Management's Responsibility for FINANCIAL REPORTING

The financial statements of the Alberta Teachers' Retirement Fund Board and all information in the Annual Report are the responsibility of management and have been approved by the Board. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions with due consideration to materiality.

Financial and operating data elsewhere in the Annual Report is consistent with the information contained in the financial statements.

For the integrity of financial information included in this Annual Report, management relies on the organization's system of internal controls and supporting procedures. This system has been established to ensure within reasonable limits that assets are safeguarded, that transactions are properly executed in accordance with management's authorization, and that the accounting records provide a solid foundation from which to prepare the financial statements. Controls include high quality standards for hiring and training employees, an organizational structure that provides a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines throughout the organization.

Ultimate responsibility for the financial statements rests with the Board, which is assisted in its responsibilities by the staff and the Audit Committee. The Alberta Teachers' Retirement Fund Board's external auditor, the Auditor General, has conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as he considers necessary to express the opinion in his Report. The Audit Committee of the Board reviews the Auditor's Report and the financial statements and recommends them for approval by the Board. The Auditor General has full and unrestricted access to discuss the audit and related findings regarding the integrity of financial reporting and the adequacy of internal control systems.

Emilian V. Groch
Chief Executive Officer

Randy G. Round, CA
Director, Financial Services

Auditor's REPORT

To the Alberta Teachers' Retirement Fund Board

I have audited the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency of the Alberta Teachers' Retirement Fund Board (the "Board") as at August 31, 2006 and the Statements of Changes in Net Assets Available for Benefits and Changes in Accrued Pension Benefits for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency of the Board as at August 31, 2006 and the Changes in Net Assets Available for Benefits and Changes in Accrued Pension Benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
November 10, 2006

Fred J. Dunn, FCA
Auditor General

Financial STATEMENTS

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency

As at August 31, 2006

$ Thousands	2006	2005
Assets		
Cash	$ 853	$ 1,321
Investments (Note 4)	3,733,441	3,326,099
Receivables (Note 5)	24,963	26,426
Capital assets (Note 6)	715	999
	3,759,972	3,354,845
Liabilities		
Accounts payable (Note 7)	9,563	7,673
Net assets available for benefits	**3,750,409**	**3,347,172**
Actuarial Value of Accrued Pension Benefits	10,702,244	10,285,480
Deficiency (Note 11)	**$ 6,951,835**	**$ 6,938,308**

The accompanying notes are part of these financial statements.

Approved by the Board

Michael E. Griffiths
Chair

James Fleming
Vice Chair

Statement of Changes in Net Assets Available for Benefits

For the year ended August 31, 2006

$ Thousands	2006	2005
Increase in Net Assets		
Investment earnings (Note 8)	$ 258,703	$ 373,233
Contributions (Note 9)		
Teachers	267,306	238,388
Province of Alberta	327,186	285,713
Employers	603	429
Past service purchases	3,118	3,693
Transfers from other plans	5,461	4,991
	603,674	533,214
Total increase in net assets	**862,377**	**906,447**
Decrease in Net Assets		
Pension benefits	425,021	394,499
Termination benefits	20,337	13,293
Transfers to other plans	2,302	1,944
Administrative expenses (Note 10)	11,480	10,242
Total decrease in net assets	**459,140**	**419,978**
Change in Net Assets for the Year	403,237	486,469
Net Assets Available for Benefits at Beginning of Year	3,347,172	2,860,703
Net Assets Available for Benefits at End of Year	**$ 3,750,409**	**$ 3,347,172**

Statement of Changes in Accrued Pension Benefits

For the year ended August 31, 2006

$ Thousands	2006	2005
Accrued Pension Benefits at Beginning of the Year	$ 10,285,480	$ 9,681,624
Increase (Decrease) in Accrued Pension Benefits		
Interest on accrued benefits	740,979	698,892
Benefits accrued	310,144	306,016
Changes in actuarial demographic assumptions	(49,990)	-
Experience gains	(145,288)	-
	855,845	1,004,908
Decrease in Accrued Pension Benefits		
Benefits paid	(439,081)	(401,052)
Accrued Pension Benefits at End of Year	**$ 10,702,244**	**$ 10,285,480**

Notes to the Financial STATEMENTS

Note 1
Authority and Nature of Operations

The Alberta Teachers' Retirement Fund Board, a Provincial corporation, is the trustee and administrator of the Teachers' Pension Plan and the Private School Teachers' Pension Plan (the "Plans"). The Alberta Teachers' Retirement Fund Board operates under the authority of the *Teachers' Pension Plans Act*, Chapter T-1, RSA 2000.

The Plans are Registered Pension Plans as defined in the *Income Tax Act* and are not subject to income taxes. The income tax registration number is 0359125.

Note 2
Description of the Pension Plans

The following description of the Plans is a summary only.

a) General
The Plans are contributory defined-benefit pension plans for the teachers of Alberta.

b) Guarantee
The payment of all benefits for service prior to September 1, 1992 under the Teachers' Pension Plan is guaranteed by the Province of Alberta (the "Province").

c) Funding
The determination of the value of the benefits and the required contributions for the Plans is made on the basis of periodic actuarial valuations (Note 11).

All teachers under contract with school jurisdictions and charter schools in Alberta are required to contribute to the Teachers' Pension Plan. Current service costs and related deficiencies are funded by equal contributions from the Province and the teachers. An additional 10 percent cost-of-living adjustment for service earned after 1992, as described in Note 2(i), is funded entirely by the teachers.

The unfunded liability for service credited prior to September 1, 1992 is being funded by additional contributions in the proportions of 67.35 percent by the Province and 32.65 percent by the teachers over the period ending August 31, 2060.

Certain public colleges and other designated organizations in Alberta also participate in the Teachers' Pension Plan under the same funding arrangements, except these organizations make the employer contributions rather than the Province.

Certain private schools participate in the Private School Teachers' Pension Plan. Plan costs are funded by contributions from the employers and the teachers.

d) Retirement Pensions
Retirement pensions are based on the number of years of pensionable service and the highest consecutive five-year average salary. Pensions are payable to teachers who retire after completion of at least five years of pensionable service, with certain restrictions, and who have attained age 65. Unreduced pensions are also payable to teachers who have reached at least age 55 and the sum of their age and service equals 85. With certain restrictions, reduced early retirement pensions are payable to teachers who retire on or after age 55 with a minimum of five years of pensionable service.

e) Disability Benefits
Teachers who are disabled after August 31, 1992 are credited with pensionable service while disabled. Teachers do not contribute to the Plans while disabled.

f) Termination Benefits
Refunds or commuted value transfers are available when a teacher ceases employment.

g) Death Benefits
Death benefits are available upon the death of a teacher and may be available upon the death of a pensioner. The benefit may take the form of a lump sum payment or a survivor pension.

h) Other Provisions
Purchase of past service and reinstatement of refunded service is allowed on a basis that is cost neutral to the Plans.

i) Cost-of-Living Adjustments
Pensions payable are increased each year by an amount equal to 60 percent of the increase in the Alberta Consumer Price Index. The portion of pension earned after 1992 is increased by an additional 10 percent of the increase in the Alberta Consumer Price Index.

Note 3

Summary of Significant Accounting Policies and Reporting Practices

a) Basis of Presentation

The financial statements are prepared on a going-concern basis in accordance with Canadian generally accepted accounting principles and present the aggregate financial position of the Plans. The statements disclose the net assets available to meet future benefit payments, and are prepared to assist participants and others in reviewing the activities of the Plans for the fiscal year.

b) Investments

Investments are recorded as of the trade date and are stated at fair value. The methods used to determine year-end fair value are explained in the following paragraphs.

- Money-market securities are recorded at cost which approximates fair value.
- The fair value of publicly traded securities is based on market prices quoted by independent suppliers of securities related data.
- The fair value of non-publicly traded equity investments reflects cash outlays adjusted by periodic third party valuations and fees charged by general partners.
- The fair value of real estate and oil and gas properties not publicly traded, is based on estimates as determined by management in conjunction with industry specialists.

Premiums and discounts arising on acquisitions are amortized using the effective interest rate method and included in investment earnings. Changes in fair value subsequent to acquisition are included in investment earnings (Note 8).

c) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars at rates of exchange prevailing at the dates of the transactions. At year-end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year-end exchange rate. Gains or losses resulting from exchange differences are included in the determination of the change in fair value of investments.

d) Derivative Financial Instruments

Forward foreign exchange contracts are valued based on quoted market prices. Gains or losses on forward foreign exchange contracts are recognized with changes in market value, and are included in the determination of current year change in fair value of investments.

e) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives. Amortization is calculated using the straight-line method at the following annual rates:

Furniture and equipment	10-25%
Computer hardware and software	20-33.3%

Software under development is not amortized until implemented.

f) Measurement Uncertainty

The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates.

Measurement uncertainty exists in the calculation of the Plans' actuarial value of accrued benefits. Uncertainty arises because the Plans' actual experience may differ significantly from assumptions used in the calculation of the Plans' accrued benefits.

Measurement uncertainty exists in the valuation of the Plans' private investments as values may differ significantly from the values that would have been used had a ready market existed for these investments.

Note 4

Investments

$ Thousands	2006		2005	
Fixed Income and Cash	**Fair Value**	**Cost**	**Fair Value**	**Cost**
Cash	$ 68,340	$ 68,340	$ 9,977	$ 9,977
Money-market securities	67,135	67,135	91,022	91,022
Bonds and debentures	488,746	472,176	812,352	765,633
	624,221	607,651	913,351	866,632
Equities				
Publicly traded equities				
Canadian	1,035,635	719,662	955,641	636,504
Global	2,051,040	1,966,735	1,450,286	1,337,823
Non-publicly traded equities	22,545	23,578	6,821	7,405
	3,109,220	2,709,975	2,412,748	1,981,732
	$ 3,733,441	**$ 3,317,626**	**$ 3,326,099**	**$ 2,848,364**

Global Equities in 2005 includes the Plans' former categories of International and U.S. pooled funds.

a) Interest Rate Risk

Interest rate risk relates to the impact of interest rate changes on the Plans' cash flows and financial position. This risk arises from differences in the timing and amount of cash flows related to the Plans' assets and liabilities.

As at August 31, 2006, a 1% increase in nominal interest rates would result in a decline in the fair value of Fixed Income investments of 5.7% (2005: 5.9%).

Based on fair values at August 31, 2006, Fixed Income investments have the following average effective yields and term structures:

$ Thousands	2006					2005	
	Terms of Maturity						
	Within 1 Year	**1 to 5 Years**	**Over 5 Years**	**Total**	**Average Effective Yield**	**Total**	**Average Effective Yield**
Money-market securities	67,135	-	-	67,135	4.28%	91,022	2.57%
Bonds and debentures	10,308	192,845	285,593	488,746	5.09%	812,352	4.13%

b) Credit Risk

Credit risk arises from the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract.

The Plans limit their credit risk by dealing with counter parties that are considered to be of high quality, setting and monitoring compliance with portfolio guidelines, diversification and obtaining collateral where appropriate.

The Plans record all investments at fair value. Consequently, investment values reflected in Note 4 of these financial statements represent the maximum credit risk exposure of the Plans as at August 31, 2006.

c) Currency Risk

Currency risk arises from the Plans' holding of equities that are denominated in foreign currencies. A portion of the currency exposure may be hedged by foreign currency forwards. Foreign currency forwards are contractual obligations either to buy or sell a specified amount of foreign currencies at predetermined future dates and exchange rates.

The Plans' foreign currency exposure is as follows:

$ Thousands	2006			2005
	Foreign Currency Exposure	Foreign Currency Hedge	Net Foreign Currency Exposure	Net Foreign Currency Exposure
United States	$ 1,042,824	$ 21,990	$ 1,020,834	$ 837,651
Euro	320,216	-	320,216	219,848
United Kingdom	154,955	20,630	134,325	146,062
Japan	176,086	14,504	161,582	81,690
Switzerland	135,286	3,030	132,256	70,039
Australia	40,353	-	40,353	9,244
Other	250,337	-	250,337	95,642
	$ 2,120,057	**$ 60,154**	**$ 2,059,903**	**$ 1,460,176**

Foreign currency exposure includes $69,017,000 (2005: $9,892,000) in cash.

Note 5

Receivables

$ Thousands	2006	2005
Accrued income	$ 12,297	$ 14,426
Contributions - teachers	12,535	11,003
Contributions - Province of Alberta	-	861
Other	131	136
	$ 24,963	**$ 26,426**

Note 6

Capital Assets

$ Thousands	2006			2005
	Cost	Accumulated Amortization	Net	Net
Furniture and equipment	$ 390	$ 371	$ 19	$ 29
Computer hardware and software	4,542	3,846	696	970
	$ 4,932	**$ 4,217**	**$ 715**	**$ 999**

Note 7

Accounts Payable

$ Thousands	2006	2005
Tax withholdings	$ 5,416	$ 5,334
Contributions - Province of Alberta	552	-
Investment transactions	1,385	1,312
Miscellaneous	2,210	1,027
	$ 9,563	**$ 7,673**

Note 8

Investment Earnings

$ Thousands	2006	2005
Interest and dividend income		
Cash and money-market securities	$ 6,634	$ 3,646
Bonds and debentures	30,859	33,591
Publicly traded equities		
Canadian	19,275	17,079
Global	58,165	39,574
Non-publicly traded equities	170	106
	115,103	93,996
Realized net gain on disposal of investments	205,520	89,691
Unrealized net (loss) gain on investments	(61,920)	189,546
	$ 258,703	**$ 373,233**

Note 9

Contributions

$ Thousands	2006	2005
Teachers		
Current service	$ 153,335	$ 143,129
Current service additional 10% COLA	10,076	10,469
Post-August 1992 deficiency	31,882	19,755
Pre-September 1992 unfunded liability	72,013	65,035
	267,306	238,388
Province of Alberta		
Current service	151,026	138,027
Post-August 1992 deficiency	29,544	17,817
Pre-September 1992 unfunded liability	146,616	129,869
	327,186	285,713
Employers		
Current service	549	384
Post-August 1992 deficiency	9	5
Pre-September 1992 unfunded liability	45	40
	603	429
Past services purchases	3,118	3,693
Transfers from other plans	5,461	4,991
	$ 603,674	$ 533,214

Note 10

Administrative Expenses

$ Thousands	2006		2005
	Budget	Actual	Actual
External investment management fees	$ 6,010	$ 4,973	$ 4,369
Salaries and benefits (Note 13)	4,061	3,768	3,301
Premises and equipment	803	783	770
Custodial and banking charges	553	735	536
External professional services	672	549	577
Communication	651	519	504
Board and Investment Committee	70	59	94
Audit fees	60	55	60
Other	26	39	31
	$ 12,906	$ 11,480	$ 10,242

Note 11
Obligations for Benefits

a) Valuations and Assumptions

Actuarial valuations of the Plans were done as at August 31, 2006. Extrapolations were prepared for reporting purposes as at August 31, 2005. The present value of accrued benefits was determined using the projected benefit method prorated on service. The assumptions used in the valuations and extrapolations are based on management's best estimate of future events.

The major long-term economic assumptions used in the 2006 actuarial valuations and the 2005 extrapolations are:

	2006	2005
Rate of return on invested assets	7.25%	7.25%
Rate of inflation	3.00%	3.00%
Real wage increases	1.00%	1.00%
Teacher population growth	0.25%	0.25%

Future experience will differ from those assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future actuarial valuations.

b) Sensitivity of Changes in Major Assumptions

As at August 31, 2006, a 0.25% decrease in population growth rate under the Teachers' Pension Plan, holding all other assumptions constant, would increase the amount of contributions required to fund the unfunded liability attributable to service credited prior to September 1992 by 0.50% of total teacher salaries. No change would occur to the value of accrued pension benefits. The amount of contributions required to fund the deficiency attributable to service credited after August 1992 would increase by 0.04%.

As at August 31, 2006, a 0.50% decrease in the rate of return on invested assets and in the real rate of return under the Teachers' Pension Plan, holding all other assumptions constant, would:

i) increase current service costs by 1.50%,
ii) decrease the additional contributions for the unfunded liability attributable to service credited prior to September 1992 by 0.43%,
iii) increase the deficiency attributable to service credited after August 1992 by 1.44%, and
iv) increase the accrued pension benefits by approximately $760 million.

c) Results Based on Valuations

The valuation for the Teachers' Pension Plan to August 31, 2006 determined an unfunded liability of $6.367 billion, attributable to service credited prior to September 1992 and a $586 million deficiency attributable to service after August 1992. The unfunded liability and deficiency are being funded as described in Note 2c.

The valuation for the Private School Teachers' Pension Plan to August 31, 2006 determined a surplus of $1.165 million.

$ Thousands	2006				2005
	Teachers' Pension Plan Pre-Sept. 1992	Teachers' Pension Plan Post-Aug. 1992	Private Teachers' Pension Plan	Total	Total
Net assets at beginning of year	$ (384,033)	$ 3,703,627	$ 27,578	$ 3,347,172	$ 2,860,703
Net contributions	214,286	365,842	907	581,035	517,977
Benefits	(340,482)	(83,431)	(1,108)	(425,021)	(394,499)
Investment earnings	-	256,610	2,093	258,703	373,233
Administrative expenses	-	(11,389)	(91)	(11,480)	(10,242)
Net Assets (liabilities)	(510,229)	4,231,259	29,379	3,750,409	3,347,172
Interest on net liabilities	(33,097)	33,097	-	-	-
Actuarial value of accrued benefits	(5,823,674)	(4,850,356)	(28,214)	(10,702,244)	(10,285,480)
(Deficiency)/surplus	**$ (6,367,000)**	**$ (586,000)**	**$ 1,165**	**$ (6,951,835)**	**$ (6,938,308)**

d) Post-fund Receivable from Pre-fund

The net assets available for benefits related to the Teachers' Pension Plan are segregated into pre-September 1992 and post-August 1992 funds. All disbursements and receipts since September 1992 have been charged or credited to the appropriate fund.

During the 2002-2003 year, assets available to the pre-September 1992 fund were depleted. In accordance with legislation, each month since that time, assets have been advanced from the post-August 1992 fund to the pre-September 1992 fund to enable it to meet its ongoing commitments.

A rate of interest equal to the assumed rate of return on invested assets was used to charge interest on amounts advanced.

$ Thousands	2006	2005
Opening balance	$ 384,033	$ 228,192
Advances during the year	126,196	134,080
Interest on advances	33,097	21,761
Receivable from Pre-fund	**$ 543,326**	**$ 384,033**

Note 12

Investment Performance

The following is a summary of the investment performance results attained by the Alberta Teachers' Retirement Fund Board:

	One-Year Return	Five-Year Average Annual Compound Rate
Alberta Teachers' Retirement Fund Board	7.6%	6.7%
Benchmark [1]	8.0%	6.2%

[1] The benchmark return is a weighted average of certain market index returns, approved by the Board, based on the fund's policy asset mix.

The long-term real rate of return assumption is based on management's best estimate of future events. This long-term rate of return target was set at 3.5 percent over inflation for the year ended August 31, 1993, 4 percent over inflation for the four years ended August 31, 1997, 4.5 percent over inflation from September 1, 1997 to August 31, 2004, and then 4.25% from September 1, 2004. Over the fourteen-year period since September 1, 1992, the fund's average annual compound rate of return was 8.6 percent, compared to the long-term target of 6.7 percent.

Note 13
Remuneration and Compensation

a) Board Member Remuneration

Five Board Members, who are employed by the Province of Alberta or by an employer participating in the plans, are not paid fees for Board and committee meetings attended. One other Board member received remuneration of $10,750 (2005: $13,400). For the year ended August 31, 2006 the Board Chair received remuneration of nil (2005: nil).

b) Compensation

The compensation table provides full disclosure of base salary, annual bonus, change in net present value of the Supplemental Employee Pension Plan (SEPP) and other compensation earned for years ended August 31, 2006, 2005 and 2004 by the Chief Executive Officer, Chief Investment Officer and the three other most highly compensated senior staff. The Board's advisor for compensation purposes is Lim HR Compensation Consulting Inc.

Name and Principal Position	Year	Base Salary	Annual Bonus [1]	Change in Net Present Value of SEPP [6]		Other Compensation [2]	Total Compensation
				Current Year	Prior 6 Years		
Emilian Groch	2006	$ 200,000	$ 59,100	$ 17,900	$ 81,000	$ 29,200	$ 387,200
Chief Executive Officer	2005	174,300	50,700	-	-	34,700	259,700
	2004	168,500	47,800	-	-	31,300	247,600
Ken Bancroft	2006	184,000	57,900	19,500	94,900	25,500	381,800
Chief Investment Officer	2005	160,600	67,000	-	-	28,400	256,000
	2004	155,100	65,200	-	-	27,900	248,200
Derek Brodersen	2006	165,900	89,900	10,600	49,500	19,300	335,200
Portfolio Manager, Equities	2005	156,100	94,800	-	-	22,900	273,800
	2004	147,000	107,800	-	-	21,000	275,800
Nancy Hanada	2006	112,900 [3]	7,100	-	-	28,000 [4]	148,000
Portfolio Manager, Bonds	2005	127,800	13,400	-	-	17,000	158,200
	2004	125,600	13,800	-	-	16,000	155,400
Albert Copeland	2006	116,300	16,000	1,600	9,600	30,400 [5]	173,900
Director, Information &	2005	109,200	15,800	-	-	18,800	143,800
Technology Services	2004	104,800	15,000	-	-	16,600	136,400

[1] Management is eligible to receive bonuses based on the achievement of pre-set corporate and investment targets. Bonuses in relation to investment targets are based on a combination of total fund and portfolio performance targets, measured in value added above benchmarks. Performance versus benchmark is measured over five-year and one-year periods.

[2] Other Compensation includes vacation payouts and the employer's share of all employee benefits and contributions or payments made on behalf of employees, including pension (excluding SEPP), health care, dental coverage, vision coverage, group life insurance, long-term disability plan, professional memberships, and car allowances.

[3] Position occupied for 10 months during the year.

[4] Other Compensation includes $14,200 for vacation payout.

[5] Other Compensation includes $9,800 for vacation payout.

[6] Management is eligible to participate in the Local Authorities Pension Plan (LAPP). This plan provides for a pension of 1.4% for each year of pensionable service based on the average salary of the highest five consecutive years up to the Year's Maximum Pensionable Earnings under the Canada Pension Plan and 2.0% on the

excess. Benefits under this plan are capped by pensionable salary reached at the maximum pension benefit limit allowed under the federal *Income Tax Act*. Where earnings are in excess of this capped pensionable salary, a non-registered, unfunded SEPP provides for a pension equal to the pension formula under the LAPP, with no cap applied to pensionable salary, less the initial pension provided under the LAPP. Pensionable salary under the SEPP includes 50% of the annual target-level bonus paid.

The SEPP was effective September 1, 2005 and replaced an existing supplementary defined contribution plan retroactive to September 1, 1999. As at August 31, 2006, the present value of the accrued benefits of the SEPP, based on the projected benefit method prorated on service, incorporating the same assumptions used for the Plans (Note 11 a), was $363,600 of which $51,900 is related to the 2005-06 fiscal year and $311,700 is related to the prior 6 years. The values shown are estimated amounts based on assumptions and represent entitlements that may change over time. In particular, the values shown are based on benefit amounts that have been projected for salary increases to retirement. The following table provides the change in net present value of the accrued benefits for the current year and prior 6 years based on the projected pensionable salary and also based on the accrued pensionable salary earned to August 31, 2006 that would be payable if the staff member left employment.

Name and Principal Position	Change in Net Present Projected Salary	Value of SEPP Earned Salary
Emilian Groch, Chief Executive Officer	$ 98,900	$ 51,300
Ken Bancroft, Chief Investment Officer	114,400	92,400
Derek Brodersen, Portfolio Manager, Equities	60,100	21,600
Albert Copeland, Director, Information & Technology Services	11,200	2,300

Note 14
Comparative Figures

Comparative figures have been reclassified, where necessary, to conform to the 2006 presentation.

Note 15
Budget Information

The accrued pension benefits are based on management's best estimates of future events after consultation with the Plans' actuary. Differences between actual results and management's expectations are disclosed as net experience gains in the statement of changes in accrued pension benefits. Accordingly, a budget is not included in these financial statements, with the exception of administrative expenses (Note 10).

Letter from the ACTUARY

I have performed actuarial valuations of the Teachers' Pension Plan and the Private School Teachers' Pension Plan as at August 31, 2006. The purpose of my actuarial valuations was to determine the financial position of the plans, to determine the estimated cost of benefits expected to be earned in the future, and to determine the amount of additional contributions required to finance any unfunded liability.

I established demographic and economic actuarial assumptions that are appropriate for the 2006 actuarial valuations. The demographic assumptions are appropriate for the plans. The economic assumptions are consistent with the current and projected economic environment and the investment policy adopted by the Board. The 2006 actuarial valuations were performed in accordance with accepted actuarial practice.

The 2006 actuarial valuation of the Teachers' Pension Plan revealed that:

- The actuarial value of the plan's assets was $3,565 million.
- The plan had an unfunded liability in respect of pre-September 1992 service of $6,367 million.
- The plan had an unfunded liability in respect of post-August 1992 service of $742 million.
- The normal cost of benefits expected to be earned by plan members after the valuation date is 14.29% of earnings of active plan members.
- Additional contributions of 9.48% of earnings of active plan members are required to fund the unfunded liability in respect of pre-September 1992 service.
- Additional contributions of 3.03% of earnings of active plan members are required to fund the unfunded liability in respect of post-August 1992 service.
- The total contribution required to fully fund the plan benefits and unfunded liability with effect from September 1, 2007 is 26.80% of earnings of active plan members.

The 2006 actuarial valuation of the Private School Teachers' Pension plan revealed an unfunded liability of $91,000. Additional contributions of 0.16% of earnings of active plan members are required to fund the unfunded liability. The normal cost of benefits expected to be earned in the Private School Teachers' Pension Plan after the valuation date is 16.19% of the earnings of active plan members. The current contribution rate should be increased to 16.35% effective September 1, 2007.

An actuarial valuation is a current assessment of probable future financial transactions. The actual experience of the plan in the future will deviate from the assumptions used in the actuarial valuation. Actuarial valuations must be performed periodically, and the experience of the plan should be evaluated relative to the assumptions.

Wayne R. Berney
Wayne R. Berney
Fellow of the Canadian Institute of Actuaries
Fellow of the Society of Actuaries

November 8, 2006

Statement of Corporate Governance PRACTICES

ATRF provides services to 66,000 plan members and other plan stakeholders who have the right to know how their pension plans are governed and managed. Effective corporate governance helps to ensure that an organization's resources are focused on enhancing long-term value. The following statement outlines ATRF's approach to corporate governance.

Mandate of ATRF

The Alberta Teachers' Retirement Fund Board is an independent corporation established under the provisions of the *Teachers' Pension Plans Act*. Under this statute of Alberta, the ATRF Board is the administrator and trustee of the Teachers' Pension Plan and the Private School Teachers' Pension Plan and is the custodian of the plans' assets. The plans are defined benefit pension plans registered under the *Income Tax Act*.

The *Teachers' Pension Plans Act* sets out the fiduciary duties of the ATRF Board. Without limiting the standards of conduct expected of a fiduciary in common law, the statute requires the Board members to act in good faith with a view to the best interests of the corporation and the plans as a whole. It also requires Board members to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Board is required to deal fairly with the interests of each plan relative to the other plan.

The *Teachers' Pension Plans Act* provides for the joint sponsorship of the plans by the Province of Alberta through the Minister of Education, and by the plan members represented by The Alberta Teachers' Association (ATA). A Memorandum of Understanding reached between the plan sponsors of the plans in 1992, and set out in the *Teachers' Pension Plans Act*, states the terms of the joint sponsorship. The sponsors of the plans are responsible for changes to plan benefits and funding, and share in plan gains and losses.

The *Teachers' Pension Plans Act* requires the Board to make decisions in the best interest of all plan members and to act independently of the sponsors of the plans. Plan members include active teachers, former teachers, pensioners and survivors of deceased plan members. The Board is required to give due regard to the interests of all categories of plan members.

Composition of the Board

Each of the two plan sponsors nominates three persons for appointment to the Board. Individuals are nominated based on expertise and experience relevant to the mandate of ATRF. Appointments are made by the Lieutenant Governor in Council. The legislation requires that Board members select the Board Chair from among the members nominated by the ATA. The Chair is elected for a two-year term. A code of professional conduct is in place for Board and committee members and staff. No Board member has a personal or business relationship with ATRF. No staff are members of the Board.

Board Committees

The Board has appointed five committees.

- The Investment Committee advises the Board on broad policy or macro investment decisions. The Committee reviews and monitors strategic decisions in the operation of the investment fund. It also oversees the implementation of investment strategies and their compliance with legislative and internal ATRF investment constraints. In addition, the Committee monitors and evaluates the performance and cost effectiveness of investment policies and strategies. This six-member committee is composed of three Board members and three external investment/business professionals.

- The Audit Committee has oversight responsibilities in relation to the corporation's financial reporting, accounting systems and internal controls. The Committee oversees the work of external auditors and recommends the acceptance of financial statements to the Board. This Committee is composed of the Board Chair, the Chair of the Investment Committee and the Chair of the Finance and Planning Committee.

- The Human Resources and Compensation Committee, consisting of the entire Board, oversees the corporation's human resources and compensation matters. The Committee focuses on the performance evaluation of, and compensation structure and succession planning for, the chief executive officer. In addition, the Committee ensures that appropriate organizational succession planning is carried out by management and reviews human resource and compensation aspects of the corporation's business plan. The Committee retains the services of external independent consultants to assist in effectively carrying out its responsibilities.

- The Finance and Planning Committee reviews management's business plans, operating and capital budgets and recommends their acceptance to the Board. This Committee consists of two Board members.

- The Review Committee hears plan members' reviews of certain administrative decisions made by ATRF staff. This Committee consists of the entire Board.

The entire Board regularly reviews its corporate governance practices.

During the 2005-06 fiscal year, the Board held six scheduled meetings. One Board member was unable to attend two Board meetings and another Board member did not attend one meeting. Members of committees attended all their respective committee meetings. The Investment Committee and Human Resources and Compensation Committee each met five times. The Audit Committee met three times and the Finance and Planning Committee met once. The Review Committee heard no review cases in the fiscal year.

Board Independence

The Board operates independently from management. This is ensured through the structure of the Board and the process for appointing Board members. An orientation program is provided to assist new Board members in carrying out their fiduciary and governance duties. External experts and staff specialists provide assistance. All Board members prepare annual developmental plans and are encouraged to attend seminars on specific technical matters.

The Board and committees meet with outside advisors, including external investment managers and experts in compensation management, to ensure access to external sources of important information. The Board and committees also meet regularly without management. In addition, the Audit Committee consults directly with the external auditor and reviews the auditor's findings on the effectiveness of ATRF's system of internal controls. Board members can engage the services of an external advisor at ATRF's expense, with the approval of the Board Chair. Such external advisors report directly to the Board.

Board Assessment

An annual assessment of the Board is carried out as part of our commitment to enhance corporate governance practices. Each Board member completes a questionnaire commenting on Board organization, operations, and performance. The questionnaire also includes a self-assessment and identification of proposed actions to improve Board effectiveness.

The questionnaire is returned to the Board Chair who meets individually with each Board member to discuss the completed questionnaire. Based on questionnaire feedback and the individual meetings, the Board Chair leads an in-camera discussion of the Board, identifying areas for improvement and objectives for the upcoming year. As part of the annual Board assessment, the Board reviews and considers any proposed changes to its responsibilities.

Each Board committee completes an annual assessment of its performance and effectiveness. Committee members also review their Committee Charter and recommend any changes to the Board.

Board's Expectations of Management

The Board delegates day-to-day plan administration and investment management to the chief executive officer and staff. ATRF has substantial responsibilities for providing services to plan members. Retirement income services are customarily provided to employees by their employers. ATRF is one of very few organizations that provide these services, on behalf of 94 employers, directly to their employees.

The Board and management have established key corporate values that affect our approach in carrying out corporate initiatives. These corporate values encompass service to customers, accountability, responsibility, integrity, fairness and valuing of employees.

The Board requires management to prepare annual strategic and business plans. These plans outline longer-term strategic directions, annual action plans and budgets for the next three years, and identify result measurement criteria. To ensure the interests of management and plan members are closely aligned, management is eligible to receive annual bonuses based on the achievement of pre-set corporate and investment targets.

Investment strategy is outlined in ATRF's Investment Policy and Guidelines, which is reviewed annually by the Investment Committee and the Board. This strategy covers aspects such as asset mix and investment objectives. Investment strategies and performance are compared to established targets, and are reviewed regularly by the Investment Committee and the Board.

Each year the Board reviews the key risks faced by the organization and the adequacy of the risk management strategies to deal with those risks. Effectiveness of service to plan members is measured by service turnaround statistics and plan member surveys. The Board regularly monitors the effective management of operating costs.

Management is encouraged to actively participate in relevant pension management associations and industry groups to remain abreast of evolving industry best practices and to advance the efficiency of the management of ATRF.

Communications

ATRF maintains direct contact with plan members and the plan sponsors through its annual report, website, newsletters, advertisements, benefit statements, telephone discussions, correspondence, surveys, presentations, and meetings with, as well as presentations to, representatives of the ATA and the Province of Alberta. We are accountable for our actions and results, and we report to plan members, plan sponsors and employers on how their contributions are managed and invested.

Schedule of INVESTMENTS

CASH AND MONEY-MARKET SECURITIES	Interest Rate (%)	Maturity Date	Market Value *$ Thousands*
Bankers Acceptances			
Bank of Montreal	4.29	01-Sep-06	1,096
Bank of Montreal	4.28	28-Sep-06	11,961
Royal Bank	4.29	29-Sep-06	1,793
Scotia Bank	4.29	06-Sep-06	14,753
Scotia Bank	4.26	27-Sep-06	10,864
Commercial Paper			
Alcan	4.29	05-Sep-06	6,991
Finning	4.33	12-Sep-06	3,495
Honeywell	4.29	08-Sep-06	6,992
Textron	4.34	01-Sep-06	8,092
Torstar	4.30	05-Sep-06	1,098
Bank Deposits			89
Total Internal Cash and Money-Market Securities			67,224
Managed by External Equity Managers			68,251
Total Cash and Money-Market Securities			**135,475**

BONDS	Interest Rate (%)	Maturity Date	Market Value $ Thousands
Federal			
Canada Housing Trust	3.550	15-Mar-2009	10,757
Canada Housing Trust	3.700	15-Sep-2008	13,198
Canada Housing Trust	4.100	15-Dec-2008	19,000
Canada	4.250	1-Sep-2008	22,008
Canada	4.250	1-Sep-2009	9,571
Canada	5.000	1-Jun-2014	6,685
Canada	5.250	1-Jun-2012	16,778
Canada	5.250	1-Jun-2013	23,762
Canada	5.750	1-Jun-2029	18,944
Canada	5.750	1-Jun-2033	16,232
Canada	6.000	1-Jun-2011	5,534
Canada	8.000	1-Jun-2027	9,558
Canada	9.000	1-Jun-2025	14,528
Canada	9.500	1-Jun-2010	4,880
			191,436
Provincial			
Prov of Ontario	5.000	8-Mar-2014	13,276
Prov of Quebec	5.000	1-Dec-2015	13,203
Prov of Newfoundland	5.250	2-Jun-2009	9,778
Prov of Ontario	5.375	2-Dec-2012	6,700
Prov of Quebec	5.500	1-Dec-2014	16,977
Prov of BC	5.700	18-Jun-2029	10,985
Prov of Newfoundland	5.700	17-Oct-2005	7,279
Prov of Ontario	5.850	8-Mar-2033	8,941
Prov of BC	6.000	9-Jun-2008	9,797
Prov of Quebec	6.000	1-Oct-2012	6,873
Prov of Ontario	6.100	19-Nov-2010	16,969
Prov of Ontario	7.600	2-Jun-2027	8,740
			129,520
Municipal			
City of Edmonton	9.000	25-Mar-2025	4,052
			4,052
Corporate			
GE Capital Canada Funding	3.650	7-Jun-2010	6,154
Bank of Nova Scotia	3.722	5-Nov-2007	6,259
Royal Bank of Canada	4.180	1-Jun-2014	6,283
Merrill Lynch Canada	4.200	8-Dec-2009	4,385
CIBC	4.250	1-Jun-2014	6,592
Glacier Credit Trust	4.274	20-Nov-2009	6,299
Toronto Dominion Bank (The)	4.540	5-Jun-2013	5,625
Royal Bank of Canada	5.000	20-Jan-2014	4,228
Bell Canada	5.000	15-Feb-2017	6,189
CU Inc.	5.096	18-Nov-2014	5,282
Loblaws Ltd.	5.900	18-Jan-2036	6,479
Scotia Capital Trust	6.282	30-Jun-2013	4,123
John Hancock Canadian Corp.	6.672	31-May-2011	6,909
Nova Gas Transmission Corp.	8.900	27-May-2025	5,504
CU Inc.	9.920	1-Apr-2022	4,874
			85,183
			410,191
Positions under $4 million			**78,555**
Total Bonds			**488,746**

EQUITIES	Market Value $ Thousands
The Toronto Dominion Bank	60,063
Manulife Financial Corp.	53,801
The Bank of Nova Scotia	51,119
EnCana Corp.	45,565
Nestlé SA	38,378
Talisman Energy Inc.	32,934
Canadian Pacific Railway Ltd.	32,727
Petro-Canada	32,162
Canadian Imperial Bank of Commerce	31,080
Bank of Montreal	30,924
Bank of America Corp.	28,680
Teck Cominco Ltd.	27,641
Citigroup Inc.	23,157
Cisco Systems Inc.	23,154
Royal Bank of Canada	22,211
Sun Life Financial Inc.	22,109
Alcan Inc.	21,803
Crédit Suisse Groupe	19,304
Power Corporation of Canada	18,935
Barrick Gold Corp.	18,390
General Electric Co.	17,363
Unicredito Italian SpA	17,184
Brookfield Asset Management Inc.	16,862
Canadian Tire Corp.	16,597
Merrill Lynch & Co.	16,528
Altria Group Inc.	16,441
Exxon Mobil Corp.	16,369
Pfizer Inc.	15,959
Amgen Inc.	15,954
Total SA	15,542
Muenchener Rueckversicherungs AG	15,213
Nexen Inc.	14,801
Husky Energy Inc.	14,554
Microsoft Corp.	14,509
Duvernay Oil Corp.	14,253
Shoppers Drug Mart Corp.	14,118
Roche Holdings AG	14,020
Novartis AG	13,834
Boeing Co.	13,765
Toyota Motor Corp.	13,558
Nomura Holdings Inc.	13,395
Vermillion Energy Trust	13,304
Chevron Corp.	13,253
Tesco PLC	13,247
Koninklijke Philips Electronics NV	13,161
Banco Bilbao Vizcaya Argentaria SA	13,105
Xstrata PLC	13,063
Banca Intesa Spa	12,941
Metro Inc.	12,387
UBS AG	12,355
Conoco Phillips Corp.	12,291
J.P. Morgan Chase & Co.	11,992
Halliburton Co.	11,778

	Market Value $ Thousands
BCE Inc.	11,690
Canadian National Railway	11,636
Finning International Inc.	11,609
BNP Paribas	11,606
Cameco Corp.	11,496
Enerflex Systems Ltd.	11,446
Toromont Industries Ltd.	11,416
Rogers Communications Inc.	11,140
Seven & I Holdings Co. Ltd.	11,003
Lockheed Martin Corp.	10,954
Sanofi Aventis	10,766
Extendicare Inc.	10,647
Astrazeneca PLC	10,622
GlaxoSmithKline PLC	10,250
American International Group	10,078
Medtronic Inc.	9,962
Hewlett-Packard Co.	9,755
BHP Billiton PLC.	9,723
Safeway Inc.	9,611
Royal Bank of Scotland Group	9,567
Cia Vale Do Rio Doce	9,482
JP Morgan Chase & Co.	9,464
Swiss Reinsurance	9,263
UnitedHealth Group Inc.	9,147
MacDonald Dettwiler & Associates Ltd.	9,118
Vodafone Group PLC	9,108
Comcast Corp.	8,972
ING Groep	8,956
Calfrac Well Services Ltd.	8,950
Companhia Vale do Rio Doce	8,823
Saputo Inc.	8,788
Progress Energy Trust	8,647
Loblaw Companies Ltd.	8,581
Hartford Financial Services Group Inc.	8,547
Old Mutual PLC	8,521
Procter & Gamble Co.	8,377
Henkel KGaA	8,369
AXA SA	8,364
Walt Disney Co.	8,364
Great-West Lifeco Inc.	8,348
Alcoa Inc.	8,110
Petroleo Brasileiro SA	8,097
Zurich Financial Services Group	7,889
Mitsubishi UFJ Financial Group	7,842
Eli Lilly & Co.	7,818
Merck & Co. Inc.	7,793
Mullen Group Income Fund	7,789
Johnson & Johnson	7,658
Suncor Energy Inc.	7,541
Alimentation Couche-Tard Inc.	7,512
Time Warner Inc.	7,475
Agnico Eagle Mines Ltd.	7,418
TSX Group Inc.	7,385

	Market Value $ Thousands
Groupe Laperriere & Verreault Inc.	7,368
Goldman Sachs Group Inc.	7,334
Statoil ASA	7,326
Lafarge SA	7,310
United Parcel Service Inc.	7,265
Nokia OYJ	7,215
Network Appliance Inc.	7,137
Verizon Communications Inc.	6,968
Essilor Intl.	6,967
Saipem SpA	6,863
TXU Corp.	6,783
Inco Ltd.	6,723
Qualcomm Inc.	6,659
Mitsubishi Heavy Industries Ltd.	6,652
Major Drilling Group International Inc.	6,636
UTD Inc.	6,617
EON AG	6,604
Telus Corp.	6,603
Adobe Systems Inc.	6,588
National Bank of Canada	6,588
Electronic Arts Inc.	6,561
Archer Daniels Midland Co.	6,533
Onex Corp.	6,478
Schering-Plough Group Inc.	6,466
Prudential PLC	6,422
Google Inc.	6,413
Singapore Telecomm	6,380
Hilton Hotels Corp.	6,315
Reed Elsevier PLC	6,265
Abbott Laboratories	6,150
Chunghwa Telecom Co. Ltd.	6,122
Canyon Services Group Inc.	6,000
Telefonica SA	5,959
Mitsubishi Estate	5,911
Crédit Agricole SA	5,894
Texas Instruments Inc.	5,864
Devon Energy Corp.	5,856
CBS Corp.	5,772
AT&T Inc.	5,718
GSI Group Inc.	5,502
Stolt Offshore SA	5,501
Angiotech Pharmaceuticals Inc.	5,457
Wachovia Corp.	5,412
Peugeot SA	5,409
Siemens AG	5,347
Forest Labs Inc.	5,341
Toray Industries Inc.	5,332
Richelieu Hardware Ltd.	5,299
ABB Ltd.	5,294
Magna International Inc.	5,267
Research in Motion Ltd.	5,219
Costco Wholesale Corp.	5,215
Banco Meridional do Brasil SA	5,187

	Market Value $ Thousands
Nidec Corp.	5,151
Royal Dutch Shell	5,135
Uni-Select Inc.	5,134
Sandvik AB	5,131
ICL Israel Chemical Ltd.	5,106
Westpac Banking Corp.	5,098
Enbridge Inc.	5,095
Shinsei Bank Corp.	5,083
Dundee Group	5,068
Eisai Co. Ltd.	5,057
Western Oil Sands Inc.	5,003
Usbancorp Inc.	4,990
Wells Fargo & Co.	4,952
Humana Inc.	4,951
SAP AG	4,937
Electricite de France	4,914
Veolia Environment	4,875
ConocoPhillips Co.	4,806
Nucor Corp.	4,771
TransCanada Corp.	4,721
Savanna Energy Services Corp.	4,700
East Japan Railway Co.	4,684
Lam Research Corp.	4,658
Bell Aliant Regional Comm. Income Fund	4,622
Southwest Airlines Corp.	4,603
EMI Group PLC	4,587
Chiyoda Corp.	4,499
Renault SA	4,494
Corning Inc.	4,492
Telenor ASA	4,489
Kookmin Bank	4,484
Computer Science Corp.	4,466
Glamis Gold Ltd.	4,446
Rio Tinto PLC	4,436
Hoya Corp.	4,408
Diageo PLC	4,354
Gerdau Ameristeel Corp.	4,304
Sanofi-Synthelabo	4,296
Morgan Stanley	4,291
Deutsche Telekom AG	4,181
Mitui Sumitomo Insurance Co.	4,106
Motorola Inc.	4,076
Northrop Grumman Corp.	4,033
	2,131,077
Positions under $4 million	**955,598**
Publicly Traded Equities	**3,086,675**

PRIVATE INVESTMENTS	Market Value *$ Thousands*
Non-Publicly Traded Equities	**22,545**

LIST OF EXTERNAL MANAGERS

CANADIAN EQUITIES

Greystone Managed Investments Inc., Regina, SK
Leith Wheeler Investment Counsel Ltd., Vancouver, BC
Van Berkom & Associates Inc., Montreal, QC

EAFE EQUITIES

GE Asset Management Inc., Stamford, CT
Pyrford International PCL, London, UK

GLOBAL EQUITIES

AllianceBernstein L.P., New York, NY
Wellington Management Company, LLP, Boston, MA

U.S. EQUITIES

Barclays Global Investors N.A., San Francisco, CA
Goldman Sachs Asset Management L.P., New York, NY

PRIVATE EQUITIES

Pantheon Ventures Limited, San Francisco, CA
TD Capital Private Equity Investors, Toronto, ON
GE International Management Inc., Stamford, CT

11-Year Financial and Statistical Review

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Financial Position as at August 31 ($ Millions)											
Investments											
Equities											
Canadian	1,035.6	955.6	795.1	707.8	687.9	775.0	865.0	649.7	472.8	535.3	497.5
Global	2,051.0	1,450.3	1,219.8	1,084.3	808.5	738.1	770.5	283.4	243.2	209.3	147.1
Private	22.6	6.8	3.0	2.7	2.9	3.0	2.7	2.7	2.9	45.8	59.2
Fixed Income	624.2	913.4	839.0	663.7	686.4	729.0	668.7	878.2	811.6	693.8	466.4
Net Investments	3,733.4	3,326.1	2,856.9	2,458.5	2,185.7	2,245.1	2,306.9	1,814.0	1,530.5	1,484.2	1,170.2
Contributions Receivable	12.5	11.0	10.2	7.3	25.2	5.0	9.0	7.7	6.9	6.4	7.0
Other Assets and Liabilities	4.5	10.1	(6.4)	2.8	9.3	7.1	4.8	20.4	16.6	15.7	10.1
Net Assets Available for Benefits	3,750.4	3,347.2	2,860.7	2,468.6	2,220.2	2,257.2	2,320.7	1,842.1	1,554.0	1,506.3	1,187.3
Actuarial Value of Accrued											
Pension Benefits	10,702.2	10,285.5	9,681.6	8,703.2	8,189.1	6,971.2	6,535.6	6,007.0	5,551.0	5,215.0	5,644.0
Deficiency	6,951.8	6,938.3	6,820.9	6,234.6	5,968.9	4,714.0	4,214.9	4,164.9	3,997.0	3,708.7	4,456.7
Activity During year as at August 31											
Benefit and Investment Operations											
Investment earnings	259.0	373.2	287.9	163.0	(107.8)	(135.0)	404.3	236.7	(11.3)	255.6	143.1
Net contributions	581.0	518.0	481.0	436.5	399.4	376.6	357.6	316.8	302.7	289.2	263.3
Pension benefits	(425.0)	(394.5)	(367.5)	(342.7)	(320.5)	(297.5)	(276.3)	(259.2)	(237.8)	(220.5)	(205.0)
Operating Costs	(11.5)	(10.2)	(9.2)	(8.5)	(8.1)	(7.6)	(7.0)	(6.2)	(5.9)	(5.4)	(5.2)
Increase in Net Assets	403.5	486.5	392.2	248.3	(37.0)	(63.5)	478.6	288.1	47.7	318.9	196.2
Increase in Cost of Accrued											
Pension Benefits	417.0	603.9	978.5	514.1	1,217.9	435.6	528.6	456.0	336.0	(429.0)	400.0
Change in Deficiency	13.5	117.4	586.3	265.8	1,254.9	499.1	50.0	167.9	288.3	(747.9)	203.8
Performance for the year											
ended August 31	7.6%	12.8%	11.6%	6.9%	(4.6%)	(5.7%)	21.5%	15.2%	(0.4%)	21.1%	14.2%
Benchmark	8.0%	12.7%	11.3%	6.7%	(6.4%)	(11.9%)	22.8%	15.7%	1.6%	19.8%	13.0%
Long Term Funding Objective	9.0%	6.6%	6.5%	8.5%	6.8%	7.2%	8.0%	7.1%	6.1%	5.8%	6.4%
Funding Shortfall ($ Millions)											
Pre 1992 TPP*	6,367.0	6,266.1	6,030.0	5,562.1	5,342.0	4,657.0	4,450.0	4,322.0	4,045.0	3,861.0	4,520.1
Post 1992 TPP*	742.0	700.4	662.0	434.1	407.0	53.0	–	–	–	–	–
Private School TPP*	0.1	(0.2)	(0.4)	(0.7)	(1.4)	(2.1)	(3.6)	(1.5)	(2.0)	(2.0)	(0.1)
	7,109.1	6,966.3	6,691.6	5,995.5	5,747.6	4,707.9	4,446.4	4,320.5	4,043.0	3,859.0	4,520.0
Post 1992 TPP* Loan to Pre 1992 TPP*	543.0	384.0	228.2	82.1	–	–	–	–	–	–	–
Operating Costs											
Member services	34.7%	34.3%	36.3%	37.6%	37.0%	36.8%	45.7%	45.2%	45.8%	46.3%	48.1%
Investments	64.3%	65.7%	63.7%	62.4%	63.0%	63.2%	54.3%	54.8%	54.2%	53.7%	51.9%
Plan Members											
Active	36,640	36,266	34,649	35,278	35,378	33,719	33,028	31,736	31,699	31,721	31,140
Inactive	11,260	10,940	11,937	11,654	10,972	10,949	9,703	11,006	11,006	9,895	9,910
Pensioners	18,718	17,718	16,888	16,163	15,479	14,831	14,153	13,479	12,783	12,038	11,510
Number of new pensioners	1,263	1,103	993	968	944	937	919	953	964	778	804
Member Service costs (per member)	$72	$65	$65	$62	$59	$58	$67	$63	$61	$60	N/A
Benchmark	$116	$117	$110	$108	$104	$102	N/A	N/A	N/A	N/A	N/A
Investment costs per $100 of assets	$0.22	$0.20	$0.20	$0.17	$0.20	$0.18	$0.18	$0.21	$0.20	$0.21	N/A
Benchmark	$0.33	$0.29	$0.30	$0.21	$0.28	$0.24	$0.21	$0.23	$0.27	$0.32	N/A

* Teachers' Pension Plan