



telecommunication workers pension plan

2011 REPORT TO MEMBERS

THE PENSION PLAN

The Telecommunication Workers Pension Plan (TWPP) is a type of Defined Benefit Plan, referred to as a negotiated cost, target benefit plan. The TWPP is a career average plan that specifies the formula for determination of benefit entitlements and members are provided a “defined” amount of pension. The defined amount of pension provided by the TWPP is based on a formula of 1.75% of gross earnings. On an annual basis, the Trustees, at their discretion and taking into consideration the Plan’s financial performance, approve Annual Earnings updates to average earnings in the previous 3-years. The formula for the “update” is 1.75% x Average Earnings x years of Credited Service. The member’s pension entitlement is based on the greater of the amounts before and after the update.

Currently, the Employer contribution rate is 10% of gross earnings and the Employees contribution rate ranges from 3% to 6% of gross earnings, depending on the age of the member. The benefits provided by the TWPP are determined by the Trustees based on the contributions and cost of benefits, which is determined on an actuarial basis as the total amount of money required to provide the given level of benefits for all members of the plan.

AUDITED FINANCIAL STATEMENT

The following is a summary of net assets available for benefits at December 31, 2010. The complete Audited Financial Report is available for viewing at the Pension Administration office.

| <i>(All amounts in this table are in thousands of dollars.)</i> | 2010 | 2009 |
|---|-----------|-----------|
| Increase in Assets | | |
| Investments | | |
| Fund distributions | \$ 72,180 | \$ 53,923 |
| Interest | 52,565 | 46,635 |
| Other | 4,335 | 8,290 |
| | 129,080 | 108,848 |
| Current Period Change in Market Value of Investments | | |
| Realized gains | 25,955 | 38,677 |
| Unrealized gains (losses) | 329,933 | (37,860) |
| | 355,888 | 817 |

| | | |
|---|--------------|--------------|
| Contributions | | |
| Employers' | 56,051 | 32,155 |
| Employees' | 13,733 | 15,737 |
| | 69,784 | 47,892 |
| Total Increase in Assets | 554,752 | 157,557 |
| Decrease in Assets | | |
| Plan Benefits | | |
| Retirements | 155,192 | 139,908 |
| Deaths | 2,197 | 776 |
| Terminations | 1,841 | 2,379 |
| Return of employees' voluntary contributions | 228 | 683 |
| | 159,458 | 143,746 |
| Administrative Expenditures | 4,521 | 3,963 |
| Total Decrease in Assets | 163,979 | 147,709 |
| Increase in Net Assets | 390,773 | 9,848 |
| Net Assets Available for Benefits, Beginning of Year | 3,110,397 | 3,100,549 |
| Net Assets Available for Benefits, End of Year | \$ 3,501,170 | \$ 3,110,397 |

ASSET ALLOCATION AT SEPTEMBER 30, 2011

The following table is a breakdown of the current asset allocations within each asset class.

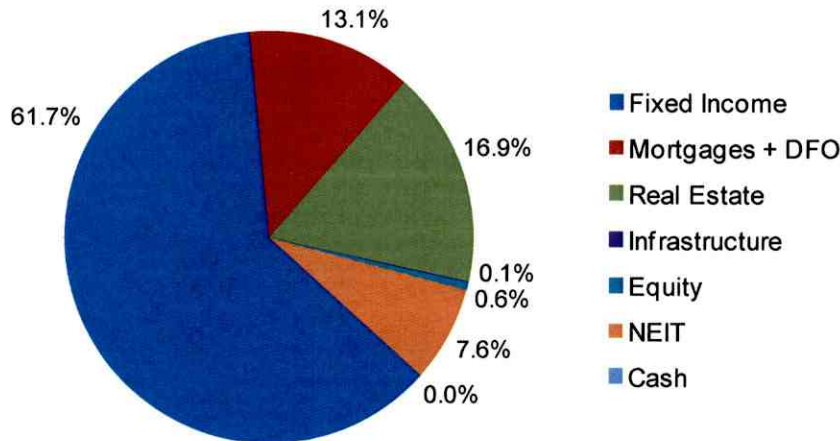
| | Percentage of Total |
|--|---------------------|
| Real Estate | 16.9% |
| Fixed Income | |
| ▪ Bonds | 61.3% |
| ▪ Mortgage Fund One | 4.6% |
| ▪ Mortgage Fund Two | 4.6% |
| ▪ Debenture Fund One | 0.9% |
| ▪ Individual Canadian Mortgages | 3.0% |
| ▪ VanCity Credit Union - GIC | 0.4% |
| Equities | 0.6% |
| NEIT IV – Bond Overlay Structure | |
| ▪ Hedge Funds and Balanced Fund | 5.2% |
| ▪ Cash and other | 2.4% |
| Concert Infrastructure Equity | 0.1% |
| Cash (including notes of less than one year) | 0.0% |

Please note: actual cash amount is 0.01% of total assets and is immaterial

Total Asset

100%

*Numbers may not add to 100% due to rounding.



The TWPP adopted an investment strategy which matches the assets and liabilities of the Plan in terms of duration (price sensitivity due to changes in interest rates) and cash flows. Consequently, the Plan's investments are in assets which have continued to provide excellent protection for the benefits promised by the Plan. Most of the Plan's assets are in fixed income investments, such as Canadian and Provincial Government bonds, high quality corporate bonds and mortgages. The Plan also has investments in income producing real estate, such as Concert Properties, hedge funds and equities. The Plan's exposure to equities is very small at less than 1% of the total portfolio.

The Plan's investment strategy is designed to ensure that the Plan's benefits can be provided with a high degree of certainty. Annual actuarial valuations and asset / liability modeling analyses are performed to determine if adjustments to the investment strategy are required. In between annual reviews, the Plan's professional advisors monitor the performance of the assets, and provide regular updates to the Board of Trustees. This ensures that the Plan continues to meet its goals and provides the level of pension benefits reported to the Plan members annually.

ACTUARIAL VALUATION RESULTS AT JANUARY 1, 2011

The Actuarial Valuation results as of January 1, 2011 show that the Plan continues to be soundly funded. The Plan is well positioned to provide the benefits accrued to date and those expected to accrue in the future.

The assets at the valuation date exceeded the liabilities for benefits accrued to date by about \$531 million. The excess is based on various assumptions and forecasts, which by their nature are forward looking and may prove to be inaccurate. Plan members should be mindful not to place undue reliance on such statements as a number of factors could cause the excess to vary significantly. In addition while this excess is substantial, it is needed to help provide for:

- (i) the benefits that will accrue in the future to active members; and
- (ii) the annual update of benefits for active members, so that members retiring and leaving the Plan receive a benefit based on earnings immediately before retirement or leaving the Plan.

Any remaining excess will be used to provide a contingency reserve for unanticipated events, such as investments performing worse than expected, and for other Plan improvements as may be determined by the Trustees. These might include benefit increases for retired members.

A complete copy of the most recent formal Actuarial Report as at January 1, 2011 can be found on the TWPP website at www.twplans.com.

STATISTICAL INFORMATION

The following statistics are based on membership data as of January 1, 2011.

| | Males | Females | Total |
|--|-------|---------|-------|
| Active Participants | 2584 | 1630 | 4214 |
| Average Age of Active Participants | 45.5 | 45.2 | 45.4 |
| Disabled Participants | 137 | 254 | 391 |
| Retired Participants | 3889 | 2890 | 6779 |
| Survivors (Spouse of Deceased Participant) | 41 | 408 | 479 |
| Beneficiary (non-spouse of Deceased Participant) | 5 | 5 | 10 |
| Term-vested Participants * | 619 | 1690 | 2309 |
| Transferred to Management | 289 | 279 | 568 |

*Term-vested participant is a terminated member who elected to remain as a participant of the Plan and retire at a later date.

THE TRUSTEES

The current Trustees of the Plan are:

Company Trustees

Rob Gardner

Sandy Innes

Garnet Andrews

Michel Belec

Union Trustees

Michael Thompson

Carol Nagy

George Doubt

Lee Riggs

The Trustees are responsible for the overall operation of the Plan. Some of the key responsibilities include:

- adoption of the Plan’s Investment Policy and funding strategies;
- design of the Plan benefits and adoption of improvements;
- adoption of the Plan Document and amendments;
- operation of the Plan in accordance with the terms of the Trust Agreement and adoption of amendments to the Trust Agreement;
- review of the actuarial reports and fund performance;
- appointment and review of Plan advisors, consultants and service providers;
- review and approve communications with the members; and
- review and approval benefit payments.

WHO TO CONTACT FOR INFORMATION

If you have any questions about your retirement benefits or need to change any information concerning your pension payment, please contact any of the following staff members who would be pleased to help you.

| | Contact Name | Phone Number | Email address |
|---|---------------------|---------------------|--|
| Active Members with Surname from A to K | Grace Jones | 604-412-2409 | grace.jones@twplans.com |
| Active Members with Surname from L to Z | Anne Tamboline | 604-412-2414 | anne.tamboline@twplans.com |
| Retired Members - Payments | Jane Olsen | 604-412-2408 | jane.olsen@twplans.com |
| Plan Administrator | Debbie Ellis | 604-412-2444 | debbie.ellis@twplans.com |

If you would like more information regarding your benefits with the TW Pension Plan please log onto our website at www.twplans.com where you will find booklets, important notices, forms to download, etc.