

ACTUARIAL REPORT
(for pension expense purposes)
on the Pension Liabilities which the
MANITOBA HYDRO-ELECTRIC BOARD
has as at
DECEMBER 31, 2011
(as a result of participation of its employees in
the Civil Service Superannuation Act)

June, 2012

Prepared by:

 **ELLEMENT & ELLEMENT**
CONSULTING ACTUARIES

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I. PURPOSE

The purpose of this Report is to:

- indicate the liabilities which the Manitoba Hydro-Electric Board (Manitoba Hydro) has at December 31, 2011, as a result of the participation of its employees in the Civil Service Superannuation Act (Superannuation Act), and
- provide a formula which can be used to estimate the increase in these liabilities in the following 12 to 18 months after December 31, 2011.

These liabilities are an estimate of the present value of the future payments which Manitoba Hydro is expected to make to the Civil Service Superannuation Fund (Fund).

The liabilities have been computed on a going concern basis. This basis contemplates the continued existence of the pension plan and the funding arrangements for the benefits under the pension plan.

The guidance for the calculation of the liabilities and the preparation of this Report are the Practice-Specific Standards for Pension Plans of the Canadian Institute of Actuaries and IAS 19, Employee Benefits issued by the International Accounting Standards Committee.

2. DATA

It is anticipated no amendments will be made to the Superannuation Act or if amendments are made, they will not affect Manitoba Hydro's pension liabilities.

The data used in the calculations includes the portion of each pension, currently in payment or which is expected to be in payment, that Manitoba Hydro is responsible for.

The data on the pensions in payment and the accrued pensionable service of employees was provided by the Civil Service Superannuation Board (Superannuation Board).

Information on the pensions and benefits paid by Manitoba Hydro and the employee contributions for 2011 were obtained from the Superannuation Board.

The data was checked for missing information, illogical information and reconciled with the prior valuation data. A few minor changes to the data resulted from the checks made.

3. MEMBERSHIP

The data provided indicated that Manitoba Hydro was the employer of record for the following participants:

	December 31, 2011			December 31, 2010		
	Males	Females	Total	Males	Females	Total
Pensioners	2,617	334	2,951	2,482	284	2,766
Deferred Pensioners	155	74	229	145	66	211
Contributors	4,408	1,467	5,875	4,447	1,486	5,933
TOTAL	7,180	1,875	9,055	7,074	1,836	8,910

A reconciliation of the number of member records used in the calculations is shown in Appendix I.

The numbers shown for deferred pensioners includes 11 reciprocal transfer records at December 31, 2011 and 11 at December 31, 2010.

The numbers shown for pensioners includes 557 beneficiary records at December 31, 2011 and 561 at December 31, 2010.

4. ASSUMPTIONS

The assumptions used in this valuation and the assumptions used in the last valuation of the Manitoba Hydro pension liabilities are shown in Appendix II.

The selection of the demographic assumptions is made by the actuary. The demographic assumptions have been developed from the most current accumulated experience of the CSSF. This experience is reflected in the demographic assumptions adopted for the valuations of the CSSF. The last changes to these assumptions were made for the valuation of the CSSF as at December 31, 2009. These demographic assumptions have been adopted for this Report.

The selection of the economic assumptions is made by management with consultation provided by the actuary. The economic assumptions adopted for this Report, by management have been changed from those used in the last valuation of the Manitoba Hydro pension liabilities as at December 31, 2010. In particular, the discount rate has been reduced from 6.50% to 5.25% for this valuation.

The selection of the assumptions is for the most part on a best estimate basis plus a small allowance for adverse deviation.

5. MANITOBA HYDRO SHARE OF BENEFIT PAYMENTS

The benefits expected to be paid are based on the provisions of the Superannuation Act.

Manitoba Hydro is expected to make payments due to:

- pensions in payment at December 31, 2011 for which Manitoba Hydro is responsible as a result of service with Manitoba Hydro,
- pensions expected to become payable to former employees who retained the right to a deferred paid-up pension, and
- pensions and other benefits expected to become payable to existing employees as a result of service completed up to the valuation date.

At present, Manitoba Hydro is contributing to the Fund based on the pay-as-you-go method of funding. Under this method, no advance funding payments for the employer share of the cost of pensions are made to the Fund. Manitoba Hydro has, however, established a separate pension fund which is being credited with interest earnings and employer contributions. It is intended that this separate fund be maintained to meet the Manitoba Hydro pension liabilities.

Each month, Manitoba Hydro makes payments to the Fund to reimburse it for:

- a portion (currently about 47%) of each pension payment to retired employees,
- a portion (currently about 47%) of each pension payment to a beneficiary of a deceased pensioner or the survivor of an employee who dies in service,
- the interest portion of any cash settlement paid to the beneficiary of an employee who dies in service,
- a portion of any amounts transferred to other pension plans under reciprocal agreements,
- a portion of any commuted values paid out as a result of employees terminating service or as a result of marriage breakdowns, and
- a portion of the administrative costs of operating the Fund in respect of Manitoba Hydro records.

Pensions in payment are indexed to $\frac{2}{3}$ of the increases in the cost of living, provided sufficient funds exist to finance such increases. Former employees who retain a right to a deferred paid-up pension have these pensions indexed during both the deferral period and the pay-out period.

The employer share of each pension is based on when the pension starts. For pensions which commenced:

- (a) prior to March 31, 1961, the employer is responsible for a portion of each increase in that pension, and
- (b) after March 31, 1961, the employer is responsible for a portion (currently about 47%) of the pension paid.

The interest portion of each cash settlement is calculated by adding interest to contributions from the midpoint of the year of contribution to the date of payment to the beneficiary. Contributions made for service prior to January 1, 1984 are credited with interest at the rate of 3% per year. Contributions made for service after this date are credited with interest based on the interest rates available on 5-year fixed term deposits.

Pursuant to CSSA subsection 22(11), employer funding for employees who have service with more than one non-matching Agency shall be on a pro rata basis. This proration of the benefits assigned to an employer is based on the proration of service allocated to the employer. This proration assignment was made effective for events on or after January 1, 1998. This may decrease or increase the pension obligations in the absence of CSSA subsection 22(11). However, for enhanced benefits, it is the administrative practice to bill all of the enhanced benefits to the current employer.

6. VALUATION PROCEDURE

The accrued benefit actuarial cost method with salary projection has been used to determine the accrued liabilities and the current service cost for basic benefits applicable to each year after the valuation date. Under this method, the accrued liabilities are equal to the amount needed to fund the projected benefits accrued for service up to the valuation date. The current service cost or normal cost is equal to the estimated cost of projected benefits expected to accrue for service in the year following the valuation date.

The accrued liabilities for prior indexing adjustments are financed by a portion of the accrued assets in the COLA Account. The excess of the accrued assets plus future contributions at 10.2% of employees' contributions plus special allocations from time to time plus interest are used to finance targeted indexing adjustments of 2/3 of inflation. For this Report, all excess assets over accrued liabilities are held as a future obligation of the COLA Account. In addition, we have included an amount equal to 10.2% of employees' contributions as the indexing current service cost included in the total current service cost.

7. VALUATION RESULTS

The following table shows the accrued liabilities which Manitoba Hydro has at December 31, 2011 and December 31, 2010 as a result of the participation of its employees and former employees in the Superannuation Act:

	<i>after change in assumptions</i>			<i>before change in assumptions</i>			December 31, 2010		
	December 31, 2011			December 31, 2011					
	BASIC	COLA	TOTAL	BASIC	COLA	TOTAL	BASIC	COLA	TOTAL
Pensioners	\$404,401,000	\$50,192,800	\$ 454,593,800	\$361,205,300	\$47,442,400	\$ 408,647,700	\$317,101,300	\$43,313,300	\$360,414,600
Deferred Pensioners	6,364,900	-	6,364,900	5,344,900	-	5,344,900	5,238,500	-	5,238,500
Contributors	496,951,500	-	496,951,500	410,550,200	-	410,550,200	405,838,300	-	405,838,300
Reserves									
- asset smoothing	-	-	-	-	-	-	-	-	-
- strengthening assumptions	-	-	-	-	-	-	-	-	-
- contribution deficiency	10,237,500	-	10,237,500	10,237,500	-	10,237,500	7,729,000	-	7,729,000
- 30 year run off - 1986	-	1,932,200	1,932,200	-	1,971,800	1,971,800	-	2,572,900	2,572,900
- 30 year run off - 2004	-	29,509,300	29,509,300	-	30,114,600	30,114,600	-	32,048,900	32,048,900
- Amount to finance future adjustments	-	7,395,100	7,395,100	-	7,546,800	7,546,800	-	13,564,100	13,564,100
TOTAL	\$917,954,900	\$89,029,400	\$ 1,006,984,300	\$787,337,900	\$87,075,600	\$874,413,500	\$735,907,100	\$91,499,200	\$827,406,300

The expected average remaining service life (EARSL) of the employees who are contributors to the Fund at the valuation date is 13 years.

8. PROJECTION FORMULA FOR LIABILITIES

The reconciliation of the change in accrued liabilities for 2011 is shown in Appendix III.

The following formula can be used to project the estimated increase in liabilities in the 12 to 18 months after the valuation date:

- Add interest at the rate of 5.25% per year to the liabilities at the beginning of the period.
The interest addition for the current service cost and the payments from the accounts should be prorated to recognize investment for half the period, on average.
- Add employer contributions at the rate of 121.5% of the employee contributions required to be made for the period.
- Deduct the actual employer pension and benefit payments made to the Fund for the period.

9. ACCOUNTING FOR PENSION OBLIGATIONS

Pursuant to the Agreement in principle between Manitoba Hydro and the Unions (the Agreement), the previously established pension fund known as the Manitoba Hydro Pension Fund (MHPF) is to be used solely for the benefit of retired, current and future employees of Manitoba Hydro who are participants in the CSSF and those former employees entitled to deferred pensions.

The dedication of future surpluses as a benefit for employees and former employees will impact the determination of Manitoba Hydro's pension expense.

The pension expense for a period is normally equal to the following components:

- (a) current service cost,
- (b) plus interest on accrued benefit obligations,
- (c) less expected interest on assets,
- (d) plus amount of past service cost,
- (e) plus amount of actuarial gains/losses,
- (f) plus amount of transitional asset/obligations.

There will be a transitioning period as Manitoba Hydro moves from its previously existing method of determining the pension expense to the CSSF Approach and the associated Pension Liabilities under the MHPF. This process commenced with the 2007 pension expense report.

10. ACTUARIAL OPINION

In our opinion, for the purposes of this Report:

- The membership data is sufficient and reliable.
- The assumptions, in aggregate which have been used, are appropriate for the purpose of determining the accounting requirements of the Plan on a going concern basis.
- The method which has been used is appropriate for the purpose of determining the accounting requirements of the Plan on a going concern basis.
- We are not aware of any other matters or events occurring since the completion of this Report, which will materially affect the calculation of the liabilities as at December 31, 2011.
- This Report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

DATED at Winnipeg, this 29th day of June, 2012.

ELLEMENT & ELLEMENT



Louis Ellement, F.S.A., F.C.I.A.

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APPENDIX I

Reconciliation of Membership

	Contributors			Deferred Pensioners			Reciprocal Transfers			Pensions in Payment		
	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total
December 31, 2010	4,447	1,486	5,933	136	64	200	9	2	11	2,482	284	2,766
Adjustments	3	(1)	2	(1)	-	(1)	-	-	-	(1)	-	(1)
Retirements from Disability	-	-	-	-	-	-	-	-	-	-	-	-
New Contributors	213	58	271	-	-	-	-	-	-	-	-	-
Contributor Deaths:												
- cash/transfer	(4)	(2)	(6)	-	-	-	-	-	-	-	-	-
- beneficiary pension	(4)	-	(4)	(1)	-	(1)	-	-	-	5	-	5
Terminations:												
- cash/transfer	(45)	(12)	(57)	(1)	-	(1)	-	-	-	-	-	-
- deferred pension	(6)	(6)	(12)	6	6	12	-	-	-	-	-	-
- reciprocal transfer	1	3	4	(1)	-	(1)	-	-	-	-	-	-
- pending	(25)	(7)	(32)	17	3	20	-	-	-	-	-	-
Disablements	-	-	-	-	-	-	-	-	-	3	-	3
Retirements	(172)	(52)	(224)	(9)	(1)	(10)	-	-	-	182	53	235
Pensioner Deaths:												
- pension ceases	-	-	-	-	-	-	-	-	-	(54)	(3)	(57)
- pension continues	-	-	-	-	-	-	-	-	-	-	-	-
December 31, 2011	4,408	1,467	5,875	146	72	218	9	2	11	2,617	334	2,951

Contributors

MALES

NUMBER OF MEMBERS IN EACH YEARS OF SERVICE CELL

Age	Count	Average		NUMBER OF MEMBERS IN EACH YEARS OF SERVICE CELL										
		Service	Salary	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	
15 - 19	4	0.21	\$ 34,562	4	-	-	-	-	-	-	-	-	-	-
20 - 24	215	1.94	42,592	209	6	-	-	-	-	-	-	-	-	-
25 - 29	531	3.89	55,492	382	146	3	-	-	-	-	-	-	-	-
30 - 34	552	6.07	64,598	248	199	105	-	-	-	-	-	-	-	-
35 - 39	506	8.34	69,913	165	126	178	36	1	-	-	-	-	-	-
40 - 44	553	12.26	74,251	106	99	152	80	114	2	-	-	-	-	-
45 - 49	733	17.92	78,584	75	64	133	53	251	150	7	-	-	-	-
50 - 54	600	20.98	79,106	42	34	113	31	132	136	104	8	-	-	-
55 - 59	481	25.94	79,704	16	19	68	25	68	62	84	138	1	-	-
60 - 64	179	26.91	82,030	9	10	32	3	12	16	23	60	14	-	-
65 - 69	50	31.28	79,568	4	1	2	1	7	2	8	11	13	1	-
70 - 74	4	11.10	50,014	2	-	1	-	-	1	-	-	-	-	-
2011 Tot/Avg	4,408	13.94	\$ 71,035	1,262	704	787	229	585	369	226	217	28	1	-
2010 Tot/Avg	4,447	14.30	\$ 68,090	1,274	924	465	295	600	333	246	281	27	2	-

FEMALES

NUMBER OF MEMBERS IN EACH YEARS OF SERVICE CELL

Age	Count	Average		NUMBER OF MEMBERS IN EACH YEARS OF SERVICE CELL										
		Service	Salary	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40 - 44	45 - 49	
15 - 19	1	0.08	\$ 30,141	1	-	-	-	-	-	-	-	-	-	-
20 - 24	30	1.67	41,588	29	1	-	-	-	-	-	-	-	-	-
25 - 29	113	3.34	53,839	91	22	-	-	-	-	-	-	-	-	-
30 - 34	155	5.25	63,646	81	62	12	-	-	-	-	-	-	-	-
35 - 39	181	6.97	66,704	64	70	47	-	-	-	-	-	-	-	-
40 - 44	183	10.34	68,689	38	58	43	29	14	1	-	-	-	-	-
45 - 49	316	15.95	66,611	40	39	73	33	76	50	5	-	-	-	-
50 - 54	295	18.13	67,665	20	27	88	27	48	47	36	2	-	-	-
55 - 59	128	19.21	64,526	2	15	37	15	26	9	15	9	-	-	-
60 - 64	56	20.17	62,903	1	4	19	6	9	6	3	5	3	-	-
65 - 69	9	21.83	51,972	-	1	1	1	4	1	-	-	1	-	-
70 - 74	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011 Tot/Avg	1,467	12.66	\$ 64,847	367	299	320	111	177	114	59	16	4	-	-
2010 Tot/Avg	1,486	12.58	\$ 61,406	379	446	147	150	184	103	47	25	5	-	-

Pensions in Payment

MALES

Age	Count for Basic	Average Basic Pension	Count for Cola	Average Cola Pension
35 - 39	-	\$ -	-	\$ -
40 - 44	1	545.10	1	50.34
45 - 49	8	506.88	6	29.98
50 - 54	12	798.77	11	50.13
55 - 59	256	3,086.57	153	92.38
60 - 64	490	2,797.91	437	156.57
65 - 69	558	2,409.05	535	287.54
70 - 74	359	2,042.62	357	403.06
75 - 79	318	1,667.11	317	479.98
80 - 84	262	1,360.06	262	523.73
85 - 89	184	970.33	184	548.58
90 - 94	127	549.83	127	451.44
95 - 99	34	252.82	34	345.35
>99	8	218.22	8	496.43
2011 Tot/Avg	<u>2,617</u>	<u>\$ 2,062.69</u>	<u>2,432</u>	<u>\$ 347.21</u>
2010 Tot/Avg	<u>2,482</u>	<u>\$ 1,964.68</u>	<u>2,369</u>	<u>\$ 327.78</u>

FEMALES

Age	Count for Basic	Average Basic Pension	Count for Cola	Average Cola Pension
35 - 39	-	\$ -	-	\$ -
40 - 44	2	532.78	2	23.55
45 - 49	2	370.53	1	35.72
50 - 54	1	493.53	1	49.68
55 - 59	65	2,326.07	36	59.25
60 - 64	83	1,684.94	70	92.29
65 - 69	65	1,308.33	59	126.48
70 - 74	55	1,082.84	51	171.11
75 - 79	24	825.45	24	212.25
80 - 84	22	877.23	22	280.83
85 - 89	11	511.12	11	214.63
90 - 94	3	475.28	3	385.54
95 - 99	1	485.52	1	363.84
>99	-	-	-	-
2011 Tot/Avg	<u>334</u>	<u>\$ 1,450.86</u>	<u>281</u>	<u>\$ 142.59</u>
2010 Tot/Avg	<u>284</u>	<u>\$ 1,296.42</u>	<u>261</u>	<u>\$ 131.51</u>

Notes:

- Both the pension amounts and cost-of-living (cola) amounts shown in the above table are the total amounts paid.
- Counts are based on the primary pensioner sex.

• **Deferred Pensioners**

MALES			FEMALES		
Age	Count	Average Basic Pension	Age	Count	Average Basic Pension
20 - 24	2	\$ 87.08	20 - 24	1	\$ 7.57
25 - 29	8	133.31	25 - 29	-	-
30 - 34	14	275.86	30 - 34	6	299.41
35 - 39	10	181.23	35 - 39	6	91.56
40 - 44	17	780.01	40 - 44	14	646.10
45 - 49	41	668.79	45 - 49	21	448.58
50 - 54	31	808.62	50 - 54	14	228.23
55 - 59	14	503.99	55 - 59	6	890.59
60 - 64	7	459.05	60 - 64	2	241.71
65 - 69	2	176.51	65 - 69	2	225.60
2011 Tot/Avg	146	\$ 570.45	2011 Tot/Avg	72	\$ 420.73
2010 Tot/Avg	136	\$ 587.98	2010 Tot/Avg	64	\$ 409.38

APPENDIX II

Summary of Actuarial Assumptions - Pension

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
1. Actuarial cost method	ABCM with salary projection	same
2. Discount Rate for benefits		
▪ Basic Part	5.25%	6.50%
▪ COLA Liabilities	5.25%	6.00%
Annual Rate of Inflation Included in Discount Rate	2.00%	2.50%
3. General salary increases (service and merit is separate and age specific)		
▪ general salary increase rate for year after valuation date	2.75%	3.25%
▪ general salary increase rate for future periods	2.75%	3.25%
4. Annual Salary Merit Increases	see Table	same
5. Indexing of Pensions (2/3 of the assumed rate of inflation)	1.33%	1.67%
6. Annual Increase in Earnings under Canada Pension Plan	2.75%	3.25%
7. Annual Increase in Maximum Pension under Income Tax Act	2012: \$2,646.67 Indexed ≥ 2013: 2.75%	same
8. Annual Rate of Interest Credited to Employee Contributions	3.25%	4.50%
9. Employer Portion of Administrative Costs - % of employee contributions	nil	0.81%
10. Annual Rates of Death	UP2020	same
11. Proportion of Employees with a Spouse	see Table	same
12. Annual Rates of Termination of Service	see Table	same
13. Annual Rates of Disability	see Table	same
14. Annual Rates of Retirement	see Table	same
15. Reserves	23.89% of corresponding CSSF Amounts	24.38% of corresponding CSSF Amounts

Age	<u>Mortality-UP2020</u>		<u>Termination</u>		<u>Disability</u>		<u>Retirement</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
20	0.03%	0.02%	10.15%	12.60%	-	-	-	-
25	0.05	0.02	6.60	9.20	-	-	-	-
30	0.08	0.03	4.63	6.88	-	-	-	-
35	0.08	0.04	3.39	5.31	0.01%	0.01%	-	-
40	0.09	0.05	2.58	4.26	0.04	0.06	-	-
45	0.12	0.07	2.06	3.64	0.09	0.13	-	-
50	0.17	0.10	1.71	3.22	0.23	0.30	-	-
55	0.29	0.20	0.00	0.00	0.66	0.76	24.86%	24.49%
60	0.56	0.42	0.00	0.00	-	-	27.10	21.45
65	1.08	0.82	-	-	-	-	100.00	100.00
70	1.72	1.30	-	-	-	-	-	-
75	2.77	1.98	-	-	-	-	-	-
80	5.14	3.53	-	-	-	-	-	-
85	8.71	6.23	-	-	-	-	-	-
90	14.82	11.56	-	-	-	-	-	-
95	23.84	19.01	-	-	-	-	-	-
100	33.24	28.96	-	-	-	-	-	-

Age	<u>Service and Merit</u>		<u>Married Proportions</u>	
	<u>Males</u>	<u>Females</u>	<u>Males</u>	<u>Females</u>
20	3.00%	3.00%	33.00%	35.00%
25	2.50	2.50	69.00	55.00
30	2.00	2.00	90.00	68.40
35	1.50	1.50	92.70	70.50
40	1.00	1.00	93.30	70.00
45	0.50	0.50	93.50	67.80
50	0.25	0.25	90.00	71.00
55	0.00	0.00	90.00	71.00
60	0.00	0.00	90.00	71.00
65	0.00	0.00	90.00	71.00

Based on the distribution of employees by age and sex at the valuation date, the average rate of service and merit is 0.87%.

Plus allowance for use of accrued vacation in calculation of average annual salary at date of retirement: 3.45%.

APPENDIX III

Reconciliation of Change in Manitoba Hydro Accrued Pension Liabilities for 2011

1. Actuarial Liabilities net of reserves at December 31, 2010 before reserves	\$ 771,491,400
2. Additional Liability for a new retirement not previously recognized	385,000
3. Interest on liabilities and cash flow (6.50% & 6.00% (COLA))	49,615,200
4. Employer Contributions (CSC for 2011 / Cost of in year COLA)	29,411,500
5. Employer Benefit Payments	<u>(39,806,600)</u>
6. Projected Liabilities net of reserves at December 31, 2011 before reserves	<u>\$ 811,096,500</u>
7. ACTUAL LIABILITIES net of reserves at December 31, 2011 before change in assumptions	\$ 824,542,800
8. ACTUAL LIABILITIES net of reserves at December 31, 2011 after change in assumptions	\$ 957,910,200
9. RESERVES AT 31-DEC-2010 (2010 factors)	\$ 55,914,900
10. RESERVES AT 31-DEC-2011 (2011 factors)	<u>49,074,100</u>
11. ACTUAL LIABILITIES plus Reserves at December 31, 2011	<u>\$ 1,006,984,300</u>
GAIN/(LOSS) due to actual experience: [6] - [7] (Note 1)	\$ (13,446,300)
GAIN/(LOSS) due to change in assumptions: [7] - [8] (Note 2)	\$ (133,367,400)
GAIN/(LOSS) due to change in reserves: [9] - [10] (Note 3)	\$ 6,840,800

Note 1: IMPACT OF ACTUAL EXPERIENCE vs EXPECTED EXPERIENCE

	<u>GAIN/(LOSS)</u>
1. Salary change impact: A:E (5.31% : 3.55%)	\$ (6,647,100)
2. Retirement Experience: A:E (244: 207)	(3,491,600)
3. Termination Experience: A:E values	(4,201,700)
4. Mortality Experience: A:E (48: 57)	57,700
5. Other DEMOGRAPHIC Experience:	836,400
Total effect of all Experience	<u>\$ (13,446,300)</u>

The other demographic experience is the unallocated amount for which a precise allocation could not be easily identified.
This amount is within the tolerance level of 0.50% of total liabilities.

Note 2: IMPACT OF CHANGE IN ASSUMPTIONS

	<u>GAIN/(LOSS)</u>
1. Decrease in interest rate from 6.50%/6.00% to 5.25%/5.25%	\$ (133,367,400)
	-
Total effect of change in assumptions	<u>\$ (133,367,400)</u>

Note 3: IMPACT OF CHANGE IN RESERVES

	<u>GAIN/(LOSS)</u>
1. Reserve for contribution deficiency	\$ (2,508,500)
2. Reserve for 30-yr run off of 1986 transfer	640,700
3. Reserve for 30-yr run off re delayed 2004 transfer	2,539,600
4. Reserve for future adjustments (surplus)	6,169,000
Total effect of change in reserves	<u>\$ 6,840,800</u>