Financial Statements of

UNIVERSITY OF WINNIPEG PENSION PLAN

Year ended December 31, 2008

THE UNIVERSITY OF WINNIPEG
PENSION PLAN

FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

THE UNIVERSITY OF
WINNIPEG

University of Winnipeg Pension Plan
Report on Financial Statements
Report of the Vice-President Finance & Administration

The University Pension Plan reported net assets available for benefits of $111.5 million at December 31, 2008 ($135.0 million - December 31, 2007). The total net asset position consists of $95.1 million for the Defined Benefit Segment and $16.4 million for the Defined Contribution Segment.

Total contributions increased $476,000 to $5.3 million while benefits paid to retired members increased by $430,000 to $5.6 million. Refunds and transfers totaled $2.8 million ($4.5 million in 2007). The University was required by the Pension Benefits Act to withhold $1.0 million of refunds and transfers as the Pension Plan had incurred a reported funding deficiency in the valuation at December 31, 2004. In February 2008, the University was provided with an exemption from meeting the solvency funding requirements and proceeded to pay out the amounts withheld along with prescribed interest in the spring of 2008.

Investment markets were challenging in 2008, as reflected in the current period change in the fair value of investments (decline of $27.6 million) and decreased investment income.

The Plan's Actuary prepared a valuation of the Pension Plan as at December 31, 2007, which was updated to December 31, 2008. The valuation reports a deterioration of the going-concern deficiency increasing to $5.8 million from $2.4 million in 2007. The University will continue to make the required annual going-concern deficiency payments of $386,000 until the deficiency is eliminated. In addition the University will make an additional contribution of $295,000 in 2009 to cover the current service shortfall. The actuarial valuation reported that the solvency deficiency test resulted in a $43.9 million solvency deficiency ($20.7 million – 2007). However, in February 2008 the Pension Commission confirmed the University has received an exemption from the solvency funding requirements of the Manitoba Pension Benefits Act under the University Pension Plans Exemption Regulation (Regulation 141/2007).

On March 25, 2008, the University and Plan Stakeholders signed a series of agreements, including a transition plan and a Trust Agreement, to transfer the administration of the Plan from the University to an independent Board of Trustees. The newly established Board of Trustees assumed responsibility for the administration of the fund on July 7, 2008.

On December 8, 2006, the Superintendent of Pensions of Manitoba issued an Order requiring the University to pay a lump sum in the amount of $6,454,000 plus interest as set out in the Pension Benefits Act to certain members of the defined benefit component of the Plan in 2000. The amount is to be paid into and then out of the Plan, and relates to the undistributed portion of their proportionate share of the Plan's surplus, which existed in 1999 as determined by the Plan Actuary. The amount of the payment is expected to be between $6.8 and $11.9 million.

The University appealed the Superintendent's decision to the Manitoba Pension Commission, and the Commission upheld the Order on April 23, 2008. The University further appealed the decision to the Manitoba Court of Appeal, which appeal was denied in January 2009. The Court's decision set out a deadline of August 31, 2009 for the payout (extended from March 31, 2009). Correspondence from the Board of Trustees has been sent to the Superintendent requesting clarification of several issues, including what rate of interest should be applied, what form the payment should take (lump sum to eligible members or improvement to benefits), and whether the payment must be made through the Plan.

The net impact of the payment on the Plan is expected to be nil as any payments from or increased liability to the Plan must be fully funded by the University. No provision has been made for the future payment in the financial statements of the Plan as it has not been determined what form the payment will take or if it will ultimately be paid through the Plan.

(Original signed by Bill Balan)

Bill Balan
Vice-President (Finance & Administration)
The University of Winnipeg

May 21, 2009

THE UNIVERSITY OF
WINNIPEG

THE UNIVERSITY OF WINNIPEG PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg Board and management contracted by the Trusteed Board of The University of Winnipeg Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Pension Committee.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

(Original signed by Bill Balan)

Bill Balan
Vice-President (Finance & Administration)

(Original signed by Michael Emslie)

Michael Emslie, CA
Controller and Executive Director

May 21, 2009

Eckler

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Actuary's Opinion

Eckler Ltd. had been retained by the University of Winnipeg to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2007 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to prepare an extrapolation of the results of that valuation to December 31, 2008 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

(a) the data used are sufficient and reliable,
(b) the assumptions used are, in aggregate, appropriate, and
(c) the methods employed are appropriate.

The valuation and extrapolation have been prepared and my opinion given in accordance with accepted actuarial practice.

May 19, 2009
Date

(Original signed by A. Douglas Poapst)
A. Douglas Poapst,
Fellow of the Institute of Actuaries
Fellow of the Canadian Institute of Actuaries

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AUDITORS' REPORT

To the Legislative Assembly of Manitoba

To the Board of Trustees of the University of Winnipeg Pension Plan

We have audited the statement of net assets available for benefits of the University of Winnipeg Pension Plan as at December 31, 2008, and the statements of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan'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 financial statements present fairly, in all material respects, the net assets available for benefits position of the Plan as at December 31, 2008 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the year ended December 31, 2007 were audited by another firm of chartered accountants, who expressed an audit opinion without reservation in their report dated June 6, 2008.

KPMG LLP

Chartered Accountants

Winnipeg, Canada

April 3, 2009

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UNIVERSITY OF WINNIPEG PENSION PLAN

Statement of Net Assets Available for Benefits

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Cash	$333,078	$622,647
Contributions receivable:		
Members	72,552	123,632
University	90,056	143,848
Investment income receivable	48,857	50,337
Investments (schedule A)	111,033,973	135,274,704
	$111,578,516	$136,215,168
Liabilities		
Accounts payable	$104,510	$152,373
Refunds and transfers payable (note 8)	-	1,018,390
	$104,510	$1,170,763
Net Assets Available for Benefits	$111,474,006	$135,044,405

Continuity of operations [note 2(a)(ii)]

Subsequent event (note 9)

See accompanying notes to financial statements.

On behalf of the Board of Regents:

(Original signed by Debra Radi) Chair

(Original signed by Lloyd Axworthy) President and Vice-Chancellor

On behalf of the Board of Trustees:

(Original signed by Karen Zoppa) Chair

(Original signed by Henry Hudek) Vice-Chair

UNIVERSITY OF WINNIPEG PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2008, with comparative figures for 2007
(see schedule B)

	2008	2007
Increase (decrease) in assets:		
Contributions (note 6):		
Members	$2,164,236	$1,984,022
University	3,105,396	2,809,690
Investment income	6,969,747	8,647,240
Current period change in fair value of investments	(27,593,759)	(11,202,572)
Net realized gain on sale of investments	894,827	3,417,618
	(14,459,553)	5,655,998
Decrease in assets:		
Benefits paid to retired members	5,630,043	5,200,515
Refunds and transfers	2,839,696	4,484,828
Administrative expenses:		
Investment managers' fees	404,969	470,922
Actuarial fees	18,290	70,295
Administrator's fees	31,417	24,287
Custodial fees	46,837	27,279
Other expenses	139,594	130,771
	641,107	723,554
	9,110,846	10,408,897
Net decrease in assets available for benefits	(23,570,399)	(4,752,899)
Net assets available for benefits, beginning of year	135,044,405	139,797,304
Net assets available for benefits, end of year	$111,474,006	$135,044,405

See accompanying notes to financial statements.

SCHEDULE A

UNIVERSITY OF WINNIPEG PENSION PLAN

Summary of Investments

December 31, 2008, with comparative figures for 2007

	2008			2007		
	Fair value	Cost	% Fair value	Fair value	Cost	% Fair Value
Defined benefit:						
Fixed income	$47,499,981	$47,692,091	50.22	$55,739,410	$55,646,470	47.72
Canadian equities	27,996,842	33,523,633	29.60	33,528,199	23,533,031	28.70
U.S. equities	8,182,766	10,024,010	8.65	11,321,436	9,902,265	9.69
International equities	10,499,348	12,861,857	11.10	15,380,065	13,452,134	13.17
Short-term	409,039	396,998	0.43	845,854	809,832	0.72
	94,587,976	104,498,589	100.00	116,814,964	103,343,732	100.00
Defined contribution	16,445,997	18,712,272	100.00	18,459,740	16,457,703	100.00
Total investments	$111,033,973	$123,210,861	100.00	$135,274,704	$119,801,435	100.00

UNIVERSITY OF WINNIPEG PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2008

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members	$923,914	$1,240,322	$2,164,236
University	1,846,551	1,258,845	3,105,396
Investment income	6,490,725	479,022	6,969,747
Current period change in fair value of Investments	(23,325,447)	(4,268,312)	(27,593,759)
Net realized gain on sale of investments	826,332	68,495	894,827
	(13,237,925)	(1,221,628)	(14,459,553)
Decrease in assets:			
Benefits paid to retired members	5,630,043	-	5,630,043
Refunds and transfers	1,980,069	859,627	2,839,696
Administrative expenses:			
Investment managers' fees	404,969	-	404,969
Actuarial fees	18,290	-	18,290
Administrator's fees	31,417	-	31,417
Custodial fees	46,837	-	46,837
Other expenses (note 7)	119,725	19,869	139,594
	621,238	19,869	641,107
	8,231,350	879,496	9,110,846
Net decrease in assets available for benefits	(21,469,275)	(2,101,124)	(23,570,399)
Net assets available for benefits, beginning of year	116,484,801	18,559,604	135,044,405
Net assets available for benefits, end of year	$95,015,526	$16,458,480	$111,474,006

1. Description of the pension plan:

The following description of the University of Winnipeg Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except those that would cause an increase in the University's contribution rate.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (University).

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join the Plan on their date of employment and must join by the first anniversary date of their employment. Under the Plan, contributions are made by plan members and by the University (note 6). A member who receives benefits from the long-term disability plan of the University is not required to contribute to the Plan.

The annual pension payable to a defined benefit member on retirement is based on the member's final five year average earnings and years of credited service.

Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan.

2. Significant accounting policies:

(a) (i) Basis of presentation:

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

The annual financial statements of the Plan are prepared in accordance with Canadian generally accepted accounting principles.

2. Significant accounting policies (continued):

(ii) Continuity of operations:

The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis as referred to in note 5(a). In accordance with the *Pension Benefits Act*, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2007.

The actuarial valuation at December 31, 2007 reported that the defined benefit segment of the Plan had a solvency deficiency of $20,665,000 at that date. The actuary projects this amount to be $43,936,000 at December 31, 2008.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

As part of the discussions with government in the period leading up to the exemption, it was agreed that the annual funding requirement for the going concern deficiency identified in the 2004 valuation be maintained until the deficiency is eliminated. The going concern deficiency at December 31, 2004 was $3,746,000 and the annual funding payments are $386,000. While the remaining going concern deficiency has declined to $2,384,000 at December 31, 2007, the University will continue to make annual contributions of $386,000 until the deficiency is eliminated.

The smoothed net asset values of the defined benefit segment of the Plan are as follows:

	2008	2007
Net assets at market value	$ 95,016,000	$ 116,485,000
Smoothing adjustment	19,473,000	340,000
Smoothed value of net assets	$ 114,489,000	$ 116,825,000

2. Significant accounting policies (continued):

Because of the going concern deficiency at December 31, 2007, the University is also required to make additional contributions of $295,000 in 2009 and $291,000 in 2010 to cover the current service shortfall.

During 2005, amendments were made to the *Pension Benefits Act* which will affect the benefits payable from the Plan. The corresponding regulations have yet to be published but, based on a preliminary interpretation, the Plan's Actuary had estimated that these changes would add approximately $1,100,000 to the actuarial present value of accrued benefits at December 31, 2004 and would have increased the annual special funding payments by approximately $110,000 per year at that time. The 2005 amendments have not yet come into effect. The longer the effective date is delayed; the relative financial impact will tend to decline due to active member retirements.

The obligation for pension benefits [note 5(a)] exceeds the smoothed value of net assets at December 31, 2008 as follows:

	2008	2007
Smoothed value of net assets	$ 114,489,000	$ 116,825,000
Obligation for pension benefits [note 5(a)]	$(120,328,000)	$(119,209,000)
Net obligation for pension benefits in comparison to the smoothed value of net assets	$ (5,839,000)	$ (2,384,000)

(b) Investments:

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as the current period change in fair value of investments.

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

2. Significant accounting policies (continued):

(c) Net realized gain on sale of investments:

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

(d) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

(e) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translations are included in the change in fair value of investments.

Foreign currency denominated transactions, as well as cost amounts included in schedule A to the financial statements are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(f) Transaction costs:

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Transaction costs incurred are expensed and included in the change in net unrealized gains or losses.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(h) Fair value of other financial assets and financial liabilities:

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

(i) Change in accounting policy:

On January 1, 2008, the Plan adopted two new accounting standards: Canadian Institute of Chartered Accountants Handbook Section 3862, Financial Instruments – Disclosure ("Section 3862") and Handbook Section 3863, Financial Instruments – Presentation ("Section 3863"). Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation. Section 3862 places increased emphasis on disclosures about the nature and extent of risks arising from recognized and unrecognized financial instruments and how the Plan manages those risks. The expanded disclosures are included in note 4. Section 3863 carries forward unchanged the presentation requirements of Section 3861.

3. Summary of investments:

The summary of investments (schedule A) represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the approved investment policy. The fixed income component is comprised of bonds and debentures of $4,311,163 ($4,254,119 – 2007) with maturity dates varying from 2010 to 2105 and interest rates varying from 4.50% to 11.10% and pooled fixed income funds of $43,188,818 ($51,485,291 – 2007). The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

4. Risk management:

Fair value of investments and therefore the Plan's net assets available for benefits are exposed to the following risks:

(a) Market risk

i. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

ii. Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

iii. Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

(b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

(c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.

4. Risk management (continued):

Defined Benefit

(a) Market risk

i. Interest rate risk

The Plan's exposure to interest rate risk is concentrated in its investments in bonds and debentures and short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2008, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would be estimated to decrease or increase, respectively, by approximately $2,815,000. The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

ii. Foreign currency risk

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Plan's Investment Committee. The Plan is exposed to fluctuations in the U.S. dollar, Japanese yen and European currencies, notably the Euro and British pound sterling.

The Plan's exposure to foreign currencies to Canadian dollars is shown below:

As at December 31, 2008	Actual currency exposure	%
Canadian	$75,871,946	80.2%
US dollar	8,683,704	9.2%
Euro	2,297,907	2.4%
Japanese yen	1,868,217	2.0%
British pound sterling	1,644,031	1.7%
Swiss franc	1,419,845	1.5%
Other currencies	2,802,326	3.0%
	$94,587,976	100.0%

A 10 percent increase or decrease in exchange rates, with all other factors held constant would result in a change in unrealized gains (losses) of approximately $1,870,000 as at December 31, 2008.

iii. Other price risk

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31 2008, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of $4,700,000.

4. Risk management (continued):

(b) Credit risk

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan's fixed income portfolio by credit ratings from various rating agencies is presented below:

Credit Rating	2008 Market value
AAA	$22,395,682
AA	9,246,023
A	12,584,317
B – BBB	3,760,898
	$47,986,920

(c) Liquidity risk

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the market value by the earliest contractual maturity of the Plan's fixed income investments:

	2008
Less than one year	$1,104,779
One to five years	20,408,655
After five years	26,473,486
Total fair value	$47,986,920

4. Risk management (continued):

Defined Contribution

Investment allocation for the Defined Contribution Segment of the plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks are concentrated in its investment holdings and are managed by the respective Fund Managers. The risk management process for each Fund Manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each Fund Manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

Fund Name	Fair Value	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
CC&L Group Bond Fund	437,711	X	X	X		X
CC&L Grp Balanced Plus	1,256,362	X	X	X		X
CC&L Grp Cdn Equity Fund	229,364					X
Fidelity Global	221,348	X	X	X	X	X
Fidelity True North Fund	1,375,645	X	X	X	X	X
LM Western Asset Income	443,261	X		X		X
MB Bal Growth Fund C	1,369,012		X			X
MB Cdn Eq Growth Fund C	452,884					X
MB Fixed Income Fund	385,787			X		
MB Global Equity Fund C	113,833		X			X
MB Select Balanced Fund	181,218		X			X
MB Select Cdn Equity Fund	254,514					X
MB Select Global Equity	115,630		X			X
RSL LP Bal Growth Port C	1,383,964	X	X	X		X
RSL LP Bal Inc Port C	512,198	X	X	X		X
RSL LP Bal Lt Gwth Port C	1,269,390	X	X	X		X
RSL Ovrs Equity Fund C	94,595		X			X
SLF Money Market	816,690	X		X		X
TDAM Balanced Index Fund	4,105,998	X	X	X	X	X
TDAM Cdn Bond Index Fund	489,219	X		X		X
TDAM Cdn Equity Index Fund	417,946					X
TDAM US Mkt Index Fund	118,834		X			X
Trimark Fund C	159,144		X			X
UBS US Equity Fund	241,450		X			X
	16,445,997					

5. Obligation for pension benefits:

(a) Defined benefit obligation:

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Regents of the University. An actuarial valuation of the Plan was prepared, effective December 31, 2007 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2008. Excluding the obligation with respect to the Revised Order of the Superintendent of Pensions (see note 9), the extrapolation of the actuarial present value of the pension benefits as at December 31, 2008 and the principal components of changes in actuarial present values during the year were as follows:

	2008	2007
Actuarial present value of accrued pension benefits, beginning of year	$ 119,209,000	$ 113,891,000
Interest accrued on benefits	6,871,000	6,925,000
Pension increase	-	1,075,000
Benefits accrued	2,434,000	2,294,000
Benefits paid, refunds and transfers	(7,610,000)	(9,200,000)
Actuarial loss/(gain)	(576,000)	4,224,000
Actuarial present value of accrued pension benefits, end of year	$ 120,328,000	$ 119,209,000

The Plan provides that the increase in respect of a year will be equal to the excess of the rate of return in that year, based on smoothed asset values, over 6%, subject to a maximum of the increase in the CPI in that year. For 2008, there was no excess rate of return since the rate of return was less than 6% based on smoothed asset values, therefore, there is no pension increase in respect to 2008.

The pension increase, payable to pensioners, in respect of 2007 of 2.38% was effective July 1, 2008 and was equal to the increase in the Consumer Price Index in 2007, determined as provided in the Plan.

The actuarial gain in 2008 of $576,000 was measured on an overall basis by comparing an extrapolation of liabilities to an estimated valuation based on known membership movements and salary information during 2008. No assumption changes were made in 2008.

5. Obligation for pension benefits (continued):

The value of net assets available for benefits at December 31, was

	2008	2007
Market value of net assets	$ 95,016,000	$116,485,000

The assumptions used in determining the actuarial value of accrued benefits in the valuation at December 31, 2007 and the extrapolation to December 31, 2008 were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

		2008	2007
Rate of return on investments	- pre-retirement	6.0%	6.0%
	- post-retirement	5.75%	5.75%
Rate of salary increase	- 2008 and 2009	2.5%	2.5%
	- thereafter	4.0%	4.0%

(b) Defined contribution obligation:

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

The following summarizes the changes in the defined contribution segment of the Plan:

	2008	2007
Balance, beginning of year	$ 18,560,000	$ 16,561,000
Contributions	2,499,000	2,110,000
Refunds and transfers	(860,000)	(486,000)
Net investment return (loss)	(3,741,000)	375,000
Balance, end of year	$ 16,458,000	$ 18,560,000

6. Funding policy:

The University's regular contribution is 7.0% of pensionable salary to the defined benefit segment and 6.0% to the defined contribution segment less an adjustment, in each case, for the Canada Pension Plan. For members receiving long-term disability benefits, the University pays the employee contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the *Pension Benefits Act*.

7. **Related party transactions:**

The University charges benefit administration costs to the Plan. The charge for 2008 was $50,000 (2007 - $56,263) and has been included in other expenses. This transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. **Refunds and transfers payable:**

Liabilities include a withheld portion of lump sum payments in the amount of $0 (2007 - $1,018,000). The 2007 amount was payable to former Plan members who elected to receive a commutation of their earned pensions during the period commencing June 24, 2005 through to December 31, 2007. The University's funding ratio was 87.4% (reported in the actuarial valuation dated December 31, 2004). Under the provisions of the Pension Benefits Act, the University was required to withhold 12.6% of the lump sum payments that were issued from the Plan.

In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements and accordingly, the University paid the amounts withheld along with prescribed interest.

9. **Subsequent event:**

On December 8, 2006, the Superintendent of Pensions of Manitoba issued an Order requiring the University to pay a lump sum amount of $6,454,000, plus interest in respect to the distribution of a surplus dating back to 2000 to certain plan members. The University appealed the Order to the Manitoba Pension Commission, and further to the Manitoba Court of Appeal. As a result of the appeal to the Manitoba Pension Commission, the Superintendent issued a revised Order on June 6, 2008, leaving the Order with respect to surplus distribution unchanged. The Manitoba Court of Appeal delivered its decision in support of the Superintendent's Order on January 23, 2009.

The current amount of the surplus distribution ordered is not readily determinable from the Order. There are issues related to the status of two past payments or distributions made after 2000 and the interest rate to be applied. The Board of Trustees has requested clarification of the Order from the Superintendent with respect to several matters with respect to the Order, including these two issues. The range of possible results is estimated to be $6.8 to $11.9 million as at December 31, 2008. The Order requires the University to contribute to the Plan the amount necessary to provide for the surplus distribution to the applicable Plan members.

Another matter on which the Board of Trustees has requested clarification is the method of distribution to members. There are a number of possible methods for the distribution; as of the date of the financial statements, the method to be used has not been finalized. Accordingly, the net assets available for benefits does not include an account receivable from the University in respect of the surplus distribution, nor does the defined benefit obligation in note 5(a) include an amount for surplus distribution.