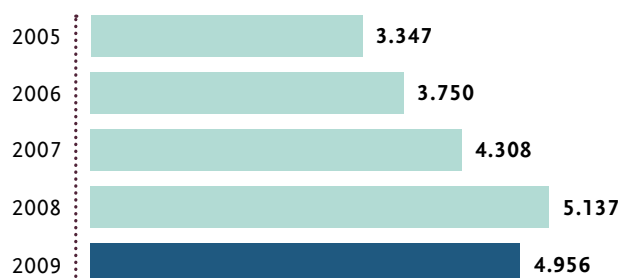


CHANGE IN NET ASSETS

The severe decrease in global investment markets in the first half of the fiscal year that was only partially recovered by year-end resulted in a year-over-year decrease in fund assets of \$181 million (a drop of 3.5%) leaving the fiscal year-end value at \$4.956 billion. Investment losses of \$443 million, offset by \$262 million in positive net cash flows from contributions above benefit payments and expenses, accounted for this change.

NET ASSETS (\$ BILLIONS)



Costs of Providing Services

Total operating costs decreased by almost 2% to \$18.199 million. Investment costs decreased from \$14.516 million in the previous year to \$13.947 million for the 2008-09 fiscal year, as external investment management fees decreased in combination with the downturn in the global investment markets. Fund investment costs for the 2008 calendar year were about 45 cents for each \$100 of assets. This level of cost is similar to costs incurred by comparable funds as measured by Cost Effectiveness Measurement Inc., who performs an annual analysis of our investment expenses. They have calculated the average cost for a Canadian pension fund of a similar size and asset mix to be 43 cents for each \$100 of assets for the 2008 calendar year, while the cost for balanced mutual funds is \$2.57 for each \$100 of assets.

INVESTMENT COSTS

(\$ Thousands)	2009	2008
External investment management fees	9,976	11,164
Salaries and benefits	1,940	1,596
Custodial and banking charges	965	1,003
External professional services	586	254
Communications	237	247
Premises and equipment	134	133
Board and Investment Committee	66	74
Audit	39	35
Other	4	10
Total	13,947	14,516

Plan member service costs increased 5.6% to \$4.252 million, from \$4.024 million in the previous year. The cost of providing services to plan members in the 2008-09 fiscal year was \$68 per member comparing favourably to the average of \$138 per member for the group of major Canadian public sector pension organizations that meet regularly to benchmark cost and service levels, to examine and compare operations, and to identify opportunities for enhancing service and cost effectiveness.

PLAN MEMBER SERVICE COSTS

(\$ Thousands)	2009	2008
Salaries and benefits	2,541	2,356
External professional services	744	688
Premises and equipment	470	477
Communications	364	345
Board	50	79
Audit fees	39	35
Custodial and banking charges	27	24
Other	17	20
Total	4,252	4,024

Ongoing growth in the number of plan members and the investment costs related to the increasing amount of fund assets will continue to influence operating costs. We continue to carefully manage both investment and administrative costs and to provide plan members with high-quality service in a cost-effective manner.