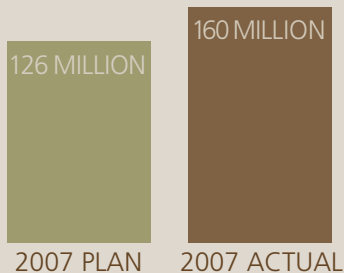


# Key Performance Indicators

## FINANCIAL PERFORMANCE

### CONSOLIDATED EARNINGS BEFORE TAX

**TARGET: \$126 MILLION**  
**ACHIEVED: YES**



Canada Post extended its record of profitability to 13 consecutive years. In spite of lower-than-expected revenues, Canada Post earned consolidated income before income taxes of \$160 million, exceeding the plan by \$34 million. Purolator and SCI Logistics had strong financial performance in 2007.

The Corporation paid a dividend of \$47 million to its Shareholder, the Government of Canada. Total dividends paid over the last five years amounted to \$267 million.

Although revenues at Canada Post were lower than plan, management implemented strong cost controls that resulted in earnings before taxes exceeding the financial targets. In 2008, the Corporation will remain vigilant in its goal to control costs.

Canada Post remains confident that our management focus on cost controls, developing new products and services, and business improvements from our investment in the Modern Post will position us well for the future.

## DELIVERY SERVICE

LETTERMAIL™  
**ACHIEVED**

EXPEDITED PARCEL  
**NOT ACHIEVED**

XPRESSPOST™  
**NOT ACHIEVED**

PRIORITY COURIER™  
**NOT ACHIEVED**

DIRECT MARKETING  
**SIGNIFICANTLY ENHANCED**

Our delivery standards require that we deliver Lettermail consistently within two business days within the same metropolitan area or community; within three business days within the same province; and within four business days between provinces.

An independent professional services firm tests our Lettermail service by depositing mail through street letter boxes, post offices and community mailboxes, and tracking it to delivery points across the country. Our 2007 on-time service performance score, at 96.1%, topped our corporate target of 96%. However, this was slightly lower than our 2006 score of 96.4%. Diligent efforts by employees during the three last quarters of the year were not able to make up for a difficult start in the first quarter, and targets for Expedited Parcel, Xpresspost and Priority Courier were not achieved. Concerted efforts to improve the delivery of Direct Marketing products improved scores in this area.

Continuing on-time delivery is crucial to Canada Post's long-term success. We will continue to look for ways to further improve the quality of our delivery and earn our customers' loyalty and their business.

## CUSTOMER VALUE INDEX

### TRANSACTION MAIL

**TARGET: +2**   **ACHIEVED: PARTIALLY**

### PARCELS

**TARGET: +2**   **ACHIEVED: YES**

### DIRECT MARKETING

**TARGET: +3**   **ACHIEVED: NO**

Our Customer Value Management program identifies the drivers of customer value and loyalty through relationship surveys and transactional questionnaires. The relationship surveys explore our customers' mailing habits and practices, assess their loyalty to Canada Post, and capture feedback on our products and services, delivery, price, reputation and image, and service culture. The transactional questionnaires ask customers about their recent experience with Canada Post, including our sales and customer service representatives, post offices, delivery personnel and our website. These techniques offer insight about the quality of our service, our competitive advantage and areas needing improvement.

In 2007, our Parcels line of business achieved improvement targets in product offering, product delivery, price competitiveness, and reputation and image categories – in addition to meeting its overall 2007 CVI target, surpassing 2006 results by two percentage points. Transaction Mail maintained its 2006 score and achieved targets in product offering, price competitiveness, and reputation and image. Direct Marketing did not achieve its 2007 CVI target; however, it met its goal for improving service culture – an element critical to improving the overall customer experience.

## EMPLOYEE ENGAGEMENT

### ENGAGEMENT INDEX

**TARGET: 54**  
**ACHIEVED: PARTIALLY**

### ACCIDENT FREQUENCY

**TARGET: 20% REDUCTION**  
**ACHIEVED: NO**

### PAY DEFECTS

**TARGET: 50% REDUCTION**  
**ACHIEVED: YES**

Employee engagement remains a top priority for Canada Post. It is our goal to become the best place to work in Canada, with every employee contributing to and sharing in our success. For the company to continue its transformation to the Modern Post, it is critical to focus on building the modern workplace characterized by high levels of employee engagement. Employees who are engaged serve customers well, providing positive service experiences that encourage customers to do more business with the company.

Our effort to increase employee engagement is making an impact. The results of our employee survey for 2007 show improvement across all categories and an increase of five percentage points in our Employee Engagement Index. Our efforts to improve health and safety in the workplace have been recognized by employees and there has been a significant increase in the number of employees who believe that the company acts with integrity in its dealings with them.

While we are encouraged by the results in 2007, much work remains to be done to drive higher levels of engagement and create a safer, modern workplace.