2009 ANNUAL REPORT

THE WINNIPEG CIVIC EMPLOYEES'

BENEFITS PROGRAM

WHO WE ARE

The Winnipeg Civic Employees' Benefits Program (*WCEBP* or the *Program*) is comprised of:

- The Winnipeg Civic Employees' Pension Plan, a registered pension plan under Manitoba's *Pension Benefits Act* and Canada's *Income Tax Act*
- The Winnipeg Civic Employees' Long Term Disability Plan
- The Winnipeg Civic Employees' Early Retirement Benefits Arrangement

The *Program* operates under a jointly-trusteed governance structure according to the terms and conditions of the Pension Trust Agreement and the Disability Plan Trust Agreement, entered into by the City of Winnipeg and ten signatory unions in 2002.

The *Program* is governed by two Boards, a 14-member Pension Plan Board and a 12-member Disability Plan Board. The Trustees of the Pension Plan Board are appointed equally by the City of Winnipeg and the civic unions. The same individuals sit on the Disability Plan Board with the exception of one Employer Trustee and the Member Trustee on behalf of pensioners and deferred members.

The day-to-day administration of the *Program* is carried out by the management and staff of *WCEBP* under the direction of the Executive Director.

Participating Employers
The *Program* currently serves approximately 15,900 members (including 6,500 pensioners) working for eight Participating Employers:

City of Winnipeg
Riverview Health Centre
Manitoba Hydro (former Winnipeg Hydro employees)
Winnipeg Convention Centre
St. Boniface Museum
Transcona Historical Museum
Highlander Sportsplex (excluding Disability Plan)
Board of Trustees of The Winnipeg Civic Employees' Benefits Program

WCEBP benefits are financed entirely by the assets (including investment earnings) of the *Program* and the contribution obligations (to maximum of an average of 8% under the current provisions of the Pension Trust Agreement) of the Participating Employers and the active members under the *Program*.

Benefits are not guaranteed by the City of Winnipeg or the other Participating Employers. Employers and employees share in the surpluses and the risks associated with the *Program*.

The Board's priorities are:

- to ensure that the *Program* is managed prudently in the interests of all members
- to ensure that the assets of the *Program* are sufficient to fully finance the benefits already earned under the *Program*
- to ensure that the *Program* continues to be sustainable, through an appropriate balance between benefits and contribution rates, for present and future members

TABLE OF CONTENTS

2009 OVERVIEW

The Winnipeg Civic Employees' Benefits Program currently covers approximately 15,900 members with assets of over $3.3 billion.

Financial Position

As at December 31, 2009		Fair Value		Actuarial Value
		(000's)		*(000's)*
Net Assets Available For Benefits				
Main Account - General Component	$	3,042,493	$	3,184,463
Main Account - Future Contribution Reserve		239,531		239,531
Plan Members' Account - Enhancement Cost Reserve		19,799		19,799
City Account		85,328		85,328
	$	3,387,151	$	3,529,121
Program Obligations - as extrapolated	$	3,236,533	$	3,236,533
Funded Ratio - on extrapolated obligations		104.7%		109.0%

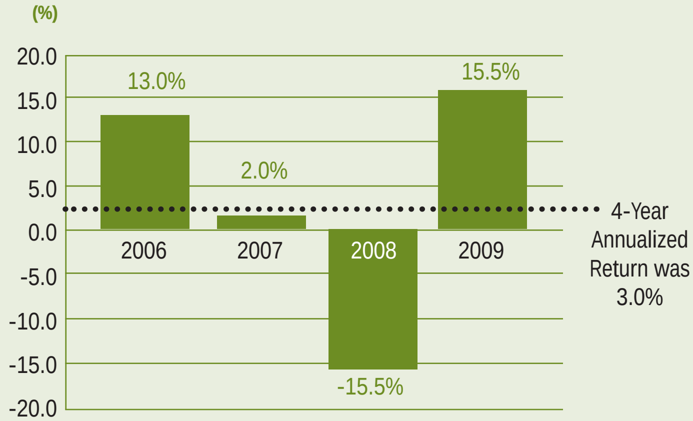
The *Program* came into being in 2003 as a result of the restructuring of the former Employee Benefits Program. A number of special-purpose accounts were created under the new structure:

Future Contribution Reserve – exists to finance the future service cost of the benefits that exceed matching employee and employer contributions, subject to the availability of reserves.

Enhancement Cost Reserve – exists to finance the future service cost of benefit improvements over and above the 1999 level, subject to the availability of reserves.

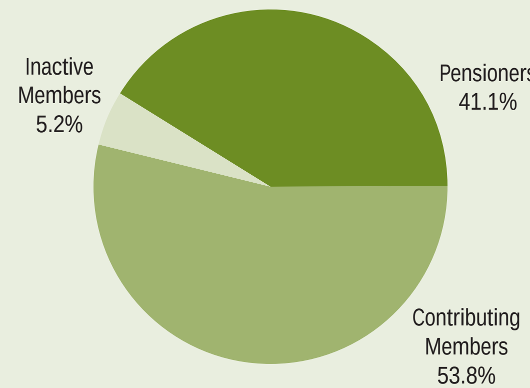
City Account – available to the City and other Participating Employers to finance any reduction in employer *Program* contributions below those that match employee contributions, subject to the availability of funds.

Annual Investment Return



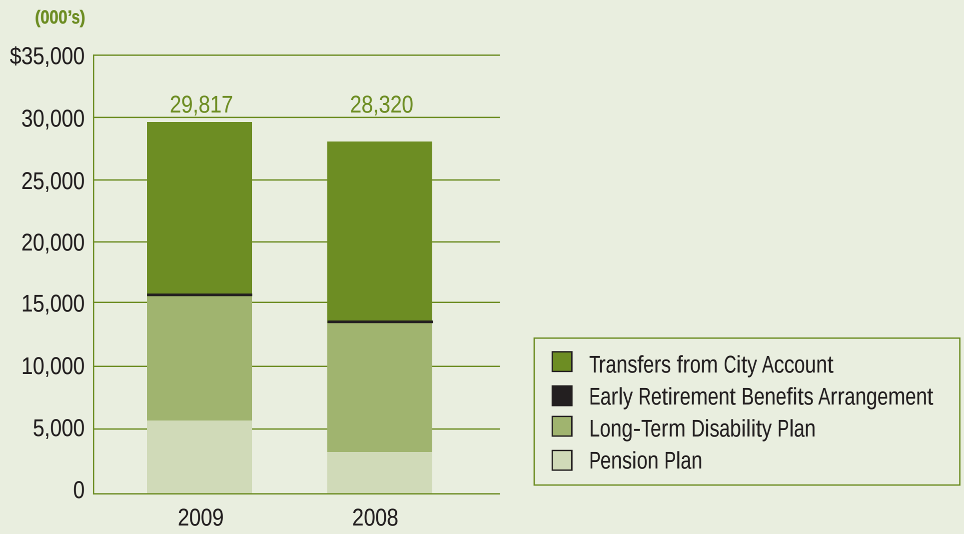
Membership Profile

As at December 31, 2009
Total Members 15,863

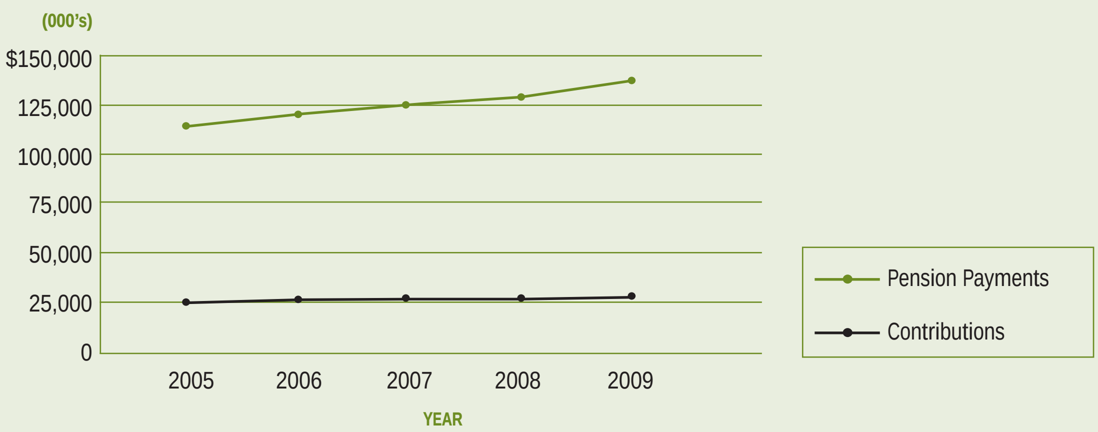


Employee Contributions

Employer Contributions



Member Contributions & Pension Payments



Cost of Benefits for Service in 2009

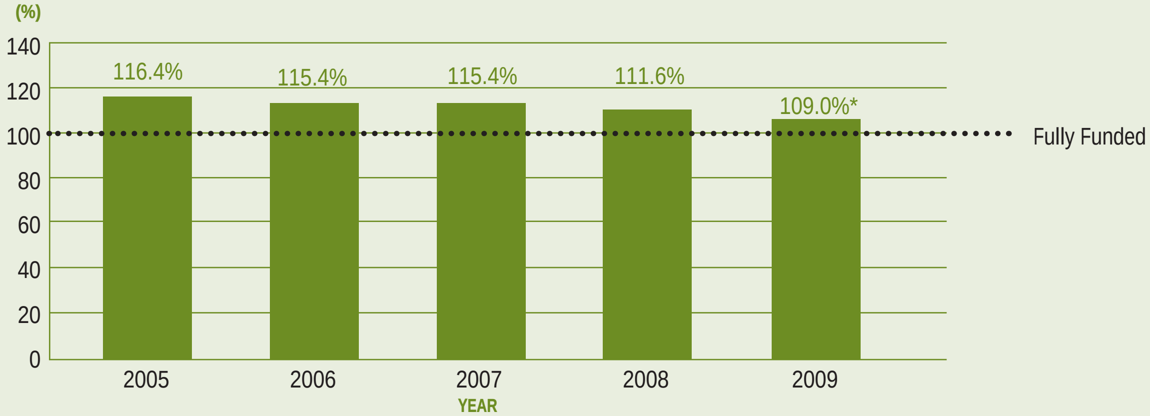
	Employee Contributions	Employer Contributions*	Allocation from Reserves	Total Cost
As % of Contributory Earnings				
1999 Benefits Level	6.70%	6.70%	8.55%	21.95%
Benefit Enhancements	-	-	2.45%	2.45%
	6.70%	6.70%	11.00%	24.40%

* Includes amounts transferred from City Account within the *Program.*

Statement of Actuarial Position

		December 31, 2008
		(000's)
1. Actuarial Value of Assets		
Main Account	$	3,342,241
Plan Members' Account		27,369
City Account		87,199
	$	3,456,809
2. Actuarial Liabilities		
Pension Plan	$	3,033,860
Long Term Disability Plan		60,722
Early Retirement Benefits Arrangement		4,208
	$	3,098,790
3. Excess of actuarial value of Program assets		
over actuarial liabilities	$	358,019
4. Amounts Previously Allocated		
Future Contribution Reserve	$	243,451
Plan Members' Account		27,369
City Account		87,199
	$	358,019
5. Actuarial Surplus (3.- 4.)	$	0
6. Funded Ratio (1. / 2.)		
Including Plan Members' and City Accounts		111.6%
Excluding Plan Members' and City Accounts		107.9%

Funded Ratio Based on Actuarial Value of Assets



* Extrapolated: at the time the year-end financial statements were being prepared, the results of the actuarial valuation of the *Program* as at December 31, 2009 were not available. Accordingly, the results of the December 31, 2008 actuarial valuation were extrapolated to December 31, 2009.

MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

On behalf of the Board of Trustees, we are pleased to present the annual report of The Winnipeg Civic Employees' Benefits Program for the year ending December 31, 2009.

Investment Performance

Following a tumultuous 2008, in which the market value of our pension fund declined by 15.5%, our investment portfolio rebounded in 2009, achieving a positive rate of return of 15.5% (although on a smaller asset base due to 2008 losses). While we are not back to prior levels, these gains do help take the edge off the previous year's dramatic decline.

As our pension fund needed to earn a rate of return of 6% in 2008 to meet its actuarial funding assumption, the 2008 investment shortfall amounted to 21.5% of the *Program's* assets. Of the 2009 rate of return of 15.5%, 6.25% was needed to meet the 2009 actuarial funding assumption, leaving 9.2% to offset a portion of the 2008 investment shortfall.

Governance

We reported in 2008 that, while the *Program* was well-positioned heading into the market turmoil, an increase in contributions and/or a reduction in benefits could be required at a future date. During 2009, the Board focused its attention on a strategic review process which involved consideration of options to sustain the *Program* for current and future generations of members, options that could affect contribution and benefit levels.

Out of this, the Board recommended to the City of Winnipeg and the Signatory Unions that they approve a contribution rate increase to an average rate of 8%. That rate increase was approved to come into effect the first pay period in 2010.

The proactive implementation of a contribution rate increase is positive in that it reduces the reliance on special-purpose reserves within the *Program.*

Looking Forward

A significant challenge going forward, however, is that the cost of benefits accruing under the *Program* each year is approximately 24% of pensionable earnings. Combined employee and matching employer contributions amounted to about 13.4% of pensionable earnings in 2009 (increasing to 16% in 2010). The difference is financed out of the *Program's* special-purpose reserves.

In addition, the remainder of the 2008 investment shortfall will be recognized over five years (through 2012) as a result of applying actuarial asset "smoothing" techniques. These techniques are a standard way of managing assets over a long term and have been used by the *Program* for many years.

The Board's priorities continue to be to ensure that the *Program* is managed prudently in the interests of all members, to ensure that *Program* assets are sufficient to fully finance the benefits already earned and to ensure that the *Program* continues to be sustainable, through an appropriate balance between benefits and contribution rates, for present and future members.

Acknowledgements

In closing, we would like to take this opportunity to acknowledge and thank Richard Bracken, Chair of the Investment Committee, for his dedicated service. Richard stepped down in August 2009 after a combined total of 31 years service with the Investment Committee of the Board of Trustees and the former Employee Benefits Board.

As Executive Director, on behalf of the Board, I also extend sincere appreciation to two employer Trustees: Barry MacBride, who stepped down from the Board in December 2009 after almost 12 years of service, and Bob Gannon who also stepped down in December 2009 after nine years of service.

Let us also express our sincere appreciation to each Trustee and Committee member for their commitment and dedication to fulfilling the objectives and responsibilities of the Board, and to *Program* staff who work diligently to meet the needs and expectations of you, our members. Our commitment going forward is to continue to work diligently in your best interest.

We hope you will find this report helpful and informative. As always, we welcome your feedback.

Sincerely,

B MacBride

Barry MacBride
CHAIR

Glenda Willis

Glenda Willis
EXECUTIVE DIRECTOR

PENSION PLAN

BENEFITS

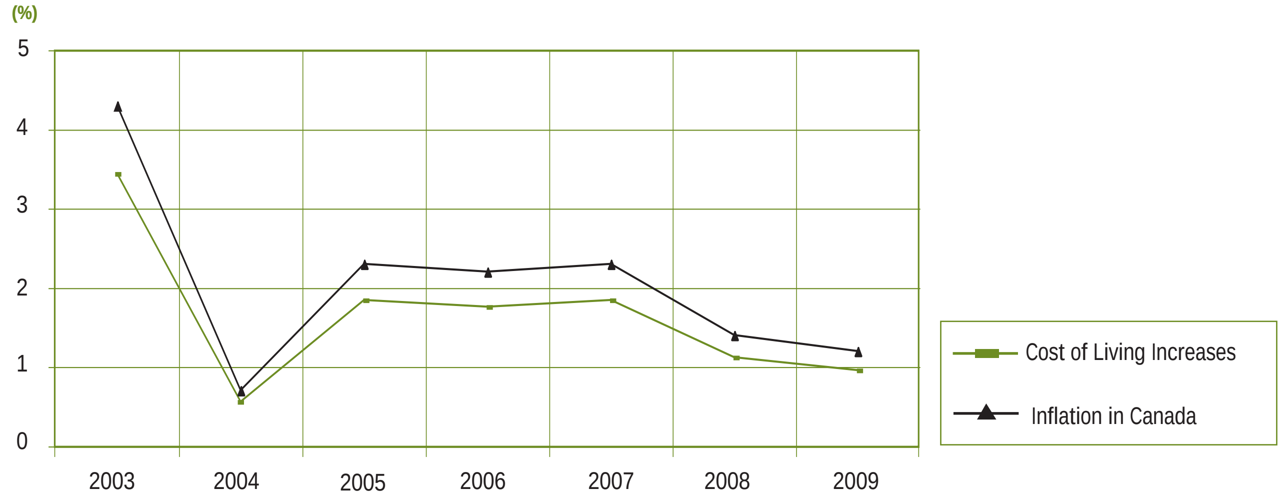
The Winnipeg Civic Employees' Pension Plan is a defined benefit pension plan, registered under Manitoba's *Pension Benefits Act* and Canada's *Income Tax Act*. The pension benefit is determined by a set formula that is defined in the Pension Plan Text, one of the governing documents of the *Program*. Unlike many traditional defined benefit pension plans, however, the benefits under this plan are not guaranteed by the Participating Employers and are subject to change.

Normal retirement age under the Pension Plan is 65, however, several early retirement options are also available. When a member dies, survivor benefits may also be paid to an eligible spouse/ partner or dependent children, or other eligible beneficiaries.

The Pension Plan Text also allows for indexing of pensions, currently at a rate of 80% of the annual increase in Canada's Consumer Price Index at March 31.

The pension benefits team conduct seminars and orientations and meet individually with members to inform them about the retirement process and the benefits available through the *Program*. Pictured here are (l to r) Merrill Clark, Retirement Officer; Ray Yuen, Pension Calculations Clerk; and Sherry Wityshyn, Retirement Officer.

Cost of Living Increases



CONTRIBUTIONS

Employees are required to make regular contributions to the Pension Plan each pay period. On a *Program* basis, the employers will match employee contributions either in cash or through a transfer from the City Account.

2010 Member Contribution Rate

Earnings up to the 2010 CPP earnings ceiling[1] of $47,200	7.6%
Earnings over the 2010 CPP earnings ceiling[2] up to $139,067	9.4%

1. The Yearly Maximum Pensionable Earnings (YMPE) is the maximum pensionable earnings under the Canada Pension Plan which is $47,200 for 2010.
2. Contributions are only required on salary up to the maximum salary for which a benefit can be accrued under the *Income Tax Act,* which is $139,067 for 2010.

BUILDING STRONG RELATIONSHIPS

Our services to members include:

- Participating in orientation sessions for new employees
- Calculating termination or retirement pension benefits
- Calculating retirement pension estimates
- Meeting individually with members who are retiring (or considering retirement), and hosting pre-retirement seminars
- Producing a bi-weekly pension payroll
- Producing individual annual statements of benefits

Total *Program* membership increased 1.8% to 15,863 at December 31, 2009. The number of contributing members increased 1.7% in 2009. This follows a trend of small increases over the last three years, however, the number of contributing members has decreased over the longer term from a high of 9,617 in 1990. The number of pensioners continues to grow at a higher rate, increasing 3.0% to 6,517 during 2009.

Processing the pension payroll and coordinating disability applications and inquiries are just a few of the ways WCEBP staff support members every day. Pictured here are (l to r) Marilyn Charles, Pension Payroll Clerk; Pat Sawka, Disability Coordinator; and Kimber Dilay, Disability Calculations Clerk.

Summary of Membership

	2009	2008	2007	2006	2005
Contributing Members	8,527	8,385	8,304	8,248	8,283
Inactive Members	819	877	917	918	888
Pensioners	6,517	6,328	6,178	6,025	5,967
Total Membership	15,863	15,590	15,399	15,191	15,138

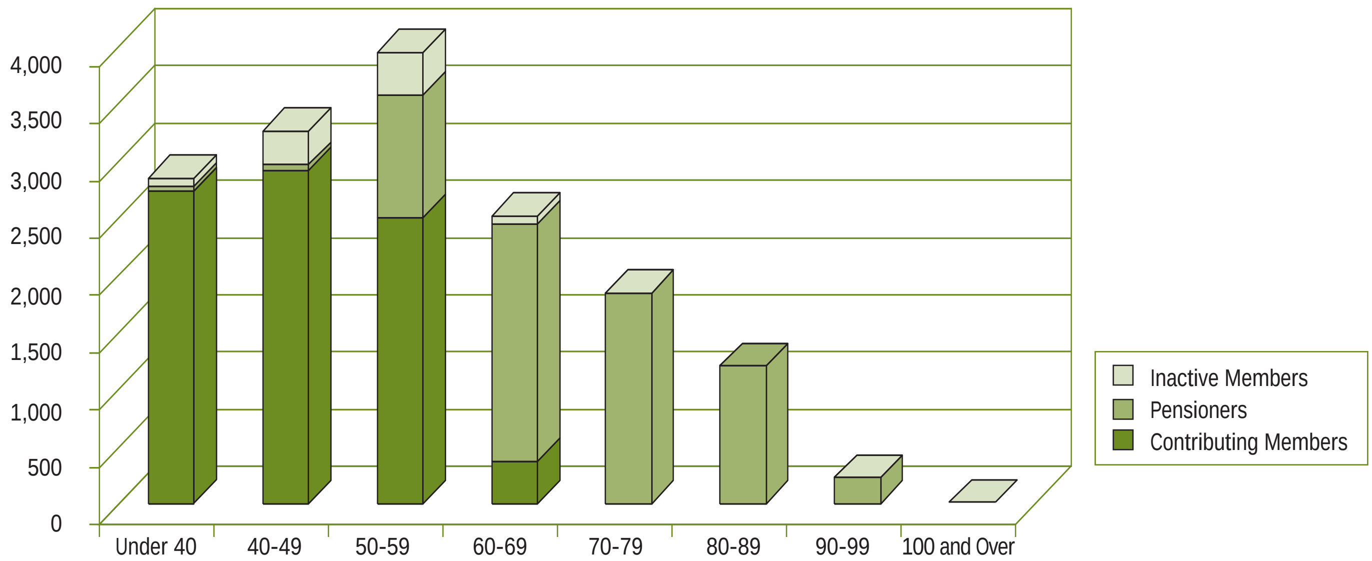
Membership Activity During the Year

	2009	2008	2007	2006	2005
Retirements	345	310	289	223	275
Deaths in Service	15	26	24	12	13
Pensioner Deaths	218	225	199	230	209
New Disabilities	63	74	85	103	84
New Members	826	810	762	598	665
Terminations	420	477	446	409	333

Membership Profile

As at December 31, 2009

(By Age Bands)



MANAGING ASSETS PRUDENTLY

Funded Status at December 31, 2008

The most recent actuarial valuation of The Winnipeg Civic Employees' Benefits Program as at December 31, 2008, disclosed that the *Program* was fully funded and had an excess of smoothed value of assets over actuarial liabilities of $358,019,000 – a funded ratio of 111.6% on the basis of actuarial values. If the fair value of assets had been used instead of the smoothed value, there would have been a shortfall of $44,915,000 – which would have resulted in a funded ratio of 98.6% on a fair value basis. The application of actuarial asset "smoothing" techniques has been used by the *Program* for many years.

The results of the measurement, using the smoothed value of assets, continued to portray a picture of relative health for the *Program* with respect to benefits accrued for all service up to December 31, 2008, albeit with some deteriorization in the funded ratio from one year earlier. However, this picture is clouded by the fact that the *Program* had only partially recognized the investment losses which occurred during 2008 when the *Program* had a rate of investment return of -15.5%.

The results of the measurement, using the fair value of assets, indicated that the going concern funded ratio had fallen below 100%, and accordingly, the entire *Program* assets (including special-purpose reserves and accounts that continued to exist as a result of applying a five-year smoothing method to value the Main Account – General Component for actuarial measurement purposes) were realistically supporting only the *Program's* accrued benefits at year end 2008.

The future financial health of the *Program* will be dependant upon the significant reversal of the 2008 investment losses, which reversal commenced and took hold in a significant way during 2009, with the *Program* earning a 15.5% rate of investment return (but on a lower asset base).

Under the Pension Trust Agreement, the entire excess of smoothed value of assets over actuarial liabilities is allocated to special-purpose Reserves and Accounts that are primarily intended to finance the portion of future service costs which historically have exceeded future employee and employer contributions:

- the Future Contribution Reserve exists to finance the future service cost of the 1999 level benefits that exceed matching employee and employer contributions;
- the Enhancement Cost Reserve exists to finance the future service cost of benefit improvements over and above the 1999 level for which there are no new additional contributions;
- the City Account is available to the City and other Participating Employers to finance any reduction in employer *Program* contributions below those that match employee contributions; and
- the Plan Members' Account - Unallocated Portion is available for benefit improvements, subject to the availability of funding.

These Reserves and Accounts, especially the Future Contribution Reserve and the Enhancement Cost Reserve, play an integral role in financing the cost of future service benefits under the *Program.* Under the Pension Trust Agreement, contributions are limited to an average of 8% of pensionable earnings from each of the employees and employers, even though the cost of providing the benefits (approximately 24.4% of pay) exceeds the maximum combined contributions at 16% of pay. The sustainability of present benefit levels will, therefore, largely depend on the ability of these Reserves to finance this shortfall into the future. The Reserves will have to be continuously "topped up" if they are to be maintained at their target levels.

The actuarial valuation as at December 31, 2008 disclosed that the *Program* was in balance in respect of 2008 operations. Surplus which otherwise would have arisen (principally due to the effect of changes in actuarial assumptions for 2008) in the net amount of $89,411,000 was applied against unrecognized investment losses. The actuary also disclosed that the Future Contribution Reserve was funded at 75% of its target level of $322,000,000 and the Enhancement Cost Reserve was funded at 35% of its target level of $78,000,000.

Although these Reserves are available to offset funding deficiencies should they emerge (following the order of remedies specified in the Pension Trust Agreement), the Reserves are not intended to be used as a buffer to permanently finance investment shortfalls or other experience losses. To the extent that they end up being used for such purposes, their ability to finance the cost of future service benefits will be constrained, and could result in increases in contribution levels (subject to approval of the City of Winnipeg and Signatory Unions) and/or reductions in benefits levels.

Key Actuarial Assumptions

One of the key assumptions that underlies the determination of actuarial liabilities, thereby affecting the actuarial surplus, is the valuation interest rate. The valuation interest rate assumed was 6.25% per year in the 2008 actuarial valuation (increased from 6.00% per year in the 2007 actuarial valuation), and was developed with reference to expected long-term economic and investment conditions. The valuation interest rate assumed was carefully and prudently developed, giving recognition to the long-term asset mix expected to be utilized by the *Program*, and after assuming an equity premium that is considered normal by historical standards.

Other key economic assumptions in the 2008 actuarial valuation include future inflation at 2.00% per year (decreased from 2.25% per year in the 2007 actuarial valuation), resulting in an assumed real rate of investment return of 4.25% per year and future general increases in pay of 3.50% per year (decreased from 3.75% per year in the 2007 actuarial valuation).

Although these assumptions were considered appropriate both for funding and accounting purposes in 2008, there nonetheless is measurement uncertainty associated with these estimates versus actual future investment returns and salary escalation that will impact on the future financial position of the *Program*, possibly in a material way.

It is important to note that the actuarial position described in the preceding sections does not take into account the significant investment gains recognized by the *Program* as a result of the upturn in the investment markets during 2009. As mentioned earlier, the *Program's* rate of investment return for 2009 was 15.5%, reflective of the partial reversal of investment losses that were realized generally on a global basis. The "Extrapolated Funded Status" described later in this report includes the impact of such investment gains (on a smoothed basis).

Increase in Contribution Rate for 2010

As earlier noted, the 2008 actuarial valuation indicated that there was a deficiency in the fair value of *Program* assets measured against actuarial liabilities as at December 31, 2008. Although the *Program*, for actuarial measurement purposes, was fully funded using the smoothed value of assets, there was risk that 2008 investment losses might take a long time to reverse, and that reversal could fall outside the smoothing cycle or perhaps not materialize.

Furthermore, the investment markets continued to decline during the first quarter of 2009. There was heightened concern about the cost of the accruing benefits, the financing of which is only partially covered by *Program* contributions. In 2009, the Board focused its attention on a strategic review process to sustain the *Program* for current and future generations of Members. It was recognized that a long-term solution could possibly involve changes to contributions, investments, and benefits. An increase in the contribution rate to at least 8% of pay (the current maximum under the Pension Trust Agreement) was viewed as an inevitable remedy that would likely be required within the next year or two.

Investment markets began to recover in the second quarter of 2009. Investment recoveries were significant for the balance of 2009, but were not sufficient to fully recoup the 2008 investment losses. Despite recovering investment markets, the Board recommended that the City of Winnipeg and the Signatory Unions approve an increase in the contribution rate to an average of 8% of pay effective January 2010. The City and the Unions approved this proactive course of action, which would normally have occurred in response to a possible funding deficiency in the future under the terms of the Pension Trust Agreement.

The new contribution rate is effective the first pay period of 2010, and is based on a rate of 7.6% on pensionable earnings up to the maximum pensionable earnings under the Canada Pension Plan (CPP) and 9.4% on earnings above the maximum pensionable earnings under the CPP.

Extrapolated Funded Status - at December 31, 2009

At the time the year-end financial statements were being prepared, the results of the actuarial valuation of the *Program* as at December 31, 2009, were not available. Accordingly, the results of the December 31, 2008 actuarial valuation were extrapolated to December 31, 2009, to determine the actuarial present value of accrued benefits at year-end. Significant long term actuarial assumptions used in determining the actuarial value of accrued pension benefits included a valuation interest rate of 6.25% per year, inflation of 2.0% per year and general increases in pay of 3.5% per year. The extrapolation is prepared for financial reporting purposes only, with any apparent emerging surplus or deficiency subject to confirmation or revision in the subsequent actuarial valuation report.

Actions that are required under the Pension Trust Agreement, relative to the funded status of the *Program*, are undertaken only with reference to the reported results of the formal actuarial valuation. Readers of the *Program's* financial statements should, therefore, be careful to treat such extrapolated results as preliminary.

The notes to the financial statements disclose that the actuarial value of assets of the Main Account - General Component are lower than the extrapolated obligations of the *Program* by approximately $52,070,000 as at December 31, 2009. Although the extrapolated values of the assets and obligations project this somewhat significant amount of apparent deficiency emerging on 2009 operations, this result is expected to be remedied by a transfer from the Future Contribution Reserve to the Main Account – General Component effective January 1, 2010. At the time of writing, the transfer had been approved by the Board, but still required the approval of the City of Winnipeg and a double majority of the Signatory Unions. Experience gains or losses will also have a bearing on the final level of surplus (or funding deficiency) that is ultimately determined for the Main Account – General Component in the next actuarial valuation as at December 31, 2009. It is not expected that the results of this forthcoming valuation will result in further changes to 2010 contribution rates (which as earlier mentioned were increased to an average of 8% of pay) or 2010 benefit levels under the *Program*. However, there is uncertainty for years that follow.

After taking into account all special-purpose Reserves and Accounts, the extrapolated funded status of the *Program* remains at 109.0% on an actuarial basis and 104.7% on a fair value basis. These funded positions compare with those from the most recent actuarial valuation one year earlier of 113.4% and 97.6%, respectively.

The application of a five-year asset smoothing method has had the continuing effect of deferring a still significant portion of the investment market losses in 2008 to future years. However, excess investment returns realized in 2009 have been applied against the balance of unrecognized 2008 investment losses.

As at December 31, 2009, the assets as measured on a smoothed basis are greater than their related fair value by $141,970,000 – an improvement in position of $350,375,000 from the previous year. In effect, the smoothing method has served to temporarily buffer (i.e. potentially delay recognition of part of) the impact of the Plan earning -15.5% during 2008, versus the assumed rate of investment return for 2008 of 6.0%.

Accordingly, should the *Program* earn exactly the assumed 6.25% on the actuarial asset base over the next three years, the remaining $141,970,000 smoothing difference would be expected to emerge as funding deficiencies over this three-year period, a situation that would be significantly detrimental to the financial position of the *Program*. At present, any resulting funding deficiencies would be dealt with in accordance with the terms of the Pension Trust Agreement, which could result in increases in contribution levels (subject to approval of the City of Winnipeg and Signatory Unions) and/or reductions in benefits levels.

The above noted funding deficiencies can be mitigated to the extent that there continue to be significant recoveries in the investment markets and/or there is enhanced investment performance, which results in higher than assumed rates of investment return over the next three years. Such outcomes remain very uncertain. Should future returns fall short of the assumed rates of return, this situation will be worsened.

At present, the *Program's* financial structure is not in balance, as the cost of benefits accruing each year continues to significantly exceed the required contributions to finance them. This shortfall is at present financed from reserves, which may not be sustainable over the longer term. Accordingly, the Board is reviewing the *Program's* existing provisions to ensure that they remain appropriate, as well as carefully considering options to ensure the sustainability of the *Program*, options that might ultimately affect contribution and benefit levels.

Long-Term Investment Goals and Performance

Over the last ten years, the *Program* achieved an average rate of return of 4.7% per year, ranking fourth quartile (81st percentile) among larger pension plans in Canada. The current long-term goal of the *Program* is to achieve a rate of return that exceeds inflation by 5.0% per year. With the ten-year annualized inflation rate being 2.1%, the *Program* fell short of this goal by a margin of 2.4% per year over the last ten years. It should be noted that such measurements are end date sensitive. There has been considerable erosion in the margin over the last few years because the 2007 absolute return, at 2.0%, was low, and the 2008 return, at -15.5%, fell into double digit negative territory.

Although a long-term investment return which exceeds inflation by 4.25%, together with matching contributions from the employees and employers, is expected to adequately finance the benefits derived from past service for the existing *Program* members, ongoing future actuarial surplus generation will be required to achieve the target levels and continuously top up the Future Contribution Reserve and Enhancement Cost Reserve and to finance the shortfall of matching contributions versus the benefit cost for new employees as they replace current employees retiring from the workforce. Actuarial surplus generation will also be needed to enable Participating Employers to continue contributing below matching levels into the future.

Accordingly, notwithstanding the assumed 4.25% per year real return used for the actuarial valuation at December 31, 2008, it is desirable to strive for a real rate of return of at least 5% per year over the long-term, and this 5% objective is reflected in the *Program's* Statement of Investment Policies and Procedures.

It is the achievement of sufficient excess returns in the future (both to continue to reverse 2008 investment losses and to permit ongoing surplus generation) which will have the most significant bearing on the ultimate sustainability of current benefits (including Cost-of-Living Adjustments) and contribution levels.

The Board recognizes that the 5% per year real rate of return objective will prove to be a challenging objective in today's investment markets. To facilitate this objective, the Board undertook an asset-liability study which commenced in late 2009 and will continue into 2010. The Board, and its Investment Committee, will continue to prudently manage the *Program's* assets towards this objective. In light of the present low interest rate environment and challenging investment markets, the Board, as previously noted, is proactively reviewing the *Program's* existing provisions to ensure that they remain appropriate, and is carefully considering options for change that might ultimately affect future contribution and benefit levels.

Future Accounting Changes

In April 2010, the Canadian Institute of Chartered Accountants (CICA) issued Section 4600, Pension Plans, replacing Section 4100, Pension Plans. The new section will be applicable to financial statements related to fiscal years beginning on or after January 1, 2011. It establishes requirements for measurement and presentation of information in general purpose financial statements of pension plans, as well as financial statement disclosures. The Board is currently evaluating the impact of the adoption of this new Section on its financial statements.

Early Retirement Benefits Arrangement

As the *Program* allows for retirement at or after age 55 without a minimum service requirement, there are some situations where *Program* benefits exceed the maximum early retirement benefits permitted for registered pension plans under the *Income Tax Act*. Accordingly, The Winnipeg Civic Employees' Benefits Program includes an Early Retirement Benefits Arrangement to pay any early retirement pension benefits that cannot be paid by the Winnipeg Civic Employees' Pension Plan, as a registered pension plan. No contributions are made to fund these benefits in advance of their payment, so as not to incur a tax liability, but rather a portion of the employer contributions to the *Program* are used to pay these benefits as they fall due.

Although the Early Retirement Benefits Arrangement has been in existence for quite some time, 1999 was the first year that benefits were paid under the Arrangement. The amount paid out in 2009 was $45,790 (2008 - $37,370). Payments under the Winnipeg Civic Employees' Early Retirement Benefits Arrangement will continue to be reported in future years, but financial statements will not be published until the amounts are somewhat significant.

Five-Year Financial Summary

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

	2009	2008	2007	2006	2005
	(000's)	*(000's)*	*(000's)*	*(000's)*	*(000's)*
Investments at Fair Value					
Bonds and Debentures	$ 1,247,735	$ 1,288,611	$ 1,328,101	$ 1,296,619	$ 1,201,900
Real Return Bonds	19,425	18,003	18,343	18,514	19,461
Canadian Equities	1,049,583	764,100	1,244,536	1,394,067	1,308,906
Foreign Equities	978,479	848,069	1,012,405	1,001,303	833,667
Cash and Short-term Deposits	68,425	109,086	129,818	75,491	98,980
Private Equities	32,339	37,448	22,033	21,818	14,359
Other Liabilities	(8,835)	(11,442)	(9,229)	(14,402)	(13,864)
	$ 3,387,151	$ 3,053,875	$ 3,746,007	$ 3,793,410	$ 3,463,409
Assets Available for					
Main Account					
- General Component	$ 3,042,493	$ 2,695,856	$ 3,324,267	$ 3,318,333	$ 3,040,876
- Future Contribution Reserve	239,531	243,451	259,017	291,803	239,482
Plan Members' Account					
- Unallocated Portion	-	-	-	-	-
- Enhancement Cost Reserve	19,799	27,369	43,437	53,724	57,860
City Account	85,328	87,199	119,286	129,550	125,191
	$ 3,387,151	$ 3,053,875	$ 3,746,007	$ 3,793,410	$ 3,463,409
MAIN ACCOUNT- GENERAL COMPONENT					
Contributions					
Employees	$ 30,235	$ 28,728	$ 27,887	$ 26,928	$ 27,228
City of Winnipeg and Participating Employers	5,784	2,684	3,962	5,523	5,164
Reciprocal Transfers	1,048	653	168	310	388
Transfer from					
Future Contribution Reserve	38,050	34,905	37,660	30,573	32,012
Enhancement Cost Reserve	10,903	10,130	11,147	10,862	9,523
City Account	14,063	14,767	12,466	10,997	12,481
Net Investment Income (Loss)	405,503	(499,316)	58,769	380,455	322,356
	505,586	(407,449)	152,059	465,648	409,152
Pension Payments	137,758	130,450	122,887	116,118	113,705
Lump Sum Benefits	17,568	20,593	20,921	21,958	18,583
Administration	3,623	2,805	2,317	2,140	2,311
Transfer to					
Future Contribution Reserve	-	67,114	-	47,975	3,893
City Account	-	-	-	-	27
Plan Members' Account - Unallocated Portion	-	-	-	-	27
	158,949	220,962	146,125	188,191	138,546
Increase (Decrease) in Net Assets	$ 346,637	$ (628,411)	$ 5,934	$ 277,457	$ 270,606

	2009	2008	2007	2006	2005
	(000's)	(000's)	(000's)	(000's)	(000's)
MAIN ACCOUNT- FUTURE CONTRIBUTION RESERVE					
Transfer of Surplus from Main Account - General Component	$ -	$ 67,114	$ -	$ 47,975	$ 3,893
Net Investment Income (Loss)	34,130	(47,775)	4,874	34,919	26,873
	34,130	19,339	4,874	82,894	30,766
Transfer to Main Account - General Component	38,050	34,905	37,660	30,573	32,012
Increase (Decrease) in Assets Available for Pension Benefits	$ (3,920)	$ (15,566)	$ (32,786)	$ 52,321	$ (1,246)
PLAN MEMBERS' ACCOUNT- UNALLOCATED PORTION					
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ -	$ -	$ 27
Net Investment Income	-	-	-	-	3
	-	-	-	-	30
Transfer to Enhancement Cost Reserve	-	-	-	-	30
Increase (Decrease) in Net Assets	$ -	$ -	$ -	$ -	$ -
PLAN MEMBERS' ACCOUNT- ENHANCEMENT COST RESERVE					
Transfer of Surplus from Plan Members' Account - Unallocated Portion	$ -	$ -	$ -	$ -	$ 30
Net Investment Income (Loss)	3,333	(5,938)	860	6,726	6,583
	3,333	(5,938)	860	6,726	6,613
Transfer to Main Account - General Component	10,903	10,130	11,147	10,862	9,523
Increase (Decrease) in Net Assets	$ (7,570)	$(16,068)	$(10,287)	$ (4,136)	$ (2,910)
CITY ACCOUNT					
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ -	$ -	$ 27
Net Investment Income (Loss)	12,192	(17,320)	2,202	15,356	13,824
	12,192	(17,320)	2,202	15,356	13,851
Transfer to Main Account - General Component	14,063	14,767	12,466	10,997	12,481
Increase (Decrease) in Net Assets	$ (1,871)	$ (32,087)	$ (10,264)	$ 4,359	$ 1,370
Annual Rates of Return	15.5%	-15.5%	2.0%	13.0%	11.9%

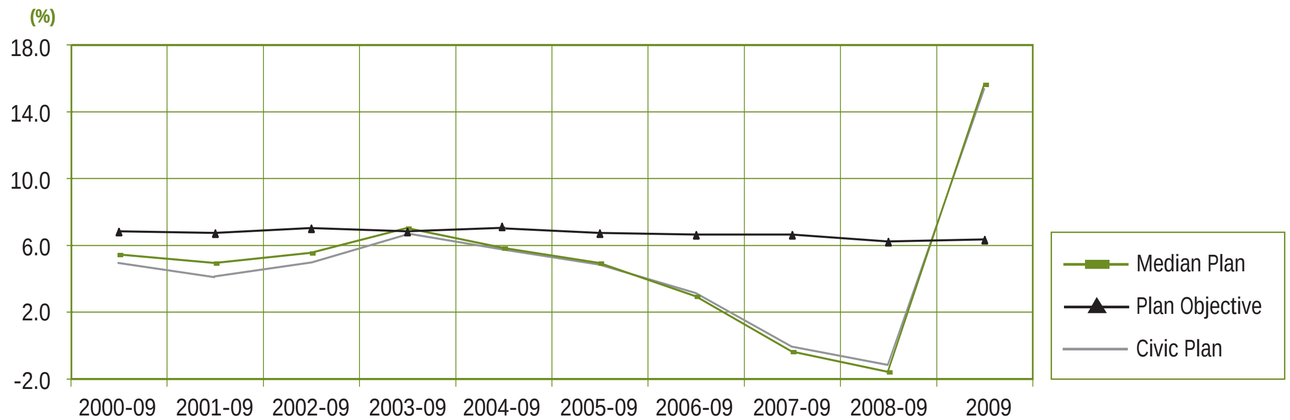
REPORT ON INVESTMENTS

The Board of Trustees of The Winnipeg Civic Employees' Benefits Program delegates to its Investment Committee the responsibility for determining the *Program's* asset mix, within the parameters of the *Program's* Statement of Investment Policies and Procedures, for recommending the selection or termination of various investment managers, and for monitoring the performance of these investment managers. The *Program* utilizes external investment managers to manage the equity portfolios. The short-term investments and the bond portfolio, including real return bonds, are managed internally.

In 2009, the investment portfolio reported a return of 15.5%. The bottom in the markets was witnessed early in March 2009 after a year in which the world experienced the "worst global recession since the Great Depression". The years 1999 and 2000 and 2003-2006 experienced abnormally high real returns, interspersed by negative returns for 2001 and 2002, meagre returns in 2007 and significant negative returns in 2008. The *Program's* four-year and ten-year annualized rates of return of 3.0% and 4.7%, respectively, place the Program at the 48th percentile and 81st percentile ranking respectively, of Canadian pension fund returns as measured by RBC Dexia Investor Services, an independent measurement service.

The below median ten-year record (median return of 5.38%) can be attributed to the underperformance of our Canadian equity managers and the underperformance of our passive investment in the S&P 500 Index relative to the performance of active managers. More recent performance, on a relative basis, has been positively affected by having the *Program's* Canadian equity portfolios overweighted relative to the sample and, generally, outperformance by our equity managers.

Annualized Rates of Return



Annual Rates of Return

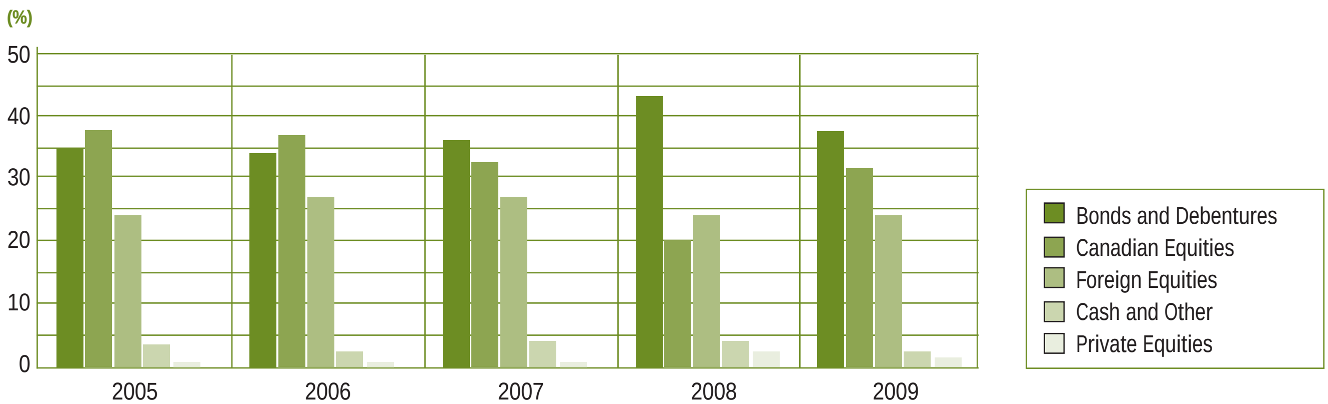
Asset Mix

As a result of a general significant rise in the global equity markets and significant withdrawals from Fixed Income, there was an increase in allocation to equity investments – from 52.6% of the portfolio at the beginning of the year to 59.7% at year-end. Benefit payments and administrative expenses exceeded contributions by $130.8 million in 2009. Funds were raised by liquidating $137.3 million from the *Program's* bond and money market investments with $5.9 million being directed to our private equity fund-of-funds manager, Hamilton Lane.

Asset Mix

	2009	2008	2007	2006	2005
Bonds and Debentures	37.3%	42.6%	35.9%	34.5%	35.2%
Canadian Equities	30.9%	24.9%	33.1%	36.6%	37.6%
Foreign Equities	28.8%	27.7%	26.9%	26.3%	24.0%
Cash and Other	2.0%	3.6%	3.5%	2.0%	2.8%
Private Equities	1.0%	1.2%	0.6%	0.6%	0.4%
	100.0%	100.0%	100.0%	100.0%	100.0%

Asset Mix



Equity Investments

The *Program's* Canadian equity managers outperformed the S&P/TSX Composite Index and the median pension fund in 2009 with a rate of return of 36.8%. The S&P/TSX Composite Index had a return of 35.1% in 2009 compared to a negative return of 33.0% in 2008.

The *Program's* foreign equity managers, collectively, experienced a return of 15.3% in Canadian dollar terms in 2009. This return was 2.5% above the median. The US equity managers collectively reported a return of 10.5%, in Canadian dollars, in 2009 which was above the return of the S&P 500 of 7.4%.

Over the last ten years, the US stock market has significantly underperformed the Canadian stock market in Canadian dollars. The Program's Non-North American equity managers collectively reported a return of 19.7% in 2009. The Europe, Australia, Far East Index returned 11.9% in 2009.

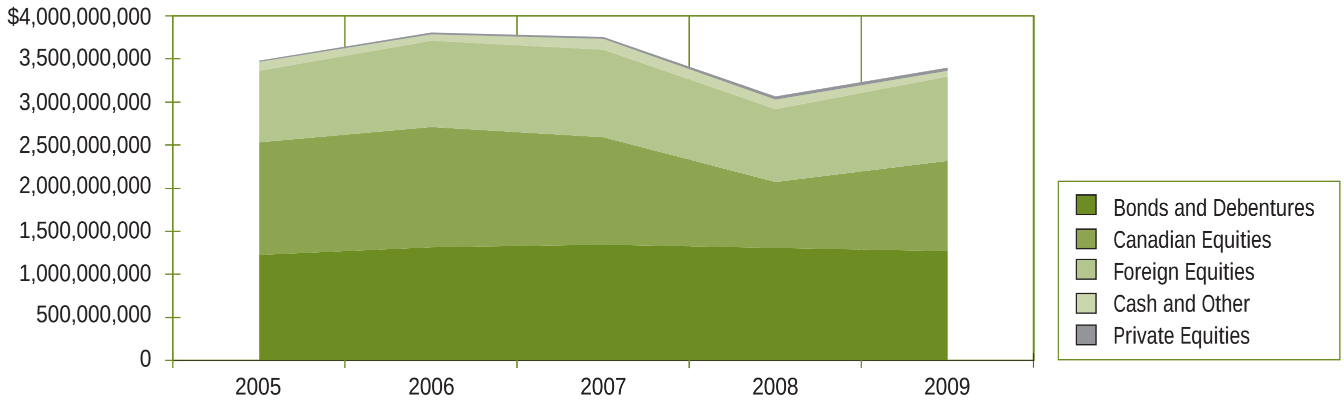
The World index returned 10.4% in Canadian dollars in 2009.

Fixed Income Investments

The *Program's* bond portfolio achieved a rate of return of 4.4% in 2009. For the four- and ten-year periods ended December 31, 2009, the bond portfolio returned 4.8% and 6.9% annualized, ranking well into the 2nd quartile for ten years.

Our strategy of maintaining a marginally long duration, high quality bond portfolio positively influenced our absolute and relative performance over the ten years. Performance for 2009 ranked well below the median due to the avoidance of exposure to riskier credits which appreciated significantly in early 2009.

Investments



Asset Mix Strategy for 2010

After a significant rally off the bottom in 2009, the Investment Committee anticipates a slow recovery from the global recession, deflation challenges and a steep yield curve. In the long term, assuming a recovery in 2010, stocks should outperform bonds.

We expect that the Fixed Income component of the fund will gradually decline over the year as funds are drawn from this asset class to fund benefit payments and an initial investment in Real Estate and additions to our Private Equity holdings. There will be no new direct allocation to public equities.

Total Returns

	One Year	Four Years	Ten Years
Total Fund	15.5%	3.0%	4.7%
Bonds and Debentures	4.4%	4.8%	6.9%
Canadian Equities	36.8%	4.3%	7.1%
Foreign Equities	15.3%	-2.0%	-2.8%
Benchmarks			
DEX Universe Bond Index	5.4%	4.9%	6.7%
S&P / TSX Composite Index	35.1%	3.9%	5.6%
S&P 500	7.4%	-3.3%	-4.1%
Europe, Australia, Far East Stock Market Index	11.9%	-1.5%	-2.1%
Consumer Price Index	1.3%	1.6%	2.1%

Fixed Income Investments Summary

As at December 31, 2009

Description	Maturity Date	Pension Plan Market Value
		(000's)
Government of Canada bonds	2010-2023	$ 324,808
Provincial bonds	2010-2024	420,980
Municipal bonds (excluding Winnipeg bonds)	2010-2015	-
Corporate and other institutions bonds	2010-2019	514,925
Accrued interest		6,447
Total bonds and debentures		$ 1,267,160
Call funds - City of Winnipeg		60,987
Short term investment fund		7,299
Cash		139
Total short-term investments		$ 68,425

ACTUARIAL OPINION

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

Mercer has conducted an actuarial valuation of the *Winnipeg Civic Employees' Benefits Program* as at December 31, 2008, relying on data and other information provided to us by the Board of Trustees of the Program. The results of the valuation are contained in our report dated September 2009.

The principal results of the valuation are as follows:

Actuarial Position
The Program is fully funded on a going-concern basis in respect of benefits earned for service up to December 31, 2008 and has an excess of smoothed value of assets over actuarial liabilities of $358,019,000 as at that date, on the basis of the assumptions and methods described in our report. All of this excess, $358,019,000, has been previously allocated to the Future Contribution Reserve, the Plan Members' Account and the City Account.

The Program has a solvency excess of $44,516,000 as at December 31, 2008, based on a smoothed value of assets.

Cost of Benefits for Service in 2009
The normal actuarial cost of the benefits expected to be earned under the Program for service in 2009 is 24.40% of contributory earnings.

This cost is expected to be financed by employee contributions averaging 6.70% of contributory earnings, employer contributions and transfers from the City Account of 6.70% of contributory earnings, transfers from the Future Contribution Reserve of 8.55% of contributory earnings and transfers from the Enhancement Cost Reserve within the Plan Members' Account of 2.45% of contributory earnings.

In our opinion:

- the actuarial valuation and our report thereon present fairly the actuarial position of the Winnipeg Civic Employees' Benefits Program as at December 31, 2008 on the basis of the actuarial assumptions and valuation methods adopted,
- the data on which the valuation is based are sufficient and reliable for the purposes of the valuation,
- the assumptions are appropriate for the purposes of determining the funded status of the Program as at December 31, 2008 on going-concern and solvency bases, and determining the minimum funding requirements, and
- the methods employed in the valuation are appropriate for the purposes of determining the funded status of the Program as at December 31, 2008 on going-concern and solvency bases, and determining the minimum funding requirements.

Our report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

E. De Luca.

Enzo DeLuca
FELLOW OF THE CANADIAN INSTITUTE OF ACTUARIES

Alyssa Hariton
FELLOW OF THE CANADIAN INSTITUTE OF ACTUARIES

Ryan Welsh
FELLOW OF THE CANADIAN INSTITUTE OF ACTUARIES

AUDITORS' REPORT

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Deloitte.

To the Chairperson and Members
The Board of Trustees of The Winnipeg Civic
Employees' Benefits Program (Pension Fund)

We have audited the consolidated statement of net assets available for benefits of The Winnipeg Civic Employees' Pension Plan as at December 31, 2009 and the consolidated statements of changes in net assets available for benefits of the main account – general component, main account – future contribution reserve, plan members' account – enhancement cost reserve and City account for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of The Winnipeg Civic Employees' Pension Plan as at December 31, 2009 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
April 16, 2010

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Consolidated Statement of Net Assets Available for Benefits

As at December 31

		2009		2008
		(000's)		*(000's)*
ASSETS				
Investments, at fair value				
Bonds and debentures	$	1,260,713	$	1,299,619
Canadian equities		1,049,583		764,100
Foreign equities		978,479		848,069
Cash and short-term deposits		68,425		109,086
Private equities		32,339		37,448
		3,389,539		3,058,322
Accrued interest		6,447		6,995
Accounts receivable		444		1,172
Total Assets		3,396,430		3,066,489
LIABILITIES				
Accounts payable		9,008		12,130
Due to other plans		271		484
Total Liabilities		9,279		12,614
NET ASSETS AVAILABLE FOR BENEFITS	$	3,387,151	$	3,053,875
NET ASSETS AVAILABLE FOR BENEFITS COMPRISED OF:				
Main Account - General Component	$	3,042,493	$	2,695,856
Main Account - Future Contribution Reserve		239,531		243,451
Plan Members' Account - Enhancement Cost Reserve		19,799		27,369
City Account		85,328		87,199
	$	3,387,151	$	3,053,875

See accompanying notes to the consolidated financial statements.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

MAIN ACCOUNT - GENERAL COMPONENT

Consolidated Statement of Changes in Net Assets Available for Benefits

For the years ended December 31

	2009	2008
	(000's)	*(000's)*
INCREASE IN ASSETS		
Contributions		
Employees	$ 30,235	$ 28,728
City of Winnipeg and participating employers	5,784	2,684
Reciprocal transfers from other plans	1,048	653
	37,067	32,065
Transfers from other accounts and reserves (Note 1)		
City Account	14,063	14,767
Future Contribution Reserve	38,050	34,905
Enhancement Cost Reserve	10,903	10,130
	100,083	91,867
Investment income (Note 5)	105,649	118,723
Current period change in fair value of investments	306,016	(611,503)
Total increase in assets	511,748	(400,913)
DECREASE IN ASSETS		
Pension payments	137,758	130,450
Lump sum benefits	17,568	20,593
Administrative expenses (Note 7)	3,623	2,805
Investment management and custodial fees	6,162	6,536
Transfer of surplus to Future Contribution Reserve (Note 3)	-	67,114
Total decrease in assets	165,111	227,498
Increase (decrease) in net assets	346,637	(628,411)
Net assets available for benefits at beginning of year	2,695,856	3,324,267
Net assets available for benefits at end of year	$ 3,042,493	$ 2,695,856

See accompanying notes to the consolidated financial statements.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

MAIN ACCOUNT - FUTURE CONTRIBUTION RESERVE

Consolidated Statement of Changes in Net Assets Available for Benefits

For the years ended December 31

	2009	2008
	(000's)	(000's)
INCREASE IN ASSETS		
Transfer of surplus from Main Account - General Component (Note 3)	$ -	$ 67,114
Investment income (Note 5)	8,892	11,359
Current period change in fair value of investments	25,757	(58,509)
Total increase in assets	34,649	19,964
DECREASE IN ASSETS		
Investment management and custodial fees	519	625
Transfer to Main Account - General Component (Note 1)	38,050	34,905
Total decrease in assets	38,569	35,530
(Decrease) in net assets	(3,920)	(15,566)
Net assets available for benefits at beginning of year	243,451	259,017
Net assets available for benefits at end of year	$ 239,531	$ 243,451

See accompanying notes to the consolidated financial statements.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

PLAN MEMBERS' ACCOUNT - ENHANCEMENT COST RESERVE

Consolidated Statement of Changes in Net Assets Available for Benefits

For the years ended December 31

	2009	2008
	(000's)	(000's)
INCREASE IN ASSETS		
Investment income (Note 5)	$ 869	$ 1,412
Current period change in fair value of investments	2,515	(7,272)
Total increase (decrease) in assets	3,384	(5,860)
DECREASE IN ASSETS		
Investment management and custodial fees	51	78
Transfers to Main Account - General Component (Note 1)	10,903	10,130
Total decrease in assets	10,954	10,208
(Decrease) in net assets	(7,570)	(16,068)
Net assets available for benefits at beginning of year	27,369	43,437
Net assets available for benefits at end of year	$ 19,799	$ 27,369

See accompanying notes to the consolidated financial statements.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

CITY ACCOUNT

Consolidated Statement of Changes in Net Assets Available for Benefits

For the years ended December 31

	2009	2008
	(000's)	*(000's)*
INCREASE IN ASSETS		
Investment income (Note 5)	$ 3,176	$ 4,118
Current period change in fair value of investments	9,201	(21,211)
Total increase (decrease) in assets	12,377	(17,093)
DECREASE IN ASSETS		
Investment management and custodial fees	185	227
Transfer to Main Account - General Component (Note 1)	14,063	14,767
Total decrease in assets	14,248	14,994
(Decrease) in net assets	(1,871)	(32,087)
Net assets available for benefits at beginning of year	87,199	119,286
Net assets available for benefits at end of year	$ 85,328	$ 87,199

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2009

1. Description of Plan

a) General

The Winnipeg Civic Employees' Pension Plan is a defined benefit pension plan which provides pension benefits for all City of Winnipeg employees, with the exception of police officers, and employees of certain other employers which participate in the Plan. The Plan is part of The Winnipeg Civic Employees' Benefits Program which also includes The Winnipeg Civic Employees' Long Term Disability Plan and The Winnipeg Civic Employees' Early Retirement Benefits Arrangement.

All employees of participating employers who work full time throughout the year are required to become members of the Plan at the commencement of their employment. Seasonal and part-time employees are required to become members when they have earned 25% of the maximum pensionable earnings under the Canada Pension Plan in each of two consecutive years.

b) Financial structure

The Winnipeg Civic Employees' Pension Plan is comprised of three accounts, namely the Main Account (which has two components being the General Component and the Future Contribution Reserve), the Plan Members' Account (which has two components being the Unallocated Portion and the Enhancement Cost Reserve) and the City Account. The account structure is in accordance with the requirements of a Pension Trust Agreement entered into by the City and ten Signatory Unions on October 7, 2002 and became effective January 1, 2003 when The Winnipeg Civic Employees' Benefits Program superceded the former Employee Benefits Program of the City of Winnipeg.

i) Main Account – General Component
All benefits of the Pension Plan are paid from the Main Account - General Component.

During 2009, members contributed 6 1/2% of their Canada Pension Plan earnings plus 7 1/2% of any pensionable earnings in excess of Canada Pension Plan earnings to the Program. Effective for 2010, contribution rates will increase to 7.6% and 9.4%, respectively.

All Program member contributions and employer contributions, other than those directed to The Winnipeg Civic Employees' Long Term Disability Plan or The Winnipeg Civic Employees' Early Retirement Benefits Arrangement, are credited to the Main Account.

The City and participating employers are required to match the members' contributions to the Program, but may contribute at less than matching levels for any year provided that an amount equal to the difference is transferred from the City Account to the Main Account.

The Plan has been designated as a "multi-unit pension plan" under the Pension Benefits Act of Manitoba. As a "multi-unit pension plan", the financial obligations of the participating employers are limited to those specified in the Pension Trust Agreement.

An actuarial valuation of the future benefit obligations of the Main Account is carried out each year. Actuarial surpluses and funding deficiencies are dealt with in accordance with the terms of the Pension Trust Agreement.

ii) Main Account – Future Contribution Reserve
The Future Contribution Reserve is credited with a portion of actuarial surpluses.

The Future Contribution Reserve finances, through transfers to the Main Account – General Component, the portion of the current service cost of the Program's 1999 benefits level that exceeds the Program members' and employers' matching contributions. The reserve is also intended to finance the future service cost related to this shortfall of matching contributions for the existing members, subject to the availability of reserves.

iii) Plan Members' Account – Unallocated Portion

The Plan Members' Account - Unallocated Portion is credited with the share of all actuarial surpluses that are allocated to the Program members. The Pension Trust Agreement provides that benefits may be increased, when certain conditions are met, using funds available in the Plan Members' Account - Unallocated Portion. The account will finance the past service cost of any benefit enhancements above the Program's 1999 benefits level, as well as any reduction in the Program members' contribution rates below current rates. No statement of net assets available for benefits has been prepared as there has been no activity.

iv) Plan Members' Account – Enhancement Cost Reserve

The Enhancement Cost Reserve is credited with amounts transferred from the Plan Members' Account - Unallocated Portion.

The Enhancement Cost Reserve finances, through transfers to the Main Account - General Component, the current service cost of all benefit enhancements above the Program's 1999 benefits level. The reserve is also intended to finance the future service cost of the enhancements for the existing Program members, subject to the availability of reserves.

v) City Account

The City Account is credited with the share of all actuarial surpluses that are allocated to the participating employers. The City Account finances, through transfers to the Main Account - General Component, any reduction in the participating employers' contributions from the amounts needed to match the Program members' required contributions.

c) Retirement pensions

The Plan allows for retirement at or after age 55 or following completion of 30 years of service, or when the sum of a member's age plus service equals 80. The pension formula prior to age 65 is equal to 2% of the best 5-year average earnings for each year of credited service. The pension formula after age 65 is equal to 1.5% of the 5-year average Canada Pension Plan earnings plus 2% of the best 5-year average non-Canada Pension Plan earnings for each year of credited service. Pensions are subject to the maximum benefit limits prescribed for registered pension plans under the Income Tax Act.

Retirement and survivor pensions, including deferred pensions, are increased annually to provide cost-of-living adjustments at the stated level in the Program text, which level is currently 80% of the percentage change in the Consumer Price Index for Canada.

d) Disability benefits

The Plan provides long term disability benefits for employees who were totally or partially disabled prior to December 31, 1991. All long term disability benefits for employees who became totally or partially disabled subsequent to December 31, 1991 are provided by The Winnipeg Civic Employees' Long Term Disability Plan. If an employee is totally disabled, the disability benefits payable from the Plan, together with the disability benefits from the Canada Pension Plan, will equal at least 66 2/3% of the current earnings rate for the position occupied by the employee prior to becoming disabled.

e) Survivor's benefits

The Plan provides survivor pensions or lump sum benefits on death prior to retirement. On death after retirement, eligible surviving spouses normally receive 66 2/3% of the member's pension.

f) Termination benefits

Upon application and subject to vesting and locking-in provisions, deferred pensions or equivalent lump sum benefits are payable when a member terminates employment.

g) Funding deficiencies

Funding deficiencies are dealt with in accordance with the terms of the Pension Trust Agreement. Remedies available under the Pension Trust Agreement generally include revising the actuarial assumptions, reducing the anticipated level of future cost-of-living adjustment, increasing contributions, drawing upon available reserves, and if necessary, reducing benefits.

h) Administration

The Plan was continued as a jointly trusteed plan effective January 1, 2003, and is administered by The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund). The Board of Trustees is comprised of seven employer appointed Trustees and seven member appointed Trustees, of whom one member Trustee is a retired member.

The Plan is registered under the Pension Benefits Act of Manitoba and the Income Tax Act.

2. Summary of Significant Accounting Policies

a) Basis of presentation

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles on a going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity, independent of the participating employers and Program members. They are prepared to assist Program members and others in reviewing the activities of the Plan for the fiscal period.

These consolidated financial statements include the financial statements of the Plan and its wholly-owned subsidiary, 5332657 Manitoba Ltd., which was incorporated on July 14, 2006. The purpose of the subsidiary corporation is to invest in and hold certain private equity investments on behalf of the Plan.

b) Investments

Investments are stated at fair value. Fair value represents the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act.

Publicly traded equity investments are valued using published market prices. For private equity investments, where quoted market prices are not available, various methods of valuation are used by the external managers to determine fair value including the use of: discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models as appropriate.

Fixed income investments are valued either using published market quotations or by applying valuation techniques that utilize observable market inputs.

Cash and short-term investments are recorded at cost, which, together with accrued interest income, approximates fair value.

Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

The Plan's investment income, current period change in fair value of investments and investment management and custodial fees are allocated between the Accounts and Reserves based on the average balance of each Account and Reserve during the year.

c) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the year end. Income and expenses, and the purchase and sale of investments, are translated into Canadian dollars at the exchange rates prevailing on the transaction dates.

d) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

e) Accounting changes

In January 2009, the Plan adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities issued by the Emerging Issues Committee. This abstract requires that an entity's own credit risk (for financial liabilities) and the credit risk of the counterparty (for financial assets) should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this abstract did not have an impact on the consolidated financial statements.

The Plan also adopted the changes made by Canadian Institute of Chartered Accountants (CICA) to section 3862, Financial Instruments – Disclosures where by an entity shall classify and disclose fair value measurements using a fair value hierarchy that reflects the significance of the inputs in making the measurements. The fair value hierarchy shall have the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The required disclosures are included in Note 4.

3. Obligations for Pension Benefits

An actuarial valuation of The Winnipeg Civic Employees' Benefits Program was made as of December 31, 2008 by Mercer (Canada) Limited. The results of the December 31, 2008 actuarial valuation were extrapolated to December 31, 2009, to determine the actuarial present value of accrued benefits disclosed below. These assumptions were approved by the Board of Trustees for purposes of preparing this note to the financial statements. The economic assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long term economic and investment market conditions. Significant long term actuarial assumptions used in the valuation included a valuation interest rate of 6.25% (2008 Extrapolation - 6.25%) per year, inflation of 2.0% (2008 Extrapolation - 2.0%) per year and general increases in pay of 3.50% (2008 Extrapolation – 3.50%) per year. The demographic assumptions, including rates of termination of employment, disability, retirement and mortality were chosen after detailed analysis of past experience. The actuarial present value of accrued benefits was determined using the projected benefit method pro-rated on services.

The actuarial valuation as at December 31, 2008 disclosed no actuarial surplus (2007 - $67,114,000) to be allocated in accordance with the Pension Trust Agreement.

The actuarial present value of the Program's accrued benefits as at December 31, 2009, as extrapolated, and the principal components of changes in actuarial present values during the year, were as follows:

	2009	2008
	(000's)	*(000's)*
Actuarial present value of accrued benefits, beginning of year	$ 3,127,570	$ 3,216,038
Experience gains and losses and other factors	(28,780)	(16,428)
Changes in actuarial assumptions	2,984	(193,071)
Interest accrued on benefits	192,070	185,882
Benefits accrued	110,587	99,866
Benefits paid	(164,025)	(160,584)
Administrative expenses paid	(3,873)	(4,133)
Actuarial present value of accrued benefits, end of year	$ 3,236,533	$ 3,127,570

The actuarial present value of accrued benefits disclosed above includes the obligations of The Winnipeg Civic Employees' Long Term Disability Plan and The Winnipeg Civic Employees' Early Retirement Benefits Arrangement in the amounts of $69,160,000 and $4,759,000 respectively. These obligations are included because the Pension Trust Agreement requires that all Program obligations be taken into account in determining the periodic actuarial surplus or funding deficiency.

The assets available to finance the Program's accrued benefits are those allocated to the Main Account - General Component. To be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets of the Main Account - General Component was determined from fair values. The actuarial value placed on the assets smoothes out fluctuations in fair values by spreading the difference between expected returns and actual returns, including unrealized gains and losses, over five years. The value of the assets of the Main Account – General Component on an actuarial basis were:

	2009	2008
	(000's)	*(000's)*
Fair value of net assets available for benefits	$ 3,042,493	$ 2,695,856
Fair value changes not reflected in actuarial value of assets	141,970	492,345
Actuarial value of net assets available for benefits	$ 3,184,463	$ 3,188,201

A full actuarial valuation of the Program is being carried out as of December 31, 2009. Any actuarial surplus or funding deficiency disclosed in that valuation will be dealt with in accordance with the Pension Trust Agreement.

4. Management of Financial Risk

In the normal course of business, the Plan's investment activities expose it to a variety of financial risks. The Plan seeks to minimize potential adverse effects of these risks on the Plan's performance by hiring professional, experienced portfolio managers, by regular monitoring of the Plan's position and market events, by diversifying the investment portfolio within the constraints of the investment policy and objectives, and occasionally through the use of derivatives to hedge certain risk exposures. Significant risks that are relevant to the Plan are discussed below.

a) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plan, and is concentrated in the Plan's investment in bonds and debentures and short-term investments. At December 31, 2009, the Plan's credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $1,335,585,000. The Plan's concentration of credit risk as at December 31, 2009, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2009 Fair Value	2008 Fair Value
	(000's)	*(000's)*
Government of Canada and Government of Canada guaranteed	$ 324,808	$ 371,142
Provincial and Provincial guaranteed	420,980	379,420
Corporations and other institutions	514,925	549,057
	$ 1,260,713	$ 1,299,619

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $60,987,000 at December 31, 2009.

The Plan limits credit risk by investing in bonds and debentures of investees that are considered to be high quality credits and by utilizing an internal Investment Policy Guideline monitoring process. All bond transactions are settled upon delivery using licensed brokers. The risk of default on settlement is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

As at December 31, bonds and debentures analyzed by credit rating are as follows:

	2009		2008	
Credit Rating	Percent of Total Bonds	Percent of Net Assets	Percent of Total Bonds	Percent of Net Assets
	(%)	(%)	(%)	(%)
AAA	42.5	15.8	47.6	20.3
AA	43.7	16.3	41.2	17.6
A	10.4	3.9	8.7	3.7
BBB	3.4	1.2	1.3	0.5
BB	-	-	1.2	0.5
	100.0	37.2	100.0	42.6

The Plan participates in a securities lending program, managed by the Plan's custodian, wherein securities are loaned to counterparties in exchange for lending fees. In this regard, the Plan's exposure to credit risk relates to the potential for a counterparty to not return a security and the related collateral held is insufficient to replace the security in the open market. The Manager has responsibility to monitor the credit worthiness of counterparties and to regularly monitor and maintain collateral greater than the value of the loans.

b) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in meeting obligations associated with financial liabilities. The Plan ensures it retains sufficient cash and short-term investment positions to meet its cash flow commitments, including the ability to fund the pensioner payroll costs and to fund investment commitments. The Plan primarily invests in securities that are traded in active markets and can be readily disposed. The Plan may also invest in private equity, which is not traded in an organized market and may be illiquid, but only up to a maximum of 5% of the Plan's assets, as stipulated in the Plan's Statement of Investment Policies and Procedures.

c) Interest rate risk

Interest rate risk is the risk that the fair value of the Plan's interest bearing investments will fluctuate due to changes in market interest rates. The Plan's exposure to interest rate risk is concentrated in its investment in bonds and debentures and short-term investments.

The Plan's actuarial liabilities are also exposed to fluctuations in long term interest rates as well as expectations of inflation and salary escalation. The Plan's primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates or lower benefit levels.

The Plan has approximately 39% (2008 – 46%) of its assets invested in fixed income securities as at December 31, 2009. The returns on fixed income securities are particularly sensitive to changes in nominal interest rates.

The term to maturity and related fair values of investments in bonds and debentures held by the Plan at December 31, 2009 are as follows:

Term to Maturity	2009 Fair Value	2008 Fair Value
	(000's)	*(000's)*
Less than one year	$ 125,990	$ 97,137
One to five years	321,915	409,838
Greater than five years	812,808	792,644
	$ 1,260,713	$ 1,299,619

As at December 31, 2009, had prevailing interest rates raised or lowered by 0.5% (2008 – 0.5%) assuming a parallel shift in the yield curve, with all other variables held constant, the fair value of investments in bonds and debentures would have decreased or increased, respectively, by approximately $30,131,000 (approximately 0.9% of total net assets) (2008 - $34,895,000). The Plan's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual results may differ and the difference could be material.

d) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency exposure arises from the Plan's holdings of foreign equity investments. The Plan's investment managers may, from time to time, hedge some of this exposure using forward contracts. The table below indicates the Plan's net foreign currency exposure after giving effect to the net related hedge as at December 31, 2009. The table also illustrates the potential impact to the Plan's net assets, all other variables held constant, as a result of a 10% change in these currencies relative to the Canadian dollar. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

	2009				2008	
	Gross Exposure	Net Foreign Currency Hedge	Net Exposure	Impact on Net Assets	Net Exposure	Impact on Net Assets
	(000's)	*(000's)*	*(000's)*	*(000's)*	*(000's)*	*(000's)*
United States	$ 506,524	$ -	$ 506,524	$ 50,652	$ 452,225	$ 45,222
Euro	163,467	-	163,467	16,347	134,166	13,417
United Kingdom	92,962	-	92,962	9,296	72,819	7,282
Japan	61,038	-	61,038	6,104	73,569	7,357
Switzerland	36,329	-	36,329	3,633	31,159	3,116
Hong Kong	23,021	-	23,021	2,302	14,292	1,429
Australia	22,048	-	22,048	2,205	20,076	2,008
Other	98,562	-	98,562	9,856	78,765	7,876
	$ 1,003,951	$ -	$ 1,003,951	$ 100,395	$ 877,071	$ 87,707

e) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. All securities present a risk of loss of capital. The Plan's policy is to invest in a diversified portfolio of investments. As well, the Plan's Managers moderate this risk through careful selection of securities and other financial instruments within the parameters of the investment policy and strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

For this Plan, the most significant exposure to other price risk is from its investment in equity securities. As at December 31, 2009, had the prices on the respective stock exchanges for these securities increased or decreased by 15%, with all other variables held constant, net assets would have increased or decreased by approximately $304,209,000 (approximately 9.0% of total net assets) (2008 - $241,825,000). In practice, the actual results may differ and the difference could be material.

The Plan also has exposure to equity valuation risk through its holdings of private equity investments, for which quoted market prices are not available. As at December 31, 2009, the estimated fair value of private equity investments is $32,339,000 (2008 - $37,448,000), approximately 1.0% of total net assets (2008 – 1.2%), and the related change in fair value of investments recognized for the year ended December 31, 2009 is ($11,613,000) (2008 – $1,804,000).

e) Fair value hierarchy

Financial instruments recorded at fair value on the Consolidated Statement of Net Assets Available for Benefits are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and, Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the investment assets recorded at fair value in the Consolidated Statement of Net Assets Available for Benefits, classified using the fair value hierarchy described above:

	Level 1	Level 2	Level 3	Total Investment Assets at Fair Value
	(000's)	*(000's)*	*(000's)*	*(000's)*
Bonds and debentures	$ -	$ 1,260,713	$ -	$ 1,260,713
Canadian equities	1,049,553	-	30	1,049,583
Foreign equities	971,425	7,054	-	978,479
Cash and short term deposits	68,425	-	-	68,425
Private equities	-	-	32,339	32,339
	$ 2,089,403	$ 1,267,767	$ 32,369	$ 3,389,539

During the year, there have been no significant transfer of amounts between Level 1 and Level 2.

The following table reconciles the fair value of financial instruments classified in Level 3 from the beginning balance to the ending balance:

	Canadian Equities	Private Equities
	(000's)	*(000's)*
Fair value, beginning of year	$ 30	$ 37,448
(Losses) gains recognized in increase (decrease) in net assets	-	(11,613)
Purchases	-	9,000
Sales	-	(2,496)
	$ 30	$ 32,339

5. Investment Income

	2009	2008
	(000's)	*(000's)*
Bonds and debentures	$ 68,574	$ 71,979
Canadian equities	25,588	27,540
Foreign equities	23,193	30,704
Cash and short-term deposits	1,231	5,389
	$ 118,586	$ 135,612
Allocated to:		
Main Account – General Component	$ 105,649	$ 118,723
Main Account – Future Contribution Reserve	8,892	11,359
Plan Members' Account – Enhancement Cost Reserve	869	1,412
City Account	3,176	4,118
	$ 118,586	$ 135,612

6. Investment Transaction Costs

During 2009, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $1,200,000 (2008 - $1,646,000). Investment transaction costs are included in the current period change in fair value of investments.

7. Administrative Expenses

		2009		2008
		(000's)		*(000's)*
Salaries and benefits	$	2,693	$	2,464
Actuarial fees		903		208
Other professional services		286		231
Office and administration		998		667
Capital expenditures		642		981
Less: recoveries from other plans		(1,899)		(1,746)
	$	3,623	$	2,805

Certain of the above administrative expenses, including salaries and benefits, represent the reimbursement by the Plan to the City of Winnipeg for the cost of supplying such services.

8. Commitments

The Plan's wholly-owned subsidiary, 5332657 Manitoba Ltd., has entered into an investment management agreement wherein it has authorized an investment manager to make private equity investment commitments on its behalf, with aggregate commitments not to exceed $80,000,000. Commitments will be funded over the next several years. As at December 31, 2009, $37,566,000 had been funded.

9. Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

DISABILITY PLAN

LONG TERM DISABILITY BENEFITS

The Winnipeg Civic Employees' Long Term Disability Plan provides long term disability benefits for all City of Winnipeg employees (with the exception of police officers) and for employees of other Participating Employers.

All contributing *Program* members are automatically enrolled in the Disability Plan. A portion of the Participating Employers' contributions to the *Program* are used to pay the benefits and expenses of the Disability Plan as they fall due.

If an employee qualifies for disability benefits under the terms of the Disability Plan, the amount payable, together with disability benefits from the Canada Pension Plan, will equal at least 66 ²/₃% of an employee's average bi-weekly earnings at the date of disability.

To promote open and effective communication, the *Program* has developed a Case Management process that includes internal clinical resources. The three Disability Case Management Consultants (pictured here) have training in nursing, social work, or psychology.

Case Management

The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund) promotes a systematic Case Management process that provides a consistent and equitable multi-disciplinary approach when dealing with disabled members.

The *Program's* Case Management Team, along with the employee, the employing department, and, in most cases, the employee's union representative, ensures that a safe and goal-oriented return to work and rehabilitation plan is developed to meet the individual's unique needs. This process promotes open communication by all parties and includes ongoing reassessment throughout the disability claim and the workplace reintegration period.

An employee applying for or receiving long term disability benefits is expected to be a responsible and active participant in all facets of the Case Management process.

Characteristics of the Program

The *Program* continues to enhance Case Management with the addition of internal clinical resources. The Case Management Team is comprised of a disability benefits manager, three case management consultants and the on-site guidance of two physician medical consultants – one specializing in psychiatry.

External resources such as specialists, occupational therapists, physiotherapists and psychologists are utilized as required to facilitate workplace reintegration.

Claim Activity

Orthopaedic and psychological related illnesses continue to be the basis for the majority of claims being processed. An evidence-based claim adjudication and integrated approach to Case Management — including initial and ongoing claim triage, streamlined processes, and focus on workplace reintegration — resulted in:

- lower claim incidence
- successful return to work plans
- positive outcomes in open claim volumes

The Board acknowledges the efforts of those Participating Employers who are taking a proactive approach to working with their employees early in their illness, to minimize the effects on the employee, the workplace and the Disability Plan.

Disability Plan Activity Summary

For The Years Ended December 31	2009	2008	2007	2006	2005
Employees Receiving Disability Benefits	424	456	498	498	470
Employees Returning to Pre-Disability Duties	36	46	51	37	23
Employees Working in Alternate Duties	113	117	128	105	104
Disability Benefits Paid	$ 8,653,000	$9,502,000	$10,035,000	$9,009,000	$8,233,000

AUDITORS' REPORT

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

Deloitte.

To the Chairperson and Members
The Board of Trustees of The Winnipeg Civic
Employees' Benefits Program (Disability Fund)

We have audited the statement of contributions and expenses of The Winnipeg Civic Employees' Long Term Disability Plan for the year ended December 31, 2009. The financial statement is the responsibility of the board's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our opinion, the financial statement presents fairly, in all material respects, the contributions and expenses of The Winnipeg Civic Employees' Long Term Disability Plan for the year ended December 31, 2009 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
April 16, 2010

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

Statement of Contributions and Expenses

For the years ended December 31

	2009	2008
	(000's)	*(000's)*
CONTRIBUTIONS		
City of Winnipeg and participating employers	$ 9,924	$ 10,831
Total Contributions	9,924	10,831
EXPENSES		
Administration	1,271	1,329
Disability payments	8,653	9,502
Total Expenses	$ 9,924	$ 10,831

See accompanying notes to the financial statement.

Notes to the Financial Statement

For the year ended December 31, 2009

1. Description of Plan

a) General

The Winnipeg Civic Employees' Long Term Disability Plan is part of The Winnipeg Civic Employees' Benefits Program and provides long term disability benefits for all City of Winnipeg employees and employees of certain other employers who are contributing members of The Winnipeg Civic Employees' Pension Plan.

b) Contributions

The City of Winnipeg and participating employers contribute amounts equal to the benefits and expenses of the Plan. Employee contributions are not required or permitted. Accordingly, the Plan does not hold any net assets available for benefits.

c) Eligibility

A member who is totally disabled or partially disabled after December 31, 1991 may apply for disability benefits. If the application is approved by the Board of Trustees, it shall be effective on the date on which the member has been totally or partially disabled and under the personal care of a medical doctor for at least the last 26 weeks.

d) Disability benefits

The Plan provides long term disability benefits, following a six month waiting period, for employees who are totally or partially disabled. If an employee is totally disabled, the disability benefits payable from the Plan, together with the disability benefits from the Canada Pension Plan, will equal at least 66 2/3% of the current earnings rate for the position regularly occupied by the employee prior to becoming disabled.

If a member has more than two years of credited service in The Winnipeg Civic Employees' Pension Plan, then disability benefits are payable as long as the member is totally or partially disabled and under the personal care of a medical doctor to age 65. If a member has less than two years of credited service, then benefits are payable for a maximum of two years.

The Program provides that Plan benefits can be reduced if Program funding is insufficient.

e) Administration

The Plan was continued as a jointly trusteed plan effective January 1, 2003, and is administered by The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund). The Board of Trustees is comprised of six employer appointed Trustees and six member appointed Trustees.

2. Obligations for Long Term Disability Benefits

An actuarial valuation of The Winnipeg Civic Employees' Benefits Program was made as of December 31, 2008 by Mercer (Canada) Limited. The valuation disclosed obligations related to The Winnipeg Civic Employees' Long Term Disability Plan in the amount of $60,722,000. The results of the December 31, 2008 actuarial valuation were extrapolated to December 31, 2009, to determine the actuarial present value of accrued benefits. The assumptions used by the actuary were approved by the Board of Trustees for purposes of extrapolating the obligation, which is estimated at $69,160,000 as at December 31, 2009.

To determine the overall Program actuarial surplus or funding deficiency, the above obligations are included in the obligations disclosed by The Winnipeg Civic Employees' Pension Plan, as the pension plan holds all assets available for benefits.

In the event the Program is ever terminated, any shortfall of assets versus obligations for the Plan, as measured by the Program's Actuary, must be transferred from The Winnipeg Civic Employees' Pension Plan to the City of Winnipeg, who thereupon is required to immediately contribute such amount to the Plan.

APPENDICES

APPENDIX A
TOP 50 CORPORATE SHARE HOLDINGS*
as at December 31, 2009

	Pension Plan Market Value (000's)		Pension Plan Market Value (000's)
1 Royal Bank of Canada	$ 48,726	26 Finning International Inc.	$ 13,467
2 Bank of Nova Scotia	43,745	27 Loblaw Companies Limited	13,426
3 Canadian Natural Resources Limited	42,307	28 ShawCor Ltd., Class "A" SV	12,485
4 Toronto - Dominion Bank	39,381	29 Exxon Mobil Corporation Common	12,189
5 Ensign Energy Services Inc.	34,299	30 Canadian Pacific Railway Limited	12,009
6 Suncor Energy Inc.	31,717	31 Power Corporation of Canada, SV	11,995
7 Manulife Financial Corporation	26,989	32 Agrium Inc.	11,720
8 Rogers Communications Inc., Class "B" NV	26,257	33 Husky Energy Inc.	11,621
9 Thompson Reuters Corporation	20,121	34 Metro Inc., Class "A" SV	11,086
10 Bank of Montreal	19,464	35 Cameco Corp.	10,810
11 TransCanada Corporation	19,410	36 Niko Resources Ltd.	10,735
12 Sun Life Financial Inc.	19,390	37 EnCana Corporation	10,694
13 Potash Corporation of Saskatchewan Inc.	19,363	38 Peyto Energy Trust	10,295
14 Intact Financial Corporation	19,197	39 Ivanhoe Mines Ltd.	10,198
15 Canadian Imperial Bank of Commerce	19,116	40 Jean Coutu Group (PJC) Inc., Class "A" SV	10,049
16 Shoppers Drug Mart Corporation	18,946	41 BCE Inc.	9,659
17 Research in Motion Limited	18,935	42 Imperial Oil Limited	9,586
18 Goldcorp Inc.	18,062	43 Microsoft Corp.	9,119
19 Tim Hortons Inc.	16,915	44 Crescent Point Energy Corp.	9,108
20 Canadian National Railway Company	16,731	45 Celestica Inc., SV	9,027
21 Talisman Energy Inc.	15,728	46 Gildan Activewear Inc.	8,904
22 MacDonald Dettwiler & Associates Ltd.	15,610	47 CI Financial Corp.	8,171
23 Barrick Gold Corporation	14,938	48 Consolidated Thompson Iron Mines Limited	8,112
24 TELUS Corporation	14,238	49 Groupe Aeroplan Inc.	7,841
25 SNC - Lavalin Group Inc.	13,896	50 ARC Energy Trust	7,622

* Includes effective holdings through participation in pooled funds, including index funds.

APPENDIX B
INVESTMENT MANAGERS

As at December 31, 2009

Fixed Income

Kirk Merlevede, Manager of Fixed Income Investments

Canadian Equities

Burgundy Asset Management Ltd.
Foyston, Gordon and Payne Inc.
Guardian Capital L.P.
Phillips, Hager & North Investment Management Ltd.
TD Asset Management Inc.

US Equities

AllianceBernstein Institutional Investment Management
J.P. Morgan Investment Management Inc.
State Street Global Advisors, Ltd.

Non-North American Equities

Baillie Gifford Overseas Ltd.
Capital Guardian Trust Company
Franklin Templeton Investments Corp.

Private Equities

Hamilton Lane Advisors LLC
Richardson Capital Limited

2009 DIRECTORY

THE BOARD OF TRUSTEES OF THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

as at December 31, 2009

BOARD OF TRUSTEES

Employer Trustees
Appointed by City of Winnipeg

BARRY MACBRIDE (Chair)
Director, Water & Waste

LINDA BLACK
Director, Corporate Support Services

JO-ANNE FERRIER
City Treasurer

BOB GANNON
Former Chief Financial Officer

MIKE RUTA
Chief Financial Officer/Deputy CAO

PHIL SHEEGL
Deputy CAO

DAVE WARDROP
Director, Transit

Member Trustees

BOB RIPLEY (Vice-Chair)
CUPE, Local 500

RICK BORLAND
Pensioners and Deferred Members
(Pension Fund Board only)

BRIAN ELLIS
CUPE, Local 500

ROB LABOSSIERE
United Fire Fighters of Winnipeg

BOB ROMPHF
Other unionized and non-unionized employees

KEITH SCOTT
Amalgamated Transit Union

BRYAN VERITY
Winnipeg Association of Public Service Officers

COMMITTEES

Investment Committee
Appointed by Employer Trustees

ERIC STEFANSON F.C.A. (Chair)

JOHN MCCALLUM (Vice-Chair)
U of M Faculty of Management

PHIL SHEEGL
Employer Trustee

Appointed by Member Trustees

JON HOLEMAN
RBC Dominion Securities

BOB ROMPHF
Member Trustee

GARY TIMLICK
Wawanesa Insurance

Audit Committee
(Pension Fund)

BOB GANNON (Chair)

BRYAN VERITY (Vice-Chair)

RICK BORLAND

JO-ANNE FERRIER

Audit Committee
(Disability Fund)

BRYAN VERITY (Chair)

BOB GANNON (Vice-Chair)

JO-ANNE FERRIER

BOB RIPLEY

Benefits Committee
(Disability Fund)

BOB RIPLEY (Chair)

BARRY MACBRIDE (Vice-Chair)

LINDA BLACK

KEITH SCOTT

ROB LABOSSIERE (ex-officio)

DAVE WARDROP (ex-officio)

Governance Committee

BRYAN VERITY (Chair)

BARRY MACBRIDE (Vice-Chair)

ROB LABOSSIERE

BOB RIPLEY

PHIL SHEEGL

VACANT POSITION

MANAGEMENT

GLENDA WILLIS
Executive Director

RICK ABBOTT
Director of Investments

KIRK MERLEVEDE
Manager, Fixed Income Investments

BILL BATTERSHILL
Manager, Information Systems

ELEANORE KRAYNYK
Manager, Pension and Group Insurance Benefits

CATHIE LANGDON
Manager, Disability Benefits

ROB SUTHERLAND
Manager, Finance and Administration

ADVISORS

Actuary
Mercer (Canada) Limited

Consulting Actuary
Western Compensation & Benefits Consultants

Auditor
Deloitte & Touche, LLP

Legal Counsel
Koskie Minsky
Taylor McCaffrey

Medical Consultants
Dr. Lori Koz
Dr. Mark Etkin

Our Address
5th Floor, 317 Donald Street
Winnipeg, Manitoba R3B 2H6
Tel: 204-986-2516
Fax: 204-986-3571
wcebp.winnipeg.ca