

Pension Plan News

Canada Post Registered Pension Plan Performance Results for October 1 to December 31, 2003

Market Conditions

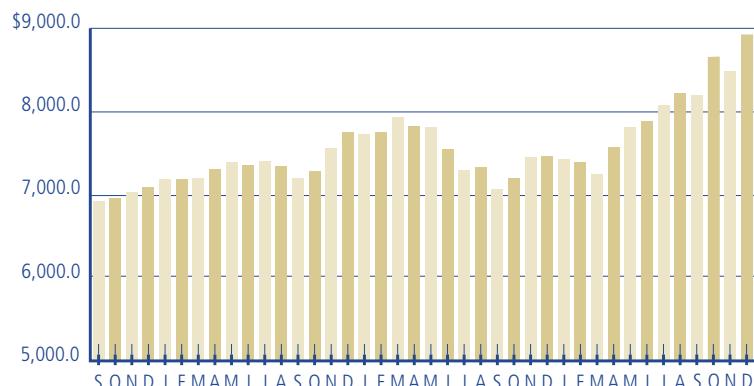
Equity markets in Canada, the U.S. and abroad were all higher during the 4th quarter as signs of increasing global economic demand strengthened investor confidence. Interest rates were generally stable, allowing modest returns on fixed income investments.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2003 10/01 - 12/31	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income					
Cash & Short Term Investments	\$ 275.0	0.7%	2.9%	2.4%	4.3%
Canadian Bonds	2,810.3	1.8%	8.4%	10.2%	7.3%
Equities					
Canadian Equities	3,306.5	10.9%	25.5%	-11.6%	-7.7%
U.S. Equities	1,550.9	7.3%	7.5%	-20.9%	----
International Equities	854.5	10.0%	7.3%	-21.6%	----
Total Registered Pension Plan	\$ 8,797.2	6.8%	13.87%	-6.99%	5.10%

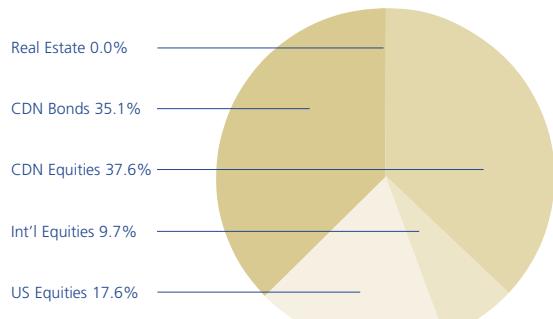
Investment Highlights

- The fund's fourth quarter rate of return is 6.8%. The full year return is 13.87% versus our benchmark of 13.48%.
- As at December 31, 2003, the fund held assets of \$8,797.2 million.
- The fund deployed \$205 million into Canadian, U.S. and International equities during the quarter, as well as \$35 million into Canadian bonds.

FUND ASSETS – SEPT 2000 TO DEC 2003



ASSET MIX



Asset Mix Highlights

- As at December 31, 2003, 64.9% of assets were invested in equities, above the asset mix target of 62.5%. Of the total, Canadian equities represented 37.6%, US equities 17.6% and International equities 9.7%.
- 35.1% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.1% in real return bonds, 24.9% in Canadian bonds and 3.1% in cash and short-term investments.

You should have received your Registered Pension Plan 2003 Annual Report by now. If you have not, please contact us at the address listed at the end of this issue.



Proxy voting guidelines

From the office of Doug Greaves Vice-President, Pension Fund and Chief Investment Officer

The Board of Directors of Canada Post Corporation has approved Proxy Voting Guidelines governing the basis on which our pension plan will vote proxies issued by those companies in which we maintain equity investments. We are presently shareholders in over 1150 companies, located in Canada, the United States and around the world.

One of our most important rights as shareholders is the right to vote. Proxies are most often used for this purpose. A proxy is the legal transfer to

another party of a shareholder's right to vote, allowing shareholders who cannot attend a meeting in person to exercise their right to vote. As a fiduciary, Canada Post is obliged to exercise these voting rights in the best interests of the pension plan, its members and the sponsor.

Within the guidelines of the Statement of Investment Policy and Procedures (SIP&P) we prefer to invest in companies governed by directors who understand that their primary duty is to represent the best

interests of shareholders by ensuring that management has a well-thought out strategy for growing the business, running it efficiently and achieving improved long-term profitability. Companies that have strong corporate governance are generally more capable of creating growing value for shareholders. We also believe that effective management of risks associated with social, labor relations, environmental and ethical matters can lead to long-term financial benefits.

We have recently contracted the services of Institutional Shareholder Services (ISS) to ensure that all of our proxies are voted in accordance with these guidelines. ISS will report

quarterly to the Canada Post pension plan. This is consistent with best practices in the pension investment industry.

Our Proxy Voting Guidelines were published on the pension plan website in 2003. The establishment of such guidelines has met with a positive response from a number of our stakeholders.



Fund objectives aligned to union values

A message submitted by CUPW PAC representative – George Kuehnbaum

The bargaining agent representatives appointed to the Pension Advisory Council (PAC) have brought to the meetings of the PAC a trade union orientation that reflects a belief that pension fund investments should contribute to trade union values and objectives, while at the same time earning a strong rate of return. In other words, the best interests of the plan members are not simply the rate of return on investment, but also include the employment, community and environmental interests of those we represent.

With this in mind, we have ensured the PAC has been provided with detailed information, including lists of equity holdings, on the investments held by the plan. With this information, we have been able to comment and make recommendations where we believe a particular investment is not in the best interest of the members. While the plan's Statement of Investment Policy & Procedures (SIP&P) does not provide for an ethical screen, the PAC has an opportunity to provide important feedback to the Investment Committee about our concerns.

A positive development we have seen has been the development and implementation of Proxy Voting

Guidelines. The Labour movement has come to understand that shareholders can have a positive influence on corporate behaviour. By using shares acquired by their pension funds, trade unionists can affect decisions made in boardrooms related to the social and environmental behaviour of corporations.

With this in mind, we invited a representative from the Shareholder Association for Research and Education (SHARE) to make a presentation to the PAC. SHARE has been in the lead in challenging retailers about the sale of products made with child and sweatshop labour, and mining companies about environmental practices. In contrast to the shareholder

activism advocated by SHARE, our plan's proxy voting guidelines are passive in nature, providing direction to the money managers in respect of the type of resolutions to support and those to be voted against. Still, having the guidelines in place is a positive step. Further, to ensure a consistent application of the guidelines that can be closely monitored, Institutional Shareholder Services (ISS) has been contracted by Canada Post pension plan to vote our proxies.

Do you plan on retiring in the next year or two?



New! Pension Centre

Effective May 3, 2004 the majority of the services offered by the Pension Centre will be performed by Canada Post employees.

The phone number for the new Pension Centre and Voice Response Unit remains **1-877-480-9220**.

The hours of operation are changing to: **Monday to Friday from 8 a.m. to 6 p.m. (ET)**.

You now have the option of leaving a voice message during non-business hours. Your call will be returned during regular hours on the next business day.

For further information, please contact the Pension Centre at **1-877-480-9220**.

Did you know?

If you plan to live outside Canada when you retire, you need to check residency requirements for government plans, as well as taxation issues.



Be sure you receive an estimate of your Canada Post retirement income well in advance.

Normally, it takes three months to process a retirement – additional time is needed if you disagree or question your pension data. Make sure you understand your pension benefit before you decide on a retirement date.

Visit the pension website (<http://www.cpcpension.com>) or contact the Pension Centre at **1-877-480-9220** to request an estimate of your future pension.

Contact Social Development Canada (CPP/OAS) or the Régie des rentes du Québec (QPP) to request an estimate of your C/QPP and OAS pensions before committing to a retirement date. Knowing your entitlements to these plans will be helpful in planning your retirement.

You Asked?

Starting with our summer issue this space will be 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.

Q: A:

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

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