

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED

OCT 17 12 28 PM '02

Experimental Rate and Service Changes To
Implement Negotiated Service Agreement With
Capital One Services, Inc.


Docket No. MC2002-2

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
CAPITAL ONE SERVICES, INC. WITNESS DONALD JEAN
(NAA/COS-T1-1-12)
October 17, 2002**

The Newspaper Association of America hereby submits the attached
interrogatories to Capital One Services witness Donald Jean (COS-T-1) and respectfully
requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: 
William B. Baker
WILEY REIN & FIELDING LLP
1776 K Street, N.W.
Washington, DC 20006-2304
(202) 719-7255

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all
participants requesting such service in this proceeding in accordance with section 12 of
the Rules of Practice.

October 17, 2002


William B. Baker

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
CAPITAL ONE SERVICES WITNESS DONALD JEAN
(NAA/COS-T1-1-12)**

NAA/COS-T1-1: Please refer to page 1, line 9, of your testimony, where you state your understanding that Capital One is the "top originator" of First-Class Mail in the United States.

- a. Please define "originator." Please include in your definition whether you regard customer payment mail as "originated" by Capital One.
- b. What is your basis for that understanding?
- c. In what sense do you believe Capital One is the "top" originator?

NAA/COS-T1-2: Please refer to page 3, lines 10-12, of your testimony. Please identify the "unique market and environmental conditions in the post-9/11 period, including the anthrax attacks" that led Capital One to make proportionately heavier use of First-Class mail in the fourth quarter of 2001 and first quarter of 2002. Please explain how each "condition" led Capital One to make more use of First-Class mail.

NAA/COS-T1-3: Do Capital One's Standard mail solicitations use sealed envelopes?

NAA/COS-T1-4: Please provide a profile of Capital One's Standard mail solicitations by rate category.

NAA/COS-T1-5: Please refer to page 3, line 19, of your testimony, where you state your doubt that the proposed volume discounts will cause Capital One to "significantly" switch Standard mail solicitations to First-Class mail.

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
CAPITAL ONE SERVICES WITNESS DONALD JEAN
(NAA/COS-T1-1-12)**

- a. Do you expect that there would be zero switch of solicitations from Standard mail to First-Class mail?
- b. If your answer to (a) is other than an unequivocal yes, please explain how much solicitation mail you expect Capital One to switch from Standard to First-Class mail in the first year of the NSA's implementation.
- c. If your answer to (a) is other than an unequivocal yes, please explain how much solicitation mail you expect Capital One to switch from Standard to First-Class mail in the second year of the NSA's implementation.
- d. If your answer to (a) is other than an unequivocal yes, please explain how much solicitation mail you expect Capital One to switch from Standard to First-Class mail in the third year of the NSA's implementation.
- e. Please define "significantly" as you use it.

NAA/COS-T1-6: Does Capital One ever use both First-Class and Standard mail for mailings in the identical solicitation campaign?

NAA/COS-T1-7: Please refer to page 6, lines 4-6, where you discuss Capital One's experience with returns of First-Class mail. Please describe Capital One's experience with non-delivered Standard mail solicitations.

NAA/COS-T1-8: Please refer to page 6, lines 8-9, where you state that "Incremental First-Class Mail marketing volume has a multiplier effect by creating Business Reply Mail and subsequent First-Class Mail statements and correspondence." Please confirm that Capital One's Standard Mail solicitations also have a multiplier

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
CAPITAL ONE SERVICES WITNESS DONALD JEAN
(NAA/COS-T1-1-12)**

effect by creating BRM and subsequent First-Class mail. If you cannot confirm, please explain why not.

NAA/COS-T1-9: Do you expect that the proposed NSA will improve Capital One's UAA percentage?

NAA/COS-T1-10: Please refer to Capital One Financial Corporation's press release dated October 15, 2002, reporting financial results for the third quarter of 2002.

That press release states, inter alia:

Marketing expense for the third quarter of 2002 was \$185.8 million, down from \$320.4 million in the second quarter of 2002.

The press release also states:

"The lower marketing investment in the third quarter reflects our return to a more normal level of loan growth," said Nigel W. Morris, Capital One's President and Chief Operating Officer. "We expect marketing to increase in 2003 as we take advantage of the attractive opportunities that we see in all major areas of our business including US card, installment and auto loans, and our international activities. This quarter clearly demonstrates our ability to grow our business and profitability on a stronger, more diversified business platform."

Do these developments have any effect on, or require any modification to, the estimated mailing volumes for FY2003 presented by Capital One in this proceeding?

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
CAPITAL ONE SERVICES WITNESS DONALD JEAN
(NAA/COS-T1-1-12)**

NAA/COS-T1-11: During the negotiations of this NSA with the Postal Service, did Capital One make any representations regarding possible changes in its use of First-Class Mail and Standard Mail in the event that no agreement were reached? If so, please describe those representations.

NAA/COS-T1-12: During the negotiations of this NSA with the Postal Service, did Capital One make any representations regarding possible changes in its use of First-Class Mail and Standard Mail in the event that an agreement were reached? If so, please describe those representations.