

Open Pension Meeting

December 3, 2010

thinking forward

Agenda

- Discussion of Key Events during 2009/10
- Capital Markets Performance to June 30, 2010 with 3rd Quarter Update
- Overview of Pension Fund as of June 30, 2010 & September 30, 2010
 - ✓ Asset allocation by Manager and Asset Mix
 - ✓ Fund performance
- Manager Presentations
 - ✓ Background on firm
 - ✓ Performance as of June 30, 2010
 - ✓ Investment Outlook
- Questions

Key events during the year

thinking forward

Key events during the year

- Finalized implementation of the new strategic asset allocation based on asset mix study conducted in 2007-2009
- Agreed to move to an integrated global equity mandate from separate US and EAFE mandates after comprehensive discussions on a structuring of the global equity portfolio
 - Provide greater opportunity for managers to generate superior returns
 - More effective approach to access emerging markets such as China, India and Brazil
 - Less costly approach to manager diversification
- Decided to split global equity assets (approximately \$100m) equally between two managers
 - The overall allocation to global equities remained unchanged, at 30% of the total fund

Key events during the year (cont'd)

- Search for new managers conducted in 1st Quarter of 2010
 - Robust search process that considered eight managers
 - Met four finalists candidates on April 9, 2010
- Selected Sprucegrove and Baillie Gifford to manage global equities
 - Sprucegrove was chosen because of its value style that emphasizes bottom up, fundamental research
 - Baillie Gifford was chosen because it favors growth companies and for its expertise in emerging markets
- Revised Statement of Investment Policy and Procedures
 - Approved by Board of Governors in June 2010
- Pension Governance Sub-committee completed a draft Governance Manual
 - Submitted to Mercer for review

Capital Markets

Capital Market Performance: June 30, 2010

Year Ending June 30, 2010

DEX 91-Day T-Bill Index	0.3%
DEX Universe Bond Index	6.9%
DEX Long Bond Index	10.9%
S&P/TSX Composite Index	12.0%
S&P 500 Index (\$Cdn)	4.7%
MSCI EAFE Index (\$Cdn)	-2.7%
MSCI Emerging Markets Index (\$Cdn)	13.0%
Median Manager in Mercer Balanced Universe	6.9%

Impact of Interest Rates and Currency

- Yield on long term bonds has decreased which increases liabilities of pension fund
 - Yield for the DEX Long Bond Index:
 - June 30, 2009: 4.91%
 - June 30, 2010: 4.47%
- For the unhedged Canadian investor, foreign equity returns were dampened by the strong appreciation of the Canadian dollar

Returns	1 Year to June 30	Year-to-Date 2010 (to Nov 23)
Global Equities in CAD \$*	1.4%	3.3%
Global Equities in Local Currency*	12.1%	5.2%

*As measured by the MSCI World Index.

Capital Market Performance: Since June 30, 2010

	Q3 2010	Q4- To Date*
DEX 91-Day T-Bill Index	0.1%	0.1%
DEX Universe Bond Index	3.2%	-1.2%
DEX Long Bond Index	5.6%	-2.3%
S&P/TSX Composite Index	10.3%	3.8%
S&P 500 Index (\$Cdn)	7.4%	3.3%
MSCI EAFE Index (\$Cdn)	12.5%	1.4%
MSCI Emerging Markets Index (\$Cdn)	14.1%	1.0%
Median Manager in Mercer Balanced Universe	7.1%	--

* October 1, 2010 to November 23, 2010

Key Issues Facing Pension Plan Sponsors

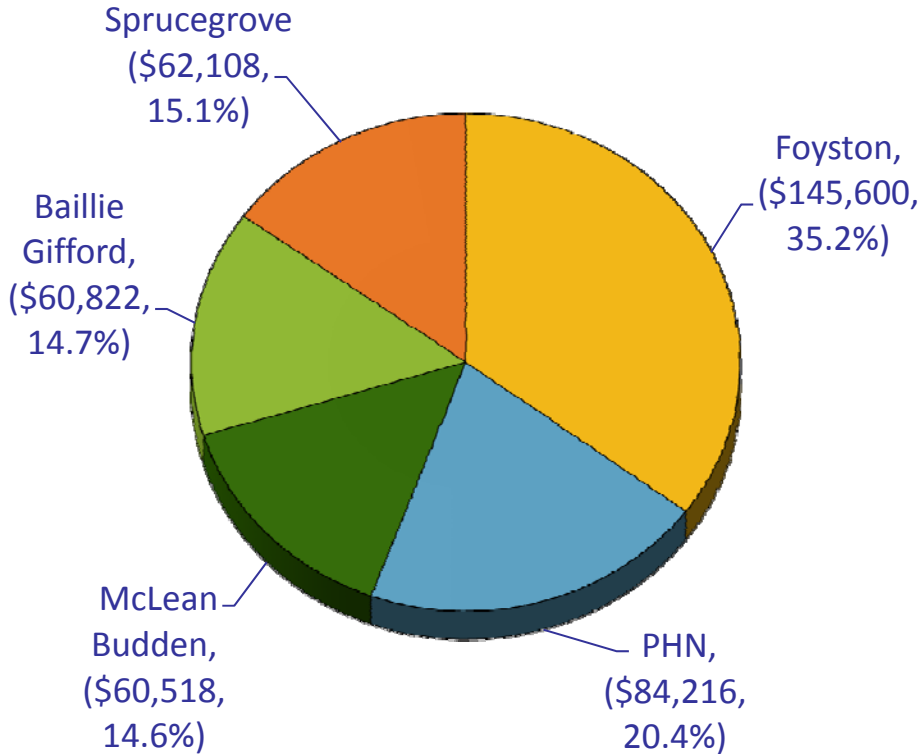
- ✓ Volatile markets and currencies cause great fluctuations in pension costs
- ✓ Low interest rates and low returns on pension funds result in increased pension costs for plan sponsors
- ✓ Much uncertainty about performance of markets and direction of interest rates
- ✓ Managing risk and diversification in pension portfolios
- ✓ Governance

Performance Results

thinking forward

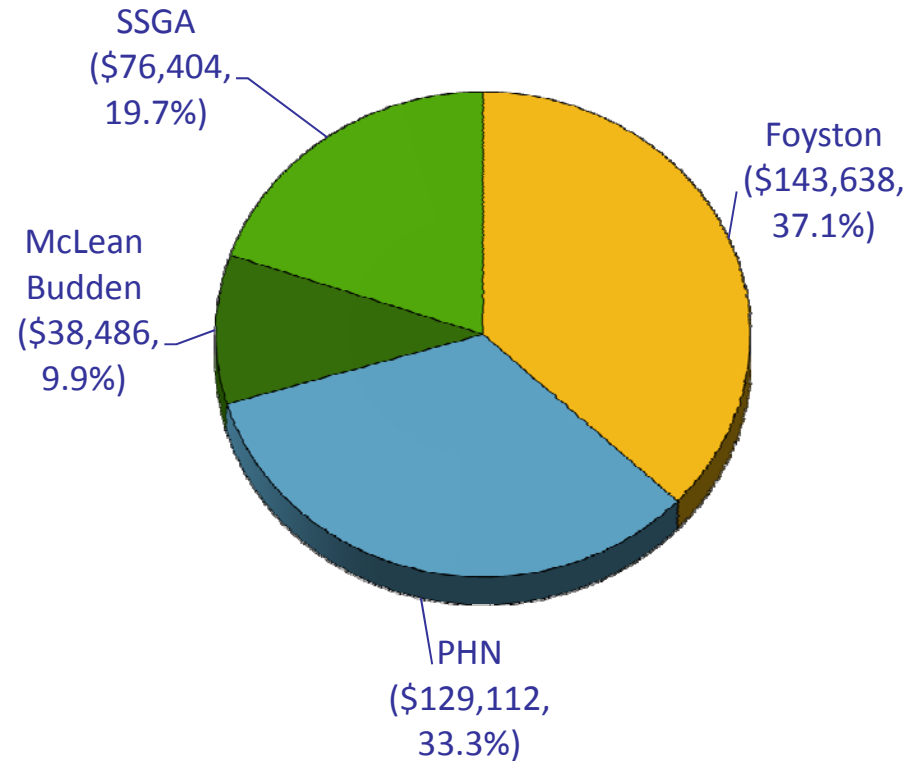
Asset Allocation by Manager (\$000)

June 30, 2010



**Total Market value of the Plan -
\$415,406,000**

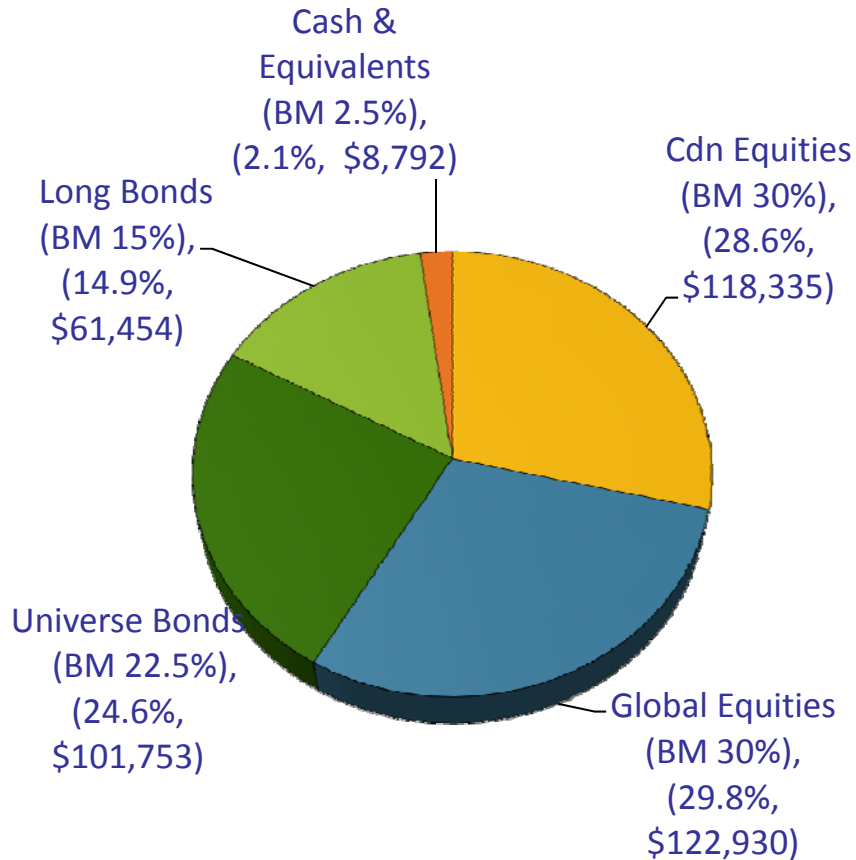
June 30, 2009



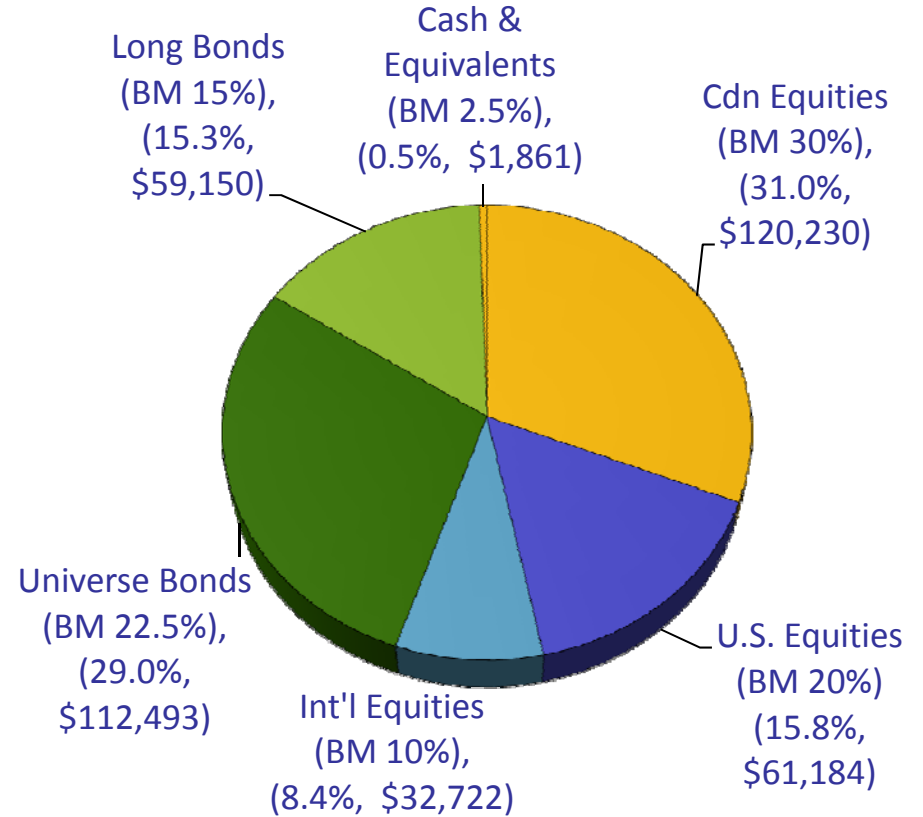
**Total Market value of the Plan -
\$389,027,000**

Asset Mix (\$000)

June 30, 2010



June 30, 2009



Annualized Rates of Return as of June 30, 2010

	Mkt Value at Jun 30/10 (000's)	One Year To Jun 30/10	Annualized to June 30, 2010		
			2 Years	3 Years	4 Years
Total Fund	\$ 415,406	7.93%	-0.47%	-1.09%	2.83%
U of Windsor Benchmark		7.66%	-1.96%	-1.46%	2.16%
Value added target BM+55 bp		8.21%	-1.41%	-0.91%	2.71%
Additional value added (shortfall)		-0.28%	0.94%	-0.18%	0.12%
Faculty Plan portion	\$ 288,706	69.5%			
Non-Faculty Plan portion	\$ 126,700	30.5%			

Annual Rates of Return as of June 30, 2010

	Market Value June 30/10 (000's)	% MV	Annual to June 30/10	Annual to June 30/09	Annual to June 30/08	Annual to June 30/07	Annual to June 30/06
Total Fund	\$415,406		7.9%	-8.2%	-2.3%	15.6%	5.3%
U of Windsor Benchmark			7.7%	-10.6%	-0.5%	13.8%	6.9%
Allocation by Manager:							
Foyston, Gordon & Payne	\$145,600	35.0%	11.8%	-3.0%	1.0%	14.0%	6.7%
Phillips, Hager & North	84,216	20.3%	11.2%	-3.0%	3.2%	13.9%	5.4%
McLean Budden	60,518	14.6%	6.3%	-25.5%	6.1%	16.6%	7.0%
Baillie Gifford	60,822	14.6%	N/A				
Sprucegrove	62,108	15.0%	N/A				
Cash	2,142	0.5%					
State Sreet Global Advisors - US Index *	-		6.5%	-15.0%	-17.0%	15.3%	-1.3%
State Street Global Advisors - EAFE Index*	-		-3.5%	N/A	N/A	N/A	N/A
Foyston, Gordon & Payne International *	-		2.2%	-13.9%	-15.9%	25.7%	10.0%
	<u>\$415,406</u>	<u>100%</u>					

* Terminated June 14, 2010

Impact of Investment Performance for Faculty Plan

Gross fund return 7.72% for the year ended June 30, 2010

Net return of 7.29%

- Money Purchase balances increased by 7.29% for active members
- Money Purchase pensions for all retirees increased by:
 - 0.35% for those who retired before July 1, 2004
 - 0.35% for those who retired on and after July 1, 2004
(Actual increase is 50% of excess average return over 6% and mortality adjustment)
- Minimum Guaranteed pensions for all retirees increased by 0.75%

Impact of Investment Performance for Employees' Plan

Gross fund return 7.70% for the year ended June 30, 2010

Net return of 7.02%

- Rate of credited interest on employee contributions for the year ending June 30, 2010 is 1.78%
- Average Fund Return for pension increases 2.50%
 - 4 year average of fund return
- Pensions remain unchanged
 - Actual increase is 50% of excess average return over 6%, limited to 50% of the CPI increase (0.75% at June 30, 2010)

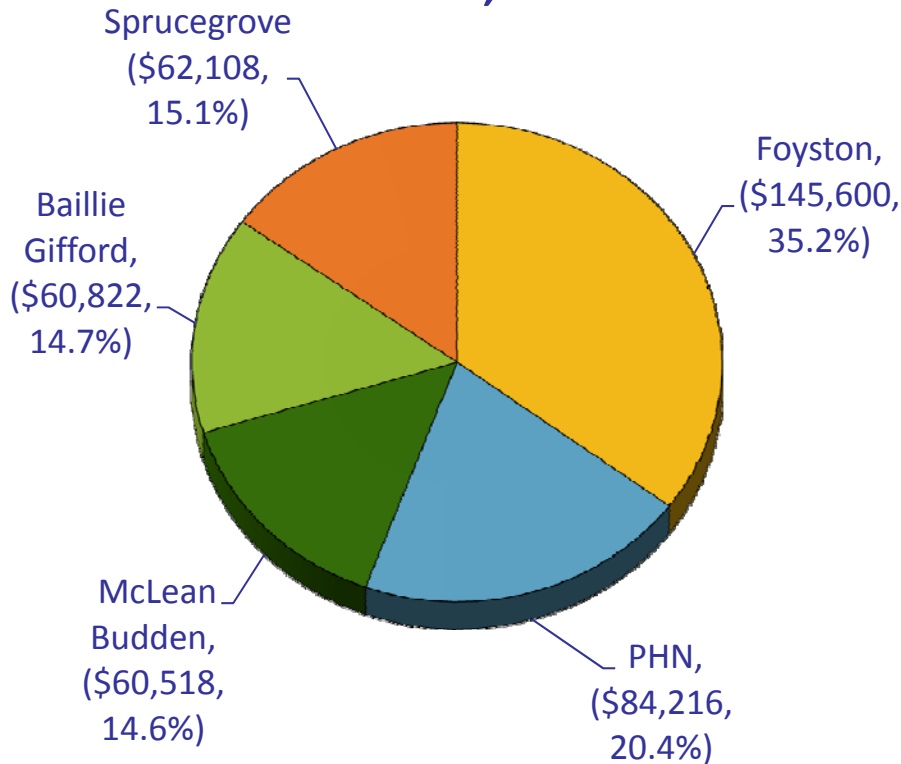
Annualized Rates of Return as of September 30, 2010

	Mkt Value at Sep 30/10 (000's)	Recent QTR		Annualized to September 30, 2010		
		To Sep 30/10 (3 mths)	One Year To Sep 30/10	2 Years	3 Years	4 Years
Total Fund	\$ 447,758	7.84%	8.97%	7.73%	1.71%	3.56%
U of Windsor Benchmark		7.70%	8.52%	6.38%	1.05%	3.06%
Value added target BM+ 90 bp *		7.93%	9.42%	7.28%	1.95%	3.96%
Additional value added (shortfall)		-0.09%	-0.45%	0.45%	-0.24%	-0.40%
Faculty Plan portion	\$ 310,849 69.4%					
Non-Faculty Plan portion	\$ 136,909 30.6%					

* Prior to June 30, 2010 Value added target was 55 bps

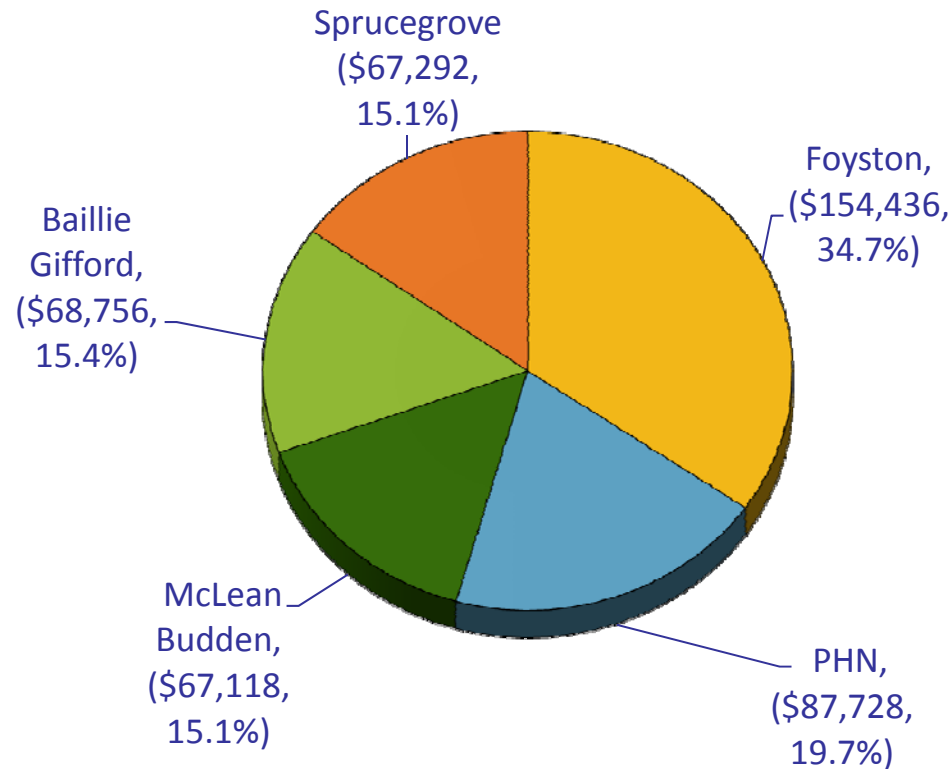
Asset Allocation by Manager (\$000)

June 30, 2010



Total Market value of the Plan -
\$415,406,000

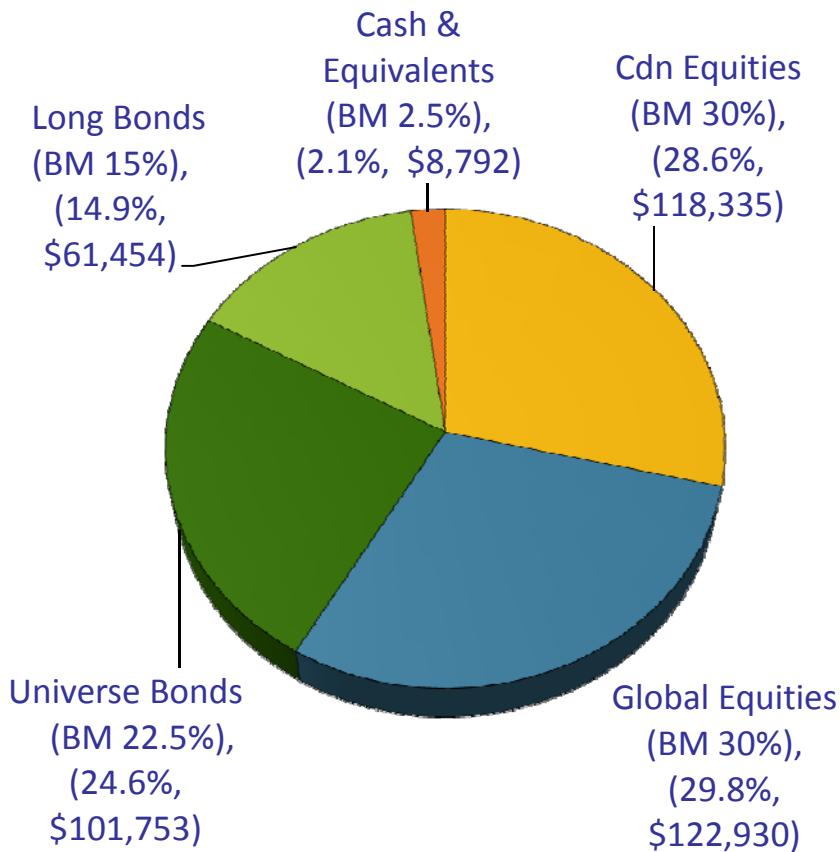
September 30, 2010



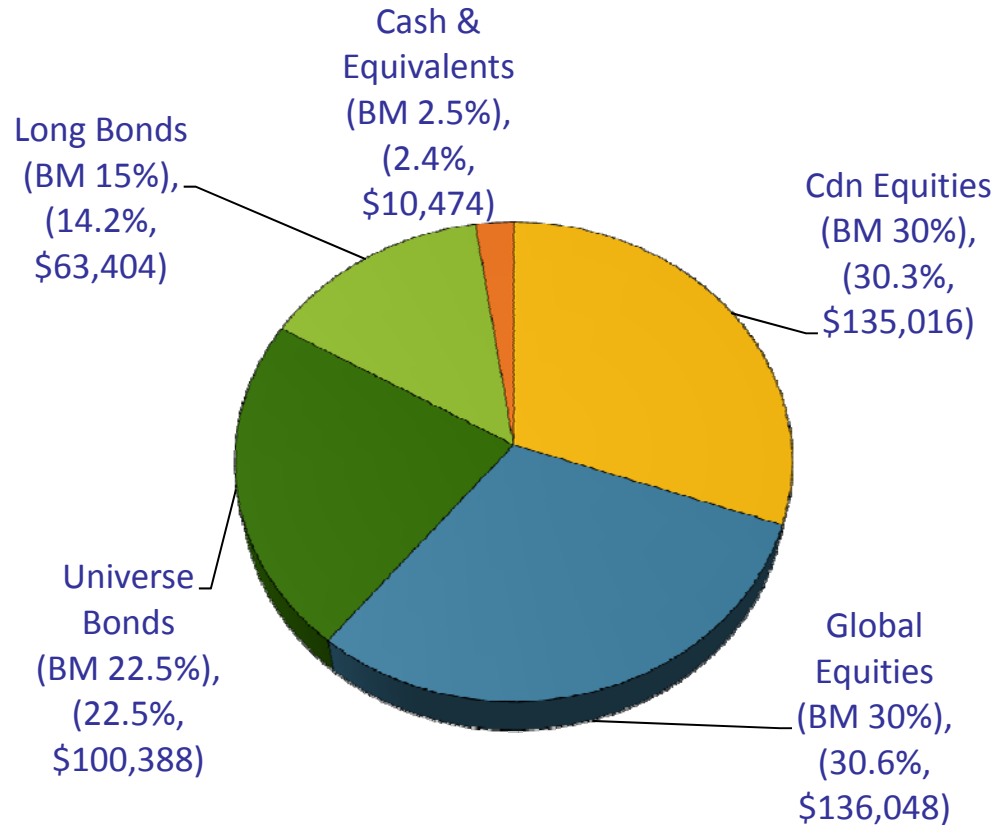
Total Market value of the Plan
\$447,758,000

Asset Mix (\$000)

June 30, 2010



September 30, 2010



Investment Manager Presentations

1. Foyston, Gordon & Payne
 - Stephen Copeland
2. McLean Budden
 - Scott Connell
3. Baillie Gifford
 - John Carnegie
4. Sprucegrove
 - Marcel Leroux
5. Phillips, Hager & North
 - Michel Rhéaume

Questions