SHEPP

SASKATCHEWAN HEALTHCARE
EMPLOYEES' PENSION PLAN

ANNUAL REPORT 2009

SHEPP
SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

mission

To serve the best pension interests of the members.

vision

A quality retirement future through meaningful benefits.

values

Openness, Respect and Service
Accountability, Integrity and Trust
Leadership and Professionalism
Excellence, Initiative and Innovation.

From the Chair and Vice-Chair

We are pleased to present you with the 2009 Annual Report of the Saskatchewan Healthcare Employees' Pension Plan (SHEPP).

As the administrator of one of Canada's largest pension plans, the Board of Trustees is and has been very focused on understanding and managing the risks facing SHEPP. Because SHEPP is a defined benefit pension plan, our biggest risk is not having enough money to pay for all the benefits earned by members under the Plan. To address that risk, the Board has developed a funding policy and an investment policy aimed at ensuring that investment income, together with contributions from active members and employers, will be sufficient to pay administrative costs and the benefits earned by members.

Our Plan is relatively young. We have three times as many active members as retired members. This means that the pension entitlements being earned by members actively at work form the largest part of our overall benefit cost. Since the pensions of those active workers are tied to their highest average earnings, we face the challenge of funding pensions that are growing at the pace of members' rates of pay. We also face a future of longer life expectancies for upcoming pensioners, and this too will raise the cost of their pension benefits.

To meet these increasing cost demands and to strive to keep contribution rates affordable, it is necessary to take on a level of investment risk. This is our funding challenge. The impact of the decline in equity markets in late 2008 and early 2009 has put significant stress into that challenge by increasing the Plan's unfunded liability.

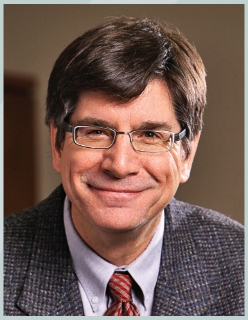
In 2009, with the assistance of SHEPP staff, investment advisors and legal counsel, the Board developed and implemented a funding action plan to reduce the Plan's unfunded liability. That action plan provides that:

- It will likely be necessary to increase contributions rates for active members and employers in order to improve the Plan's funding position.
- To the extent possible, contribution rate increases will be introduced in stages over a reasonable period.
- The funding priorities are first to secure member pensions and second to keep contribution rates as stable as possible.
- When the unfunded liability is eliminated, any increase in member and employer contributions necessary to meet that objective will be discontinued and contribution rates will be set at the rate recommended by the actuary to meet the current service costs of the Plan.
- The Statement of Investment Policies and Procedures of the Board is sound and, subject to ongoing review and linkage to the SHEPP's Funding Policy, will be the basis upon which the Plan's assets will be invested to meet the funding requirements of the Plan.
- Investment risk is a primary consideration for the Plan and as the Plan matures and the Plan's funded position improves the Board will consider strategies and opportunities to reduce investment risk to the extent possible without impairing the ability to pay the benefits earned by Plan members.

This funding action plan is the product of considerable effort, critical thinking, open and insightful discussion and commitment to fiduciary duty by all members of the Board of Trustees.

We bid a fond farewell to Trustee Muriel Morhart, who served on the Board as SEIU-West's appointee from the inception of SHEPP on December 31, 2002 to December 31, 2009. We thank her for her many contributions to SHEPP's development and wish her all the best in retirement.

On behalf of the Board we thank our CEO for heading an administrative team second to none. We also recognize the skill, ability and dedication of our Plan actuary, investment consultants and legal counsel in working effectively with our CEO to provide support and guidance to the Board throughout the year.



Andrew Huculak
Chair

Jim Tompkins
Vice-Chair

From the CEO

Brad Garvey
CEO

My message in last year's annual report was written during the biggest financial market decline in nearly 80 years. The full extent of that decline was not reached until early March 2009. While market conditions have improved since then, the impact of the event has made pension plans the subject of unprecedented interest and discussion.

Our priority in 2009 was to be there for our members and Partners to discuss how SHEPP was impacted and to talk candidly about the challenges facing the Plan in the future. We travelled throughout the province to meet with our members in the communities where they work and live; we posted our first web site video in which we spoke directly about the funding challenge now facing the Plan; we invited the Partners to a special meeting where we presented and discussed our impact assessment and our funding action plan; we featured articles in our member newsletters about Plan funding; and we were here every business day to answer all member calls, e-mails and letters.

Our strategic focus in 2009 was risk management. Risk management is not new to SHEPP's culture and has in fact played an important role in our success. The 2008 establishment of an in-house finance department brought key resources into our organization which we were able to leverage in 2009 to introduce an Enterprise Risk Management (ERM) program. Through ERM we have taken a more integrated approach to managing risk and have reinforced that at SHEPP, everyone is responsible for risk management.

The key risk we face is the mismatch between the Plan's assets and liabilities. To better manage that risk we more closely aligned our asset and liability management teams in 2009. We did this by bringing the Plan actuary and investment consultant together in a CEO-led working group. This working group provides direct support to the Board of Trustees in the development, integration and execution of the Board's funding and investment policies.

Plan member services were enhanced in 2009 with the successful introduction of Plan amendment 32. The amendment permits members to voluntarily purchase leaves of absence as credited service while on leave. SHEPP's Management Console, a secure online application where members can request SHEPP services and conduct Plan business, was deployed in 2009. These service enhancements were made possible by our effective application of systems technology and continue to build our reputation as a provider of quality service at low cost.

I thank the SHEPP staff for their hard work and dedication and the Board of Trustees for its support throughout the year. I also thank our members for their cooperation. They are always on the top of our minds.

Profile

About Us

The Saskatchewan Healthcare Employees' Pension Plan (SHEPP) is the largest defined benefit pension plan in Saskatchewan.

Originally established in 1962 for Saskatchewan hospital employees, the Plan has grown to become the pension Plan for over 45,200 current and former healthcare workers in the province.

With its competitive pension formula, enriched early retirement and bridge benefits, portability and transfer features, the Plan forms the foundation for financial security for members at retirement.

Board of Trustees

The Board is made up of four employer appointed and four employee appointed trustees. The Saskatchewan Association of Health Organizations (SAHO) appoints the employer trustees and the four largest healthcare unions each appoint one employee trustee.

Partner Committees

Plan design issues, such as the pension calculation formula and retirement eligibility rules are negotiated by two partner committees representing employers and employees.

SAHO appoints representatives to the employer committee, and six healthcare unions appoint representatives to the employee committee:

Canadian Union of Public Employees
Health Sciences Association of Saskatchewan
Retail, Wholesale and Department Store Union
Saskatchewan Government and General Employees' Union
Saskatchewan Union of Nurses
SEIU-West

SHEPP Employees

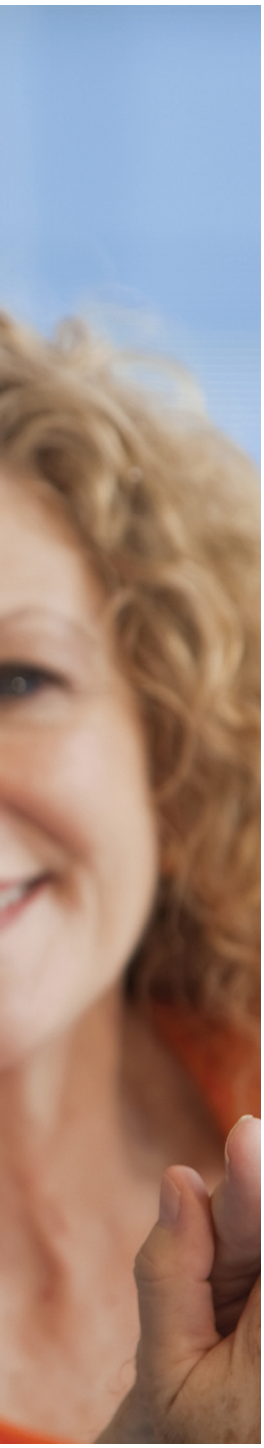
Under the oversight of the Board of Trustees, the CEO and his 24 employees are responsible for the day-to-day operation of the Plan.

Participating Employers

There are 65 healthcare employers participating in SHEPP.

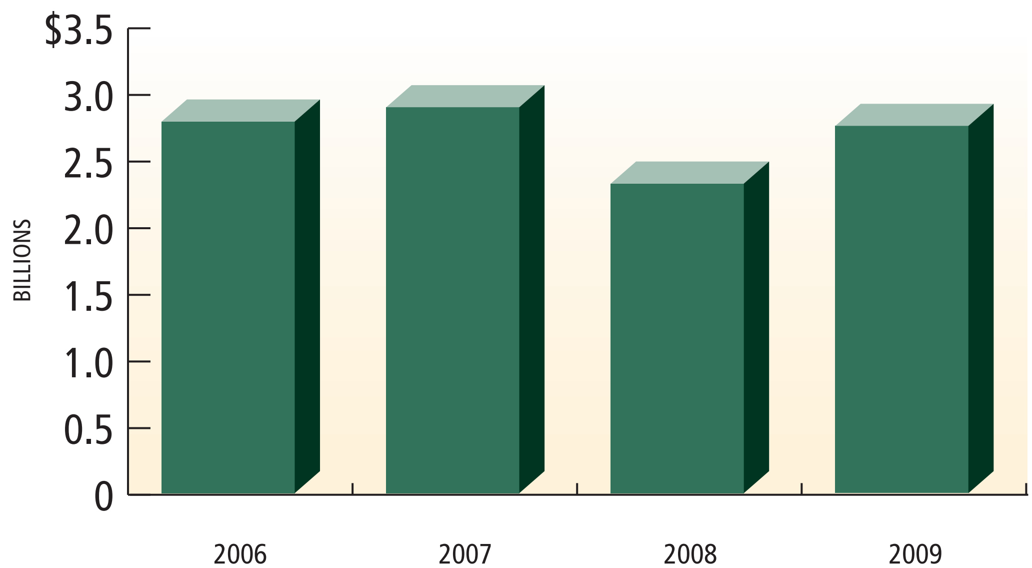
All Nations' Healing Hospital
Alzheimer Society of Saskatchewan Inc.
Angus Campbell Centre
Bethany Pioneer Village
Birch Manor
Border-Line Housing Co. (1975) Inc.
Creighton Alcohol and Drug Abuse Council
Cupar & District Nursing Home
Cypress Regional Health Authority
Deer Park Villa Inc.
Dr. Noble Irwin Regional Healthcare Foundation Inc.
Eaglestone Lodge - Personal Care Home Inc.
Eatonia Oasis Living Inc.
Elmwood Residences Inc.
Extendicare Moose Jaw
Extendicare Regina
Extendicare Saskatoon
Five Hills Regional Health Authority
Foyer St. Joseph Nursing Home
Gull Lake & District Road Ambulance Board Corporation
Haven of Hope Home
Heartland Regional Health Authority
Herbert Group Home
Ina Grafton Gage Home
Keewatin Yatthé Regional Health Authority
Kelsey Trail Regional Health Authority
Langham Senior Citizen's Home
Lumsden & District Heritage Home
LutherCare Communities
Mamawetan Churchill River Regional Health Authority
Métis Addictions Council of Saskatchewan Inc.
Mont St. Joseph Inc.
Moose Jaw Health Foundation
North Saskatchewan Laundry & Support Services Ltd.
Oak Trees & Acorns Child Care Centre Inc.
Pioneers Haven Co. Inc.
Prairie North Regional Health Authority
Prince Albert Parkland Regional Health Authority
Providence Place for Holistic Health Inc.
Qu'Appelle House
Radville Marian Health Centre
Regina Lutheran Care Society
Regina Lutheran Home
Regina Qu'Appelle Regional Health Authority
Regina Recovery Homes Inc.
Registered Psychiatric Nurses Association of Saskatchewan
Saint Joseph's Health Centre
Saint Joseph's Home
Saint Joseph's Hospital, Estevan
Saint Joseph's Hospital, Gravelbourg
Salvation Army William Booth Special Care Home
Santa Maria Senior Citizens Home Inc.
Saskatchewan Voice of People with Disabilities Inc.
Saskatchewan Association of Health Organizations
Saskatchewan Association of Licensed Practical Nurses
Saskatchewan Cancer Agency
Saskatchewan Healthcare Employees' Pension Plan
Saskatchewan Society of Medical Laboratory Technologists Inc.
Saskatoon Housing Coalition
Saskatoon Regional Health Authority
Spadina Early Learning and Childcare Co-operative
Sun Country Regional Health Authority
Sunrise Regional Health Authority
The Health Foundation of East Central Saskatchewan, Inc.
Yorkton Mental Health Drop-in Centre

Financial Highlights



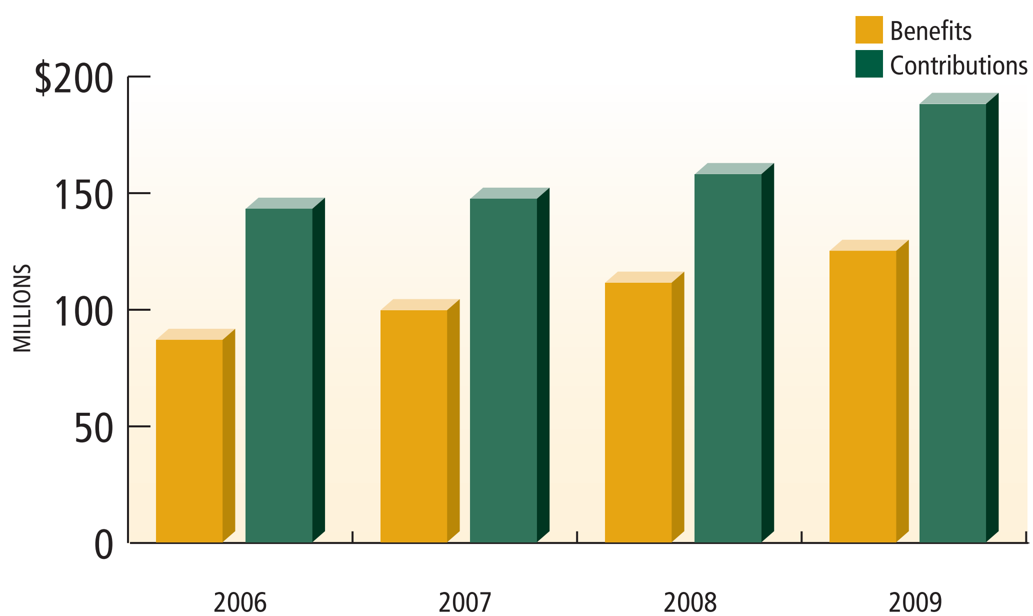
	2009 ($000's)	2008 ($000's)	2007 ($000's)	2006 ($000's)
Net Assets Available for Benefits	**2,932,800**	**2,499,878**	**3,072,654**	**2,965,445**
Accrued Pension Obligation	**3,782,400**	**3,512,971**	**2,888,346**	**2,676,785**
Contributions				
Member Required	89,879	75,415	70,017	67,912
Employer Required	100,664	84,464	78,419	76,061
Other	2,123	3,021	3,904	4,071
Total Contributions	**192,666**	**162,900**	**152,340**	**148,044**
Benefit Payments				
Pensions	104,515	93,519	82,942	73,647
Terminations and Death	25,460	22,820	21,611	18,179
Total Benefit Payments	**129,975**	**116,339**	**104,553**	**91,826**
Plan Expenses				
Administrative	3,886	3,469	3,045	2,771
Investment	10,611	9,450	8,236	6,688
Total Plan Expenses	**14,497**	**12,919**	**11,281**	**9,459**

Net Assets Available for Benefits



Net assets available for benefits increased by $433 million in 2009.

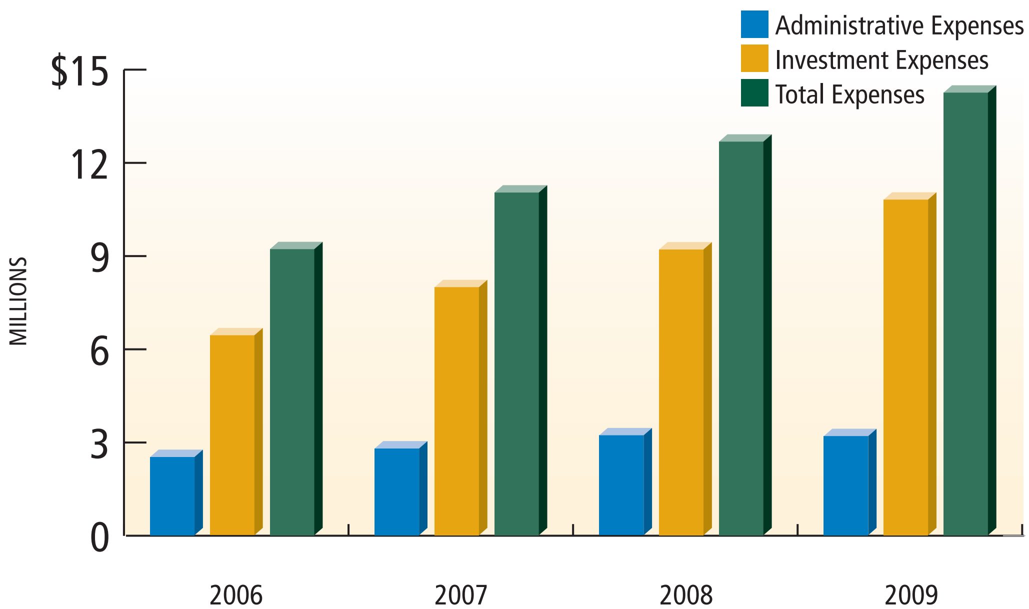
Benefits and Contributions



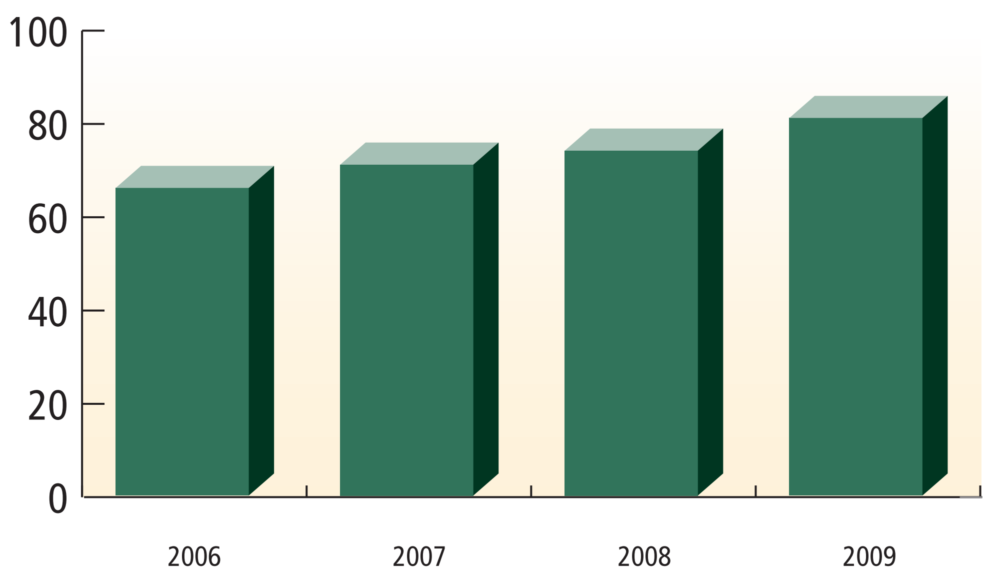
Employee and employer contributions to the Plan were $193 million in 2009.

A total of $130 million was paid out in pension, termination and death benefits during the year, a 11.7 per cent increase over the previous year.

Administrative Expenses, Investment Expenses, and Total Expenses



Administrative Cost per Member



In 2009, the cost of providing services to Plan members was $86 per member. This cost ranks among the lowest compared to other public sector pension plans that benchmark costs. SHEPP remains committed to administering the Plan in a cost effective manner.

Member Services

Did You Know?

Over 32,800 personal statements were mailed to members last year.

In 2009, *SHEPP*Web was accessed by 8,505 users and more than 510,000 pages were viewed.

We provide a number of services to members throughout their entire membership in the Plan. Whether they are receiving pension benefits, thinking about retirement or new members to the Plan, our goal is to provide the highest quality of service.

This means friendly, timely and accurate service designed to keep them informed and provide them with the personalized information they need to make educated retirement decisions.

Customer Service

We provide friendly and efficient customer service in person, by phone, fax, regular mail and e-mail. SHEPP handled thousands of requests for information from members in 2009. For example, SHEPP performed 8,175 retirement, termination and death benefit calculations and 112 spousal relationship breakdown calculations last year.

We implemented the "Outreach Program" to enhance stakeholder understanding and to strengthen relations with members and employers.

SHEPP determined it was necessary to be proactive and bring the Plan to the members.

SHEPP staff also delivered pension presentations at employer sites throughout the province.

Personalized Information

Annually, active and deferred members receive personal statements of their SHEPP benefits, contributions and service. The statements use a friendly format to help members better understand the key features of their SHEPP benefits.

Print and Online Materials

We publish a full range of printed materials relating to the Plan. Among those is the Plan booklet, which explains the Plan and its benefits.

Information sheets such as beneficiary designations, purchase of prior service, spousal relationship breakdown, power of attorney and portability agreement transfers are available, and information sheets on other topics are planned for the future.

Our web site at www.shepp.ca provides a wealth of information on everything from governance to investments, as well as links to other sites.

*SHEPP*Web

*SHEPP*Web is the secure on-line pension information service for active Plan members located at www.shepp.ca. Through *SHEPP*Web active Plan members can:

- perform unlimited pension projection calculations;
- perform unlimited prior service purchase cost estimate calculations;
- view and print their most recent member's annual statement;
- view and update key portions of their SHEPP member record; and
- request pension estimates, prior service purchase and spousal relationship breakdown calculations from SHEPP.

On enrollment to the Plan members receive a *SHEPP*Web username and password directly from SHEPP. This new service gives members more flexibility and access to their pension information 24 hours a days, seven days a week.

Member Services

Did You Know?

SHEPP welcomed 2,803 new members in 2009.

About 89 per cent of members are women.

43 per cent of members work less than full-time.

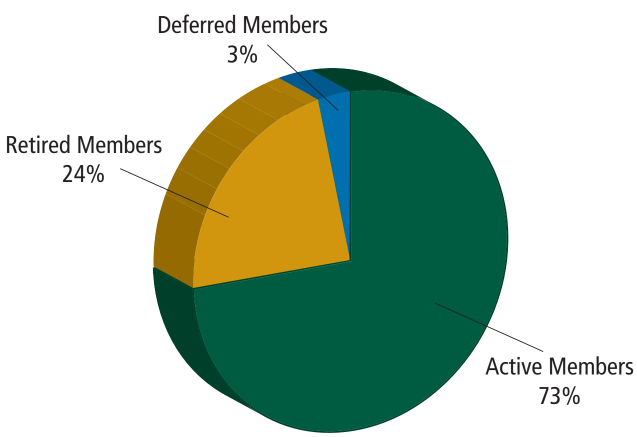
The average active Plan member is 45.3 years old.

2,894 members were absent from employment for all or part of 2009 due to approved disability. These members received service credit under the Plan for the period of approved disability.

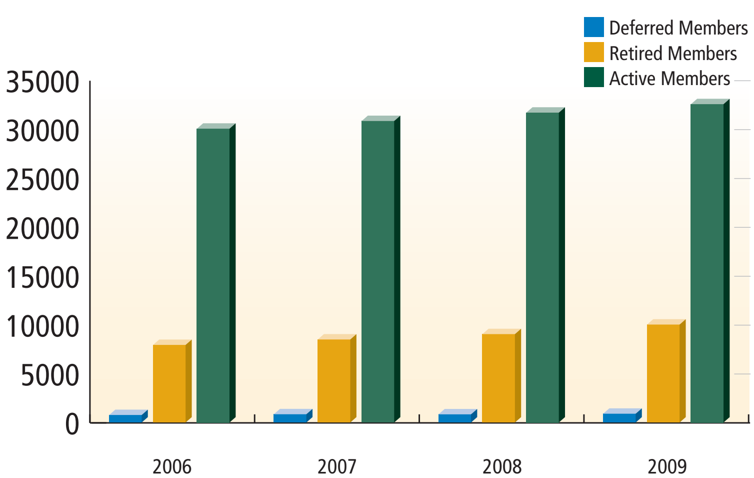
SHEPP Serves 45,249 Members

- 33,154 active members (including members absent from employment due to approved disability)
- 10,608 retired members, surviving spouses and beneficiaries
- 1,487 deferred members, or former members who left their funds in SHEPP to collect a pension at retirement

Our Membership



Historical Profile



Member Services

Did You Know?

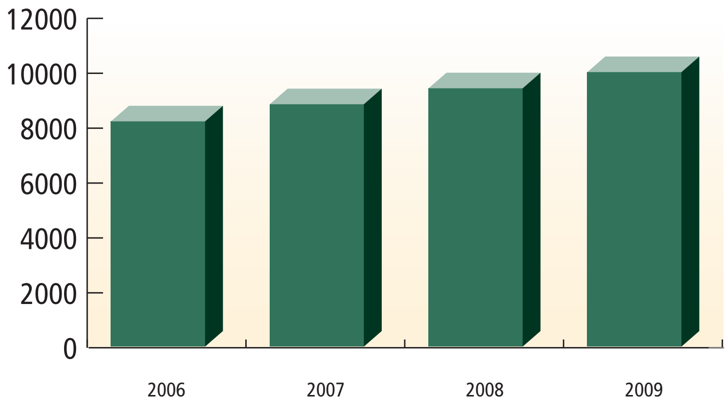
During the next 10 years, 14,302 members will be eligible to retire with an unreduced pension.

The average new lifetime pension in 2009 was $1,272 per month. In addition, the average new bridge benefit was $269 per month for members who met the rule of 80 (age plus credited service).

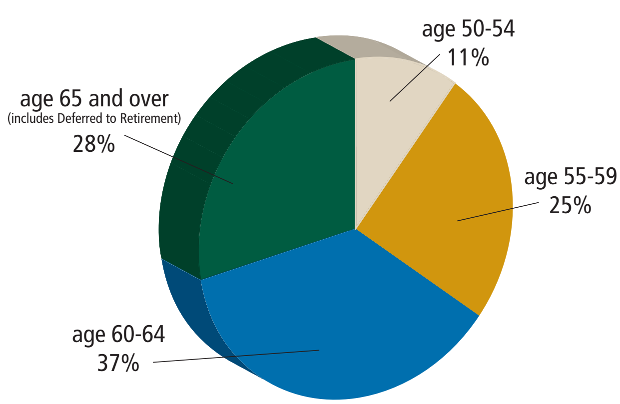
Retired Members, Spouses and Beneficiaries

In 2009, we provided accurate and timely pension payments to 10,608 retired members, surviving spouses and beneficiaries of retired members, including 590 newly retired members.

Number of Retired Members, Spouses and Beneficiaries



Age of New Retired Members



Did You Know?

In 2009, the Fund achieved an investment return of 15.1 per cent.

SHEPP ranked 52nd largest pension plan in Canada by asset size.

Investment expenses consist of fund manager, consultant and custodian fees. In 2009, the total costs of these services were about 0.33 per cent of assets.

Fund Performance

How the Fund is Invested

SHEPP's assets are invested in accordance with the Board of Trustees' investment philosophy and objectives, which are outlined in the Statement of Investment Policies and Procedures.

The Board's goal is to ensure there will be sufficient funds available to pay the benefits promised under the Plan. The investment goal is one of prudence, with a view to earning the best possible returns within an acceptable level of risk.

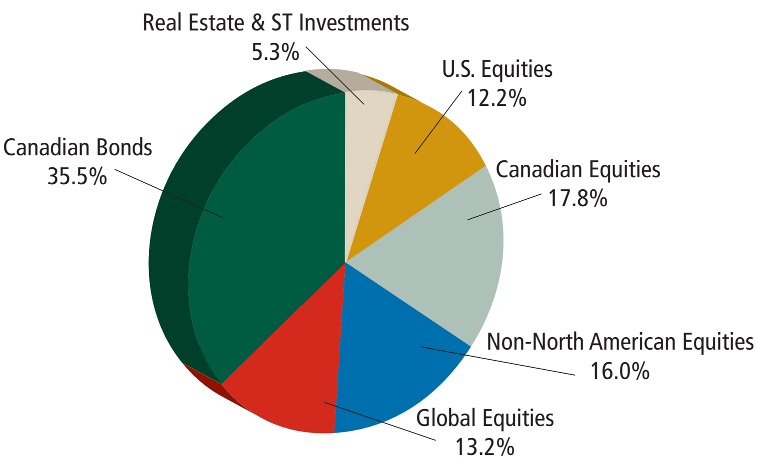
What the Fund is Invested in

The following charts show the Fund's investments by asset class.

Historical asset mix (%)

	2006	2007	2008	2009
Canadian Equities	22.6	20.7	15.5	17.8
Non-North American Equities	21.9	20.1	14.9	16.0
Global Equities	N/A	N/A	12.2	13.2
U.S. Equities	18.1	18.3	10.6	12.2
Real Estate	0.2	0.7	1.7	4.2
Canadian Bonds	33.2	39.1	42.9	35.5
Short-Term Investments	4.0	1.1	2.2	1.1
	100	100	100	100

Asset Mix



Fund Performance

Did You Know?

If you are interested in receiving a copy of SHEPP's Statement of Investment Policies and Procedures, please visit our web site or contact sheppinfo@shepp.ca

2009 Investment Performance

The long term performance objectives of the Fund's investments are to outperform the benchmark set for the total Fund and for each asset class. The benchmarks reflect the performance of the markets in which the Fund is invested.

In 2009, the Fund achieved a 15.1 per cent rate of return, reflecting a global market rally. Markets across the board posted positive returns in contrast to the negative markets observed in 2008. The total Fund return lagged the total Fund benchmark return by 1.8 per cent for the year, resulting from a defensive asset mix coming into the market rally and negative value added in the first half of the year.

The Fund's four year annualized rate of return was 1.9 per cent versus the comparative benchmark return of 1.7 per cent and the 10 year annualized rate of return was 4.8 per cent versus 4.0 per cent for the benchmark.

Total Fund Return

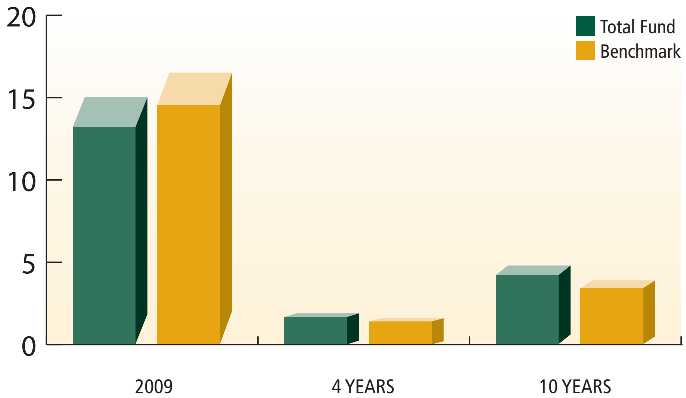
	2007	2008	2009
Annual return	2.3	-19.8	15.1
Annual benchmark	2.5	-21.1	16.9
Four year annualized return	9.7	1.2	1.9
Four year annualized benchmark	9.0	0.4	1.7

Did You Know?

SHEPP's long-term target asset mix is about 60 per cent equities, 25 per cent fixed-income (bonds), 10 per cent real estate and five per cent infrastructure.

Fund Performance

Total Fund vs. Benchmark Return (%)



Historical Total Fund Return (%)

Management's Responsibility for Financial Reporting

The SHEPP consolidated financial statements and all the information in this Annual Report are the responsibility of management and have been approved by the Board of Trustees.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include some amounts that are necessarily based on management's best estimates and judgments. Financial and operating information presented in the Annual Report are consistent with the consolidated financial statements. Systems of internal control and practices are maintained to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained.

KPMG LLP, the external auditor appointed by the Board of Trustees, has conducted an independent examination of the consolidated financial statements in accordance with generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express an opinion in the Auditors' Report. The external auditor has unrestricted access to management and the Board of Trustees to discuss any findings related to the integrity of the Plan's financial reporting and adequacy of the internal control systems.

Brad Garvey
CEO

Auditors' Report

KPMG LLP
Chartered Accountants
McCallum Hill Centre, Tower II
1881 Scarth Street, 20th Floor
Regina Saskatchewan S4P 4K9
Canada

Telephone (306) 791-1200
Fax (306) 757-4703
Internet www.kpmg.ca

To the Board of Trustees of the Saskatchewan Healthcare Employees' Pension Plan

We have audited the consolidated statement of net assets (liabilities) of the Saskatchewan Healthcare Employees' Pension Plan as at December 31, 2009 and the consolidated statement of changes in net assets (liabilities) for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform 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 of the Plan as at December 31, 2009 and the change in net assets for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Regina, Canada
April 30, 2010

SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

Consolidated Statement of Net Assets (Liabilities)

As at December 31

		2009 (000's)		2008 (000's)
ASSETS				
Investments (Note 4)	**$**	**2,942,723**	$	2,512,794
Accrued interest receivable		**444**		339
Members' contributions receivable		**7,967**		6,165
Employers' contributions receivable		**8,923**		6,905
Dividends receivable		**2,600**		2,236
Securities transactions receivable		**-**		445
Capital assets (Note 7)		**103**		79
Intangible assets (Note 8)		**1,263**		1,500
Other receivables		**258**		414
Prepaid expenses		**174**		134
		2,964,455		2,531,011
LIABILITIES				
Accounts payable		**3,768**		3,274
Securities transactions payable		**520**		-
Mortgages payable (Note 11)		**27,367**		27,859
Provision for accrued pension benefits (Note 12)		**3,782,400**		3,512,971
		3,814,055		3,544,104
NET LIABILITIES	**$**	**(849,600)**	$	(1,013,093)

Commitments (Note 13)

See accompanying notes

On behalf of the Board:

Chair

Vice-Chair

SASKATCHEWAN HEALTHCARE EMPLOYEES' PENSION PLAN

Consolidated Statement of Changes in Net Assets (Liabilites)

For the Year Ended December 31

	2009 (000's)	2008 (000's)
INCREASE IN NET ASSETS		
Contributions - Members	$ **89,879**	$ 75,415
- Employers	**100,664**	84,464
- Other	**2,123**	3,021
Investment income (Note 9)	**49,122**	63,265
Net realized gain on investments	**10,980**	-
Realized gain on foreign exchange	**39,832**	-
	292,600	226,165
DECREASE IN NET ASSETS		
Pension benefits	**104,515**	93,519
Terminations and death benefits	**25,460**	22,820
Change in provision for accrued pension benefits (Note 12)	**269,429**	624,625
Net realized loss on investments	**-**	98,217
Realized loss on foreign exchange	**-**	67,788
	399,404	906,969
EXPENSES		
Administrative expenses	**3,107**	2,680
Custodian fees	**336**	438
Fund management fees	**9,212**	7,535
Investment consulting fees	**283**	216
Investment transaction fees	**780**	1,261
Professional fees	**779**	789
	14,497	12,919
	413,901	919,888
UNREALIZED GAINS (LOSSES)		
Unrealized market value gain (loss)	**301,994**	(514,616)
Unrealized gain (loss) on foreign exchange	**(17,200)**	10,938
	284,794	(503,678)
NET INCREASE (DECREASE) IN NET ASSETS	**163,493**	(1,197,401)
NET ASSETS (LIABILITIES), BEGINNING OF YEAR	**(1,013,093)**	184,308
NET LIABILITIES, END OF YEAR	$ **(849,600)**	$ (1,013,093)

See accompanying notes

1. Saskatchewan Healthcare Employees' Pension Plan

The Saskatchewan Healthcare Employees' Pension Plan (SHEPP) is a multi-employer defined benefit pension plan registered under *The Pension Benefits Act, 1992* (Saskatchewan) and the *Income Tax Act* (Canada). The Plan is governed by a Board of Trustees pursuant to an Agreement and Declaration of Trust dated December 31, 2002. Four trustees are appointed by the Saskatchewan Association of Health Organizations (SAHO) and four healthcare unions each appoint one trustee. The Chief Executive Officer and SHEPP staff are responsible for the administration of the Plan, subject to Board monitoring and review.

2. Description of Plan

The following description of the Plan is a summary only. For more complete information reference should be made to the Plan text.

a) *Effective date*

The effective date of the Plan was March 1, 1962.

b) *Eligibility*

Eligible permanent full-time and permanent part-time employees of SHEPP employers must participate.

Membership is optional for eligible casual and temporary employees who work at least 780 hours in the immediately preceding calendar year or at least 700 hours in each of the two immediately preceding calendar years.

c) *Member contributions*

SHEPP employers are responsible for the accuracy and completeness of the payroll information on which contributions are remitted and benefits determined under the Plan. Contributions are made by both members and SHEPP employers in accordance with the provisions of the Plan.

Until March 31, 2009 members were required to contribute 5.85 per cent of their pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 7.35 per cent of pensionable earnings above the YMPE and after March 31, 2009 members are required to contribute 6.6 per cent of their pensionable earnings up to the Year's Maximum Pensionable Earnings (YMPE) and 9.0 per cent of pensionable earnings above the YMPE.

Plan members may purchase eligible prior service provided they satisfy the full purchase cost. Effective April 1, 2009 members may purchase employer approved leaves of absence on a current service basis provided they satisfy both the employer and employee cost. These contributions are referred to as additional purchased service contributions.

Plan members may transfer in service and contributions from the pension plan of a prior employer. These contributions are referred to as portability transfer contributions.

d) *Employer contributions*

Employers contribute 112 per cent of a member's required contributions.

2. Description of Plan (continued)

e) Amount of pension

Subject to the maximum pension limits set out in the Plan Text the basic lifetime pension is equal to the sum of:

(i) 2 per cent of highest average contributory earnings (HACE)[1] multiplied by years of credited service up to December 31, 1989, plus

(ii) 1.65 per cent of highest average base contributory earnings (HABCE)[2] plus two per cent of highest average excess contributory earnings (HAECE)[3] multiplied by years of credited service between January 1, 1990 and December 31, 2000, plus

(iii) 1.4 per cent of highest average base contributory earnings (HABCE) plus two per cent of highest average excess contributory earnings (HAECE) multiplied by years of credited service after January 1, 2001.

f) Retirement dates

The normal retirement date of a member is the first day of the month coincident with or next following the member's 65th birthday.

Members can retire early with an unreduced pension as soon as their age and years of credited service add up to 80 years.

Members can retire with a reduced pension anytime after age 55 with at least two years of service. The reduction applied to the member's pension depends on how long the member has worked for his or her employer. If the member has worked for at least 10 years, the pension is reduced by the lesser of:

(i) Three per cent multiplied by the number of years, and portions thereof, that the member is short of age 65, and

(ii) Three per cent multiplied by the number of years, and portions thereof, that the member's age plus credited service is short of 80 years, and

(iii) the greater of:

(a) Three per cent multiplied by the number of years, and portions thereof, that the member is short of age 62, and

(b) Three per cent multiplied by the number of years, and portions thereof, that the member's credited service is short of 20 years.

A member may delay retirement until December 1 of the year in which they attain age 71. In this event, pension accruals will continue in the normal manner.

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[1] HACE – is the average of a member's four highest years of contributory earnings.
[2] HABCE – is the average of a member's contributory earnings up to the Year's Maximum Pensionable Earnings during the five highest calendar years of contributory earnings.
[3] HAECE – is the difference between a member's HACE and HABCE.
.

2. Description of Plan (continued)

g) Death in service

On the death of a member before retirement, the member's surviving spouse receives the greater of:

(i) the sum of:

(a) the commuted value of the member's pension earned to the date of death in respect of all core credited service, plus excess contributions, if any, and

(b) the member's accumulated additional purchased service and portability transfer contributions, plus interest, and

(ii) the sum of:

(a) the commuted value of the member's core credited service pension earned from January 1, 1992 to the date of the member's death, plus excess contributions, if any, and

(b) twice the member's required contributions, with respect to pre-1992 core credited service, plus interest, plus the member's additional purchased service contributions and portability transfer contributions, plus interest.

If the member is not survived by a spouse, or the spouse has completed and submitted the pre-retirement death benefit waiver form prescribed under *The Pension Benefits Act, 1992* (Saskatchewan), the death benefit is payable in a lump sum to the member's designated beneficiary or estate.

h) Normal form of pension

The normal form of pension provides for monthly payments for life, with a minimum of 60 monthly payments being guaranteed in any event. Optional forms of pension are available on an actuarial equivalent basis. If the retiring member has a spouse, a joint life optional pension reduced by not more than 40 per cent on the member's death must be elected unless the spouse has waived this option.

i) Termination of employment

Benefit entitlement to members who are terminated depends upon whether or not the member is vested.

A member is vested if on termination, the member has:

- more than two years of credited service in which case the benefit is not locked in, or
- more than two years of continuous service in which case the benefit is locked in.

A non-vested member is entitled to a refund of his or her own required and additional purchased service contributions, plus interest as either:

- a taxable payment issued directly to the member, or
- a tax exempt transfer directly to the member's personal registered retirement savings plan or other qualifying vehicle.

A vested member may discharge his or her non-locked in deferred pension and receive a refund of his or her own required and additional purchased service contribution as either:

- a taxable payment issued to the member, or
- a tax-exempt transfer directly to the member's personal RRSP or other qualifying vehicle.

2. Description of Plan (continued)

A vested member is entitled to a deferred pension payable at age 65. The member's deferred pension is calculated based on the member's credited service and contributory earnings at the date of termination.

A vested member may discharge his or her locked-in deferred pension and transfer the present value of the deferred pension to a personal registered retirement savings plan or another registered pension plan, providing the funds transferred are administered on a locked-in basis.

j) *Disability benefit*

Members who become disabled under the terms of the Plan will continue to earn credited service under the Plan. Their pension at retirement is based on all years of credited service including those on approved disability, and their highest average contributory earnings are calculated assuming they had made contributions during disability based on their salary when the disability commenced.

k) *Maximum employee cost*

At least 50 per cent of the cost of the benefit payable at retirement or termination of employment to a member who is vested and locked-in must be provided by employer contributions. Any "excess" contributions on termination or retirement are refundable to the member.

l) *Interest*

For the purpose of calculating accumulated member contributions, interest rates are applied in respect of required contributions at the rates of interest determined by SHEPP from time to time, but in no event are lower than the minimum rate required by *The Pension Benefits Act, 1992* (Saskatchewan).

3. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Changes in accounting policies

In June 2009, the Canadian Institute of Chartered Accountants (CICA) issued amendments to its Financial Instruments – Disclosure standard to expand disclosures of financial instruments consistent with new disclosure requirements made under International Financial Reporting Standards. These amendments were effective for the Plan commencing January 1, 2009 and introduces a three-level fair value hierarchy that priorizes the quality and reliability of information used in estimating the fair value of financial instruments. The fair values for the three levels are based on:

- Level 1 – quoted prices in active markets
- Level 2 – models using observable inputs other than quoted market prices
- Level 3 – models using inputs that are not based on observable market data

These additional disclosures are included in note 5.

Effective January 1, 2009, the Plan adopted CICA Handbook Section 3064 *Goodwill and Intangible Assets*. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This has resulted in a reclassification of the pension administration system, net of accumulated amortization of $1,263,000 (2008 - $1,500,000) from capital assets to intangible assets. Amortization of the pension administration system is recorded on a straight line basis over their estimated useful life between 5 – 10 years.

3. Significant Accounting Policies (continued)

b) Consolidation

The consolidated financial statements include the accounts of the Plan and the accounts of its 100 per cent owned subsidiary, Sunrise Properties Ltd. The purpose of Sunrise is to directly own real estate properties for investment purposes. All inter-company accounts and transactions have been eliminated on consolidation.

c) Revenue recognition

Interest on bonds, debentures, mortgages and short term investments is recognized as it accrues. Income from income producing properties is recognized on the accrual basis as earned. Dividend income is recognized as of the date of record. Investment transactions are accounted for on the trade date. Realized gains and losses on currency forward contracts are recognized on the settlement date and unrealized gains and losses are recognized with reference to the fair value determined using appropriate valuation techniques. The Plan follows the accrual method for the recording of income and expenses.

d) Financial instruments

Bonds, equities and short term investments are valued at fair value based on year-end market quotations. Bond, mortgage and equity pooled funds are valued at fair value based on the quoted market values of the underlying investments, based on the latest bid prices. Unlisted bonds are valued at fair value reflecting current market yields of similar debt obligations. Currency forward contracts are valued at fair value determined using appropriate valuation techniques. Real estate funds are valued at fair value based on the most recent appraisal and earnings results. Income producing properties are valued at fair value based on the most recent appraisal.

e) Fair value

Accrued interest receivable, members' contributions receivable, employers' contributions receivable, dividends receivable, securities transactions receivable, other receivables, accounts payable and securities transactions payable are all short term in nature, therefore fair value approximates their carrying value.

f) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimations.

g) Provision for accrued pension benefits

The provision for accrued pension benefits represents the most recent actuarial present value of accrued pension benefits extrapolated to the year end reporting date. Any resulting change in this provision is recognized as a revenue or expense in the consolidated statement of changes in net assets.

h) Foreign currencies

Foreign currency transactions are translated into Canadian dollars using the transaction date exchange rate. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at the balance sheet date. Exchange gains or losses arising on the translation of monetary assets and liabilities or sales of investments are included in the statement of changes in net assets in the year incurred. Future changes in the fair value of foreign currency derivative financial instruments are recognized as gains or losses in the period of change.

3. Significant Accounting Policies (continued)

i) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on the straight-line basis over their estimated useful life as follows:

Leasehold improvements	10	years
Furniture and equipment	4 – 10	years
Computer equipment	2 – 4	years

j) Intangible assets

Intangible assets are stated at cost less accumulated amortization. Amortization is provided on the straight-line basis over the estimated useful life as follows:

Pension administration system	5 - 10	years

k) Income taxes

The Plan is not subject to income tax since it is a Registered Pension Plan as defined by the *Income Tax Act* (Canada).

l) Future accounting policy changes

The Canadian Accounting Standards Board confirmed January 1, 2011 as the date International Financial Reporting Standards (IFRS) will replace Canadian generally accepted accounting principles. Upon the adoption of IFRS by publicly accountable enterprises, pension plans will continue to apply CICA Handbook Section 4100 *Pension Plans* (Section 4100) in the preparation of their financial statements instead of the International Accounting Standards (IAS) 26 *Accounting and Reporting by Retirement Benefit Plans*. For matters not addressed in Section 4100, guidance will be sought from the relevant IFRS sections. SHEPP continues to assess the impact of the transition to IFRS on its consolidated financial statements and operations.

4. Investments

The objective of the Plan is to maintain sufficient assets to discharge future pension obligations and to generate cash flow required for pension plan payments. The fund has the following investments:

Summary of Investment Holdings:

		2009		**2008**	
Type	**Years to Maturity**	**Fair Value (000's)**	**Yield (%)**	**Fair Value (000's)**	**Yield (%)**
Bonds					
Government of Canada	1 - 5	**$ -**		$ 908	1.1
	6 – 10	**-**		10,405	3.0
	10+	**78,454**	**4.1 – 4.3**	64,736	3.3 – 3.7
		78,454		76,049	
Provincial	10+	**298,317**	**4.7 – 5.4**	284,152	4.6 – 5.4
Corporate		**133,277**	**4.4 – 5.5**	116,549	5.5 – 6.7
Total bonds		**510,048**		476,750	
Bond pooled funds		**483,812**		545,638	
Mortgage pooled fund		**41,243**	**9.5**	42,692	

4. Investments (continued)

Summary of Investment Holdings continued:

Type	Years to Maturity	2009 Fair Value (000's)	2008 Fair Value (000's)
Equities and equity pooled funds			
Canadian equities		**518,686**	385,388
Non-North American equities		**282,952**	220,748
Non-North American pooled funds		**174,422**	148,913
United States pooled funds		**354,810**	263,994
Global pooled funds		**385,830**	302,368
Total equities and equity pooled funds		**1,716,700**	1,321,411
Other			
Short term investments		**13,960**	38,781
Real estate pooled fund		**80,122**	6,489
Cash		**21,588**	18,888
Income producing properties		**66,600**	62,125
Currency forward contracts		**8,650**	20
Total other		**190,920**	126,303
		$ 2,942,723	$ 2,512,794

Bonds, bond pooled funds and mortgage pooled funds

Pooled funds have no fixed distribution rate and returns are based on the success of the fund managers. Bonds are subject to a minimum quality standard of BBB or equivalent. In the active bond mandate, BBB bonds or lower may not be purchased if they comprise more than 15 per cent of the book value of the total portfolio of any individual manager. No single issuer is to exceed 10 per cent of the carrying value of the fund except for securities issued or guaranteed by the provincial or federal governments. No more than 20 per cent of the carrying value of the bond portfolio may be held in foreign issuer bonds.

Equities and equity pooled funds

Pooled funds have no fixed distribution rates and returns are based on the success of the fund managers. No one holding of an individual stock may represent more than 10 per cent of the carrying value of the specific equity mandate. Stock shorting is permitted and limited to a band of 25 to 35 per cent of the carrying value, with a target of 30 per cent. At December 31, 2009 stock shorting was permitted in one investment mandate with a carrying value of $229,000,000 (2008 - $189,000,000).

Short-term investments

Short-term investments or money market securities are comprised of investments with less than one year to maturity. The Plan requires a minimum R-1 or equivalent rating.

Real estate pooled fund

The real estate pooled fund portfolio is diversified by property type and geographic location.

Income producing properties

The Plan invests in income producing properties through its 100 per cent owned subsidiary, Sunrise Properties Ltd. These properties are located in Ontario, Quebec and British Columbia.

4. Investments (continued)

Derivative financial instruments – currency forward contracts

Currency forward contracts are financial contracts, the value of which is derived from underlying assets or indices. Derivative transactions are conducted in the over-the-counter market directly between two counterparties or on regulated exchanges. Derivatives are permitted in the Statement of Investment Policy & Procedures (SIP&P) and may not be used for speculative purposes or to create net leverage of the Plan.

5. Determination of Fair Value

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgment and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Fair value hierarchy classifies financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair values.

Level 1 – Where quoted prices are readily available from an active market.

Level 2 – Valuation model not using quoted prices, but still using predominantly observable market inputs such as interest rates.

Level 3 – Models using inputs that are not based on observable market data.

	2009 (000's)			
	Level 1	**Level 2**	**Level 3**	**Total**
Short-term investments	$ -	$ 13,960	$ -	$ 13,960
Bonds, bond pooled funds and mortgage pooled funds	-	1,035,103	-	1,035,103
Canadian equities	518,686	-	-	518,686
Non-North American equities	282,952	-	-	282,952
United States pooled funds	-	354,810	-	354,810
Non-North America pooled funds	-	174,422	-	174,422
Global pooled funds	-	385,830	-	385,830
Real estate pooled fund	-	-	80,122	80,122
Income producing properties	-	66,600	-	66,600
Currency forward contracts	-	8,650	-	8,650
	$ 801,638	**$ 2,039,375**	**$ 80,122**	**$ 2,921,135**

5. Determination of Fair Value (continued)

Level 3 Reconciliation

	2009 (000's)
	Pooled Real Estate
Opening balance	$ 6,489
Acquisitions	96,116
Dispositions	(21,467)
Change in unrealized gain/(loss)	(1,016)
	$ 80,122

6. Financial Risk Management

The nature of the Plan's operations results in a statement of net assets that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having a Statement of Investment Policies and Procedures (SIP&P), which is subject to review and approval by the Board of Trustees not less than annually.

Permitted investments under the SIP&P include equities; fixed income; cash and short-term investments; mortgages; derivatives; real estate; infrastructure and pooled funds. By investing in a well diversified portfolio of asset classes and further diversifying within each asset class, risk is reduced. The SIP&P sets out the asset mix to achieve sufficient asset growth on a risk controlled basis. The minimum, maximum and target weightings for each asset class, and sub-class, are clearly established within the total fund policy asset mix.

The SIP&P sets out a minimum quality requirement of "BBB" for bonds and debentures at the time of purchase; a minimum rating of "R-1" for short-term investments at the time of purchase and a minimum quality standard of "A" at the time of transaction for counterparties in a derivative transaction. Downgrades in qualities of an asset below the established purchased standards require immediate disclosure to the Board and require the affected investment manager to set out a course of action to resolve the deviation.

In addition the SIP&P includes maximum quantity restrictions. With limited specific exceptions, debt and equity holdings in a single company are limited to 10 per cent of the carrying value of the total fund. The fund may not invest directly or indirectly in the securities of a corporation representing more than 30 per cent of the votes that may be cast to elect the directors of the corporation. The fund may not invest in real property or Canadian resources properties if at the time (i) the carrying value of the investment in any one parcel of property exceeds five per cent of the carrying value of the fund; (ii) the carrying value of investments in Canadian resource properties exceeds 15 per cent of the carrying value of the fund; or (iii) the carrying value of all investments in real property and Canadian resource property exceeds 25 per cent of the carrying value of the Plan's assets.

Maximum quantity restrictions are also applied at the investment manager level. Each investment manager engaged by the Plan is responsible for investing the assets of the fund in accordance with the SIP&P, the mandate prescribed by SHEPP for the manager and the agreement under which SHEPP has contracted the manager's services.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which the Plan is exposed at December 31, 2009 is limited to the carrying value of the financial assets summarized as follows:

6. Financial Risk Management (continued)

	2009 (000's)	2008 (000's)
Cash	**$ 21,588**	$ 18,888
Accrued interest receivable	**444**	339
Members' contributions receivable	**7,967**	6,165
Employers' contributions receivable	**8,923**	6,905
Dividends receivable	**2,600**	2,236
Security transactions receivable	**-**	445
Other receivables	**258**	414
Short-term investments	**13,960**	38,781
Fixed income	**1,035,103**	1,065,080
	$ 1,090,843	$ 1,139,253

Members' and employers' contributions receivable, dividends receivable and security transactions receivable are generally received in less than 30 days. Accrued interest receivable is received on the next scheduled payment date, generally either annually or semi-annually.

Credit risk within short-term and fixed income investments is managed through the investment policy that establishes a minimum credit quality for issuers and spreads the risk amongst several issuers. The investment policy requires a minimum credit quality for individual bonds of BBB for issuers at the time of issue unless otherwise specified in an investment manager's mandate and R-1 for short-term investments.

Credit ratings for fixed income investments are as follows:

	2009		2008	
Credit rating	**Fair Value (000's)**	**Makeup of Portfolio**	**Fair Value (000's)**	**Makeup of Portfolio**
AAA	**$ 293,445**	**28.3%**	$ 316,228	29.7%
AA	**305,989**	**29.6%**	433,926	40.7%
A	**360,653**	**34.8%**	265,393	24.9%
BBB	**75,016**	**7.3%**	49,533	4.7%
	$ 1,035,103	**100.0%**	$ 1,065,080	100.0%

The Plan is also subject to credit risk through its use of forward currency contracts. The contracts are entered into between the Plan and approved counterparties. The credit risk is mitigated by limiting counterparties to specific entities approved by the Board of Trustees.

At December 31, 2009 no Plan assets have been deposited or pledged as collateral or margin. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2009, the Plan's investments included loaned securities with a market value of \$170,753,000 (2008 - \$217,263,000) and the fair value of securities and cash collateral received in respect of these loans was \$176,392,000 (2008 - \$229,040,000).

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

6. Financial Risk Management (continued)

Interest rate risk

The Plan is exposed to changes in interest rates in its cash, short-term investments, bonds, bond pooled funds and mortgage pooled funds. Duration is a measure used to estimate the extent market values of these investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase net assets by $152,950,000 at December 31, 2009 (2008 - $158,935,000); representing 14.3 per cent (2008 – 14.2 per cent) of the $1,070,650,000 (2008 - $1,123,181,000) fair value of these investments.

Foreign exchange risk

The Plan is subject to changes in the United States/Canadian dollar exchange rate on its United States denominated investments. Also, the Plan is exposed to other non-North American currencies through its investment in non-North American and global equities. At December 31, 2009, the Plan's exposure to United States equities was 19 per cent (2008 – 18 per cent) and its exposure to non-North American equities was 20 per cent (2008 – 18 per cent).

The Plan manages this risk through the use of currency futures or forwards. At December 31, 2009 the fair value of currency forward contracts payable was $938,989,000 (2008 - $500,689,000) and the fair value of currency fund contracts receivable was $947,678,000 (2008 - $500,674,000).

Equity price risk

The Plan is exposed to changes in equity prices in Canadian, United States and other markets. Equities comprise 58.3 per cent (2008 – 52.6 per cent) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. A 10 per cent change in equity prices would result in a $171,700,000 (2008 - $132,100,000) change in the Plan's net assets.

Real estate risk

Risk in the real estate portfolio is managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows.

7. Capital Assets

	Cost (000's)	Accumulated Amortization (000's)	Net Book Value 2009 (000's)	Net Book Value 2008 (000's)
Furniture and equipment	$ 109	$ 56	$ 53	$ 40
Computer equipment	86	54	32	17
Leasehold improvements	34	16	18	21
	$ 229	**$ 126**	**$ 103**	$ 78

8. Intangible Assets

	Cost (000's)	Accumulated Amortization (000's)	Net Book Value 2009 (000's)	Net Book Value 2008 (000's)
Pension administration system	$ 2,415	$ 1,152	$ 1,263	$ 1,500

9. Investment Income

	2009 (000's)	**2008 (000's)**
Bond interest	**$ 11,231**	$ 10,540
Dividends	**34,770**	48,376
Interest on short term investments and cash balances	**253**	2,052
Income producing properties	**2,330**	1,609
Other income	**538**	688
	$ 49,122	$ 63,265

10. Related Party Transactions

These consolidated financial statements include transactions for the Plan's administrative expenses paid to SAHO. All transactions are recorded at the exchange amounts agreed by the two parties.

	2009 (000's)	**2008 (000's)**
Expenses	**$ 67**	$ 113

11. Mortgages Payable

The Plan's 100 per cent owned subsidiary, Sunrise Properties Ltd., has assumed mortgages with respect to the income producing properties. The mortgages payable at December 31 consist of the following:

	2009 (000's)	**2008 (000's)**
Mortgage due September 1, 2015, bearing interest at 5.51% per annum, repayable in blended monthly installments of $82,005.	**$ 11,215**	$ 11,475
Mortgage due October 1, 2009, bearing interest at 5.95% per annum, repayable in blended monthly installments of $41,144.	-	5,080
Mortgage due October 1, 2014, bearing interest at 6.101% per annum, repayable in blended monthly installments of $41,534.	**4,880**	-
Mortgage due January 1, 2017 bearing interest at 5.3% per annum, repayable in blended monthly installments of $30,345.	**5,130**	5,127
Mortgage due November 1, 2017, bearing interest at 5.667% per annum, repayable in blended monthly installments of $39,938 and secured by a 25% mortgage bond.	**6,142**	6,177
	$ 27,367	$ 27,859

11. Mortgages Payable (continued)

Principal is repayable as follows:

	(000's)
2010	$ 822
2011	869
2012	919
2013	972
2014	4,719
Subsequent years	19,200

12. Provision for Accrued Pension Benefits

The provision for accrued pension benefits is the actuarial present value of the future expected pension benefit obligation to members as determined by the actuarial valuation done by Aon Consulting Inc., an independent actuarial consulting firm, at least every three years. The last actuarial valuation was performed as of December 31, 2007. The present value of accrued pension benefits was then extrapolated to December 31, 2009 using the funding valuation cost method with the expectation that the Plan will continue on an ongoing basis.

The actuarial present value of accrued pension benefits as at December 31, 2009 and the principal components of changes in this value during the year were as follows:

	2009 (000's)	**2008 (000's)**
Provision for accrued pension benefits, beginning of year	**$ 3,512,971**	$ 2,888,346
Service accrued	**169,800**	150,615
Benefits paid	**(130,000)**	(116,340)
Interest expense	**229,629**	188,856
Change in actuarial assumptions	**-**	136,810
Actuarial loss	**-**	264,684
Provision for accrued pension benefits, end of year	**$ 3,782,400**	$ 3,512,971

The assumptions used in determining the provision for accrued pension benefits may change from year to year depending upon current and long-term market conditions. There were no changes to the assumptions for determining the December 31, 2009 provision for accrued pension benefits. The following is a summary of the significant actuarial assumptions:

Assumptions

• Discount rate	6.50%
• Inflation rate	2.75%
• Mortality table	UP94 projected to 2015
• Remaining service life	11.4 years
• Salary Projection	
SUN Members	5.00% for 2010 to 2011 and 3.75% thereafter plus 2.0% for any member who attains 20 years of service
All Other Members	4.25% for 2010 to 2011 and 3.75% thereafter

12. Provision for Accrued Pension Benefits (continued)

The following illustrates the effect of changes in the interest rate and the salary and pensionable earnings assumptions:

- A one per cent change in the discount rate results in approximately a 15 per cent change in the provision;
- A one per cent change in the salary scale and the pensionable earnings levels results in approximately a five per cent change in the provision.

13. Commitments

SHEPP has entered into an agreement to lease office space for a period of 10 years expiring in 2014. The rent is charged to operations in the years to which it relates. The future minimum lease payments are as follows:

	(000's)
2010	$ 153
2011	153
2012	153
2013	153
2014	13
Subsequent years	-

14. Comparative Figures

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

Administration

Brad Garvey
CEO

External Advisors and Agents

Actuary
Aon Consulting

Auditor
KPMG LLP

Custodian
CIBC Mellon Global Securities Services Company

Legal Counsel
Lawson Lundell LLP
Balfour Moss LLP

Pension Administration System Supply & Support
James Evans & Associates
cfactor Works Inc.

Investment Consultant
Hewitt Associates

Performance Measurement Service
BNY Mellon Asset Servicing

Investment Managers
AXA Rosenberg Investment Management LLC
Bentall Limited Partnership
BlackRock Asset Management Canada Limited
Foyston, Gordon & Payne Inc.
Franklin Templeton Investments Corp.
Greystone Managed Investments Inc.
JPMorgan Asset Management (Canada) Inc.
Phillips, Hager & North Investment Management Ltd
Wellington Management Company, LLP