Faculty Pension Plan

2008 annual report

The University of British Columbia

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Administration

Executive Director, Investments: Mr. Mike Leslie

Executive Director, Operations, and Secretary: Ms. Cheryl Neighbour

Actuary: AON Consulting

Auditors: Deloitte & Touche LLP

Custodian & Performance Measurement Provider: RBC Dexia Investor Services Trust

Legal Counsel: Lawson Lundell LLP

T H E U N I V E R S I T Y O F B R I T I S H C O L U M B I A

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LETTER FROM THE CHAIR

April 2009

Dear Members

We are pleased to present your 2008 Annual Report.

For the year ended December 31, 2008, the Balanced Fund returned -13.0%, Canadian Equity Fund -30.7%, Foreign Equity Fund -26.5%, Bond Fund +2.7% and the Short Term Investment Fund +3.1% (all before fees). The Balanced Fund's low absolute returns were largely a result of its roughly 52% equity exposure with all major stock markets being very weak in 2008. In terms of the Balanced Fund's performance relative to other balanced funds of similar size, the one and four year rankings were very strong at 18th and 16th percentile, respectively. The risk of the Balanced Fund, as measured by the volatility of returns, ranked very well versus similar funds, being at the least risky end of these comparative results.

The past year proved to be a challenging one with very weak performance in equities and extreme levels of volatility in the capital markets. Many equity markets dropped by levels not seen since the last Depression with the U.S. subprime mortgage crisis being a primary cause of this downturn. This led to a general loss of confidence in the financial markets and the freezing of credit in the world's banking systems. The outcome of these market dislocations has led to a global recession. The fear of a greater downturn in the financial system has led most developed countries to adopt significant financial stimulus and banking credit protection measures. The third and fourth quarter Pension News articles posted on the Faculty Pension Plan's website provide a detailed description of this financial crisis.

The S&P/TSX composite index for Canadian equities in 2008 experienced a -33% drop in value for the first negative return in the last six years. This weak performance was led mainly by those major industry sectors which had previously been the leading sectors in the economy (i.e. Energy and Financial Stocks). The Canadian bond market, as measured by the DEX Universe bond index, returned 4.9% for the year. However, a flight to higher quality bonds by investors meant Federal Government bonds returned 11.5% for the year while Corporate bonds only returned 0.2%. The weakness of the Canadian dollar in 2008 versus most other currencies helped to somewhat mitigate very weak foreign equity returns. In terms of U.S. equities, as measured by the S&P 500 index, they returned -21.2% in Canadian dollar terms versus -37.0% in U.S. dollar terms. This was a reversal from 2007 when a large appreciation in the Canadian dollar to the US dollar hurt our returns when translated back to Canadian dollars. Similarly, for International equities, as measured by the EAFE index, the return for 2008 in Canadian dollars was -29.2%, versus -40.3% in their local currency terms. Real Estate, as measured by the IPD Canadian Property index, returned +3.2% in 2008. This lower return from the double digit returns in the previous four years was again a reflection of the weakening economy.

There were no changes to the fund managers or to the asset class allocations within any of the Plan's investment options in 2008.

There was one change to the Board last year. Dr. Patrick Walden, due to his upcoming retirement, decided not to stand for re-election. I would like to thank Dr. Walden for his contributions to the Board during his term of office. Dr. Kai Li, Professor of Finance at the Sauder School of Business was elected for a two-year term, effective January 1, 2009. The trustees and staff look forward to working with Dr. Li.

Ms. Diane Fulton, the executive director of investments, resigned last year to take on new challenges at the Vancouver Foundation. Ms. Fulton provided an outstanding level of service and expertise during her nine years with the Plan, which will be missed by the Board and staff. The Board welcomes Mr. Mike Leslie as the new executive director of investments for the Plan. Mr. Leslie was most recently an investment consultant for Aon Consulting and he brings over twenty years of experience to the Plan.

In the Operations area, the pension administration system is being redesigned to provide better audit controls and increased efficiencies. The objective is to have the redesign completed by the end of 2009. In June 2008, a group annuity was purchased for the Minimum Retirement Benefit annuities. The purpose of this purchase was two-fold: 1) the surplus became available for distribution to eligible members, and 2) the annuity risk was transferred from the Plan to Sun Life Assurance.

In closing, I would like to thank the trustees and staff for their continued support and efforts over the past year.

Yours truly,

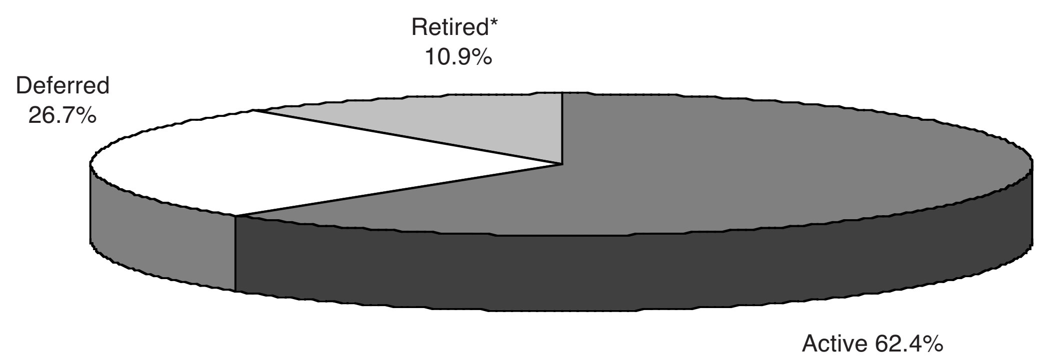
Joost Blom,
Chair

Facts at a Glance

	2008	2007	2006
Active and Deferred Members	4,557	4,476	4,363
Retired Members Receiving Benefits	561	518	461
Market Value of Funds	$1,089,921,026	$1,274,239,918	$1,248,384,637
Total Contributions and Transfers-in	$50,806,369	$47,471,021	$42,711,008
Retirement Benefits Paid			
Minimum Retirement Benefit (MRB)[1] + Variable Payment Life Annuity (VPLA)	$8,591,686	$8,621,443	$7,888,207
RRIF-Type Payments	$6,208,483	$3,515,755	$2,907,886
LIF-Type Payments	$1,854,376	$1,303,907	$709,803
Value of Members' Accounts Transferred out of Plan	$37,918,563	$43,237,764	$38,975,611
VPLA - 4% Unit Value[2]	$21.17	$21.65	$19.89
VPLA - 7% Unit Value[2]	$14.61	$15.37	$14.53

[1] A group annuity was purchased from SunLife on May 1, 2008.
[2] Refer to page 6 for 2009 unit values.

Plan Membership



* Retired members include all members receiving VPLA, RRIF-Type or LIF-Type Payments.

Membership

Active members are those who are currently employed by UBC and are making contributions, or on whose behalf contributions are being made, to the Plan.

Deferred members are those who have resigned but have left all or a portion of their account balances in the Plan.

Retired members are those who are receiving VPLA, RRIF-type or LIF-type payments from the Plan.

Terminated members are those who have withdrawn their funds from the Plan. They are not included in the membership.

Summary of Active and Deferred Members

	2008	2007	2006
Beginning of period	4,476	4,363	4,252
Add: new members	191	234	249
Sub-total	4,667	4,597	4,501
Less: terminated and retired	110	121	138
Total Active/ Deferred Members	**4,557**	**4,476**	**4,363**

Of the total members, 3,192 are active members and 1,365 are deferred members.

Summary of Retired Members

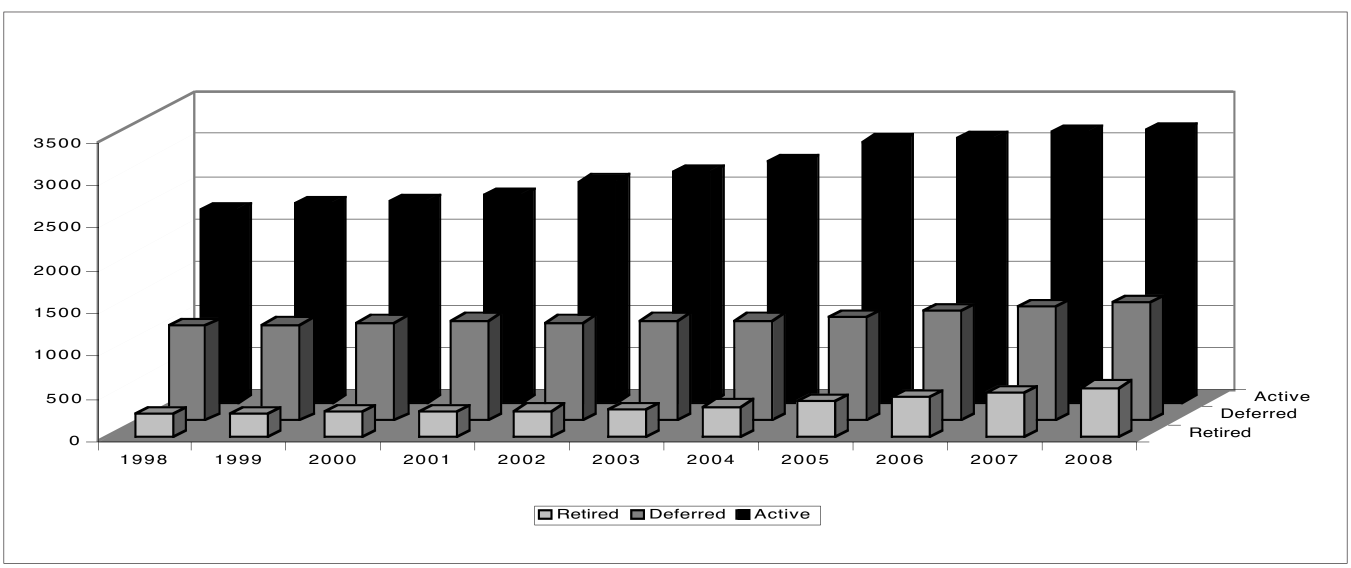
	2008	2007	2006
Beginning of period	518	461	423
Additional Retirees VPLA + RRIF + LIF	58	67	49
Less: deceased and terminated	15	10	11
Total Retired Members	**561**	**518**	**461**

Members may elect one or a combination of the retirement options available. The breakdown of the options elected by retired members is as follows:

Variable Payment Life Annuities (VPLA)	347
RRIF-Type Payments	144
LIF-Type Payments	120

For more information on the available retirement options see www.pensions.ubc.ca/faculty and select 'Thinking of Retiring'.

Plan Membership



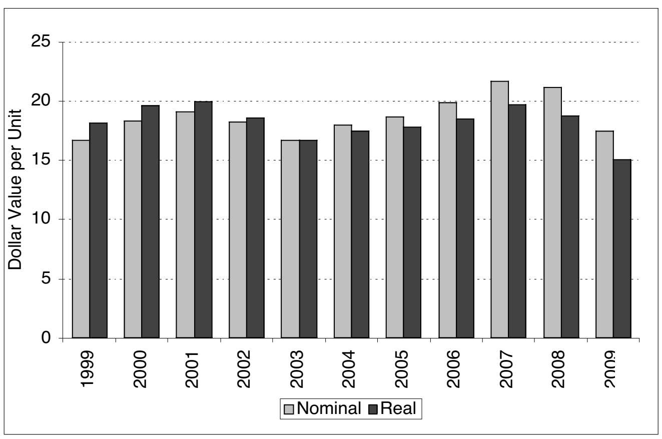
Variable Payment Life Annuity (VPLA) Unit Values

Variable Payment Life Annuities are available from the Plan with two earning assumptions: 4% or 7%. Units are purchased at retirement using all or a portion of the member's account balance.

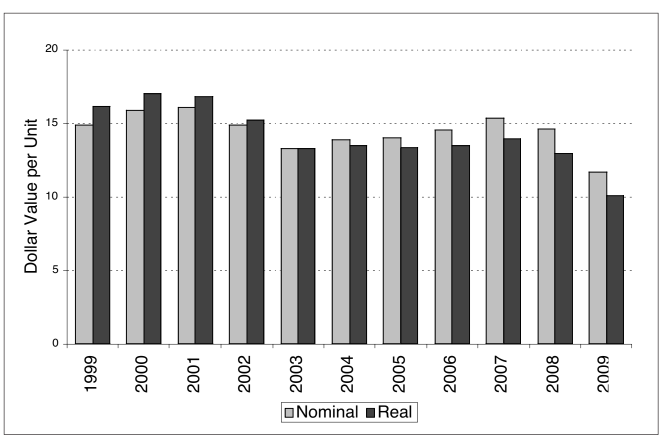
An annual valuation is completed to determine the VPLA unit value effective January 1. The unit value calculation is a result of the investment performance of the Balanced Fund and the mortality experience of the VPLA group for the previous calendar year.

The following chart illustrates the annual change to the VPLA unit value. (The real values have been adjusted for inflation using 2002 dollars to show purchasing power.)

4% VPLA Unit Values



7% VPLA Unit Values



The following tables show a history of the unit values for 4% and 7% assumptions.The annual unit value is adjusted on the annuitant's April 1 payment.

Unit Values

Year	4%	Annual unit value change (%)
1999	$16.66	2.40
2000	$18.33	10.02
2001	$19.05	3.93
2002	$18.20	-4.46
2003	$16.70	-8.24
2004	$17.96	7.54
2005	$18.64	3.79
2006	$19.89	6.71
2007	$21.65	8.84
2008	$21.17	-2.22
2009	$17.47	-17.48

Year	7%	Annual unit value change (%)
1999	$14.86	-0.47
2000	$15.89	6.93
2001	$16.05	1.01
2002	$14.90	-7.17
2003	$13.29	-10.81
2004	$13.89	4.51
2005	$14.01	0.86
2006	$14.53	3.71
2007	$15.37	5.78
2008	$14.61	-4.95
2009	$11.72	-19.78

For more information on the VPLA, see www.pensions.ubc.ca/faculty and follow the link under Library, to Variable Annuity (VPLA) Guide.

Market Value of Funds and Rates of Return for 2008

	Balanced Fund	Bond Fund	Canadian Equity Fund	Foreign Equity Fund	Short Term Investment Fund
Market Value as at December 31, 2008	$910,184,616	$34,809,790	$56,546,622	$25,902,567	$62,477,431
Gross Rate of Return[1]	-13.00%	2.73%	-30.69%	-26.48%	3.12%
Net Rate of Return	-13.45%	2.41%	-30.99%	-26.83%	2.99%

Historical Rates of Return

RBC Dexia Investor Services measures the performance of our investment funds. They report on absolute returns and, where available, relative rankings. The absolute returns are compared with returns of composite indices which reflect the asset allocation of each fund. Relative ranking indicates the investment fund's percentile standing within a universe of comparable funds.

The following table gives performance information for periods ending December 31, 2008.

	1 year	3 years	5 years	10 years	Relative Ranking (1st percentile is best ranking)		
	%	%	%	%	1 year	3 years	4 years
Balanced Fund - gross[1]	-13.00	0.76	4.51	4.94	18th	15th	16th
Balanced Fund - net	-13.45	0.31	4.05	4.50			
Composite Index 1[2]	-12.56	0.33	4.19	4.62			
Bond Fund - gross	2.73	3.31	4.50	5.41	76th	66th	82nd
Bond Fund - net	2.41	3.07	4.25	5.15			
Composite Index 2[3]	5.70	4.12	5.18	5.81			
CanadianEquity Fund - gross	-30.69	-2.75	5.41	6.94	37th	19th	20th
Canadian Equity Fund - net	-30.99	-3.15	n/a	n/a			
Composite Index 3[4]	-32.55	-4.36	4.16	5.69			
Foreign Equity Fund - gross[1]	-26.48	-7.25	-1.69	-0.93	31st	52nd	53rd
Foreign Equity Fund - net	-26.83	-7.64	n/a	n/a			
Composite Index 4[5]	-24.28	-5.71	-0.89	-0.74			
Short Term Investment Fund - gross	3.12	3.88	3.35	3.99	92nd	84th	83rd
Short Term Investment Fund - net	2.99	3.72	3.17	3.74			
Composite Index 5[6]	2.57	3.65	3.17	3.61			

1 The Gross Rate of Return represents income from investments, including accrued interest. It also reflects changes in market values during the year.
2 Composite Index 1: 33% DEX Universe, 10% S&P/TSX Capped, 5% S&P/TSX, 5% S&P/TSX Capped 60, 15% S&P 500, 15% MSCI-EAFE, 2% DEX 91-Day TB, 10% IPD Canadian Property, 5% DEX Real Return Bond
3 Composite Index 2: 86.8% DEX Universe, 13.2% DEX Real Return Bond
4 Composite Index 3: 25% S&P/TSX, 50% S&P/TSX Capped, 25% S&P/TSX Capped 60
5 Composite Index 4: 48% MSCI-EAFE, 48% S&P 500, 4% DEX 91-Day TB
6 Composite Index 5: DEX 91-Day TB until August 2007; DEX 30-Day TB commencing September 2007

Index Rates of Return

For periods ending December 31, 2008, the capital market indices produced the following rates of return by asset class. Our managers' performance is measured against these indices.

Asset Class Index	Rates of Return (%) For periods ending December 31, 2008			
	1 yr	2 yr	3yr	4yr
Canadian equities				
S&P/TSX Composite Index	-33.0	-14.2	-4.8	1.7
S&P/TSX Capped Composite Index	-33.0	-14.2	-4.8	1.7
Canadian large cap equities				
S&P/TSX Capped 60 Index	-31.2	-12.5	-3.0	3.6
Canadian bonds				
DEX Universe Bond Index	6.4	5.0	4.7	5.1
Real return bonds				
DEX Real Return Bond Index	0.4	1.0	-0.3	3.4
U.S. equities				
S&P 500 Index (Canadian $)	-21.2	-16.0	-6.7	-4.5
Non-North American equities				
MSCI-EAFE Index (Canadian $)	-29.2	-18.3	-5.6	-1.8
Real estate				
IPD Canadian Property Index	3.2	9.4	12.2	13.6
Absolute return hedge fund				
DEX 91-Day Treasury Bill Index	3.3	3.9	3.9	3.6
Money market				
DEX 30-Day Treasury Bill Index	2.6	3.4	3.6	3.3

Investment Managers' Rates of Return

The following table details each manager's performance for the periods ending December 31, 2008. The trustees monitor the performance of each of the managers and meet with them regularly to review their performance. Measured against comparable managers, each manager's relative performance is expected to rank in the top third. The managers are also expected to achieve returns greater than their index based benchmark over a four year period.

Asset Class Manager	**Gross Rates of Return(%)**[1] For periods ending December 31, 2008 **1 yr**	**2 yr**	**3 yr**	**4 yr**
Canadian equity				
Connor, Clark & Lunn Q-Growth Fund	-32.6	-12.6	-4.1	3.9
Guardian Capital LP	-29.8	-11.5	-1.5	3.5
Leith Wheeler Investment Counsel	-31.6	-13.0	-3.6	n/a
PCJ Investment Counsel	-31.1	-12.8	-3.0	3.3
US equity				
Barclays Global Investors - Pension US Alpha Tilts Fund	-20.5	-17.6	-7.7	-4.4
Non-N.A. equity				
bcIMC - Active EAFE Fund	-33.5	-21.3	-8.2	-4.0
bcIMC - Enhanced EAFE Index Fund	-35.1	n/a	n/a	n/a
Hedge fund				
Barclays Global Investors - Global Market Selection Fund	-6.8	2.5	6.5	10.7
Fixed income				
AllianceBernstein	-3.3	n/a	n/a	n/a
PIMCO Canada Corp.	0.5	n/a	n/a	n/a
State Street Global Advisors	6.9	n/a	n/a	n/a
Barclays Global Investors - Real Return Bond Fund	0.5	1.0	-0.5	n/a
Real estate				
bcIMC - Realpool	-0.2	10.0	15.1	15.8
CUE Real Property (2)	-3.2	12.5	15.0	19.4
GPM Real Property (7)	37.5	35.1	28.9	27.7
Westpen Properties	4.0	12.6	17.9	19.1
Money market				
bcIMC - Short Term Fund 1	3.1	n/a	n/a	n/a

[1] The gross returns reported are time weighted annualized returns. It is not possible to simply sum the returns for individual managers to obtain a fund return.

Balanced Fund

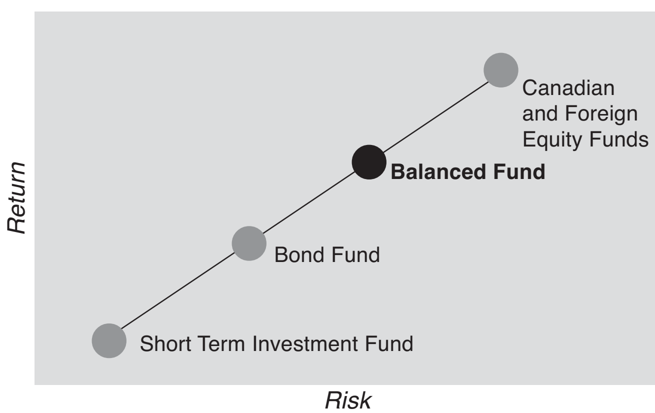
Objective

The Balanced Fund's objective is to earn an acceptable long-term average rate of return commensurate with a moderate level of risk by investing in a portfolio of stocks, bonds and real estate in a well-diversified global portfolio.

Risk/Return

A balanced portfolio is a composite of different asset classes, the combination of which reduces the risk of the portfolio while maintaining good return potential. The Balanced Fund asset mix is designed to maximize long-term returns while maintaining risk at comparable or lower risk exposure than the median balanced fund for similar pension plans. The returns of the assets held in the Balanced Fund fluctuate with economic conditions in Canada and globally, individual company and industry performance, political and world events, changes in interest rates and other factors.

Risk vs. Return



Suitability

The trustees introduced the Balanced Fund to provide a choice for members who do not want to make their own asset allocation decisions and are seeking satisfactory long-term growth with moderate volatility, through diversification across different asset classes.

Assets

Total assets in the Balanced Fund as at December 31, 2008, were $910.2 million.

Performance

Twelve different investment managers invest the Balanced Fund's assets, as shown under "Structure". The investment managers are expected to earn a rate of return in excess of their benchmark index return. They are also expected to rank in the top third of a universe of similar managers.

Rates of return for the Balanced Fund and the underlying composite benchmark index are shown under "Historical Rates of Return" on page 7.

Fees

The investment expenses include fees for investment managers, custodial fees and other related fees for investment management. Two managers for the Balanced Fund are paid a base fee plus an additional performance fee if returns exceed their benchmarks. During the year ended December 31, 2008, the base fee for investment expenses was approximately 0.40%[1]. The additional fee paid for superior performance during 2008 was 0.03%. Annual operating fees were approximately 0.09%.

Structure

The target asset allocation of the Balanced Fund, as set by the trustees, is shown in the pie chart following. The trustees regularly rebalance the portfolio to maintain this target asset allocation.

The Canadian equity component is comprised of four portfolios, each selected to provide the Fund with a diversified style of investment management.

The US equity component is invested in an enhanced index fund, which is designed to outperform the S&P 500 index while controlling risk. The non-North American equity component includes international equities in the developed markets of Europe, Australia, and the Far East (EAFE). The hedge fund is a quantitative global investment strategy that provides diversification with the Balanced Fund's conventional asset classes.

The bond component is invested in a Canadian enhanced index fixed income fund, two Core Plus portfolios and an inflation-

[1] This includes the investment fees deducted directly from the following funds: bcIMC Active EAFE Fund, bcIMC Enhanced EAFE Index Fund, bcIMC Realpool, CUE Real Property(2), GPM Real Property(7) and Westpen Properties, plus custodial fees deducted from all of the pooled funds held by the Fund.

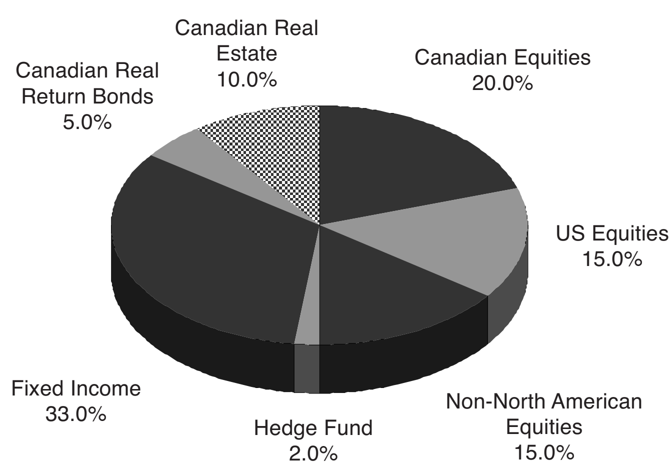
linked Canadian bond index fund. The Canadian enhanced fixed income fund is a risk controlled product which is very similar to the DEX Universe index. The two Core Plus managers invest primarily in Canadian fixed income securities but diversify their portfolios by investing a portion of their portfolio in foreign denominated bonds, including a small portion in high yield bonds and emerging markets debt.

The real estate investments are holdings in diversified portfolios of properties situated in the main urban areas of Canada.

Asset Class	Target Allocation %	Benchmark	Manager (Style or Fund)
Equities	**50.0**		
Canada	5.0	S&P/TSX Composite	Connor, Clark & Lunn (Q Growth Fund)
	5.0	S&P/TSX Capped Composite	Guardian Capital LP (Core)
	5.0	S&P/TSX Capped Composite	Leith Wheeler Investment Counsel (Value)
	5.0	S&P/TSX Capped 60	PCJ Investment Counsel (Growth/Sector Rotator)
United States	15.0	S&P 500	Barclays Global Investors (Pension U.S. Alpha Tilts Fund)
Non-North American	10.5	MSCI-EAFE	bcIMC (Active EAFE Fund) [1]
	4.5	MSCI-EAFE	bcIMC (Enhanced EAFE Index Fund)[2]
Hedge Fund	**2.0**	DEX 91-day T-Bill	Barclays Global Investors (Global Market Selection Fund)
Fixed Income	**38.0**		
Canada	6.6	DEX Universe	AllianceBernstein (Core Plus)
	9.9	DEX Universe	PIMCO Canada Corp. (Core Plus)
	16.5	DEX Universe	State Street Global Advisors (Enhanced Fixed Income Index Fund)
Real Return Bonds	5.0	DEX Real Return Bond	Barclays Global Investors (Real Return Bond Index Fund)
Real Estate [3]	**10.0**		
Canada	0.2	IPD Canadian Property	CUE Real Property (2) Ltd.
	6.0	IPD Canadian Property	Westpen Properties Ltd.
	3.8	IPD Canadian Property	bcIMC Realpool
Total	**100.0**		

1 *The bcIMC Active EAFE Fund is invested with the following investment managers: Acadian, AllianceBernstein, JP Morgan, Pictet, Pyrford and Wellington.*
2 *The bcIMC Enhanced EAFE Index Fund is invested with AllianceBernstein.*
3 *The Balanced Fund invests in real estate pooled funds.*

Target Asset Allocation



Bond Fund

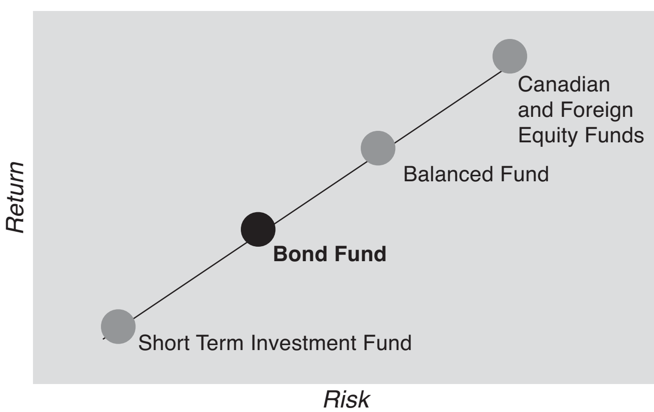
Objective

The Bond Fund's objective is to earn a long-term average rate of return that is higher than the DEX Universe Bond Index, by holding a well-diversified portfolio of both Canadian and Foreign fixed income securities of various maturities, issued by governments and corporations.

Risk/Return

Bond returns are inversely correlated to interest rate changes and are subject to volatility. Declining interest rates create increases in bond prices and rising interest rates cause decreasing bond prices. Over the long term, the Bond Fund is expected to earn a return and have volatility between the Short Term Investment Fund and the Balanced Fund.

Risk vs. Return



Suitability

The trustees introduced the Bond Fund to provide a choice for members who wish to reduce their exposure to stock market risk.

Assets

Total assets in the Bond Fund as at December 31, 2008, were $34.8 million.

Performance

Four investment managers invest the Bond Fund's assets, as shown under "Structure". The managers are expected to rank in the top third of a universe of similar managers and the active managers are expected to earn a rate of return in excess of the DEX Universe Bond Index.

Rates of return for the Bond Fund and the benchmark index are shown under "Historical Rates of Return" on page 7.

Fees

The investment expenses include fees for investment managers, custodial fees and other related fees for investment management. The approximate annual investment expenses for the year ended December 31, 2008, were 0.22%.[1] Annual operating fees were approximately 0.09%.

Structure

The target asset allocation of the Bond Fund, as set by the trustees, is shown in the following table.

The Canadian enhanced index fixed income fund is a risk controlled product which is very similar to the DEX Universe index. The investment manager adds value by making many small impact decisions varying their holdings from the index. The two Core Plus bond managers invest primarily in a diversified portfolio of Canadian bonds that form the DEX Universe index. They further diversify their portfolios by investing in foreign denominated bonds, including a small portion in high yield bonds and emerging markets debt. They may use derivative instruments as an alternative to directly owning bonds in order to implement their strategies. The managers employ many strategies including duration management, yield curve positioning, sector rotation as well as research and credit techniques to select individual securities. The portfolio may also have a small exposure to unhedged foreign currencies. The remainder of the Bond Fund is invested in real return bonds which provide returns linked to the Canadian inflation rate.

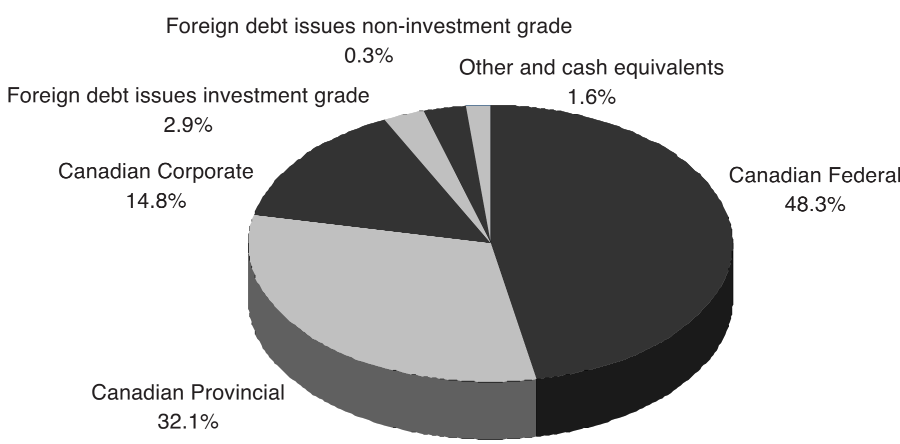
[1] This includes custodial fees deducted directly from all of the pooled funds held by the Fund.

Manager (Style or Fund)	Target Allocation (%)	Benchmark
State Street Global Advisors (Enhanced Fixed Income Index Fund)	43.4	DEX Universe Bond Index
PIMCO Canada Corp. (Core Plus)	26.0	DEX Universe Bond Index
AllianceBernstein (Core Plus)	17.4	DEX Universe Bond Index
Barclays Global Investors (Real Return Bond Index Fund)	13.2	DEX Real Return Bond Index
Total	**100.0**	

As at December 31, 2008, the Bond Fund had an average duration of 7.5 years. Duration is the most commonly used measure of bond risk. It quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. (If interest rates increase by 1%, a bond with a 7.5-year duration will fall in value by approximately 7.5%.) The duration measure incorporates a bond's yield, coupon, and final maturity into one number. The longer the duration, the higher the risk and the more sensitive the bond or portfolio is to changes in interest rates.

The following pie chart shows the allocation of the Bond Fund to different types of fixed income instruments, as a percentage of duration.

Sector Diversification (December 31, 2008)



Canadian Equity Fund

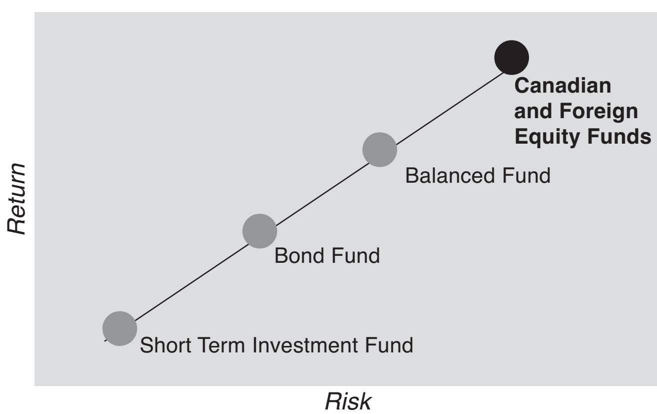
Objective

The Canadian Equity Fund's objective is to earn an above average long-term rate of return by investing in a diversified portfolio of Canadian equities.

Risk/Return

Equities are expected to earn the highest long-term average rates of return of the major asset classes, but also to have the highest level of risk or volatility. The returns of the stocks held in the Canadian Equity Fund fluctuate with individual company and industry performance, the Canadian economy, political and world events and other factors. Excess volatility is reduced in the Canadian Equity Fund by diversifying across different investment styles and four different investment managers.

Risk vs. Return



Suitability

The trustees introduced the Canadian Equity Fund to provide a choice to members who have long-term investment horizons and who are tolerant of a higher level of volatility in their portfolio in exchange for a higher long-term expected return. The Canadian Equity Fund was introduced to allow members to choose their specific allocation to Canadian equity.

Assets

Total assets in the Canadian Equity Fund as at December 31, 2008, were $56.5 million.

Performance

Four investment managers invest the Canadian Equity Fund's assets, as shown under "Structure". The investment managers are expected to earn a rate of return in excess of their benchmark. Managers are also expected to rank in the top third of a sample of managers with similar objectives.

Rates of return for the Canadian Equity Fund and the underlying composite benchmark index are shown under "Historical Rates of Return" on page 7.

Fees

The investment expenses include fees for investment managers, custodial fees and other related fees for investment management. During the year ended December 31, 2008, the approximate annual investment expenses were 0.33%.[1] Annual operating fees were approximately 0.09%.

Structure

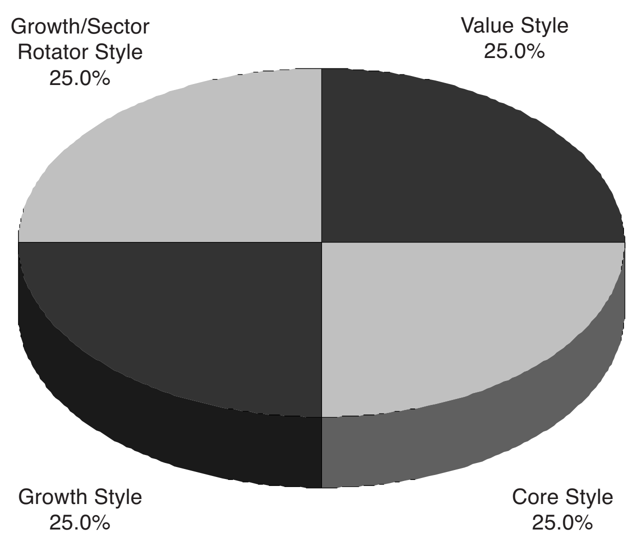
The Canadian Equity Fund is comprised of four portfolios, each selected to provide the Fund with a diversified style of investment management, as shown in the pie chart following.

The managers who invest the Canadian Equity Fund also invest the Canadian equity component of the Balanced Fund, using identical mandates.

[1] This includes custodial fees deducted directly from the Connor Clark & Lunn Q Growth Fund.

Manager (Style or Fund)	Target Allocation (%)	Benchmark
Connor, Clark & Lunn (Q Growth Fund)	25	S&P/TSX Composite
Guardian Capital LP (Core)	25	S&P/TSX Capped Composite
Leith Wheeler Investment Counsel (Value)	25	S&P/TSX Capped Composite
PCJ Investment Counsel (Growth/Sector Rotator)	25	S&P/TSX Capped 60

Target Asset Allocation



Foreign Equity Fund

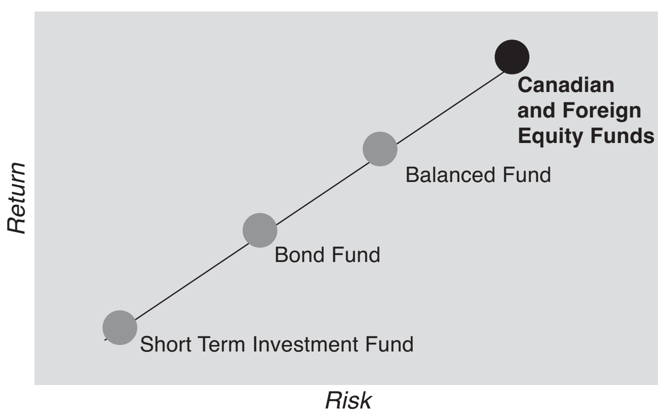
Objective

The Foreign Equity Fund's objective is to earn an above average long-term rate of return by investing primarily in a diversified portfolio of U.S. and international equities.

Risk/Return

Equities are expected to earn the highest long-term average rates of return of the major asset classes, but also to have the highest level of risk or volatility. The returns of the stocks held in the Foreign Equity Fund will fluctuate based on individual company and industry performance, global economic conditions, political and world events and other factors. Changes in exchange rates will also affect returns. (A strong Canadian dollar will detract from returns.) Excess volatility is reduced in the Foreign Equity Fund by diversifying across different investment styles, different countries and different investment managers.

Risk vs. Return



Suitability

The trustees introduced the Foreign Equity Fund to provide a choice to members who have long-term investment horizons and who are tolerant of a higher level of volatility in their portfolio in exchange for a higher long-term expected return. The Foreign Equity Fund was introduced to allow members to choose their specific allocation to global (non-Canadian) equities.

Assets

Total assets in the Foreign Equity Fund as at December 31, 2008, were $25.9 million.

Performance

Two investment managers invest the Foreign Equity Fund's assets, as shown under "Structure". The investment managers are expected to earn a rate of return in excess of their benchmark. Managers are also expected to rank in the top third of a sample of managers with similar objectives.

Rates of return for the Foreign Equity Fund and the underlying composite benchmark index are shown under "Historical Rates of Return" on page 7.

Fees

The investment expenses include fees for investment managers, custodial fees and other related fees for investment management. Barclays Global Investors is paid a base fee plus an additional performance fee if returns exceed their benchmarks. During the year ended December 31, 2008, the base fee for investment expenses was approximately 0.38%[1]. There was no additional fee paid for superior performance in 2008. Annual operating fees were approximately 0.09%.

Structure

The target asset allocation of the Foreign Equity Fund, as set by the trustees, is shown in the pie chart following.

The managers who invest the Foreign Equity Fund also invest the foreign equity component of the Balanced Fund, using identical mandates.

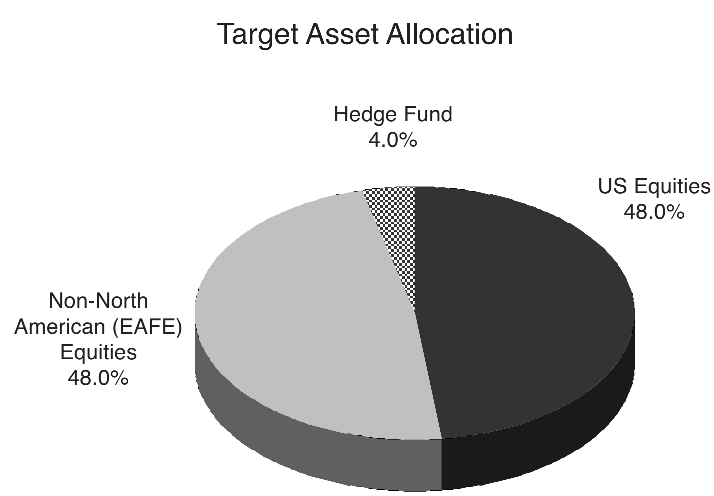
The US equity component is invested in an enhanced index fund, which is designed to outperform the S&P 500 index while controlling risk. The non-North American equity component includes international equities in the developed markets of Europe, Australia, and the Far East (EAFE). The hedge fund is a quantitative global investment strategy, which provides diversification with the Fund's other asset classes through the tactical use of multiple varying strategies.

[1] This includes investment fees deducted directly from the bcIMC Active EAFE Fund and bcIMC Enhanced EAFE Index Fund plus custodial fees deducted directly from the pooled funds held.

Asset Class	Target Allocation (%)	Benchmark	Manager (Style or Fund)
United States Equities	**48.0**	S&P 500	Barclays Global Investors (Pension U.S. Alpha Tilts Fund)
Non-North American Equities	**48.0**		
	33.6	MSCI-EAFE	bcIMC (Active EAFE Fund)[1]
	14.4	MSCI-EAFE	bcIMC (Enhanced EAFE Index Fund)[2]
Hedge Fund	**4.0**	DEX 91 day T-Bill	Barclays Global Investors (Global Market Selection Fund)
Total	**100.0**		

[1] *The bcIMC Active EAFE Fund is invested with the following investment managers: Acadian, AllianceBernstein, JP Morgan, Pictet, Pyrford and Wellington.*

[2] *The bcIMC Enhanced EAFE Index Fund is invested with AllianceBernstein.*



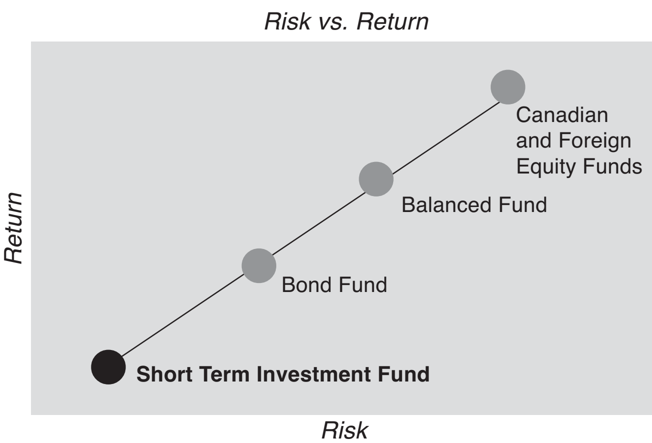
Short Term Investment Fund

Objective

The Short Term Investment Fund's objective is to preserve capital while generating a modest rate of return.

Risk/Return

The Short Term Investment Fund will provide returns that are more stable, but the lowest of any of the Funds over the long term. The risk level of this Fund is low due to the high quality of the short-term investments. Returns from this Fund may not be adequate to offset inflation.



Suitability

The trustees introduced the Short Term Investment Fund to provide a choice to members who wish to minimize expected market risk and preserve capital. This Fund is not recommended as a long-term investment for a member's total account balance.

Assets

Total assets in the Short Term Investment Fund as at December 31, 2008, were $62.5 million.

Performance

The Short Term Investment Fund is expected to provide a return in excess of the DEX 30-Day Treasury Bill Index.

Rates of return for the Short Term Investment Fund and the benchmark index are shown under "Historical Rates of Return" on page 7.

Fees

The investment expenses include fees for the investment manager, custodial fees and other related fees for investment management. The approximate annual investment expenses for the year ended December 31, 2008, were 0.04%.[1] Annual operating fees were approximately 0.09%.

Structure

The Short Term Investment Fund is invested in the British Columbia Investment Management Corporation (bcIMC) Short Term Fund 1. The bcIMC Short Term Fund 1 invests in very short term debt securities (up to 45 days) that are issued, insured or guaranteed by a Canadian government. This fund assumes minimal investment risk and targets to outperform the DEX 30-Day Treasury Bill Index. The fund invests in fixed income securities which are issued, insured or guaranteed by the Government of Canada, a provincial or a municipal government.

[1] This includes investment fees deducted directly from the bcIMC Short Term Fund 1.

Financial Statements of

THE UNIVERSITY OF BRITISH COLUMBIA FACULTY PENSION PLAN

December 31, 2008

The University of British Columbia
Faculty Pension Plan

December 31, 2008

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Auditors' report

To the Members of
The University of British Columbia Faculty Pension Plan

We have audited the statement of net assets available for benefits of The University of British Columbia Faculty Pension Plan (the "Plan") as at December 31, 2008 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the Plan's net assets available for benefits as at December 31, 2008 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 27, 2009

The University of British Columbia Faculty Pension Plan

Statement of net assets available for benefits as at December 31, 2008

(Expressed in thousands of dollars)

	2008	2007
	$	$
Assets		
Assets held by RBC Dexia Investor Services Trust		
Investments (Note 4)		
Short-term notes	**69,899**	48,154
Bonds	**396,917**	447,072
Equities	**526,946**	655,941
Real estate	**98,942**	129,354
	1,092,704	1,280,521
Cash and cash equivalent	**3,312**	745
Investment income receivable	**1,080**	991
	1,097,096	1,282,257
Contributions receivable		
Members	**4**	533
University	**46**	-
	50	533
	1,097,146	1,282,790
Liabilities		
Accounts payable and accrued liabilities	**761**	3,127
Plan withdrawals payable to members	**6,464**	5,424
	7,225	8,551
Net assets available for benefits (Note 5)	**1,089,921**	1,274,239

Approved on behalf of the Board of Trustees

Chair

Vice-Chair

See accompanying notes to the financial statements.

The University of British Columbia Faculty Pension Plan

Statement of changes in net assets available for benefits
year ended December 31, 2008

(Expressed in thousands of dollars)

	2008	2007
	$	$
Increase in net assets		
Members' required contributions	**14,843**	13,810
University's required contributions	**29,423**	27,427
Members' additional voluntary contributions	**446**	373
Transfers from other plans	**6,094**	5,861
	50,806	47,471
Return on investments, including changes in market values (Note 7)	**(176,628)**	40,024
	(125,822)	87,495
Decrease in net assets		
Payments to or on behalf of members		
Purchase of Sun Life annuity for minimum retirement benefits (Note 6)	**2,449**	-
Distribution of surplus in minimum retirement benefit account (Note 6)	**2,073**	-
Retirement benefits to members and beneficiaries	**16,654**	13,441
Death benefits	**890**	1,050
Members' accounts transferred and refunded	**32,508**	42,188
	54,574	56,679
Operations		
Actuarial services	**56**	65
Audit and consulting services	**23**	23
Legal services	**20**	2
Office and administrative costs	**956**	854
	1,055	944
Investment transaction and administration fees	**2,867**	4,017
	58,496	61,640
Net (decrease) increase in net assets available for benefits	**(184,318)**	25,855
Net assets available for benefits, beginning of year	**1,274,239**	1,248,384
Net assets available for benefits, end of year	**1,089,921**	1,274,239

See accompanying notes to the financial statements.

1. Description of plan

The following description of The University of British Columbia Faculty Pension Plan (the "Plan") is a summary only. For more complete information, reference should be made to the Plan text.

(a) General

The Plan is sponsored by The University of British Columbia (the "University") and covers all full-time academic and administrative executive staff, as defined in the Plan text, appointed for one year or more, as well as other members defined in the Plan text. The Plan is registered under the Pension Benefits Standards Act of British Columbia (registration no. 85435). As a registered pension plan under the Income Tax Act of Canada, the Plan is exempt from taxation.

(b) Funding policy

The Plan text requires members and the University to make contributions of 5.0% and 10%, respectively, of basic salary up to the YBE, 3.2% and 8.2%, respectively, of basic salary between the YBE and the YMPE, and 5.0% and 10.0%, respectively, of basic salary over the YMPE. YBE is the "year's basic exemption" under Canada Pension Plan requirements, while the YMPE is the "year's maximum pensionable earnings" under the Canada Pension Plan requirements.

The Trustees are authorized to receive as contributions only such amounts as are authorized by the Income Tax Act, and in the event excess funds are received, these are refunded to whoever made the contribution.

(c) Investment options

Members in the Money Purchase account, Registered Retirement Income Fund ("RRIF") type payment account or Life Income Fund ("LIF") type payment account can choose to invest their individual account balances in a balanced fund, bond fund, short-term investment fund, or two equity funds.

(d) Retirement benefits

Normal retirement is the first day of July or January following the member's 65th birthday, whichever comes first. However, a member may retire anytime after attaining the age of 55, or may postpone retirement benefits until December 1 of the calendar year of the member's 71st birthday.

(e) Forms of retirement benefit

Upon retirement, the balance in a member's account may be:

- transferred to the Variable Payment Life Annuity account to provide a variable annuity administered by the Plan;
- transferred to the LIF-type payment account (maximum withdrawal, which is based on the member's age, changes each year based on rates for long-term Government of Canada bonds) or RRIF-type payment account (no maximum withdrawal) administered by the Plan;

1. Description of plan (continued)

(e) Forms of retirement benefit (continued)

- transferred to an approved LIF, Registered Retirement Savings Plan or RRIF administered externally;
- used to purchase an annuity from a financial institution authorized to issue such products;
- withdrawn as cash from non locked-in balances;
- deferred until December 1 in the year the member turns 71; or
- used for a combination of options.

(f) Termination and death benefits

Benefits are also paid on termination of employment or in the event of death of the member prior to retirement.

Benefits on death subsequent to retirement are paid in accordance with the form of retirement benefit payment selected by the retired member.

2. Significant accounting policies

(a) Basis of presentation

The financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the University and Plan members. The financial statements are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal year. The statement of net assets available for benefits shows the assets under control of the Trustees of the Plan.

(b) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of increases and decreases in net assets for the reporting period. The most significant estimates relate to the fair values of investments. Actual results could differ from those estimates.

2. Significant accounting policies (continued)

(c) Investments

Investments are recorded on a settlement basis and at fair value. Fair value is an estimate of 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 values of investments are determined as follows:

(i) Short-term notes, bonds and publicly traded equities are valued using published market quotations.

(ii) Real estate equities are valued using published market quotations. Direct real estate investments are valued quarterly by the real estate investment managers using a combination of internal and external appraisals to establish current market values.

Adjustments to investments due to the fluctuation of fair values are reflected as part of the return on investments in the statement of changes in net assets available for benefits. Investment transactions are recognized in the financial statements based on the settlement date. Realized gains and losses are calculated based on the average cost of the investments. Investment income is recognized on an accrual basis. Transaction costs should be included in the statement of changes in net assets available for benefits in the period incurred.

(d) Allocation of net assets

In the allocation of net assets (Note 5), the return on investments, and operational and investment transaction and administrative expenses are allocated monthly based on the opening account balances.

(e) Members' accounts transferred or refunded

Members' accounts transferred or refunded are recognized as a decrease in net assets on the accrual basis.

3. Adoption of new accounting standards

In December, 2006 the Canadian Institute of Chartered Accountants ("CICA") issued Section 3862, *Financial Instruments - Disclosures*, and Section 3863, *Financial Instruments - Presentation*, which are applicable for the year ended December 31, 2008. These presentation and disclosure sections for financial instruments replace Section 3861, *Financial Instruments - Disclosure and Presentation*. The new presentation and disclosure standards modify and increase requirements pertaining to disclosures and substantially maintain existing presentation requirements. These new sections give greater importance to disclosures in terms of the nature and scope of the risks associated with financial instruments, and the way entities manage these risks. The adoption of the new disclosure requirements does not impact the reported balances in the financial statements. The new disclosures are presented in Note 9.

(Expressed in thousands of dollars)

3. Adoption of new accounting standards (continued)

CICA Section 1535, *Capital Disclosures*, became applicable to the Plan in 2008. This section specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv), if it has not complied, the consequences of such non-compliance. The adoption of section 1535 did not impact the reported balances in the financial statements. The new disclosures are presented in Note 10.

4. Investments

(a) Short-term notes

The short-term notes are primarily securities issued by the federal government, Canadian chartered banks or corporations, maturing at various dates within the next fiscal year, as well as investments in pooled money market funds. The effective interest rates of the short-term notes held at year end range from 0.8% to 1.3% (2007 - 3.8% to 4.7%).

(b) Bonds

The Plan's investment in bonds consists of units held in Canadian pooled bond funds.

(c) Equities

The fair value of the equity investments, by category, is summarized as follows:

	2008	2007
	$	$
Canadian		
Corporations	**172,227**	283,444
Pooled equity funds	**58,418**	80,600
Foreign		
Corporations	**3,013**	-
Pooled equity funds	**293,288**	291,897
	526,946	655,941

(d) Real estate

All real estate investments are in Canadian property.

(Expressed in thousands of dollars)

4. Investments (continued)

(e) Securities lending

The Plan participates in a security lending program whereby it lends securities it owns to others. For securities lent, the Plan receives a fee as well as receiving, as collateral, securities with a minimum market value of 105% of the market value of the securities lent. The program is managed by a federally regulated financial institution, which also guarantees the Plan's exposure under the program. At December 31, 2008, the Plan had securities with an estimated market value of $17,395 (2007 - $29,920) on loan and it held, as collateral, securities with an estimated market value of $18,491 (2007 - $32,165).

5. Net assets available for benefits

The net assets available for benefits as at December 31 have been allocated as follows:

	2008	2007
	$	$
Money Purchase account	**928,332**	1,086,466
RRIF-type payment account	**70,580**	78,100
Variable Payment Life Annuity account	**67,854**	81,132
LIF-type payment account	**23,155**	23,806
Minimum Retirement Benefit account	**-**	4,735
	1,089,921	1,274,239

The Money Purchase account represents assets held by the Plan for the individual accounts of all active and deferred members prior to their retirement.

The RRIF-type payment account represents assets held by the Plan for the individual accounts of retired members receiving Registered Retirement Income Fund type payments administered by the Plan.

The Variable Payment Life Annuity account represents assets held by the Plan for the individual accounts of retired members receiving a variable annuity administered by the Plan.

The LIF-type payment account represents assets held by the Plan for the individual accounts of retired members receiving Life Income Fund type payments administered by the Plan.

6. Settlement of obligations for pension benefits - minimum retirement benefit account

On March 11, 2008, the Plan purchased an annuity from Sun Life Assurance Company of Canada Limited to provide for the payment of pension benefits required under the terms of the minimum retirement benefit ("MRB") account. The purchase price was $2,449 and the remaining surplus funds in the MRB account of $2,073 was distributed to participating members of the Plan.

(Expressed in thousands of dollars)

7. Return on investments

	2008	2007
	$	$
Pooled fund distributions	**22,849**	33,413
Interest income	**20,691**	13,785
Net realized gains on investments	**7,726**	50,588
Dividend income	**7,663**	6,766
Real estate income	**1,600**	2,694
Unrealized gains (losses) on investments	**(237,157)**	(67,222)
	(176,628)	40,024

8. Financial instruments

The fair values of the Plan's cash, investment income receivable, contributions receivable, accounts payable and plan withdrawals payable to members approximate their carrying values due to the short-term nature of these financial instruments.

The Plan's investments are carried at fair value in accordance with the significant accounting policy disclosed in Note 2 (c).

9. Risk management

As a pension plan, the Plan is fundamentally concerned with the management of risk. This note summarizes and quantifies these risks and the way the Plan manages them.

The Plan employs a Statement of Investment Policies and Goals ("Policy") to identify, assess, manage and monitor the risks. The Policy provides asset mix ranges and limitations the Plan is to follow. The Policy is overseen by the Board of Trustees ("Board").

The Board oversees management of the Plan with a view to promoting effective plan design, governance, investment policy, financing, administration and legal compliance. The Board monitors the investment performance of the Plan, including total fund, asset class, and manager performance against specified benchmarks.

A majority of the Plan's assets are invested in pooled funds. Pooled funds provide a more cost effective means of achieving diversification within selected asset classes, given the size of the mandates granted to the investment managers. The manager of the investment fund is governed by the manager's own investment policy for the pooled fund. The Board is responsible for ensuring that the detailed investment policy statement setting out the investment constraint for the managers of such funds are prepared and agreed to by the managers.

(Expressed in thousands of dollars)

9. Risk management (continued)

(a) *Credit risk*

Credit risk is the risk of financial loss to the Plan if a counterparty to a financial instrument fails to meet its contractual obligations. The Plan's investments in short-term investments, bonds, and debentures are subject to credit risk. The Plan manages this risk by limiting the credit exposure allowed by the investment managers. The maximum exposure to credit risk for these instruments as at December 31, 2008 is their carrying value of $470,128. The investment policies of the various bond managers provides limits to the credit exposure and/or sets a minimum overall average portfolio quality allowed by each manager.

The overall credit ratings of fixed income securities held in the Plan are as follows:

	%
A1/P1	3.0
AAA	47.5
AA	26.7
A	17.7
BBB	4.5
BB and below	0.6

(b) *Liquidity risk*

Liquidity risk refers to the likelihood of a potential loss arising from a large percentage of requests for redemptions by Plan members. This risk is mitigated as active members and those in the Variable Payment Life Annuity ("VPLA") program cannot withdraw their funds from the Plan. The percentage of the Plan's assets with deferred, retired and LIF/RRIF members that could withdraw their funds on short notice is approximately 33%.

The table below analyzes the Plan's financial liabilities into maturity grouping based on their contractual maturity dates.

At December 31, 2008	Less than 1 month	No stated maturity
	$	$
Accounts payable and accrued expenses	761	-
Plan withdrawals payable to members	6,272	-
Other liabilities	-	192
	7,033	192

Most of the Plan's assets are invested in large pooled funds of which the Plan is just one of many parties invested in these pooled funds which provides a high degree of liquidity. The Plan's managers typically invest in equities and bonds that are very marketable and that have a high degree of liquidity should they need to be sold in a relatively short timeframe.

(Expressed in thousands of dollars)

9. Risk management (continued)

(c) Price risk

Investments in the various fund options are subject to price risk. The value of the various holdings in the funds may move up or down, sometimes rapidly. Different types of investments have historically reflected higher levels of risk, as measured by the volatility of their returns. Given the overall asset class holdings of the Plan we would expect most annual returns to be within a +/- 13.0% range of an expected long-term return of roughly +6.5% (i.e. results ranging from -6.5% to +19.5%). This is based on the following volatility figures:

	%
Canadian and foreign equities	+/- 20.0
Bonds	+/- 8.0
Real estate	+/- 8.0
Short-term holdings	+/- 2.0

Based on the estimated range of volatility by asset class this would equate to the following dollar amounts, with all other variables held constant:

	Market value at December 31, 2008	Investments
	$	%
Securities held for trading		
Canadian bonds	396,917	36
Canadian equities	237,159	22
U.S. equities	153,241	14
Non-North American equities	118,879	11
Real estate	99,537	9
Short-term investment fund	66,883	6
Hedge fund	21,171	2
	1,093,786	100

Benchmark for investments	% change	Net impact on market value
	%	$
S&P/TSX Composite Capped	+/- 20.0	+/- 47,432
S&P 500 Cdn$	+/- 20.0	+/- 32,765
MSCI EAFE Cdn$	+/- 20.0	+/- 25,893
DEX Universe	+/- 8.0	+/- 31,753
IPD Cdn Property Index	+/- 8.0	+/- 7,963
DEX 91-Day T-Bill	+/- 2.0	+/- 1,338

Figures shown are based on December 31, 2008 fair values.

(Expressed in thousands of dollars)

9. Risk management (continued)

(c) Price risk (continued)

The Plan also manages its equity price risk by allocating its equities component across six (2007 - six) investment managers, with differing investment styles and mandates. The Plan's collective equity holdings managed by these managers are invested as follows:

	2008	2007
	%	%
Canadian		
Other sectors	**15**	12
Pooled equity funds	**10**	11
Financial services	**9**	9
Oil and gas	**5**	5
Industrial products	**3**	4
Communication and media	**3**	2
Consumer products	**2**	1
Metals and minerals	**1**	2
Merchandising	**1**	2
	49	48
Foreign		
Pooled equity funds	**50**	52
Consumer products	**1**	-
	51	52
	100	100

(d) Interest rate risk

The Plan is subject to interest rate risk. Interest rate risk is the risk that fixed-income securities will decline in value because of changes in market interest rates. Rising interest rates cause a decrease in bond prices. Duration is the most common measure of this risk and quantifies the effect of changes in bond prices due to a change in interest rates. The bond portfolio has an average duration of roughly 7.5 years. Therefore, if the interest rates increased by 1.0%, the bond portfolio would fall in value by approximately 7.5%.

9. Risk management (continued)

(e) Currency risk

Currency risk is the risk that the value of non-Canadian investments, measured in Canadian dollars, will decrease because of unfavorable changes in currency exchange rates. Two of the Plan's three bond managers may invest a portion of their portfolio outside of Canada but they only hold a small exposure to unhedged foreign currencies as they mostly hedge their currency exposure. Otherwise, the Plan's investments in U.S. and international equities are generally unhedged in terms of their currency exposure. These foreign securities as of December 31, 2008 represent roughly 27% of the Plan's assets which consist of 15% in U.S. currencies and 12% in EAFE currencies. A 10% strengthening (weakening) of the Canadian dollar versus the U.S. dollar at December 31, 2008 would have decreased (increased) the U.S. equity portfolio's value by roughly $16,383. Since the Plan has invested in more than 20 countries in the international equities, it is not feasible to do a sensitivity analysis on each of these different currencies. However, generally when there is a 10% strengthening (weakening) of the Canadian dollar versus the corresponding currency, there would be a 10% decrease (increase) in the value of the corresponding country's portion of the portfolio from this currency movement. This assumes that all other variables remain constant.

10. Capital management

The Plan's objectives when managing capital are to safeguard the ability to continue as a going concern, so that the Fund can provide sufficient benefits to the plan members.

The Plan manages the capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of underlying assets. To maintain or adjust the capital structure, the Plan may sell assets to meet immediate obligations where appropriate. The Plan is not subject to externally imposed capital requirements.

The Board is responsible for monitoring and evaluating the fund performance on a regular basis.

11. Future accounting changes

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Plan is the process of evaluating the impact on the financial statements as a result of the changeover to IFRS.

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