

Pension Plan News

Canada Post Corporation Registered Pension Plan Performance Results for January 1 to March 31, 2005

Market Conditions

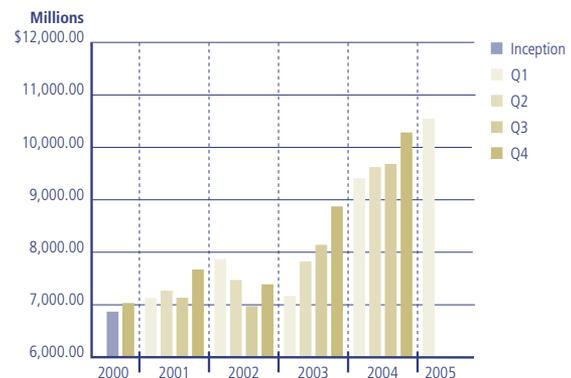
Equity markets were mixed during the first quarter, with strength in Canada and other resource markets and weakness in the US on higher oil prices and short-term interest rates. Fixed Income markets were subdued with bonds earning their coupon as the Bank of Canada remained on the sidelines. The Canadian dollar weakened slightly against the US dollar in a range bound market.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2005 JAN-MAR	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income						
Cash & Short Term Investments	\$ 368.0	0.6%	2.4%	2.9%	2.4%	4.3%
Canadian Bonds	3,243.7	1.1%	9.6%	8.4%	10.2%	7.3%
Equities						
Canadian Equities	3,890.5	5.2%	15.6%	25.5%	-11.6%	-7.7%
U.S. Equities	1,781.9	-1.6%	4.9%	7.5%	-20.9%	-----
International Equities	1,210.4	1.1%	13.3%	7.3%	-21.6%	-----
Total Registered Pension Plan	\$10,494.5	2.13%	11.13%	13.87%	-6.99%	5.10%

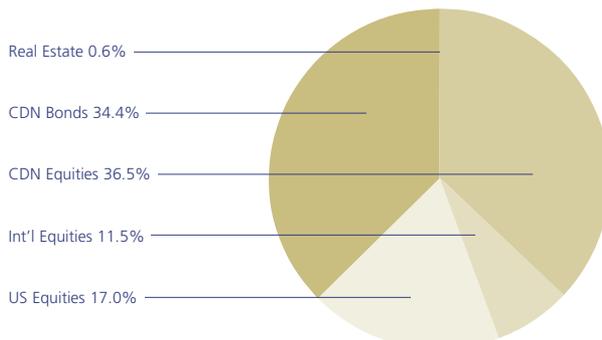
Investment Highlights

- The fund's first quarter rate of return is 2.13% versus our benchmark of 1.49%.
- As at March 31, 2005, the fund held assets of \$10,494.5 million.
- The fund received net contributions of \$65.1 million in the first quarter. We reduced the Canadian equity allocation by \$250.0 million and allocated \$155.0 million to U.S. equities and \$140.0 million to International equity. \$14.8 million was added to Real Estate and cash & short-term investments increased by \$5.3 million.

FUND ASSETS – OCT 2000 TO MAR 2005



ASSET MIX



Asset Mix Highlights

- As at March 31, 2005, 65.6% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 36.5%, US equities 17.0% International equities 11.5% and real estate 0.6%.
- 34.4% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.3% in real return bonds, 23.6% in Canadian bonds and 3.5% in cash and short-term investments.

The Board of Directors Appoints New Members

The Canada Post Corporation Board of Directors is pleased to announce the appointment of two new members to the Pension Committee.

Ms Denyse Chicoyne has, over a twenty-year career, worked at BMO Nesbitt Burns, Nesbitt Thomson, McNeil Mantha, Wood Gundy Securities and the Caisse de dépôt et placement du Québec. She has been recognized as a top ranked analyst by Canadian and US portfolio managers. She is currently a member of the Board of Directors of Holt

Renfrew & Co., The Montreal Exchange, Groupe Laperrière & Verreault, Richelieu Hardware, and Provigo.

Mr Jean Turmel brings to the Pension Committee a long and proven experience within the banking, financial and investment markets. He is currently president of Perseus Capital Inc., a portfolio management firm. Mr. Turmel worked at McMillan Bloedel, Dominion Securities and Merrill Lynch Royal Securities before holding various high level positions during his 24-year career at National Bank

of Canada. He is chairman of the board of National Bank Financial, Natcan Investment Management and The Montreal Exchange and is a director of National Bank of Canada, Maple Financial and Alimentation Couche-Tard.

Ms Chicoyne and Mr Turmel will join existing members Ms Terri M. Lemke and Mr Gordon J. Feeney in a Pension Committee structure.

Ms Anne Smith, a previous member of the Pension Committee, has retired from the Board of Directors having fulfilled her term.

Coming this fall

– a new e-Learning curriculum entitled Planning your Retirement. Within this curriculum are three courses devoted to:

- 1 understanding the Canada Post Pension Plan and complementary Canadian pensions;
- 2 Financial Planning; and
- 3 Retirement Lifestyle courses.

The courses are suitable for all employees of Canada Post, whether nearing retirement or early in their careers. Currently, all Management/exempt employees represented by APOC and PSAC have access to e-learning. Access to remaining employees represented by CPAA and CUPW is expected to occur by late fall of 2005.

Did you know?

Under the Income Tax Act you can no longer accrue pension benefits after the end of the year in which you reach age 69. Your eligibility service and pensionable service will stop accruing and your pension payments must begin. Your employment status will not be affected should you wish to continue working. If you will reach 69 years of age in 2005, you will be contacted by the Pension Centre in the fall regarding the commencement of your pension benefit.



Our next Pension Plan News will have a **new look**. Watch for it coming out in the December Performance Magazine. Send us your comments at pension.services@canadapost.ca

Actuarial Valuation Results

The December 31, 2004 actuarial valuation for the registered pension plan was completed by the plan actuary in June and filed with OSFI, (Office of the Superintendent of Financial Institutions) the pension regulator. The purpose of an actuarial valuation is to determine the financial position of the plan, on a going concern and solvency basis, and the employer funding requirements. Going concern assumes the plan will continue indefinitely while solvency assumes the plan will be terminated as at the valuation date. A summary of the valuation results is presented below.

REGISTERED PENSION
PLAN SUMMARY OF
DECEMBER 31, 2004
ACTUARIAL VALUATION

The Corporation is required to fund the solvency shortfall over a five-year period. When the December 31, 2005 valuation is completed in June 2006 any required solvency shortfall payments will be determined based on the solvency funding position of the plan as at December 31, 2005.

		(IN MILLIONS)
Financial Position		
Going Concern		
Funding excess		\$95
Funded ratio		101%
Solvency		
Solvency shortfall		-\$1,136
Solvency ratio		90%
Required 2005 Payments to Fund Solvency Shortfall		\$267

You Asked?

This space is reserved for Q&A's. We will answer one or two questions we hope will interest the majority. Please send your questions to pension.services@canadapost.ca.



I have recently purchased an Apple computer that uses Safari as the browser. I am unable to open "Calculate my pension" on the Canada Post Pension website, as my browser indicates that a secure connection could not be established.

This site requires either Internet Explorer or Netscape. This disclaimer appears on the bottom of the login screen:

"You must be using Microsoft Internet Explorer or Netscape Navigator version 4.0 or later. For best viewing results, set the resolution of your monitor to 800 x 600 pixels."

We appreciate your feedback. If you have a comment or a suggested topic, please contact:

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