

Pension Plan News

Canada Post Corporation Registered Pension Plan Performance Results for October 1 to December 31, 2004

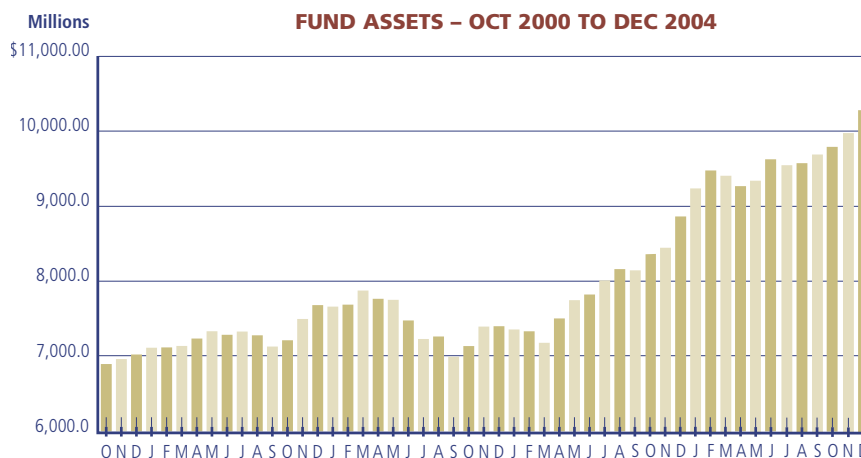
Market Conditions

Equity markets strengthened during the fourth quarter as stronger world economic growth and an end to the uncertainty over the US election provided a yearend rally. Bond markets also rose as the Bank of Canada held rates steady at their December meeting. The Canadian dollar continued to climb over the period on strong commodity prices.

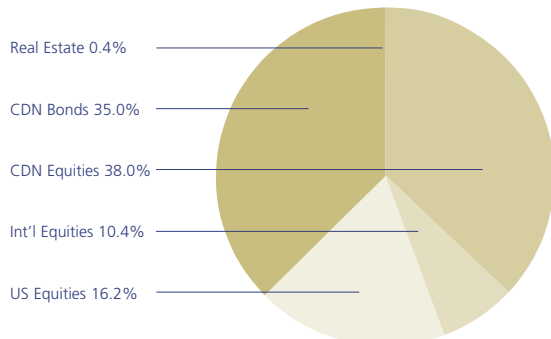
| ASSET CLASS | MARKET VALUE (IN MILLIONS) | 2004 OCT-DEC | 2004 YTD | 2003 ANNUAL | 2002 ANNUAL | 2001 ANNUAL |
|--------------------------------------|----------------------------|--------------|---------------|---------------|---------------|--------------|
| Fixed Income | | | | | | |
| Cash & Short Term Investments | \$ 360.5 | 0.6% | 2.4% | 2.9% | 2.4% | 4.3% |
| Canadian Bonds | 3,207.7 | 3.5% | 9.6% | 8.4% | 10.2% | 7.3% |
| Equities | | | | | | |
| Canadian Equities | 3,923.6 | 7.2% | 15.6% | 25.5% | -11.6% | -7.7% |
| U.S. Equities | 1,659.3 | 4.5% | 4.9% | 7.5% | -20.9% | ---- |
| International Equities | 1,063.3 | 8.3% | 13.3% | 7.3% | -21.6% | ---- |
| Total Registered Pension Plan | \$10,214.4 | 5.45% | 11.13% | 13.87% | -6.99% | 5.10% |

Investment Highlights

- The fund's fourth quarter rate of return is 5.45% versus our benchmark of 5.22%. For the year the fund is up 11.13% versus our benchmark of 9.23%.
- As at December 31, 2004, the fund held assets of \$10,214.4 million.
- The fund received net contributions of \$64.1 million in the fourth quarter. We allocated \$15.0 million to U.S. equities and \$6.0 million to Real Estate. Cash & short-term investments increased by \$43.1 million.



ASSET MIX



Asset Mix Highlights

- As at December 31, 2004, 65.0% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 38.0%, US equities 16.2% International equities 10.4% and real estate 0.4%.
- 35.0% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.4% in real return bonds, 24.1% in Canadian bonds and 3.5% in cash and short-term investments.

FYI

IMPORTANT

When sending documents, letters, forms or any other type of communication to the Pension Centre you must include your employee ID number.

•
May 3rd, 2005 marked the first anniversary of the Canada Post Pension Centre.

•
Pat Bertrand is replacing Rick Irving as one of the CUPW representatives to the Pension Advisory Council.

Did you know?

That upon your death, your dependent children, stepchildren or children adopted legally are only considered **eligible survivors** if:

- they are less than 18 years of age, or
- they are between 18 and 25 years of age and are or have been in full-time attendance at a school or university, without substantial interruption since 18 years of age, or your death, whichever occurred later.

If you do not have a surviving spouse or common-law partner, and your children do not meet the above criteria, you can designate them as beneficiaries by completing a Designation of Beneficiary Form that is available on our website at www.cpcpension.com., or by phoning the Pension Centre at 1-877-480-9220.



Please note that beneficiaries designated under the Public Service Superannuation Act (PSSA) became invalid on October 1, 2000.

Pension Plan Amendments approved by Pension Committee

In December 2004, the Pension Committee approved amendments to the pension plan text. The 2004 Personalized Pension Statements and the Canada Post Pension web site have been updated to include any content changes required because of the plan amendments, as applicable.

The regulatory compliance amendments were required to update the pension plan text definitions for SPOUSE, COMMON-LAW PARTNER and SURVIVOR which brought the definitions into alignment with the Pension Benefits Standards Act (PBSA, 1985) and also updated the plan to reflect PBSA s.14 (1) (b) (1) participation requirements.

The text clarification and the business process alignment amendments are considered to be general housekeeping items and did not impact the pension benefit. All plan amendments have been filed with the Canada Revenue Agency (CRA) and the Office of the Superintendent of Financial Institutions (OSFI) in January 2005.

You Asked?

This space is reserved for Q&As. We will answer one or two questions we hope will interest the majority. Please send your questions to pension.services@canadapost.ca.



Can I get an estimate of how my pension benefit will be affected if I am undergoing a spousal relationship separation or divorce?

Until a court order is received telling the Pension Centre what percent of your pension benefit will be transferred to your former spouse or common-law partner, a calculation of the current or potential future benefits cannot be calculated.

If you have any suggestions for future Pension Plan News articles, or comments or questions on our website, please contact us at pension.services@canadapost.ca, or

PENSION SERVICES
2701 RIVERSIDE DR SUITE 320E
OTTAWA ON K1A 0B1

For pension related information please contact the Pension Centre at 1-877-480-9220.