Financial Statements of

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Year ended December 31, 2009

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN

FINANCIAL STATEMENTS

PAGE

Financial Statements

REPORT OF THE TREASURER

The University of Winnipeg Trusteed Pension Plan ("the Plan") [illegible] million as at December 31, 2009. This compares with $111.5 million as at the end of the prior fiscal year. This increase is largely the consequence of market fluctuations over the past year, the significance of which will be addressed in the subsequent paragraph. Of these net assets, $107.5 million were assigned to the Defined Benefit segment of the Plan, and the remaining $[illegible] million to the Defined Contribution segment.

The largest component of these net assets is a variety of marketable securities which provide the essential capital of the Plan. These investments are valued for reporting purposes according to closing market quotations at the end of the Plan's fiscal year. For the past two years, markets have been extremely volatile. In 2008 there was a persistent downturn in trading values in the [illegible] year. Such market fluctuations presently are of no real consequence to the ability of the Plan to sustain its liabilities to retired members, or to provide for administrative expenses. While it is noted that the Plan did not realize trading losses in 2009, the viability of the capital [illegible] the midst of such an uncertain market by generating $5.8 million in investment income.

[illegible] from employed members and the University. In that respect, new capital in the amount of $5.4 million was added to the Plan. Combined with the aforementioned investment earnings, the net value of the Plan's assets has increased by $2.7 million over the prior year after the satisfaction of current obligations to retired members and payment of administrative expenses. This is a real cash increase in the Plan's holdings while satisfying current funding needs.

The Plan has been the subject of litigation for a number of years. The issues at law concerned the entitlement to a surplus which was quantified in 2000. In 2009 the University [illegible] Superintendent of Pensions of Manitoba to provide for the disbursement of $8.8 million to certain members of the Plan. The University complied with this order in early 2010. As of this date most of these funds have been disbursed to the entitled members. The substance of the transaction is disclosed in Note 9 of the Financial Statements.

(Original signed by Maurice Mearon)

Maurice L. Mearon, M.A., C.A.
Treasurer, The University of Winnipeg Trusteed Pension Plan
May 17, 2010

THE UNIVERSITY OF WINNIPEG

THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed 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 Board of Trustees.

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, 2010

Eckler

CONSULTANTS + ACTUARIES

Eckler Ltd.
2475 – One Lombard Place
Winnipeg, Manitoba R3B 0X3
Canada

www.eckler.ca

[illegible]

Email dpoapst@eckler.ca

Actuary's Opinion

[illegible] and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the [illegible]

Eckler Ltd. has been retained by The Board of Trustees of the University of Winnipeg [illegible] Trust to prepare an extrapolation of the results of that valuation to December 31, 2009 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 in Canada.

June 23, 2010 [illegible] (Original signed by A. Douglas Poapst)

[illegible]

Fellow of the Institute of Actuaries
Fellow of the Canadian Institute of Actuaries

KPMG

KPMG LLP
Chartered Accountants
Telephone (204) 957-1770
Fax (204) 957-0808
Canada

[illegible]

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

[illegible] Trusteed Pension Plan as at December 31, 2009 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 [illegible] 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 [illegible]

In our opinion, these financial statements present fairly, in all material respects, the net assets [illegible]

Chartered Accountants

Winnipeg, Canada

May 3, 2010

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Net Assets Available for Benefits

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Cash	$604,547	$[illegible]
Contributions receivable:		
Members	66,420	72,552
University	83,550	90,056
Investment income receivable	53,063	48,857
Investments (Schedule A)	[illegible]	[illegible]
	$129,581,052	$111,578,516
Liabilities		
Accounts payable and accrued liabilities	$157,931	$104,510
	$157,931	$104,510
Net Assets Available for Benefits	$129,423,121	$111,474,006

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

Subsequent event (note 9)

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

(Original signed by Karen Zoppa) Chair

(Original signed by Henry Hudek) Vice-Chair

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2009, with comparative figures for 2008
(see schedule B)

	2009	2008
Increase (decrease) in assets:		
Contributions (note 6):		
Members	$2,259,931	$2,164,336
University	3,183,328	3,105,396
Investment income	5,797,153	6,969,747
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	25,425,135	(14,459,553)
Decrease in assets:		
Benefits paid to retired members	[illegible]	[illegible]
Refunds and transfers	565,555	2,839,696
Administrative expenses:		
Investment managers' fees	376,132	404,969
Actuarial fees	56,275	18,290
Administrator's fees	25,468	31,417
Custodial fees	46,718	46,837
Other expenses (note 8)	162,162	139,594
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
Net increase (decrease) in assets available for benefits	17,949,115	(23,570,399)
Net assets available for benefits, beginning of year	111,474,006	135,044,405
Net assets available for benefits, end of year	$129,423,121	$111,474,006

See accompanying notes to financial statements.

SCHEDULE A

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Summary of Investments

December 31, 2009, with comparative figures for 2008

	2009			2008		
			%			%
	Fair value	Cost	Fair value	Fair value	Cost	Fair Value
Defined benefit:						
Fixed income	$53,515,053	$52,485,708	50.05	$47,086,020	[illegible]	[illegible]
Canadian equities	33,393,009	30,703,054	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
International equities	[illegible]	11,410,043	9.69	10,499,348	12,861,867	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	106,931,794	104,089,055	100.00	[illegible]	[illegible]	100.00
Defined contribution	21,841,708	[illegible]	100.00	[illegible]	[illegible]	100.00
Total investments	$128,773,502	[illegible]	100.00	[illegible]	[illegible]	100.00

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2009

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members	$878,431	$1,381,500	$2,259,931
University	1,780,380	1,402,948	3,183,328
Investment income	5,336,116	461,037	5,797,153
Current period change in fair value of investments	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
	19,473,881	5,951,254	25,425,135
[illegible]			
Benefits paid to retired members	5,922,666	321,044	6,243,710
Refunds and transfers	361,508	204,047	565,555
Administrative expenses:			
Investment managers' fees	376,132	-	376,132
Actuarial fees	56,275	-	56,275
Administrator's fees	25,468	-	25,468
Custodial fees	46,718	-	46,718
Other expenses (note 8)	127,612	34,550	162,162
	[illegible]	34,550	[illegible]
	6,916,379	559,641	7,476,020
[illegible]	[illegible]	[illegible]	[illegible]
Net assets available for benefits, beginning of year	[illegible]	[illegible]	[illegible]
Net assets available for benefits, end of year	$107,573,028	$21,850,093	$129,423,121

1. Description of the trusteed pension plan:

The following description of the University of Winnipeg Trusteed Pension Plan (the Plan) is a summary [illegible] 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 [illegible] 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 [illegible] after that date are required to become members of the defined contribution segment of the Plan. 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 [illegible] 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 and those who are members of the Teachers' Retirement Allowances [illegible] 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 [illegible] 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, subject to the Plan's maximum.

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 [illegible] 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 [illegible] 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. At the request of the Board of Trustees, the actuary provided an update of the solvency deficiency as at December 31, 2008. 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 [illegible] 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 [illegible] exempted from the usual solvency funding requirements while the Plan continues [illegible] 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 [illegible] The remaining going concern deficiency [illegible] at December 31, 2007, the University will continue to make annual contributions of $[illegible] until the deficiency is eliminated.

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

	2009	2008
Net assets at market value	$107,573,000	$95,016,000
Smoothing adjustment	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

2. Significant accounting policies (continued):

Because of the going concern deficiency at December 31, 2007, the University is also required to make an additional contribution of [illegible] 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 regulations implementing the amendments were published in March 2010, and the benefit changes will come into effect on May 31, 2010. The Plan's Actuary had estimated in 2009 that these changes would [illegible] actuarial present value of accrued benefits as at December 31, 2009.

The obligation for pension benefits [note 5(a)] exceeds the smoothed value of net assets at December 31, 2009 as follows:

	2009	2008
Smoothed value of net assets	$113,225,000	$114,489,000
Obligation for pension benefits [note 5(a)]	(123,320,000)	(120,328,000)
Net obligation for pension benefits in comparison to the smoothed value of net assets	($10,095,000)	($5,839,000)

(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) Adoption of new accounting standards:

(i) On January 1, 2009, the Plan adopted The Canadian Institute of Chartered Accountants' ("CICA") Emerging Issues Committee Abstract 173 – Credit Risk and the Fair Value of Financial Assets and Financial Liabilities ("EIC-173"). EIC-173 clarifies how the Plan's [illegible] risk and counterparty risk should be taken into [illegible] financial instruments. The adoption of EIC-173 did not have a significant impact on the [illegible]

(ii) The Plan adopted the amendments to CICA Handbook Section 3862, Financial Instruments Disclosures ("Section 3862") on January 1, 2009. [illegible] hierarchy" for disclosures to provide [illegible] Section 3862 [illegible] used in fair value [illegible] entity classify each financial instrument into one of three fair value levels as follows:

Level 1 – for unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2 – for inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and [illegible]

Level 3 – for inputs that are based on unobservable market data and are significant to the fair value measurement.

[illegible]

These amendments result in increased disclosures only and have no impact on the Plan's net assets.

[illegible] new disclosure requirements are provided in note 7.

(d) Net realized (loss) gain on sale of investments:

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

(e) Investment income:

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

2. Significant accounting policies (continued):

(f) 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. [illegible]

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.

(g) Transaction costs:

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

(h) 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.

(i) 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.

3. Summary of investments:

The summary of investments (schedule A) represents the total investments of the defined benefit [illegible] benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the [illegible] $5,205,607 ($4,311,163 – 2008) with maturity dates varying from 2011 to 2108 and interest rates varying from 3.00% to 9.00% and pooled fixed income funds of $46,509,440 ($43,075,747 – 2008). 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 [illegible] 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 [illegible] 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.

UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN
Notes to the Financial Statements (continued)

Year ended December 31, 2009

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 [illegible] debentures, 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, 2009, if the prevailing interest rates [illegible] would be estimated to decrease or increase, respectively, by approximately $3,191,000 ($2,815,000 – 2008). [illegible] 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 Board of Trustees. The Plan is [illegible] 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, 2009	Actual currency exposure	%
Canadian	$86,623,470	81.0%
US dollar	9,341,802	8.7%
[illegible]	[illegible]	[illegible]
British pound sterling	[illegible]	3.8%
Japanese yen	1,941,144	1.8%
Swiss franc	1.500.885	1.4%
Other currencies	2,881,697	2.7%
	$106,931,794	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 $[illegible] ($1,[illegible] – 2008) as at December 31, 2009.

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, 2009, [illegible]

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 [illegible] from various rating agencies is presented below:

	2009	2008
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible] – BBB	3,432,965	3,760,898
[illegible]	[illegible]	[illegible]

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:

Less than one year	[illegible]	[illegible]
One to five years	22,561,146	20,408,655
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

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 2009	Fair Value 2008	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
CC&L Group Bond Fund	863,379	437,711	X	X	X		X
CC&L Grp Balanced Plus	1,632,594	1,256,362	X	X	X		X
CC&L Grp Cdn Equity Fund	318,760	229,364					X
Fidelity Global	307,215	221,348	X	X	X	X	X
Fidelity True North Fund	1,871,218	1,375,645	X	X	X	X	X
LM Western Asset Income	423,966	443,261	X		X		X
MB Bal Growth Fund C	1,416,563	1,369,012		X			X
[illegible]	[illegible]	[illegible]					X
MB Fixed Income Fund	841,427	385,787			X		
MB Global Equity Fund C	138,054	113,833		X			X
MB Select Balanced Fund	241,929	181,218		X			X
MB Select Cdn Equity Fund	[illegible]	[illegible]					X
MB Select Global Equity	146,405	115,630		X			X
RSL LP Bal Growth Port C	1,698,654	1,383,964	X	X	X		X
RSL LP Bal Inc Port C	682,600	512,198	X	X	X		X
RSL LP Bal Lt Gwth Port C	1,655,288	1,269,390	X	X	X		X
RSL Ovis Equity Fund C	120,581	94,595		X			X
SLE Money Market	[illegible]	[illegible]			X		
TDAM Balanced Index Fund	[illegible]	[illegible]	X	X	X	X	X
TDAM Cdn Bond Index Fund	581,581	489,219	X		X		X
TDAM Cdn Equity Index Fund	640,232	417,946					X
TDAM US Mkt Index Fund	[illegible]	[illegible]		X			X
Trimark Fund C	210,342	159,144		X			X
UBS US Equity Fund	331,231	241,450		X			X
	21,841,708	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 [illegible] Superintendent of Pensions made June 6, 2008 (note 9), the extrapolation of the actuarial present value of the pension benefits as at December 31, 2009 and the principal components of changes in actuarial present values during the year were as follows: [illegible]

	[illegible]	[illegible]
Actuarial present value of accrued pension benefits, beginning of year	[illegible]	[illegible]
Interest accrued on benefits	6,983,000	6,871,000
Benefits accrued	2,293,000	2,434,000
[illegible]	[illegible]	[illegible]
Actuarial (gain)	-	(576,000)
Actuarial present value of accrued pension Benefits, end of year	$123,320,000	$120,328,000

The Plan provides that a pension 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 2009, 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 for the year ended December 31, 2009.

Similarly, there was no increase for the year ended December 31, 2008 which would have become payable effective July 1, 2009.

The actuarial gain in 2008 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 or 2009. For 2009 the [illegible] membership changes, salary changes, or any other factor will be determined at the next full [illegible]

5. Obligation for pension benefits (continued):

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

	2009	2008
Market value of net assets	$107,573,000	$95,816,000

The assumptions used in determining the actuarial value of accrued benefits in the valuation at [illegible] expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

		2009	2008
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%
[illegible]	[illegible]	to be determined	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:

	2009	2008
Balance, beginning of year	$16,458,000	$18,560,000
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Net investment return (loss)	3,132,000	(3,741,000)
Balance, end of year	$21,850,000	$16,458,000

6. Funding policy:

The University's regular contribution is 7.0% of pensionable salary to the defined benefit segment and [illegible] contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the Pension Benefits Act [illegible]

7. Fair value disclosure:

The Plan's investments have been categorized based upon a fair value hierarchy in accordance with [illegible] hierarchy. The following fair value hierarchy table presents information about the Plan's investments measured at fair value as at December 31, 2009. There have been no transfers between levels during the year.

Investments at Fair Value as at December 31, 2009	Level 1	Level 2	Level 3	Total
Fixed Income	-	53,515,053	-	53,515,053
Canadian Equities	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Equities	9,645,685	-	-	9,645,685
International Equities	10,366,110	-	-	10,366,110
Short-Term	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

8. Related party transactions:

The University charged [illegible] costs to the Plan. The cost for [illegible] was [illegible] ([illegible] - $50,000) and has been included in other expenses. This transaction is measured at the exchange amount, which is the amount of consideration [illegible].

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 [illegible] plus interest in respect to the distribution of a [illegible] 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.

9. Subsequent event (continued):

Following the Court of Appeal decision, the Board of Trustees received clarification of the Order from the Superintendent with respect to several matters with respect to the Order, and requested Canada Revenue Agency approval for the necessary contribution by the University and the payment of corresponding amounts to plan members. The final necessary approval was received after December 31, 2009. The University immediately contributed $8,775,827 into the Plan in January, 2010, and payments to members entitled to a share of this amount commenced in February, 2010.

Accordingly, the net assets available for benefits as at December 31, 2009 do 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.

10. Reclassification of comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2009.