

Lettermail
"Leveraging the Core to Build the Future"
September 2007

Agenda

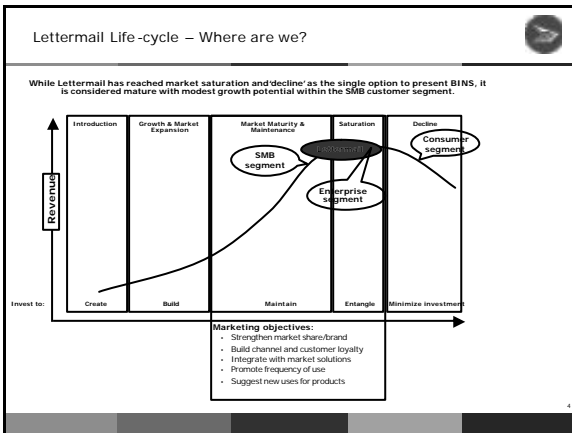
Lettermail – Key Strategic Thrusts & Future Ambitions

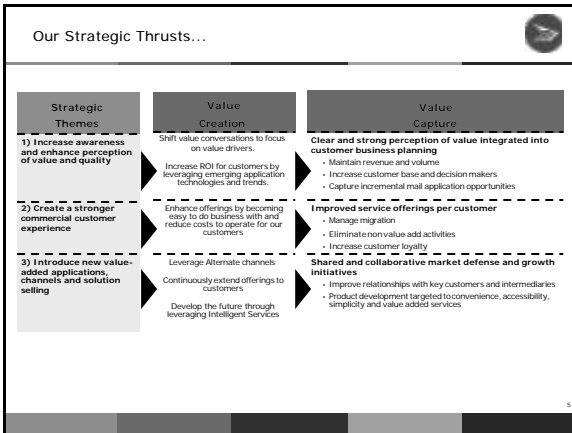
Lettermail Changes for 2008

Setting a Path to Success

Mandate
Defend and Grow Lettermail through increasing its relevancy, perceived and actual value.

Mission
Lettermail will be accepted and leveraged based upon its value to businesses and consumers not solely on its regulated necessity or exclusive privilege.






1) Increase Awareness & Enhance Perception of Value & Quality

Market Investment Response	Market Segments					
	Small Business	Mid-Market	Enterprise	SMB	Corporate	Consumer
2006 revenue share	20%	14%	2%	7%	42%	12%
Great Statement program: Target and leverage statement mail applications to test and promote the value of the physical presentation of the statement	●	●	●	●	●	●
Social Fabric Marketing Program: Integrated initiatives related to the social good or fabric including government programs, elections, and environmental initiatives.	●	●	●	●	●	●
Product/Service Enhancements: Target Issues related to problem resolution to enhance the customer experience and address business vulnerability issues	●	●	●	●	●	●
Enhanced Sales Tools and DM: Tools to sales to facilitate more relevant customer engagements – more focus on lettermail revenue; mail best practices information and cooperative marketing and shared cost opportunities	●	●	●	●	●	●
Customer Case Studies and Testimonial Program: Collaboration opportunities with channel partners for various mail applications; share best practices to generate customer confidence	●	●	●	●	●	●
National Mail Campaign: Primarily focused on SMB to promote the value of mail (service branding) across mail applications and increase awareness	●	●	●	●	●	●
New Product/Service Development: extend value of payment verification types to add incremental value while leveraging current capabilities; enhance service to address rapidly evolving customer expectations on service performance/capabilities	●	●	●	●	●	●

Understanding the opportunity


- What makes a Great Statement?
 - A Great Statement is an invoice, a bill or an account statement that has been designed to achieve maximum impact.
- A Great Statement is a communications tool that builds the business-customer relationship.
- Statements are a monthly one-to-one meeting with your customer
- Statements are an excellent way to build loyalty with your existing customers?
- What are the advantages of a Great Statement?
 - Increase revenues
 - Decrease overhead costs
 - Improve the overall customer experience
 - Enhance the corporate brand
 - Build customer loyalty.



First Steps...

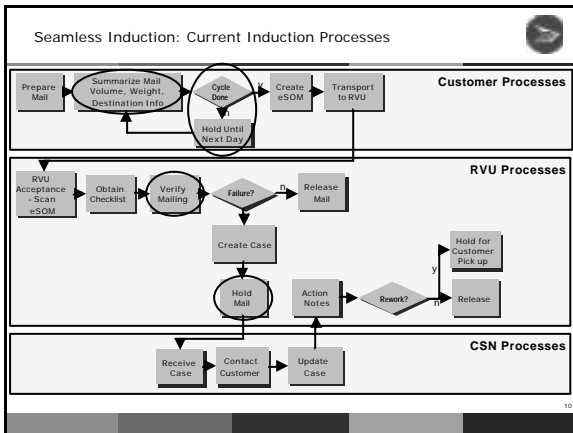
Recognize Leadership & Promote to Marketers

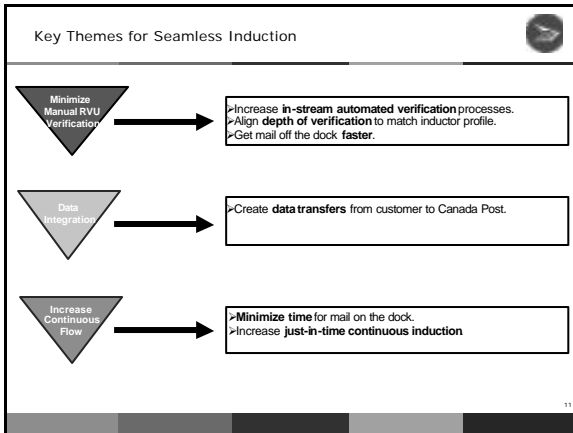
- Canada Post has created with CMA a Lettermail Award
 - Recognizes Canadian businesses who redesign their business statements to include on-statement promotion
 - Based on criteria outlined in Great Statements whitepaper
- Developed multi -media "Take the Test" tool
- Developed case studies – ongoing
- Advertising campaign and website to promote 'Great Statements' to Canadian business community
- Make a Great Statement Executive Forum

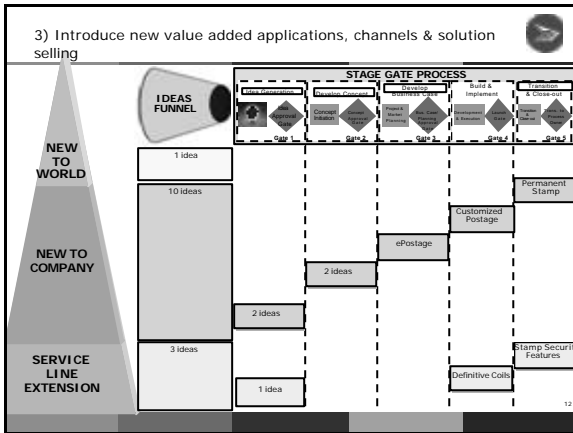


2) Create a Stronger Commercial Experience

Enhancement Response	Market Segments				
	Enterprise	SMB	Consumer	MSP	ALL
• 2006 revenue share	46%	43%	11%	2%	
• Partial Shipments for Lettermail: Allow customers through EST, to provide partial shipments for Lettermail.	●	●			
• Data Interchange/Seamless induction: Fundamentally shift from SOM based induction to Data dependent, increasing certainty of payment and reducing costs for customer/MSA/CPG.	●	●		●	
• Registered Mail Enhancements: Make this a user friendly experience for the customer by automating process steps.	●	●	●		
• Online Centre for Creativity: On-Line toolset to support customers in creative placement to ensure that they get it right the first time, every time.	●	●		●	
• Executive Customer Council: Consistent dialogue with executives around enhancements and modifications and new product ideas.	●			●	●
• 20/20 Service Road Map: Identifying areas of improvement for Service and planning implementation of change.	●		●	●	
• Service Performance: Testing: Test Commercial Service links to ensure service level for commercial indicators.	●			●	
• Road Rate/Weight Step Articles: Make EST article names more descriptive to clarify SOM creation.	●			●	●







Visibility in the Mail

Rationale for offering Intelligent Services

- The world market is changing for Canada Post
 - A More Sophisticated Market
 - New Communication Alternatives
 - Increased Customer Expectations
- Canada Post needs to increase the relevance of our offerings for our customers
 - It is anticipated that demand for mail will be challenged over the next decades
 - Intelligent Service will offer value for customers offerings
 - Improve the ROI of mail today
 - Help organizations manage their databases
 - Provide added visibility for fraud prevention
 - Increase the rate returns are received
 - Provide information on consumer responsiveness to mail
 - Help customers adjust mailing habits to optimize delivery times
 - Empower Canada Post employees with customer specific knowledge of mail flow to respond to questions instantly
- The time for Canada Post to begin planning for Visibility at the piece level is now
 - Intelligent Services will take several years to implement fully
 - Leverage experience and knowledge of USPS Confirm Mail program

Value Proposition of piece level visibility

What Visibility at the piece-level can provide for our customers

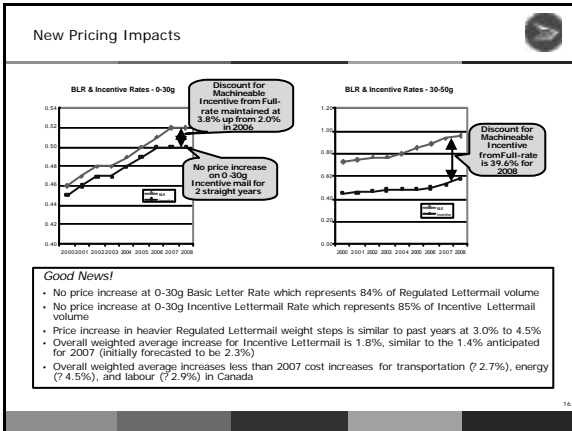
For which of the following business reasons could you see your company using the *Visibility of the Mail* service?

Business Reason	Percentage
Confirm delivery for payments/billing/legal etc.	65%
Predict to coincide with announcements/notifications	50%
Predict to coincide with marketing campaigns	33%
ID when delivery was not possible to improve address database	33%
Confirm delivery has occurred to discover ID theft	30%
Predict return date of incoming mail	28%
Predict delays in delivery date due to weather problems etc.	25%
Predict to improve mgmt of call centres etc.	18%
Predict return date of incoming mail to anticipate...	15%
Other	12%
Don't know	12%

Source: Multi-Line Optical Character Reader (MLOCR) Advanced Services Research, DecimaResearch, 2007

Lettermail Changes for 2008

- Specification Changes
 - Edgemarking
 - More flexibility in edgemarking specification for Presort customers
 - Ability to designate the end or beginning of a new tray for operational use in various ways
 - Mixing Services in a Mono
 - Better use of equipment
 - Ability to mix various Lettermail services in the same mono at induction



2008 Lettermail & Incentive Lettermail Prices

Size & Weight Category	Full Rate	Machineable		Presort	
		2008 Price	Discount from Full Rate	2008 Price	Discount from Full Rate
Standard	\$0.52	\$0.50	3.8%	\$0.48	7.7%
Up to 30 g	(flat)	(flat)		(flat)	
Standard	\$0.96	\$0.58	39.6%	\$0.56	41.7%
30 g to 50 g	(+3¢)	(+5¢)		(+5¢)	
Oversize	\$1.15	\$1.13	1.7%	\$1.05	6.7%
Up to 100 g	(+5¢)	(+5¢)		(+5¢)	
Oversize	\$1.92 - \$2.65 (+6 to 10¢)	\$1.13 + \$0.0036/g over 100g	varies	\$1.05 + \$0.0036/g over 100g	varies
100 g to 500 g					
Weighted Average Increase	1.2%	1.8%			

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Thank You

Questions?