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The Winnipeg Civic Employees' Benefits Program superceded the former Employee Benefits Program of the City of Winnipeg, effective January 1, 2003.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 who represents the 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 Historical Museum
- Highlander Sportsplex
- The Board of Trustees of The Winnipeg Civic Employees' Benefits Program

THE WINNIPEG CIVIC EMPLOYEES'
BENEFITS PROGRAM

Financial Position

As at December 31, 2007	Fair Value	Actuarial Value
	(000's)	(000's)
Net Assets Available For Benefits		
Main Account – General Component	$ 3,324,267	$ 3,251,171
Main Account – Future Contribution Reserve	259,017	259,017
Plan Members' Account – Enhancement Cost Reserve	43,437	43,437
Plan Members' Account – Unallocated Portion	-	-
City Account	119,286	119,286
	$ 3,746,007	$ 3,672,911
Program Obligations – as extrapolated	$ 3,216,038	$ 3,216,038
Funded Ratio – on extrapolated obligations	116.5%	114.2%

Program Highlights	**2007**	**2006**
	(000's)	(000's)
Investments at Fair Value	$ 3,746,007	$ 3,793,410
Net Investment Income – Total Program (including changes in fair value)	$ 66,705	$ 437,456
Investment Rate of Return	2.0%	13.0%
Employee Contributions	$ 27,887	$ 26,928
Employer Contributions and Transfers From City Account*	$ 27,496	$ 26,544
Benefits Paid:		
Pension Plan	$ 122,887	$ 116,118
Long Term Disability Plan	$ 10,035	$ 9,009
Lump Sum Refunds	$ 20,921	$ 21,958
Membership:		
Contributing Members	8,304	8,249
Inactive Members	917	917
Pensioners	6,178	6,025
	15,399	15,191

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

i) Employer contributions to the Pension Plan in the amount of $3.962 million (2006 - $5.523 million)

ii) Employer contributions to the Long Term Disability Plan in the amount of $11.040 million (2006 - $10.004 million)

iii) Employer contributions to the Early Retirement Benefits Arrangement in the amount of $.028 million (2006 - $.020 million)

iv) Transfer from the City Account in the amount of $12.466 million (2006 - $10.997 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

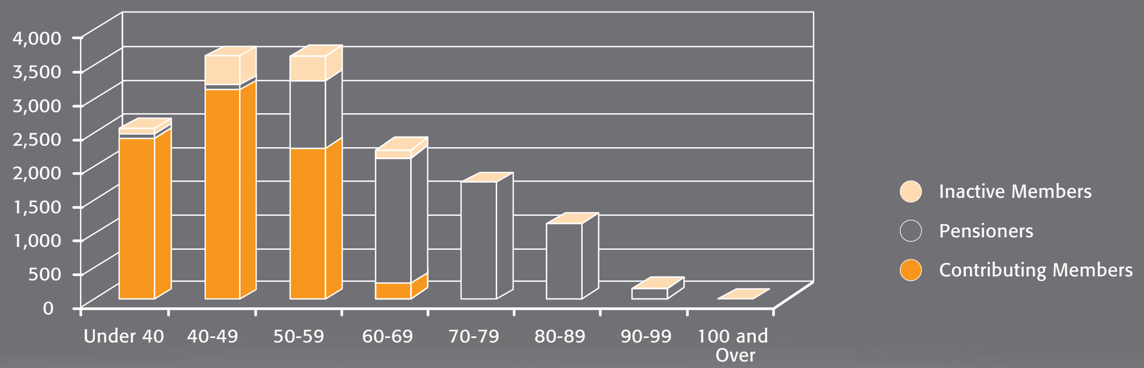
	December 31, 2006 (000's)
1. Actuarial Value of Assets	
Main Account	$ 3,376,344
Plan Members' Account	53,724
City Account	129,550
	3,559,618
2. Actuarial Liabilities	
Pension Plan	3,012,623
Long Term Disability Plan	68,599
Early Retirement Benefits Arrangement	3,319
	3,084,541
3. Excess of actuarial value of Program assets over actuarial liabilities	475,077
4. Amounts Previously Allocated	
Future Contribution Reserve	291,803
Plan Members' Account	53,724
City Account	129,550
	475,077
5. Actuarial Surplus (3.- 4.)	0
6. Funded Ratio (1. / 2.)	
Including Plan Members' and City Accounts	115.4%
Excluding Plan Members' and City Accounts	109.5%

COST OF BENEFITS FOR SERVICE IN 2007

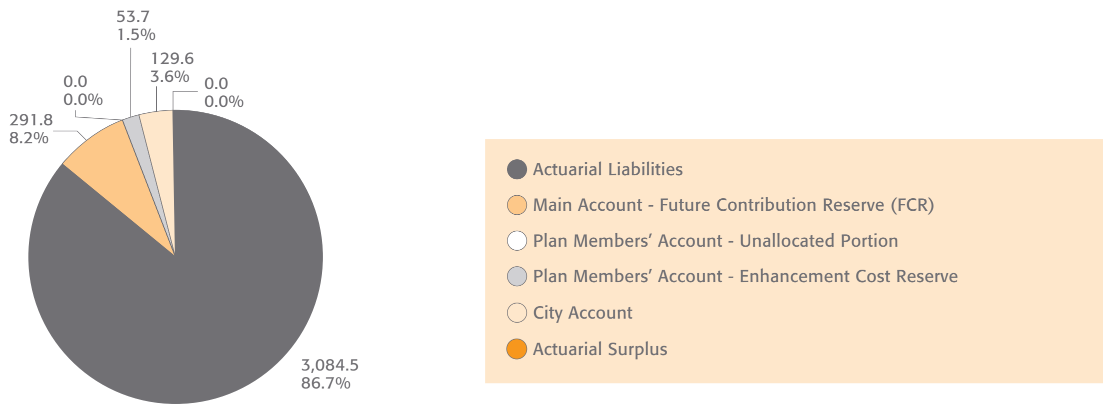
	Employee Contributions	Employer Contributions*	Allocation from Reserves	Total Cost
As % of Contributory Earnings				
1999 Benefits Level	6.71%	6.71%	9.19%	22.61%
Benefit Enhancements	-	-	2.72%	2.72%
	6.71%	6.71%	11.91%	25.33%

* Includes amounts transferred from City Account

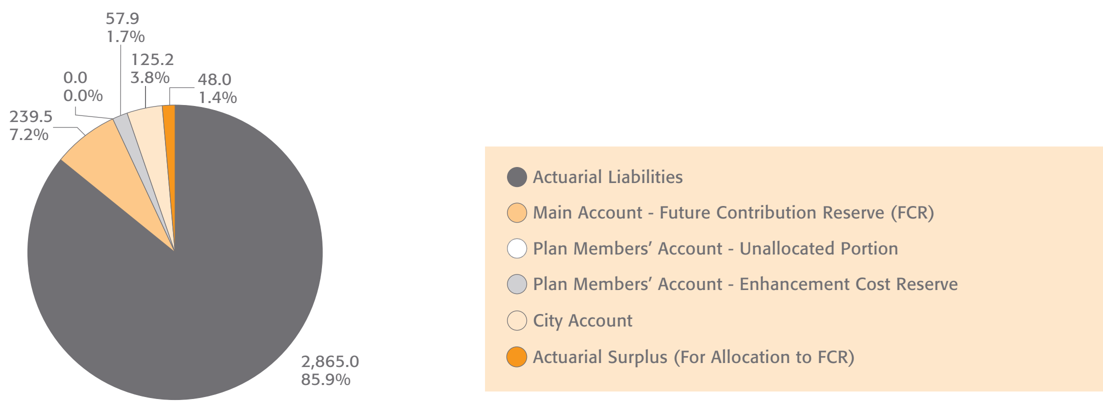
Membership Profile as at December 31, 2007
(By Age Bands)



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



Actuarial Liabilities And Reserves Per Actuarial Valuation as at December 31, 2005
(in $ millions)



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.

MANAGING ASSETS PRUDENTLY

Funded Status at December 31, 2006

The most recent actuarial valuation of The Winnipeg Civic Employees' Benefits Program as at December 31, 2006, disclosed that the Program was fully funded and had an excess of actuarial value of assets over actuarial liabilities of $475,077,000 – a funded ratio of 115.4% on the basis of actuarial values. If the fair value of assets had been used instead of the actuarial value, the excess would have been $708,870,000 – a funded ratio of 123.0% on a fair value basis. These results continue to portray a picture of absolute and relative health for the Program with respect to benefits accrued for all service up to December 31, 2006.

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 are expected to exceed 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, will 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 25.3% 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, 2006 disclosed that the Program did not generate any surplus on 2006 operations. The actuarial surplus that otherwise would have emerged during 2006 was used to strengthen the actuarial funding assumptions. The actuarial valuation also disclosed that the Future Contribution Reserve is funded at 91.2% of its target level of $319,861,000 and the Enhancement Cost Reserve is funded at 58.0% of its target level of $92,554,000.

Although the 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, 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 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 the assumptions are considered appropriate both for funding and accounting purposes, there is nonetheless 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.

Extrapolated Funded Status – at December 31, 2007

At the time the year-end financial statements were being prepared, the results of the actuarial valuation of the Program as at December 31, 2007, were not available. Accordingly, the assumptions used in the most recent actuarial valuation as at December 31, 2006 were used to extrapolate the obligations of the Program at year-end. 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 $35,133,000 as at December 31, 2007. Although the extrapolated values of the assets and obligations project a somewhat significant amount of apparent surplus, the experience gains or losses, as well as the effect of any future changes in actuarial assumptions, that ultimately emerge for 2007 will have a significant bearing on the final level of surplus (or funding deficiency) that is determined for the Main Account – General Component in the next actuarial valuation as at December 31, 2007. It is not expected that the results of this forthcoming valuation will result in changes to 2008 contribution rates or benefit levels under the Program.

After taking into account all special-purpose Reserves and Accounts, the extrapolated funded status of the Program remains at 114.2% on an actuarial basis and 116.5% on a fair value basis. These funded positions compare with those from the most recent actuarial valuation one year earlier of 115.4% and 123.0%, respectively.

The application of a five-year asset smoothing method has had the effect of deferring a portion of the market gains in 2004 through 2006 to future years, as actual rates of return have exceeded the assumed rates of return for these years.

As at December 31, 2007, the assets as measured on an actuarial basis are less than their related fair value by $73,096,000 – a reduction in position of $184,739,000 from the previous year. In effect, the smoothing method has served to buffer the impact of the Program earning only 2.0% during 2007, versus the assumed rate of investment return of 6.0%.

Accordingly, on the basis of the 2006 actuarial assumptions, should the Program earn exactly the assumed 6.00% on the actuarial asset base over the next three years, the remaining $73,096,000 smoothing difference would be expected to emerge as surplus over this three-year period, potentially enhancing the financial position of the Program.

If the Program is able to achieve investment returns sufficient to meet its investment assumptions moving forward, there should be no negative impact on benefit levels or funding in the near term. However, should future returns fall short of the assumed rates of return, this situation could result in reductions to benefit levels and increases in employee and employer contribution rates.

Long-Term Investment Goals and Performance

Over the last ten years, the Program achieved an average rate of return of 7.3% per year, ranking third quartile 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 exceeded this goal by a small margin of 0.1% per year over the last ten years. It should be noted that such measurements are end date sensitive. There has been erosion in the margin over the last few years because absolute returns for the period 1995-1997 (which now fall out of the ten-year measurement period) were very high by historical standards and because the 2007 return was low.

Although a long-term investment return which exceeds inflation by 3.75% per year, 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 over the longer term.

Accordingly, notwithstanding the assumed 3.75% per year real return used for the actuarial valuation at December 31, 2006, 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.

Although the Program has for many years been able to achieve long-term real returns in excess of 5%, it is the achievement of sufficient excess returns in the future 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 also expects to proactively review the Program's existing provisions to ensure that they remain appropriate, as well as carefully consider options for change that might ultimately affect future contribution rates and benefit levels.

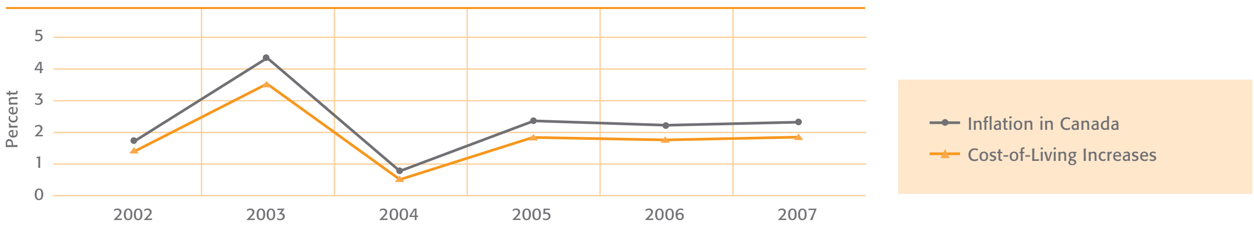
Early Retirement Benefits Arrangement

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 2007 was $28,424 (2006 - $19,523). 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.

WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

COST-OF-LIVING INCREASES



WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

FIVE YEAR FINANCIAL SUMMARY

	2007 (000's)	2006 (000's)	2005 (000's)	2004 (000's)	2003 (000's)
Investments at Fair Value					
Bonds and Debentures	$ 1,328,101	$ 1,296,619	$ 1,201,900	$ 1,192,727	$ 1,199,931
Real Return Bonds	18,343	18,514	19,461	17,990	16,058
Canadian Equities	1,244,536	1,394,067	1,308,906	1,121,628	1,076,871
Foreign Equities	1,012,405	1,001,303	833,667	710,919	616,982
Cash and Short-term Deposits	129,818	75,491	98,980	158,081	92,192
Private Equities	22,033	21,818	14,359	2,531	102
Other Liabilities	(9,229)	(14,402)	(13,864)	(8,287)	(7,995)
	$ 3,746,007	$ 3,793,410	$ 3,463,409	$ 3,195,589	$ 2,994,141
Assets Available for					
Main Account					
- General Component	3,324,267	3,318,333	3,040,876	2,770,270	2,562,386
- Future Contribution Reserve	259,017	291,803	239,482	240,728	244,212
Plan Members' Account					
- Unallocated Portion	-	-	-	-	6,413
- Enhancement Cost Reserve	43,437	53,724	57,860	60,770	57,275
City Account	119,286	129,550	125,191	123,821	123,855
	$ 3,746,007	$ 3,793,410	$ 3,463,409	$ 3,195,589	$ 2,994,141
Main Account – General Component					
Contributions					
Employees	$ 27,887	$ 26,928	$ 27,228	$ 25,193	$ 24,092
City of Winnipeg and Participating Employers	3,962	5,523	5,164	5,177	2,509
Reciprocal Transfers	168	310	388	735	503
Transfer from					
Future Contribution Reserve	37,660	30,573	32,012	32,548	31,824
Enhancement Cost Reserve	11,147	10,862	9,523	8,786	6,677
City Account	12,466	10,997	12,481	11,712	13,528
Net Investment Income	58,769	380,455	322,356	251,138	308,032
	152,059	465,648	409,152	335,289	387,165
Pension Payments	122,887	116,118	113,705	105,988	101,151
Lump Sum Benefits	20,921	21,958	18,583	13,063	11,547
Administration	2,317	2,140	2,311	2,432	2,523
Transfer to					
Future Contribution Reserve	-	47,975	3,893	5,922	244,984
City Account	-	-	27	-	30,010
Plan Members' Account					
- Unallocated Portion	-	-	27	-	47,232
	146,125	188,191	138,546	127,405	437,447
Increase (Decrease) in Net Assets	$ 5,934	$ 277,457	$ 270,606	$ 207,884	$ (50,282)

Main Account – Future Contribution Reserve

	2007	2006	2005	2004	2003
	(000's)	(000's)	(000's)	(000's)	(000's)
Transfer of Surplus from Main Account - General Component	$ -	$ 47,975	$ 3,893	$ 5,922	$ 244,984
Net Investment Income	4,874	34,919	26,873	23,142	31,052
	4,874	82,894	30,766	29,064	276,036
Transfer to Main Account - General Component	37,660	30,573	32,012	32,548	31,824
Increase (Decrease) in Assets Available for Pension Benefits	$ (32,786)	$ 52,321	$ (1,246)	$ (3,484)	$ 244,212

Plan Members' Account – Unallocated Portion

	2007	2006	2005	2004	2003
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ 27	$ -	$ 47,232
Net Investment Income	-	-	3	634	934
	-	-	30	634	48,166
Transfer to Enhancement Cost Reserve	-	-	30	7,047	56,885
(Decrease) in Net Assets	$ -	$ -	$ -	$ (6,413)	$ (8,719)

Plan Members' Account – Enhancement Cost Reserve

	2007	2006	2005	2004	2003
Transfer of Surplus from Plan Members' Account - Unallocated Portion	$ -	$ -	$ 30	$ 7,047	$ 56,885
Net Investment Income	860	6,726	6,583	5,234	7,067
	860	6,726	6,613	12,281	63,952
Transfer to Main Account - General Component	11,147	10,862	9,523	8,786	6,677
Increase (Decrease) in Net Assets	$ (10,287)	$ (4,136)	$ (2,910)	$ 3,495	$ 57,275

City Account

	2007	2006	2005	2004	2003
Transfer of Surplus from Main Account - General Component	$ -	$ -	$ 27	$ -	$ 30,010
Net Investment Income	2,202	15,356	13,824	11,678	15,593
	2,202	15,356	13,851	11,678	45,603
Transfer to Main Account - General Component	12,466	10,997	12,481	11,712	13,528
Increase (Decrease) in Net Assets	$ (10,264)	$ 4,359	$ 1,370	$ (34)	$ 32,075
Annual Rates of Return	2.0%	13.0%	11.9%	10.0%	13.8%

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.

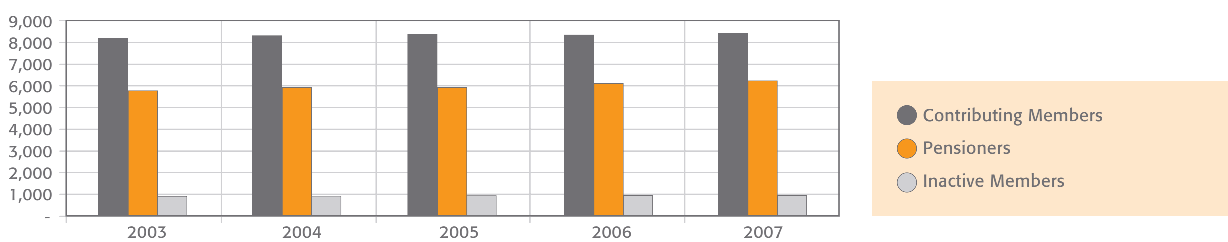
Total Program membership increased 1.4% to 15,399 at December 31, 2007. The number of contributing members increased 0.7% to 8,304 in 2007, following a small membership decrease in 2006 and small increases in 2005 and 2004. The number of contributing members has decreased over the longer term from the high of 9,617 contributing members in 1990. The number of pensioners continues to grow, increasing 2.5% to 6,178 during 2007.

THE WINNIPEG CIVIC EMPLOYEES' BENEFITS PROGRAM

Summary of Membership

	2007	2006	2005	2004	2003
Contributing Members	8,304	8,248	8,283	8,231	8,106
Inactive Members	917	918	888	849	839
Pensioners	6,178	6,025	5,967	5,837	5,716
Total Membership	15,399	15,191	15,138	14,917	14,661
Activity During the Year					
Retirements	289	223	275	260	231
Deaths in Service	24	12	13	18	16
Pensioner Deaths	199	230	209	194	206
New Disabilities	85	103	84	75	78
New Members	762	598	665	653	374
Terminations	446	409	333	285	315

Membership



REPORT FROM THE DIRECTOR OF INVESTMENTS

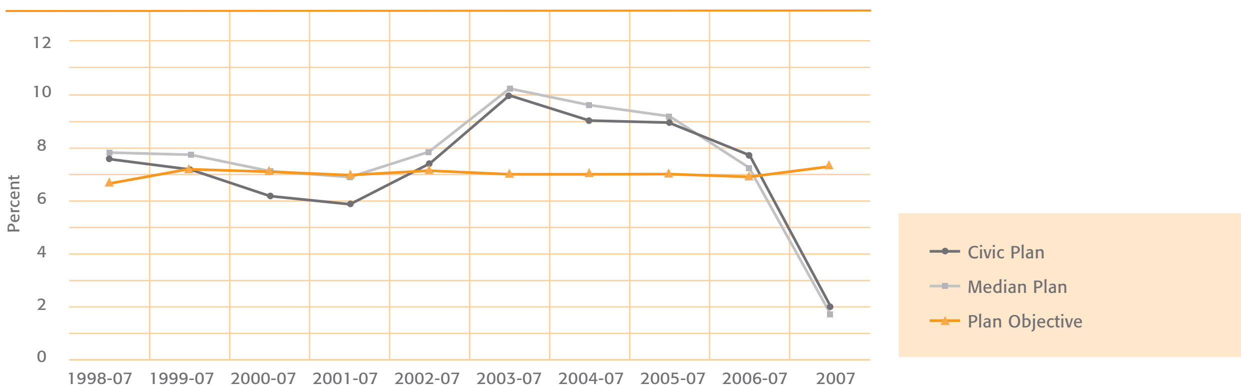
The Board of Trustees of The Winnipeg Civic Employees' Benefits Program delegates to its Investment Committee the responsibility for determining the Program's asset mix, within the parameters of the Program's Statement of Investment Policies and Procedures, for recommending the selection or termination 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 2007, the investment portfolio returned 2.0%. The year 2007 was tumultuous, as a strong Canadian dollar and rising energy prices reached record highs, against a backdrop of tightening global credit and slowing growth in the U.S. The years 1998 through 2000 and 2003-2006 experienced abnormally high real returns, interspersed by negative returns for 2001 and 2002. The Program's four-year and ten-year annualized rates of return of 9.1% and 7.3%, respectively, place the Program at the 66th percentile and 73rd percentile ranking, respectively, of Canadian pension fund returns as measured by Benchmark, an independent measurement service.

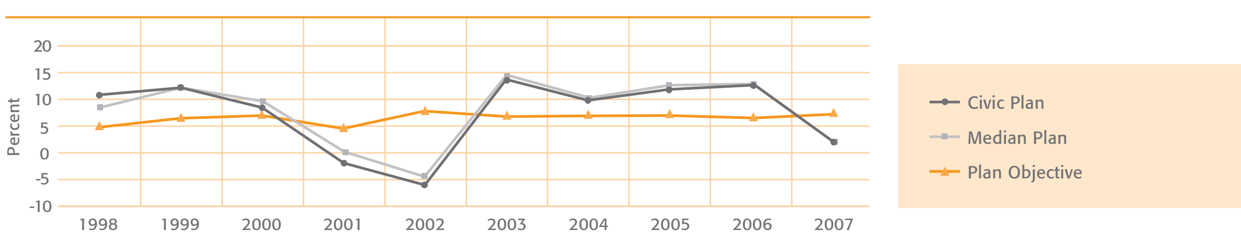
The marginally below median ten-year record (median return of 7.8%) can be attributed to the underperformance of our Canadian equity managers and the underperformance, until recently, of our passive investment in the S&P 500 Index relative to the performance of active managers. More recent performance, on a relative basis, has been adversely affected by having the Program's Canadian equity portfolios underweighted in the energy and materials sectors which have experienced exceptional returns for the last four years. Generally, our investment managers have a more conservative position in these cyclical sectors which now dominate the Canadian market.

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Annualized Rates of Return



Annual Rates of Return



Asset Mix

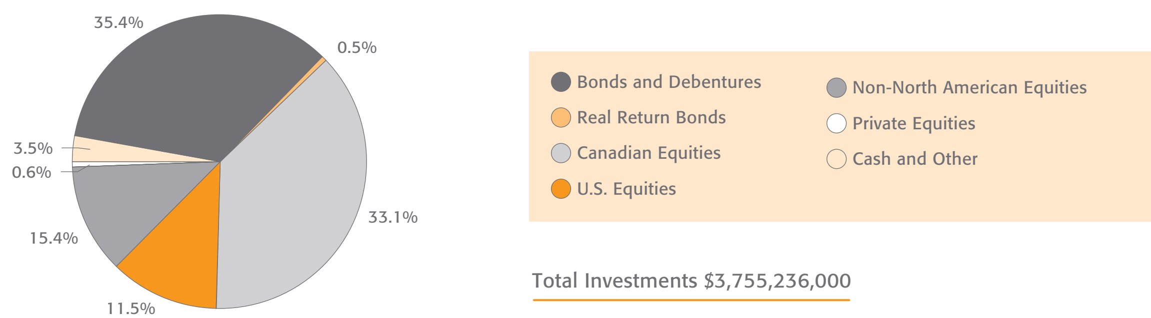
As a result of a general decline in the global equity markets and significant withdrawals from Canadian equities, there was a decrease in allocation to equity investments - from 62.9% of the portfolio at the beginning of the year to 60.0% at year-end. Benefit payments and administrative expenses exceeded contributions and interest income by $127.3 million in 2007. Funds were raised by liquidating $249.9 million from the Program's Canadian equity position and $18.1 million from bonds. An allocation of $82.0 million was directed to the Plan's new Non-North American equity manager, Baillie Gifford, and $11.9 million was directed to our private equity fund-of-funds manager, Hamilton Lane.

Asset Mix

	2007	2006	2005	2004	2003
Bonds and Debentures	35.9%	34.5%	35.2%	37.8%	40.5%
Canadian Equities	33.1%	36.6%	37.6%	35.0%	35.9%
Foreign Equities	26.9%	26.3%	24.0%	22.2%	20.5%
Cash and Other	3.5%	2.0%	2.8%	4.9%	3.1%
Private Equities	0.6%	0.6%	0.4%	0.1%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

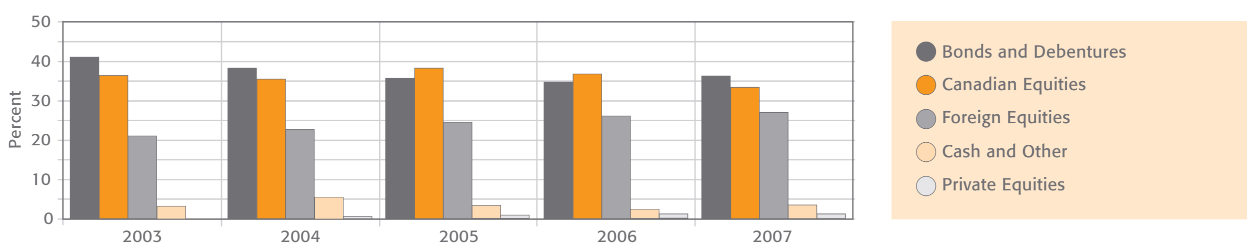
Asset Mix as at December 31, 2007



Total Investments $3,755,236,000

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

Asset Mix as at December 31, 2007



Equity Investments

The Program's Canadian equity managers underperformed the S&P/TSX Composite Index and the median pension fund in 2007 with a rate of return of 7.0%. The S&P/TSX Composite Index had a return of 9.8% in 2007 compared to a return of 17.3% in 2006.

The Program's Foreign equity managers, collectively, experienced a loss of (6.6%) in Canadian dollar terms in 2007. This return was above the median due to above-median performance in both U.S. and Non-North American equities. The U.S. equity managers collectively reported a loss of (8.9%), in Canadian dollars, in 2007, which was above the return of the S&P 500 of (10.6%). Over the last ten years, the U.S. stock market has significantly underperformed the Canadian stock market in Canadian dollars. The Program's Non-North American equity managers collectively returned (4.6%) in 2007. The Europe, Australia, Far East Index declined 5.7% which was reflective of the Canadian dollar's appreciation of 12% against a basket of world currencies.

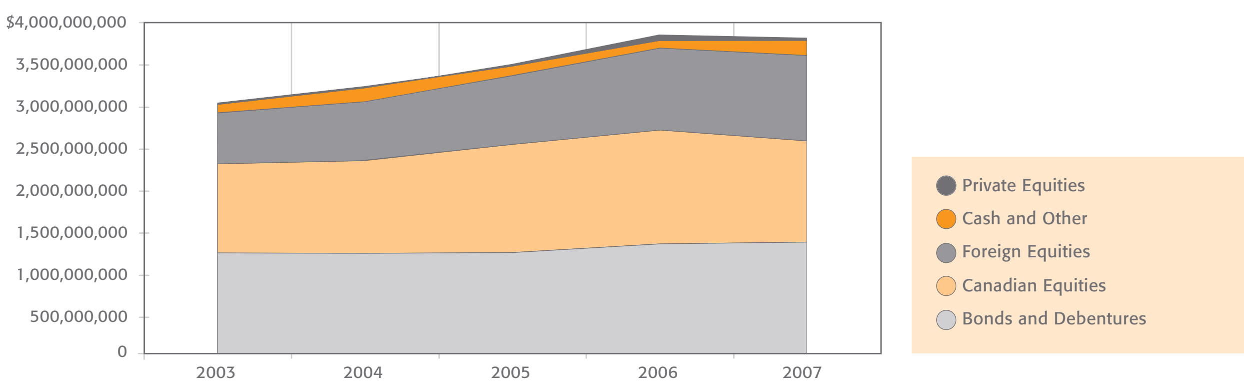
The World index's 4.7% gain in local currency terms translated into a loss of 9.5% in Canadian dollars for the year, once exchange rates were taken into account.

Fixed Income Investments

The Program's bond portfolio achieved a rate of return of 3.7% in 2007. For the four- and ten-year periods ended December 31, 2007, the bond portfolio returned 5.5% and 6.4% annually, respectively, ranking well above median for the ten-year period.

Our strategy of maintaining a marginally long duration, high quality bond portfolio positively influenced our absolute and relative performance over the ten years.

Investments



Asset Mix Strategy for 2008

The Investment Committee anticipates maintaining the public equity weighting in the portfolio at approximately 60% of the total portfolio. The Non-North American equity portion will increase by approximately 2%, thus improving the diversification of our fund and lessening risk. Correspondingly, profits will continue to be taken in the Canadian equity position, reducing the weight to 30%. By year-end 2008, it is anticipated that the portfolio will be weighted 60% public equities, 37% fixed income, 1% short term investments and 2% private equity.

Total Returns

	One Year	Four Years	Ten Years
Total Fund	2.0%	9.1%	7.3%
Bonds and Debentures	3.7%	5.5%	6.4%
Canadian Equities	7.0%	15.5%	10.4%
Foreign Equities	-6.6%	6.1%	3.8%
Benchmarks			
DEX Universe Bond Index	3.7%	5.3%	6.3%
S&P / TSX Composite Index	9.8%	16.3%	9.5%
S&P 500	-10.6%	2.1%	2.1%
Europe, Australia, Far East Stock Market Index	-5.7%	10.0%	4.7%
Consumer Price Index	2.4%	2.1%	2.2%

Rick Abbott
Director of Investments

THE WINNIPEG CIVIC EMPLOYEES’ BENEFITS PROGRAM

ACTUARIAL OPINION

Western Compensation & Benefits Consultants has performed an actuarial valuation of The Winnipeg Civic Employees’ Benefits Program as at December 31, 2006 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 July 18, 2007.

The principal results are as follows:

Actuarial Position

The Program is fully funded in respect of benefits earned for service up to December 31, 2006 and has an excess of actuarial value of assets over actuarial liabilities of $475,077,000 as at that date. All of this excess has been previously allocated to the Future Contribution Reserve, the Plan Members’ Account and the City Account in accordance with the terms of the Pension Trust Agreement.

Cost of Benefits for Service in 2007

The normal actuarial cost of benefits expected to be earned under the Program for service in 2007 is 25.33% 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 9.19% of contributory earnings and transfers from the Enhancement Cost Reserve within the Plan Members’ Account of 2.72% of contributory earnings.

In our opinion, the actuarial valuation and our report thereon presents fairly the actuarial position of The Winnipeg Civic Employees’ Benefits Program as at December 31, 2006 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

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

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, 2007 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 consolidated financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these consolidated 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, 2007 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 20, 2008

Consolidated Statement of Net Assets Available For Benefits

As at December 31	2007 (000's)	2006 (000's)
Assets		
Investments, at fair value		
Bonds and debentures	$ 1,339,810	$ 1,309,729
Canadian equities	1,244,536	1,394,067
Foreign equities	1,012,405	1,001,303
Cash and short term-deposits	129,818	75,491
Private equities	22,033	21,818
	3,748,602	3,802,408
Accrued interest	6,634	5,404
Accounts receivable	770	892
Due from other plans	951	-
Total Assets	3,756,957	3,808,704
Liabilities		
Accounts payable	10,950	15,188
Due to other plans	-	106
Total Liabilities	10,950	15,294
Net Assets Available For Benefits	$ 3,746,007	$ 3,793,410
Net Assets Available For Benefits Comprised of:		
Main Account – General Component	$ 3,324,267	$ 3,318,333
Main Account – Future Contribution Reserve	259,017	291,803
Plan Members' Account – Unallocated Portion	-	-
Plan Members' Account – Enhancement Cost Reserve	43,437	53,724
City Account	119,286	129,550
	$ 3,746,007	$ 3,793,410

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

MAIN ACCOUNT – GENERAL COMPONENT

Consolidated Statement of Changes in Net Assets Available For Benefits

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Contributions		
Employees	$ 27,887	$ 26,928
City of Winnipeg and participating employers	3,962	5,523
Reciprocal transfers from other plans	168	310
	32,017	32,761
Transfers from other accounts and reserves (Note 1)		
City Account	12,466	10,997
Future Contribution Reserve	37,660	30,573
Enhancement Cost Reserve	11,147	10,862
	93,290	85,193
Investment income (Note 5)	120,993	111,807
Current period change in market value of investments	(54,618)	275,165
Total increase in assets	159,665	472,165
Decrease in Assets		
Pension payments	122,887	116,118
Lump sum benefits	20,921	21,958
Administrative expenses (Note 7)	2,317	2,140
Investment management and custodial fees	7,606	6,517
Transfer of surplus to Future Contribution Reserve (Note 3)	-	47,975
Transfer of surplus to City Account	-	-
Transfer of surplus to Plan Members' Account	-	-
Total decrease in assets	153,731	194,708
Increase in net assets	5,934	277,457
Net assets available for benefits at beginning of year	3,318,333	3,040,876
Net assets available for benefits at end of year	$ 3,324,267	$ 3,318,333

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

MAIN ACCOUNT – FUTURE CONTRIBUTION RESERVE

Consolidated Statement of Changes in Net Assets Available For Benefits

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Transfer of surplus from Main Account – General Component (Note 3)	$ -	$ 47,975
Investment income (Note 5)	10,033	10,262
Current period change in fair value of investments	(4,529)	25,255
Total increase in assets	5,504	83,492
Decrease in Assets		
Investment management and custodial fees	630	598
Transfer to Main Account – General Component (Note 1)	37,660	30,573
Total decrease in assets	38,290	31,171
Increase (Decrease) in net assets	(32,786)	52,321
Net assets available for benefits at beginning of year	291,803	239,482
Net assets available for benefits at end of year	$ 259,017	$ 291,803

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

PLAN MEMBERS' ACCOUNT – UNALLOCATED PORTION

Consolidated Statement of Changes in Net Assets Available For Benefits

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Transfer of surplus from Main Account – General Component	$ -	$ -
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 EMPLOYEES' PENSION PLAN

PLAN MEMBERS' ACCOUNT – ENHANCEMENT COST RESERVE

Consolidated Statement of Changes in Net Assets Available For Benefits

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Transfers from Plan Members' Account – Unallocated Portion (Note 1)	$ -	$ -
Investment income (Note 5)	1,770	1,976
Current period change in fair value of investments	(799)	4,865
Total increase in assets	971	6,841
Decrease in Assets		
Investment management and custodial fees	111	115
Transfer to Main Account – General Component (Note 1)	11,147	10,862
Total decrease in assets	11,258	10,977
(Decrease) in net assets	(10,287)	(4,136)
Net assets available for benefits at beginning of year	53,724	57,860
Net assets available for benefits at end of year	$ 43,437	$ 53,724

See accompanying notes to the consolidated financial statements

THE WINNIPEG CIVIC EMPLOYEES' PENSION PLAN

CITY ACCOUNT

Consolidated Statement of Changes in Net Assets Available For Benefits

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Transfer of surplus from Main Account – General Component	$ -	$ -
Investment income (Note 5)	4,533	4,513
Current period change in fair value of investments	(2,046)	11,106
Total increase in assets	2,487	15,619
Decrease in Assets		
Investment management and custodial fees	285	263
Transfer to Main Account – General Component (Note 1)	12,466	10,997
Total decrease in assets	12,751	11,260
Increase (decrease) in net assets	(10,264)	4,359
Net assets available for benefits at beginning of year	129,550	125,191
Net assets available for benefits at end of year	$ 119,286	$ 129,550

See accompanying notes to the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2007

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 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) Variation in benefits

The Pension Trust Agreement provides that Plan benefits may be increased using funds available in the Plan Members' Account - Unallocated Portion or may be reduced in the event of a funding deficiency.

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.

3. Obligations for Pension Benefits

An actuarial valuation of The Winnipeg Civic Employees' Benefits Program was made as of December 31, 2006 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 pension 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 6.0% per year, inflation of 2.25% 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, 2006 disclosed no actuarial surplus to be allocated in accordance with the Pension Trust Agreement.

The results of the December 31, 2006 actuarial valuation were extrapolated to December 31, 2007 to determine the actuarial present value of accrued benefits disclosed below. The actuarial present value of the Program's accrued benefits as at December 31, 2007, and the principal components of changes in actuarial present values during the year, were as follows:

	2007	2006
	(000's)	(000's)
Actuarial present value of accrued benefits, beginning of year	$ 2,987,442	$ 2,882,152
Experience gains and losses and other factors	(11,615)	(14,210)
Changes in actuarial assumptions	108,714	(2,942)
Interest accrued on benefits	183,512	177,347
Benefits accrued	105,179	95,335
Benefits paid	(153,872)	(147,105)
Administrative expenses paid	(3,322)	(3,135)
Actuarial present value of accrued benefits, end of year	$ 3,216,038	$ 2,987,442

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 $68,599,000 and $3,319,000 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:

	2007 (000's)	2006 (000's)
Fair value of net assets available for benefits	$ 3,324,267	$ 3,318,333
Fair value changes not reflected in actuarial value of assets	(73,096)	(257,835)
Actuarial value of net assets available for benefits	$ 3,251,171	$ 3,060,498

A full actuarial valuation of the Program is being carried out as of December 31, 2007. Any actuarial surplus or funding deficiency disclosed in that valuation will be dealt with in accordance with the Pension Trust Agreement. It is not expected that this will result in changes to the contribution rates or benefit levels under the Program.

4. Interest Rate, Credit, Foreign Currency and Market Risk

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income and actuarial liabilities. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

The Plan's actuarial liabilities are exposed to the long term expectation of rates of return on investments 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 39% of its assets invested in fixed income securities as at December 31, 2007. 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, 2007 are as follows:

Term to Maturity	2007 Fair Value (000's)	2006 Fair Value (000's)
Less than one year	$ 170,357	$ 164,056
Two to five years	441,896	429,845
Greater than five years	727,557	715,828
	$ 1,339,810	$ 1,309,729

b) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plan. At December 31, 2007, the Plan's credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $1,427,261,000. The Plan's concentration of credit risk as at December 31, 2007, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2007 Fair Value (000's)	2006 Fair Value (000's)
Government of Canada and Government of Canada guaranteed	$ 499,549	$ 615,462
Provincial and Provincial guaranteed	360,062	346,443
Canadian cities and municipalities	-	-
Corporations and other institutions	480,199	347,824
	$ 1,339,810	$ 1,309,729

The Plan's investments include short-term deposits with the City of Winnipeg which have a fair value of $122,059,000 at December 31, 2007.

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.

c) Foreign currency risk

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. As at December 31, 2007, the Plan's net foreign currency exposure after giving effect to the net related hedge was as follows:

	2007			2006
	Gross Exposure (000's)	Net Foreign Currency Hedge (000's)	Net Exposure (000's)	Net Exposure (000's)
United States	$ 470,383	$ 1,123	$ 471,506	$ 488,444
Euro	170,204	-	170,204	161,323
United Kingdom	116,776	-	116,776	95,919
Japan	87,919	(1,107)	86,812	85,609
Switzerland	34,692	-	34,692	34,476
Hong Kong	26,409	(131)	26,278	25,835
Other	120,342	-	120,342	112,771
	$ 1,026,725	$ (115)	$ 1,026,610	$ 1,004,377

d) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

5. Investment Income

		2007 (000's)		2006 (000's)
Bonds and debentures	$	78,560	$	81,314
Canadian equities		28,984		25,001
Foreign equities		25,827		19,106
Cash and short term-deposits		3,958		3,137
	$	137,329	$	128,558
Allocated to:				
Main Account – General Component	$	120,993	$	111,807
Main Account – Future Contribution Reserve		10,033		10,262
Plan Members' Account – Unallocated Portion		-		-
Plan Members' Account – Enhancement Cost Reserve		1,770		1,976
City Account		4,533		4,513
	$	137,329	$	128,558

6. Investment Transaction Costs

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

7. Administrative Expenses

		2007 (000's)		2006 (000's)
Salaries and benefits	$	2,076	$	2,011
Actuarial fees		382		273
Other professional services		269		786
Office and administration		628		559
Capital expenditures		124		120
Less: recoveries from other plans		(1,162)		(1,609)
	$	2,317	$	2,140

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, 2007, $16,226,903 had been funded.

2007

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

THE WINNIPEG CIVIC EMPLOYEES'

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. Integral to this process is the belief that the disabled employee must be a responsible and active participant in all facets of the Case Management process.

Characteristics of the Program

The Program has enhanced it's Case Management processes 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), a vocational rehabilitation consultant, 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 allows for ongoing reassessment throughout the workplace reintegration period.

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

Claim Activity

Orthopaedic and psychological related illnesses continue to be the basis for the majority of claims being processed by the Plan. The implementation (in 2007) of an integrated approach to Case Management, including initial and ongoing claim triage, streamlined processes, and resource allocation, yielded positive outcomes and 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.

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

Activity Summary

For the years ended December 31	2007	2006	2005	2004	2003
Employees Receiving Disability Benefits	498	498	470	441	435
Employees Returning to Pre-Disability Duties	51	37	23	25	28
Employees Working in Alternate Duties	128	105	104	95	93
Disability Benefits Paid	$ 10,035,000	$ 9,009,000	$ 8,233,000	$ 7,163,000	$ 6,980,000

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

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, 2007. 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, 2007 in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Winnipeg, Manitoba
May 20, 2008

THE WINNIPEG CIVIC EMPLOYEES' LONG TERM DISABILITY PLAN

STATEMENT OF CONTRIBUTIONS AND EXPENSES

For the years ended December 31	2007	2006
	(000's)	(000's)
Contributions		
City of Winnipeg and participating employers	$ 11,040	$ 10,004
Total Contributions	11,040	10,004
Expenses		
Administration	1,005	995
Disability payments	10,035	9,009
Total Expenses	11,040	10,004
	$ -	$ -

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS As at December 31, 2007

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.

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, 2006 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 valuation disclosed obligations related to The Winnipeg Civic Employees' Long Term Disability Plan in the amount of $68,599,000. Upon extrapolation to December 31, 2007, this obligation is estimated at $72,592,000.

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.

2007

THE CITY OF WINNIPEG EMPLOYEES’ **GROUP LIFE INSURANCE PLAN**

THE CITY OF WINNIPEG

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 4.4% over the past four years. The number of active members has increased 1.3% over this period, going from 7,919 at the end of 2003 to 8,025 at the end of 2007. The number of pensioners has grown 9.3% over this period, increasing from 4,104 at the end of 2003 to 4,487 at the end of 2007.

Total Plan membership for Police Employees has grown by 12.8% over the past four years. The number of active members has increased 6.7% over this period, going from 1,247 at the end of 2003 to 1,330 at the end of 2007. The number of police pensioners has grown substantially, going from 572 at the end of 2003 to 722 at the end of 2007, a 26.2% increase over the period.

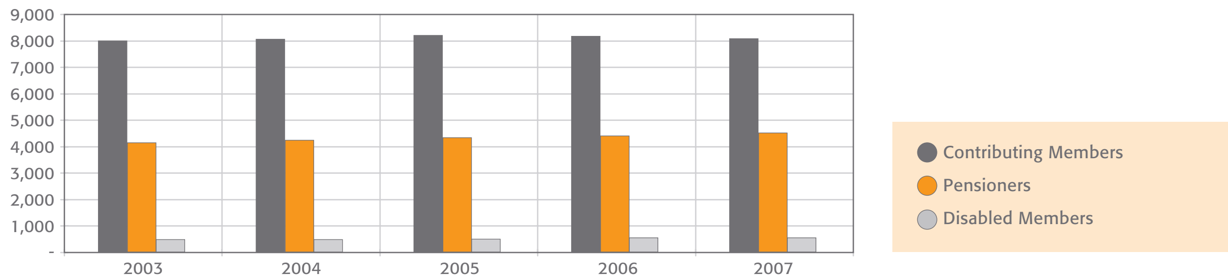
The Civic Employees' Group Life Insurance Plan's most recent actuarial valuation as at December 31, 2004 disclosed an actuarial surplus of $27,355,000 and a contingency reserve in the amount of $5,304,000. The surplus is being utilized to finance reductions to contribution rates of 54% for basic life 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.

SUMMARY OF PLAN MEMBERSHIP

	2007	2006	2005	2004	2003
Members					
Active Members	8,025	8,124	8,155	8,023	7,919
Disabled Members	491	488	461	435	435
Pensioners	4,487	4,348	4,297	4,187	4,104
Total	13,003	12,960	12,913	12,645	12,458
Deaths					
Active	24	12	13	18	16
Pensioners	123	136	130	145	144
Life Insurance In Force	(000's)	(000's)	(000's)	(000's)	(000's)
Basic	$ 817,963	$ 782,392	$ 781,590	$ 738,691	$ 702,260
Optional	200,385	194,765	199,341	183,655	179,594
Pensioners	121,823	115,035	110,212	104,292	99,291

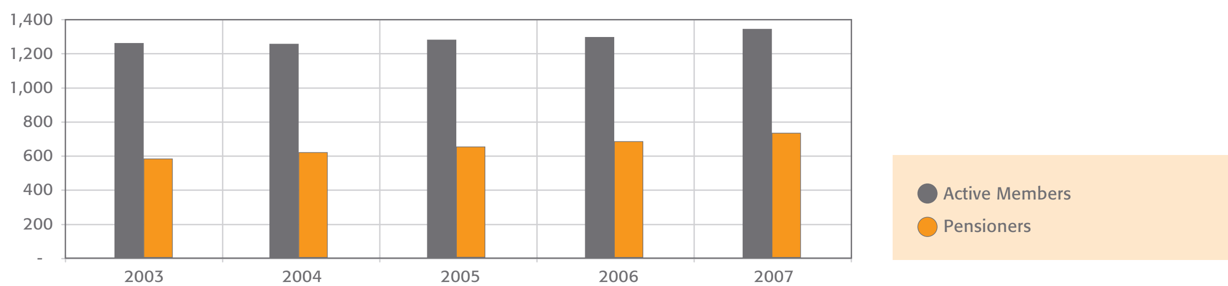
Membership Profile



SUMMARY OF PLAN MEMBERSHIP

	2007	2006	2005	2004	2003
Members					
Active Members	1,330	1,289	1,266	1,246	1,247
Pensioners	722	679	644	607	572
Total	2,052	1,968	1,910	1,853	1,819
Deaths					
Active	1	2	1	1	-
Pensioners	9	7	7	6	3
Life Insurance In Force	(000's)	(000's)	(000's)	(000's)	(000's)
Basic	$ 195,836	$ 187,407	$ 174,971	$ 169,738	$ 157,181
Optional	50,053	46,033	41,659	40,630	37,061
Pensioners	43,041	39,250	36,407	33,270	30,530

Membership Profile



THE CITY OF WINNIPEG – EMPLOYEES' GROUP LIFE INSURANCE PLAN

FIVE YEAR FINANCIAL SUMMARY

	2007	2006	2005	2004	2003
	(000's)	(000's)	(000's)	(000's)	(000's)
Investments at Market:					
Bonds and Debentures	$ 47,811	$ 47,831	$ 40,244	$ 37,652	$ 34,238
Real Return Bonds	775	782	822	760	679
Canadian Equities	42,774	46,484	45,067	43,525	37,668
Foreign Equities	26,999	31,387	25,937	21,512	19,610
Short-term Deposits	12,810	2,875	4,338	2,017	4,175
Other Liabilities	(1,224)	(399)	(362)	(383)	(411)
	$ 129,945	$ 128,960	$ 116,046	$ 105,083	$ 95,959
Net Assets:					
Civic Employees	107,364	106,862	96,281	87,381	80,039
Police Employees	22,581	22,098	19,765	17,702	15,920
	$ 129,945	$ 128,960	$ 116,046	$ 105,083	$ 95,959

Increase in Civic Employees' Net Assets

	2007	2006	2005	2004	2003
Contributions					
City of Winnipeg*	$ 981	$ 942	$ 947	$ 874	$ 838
Employees	1,308	1,235	1,370	1,260	1,207
Pensioners	152	148	144	130	131
Investment Income	2,472	11,962	10,647	8,984	10,230
	4,913	14,287	13,108	11,248	12,406
Decrease in Assets					
Actuarial Fees	-	34	65	-	54
Administration	107	100	99	101	90
Benefit Payments	3,926	3,221	3,718	3,489	3,500
Investment Management Fees	184	163	140	134	107
Claims Administration & Taxes	194	188	186	182	174
	4,411	3,706	4,208	3,906	3,925
Increase in Net Assets	$ 502	$ 10,581	$ 8,900	$ 7,342	$ 8,481
Annual Rates of Return	2.3%	12.6%	12.3%	11.4%	14.5%

Increase in Police Employees' Net Assets

	2007	2006	2005	2004	2003
Contributions					
City of Winnipeg	$ 190	$ 193	$ 174	$ 174	$ 155
Employees	230	230	221	220	189
Pensioners	40	32	30	28	26
Investment Income	518	2,459	2,160	1,797	1,982
	978	2,914	2,585	2,219	2,352
Decrease in Assets					
Actuarial Fees	-	4	50	-	52
Administration	23	20	20	20	16
Benefit Payments	405	495	397	366	85
Investment Management Fees	38	34	29	27	21
Claims Administration & Taxes	29	28	26	24	21
	495	581	522	437	195
Increase in Net Assets	$ 483	$ 2,333	$ 2,063	$ 1,782	$ 2,157
Annual Rates of Return	2.3%	12.6%	12.3%	11.4%	14.5%

* Includes participating employers

REPORT FROM THE DIRECTOR OF INVESTMENTS

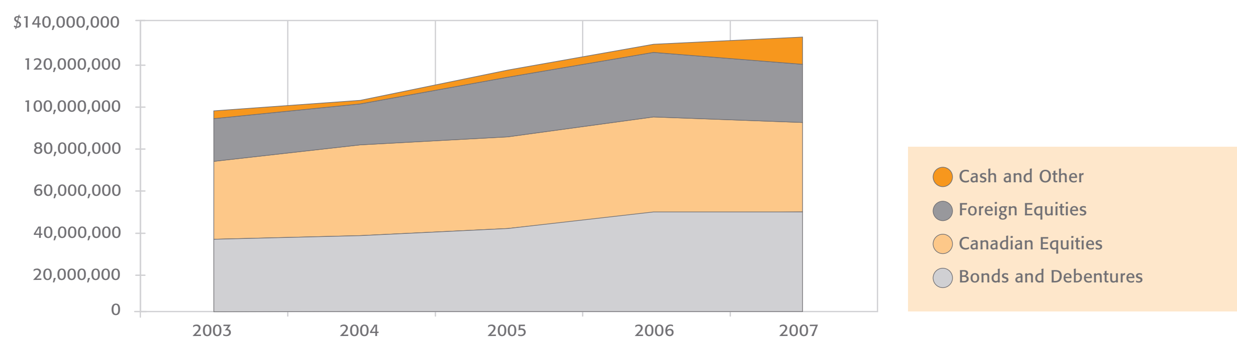
The responsibility for determining the asset mix of the Employees' Group Life Insurance Plan, within the parameters of the Plan's Statement of Investment Policies and Procedures, rests with the Investment Committee of The Board of Trustees of The Winnipeg Civic Employees' Benefits Program. So too does 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 2007, the investment portfolio returned 2.3%. The year 2007 was tumultuous, as a strong Canadian dollar and rising energy prices reached record highs, against a backdrop of tightening global credit and slowing growth in the U.S. The years 1998 through 2000 and 2003-2006 experienced abnormally high real returns, interspersed by negative returns for 2001 and 2002. The Plan's four-year and ten-year annual rates of return of 9.5% and 7.3%, respectively, place the Plan at the 50th percentile and 74th percentile ranking, respectively, of Canadian pension fund returns as measured by Benchmark, an independent measurement service.

The marginally below median ten-year record (median return of 7.8%) 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, however, has been adversely affected by having the Plan's Canadian equity portfolios underweighted in the energy and materials sectors which have experienced exceptional returns for the last four years. Generally, our investment managers have a more conservative position in these cyclical sectors which now dominate the Canadian market.

EMPLOYEES' GROUP LIFE INSURANCE PLAN

Investments



Asset Mix

As a result of a general decline in the global equity markets and significant withdrawals from Canadian equities, there was a decrease in allocation to equity investments - from 60% of the portfolio at the beginning of the year to 53% at year end with $7 million having been liquidated from Canadian equities and $5.7 million from U.S. equities and $3.6 million allocated to Non-North American equities and $10.3 million to short term investments.

Equity Investments

The Plan's Canadian equity managers underperformed the S&P/TSX Composite Index and the median pension fund in 2007 with a rate of return of 7.0%. The S&P/TSX Composite Index had a return of 9.8% in 2007 compared to a return of 17.3% in 2006.

The Plan's Foreign equity managers, collectively, experienced a loss of (7.0%) in Canadian dollar terms in 2007. This return was above the median due to above-median performance in U.S. equities. The U.S. market reported a loss of (10.6%) in Canadian dollars, in 2007. Over the last ten years, the U.S. stock market has significantly underperformed the Canadian stock market in Canadian dollars. The Plan's Non-North American manager reported a negative return of (5.3%) in 2007. The Europe, Australia, Far East Index declined 5.7% which was reflective of the Canadian dollar's appreciation of 12% against a basket of world currencies.

The World index's 4.7% gain in local currency terms translated into a loss of 9.5% in Canadian dollars for the year, once exchange rates were taken into account.

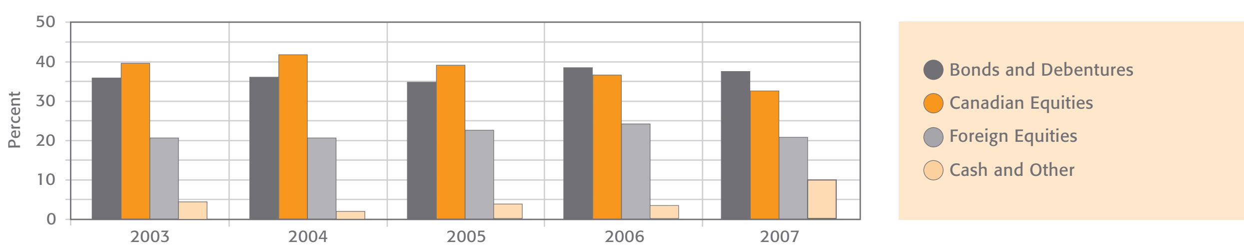
Fixed Income Investments

The Plan's bond portfolio achieved a rate of return of 4.0% in 2007. For the four- and ten-year periods ended December 31, 2007, the bond portfolio returned 5.9% and 6.8% annually, respectively, ranking at 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.

EMPLOYEES' GROUP LIFE INSURANCE PLAN

Asset Mix



Asset Mix Strategy for 2008

The Investment Committee anticipates maintaining the equity weighting in the portfolio at approximately 52% of the total portfolio.

Total Returns

	One Year	Four Years	Ten Years
Total Fund	2.3%	9.5%	7.3%
Bonds and Debentures	4.0%	5.9%	6.6%
Canadian Equities	7.0%	15.4%	10.6%
Foreign Equities	-7.0%	6.5%	3.6%
Benchmarks			
DEX Universe Bond Index	3.7%	5.3%	6.3%
S&P / TSX Composite Index	9.8%	16.3%	9.5%
S&P 500	-10.6%	2.1%	2.1%
Europe, Australia, Far East Stock Market Index	-5.7%	10.0%	4.7%
Consumer Price Index	2.4%	2.1%	2.2%

Rick Abbott
Director of Investments

THE CITY OF WINNIPEG – CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

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

Donald M. Smith
Fellow of the Canadian Institute of Actuaries

Natalie F. Thompson
Fellow of the Canadian Institute of Actuaries

THE CITY OF WINNIPEG – POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

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

Donald M. Smith
Fellow of the Canadian Institute of Actuaries

Natalie F. Thompson
Fellow of the Canadian Institute of Actuaries

THE CITY OF WINNIPEG – CITY OF WINNIPEG EMPLOYEES' GROUP LIFE INSURANCE PLAN

AUDITORS' REPORT

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, 2007 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, 2007 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 20, 2008

THE CITY OF WINNIPEG

CITY OF WINNIPEG EMPLOYEES' GROUP LIFE INSURANCE PLAN

Statement of Net Assets

As at December 31		2007		2006
		(000's)		(000's)
Assets				
Investments, at market				
Bonds and debentures	$	48,188	$	48,209
Canadian equities		42,774		46,484
Foreign equities		26,999		31,387
Short-term deposits		12,810		2,875
		130,771		128,955
Accrued interest		398		404
Accounts receivable		78		71
Due from The Winnipeg Civic Employees' Pension Plan		-		26
Total Assets		131,247		129,456
Liabilities				
Accounts payable		257		496
Due to The Winnipeg Civic Employees' Pension Plan		1,045		-
Total Liabilities		1,302		496
Net Assets	$	129,945	$	128,960
Net Assets Comprised of:				
Civic Employees' (Note 4)	$	107,364	$	106,862
Police Employees' (Note 4)		22,581		22,098
	$	129,945	$	128,960

See accompanying notes to the financial statements

THE CITY OF WINNIPEG

CIVIC EMPLOYEES' GROUP LIFE INSURANCE PLAN

Statement of Changes in Net Assets

For the years ended December 31	2007	2006
	(000's)	(000's)
Increase in Assets		
Contributions		
City of Winnipeg and participating employers	$ 981	$ 942
Employees – basic	984	944
Employees – optional	324	291
Pensioners	152	148
	2,441	2,325
Investment income	3,346	3,313
Current period change in market value of investments	(874)	8,649
Total increase in assets	4,913	14,287
Decrease in Assets		
Administration	107	100
Actuarial fees	-	34
Benefit payments	3,926	3,221
Investment management fees	184	163
Claims administration and taxes	194	188
Total decrease in assets	4,411	3,706
Increase in net assets	502	10,581
Net assets at beginning of year	106,862	96,281
Net assets at end of year	$ 107,364	$ 106,862

See accompanying notes to the financial statements

THE CITY OF WINNIPEG

POLICE EMPLOYEES' GROUP LIFE INSURANCE PLAN

Statement of Changes in Net Assets

For the years ended December 31		2007		2006
		(000's)		(000's)
Increase in Assets				
Contributions				
The City of Winnipeg	$	190	$	193
Employees – basic		191		193
Employees – optional		39		37
Pensioners		40		32
		460		455
Investment income		698		684
Current period change in market value of investments		(180)		1,775
Total increase in assets		978		2,914
Decrease in Assets				
Administration		23		20
Actuarial fees		-		4
Benefit payments		405		495
Investment management fees		38		34
Claims administration and taxes		29		28
Total decrease in assets		495		581
Increase in net assets		483		2,333
Net assets at beginning of year		22,098		19,765
Net assets at end of year	$	22,581	$	22,098

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS As at December 31, 2007

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. See Note 3 for the change in accounting policy adopted effective January 1, 2007. Prior to the application of the new accounting policy, the fixed income and equity investments were valued using published closing market prices.

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. Change in Accounting Policy

Effective January 1, 2007, the Plan adopted the Canadian Institute of Chartered Accountants Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3861 Financial Instruments – Disclosure and Presentation and, as a result, now measures and presents its investments at market value, with fixed income and equity investments being valued using published bid market prices. In accordance with the related transitional provisions of the above sections, the new accounting policy was applied as at January 1, 2007 and the 2006 comparative financial statements were not restated. The implementation of the change in accounting policy at January 1, 2007 on the carrying value of the investments was immaterial.

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, 2007 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, 2007, and the principal components of changes in actuarial present values during the year, were as follows:

	2007 (000's)	2006 (000's)
Actuarial present value of accrued benefits, beginning of year	$ 59,179	$ 55,990
Experience gains and losses and other factors	-	-
Changes in actuarial assumptions	-	-
Interest accrued on benefits	3,275	3,082
Benefits accrued	2,360	2,269
Benefits paid	(1.648)	(2,162)
Actuarial present value of accrued benefits, end of year	$ 63,166	$ 59,179

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:

	2007 (000's)	2006 (000's)
Market value of net assets available for benefits	$ 107,364	$ 106,862
Market value changes not reflected in actuarial value of assets	(4,624)	(9,835)
Actuarial value of net assets available for benefits	$ 102,740	$ 97,027

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, 2007 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, 2007, and the principal components of changes in actuarial present values during the year, were as follows:

	2007 (000's)	2006 (000's)
Actuarial present value of accrued benefits, beginning of year	$ 12,600	$ 11,658
Experience gains and losses and other factors	-	-
Changes in actuarial assumptions	-	-
Interest accrued on benefits	700	649
Benefits accrued	526	515
Benefits paid	(256)	(222)
Actuarial present value of accrued benefits, end of year	$ 13,570	$ 12,600

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:

	2007 (000's)	2006 (000's)
Market value of net assets available for benefits	$ 22,581	$ 22,098
Market value changes not reflected in actuarial value of assets	(935)	(2,009)
Actuarial value of net assets available for benefits	$ 21,646	$ 20,089

7. Interest Rate, Credit, Foreign Currency and Market Risk

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's asset values, future investment income, and actuarial liabilities. This risk arises from differences in the timing and amount of cash flows related to the Plan's assets and liabilities. The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets.

The Plan's actuarial liabilities are exposed to the long term expectation of rates of return on investments 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 47% of its assets invested in fixed income securities as at December 31, 2007. The returns on fixed income securities are particularly sensitive to changes in nominal interest rates.

The term to maturity and related market values of investments in bonds and debentures held by the Plan at December 31, 2007 are as follows:

Term to Maturity	2007 Market Value (000's)	2006 Market Value (000's)
Less than one year	$ 5,726	$ 1,007
Two to five years	21,440	27,183
Greater than five years	21,022	20,019
	$ 48,188	$ 48,209

b) Credit risk

Credit risk arises from the potential for an investee to fail or to default on its contractual obligations to the Plan. At December 31, 2007, the Plan's credit risk exposure related to bonds and debentures, accrued interest and short-term deposits totaled $60,830,397. The Plan's concentration of credit risk as at December 31, 2007, related to bonds and debentures, is categorized amongst the following types of issuers:

Type of Issuer	2007 Market Value (000's)	2006 Market Value (000's)
Government of Canada and Government of Canada guaranteed	$ 28,821	$ 31,410
Provincial and Provincial guaranteed	2,806	3,544
Canadian cities and municipalities	3,394	820
Corporations and other institutions	13,167	4,971
	$ 48,188	$ 40,745

The Plan's investments include short-term deposits with the City of Winnipeg which have a market value of $11,353,107 at December 31, 2007.

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.

c) Foreign currency risk

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. There were no open forward contracts outstanding at December 31, 2007 (2006 - $ nil).

As at December 31, 2007, the Plan's net foreign currency exposure was as follows:

	2007 Net Exposure (000's)	2006 Net Exposure (000's)
United States	$ 7,697	$ 14,676
Euro	6,622	5,497
United Kingdom	4,158	3,450
Japan	1,791	1,572
Hong Kong	1,164	1,123
Korea	962	827
Switzerland	840	890
Other	3,765	3,352
	$ 26,999	$ 31,387

d) Market risk

Market risk is the risk that the value of investments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to an individual asset or its issuer, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments.

8. Investment Transaction Costs

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

2007

APPENDICES

INVESTMENT MANAGERS

As at December 31, 2007

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.
Provident Investment Counsel, 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, 2007

Description	Maturity Date	Pension Plan Market Value (000's)	Group Life Market Value (000's)
Government of Canada bonds	2008 - 2023	$ 499,549	$ 28,821
Provincial bonds	2009 - 2024	360,062	2,806
Municipal bonds (excluding Winnipeg bonds)	2008 - 2015	-	3,394
Corporate and other institutions bonds	2008 - 2021	480,199	13,167
Accrued interest		6,634	398
Total bonds and debentures		$ 1,346,444	$ 48,586
Call funds – City of Winnipeg		$ 122,059	$ 11,353
Short term investment fund		7,503	-
Funds on deposit – Great-West Life		-	565
Cash		256	892
Total short-term investments		$ 129,818	$ 12,810

TOP 50 CORPORATE SHARE HOLDINGS*

As at December 31, 2007

	Pension Plan Market Value (000's)	Group Life Market Value (000's)
Manulife Financial Corporation	$ 71,634	2,633
Bank of Nova Scotia	61,615	1,714
Toronto - Dominion Bank	49,300	1,786
Royal Bank of Canada	45,921	2,063
Suncor Energy, Inc.	39,686	2,277
Rogers Communications Inc., Class B	38,054	1,217
Canadian Natural Resources Limited	33,210	429
Bank of Montreal	32,075	1,059
Canadian Imperial Bank of Commerce	30,904	1,080
TELUS Corporation	30,112	1,363
EnCana Corporation	25,342	1,898
Potash Corporation of Saskatchewan Inc.	23,631	1,002
Agrium Inc.	23,576	1,083
Research in Motion Limited	22,207	545
Sun Life Financial Services of Canada Inc.	22,071	163
Petro-Canada	19,897	827
Talisman Energy Inc.	19,743	680
Goldcorp Inc.	19,004	408
The Thompson Corporation	18,194	1,045
Loblaw Companies Limited	18,089	470
Canadian National Railway Company	16,741	834
Tim Hortons Inc.	16,671	380
ShawCor Limited, Class A, SV	15,289	11
Finning International Inc.	15,192	183
Yellow Pages Income Fund	14,883	401

	Pension Plan Market Value (000's)	Group Life Market Value (000's)
Exxon Mobil Corporation	$ 14,725	157
Power Corporation of Canada, SV	14,102	507
BCE Inc.	13,932	425
Nexen Inc.	13,900	297
Husky Energy Inc.	12,588	58
Canadian Pacific Railway Limited	12,411	492
TransCanada Corporation	11,976	911
Cameco Corp.	11,326	518
Alimentation Couche-Tard Inc., Class B, SV	11,226	141
Sherritt International Corporation, RV	10,898	535
Gildan Activewear Inc.	10,798	207
Magna International Inc., Class A, SV	10,726	485
BAE Systems PLC	10,693	326
RONA Inc.	9,917	116
Shoppers Drug Mart Corporation	9,783	208
IGM Financial Inc.	9,760	28
Astral Media Inc., Class A, NV	9,548	13
General Electric Company	9,221	61
Corus Entertainment Inc., Class B, NV	9,190	10
Great-West Lifeco Inc.	9,067	749
Celestica Inc., SV	9,027	378
Imperial Oil Ltd.	8,697	74
Microsoft Corporation	8,622	62
Niko Resources Ltd.	8,223	159
Torstar Corporation, Class B, NV	8,027	4

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