

TRANSACTION MAIL AND DIRECT MARKETING Changes effective January 15, 2007

QUESTIONS

ADDRESSED ADMAIL

1. What are the changes to the Machineable mail read rate and certification process for Addressed Admail?
2. What is the change to container fill requirements
3. What changes are being made to SERP presort software?

INCENTIVE LETTERMAIL

4. What are the changes to the machineable mail read rate and certification process for Incentive Lettermail?

PUBLICATIONS MAIL

5. What are the changes to the machineable mail read rate and certification for Publications Mail?
6. What is the change to container fill requirements
7. What changes are being made to SERP presort software?

ADDRESSED ADMAIL

1. Addressed Admail: What are the changes to the Machineable mail read rate and certification process for Addressed Admail?

Currently, Addressed Admail customers may follow the Machineable Mail Certification process to test that a mailing will achieve the machine read rate of 90% or greater for Short and Long and 80% or greater for Oversize. Price adjustments are made to the items that fail to meet the desired read rates. The current price adjustment for S/L mail is \$0.05 per item that fails to meet the 90% read rate and the O/S price adjustment is \$0.10 per item.

Effective January 15, 2007

- If the mailing's read rate is greater than 90% for S/L items or greater than 80% for O/S items, no adjustment will apply.
- If the mailing's read rate is less than 90% for S/L items or less than 80% for O/S items a \$0.10 per item surcharge will apply to the difference between the actual read rate and the required read rate (90% for S/L and 80% for O/S)

The Machineable mail will be run on the mechanized equipment and the read rate captured for both S/L and O/S for all machineable products. The read rate is captured and used to determine the adjustment, if applicable, to the customers mailing.

2. Addressed Admail: What is the change to container fill requirements?

Effective January 15, 2007, the container fill minimum requirement will be reduced to 50% from 70% for level 1 (Delivery Facility) and level 4 (FCP). The SERP Presort software will automatically apply this new minimum.

3. Addressed Admail: What changes are being made to SERP presort software?

SERP presort software is being updated to accommodate changes to container fills. (See question 2 above.)

Additionally, customers who brick pile must use the SERP presort software brick piling module effective January 15, 2007.

INCENTIVE LETTERMAIL

4. Incentive Lettermail: What are the changes to the machineability read rates and the certification process for Incentive Lettermail?

For Incentive Lettermail the required read rate is 95% or greater for S/L items and 85% or greater for O/S items.

In February 2000, the Corporation developed and implemented a process that requires Incentive Lettermail customers to become certified to gain access to machineable discounts for Lettermail. The process established a cure period that is triggered when an Incentive Lettermail customer's read rate falls below the acceptable limit. The customer then has the longer of three days or their next mailing to pass their next machineable mailing at the acceptable read rate. If they pass, the cure period ends and the customer continues to receive access to the machineable rate. However if they fail to address the issue within the process timeframe they lose access to machineable discounts for ALL future mailings until they have retested to re-establish their certification.

If customers wish to determine the machine read rate (or to become certified) they are required to send a representative 200-piece sample of their S/L or O/S mail to Mail Standards and Testing at Head Office.

Effective January 15, 2007

- The cure period will be eliminated;
- Certification is no longer required; however, optional testing of the machine read rates is strongly recommended;
- The target read rate of 95% for S/L items and 85% for O/S items will be maintained;
- A "control limit" of 80% for S/L items and 70% for O/S items will be established;
- If the mailing's read rate is greater than 95% for S/L items and 85% for O/S items, no adjustment applies;
- If the mailing's read rate is less than 80% for S/L items or less than 70% for O/S items the full price at the appropriate weight step will apply to the entire mailing;
- For S/L items - If the mailing's read rate is greater than 80% but less than 95%, the applicable full price at the appropriate weight step to the difference (95% less read rate) will apply;
- For O/S items - If the mailing's read rate is greater than 70% but less than 85%, the applicable full price at the appropriate weight step to the difference (85% less read rate) apply.

The machineable mail will be run on the mechanized equipment and the read rate captured for both S/L and O/S for all machineable products. The read rate is captured and used to determine the adjustment, if applicable, to the customers mailing.

The Mail Preparation and Customer Guides will be updated to reflect the changes.

PUBLICATIONS MAIL

5. Publications Mail: What are the changes to the machineable mail read rate and certification for Publications Mail?

Currently, customers may follow the Machineable Mail Certification process to test that a mailing will achieve the machine read rate of 90% or greater for Short and Long and 80% or greater for Oversize items. Price adjustments are made to the items that fail to meet the desired read rates. The current price adjustment for S/L Publications Mail is \$0.05 per item that fails to meet the minimum 90% read rate and \$0.10 per item that fails to meet the minimum 80% read rate for O/S.

Effective January 15, 2007

- Testing (formerly referred to as Certification) of the machineable read rates will be optional;
- The target read rate of 90% for S/L items and 80% for O/S items will be maintained;
- If the mailing's read rate is greater than 90% for S/L items and 80% for O/S items, no adjustment will apply;
- If the mailing's read rate is less than 90% for S/L items or less than 80% for O/S items, a \$0.10 per item surcharge will apply to the items that fall between the actual read rate and the target read rate.

The machineable mail will be run on the mechanized equipment and the read rate captured for both S/L and O/S for all machineable products. The read rate is captured and used to determine the adjustment, if applicable, to the customers mailing.

The Mail Preparation and Customer Guides will be updated to reflect the change.

6. Publications Mail: What is the change to container fill requirements?

Effective January 15, 2007, the container fill minimum requirement will be reduced to 50% from 70% for level 1 (Delivery Facility) and level 4 (FCP). The SERP Presort software will automatically apply this new minimum.

7. Publications Mail: What changes are being made to SERP presort software?

SERP presort software is being updated to accommodate changes to container fills. (See question 6 above.)

Additionally, customers who brick pile must use the SERP presort software brick piling module effective January 15, 2007.