

McMASTER UNIVERSITY
Contributory Pension Plan for Salaried Employees
RATE OF RETURN FOR YEAR ENDING JUNE 30, 2007
(in thousands of dollars)

Income	Plan 2000 (2)	Original Plan (3)	Total
		27	31,936
Investment Income	31,909	117	60,596
Net Realized Gain on Sales of Investments	60,479	53	5,909
Net Realized Gain on Sales of Units in the Master Trust Fund	5,856	22	36,773
Change in Net Unrealized Gains/(Loss) in Investments	36,751		
		219	135,214
	134,995		
Expenses			
	250	-	250
Administrative Expenses	13	-	13
Audit Fee	2056	3	2,059
Investment Manager Fees	(165)	-	(165)
Pension Filing and Assessment Fees	614	36	650
Professional Fees	171	3	174
Trustee and Custodial Fees			
	2,939	42	2,981
Net Income			
	132,056	177	132,233
Net Assets Market Value June 30, 2006	912,846	1,467	914,313
Net Assets Market Value June 30, 2007	1,046,436	1,182	1,047,618

$$\begin{aligned}
 \text{2007 Rate of Return (1)} &= \frac{132,233}{1/2 (914,313 + 1,047,618 - 132,233)} \\
 &= 14.45\%
 \end{aligned}$$

Calculation of Five Year Average	%
2007 Rate of Return	14.45
2006 Rate of Return	5.93
2005 Rate of Return	10.00
2004 Rate of Return	14.84
2003 Rate of Return	(2.57)
Total Return for Last Five Years	42.65
Five Year Annual Average Return (Total Return / 5)	
	= 8.53%
Rate of Return in Excess of 4.5% (8.53% - 4.5%)	= 4.03%
Average CPI to June 30, 2007	= 1.72%
Increase to Pensions	= 1.72%

- (1) Formula as established
(2) Amounts as reported on June 30, 2007 Audited Statements
(3) Per June 30, 2007 internal financial statements