1,428,628
-	-	-	-	-	22,085,346	$ 877,987	$ 1,421,547
-	-	-	-	-	22,127,574	$ 889,465	$ 1,414,466
-	-	-	-	-	22,169,802	$ 900,943	$ 1,407,385
-	-	-	-	-	22,212,030	$ 912,421	$ 1,400,304
-	-	-	-	-	22,254,259	$ 923,899	$ 1,393,223
-	-	-	-	-	22,296,487	$ 931,859	$ 1,389,659
-	-	-	-	-	22,338,715	$ 938,549	$ 1,387,367

-	-	-	-	-	22,380,943	$	945,238	$	1,385,074
-	-	-	-	-	22,423,171	$	951,927	$	1,382,782
-	-	-	-	-	22,465,400	$	958,616	$	1,380,490
-	-	-	-	-	22,507,628	$	965,305	$	1,378,197
-	-	-	-	-	22,549,856	$	971,994	$	1,375,905
-	-	-	-	-	22,592,084	$	978,683	$	1,373,613
-	-	-	-	-	22,634,312	$	985,372	$	1,371,320
-	-	-	-	-	22,676,540	$	992,062	$	1,369,028
-	-	-	-	-	22,718,769	$	998,751	$	1,366,736
-	-	-	-	-	22,760,997	$	1,005,440	$	1,364,443
-	-	-	-	-	22,803,225	$	1,012,129	$	1,362,151
-	-	-	-	-	22,845,453	$	1,018,818	$	1,359,859
-	-	-	-	-	22,887,681	$	1,025,507	$	1,357,567
-	-	-	-	-	22,929,910	$	1,031,846	$	1,355,625
-	-	-	-	-	22,972,138	$	1,033,746	$	1,358,121
-	-	-	-	-	23,014,366	$	1,035,646	$	1,360,618
-	-	-	-	-	23,056,594	$	1,037,547	$	1,363,114
-	-	-	-	-	23,098,822	$	1,039,447	$	1,365,611
-	-	-	-	-	23,141,051	$	1,041,347	$	1,368,107
-	-	-	-	-	23,183,279	$	1,043,248	$	1,370,604
-	-	-	-	-	23,225,507	$	1,045,148	$	1,373,101
-	-	-	-	-	23,267,735	$	1,047,048	$	1,375,597
-	-	-	-	-	23,309,963	$	1,048,948	$	1,378,094
-	-	-	-	-	23,352,192	$	1,050,849	$	1,380,590
-	-	-	-	-	23,394,420	$	1,052,749	$	1,383,087
-	-	-	-	-	23,436,648	$	1,054,649	$	1,385,583
-	-	-	-	-	23,478,876	$	1,056,549	$	1,388,080
-	-	-	-	-	23,521,104	$	1,058,450	$	1,390,576
-	-	-	-	-	23,563,333	$	1,060,350	$	1,393,073
-	-	-	-	-	23,605,561	$	1,062,250	$	1,395,569
-	-	-	-	-	23,647,789	$	1,064,151	$	1,398,066
50,000	54,120	-	-	-	26,911,245	$	1,216,006	$	1,586,003
100,000	108,241	-	-	-	26,959,215	$	1,223,165	$	1,583,839
150,000	162,361	-	-	-	27,007,185	$	1,230,323	$	1,581,675
200,000	216,481	-	-	-	27,055,155	$	1,237,482	$	1,579,511
250,000	270,602	-	-	-	27,103,125	$	1,244,641	$	1,577,347
300,000	324,722	-	-	-	27,151,096	$	1,251,799	$	1,575,183
350,000	378,843	-	-	-	27,199,066	$	1,258,958	$	1,573,019
400,000	432,963	-	-	-	27,247,036	$	1,266,117	$	1,570,855
450,000	487,083	-	-	-	27,295,006	$	1,273,275	$	1,568,691
500,000	541,204	-	-	-	27,342,976	$	1,280,434	$	1,566,527
550,000	595,324	-	-	-	27,390,946	$	1,287,593	$	1,564,363
600,000	649,444	-	-	-	27,438,916	$	1,294,751	$	1,562,199
650,000	703,565	-	-	-	27,486,886	$	1,301,910	$	1,560,035
700,000	757,685	-	-	-	27,534,857	$	1,309,069	$	1,557,871
750,000	811,806	-	-	-	27,582,827	$	1,316,227	$	1,555,707
800,000	865,926	-	-	-	27,630,797	$	1,323,386	$	1,553,543
850,000	920,046	-	-	-	27,678,767	$	1,330,545	$	1,551,379
900,000	974,167	-	-	-	27,726,737	$	1,337,703	$	1,549,215
950,000	1,028,287	-	-	-	27,774,707	$	1,344,862	$	1,547,051
1,000,000	1,082,407	-	-	-	27,822,677	$	1,352,020	$	1,544,887
1,050,000	1,136,528	-	-	-	27,870,648	$	1,359,179	$	1,542,723
1,100,000	1,190,648	-	-	-	27,918,618	$	1,366,338	$	1,540,559
1,150,000	1,244,768	-	-	-	27,966,588	$	1,373,496	$	1,538,395
1,200,000	1,298,889	-	-	-	28,014,558	$	1,380,655	$	1,536,231
1,250,000	1,353,009	-	-	-	28,062,528	$	1,387,814	$	1,534,067
1,300,000	1,407,130	-	-	-	28,110,498	$	1,394,972	$	1,531,903
1,350,000	1,461,250	-	-	-	28,158,468	$	1,402,131	$	1,529,739

1,400,000	1,515,370	-	-	-	28,206,438	$	1,409,290	$	1,527,575
1,412,720	1,529,139	-	-	-	28,254,409	$	1,412,720	$	1,529,139
1,415,119	1,531,735	-	-	-	28,302,379	$	1,415,119	$	1,531,735
1,417,517	1,534,331	-	-	-	28,350,349	$	1,417,517	$	1,534,331
1,419,916	1,536,927	-	-	-	28,398,319	$	1,419,916	$	1,536,927
1,422,314	1,539,524	-	-	-	28,446,289	$	1,422,314	$	1,539,524
1,424,713	1,542,120	-	-	-	28,494,259	$	1,424,713	$	1,542,120
1,427,111	1,544,716	-	-	-	28,542,229	$	1,427,111	$	1,544,716
1,429,510	1,547,312	-	-	-	28,590,200	$	1,429,510	$	1,547,312
1,431,908	1,549,908	-	-	-	28,638,170	$	1,431,908	$	1,549,908
1,434,307	1,552,504	-	-	-	28,686,140	$	1,434,307	$	1,552,504
1,436,705	1,555,101	-	-	-	28,734,110	$	1,436,705	$	1,555,101
1,439,104	1,557,697	-	-	-	28,782,080	$	1,439,104	$	1,557,697
1,441,503	1,560,293	-	-	-	28,830,050	$	1,441,503	$	1,560,293
1,443,901	1,562,889	-	-	-	28,878,020	$	1,443,901	$	1,562,889
1,446,300	1,565,485	-	-	-	28,925,990	$	1,446,300	$	1,565,485
1,448,698	1,568,081	-	-	-	28,973,961	$	1,448,698	$	1,568,081
1,451,097	1,570,678	-	-	-	29,021,931	$	1,451,097	$	1,570,678
1,453,495	1,573,274	-	-	-	29,069,901	$	1,453,495	$	1,573,274
1,455,894	1,575,870	-	-	-	29,117,871	$	1,455,894	$	1,575,870
1,458,292	1,578,466	-	-	-	29,165,841	$	1,458,292	$	1,578,466
1,460,691	1,581,062	-	-	-	29,213,811	$	1,460,691	$	1,581,062
1,463,089	1,583,658	-	-	-	29,261,781	$	1,463,089	$	1,583,658
1,465,488	1,586,255	-	-	-	29,309,752	$	1,465,488	$	1,586,255
1,467,886	1,588,851	-	-	-	29,357,722	$	1,467,886	$	1,588,851
1,470,285	1,591,447	-	-	-	29,405,692	$	1,470,285	$	1,591,447
1,472,683	1,594,043	-	-	-	29,453,662	$	1,472,683	$	1,594,043
1,475,082	1,596,639	-	-	-	29,501,632	$	1,475,082	$	1,596,639
1,477,480	1,599,235	-	-	-	29,549,602	$	1,477,480	$	1,599,235
1,479,879	1,601,832	-	-	-	29,597,572	$	1,479,879	$	1,601,832
1,482,277	1,604,428	-	-	-	29,645,542	$	1,482,277	$	1,604,428
1,484,676	1,607,024	-	-	-	29,693,513	$	1,484,676	$	1,607,024
1,487,074	1,609,620	-	-	-	29,741,483	$	1,487,074	$	1,609,620
1,489,473	1,612,216	-	-	-	29,789,453	$	1,489,473	$	1,612,216
1,491,871	1,614,812	-	-	-	29,837,423	$	1,491,871	$	1,614,812
1,494,270	1,617,408	-	-	-	29,885,393	$	1,494,270	$	1,617,408
1,496,668	1,620,005	-	-	-	29,933,363	$	1,496,668	$	1,620,005
1,499,067	1,622,601	-	-	-	29,981,333	$	1,499,067	$	1,622,601
1,501,465	1,625,197	-	-	-	30,029,304	$	1,501,465	$	1,625,197
1,503,864	1,627,793	-	-	-	30,077,274	$	1,503,864	$	1,627,793
1,506,262	1,630,389	-	-	-	30,125,244	$	1,506,262	$	1,630,389
1,508,661	1,632,985	-	-	-	30,173,214	$	1,508,661	$	1,632,985
1,511,059	1,635,582	-	-	-	30,221,184	$	1,511,059	$	1,635,582
1,513,458	1,638,178	-	-	-	30,269,154	$	1,513,458	$	1,638,178
1,515,856	1,640,774	-	-	-	30,317,124	$	1,515,856	$	1,640,774
1,518,255	1,643,370	-	-	-	30,365,094	$	1,518,255	$	1,643,370
1,520,653	1,645,966	-	-	-	30,413,065	$	1,520,653	$	1,645,966
1,523,052	1,648,562	-	-	-	30,461,035	$	1,523,052	$	1,648,562
1,525,450	1,651,159	-	-	-	30,509,005	$	1,525,450	$	1,651,159
1,527,849	1,653,755	-	-	-	30,556,975	$	1,527,849	$	1,653,755
1,530,247	1,656,351	-	-	-	30,604,945	$	1,530,247	$	1,656,351
1,532,646	1,658,947	-	-	-	30,652,915	$	1,532,646	$	1,658,947
1,535,044	1,661,543	-	-	-	30,700,885	$	1,535,044	$	1,661,543
1,537,443	1,664,139	-	-	-	30,748,856	$	1,537,443	$	1,664,139
1,539,841	1,666,736	-	-	-	30,796,826	$	1,539,841	$	1,666,736
1,542,240	1,669,332	-	-	-	30,844,796	$	1,542,240	$	1,669,332
1,544,638	1,671,928	-	-	-	30,892,766	$	1,544,638	$	1,671,928
1,547,037	1,674,524	-	-	-	30,940,736	$	1,547,037	$	1,674,524

1,549,435	1,677,120	-	-	-	30,988,706	$	1,549,435	$	1,677,120
1,551,834	1,679,716	-	-	-	31,036,676	$	1,551,834	$	1,679,716
1,554,232	1,682,313	-	-	-	31,084,646	$	1,554,232	$	1,682,313
1,556,631	1,684,909	-	-	-	31,132,617	$	1,556,631	$	1,684,909
1,559,029	1,687,505	-	-	-	31,180,587	$	1,559,029	$	1,687,505
1,561,428	1,690,101	-	-	-	31,228,557	$	1,561,428	$	1,690,101
1,563,826	1,692,697	-	-	-	31,276,527	$	1,563,826	$	1,692,697
1,566,225	1,695,293	-	-	-	31,324,497	$	1,566,225	$	1,695,293
1,568,623	1,697,889	-	-	-	31,372,467	$	1,568,623	$	1,697,889
1,571,022	1,700,486	-	-	-	31,420,437	$	1,571,022	$	1,700,486
1,573,420	1,703,082	-	-	-	31,468,408	$	1,573,420	$	1,703,082
1,575,819	1,705,678	-	-	-	31,516,378	$	1,575,819	$	1,705,678
1,578,217	1,708,274	-	-	-	31,564,348	$	1,578,217	$	1,708,274
1,580,616	1,710,870	-	-	-	31,612,318	$	1,580,616	$	1,710,870
1,583,014	1,713,466	-	-	-	31,660,288	$	1,583,014	$	1,713,466

Figure 3.
Net Change in USPS Contribution and Total WMB Discounts
Year 3

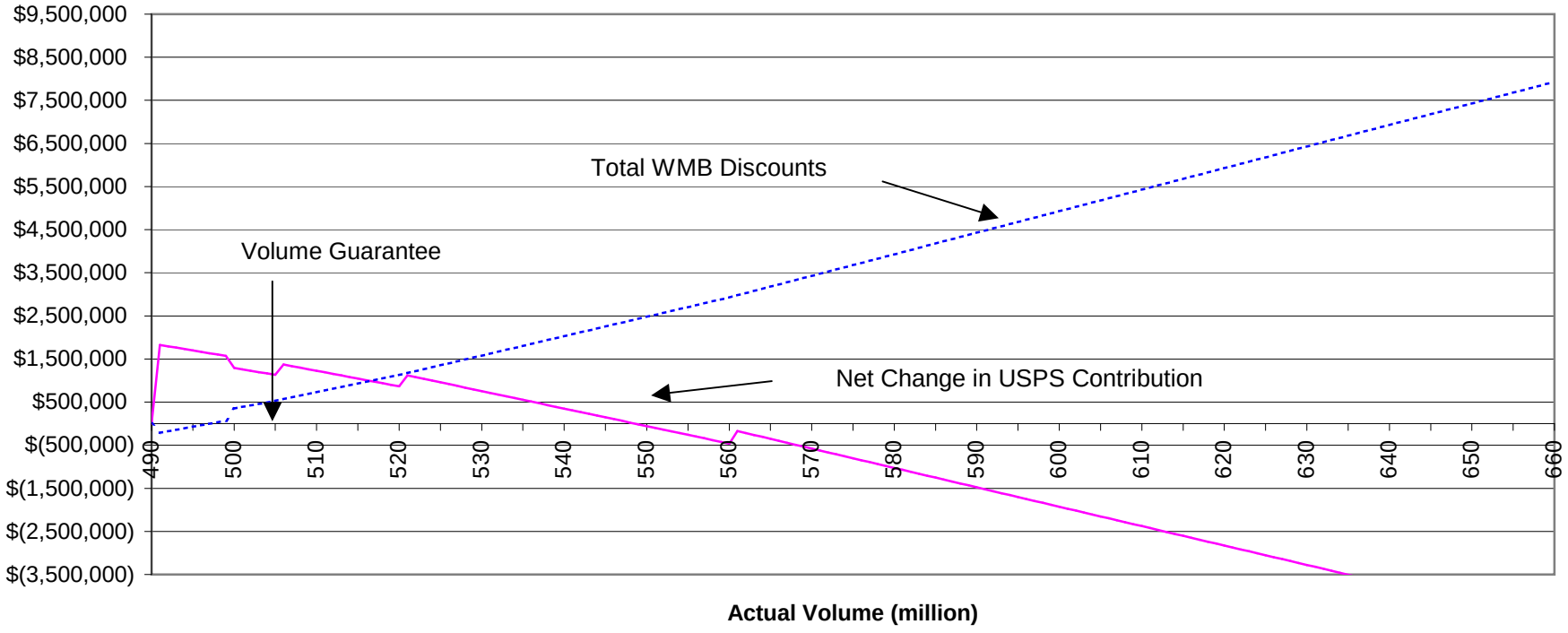


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Table 1
Net Present Value of Washington Mutual NSA
At Selected Forecast Volume of 544 Million

		Year -1	Year 0	Year 1	Year 2	Year 3	Total
[1]	WMB Forecast Volume			544,000,000	544,000,000	544,000,000	
[2]	USPS Contribution			$249,435	$218,765	$186,867	**$655,067**
[3]	Annual Adminstrative Costs			($11,006)	($11,006)	($11,006)	($33,017)
[4]	Negotiation Costs	($250,000)					
[5]	Litigation Costs		($250,000)				
[6]	Net USPS Value	($250,000)	($250,000)	$238,429	$207,759	$175,862	**$122,050**
[7]	Interest Rate	5.25%	5.50%	5.50%	5.50%	5.50%	
[8]	TOTAL NPV	($263,125)	($250,000)	$225,999	$186,662	$149,766	**$49,302**
[9]	WMB Discounts Earned			$2,205,000	$2,205,000	$2,205,000	**$6,615,000**

Note: NPV estimated at "time 0:" i.e., the beginning of year 1.

Sources:
[1] OCA-T1, Attachment 1, Column [2] "After Rates Vol (Actual)," for year indicated.
[2] OCA-T1, Attachment 1, Column [3] "Net USPS Benefit" at 544 million, for year indicated.
[3] Table 1a
[4] Negotiation costs assumed equal to "transaction penalty cost." *See* Source [5].
[5] Tr. 2/183. "That transaction penalty cost is identified as $250,000."
[6] = [2] + [3], or [4] + [5], as applicable
[7] Docket No. R2006-1, USPS-LR-L-50, file "IntIncExp_06.xls," worksheet tab "Assumptions."
[8] *See* OCA-T-1, Equation 2, at
[9] OCA-T1, Attachment 1, Column [4] "Total Mailer Discount" at 544 million, for year indicated.

Table 1a

Estimated Work Hours Per Year and Cost for
Post-Implementation Adminstration of Washington Mutual NSA

Department	Activity and Description	Capital One Data Collection Report No. 1 Work Hours [1]	No. 1 Time Frame [2]	No. 2 Work Hours [3]	No. 2 Time Frame [4]	Conversion Factor [5]	Hours per Year [6]	
Pricing Strategy	Volume Reconciliation	14	Month	8	Month	12	96	
Pricing Strategy	NSA Data Collection Plan	40	Year	20	Year	1	20	
Address Management	ACS Support	160	Year	4	Month	12	0	
Address Management	NSA Data Collection Plan	40	Year			1	0	
Finance	RPW Reporting	15-18	Year	1	Month*	12	15	
Finance	Accounting Procedures	10	Year	2	Month*	1	10	
Finance	Accounts Payable & Receivable	8	Quarter			4	0	
Legal	Legal Advice	20	Year	18	Year	1	18	
Pricing, Finance	NSA and Rate Cases			30	Year*	1	0	
TOTAL Hours							159	[a]
Estimated Hourly Cost of Compensation							$69	[b]
TOTAL Annual Adminstration Costs							$11,006	[c]

Note:

* For Data Collection Report No. 2, work-hours represent the total time spent on all implemented NSAs.

Source:

[1]&[2] Docket No. MC2002-2: Capital One NSA First Data Collection Report, January 31, 2005, Requirement 7, page 10.
[3]&[4] Docket No. MC2002-2: Capital One NSA Second Data Collection Report, February 7, 2006, Requirement 7, page 8.
[5] Factor used to convert relevant "Time Frame" in Columns [2] or [4] to hours
[6] = [5] * [1] or [3]
[a] Sum of Col. [6]
[b] = ($105,786 * (1 + 0.361)) / 2080, where $105,786 is the EAS 26 salary, 0.361 is the ratio of HQ benefits to salaries, and 2,080 is work hours per year. The ratio of HQ benefits to salaries is derived from Docket No. R2006-1, USPS-LR-L-50, Excel file: "Realtb05.xls," worksheet tab "seg 18."

[c] = [a] * [b]