

Key Performance Indicators

Customer Value Index – Canada Post Segment

At Canada Post, we strive to gain market share and maintain profitability through customer loyalty. Knowing what drives customer loyalty is key to our performance. Our Customer Value Management program provides us with knowledge of the areas that we need to improve to keep our customers. The program identifies key drivers of customer loyalty. We study our customers' perceptions of the quality and value of our services, products, employees and website, and determine customer habits and practices through questionnaires and surveys. We measure customer loyalty across our three lines of business. In 2009, all three lines of business (Transaction Mail, Parcels and Direct Marketing) surpassed their Customer Value Index targets.



Delivery Service – Canada Post Segment

Our customers expect on-time delivery every time they send or receive a piece of mail. To support this, we set delivery targets and measure our performance against them. In 2009, we exceeded our corporate on-time performance target in all three lines of business: Transaction Mail, Parcels and Direct Marketing. Standards for our Lettermail™ service, Transaction Mail's main product, are based on delivery days that vary according to location. We achieved a score of 96.4 per cent, exceeding our target of 96 per cent. Parcel performance targets were based on a combination of delivery performance and delivery information about the location and status of the customer's item. This information provides our customers with the ability to confirm that the item was delivered and if it was on-time or not. Direct Marketing performance targets for our Admail™ products are set based on Canada Post's published service standards.



Financial Performance – The Canada Post Group

The fiscal year 2009 was difficult for The Canada Post Group. We faced many challenges brought on by the recession. We sustained a revenue decline of \$421 million from 2008. Cost-cutting measures and a mainly non-cash reduction in employee future benefits expense in the Canada Post segment allowed us to reduce our consolidated expenses by \$639 million. As a result, our profit increased to \$281 million from \$90 million in 2008. However, without the change in employee future benefits expense, which is not indicative of our operating performance, our net profit would have been lower. Our cash and cash equivalents decreased by \$132 million or 21.9 per cent. And while the number of points of delivery increased by approximately 200,000, the average number of pieces of transaction mail per address continued to decline, down to 334 pieces in 2009, compared to 377 in 2005.



Employee Engagement – Canada Post Segment

Respect, fairness, and the health and safety of our employees characterized our engagement efforts in 2009. We increased our Engagement Index to 58 from 56, improving or maintaining survey scores in most categories. We improved employee safety and reduced accidents in the workplace by 22 per cent, well in excess of our target for accident reduction for the year. We developed a Learning Index that measures employee training and brings visibility to the importance we place on employee development. We continued to encourage team leaders to recognize their employees for customer service and operational improvements. We involved front-line employees and their team leaders in discussions about our business through Regional Forums and front-line visits. We are encouraged by our progress as evidenced by customer service improvements, higher productivity and higher levels of employee engagement.

