

ANNEX - I

BACKGROUND INFORMATION

Canada Post Regulated Price Increases for January 2010

- **Domestic Lettermail** – Standard, non-standard and oversize Lettermail are regulated under the *Canada Post Corporation Act*. Canada Post is proposing an amendment to the *Letter Mail Regulations* to establish the rates of postage for the Basic Letter Rate (BLR - standard lettermail up to 30 g) for the next five years beginning in 2010. The BLR would increase from 54 to 57 cents in January 2010, and would rise by an additional two cents per year in each of the following four years.

The weighted average rate increase for the Standard Lettermail over 30 grams and Other Lettermail up to 500 grams is 3.3 per cent.

Canada Post is also proposing to split the single weight band for Lettermail over 200 grams up to 500 grams into three separate weight bands in January 2010 (200 to 300 g, 300 to 400 g and 400 to 500 g). The weighted average rate increase of the proposed price changes within the segmented 200 to 500 gram weight step is 7.1 per cent.

- **USA and International Letter-post** – Subject to regulatory approval, the price of postage for regulated Letter-post products including standard and non-standard and oversize letters for the USA and international destinations will increase a weighted average of 2.3 per cent and 3.0 per cent respectively in January 2010.
- **Domestic Registered Mail** – Subject to regulatory approval, registration service for Lettermail will increase by an overall weighted average of 6.0 per cent in January 2010.

Canada Post 2010 Rebate Program for Lettermail Customers

- All Canada Post contract and meter customers will be offered a rebate to offset the initial effects of the Lettermail price increase, up to the first \$1,000 of Lettermail purchased in 2010. Contract customers will receive the rebate as a credit on their commercial account and meter users will receive additional postage credit from their meter suppliers, on a monthly basis.