

Pension Plan News

Canada Post Registered Pension Plan Performance Results for July 1 to September 30, 2003

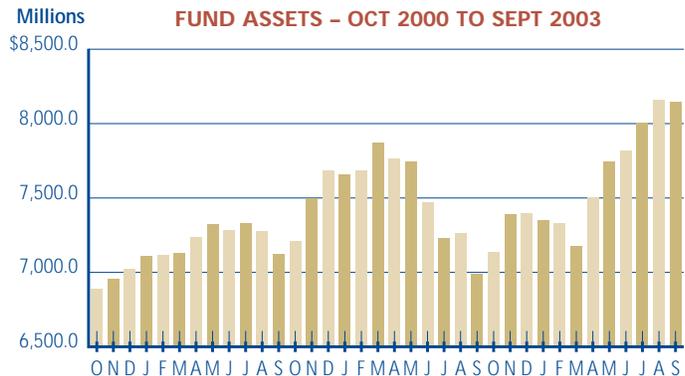
Market Conditions

The Canadian equity market returned 6.7% during the third quarter as renewed growth in corporate earnings propelled the markets higher. U.S. and International equities also strengthened. Bonds returned 1.4% as the Bank of Canada provided two interest rate cuts during the third quarter of 2003.

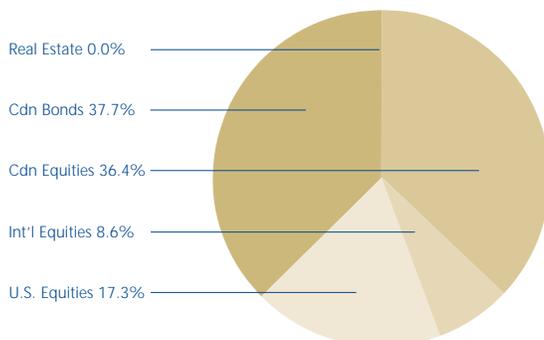
ASSET CLASS	MARKET VALUE (IN MILLIONS)	2003 07/01 - 09/30	2003 YTD	2002 ANNUAL	2001 ANNUAL
Fixed Income					
Cash & Short Term Investments	\$ 340.1	0.7%	2.2%	2.4%	4.3%
Canadian Bonds	2,725.8	1.4%	6.5%	10.2%	7.3%
Equities					
Canadian Equities	2,925.4	6.1%	13.1%	-11.6%	-7.7%
U.S. Equities	1,392.9	3.1%	0.1%	-20.9%	----
International Equities	691.7	4.9%	-2.5%	-21.6%	----
Total Registered Pension Plan	\$ 8,075.9	3.54%	6.65%	-6.99%	5.10%

Investment Highlights

- The fund's third quarter rate of return was 3.54%. Year to date return was 6.65% versus our benchmark of 6.43%.
- As of September 30, 2003, the fund held assets of \$ 8,075.9 million.
- The fund deployed \$110 million of short-term investments into U.S. and International equities in the third quarter.
- Our International equity mandates were reviewed in Q3 and changes were implemented.



ASSET MIX



Asset Mix Highlights

- 62.3% of assets were invested in equities, close to the asset mix target of 62.5%. Of the total, Canadian equities represented 36.4%, U.S. equities 17.3% and International equities 8.6%.
- 37.7% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.2% in real return bonds, 26.3% in Canadian bonds and 4.2% in cash and short-term investments.
- Following a review of Real Estate investment opportunities, fund allocation to this asset class was expected to commence in January of 2004.

Promoting awareness and understanding of the pension plan and its operations

Message from PAC Chair – Louis O'Brien

As the new chairman of the Pension Advisory Council (PAC), I am very pleased to have the opportunity to help represent the interests of all employees who are members of the Canada Post pension plan.



As you may be aware, the role of the PAC includes providing advice to the Pension Committee of the Board of Directors on measures "to promote awareness and understanding of the pension plan and its operation" among members, both active and retired.

Information about our pension plan is a key building block for employees as they become involved in the retirement planning process. The PAC, which includes representation from management, all unions, non-managerial

members not represented by a bargaining agent and retirees, has become active in dealing with a wide range of issues raised by plan members and their representatives.

By taking advantage of the numerous communications vehicles now available to share information, we are determined to reach out to employees and to seek their input as to how we can best ensure their information requirements are being met. I can personally assure you that we are willing to consider any reasonable suggestion that will help to advance the interests of current and future retirees.

It is reassuring to know that as our pension plan continues to grow, our benefits are secure. This is because the Canada Post Registered pension plan is a "defined benefit" plan. This means our benefit formula is based upon a member's earnings and number of years of service rather than the Plan's investment return.

I look forward to working with the members of PAC and to ensuring that all plan members are well represented in any pension discussions, and that they receive the highest affordable level of service and information about their pension.

Making sure your pension will be there when you need it

Remarks from PAC Elected Member – Robin Ghosh

My experience during the past year as an elected member of the Pension Advisory Council (PAC) has given me a greater appreciation of the importance of the Canada Post pension plan to every employee. I am regularly asked by colleagues to "make sure that my pension will be there when I need it."

Let me assure you that your pension benefits are in good hands. The PAC, which represents pension plan members from all levels of the Corporation, works to protect you by providing advice, acting as a sounding board, promoting better understanding of the plan and playing a key role in governance. It also covers topics ranging from retirement planning and investment policy to shareholder voting and actuarial valuations.

Because all members of the PAC share a common goal – operating the best possible pension plan and sharing information with plan members – I have great confidence in the future of our pension plan. Through prudent investment, careful management and hard work, we will ensure that your pension benefits remain secure.

Did you know?

An employee who is receiving a monthly Pension Benefit from Canada Post, or a related employer, (Her Majesty in Right of Canada, and all Federal Crown Corporations and Agencies) cannot participate in the Canada Post pension plan.

If you are in this situation, please contact the Canada Post Pension Administration Centre at **1-877-480-9220**.

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