

APPENDIX 3.5
(referred to in paragraphs 3.49 and 4.59)

Cost of maintenance agreements relative to machine prices

Tables 1 and 2 express the charges of AMS and Neopost respectively for comprehensive maintenance contracts (applicable after the first year) as a percentage of the list price of the franking machine concerned. However, the actual prices paid, and specifications of franking machines, are subject to negotiation between the customer and manufacturer. Maintenance agreements may also be subject to discounts, and the terms of maintenance agreements, and specifications and capabilities of machines, may differ between AMS and Neopost.

TABLE 1 Service price as a percentage of list price: AMS, 1999 to 2002

<i>Model</i>	<i>List price of franking machine £</i>	<i>Price of annual service agreement (after first year) £</i>	<i>Service price as a percentage of list price %</i>
<i>Price list 1999</i>			
SMILE	1,292	96.1	7.44
120-304	1,628	138.8	8.53
220-304	3,121	190.6	6.11
320-324	4,698	272	5.79
337-324	5,651	308.3	5.46
335R-324+HASL AD	9,336	502.6	5.38
335R-324+HASNL AD	9,485	502.6	5.30
AMS-335R-324+HAS AD (Automail Sys)	14,914	871	5.84
AMS-335R-324+HASNL AD (Automail Sys)	15,085	871	5.77
<i>Price list 2000</i>			
SMILE	1,318	98.5	7.47
120-304	1,661	142.2	8.56
220-304	3,183	195.3	6.14
320-324	4,783	278.8	5.83
337-324	5,764	316	5.48
335R-324+HASL AD	9,523	515.1	5.41
335R-324+HASNL AD	9,675	515.1	5.32
AMS-335R-324+HAS AD (Automail Sys)	15,212	892	5.86
AMS-335R-324+HASNL AD (Automail Sys)	15,387	892	5.80
<i>Price list 2001</i>			
SMILE	1,318	105	7.97
120-304	1,710	151	8.83
220-304	3,279	207	6.31
320-324	4,926	296	6.01
337-324	5,937	336	5.66
335R-324+HASL AD	9,808	547	5.58
335R-324+HASNL AD	9,965	547	5.49
AMS-335R-324+HAS AD (Automail Sys)	15,669	947	6.04
AMS-335R-324+HASNL AD (Automail Sys)	15,848	947	5.98
<i>Price list 2002</i>			
SMILE	1,318	108	8.19
220/304 + AS4	5,600	273	4.88
320/324 + HAS	7,918	464	5.86
337/324 + HAS	8,559	505	5.90
335/324 + HASL AD	10,103	563	5.57
335/324 + HASNL AD	10,264	563	5.49
Automail 335R+324+HAS AD	16,452	975	5.93

Source: AMS.

Note: Annual service agreement cost calculated as quarterly direct debit sum × 4.

TABLE 2 Service price as a percentage of list price: Neopost, 1999 to 2002

<i>Model</i>	<i>List price of franking machine £</i>	<i>Price of annual service agreement (after first year) £</i>	<i>Service price as a percentage of list price %</i>
<i>Price list 1999</i>			
SM22 Franking Machine	1,495	144	9.63
SM26 Franking Machine	1,995	152	7.62
5460 Electronic Franking Machine	2,158	157	7.28
<i>Price list 2000</i>			
SM22 Franking Machine	1,495	148	9.90
SM26 Franking Machine	1,995	156	7.82
5460 Electronic Franking Machine	2,158	156	7.23
IJ65 Franking Machine	3,500	287	8.20
8660 Electronic Franking Machine	4,495	287	6.38
IJ65 w/ Autofeed	4,800	417	8.69
<i>Price list 2001</i>			
SM22 Franking Machine	1,495	167	11.17
SM26 Franking Machine	1,995	176	8.82
5460 Electronic Franking Machine	2,265	167	7.37
IJ65 Franking Machine	3,990	287	7.19
IJ65 w/ Autofeed	5,290	417	7.88
<i>Price list 2002</i>			
SM22 Franking Machine	1,495	167*	11.17*
SM26 Franking Machine	1,995	176*	8.82*
5460 Electronic Franking Machine	2,390	167*	6.99*
IJ65 Franking Machine	4,165	287*	6.89*
IJ65 w/ Autofeed	5,495	417*	7.59*

Source: Neopost.

*2001 prices for servicing, not 2002.