ONTARIO PENSION BOARD

2010 ANNUAL REPORT

OPB

Your Pension. Our Promise.

Please email us with your feedback

OPB
Your Pension. Our Promise.

About OPB

Who we are

Ontario Pension Board ("OPB") is the administrator of the Public Service Pension Plan ("PSPP" or the "Plan") – a major defined benefit pension plan sponsored by the Government of Ontario. Our membership is made up of certain employees of the provincial government and its agencies, boards and commissions.

With more than $17 billion in assets, 42,379 members, 35,497 pensioners and 3,978 deferred members, the PSPP is one of Canada's largest pension plans. It is also one of the country's oldest pension plans, successfully delivering the pension promise since the early 1920s.

Who we serve

OPB serves:

- PSPP members, pensioners and employers ("clients") and
- other key stakeholders (the Plan Sponsor, bargaining agents and the citizens of Ontario).

About your Plan

The PSPP is a defined benefit pension plan that is designed to enhance the financial security of its members. Retired members receive a pension benefit based on a pre-set (defined) formula. That formula takes into account each member's earnings history and years of service with the Plan. To fund the pension promise, both members and employers make contributions to the Plan.

Our promise

- Protect the long-term vitality of the Plan,
- Invest the Plan's assets to maximize returns within acceptable risk parameters,
- Keep contribution levels reasonably stable and affordable,
- Deliver superior, cost-effective service to clients and stakeholders so that they can realize the full value of their participation in the Plan.

Please email us with your feedback

OPB
Your Pension. Our Promise.

Investment & funding highlights

OPB had a solid investment year in 2010. Our conservative approach to investing enabled us to navigate market uncertainty and an ongoing sovereign debt crisis in parts of the world, and its impact outside the countries directly involved, to generate a 9.4% return.

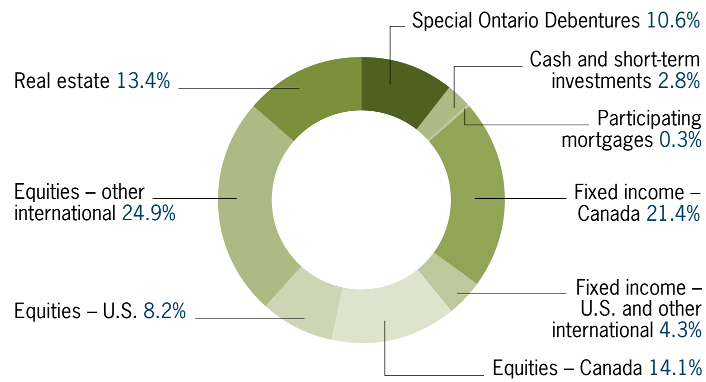
OPB's average annual return over 2008, 2009 and 2010 was approximately 3.5%, making us one of the best performing institutional investors during that period. During 2010, we also continued to move forward with the implementation of our expanded investment strategy. To that end, we:

- increased and diversified our holdings in select global assets,
- upgraded the quality of our real estate portfolio,
- expanded our private debt holdings,
- hired additional in-house expertise, and
- implemented progressive new strategies to boost our prospects for success.

While our December 31, 2010 funding valuation won't be completed until later this year, we expect it to show that the Plan is approximately 94% funded – a modest improvement over 2009.

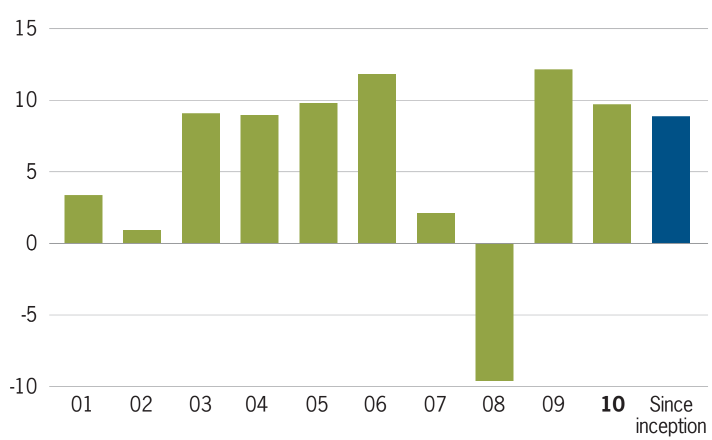
Asset mix

as at December 31, 2010

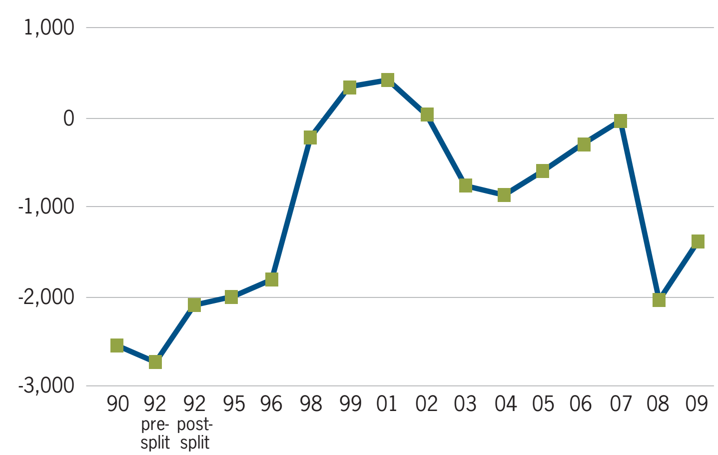


Total returns

(% per annum)



Funded status

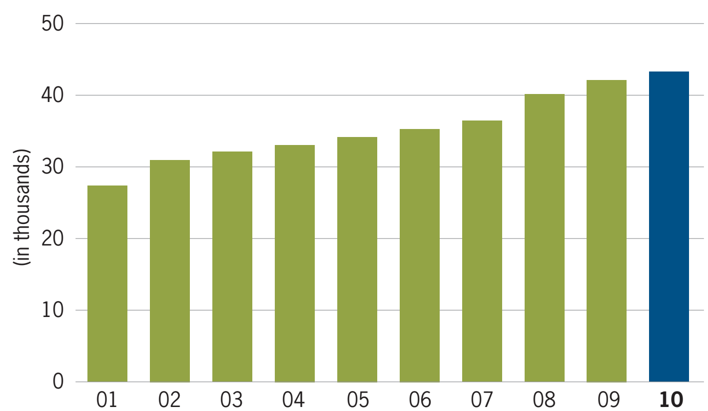


Please email us with your feedback

Client service highlights

OPB continued to elevate service levels in 2010, despite ongoing staffing and budget constraints. The introduction of additional web services in late 2009 brought new efficiencies in 2010, which allowed us to meet growing service demands, provide more one-on-one client counseling, and move forward with new service initiatives. Our focus on service is paying off. The results of an industry survey released in 2010 ranked OPB's service levels second among its peer group.

Growth in membership



Service to members

	2010	2009	2008
Telephone calls	**27,677**	18,872	21,154
Buyback of service[1]	**3,366**	5,188	3,302
Online buyback cost quotes	**6,222**	n/a	n/a
Manual pension estimates[1]	**793**	1,965	1,402
Online pension estimates	**3,903**	n/a	n/a
Presentations	**170**	165	130

Service to pensioners

	2010	2009	2008
Telephone calls	**15,058**	17,411	21,096

[1] The drop from 2009 to 2010 is due to increased take up on the online estimate and buyback cost quote tools.

Our focus on service is paying off. The results of an industry survey released in 2010 ranked **OPB's service levels second among its peer group.**

OPB Your Pension. Our Promise.

Please email us with your feedback

OPB
Your Pension. Our Promise.

Your Pension. Our Promise.

More than 80,000 members and pensioners are counting on us. We want each and every one of them to go to sleep at night knowing that their pension is in good hands. Here's why they can:

- **Focus on funding** – Ensuring the Plan has the assets it needs to fulfill the pension promise is our number one priority. It's at the heart of everything we do – from managing expenses to developing investment strategies tailored to our long-term cash flow needs.
- **Strategic investment** – We take a strategic and comparatively conservative approach to investing, one that emphasizes capital preservation. In short, we look to generate solid, long-term returns by investing in assets that provide steady growth, generate good cash flow, and avoid unrewarded risk.
- **Effective risk management** – For pension plans, risk comes in all shapes and sizes. Investment risk, currency risk, funding risk, assumption risk, liquidity risk…the list goes on. At OPB, we have the people, policies, procedures and experience to effectively manage that risk.
- **Administrative efficiency** – We know the importance of running an efficient operation. We work hard to streamline pension administration processes and costs – without compromising quality or service. That means fast, effective service at a competitive cost.
- **Sound governance** – We're committed to good governance. Our first-class governance structure reflects industry best practices, our high professional standards, leadership excellence, and commitment to transparency.

Your pension. Our promise.

Please email us with your feedback

OPB Your Pension. Our Promise.

Message from the Chair

OPB continued to achieve success in 2010, despite global economic uncertainty and market instability. By focusing on our core values and strategic objectives, we were able to generate a healthy investment return, reduce our funding shortfall, keep expenses down, and provide more value-added services to clients and stakeholders.

M. Vincenza Sera, Chair

Protecting the Plan

As always, the continuing health of the PSPP remains our number one priority. That means ensuring we have the investment and funding strategies in place that we need to meet future pension obligations.

During 2010, we continued to build our in-house investment management capabilities. This initiative will help OPB enhance long-term investment returns while better managing risk.

Our ongoing work with the Plan Sponsor (the Ontario government) to formalize a Plan funding policy is another noteworthy example. Once finalized, this policy will provide clear-cut guidelines aimed at making sound long-term decisions about the contribution rates and benefits to be provided under the Plan, so that we can continue to keep the Plan in sound financial shape and ensure the PSPP has, over the long term, the funds it needs to meet future pension obligations. Our goal is to finalize and formalize that policy in 2011.

We are also committed to protecting the health of the Plan by helping to ensure the legislative environment in which we operate remains amenable to defined benefit pension plans, such as the PSPP. To that end, OPB continued to play an active role in pension reform in 2010 by making recommendations to proposed legislation aimed at updating Ontario's pension laws.

Holding the line on costs

Through 2010, financial management and accountability continued to sit top-of-mind for the Board. Responding to a difficult economic climate, the Ontario government set stringent cost-constraint expectations for government agencies, including OPB. We are pleased to report that our cost-constraint measures meet or exceed those expectations. For example, with the exception of promotional increases, we have maintained base compensation rates for senior executives at 2008 levels, where they will remain through 2011. We also held our staff complement to pre-2008 levels, despite ongoing service improvements and a build-up of in-house investment expertise. Most importantly, management's

Please email us with your feedback

focus on financial management resulted in a decrease in overall 2010 operating expenses compared to 2009, despite the fact that our investment expenses have been increasing as we work to increase our capabilities in this area.

Two years ago, the Board decided to participate in the CEM Benchmarking Inc. Pension Administration and Investment surveys. These surveys are designed to provide information about how our pension administration and investment performance and cost levels compare with a peer group of other large pension plan administrators. Details about the benchmarking results are provided in the President's message. The Board is satisfied that the results validate that not only is OPB extremely competitive versus our peers, but also indicate OPB is making absolute progress year over year.

Moving forward

I would also like to extend the Board's appreciation to Patricia Li, whose term on the Board ended in late 2010. Patricia's dedication and insight contributed greatly to OPB's success. We welcome Shamira Madhany, who was appointed to the Board on December 8, 2010. Shamira is the Assistant Deputy Minister for Diversity & Accessible Public Service. She has extensive experience leading and managing complex change, and developing provincial policies, programs and services across a range of ministries. We look forward to working with Shamira.

The Board is proud of what Mark and his team accomplished in 2010. While we cannot control the financial markets, interest rates, or the global economy, by focusing on certain key priorities – such as investment strategy, risk management practices, and financial controls – we are keeping our pension promise.

M. Vincenza Sera, Chair

OPB
Your Pension. Our Promise.

Please email us with your feedback

OPB Your Pension. Our Promise.

President's message

I am pleased to report that OPB leveraged its many strengths this year to successfully navigate challenging investment markets, protect the health of the PSPP, and deliver quality service to clients and stakeholders.

Mark J. Fuller, President and CEO

The financial health of the PSPP continued to improve during 2010 and remains sound. We expect the 2010 valuation, which will be completed mid-2011, to show that our funding ratio is approximately 94%, up from 93% last year.

Several factors contributed to this improvement. Chief among them was a solid 9.4% investment return in 2010, which exceeded the rate of return assumed in our valuations by 2.65% (before expenses). Another factor was the inflation increase that was applied to pensions in 2010. This increase was 1.4%, which was less than our assumption of 2.5%. A third factor was lower-than-expected salary growth in the public sector – due to restraint measures introduced by the Government in response to a challenging fiscal and economic environment. This salary restraint, combined with contribution rate increases implemented in 2009 and 2010, means that members are contributing to improving the Plan's funded status.

Carefully balanced strategies

After the meltdown of capital markets in 2008, we raised our expectation for "go forward" investment returns – and built this assumption into our PSPP valuations. Our assessment was that financial assets were underpriced and would recover over time, generating solid returns. Since then, markets have recovered very strongly. The Plan earned 11.9% in 2009 and 9.4% in 2010, for a compounded total return over the two-year period of 22.4%. In light of this strong bounce back, we have moderated our expectation for future returns and intend to reduce the investment return assumption used to value the PSPP by 0.40% – lowering it to 6.35% per year (or 3.85% after deducting assumed inflation of 2.5%). Without this increased conservatism for future returns, our funding ratio would have shown even greater improvement in 2010. However, we believe this assumption change is a prudent step that will help protect the long-term financial health of the PSPP by ensuring our assumption more closely matches actual returns.

It is worth noting that our funding ratio includes all investment losses and gains to the end of 2010. We do not use smoothing (a commonly followed pension valuation methodology that recognizes investment gains and losses over three to five years). Our approach fully recognizes all investment returns as they occur. This gives us a real-time view of the financial health of the PSPP and enables us to identify and

Please email us with your feedback

respond to funding issues more quickly. We also believe this is the basis on which all funding and benefit decisions should be made in plans like ours.

We regard our current funding level as both solid and manageable. And, given the long-term negative impact that 2008 had on most other pension plans, we are proud of our relatively strong funding position – especially in light of the prudent assumptions and methodologies we use to value the PSPP.

Investing for success

Our objective is to generate the long-term investment results necessary to return the PSPP to fully funded status. Over the past three years, we have taken a number of steps to achieve that objective. We have:

- modestly increased our allocation to equities (and within our equity portfolio, have significantly increased our holdings in rapidly growing developing nations, where we believe economic growth will be stronger and investment returns higher);
- begun to build a private debt portfolio (which we believe will provide higher yields than the public bond market);
- enhanced the quality of our real estate portfolio by selling underperforming properties and purchasing higher-quality assets, such as our purchase of the Erin Mills Town Centre in late 2010;
- implemented new investment risk management and compliance tools and processes; and
- expanded the breadth and depth of our in-house investment team.

Our investment portfolio has been constructed deliberately to preserve capital in the face of declining financial markets. Avoiding deep losses is critical to long-term investment success and to maintaining contribution rate and benefit stability. For example, recovering from a loss of 20% requires a return of not 20%, but 25%. We required a return of 10.4% to recover from our 2008 loss of 9.4% – which was far easier than digging out from the double-digit losses experienced by many plans (the average pension plan lost 18% in 2008).

Managing for the long term

Protection against downside risk comes with a trade-off. In strong markets, like we saw in 2010, OPB's investment returns will tend to lag those of investors with higher-risk portfolios. But for a defined benefit pension plan like ours, it is long-term returns that count. OPB's average annual return over 2008, 2009 and 2010 was approximately 3.5%, making us one of the best performing institutional investors during that period.

Please email us with your feedback

That said, it's critical that we strike an appropriate balance between loss protection and generating returns. Where that balance lies for a defined benefit pension plan depends in part on the ratio of active contributors to pensioners. The higher the number of active contributing members relative to pensioners, the greater a plan's tolerance for risk. For the PSPP, that ratio has increased over the last 10 years. As a result, we can – and intend to – seek out incremental returns through a variety of investment strategies and tools, while at the same time continuing to step up our investment risk management.

To make that happen, we have built a highly capable investment team over the last few years. This year, I was delighted to appoint Jill Pepall as our Chief Investment Officer. Jill has headed up investments at two other major Canadian financial institutions and, in both cases, built a track record of excellent long-term investment performance. Jill and her team are capable of, and committed to, delivering the strong results needed to return the PSPP – over time – to a fully funded position.

Responsible financial management and accountability

OPB embraces accountability. One of the ways we hold ourselves to account is to benchmark our operating performance and cost effectiveness against other pension plan administrators. We track our overall annual expenses as a percentage of dollars under administration and compare this to other major public sector pension plan administrators. Based on data drawn from annual reports, OPB was one of the most cost-efficient public sector plan administrators in Ontario in 2009.

As our Chair noted in her letter, we also participate in the pension administration and investment benchmarking surveys conducted by CEM Benchmarking Inc. On the investment side, the 2009 survey results (released in 2010) showed that we outperformed the benchmark in terms of both returns and investment expense levels. On the pension administration side, our 2009 service score was up significantly from 2008 and was the second highest among our peer group. While our pension administration expenses per member were at the high end of our peer group, we are improving that metric. Since 2008, we have reduced our pension administration operating costs by over 17%, while at the same time improving our service levels and handling increased service demand. Going forward, we will remain focused on gradually improving our cost per member and further improving service levels.

Finally, I would like to recognize OPB's dedicated team of employees. In the face of strict cost-containment measures and a challenging economic climate, they have worked together to achieve more with less. Without their dedication and commitment, the PSPP would not be in the strong and healthy position it is today. I am also very grateful for the leadership, wise counsel and full engagement of our Board of Directors.

Mark J. Fuller, President and CEO

Please email us with your feedback

Straight talk with OPB's Chief Investment Officer

In December 2010, Jill Pepall was appointed Chief Investment Officer ("CIO") for OPB. In her new role, Jill is responsible for the management and direction of the $17 billion in investments held by the PSPP. With more than 25 years of investment experience, there is no doubt that she has the expertise to drive OPB's investment program to the next level.

Here, Jill responds to questions about our current investment climate and provides insight into how OPB's approach to investing is evolving to ensure our future success.

Jill Pepall
Chief Investment Officer

What investment challenges did OPB face in 2010?

The Plan faced three key investment challenges during 2010. The first was the uncertainty of financial markets; markets declined in early 2010, but picked up steam in the latter half of the year – reflecting a shift in investors' perception of general economic conditions. The second challenge was the occurrence of periodic bursts of market volatility resulting from rapid and unpredictable changes in investor confidence due to negative news flow. The third was the uncertainty of global recovery given the sovereign debt crises in Europe. Fortunately, OPB's focus on capital preservation enabled us to manage through these challenges.

How would you describe OPB's investment strategy?

OPB's strategic approach to investing is comparatively conservative. OPB's investment approach is shaped by the Plan's key objectives to provide security for the promised benefits, invest within an acceptable level of risk, and allow for relatively stable and reasonable contribution rates. We seek to achieve these goals by investing in global investment opportunities that generate good cash flow while avoiding unrewarded risk. If we drill down, there are three key components to our investment strategy:

a) An emphasis on capital preservation – It is easier to make money if one starts by not losing money. For example, if an investment loses 33% of its value, the investor has to generate 50% just to get back to his or her original capital.

b) A focus on fundamental research-based investing – In other words, we engage investment managers who conduct fundamental research on the companies; evaluating the strength of management, balance sheet and earnings/cash flow generating potential.

c) The management of absolute volatility – We aim to reduce absolute volatility by diversifying our investments across asset classes (e.g. fixed income vs. equities) and investment strategy styles (i.e. growth vs. value style).

Please email us with your feedback

What do you mean when you say OPB has a *comparatively conservative* approach to investing?

Compared to many other pension plans, our approach to investing *is* a bit more conservative as we place a greater emphasis on capital preservation, fundamental research and managed absolute volatility. In investing, there is a direct relationship between risk and reward – simply, the greater the potential for investment gains, the greater the risk for investment losses. We invest the assets in a risk-managed approach – only taking risks when we believe it will be well rewarded. For example, just prior to the 2008 credit crisis, the Plan had a higher allocation to cash; then, in early 2009, we invested a portion of the cash in dedicated higher-yielding corporate credit mandates because we saw an opportunity when the general fear in the market had significantly depressed valuation of corporate credits. Our measured risk-taking was well rewarded in the latter part of 2009 and 2010; the corporate credit mandates returned more than two-fold over our fixed income benchmarks. We believe this is the more prudent approach for long-term investing.

Overall, how did OPB's investments fare in 2010?

OPB had a solid year, generating a return of 9.4%. We expect our return of 9.4% for 2010 to be on the low side of the range for Canadian institutional investors, whereas in 2009 we were close to the average and in 2008 we were well ahead of the average. That is exactly what we would expect from a strategy that stresses capital preservation and strong returns over a long time horizon. Our returns over the three-year period are well above the Canadian institutional investor average.

How is OPB doing relative to other pension plans?

Generally, quite well. OPB was conservatively invested in 2008 when the markets crashed, so our investments preserved more of their value. We were able to take advantage of our initial conservative asset positioning to capitalize on investment opportunities – we had the flexibility to opportunistically shift money into higher-yielding, specialty mandates and to capitalize on the market rebound of 2009 and 2010.

In 2009, OPB began to broaden its investment strategy. What progress did you make in 2010?

We moved forward on several fronts. We achieved our strategic asset allocation target in global investments. We continued to deepen our private debt capabilities to evaluate investment opportunities. At the same time, we sold and bought several real estate properties as part of our strategic plan to upgrade the quality of our real estate portfolio. One of the properties we bought in 2010 was the Erin Mills Town Centre, a major retail shopping complex in Mississauga.

Please email us with your feedback

Does an expanded investment strategy mean increased investment risk?

The answer is both "Yes" and "No." If we view each investment separately then the absolute risk is higher, however, on an aggregate basis, the diversification benefits of investing across asset classes and styles improves the return potential for each unit of risk taken. Again, we invest in a risk-managed manner where we aim to improve the return/risk relationship with each investment decision that we make. On the other hand, if a pension plan does not take on sufficient market risk – with the aim of earning higher returns – it could face a different risk: the risk that it will not generate the returns it needs to meet its long-term pension obligations. This reinforces the conscious need to balance risks and rewards.

What steps is OPB taking to manage risk?

We have taken quite a few steps. For starters, we have taken a staged approach to increasing our holdings in global investments to help reduce the impact of market volatility. We have also maintained a higher short-term cash position – relative to our asset allocation targets – so we can capitalize on the upside of market volatility. In addition, we continue to hire the expertise we need to support our broadening investment capabilities to generate incremental returns over each unit of risk taken. For example, in 2010, we retained an external currency overlay manager to implement the Plan's currency hedging policy, which reduced short-term currency volatility associated with global investing.

What other hires have you made?

We hired an in-house private debt manager in 2010 and also transitioned one of our proven real estate consultants to a permanent in-house position. In 2011, we expect to broaden our public and private market teams. In addition, we expect to augment our tactical asset allocation expertise, recognizing that asset allocation decisions are the biggest driver of investment performance.

How do OPB's investment management costs compare to those of other plans of OPB's size?

Our investment costs are very competitive. In fact, based on the most recent CEM Benchmarking Inc. survey, our fees are significantly lower than the industry standard – due in part to the fact that we have negotiated favourable fees with the outside money managers retained to invest parts of the pension fund. While the Plan's investment fees did go up in 2010, this increase reflects our ongoing investment in global and specialty mandates, both of which tend to require higher fees, and the broadening of OPB's in-house expertise. We expect these changes to generate higher risk-adjusted returns over the long term.

OPB
Your Pension. Our Promise.

Please email us with your feedback

OPB
Your Pension. Our Promise.

Building on success:
Our scorecard for 2010

OPB continued to make important headway with business and service objectives in 2010, despite ongoing cost and staffing constraints and a dramatic increase in service demands. We ramped up the delivery of our asset allocation strategy, added needed investment expertise, improved our services to clients, and trimmed pension administration expenses. The scorecard below provides a high-level summary of these and other accomplishments in 2010.

Service improvements

WHAT WE DID	WHY WE DID IT	LOOKING AHEAD
Laid the groundwork for online member transactions	Provide members with a quick and convenient way to perform online transactions – such as applying for retirement or changing their address information.	The new functionality is expected to be up and running in the first half of 2011. In the meantime, OPB will continue to explore new opportunities for online services.
Provided more than 1,500 one-on-one counseling sessions with members and pensioners	Provide members and pensioners with the personalized assistance they need to make informed decisions.	New efficiencies stemming from online member transactions are expected to free up pension administration staff for more one-on-one service.
Improved service response times	Provide members with quicker turnaround times for key transactions, such as pension set-up.	OPB will continue to work toward new efficiencies that allow us to do more with less and shorten response times.

Please email us with your feedback

OPB
Your Pension. Our Promise.

Protecting the Plan

WHAT WE DID	WHY WE DID IT	LOOKING AHEAD
Implemented Phase II of a contribution increase	Ensure that contribution levels reflect the true cost of providing pensions for future service.	We will continue to monitor the Plan's funded status.
Continued with ongoing cost-constraint measures in pension administration. In investments we increased budget, but came in under budget	Respond to a difficult economic environment. Results exceeded government expectations for cost constraint on pension administration.	Cost constraint measures will remain a top priority as we continue to meet or exceed government expectations.
Reviewed the Plan's economic and demographic assumptions	Protect the funded status of the Plan by ensuring our assumptions provide an accurate forecast of long-term funding needs.	We will continue to review our assumptions on an ongoing basis to ensure they reflect Plan experience as closely as possible.
Worked with the Plan Sponsor on the development of a formal funding policy for the Plan	Establish guidelines to ensure sound long-term funding decisions are made.	Discussions with the Plan Sponsor will continue as we work toward finalizing the funding policy in 2011.

Please email us with your feedback

Disciplined and astute investing

WHAT WE DID	WHY WE DID IT	LOOKING AHEAD
Moved forward with our expanded investment strategy: • **Achieved our strategic asset allocation target in global investments** • **Expanded our private debt holdings** • **Upgraded the quality of our real estate portfolio**	Expand our choice of quality investment options, better manage risk, and enhance long-term returns.	Implementation of our expanded mandate is a multi-year initiative that will continue in 2011.
Broadened our range of investment techniques, such as currency hedging	Maximize the prospects for higher investment returns and manage risk.	We will continue to develop and apply techniques that support our investment strategies.
Continued to build our investment expertise	Secure the expertise needed to support our broader investment strategy.	We are looking to add additional in-house asset allocation expertise, recognizing that asset allocation is the biggest driver of investment performance.

Educate and advocate

WHAT WE DID	WHY WE DID IT	LOOKING AHEAD
Participated in the Association of Canadian Pension Management ("ACPM")	Ensure the voice of defined benefit plans and sole-sponsored plans is heard.	We will continue to play an active and respected role to protect the long-term vitality of the PSPP.
Made submissions to the Ministry of Finance on Bills 236 and 120	Ensure that the interests of our members are considered as the province brings forward pension reform.	
Conducted more than 170 employer and member presentations	Provide members and employers with detailed information on available benefits, life event options and pre-retirement timelines.	We will continue to provide customized presentations to clients and stakeholders that focus on their specific areas of interest or concern.

Your Pension. Our Promise.

Financial review

Please email us with your feedback

Plan performance

OPB has a strategic but comparatively conservative approach to investing. Our objective is to generate long-term, incremental returns by focusing on global investment opportunities that provide good cash flow and avoiding unrewarded risk. To achieve this objective, we:

- emphasize capital preservation,
- focus on fundamental research investing, and
- seek to reduce absolute volatility.

In 2010, the Plan faced several investment challenges – uncertainty in the financial markets, ongoing market volatility, and the sovereign debt crises in Europe. In addition, the Plan's focus on investing in fundamental value and cash-generating businesses resulted in a limited exposure to gold, which outperformed in 2010. The strength of the Canadian dollar also affected returns as not all foreign markets were hedged back to Canadian dollars. Despite these obstacles, OPB produced a solid 9.4% return for the year. That compares with 11.9% in 2009.

Positive returns led to a $1.33 billion increase in net assets in 2010, compared to a $1.44 billion increase in 2009.

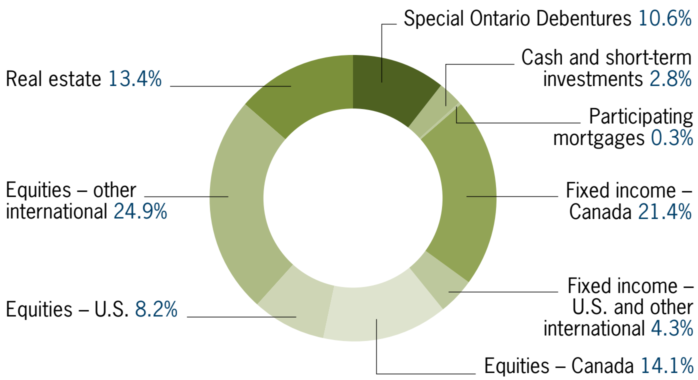
Plan asset mix

OPB's asset mix is made up of:

- interest-bearing investments (Special Debentures, cash and short-term investments, as well as fixed income investments),
- public equities, and
- real estate.

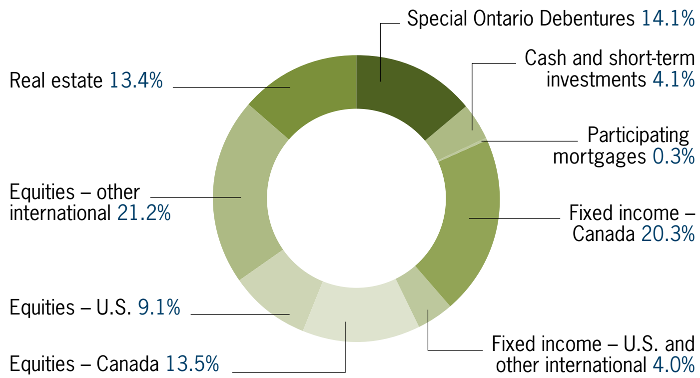
Asset classes

(as at December 31, 2010)



Asset classes

(as at December 31, 2009)



OPB Your Pension. Our Promise.

Interest-bearing investments

Interest-bearing investments provide the Plan with a stable source of cash flow and help preserve capital in times of market volatility. As of December 31, 2010, interest-bearing investments made up 39.1% of the Plan's net assets and included:

- cash and short-term investments,
- non-marketable Province of Ontario Debentures ("Special Debentures"), and
- marketable and non-marketable fixed income products.

Cash and short-term investments – Cash and short-term holdings, which include pending trades and foreign exchange payables and receivables at year-end 2010 stood at $490 million (2.8% of net investments), down from $652 million (4.1% of net investments) a year earlier. During 2010, OPB maintained a higher short-term cash position – relative to asset allocation targets – to capitalize on the upside of market volatility.

Special Debentures – Special Debentures were issued to the Plan by the Province of Ontario as an initial funding mechanism when the PSPP was established as a separately funded plan in 1990. As of December 31, 2010, the Plan's Special Debentures were valued at $1.8 billion, compared to $2.3 billion at year-end 2009. Over the years, the debentures have provided the Plan with an important source of cash flow. In 2010, they generated cash flow of $498 million, compared to $514 million in 2009. The year-over-year decline in the portfolio's value and the cash flow produced reflects the fact that a portion of the portfolio matures each year. Proceeds from maturing debentures are reinvested in other assets. The last debenture matures in 2014.

Marketable and non-marketable fixed income – The Plan's Canadian fixed income portfolio returned 8.4% in 2010 and ended the year with a value of $3.7 billion. That compares to a 7.6% return and year-end value of $3.3 billion in 2009.

The international fixed income portfolio returned –2.6% in 2010, up from –3.8% in 2009. The year-end value of the portfolio was $747 million, up from $635 million a year earlier.

Private debt

Private debt assets consist of high-quality, investment-grade, income-bearing fixed income products of various maturities unavailable in the public markets. They are differentiated by higher yields than public bonds, while appropriate issuer collateral and financial covenants reduce investment risk.

During 2010, OPB focused on the roll-out of the Private Debt initiative, which had been approved by the Board in October 2009. As at December 31, 2010, the market value of the Private Debt portfolio was $176 million, which consisted of investments across a number of industries and geographic regions within Canada. The portfolio's return in 2010, its first full year of existence, was 16.2%.

Public equities

Following a dip in the first half of 2010, equity markets rallied during the second half – spurred on by rising investor confidence. The upswing in markets came despite ongoing concerns about sovereign debt in Europe and the threat of a double-dip recession in the U.S.

The Plan's Canadian equities portfolio generated a return of 15.2% for 2010. That compares to the previous year's return of 29.0%. The market value of the portfolio at December 31, 2010, was $2.4 billion, up from $2.2 billion a year earlier.

By comparison, the Plan's U.S. equity portfolio returned 9.8% for the year, compared to 6.9% in 2009 (all returns stated in Canadian dollars). At year-end 2010, the market value of the portfolio stood at $1.4 billion, compared to $1.5 billion at year-end 2009.

For its part, the Plan's international equity portfolio generated a 7.9% return in 2010, compared to 18.3% in 2009. The market value of the portfolio as of December 31, 2010, was $4.3 billion, up from $3.4 billion at year-end 2009.

Real estate

OPB's real estate portfolio is made up of direct holdings in quality Canadian properties (carrying virtually no debt), as well as a modest investment in participating mortgages. Ongoing objectives for the portfolio include:

- continued rental income growth (rental income provides an important source of cash flow for the Plan),
- enhancing the credit quality of tenants, and
- capital preservation.

During 2010, OPB sold and bought several properties in an ongoing effort to upgrade the quality of the portfolio. One of the more important acquisitions of 2010 was the Erin Mills Town Centre, a major retail shopping complex in Mississauga that has more than 800,000 square feet of leasable space (for a full list of properties owned by the Plan, see page 58).

At December 31, 2010, the portfolio held more than 10.8 million square feet of retail, light industrial and office space in major centres across Canada. Based on square footage, retail properties accounted for 61.4% of the portfolio's income-producing properties, while industrial properties accounted for 32.4% and office space 6.2%.

The portfolio's overall return for 2010 was 14.7%, compared to 6.9% in 2009. Since 1994, when OPB made its initial investment in real estate, the portfolio has generated an average annual return of 10.6%.

The market value of the portfolio at year-end 2010, including participating mortgages, was $2.5 billion, up from $2.3 billion a year earlier. These figures are based on independent market appraisals.

Contributions

The contribution requirements are set out in the *PSPAct* and summarized in Note 2.

Members who are receiving benefits on Long Term Income Protection ("LTIP") have their contributions to the PSPP paid by their employers.

The Province, as Sponsor of the Plan, contributed $147 million in Special Payments in 2010 towards the funding shortfall identified in the filed funding valuation as at December 31, 2009.

Money flowing into the Plan continued to increase in 2010. Contributions for the year totaled $689 million, up from $528 million in 2009. This increase is attributable to:

- an increase in contribution rates (effective January 1, 2010),
- increases in members' salaries, and
- an increase in the number of members.

Phase two of a two-part contribution increase was implemented on January 1, 2010 (phase one of the increase was implemented on January 1, 2009). The two-phase increase came in the wake of a comprehensive long-term funding study conducted in 2008. The study determined that the cost of providing a dollar of pension had gone up since contributions were last set in 1990. Raising the contribution rate was a proactive step designed to strengthen the Plan's funding position over the long term.

The new contribution rate for members effective January 1, 2010 was:

- 6.4% of a member's salary below the Year's Maximum Pensionable Earnings ("YMPE"), and
- 9.5% of a member's salary above the YMPE (8.75% in 2009).

Employers contribute amounts that match these member contributions.

Pensions paid

The total of monthly pension payments flowing out of the Plan was higher in December 2010 relative to December 2009. Total payments for the year ended December 2010 were $848.1 million, while total payments for the year ended December 2009 were $837.2 million. A significant portion of the increase is attributable to a 0.5% inflation protection adjustment (Escalation Factor) that was applied to pensions on January 1, 2010. The remainder is attributable to an increase in the average pension for new pensioners.

Expenses

Operating costs

Plan operating costs include:

- **Investment fees** – which encompass fund management, transaction and custodial fees and are deducted from total investment income.
- **Operating expenses** – which reflect expenses incurred by OPB to operate and manage the Plan.

The total cost of operating the Plan in 2010 – including investment fees and operating expenses – was $86.9 million, or 50 cents for every $100 of assets. That compares to $67.5 million, or 42 cents per $100 of assets in 2009.

During the past few years, OPB has made a significant investment aimed at enhancing the service experience of our clients and stakeholders – which led to a number of important service improvements. Despite the cost of these improvements, our overall operating costs are among the lowest for plans in our peer group.

That said, we are mindful of the need to manage expenses – particularly in these economic times. To that end, we are taking a number of steps to contain costs, including limiting compensation, curtailing strategic initiatives, and cutting back on travel.

Looking forward, we will continue to invest where appropriate to ensure clients and stakeholders receive optimum value. For example, although we have put a freeze on staffing levels outside our investment area, we will continue to augment our investment team to ensure we have the expertise and capacity needed to carry out our long-term investment strategy.

Investment fees

Investment fees were higher as a percentage of invested assets in 2010, reflecting an ongoing investment in the internal and external expertise and capacity required to implement the Plan's broader investment strategy. Fees for 2010 totaled $53.5 million, compared to $34.0 million in 2009. That works out to 31 cents per $100 in net assets in 2010, versus 21 cents per $100 in net assets in 2009.

Investment fees are expected to continue to edge higher; however, we anticipate that higher fees will be more than rewarded with higher long-term investment returns resulting from our increased investment in expertise and our expanded investment strategy.

Operating expenses

Operating expenses related to the pension administration operations have been trending downwards since 2008. In 2010, these totaled $23.1 million, down 8% from $25.1 million in 2009.

As discussed above, the augmentation of the investment team led to an increase in investment operating expenses from $8.5 million in 2009 to $10.2 million in 2010.

OPB
Your Pension. Our Promise.

Please email us with your feedback

2010 budget and business plan performance

For investment management fees, the 2010 budget was $61.4 million. We spent $53.5 million, $7.9 million less than budgeted. These costs tend to vary with the investment portfolio movement. The asset base upon which the investment management and custodial fees were budgeted in late 2009 was less than the actual average assets for 2010. In addition, we incurred a lower fee per $1,000 of assets than we had projected. We also had success in reducing custodial fees from budget through the use of global depository receipts.

The 2010 budget for operating expenses was $35.7 million. We actually spent $33.3 million or $2.4 million less than budgeted. Major budget savings came from the cancellation or deferral to 2011 of non-critical initiatives and professional fees on a variety of projects, in support of the restraint measures introduced by the Ontario government. In addition, savings were realized from reductions in office operation costs.

OPB
Your Pension. Our Promise.

Please email us with your feedback

Financial position

OPB conducts two different valuations on a regular basis. The *funding basis valuation* is used to ensure that there are sufficient assets in the Plan to meet the Plan's obligations. This is the actuarial valuation OPB uses to manage the Plan since it is the valuation used to determine contributions to the Plan and is the valuation that must be filed with regulatory authorities. The *accounting basis valuation* is used to report the financial position of the Plan for purposes of the financial statements. This valuation is prepared in accordance with the Canadian Institute of Chartered Accountants Handbook.

Both valuations provide a best estimate of the Plan's accrued pension liabilities and both are performed by an independent actuary appointed by OPB's Board of Directors.

Funding basis valuation results

The funding basis valuation prepared as of December 31, 2009 was filed with the regulatory authorities. The next actuarial valuation that is required to be filed with the regulatory authorities will be as of December 31, 2012. Under the December 31, 2009 funding valuation, the Plan was 93% funded, which resulted in a funding shortfall of $1.36 billion. This shortfall reflects the full impact of the 2008–2009 market downturn since the Plan does not use a commonly followed valuation methodology called "smoothing", which recognizes investment gains and losses over a 3-year to 5-year period. The Plan Sponsor is making Special Payments of $142 million per year over 15 years to pay down the Plan's funding shortfall.

We expect that the funding basis valuation prepared as of December 31, 2010, which will be completed in mid-2011, will show that the funded status has improved to approximately 94% at the end of 2010.

It is important to remember that pension plans are designed to operate over an extended period of time, and in the shorter term, fluctuations in funded status are to be expected. The goal is to ensure the Plan members remain fully funded over the longer term.

Accounting basis valuation results

For purposes of the accounting basis valuation, the Plan's liabilities were calculated as of December 31, 2009, the date of the last completed actuarial valuation, and extrapolated to December 31, 2010. The extrapolated numbers are based on the assumption that the Plan's 2010 experience (for factors such as salary increases, retirement ages, and termination and mortality rates) matched the actuarial assumptions. The extrapolation reflects the actual indexing adjustments made to pensions as of January 1, 2011.

For the purposes of the financial statements, we have calculated the Plan's 2010 year-end financial position by comparing the extrapolated liability with the actual market value of assets as of December 31, 2010.

Based on the accounting basis valuation as of December 31, 2010, the Plan had a deficit of $1.24 billion (see "Note 8, Deficit" on page 43). At year-end 2009, the accounting basis valuation showed a deficit of $1.33 billion. The year-over-year change is largely attributable to the net effect of positive investment returns and a decrease in the Plan's discount rate assumption from 4.25% per year for 8 years followed by 3.75% per year thereafter to a flat 3.85% per year.

Please email us with your feedback

OPB Your Pension. Our Promise.

Five-year review

(in millions of dollars)	**2010**	2009	2008	2007	2006
Opening net assets	**$ 16,043**	$ 14,607	$ 16,379	$ 16,421	$ 15,052
Investment income (loss)	**1,439**	1,690	(1,552)	307	1,703
Contributions	**689**	528	487	452	425
Transfers from other plans	**142**	166	207	82	85
	2,270	2,384	(858)	841	2,213
Pension payments	**848**	837	810	789	766
Terminations	**56**	77	71	67	56
Operating expenses	**33**	34	33	27	22
	937	948	914	883	844
Closing net assets	**$ 17,376**	$ 16,043	$ 14,607	$ 16,379	$ 16,421

	2010	2009	2008	2007	2006	Cumulative since inception
Annual rate of return	**9.4%**	11.9%	(9.4%)	2.1%	11.6%	8.7%

Actuaries' opinion to the directors of the Ontario Pension Board

Hewitt Associates was retained by the Ontario Pension Board ("OPB") to prepare the following actuarial valuations of the Public Service Pension Plan ("PSPP"):

- An actuarial valuation as at December 31, 2009 on a funding basis, as described in Note 7 of these consolidated financial statements, prepared in accordance with the *Public Service Pension Act* and applicable pension legislation.
- An actuarial valuation as at December 31, 2010 for purposes of these consolidated financial statements, prepared in accordance with the Canadian Institute of Chartered Accountants Handbook, Section 4100.

The actuarial valuation of the PSPP as at December 31, 2009 on a funding basis was based on membership data provided by OPB as at December 31, 2009.

Using the same data as provided by OPB for the funding valuation of the PSPP, we have prepared a valuation of the liabilities as of December 31, 2009 on the basis of the accounting methodology required by the Canadian Institute of Chartered Accountants Handbook, Section 4100, as disclosed in Note 7, and extrapolated the liabilities to December 31, 2010. The valuation as at December 31, 2010 was based on assumptions that reflect OPB's best estimates of future events such as future rates of inflation, future retirement rates and future rates of return on the pension fund. The amounts are set out in the consolidated statement of changes in accrued pension benefits.

We hereby certify that, in our opinion:

- The data provided to us by OPB as of December 31, 2009 are sufficient and reliable;
- The actuarial assumptions used are, in aggregate, appropriate for the purposes of each valuation; emerging experience differing from the assumptions will result in gains or losses which will be revealed in future valuations; and
- The methods used are appropriate for purposes of each valuation and are consistent with the applicable regulatory requirements.

Our valuations have been prepared, and our opinions given, in accordance with accepted actuarial practice.

HEWITT ASSOCIATES

Allan H. Shapira

Allan H. Shapira
Fellow, Canadian Institute of Actuaries

March 2, 2011

OPB
Your Pension. Our Promise.

Please email us with your feedback

Management's responsibility for financial reporting

The consolidated financial statements of the Ontario Pension Board ("OPB") have been prepared by management, which is responsible for the integrity and fairness of the data presented. The accounting policies followed in the preparation of these consolidated financial statements are in accordance with Canadian generally accepted accounting principles. Of necessity, many amounts in the financial statements must be based on the best estimates and judgement of management with appropriate consideration as to materiality. Financial information presented throughout this annual report is consistent with the consolidated financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded against unauthorized use or disposition, and proper records are maintained. The system includes careful hiring and training of staff, the establishment of an organizational structure that provides for a well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout OPB.

The Board of Directors ("Board") is ultimately responsible for the consolidated financial statements of OPB. OPB's Audit Committee assists in this responsibility by reviewing the consolidated financial statements in detail with management and the external auditors before such statements are recommended to the Board for approval. The Audit Committee meets regularly with management and the external auditors to review the scope and timing of audits, to review their findings and suggestions for improvements in internal control, and to satisfy themselves that their responsibilities and those of management have been properly discharged.

Mark J. Fuller
President and CEO

March 2, 2011

Duncan Webb, CA
Senior Vice-President, Finance

OPB
Your Pension. Our Promise.

Independent auditors' report to the directors of the Ontario Pension Board

We have audited the accompanying consolidated financial statements of the Ontario Pension Board, which comprise the consolidated statement of net assets available for benefits, and accrued pension benefits and deficit as at December 31, 2010, and the consolidated statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in deficit for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and deficit of the Ontario Pension Board as at December 31, 2010 and the changes in net assets available for benefits, accrued pension benefits and deficit for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Toronto, Canada
March 2, 2011

Chartered Accountants
Licensed Public Accountants

OPB Your Pension. Our Promise.

Please email us with your feedback

Consolidated statement of net assets available for benefits, and accrued pension benefits and deficit

As at December 31 *(in thousands of dollars)*	**2010**	2009
Assets		
Investments (Note 4)	**$ 17,322,933**	$ 16,041,189
Investment-related receivables (Note 4)	**4,048,418**	3,599,807
Contributions receivable (Note 5)	**176,792**	54,800
Capital assets (Note 6)	**3,505**	4,081
Total assets	**21,551,648**	19,699,877
Liabilities		
Investment-related liabilities (Note 4)	**4,148,342**	3,619,237
Accounts payable and accrued charges	**26,406**	23,024
Income taxes withheld on pension payments	**–**	10,491
Contributions payable	**1,050**	3,915
Total liabilities	**4,175,798**	3,656,667
Net assets available for benefits	**$ 17,375,850**	$ 16,043,210
Accrued pension benefits and deficit		
Accrued pension benefits (Note 7)	**$ 18,612,515**	$ 17,374,215
Deficit (Note 8)	**(1,236,665)**	(1,331,005)
Total accrued pension benefits and deficit	**$ 17,375,850**	$ 16,043,210

See accompanying notes

On behalf of the Board:

M. Vincenza Sera
Chair

J. Urban Joseph
Vice-Chair

OPB
Your Pension. Our Promise.

Please email us with your feedback

Consolidated statement of changes in net assets available for benefits

For the year ended December 31 *(in thousands of dollars)*	**2010**	2009
Investment operations		
Net investment income (Note 9)	**$ 1,438,965**	$ 1,690,540
Operating expenses – investment operations (Note 11)	**(10,237)**	(8,502)
Net investment operations	**1,428,728**	1,682,038
Pension operations		
Contributions (Note 10)	**688,811**	527,953
Transfer from other plans	**142,080**	165,644
Pension payments	**(848,068)**	(837,256)
Termination payments and transfers	**(55,801)**	(77,175)
Operating expenses – pension operations (Note 11)	**(23,110)**	(25,062)
Net pension operations	**(96,088)**	(245,896)
Net increase in net assets for the year	**1,332,640**	1,436,142
Net assets, at beginning of year	**16,043,210**	14,607,068
Net assets, at end of year	**$ 17,375,850**	$ 16,043,210

See accompanying notes

OPB Your Pension. Our Promise.

Please email us with your feedback

Consolidated statement of changes in accrued pension benefits

For the year ended December 31 *(in thousands of dollars)*	**2010**	2009
Accrued pension benefits, at beginning of year	**$ 17,374,215**	$ 17,311,935
Increase in accrued pension benefits		
Interest on accrued pension benefits	**1,165,370**	1,160,028
Benefits accrued		
Service accrual	**513,801**	475,359
Transfer of service from other plans	**142,080**	165,644
Past service buybacks	**29,030**	20,750
Changes in plan provisions (Note 7)	**65,300**	–
Changes in actuarial assumptions (Note 7)	**333,253**	–
Experience losses	**–**	59,898
Total increase	**2,248,834**	1,881,679
Decrease in accrued pension benefits		
Benefits paid	**903,869**	914,431
Changes in actuarial assumptions (Note 7)	**–**	904,968
Experience gains	**106,665**	–
Total decrease	**1,010,534**	1,819,399
Net increase in accrued pension benefits	**1,238,300**	62,280
Accrued pension benefits, at end of year	**$ 18,612,515**	$ 17,374,215

Consolidated statement of changes in deficit

For the year ended December 31 *(in thousands of dollars)*	**2010**	2009
Deficit, at beginning of year	**$ (1,331,005)**	$ (2,704,867)
Net increase in net assets available for benefits	**1,332,640**	1,436,142
Net increase in accrued pension benefits	**(1,238,300)**	(62,280)
Net increase	**94,340**	1,373,862
Deficit, at end of year	**$ (1,236,665)**	$ (1,331,005)

See accompanying notes

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements

Note 1 Public Service Pension Act

Effective January 1, 1990, the Province of Ontario ("Province") enacted the *Public Service Pension Act*, 1990 ("*PSPAct*") to continue the pension plan for the employees of the Province and certain of its agencies. The terms of the Public Service Pension Plan ("PSPP" or the "Plan") are stated in Schedule 1 to the *PSPAct*. Ontario Pension Board ("OPB") is the administrator of the PSPP.

Note 2 Description of PSPP

The following is a brief description of the PSPP. For more complete information, reference should be made to the *PSPAct*.

a) General

The PSPP is a contributory defined benefit pension plan. Membership is mandatory for most employees who satisfy the eligibility requirements provided in the *PSPAct*. Under the PSPP, both the members and the employers make contributions. The PSPP is registered with the Financial Services Commission of Ontario and the Canada Revenue Agency (Registration Number 0208777) as a registered pension plan not subject to income taxes.

b) Contributions

The PSPP is integrated with the Canada Pension Plan ("CPP"). Starting January 2010 contribution rates have increased to 6.4% of the salary on which contributions are made up to the Year's Maximum Pensionable Earnings ("YMPE") and 9.5% (2009 – 8.75%) of the salary above the YMPE. Employers contribute matching amounts.

Ontario Provincial Police ("OPP") Officers are required to contribute to the PSPP an additional 2% of salary, which is matched by the employer. These additional contributions are used to fund the 50/30 unreduced early retirement provision available to OPP Officers. Starting in 2011, the contribution rates for OPP Officers (excluding Deputy Commissioners and the Commissioner) inclusive of the additional 2% of salary have increased to 9.2% of the salary on which contributions are made up to the YMPE, and 12.3% of the salary above the YMPE. Also, starting in 2011, the contribution rates for OPP Civilians has increased to 6.775% of the salary on which contributions are made up to the YMPE, and 9.875% of the salary above the YMPE.

Contributions from members and employers are remitted to the OPB. The portion of these contributions that exceeds *Income Tax Act (Canada)* limits is transferred to the Province's Public Service Supplementary Benefits Account ("PSSBA").

c) Pensions

A pension is payable at age 65 (or at age 60 for some members with pre-1966 pension credits) based on the number of years of credit in the PSPP multiplied by 2% of the average salary during the best consecutive 60-month period, less an offset for integration with the CPP at age 65. An unreduced pension can be received before age 65 if the member's age and years of credit total 90 ("Factor 90") or when the member reaches age 60 and has 20 or more years of credit. In 2009, the PSPP was amended to permit the Association of Management, Administrative and Professional Crown Employees of Ontario ("AMAPCEO") members who are deemed to be surplus by their employer to retire upon attaining Factor 80. To qualify, certain conditions must be satisfied by both the employer and the member. The surplus program for AMAPCEO was extended to March 31, 2012.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

OPP Officers below the rank of Deputy Commissioner and Commissioner are eligible for a pension payable based on the average salary during the best 36-month period (with a transition provision to gradually reduce the period from the 60-month period to a 36-month period in 2011). Likewise, OPP Civilians are eligible for a pension payable based on the average salary during the best 48-month period (with a transition provision to gradually reduce the period from the 60-month period to a 48-month period in 2011). In addition, OPP Officers are eligible for an unreduced pension after attaining age 50 with 30 years of credit.

d) Death benefits
Upon the death of the member or pensioner, benefits may be payable to a surviving eligible spouse, eligible children, a designated beneficiary or the member's or pensioner's estate.

e) Disability pensions
Based on meeting all eligibility criteria, a disability pension may be available to members with a minimum of 10 years of credit in the PSPP. The amount of the disability pension is dependent on years of credit and average salary.

f) Termination payments
Members terminating employment before age 55 who are eligible for a deferred pension may be entitled to transfer the commuted value of the pension to a locked-in registered retirement savings arrangement, to transfer to another pension plan, or to purchase a life annuity.

g) Escalation of benefits
Current pensions and deferred pension benefits are increased for inflation based on the Consumer Price Index to a maximum of 8% in any one year. Any inflation above 8% in any one year is applied to increase the pension in subsequent years when the adjustment is less than 8%.

Note 3 Summary of significant accounting policies

Basis of presentation
The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, and present the position of the PSPP as a separate entity independent of the employers and Plan members.

a) Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 on the statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in excess (deficit) during the reporting period. Actual results could differ from those estimates.

b) Principles of consolidation
The consolidated accounts of OPB include the accounts of its wholly owned subsidiaries. All significant balances and transactions between OPB and its subsidiaries have been eliminated on consolidation.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

c) Investments

Investments are stated at fair value, including accrued income. For traded investments, fair value is 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.

Fair value of investments is determined as follows:

(i) Short-term money market securities are recorded at cost, which, together with accrued interest or discount earned, approximates fair value.

(ii) Special Province of Ontario Debentures (the "Special Debentures"), bonds and real estate debt are valued at quoted market prices, where available. For those instruments for which quoted market prices are not available, estimated values are calculated using discounted cash flows based on current market yields and comparable securities, as appropriate.

(iii) Equities are valued at quoted market prices at closing.

(iv) Pooled fund values are supplied by the fund administrators based upon fair value quotations.

(v) Derivative financial instruments consisting of foreign exchange forward contracts are recorded at fair value using year-end market prices.

(vi) Real estate, consisting primarily of income-producing properties, and participating mortgages are valued at estimated fair value determined annually by independent appraisals. For properties acquired and held for less than six months, the fair value of such properties usually approximates the purchase price.

Investment transactions are recorded as of the trade date, which is the date upon which the substantial risks and rewards have been transferred. Interest and real estate income from operations are recognized on an accrual basis. Since real estate is valued on a fair value basis, depreciation and amortization are not recorded. Dividend income is recognized on the ex-dividend date. Revenue from real estate includes amounts earned from tenants related to lease agreements for its revenue-producing properties, including property tax and operating cost recoveries. Gains on the sale of properties are recognized when OPB has transferred to the purchaser the significant risks and rewards of ownership of the property, the purchaser has made a substantial commitment demonstrating its intent to honour its obligation, and collection of any additional consideration is reasonably assured. Income from participating mortgages is accrued at the rate stated in the instrument, and any participation income is recognized on an accrual basis. Net investment income (loss) also includes realized gains and losses from the sale of investments and unrealized gains and losses determined from the change in the difference between cost and fair value at year-end, including appraisal adjustments on real estate valuations and fair value adjustments on real estate debt. Transaction costs are expensed as incurred.

d) Accrued pension benefits

The value of accrued pension benefits is based on an actuarial valuation prepared by an independent firm of actuaries. This valuation uses the projected benefit method pro-rated on service and management's best estimate of various economic and non-economic assumptions.

e) Contributions

Contributions due to the PSPP at year-end are recorded as receivable. Transfers into the Plan and purchases of prior service are recorded after cash is received and the transfer or purchase transaction is completed.

OPB Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

f) Pension payments

Payments of pensions, refunds and transfers out of the Plan are recorded in the year in which they are made.

g) Capital assets

Capital assets are carried at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the capital assets as follows:

Computer equipment	3 years
Leasehold improvements	Remaining term of lease
Furniture and fixtures	10 years

h) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. The fair values of investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end.

i) Future accounting changes

In April 2010, the Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 4600, "Pension Plans." The standard establishes new reporting requirements for the measurement and presentation of information in financial statements of pension plans, as well as financial statement disclosures. The new standard must be applied on a retrospective basis by pension plans for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. OPB is in the process of assessing the impact of this new pronouncement.

OPB Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

Note 4 Investments

As at December 31 *(in thousands of dollars)*	**2010** **Fair value**	**Cost**	2009 Fair value	Cost
Cash and short-term investments				
Canada	**$ 334,770**	**$ 334,909**	$ 466,429	$ 468,125
United States and other international	**91,730**	**92,069**	121,845	121,965
	426,500	**426,978**	588,274	590,090
Fixed income				
Special Province of Ontario Debentures	**1,825,196**	**1,573,486**	2,265,655	1,888,831
Bonds				
Canada	**3,678,902**	**3,567,884**	3,258,728	3,197,948
Other international	**746,545**	**772,347**	635,325	627,146
	6,250,643	**5,913,717**	6,159,708	5,713,925
Equities				
Canada	**2,431,050**	**1,791,182**	2,168,986	1,694,276
United States	**1,407,845**	**1,289,842**	1,455,791	1,427,568
Other international	**4,281,643**	**3,841,580**	3,399,191	3,166,713
	8,120,538	**6,922,604**	7,023,968	6,288,557
Real estate	**2,476,020**	**1,946,057**	2,223,201	1,789,880
Participating mortgages	**49,232**	**30,762**	46,038	29,298
Total investments	**17,322,933**	**15,240,118**	16,041,189	14,411,750
Investment-related receivables				
Pending trades	**4,347**	**4,347**	24,774	24,774
Forward exchange contracts	**4,044,071**	**4,081,932**	3,575,033	3,596,932
	4,048,418	**4,086,279**	3,599,807	3,621,706
Investment-related liabilities				
Real estate debt	**163,694**	**152,945**	83,393	79,597
Pending trades	**16,777**	**16,777**	18,178	18,178
Forward exchange contracts	**3,967,871**	**4,081,932**	3,517,666	3,596,932
	4,148,342	**4,251,654**	3,619,237	3,694,707
Net investments	**$ 17,223,009**	**$ 15,074,743**	$ 16,021,759	$ 14,338,749

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

a) Asset mix

Investments are allocated to and maintained in major asset classes within acceptable ranges with target allocation as follows:

	2010 target	2009 target
Cash and short-term investments	**2%**	2%
Bonds	**38%**	38%
Total interest-bearing instruments	**40%**	40%
Equity		
Canadian	**11%**	11%
International	**36%**	36%
Total equity	**47%**	47%
Canadian real estate	**13%**	13%
Total equity and real estate	**60%**	60%

Investments in certain other asset classes are allowable, subject to Board approval.

b) Financial instruments risk

The Plan is subject to financial risks as a result of its investing activities that could impact its cash flows, income, and assets available to meet benefit obligations. These risks include market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. OPB manages these risks in accordance with its Statement of Investment Policies and Procedures, which prescribes the asset mix policy, diversification requirements, performance expectations, limits on individual investments, valuation standards, and guidelines for the management of the Plan.

Market risk – Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices. Market risk is comprised of the following:

(i) Interest rate risk – Interest rate risk refers to the effect on the fair value of the Plan's assets and liabilities due to fluctuations in market interest rates. The value of the Plan's investments is affected by changes in nominal and real interest rates. Pension liabilities are exposed to fluctuations in long-term interest rates and inflation. The Plan has established an asset mix policy that balances interest-sensitive investments with other investments. OPB's fixed income investments have the most significant exposure to interest rate risk. Duration and weighting for the fixed income portfolio are actively managed. Modified duration is a measure of the sensitivity of the price of a fixed income instrument to a change in interest rates. Given the Fund's modified duration of 5.5 years at December 31, 2010 (2009 – 5.3 years), a parallel shift in the yield curve of +/-1% would result in an impact on the net investments of $318.5 million (2009 – $308.3 million), with all other variables held constant. In practice, actual results may differ materially from this sensitivity analysis. See the schedule of Fixed income maturities for further information.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

(ii) Foreign currency risk – Foreign currency exposure arises from the Plan holding foreign exchange denominated investments and entering into contracts that provide exposure to currencies other than the Canadian dollar. Fluctuations in the value of the Canadian dollar against these foreign currencies can have an impact on the fair value of investments. The Plan hedges a portion of its foreign currency exposure through the use of foreign exchange forward contracts, which are accounted for at fair value. The total currency exposure, the impact of foreign exchange forward contracts and the net currency exposure are as follows:

				2010	2009
As at December 31 *(in thousands of dollars)*	**Gross exposure**	**Foreign exchange contracts receivable**	**Foreign exchange contracts payable**	**Net exposure**	Net exposure
U.S. dollar	**$ 2,662,240**	**$ 479,563**	**$ (1,636,139)**	**$ 1,505,664**	$ 1,341,947
Hong Kong dollar	**378,714**	**738**	**(1,607)**	**377,845**	411,099
Euro	**941,466**	**387,870**	**(1,097,987)**	**231,349**	210,069
Brazil real	**227,183**	**45**	**–**	**227,228**	140,354
South Korean won	**209,308**	**1,736**	**–**	**211,044**	123,326
Other	**1,917,191**	**52,006**	**(712,441)**	**1,256,756**	966,883
Total foreign	**6,336,102**	**921,958**	**(3,448,174)**	**3,809,886**	3,193,678
Canadian dollar	**10,810,707**	**3,122,113**	**(519,697)**	**13,413,123**	12,828,081
	$ 17,146,809	**$ 4,044,071**	**$ (3,967,871)**	**$ 17,223,009**	$ 16,021,759

The impact of a 1% absolute change in foreign exchange rates compared to the Canadian dollar, holding all other variables constant, is 1% of the net exposure of the impacted currency, or $38.1 million (2009 – $31.9 million) in total for all foreign currencies, as at December 31, 2010.

(iii) Other price risk – Other price risk is the risk that the fair value of an investment will fluctuate because of changes in market prices other than those arising from foreign currency or interest rate risk, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. An absolute change in the fair value of OPB's investments which are exposed to other price risk will have a direct proportional impact on the fair value of the investments. OPB's investments in equities have the most significant exposure to other price risk. The impact of a 1% absolute change in the price of an investment, holding all other variables constant, is 1% of the net exposure of the impacted investment, or $81.2 million (2009 – $70.2 million), as at December 31, 2010.

Credit risk – The Plan is exposed to the risk of loss arising from a default or insolvency of a securities issuer. As at December 31, 2010, the Plan's greatest credit exposure is with the Province of Ontario, with Special Debentures valued at $1.825 billion (2009 – $2.266 billion) and bonds and short-term investments valued at $277 million (2009 – $401 million). At December 31, 2010, 76% (2009 – 87%) of bonds held had at least an "A" rating.

OPB Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

Liquidity risk – Liquidity risk is the risk that the Plan has insufficient cash flows to meet its pension obligations and operating expenses as they become due. Cash sources include investment income, proceeds from the sales of investments, and member and employer contributions. The largest sources of cash during the year were the interest and principal payments from the Special Debentures, which provided $498 million (2009 – $514 million) to the Plan.

c) Cash and short-term investments

As at December 31 *(in thousands of dollars)*	**2010 Fair value**	**2010 Cost**	2009 Fair value	2009 Cost
Canada				
Cash	**$ 29,975**	**$ 29,975**	$ 29,692	$ 29,692
Short-term notes and treasury funds	**304,557**	**304,696**	435,036	436,732
Term deposits	**–**	**–**	–	–
Accrued interest	**238**	**238**	1,701	1,701
	$ 334,770	**$ 334,909**	$ 466,429	$ 468,125
United States and other international				
Cash	**$ 35,263**	**$ 35,263**	$ 24,784	$ 24,784
Short-term notes and treasury funds	**26,072**	**26,411**	19,599	19,719
Term deposits	**30,393**	**30,393**	77,461	77,461
Accrued interest	**2**	**2**	1	1
	$ 91,730	**$ 92,069**	$ 121,845	$ 121,965

d) Fixed income and equities

The Special Debentures are recorded at an estimated market value of $1.825 billion (2009 – $2.266 billion) by discounting cash flows based on year-end market yields of comparable bonds. There are currently four Special Debentures maturing over the next four years with a weighted average interest rate of 11.04% (2009 – 11.32%).

Included in the fixed income and equities totals are the following amounts related to pooled funds:

As at December 31 *(in thousands of dollars)*	**2010 Fair value**	**2010 Cost**	2009 Fair value	2009 Cost
Equities – Canada	**$ 45,840**	**$ 35,426**	$ 41,348	$ 37,139
Equities – United States	**–**	**–**	9,069	8,445
Equities – Other international	**296,741**	**308,147**	227,623	260,386

See the schedules of Fixed income maturities and of Investments over $20 million for further information.

OPB Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

e) Real estate

As at December 31 *(in thousands of dollars)*	2010 Fair value	2010 Cost	2009 Fair value	2009 Cost
Real estate properties	**$ 2,453,110**	**$ 1,924,978**	$ 2,225,385	$ 1,792,064
Other assets, net	**22,910**	**21,079**	(2,184)	(2,184)
Total assets	**2,476,020**	**1,946,057**	2,223,201	1,789,880
Debt on real estate properties	**(163,694)**	**(152,945)**	(83,393)	(79,597)
Net investment in real estate	**$ 2,312,326**	**$ 1,793,112**	$ 2,139,808	$ 1,710,283

Debt includes mortgages and other secured debt with various terms to maturity up to 2018 and a weighted average interest rate of 6.70% (2009 – 6.42%), against which specific real estate properties are pledged as collateral.

The following schedule shows the total principal payments related to this debt:

For the year ended December 31 *(in thousands of dollars)*	
2011	$ 22,438
2012	6,727
2013	94,317
2014	25,650
2015	886
2016 and thereafter	2,927

f) Securities lending

At year-end, $863 million (2009 – $283 million) of OPB's securities were on loan to third parties. Pursuant to a securities lending agreement, OPB's custodian arranges the loans and OPB earns a fee. The custodian follows strict lending criteria and over-collateralizes the loans with securities that had credit ratings equal to or better than the securities loaned. OPB does not employ cash collateral in its securities lending program. At year-end, $906 million (2009 – $299 million) of securities were held as collateral, providing a 5.1% (2009 – 5.4%) cushion against market and credit risks.

g) Fair values

CICA Handbook Section 3862 requires disclosure of a three-level hierarchy for fair value measurements based on the transparency of inputs to the valuation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

OPB
Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes mutual and pooled funds; hedge funds; Government of Canada, provincial and other government bonds; Canadian corporate bonds; and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

The following tables present the level within the fair value hierarchy for each of the financial assets and liabilities measured at fair value. The table excludes accrued income, other assets, and other liabilities that are valued at their carrying amount, which represents a reasonable approximation of fair value due to their short-term nature.

As at December 31, 2010 *(in thousands of dollars)*	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Short-term investments				
Canada	$ –	$ 292,709	$ –	$ 292,709
United States and other international	–	56,466	–	56,466
Fixed income				
Special Province of Ontario Debentures	–	1,738,977	–	1,738,977
Bonds				
Canada	–	3,468,221	189,102	3,657,323
United States and other international	–	735,035	–	735,035
Equities				
Canada	2,379,087	47,325	–	2,426,412
United States	1,395,397	–	–	1,395,397
Other international	3,984,544	296,741	–	4,281,285
Participating mortgages	–	–	39,325	39,325
Forward exchange contracts	–	4,044,071	–	4,044,071
	$ 7,759,028	$ 10,679,545	$ 228,427	$ 18,667,000
Financial liabilities				
Real estate debt	$ –	$ (163,694)	$ –	$ (163,694)
Forward exchange contracts	–	(3,967,871)	–	(3,967,871)
	$ –	$ (4,131,565)	$ –	$ (4,131,565)

OPB Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

As at December 31, 2009 *(in thousands of dollars)*	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Short-term investments				
Canada	$ –	$ 306,909	$ –	$ 306,909
United States and other international	–	97,061	–	97,061
Fixed income				
Special Province of Ontario Debentures	–	2,160,394	–	2,160,394
Bonds				
Canada	–	3,332,578	27,581	3,360,159
United States and other international	–	620,397	–	620,397
Equities				
Canada	2,122,613	255,288	550	2,378,451
United States	1,445,073	–	380	1,445,453
Other international	3,184,120	–	–	3,184,120
Participating mortgages	–	–	37,596	37,596
Forward exchange contracts	–	3,575,033	–	3,575,033
	$ 6,751,806	$ 10,347,660	$ 66,107	$ 17,165,573
Financial liabilities				
Real estate debt	$ –	$ (83,393)	$ –	$ (83,393)
Forward exchange contracts	–	(3,517,666)	–	(3,517,666)
	$ –	$ (3,601,059)	$ –	$ (3,601,059)

There were no significant transfers between Levels 1, 2, or 3 during the years ended December 31, 2010 and 2009.

h) Commitments

As at December 31, 2010, OPB has provided funding commitments for certain investments in the amount of $181.7 million (of which $35.1 million has been advanced to date).

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

The following tables present a reconciliation of all Level 3 assets and liabilities measured at fair value for the years ended December 31, 2010 and 2009.

(in thousands of dollars)	**Fair value as at January 1, 2010**	**Acquisitions**	**Dispositions**	**Realized gains (losses)**	**Change in unrealized gains**	**Fair value as at December 31, 2010**
Financial assets						
Bonds						
Canada	**$ 27,581**	**$ 147,470**	**$ –**	**$ –**	**$ 14,051**	**$ 189,102**
Equities						
Canada	**550**	**–**	**278**	**(272)**	**–**	**–**
United States	**380**	**–**	**380**	**–**	**–**	**–**
Other international	**–**	**–**	**–**	**–**	**–**	**–**
Participating mortgages	**37,596**	**–**	**–**	**–**	**1,729**	**39,325**
	$ 66,107	**$ 147,470**	**$ 658**	**$ (272)**	**$ 15,780**	**$ 228,427**

(in thousands of dollars)	Fair value as at January 1, 2009	Acquisitions	Dispositions	Realized gains (losses)	Change in unrealized gains	Fair value as at December 31, 2009
Financial assets						
Bonds						
Canada	$ –	$ 24,823	$ –	$ –	$ 2,758	$ 27,581
United States and other international	–	–	–	–	–	–
Equities						
Canada	–	550	–	–	–	550
United States	–	380	–	–	–	380
Other international	–	–	–	–	–	–
Participating mortgages	36,796	–	–	–	800	37,596
	$ 36,796	$ 25,753	$ –	$ –	$ 3,558	$ 66,107

Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Note 5 Contributions receivable

As at December 31 *(in thousands of dollars)*		**2010**		2009
Members	**$**	**22,444**	$	22,361
Employers		**32,541**		32,439
Sponsor – Special Payments		**143,217**		–
Sponsor – additional current service		**(21,410)**		–
Total contributions receivable	**$**	**176,792**	$	54,800

Note 6 Capital assets

As at December 31 *(in thousands of dollars)*		**Cost**		**Accumulated depreciation**		**2010 Net book value**		2009 Net book value
Computer equipment	**$**	**2,625**	**$**	**2,071**	**$**	**554**	$	824
Furniture and fixtures		**2,373**		**650**		**1,723**		1,954
Leasehold improvements		**1,489**		**261**		**1,228**		1,303
Total capital assets	**$**	**6,487**	**$**	**2,982**	**$**	**3,505**	$	4,081

Note 7 Accrued pension benefits

a) Accounting basis

The value of accrued pension benefits of $18.613 billion (2009 – $17.374 billion) is an estimate of pension benefit obligations accrued to date for members and pensioners. The accounting valuation uses the projected benefit method (pro-rated on service), as is required under Canadian generally accepted accounting principles. Under this method, the accrued pension benefits are based on service earned up to the reporting date. The accrued pension benefits as at December 31, 2010 were computed by extrapolating data used for the December 31, 2009 funding valuation prepared by the independent actuary.

OPB
Your Pension. Our Promise.

Notes to the consolidated financial statements (continued)

Actuarial assumptions – The actuarial assumptions used in determining the value of accrued pension benefits reflect management's best estimate of future economic and non-economic events. The primary economic assumptions, as at December 31, are:

	2010	2009
Investment return	**6.35%**	6.75% to December 31, 2018, 6.25% thereafter
Inflation	**2.50%**	2.50%
Real rate of return	**3.85%**	4.25% to December 31, 2018, 3.75% thereafter
Salary increases	**3.50% + promotional scale**	3.50% + promotional scale

The non-economic assumptions include mortality, withdrawal and retirement rates. In 2008, changes were made in the assumptions on retirement rates for certain employee groups and the methodology for applying retirement, termination and pre-retirement mortality rates.

b) Funding basis

The funding valuation of the PSPP is based on methods required under the *PSPAct* and the *Pension Benefits Act (Ontario)* ("*PBA*"). The *PBA* and the *Income Tax Act (Canada)* require that an actuarial funding valuation of the PSPP be completed and filed with the regulatory authorities at least every three years. The most recent filing was a funding valuation as at December 31, 2009, prepared by Hewitt Associates, which disclosed a funding shortfall of $1.359 billion.

Changes prescribed under the *PBA* require minimum funding requirements to be determined using the unit credit actuarial cost method. As a result, the actuarial cost method used for the December 31, 2009 funding valuation was changed from the aggregate cost method to the unit credit cost method. The change transferred a portion of the past service cost incurred by the Plan into current service cost, resulting in additional employer contributions that have been classified as employer current service contributions in addition to the matching contributions prescribed by the *PSPAct*. These additional contributions are included in Note 10.

The funding valuation is used as a basis for funding and Plan design decisions.

An additional pension benefit of $65.3 million has been accrued, resulting from the plan changes coming into effect in 2011 for OPP Officers and Civilians. These pension changes are described in Note 2(c). Contribution increases from these member groups, described in Note 2(b), are sufficient to fund this additional cost.

Note 8 Deficit

In these consolidated financial statements, the amount by which net assets available for benefits is less than the accrued pension benefits is represented by the deficit, which as at December 31, 2010 was $1.236 billion (2009 – $1.331 billion).

Differences between the accounting and funding valuation results may arise due to such factors as variances between estimated and actual data, economic and demographic assumptions or conditions, actuarial methodology, and subsequent events.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Note 9 Net investment income

For the year ended December 31 (in thousands of dollars)	2010 Investment income[1]	2010 Realized gain (loss)[2]	2010 Unrealized gain (loss)[2]	2010 Total	2009 Investment income[1]	2009 Realized gain (loss)[2]	2009 Unrealized gain (loss)[2]	2009 Total
Cash and short-term investments								
Canada	$ 9,076	$ (7,556)	$ 1,556	$ 3,076	$ 13,099	$ (4,237)	$ (1,451)	$ 7,411
United States and other international	187	128,443	18,613	147,243	181	(15,729)	168,975	153,427
	9,263	120,887	20,169	150,319	13,280	(19,966)	167,524	160,838
Fixed income								
Special Province of Ontario Debentures	183,061	–	(125,114)	57,947	220,133	–	(126,534)	93,599
Bonds								
Canada	164,053	57,020	50,238	271,311	140,869	31,648	53,802	226,319
United States and other international	31,872	(27,073)	(33,981)	(29,182)	30,656	38,260	(103,157)	(34,241)
	378,986	29,947	(108,857)	300,076	391,658	69,908	(175,889)	285,677
Equities								
Canada	52,919	109,381	165,158	327,458	55,255	7,549	466,717	529,521
United States	25,965	12,504	89,780	128,249	46,065	(235,544)	289,421	99,942
Other international	91,009	4,921	207,586	303,516	69,192	(280,225)	708,761	497,728
	169,893	126,806	462,524	759,223	170,512	(508,220)	1,464,899	1,127,191
Real estate	144,791	42,394	89,689	276,874	154,594	–	(6,522)	148,072
Participating mortgages	6,011	–	–	6,011	2,734	–	–	2,734
Total investment income (loss)	$ 708,944	$ 320,034	$ 463,525	$ 1,492,503	$ 732,778	$ (458,278)	$ 1,450,012	$ 1,724,512
Investment management and custodial fees				(53,538)				(33,972)
Net investment income (loss)				$ 1,438,965				$ 1,690,540

[1] Investment income includes interest on cash and short-term investments, fixed income and participating mortgages, dividend income on equities, and real estate operating income.

[2] Gains (losses) on cash and short-term investments include foreign exchange contracts.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

a) Interest income

For the year ended December 31 *(in thousands of dollars)*		**2010**		2009
Cash and short-term investments				
Canada				
Cash	**$**	**2,051**	$	1,385
Short-term notes and treasury funds		**7,025**		11,669
Term deposits		**–**		45
	$	**9,076**	$	13,099
United States and other international				
Cash	**$**	**32**	$	19
Short-term notes and treasury funds		**9**		(6)
Term deposits		**146**		168
	$	**187**	$	181

Earnings from pooled short-term investment funds are included with short-term notes and treasury funds.

b) Dividend income

U.S. dividend income includes $12 thousand (2009 – $186 thousand) from pooled equity funds. Other international dividend income includes $5.59 million (2009 – $5.32 million) from pooled equity funds.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

c) Real estate

The following is selected information from OPB's real estate operations for income-producing properties:

For the year ended December 31 *(in thousands of dollars)*	**2010**	2009
Revenue		
Rental	**$ 247,575**	$ 267,277
Other income	**6,645**	6,579
	254,220	273,856
Expenses		
Operating expenses	**91,986**	98,889
General, administrative and other	**13,241**	14,836
	105,227	113,725
Operating income, before interest	**148,993**	160,131
Interest expense	**5,101**	6,552
Net operating income	**143,892**	153,579
Unrealized gain (loss)		
Appraisal adjustment	**94,811**	(24,217)
Fair value adjustment on debt	**(6,953)**	6,977
Fair value adjustment on vendor take-back mortgage	**1,831**	–
	89,689	(17,240)
Realized gain	**43,010**	–
Transaction costs	**(2,450)**	(153)
Net income	**$ 274,141**	$ 136,186

OPB
Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

d) Investment fees

For the year ended December 31
(in thousands of dollars)

		2010		2009
Portfolio fund management	$	**35,759**	$	20,684
Transaction costs		**11,148**		9,564
Custody		**3,114**		2,058
Real estate		**3,517**		1,666
	$	**53,538**	$	33,972

Transaction costs include commissions and fees on trades. Additional transaction costs included in real estate expense total $2.45 million (2009 – $294 thousand).

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Note 10 Contributions

For the year ended December 31 *(in thousands of dollars)*	**2010**	2009
Members		
Current service	**$ 258,793**	$ 234,654
Prior service	**24,664**	15,877
	283,457	250,531
Employers		
Current service		
Regular contributions	**259,063**	234,706
PSSBA transfer	**(13,477)**	(14,641)
For members receiving Long Term Income Protection benefits	**7,602**	7,528
Prior service	**4,366**	4,873
	257,554	232,466
Sponsor payments		
Special Payments	**146,660**	3,756
Additional current service	**1,140**	41,200
	147,800	44,956
Total contributions	**$ 688,811**	$ 527,953

The contribution requirements are set out in the *PSPAct* and summarized in Note 2(b).

Members who are receiving benefits on Long Term Income Protection ("LTIP") have their contributions to the PSPP paid by their employers.

The Province, as sponsor of the Plan, contributed $146.660 million (2009 – $3.756 million) in Special Payments in 2010 towards the funding shortfall identified in the filed funding valuation as at December 31, 2009. In 2010, the Province made $1.140 million (2009 – $41.200 million) in additional employer current service contributions.

Notes to the consolidated financial statements (continued)

Note 11 Operating expenses

Pension operations

For the year ended December 31
(in thousands of dollars)

	2010	2009
Staffing costs	**$ 13,562**	$ 13,540
Staff development and support	**428**	645
Office premises and operations	**3,077**	3,101
Information technology and project management	**4,049**	4,875
Professional services	**823**	1,273
Communication	**281**	512
Depreciation	**602**	718
Board remuneration	**98**	102
Audit	**190**	296
	$ 23,110	$ 25,062

Investment operations

For the year ended December 31
(in thousands of dollars)

	2010	2009
Staffing costs	**$ 5,657**	$ 4,674
Staff development and support	**285**	129
Office premises and operations	**1,795**	1,664
Information technology and project management	**1,099**	645
Professional services	**869**	899
Communication	**120**	128
Depreciation	**224**	216
Board remuneration	**98**	68
Audit	**90**	79
	$ 10,237	$ 8,502

External audit services

For the year ended December 31
(in thousands of dollars)

	2010	2009
External audit and related services provided to Ontario Pension Board	**$ 96**	$ 86
External audit and related services provided to real estate operations	**135**	201
External audit and related services provided to private debt operations	**4**	–
Total fees	**$ 235**	$ 287

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Note 12 Compensation

Compensation to the senior management team includes base salary, incentives, insured benefits and supplementary retirement incentives. Compensation totals, excluding retirement benefits, for the President and CEO, Chief Investment Officer and all Senior Vice-Presidents are provided below. Salary disclosure for all OPB employees earning over $100,000 is available through the Ministry of Finance website, http://www.fin.gov.on.ca/en/publications/salarydisclosure/2011/, under crown agencies.

For the year ended December 31	Year	Base salary	Incentives[1]	Taxable benefits and allowances[2]	Total
Mark J. Fuller, President and CEO[3]	2010	$ 398,631	$ 141,300[4]	$ 11,376	$ 551,307
	2009	398,631	87,170	11,381	497,182
	2008	398,321	121,300[5]	11,403	531,024
	2007	332,648	140,242	11,304	484,194
R. Paul Edmonds, Senior Vice-President, Corporate Affairs, and General Counsel[6]	2010	266,086	89,695	14,650	370,431
	2009	266,086	44,639	14,547	325,272
	2008	208,775	66,055	11,617	286,447
Jill Pepall, Chief Investment Officer[7]	2010	310,178	98,725	6,862	415,765
	2009	86,702	12,083	30	98,815
Peter Shena, Senior Vice-President, Pensions and Stakeholder Relations[8]	2010	266,477	89,827	14,650	370,954
	2009	266,477	44,855	14,547	325,879
	2008	258,995	75,098	13,513	347,606
	2007	201,257	55,548	5,175	261,980
Duncan Webb, Senior Vice-President, Finance[9]	2010	298,973	100,781	14,691	414,445
	2009	280,575	50,156	13,640	344,371

[1] Incentives earned in 2008 to 2010 are paid in March of the following year.

[2] Includes life insurance, car allowance and parking.

[3] Mr. Fuller was appointed President on January 1, 2008. He was appointed President and CEO on January 1, 2009.

[4] For 2010, the Board of Directors approved an incentive of $165,000. Mr. Fuller voluntarily reduced his 2010 incentive to the 2008 level of $141,300.

[5] For 2008, the Board of Directors approved an incentive of $141,300 for Mr. Fuller. During 2009, Mr. Fuller, at his own initiative, reduced his 2008 incentive and repaid $20,000, leaving an incentive of $121,300.

[6] Start date of March 17, 2008.

[7] Start date of September 8, 2009. Appointed as Acting Senior Vice-President, Investments, on May 4, 2010 and promoted to Chief Investment Officer on December 2, 2010.

[8] Promoted to Senior Vice-President, Stakeholder Relations and Pension Policy, on March 1, 2008 and Senior Vice-President, Pensions and Stakeholder Relations, on December 1, 2009.

[9] Start date of January 19, 2009.

OPB Your Pension. Our Promise.

Please email us with your feedback

Notes to the consolidated financial statements (continued)

Compensation for the President and CEO is approved by the Board. Compensation for the Senior Vice-Presidents and Chief Investment Officer is approved by the Human Resources Committee of the Board. Incentives are performance-based.

The above-noted individuals are entitled to benefits from both the PSPP and the PSSBA.

The President and CEO, CIO, and the Senior Vice-Presidents also participate in a Supplemental Executive Retirement Plan ("SERP") that provides additional retirement benefits equal to 1.5% of the best five-year average annual base salary for each year of service with the Ontario Pension Board. All the other provisions of the SERP mirror the provisions of the PSPP, including the exclusion of incentives from the pension entitlement calculation. The SERP is an unregistered arrangement that is non-contributory and not funded.

OPB Your Pension. Our Promise.

Supplementary information

Fixed income maturities

As at December 31 *(in thousands of dollars)*	**2010** **Fair value**	**2010** **Current yield %**	2009 Fair value	2009 Current yield %
Special Province of Ontario Debentures				
0–1 year	**$ 261,415**	**11.26**	$ 222,245	12.73
1–5 years	**1,477,562**	**8.80–9.41**	1,938,150	8.39–10.30
Accrued interest	**86,219**		105,260	
	1,825,196		2,265,655	
Bonds				
Canadian:				
0–1 year	**157,507**	**1.25–10.14**	30,508	2.70–7.94
1–5 years	**1,127,132**	**1.01–12.15**	1,223,801	1.00–10.83
5–10 years	**1,140,463**	**0.94–12.72**	937,727	3.71–15.28
> 10 years	**1,224,232**	**3.24–8.89**	1,039,996	3.58–7.87
Accrued interest	**29,568**		26,697	
	3,678,902		3,258,729	
United States and other international:				
0–1 year	**9,032**	**6.02–7.57**	2,617	4.22–4.43
1–5 years	**220,386**	**2.25–14.51**	192,239	2.78–13.06
5–10 years	**411,505**	**3.33–11.76**	320,854	0.62–12.71
> 10 years	**90,253**	**3.98–11.35**	104,749	4.38–13.29
Accrued interest	**15,370**		14,867	
	746,546		635,326	
Total fixed income	**$ 6,250,644**		$ 6,159,710	

OPB
Your Pension. Our Promise.

Please email us with your feedback

Supplementary information (continued)

Investments over $20 million

As at December 31, 2010
(in thousands of dollars)

	Maturities	Coupon %	Fair value[1]
Cash and short-term investments			
Canada:			
Government of Canada			$ 118,254
Royal Bank Canada			37,021
United States and other international:			
Canadian Imperial Bank of Commerce US			23,679
Royal Bank Canada EUR			30,393
Fixed income			
Special Province of Ontario Debentures	2011–2014	10.38–11.67	$ 1,738,977
Bonds			
Canada:			
Government of Canada	2011–2041	1.25–10.35	$ 832,474
Province of Ontario	2012–2041	3.15–8.50	266,090
Province of Quebec	2012–2041	4.50–9.38	150,320
Bank of Nova Scotia	2011–2053	3.03–6.65	99,315
Toronto-Dominion Bank	2011–2108	1.43–9.52	98,351
Royal Bank of Canada	2012–2053	3.18–5.81	92,340
Canadian Imperial Bank of Commerce	2012–2108	3.05–10.25	87,787
Bank of Montreal	2014–2025	3.10–10.22	72,418
GE Capital Canada	2012–2037	4.24–6.25	67,051
Manulife Financial Corporation	2012–2108	4.08–7.77	61,981
Wells Fargo Financial Corporation Canada	2011–2015	3.97–6.05	60,178
Province of British Columbia	2012–2042	3.70–8.75	59,881
TransCanada Pipelines Ltd.	2013–2039	4.65–8.29	50,963
Sun Life Financial Inc.	2019–2108	4.80–7.90	45,212
407 International Inc.	2012–2040	3.87–7.13	41,908
Enbridge Inc.	2016–2050	4.04–7.22	40,818
Bell Canada	2014–2037	3.60–7.85	40,430
Hydro One Inc.	2012–2046	2.95–7.35	37,199
Rogers Communications Inc.	2016–2040	4.70–6.68	36,380
Thomson Reuters Corporation	2014–2020	4.35–6.00	35,068

[1] Excludes accrued income, includes guaranteed instruments issued by subsidiaries/agencies.

OPB Your Pension. Our Promise.

Please email us with your feedback

Supplementary information (continued)

Investments over $20 million (continued)

As at December 31, 2010
(in thousands of dollars)

	Maturities	Coupon %	Fair value[1]
Bonds (continued)			
Canada:			
Shaw Communications Inc.	2014–2039	5.50–6.75	$ 34,372
Loblaw Companies Limited	2013–2036	4.85–6.85	31,634
Municipal Finance Authority of BC	2016–2027	4.45–5.10	31,180
Raleigh Wind Power Partnership	2030	7.13	31,123
Oakwood Retirement Communities	2020	5.95	30,960
Great-West Lifeco Inc.	2018–2068	4.65–7.13	31,189
Province of New Brunswick	2011–2039	4.40–6.75	29,438
Union Gas Limited	2011–2040	4.64–9.70	28,729
Province of Saskatchewan	2014–2040	3.90–6.40	26,445
Greater Toronto Airports Authority	2011–2040	4.40–7.10	26,420
Ford Credit Canada Ltd.	2015	7.50	25,226
EnCana Corporation	2012–2018	4.30–5.80	24,873
Canadian Tire Corporation Ltd.	2015–2035	4.95–5.65	24,765
CHS (CAMH) Partnership	2041	7.05	23,210
Caisse Centrale Desjardins	2014–2017	3.11–3.79	21,571
United States and other international:			
Federal Republic of Germany	2028–2034	3.50–5.63	182,333
Government of United Kingdom	2013–2030	4.50–6.28	85,897
Government of France	2019–2025	4.25–6.00	80,002
Kingdom of Belgium	2015	8.00	49,330
Morgan Stanley	2012–2017	4.50–4.90	33,497
Real estate			
OPB Realty Inc. (holding company, 100% owned)			$ 2,304,493
Participating mortgages	2019	5.00	$ 39,325

[1] Excludes accrued income, includes guaranteed instruments issued by subsidiaries/agencies.

OPB Your Pension. Our Promise.

Please email us with your feedback

Supplementary information (continued)

Investments over $20 million (continued)

As at December 31, 2010
(in thousands)

	Shares/units[2]		Fair value[2]
Equities			
Canada:			
Toronto-Dominion Bank	1,982	$	147,156
Bank of Nova Scotia	2,078		118,636
Royal Bank of Canada	2,088		109,266
Talisman Energy Inc.	4,002		88,529
Canadian Natural Resources Limited	1,904		84,448
Canadian National Railway Company	1,086		72,054
Manulife Financial Corporation	4,157		71,292
Potash Corporation of Saskatchewan, Inc.	437		67,463
Suncor Energy Inc.	1,705		65,266
Canadian Imperial Bank of Commerce	748		58,619
Cenovus Energy Inc.	1,711		56,952
Rogers Communications Inc.	1,451		50,218
Magna International Inc.	945		49,038
Kinross Gold Corporation	2,476		46,812
Thomson Reuters Corporation	1,235		46,000
Jarislowsky Fraser Special Equity Pooled Fund	1,905		45,840
SNC-Lavalin Group Inc.	752		44,971
Goldcorp Inc.	904		41,483
EnCana Corporation	1,360		39,557
Great-West Lifeco Inc.	1,494		39,439
Teck Resources Ltd.	615		38,016
Canadian Tire Corporation Ltd.	535		36,512
Research In Motion Ltd.	624		36,239
Cameco Corporation	834		33,595
Agrium Inc.	322		29,469
CAE Inc.	2,460		28,320
Bank of Montreal	482		27,708
Shoppers Drug Mart Corporation	699		27,635
Enbridge Inc.	485		27,273

[2] Includes all share classes and American Depository Receipts.

OPB Your Pension. Our Promise.

Please email us with your feedback

Supplementary information (continued)

Investments over $20 million (continued)

As at December 31, 2010
(in thousands)

	Shares/units[2]	Fair value[2]
Equities (continued)		
Canada:		
Telus Corporation	588	$ 26,757
Shaw Communications Inc.	1,163	26,704
Metro Inc.	578	26,125
TransCanada Corporation	687	26,110
Canadian Pacific Railway Ltd.	395	25,499
Power Corporation of Canada	885	25,459
Molson Coors Canada Inc.	484	24,408
Quebecor Inc.	626	23,557
Saputo Inc.	570	22,559
United States:		
Amazon.com, Inc.	209	37,397
Johnson & Johnson	596	36,658
Apple Inc.	96	30,780
Wells Fargo & Co.	920	28,323
Exxon Mobil Corporation	309	22,455
Pfizer Inc.	1,275	22,176
Microsoft Corporation	747	20,705
Other international:		
Leith Wheeler International Pool Fund	17,377	246,800
Samsung Electronics Company Limited	207	91,314
Petroleo Brasileiro Sa	3,347	89,901
Vale Sa	2,690	82,144
Taiwan Semiconductor Manufacturing Corporation	18,960	78,991
GE Asset Management Trust China	4,986	49,941
China Mobile Ltd.	4,588	45,442
Vodafone Group	13,870	35,776
Novartis AG	576	33,760
Roche Hldg Ag Genusscheine	216	31,484
Banco Bradesco Sa	1,495	30,134

[2] Includes all share classes and American Depository Receipts.

OPB Your Pension. Our Promise.

Supplementary information (continued)

Investments over $20 million (continued)

As at December 31, 2010
(in thousands of dollars)

	Shares/units[2]	Fair value[2]
Equities (continued)		
Other international:		
Industrial and Commercial Bank of China	38,967	$ 28,839
PPR Eur4.00	178	28,208
Infosys Technologies Ltd.	361	27,298
China Construction Bank	29,786	26,537
Itau Unibanco Holding Sa	1,111	26,493
Baidu Inc./China	275	26,422
Rio Tinto	365	25,441
Swire Pacific Limited	1,453	23,728
Lukoil Oao	418	23,422
Standard Chartered PLC	854	22,930
Grupo Mexico	5,564	22,676
Atlas Copco Group's Corporate	872	21,880
KT&G Corporation	382	21,646
Tenaris Sa	444	21,590
Banco Santander S.A.	2,012	21,259
BHP Billiton	534	21,183
E.On AG NPV	691	21,066
Petrochina Company Limited	16,040	20,831
AstraZeneca	455	20,663
Zurich Financial Services Ag	80	20,647
Ericsson	1,783	20,590
L'Oréal	182	20,104
Gazprom Oao-Spon Adr	800	20,066

[2] Includes all share classes and American Depository Receipts.

OPB Your Pension. Our Promise.

Please email us with your feedback

Supplementary information (continued)

Real estate properties

As at December 31, 2010
(in thousands of square feet)

	Location	Area
Retail		
Lougheed Lands	Burnaby	56
Aberdeen Village Centre	Kamloops	104
Christy's Corner	Edmonton	111
Marlborough Mall	Calgary	535
Portland Place	Calgary	149
Gaetz Avenue Crossing	Red Deer	177
St. Vital Centre	Winnipeg	927
Pen Centre	St. Catharines	1,037
Erin Mills Town Centre	Mississauga	845
Erin Mills Town Plaza	Mississauga	59
Pickering Town Centre	Pickering	896
Carlingwood Shopping Centre	Ottawa	526
Halifax Shopping Centre	Halifax	528
Halifax Shopping Centre Annex	Halifax	420
2003 Gottingen Street	Halifax	26
215 Chain Lake Drive	Halifax	72
West End Mall	Halifax	184
		6,652
Office		
Marlborough Professional Bldg.	Calgary	51
One Queen Street East/20 Richmond Street East	Toronto	503
Halifax Office Complex	Halifax	114
		668
Industrial		
Mississauga Industrial	Mississauga	2,897
Burnside Industrial Park	Halifax	498
Wright Place	Halifax	112
		3,507
Total properties		**10,827**

OPB Your Pension. Our Promise.

Please email us with your feedback

OPB Your Pension. Our Promise.

Board of Directors

Good governance doesn't just happen. It takes a team of dedicated leaders. At OPB, we've got that team – a highly professional Board. Each member of our Board has been hand-picked based on their expertise, commitment, integrity and vision. Working together, they ensure the Plan's governance structure and practices reflect the highest standards. For more information on the governance of OPB, please visit the Governance section of our website.

M. Vincenza Sera ICD.D (Chair)

A former investment banker with 25 years of expertise in capital markets, corporate finance and corporate governance. She has held senior positions with major Canadian firms, including National Bank Financial, Gordon Capital, and CIBC. Vincenza is a member of the Institute of Corporate Directors.

Appointed to the Board on September 17, 2004.

Appointed as Chair on July 1, 2007.

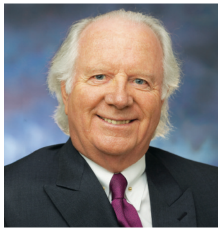
Current appointment ends June 30, 2013.

Lynn A. Clark

Founding principal of L.A. Clark Consulting, an independent consulting and research organization that focuses on pension and investment issues. Lynn has more than 20 years of experience in the investment banking and pension arena and is a former member of the Industry Task Force on Pension Governance.

Appointed to the Board on October 5, 2006.

Current appointment ends October 21, 2012.



J. Urban Joseph, O.C. (Vice-Chair)

Vice-Chairman of Toronto-Dominion Bank from 1992 to 1996. During his career with the bank, which began in 1952, he held a number of positions, including Executive Vice-President of the Human Resources Division.

Appointed to the Board on July 1, 2004.

Appointed as Vice-Chair on July 1, 2007.

Current appointment ends June 30, 2013.

M.E. (Peggy) Gilmour ICD.D

Peggy is a Chartered Accountant and senior finance executive with extensive experience in the financial services sector. Peggy has held executive roles in finance and risk management in both the banking and insurance industries. She is a member of the Institute of Corporate Directors.

Appointed to the Board on August 12, 2009.

Current appointment ends August 11, 2012.

M. David R. Brown

A former managing principal at Eckler Ltd., a leading Canadian actuarial consulting firm. During a career spanning more than 40 years, David has consulted to pension clients in both the private and public sectors, served on the Pension Commission of Ontario, and held numerous positions with professional organizations.

Appointed to the Board on October 25, 2006.

Current appointment ends October 24, 2012.

Lisa Hillstrom

Executive Officer, Pension and Benefits, Ontario Provincial Police Association from April 2006 to present. As Executive Officer for the OPP Association, Lisa provides bereavement counseling, retirement counseling, and assistance to members with insured benefit appeals, LTIP, WSIB and return-to-work issues. During her career, she has held several positions in the pension and benefits field with the Ontario Public Service. Immediately prior to joining the OPP Association, she held the position of Benefit Advisor, Ontario Shared Services.

Appointed to the Board on February 13, 2008.

Current appointment ends August 12, 2011.

Hugh G. Mackenzie

Principal in his own economic consulting business and a Research Associate of the Canadian Centre for Policy Alternatives. He has worked for over 30 years in the trade union and non-profit sectors, as well as in all three levels of government. He is chair of the Atkinson Charitable Foundation and is a member of the Ontario Teachers' Pension Plan Board.

Appointed to the Board on December 4, 2002.

Current appointment ends September 30, 2011.

Anthony Wohlfarth

Executive Director of the Carleton University Academic Staff Association ("CUASA"). Previously, he was National Representative for the Canadian Auto Workers' union, where he has held a series of senior positions. From 2000 to 2005, he was Commissioner (Workers) with the EI Commission. He has 25 years of diverse experience in the fields of pensions and employee benefits. Tony also participates in Director's College, co-sponsored by the Conference Board of Canada and DeGroote School of Business at McMaster University.

Appointed to the Board on September 1, 2005.

Current appointment ends August 31, 2011.

Shamira Madhany

Assistant Deputy Minister for Diversity & Accessible Public Service in the Ontario Public Service. Most recently, as the lead for postsecondary education, she was responsible for accountability agreements with colleges and universities and oversight of private career colleges. She has just finished her term on the Board of the Markham Stouffville Hospital, where she held the position of Vice-Chair of the hospital's Performance Committee.

Appointed to the Board on December 8, 2010.

Current appointment ends December 7, 2013.

OPB
Your Pension. Our Promise.

Please email us with your feedback

OPB Your Pension. Our Promise.

Directory of key personnel

Officers

Mark J. Fuller
President and Chief Executive Officer

Jill Pepall
Chief Investment Officer

Peter Shena
Senior Vice-President, Pensions and Stakeholder Relations

Paul Edmonds
Senior Vice-President, Corporate Affairs, and General Counsel

Duncan D. Webb
Senior Vice-President, Finance

Glenn Hubert
Vice-President, Private Debt

Brian Whibbs
Vice-President, Real Estate

Anne Catherall
Vice-President, Corporate Services

Thomas Choi
Vice-President, IT Services and Enterprise Solutions