THE UNIVERSITY OF WINNIPEG

PENSION PLAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

WINNIPEG, MANITOBA, CANADA

The Plan's actuary has confirmed in note 5a an increase in the defined benefit plan's actuarial value of accrued pension benefits from $95.0 million to $100.7 million. As referenced above, the growth in fair value of net assets was greater than that of pension obligations and it helped in reducing the shortfall (the Plan's net assets being less than pension obligations) from $4.6 million to $1.6 million at December 31, 2003. Reference is made to factors that contributed to

THE UNIVERSITY OF WINNIPEG PENSION PLAN

RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Pension Committee.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

(Original signed by Stephen Willetts)	*(Original signed by B. Douglas Prophet)*
Stephen Willetts, CPFA Vice-President (Finance & Administration)	B. Douglas Prophet, CA Executive Director, Financial Services

June 2, 2004

ACTUARY'S OPINION

...niversity of Winnipeg to perform an actuarial ... Partners Ltd. has been retained by the ...
...abilities of the defined benefit part of the ... valuation of the assets and the going concern li...
...an") as at December 31, 20[illegible] and an ... University of Winnipeg Pension Plan (the "Pl...
...e results of the valuation at December 31, 20[illegible] for inclusion in the ... extrapolation of ...
...tements. Plan's financial sta...

Office of the Auditor General

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba

To the Pension Committee of The University of Winnipeg Pension Plan

We have audited the statement of net assets ... of The University of Winnipeg Pension Plan as at December 31 ...

... responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards ...

Statement I

UNIVERSITY OF WINNIPEG PENSION PLAN

STATEMENT OF NET ASSETS

as at December 31, 2003
(with comparative figures for December 31, 2002)

ASSETS	2003	2002
Cash	$ 480,947	$ 46,644
Contributions receivable		
Members	79,925	96,410
University	160,485	96,410
Investment income receivable	13,948	1,911
Investments (Schedule I)	107,611,573	97,595,846
	108,346,878	97,837,221
LIABILITIES		
Accounts payable	137,324	150,225
NET ASSETS	$ 108,209,554	$ 97,686,996

Approved by the Pension Committee

(Original signed by James Oborne)

James G. Oborne
Chair, Pension Committee

(Original signed by Stephen Willetts)

Stephen Willetts, CPFA
Vice-President (Finance & Administration)

See accompanying notes and schedules.

INCREASE IN ASSETS				
Contributions (Note 6)				
Members		$ 1,587,306		$ 1,574,000
University		1,722,380		1,170,216
Transfer from defined benefit to defined contribution				137,924
Investment income		3,872,486		2,922,292
Current period change in fair value of investments		26,032,451		-
		33,214,623		5,804,432
DECREASE IN ASSETS				
Net realized loss on sale of securities		17,250,661		4,156,556
Current period change in fair value of investments				5,887,038
Benefits paid to retired members		4,207,753		3,977,285
Refunds and transfers to other plans		657,691		774,780
Transfer from defined benefit to defined contribution				137,924
Administrative expenses				
Investment manager's fees	342,142		288,224	
Actuarial fees	24,235		38,073	
Administrator's fees	22,904		19,083	
Custodial fees	52,701		41,392	
Other expenses	133,978	575,960	109,934	496,706
		22,692,065		15,430,289
NET INCREASE (DECREASE) FOR THE YEAR		10,522,558		(9,625,857)
NET ASSETS AT BEGINNING OF YEAR				

	Defined Benefit	Defined Contribution	TOTAL
INCREASE IN ASSETS			
Contributions			
Members	$ 988,173	$ 599,133	$ 1,587,306
University	1,120,453	601,927	1,722,380
Investment Income	3,644,158	228,328	3,872,486
Current Period Change in Fair Value of Investments	25,241,428	791,023	26,032,451
	30,994,212	2,220,411	33,214,623
DECREASE IN ASSETS			
Net realized loss on sale of securities	17,250,661		17,250,661
Benefits paid to retired members	4,207,753		4,207,753

UNIVERSITY OF WINNIPEG PENSION PLAN

Notes to the Financial Statements

As at December 31, 2003

1. Description of the Pension Plan

The following description of the University of Winnipeg Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement.

The Plan was established as a contributory defined benefit pension plan at September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds

2. Significant Accounting Policies

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity**.** They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the security of benefits of individual plan members.

The annual financial statements of the Plan are prepared in accordance with Canadian generally accepted accounting principles.

The financial statements do not take into account actuarial valuations and therefore do not reflect the financial position of the Plan on an actuarial valuation basis as referred to in note 5a. In accordance with the Pension Benefits Act, an actuarial valuation is required at least every 3 years. An actuarial valuation of the University of Winnipeg Pension Plan has been completed as at December 31, 2001.

b) Investments

Investments are recorded at fair value. Fair value is defined as the market value as at the close of trading on December 31 or the average of the latest bid and ask prices quoted by an independent securities valuation firm.

c) Use of Estimates

In preparing the University of Winnipeg's Pension Plan audited financial statements, including the notes attached thereto, management is required to make estimates and assumptions that reflect the reported amounts of assets and liabilities at the date of t87 -1.1595(int5ncii)

e) Currency risk relates to the possibility that foreign currency-denominated investments will change in value due to future fluctuations in foreign exchange rates relative to the Canadian dollar value of the Plan's pension obligations.

The Board of Regents places limits on these risks by establishing, through the advice of the Pension and Investment Committees, an approved investment policy called "Statement of investment Polices and Guidelines" that provides for risk mitigation. The investment policy is provided to the external investment managers and provides them with policy guidelines for investing the Pension Plan assets, including asset allocation policy and benchmarks, type of investments, quality and credit ratings for securities.

4. Summary of Investments

The summary of investments represents the total investments of the defined benefit segment and defined contribution segment of the Pension Plan held by the custodians. In respect to the defined benefit segment of the Pension Plan, an external investment manager invests the plan assets pursuant to the Statement of Investment Policy. The members of the deferred contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Pension Plan.

A change in investment managers in March 2003 crystallized asset values in the Defined Benefit Plan at the time of transition to the new managers when the assets were sold to effect the transfer. This effectively lowered the December 31, 2002 cost value of $103,128,212 to market value, thus establishing a new cost value as at the date of transfer.

5. Obligation for Pension Benefits

a) Defined Benefit Obligation

The actuarial present value of accrued pension benefits was determined using the projected unit credit actuarial cost method and using assumptions recommended by the actuary and approved by the Board of Regents of the University. An actuarial valuation of the Plan was prepared, effective December 31, 2001 by Eckler Partners Ltd., a firm of consulting actuaries, the results of which were extrapolated by them to December 31, 2003.

The actuarial gain for 2002 is a result of:

i) The interest rate credited to member contribution accounts of –7.1%, being less than the 7% assumed in the valuation, offset by

ii) Pensioner mortality experience, and by

iii) The 1.67% increase effective July 1, 2003 in the pensions of those who retired prior to 1998 being greater than the 1% assumed in the valuation.

The 2002 column has been restated from last year's note by reducing the actuarial gain, and hence increasing the actuarial present value of the accrued pension benefit at the end of the year by $129,000 in respect of (iii) above.

The assumptions used in determining the actuarial value of accrued pension benefits in the valuation at December 31, 2001 and the extrapolation to December 31, 2003 were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were

Rate of return on investments	- pre-retirement	7%
	- post-retirement	6%
Rate of salary increase	- first year	2%
	- thereafter	5%

b) Defined Contribution Obligation

The obligation for pension benefits under the defined contribution segment of the Plan will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

The following summarizes the changes in the defined contribution segment of the Pension Plan:

	December 31 2003 $000	**December 31 2002 $000**
Balance, beginning of year	$7,338	$7,077
Contributions	1,201	1,103
Benefit payments	(443)	(208)
Net investment return	1,019	(634)
Balance, end of year	$9,115	$7,338

6. Funding Policy

Until April 1, 2003, The University's regular contribution has been 6% of salary less an adjustment for the Canada Pension Plan. In the period from April 1, 2000 to March 31, 2002, as described in Note 1, the University took a contribution holiday. Effective April 1, 2002, the University reinstated its matching contributions to the Pension Plan. Effective April 1, 2003, the University's contribution increased to 6.5% of pensionable salary less an adjustment for the Canada Pension Plan. In addition, effective April 1, 2003, the University commenced paying both employee and University contributions for those members in receipt of long-term disability benefits. Previously these contributions had been funded out of surplus.

ii) The University's required contributions for defined benefit members will increase to 7% of pensionable salary less 1.8% of Canada Pension Plan contributory earnings effective April 1, 2004;

iii) The University will make an additional contribution of $600,000 into the defined benefit segment of the Pension Plan by no later than April 2004 or as soon thereafter as regulatory approval is secured.

The University has deferred implementation of the provisions that affect Plan funding, referred to above, until the text of the Plan am