

McMASTER UNIVERSITY
Contributory Pension Plan for Salaried Employees
RATE OF RETURN FOR YEAR ENDING JUNE 30, 2008
(in thousands of dollars)

Income	Plan 2000 (2)	Original Plan (3)	Total
Investment Income	54,329	49	54,378
Net Realized Gain on Sales of Investments	37,708	57	37,765
Net Realized Gain on Sales of Units in the Master Trust Fund	3,133	-	3,133
Change in Net Unrealized Gains/(Loss) in Investments	(133,467)	(150)	(133,617)
	(38,297)	(44)	(38,341)
Expenses			
Administrative Expenses			
Audit Fee	256	-	256
Investment Manager Fees	19	-	19
Pension Filing and Assessment Fees	2374	3	2,377
Professional Fees	38	-	38
Trustee and Custodial Fees	423	34	457
	177	2	179
	3,287	39	3,326
Net Income	(41,584)	(83)	(41,667)
Net Assets Market Value June 30, 2007	1,046,436	1,182	1,047,618
Net Assets Market Value June 30, 2008	1,004,197	1,158	1,005,355

$$\begin{aligned}
 \text{2008 Rate of Return (1)} &= \frac{(41,667)}{1/2 (1,047,618 + 1,005,355 + 41,667)} \\
 &= (3.98)\%
 \end{aligned}$$

Calculation of Five Year Average	%
2008 Rate of Return	(3.98)
2007 Rate of Return	14.45
2006 Rate of Return	5.93
2005 Rate of Return	10.00
2004 Rate of Return	14.84
Total Return for Last Five Years	41.24
Five Year Annual Average Return (Total Return / 5)	
	= 8.25%
Rate of Return in Excess of 4.5% (8.25% - 4.5%)	= 3.75%
Average CPI to June 30, 2008	= 2.18%
Increase to Pensions	= 2.18%

- (1) Formula as established
(2) Amounts as reported on June 30, 2008 Audited Statements
(3) Per June 30, 2008 internal financial statements