

LEGAL POLICY & RATEMAKING LAW SECTION
LAW DEPARTMENT



April 12, 2007

Hon. Steven W. Williams, Secretary
Postal Rate Commission
901 New York Avenue, NW
Suite 200
Washington, DC 20268-0001

RE: Docket No. MC2004-3

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decision in Docket No. MC2004-3, Rate and Service Changes to Implement Functionally Equivalent Negotiated Service Agreement with Bank One Corporation, enclosed is the Postal Service's Data Collection Report for Year One of this agreement, which corresponds to the time period April 1, 2005 to March 31, 2006. The report was significantly delayed because of the need to resolve issues raised by the merger of Bank One with Chase, which occurred during the period covered by this report.

Please note that this letter and the accompanying report are being filed electronically. The data responsive to Data Collection Requirement No. 8 are provided as an attachment to the electronic filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric P. Koetting".

Eric P. Koetting
Nan K. McKenzie
Attorneys

Enclosures

MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006

Data Collection Plan Requirements:

1. Volume of First-Class Mail solicitations by rate category in eligible Chase permit accounts.
2. Volume of First-Class Mail customer mail by rate category in eligible Chase permit accounts.
3. Amount of discounts paid to Chase for First-Class Mail by incremental volume block.
4. Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to Chase.
5. Number of electronic address correction notices provided to Chase for forwarded solicitation mailpieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).
6. Number of electronic address correction notices provided to Chase for solicitation mailpieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).
7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.
8. For each First Class solicitation mailing list run against NCOA, Chase will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.
9. For each Change of Address record that is used to forward a piece of Chase solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mail piece. No other information from the record would be provided.
10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of Chase's First-Class Mail volume as compared to overall First-Class Mail volume.
11. Volume of Standard Mail solicitations by rate category in eligible Chase permit accounts.
12. A comparison of the estimated mailer-specific costs, volumes, and revenues with the actual mailer-specific costs, volumes, and revenues.

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

1. Volume of First-Class Mail solicitations by rate category in eligible Chase permits accounts.

Nonautomated Presorted Letters	
First Ounce	44,071
Additional Ounces	0
Nonmachineable Pieces	0
Heavy Piece Deduction	0
TOTAL Nonautomated Presorted Letters	44,071
Automation Presort Letters	
Mixed AADC letters	13,429,698
AADC Letters	10,449,635
3-Digit Letters	137,833,760
5-Digit Letters	100,138,019
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Presort Letters	261,851,112
Automation Carrier Route Letters	
First Ounce	0
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Carrier Route Letters	0
 TOTAL CHASE FIRST-CLASS MAIL SOLICITATIONS	 261,895,183

Source: PostalOne!

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

2. Volume of First-Class customer mail by rate category in eligible Chase permit accounts.

Nonautomated Presorted Letters	
First Ounce	2,005,662
Additional Ounces	0
Nonmachineable Pieces	0
Heavy Piece Deduction	0
TOTAL Nonautomated Presorted Letters	2,005,662
Automation Presort Letters	
Mixed AADC letters	23,284,819
AADC Letters	6,294,792
3-Digit Letters	392,041,494
5-Digit Letters	252,647,807
Additional Ounces	63,260,164
Heavy Piece Deduction	0
TOTAL Automation Presort Letters	737,529,076
Automation Carrier Route Letters	
First Ounce	0
Additional Ounces	
Heavy Piece Deduction	
TOTAL Automation Carrier Route Letters	0
TOTAL CHASE FIRST-CLASS CUSTOMER MAIL	739,534,738

Source: PostalOne!

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

3. Amount of discounts paid to Chase for First-Class Mail by incremental volume block.

The thresholds and discounts for the NSA are calculated and reconciled on a yearly basis. The schedule shows the declining block discounts available to Chase for the full Year One, after the thresholds for each tier were adjusted to account for the merger between Bank One and Chase.

Starting block	Ending block	Incentive	Incentives Earned
721,500,000	746,500,000	\$ 0.025	\$ 625,000
746,500,000	771,500,000	\$ 0.030	\$ 750,000
771,500,000	796,500,000	\$ 0.035	\$ 875,000
796,500,000	831,500,000	\$ 0.040	\$ 1,400,000
831,500,000	866,500,000	\$ 0.045	\$ 1,575,000
866,500,000	>	\$ 0.050	\$ 3,583,488
		TOTAL	\$ 8,808,488

The thresholds were adjusted as follows. The negotiated thresholds for Bank One were 535 million pieces in the first tier, 560 million in the second tier, 585 million in the third tier, 610 million in the fourth tier, 645 million in the fifth tier, and 680 million in the sixth tier. In the 12 months prior to the merger (i.e., calendar 2005), Chase First-Class Mail volume (statements plus marketing) was 373 million pieces. The annual threshold adjustment for purposes of the merger between Bank One and Chase was calculated on the assumption that the merger became effective halfway through the reporting period for Year One of this NSA. Consequently, one-half of the annual Chase volume (373 million times 0.5 = 186.5 million) was added to the Bank One negotiated threshold levels for each tier, resulting in the Year One annual discount tier table shown above. Thus, for example, the first tier threshold increased by 186.5 million, from 535 million to 721.5 million. (For Year Two, the annual discount tier table will reflect the addition of the full 373 million pieces to the threshold for each discount tier.)

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Chase NSA
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With total Year One volume of 938,169,757 (statements plus marketing), the discounts earned are as shown in the above table. Incentives earned for the first five tiers reflect discount piece volumes of 25 million, 25 million, 25 million, 35 million, and 35 million, respectively. Incentives earned in the last tier, the 5.0-cent tier, reflect volumes in the tier of 71,669,757 million pieces, which is total annual volume of 938,169,757, less the adjusted annual threshold for that tier of 866,500,000 pieces.

The discount amount earned during Year One, based on the total annual volume and the adjustments ultimately made to the discount tier thresholds as shown above, do not correspond directly to the payments made during Year One. Because of the pendency of the merger, with the attendant uncertainty regarding what the ultimate thresholds would be, partial payments were made relative to discount calculations based on preliminary data, with the expectation that any necessary reconciliations would occur in Year Two. In that sense, the above table shows the higher Incentives Earned, rather than the lower Incentives Paid.

MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006

4. Data Collection Plan

Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to Chase.

Period	Physical Returns
April 2005	0
May 2005	13,055
June 2005	25,531
July 2005	53,338
August 2005	87,924
September 2005	96,711
October 2005	14,263
November 2005	23,949
December 2005	59,274
January 2006	237,618
February 2006	302,949
March 2006	291,500

MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006

5. Data Collection Requirement

Number of electronic address correction notices provided to Chase for forwarded solicitation mail pieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).

Time Period	Number of ACS Forwarding Notices
Apr 2005	35
May 2005	18,585
June 2005	31,045
Jul 2005	41,876
Aug 2005	132,247
Sep 2005	167,397
Oct 2005	64,095
Nov 2005	30,591
Dec 2005	141,549
Jan 2006	250,645
Feb 2006	550,550
Mar 2006	1,686,961

PARS coverage was not fully operational during the first year of the agreement.

MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006

6. Data Collection Requirement

Number of electronic address correction notices provided to Chase for solicitation mail pieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).

Time Period	Number of ACS UAA Notices
Apr 2005	84
May 2005	25,851
June 2005	216,754
Jul 2005	489,254
Aug 2005	425,498
Sep 2005	717,047
Oct 2005	454,263
Nov 2005	453,949
Dec 2005	559,274
Jan 2006	1,637,618
Feb 2006	1,902,949
Mar 2006	1,515,006

PARS coverage was not fully operational during the first year of the agreement.

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.*

Department	Activity and Description	Work-hours	Time-Frame
Pricing Strategy	<u>Volume Reconciliation</u> : Reconciling USPS permit volume counts with internal volume counts	2	Per month
Pricing Strategy	<u>NSA Data Collection Plan</u> : Ensuring compliance with the Data Collection Plan	80	Per year
Address Management	<u>ACS Support</u> : Providing ACS counts and support for ACS related issues	4	Per month
Finance	<u>RPW Reporting</u> : Ensuring that discounts are allocated properly in RPW reporting (one-time event)	1*	Per year
Finance	<u>Accounting Procedures</u> : Developing accounting controls and procedures for the refund process	2*	Per quarter
Finance	<u>Data Collection Report Preparation Assistance</u> : Coordinating data collection reports with inputs from rate case studies	65*	Per year
Legal	<u>Legal Advice</u> : Advising on compliance and preparation of the data collection plan	55	Per year
Pricing, Finance	<u>NSA and rate-cases</u> : Ensuring that NSA volumes and affects are accurately reported and accounted for in rate-case filings	215*	Per year

* These work-hours represent the total time spent on all implemented NSAs.

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

8. Data Collection Plan

For each First Class solicitation mailing list run against NCOA, Chase will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.

Customer has provided data in electronic format. Please see the .zip file provided as an electronic attachment with this filing.

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

9. Data Collection Plan

For each Change of Address record that is used to forward a piece of Chase solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mail piece. No other information from the record would be provided.

For the period April 2005 to March 2006, the summary results are:

- a. Total Number of unique Change of Address Records used to forward Chase Mail: 11,513,123
- b. Family vs. Individual Moves: Of the 11.5 million COA records used, 5,975,311 (51.9 percent) were designated “Family” moves and 5,296,037 (46.0 percent) were designated “Individual” moves. The remaining forwards were designated “Business” moves.

The chart below illustrates that a significant majority of forwarding notices for a given COA record are provided only once. Moreover, only a tiny percentage of records are used more than three times to forward mail.

Number of ACS Notices	Number of Records	Percent of Total Records
1	8,413,790	73.08%
2	2,076,967	18.04%
3	721,873	6.27%
4	279,769	2.43%
>4	20,724	0.18%
Totals	11,513,123	100.00%

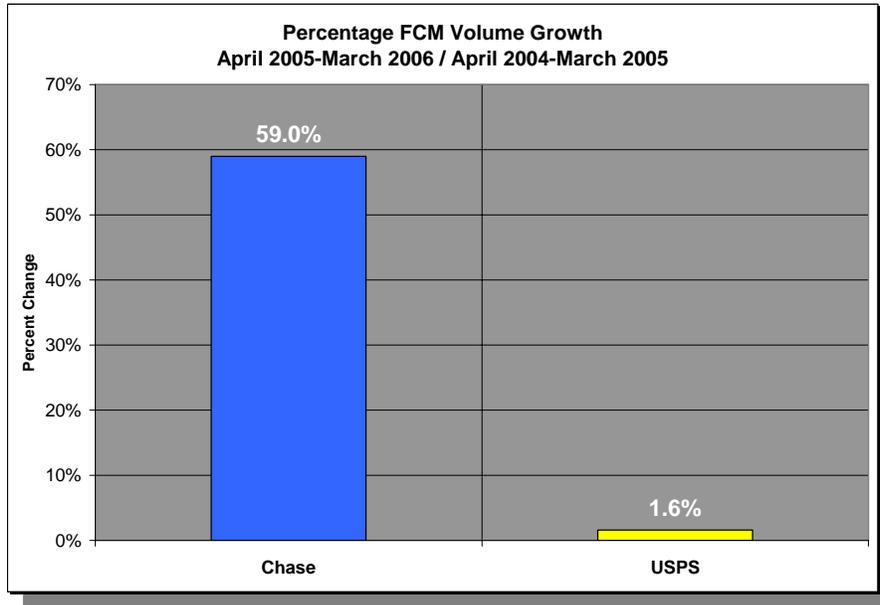
MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006

10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of Chase's First-Class Mail volume as compared to overall First-Class Mail volume.

As explained in detail in response to Item 3 in this Report, the growth in First Class Mail volume due to the merger between Bank One and Chase resulted in an adjustment in the previously negotiated thresholds. The occurrence of the merger precludes any reliable evaluation of the impact on contribution, because such an evaluation would require a comprehensive (i.e., Bank One plus Chase) before-rates volume forecast. Unfortunately, the only before-rates forecast presented on the record pertains exclusively to Bank One. Nevertheless, for purposes of illustration, it is possible to make an approximation of the impact by assuming that a comprehensive before-rates forecast would have been higher than that presented in the case by the same amount as the increase in the discount thresholds. In other words, this assumption is that the estimated combined Bank One and Chase before-rates volume forecast would have been higher than the Bank One before-rates volume forecast by the amount of the volume mailed by Chase in the 12 months prior to the merger. Applying this assumption, an illustrative evaluation of impact on contribution is shown in the Appendix. Based on this exercise and the assumptions employed therein, against the background of \$8.8 million in discounts earned during the April 2005-March 2006 period, the increase in contribution to the Postal Service from the NSA as a whole is estimated at \$8.9 million in Year One.

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

In the time period April 2005 to March 2006, Chase First-Class Mail volume accounted for 1.91% of the total USPS First-Class Mail Volume (less single piece letters). Actual Chase volume during the April 2005-March 2006 performed better than USPS workshare volume over the same period when compared to the April 2004-March 2005 period, with growth rates at 59 percent and 1.6 percent respectively:



Source: USPS Revenue, Pieces, and Weight (RPW) Report

**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

11. Volume of Standard Mail solicitations by rate category in eligible Chase permit accounts.

<u>Standard Mail Letters</u>	
<u>Regular</u>	
Mail Category	Volume
Mixed AADC Auto	32,509,512
AADC Auto	78,371,368
3-Digit Auto	899,637,414
5-Digit Auto	1,010,355,194
Total Volume	<u>2,020,873,488</u>

<u>Standard Mail ECR</u>	
<u>Letters</u>	
Mail Category	Volume
Basic Auto Letters	153,047,490
Basic Letters	22,406,793
Basic Nonltrs	32,846,394
High Density Letters	109,740
High Density Nonltrs	1,169,517
Saturation Letters	79,614,462
Saturation Nonltrs	25,615
Total Volume	<u>289,220,011</u>

<u>Flat-size Mail Category</u>	
Auto Basic	388,312
Auto 3/5 Digit	80,512,474
	<u>80,900,786</u>

GRAND TOTAL	<u>2,390,994,285</u>
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**MC2004-3 Data Collection Report
Chase NSA
April 2005 – March 2006**

12. A comparison of the estimated mailer-specific costs, volumes, and revenues with the actual mailer-specific costs, volumes, and revenues.

See Appendix.

USPS Chase NSA April 2005 - March 2006

Appendix A: page 1

USPS Value Calculation

CHASE YEAR 1 (April 2005- March 2006)		
	MC2004-3 Filing (Year 1)	Actual
(1) Total After Rates Volume	590,135,000	938,169,757
(2) Threshold	535,000,000	721,500,000
(3) Volume Above Threshold	55,135,000	216,669,757
(4) Projected Before Rate Volume	571,080,000	757,580,000
(5) Leakage Volume	36,080,000	36,080,000
(6) Incremental Pieces	19,055,000	180,589,757
(7) Standard Mail Volume SPLY		0
(8) Standard Mail Volume Actual		0
(9) Conversion Percentage	100%	100%
(10) Statement Mail	506,650,000	676,274,574
(11) Marketing Mail	83,485,000	261,895,183
	590,135,000	938,169,757
New FCM Mail Contribution		
(12) Increased Volume	19,055,000	180,589,757
(13) CHASE FCM Revenue per Piece	\$0.292	\$0.288
(14) CHASE FCM Cost per Piece	\$0.130	\$0.104
(15) CHASE FCM Contribution per Piece	\$0.162	\$0.184
(16) CHASE Standard Mail Contribution per Piece	\$0.090	\$0.093
(17) CHASE Contribution	\$1,366,206	\$16,364,287
(18) Discount on Incremental Volume	\$597,325	\$7,851,088
(19) New FCM Mail Contribution (net discounts)	\$768,881	\$8,513,199
Discount Leakage		
(20) Leakage Volume	36,080,000	36,080,000
(21) Total Discount Leakage	\$957,400	\$957,400
Return Cost Savings		
(22) Manual Letter Return Cost	\$0.551	\$0.312
(23) Electronic Letter Return Cost	\$0.343	\$0.116
(24) Letter Return Cost Savings	\$0.208	\$0.196
(25) # of ACS Letter Returns	2,644,830	8,397,547
(26) ACS Letter Savings	\$481,634	\$1,645,447
(27) ACS Flat Savings	\$2,012,052	\$0
(28) ACS Savings	\$2,493,686	\$1,645,447.13
Forwarded CHASE Savings		
(29) Cost of Providing ACS notices for forwards	\$0.061	\$0.086
(30) Number of ACS notices provided	0	3,115,576
(31) Total Forwarding Costs	\$0.00	\$266,381.75
(32) Total USPS Value	\$2,305,167	\$8,934,865

1	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 2; for Actuals USPS Permit System
2	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 6; for Actuals, see Data Report, Item 3
3	(1) - (2)
4	For MC2004-3 Filing, USPS-T-1 Appendix A, page 2; for Actuals, Filing Before Rates Volume plus the difference between the Filing Threshold and the Actual Threshold
5	(4) - (2)
6	(1) - (4)
7	USPS Permit System
8	USPS Permit System
9	MC2004-3 Rate Filing
10	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 2; for Actuals USPS Permit System
11	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 2; for Actuals USPS Permit System
12	Incremental Pieces = (6)
13	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 10; for Actuals USPS Permit System
14	For MC2004-3 Filing, USPS-T-1 Appendix A, page 10; for Actuals Chase Marketing Unit Cost tab (Page 3 of this Appendix)
15	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 10; for Actuals (13) - (14)
16	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 10; for Actuals, Standard Contribution tab (Page 9)
17	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 11; for Actuals, (12) * ((16)-(15))
18	For MC2004-3 Filing witness Plunkett Testimony USPS-T-1 Appendix A, page 11; for Actuals, see Data Report, Item 3
19	(17) - (18)
20	(5)
21	Leakage Volume (5) * Price Incentives (as shown in USPS-T-1 Appendix A, page 6)
22	Return Cost Savings Calculation
23	For MC2004-3 Filing, USPS-T-1 Appendix A, page 1; for Actuals CHASE Marketing Unit Cost tab (Page 3 of this Appendix)
24	For MC2004-3 Filing, USPS-T-1 Appendix A, page 1; for Actuals CHASE Marketing Unit Cost tab (Page 3 of this Appendix)
25	(23) - (24)
26	For MC2004-3 Filing, USPS-T-1 Appendix A, page 7; for Actuals CHASE and USPS reports (Page 7 of this Appendix)
27	(26) * (25)
28	For MC2004-3 Filing, USPS-T-1 Appendix A, page 11; Actuals -- No flat volume
29	(27) + (28)
30	MC2002-2 YEAR 1 Data Collection Report Inflated by 3%
31	USPS Memphis Records
32	(30) * (31)
31	(19) + (29) - (21) - (32)

USPS Chase NSA April 2005 - March 2006
Appendix A: page 2

CHASE First-Class Mail (SOLICITATIONS)
 By Rate Category
 FY 2005 Presorted Letter Volumes

	(1) FY 2005 <u>Volume</u>	(2) Current <u>Rates</u>	(3) = (1) * (2) <u>Revenue</u>
Nonautomated Presorted Letters			
First Ounce	44,071	\$ 0.352	\$ 15,513
Additional Ounces		\$ 0.225	\$ -
Nonmachinable Pieces (a)		\$ 0.055	\$ -
Heavy Piece Deduction		\$ 0.041	\$ -
Total Nonautomated Presorted Letters	44,071		\$ 15,513
Revenue Adjustment Factor (1)			1.000000
Total Nonautomated Presorted Letters Revenue			\$ 15,513
Automation Presort Letters and Flats			
Letters			
	261,851,112		
Mixed AADC Letters (b)	13,429,698	\$ 0.309	\$ 4,149,777
AADC Letters (b)	10,449,635	\$ 0.301	\$ 3,145,340
3-Digit Letters	137,833,760	\$ 0.292	\$ 40,247,458
5-Digit Letters	100,138,019	\$ 0.278	\$ 27,838,369
Additional Ounces	-	\$ 0.225	\$ -
Heavy Piece Deduction	0	\$ 0.041	\$ -
Flats			
	-		
Mixed ADC Flats (b)	0	\$ 0.341	\$ -
ADC Flats (b)	0	\$ 0.333	\$ -
3-Digit Flats (c)	0	\$ 0.322	\$ -
5-Digit Flats (c)	0	\$ 0.302	\$ -
Additional Ounces		\$ 0.225	\$ -
Heavy Piece Deduction		\$ 0.041	\$ -
Nonmachinable Pieces (a)		\$ 0.055	\$ -
Total Automation Presort Letters and Flats	261,851,112		\$ 75,380,944
Revenue Adjustment Factor			1.000000
Total Automation Presort Letters and Flats Revenue			\$ 75,380,944
Automation Carrier Route Letters			
First Ounce		\$ 0.275	\$ -
Additional Ounces		\$ 0.225	\$ -
Heavy Piece Deduction		\$ 0.041	\$ -
Automation Carrier Route Letters	-		\$ -
Revenue Adjustment Factor			1.000000
Automation Carrier Route Letters Revenue			\$ -
Total CHASE First-Class Presort Letters	261,895,183		\$ 75,396,457
Revenue per Piece			\$ 0.2879

USPS Chase NSA April 2005 - March 2006
Appendix A: page 4

CHASE First-Class Mail (STATEMENTS)
 By Rate Category
 FY 2005 Presorted Letter Volumes

	(1) FY 2005 Volume	(2) Current Rates	(3) = (1) * (2) Revenue
Nonautomated Presorted Letters			
First Ounce	2,005,662	\$ 0.352	\$ 705,993
Additional Ounces	0	\$ 0.225	-
Nonmachinable Pieces (a)	0	\$ 0.055	-
Heavy Piece Deduction	0	\$ 0.041	-
Total Nonautomated Presorted Letters	2,005,662	\$	\$ 705,993
Revenue Adjustment Factor			1.000000
Total Nonautomated Presorted Letters Revenue		\$	\$ 705,993
Automation Presort Letters and Flats			
Letters			
Mixed AADC Letters (b)	23,284,819	\$ 0.309	\$ 7,195,009
AADC Letters (b)	6,294,792	\$ 0.301	\$ 1,894,732
3-Digit Letters	392,041,494	\$ 0.292	\$ 114,476,116
5-Digit Letters	252,647,807	\$ 0.278	\$ 70,236,090
Additional Ounces	63,260,164	\$ 0.225	\$ 14,233,537
Heavy Piece Deduction		\$ 0.041	\$ -
Total Automation Presort Letters and Flats	737,529,076	\$	\$ 208,035,485
Revenue Adjustment Factor			1.000000
Total Automation Presort Letters and Flats Revenue		\$	\$ 208,035,485
Automation Carrier Route Letters			
First Ounce		\$ 0.275	\$ -
Additional Ounces	0	\$ 0.225	\$ -
Heavy Piece Deduction	0	\$ 0.041	\$ -
Automation Carrier Route Letters	-	\$	\$ -
Revenue Adjustment Factor			1.000000
Automation Carrier Route Letters Revenue		\$	\$ -
Total First-Class Presort Letters	739,534,738	\$	\$ 208,741,478
Revenue per Piece		\$	0.2823

USPS Chase NSA April 2005 - March 2006**Appendix A: page 6**

Period	First-Class Mail Marketing Volume	Physical Returns	Electronic Returns	% of Electronic Returns	Return Rate
April 2005	5.01		0.00	100.00%	0.00%
May 2005	7.69	0.013	0.03	66.44%	0.51%
June 2005	9.17	0.026	0.22	89.46%	2.64%
July 2005	33.48	0.533	0.49	47.84%	3.05%
August 2005	17.96	0.088	0.43	82.87%	2.86%
September 2005	21.66	0.097	0.72	88.12%	3.76%
October 2005	7.91	0.014	0.45	96.96%	5.92%
November 2005	6.27	0.024	0.45	94.99%	7.62%
December 2005	12.88	0.059	0.56	90.42%	4.80%
January 2006	25.87	0.238	1.64	87.33%	7.25%
February 2006	55.35	0.303	1.90	86.27%	3.99%
March 2006	58.65	0.292	1.52	83.86%	3.08%
Totals	261.90	1.69	8.40	83.28%	3.85%

Actual Monthly Volumes

USPS Chase NSA April 2005 - March 2006

Appendix A: page 7

ACS notices breakdown

	FORWARDING	RETURNS	TOTAL	% FORWARDING	% RETURN
Apr 2005	35	84	119	29.41%	70.59%
May 2005	18,585	25,851	44,436	41.82%	58.18%
June 2005	31,045	216,754	247,799	12.53%	87.47%
Jul 2005	41,876	489,254	531,130	7.88%	92.12%
Aug 2005	132,247	425,498	557,745	23.71%	76.29%
Sep 2005	167,397	717,047	884,444	18.93%	81.07%
Oct 2005	64,095	454,263	518,358	12.37%	87.63%
Nov 2005	30,591	453,949	484,540	6.31%	93.69%
Dec 2005	141,549	559,274	700,823	20.20%	79.80%
Jan 2006	250,645	1,637,618	1,888,263	13.27%	86.73%
Feb 2006	550,550	1,902,949	2,453,499	22.44%	77.56%
Mar 2006	1,686,961	<u>1,515,006</u>	<u>3,201,967</u>	<u>52.69%</u>	<u>47.31%</u>
TOTALS	3,115,576	8,397,547	11,513,123	27.06%	72.94%

USPS Chase NSA April 2005 - March 2006

Appendix A: page 8

<u>NSA Volume</u>			
	<u>Statement</u>	<u>Marketing</u>	<u>Total First-Class Mail</u>
April-05	47,762,380	5,006,927	52,769,307
May-05	47,205,226	7,693,063	54,898,289
June-05	50,615,093	9,171,224	59,786,317
July-05	54,200,450	33,479,958	87,680,408
August-05	47,761,603	17,959,851	65,721,454
September-05	48,426,425	21,655,963	70,082,388
October-05	46,560,322	7,908,660	54,468,982
November-05	54,192,119	6,270,808	60,462,927
December-05	56,342,627	12,879,257	69,221,884
January-06	82,476,583	25,865,197	108,341,780
February-06	68,380,797	55,354,738	123,735,535
March-06	72,350,949	58,649,537	131,000,486
Total Volume	676,274,574.00	261,895,183	938,169,757

<u>Legacy Chase Volume</u>			
	<u>Statement</u>	<u>Marketing</u>	<u>Total First-Class Mail</u>
Jan-05	33.6	4.4	
Feb-05	31.9	0.4	
Mar-05	29.5	2.1	
April-05	30.3	1.9	
May-05	29.1	0.8	
June-05	29.4	0.8	
July-05	29.2	1.3	
August-05	29.4	1.2	
September-05	29.7	0	
October-05	29.4	0.2	
November-05	29.4	0.2	
December-05	28.8	0.5	

373.5

USPS Chase NSA April 2005 - March 2006

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Standard Mail unit contribution

	(1)	(2)	(3)	(4)	(5)	(6)
	Volume %	Volume	Rates	Revenue	Unit Cost	Contribution

Standard Mail Regular Letters Net Revenue per piece

Letter-size Mail Category

Mixed AADC Auto	1.4283%	32,509,512	\$0.215	\$6,986,196	0.0972	
AADC Auto	3.4433%	78,371,368	\$0.206	\$16,166,706	0.0874	
3-Digit Auto	#####	899,637,414	\$0.185	\$166,765,692	0.0840	
5-Digit Auto	#####	1,010,355,194	\$0.165	\$166,363,805	0.0728	
Total		2,020,873,488		\$356,282,399		

Letter-size Standard Mail ECR

Mail Category

Basic Nonauto Letters	0.9845%	22,406,793	\$0.174	\$3,902,962	0.0894	
Basic Auto Letters	6.7243%	153,047,490	\$0.146	\$22,380,240	0.0960	
High Density Letters	0.0048%	109,740	\$0.164		0.0454	
Saturation Letters	3.4979%	79,614,462	\$0.128	\$10,193,032	0.0690	
Total		255,178,485		\$36,476,234		

Weighted Average per piece

			\$0.173	\$0.080	\$0.093
100%	2,276,051,973				

(1) Percentage of Rate Category volume to Total Standard Mail volume

(2) Permit System

(3) Permit System

(4) Permit System

(5) Weighted average cost per piece using R2006 unit cost

(6) Average Revenue per piece minus weighted average cost per piece.