



2012 OMERS SPRING INFORMATION MEETING

Tuesday, April 17, 2012 10:30am

Rick Miller

Chair, OMERS Administration Corporation



Agenda

- 10:30am **Welcome and Opening Remarks**
Rick Miller, Chair, OMERS Administration Corporation
- 10:40am **OMERS Administration Corporation Overview**
Michael Nobrega, President and CEO
- 10:50am **OAC Financial Overview**
Patrick Crowley, Executive Vice President & CFO
- 11:05am **OMERS Sponsors Corporation Update**
Brian O'Keefe and Marianne Love, Co-Chairs
- 11:20am **Questions and Answers**
Facilitated by Michael Nobrega, President and CEO
- 11:50am **Closing Remarks**
Michael Nobrega, President and CEO
- 11:55am **Lunch Reception**

OAC Board



Bill Aziz



Monty Baker



Fred Biro



David Carrington



Richard Faber



Rick Miller



Laurie Nancekivell



David O'Brien



Jim Phillips



John Sabo



Eugene Swimmer



Leslie Thompson



Sheila Vandenberg



John Weatherup

- 2011 Results
- Efforts & Activities
- Plans for the future

- Summary of 2011 Returns
- Focus remains on long term returns

- Value of Defined Benefit Pension Plans
- How OMERS supports the broader economy

- Governance
- Role of AC Board Committees
- Oversight responsibilities

Pension Fund of The Year Canada, 2012

Third year in a row!

- Financial stability
- Managing risk
- Performance
- Governance
- Employee development



Michael Nobrega

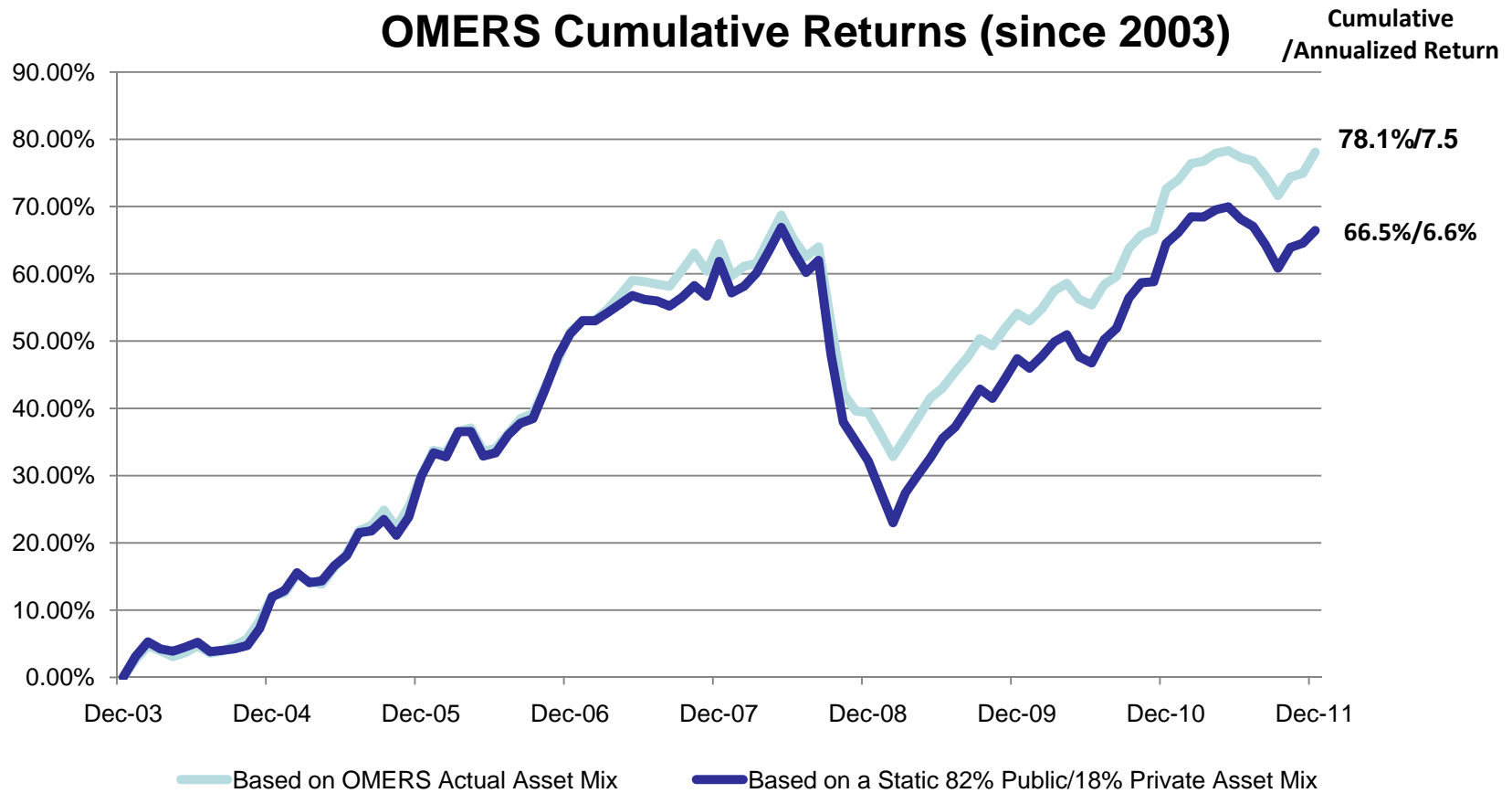
President and
Chief Executive Officer



- Continued turbulence through 2011
- 3.2% in 2011
- Long-term contract with members

- 2004 – 82% public / 18% private
- 2011 – 58% public / 42% private

Long-term returns



- In Q3/4 2011 equities weakened
- OMERS reports loss in equities

- Continued funding challenge
- Plan in place to eliminate long-term deficit
- Short-term pressures continue

- 5-year strategy progressing
 - Global footprint
 - Co-investments
 - Regulatory improvements
 - Direct management savings
- Meeting the Pension Promise

- Service levels are highly rated
- AVCs
- Other growth initiatives

- Regular dialogue
- Team approach
- Clarity of roles

Financial Review

Patrick
Crowley

Executive Vice-President and CFO

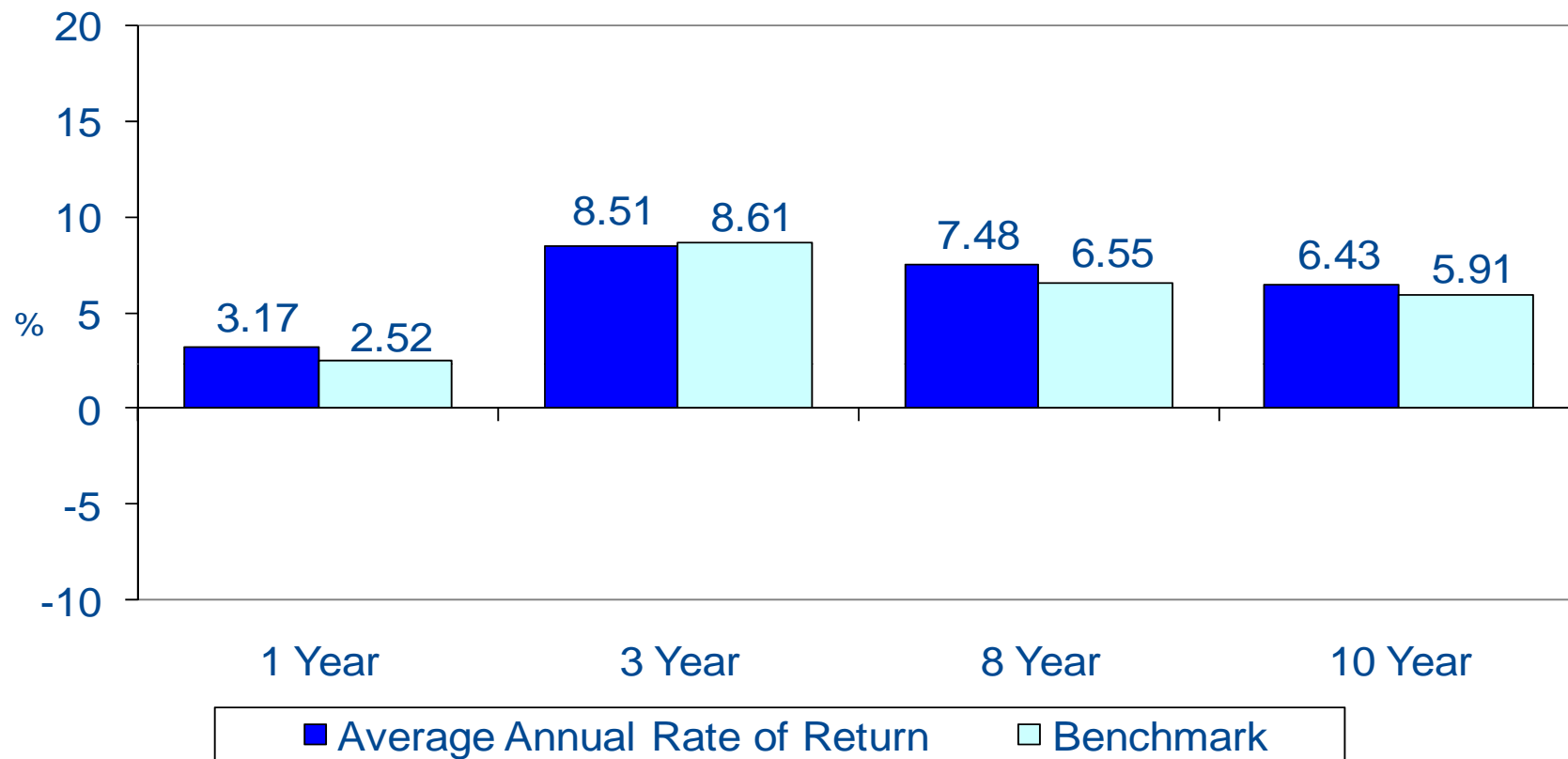


- Negative returns for most equity markets in developed countries
- Events negatively affecting the global economy include:
 - the earthquake and tsunami in Japan
 - the Arab Spring which saw civil uprisings in North Africa and the Middle East
 - the European Sovereign debt crisis

OMERS 2011 Performance Returns (%)

Investment Entity	Return	Benchmark	Value Added
OMERS Capital Markets (OCM)	-0.22	1.26	-1.48
Oxford Properties Group (Oxford)	8.40	6.83	1.57
Borealis Infrastructure (Borealis)	8.79	8.00	0.79
OMERS Private Equity (OPE)	7.23	-5.58	12.81
OMERS Strategic Investments (OSI)	7.24	6.90	0.34
TOTAL FUND	3.17	2.52	0.65

Total Fund Long-Term Performance (%)



Total Investment Income (\$ Billion)

1 Year	3 Year	8 Year	10 Year
\$1.7	\$12.0	\$24.8	\$26.2

Financial Summary

Net Investment Income/(Loss)
for the year ended December 31

	<u>2011</u>		<u>2010</u>	
<i>(\$ Millions)</i>	\$	%	\$	%
OCM	(296)	(0.22)	3,036	11.04
Oxford	610	8.40	487	7.51
Borealis	674	8.79	693	10.10
OPE	354	7.23	941	22.21
OSI	121	7.24	128	7.65
Total	<u>1,463</u>	3.17	<u>5,285</u>	12.01

% Returns are based on gross investment income after transaction costs and performance fees

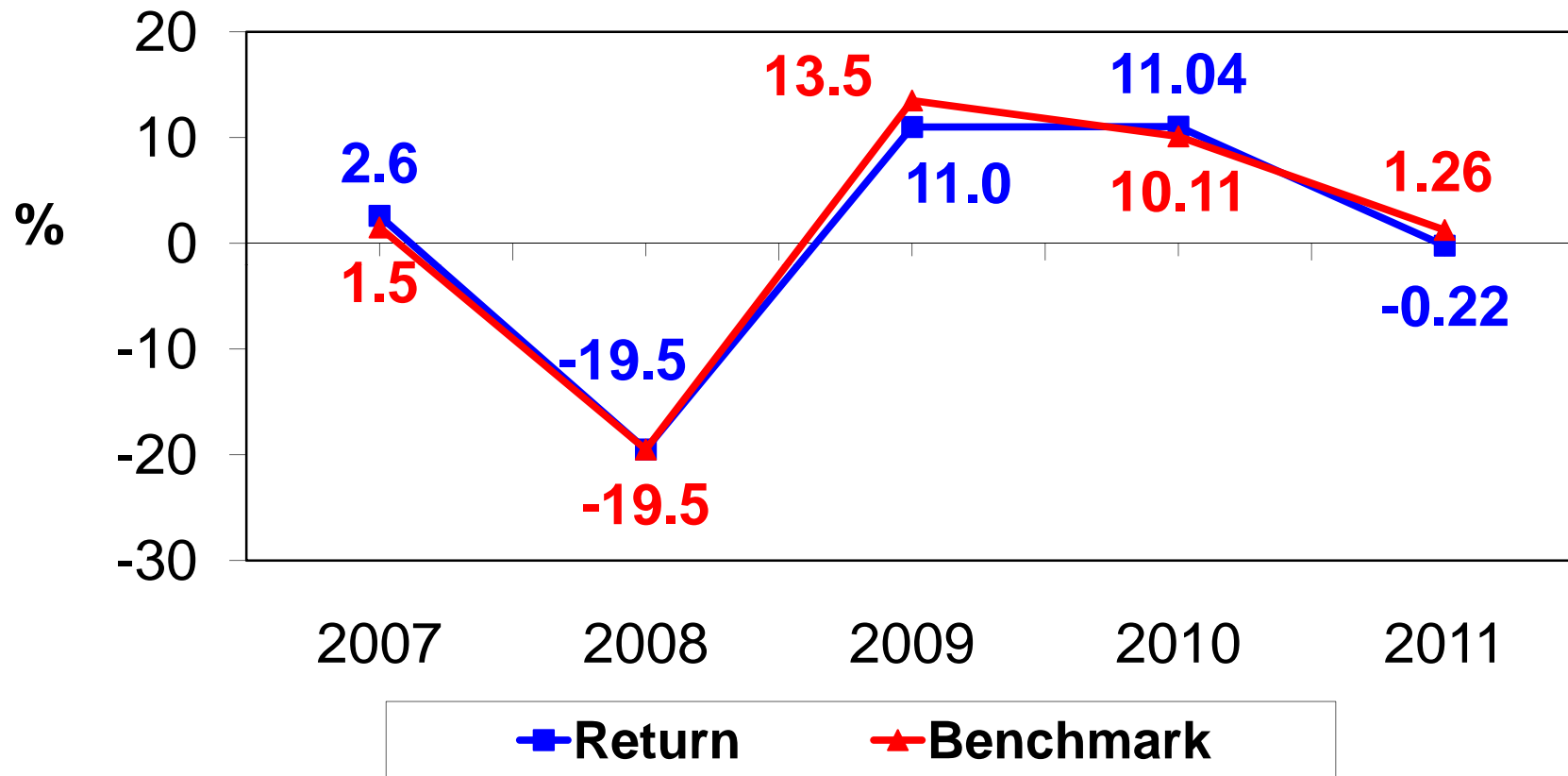
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Gross Annual Returns vs. Benchmark (%)



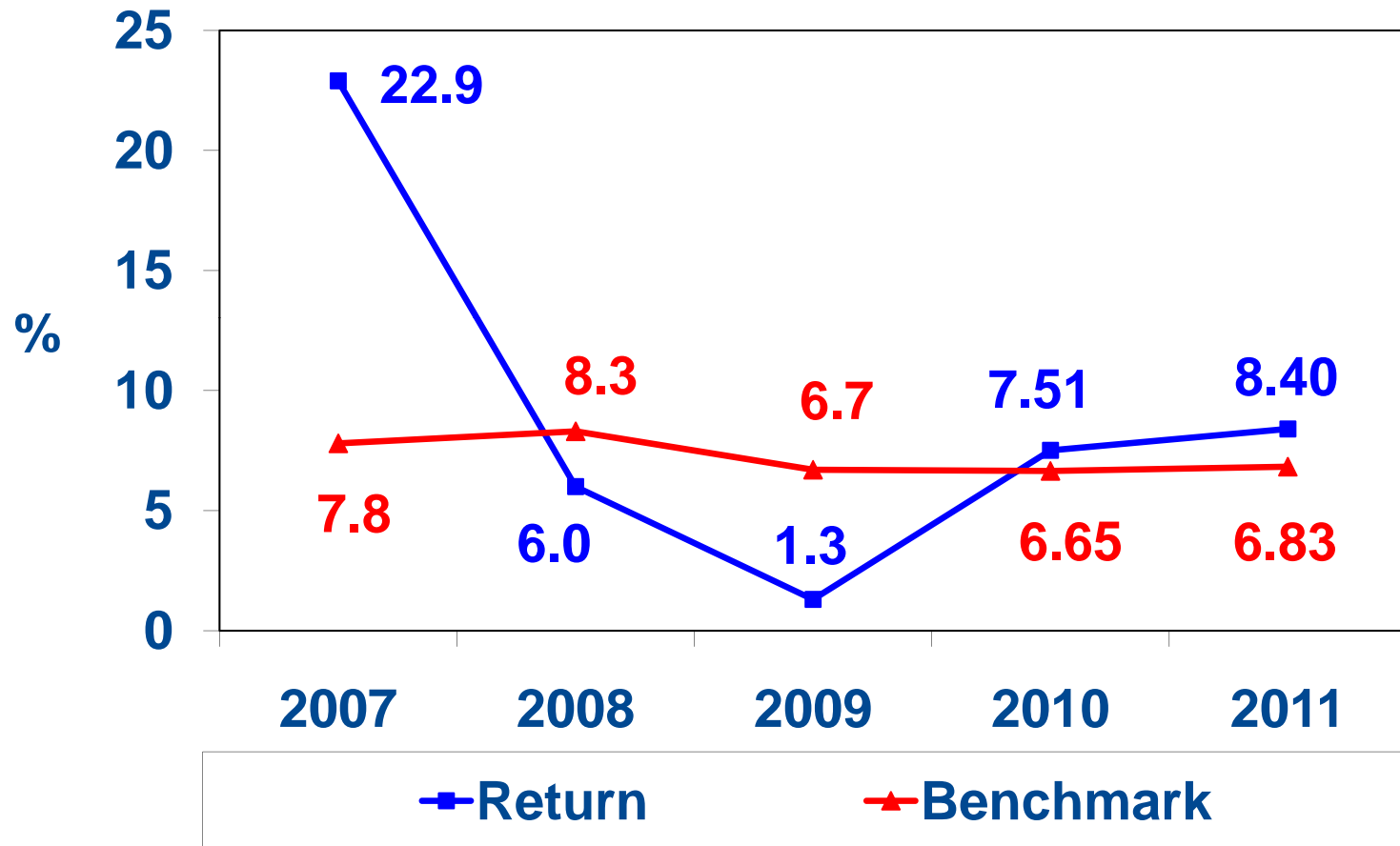
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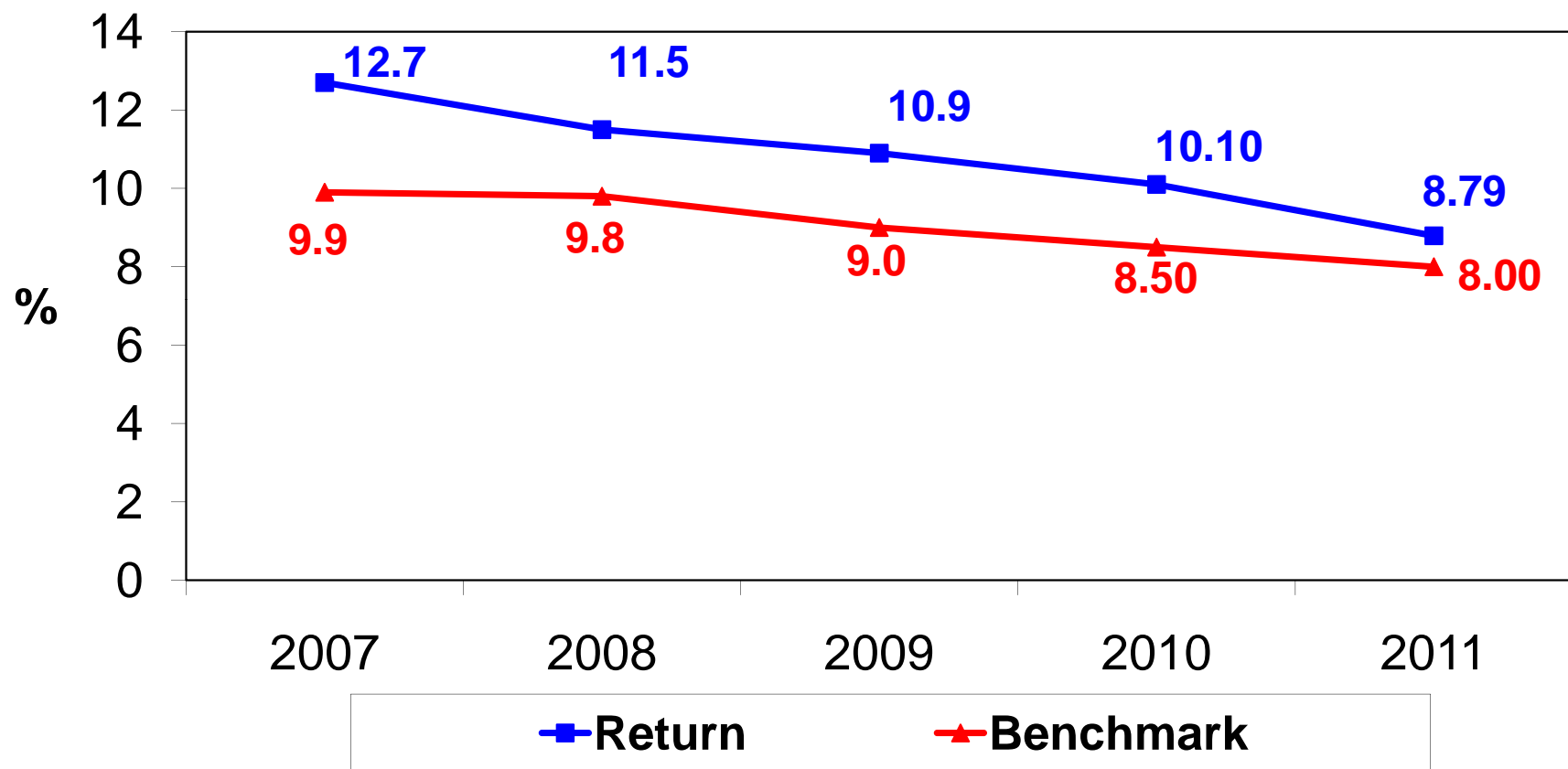
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Gross Annual Returns vs. Benchmark



Financial Summary

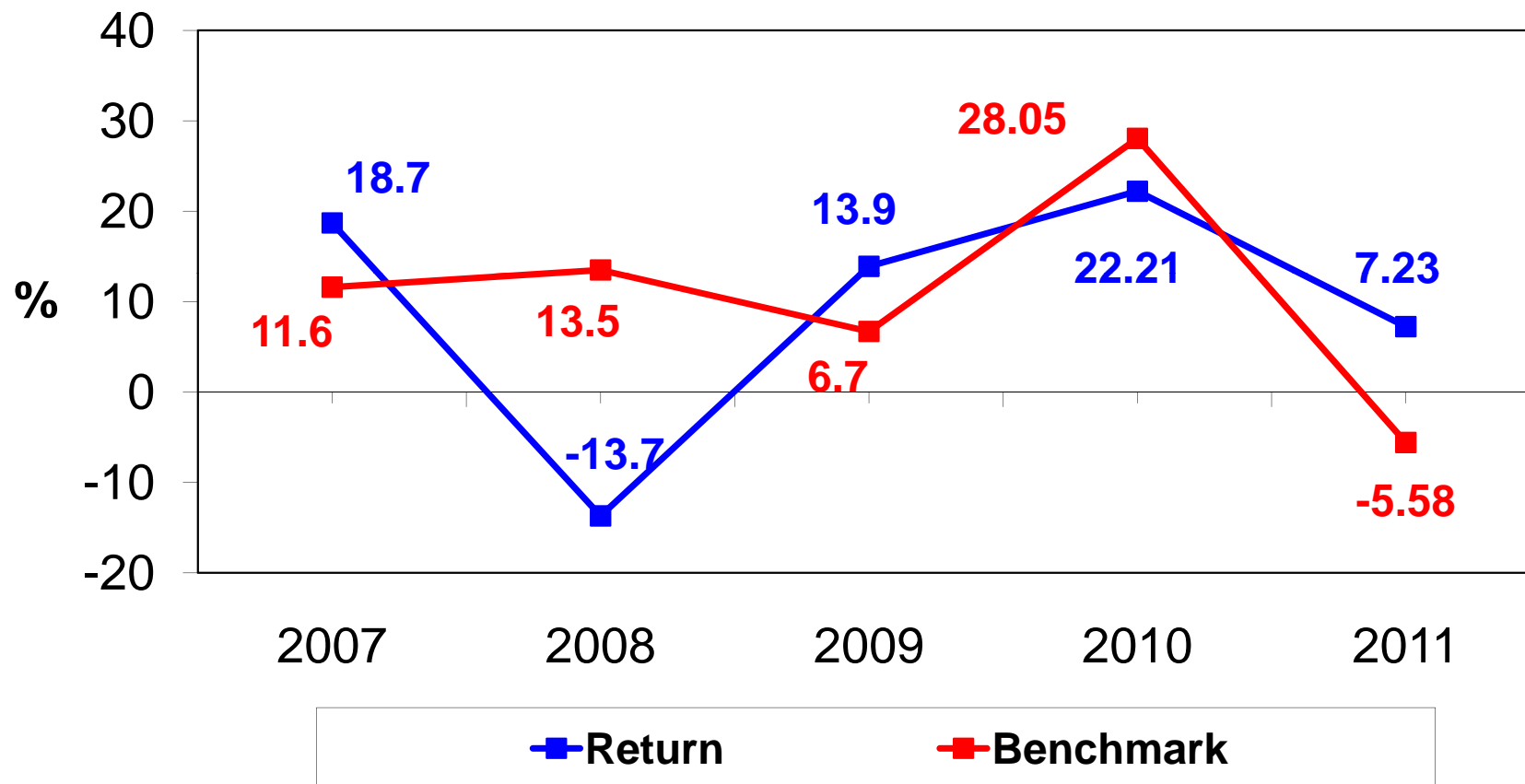
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OMERS PRIVATE EQUITY

Gross Annual Returns vs. Benchmark*



* Benchmark based on absolute return in 2007 – 2009 and relative returns in 2010 and 2011

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Consolidated Financial Summary

Net Investment Income/(Loss)
for the year ended December 31

(\$ millions)

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	\$	%	\$	%
OCM	(296)	(0.22)	3,036	11.04
Oxford	610	8.40	487	7.51
Borealis	674	8.79	693	10.10
OPE	354	7.23	941	22.21
OSI	121	7.24	128	7.65
Currency Hedging	(79)	-	182	-
	<u>1,384</u>	<u>3.17</u>	<u>5,467</u>	<u>12.01</u>
Administered Funds	(21)		(83)	
Investment Income	<u>1,363</u>		<u>5,384</u>	

% Returns are based on gross investment income after transaction costs and performance fees

Consolidated Financial Summary

Change in Net Assets
For the year ended December 31

<i>(\$ millions)</i>	2011	2010
Net Assets, beginning of year	\$ 53,349	\$ 47,832
Investment income	1,363	5,384
Pension Activity		
Contribution	2,720	2,313
Payments	(2,382)	(2,126)
AVC (Net inflow)	92	-
Administrative Expenses	(59)	(54)
Net Assets, end of year	\$ 55,083	\$ 53,349

Consolidated Financial Summary

Asset Mix By Asset Class
As at December 31,

<i>(\$ millions)</i>	2011		2010	
Public Markets	\$ 32,111	57.6%	\$ 33,309	61.7%
Real Estate	7,337	13.2%	6,341	11.8%
Infrastructure	8,490	15.3%	7,681	14.2%
Private Equity	7,764	13.9%	6,634	12.3%
	55,702	100.0%	53,965	100.0%
Due to Admin. Plans & Other	(619)		(616)	
Net Assets	\$ 55,083		\$ 53,349	

Consolidated Financial Summary

Net Assets
As at December 31,

	<u>2011</u>	<u>2010</u>
<i>(\$ millions)</i>	<u>Actual</u>	<u>Actual</u>
Primary Plan	\$ 54,921	\$ 53,290
AVC	94	-
RCA	68	59
Total	<u>\$ 55,083</u>	<u>\$ 53,349</u>

Consolidated Financial Summary

Accrued Benefit Obligation and Deficit OMERS Primary Pension Plan

As at December 31
(\$ millions)

Defined Benefit Component

Net Assets

2011
Actual
\$ 54,921

2010
Actual
\$ 53,290

Actuarial Asset Value Adjustment

2,337

2,278

Actuarial Value of Net Assets

57,258

55,568

Accrued Benefit Obligation

64,548

60,035

Funding Deficit

(7,290)

(4,467)

Reverse Actuarial Asset Value

Adjustment

(2,337)

(2,278)

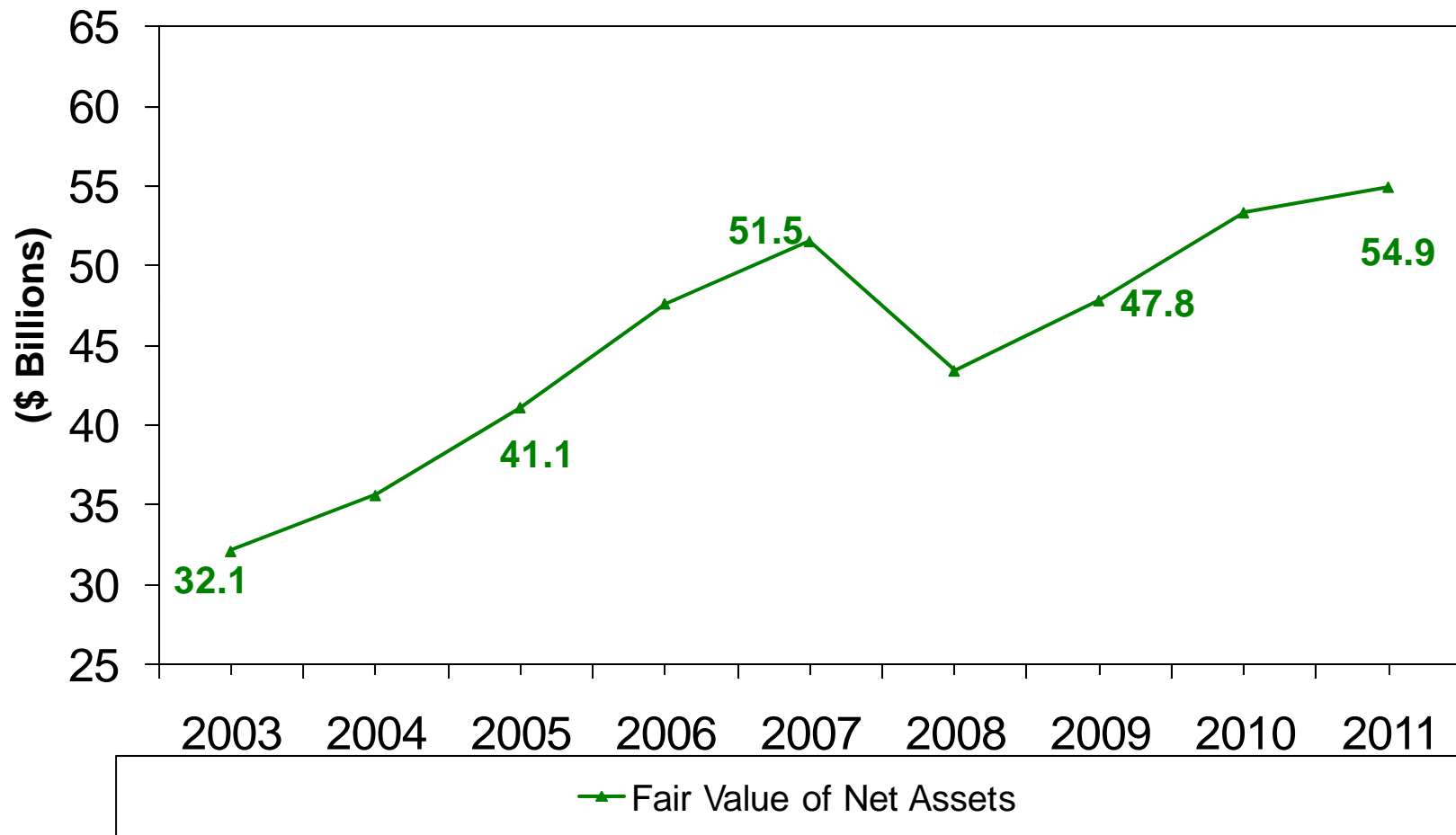
Market Value Deficit

\$ (9,627)

\$ (6,745)

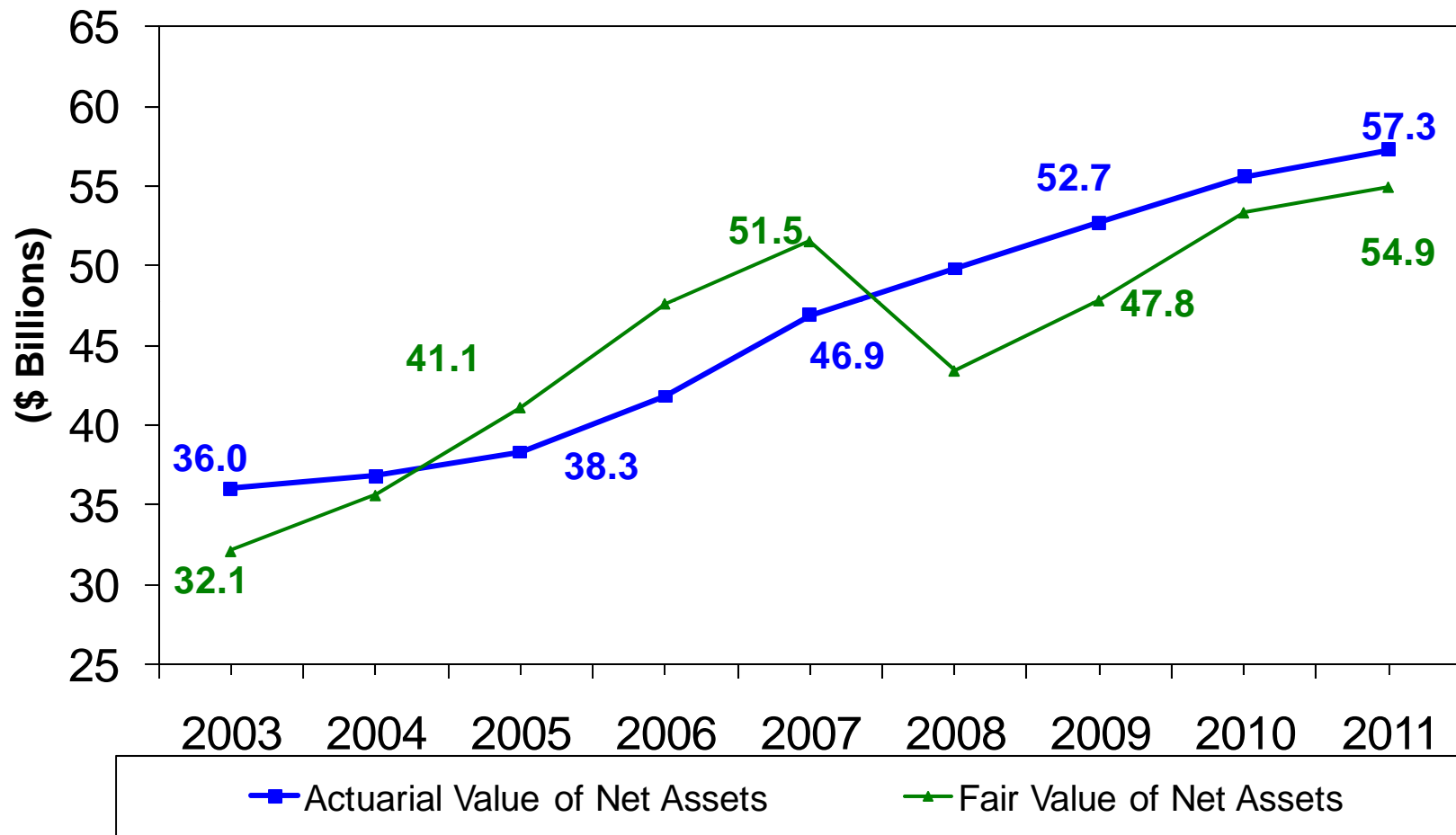
Primary Plan Valuation

Going Concern Funded Position – OMERS Primary Pension Plan



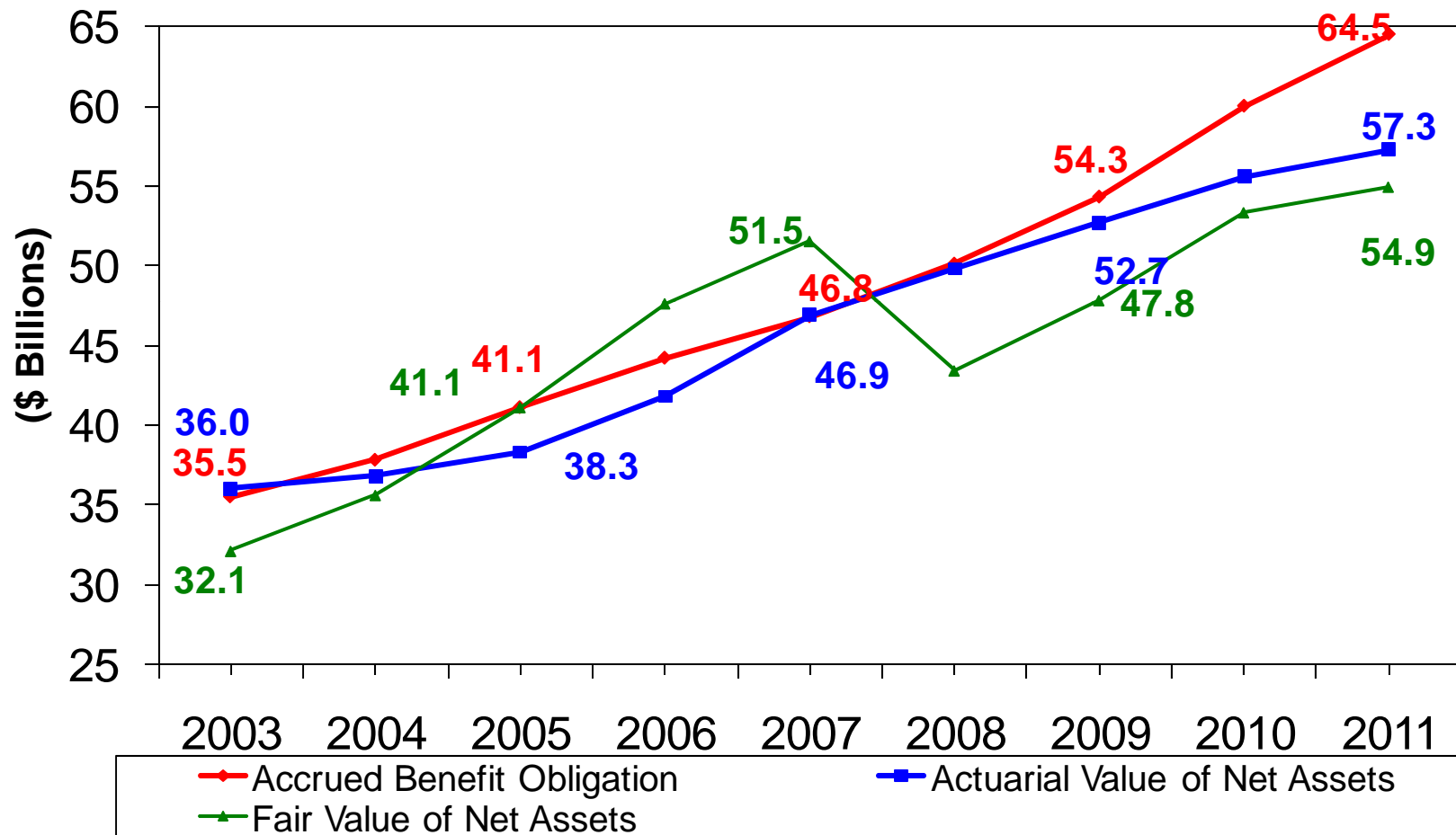
Primary Plan Valuation

Going Concern Funded Position – OMERS Primary Pension Plan



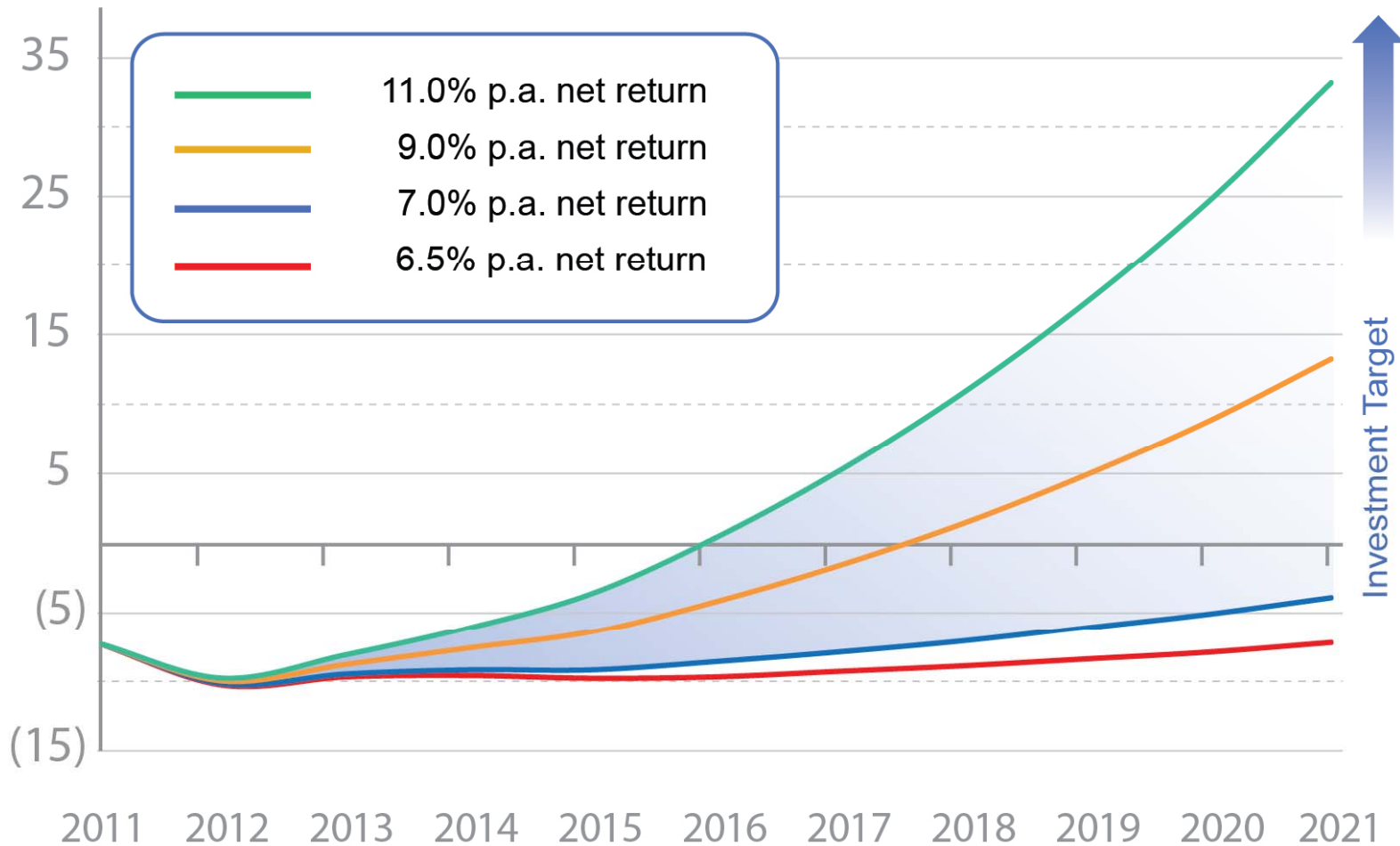
Primary Plan Valuation

Going Concern Funded Position – OMERS Primary Pension Plan



Primary Plan Valuation

Projected Funded Status as at December 31
(\$ value in billions)



Summary

- Your pensions are secure
 - OMERS is a responsible long-term investor
- Our asset mix strategy to shift capital from public to private markets has proven successful in reducing volatility of the Primary Plan returns
- Temporary contribution rate increases and benefit reductions should reduce the deficit over time

Brian O'Keefe
and
Marianne Love
Co-Chairs, Sponsors Corporation



Sponsors Corporation Composition

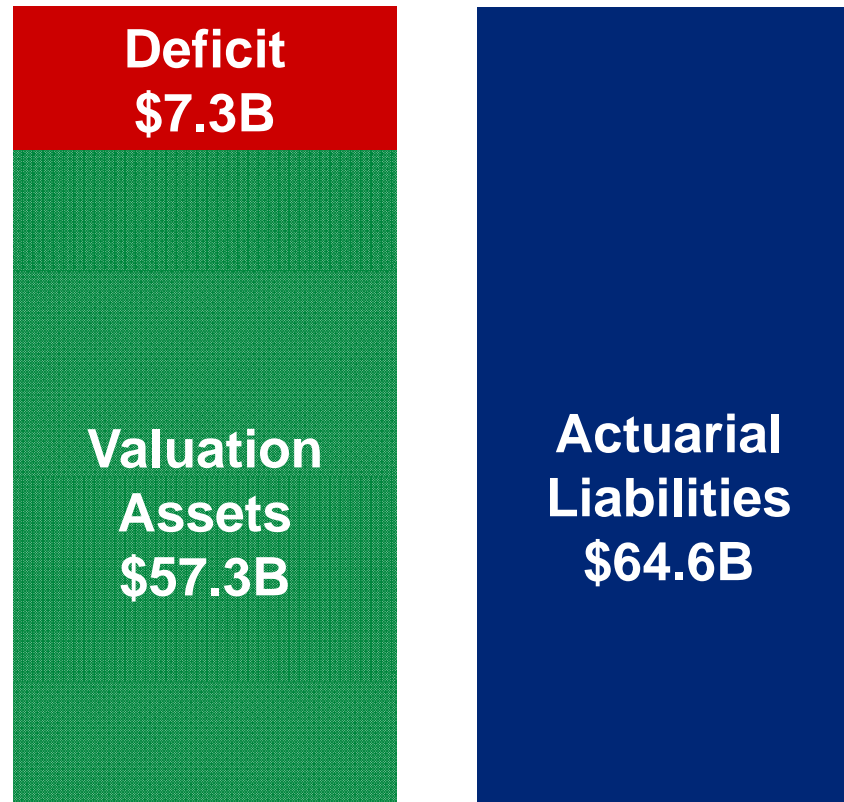
Employer Representatives
Marianne Love (Co-Chair) Association of Municipalities of Ontario
Joe Aitchison Ontario Association of Children's Aid Societies
John Fleming City of Toronto
Charlie Macaluso Electricity Distributors Association
Wayne McNally Ontario Catholic School Trustees' Association
Garth Pierce Ontario Association of Police Services Boards
Bruce Stewart Association of Municipalities of Ontario

Plan Member Representatives
Brian O'Keefe (Co-Chair) CUPE Ontario
Paul Bailey Retiree – Police Pensioners Association of Ontario
Diana Clarke Ontario Public Service Employees Union
Mark Ferguson CUPE Local 416
Jack Jones Ontario Secondary School Teachers' Federation
Bruce Miller Police Association of Ontario
Frank Ramagnano Ontario Professional Fire Fighters Association

Primary Plan Funded Status

As at December 31, 2011

Primary Plan Funded Position

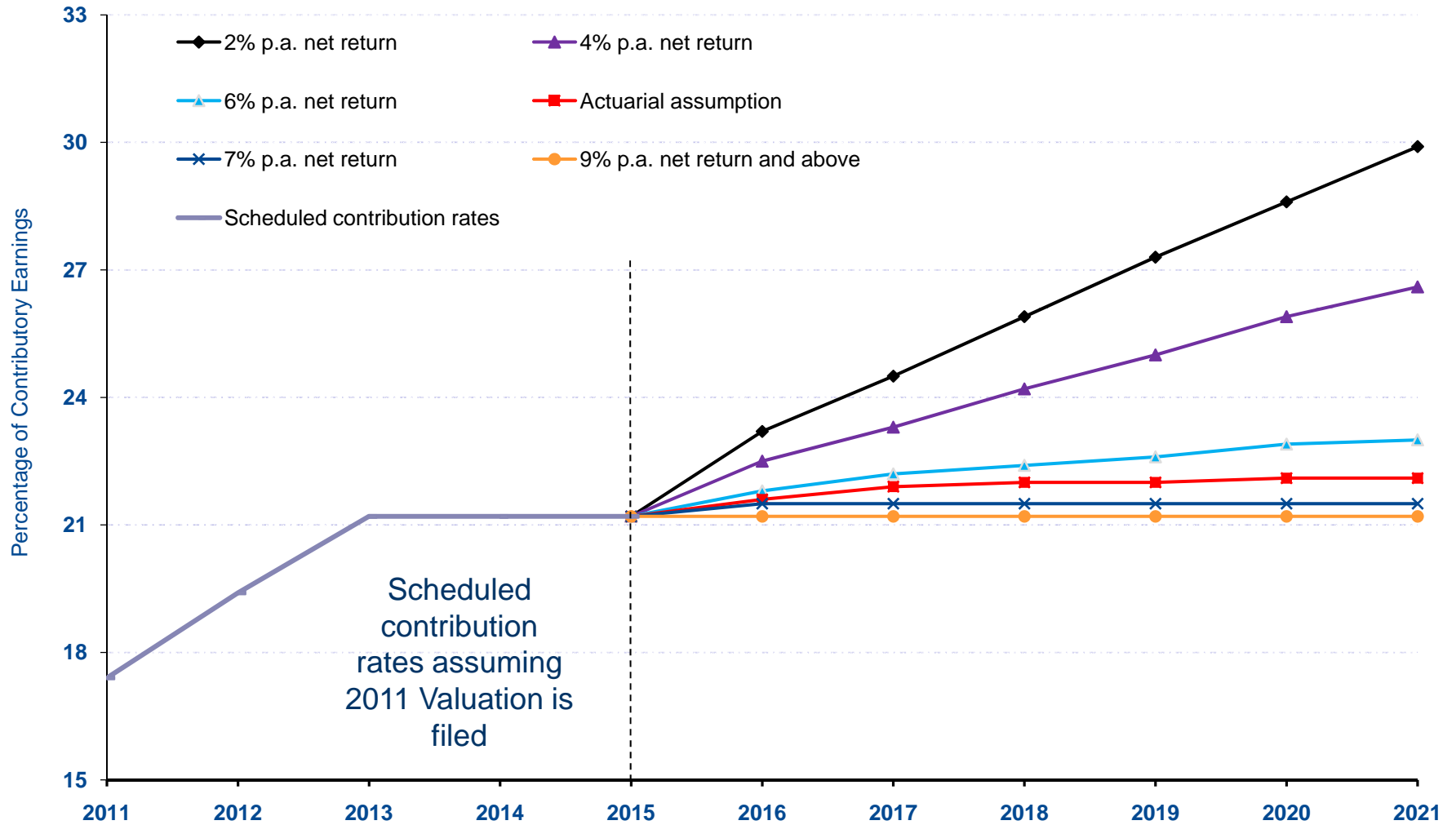


Canadian Average Life Expectancy

Study Period	From Birth (years)	From Age 65 (years)
1995 – 1997	78.4	18.2
2000 – 2002	79.6	18.9
2005 – 2007	80.7	19.8

Statistics Canada, table modified 2011-07-05

Contribution rate pressures



Contribution Rates

2010 Decision:

Beginning in 2011, a three year contribution rate increase totalling 2.9% per side, together with benefit changes, reflecting the requirement by the Plan to address the deficit.

- Allocation of rates across membership can be done in a variety of ways but must ensure the Plan, as a whole, receives required funding
- Independent review undertaken to assist in establishing principles

2012 Specified Plan Change Cycle

- 5 proposals to date
 - Early Retirement provisions
 - Indexing Provisions (2 proposals)
 - Entitlements under the RCA
 - NRA 60 benefits
- Other proposals possible (April)
- Decisions made by end of June
- May be amended or withdrawn at any time
- www.omerssc.com

- Board & Committee Structure Review
- New Member Orientation Program
- Ongoing Member Training and Education
- SC Governance, Mandates & Responsibilities

- SC By-Laws #4 and #13
 - SC and OAC Board composition and appointment process
- OMERS Review Act (2012)
- Internal Review - SC and OAC

Looking Forward... SC

- Contribution Rates for 2013
- RCA Statement of Plan Design Objectives and Strategy
- Review of SC By-Laws
- Continue work on initiatives with OAC, including pension reform
- OMERS Review Act (2012)



Q&A

Moderator: Michael Nobrega