

On January 14, 2008, we will introduce price and service changes to regulated and non-regulated Transaction Mail and Direct Marketing services. The January 2008 changes are direct results of our commitment to serve you better, make our services easier to use and respond to your needs.

The timing of the January 2008 changes reflects Canada Post's continuing efforts to respond to customers' requests for a predictable and manageable environment for price and service changes. We trust that the service changes effective January 14, 2008, outlined below, demonstrate our dedication to provide you with a range of services that offer flexibility, convenience, value and choice, in this highly competitive global marketplace.

Addressed Admail™ Customer Guide Amendment #1

The 2007 Addressed Admail Customer Guide has been amended to identify changes that will come into effect on January 14, 2008. The 2007 Addressed Admail Customer Guide Amendment #1 will be available at www.canadapost.ca/customer_guides as of July 6, 2007, to provide Addressed Admail customers with 180 days notification.

AdCard™

Effective January 14, 2008, we will introduce the following enhancements to AdCard – our advertising medium that combines the strengths of Admail, the benefits of a "one-stop" solution and the impact of a high-quality card format!

- *Additional Payment Options* – Currently, our customers can only pay for AdCard using the "Account" option. In response to our customers' request for more flexibility, as of January 14, 2008, we will extend "credit card" as a method of payment, aligning it with the service offering for Addressed Admail and Unaddressed Admail™. This is particularly good news for small to medium size customers who are often limited to, or prefer using credit card as a payment option.
- *New Lower Minimum Order Volumes and Pricing* – Effective January 14, 2008, the minimum volume for AdCard will be lowered from 5,000 pieces to 1,000 pieces per Order! To accommodate this enhancement, two new price levels will be introduced:
 - 1,000 up to 2,499
 - 2,500 up to 4,999

This improvement will make AdCard more accessible to customers with smaller targeting requirements who have not yet been able to enjoy this service.

For additional information on AdCard, please call 1.866.757.5480 or visit www.canadapost.ca/adcard

Combining Lettermail™ in a Monotainer Applies to Lettermail and Incentive Lettermail™

During recent consultation with customers, it was identified that allowing the combining of Lettermail services in a monotainer would be a key specification change that would make it easier for you to prepare Lettermail.

As a result, we are pleased to announce effective January 14, 2008, combining full rate Lettermail and Incentive Lettermail in the same monotainer will be permitted. Details will be provided with the posting of the Incentive Lettermail Customer Guide at www.canadapost.ca/customer_guides on November 15, 2007.

Reduction in Container Weights Applies to: Lettermail, Incentive Lettermail, USA and International Letter-post, Addressed Admail, Catalogue Mail™ and Publications Mail™

Currently, the published maximum weight for containers (lettertainers, flats tubs and bags) is 25 kg. Effective January 14, 2008, the maximum weight for containers will be reduced to 22.7 kg (including the combined weight of the container, lid and contents). This change will improve ease of use for our customers and our employees by reducing the number of overweight containers that require additional processing and handling, thereby reducing potential safety hazards.

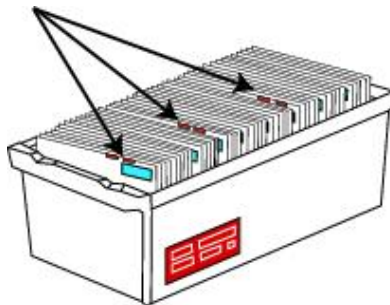
As updates will be made to SERP software (Software Evaluation and Recognition Program) to accommodate this change, it will be important that you ensure you are using the correct version of the software effective January 14, 2008.

Note that this change does not apply to **Unaddressed Admail**.

Edgemarking Changes

Applies to Lettermail Presort, Lettermail Presort Local, Addressed Admail Presort and Publications Mail Presort

Edgemarking refers to the use of ink or paint applied to the top edge of a mail item (envelope or box) to indicate a break between groupings within a hard-sided container. Edgemarks - which identify the start or stop of a Letter Carrier walk or postal box range - are applied only to the first item at the beginning of each grouping as shown below:



Edgemarking to identify the end of the container for operational use is currently acceptable, but should not be placed in either of the locations reserved for the Delivery Mode Direct (DMD) or Delivery Facility (DF) marking.

What's new? Customers asked us for more flexibility with this process and we listened! Effective January 14, 2008, in addition to the current process, you will be able to identify the **beginning** or end of a container by edgemarking two envelopes (items) in a row at the **same location used for the DMD or DF mark**. Therefore, when two marked envelopes are seen together it identifies the beginning or end of a container and not simply a grouping (as a grouping cannot be one item).

Note that there is no change to separate "groupings" by edgemarking the beginning or end of a grouping.

More Flexibility for Unaddressed Admail

Canada Post is pleased to announce new dimensions for Unaddressed Admail, which will offer customers more flexibility in the urban delivery of Unaddressed Admail to both residences and businesses. A key barrier of using Unaddressed Admail and competitive disadvantage has been the size specifications associated with the service. Effective January 14, 2008, Letter Carrier delivery will allow for Oversize items with an increased maximum width of 15.24 cm to 22.85 cm (6" to 9").

Here is an overview of the new sizes and delivery standards for Unaddressed Admail effective January 14, 2008:

Residential and Business specifications

Letter Carrier **Standard** items:

- up to 30.5 cm x 15.24 cm (up to 12" x 6")
- up to 115 g (3 days)
- over 115 g up to 230 g (5 days)

Letter Carrier **Oversize** items:

- over 30.5 cm x 15.24 cm up to 30.5 x 22.85 cm (over 12" x 6" up to 12" x 9")
- up to 115 g (5 days)
- over 115 g up to 230 g (5 days)

Non-Letter Carrier **Standard** items:

- up to 30.5 cm x 15.24 cm (up to 12" x 6")
- up to 500 g (1 day)
- over 500 g up to 1,000 g (3 - 5 days)

Non-Letter Carrier **Oversize** items:

- over 30.5 cm x 15.24 cm up to 35.56 cm x 28 cm (over 12" x 6" up to 14" X 11")
- up to 500 g over (1 day)
- over 500 g up to 1,000 g (3 - 5 days)

The new "Oversize" categories will be priced higher than the "Standard" categories. Please refer to the Unaddressed Admail Price Sheet for details. Note that Standard and Oversize items cannot be declared on the same Order.

There will be a change to Orders created using the Electronic Shipping Tools (EST) to accommodate these changes. The EST-generated and manual Address Delivery Slip (ADS) layout will also be impacted. If you need to update your print programs to accommodate the ADS changes, a template will be posted on the Canada Post website at www.canadapost.ca/uasupportdocuments by October 1, 2007.

Undeliverable Publications Mail

We are pleased to announce that effective January 14, 2008, we will launch a new application to automate the timely return of Undeliverable Publications Mail address information to publishers. This service enhancement resulted from a need identified by Canada Post and customers to improve the processing of Undeliverable Publications Mail.

Beginning in January, we will data enter the address information from Undeliverable Publications Mail items and return a weekly electronic summary and detailed report to you, using Canada Post's secure PosteCS™ service. For easy reconciliation, a unique number will appear on both the report and the corresponding invoice. In the coming months, Canada Post will contact you to further explain our new service offering.

Publications Mail Letter Carrier Presort Distance-based Structure

We will introduce a change to Publications Mail whereby when preparing an Order, you will be required to declare Local, Regional and National volumes for Letter Carrier Presort (LCP) mailings as identified on the Mailing Summary generated by Software Evaluation and Recognition Program (SERP) software. As updates will be made to SERP software to accommodate this change, it will be important that you ensure you are using the correct version of the software for all Publications Mail LCP mailings, effective January 14, 2008.

This change introduces a distance-based (Local, Regional, National) structure for LCP mailings with no price differentiation for 2008 as agreed between Canada Post and the publishing industry. Introduction of the new pricing structure without price differentiation will allow you time to assess your mailings for Local, Regional and National mix in preparation for a future distance-based price implementation. You can make that assessment by running different scenarios in the SERP software to determine the optimum means of inducing your mail - one deposit location versus several local deposits versus regional, etc.

Classification of distance-based LCP destination:

Local

The destination city/town is the same as the originating city/town as determined by the Canada Post induction location and origin-destination table in the SERP software

Regional

The destination province is the same province as the originating province as determined by the Canada Post induction location, with some exceptions specified in the origin-destination table in the SERP software

National

Anywhere else in Canada that is not deemed to be Local or Regional

Residue

Residue items would be considered National for pricing purposes

The minimum deposits continue to be 1,000 items and all LCP items on an Order are combined to calculate the volume of the Order.

Repositionable Notes (RPNs)

Applies to Addressed Admail, Publications Mail and Unaddressed Admail

In response to our customers' request for innovative and creative options that stand out and increase response rates, Repositionable Notes were introduced in 2007 for Letter Carrier Presort (LCP) Addressed Admail (including AdCard), Publications Mail and Unaddressed Admail (including AdCard). The highly effective option allows you to affix an adhesive note to the outside of a mail piece (except polybags) which can be removed by the receiver and adhered to a refrigerator, computer or telephone as a reminder or for future reference after the mail item is discarded.

Repositionable Notes can be affixed to the outside of a mail piece* at **no additional postage** charged to you. To be acceptable the Repositionable Notes must:

- be no larger than 76.2 mm x 76.2 mm (3" x 3")
- be applied by a machine, not manually
- be applied with a glue strip that must be a minimum of a third of the total width of the RPN (i.e. glue strip must be at least 26 mm wide for a 76 mm label)
- be applied on paper-based coverings, such as envelopes (cannot be used on plastics or polybags)

*Repositionable Notes can be placed anywhere on an Unaddressed Admail item. However, there are placement restrictions for RPN use on Addressed Admail and Publications Mail items. Please consult the "Guidelines for the Application of Repositionable Notes" section in the appropriate Postal Standards Manual available at www.canadapost.ca/postalstandards

New Indicia Design – Effective Immediately

Applies to Addressed Admail, Catalogue Mail, Lettermail and Publications Mail

To provide you with a new postal indicia option, we are introducing a new generic indicia with a perforated edge design. You will be able to use the same indicia for multiple services as the design and specifications allow for more flexibility. The new indicia option will also provide you with incremental value and could improve direct mail response rates.

You will need to add the name of the service (e.g. Addressed Admail, Lettermail, etc), as well as your Customer Number and Agreement Number (as required) to the artwork according to the instructions available by selecting "Postal Indicia" at www.canadapost.ca/postalservices. Please note that current specification requirements regarding indicia minimum and maximum sizes, font size, etc., continue to apply.

Householder Elite – Effective Immediately Applies to Unaddressed Admail

To provide you with reliable access to the maximum number of customers possible, we are introducing a new data product – the **Householder Elite** file which merges our current Householder Data Products and Householder-Plus information into a unique file. This new file will provide licensed commercial customers with access to householder count information at the delivery installation name, Forward Sortation Area (FSA), delivery mode and postal code levels. The postal codes are linked to their respective delivery installation, delivery mode and householder counts. Key data elements also align with the Electronic Shipping Tools (EST), making this new offering a comprehensive source of householder data.

The subscription fee is currently \$7,500 per year and includes monthly updates. Effective January 1, 2008, the subscription fee will increase to \$8,000 per year. The Householder Elite file is available on CD or by downloading from our secure file transfer protocol (FTP) site. For additional information, please visit our website at www.canadapost.ca/pcp

Postponement of Exact Weight Declaration Applies to Lettermail and Incentive Lettermail

In November 2006, Canada Post advised you of planned changes to weight declaration of commercially induced Lettermail over the three years from 2007 until 2009, culminating in a requirement for you to indicate exact weights on Orders (Statements of Mailing) for all Lettermail and Incentive Lettermail categories by 2009.

Consultation with some of our customers and their Mail Service Providers indicated that many Lettermail customers are not at the point where they are calculating exact weight information. We have listened to your concerns and recently advised you that we are deferring this requirement to a later date to provide Canada Post with the opportunity to further consult with customers on key value drivers for this and future changes, as well as consider and integrate necessary upgrades to customer interface tools, such as the Electronic Shipping Tools (EST), that may be required for weight declaration.

Important Reminder

You are still required to declare the number of pieces or weighted average within each weight step, (i.e. the number of pieces within "Up to 30 g", "Over 30 g up to 50 g" and "Over 50 g up to 100 g") on the Order (Statement of Mailing). If you have already made the necessary changes to be ready for the original requirement for exact weight declaration, we appreciate and thank you for your efforts. If you have the capability, we do encourage you to declare exact weights.

Visit our website at www.canadapost.ca/business and click on the red icon "Service and price changes effective January 14, 2008" for complete details!

Small full rate Lettermail Order

Each day, Canada Post employees receive and process hundreds of Orders for full rate Lettermail with very small volumes resulting in performance issues in our operating network. We realize that Electronic Shipping Tools (EST) limitations may have contributed to this practice and are therefore pleased to announce that on April 16, 2007, we made improvements to EST functionality that can save you time and money.

In order to increase efficiencies and serve you better, Canada Post designed this new functionality so you can easily combine full rate Lettermail mailings. On a single Order, you can now enter multiple cost centres, account types or clients and produce individual reports to reconcile these mailings for your clients. Future plans include the possible implementation of a minimum threshold for full rate Lettermail Orders in EST.

View the online demonstration at www.canadapost.ca/ESTHowDoI and click on *Important Updates*, then *April 2007* followed by *Lettermail* for complete details!

Mandatory 4-state bar code for Business Reply Mail™ (BRM) and International Business Reply Mail (IBRM) Effective July 16, 2007

As communicated to you in last year's price and service changes notification package, in order to improve processing efficiency, all BRM and IBRM items will be required to use the 4-state bar code instead of the 93-symbology bar code effective July 16, 2007. The 4-state bar code is a height-modulated bar code used in high speed sorting machines and has been available to customers since 2004 through the BRM Artwork Online Tool. All BRM and IBRM cards and envelopes not bearing the 4-state bar code after July 16, 2007, will be considered "not to specification" and subject to a \$0.10 surcharge per item.

4-state bar code sample:



93-symbology bar code sample:



To avoid non-compliance surcharges, BRM cards or envelopes depicting the outdated 93-symbology bar code can be updated by using the new BRM overlay label! You can download and print the BRM overlay label to fit on a standard 50 mm x 100 mm (2" x 4") Avery label, and stick the label over the 93-symbology bar code and BRM address. Please ensure the indicia, three bars and chevrons are not covered and that the bar code is parallel to the edge of the BRM card or envelope.

Updated Business Reply Mail and BRM label artwork is available at www.canadapost.ca/obc