

STEPHEN M. KEARNEY
VICE PRESIDENT
PRICING AND CLASSIFICATION

Postal Regulatory Commission
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June 4, 2008

Mr. Benjamin Lamm
Director of Direct Marketing Operations
Capital One Services, Inc.
15000 Capital One Drive
Richmond, VA 23238-1119

Dear Mr. Lamm:

In response to your letter dated May 30, 2008 regarding new Capital One contract pricing with the U.S. Postal Service, we appreciate your desire to begin negotiations which are functionally equivalent to the Bank of America Negotiated Service Agreement. We would prefer to negotiate in-person, in order to reach an agreement that works best for both parties.

We would like to meet at your earliest convenience to discuss tailoring the Bank of America NSA to the specific circumstances of Capital One and the Postal Service. Charles Irving, Manager of our National Accounts Program, will contact you shortly to arrange a mutually agreeable time to begin negotiations at our headquarters.

This response contains no "redline" changes to the draft contract you enclosed. This does not mean the Postal Service agrees to incorporate those unchanged provisions into the final contract with Capital One. Specifically, your letter cited paragraphs IV(C)(1)-(3)(a); IV(D)(1)-(2); IV(E)(1)-(2); IV(F)(1)-(3)(a); and IV(G)(1)-(2). The Postal Service remains ready to negotiate on these and any other provisions in order to craft a new Capital One contract that is functionally equivalent to the Bank of America NSA. We need it also to reflect the current circumstances of both parties.

In response to your request, this letter will be sent to you via email in order to ensure a prompt response.

Sincerely,

A handwritten signature in black ink that reads "Stephen M. Kearney".

Stephen M. Kearney