

Table 2					
Mail Class	Year 1 Before 5.4% Rate Increase	Year 1 After 5.4% Rate Increase	% Change in First-Class Volume	% Change in Price	Own-Price Elasticity of First-Class mail
	1	2	3	4	5
			(2-1)/1		(4/3)
First-Class	447	370	-17.2%	5.4%	-3.2
Operational	120	120			
Marketing	327	250			

2. For this question, please refer to Table 3 below.

Table 3									
	Mail Class	2005	Year 1 After Rates	Price Per Piece Before Rates (\$)	Increase in First-Class Volume (Millions)	% Change First-Class Volumes (Millions)	Average Discount Per Piece of First-Class Mail	% Change in Price Per Piece of First-Class Mail	Own Price Elasticity of First-Class Mail
		1	2	3	4	5	6	7	8
					(2a -1a)	4a/1a		6a/3d	5a/7a
a	First-Class	471	713		242	51.33%	0.015	-4.35%	-11.80
b	Operational	121	120	0.326					
c	Marketing	350	593	0.346					
d	Weighted Average			0.341					

$$3d = \text{Sumproduct}(2b:2c, 3b:3c)/(2b+2c)$$

6a = 15 million First-Class pieces at an incremental discount of \$.035 + 40 million First-Class pieces at an incremental discount of \$.04 + 153 million First-Class pieces at an incremental discount of \$.045 + 153 million pieces at an incremental discount of \$.05.