THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

2008

ANNUAL REPORT

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MESSAGE FROM THE CHAIR AND EXECUTIVE DIRECTOR

As a Board of Trustees and Program Administration, our responsibility is to serve The Winnipeg Civic Employees' Benefits Program and to act in the best interests of Program Members. We take this responsibility very seriously. We appreciate this opportunity to share with you the highlights of 2008.

2008 Year-in-Review

The effects of the economic and financial markets in 2008 on The Winnipeg Civic Employees' Benefits Program was a year for the record books. The market value of The Winnipeg Civic Employees' Pension Plan investments declined by 15.5% in 2008, not unlike the returns experienced by other diversified pension funds throughout Canada. To put this into perspective, this follows five years, from 2003 to 2007, during which our Pension Plan earned a cumulative investment return of 60.2%, or 9.9% per year on average.

Our Pension Plan is managed by professional investment managers and overseen by an Investment Committee of experienced investment professionals and trustees. It is invested for the long term, following prudent investment policies. Throughout the history of the Program, the Board has followed prudent financial and actuarial policies that have involved setting aside surpluses during good years in order to weather the storm during the inevitable periods of low, or even negative, investment returns.

While the market effects of 2008 will have no immediate effect on the benefits provided by the Program, it is important to bear in mind that 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. Program 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. Program benefits are not guaranteed by the City of Winnipeg or the other employers participating in the Program.

The Program has provided some of the best pension and disability benefits in Canada and has done so with contribution rates that are lower than other plans. A significant challenge, however, is that the current cost of benefits accruing under the Program each year is approximately 24% of pensionable earnings, while combined employee and matching employer contributions amount to about 13.4% of pensionable earnings. Up until now, the difference of almost 11% of pensionable earnings has been financed out of the Program's special-purpose reserves.

While the Program was well-positioned heading into the market turmoil, holding significant reserves which were available to buffer against funding deficiencies, an increase in contributions and/or a reduction in benefits could be required at a future date.

Over the coming months, the Board will focus its attention on a strategic review process which will involve consideration of options to sustain the Program for current and future generations of Members, options that might ultimately affect contribution and benefit levels. As Trustees, the Board's responsibility always is to ensure that the Program is managed prudently in the interests of all Program Members according to the Trust Agreements.

On the administration side, the Program continues to take a balanced approach between operational matters and policy/strategic initiatives. At this time, much of our Administration's strategic focus is aimed at positioning our organization to meet the broad objectives of providing excellent services to Program Members and to the Board in support of their fiduciary obligations. An ongoing strategic initiative encompasses organizational development, designed to enhance the Program's staff complement for purposes of development, succession, and enhanced service delivery. Not unlike the demographics of other organizations, the Program will, in the coming years, experience the loss of significant organizational knowledge with the impending retirements of a significant number of Program staff at all levels, many of whom are long-serving. With our priority clearly being to continue to provide quality and timely service delivery, we have identified our short- to medium-term staffing requirements with the broad objective of ensuring continuity of staff (with the appropriate qualifications and in sufficient numbers) to provide quality customer service to our Members and to meet the needs of the Board.

Acknowledgments

In closing, we would like to take this opportunity to acknowledge the dedicated service of, and extend a sincere thank you to John Irvine, a Member Trustee, who stepped down from the Board on December 31, 2008 after a combined total of 24 years service with the Board of Trustees and the former Employee Benefits Board.

We also extend our sincere appreciation to Scott Penman, who stepped down from our Investment Committee in October 2008 after five years of service.

From the Board and the Administration, let us express our sincere appreciation to each and every Trustee and Investment Committee Member for their strong 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 Program Members. Our commitment going forward is to continue to work diligently in the best interest of all Program Members.

We invite you to read our 2008 Annual Report. In addition to the Winnipeg Civic Employees' Pension Plan and the Winnipeg Civic Employees' Long Term Disability Plan, this report includes the City of Winnipeg Employees' Group Life Insurance Plan, the "Civic"component of which is administered by the Board of Trustees. We hope you will find this report to be helpful and informative. And, as always, we welcome your feedback.

Sincerely,	Sincerely,
Bob Ripley Chair	Glenda Willis Executive Director

PROGRAM PROFILE

The Winnipeg Civic Employees' Benefits Program superceded the former Employee Benefits Program of the City of Winnipeg, effective January 1, 2003. The Program is comprised of:

- The Winnipeg Civic Employees' Pension Plan;
- The Winnipeg Civic Employees' Long Term Disability Plan; and
- The Winnipeg Civic Employees' Early Retirement Benefits Arrangement.

GOVERNANCE STRUCTURE

The Winnipeg Civic Employees' Benefits Program is governed by two Boards – The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund) in respect of the Winnipeg Civic Employees' Pension Plan and the Winnipeg Civic Employees' Early Retirement Benefits Arrangement, and The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund) for the Winnipeg Civic Employees' Long Term Disability Plan.

The Program operates under a jointly-trusteed governance structure pursuant to the terms and conditions of the Pension Trust Agreement and the Disability Plan Trust Agreement, entered into by the City of Winnipeg and civic unions. The 14-member Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund) is appointed equally by the City of Winnipeg and the civic unions. The individuals who comprise The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund) include the same individuals as those of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund) with the exception of one of the seven Employer Trustees and the Member Trustee on behalf of pensioners and deferred members.

This jointly-trusteed governance structure embodies both joint governance and surplus- and risk-sharing between Participating Employers and Program Members.

THE BOARD OF TRUSTEES

The Board of Trustees is responsible for the overall operation of the Program which includes ensuring that the Program is administered in accordance with the Trust Agreement, Program Text, and applicable legislation, adopting and reviewing the investment policy, monitoring investment performance, and adopting and reviewing funding policy for the Program. The Board is also responsible for ensuring adequate financial records are maintained and for reporting annually on the results of operations of the Program to Participating Employers, Unions, and Program Members. To discharge its responsibility, the Board performs in an oversight capacity with respect to all significant aspects of the management of the Program's operations.

The Board has established various committees to provide a process to assist in its decisions.

INVESTMENT COMMITTEE

The Investment Committee is responsible for determining the asset mix of the Program (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 Committee is comprised of three members appointed by Employer Trustees and three members appointed by Member Trustees.

AUDIT COMMITTEE

The Audit Committee oversees the Program's financial reporting and accounting policies and systems and makes recommendations to the Board in this regard.

BENEFITS COMMITTEE

The Benefits Committee adjudicates long term disability claims with the assistance of the Board's Medical Consultant and Case Management Team.

GOVERNANCE COMMITTEE

The Governance Committee is charged with making recommendations to the Board on governance policies, guidelines and procedures; assessing the effectiveness of the Board's governance policies; and with responsibility for the orientation of new Trustees.

ADMINISTRATION

The day-to-day administration of the Program is carried out under the direction of the Executive Director. The areas of responsibility include investments, pension and group insurance benefits, disability benefits, finance and administration, and information systems.

PARTICIPATING EMPLOYERS

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

Financial Position

As at December 31, 2008		Fair Value		Actuarial Value
		(000's)		(000's)
Net Assets Available For Benefits				
Main Account - General Component	$	2,695,856	$	3,188,201
Main Account - Future Contribution Reserve		243,451		243,451
Plan Members' Account - Enhancement Cost Reserve		27,369		27,369
Plan Members' Account - Unallocated Portion		-		-
City Account		87,199		87,199
	$	3,053,875	$	3,546,220
Program Obligations - as extrapolated	$	3,127,570	$	3,127,570
Funded Ratio - on extrapolated obligations		97.6%		113.4%

Program Highlights

		2008		2007
		(000's)		(000's)
Investments at Fair Value	$	3,053,875	$	3,746,007
Net Investment Income - Total Program (including changes in fair value)	$	(570,349)	$	66,705
Investment Rate of Return		-15.5%		2.0%
Employee Contributions	$	28,728	$	27,887
Employer Contributions and Transfers From City Account*	$	28,320	$	27,496
Benefits Paid:				
Pension Plan	$	130,450	$	122,887
Long-Term Disability Plan	$	9,502	$	10,035
Lump Sum Refunds	$	20,593	$	20,921
Membership				
Contributing Members		8,385		8,304
Inactive Members		877		917
Pensioners		6,328		6,178
		15,590		15,399

** Employee required contributions to the Program are matched by a combination of:*

i) Employer contributions to the Pension Plan in the amount of $2.684 million (2007 - $3.962 million)

ii) Employer contributions to the Long Term Disability Plan in the amount of $10.831 million (2007 - $11.040 million)

iii) Employer contributions to the Early Retirement Benefits Arrangement in the amount of $.038 million (2007 - $.028 million)

iv) Transfer from the City Account in the amount of $14.767 million (2007 - $12.466 million)

Employee contributions also include such items as additional voluntary contributions and past service contributions for which there are no required Employer contributions.

STATEMENT OF ACTUARIAL POSITION

	December 31, 2007 (000's)
1. Actuarial Value of Assets	
Main Account	$ 3,510,188
Plan Members' Account	43,437
City Account	119,286
	3,672,911
2. Actuarial Liabilities	
Pension Plan	3,114,410
Long Term Disability Plan	65,437
Early Retirement Benefits Arrangement	4,210
	3,184,057
3. Excess of actuarial value of Program assets over actuarial liabilities	488,854
4. Amounts Previously Allocated Future Contribution Reserve	259,017
Plan Members' Account	43,437
City Account	119,286
	421,740
5. Actuarial Surplus (3.- 4.)	67,114
6. Funded Ratio (1. / 2.)	
Including Plan Members' and City Accounts	115.4%
Excluding Plan Members' and City Accounts	110.2%

COST OF BENEFITS FOR SERVICE IN 2008

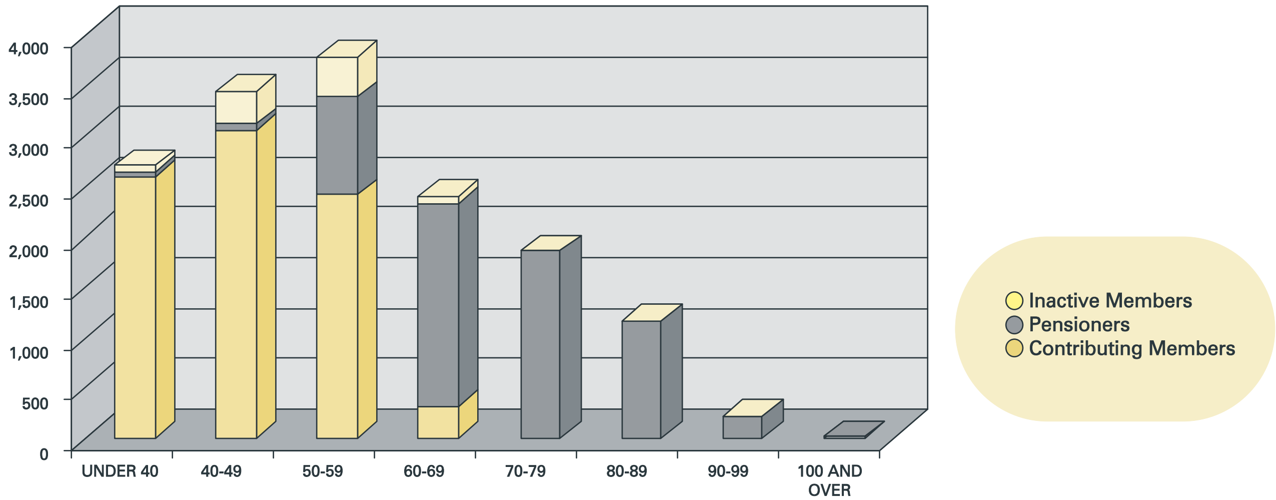
	Employee Contributions	Employer Contributions*	Allocation from Reserves	Total Cost
As % of Contributory Earnings				
1999 Benefits Level	6.71%	6.71%	8.27%	21.69%
Benefit Enhancements	-	-	2.40%	2.40%
	6.71%	6.71%	10.67%	24.09%

** Includes amounts transferred from City Account*

THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

Membership Profile as at December 31, 2008

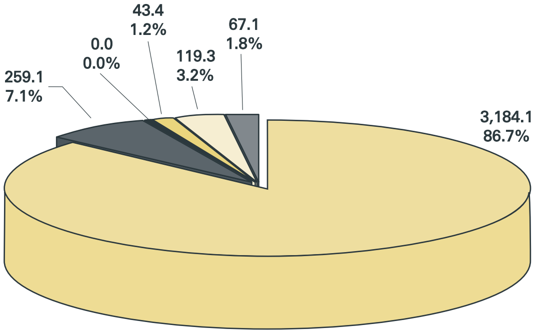
(By Age Bands)



THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

ACTUARIAL LIABILITIES AND RESERVES

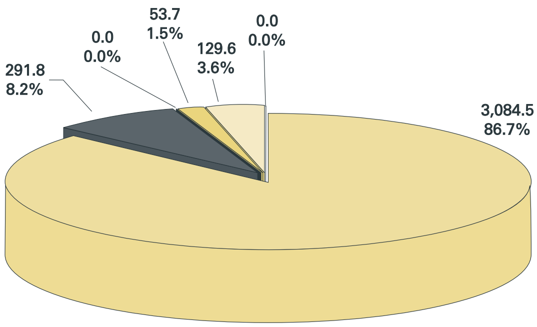
Per Actuarial Valuation as at December 31, 2007
(in $ millions)



- Actuarial Liabilities
- Main Account - Future Contribution Reserve (FCR)
- Plan Members' Account - Unallocated Portion
- Plan Members' Account - Enhancement Cost Reserve
- City Account
- Actuarial Surplus

ACTUARIAL LIABILITIES AND RESERVES

Per Actuarial Valuation as at December 31, 2006
(in $ millions)



- Actuarial Liabilities
- Main Account - Future Contribution Reserve (FCR)
- Plan Members' Account - Unallocated Portion
- Plan Members' Account - Enhancement Cost Reserve
- City Account
- Actuarial Surplus (For Allocation to FCR)

THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

HISTORY

Employees of the City of Winnipeg have enjoyed a long and proud history of participation in employee pension and benefit plans in one form or another, with the current Program's origins dating back to 1921. Following the unification of the former municipalities into the current City of Winnipeg in 1972, the Employee Benefits Program was created. Then, in 1989, all of the prior pension plans that had existed separately for the former municipalities and the Metropolitan Corporation of Greater Winnipeg were amalgamated into the Employee Benefits Program.

The most recent major fundamental change took effect on January 1, 2003 upon commencement of the restructured Winnipeg Civic Employees' Benefits Program under joint trusteeship.

This fundamental change took a number of years to accomplish, with the underpinnings of change dating back to December 1999 when City Council and the unions representing City of Winnipeg employees, with the exception of police officers (who have a separate pension plan), approved the restructuring of the former Employee Benefits Program. The restructuring required legislative amendment to The City of Winnipeg Act in 2001, Manitoba Court of Queen's Bench approval, and approval of regulatory authorities, which approvals were received in 2002.

Program Members received significant benefit improvements in 2000 pursuant to an Interim Arrangement, and these benefit improvements have been extended, under joint trusteeship, to apply to service after December 31, 2002.

This new era of joint trusteeship encompasses both joint governance and surplus- and risk-sharing between Participating Employers and Program Members, pursuant to the Pension Trust Agreement and the Disability Plan Trust Agreement entered into by the City and the civic unions.

JOINT GOVERNANCE

With joint governance, both the City of Winnipeg and the Program Members, through their representatives, have an equal voice in decision-making. The joint Board of Trustees became responsible for the management of the Program on January 1, 2003 in accordance with the Pension Trust Agreement and Disability Plan Trust Agreement. The City of Winnipeg and the Program Members have equal representation on the joint Board.

SURPLUS- AND RISK-SHARING

The Pension Trust Agreement provides for a sharing, by Participating Employers and Program Members, of both future actuarial surpluses and funding deficiencies. While the Program holds reserves which are available to buffer against future funding deficiencies, an increase in contributions and/or a reduction in benefits (particularly those that have been increased since 1999) could be required if the assets of the Program are not sufficient to meet the Program's liabilities on an ongoing basis.

The Participating Employers' share of any actuarial surpluses will be available to finance reductions of employer contributions. The Program Members' share of actuarial surpluses will be available to finance improvements above the 1999 level of benefits or to reduce Members' contributions.

FUNDED STATUS AT DECEMBER 31, 2007

The most recent actuarial valuation of The Winnipeg Civic Employees' Benefits Program as at December 31, 2007, disclosed that the Program was fully funded and had an excess of smoothed value of assets over actuarial liabilities of $488,854,000 – a funded ratio of 115.4% on the basis of actuarial values. If the fair value of assets had been used instead of the smoothed value, the excess would have been $561,950,000 – a funded ratio of 117.6% on a fair value basis. These results portrayed a picture of absolute and relative health for the Program with respect to benefits accrued for all service up to December 31, 2007.

Under the Pension Trust Agreement, the entire excess on an actuarial basis 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.

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 8% of pensionable earnings from each of the employees and employers, even though the cost of providing the benefits (approximately 24.1% 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, 2007 disclosed that the Program generated a surplus of $67,114,000 on 2007 operations, which was allocated to the Future Contribution Reserve in accordance with the Pension Trust Agreement. The actuary also disclosed that the Future Contribution Reserve, after the above surplus allocation, was funded at 100% of its target level of $326,000,000 and the Enhancement Cost Reserve was funded at 44% of its target level of $98,000,000.

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 reductions in benefit levels and increases in future employee and employer contribution 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 6.00% 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 modest by historical standards.

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

Although these assumptions were considered appropriate both for funding and accounting purposes in 2007, 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 losses that were incurred by the Program as a result of the downturn in the investment markets during 2008. The Program's rate of investment return for 2008 was -15.5%, reflective of the significant losses incurred by pension plans generally on a global basis. The "Extrapolated Funded Status" described in the next section includes the impact of such investment losses (on a smoothed basis).

EXTRAPOLATED FUNDED STATUS AT DECEMBER 31, 2008

At the time the year-end financial statements were being prepared, the results of the actuarial valuation of the Program as at December 31, 2008, were not available. Accordingly, the results of the December 31, 2007 actuarial valuation were extrapolated to December 31, 2008, with the exception of certain assumptions being updated to reflect economic circumstances for 2008, 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% (2007 – 6.0%) per year, inflation of 2.0% (2007 – 2.25%) per year and general increases in pay of 3.5% (2007 – 3.75%) 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 greater than the extrapolated obligations of the Program by approximately $60,631,000 as at December 31, 2008. Although the extrapolated values of the assets and obligations project a somewhat significant amount of apparent surplus emerging on 2008 operations, this result should be viewed within the context of the Program only recognizing, for actuarial measurement purposes, approximately one-fifth of the 2008 investment market losses (after applying unrecognized investment gains from 2007) upon applying its five-year asset smoothing method (see further comments below). The Board may ultimately consider it prudent to defer recognition of any emerging 2008 surplus by applying the surplus otherwise determined against unrecognized investment losses. 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, 2008. It is not expected that the results of this forthcoming valuation will result in changes to 2009 contribution rates or 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 113.4% on an actuarial basis and 97.6% on a fair value basis. These funded positions compare with those from the most recent actuarial valuation one year earlier of 115.4% and 117.6%, respectively. With the going concern funded ratio falling below 100% measured on a fair value basis, all Program assets (including special-purpose Reserves and Accounts that continue to exist as a result of applying a five-year smoothing method to value the Main Account- General Component for actuarial measurement purposes) are realistically supporting only the Program's accrued benefits at year end 2008.

The application of a five-year asset smoothing method has had the effect of deferring a very significant portion of the investment market losses in 2008 to future years, as the actual rate of return fell significantly short of the assumed rate of return for this year.

As at December 31, 2008, the assets as measured on a smoothed basis are greater than their related fair value by $492,345,000 – a reduction in position of $565,441,000 from the previous year. In effect, the smoothing method has served to temporarily buffer (i.e. potentially delay recognition 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 four years, the remaining $492,345,000 smoothing difference would be expected to emerge as funding deficiencies over this four-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 reductions to benefit levels and increases in employee and employer contribution rates.

The above noted funding deficiencies could be avoided to the extent that there is a significant reversal in the investment markets, which results in higher than assumed rates of investment return realized over the next four years, or to the extent that there are increased contributions over this period. 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 no longer “in balance”, as the cost of benefits accruing each year far exceeds the required contributions to finance them. This shortfall was in the past financed from reserves, which at present are not realistically supported by “fair value” investments and which in the future have very uncertain value. 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 4.4% per year, ranking fourth quartile (79th 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 2.2%, the Program fell short of this goal by a margin of 2.8% per year over the last ten years. It should be noted that such measurements are end date sensitive. It should also be noted that in the previous year’s annual report it was reported that the 10 year objective had been achieved with a small excess margin of 0.1%. 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 3.75% per year (4.25% on the extrapolated basis), 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 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 3.75% per year real return used for the actuarial valuation at December 31, 2007, 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 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.

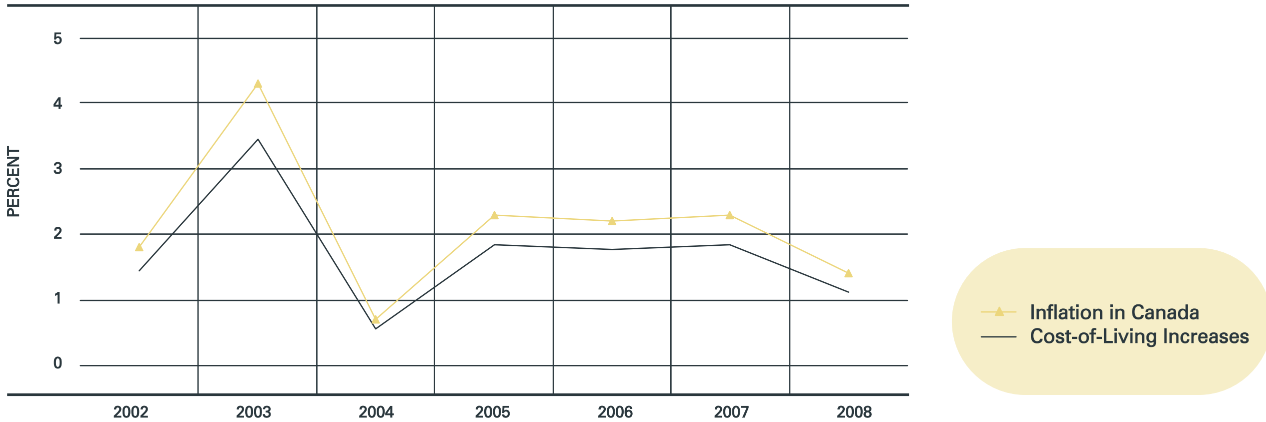
The Board recognizes that the 5% per year real rate of return objective will prove to be a challenging objective in today’s investment markets. The Board, and its Investment Committee, will continue to prudently manage the Program’s assets towards this objective. In light of the present low interest rate environment and challenging investment markets, the Board, as previously noted, is pro-actively reviewing the Plan’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.

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 2008 was $37,370 (2007 - $28,424). 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.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN
Cost-of-Living Increases



FIVE YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004
	(000's)	(000's)	(000's)	(000's)	(000's)
Investments at Fair Value					
Bonds and Debentures	$ 1,288,611	$ 1,328,101	$ 1,296,619	$ 1,201,900	$ 1,192,727
Real Return Bonds	18,003	18,343	18,514	19,461	17,990
Canadian Equities	764,100	1,244,536	1,394,067	1,308,906	1,121,628
Foreign Equities	848,069	1,012,405	1,001,303	833,667	710,919
Cash and Short-term Deposits	109,086	129,818	75,491	98,980	158,081
Private Equities	37,448	22,033	21,818	14,359	2,531
Other Liabilities	(11,442)	(9,229)	(14,402)	(13,864)	(8,287)
	$ 3,053,875	$ 3,746,007	$ 3,793,410	$ 3,463,409	$ 3,195,589
Assets Available for					
Main Account					
- General Component	2,695,856	3,324,267	3,318,333	3,040,876	2,770,270
- Future Contribution Reserve	243,451	259,017	291,803	239,482	240,728
Plan Members' Account					
- Unallocated Portion	-	-	-	-	-
- Enhancement Cost Reserve	27,369	43,437	53,724	57,860	60,770
City Account	87,199	119,286	129,550	125,191	123,821
	$ 3,053,875	$ 3,746,007	$ 3,793,410	$ 3,463,409	$ 3,195,589

MAIN ACCOUNT- GENERAL COMPONENT

	2008	2007	2006	2005	2004
Contributions					
Employees	$ 28,728	$ 27,887	$ 26,928	$ 27,228	$ 25,193
City of Winnipeg and Participating Employers	2,684	3,962	5,523	5,164	5,177
Reciprocal Transfers	653	168	310	388	735
Transfer from					
Future Contribution Reserve	34,905	37,660	30,573	32,012	32,548
Enhancement Cost Reserve	10,130	11,147	10,862	9,523	8,786
City Account	14,767	12,466	10,997	12,481	11,712
Net Investment Income (Loss)	(499,316)	58,769	380,455	322,356	251,138
	(407,449)	152,059	465,648	409,152	335,289
Pension Payments	130,450	122,887	116,118	113,705	105,988
Lump Sum Benefits	20,593	20,921	21,958	18,583	13,063
Administration	2,805	2,317	2,140	2,311	2,432
Transfer to					
Future Contribution Reserve	67,114	-	47,975	3,893	5,922
City Account	-	-	-	27	-
Plan Members' Account Unallocated Portion	-	-	-	27	-
	220,962	146,125	188,191	138,546	127,405
Increase (Decrease) in Net Assets	$ (628,411)	$ 5,934	$ 277,457	$ 270,606	$ 207,884

MAIN ACCOUNT- FUTURE CONTRIBUTION RESERVE

	2008	2007	2006	2005	2004
	(000's)	(000's)	(000's)	(000's)	(000's)
Transfer of Surplus from Main Account - General Component	$ 67,114	$ -	$ 47,975	$ 3,893	$ 5,922
Net Investment Income (Loss)	(47,775)	4,874	34,919	26,873	23,142
	19,339	4,874	82,894	30,766	29,064
Transfer to Main Account - General Component	34,905	37,660	30,573	32,012	32,548
Increase (Decrease) in Assets Available for Pension Benefits	$ (15,566)	$ (32,786)	$ 52,321	$ (1,246)	$ (3,484)

PLAN MEMBERS' ACCOUNT- UNALLOCATED PORTION

	2008	2007	2006	2005	2004
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ -	$ 27	$ -
Net Investment Income	-	-	-	3	634
	-	-	-	30	634
Transfer to Enhancement Cost Reserve	-	-	-	30	7,047
(Decrease) in Net Assets	$ -	$ -	$ -	$ -	$ (6,413)

PLAN MEMBERS' ACCOUNT- ENHANCEMENT COST RESERVE

	2008	2007	2006	2005	2004
Transfer of Surplus from Plan Members' Account - Unallocated Portion	$ -	$ -	$ -	$ 30	$ 7,047
Net Investment Income (Loss)	(5,938)	860	6,726	6,583	5,234
	(5,938)	860	6,726	6,613	12,281
Transfer to Main Account - General Component	10,130	11,147	10,862	9,523	8,786
Increase (Decrease) in Net Assets	$ (16,068)	$ (10,287)	$ (4,136)	$ (2,910)	$ 3,495

CITY ACCOUNT

	2008	2007	2006	2005	2004
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ -	$ 27	$ -
Net Investment Income (Loss)	(17,320)	2,202	15,356	13,824	11,678
	(17,320)	2,202	15,356	13,851	11,678
Transfer to Main Account - General Component	14,767	12,466	10,997	12,481	11,712
Increase (Decrease) in Net Assets	$ (32,087)	$ (10,264)	$ 4,359	$ 1,370	$ (34)
Annual Rates of Return	-15.5%	2.0%	13.0%	11.9%	10.0%

BUILDING STRONG RELATIONSHIPS

Program staff strive to provide quality service to Program Members. Our services to Members, either prior to or after retirement, include the following:

- 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) or the surviving beneficiaries of Program Members;
- responding to Members' personal and general enquiries;
- producing a bi-weekly pension payroll;
- producing individual annual statements of benefits;
- participating in pre-retirement seminars.

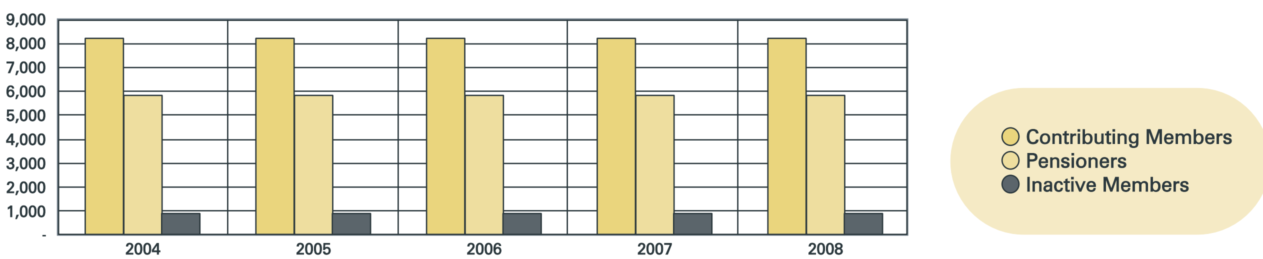
Total Program membership increased 1.2% to 15,590 at December 31, 2008. The number of contributing members increased 1.0% to 8,385 in 2008, following a small membership increase in 2007, a small decrease in 2006 and a small increase in 2005. The number of contributing members has decreased over the longer term from the high of 9,617 contributing members in 1990. The number of pensioners continues to grow, increasing 2.4% to 6,328 during 2008.

THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

Summary of Membership

	2008	2007	2006	2005	2004
Contributing Members	8,385	8,304	8,248	8,283	8,231
Inactive Members	877	917	918	888	849
Pensioners	6,328	6,178	6,025	5,967	5,837
Total Membership	15,590	15,399	15,191	15,138	14,917
Activity During the Year					
Retirements	310	289	223	275	260
Deaths in Service	26	24	12	13	18
Pensioner Deaths	225	199	230	209	194
New Disabilities	74	85	103	84	75
New Members	810	762	598	665	653
Terminations	477	446	409	333	285

Membership



REPORT FROM THE DIRECTOR OF INVESTMENTS

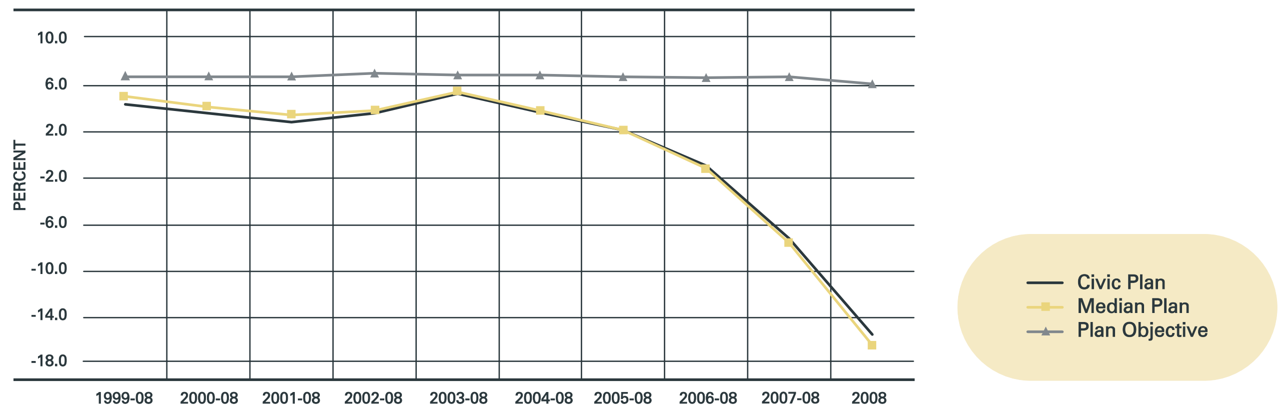
The Board of Trustees of The Winnipeg Civic Employees' Benefits Program delegates to its Investment Committee the responsibility for determining the Program's asset mix, within the parameters of the Program's Statement of Investment Policies and Procedures, for recommending the selection or termination 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 2008, the investment portfolio reported a negative return of 15.45%. 2008 was tumultuous, as the global credit markets "seized up" in the last half of the year and the "worst global recession since the Great Depression" became evident. The years 1999 and 2000 and 2003-2006 experienced abnormally high real returns, interspersed by negative returns for 2001 and 2002 and meagre returns in 2007. The Program's four-year and ten-year annualized rates of return of 2.19% and 4.40%, respectively, place the Program at the 51st percentile and 79th percentile ranking respectively, of Canadian pension fund returns as measured by RBC Dexia Investor Services, an independent measurement service.

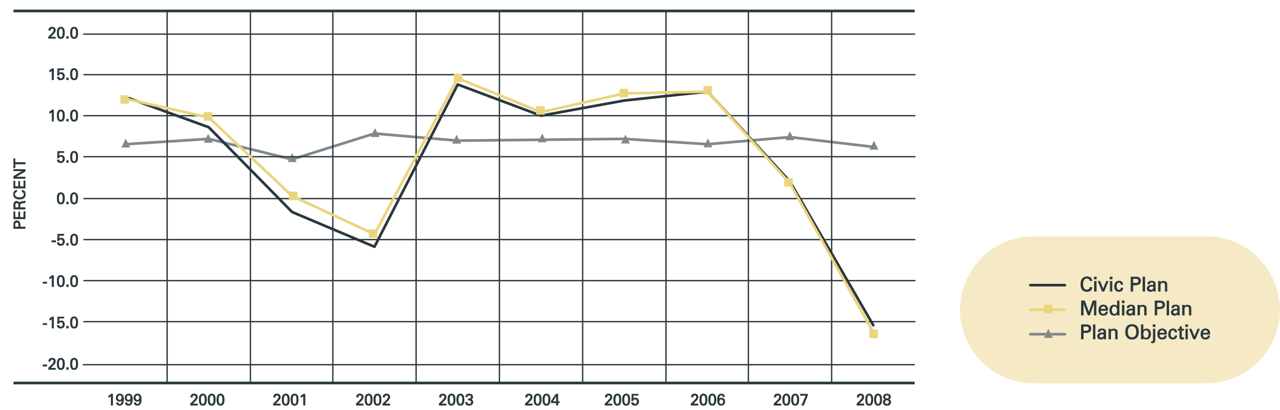
The below median ten-year record (median return of 5.05%) can be attributed to the underperformance of our Canadian equity managers and the underperformance, until recently, of our passive investment in the S&P 500 Index relative to the performance of active managers. More recent performance, on a relative basis, has been positively affected by having the Program's Canadian equity portfolios underweighted in the energy and materials sectors which experienced dramatic declines in values in the latter half of 2008. Generally, our investment managers have a more conservative position in these cyclical sectors which represented more than 48% of the S&P/TSX in 2008.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Annualized Rates of Return



Annual Rates of Return



ASSET MIX

As a result of a general significant decline in the global equity markets and significant withdrawals from Canadian equities, there was a decrease in allocation to equity investments – from 60.0% of the portfolio at the beginning of the year to 52.6% at year-end. Benefit payments and administrative expenses exceeded contributions by $126.1 million in 2008. Funds were raised by liquidating $122.1 million from the Program's Canadian equity position and $154.5 million from bonds and money market investments. An allocation of $63.3 million was directed to one of the Plan's non-North American equity managers, Baillie Gifford, and $13.8 million was directed to our private equity fund-of-funds manager, Hamilton Lane.

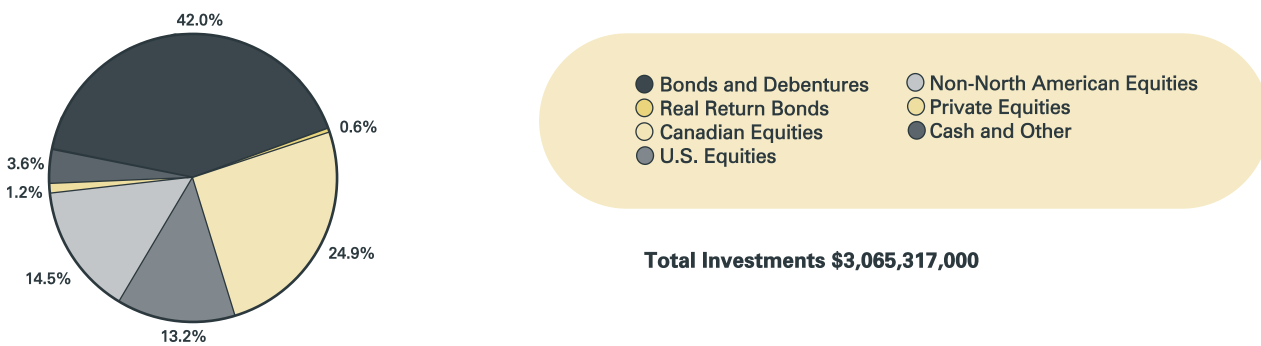
With the termination of our US Small Cap growth manager in October 2008 and an additional allocation to JPMorgan, our core active US equity manager, a net $73.5 million was added to US equities in the latter part of 2008.

Asset Mix

	2008	2007	2006	2005	2004
Bonds and Debentures	42.6%	35.9%	34.5%	35.2%	37.8%
Canadian Equities	24.9%	33.1%	36.6%	37.6%	35.0%
Foreign Equities	27.7%	26.9%	26.3%	24.0%	22.2%
Cash and Other	3.6%	3.5%	2.0%	2.8%	4.9%
Private Equities	1.2%	0.6%	0.6%	0.4%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

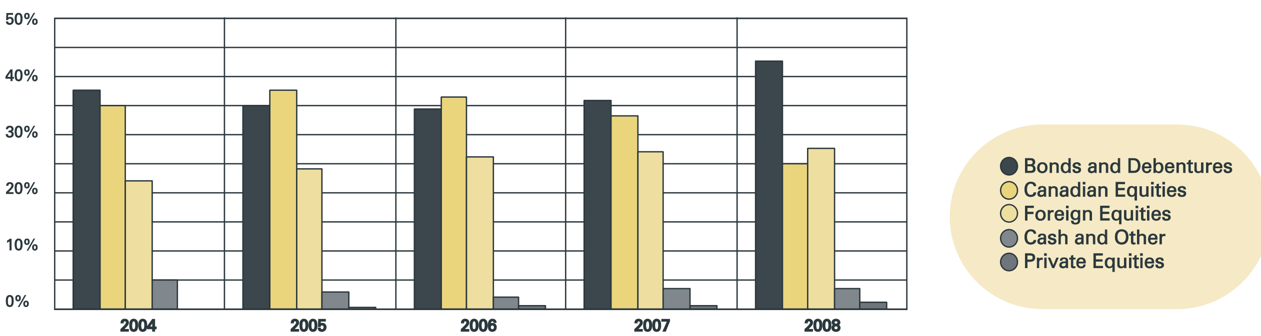
THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Asset Mix as at December 31, 2008



Total Investments $3,065,317,000

Asset Mix



EQUITY INVESTMENTS

The Program's Canadian equity managers outperformed the S&P/TSX Composite Index and the median pension fund in 2008 with a negative rate of return of 31.44%. The S&P/TSX Composite Index had a negative return of 33.00% in 2008 compared to a return of 9.8% in 2007.

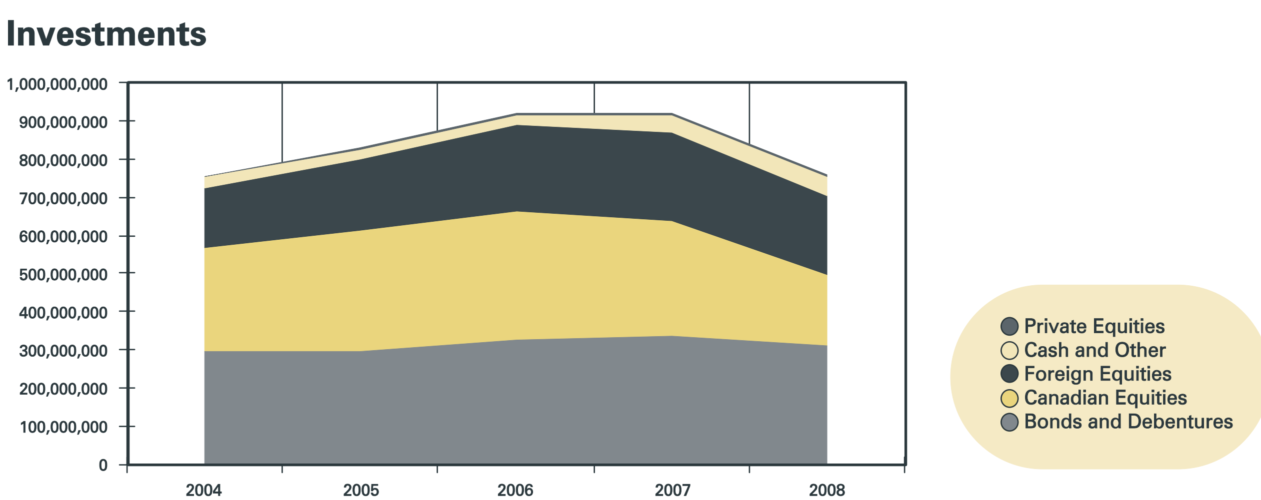
The Program's Foreign equity managers, collectively, experienced a negative return of 28.74% in Canadian dollar terms in 2008. This return was marginally below the median. The US equity managers collectively reported a negative return of 22.64%, in Canadian dollars, in 2008 which was below the negative return of the S&P 500 of 21.20%. 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 negative return of 32.36% in 2008. The Europe, Australia, Far East Index declined 29.18% which was initiated from the sub prime loan fallout experienced in the US.

The World index declined 25.8% in Canadian dollars in 2008.

FIXED INCOME INVESTMENTS

The Program`s bond portfolio achieved a rate of return of 7.17% in 2008. For the four- and nine-year periods ended December 31, 2008, the bond portfolio returned 5.45% and 7.21% annually, ranking well into the 1st quartile.

Our strategy of maintaining a marginally long duration, high quality bond portfolio positively influenced our absolute and relative performance over the nine years. Performance for 2008 ranking at the 8th percentile, represented the avoidance of any credit defaults.



ASSET MIX STRATEGY FOR 2009

After a historically negative year for institutional funds in 2008, the Investment Committee anticipates an elongated global recession, deflation challenges and a steep yield curve. In the long term, assuming a recovery in the latter part of 2009, stocks should outperform bonds (interest rates cannot go much lower).

We expect that the asset mix of the Fund will gradually alter over the year to the desired asset mix as funds are drawn from fixed income to fund benefit payments. It is anticipated there will be no direct new allocation to public equities.

Total Returns

	One Year	Four Years	Ten Years
Total Fund	-15.5 %	2.2 %	4.4 %
Bonds and Debentures	7.2 %	5.5 %	5.8 %
Canadian Equities	-31.4 %	1.2 %	6.3 %
Foreign Equities	-28.7 %	-3.9 %	-2.3 %

Benchmarks			
DEX Universe Bond Index	6.4 %	5.1 %	6.0 %
S&P / TSX Composite Index	-33.0 %	1.7 %	5.3 %
S&P 500	-21.2 %	-4.5 %	-3.5 %
Europe, Australia, Far East Stock Market Index	-29.2 %	-1.8 %	-1.4 %
Consumer Price Index	1.2 %	1.8 %	2.2 %

Rick Abbott
Director of Investments

ACTUARIAL OPINION

Mercer has conducted an actuarial valuation of the Winnipeg Civic Employees' Benefits Program as at December 31, 2007, 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 April 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, 2007 and has an excess of smoothed value of assets over actuarial liabilities of $488,854,000 as at that date, on the basis of the assumptions and methods described in our report. Of this excess $421,740,000 has been previously allocated to the Future Contribution Reserve, the Plan Members' Account and the City Account.

The remaining actuarial surplus of $67,114,000 will be allocated to the Future Contribution Reserve in accordance with the terms of the Pension Trust Agreement.

The Program has a solvency excess of $336,904,000 as at December 31, 2007.

Cost of Benefits for Service in 2008

The normal actuarial cost of the benefits expected to be earned under the Program for service in 2008 is 24.09% of contributory earnings.

This cost is expected to be financed by employee contributions averaging 6.71% of contributory earnings, employer contributions and transfers from the City Account of 6.71% of contributory earnings, transfers from the Future Contribution Reserve of 8.27% of contributory earnings and transfers from the Enhancement Cost Reserve within the Plan Members' Account of 2.40% 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, 2007 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, 2007 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, 2007 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. DeLuca.

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

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, 2008 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, 2008 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
May 28, 2009

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

As at December 31	2008	2007
	(000's)	(000's)
Assets		
Investments, at fair value		
Bonds and debentures	$ 1,299,619	$ 1,339,810
Canadian equities	764,100	1,244,536
Foreign equities	848,069	1,012,405
Cash and short-term deposits	109,086	129,818
Private equities	37,448	22,033
	3,058,322	3,748,602
Accrued interest	6,995	6,634
Accounts receivable	1,172	770
Due from other plans	-	951
Total Assets	3,066,489	3,756,957
Liabilities		
Accounts payable	12,130	10,950
Due to other plans	484	-
Total Liabilities	12,614	10,950
Net Assets Available For Benefits	$ 3,053,875	$ 3,746,007
Net Assets Available For Benefits Comprised of:		
Main Account - General Component	$ 2,695,856	$ 3,324,267
Main Account - Future Contribution Reserve	243,451	259,017
Plan Members' Account - Unallocated Portion	-	-
Plan Members' Account - Enhancement Cost Reserve	27,369	43,437
City Account	87,199	119,286
	$ 3,053,875	$ 3,746,007

See accompanying notes to the consolidated financial statements

MAIN ACCOUNT - GENERAL COMPONENT

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Contributions		
Employees	$ 28,728	$ 27,887
City of Winnipeg and participating employers	2,684	3,962
Reciprocal transfers from other plans	653	168
	32,065	32,017
Transfers from other accounts and reserves (Note 1)		
City Account	14,767	12,466
Future Contribution Reserve	34,905	37,660
Enhancement Cost Reserve	10,130	11,147
	91,867	93,290
Investment income (Note 5)	118,723	120,993
Total increase in assets	210,590	214,283
Decrease in Assets		
Pension payments	130,450	122,887
Lump sum benefits	20,593	20,921
Administrative expenses (Note 7)	2,805	2,317
Investment management and custodial fees	6,536	7,606
Current period change in fair value of investments	611,503	54,618
Transfer of surplus to Future Contribution Reserve (Note 3)	67,114	-
Total decrease in assets	839,001	208,349
(Decrease) increase in net assets	(628,411)	5,934
Net assets available for benefits at beginning of year	3,324,267	3,318,333
Net assets available for benefits at end of year	$ 2,695,856	$ 3,324,267

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEE'S PENSION PLAN

MAIN ACCOUNT - FUTURE CONTRIBUTION RESERVE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Transfer of surplus from Main Account - General Component (Note 3)	$ 67,114	$ -
Investment income (Note 5)	11,359	10,033
Total increase in assets	78,473	10,033
Decrease in Assets		
Investment management and custodial fees	625	630
Current period change in fair value of investments	58,509	4,529
Transfer to Main Account - General Component (Note 1)	34,905	37,660
Total decrease in assets	94,039	42,819
(Decrease) in net assets	(15,566)	(32,786)
Net assets available for benefits at beginning of year	259,017	291,803
Net assets available for benefits at end of year	$ 243,451	$ 259,017

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEE'S PENSION PLAN

PLAN MEMBERS' ACCOUNT - UNALLOCATED PORTION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Investment income (Note 5)	$ -	$ -
Current period change in fair value of investments	-	-
Total increase in assets	-	-
Decrease in Assets		
Investment management and custodial fees	-	-
Transfers to Plan Members' Account - Enhancement Cost Reserve	-	-
Total decrease in assets	-	-
Increase in net assets	-	-
Net assets available for benefits at beginning of year	-	-
Net assets available for benefits at end of year	$ -	$ -

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEE'S PENSION PLAN

PLAN MEMBERS' ACCOUNT - ENHANCEMENT COST RESERVE

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Investment income (Note 5)	$ 1,412	$ 1,770
Total increase in assets	1,412	1,770
Decrease in Assets		
Investment management and custodial fees	78	111
Current period change in fair value of investments	7,272	799
Transfer to Main Account - General Component (Note 1)	10,130	11,147
Total decrease in assets	17,480	12,057
(Decrease) in net assets	(16,068)	(10,287)
Net assets available for benefits at beginning of year	43,437	53,724
Net assets available for benefits at end of year	$ 27,369	$ 43,437

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEE'S PENSION PLAN

CITY ACCOUNT

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Investment income (Note 5)	$ 4,118	$ 4,533
Total increase in assets	4,118	4,533
Decrease in Assets		
Investment management and custodial fees	227	285
Current period change in fair value of investments	21,211	2,046
Transfers to Main Account - General Component (Note 1)	14,767	12,466
Total decrease in assets	36,205	14,797
(Decrease) in net assets	(32,087)	(10,264)
Net assets available for benefits at beginning of year	119,286	129,550
Net assets available for benefits at end of year	$ 87,199	$ 119,286

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

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.

Members contribute 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.

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.

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.

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.

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 using published market quotations.

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 December 2006, the CICA issued section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. All three Sections are applicable to the financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Plan has adopted the new standards for its fiscal year beginning January 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial statements is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. This information is included in Notes 3 and 4.

3. Obligations for Pension Benefits

An actuarial valuation of The Winnipeg Civic Employees' Benefits Program was made as of December 31, 2007 by Mercer (Canada) Limited. The results of the December 31, 2007 actuarial valuation were extrapolated to December 31, 2008, with the exception of certain assumptions being updated to reflect economic circumstances for 2008, to determine the actuarial present value of accrued benefits disclosed below. These assumptions were approved by the Board of Trustees. 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 preparing this note to the financial statements included a valuation interest rate of 6.25% (2007 – 6.0%) per year, inflation of 2.0% (2007 - 2.25%) per year and general increases in pay of 3.50% (2007 - 3.75%) 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, 2007 disclosed a $67,114,000 actuarial surplus to be allocated in accordance with the Pension Trust Agreement.

The actuarial present value of the Program's accrued benefits as at December 31, 2008, as extrapolated, and the principal components of changes in actuarial present values during the year, were as follows:

	2008	2007
	(000's)	(000's)
Actuarial present value of accrued benefits, beginning of year	$ 3,216,038	$ 2,987,442
Experience gains and losses and other factors	(16,428)	(11,615)
Changes in actuarial assumptions	(193,071)	108,714
Interest accrued on benefits	185,882	183,512
Benefits accrued	99,866	105,179
Benefits paid	(160,584)	(153,872)
Administrative expenses paid	(4,134)	(3,322)
Actuarial present value of accrued benefits, end of year	$ 3,127,570	$ 3,216,038

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 $68,042,000 and $4,415,000 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:

	2008	2007
	(000's)	(000's)
Fair value of net assets available for benefits	$ 2,695,856	$ 3,324,267
Fair value changes not reflected in actuarial value of assets	492,345	(73,096)
Actuarial value of net assets available for benefits	$ 3,188,201	$ 3,251,171

A full actuarial valuation of the Program is being carried out as of December 31, 2008. 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 regularly 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, 2008, the Plan's credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $1,415,700,000. The Plan's concentration of credit risk as at December 31, 2008, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2008 Fair Value	2007 Fair Value
	(000's)	(000's)
Government of Canada and Government of Canada guaranteed	$ 371,142	$ 499,549
Provincial and Provincial guaranteed	379,420	360,062
Canadian cities and municipalities	-	-
Corporations and other institutions	549,057	480,199
	$ 1,299,619	$ 1,339,810

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $103,232,000 at December 31, 2008.

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:

	2008		2007	
Credit Rating	Percent of Total Bonds	Percent of of Net Assets	Percent of Total Bonds	Percent of of Net Assets
	(%)	(%)	(%)	(%)
AAA	47.6	20.3	52.7	18.9
AA	41.2	17.6	39.7	14.2
A	8.7	3.7	6.5	2.3
BBB	1.3	0.5	1.1	0.4
BB	1.2	0.5	-	-
	100.00	42.6	100.00	35.8

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 46% of its assets invested in fixed income securities as at December 31, 2008. 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, 2008 are as follows:

Term to Maturity	2008 Fair Value	2007 Fair Value
	(000's)	(000's)
Less than one year	$ 97,137	$ 170,357
One to five years	409,838	441,896
Greater than five years	792,644	727,557
	$ 1,299,619	$ 1,339,810

As at December 31, 2008, had prevailing interest rates raised or lowered by 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 $34,895,000 (approximately 1.1% of total net assets). 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, 2008. 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.

	2008				2007	
	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	$ 451,742	$ 483	$ 452,225	$ 45,222	$ 471,506	$ 47,151
Euro	133,788	378	134,166	13,417	170,204	17,020
Japan	74,699	(1,130)	73,569	7,357	86,812	8,681
United Kingdom	72,819	-	72,819	7,282	116,776	11,678
Switzerland	32,087	(928)	31,159	3,116	34,692	3,469
Australia	18,048	2,028	20,076	2,008	14,638	1,464
Hong Kong	14,292	-	14,292	1,429	26,278	2,628
Other	79,511	(746)	78,765	7,876	105,704	10,570
	$ 876,986	$ 85	$ 877,071	$ 87,707	$ 1,026,610	$ 102,661

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, 2008, 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 $241,825,000 (approximately 7.9% of total net assets). 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, 2008, the estimated fair value of private equity investments is $37,448,000 (2007 - $22,033,000), approximately 1.2% of total net assets (2007 – 0.6%), and the related change in fair value of investments recognized for the year ended December 31, 2008 is $1,804,000 (2007 – ($4,107,000)).

5. Investment Income

	2008	2007
	(000's)	(000's)
Bonds and debentures	$ 71,979	$ 78,560
Canadian equities	27,540	28,984
Foreign equities	30,704	25,827
Cash and short-term deposits	5,389	3,958
	$ 135,612	$ 137,329
Allocated to:		
Main Account – General Component	$ 118,723	$ 120,993
Main Account – Future Contribution Reserve	11,359	10,033
Plan Members' Account – Unallocated Portion	-	-
Plan Members' Account – Enhancement Cost Reserve	1,412	1,770
City Account	4,118	4,533
	$ 135,612	$ 137,329

6. Investment Transaction Costs

During 2008, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $1,645,642 (2007 - $1,347,975). Investment transaction costs are included in the current period change in fair value of investments.

7. Administrative Expenses

	2008	2007
	(000's)	(000's)
Salaries and benefits	$ 2,464	$ 2,076
Actuarial fees	208	382
Other professional services	231	269
Office and administration	667	628
Capital expenditures	981	124
Less: recoveries from other plans	(1,746)	(1,162)
	$ 2,805	$ 2,317

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, 2008, $29,992,558 had been funded.

9. Comparative Figures

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

2008
ANNUAL REPORT

THE WINNIPEG CIVIC EMPLOYEES
LONG TERM DISABILITY PLAN

LONG TERM DISABILITY PLAN

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 members of The Winnipeg Civic Employees' Benefits Program are automatically members of the Long Term Disability Plan. Employee contributions to the Plan are not required. A portion of the Participating Employers' contributions to the Program are used to pay the benefits and expenses of the Long Term Disability Plan as they fall due.

If an employee is totally disabled, the benefits payable from the Long Term Disability Plan, together with benefits from the Canada Pension Plan, will equal at least 66 2/3% of an employee's average salary at the date of disability.

CASE MANAGEMENT

The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Disability Fund) promotes a systematic process that provides a consistent and equitable multi-disciplinary approach – referred to as Case Management – when dealing with disabled Plan Members. 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 (nurse), three case management consultants (two nurses) and the on-site guidance of a physician medical consultant.

The 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 workplace reintegration period.

To facilitate a workplace reintegration plan, external resources such as specialists, occupational therapists, physiotherapists and psychologists are utilized as required, in a timely and cost-effective manner.

CLAIM ACTIVITY

Orthopaedic and psychological related illnesses continue to be the basis for the majority of claims being processed by the Plan. The Plan's integrated approach to Case Management, including initial and ongoing claim triage, streamlined processes, and focus on workplace integration, together with the addition of internal clinical resources, yielded positive outcomes and overall results.

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 Long Term Disability Plan.

Activity Summary

For The Years Ended December 31	2008	2007	2006	2005	2004
Employees Receiving Disability Benefits	456	498	498	470	441
Employees Returning to Pre-Disability Duties	46	51	37	23	25
Employees Working in Alternate Duties	117	128	105	104	95
Disability Benefits Paid	$ 9,502,000	$ 10,035,000	$ 9,009,000	$ 8,233,000	$ 7,163,000

AUDITORS' REPORT

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, 2008. 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, 2008 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 28, 2009

STATEMENT OF CONTRIBUTIONS AND EXPENSES

For the years ended December 31	2008	2007
	(000's)	(000's)
Contributions		
City of Winnipeg and participating employers	$ 10,831	$ 11,040
Total Contributions	10,831	11,040
Expenses		
Administration	1,329	1,005
Disability payments	9,502	10,035
Total Expenses	10,831	11,040
	$ -	$ -

See accompanying notes to the consolidated financial statements

NOTES TO THE FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2007 by Mercer (Canada) Limited. The valuation disclosed obligations related to The Winnipeg Civic Employees' Long Term Disability Plan in the amount of $65,437,000. The results of the December 31, 2007 actuarial valuation were extrapolated to December 31, 2008, with the exception of certain assumptions being updated to reflect economic circumstances for 2008, to determine the actuarial present value of accrued benefits. These updated assumptions were approved by the Board of Trustees for purposes of extrapolating the obligation, which is estimated at $68,042,000 as at December 31, 2008.

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.

2008

ANNUAL REPORT

THE WINNIPEG CIVIC EMPLOYEES
GROUP LIFE INSURANCE PLAN

EMPLOYEES' GROUP LIFE INSURANCE PLAN

The City of Winnipeg Employees' Group Life Insurance Plan is comprised of two Plans, the Civic Employees' Group Life Insurance Plan for employees of the City of Winnipeg other than police officers ("Civic employees") and the Police Employees' Group Life Insurance Plan for police employees ("Police employees").

Civic employees join the Group Life Insurance Plan at the same time they are enrolled in The Winnipeg Civic Employees' Benefits Program. Plan members are covered for basic life insurance coverage of one or two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage to up to four times annual earnings. Plan members and the City share equally in the cost of basic life insurance for active members. Upon retirement, a portion of the basic life insurance can be continued at the employee's option. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

All Police employees are required to become members of the Police Plan commencing on their employment date. Police employees are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. Plan members and the City share equally in the cost of basic life insurance for active members. Coverage on the life of disabled members will continue at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

Contributions to the Plans finance the cost of pre-retirement basic and additional life insurance coverage in the year the coverage is provided and set aside funds which, together with investment income and the contributions made by pensioners, will finance the cost of post-retirement insurance coverage. Pensioners contribute at the same rate as employees, although these contributions cover only a fraction of the cost of this insurance. The balance of the cost of the post-retirement insurance is financed by a portion of the contributions made to the Plans while the member is an employee. This portion of the contributions which is set aside to fund post-retirement insurance coverage is invested from the time the contributions are made until after the member's retirement.

Total Plan membership for the Civic Employees has increased 5.1% over the past four years. The number of active members has increased 2.4% over this period, going from 8,023 at the end of 2004 to 8,215 at the end of 2008. The number of pensioners has grown 10.7% over this period, increasing from 4,187 at the end of 2004 to 4,634 at the end of 2008.

Total Plan membership for Police Employees has grown by 14.3% over the past four years. The number of active members has increased 9.9% over this period, going from 1,246 at the end of 2004 to 1,369 at the end of 2008. The number of police pensioners has grown substantially, going from 607 at the end of 2004 to 749 at the end of 2008, a 23.4% increase over the period.

The Civic Employees' Group Life Insurance Plan's most recent actuarial valuation as at December 31, 2004 disclosed an actuarial surplus of $27,355,000 and a contingency reserve in the amount of $5,304,000. The surplus is being utilized to finance reductions to contribution rates of 54% for basic life insurance. On the advice of the Plan's Actuary, a revised table of contribution rates payable by the members for optional additional insurance was adopted effective January, 2006, in which contribution rates were reduced by an average of 33%. These revised rates continue to incorporate a 25% reduction on account of the actuarial surplus.

The Police Employees' Group Life Insurance Plan's most recent actuarial valuation as at December 31, 2004 disclosed an actuarial surplus of $5,419,000 and a contingency reserve in the amount of $1,085,000. The surplus is being utilized to finance reductions to contribution rates of 51% for basic life insurance. On the advice of the Plan's Actuary, a revised table of contribution rates payable by the members for optional additional insurance was adopted effective January, 2006, in which contribution rates were reduced by an average of 33%. These revised rates continue to incorporate a 25% reduction on account of the actuarial surplus.

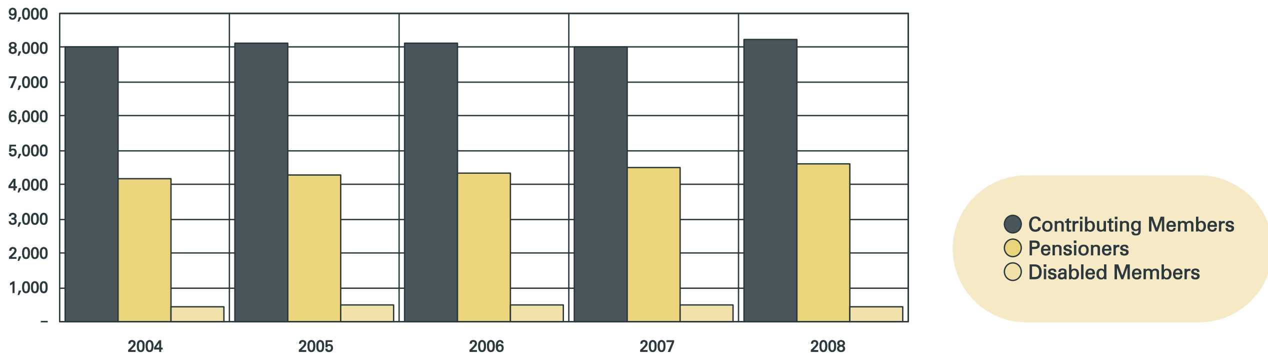
Actuarial valuations for the Civic Employees' Group Life Insurance Plan and the Police Employees' Group Life Insurance Plan have historically been performed by the same actuarial firm that prepared the actuarial valuations for the pension plans. The Board has engaged Mercer (Canada) Limited to provide such services.

It is expected that updated actuarial valuations for each of the Plans will be commenced during 2009.

SUMMARY OF PLAN MEMBERSHIP

	2008	2007	2006	2005	2004
Members					
Active Members	8,215	8,025	8,124	8,155	8,023
Disabled Members	446	491	488	461	435
Pensioners	4,634	4,487	4,348	4,297	4,187
Total	13,295	13,003	12,960	12,913	12,645
Deaths					
Active	26	24	12	13	18
Pensioners	144	123	136	130	145
Life Insurance In Force	(000's)	(000's)	(000's)	(000's)	(000's)
Basic	$844,982	817,963	782,392	781,590	738,691
Optional	202,867	200,385	194,765	199,341	183,655
Pensioners	130,136	121,823	115,035	110,212	104,292

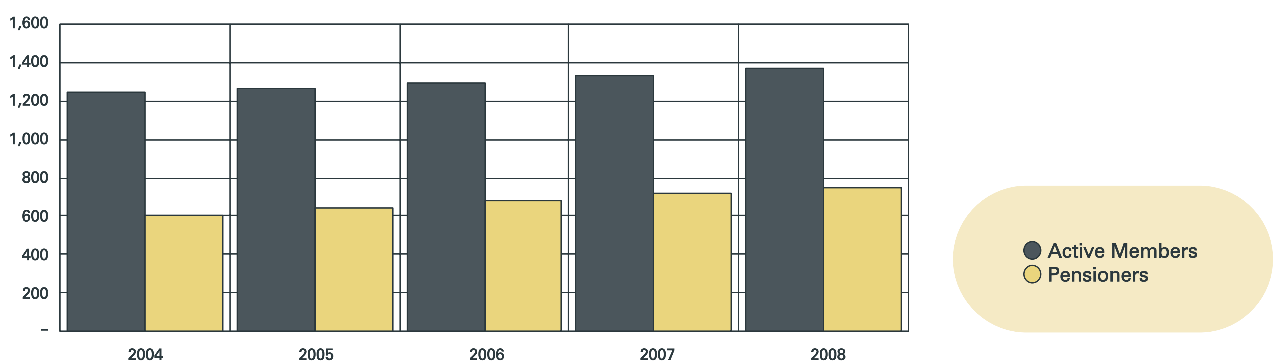
Membership Profile



SUMMARY OF PLAN MEMBERSHIP

	2008	2007	2006	2005	2004
Members					
Active Members	1,369	1,330	1,289	1,266	1,246
Pensioners	749	722	679	644	607
Total	2,118	2,052	1,968	1,910	1,853
Deaths					
Active	1	1	2	1	1
Pensioners	8	9	7	7	6
Life Insurance In Force	(000's)	(000's)	(000's)	(000's)	(000's)
Basic	$214,132	$195,836	$187,407	$174,971	$169,738
Optional	56,573	50,053	46,033	41,659	40,630
Pensioners	45,328	43,041	39,250	36,407	33,270

Membership Profile



FIVE YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004
	(000's)	(000's)	(000's)	(000's)	(000's)
Investments at Market:					
Bonds and Debentures	$ 47,130	$ 47,811	$ 47,831	$ 40,244	$ 37,652
Real Return Bonds	550	775	782	822	760
Canadian Equities	28,486	42,774	46,484	45,067	43,525
Foreign Equities	17,589	26,999	31,387	25,937	21,512
Short-term Deposits	15,920	12,810	2,875	4,338	2,017
Other Liabilities	(122)	(1,224)	(399)	(362)	(383)
	$ 109,553	$ 129,945	$ 128,960	$ 116,046	$ 105,083
Net Assets:					
Civic Employees	90,217	107,364	106,862	96,281	87,381
Police Employees	19,336	22,581	22,098	19,765	17,702
	$ 109,553	$ 129,945	$ 128,960	$ 116,046	$ 105,083

INCREASE IN CIVIC EMPLOYEES' NET ASSETS

	2008	2007	2006	2005	2004
Contributions					
City of Winnipeg*	$ 1,013	$ 981	$ 942	$ 947	$ 874
Employees	1,345	1,308	1,235	1,370	1,260
Pensioners	160	152	148	144	130
Investment Income (Loss)	(15,024)	2,472	11,962	10,647	8,984
	(12,506)	4,913	14,287	13,108	11,248
Decrease in Assets					
Actuarial Fees	8	-	34	65	-
Administration	151	107	100	99	101
Benefit Payments	4,123	3,926	3,221	3,718	3,489
Investment Management Fees	158	184	163	140	134
Claims Administration and Taxes	201	194	188	186	182
	4,641	4,411	3,706	4,208	3,906
Increase (Decrease) in Net Assets	$ (17,147)	$ 502	$ 10,581	$ 8,900	$ 7,342
Annual Rates of Return	-14.2%	2.3%	12.6%	12.3%	11.4%

INCREASE IN POLICE EMPLOYEES' NET ASSETS

	2008	2007	2006	2005	2004
Contributions					
City of Winnipeg	$ 218	$ 190	$ 193	$ 174	$ 174
Employees	258	230	230	221	220
Pensioners	44	40	32	30	28
Investment Income (Loss)	(3,154)	518	2,459	2,160	1,797
	(2,634)	978	2,914	2,585	2,219
Decrease in Assets					
Actuarial Fees	1	-	4	50	-
Administration	29	23	20	20	20
Benefit Payments	516	405	495	397	366
Investment Management Fees	33	38	34	29	27
Claims Administration and Taxes	32	29	28	26	24
	611	495	581	522	437
Increase (Decrease) in Net Assets	$ (3,245)	$ 483	$ 2,333	$ 2,063	$ 1,782
Annual Rates of Return	-14.2%	2.3%	12.6%	12.3%	11.4%

** Includes participating employers*

REPORT FROM THE DIRECTOR OF INVESTMENTS

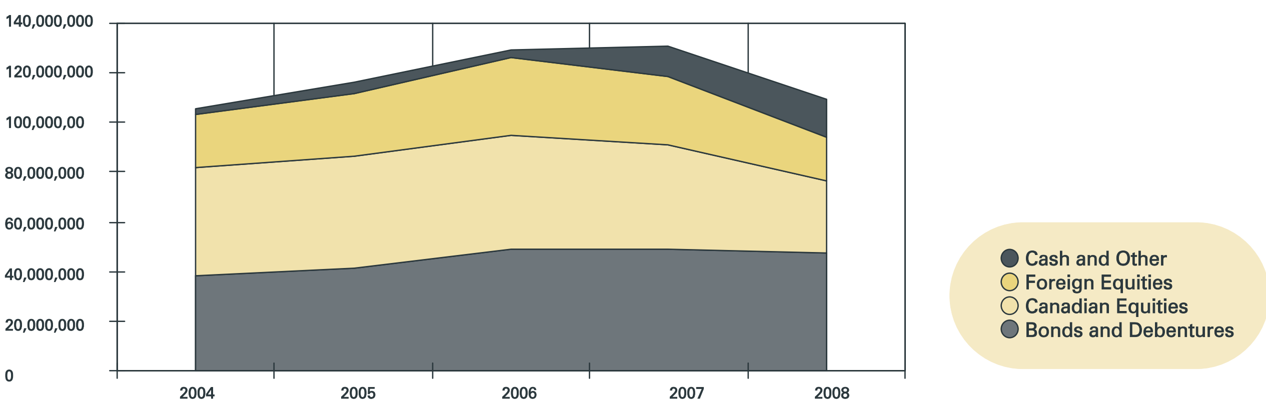
The responsibility for determining the asset mix of the Employees' Group Life Insurance Plan, within the parameters of the Plan's Statement of Investment Policies and Procedures, rests with the Investment Committee of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program. So too does the responsibility for recommending the selection or termination of various investment managers, and for monitoring the performance of these investment managers. The Plan 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 2008, the investment portfolio reported a negative return of 14.32%. 2008 was tumultuous, as the global credit markets "seized up" in the last half of the year and the "worst global recession since the Great Depression" became evident. The years 1999 and 2000 and 2003-2006 experienced abnormally high real returns, interspersed by negative returns for 2001 and 2002 and meagre returns in 2007. The Program's four-year and ten-year annualized rates of return of 2.62% and 4.57%, respectively, place the Plan at the 37th percentile and 69th 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 5.05%) can be attributed to the underperformance of our Canadian equity managers and the underperformance, until recently, 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 an underweighting in Equities relative to the sample. Liquidating the position in the US Index Fund at year end 2007 contributed to a significant underweighting in US equities, thus avoiding some of the carnage in the Global Equity markets in 2008.

EMPLOYEES' GROUP LIFE INSURANCE PLAN

Investments



ASSET MIX

As a result of a general significant decline in the global equity markets, there was a decrease in allocation to equity investments – from 54% at year end 2007 to 42.2% at December ‘08 with $1 million having been liquidated from US equities with the termination of our US Small Cap growth manager in October 2008. $3.3 million was added to our money market investment holdings and $5.4 million was liquidated from bonds.

EQUITY INVESTMENTS

The Program’s Canadian equity managers underperformed the S&P/TSX Composite Index and the median pension fund in 2008 with a negative rate of return of 33.40%. The S&P/TSX Composite Index had a negative return of 33% in 2008 compared to a return of 9.8% in 2007.

The Program’s Foreign equity managers, collectively, experienced a negative return of 31.28% in Canadian dollar terms in 2008. This return was below the median. The US market reported a negative return of 21.20% in Canadian dollars, in 2008. 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 manager reported a negative return of 31.10% in 2008. The Europe, Australia, Far East Index declined 29.18% which was initiated from the sub prime loan fallout experienced in the US.

The World index declined 25.8% in Canadian dollars in 2008.

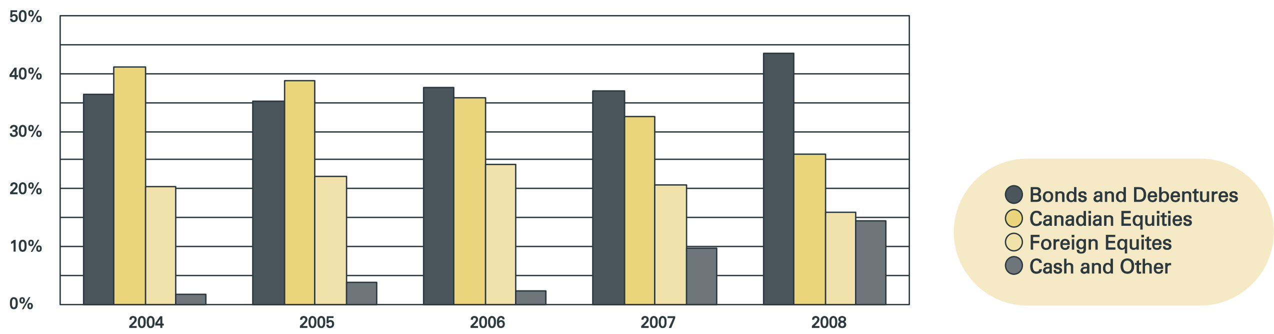
FIXED INCOME INVESTMENTS

The Program`s bond portfolio achieved a rate of return of 8.98% in 2008. For the four- and ten-year periods ended December 31, 2008, the bond portfolio returned 6.02% and 6.26% annually, respectively, ranking well above the median 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. Outstanding performance for 2008 represented the avoidance of any credit defaults.

EMPLOYEES’ GROUP LIFE INSURANCE PLAN

Asset Mix



ASSET MIX STRATEGY FOR 2009

The Investment Committee anticipates the equity weighting in the portfolio will rise in 2009 due to the Global Equity markets outperforming the Bond market.

Total Returns

	One Year	Four Years	Ten Years
Total Fund	-14.2 %	2.6 %	4.6 %
Bonds and Debentures	9.0 %	6.0 %	6.3 %
Canadian Equities	-33.4 %	0.2 %	6.3 %
Foreign Equities	-31.3 %	-4.7 %	-2.8 %
Benchmarks			
DEX Universe Bond Index	6.4 %	5.1 %	6.0 %
S&P / TSX Composite Index	-33.0 %	1.7 %	5.3 %
S&P 500	-21.2 %	-4.5 %	-3.5 %
Europe, Australia, Far East Stock Market Index	-29.2 %	-1.8 %	-1.4 %
Consumer Price Index	1.2 %	1.8 %	2.2 %

Rick Abbott
Director of Investments

ACTUARIAL OPINION

Western Compensation & Benefits Consultants has performed an actuarial valuation of the Civic Employees' Group Life Insurance Plan as at December 31, 2004, relying on data and other information provided to us by the Board of Trustees of the Winnipeg Civic Employees' Benefits Program. The results of the valuation are contained in our report dated November 3, 2005.

The principal results are as follows:

BASIC LIFE INSURANCE

The Civic Employees' Group Life Insurance Plan is fully funded and has an actuarial surplus of $27,355,000 after taking into account the actuarial liability associated with post-retirement basic life insurance benefits in respect of Plan membership up to December 31, 2004 and a contingency reserve of 10% of the liability.

On the basis of the actuarial surplus and the estimated annual cost of the basic life insurance benefits, we recommend that Plan member and employer contributions continue at the reduced rate of 0.125% of earnings for basic life insurance of one times annual earnings and that the corresponding reduced rate of contribution continue to be paid by pensioners. These rates represent a 54% reduction relative to the normal actuarial cost of the basic life insurance benefits provided by the Plan.

OPTIONAL ADDITIONAL LIFE INSURANCE

The cost of optional additional life insurance has reduced by an average of 33%.

We recommend that a revised table of contribution rates payable by the members for optional additional insurance be adopted, and that these rates continue to incorporate a 25% reduction on account of the actuarial surplus.

We hereby certify that, in our opinion, the actuarial valuation and our report thereon presents fairly the actuarial position of the Civic Employees' Group Life Insurance Plan as at December 31, 2004 on the basis of the actuarial assumptions and valuation methods adopted. Our report has been prepared, and our opinion given, in accordance with accepted actuarial practice.

Donald M. Smith
Fellow of the Canadian Institute of Actuaries

Natalie F. Thompson
Fellow of the Canadian Institute of Actuaries

ACTUARIAL OPINION

Western Compensation & Benefits Consultants has performed an actuarial valuation of the Police Employees' Group Life Insurance Plan as at December 31, 2004, relying on data and other information provided to us by the Plan administrator. The results of the valuation are contained in our report dated November 25, 2005.

The principal results are as follows:

BASIC LIFE INSURANCE

The Police Employees' Group Life Insurance Plan is fully funded and has an actuarial surplus of $5,419,000 after taking into account the actuarial liability associated with post-retirement basic life insurance benefits in respect of Plan membership up to December 31, 2004 and a contingency reserve of 10% of the liability.

On the basis of the actuarial surplus and the estimated annual cost of the basic life insurance benefits, we recommend that Plan member and City contributions continue at the reduced rate of 0.20% of earnings for basic life insurance coverage of two times annual earnings and that the corresponding reduced rate of contribution continue to be paid by pensioners. These rates represent a 51% reduction relative to the normal actuarial cost of the basic life insurance benefits provided by the Plan.

OPTIONAL ADDITIONAL LIFE INSURANCE

The cost of optional additional life insurance has reduced by an average of 33%.

We recommend that a revised table of contribution rates payable by the members for optional additional insurance be adopted, and that these rates continue to incorporate a 25% reduction on account of the actuarial surplus.

We hereby certify that, in our opinion, the actuarial valuation and our report thereon presents fairly the actuarial position of the Police Employees' Group Life Insurance Plan as at December 31, 2004 on the basis of the actuarial assumptions and valuation methods adopted. Our report has been prepared, and our opinion given, in accordance with accepted actuarial practice.

Donald M. Smith
Fellow of the Canadian Institute of Actuaries

Natalie F. Thompson
Fellow of the Canadian Institute of Actuaries

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

We have audited the statement of net assets of the City of Winnipeg Employees' Group Life Insurance Plan as at December 31, 2008 and the statements of changes in net assets of the Civic Employees' and Police Employees' Group Life Insurance Plans for the year then ended. These financial statements are the responsibility of the boards' 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 of the City of Winnipeg Employees' Group Life Insurance Plan as at December 31, 2008 and the changes in its net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 28, 2009

CITY OF WINNIPEG EMPLOYEES' GROUP LIFE INSURANCE PLAN

STATEMENT OF NET ASSETS

As at December 31	2008	2007
	(000's)	(000's)
Assets		
Investments, at market		
Bonds and debentures	$ 47,327	$ 48,188
Canadian equites	28,486	42,774
Foreign equities	17,589	26,999
Short-term deposits	15,920	12,810
	109,322	130,771
Accrued interest	353	398
Accounts receivable	107	78
Due from The Winnipeg Civic Employee's Pension Plan	23	-
Total Assets	109,805	131,247
Liabilities		
Accounts payable	252	257
Due to The Winnipeg Civic Employees' Pension Plan	-	1,045
Total Liabilities	252	1,302
Net Assets	$ 109,553	$ 129,945
Net Assets Comprised of:		
Civic Employees' (Note 4)	$ 90,217	$ 107,364
Police Employees' (Note 4)	19,336	22,581
	$ 109,553	$ 129,945

See accompanying notes to the consolidated financial statements

CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

STATEMENT OF CHANGES IN NET ASSETS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increased in Assets		
Contributions		
City of Winnipeg and participating employers	$ 1,013	$ 981
Employees - basic	1,018	984
Employees - optional	327	324
Pensions	160	152
	2,518	2,441
Investment income	3,871	3,346
Total increase in assets	6,389	5,787
Decrease in Assets		
Administration	139	107
Actuarial fees	8	-
Legal fees	12	-
Benefit payments	4,123	3,926
Investment management fees	158	184
Current period change in market value of investments	18,895	874
Claims administration and taxes	201	194
Total decrease in assets	23,536	5,285
(Decrease) increase in net assets	(17,147)	502
Net assets at beginning of year	107,364	106,862
Net assets at end of year	$ 90,217	$ 107,364

See accompanying notes to the consolidated financial statements

POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

STATEMENT OF CHANGES IN NET ASSETS

For the years ended December 31	2008	2007
	(000's)	(000's)
Increase in Assets		
Contributions		
The City of Winnipeg	$ 218	$ 190
Employees - basic	214	191
Employees - optional	44	39
Pensioners	44	40
	520	460
Investment income	820	698
Total increase in assets	1,340	1,158
Decrease in Assets		
Administration	29	23
Actuarial fees	1	-
Benefit payments	516	405
Investment management fees	33	38
Current period change in market value of investments	3,974	180
Claims administration and taxes	32	29
Total decrease in assets	4,585	675
(Decrease) increase in net assets	(3,245)	483
Net assets at beginning of year	22,581	22,098
Net assets at end of year	$ 19,336	$ 22,581

See accompanying notes to the consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

1. Description of Plan

The City of Winnipeg Employees' Group Life Insurance Plan is comprised of two plans, the Civic Employees' Group Life Insurance Plan for employees of the City of Winnipeg, other than police officers, and certain other employers which participate in the Plan and the Police Employees' Group Life Insurance Plan for police officers of the City.

a) Civic Employees' Group Life Insurance Plan

All employees are eligible to join the Plan commencing on their date of employment. All new members of The Winnipeg Civic Employees' Pension Plan must become members of the group life plan. Plan members are covered for basic life insurance of one or two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. Plan members and the City share equally in the cost of the basic life insurance coverage until retirement. Coverage on the life of a disabled member continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

The Plan is administered by The Board of Trustees of The Winnipeg Civic Employees' Benefits Program (Pension Fund). The Great-West Life Assurance Company is responsible for claims adjudication and processing of payments.

b) Police Employees' Group Life Insurance Plan

All police officers are required to become members of the Plan commencing on their date of employment. Plan members are covered for basic life insurance coverage of two times annual earnings. Optional coverage can be purchased under the Plan to increase coverage up to four times annual earnings. A portion of the basic life insurance coverage can be continued after retirement at the employee's option. The employees and the City share equally in the cost of basic life insurance until retirement. Coverage on the life of disabled members continues at the same earnings multiple prior to disability. A waiver of contributions is provided for insurance coverage in effect at the time of disability.

The Winnipeg Police Pension Board is responsible for the administration of the Plan. The Great-West Life Assurance Company is responsible for claims adjudication and processing of payments.

2. Summary of Significant Accounting Policies

a) Basis of presentation

These 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 sponsor and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plans for the fiscal period.

b) Investments

The Plan's investments are classified as held for trading financial assets and are stated at market value. The fixed income and equity investments are valued based on bid prices at year end. Investment transactions are recognized on a trade date basis. Investment income is recorded on the accrual basis.

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.

3. Accounting changes

In December 2006, the CICA issued section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. All three Sections are applicable to the financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Plan has adopted the new standards for its fiscal year beginning January 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial statements is unchanged from the presentation requirements included in Section 3861. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital. This information is included in Notes 4, 5, 6 and 7.

4. Net Assets

The Civic and Police Employees' Group Life Insurance Plans' net assets represent reserves to finance a portion of the cost of the post-retirement insurance expected to be provided in the future to the members of the Plans.

5. Obligation for Post-Retirement Basic Life Insurance Benefits – Civic Employees' Group Life Insurance Plan

An actuarial valuation of the Civic Employees' Group Life Insurance Plan was made as of December 31, 2004 by Western Compensation & Benefits Consultants. The assumptions used by the actuary 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 post-retirement basic life insurance 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 5.5% per year and general increases in pay of 3.75% 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, 2004 disclosed an actuarial surplus of $27,355,000 and a contingency reserve in the amount of $5,304,000.

The results of the December 31, 2004 actuarial valuation were extrapolated to December 31, 2008 to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed below. The actuarial present value of post-retirement insurance benefits for the Civic Employees' Group Life Insurance Plan as at December 31, 2008, and the principal components of changes in actuarial present values during the year, were as follows:

	2008	2007
	(000's)	(000's)
Actuarial present value of accrued benefits, beginning of year	$ 63,166	$ 59,179
Experience gains and losses and other factors	-	-
Changes in actuarial assumptions	-	-
Interest accrued on benefits	3,484	3,275
Benefits accrued	2,449	2,360
Benefits paid	(2,091)	(1,648)
Actuarial present value of accrued benefits, end of year	$ 67,008	$ 63,166

To be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from market values. The actuarial value placed on the assets smoothes out fluctuations in market 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 Civic Employees' Group Life Insurance Plan on an actuarial basis were:

	2008	2007
	(000's)	(000's)
Market value of net assets available for benefits	$ 90,217	$ 107,364
Market value changes not reflected in actuarial value of assets	12,925	(4,624)
Actuarial value of net assets available for benefits	$ 103,142	$ 102,740

6. Obligation for Post-Retirement Basic Life Insurance Benefits – Police Employees' Group Life Insurance Plan

An actuarial valuation of the Police Employees' Group Life Insurance Plan was made as of December 31, 2004 by Western Compensation & Benefits Consultants. The assumptions used by the actuary were approved by the Winnipeg Police Pension Board for purposes of preparing this note to the financial statements. The economic assumptions used in determining the actuarial value of accrued post-retirement basic life insurance 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 5.5% per year and general increases in pay of 3.75% 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, 2004 disclosed an actuarial surplus of $5,419,000 and a contingency reserve in the amount of $1,085,000.

The results of the December 31, 2004 actuarial valuation were extrapolated to December 31, 2008 to determine the actuarial present value of accrued post-retirement basic life insurance benefits disclosed below. The actuarial present value of post-retirement insurance benefits for the Police Employees' Group Life Insurance Plan as at December 31, 2008, and the principal components of changes in actuarial present values during the year, were as follows:

	2008	2007
	(000's)	(000's)
Actuarial present value of accrued benefits, beginning of year	$ 13,570	$ 12,600
Experience gains and losses and other factors	-	-
Changes in actuarial assumptions	-	-
Interest accrued on benefits	753	700
Benefits accrued	587	526
Benefits paid	(345)	(256)
Actuarial present value of accrued benefits, end of year	$ 14,565	$ 13,570

To be consistent with the assumptions used to determine the actuarial present value of benefits, the actuarial value of the assets was determined from market values. The actuarial value placed on the assets smoothes out fluctuations in market 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 Police Employees' Group Life Insurance Plan on an actuarial basis were:

	2008	2007
	(000's)	(000's)
Market value of net assets available for benefits	$ 19,336	$ 22,581
Market value changes not reflected in actuarial value of assets	2,753	(935)
Actuarial value of net assets available for benefits	$ 22,089	$ 21,646

7. 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 regularly 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, 2008, the Plan's credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $63,600,000. The Plan's concentration of credit risk as at December 31, 2008, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2008 Fair Value	2007 Fair Value
	(000's)	(000's)
Government of Canada and Government of Canada guaranteed	$ 31,149	$ 28,821
Provincial and Provincial guaranteed	2,548	2,806
Canadian cities and municipalities	2,250	3,394
Corporations and other institutions	11,380	13,167
	$ 47,327	$ 48,188

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $15,565,000 at December 31, 2008.

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:

	2008		2007	
Credit Rating	Percent of Total Bonds	Percent of of Net Assets	Percent of Total Bonds	Percent of of Net Assets
	(%)	(%)	(%)	(%)
AAA	81.4	35.2	78.4	29.1
AA	14.4	6.2	18.5	6.9
A	2.8	1.2	2.7	1.0
BBB	0.9	0.4	0.4	0.1
BB	0.5	0.2	-	-
	100.0	43.2	100.0	37.1

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 benefit payments and to fund investment commitments. The Plan invests solely in securities that are traded in active markets and can be readily disposed.

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 salary escalation. The Plan's primary exposure is to a decline in the long-term rate of return which may result in higher contribution rates required to meet the Plan's obligations.

The Plan has approximately 58% of its assets invested in fixed income securities as at December 31, 2008. 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, 2008 are as follows:

Term to Maturity	2008 Fair Value	2007 Fair Value
	(000's)	(000's)
Less than one year	$ 8,637	$ 5,726
One to five years	17,639	21,440
Greater than five years	21,051	21,022
	$ 47,327	$ 48,188

As at December 31, 2008, had prevailing interest rates raised or lowered by 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 $1,205,000 (approximately 1.1% of total net assets). 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, 2008. 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.

	2008				2007	
	Gross Exposure (000's)	Net Foreign Currency Hedge (000's)	Net Exposure (000's)	Impact on Net Assets (000's)	Net Exposure (000's)	Impact on Net Assets (000's)
Euro	$ 4,809	$ -	$ 4,809	$ 481	$ 6,622	$ 662
United States	4,486	-	4,486	449	7,697	770
United Kingdom	2,633	-	2,633	263	4,158	416
Japan	1,390	-	1,390	139	1,791	179
Switzerland	691	-	691	69	840	84
Korea	475	-	475	48	962	96
Hong Kong	330	-	330	33	1,164	116
Other	2,775	(1)	2,774	277	3,765	377
	$ 17,589	$ (1)	$ 17,588	$ 1,759	$ 26,999	$ 2,700

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, 2008, 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 $6,911,000 (approximately 6.3% of total net assets). In practice, the actual results may differ and the difference could be material.

8. Investment Transaction Costs

During 2008, the Plan incurred investment transaction costs in the form of brokerage commissions, in the amount of $49,317 (2007 - $42,984). Investment transaction costs are included in the current period change in market value of investments.

9. Comparative Figures

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

2008
ANNUAL REPORT

APPENDICES

INVESTMENT MANAGERS

As at December 31, 2008

Fixed Income

Mr. K. 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

FIXED INCOME INVESTMENTS SUMMARY

As at December 31, 2008

Description	Maturity Date	Pension Plan Market Value	Group Life Market Value
		(000's)	(000's)
Government of Canada bonds	2009-2023	$ 371,142	$ 31,149
Provincial bonds	2009-2024	379,420	2,548
Municipal bonds (excluding Winnipeg bonds)	2009-2015	-	2,250
Corporate and other institutions bonds	2009-2021	549,057	11,380
Accrued interest		6,995	353
Total bonds and debentures		$ 1,306,614	$ 47,680
Call funds - City of Winnipeg		$ 103,232	$ 15,565
Short term investment fund		5,793	-
Funds on deposit - Great-West Life		-	350
Cash		61	5
Total short-term investments		$ 109,086	$ 15,920

TOP 50 CORPORATE SHARE HOLDINGS*

As at December 31, 2008

	Pension Plan Market Value (000's)	Group Life Market Value (000's)
EnCana Corporation	$ 37,499	1,836
Toronto - Dominion Bank	35,322	1,185
Manulife Financial Corporation	32,355	1,151
Bank of Nova Scotia	30,663	719
Rogers Communications Inc., Class B	26,108	731
Canadian Natural Resources Limited	24,815	595
Exxon Mobil Corp	20,006	85
Potash Corporation of Saskatchewan Inc.	19,253	922
Royal Bank of Canada	18,631	1,310
Shoppers Drug Mart Corporation	18,215	727
Goldcorp Inc.	17,512	398
Tim Hortons Inc.	16,706	198
Canadian Imperial Bank of Commerce	15,856	1,370
Research in Motion Limited	15,483	812
Talisman Energy Inc.	14,786	547
Sun Life Financial Services of Canada Inc.	14,030	88
Bank of Montreal	13,422	1,055
TELUS Corporation	12,573	388
Petro-Canada	12,369	356
Canadian National Railway Company	11,673	821
SNC - Lavalin Group Inc.	11,062	129
Thompson Reuters Corp, Common	10,582	626
ShawCor Limited, Class A, SV	10,548	76
Loblaw Companies Limited	10,130	169
Agnico-Eagle Mines Limited	9,961	208

	Pension Plan Market Value (000's)	Group Life Market Value (000's)
General Electric	$ 9,782	87
TransCanada Corporation	9,242	428
Procter and Gamble Co.	9,199	45
MacDonald Dettwiler & Associates Ltd.	9,186	88
Thompson Reuters PLC Common	8,561	-
Finning International Inc.	8,411	83
Alimentation Couche-Tard Inc., Class B, SV	8,311	108
Microsoft Corp.	8,269	6
Metro Inc., Class A	8,222	344
Suncor Energy Inc.	8,209	871
Barrick Gold Corporation	8,157	588
Jean Coutu Group PJC	8,041	377
AT & T Inc.	7,972	92
Husky Energy Inc.	7,914	42
Imperial Oil Ltd.	7,468	58
IGM Financial Inc.	6,816	20
Agrium Inc.	6,727	446
Power Corporation of Canada, SV	6,714	268
Cameco Corp.	6,707	413
China Telecom Corp	6,227	454
BCE Inc.	6,127	112
Gildan Activewear Inc.	5,916	112
Crescent Point Energy Trust Units	5,773	104
Magna International Inc., Class A, SV	5,751	215
Celestica Inc., SV	5,682	106

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

2008 DIRECTORY

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Investments

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Mercer (Canada) Limited

Consulting Actuary
Western Compensation & Benefits
Consultants

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Deloitte & Touche, LLP

Legal Counsel
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Taylor McCaffrey

Medical Consultant
Dr. Lori koz

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As at December 31, 2008


WINNIPEG