Canada Post / Postes Canada
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Intouch Retiree Pension Bulletin **Defined Benefit**

The Canada Post Pension Plan Actuarial Valuation Results

On May 27, 2010, Canada Post filed an actuarial valuation of the Plan as of December 31, 2009 with the federal pension regulator, the Office of the Superintendent of Financial Institutions. The valuation showed that the Plan has a going-concern surplus of $568 million and a solvency deficit of $1.847 billion with a solvency funded ratio of 89 per cent.

Canada Post, as the Plan sponsor, is responsible for funding any Plan deficits. As a result of the solvency deficit, Canada Post immediately started making special solvency payments on May 27, 2010 to begin eliminating the solvency deficit and to bring the solvency funded ratio up to 100 per cent. This means that Canada Post's 2010 cash contributions to the Plan will be approximately $755 million (current service contributions will be $330 million, while special payments to begin addressing the solvency deficit will be $425 million).

For more information on actuarial valuations, please refer to the Canada Post Pension Plan 2009 Annual Report mailed to you in May or read the communiqué on *cpcpension.com* under July Recent News.

Corporate Performance Results – March 2010

"Canada Post reported a profit in 2009 thanks in large part to a concerted effort company-wide to reduce costs. Our revenues fell $528 million below plan. This could have been devastating had we not taken proactive measures to effectively contain costs," said Wayne Cheeseman, Canada Post Chief Financial Officer. "As a result, we reduced our planned cost of operations by $540 million. Our results for the first quarter of 2010 (up to March 31) show a slower-than-expected recovery from last year's recession. Once again, effective cost controls throughout the company and in Operations in particular have helped to offset weaker-than-expected revenues across all three lines of business. Meeting our funding requirements for Postal Transformation and the Plan are among our top financial priorities for 2010."

Our Business Results for **March 2010**

Earnings Before Tax

	Year-to-date result	Year-to-date target	Better/ (Worse)	2010 target
CANADA POST SEGMENT	$57	$56	**$1**	$30
CONSOLIDATED	$59	$62	**($2)**	$110

(in millions)

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

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

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 *cpcpension.com*.

Canada Post Corporation Registered Pension Plan
Investment Performance Results for January 1 to March 31, 2010

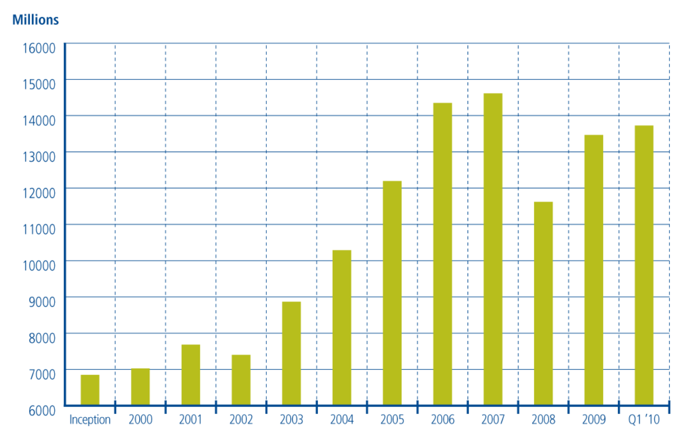
Market Conditions

Equity markets were mostly higher in the first quarter of 2010 as the credit situation and the economic outlook continued to improve, although the strong performance of the Canadian dollar during the quarter offset some of the U.S. and international equity market gains. The Canadian S&P/TSX Composite index was up 3.1%, while in Canadian dollar terms the U.S. S&P 500 index was up 2.0%, and the international EAFE index was down 2.4%. The DEX Bond Universe was up 1.3% as the Bank of Canada held interest rates steady at 0.25% to stimulate the economy. The following table depicts the fund's performance (% return).

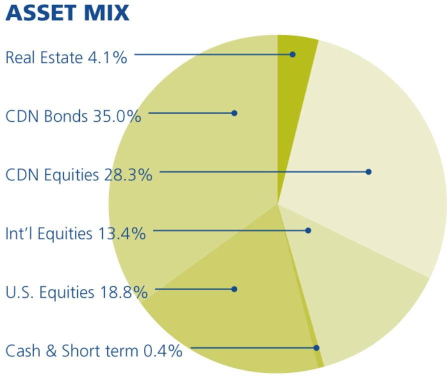
ASSET CLASS	MARKET VALUE (IN MILLIONS)	2010 JAN–MAR	2009 ANNUAL	2008 ANNUAL	2007 ANNUAL	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL
Fixed Income								
Cash & Short Term	$ 54.7	0.1%	1.7%	3.0%	3.2%	4.1%	2.7%	2.4%
Canadian Bonds	4,799.8	1.5%	8.7%	3.7%	3.5%	2.4%	8.6%	9.6%
Equities								
Canadian Equities	3,880.0	3.7%	33.0%	–32.0%	9.0%	18.9%	25.2%	15.6%
U.S. Equities	2,589.5	1.7%	9.9%	–21.6%	–10.7%	16.9%	3.4%	4.9%
International Equities	1,844.2	–1.4%	16.3%	–37.4%	–5.1%	28.4%	13.2%	13.3%
Real Estate	559.2	1.3%	–9.1%	–1.5%	16.8%	24.8%	17.2%	—
Total Registered Pension Plan	**$ 13,727.4**	**2.07%**	**16.19%**	**–19.27%**	**2.09%**	**14.25%**	**13.73%**	**11.13%**
Benchmark		**1.87%**	**15.79%**	**–17.58%**	**0.91%**	**12.98%**	**11.17%**	**9.23%**

Investment Highlights

- The fund's first quarter return was 2.07% versus our benchmark of 1.87%. Year to date the fund's return is 2.07% against our benchmark return of 1.87%.
- As at March 31, 2010, the fund held assets of $13,727.4 million, an increase of 261 million from December 31, 2009.
- Fund activity continued. We reduced nominal bonds by $25.0 million and real return bonds by $52.0 million and redeemed $27.5 million from our currency overlay account and $16.6 million from cash and short-term investments. We allocated $45.9 million to U.S. equity, $15.0 million to international equity, $44.6 million to real estate and $2.7 million to private equity.



ASSET MIX



Asset Mix Highlights

- As at March 31, 2010, 64.6% of assets were invested in equities and real estate, slightly above the asset mix target of 62.5% consisting of 28.3% Canadian equities, 18.8% U.S. equities, 13.4% international equities and 4.1% real estate.
- 35.4% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.7% in real return bonds, 27.3% in Canadian bonds and 0.4% in cash and short-term investments.