

McMaster's Pension Plan

A Performance Review

FINANCIAL POSITION

The results of the valuation as at July 1, 1997 in comparison with those of the previous valuation as at July 1, 1996, are summarized as follows:

Going-Concern Basis (\$000's)

	JULY 1, 1997	JULY 1, 1996
Actuarial Value of Assets		
(adjusted for in-transit amounts)	\$732,280	\$678,594
Actuarial Liability		
present value of accrued benefits for:		
Active Members	\$307,506	\$296,302
Pensioners & Survivors	\$234,265	\$210,519
Deferred Pensioners	\$1,264	\$856
Additional Voluntary Contributions	\$100	\$357
Inactive - Status Undecided	\$8,540	\$9,957
Total Liability	\$551,675	\$517,991
FUNDING EXCESS	\$180,605	\$160,603

CURRENT SERVICE COST The estimated value of the benefits that will accrue on behalf of the active members during 1997/98, in comparison with the corresponding value determined in the previous valuation as at July 1, 1996, is summarized below:

Employer's Current Service Cost (\$000's)

	JULY 1, 1997	JULY 1, 1996
Total Current Service Cost	\$20,647	\$20,452
Estimated members' required contributions	\$5,605	\$ 5,880
Estimated employer's current service cost	\$15,042	\$14,572
Employer's current service cost expressed as a % of members' contributions	268%	248%

Members will contribute 50% of this amount during the 1997/1998 Plan year. The remainder will be funded through surplus assets in the Plan.

MEMBERSHIP DATA

Plan membership data is summarized below.

Plan Membership

	JULY 1, 1997	JULY 1, 1996
Active Members	2,731	2,819
Pensioners and Beneficiaries	970	900
Deferred Pensioners	54	49
Inactive-Status Undecided	251	254
TOTAL MEMBERSHIP	4,006	4,022

Measurement of Investment Management Performance for the Quarter ending June 30, 1997

Time Weighted Rates of Return

UNIVERSITY	QUARTERS ENDING					ANNUAL RATES			LONGER PERIODS		
	Sep 199 6	Dec 199 6	Mar199 7	June 199 7	Year Endin g June 97	Jun93 - Jun94	Jun9 4 - Jun9 5	Jun95 - Jun96	Jun95 - Jun97	Jun94 - Jun97	Jun93 - Jun97
									2 yrs	3 yrs	4yrs
Queen's	3.9	8.1	0.6	8.1	22.1	5.1	12.8	13.7	17.8	16.1	13.3
York	3.2	7.3	0.5	7.1	19.2	4.2	13.2	13.3	16.2	15.2	12.3
McMASTE R	3.7	7.6	0.1	9.0	21.7	2.9	16.2	14.2	17.9	17.3	13.5
Carleton	4.0	8.3	-1.1	8.5	20.9	3.6	14.3	13.2	17.0	16.1	12.8
Brock	3.6	7.0	-0.2	7.2	18.6	2.6	12.5	12.2	15.4	14.4	11.3
Waterloo	4.1	8.2	0.7	7.8	22.3	2.2	12.6	14.5	18.3	16.4	12.7
Windsor	4.1	7.6	0.4	6.6	19.9	2.8	13.3	13.2	16.5	15.4	12.1
TSE	5.4	12.6	-0.8	10.6	30.2	4.0	15.3	14.0	21.8	19.6	15.5
S&P500	3.0	9.1	3.7	17.1	36.5	9.4	24.1	25.1	30.7	28.4	23.4
Long TermBonds	6.3	7.7	-0.7	6.4	21.0	-3.4	21.3	11.1	15.9	17.7	12.0
Mid TermBonds	5.3	5.3	-0.5	4.0	14.8	-1.5	17.9	10.7	12.7	14.4	10.2

Returns include interest income, dividends, currency gains/losses, capital gains and are net of investment expenses.

Prepared by William M. Mercer Limited