

McMASTER UNIVERSITY
CONTRIBUTORY PENSION PLAN FOR SALARIED EMPLOYEES
RATE OF RETURN FOR YEAR ENDING JUNE 30, 2006
(in thousands of dollars)

Income	Plan 2000 (2)	Original Plan (3)	Total
Investment Income	26,783	21	26,804
Net Realized Gain on Sales of Investments	75,071	143	75,214
Net Realized Gain on Sales of Units in the Master Trust Fund	6,294	2	6,296
Change in Net Unrealized Gains	(54,354)	(79)	(54,433)
	53,794	87	53,881
Expenses			
	1,393	3	1,396
Investment Manager Fees	305	1	306
Professional Fees	245	-	245
Administrative	227	-	227
Pension Filing and Assessment Fees	141	2	143
Trustee and Custodial Fees	13	-	13
Audit Fees			
	2,324	6	2,330
Net Income	51,470	81	51,551
Net Assets Market Value June 30, 2005	873,524	1,378	874,902
Net Assets Market Value June 30, 2006	912,846	1,467	914,313

$$\begin{aligned}
 \text{2006 Rate of Return (1)} &= \frac{51,551}{1/2 (874,902 + 914,313 - 51,551)} \\
 &= 5.93\%
 \end{aligned}$$

Calculation of Five Year Average	%
2006 Rate of Return	5.93
2005 Rate of Return	10.00
2004 Rate of Return	14.84
2003 Rate of Return	(2.57)
2002 Rate of Return for 6 months (January 1/02 to June 30/02)	(2.81)
2001 Rate of Return for 6 months (July 1/01 to December 31/01)	1.57
Total Return for Last Five Years	26.96
Five Year Annual Average Return (Total Return / 5)	= 5.39%
Rate of Return in Excess of 4.5% (5.39% - 4.5%)	= 0.89%
Average CPI to June 30, 2006	= 2.50%
Increase to Pensions	= 0.89%

- (1) Formula as established
(2) Amounts as reported on June 30, 2006 Audited Statements
(3) Per June 30, 2006 internal financial statements