

Pension Plan News

Canada Post Corporation Registered Pension Plan Performance Results for April 1 to June 30, 2004

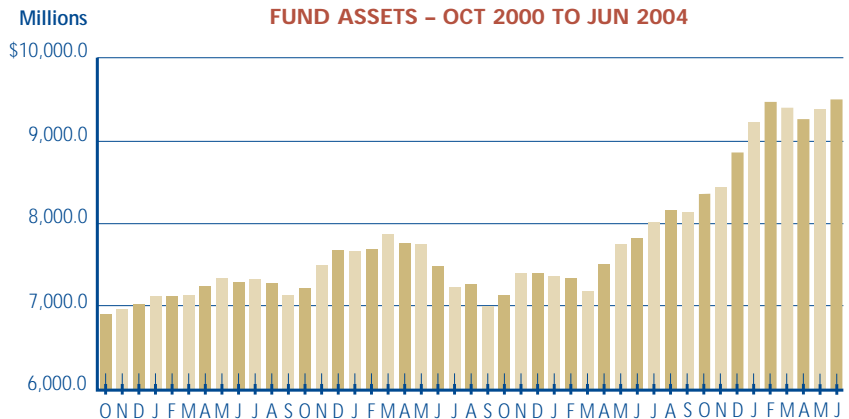
Market Conditions

Equity markets were largely unchanged in local currency terms during the quarter. Foreign equity returns were enhanced by a decline in the value of the Canadian dollar over the period. Bond markets weakened in anticipation of rising interest rates.

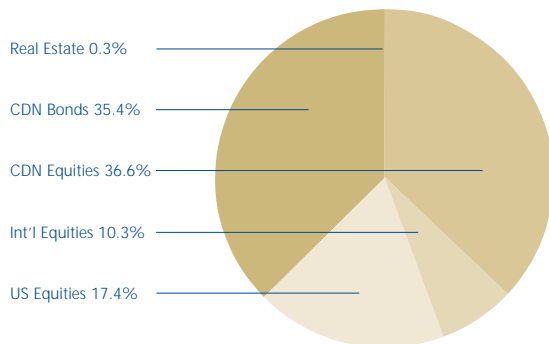
ASSET CLASS	MARKET VALUE (IN MILLIONS)	2004 APR-JUN	2004 YTD	2003 ANNUAL	2002 ANNUAL	2001 ANNUAL
Fixed Income						
Cash & Short Term Investments	\$ 332.5	0.5%	1.2%	2.9%	2.4%	4.3%
Canadian Bonds	3,018.5	-1.1%	3.1%	8.4%	10.2%	7.3%
Equities						
Canadian Equities	3,546.5	0.5%	5.3%	25.5%	-11.6%	-7.7%
U.S. Equities	1,670.9	3.3%	7.9%	7.5%	-20.9%	-----
International Equities	988.0	2.7%	9.5%	7.3%	-21.6%	-----
Total Registered Pension Plan	\$ 9,556.4	0.70%	5.36%	13.87%	-6.99%	5.10%

Investment Highlights

- The fund's second quarter rate of return is 0.7% versus our benchmark of 0.3%. YTD the fund is up 5.4% versus our benchmark of 4.3%.
- As at June 30, 2004, the fund held assets of \$9,556.4 million.
- The fund received net contributions of \$169.9 million in the second quarter. We allocated \$94.9 million to Canadian bonds, \$54.0 million to International equities, \$37.0 million to Canadian equities and \$6 million to Real Estate. Cash & short-term investments were reduced by \$24.4 million.



ASSET MIX



Asset Mix Highlights

- As at June 30, 2004, 64.6% of assets were invested in equities and real estate, above the asset mix target of 62.5%. Of the total, Canadian equities represented 36.6%, US equities 17.4%, International equities 10.3% and real estate 0.3%.
- 35.4% of assets were invested in bonds and short-term investments, compared to an asset mix target of 37.5%. This included 7.3% in real return bonds, 24.7% in Canadian bonds and 3.4% in cash and short-term investments.





CIA changes Commuted Value Standard

The Canadian Institute of Actuaries (CIA) has issued new standards for calculating pension commuted values that become effective on February 1, 2005. A commuted value represents today's value of your future pension benefit payments. These payments are based on

certain assumptions about the future, such as when a person will die, likely retirement dates and an estimate of future interest rates. While the retirement age assumptions have not changed, there are significant changes to the mortality and interest rate assumptions. Mortality assumptions have been changed to reflect the fact that

Canadians are living longer and will receive their pension benefits for a longer period of time. Interest rate assumptions have also changed based on shorter duration Government of Canada bonds. For full details members may wish to review the new standard on the CIA web site at: www.actuaries.ca/publications/2004/204007e.pdf

Did you know?

The indexing of your pension for the first year of retirement is calculated on full months of retirement only. If your last day of work is the last day of the month, your retirement date is considered to be the first day of the following month. It would not be included in the indexing calculation for the first year. For each subsequent year you will receive full indexing.

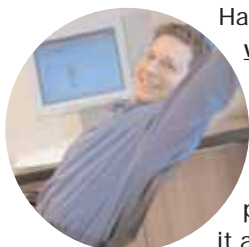
Pension Contributions increase January 1, 2005

As previously communicated, member contributions to the Canada Post Registered Pension Plan and the Supplementary Retirement Arrangement will increase by 0.4% each year until the member contribution rates reach 40% (currently 30%) of the annual current service costs. As you know, the first increase became effective January 1, 2004.

Effective January 1, 2005 contribution rates will increase by 0.4% of your pensionable earnings.

This rate increase will not affect employees who have completed 35 years of pensionable service and who are currently contributing at a rate of 1% on earnings. It is important to keep in mind that these increases will help preserve the financial security of our Pension Plan, which will ensure a viable and healthy plan for current and future retirees.

WEB Launch Reminder



Have you visited our new website www.cpcpension.com yet? You will find useful information such as when you can retire, how much pension you will receive, indexing and much more. You can print forms and find all the recent publications right at your fingertips. Give it a try and let us know what you think.

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 happens if I lose my Personal Identification Number (PIN)?

A:

Contact the Pension Centre at **1-877-480-9220**. They will generate a new PIN and mail it to your home. To ensure security and comply with privacy requirements PINs will not be given over the phone.

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

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