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Quarterly Update on Estimated Solvency Funded Status of Defined Benefit Plans in Ontario

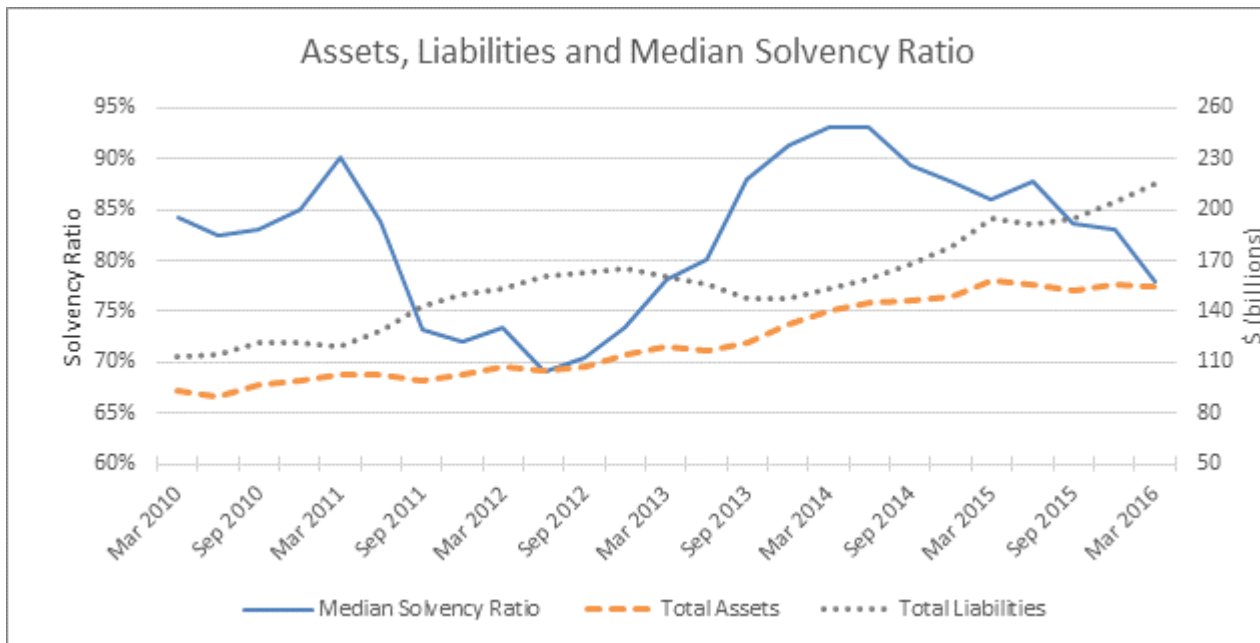
Update as at March 31, 2016

- **The median solvency ratio is 78% (compared to 83% as at December 31, 2015)**
- **18% of plans had a solvency ratio between 85% and 100%**
- **4% of plans had a solvency ratio greater than 100%**

The 5% decrease in the estimated median solvency ratio since December 31, 2015 was due to the following:

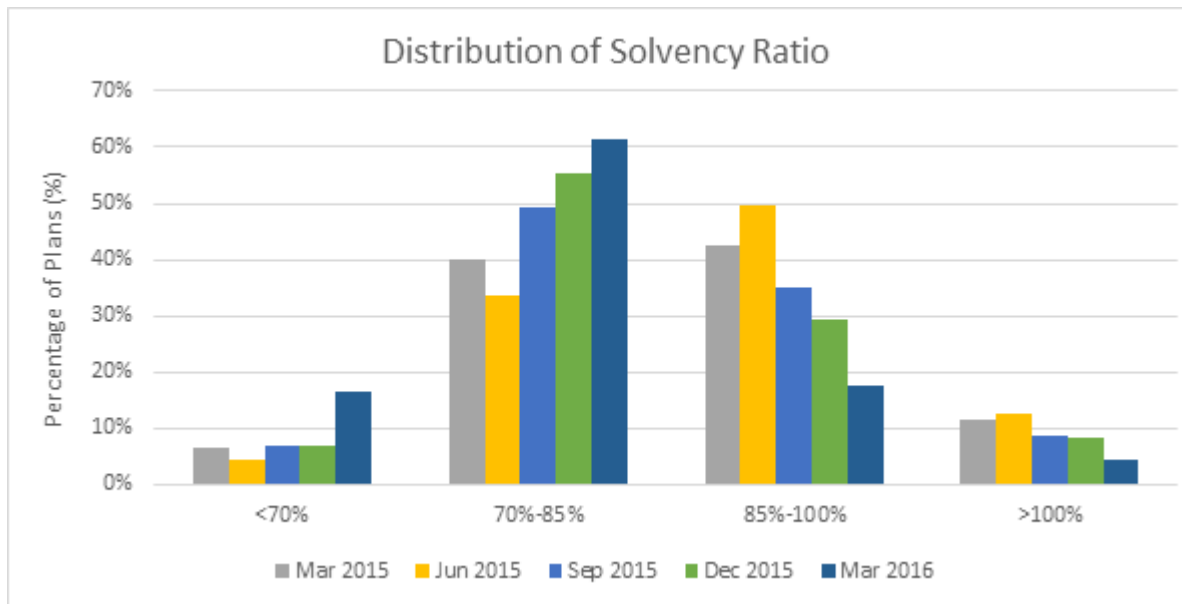
- investment return on the model pension fund of 0.2% in the first quarter of 2016 caused the ratio to decrease by 1%;
- the change in solvency liabilities due to changes in the Commuted Value Discount Rate and the Annuity Purchase Discount Rate resulted in a 4% drop in the ratio.

Assets, Liabilities and Median Solvency Ratio



[View accessible description of Assets, Liabilities, and Median Solvency Ratio Line Chart](#)

Distribution of Solvency Ratio



[View accessible description of Distribution of Solvency Ratio Bar Chart](#)

Methodology and Assumptions:

- The results reported in the last filed actuarial valuation reports (assets and liabilities) were projected to March 31, 2016 based on these assumptions:
 - sponsors would use all available funding excess and prior year credit balance for contribution holidays, subject to any statutory restrictions;
 - sponsors would make the normal cost contributions and special payments, if required, at the statutory minimum level;
 - the amounts of cash outflow would equal the pension amounts payable to retired members as reported in the last filed valuation report. Plan administration costs were not reflected.
- The assumed quarterly asset class returns for 2016 are shown in the table below. The model pension fund earned a year-to-date rate of return of 0.2% to the end of the first quarter of 2016. These rates of return (Canadian \$) were developed based on the following asset mix: 45% in fixed income, 30% in Canadian equities, and 25% in foreign equities.

2016	TSX Canada	MSCI World	FTSE TMX Bond	Total Return on model pension fund
1st Quarter	4.5%	-7.2%	1.4%	0.2%

- The estimated solvency liabilities were calculated based on the Canadian Institute of Actuaries Standards of Practice and the Canadian Institute of Actuaries Educational Notes, with these key assumptions:

Valuation Date	Commuted Value Basis	Annuity Purchase Basis 1
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Mar 31, 2016	Interest: 1.90% for 10 years, 3.30% thereafter Mortality: CPM2014 generational	Interest: 2.86% Mortality: CPM2014 generational
Dec 31, 2015	Interest: 2.10% for 10 years, 3.70% thereafter Mortality: CPM2014 generational	Interest: 3.13% Mortality: CPM2014 generational

1 based on a medium duration illustrative block