2011 ATRF
FINANCIALS

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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

Myles Norton, CMA, CFA
Director, Financial Services

Independent Auditor's REPORT

To the Alberta Teachers' Retirement Fund Board

Report on the Financial Statements

I have audited the accompanying financial statements of the Alberta Teachers' Retirement Fund Board, which comprise the Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency as at August 31, 2011, and the Statements of Changes in Net Assets Available for Benefits and Changes in Accrued Pension Benefits for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the 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, 2011, 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.

[Original signed by Merwan N. Saher]
CA
Auditor General

December 12, 2011
Edmonton, Alberta

Actuary's
OPINION

Aon Hewitt has been engaged by the Alberta Teachers' Retirement Fund Board ("ATRF") to prepare actuarial valuations for the *Teachers' Pension Plan* and the *Private School Teachers' Pension Plan* (the "Plans") as at August 31, 2011. The purpose of these valuations is to determine the necessary actuarial information for financial statement reporting for the Plans in accordance with Section 4100 of the Canadian Institute of Chartered Accountants' Handbook ("CICA 4100").

Our valuations have been prepared based on:

- membership and asset data provided by ATRF as at August 31, 2011 and adjusted to reflect anticipated new hires as at September 1, 2011;
- assumptions that we understand have been adopted as ATRF management's best estimates; and
- actuarial cost methods and asset valuation methods that are in accordance CICA 4100.

Based on the work we have performed, including conducting reasonability tests on the membership and asset data, we have concluded that, in our opinion:

- the data is sufficient and reliable;
- the assumptions adopted as best estimate by ATRF's management are, in aggregate, appropriate when considering the circumstances of the plans and the purpose of the valuations;
- the actuarial cost methods and the asset valuation methods employed are appropriate for the purpose of the valuations; and
- the valuations conform with the requirements of Section 4100 of the handbook of the Canadian Institute of Chartered Accountants.

While the actuarial assumptions used to estimate the Plans' liabilities represent ATRF management's best estimate of future events and market conditions at August 31, 2011, the Plans' future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plans.

Our opinions have been given, and our valuations have been performed, in accordance with accepted actuarial practice in Canada.

Robert J. Thiessen
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

Donald L. Ireland
Fellow, Canadian Institute of Actuaries
Fellow, Society of Actuaries

October 25, 2011

Financial STATEMENTS

Statement of Net Assets Available for Benefits and Accrued Pension Benefits and Deficiency As at August 31, 2011

$ Thousands	**2011**	**2010**
Assets		
Cash	$ 1,556	$ 3,674
Investments (Note 4)	6,317,248	5,502,748
Receivables (Note 5)	40,213	43,372
Capital assets (Note 6)	424	397
	6,359,441	5,550,191
Liabilities		
Accounts payable (Note 7)	24,369	13,246
Net assets available for benefits	**6,335,072**	**5,536,945**
Actuarial Value of Accrued Pension Benefits (Note 11)	8,294,365	7,467,688
Deficiency	**$ 1,959,293**	**$ 1,930,743**

The accompanying notes are part of these financial statements.

Approved by the Board

Greg Meeker
Chair

Lowell Epp
Vice Chair

Statement of Changes in Net Assets Available for Benefits
For the Year Ended August 31, 2011

$ Thousands	2011	2010
Increase in Net Assets		
Investment earnings (Note 8)	$ 440,389	$ 274,299
Contributions (Note 9)		
Teachers	305,814	263,777
Province of Alberta	286,009	246,373
Employers	1,310	1,150
Past service purchases	5,829	5,649
Transfers from other plans	7,756	7,917
	606,718	524,866
Total increase in net assets	**1,047,107**	**799,165**
Decrease in Net Assets		
Pension benefits	194,453	173,029
Termination benefits	23,997	20,521
Transfers to other plans	5,275	5,148
Administrative expenses (Note 10)	25,255	19,962
Total decrease in net assets	**248,980**	**218,660**
Change in Net Assets for the Year	798,127	580,505
Net Assets Available for Benefits at Beginning of Year	5,536,945	4,956,440
Net Assets Available for Benefits at End of Year	**$ 6,335,072**	**$ 5,536,945**

Statement of Changes in Accrued Pension Benefits
For the Year Ended August 31, 2011

$ Thousands	2011	2010
Accrued Pension Benefits at Beginning of Year	$ 7,467,688	$ 6,861,654
Increase (Decrease) in Accrued Pension Benefits		
Interest on accrued benefits	529,087	487,101
Benefits accrued	391,546	378,978
Changes in actuarial assumptions	71,601	10,616
Experience losses (gains)	44,584	(85,530)
Benefits paid	(210,141)	(185,131)
	826,677	606,034
Accrued Pension Benefits at End of Year	**$ 8,294,365**	**$ 7,467,688**

Notes to the Financial STATEMENTS

NOTE 1
AUTHORITY AND NATURE OF OPERATIONS

a) Authority

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

b) Obligations relating to the Pre-September 1992 Period

The Teachers' Pension Plan assets and obligations related to pensionable service since August 31, 1992 (the "Post-August 1992 period") have been accounted for separately from the assets and obligations related to pensionable service prior to September 1, 1992 (the "Pre-September 1992 period") and, accordingly, these financial statements and notes include only Post-August 1992 transactions of the Teachers' Pension Plan and transactions of the Private School Teachers' Pension Plan.

Effective September 1, 2009, the Province assumed full responsibility for obligations related to Pre-September 1992 period pensionable service and provides the required amounts to the Alberta Teachers' Retirement Fund Board to pay the obligations on a monthly basis.

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) 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.

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(h), is funded entirely by the teachers.

Certain 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.

c) 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.

d) 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.

e) Termination Benefits

Refunds or commuted value transfers are available when a teacher ceases employment.

f) 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.

g) Other Provisions

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

h) 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, as well as 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

Derivative financial instruments are valued based on quoted market prices. Gains or losses on these instruments 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) Compensation

Details of senior staff compensation and Board member remuneration included in "Salaries and benefits" (Note 10) are presented in the Compensation and Discussion Analysis section of the Annual Report.

g) 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.

h) Future Accounting Requirements

The Canadian Accounting Standards Board (AcSB) has confirmed that Section 4600 Pension Plans will replace the existing Section 4100 Pension Plans on January 1, 2011. The Plans will adopt these new standards for the fiscal year ending August 31, 2012, including comparative figures. The adoption of Section 4600 Pension Plans will result in additional disclosures but will not have a significant impact on the Plans' financial position or operations.

NOTE 4
INVESTMENTS

$ Thousands	2011				2010			
		Fair Value		Cost		Fair Value		Cost
Fixed Income and Cash								
Cash	$	61,281	$	61,281	$	34,197	$	34,197
Money-market securities		53,692		53,692		155,856		155,856
Bonds and debentures		2,194,122		2,062,392		1,805,110		1,708,117
		2,309,095		2,177,365		1,995,163		1,898,170
Equities								
Publicly traded equities								
Canadian		1,200,857		989,004		1,156,825		1,003,740
Global		2,345,340		2,461,157		2,141,958		2,265,390
Non-publicity traded equities		461,956		448,461		208,802		222,145
		4,008,153		3,898,622		3,507,585		3,491,275
	$	6,317,248	$	6,075,987	$	5,502,748	$	5,389,445

a) Derivative Contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates.

- Foreign currency forwards are contractual obligations either to buy or sell specified amounts of foreign currencies at predetermined future dates and exchange rates;
- Credit default swaps allow counterparties to buy and sell protection on credit risk inherent in a bond;
- Interest rate swaps allow parties to exchange fixed and floating interest rate cash flows based on notional amounts; and,
- Futures contracts are agreements to receive or pay cash on settlement dates based on changes in the levels of specified indices.

The maturities, notional amounts and the net fair values of the Plans' derivative contracts are as follows:

$ Thousands	2011					2010	
	Terms of Maturity						
	Within 1 Year	1 to 3 Years	Over 3 Years	Notional Amount	Net Fair Value	Notional Amount	Net Fair Value
Foreign Currency Forwards	(3,599)	–	–	1,226,551	(3,599)	2,099,149	(1,355)
Credit Default Swaps	(1,133)	(650)	(10,126)	(12,570)	382	3,252	(1,935)
Interest Rate Swaps	–	4,514	(9,810)	(5,550)	454	60,026	(4,398)
Fixed Income Futures	7,333	–	–	–	(199)	25,227	16,402

b) 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, 2011, a 1% increase in nominal interest rates would result in a decline in the fair value of fixed income investments of 8.0% (2010: 7.6%).

Based on fair values at August 31, 2011, fixed income investments have the following average effective yields and term structures:

	2011					2010	
	$ Thousands Terms of Maturity					$ Thousands	
	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Average Effective Yield	Total	Average Effective Yield
Money-market securities	53,692	–	–	53,692	1.06%	155,856	0.79%
Bonds and debentures	293,953	451,286	1,448,883	2,194,122	3.87%	1,805,110	4.12%

c) 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 counterparties 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, 2011.

d) Currency Risk

Currency risk arises from the Plans' holding of investments that are denominated in foreign currencies. Currency exposure may be managed using derivative contracts, primarily currency forwards. The Plans' foreign currency exposure is as follows:

$ Thousands	2011			2010
Currency	Foreign Currency Exposure	Currency Derivatives	Net Foreign Currency Exposure	Net Foreign Currency Exposure
United States dollar	$ 1,400,810	$ (104,509)	$ 1,296,301	$ 1,134,150
European euro	309,933	(75,619)	234,313	247,015
British pound sterling	250,973	(5,787)	245,186	189,087
Japanese yen	157,850	22,230	180,080	176,921
Swiss franc	94,356	23,534	117,890	131,350
Hong Kong dollar	55,704	(1,057)	54,647	63,977
Other	134,961	32,607	167,569	223,362
	$ 2,404,587	$ (108,602)	$ 2,295,985	$ 2,165,862

NOTE 5
RECEIVABLES

$ Thousands		2011		2010
Accrued income	$	28,019	$	22,852
Contributions - teachers		11,955		11,324
Contributions receivable from the Province		–		8,981
Other		239		215
	$	40,213	$	43,372

NOTE 6
CAPITAL ASSETS

$ Thousands	2011						2010	
		Cost		Accumulated Amortization		Net		Net
Furniture and equiptment	$	562	$	261	$	301	$	230
Computer hardware and software		3,491		3,368		123		167
	$	4,053	$	3,629	$	424	$	397

NOTE 7
ACCOUNTS PAYABLE

$ Thousands		2011		2010
Contributions due to the Provice	$	8,566	$	–
Tax withholdings		7,536		7,050
Investment transactions		3,572		2,300
Supplementary Employee Pension Plan		1,624		966
Other		3,071		2,930
	$	24,369	$	13,246

NOTE 8
INVESTMENT EARNINGS

$ Thousands		2011		2010
Interest and dividend income				
Cash and money-market securities	$	2,591	$	1,844
Interest on Loan Receivable from the Province		–		1,233
Bonds and debentures		82,809		51,514
Publicly traded equities				
Canadian		27,722		27,078
Global		65,465		42,794
Non-publicly traded equities		11,253		214
		189,840		124,677
Realized net gain on disposal of investments		122,592		52,441
Unrealized net gain on investments		127,957		97,181
	$	440,389	$	274,299

NOTE 9
CONTRIBUTIONS

$ Thousands	2011	2010
Teachers		
Current service	$ 203,469	$ 194,915
Current service additional 10% COLA	12,013	12,776
Deficiency	90,332	56,086
	305,814	263,777
The Province		
Current service	201,622	193,677
Deficiency	84,387	52,696
	286,009	246,373
Employers		
Current service	1,095	1,136
Deficiency	215	14
	1,310	1,150
Past service purchases	5,829	5,649
Transfer from other plans	7,756	7,917
	$ 606,718	$ 524,866

During the year $421 million (2010: $414 million) was received from the Province and was distributed as benefit payments relating to the Pre-September 1992 period.

NOTE 10
ADMINISTRATIVE EXPENSES

$ Thousands	2011		2010
	Budget	Actual	Actual
Investment management	$ 14,173	$ 13,976	$ 11,495
Salaries and benefits	6,934	6,957	5,024
External professional services	1,481	1,294	904
Custodial and banking	1,229	1,178	1,078
Communications	1,042	788	622
Premises and equipment	812	594	524
Board and Investment Committee	281	274	160
Audit	74	75	75
Other	249	119	80
	$ 26,275	$ 25,255	$ 19,962

NOTE 11
OBLIGATIONS FOR BENEFITS

a) Valuations and Assumptions

Best-estimate valuations of the Teachers' Pension Plan for the Post-August 1992 period and the Private School Teachers' Pension Plan were done as at August 31, 2011. Valuations for the Plans were also prepared as at August 31, 2010. The present value of accrued benefits was determined using the projected benefit method prorated on service. The assumptions used in the valuations are based on management's best estimate of future events.

The major long-term economic assumptions used in the best-estimate valuations are:

	2011	2010
Rate of return on invested assets	7.00%	7.00%
Rate of Alberta inflation	2.75%	2.75%
Real wage increases	1.00%	1.00%

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

b) Sensitivity of Changes in Major Assumptions

The table below shows the impact of changes to major assumptions, holding all other assumptions constant:

	Teachers' Pension Plan		Private School Teachers' Pension Plan	
	0.50% decrease in Rate of Return on Invested Assets	0.50% increase in Rate of Inflation	0.50% decrease in Rate of Return on Invested Assets	0.50% increase in Rate of Inflation
Increase in current service costs (% of total teacher salaries)	1.58%	1.19%	1.93%	1.46%
Increase in accrued pension benefits	$707 million	$466 million	$3 million	$2 million

The current service cost (excluding 0.2% for administrative expenses) as a per cent of total teacher salaries for the Teachers' Pension Plan was 13.66% and for the Private School Teachers' Pension Plan was 15.15%.

c) Results Based on Valuations

The valuation for the Post-August 1992 period of the Teachers' Pension Plan as at August 31, 2011 determined a deficiency of $1.954 billion. The valuation for the Private School Teachers' Pension Plan to August 31, 2011 determined a deficiency of $5.373 million.

$ Thousands	2011			2010		
	Teachers' Pension Plan	Private Teachers'	Total	Teachers' Pension Plan	Private Teachers'	Total
Net assets at beginning of year	$ 5,508,058	$ 28,887	$ 5,536,945	$ 4,929,596	$ 26,844	$ 4,956,440
Net contributions	575,019	2,427	577,446	497,170	2,027	499,197
Benefits	(193,017)	(1,436)	(194,453)	(171,674)	(1,355)	(173,029)
Investment earnings	438,091	2,298	440,389	271,587	1,479	273,066
Interest on Loan Receivable from Province	–	–	–	1,233	–	1,233
Administrative expense	(25,123)	(132)	(25,255)	(19,854)	(108)	(19,962)
Net assets at end of year	6,303,028	32,044	6,335,072	5,508,058	28,887	5,536,945
Actuarial value of accrued pension benefits	(8,256,948)	(37,417)	(8,294,365)	(7,432,452)	(35,236)	(7,467,688)
Deficiency	$ (1,953,920)	$ (5,373)	$ (1,959,293)	$ (1,924,394)	$ (6,349)	$ (1,930,743)

NOTE 12
INVESTMENT RETURNS AND RELATED BENCHMARK RETURNS

Investment returns and related benchmark returns by Plan for the years ended August 31 are as follows:

	2011		2010	
Plan	Investment Return	Benchmark Return	Investment Return	Benchmark Return
Teachers' Pension Plan - Post August 1992 period	7.8%	7.3%	5.6%	5.4%
Private School Teachers' Pension Plan	7.8%	7.3%	6.9%	6.4%

Benchmark returns are weighted averages of certain market index returns based on the policy asset mix of each Plan.

NOTE 13
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).

NOTE 14
COMPARATIVE FIGURES

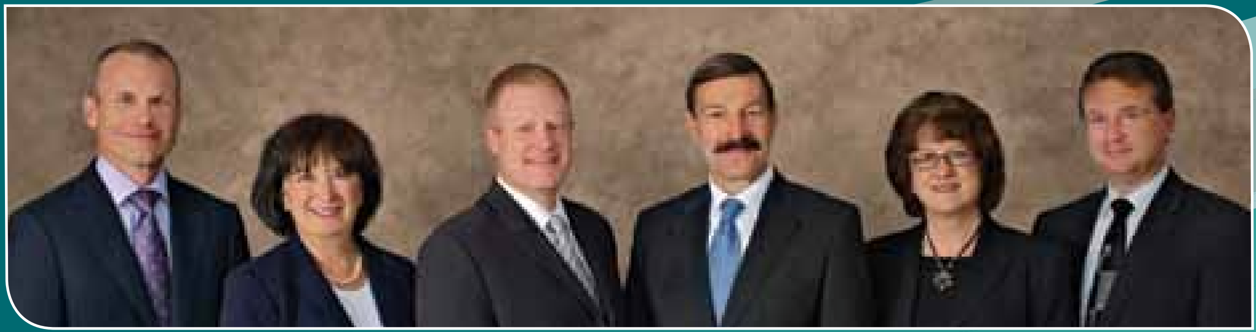
Comparative figures have been reclassified, where necessary, to conform to the 2011 presentation.

11-YEAR FINANCIAL AND STATISTICAL REVIEW (UNAUDITED)

Financial Position as at August 31	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
($ Millions)											
Investments											
Equities											
Canadian	1,200.9	1,156.8	1,016.2	1,248.5	1,246.2	1,035.6	955.6	795.1	707.8	687.9	775.0
Global	2,345.3	2,142.0	1,857.5	2,031.1	2,283.1	2,051.0	1,450.3	1,219.8	1,084.3	808.5	738.1
Private	462.0	208.8	127.7	120.6	53.9	22.6	6.8	3.0	2.7	2.9	3.0
Fixed Income	2,309.1	1,995.2	756.2	777.7	714.2	624.2	913.4	839.0	663.7	686.4	729.0
Net Investments	6,317.3	5,502.8	3,757.6	4,177.9	4,297.4	3,733.4	3,326.1	2,856.9	2,458.5	2,185.7	2,245.1
Loan Receivable from the Province	–	–	1,184.7	944.1	–	–	–	–	–	–	–
Contributions Receivable	12.0	11.3	11.2	9.0	13.7	12.5	11.0	10.2	7.3	25.2	5.0
Other Assets and Liabilities	5.8	22.9	3.0	6.4	(3.1)	4.5	10.1	(6.4)	2.8	9.3	7.1
Net Assets Available for Benefits	6,335.1	5,537.0	4,956.5	5,137.4	4,308.0	3,750.4	3,347.2	2,860.7	2,468.6	2,220.2	2,257.2
Actuarial Value of Accrued Pension Benefits	8,294.4	7,467.7	6,861.7	6,321.9	11,316.3	10,702.2	10,285.5	9,681.6	8,703.2	8,189.1	6,971.2
Deficiency	1,959.3	1,930.7	1,905.2	1,184.5	7,008.3	6,951.8	6,938.3	6,820.9	6,234.6	5,968.9	4,714.0
Activity during year ended August 31											
Benefit and Investment Operations											
Investment earnings	440.4	274.3	(443.5)	(209.4)	440.3	259.0	373.2	287.9	163.0	(107.8)	(135.0)
Amount assumed by the Province	–	–	–	784.5	–	–	–	–	–	–	–
Net contributions	577.5	499.2	433.7	402.8	600.8	581.0	518.0	481.0	436.5	399.4	376.6
Pension benefits	(194.5)	(173.0)	(153.0)	(130.0)	(465.3)	(425.0)	(394.5)	(367.5)	(342.7)	(320.5)	(297.5)
Administrative expenses	(25.3)	(20.0)	(18.2)	(18.5)	(18.3)	(11.5)	(10.2)	(9.2)	(8.5)	(8.1)	(7.6)
Increase in Net Assets	798.1	580.5	(181.0)	829.4	557.5	403.5	486.5	392.2	248.3	(37.0)	(63.5)
Increase (Decrease) in Accrued Pension Benefits	826.7	606.0	539.7	(4,994.3)	614.0	417.0	603.9	978.5	514.1	1,217.9	435.6
Increase (Decrease) in Deficiency	28.6	25.5	720.7	(5,823.7)	56.5	13.5	117.4	586.3	265.8	1,254.9	499.1
Post 1992 TPP* - year ended August 31											
Performance	7.8%	5.6%	-8.5%	-2.8%	11.3%	7.5%	12.4%	11.4%	6.8%	-4.6%	-5.7%
Benchmark	7.3%	5.4%	-6.8%	-2.7%	10.9%	8.1%	12.2%	11.2%	9.7%	-6.4%	-11.9%
Long-Term Funding Objective	7.2%	4.8%	2.6%	8.3%	9.0%	9.0%	6.6%	6.5%	8.5%	6.8%	7.2%
Funding Shortfall ($ Millions)											
Pre 1992 TPP*	–	–	–	–	6,592.0	6,367.0	6,266.1	6,030.0	5,562.1	5,342.0	4,657.0
Post 1992 TPP*	1,751.0	1,787.0	1,766.0	1,048.0	742.0	742.0	700.4	662.0	434.1	407.0	53.0
Private School TPP*	5.6	6.0	5.0	(0.4)	0.1	0.1	(0.2)	(0.4)	(0.7)	(1.4)	(2.1)
	1,756.6	1,793.0	1,771.0	1,047.6	7,334.1	7,109.1	6,966.3	6,691.6	5,995.5	5,747.6	4,707.9
Post 1992 TPP* Loan to Pre 1992 TPP*	–	–	–	–	724.0	543.0	384.0	228.2	82.1	–	–
Administrative Expenses											
Member services	16.7%	20.9%	23.4%	21.7%	21.4%	34.7%	34.3%	36.3%	37.6%	37.0%	36.8%
Investments	83.3%	78.9%	76.6%	78.3%	78.6%	64.3%	65.7%	63.7%	62.4%	63.0%	63.2%
Plan Members											
Active	38,242	38,578	38,422	37,627	37,577	36,640	36,266	34,649	35,278	35,378	33,719
Inactive	12,384	12,119	11,769	11,713	10,852	11,260	10,940	11,937	11,654	10,972	10,949
Pensioners	22,989	22,302	21,563	20,796	19,837	18,718	17,718	16,888	16,163	15,479	14,831
Number of new pensioners	986	1,056	1,060	1,257	1,419	1,263	1,103	993	968	944	937
Member Service costs (per member)	$69	$69	$68	$69	$68	$72	$65	$65	$62	$59	$58
Benchmark	$155	$148	$138	$132	$120	$116	$117	$110	$108	$104	$102
Investment costs per $100 of assets	$0.33	$0.29	$0.28	$0.38	$0.30	$0.22	$0.20	$0.20	$0.17	$0.20	$0.18

Note: Since 2008 amounts relate to transactions of the Post-August 1992 period of the TPP* and of the Private School TPP*.

*Teachers' Pension Plan



From left to right: Derek Brodersen, Peggy Corner, Myles Norton, Emilian Groch, Margot Hrynyk, Albert Copeland.

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