in touch retiree pension bulletin

Canada Post Pension Plan 2008 Year End Results

2008 was a year of significant upheaval in financial markets around the world. The United States sub-prime mortgage collapse caused financial institutions globally to lose trust in each other and restrict lending between themselves and customers. Consumers world-wide have felt a recent decline in wealth and future economic uncertainty has caused a dramatic decrease in their spending. Canadian pension plans have not been insulated against this unprecedented economic down turn or the speed with which it happened.

In 2008, the Canada Post pension plan earned a rate of return of negative 19.3% against a benchmark return of negative 17.6%. This was only the first time since Plan inception eight years ago that the Plan's return underperformed its benchmark. A primary factor causing the under-performance was the poor performance of equity markets, specifically the performance of the fund's international stocks.

"Despite the disappointing 2008 investment returns, at December 31, 2008 the Plan is fully funded on a going-concern basis, with an estimated surplus of $675 million," said Douglas Greaves, Vice-President Pension Fund and Chief Investment Officer. "While the short-term impact on investment returns has been negative, the Plan is designed to achieve the long-term returns required to fund pension benefits for members, retirees and beneficiaries."

In a proactive move, the Department of Finance has begun a consultative process with pension plan sponsors and other interested stakeholders designed to identify where current federal regulation needs to be revised to recognize the current economic reality and still protect the pension benefit of plan members. On January 9th, 2009, the Department of Finance, on behalf of the Minister of Finance, issued a consultation paper titled Strengthening the Legislative and Regulatory Framework for Private Pension Plans subject to the *Pension Benefits Standards Act, 1985*. Canada Post is pleased to be participating in this consultative process and provided comments on the consultation paper to the Department of Finance in March 2009.

2009 Pension Payment Schedule

Dec. 31, 2008
Jan. 30, 2009
Feb. 27, 2009
Mar. 31, 2009
Apr. 30, 2009
May 29, 2009
June 30, 2009
July 31, 2009
Aug. 31, 2009
Sept. 30, 2009
Oct. 30, 2009
Nov. 30, 2009
Dec. 31, 2009

Staying in Touch

Are you moving? Have you moved? Stay in touch by calling the Pension Centre at **1-877-480-9220 (TTY – 613-734-8265)** to update your new address. This will ensure that you receive important messages about your pension.

Disclaimer:
The Canada Post Corporation Registered Pension Plan is referred to as the Plan in this publication. The official Plan text governs your actual benefits from the Plan and is the final authority in any case of dispute. For more information on terms used in this publication, please visit *www.cpcpension.com*. More information can also be found in Your Personalized Pension Statement and Your Information Booklet.

Canada Post Corporation Registered Pension Plan
Investment Performance Results for July 1 to December 31, 2008

You Asked?

Q. Who do I call if I have questions regarding the 2009 cost of living increase?

A. If you have any questions regarding the cost of living increase, please contact the Pension Centre at 1-877-480-9220 (TTY – 613-734-8265) or visit www.cpcpension.com under 'Pensioners / Indexing and my Pension'.

Q. Who do I call if I have questions about income tax or my T4A form questions?

A. If you have questions regarding your T4A form or want more information about income tax deducted from your pension payment, contact RBC Dexia at 1-800-876-4498.

2008 Member Services Statistics

Pensioners	
Telephone Calls	4,447
Address Change	53
Bank Change	339

Visits to www.cpcpension.com
74,268

Do you have a topic in mind for our next "intouch" bulletin?
Please submit any suggestions or comments in writing to:

PENSION SERVICES
2701 RIVERSIDE DR
SUITE B320
OTTAWA ON K1A 0B1

Publication Mail Agreement No. 40020903

OR send an email directly to:
pension.services@canadapost.ca

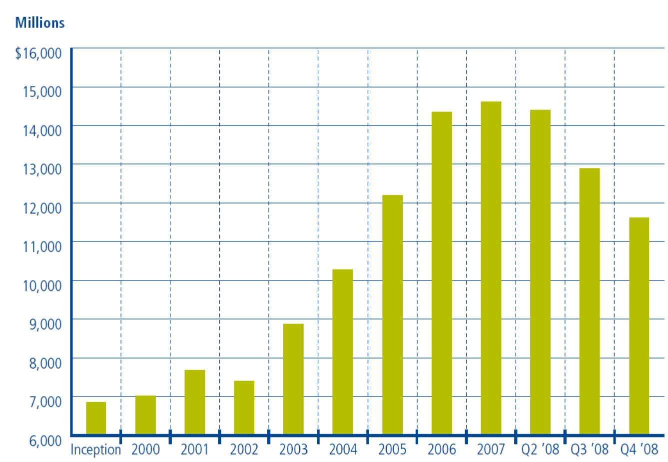
Market Conditions

Equity markets fell sharply in the second half of 2008 as the credit crisis deepened with the Canadian S&P/TSX Composite Index down 36.8%, while in Canadian dollar terms the US S&P 500 was down 13.0%, and the international EAFE index was down 22.6%. The DEX Bond Universe was up 4.1% as the Bank of Canada cut the overnight interest rate from 3.0% to 1.5% in an effort to stimulate the economy. The following table depicts the Plan's performance (% return).

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2008 JUL–DEC	2008 ANNUAL	2007 ANNUAL	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL
Fixed Income								
Cash & Short Term	$ 138.7	1.2%	3.0%	3.2%	4.1%	2.7%	2.4%	2.9%
Canadian Bonds	4,558.7	–0.3%	3.7%	3.5%	2.4%	8.6%	9.6%	8.4%
Equities								
Canadian Equities	2,819.3	–33.8%	–32.0%	9.0%	18.9%	25.2%	15.6%	25.5%
U.S. Equities	2,059.9	–15.1%	–21.6%	–10.7%	16.9%	3.4%	4.9%	7.5%
International Equities	1,484.3	–31.8%	–37.4%	–5.1%	28.4%	13.2%	13.3%	7.3%
Real Estate	556.7	–5.1%	–1.5%	16.8%	24.8%	17.2%	—	—
Total Registered Pension Plan–	**$ 11,617.6**	**–18.68%**	**–19.27%**	**2.09%**	**14.25%**	**13.73%**	**11.13%**	**13.87%**
Benchmark–		**–16.49%**	**–17.58%**	**0.91%**	**12.98%**	**11.17%**	**9.23%**	**13.48%**

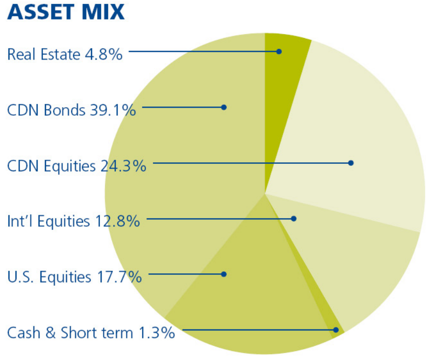
Investment Highlights

- The fund's second half return was –18.68% versus our benchmark of –16.49%.
- For 2008 the fund had a return of –19.27% against our benchmark return of –17.58%.
- As at December 31, 2008, the fund held assets of $11,617.6 million.
- The fund had net outflows of $81.5 million in the second half. We reduced cash and short-term by $155.0 million, Canadian equity by $50.0 million and Canadian bonds by $70.0 million. We allocated $33.1 million to real estate, $125.0 million to U.S. equity, $32.6 million to the currency overlay account and $5.3 million to private equity.



Asset Mix Highlights

ASSET MIX



- As at December 31, 2008, 59.6% of assets were invested in equities and real estate, below the asset mix target of 62.5%. Of the total, Canadian equities represented 24.3%, U.S. equities 17.7%, international equities 12.8% and real estate 4.8%.
- 40.4% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 8.7% in real return bonds, 30.4% in Canadian bonds and 1.3% in cash and short-term investments.