

Intouch

Retiree Pension Bulletin Defined Benefit

Corporate financial results

Because the federal election delayed the tabling of Canada Post's 2010 Annual Report in Parliament, the Corporation's financial results were not available for inclusion in this bulletin. As soon as the Annual Report is tabled, it will be posted online at canadapost.ca/annual_report. The Corporation has disclosed that earnings before tax in 2010 were lower than the 2009 level. In 2010, Canada Post's financial situation was challenged as the Corporation had to make \$746 million in contributions to the Plan, including a \$425 million special payment to begin paying down its pension solvency deficit. Canada Post has had a challenging start to 2011, as service and safety numbers fell short of expectations in the first three months. The company is putting in place measures to improve service and safety and deliver cost savings through the balance of 2011.

Pension Advisory Council (PAC) updates

Election results

Congratulations are extended to **William (Bill) Price of Ottawa, Ontario**, the successful candidate re-elected for a third consecutive mandate to represent the retired members of the Plan on the PAC. You can contact Mr. Price on general pension issues through pension.services@canadapost.ca. To view the election results (top five candidates), visit cpcpension.com under Recent News.

Increase in members

A second position was added to the PAC to represent the rapidly growing population of retirees. To elect this additional Representative of the retired members, a second election is currently underway. For more information related to the second election, visit cpcpension.com under Recent News.

Need to change your address?

Changing your address will ensure that you receive important messages sent out by Pension Services.

You can communicate your new address to the Pension Centre by:

- calling 1-877-480-9220 (TTY – 613-734-8265), or 613-683-5908 if you are outside North America, or
- sending it by mail to P.O. Box 2073, Mississauga ON L5B 3C6 or by fax at 905-272-6300.

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**

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.

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

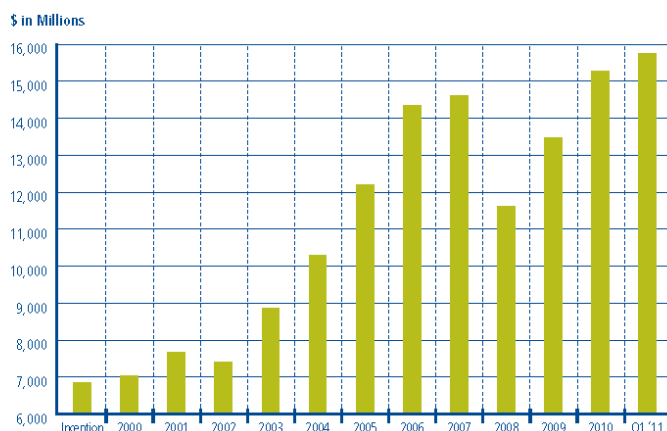
Market Conditions

Equity markets were higher in the first quarter of 2011 as the economic recovery continued. The Canadian S&P/TSX Composite index was up 5.6 per cent, while in Canadian dollar terms the U.S. S&P 500 index was up 3.7 per cent, and the international EAFE index was up 1.2 per cent. The DEX Bond Universe was down 0.3 per cent on the quarter. The Bank of Canada held interest rates steady at 1.0 per cent. The following table depicts the fund's performance (per cent return).

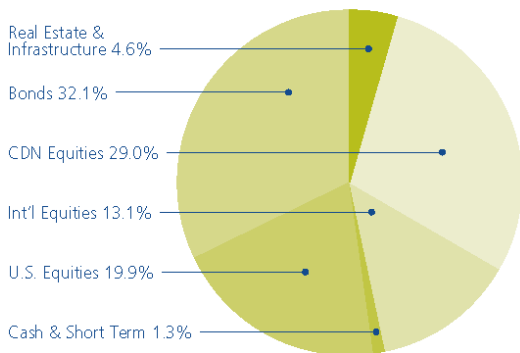
ASSET CLASS	MARKET VALUE (\$ IN MILLIONS)	2011 JAN-MAR (%)	2010 ANNUAL (%)	2009 ANNUAL (%)	2008 ANNUAL (%)	2007 ANNUAL (%)	2006 ANNUAL (%)	2005 ANNUAL (%)
Fixed Income								
Cash & Short Term	206.8	0.3	1.0	1.7	3.0	3.2	4.1	2.7
Bonds	5,048.6	0.1	7.7	8.7	3.7	3.5	2.4	8.6
Equities								
Canadian Equities	4,573.0	4.6	15.2	33.0	-32.0	9.0	18.9	25.2
U.S. Equities	3,144.0	4.4	9.5	9.9	-21.6	-10.7	16.9	3.4
International Equities	2,058.9	1.2	4.0	16.3	-37.4	-5.1	28.4	13.2
Real Estate & Infrastructure	711.0	1.8	15.1	-9.1	-1.5	16.8	24.8	17.2
Total Registered Pension Plan	15,742.3	2.55	10.38	16.19	-19.27	2.09	14.25	13.73
Benchmark		2.34	9.85	15.79	-17.58	0.91	12.98	11.17

Investment Highlights

- The fund's first quarter return was 2.55 per cent versus our benchmark of 2.34 per cent. Year to date the fund's return is 2.55 per cent against our benchmark return of 2.34 per cent.
- As at March 31, 2011, the fund held assets of \$15,742.3 million.
- The fund had net inflows of \$84.4 million in the first quarter including special solvency payments of \$106.1 million. We reduced Canadian equities by \$25.0 million, our currency overlay account by \$38.3 million and cash and short-term investments by \$14.8 million. During the quarter we allocated \$50.0 million to U.S. equities, \$25.0 million to international equities, \$35.6 million to real estate, \$41.3 million to infrastructure and \$8.3 million to private equity.



ASSET MIX



Asset-mix Highlights

- As at March 31, 2011, 66.6 per cent of assets were invested in equities and real estate and infrastructure, above the asset-mix target of 62.5 per cent consisting of 29.0 per cent Canadian equities, 19.9 per cent U.S. equities, 13.1 per cent international equities and 4.6 per cent real estate and infrastructure.
- 33.4 per cent of assets were invested in bonds and short-term investments, compared to an asset-mix target of 37.5 per cent. This included 7.0 per cent in real return bonds, 25.1 per cent in bonds and 1.3 per cent in cash and short-term investments.