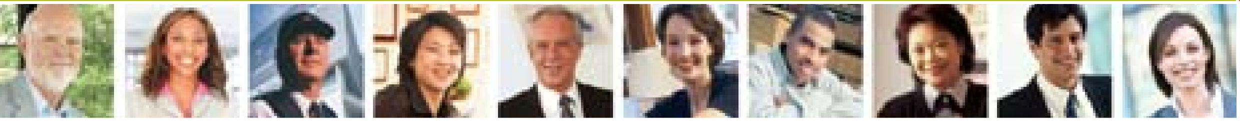

Pension Plan News

Retirement Countdown

Recent studies show you will spend twenty to thirty years in retirement. People tend to take more time planning a two week holiday than they do to plan their retirement. Our handy chart below will help you get started. It's never too early to start planning!

Time until retirement	Planning for Retirement Milestones
Greater than 15 years away	Consideration should be given to the lifestyle you may want to lead during retirement – a lifestyle plan. Start putting away money for your retirement, as the earlier you begin to save, the more financially secure you will be in retirement.
5 years	Retirement is getting close. Decisions now on lifestyle and finances will impact those early retirement years. Start planning what you want to do during your retirement – whether you will have a hobby or want to travel, volunteer or work part-time.
2 years	Ensure you will be financially prepared to retire in two years based on your lifestyle plan. Visit *www.cpcpension*.com to get a pension estimate. Review all other investments you may have.
1 year	Retirement lifestyle plans should be clear. Begin to enjoy the activities you have planned so that the transition to retirement is smooth. Only fine tuning of your financial plan should be needed now.
6 months	Visit *www.cpcpension.com* to understand and begin gathering together all the documents you will need to provide to the Pension Centre. Ensure you have acceptable proof-of-age documents for both you and your spouse or common-law partner as well as a proof of marriage, if applicable. *www.cpcpension.com/planning for retirement/what steps do I need to get ready/* also has a handy retirement checklist.
3 months	Let your supervisor know your retirement date to ensure your pension benefit will begin as soon as you retire. Return your retirement kit to the Pension Centre promptly, with all the required documents correctly completed.

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Canada Post Corporation Registered Pension Plan

Investment Performance Results for January 1 to March 31, 2008

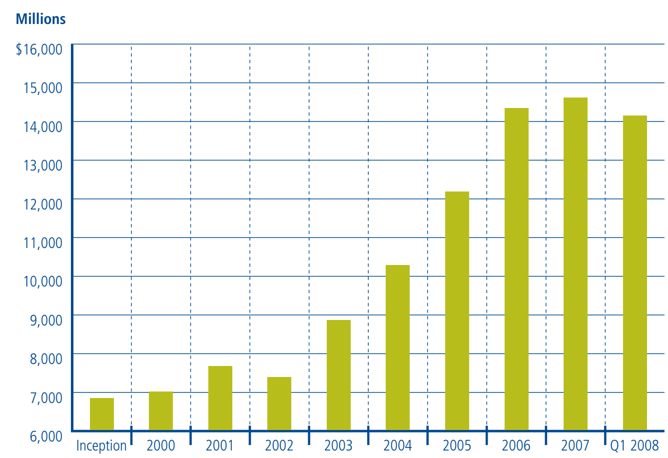
Market Conditions

Equity markets declined in the first quarter with the Canadian S&P/TSX Composite Index down 2.8%, while in Canadian dollar terms the US S&P 500 was down 5.9%, and the international EAFE index was down 5.3%. The DEX Bond Universe was up 3.0% as the Bank of Canada lowered its interest rate 75 basis points to 3.5% during the quarter as credit concerns continued to trouble markets. The following table depicts the Plan's performance (% return) since inception.

ASSET CLASS	MARKET VALUE (IN MILLIONS)	2008 JAN–MAR	2007 ANNUAL	2006 ANNUAL	2005 ANNUAL	2004 ANNUAL	2003 ANNUAL	2002 ANNUAL
Fixed Income								
Cash & Short Term	$ 325.7	1.0%	3.2%	4.1%	2.7%	2.4%	2.9%	2.4%
Canadian Bonds	4,603.3	3.4%	3.5%	2.4%	8.6%	9.6%	8.4%	10.2%
Equities								
Canadian Equities	4,091.9	–4.4%	9.0%	18.9%	25.2%	15.6%	25.5%	–11.6%
U.S. Equities	2,360.0	–7.1%	–10.7%	16.9%	3.4%	4.9%	7.5%	–20.9%
International Equities	2,240.3	–6.5%	–5.1%	28.4%	13.2%	13.3%	7.3%	–21.6%
Real Estate	529.1	1.4%	16.8%	24.8%	17.2%	—	—	—
Total Registered Pension Plan–	**$ 14,150.3**	**–2.75%**	**2.09%**	**14.25%**	**13.73%**	**11.13%**	**13.87%**	**–6.99%**
Benchmark–		**–2.21%**	**0.91%**	**12.98%**	**11.17%**	**9.23%**	**13.48%**	**–7.42%**

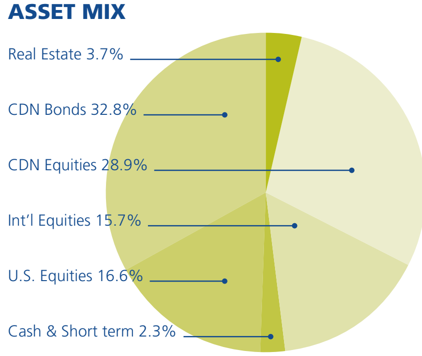
Investment Highlights

- The fund's first quarter return was -2.75% versus our benchmark of -2.21%.
- As at March 31, 2008, the fund held assets of $14,150.3 million.
- The fund had net outflows of $49.6 million in the first quarter. We reduced the cash and short-term position by $237.9 million. We allocated $138.3 million to real estate, $35 million to U.S. equities, $10 million to international equities and $3.4 million to the currency overlay account.



Asset Mix Highlights

ASSET MIX



- As at March 31, 2008, 64.9% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 28.9%, U.S. equities 16.6%, international equities 15.7% and real estate 3.7%.
- 35.1% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.5% in real return bonds, 25.3% in Canadian nominal bonds and 2.3% in cash and short-term investments.

Advice from Retirees

The move from work to retirement is an exciting time in your life but can be a worry.

To make this transition seamless, we are offering some advice from current retirees to those about to retire. Retirees will often tell you to start planning and saving early so that your retirement can be one of the most satisfying times of your life. They will also tell you that it is never too late to start planning if you have not yet done so. This means not only being financially prepared, but thinking of what you would like to do in your retirement.

Retirees have suggested that as you near your retirement date, try to separate your work life from your personal life and develop hobbies and activities that you enjoy before you retire to minimize the shock of such a life change. Work has been a big part of your life for so long that it is good to have a system in place to make the transition easier.

They also advise you to look after your health by having annual physicals and by exercising frequently to ensure a long prosperous retirement. Community sports and fitness programs can be fun and are also a good way to meet other retirees.

Most importantly, retirees will tell you to enjoy your retirement. Do what you enjoy doing. Whether it's a hobby, volunteering, working part-time or traveling, make sure it is what you want to do. After a long career, you deserve it.

Are you Moving? Have you moved?

You can change your address through Employee Self Serve (ESS) or contact your local Human Performance Management (HPM) representative. This will ensure that you receive important messages that are sent out from Pension Services, including your Annual Personalized Pension statement.

Myths & Facts About Your Pension Plan

The following information will guide you through some widely held myths about the Canada Post pension plan and shine a light on the facts.

Myth

If I leave Canada Post with at least 25 years, but less than 30 years of eligibility service and defer my pension, I can grow into an unreduced pension before age 60.

Fact

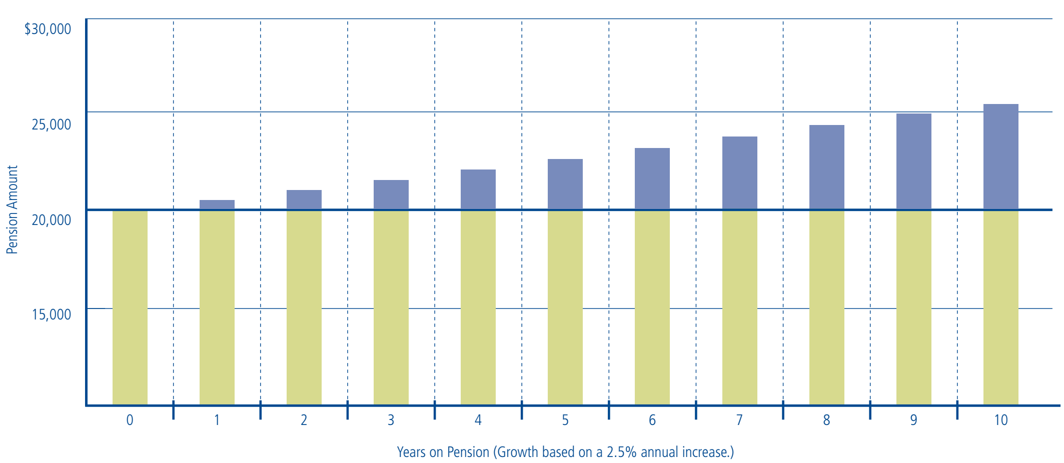
If you leave with at least 25 years, but less than 30 years of eligibility service, you will never grow into an unreduced pension prior to age 60.

For example, you leave Canada Post at age 54 with 28 years of service and defer your pension. The formula used to calculate the reduction is the one providing the greater benefit.

	FORMULA 1		**FORMULA 2**			
			Greater of:			
Age	**Age Gap (60–Age)**	**Reduction 5% x Age Gap**	**Age Gap (55–Age)**	**Service Gap (30–28)**	**Reduction 5% x Greater of Age Gap or Service Gap**	**Reduction providing the greater benefit**
54	6	30%	1	2	10%	10%
55	5	25%	0	2	10%	10%
56	4	20%	0	2	10%	10%
57	3	15%	0	2	10%	10%
58	2	10%	0	2	10%	10%
59	1	5%	0	2	10%	5%
60	0	0%	0	2	10%	No Reduction

The power of indexed pensions

Your Canada Post pension grows in line with the Consumer Price Index (CPI)



The following chart shows a $20,000 annual pension indexed to grow at the rate of 2.5% each year. After ten years, the pension has increased to $25,602.

A pension that didn't offer CPI increases would still be at $20,000.

A potential new savings option
Tax-Free Savings Account

The 2008 federal budget has proposed a new savings option called a tax-free savings account (TFSA) to begin in 2009. Currently, TFSAs are only a proposal until they are passed into legislation. **For more information, contact a banking institution or a qualified financial advisor.**

HIGHLIGHTS

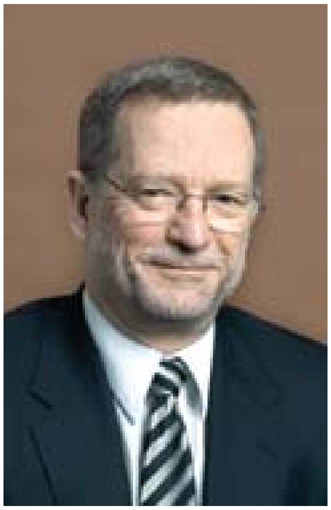
- Available to all Canadian residents age 18 or older.
- Maximum annual contribution would be $5,000 (to be annually indexed) with excess room carried forward to the next year. Limits are not based on income earnings as with RRSP's.
- Contributions are not tax deductible (unlike with an RRSP).
- You would be allowed to contribute to your spouse's TFSA.
- Withdrawals are not taxed (unlike with an RRSP). Withdrawal amounts would be added back to your contribution room.
- Upon death, your TFSA assets would be transferable to your spouse.
- Capital gains and any investment income would not be taxed. A capital loss can't be taken should money be lost on investments, because investments in a TFSA don't count as income.

When you become employed at Canada Post…

If you are receiving a Canada Post pension benefit, or a pension benefit from a related employer (ie. Federal Government, Department of National Defence, Royal Canadian Mounted Police or Crown Corporation), you cannot join the Canada Post pension plan unless you make an option to suspend receipt of your Canada Post pension benefit or related employer benefit.

If you choose to suspend your pension benefit and you have not yet completed 35 years of eligibility service under the Canada Post pension plan, and you are not 71 years of age, you will be able to accumulate more pensionable service and your subsequent pension will be updated to include your most recent pensionable earnings after you have been Member more than two years. If you were receiving a reduced Canada Post pension benefit, your subsequent pension benefit will be recalculated to account for previous pension benefits received. Your pension will be indexed from your new termination date only. Any indexing applied to your first pension will be lost.

You may instead choose to continue receiving your pension after you return to work. In this case, you cannot join the Canada Post pension plan. You will not accrue any pensionable service while working or receive a pension benefit based on this new period of employment.



Message from Pension Advisory Council chair – Douglas Greaves

I was very pleased to be appointed chair of the Pension Advisory Council (PAC) in 2007 and to have the opportunity to work with the other PAC members in carrying out the PAC's terms of reference mandate, to promote awareness and understanding of the pension plan and its operation among members, both active and retired.

The PAC is comprised of sixteen members represented by eight appointed members from the unions and associations, five appointed members of management and three elected members representing retirees, management and exempt employees and all active employees.

Communicating with plan members is extremely important. The PAC regularly reviews the member information plan being implemented by Pension Services. In 2007, the pension plan website at *www.cpcpension.com* received over 57,000 visits, while the Pension Centre handled nearly 32,000 calls from members.

The diligence of my fellow PAC members is reassuring and I look forward to continuing to work with them to ensure that plan member needs are well represented. Our mutual goal is to improve customer service and introduce new services.

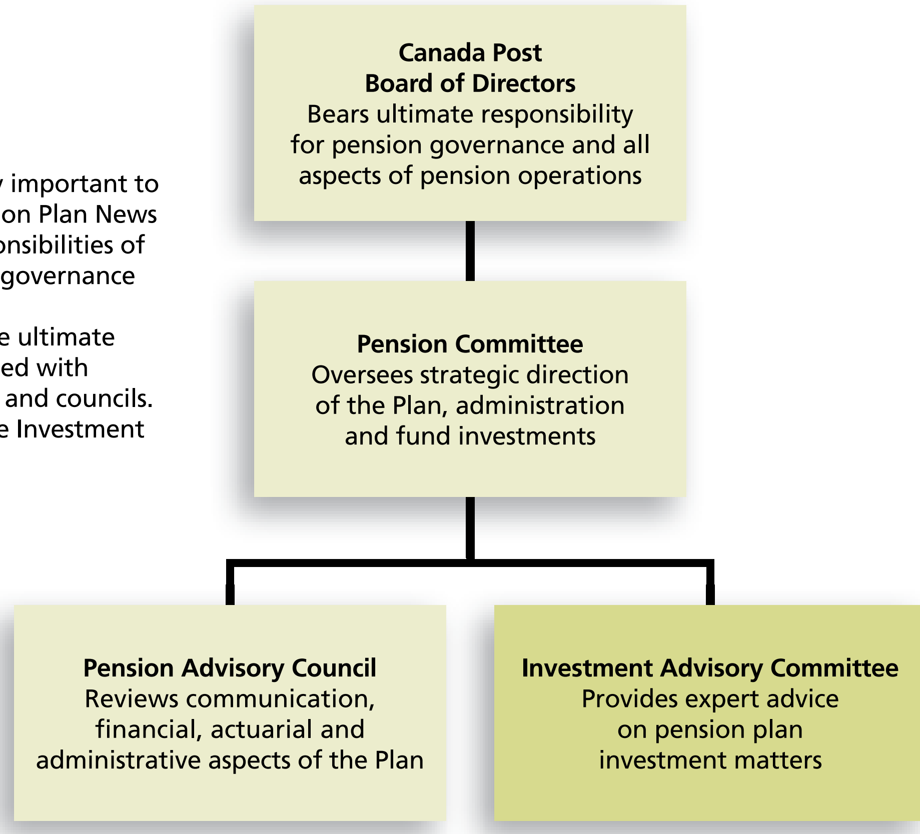
Member Services – how we can help you

For…	Contact…
Member specific pension inquiries • Active Members • Retirees • Survivors • Beneficiaries	**Pension Centre** 1-877-480-9220 613-734-8265 (TTY) 613-683-6107 (Outside North America)
Members wishing to calculate their pension estimate	**Pension Centre** 1-877-480-9220 613-734-8265 (TTY) 613-683-6107 (Outside North America) or visit *www.cpcpension.com*
Comments or questions on any of our communication vehicles – *www.cpcpension.com*, *Annual Report*, *Pension Plan News* or *Intouch*	**Pension Services** Suite B320 2701 Riverside Drive Ottawa ON K1A 0B1 or by emailing *pension.services@canadapost.ca*

Pension Plan Governance

The management of our pension plan is very important to all stakeholders. The next few issues of Pension Plan News will have articles detailing the role and responsibilities of the committees and councils involved in the governance of our pension plan.

The Canada Post Board of Directors has the ultimate pension fiduciary responsibility, but is provided with advice and guidance from other committees and councils. Providing investment advice is the role of the Investment Advisory Committee (IAC).



Investment Advisory Committee (IAC)

The IAC provides expert advice to the Vice-President, Pension Fund and Chief Investment Officer of Canada Post and to the Pension Committee members with respect to Pension Plan investment matters. The IAC reviews and proposes any necessary or desirable changes to the Statement of Investment Policies and Procedures (SIPP), which is the official document that addresses the manner in which the Pension Plan's assets should be invested. The SIPP document sets criteria and limitations in accordance with all applicable legislation and thereby ensures continued prudent and effective management of the plan's pension fund. The IAC also advises on investment manager mandates and reviews investment performance and compliance reports. Additionally, it assists the Pension Committee with interviews and selecting Investment Managers.

INVESTMENT ADVISORY COMMITTEE

- Investment Experts (Labour appointees) (2)
- Investment Expert (Chairperson of Pension Committee)
- Investment Experts (2)
- Investment Expert & Chairperson
- VP Pension Fund & CIO

Based on the committee's operating protocol, the IAC has to consist of not fewer than six members at any given time. Each member is appointed by the Pension Committee of the Board of Directors of Canada Post and serves for a period determined by the Pension Committee.

The IAC has to provide a report on its activities to the Pension Committee after each time it holds a meeting. Meetings are held approximately four times a year.

Our next issue will highlight the Pension Advisory Council.

Retirement Documents

When you retire there are many forms to be completed and documents to be sent to the Pension Centre. Failure to return any of these documents will normally result in a delay in receipt of your pension benefit payment. To avoid any delays please send all requested documents as soon as possible. To allow sufficient processing time, ensure you give at least three months notice of your retirement.

Employee ID on correspondence

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

Did you Know?

Under the Income Tax Act, after the end of the year in which you turn age 71, you must stop accruing pension benefits. At this time you must begin receiving your pension benefit from Canada Post, but you can continue to work while receiving the pension benefit.

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**

Q. What does the term "benchmark" mean when used to describe investment performance?

A. In simple terms, the actual performance of investment managers, is compared against a known financial market index. Each asset class has a specified benchmark index. For an investment manager responsible to invest in Canadian equities, the benchmark index is the S&P TSX Composite Index. If the S&P TSX Composite Index has risen by 6.5% in the year, but the investment manager for our Canadian equity portfolio has earned 7.0%, it is said they have "exceeded" the benchmark by 0.5%.

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

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

Email: **pension.services@canadapost.ca**