



July 28, 2006

Neopost, Inc.
30955 Huntwood Avenue
Hayward, CA 94044

Subject: Limited Exception for Phase III Meter Customers with Leases

As you are fully aware, the United States Postal Service (USPS) mandated that all Phase III postage meters must be off the market by December 31, 2006. Although this date was first published in 2001, it has recently been brought to our attention that certain postage meter providers and/or their dealers and representatives continued to enter into lease agreements on Phase III meters with customers that extended beyond that date.

In order to minimize any potential financial hardship to our customers, we are allowing certain users of Phase III postage meters extensions beyond December 31, 2006, under limited circumstances. If a Phase III postage meter customer has a valid lease or financing agreement with a term that extends beyond December 31, 2006, the customer may continue to use the Phase III postage meter until the end of the lease or financing agreement or December 31, 2007, whichever is earlier, if the following conditions are met:

- 1) The lease or financing agreement pertains directly to a Phase III postage meter; and
- 2) The lease or financing agreement has an origination date of December 31, 2004 or earlier.

We hope by making these accommodations to customers with leases or financing agreements in place, we can minimize any costs and inconvenience that our customers may experience. Please provide a copy of this letter to those customers that qualify for this limited exception so that they may consider this extension when making any decision regarding their future postage metering needs.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel J. Lord".

Daniel J. Lord
Manager