

IWA - FOREST INDUSTRY PENSION PLAN



ANNUAL REPORT
2009



CITY OF VANCOUVER ARCHIVES, LOG P48 [CA. 1924]



IWA - FOREST INDUSTRY PENSION PLAN

Suite 150 - 2955 Virtual Way
Vancouver BC V5M 4X6

Main Switchboard: 604-433-6310
Toll Free in BC: 1-800-663-4384
Pension Info: 604-433-5862
Pension Toll Free: 1-800-913-0022
Facsimile: 604-433-0518

Website: www.iwafibp.ca

BLACK AND WHITE COVER PHOTOS:

CITY OF VANCOUVER ARCHIVES

LOG P32.2 [CA. 1916]

CVA 1184-2178 [BETWEEN 1940-1948]

CVA 7-69 [1911 OR 1912]

TABLE OF CONTENTS

MESSAGE FROM THE TRUSTEES	1
PROFILE	2
A BRIEF REVIEW OF 2009	3
PENSION PLAN GOVERNANCE	4
OVERVIEW	4
GOVERNANCE PRACTICES	4
BOARD COMMITTEES	5
BOARD CHANGES	5
GOVERNANCE STRUCTURE	6
MEMBERSHIP	7
ACTIVE MEMBER PROFILE	8
RETIRED MEMBER PROFILE	8
HISTORICAL MEMBERSHIP TRENDS	9
INVESTMENT INFORMATION	
ASSETS IN THE PENSION FUND	10
ASSET MIX	11
RATES OF RETURN AND BENCHMARKS	12
INVESTMENT MANAGERS	14
TOP TEN HOLDINGS	14
FINANCIAL INFORMATION	
GOING CONCERN ACTUARIAL LIABILITY	15
SOLVENCY LIABILITY	16
SUMMARIZED FINANCIAL STATEMENTS FOR 2009	17
BENEFIT PAYMENTS	19
OPERATING EXPENSES	19
INVESTMENT AND CUSTODIAL FEES	20
ANNUAL CASH FLOW	20
CONTRIBUTORY HOURS	21
GLOSSARY	22



MESSAGE FROM THE TRUSTEES

We are pleased to present the IWA - Forest Industry Pension Plan's Annual Report for 2009.

This past year has been an extraordinary period for financial markets and the forest industry.

The financial markets in 2009 were dramatically different than 2008. Various stimulus measures in Canada and around the world, coupled with historically low interest rates, helped financial markets rally from the dramatic lows experienced the previous year. This rebound in financial markets, in conjunction with the Plan's prudent approach to investing and longer term focus, led to a successful year for the fund. The Plan achieved a strong investment return in 2009, earning 17.1%. This performance significantly exceeded the benchmark of 15.8% and helped to offset a great deal of the damage done in 2008, adding \$233.9 million in value to the fund.

While the returns for 2009 are encouraging, as recent years have demonstrated markets can fluctuate drastically. It is in these challenging times when we look for stability, and investment returns over a longer term assume more significance. The Plan's ten-year annualized rate of return was 6.2%, compared to the ten-year annualized benchmark of 4.5%, a value added for this period of 1.7% per year. These long-term measurements are more appropriate when gauging the performance of most pension funds.

Not all the news for 2009 was good news. 2009 was not a good year for the forest industry or for many of our members. Historically low hours worked (and contributions made) have tempered the effects of the successful return on investments. In 2009 the Plan experienced a 25% drop in contributions from the previous year, mirroring the difficulties experienced by the forest industry. One of the unique challenges of a maturing fund means the Plan pays out substantially more in benefits than it collects. In 2009 our ratio of active members (contributors) to retired members was only two active members for every three retirees. This is an important factor when developing investment strategies. In line with these concerns, we continue to focus on a comprehensive approach to risk management and a clear long-term investment strategy.

As we look ahead, the Board has every confidence that the IWA - Forest Industry Pension Plan will continue to fulfill its mandate and meet its obligations across multiple generations of contributors and beneficiaries. The Plan's fundamental approach to longer term investing, coupled with low costs, will aid in our efforts to meet our commitments throughout the years to come.

Finally the Board wishes to acknowledge the retirement of Judith Brown, Pension Administrator for the Plan since 1995. We wish Judith a happy and prosperous retirement.



TOM GETZIE, CO-CHAIR



BOB MATTERS, CO-CHAIR

PROFILE

The IWA – Forest Industry Pension Plan (the “Plan”) was established in 1973 pursuant to negotiations between the I.W.A. and Forest Industry employers, to provide benefits for workers in the forest industry. In 1978 the Coast, Southern Interior and Northern Interior regional pension plans were merged to create the current Plan. In September of 2004 the I.W.A. merged with the United Steelworkers (“USW”) and now the forest industry employees are members of the USW. Today our Plan serves over 70,000 current and retired members in the industry.

The Plan provides two major services: It acts as benefit administrator by collecting contributions and administering payment of benefits, and it also serves as the investment manager of the Plan’s assets (the “Pension Fund”).

ADMINISTRATIVE FUNCTIONS:

- ▶ Employer enrolment and collection of information.
- ▶ Collection of contributions from both participating employers and Plan members.
- ▶ Benefit calculations and processing.
- ▶ Providing information to members, union locals and participating employers on pension benefits.
- ▶ Payment of benefits.
- ▶ Filing of appropriate documentation for tax and pension regulatory purposes.

INVESTMENT FUNCTIONS:

- ▶ Evaluate risk and return opportunities between the Plan’s assets and liabilities.
- ▶ Establish and recommend appropriate investment mix and long-term investment benchmarks.
- ▶ Use investment policy to review and monitor independent investment manager performance and make changes as appropriate.
- ▶ Use independent custodian for safekeeping of Plan assets.
- ▶ Use staff and independent consultants to review Plan investment strategies and ensure compliance with Plan policies and regulatory compliance.

The Plan employs approximately 40 employees at our offices in Vancouver, B.C. and is governed by the provisions of the *Pension Benefits Standards Act of British Columbia*.

A BRIEF REVIEW OF 2009

MEMBER SERVICES

- ▶ There were 16,439 active members in the Plan as at December 31, 2009.
- ▶ There were 31,187 inactive members in the Plan as at December 31, 2009.
- ▶ 2,201 members retired in 2009.
- ▶ A total of 24,399 retirees and beneficiaries received monthly pensions totalling in excess of \$190,276,545 for 2009.
- ▶ 4,024 members broke service at the end of 2009.
- ▶ The average monthly pension payment for 2009 was \$659.27.
- ▶ Over 258 beneficiary claims were processed.
- ▶ Over 24,500 telephone calls were received in member services.
- ▶ 4 retirement seminars were conducted across British Columbia.
- ▶ 487 personal interview sessions were conducted with our pension counsellors at our offices in Vancouver.
- ▶ Over 2,068 estimates were provided to our membership.
- ▶ Our website reported over 550,000 hits by year end 2009, with 10,474 visitors.

PLAN HIGHLIGHTS

- ▶ There are currently 424 participating employers in the Plan; 19 employers began participating in the year 2009.
- ▶ Approximately \$41.7 million was contributed to the Plan by participating employers and \$26.0 million by employees.
- ▶ There were 2,033 commuted value withdrawals from the Pension Fund at a value of \$29.1 million.
- ▶ As of December 31, 2006 (the last filed actuarial valuation), there was a solvency liability of \$3.372 billion, and a solvency ratio of 94%.
- ▶ As of December 31, 2006 (the last filed actuarial valuation), there was a going concern liability of \$2.912 billion, and a funded ratio of 103.6%.
- ▶ Employee and employer contribution levels remained at \$1.625 and \$2.675 per hour respectively for the majority of participating employers.
- ▶ Our Board of Trustees met 3 times during the calendar year.
- ▶ 15.9 million hours were reported for 2009 (2008 had 21 million hours).
- ▶ Payments to retired members and beneficiaries increased by \$18.2 million from last year.

INVESTMENT HIGHLIGHTS

- ▶ The market value of the Fund increased from \$2.51 billion to \$2.76 billion at year-end.
- ▶ The annual rate of return on investments was 17.1%.

PENSION PLAN GOVERNANCE

OVERVIEW

A 16 member Board of Trustees equally representing both the United Steelworkers and the Forest Industry employers oversees the administration of the Plan. The Plan's sponsors are responsible for appointing the Trustees to operate the Plan and manage the Fund in the long-term interest of the Plan membership.

The appointed Trustees are responsible for determining Plan benefit levels and Plan design. They acquire and manage the services of the administrator, actuary, auditor, legal counsel, investment managers and custodian in order to ensure the security of the Pension Fund and competent administration of members' pensions. The Plan is provincially regulated and governed by the provisions of the *Pension Benefits Standards Act of British Columbia*.

GOVERNANCE PRACTICES

The role of a Trustee is complex and good governance practices are necessary to ensure the Plan's goals are achieved. Pension plan governance refers to the structure and processes adopted by the Board of Trustees for overseeing, managing and administering the Plan. The objective of good governance is to optimize the Plan's performance while ensuring that the Plan is able to meet its obligations to its members and beneficiaries.

The Trustees of the Plan are required to act independently of the United Steelworkers and Forest Industry participating employers to make decisions in the best interest of our Plan members and beneficiaries. Through its ongoing commitment to good governance practices the Board has strategies in place to provide guidance, measure effectiveness and ensure accountability and transparency.

- ▶ **Committee Terms of Reference:** Reviewed and accepted guidelines for Trustee and staff roles and responsibilities as related to investment, administration, actuarial and audit issues.
- ▶ **Committee Structure:** Committees created to focus on the different roles and responsibilities of Board Trustees. Each committee meets anywhere from one to four times per year. Ad hoc committees, to deal with short term specific issues, are established on an as needed basis.
- ▶ **Code of Conduct Policy:** Developed to articulate and sustain a governance and corporate culture that reflects the Board's principles and values, and to ensure that Trustees have a full understanding of these principles and values.
- ▶ **Board Education and Qualification:** Orientation and external training for new and existing Trustees to educate and assist them in carrying out their governance responsibilities. Comprehensive Trustee Governance Manual designed to assist Board members on current training requirements and standards of practice.
- ▶ **Board Effectiveness Assessment Process:** Self-assessment process required annually which is designed to provide Trustees with an opportunity to examine how the Board is operating and to make suggestions for improvement.
- ▶ **Communication:** The Board communicates to the union, participating employers and membership regularly through audited financial statements, actuarial valuations, this report, annual statements issued to members, our website, on site seminars and through our member services via local and toll free phone lines.

PENSION PLAN GOVERNANCE

BOARD COMMITTEES

The committees are made up of Trustees with equal representation from participating Forest Industry employers and the United Steelworkers.

Audit Committee

The Audit Committee assists in the supervision of the Plan's internal operations, reviews the audited financial reports, meets with external auditors, and ensures information disclosure, accuracy and efficiency thereby building confidence with Plan members, Plan sponsors and regulators.

Investment Committee

The Investment Committee oversees the investment of the Pension Fund. It reviews and advises the Trustees as to selection of investment managers, matters of investment policy, Pension Fund asset management and any other matters relating to the investment and management of the Pension Fund.

Governance Committee

The Governance Committee reviews the system of governance including the mandates for the Board and committees, best practices for Plan governance and the effectiveness of the Board and its committees.

Human Resources & Compensation Committee

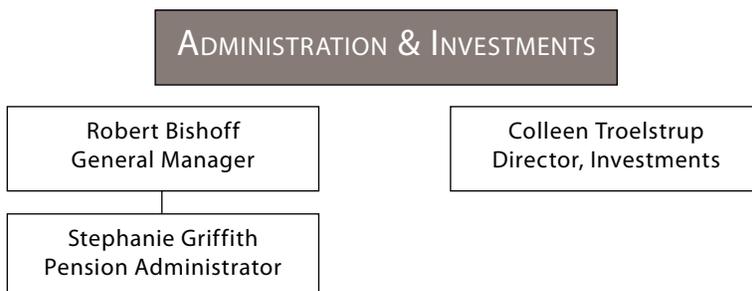
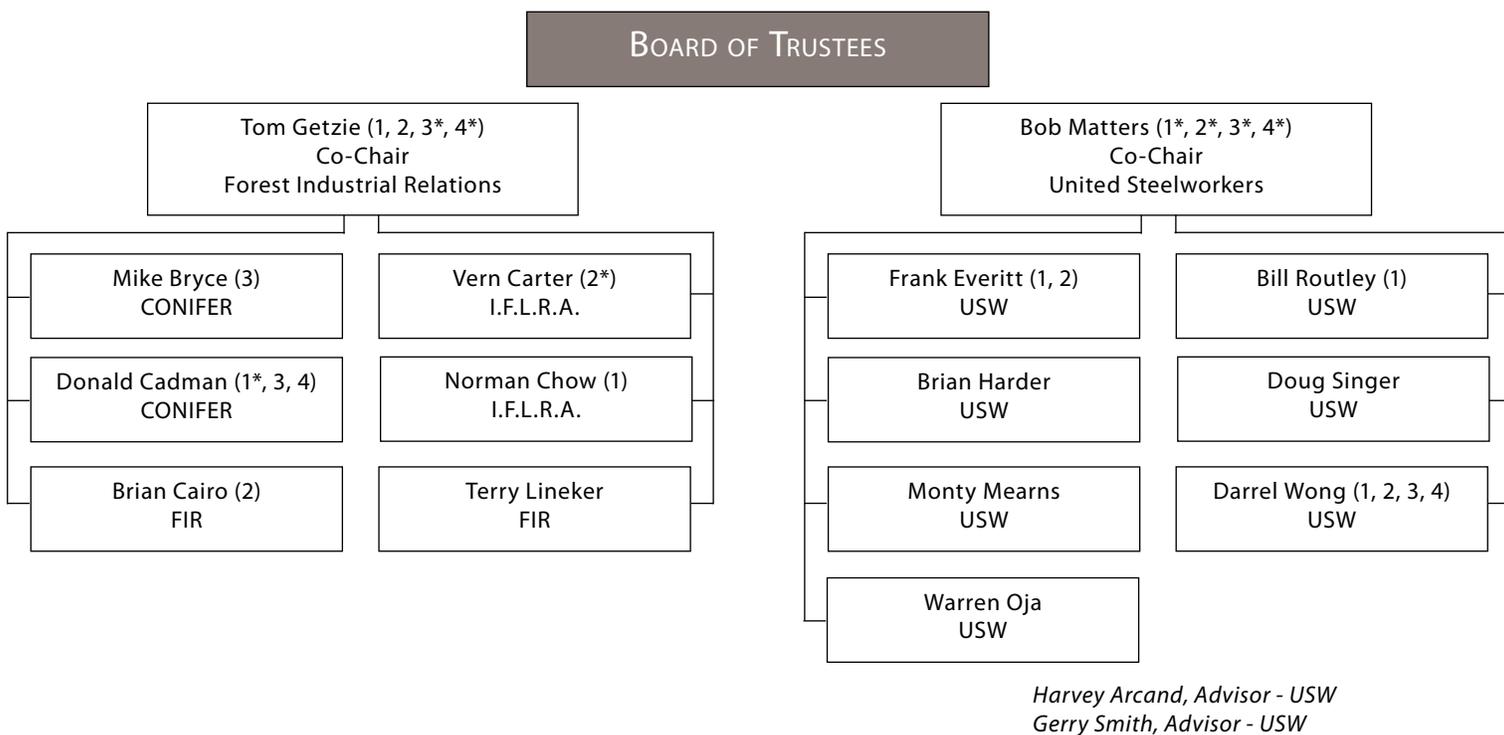
The Human Resources & Compensation Committee establishes compensation, including compensation policies and strategies, for the General Manager and the Director, Investments as well as compensation policies and strategies for employees excluded from the bargaining unit. It also reviews labour relations, strategy, succession planning and key employee development.

BOARD CHANGES

There were no changes to the Board of Trustees last year.

GOVERNANCE STRUCTURE

IWA - FOREST INDUSTRY PENSION PLAN



TRUST FUND CUSTODIAN	PLAN ACTUARY	AUDITORS
RBC DEXIA INVESTOR SERVICES	TOWERS PERRIN, INC.	GRANT THORNTON LLP

EXTERNAL LEGAL COUNSEL	INVESTMENT CONSULTANT
LAWSON LUNDELL LLP	MERCER (CANADA) LIMITED

- 1 Audit Committee
- 1* Audit Committee Co-Chair
- 2 Investment Committee
- 2* Investment Committee Co-Chair
- 3 Governance Committee
- 3* Governance Committee Co-Chair
- 4 Human Resources & Compensation Committee
- 4* Human Resources & Compensation Committee Co-Chair

Appointing Organizations:

I.F.L.R.A.	Interior Forest Labour Relations Association
CONIFER	Council on Northern Interior Forest Employment Relations
FIR	Forest Industrial Relations
USW	United Steelworkers

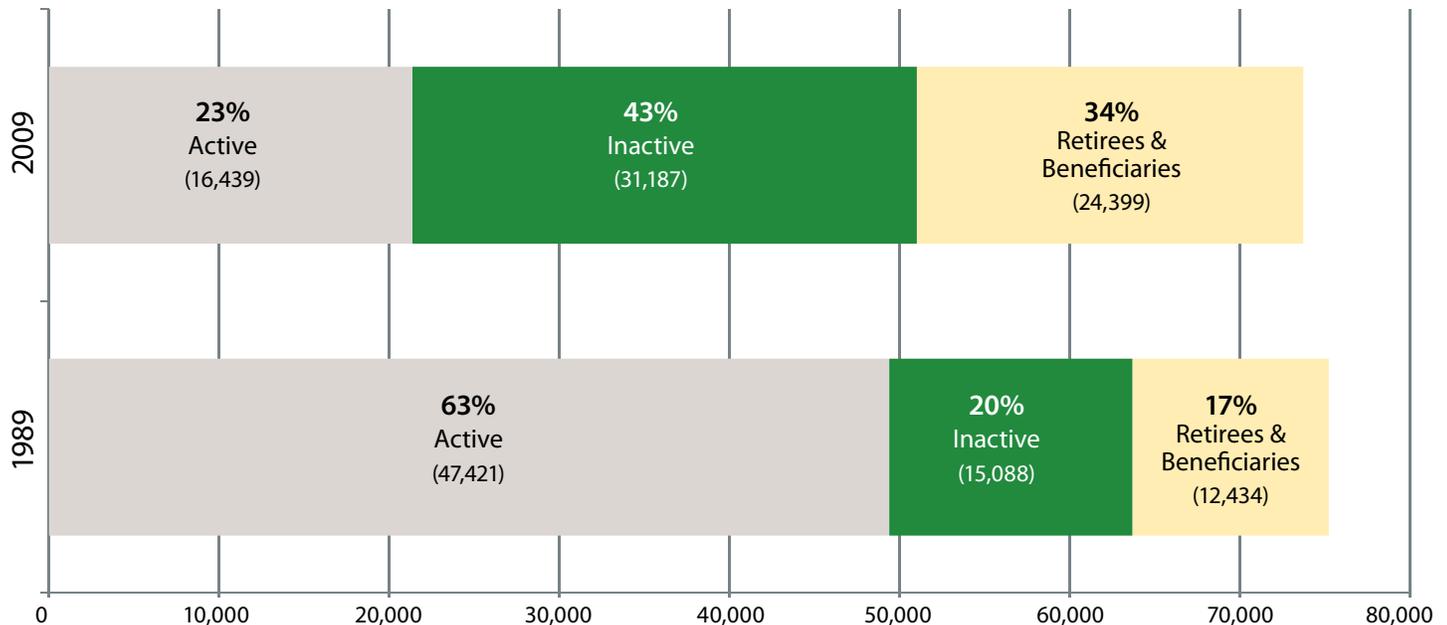
MEMBERSHIP

The Plan holds the pension assets of over 70,000 members, from 424 participating employers and is considered the largest private sector pension plan in British Columbia.

	2009	2008	2007
Active Members	16,439	21,361	24,256
Inactive Members	31,187	29,645	28,598
Retired Members	24,399	22,712	22,072
Market Value of Funds (millions)	\$2,757.7	\$2,513.2	\$3,212.7
Employer Contributions (millions)	\$41.7	\$57.9	\$74.4
Employee Contributions (millions)	\$26.0	\$31.7	\$33.7
Retirement Benefits Paid (millions)	\$219.4	\$172.1	\$162.0
Value of Members Accounts transferred out of Plan (millions)	\$29.1	\$26.2	\$21.8
Annual Administrative Cost per Member (excludes investment cost)	\$60.83	\$57.30	\$53.22

The annual administrative cost per member increased slightly last year to \$60.83. This cost continues to remain relatively stable, averaging \$54.36 per member over the last 5 years.

MEMBERSHIP BREAKDOWN 2009 AND 1989



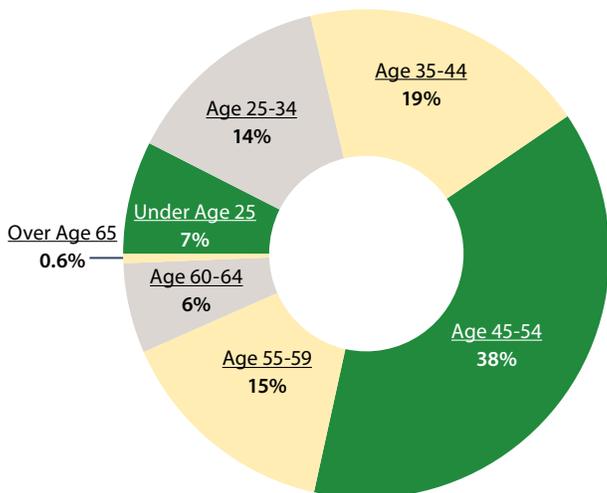
The number of pensioners has nearly doubled in the past 20 years, while the number of active members declined by 65% - in part due to greater global competition, the rapid pace of technological change and automation within the forest industry. The market value of the Fund in this same period, however, has grown from \$695 million in 1989 to \$2.76 billion in 2009 - a growth of nearly 300%. This is significant because as a mature pension plan, investment returns become more important to the future growth of the Pension Fund than contributions.

MEMBERSHIP

ACTIVE MEMBER PROFILE

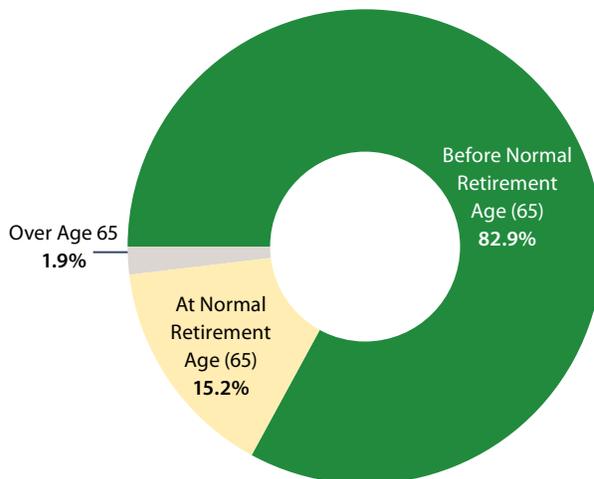
The statistics over the last 20 years show a slight trend towards aging workers in the forest industry. The average age of a worker in the forest industry was 45.3 on December 31, 2009, up from 38.0 in 1989.

ACTIVE MEMBERS BY AGE - 2009



AGE AT RETIREMENT

(OVER LAST 5 YEARS)



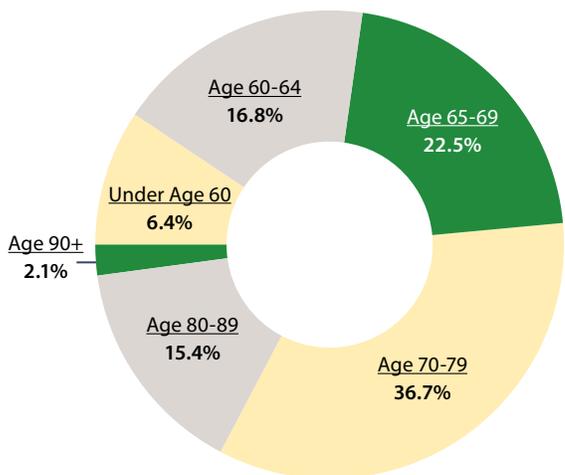
Members are retiring earlier and living longer than they did 20 years ago. From 1985 to 1989 the average age of retirement was 62.2 with an average life expectancy of 17.4 years. The average age at retirement over the last 5 years was 60.4 with an average life expectancy of 20.9 years.

RETIRED MEMBER PROFILE

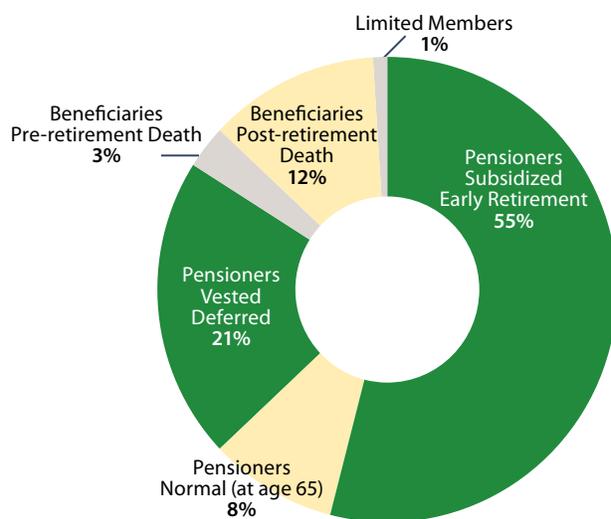
The average age of a pensioner in the Plan has risen from 68.4 in 1989 to 71.2 in 2009; an increase of 4% over the past 20 years.

There are more than 3,500 pensioners over the age of 80, with approximately 430 being over the age of 90.

PENSIONERS BY AGE - 2009



FORMS OF PENSION



55% of our pensioners are receiving subsidized early retirement pensions.

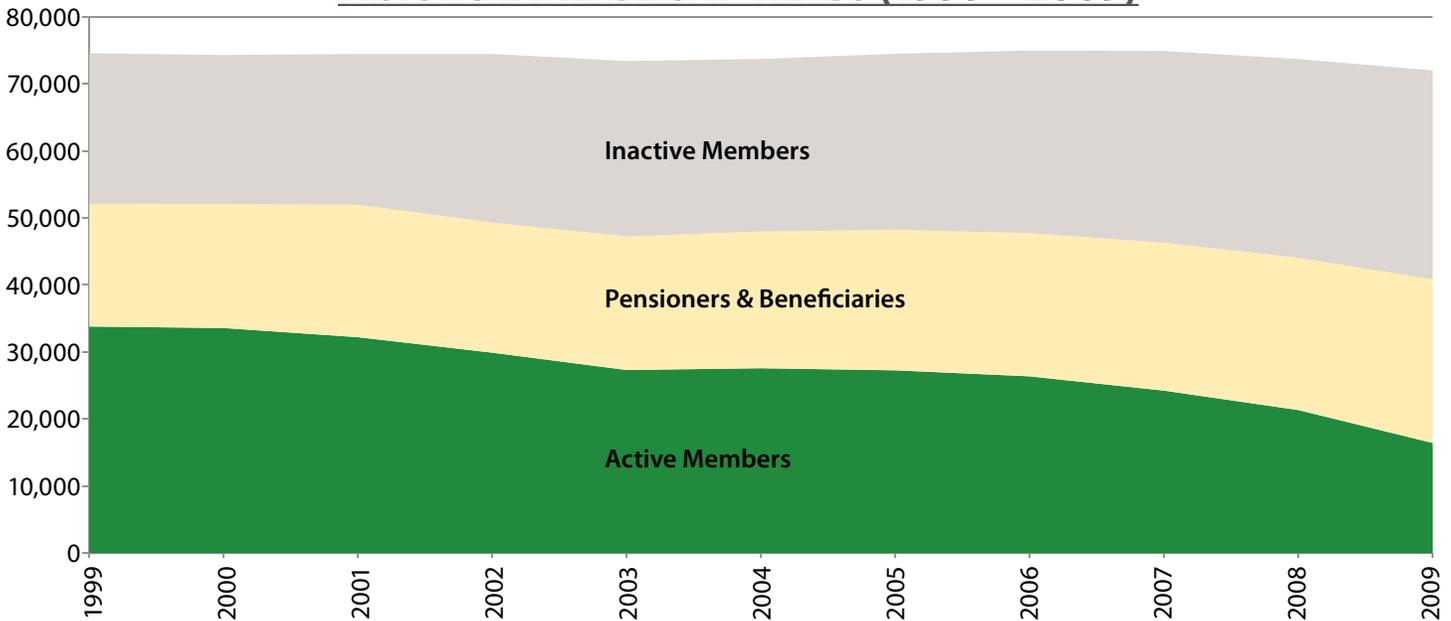
Survivor benefits make up over 15% of our pensions in payment (both "pre" and "post" retirement beneficiaries).

MEMBERSHIP

HISTORICAL MEMBERSHIP TRENDS

The number of active Plan members in the forest industry has declined considerably over the past twenty years in response to greater global competition, the rapid pace of technological change, automation within the forest industry and environmental concerns. This decline has in turn led to an increase in our inactive membership and pensioners.

HISTORICAL MEMBERSHIP TRENDS (1999 - 2009)

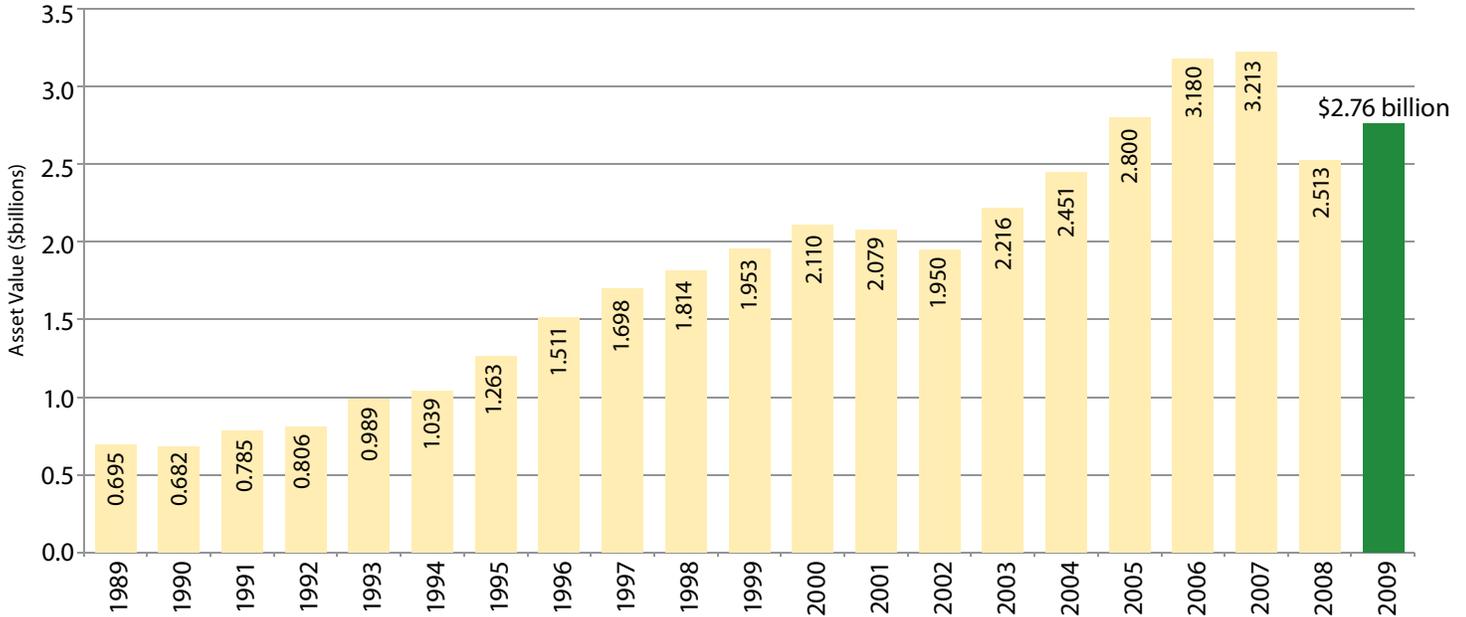


CITY OF VANCOUVER ARCHIVES, LP 255..4 [BETWEEN 1910 AND 1914]

ASSETS IN THE PENSION FUND

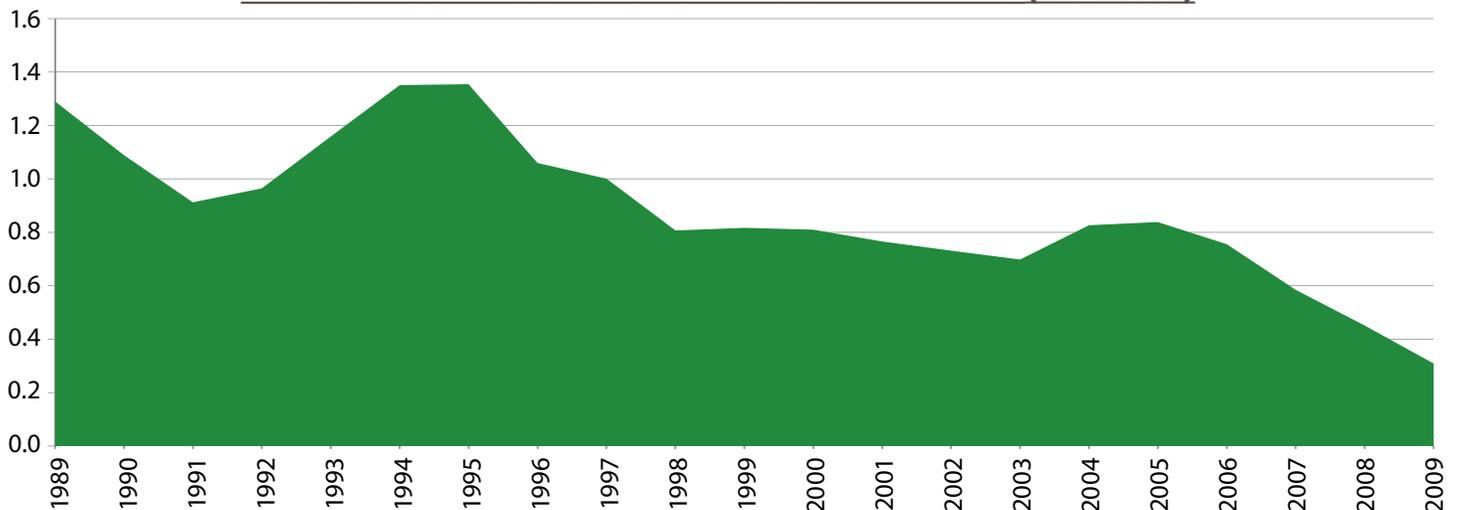
The Pension Fund has grown from \$58 million in 1977 to \$2.76 billion at the end of 2009. During 2009, like 2008, ALL investors – both institutional and individuals – again witnessed unusual stock, bond and real estate market volatility. The Pension Fund is balanced and broadly diversified. It is balance – diversification across asset classes, regions and currencies - that is the key to weathering the ups and downs like investors saw during 2008 and 2009. Further, it is important to keep in mind that long-term performance is most significant for pension plans because they pay benefits to members over very long periods of time. Be assured that the Plan’s investment policies are sound and the Plan’s trustees, staff and investment managers continue to work diligently to ensure the Plan’s long-term investment objectives are met.

MARKET VALUE ASSET GROWTH (20 YEARS)



Contributions from both members and employers add to Plan assets, as do investment returns. As the Plan matures, however, contributions are expected to make up less of total cash inflows while investment returns will make up relatively more. While hourly contributions have risen over the past 20 years, total contributions continue to decline as hours worked decline. This means that should hours worked and total contributions not increase, the Plan will become more reliant on investment returns in the future. The graph below shows the downward trend of contributions relative to pension payments.

RATIO OF CONTRIBUTIONS TO PENSION PAYMENTS (20 YEARS)



ASSET MIX

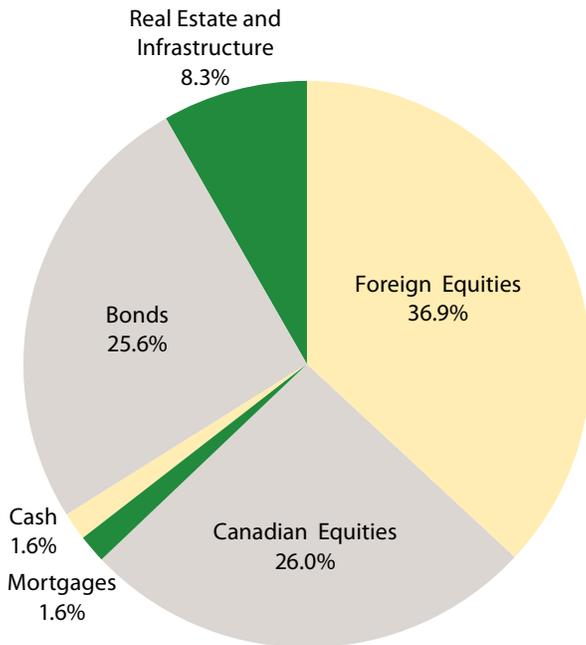
The Plan's long-term asset mix is set as a result of the evaluation of the Plan's liability structure (the payment schedule of pension benefits over time) and the funding of the Plan (expected contributions plus investment returns). The final asset mix is the "best" trade-off of risk and return that comes from evaluating the many possible outcomes and risks associated with investments. Consequently, the Plan's investments are diversified across asset class, region and currency in stocks, bonds and real estate. Professional staff and investment managers manage these investments and regularly report on their activities to the Plan's Investment Committee.

The Plan's equity portfolio is further diversified according to investment style by using managers who follow value, growth and core investment styles. However, overall, the Plan's equity portfolio is managed with a value bias. The value style of investing tends to provide the portfolio with better protection when markets are not performing well while producing attractive returns over the longer-term.

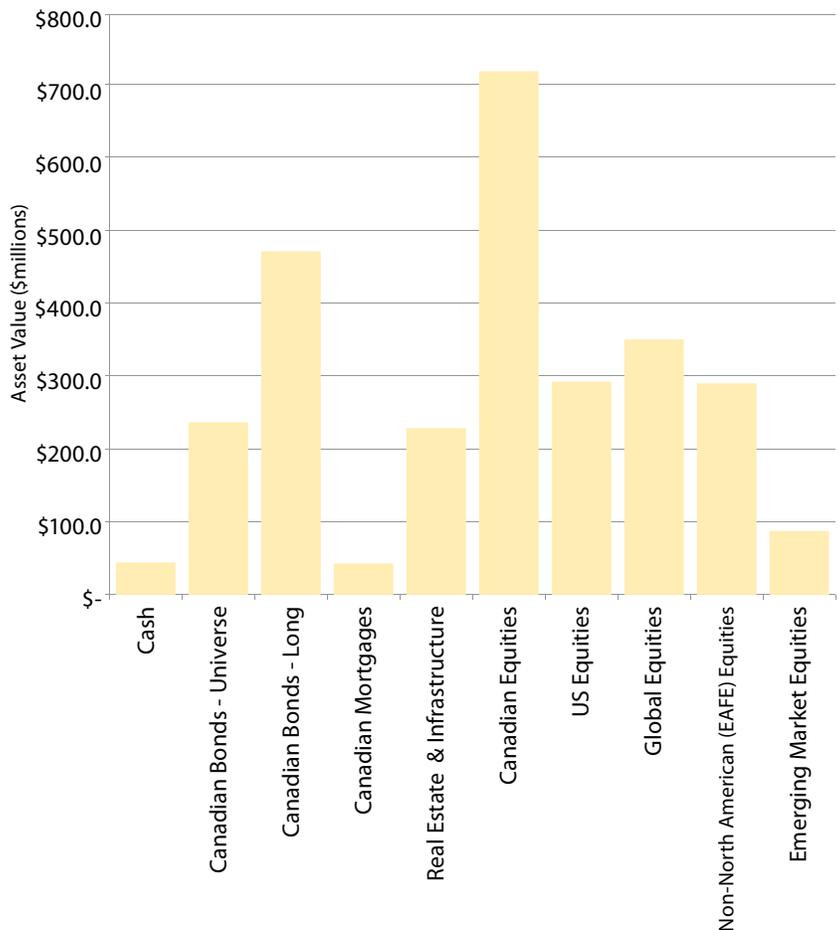
The Plan's asset mix as at year-end 2009 was as follows:

ASSET DIVERSIFICATION AS AT DECEMBER 31, 2009

ASSET ALLOCATION



ASSET CLASS VALUE



RATES OF RETURN AND BENCHMARKS

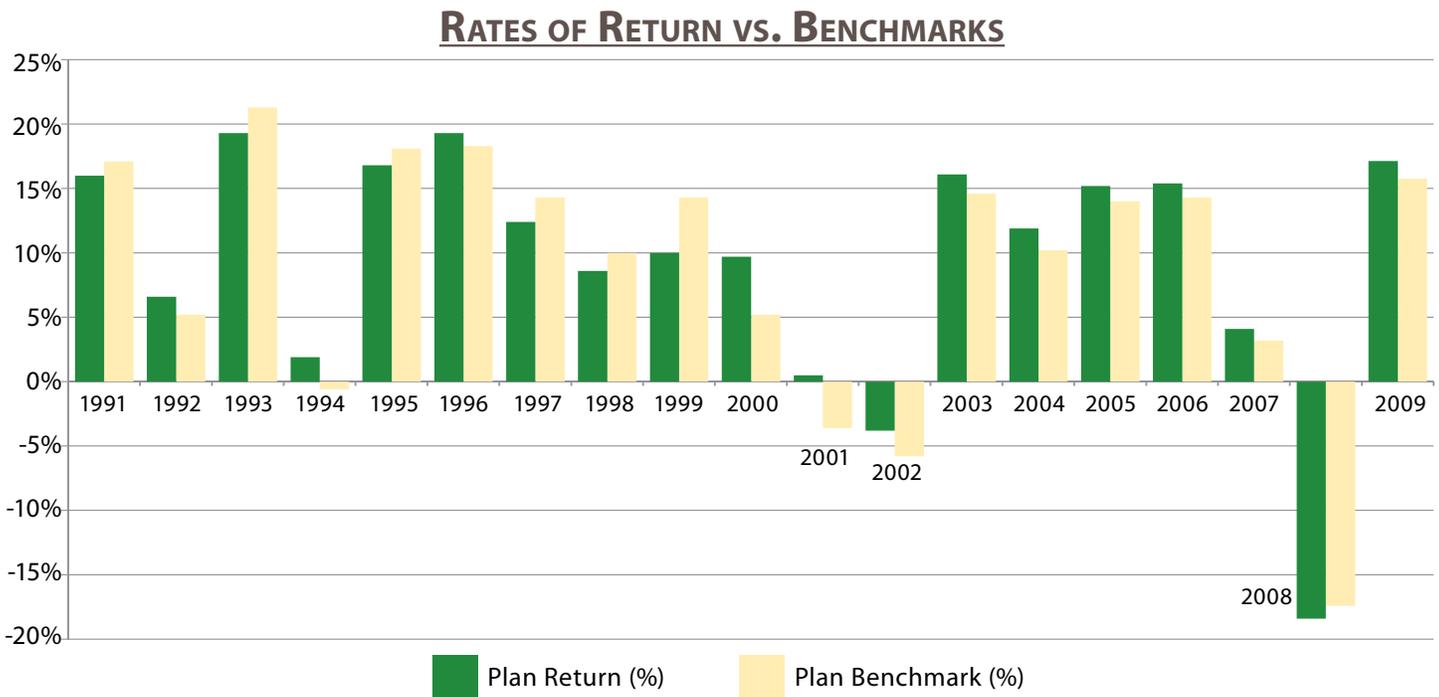
A benchmark is a standard for comparison. At the investment manager or asset class level, it is an index chosen because it best reflects the risk and return of a particular investment approach. A benchmark helps answer the basic question of “How are the Plan’s investments performing?”

The total Plan benchmark is a weighted combination of the individual benchmarks of each asset class. The weighting reflects the Plan’s long-term allocation to each asset class.

For the year ended December 31, 2009, the Plan’s return was 17.1% against the benchmark of 15.8%. Plan returns have been positive in 27 of the last 31 years. Further, Plan returns have beat the benchmark in 12 of the last 19 years.

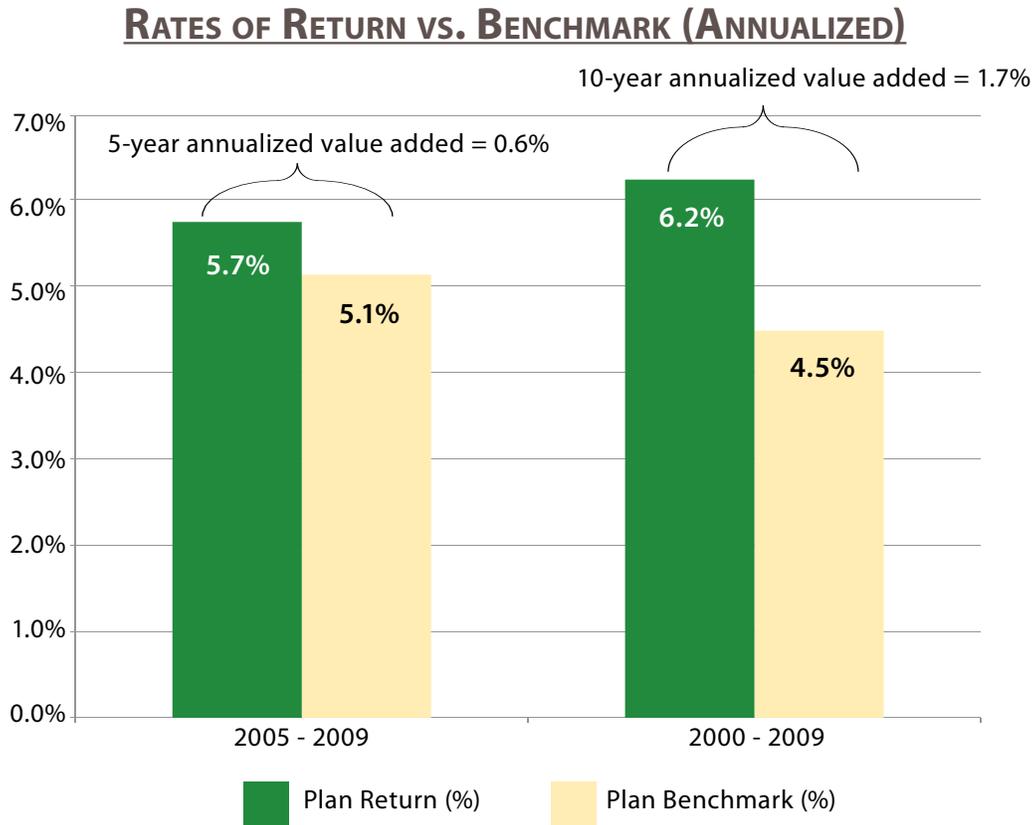
Market performance in 2008 and 2009 has reminded all investors that any one year is unpredictable and can be volatile. It is important therefore, to keep in mind that long-term performance is most significant for a pension plan because benefits are paid to members over very long periods of time. Over the last ten years, for example, the Plan’s investment returns have averaged 6.2% versus a benchmark of 4.5%. During that ten year period, however, returns reached as high as 17.1% and as low as -18.4%.

The Plan’s investment returns need to be interpreted with care. Plan performance should not be evaluated over short-term periods. Annual review periods are too short and are included to demonstrate how short-term results can be very volatile. This is especially important as the Plan has and will continue to experience both strong and weak market environments over time. The chart below shows actual annual rates of return for the Plan and the Plan’s benchmark since 1991.



RATES OF RETURN AND BENCHMARKS

The Board regularly monitors the Plan's assets, liabilities, investment policies and returns. Although short-term performance is important, our funding objective is long-term; to deliver pension benefits to members over decades. The chart below provides a relevant comparison of results over five and ten year periods.



Achieving performance above the benchmark of 0.5% is significant and difficult for many pension plans to accomplish. The Plan has beat the benchmark by 1.7% over the last ten years. Over time, value-added performance accumulates like compound interest and can be a significant contributor to Plan performance.



INVESTMENT MANAGERS AS AT DECEMBER 31, 2009

Manager	Mandate	% of Assets Managed
TD Asset Management	Canadian Equities	11.6
Phillips Hager & North	Canadian Equities	9.0
Beutel Goodman	Canadian Equities	5.4
TD Asset Management	Canadian Bonds	12.8
Phillips Hager & North	Canadian Bonds	9.9
Beutel Goodman	Canadian Bonds	4.5
JP Morgan Asset Management	US Equities	5.3
Aronson + Johnson + Oritz	US Equities	5.2
Alliance Bernstein	Global Equities	8.6
Capital Guardian	Global Equities	4.1
Oechsle	Non-North American (EAFE) Equities	5.4
Sprucegrove	Non-North American (EAFE) Equities	5.1
Capital Guardian	Emerging Market Equities	3.2
Various	Real Estate and Infrastructure	8.3
Internal	Cash	1.6

TOP TEN HOLDINGS AS AT DECEMBER 31, 2009

	Security Issuer	Type of Security	Holding as a % of Total Assets
1	Concert Real Estate Corporation	Real Estate	2.2
2	Toronto Dominion Bank	Canadian Bank Stock	1.6
3	Royal Bank of Canada	Canadian Bank Stock	1.3
4	Canadian Imperial Bank of Commerce	Canadian Bank Stock	1.2
5	Canadian Government	Canadian Government Bond - 5% Coupon Maturity June 1, 2037	1.2
6	Ontario Government	Provincial Government Bond - 7.6% Coupon Maturity June 2, 2027	1.1
7	Manulife Financial Corporation	Canadian Financial Company Stock	1.0
8	Suncor Energy Corporation	Canadian Energy Company Stock	1.0
9	Barrick Gold Corporation	Canadian Gold Company Stock	0.9
10	Canadian Government	Canadian Government Bond - 4% Coupon Maturity June 1, 2041	0.9

PLAN'S FINANCIAL POSITION

GOING CONCERN ACTUARIAL LIABILITY

Going concern is an actuarial method used to measure Plan funding which assumes an entity remains in existence for the foreseeable future. The going concern actuarial liability provides an estimate of the obligations of the Plan, assuming that the Plan continues indefinitely.

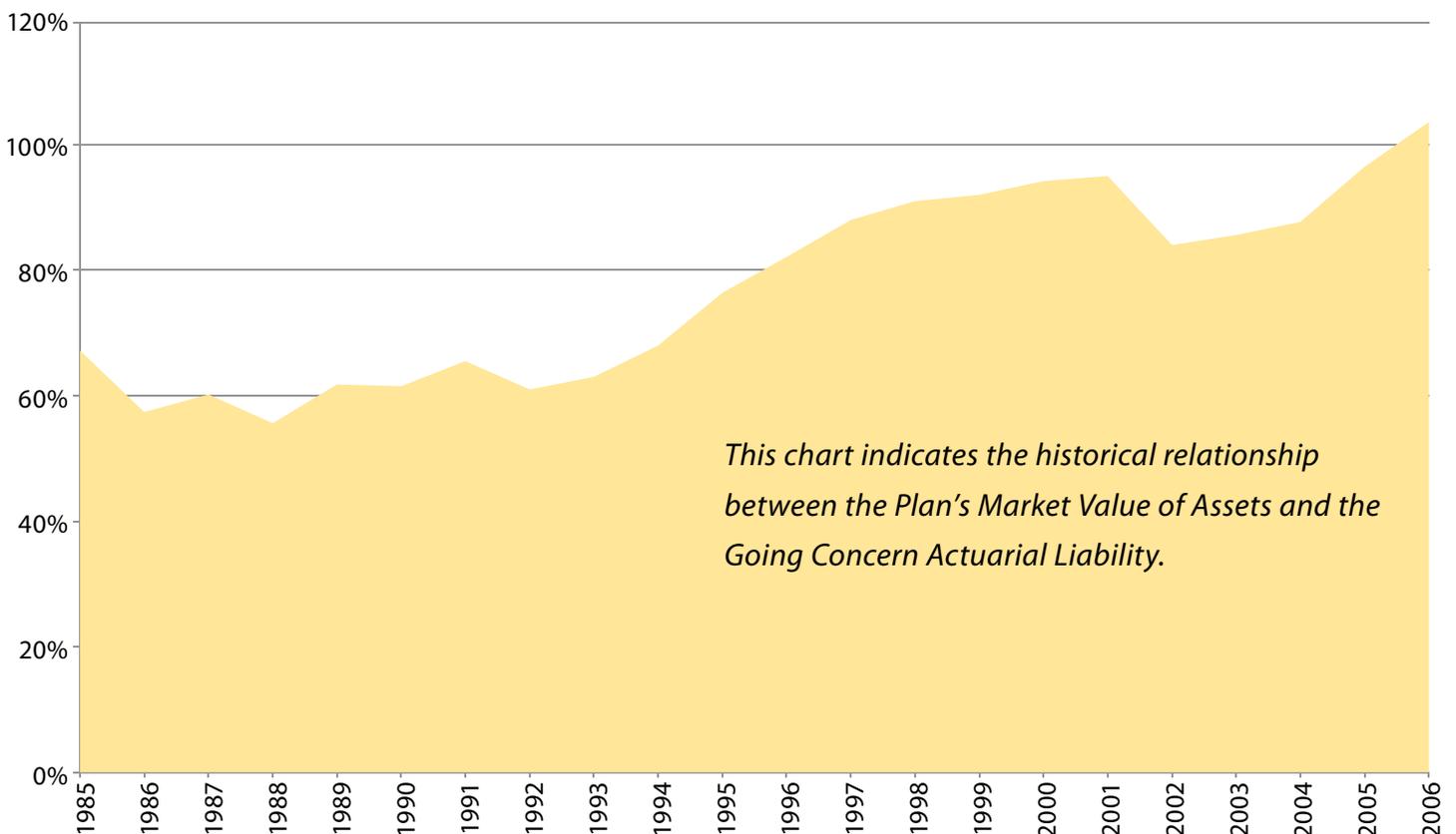
The assumptions used to determine the going concern actuarial liability are the best estimate of each assumption, including a margin for adverse deviation. These assumptions change over time, as economic conditions change. Each year, ongoing pension accruals add to the Plan's liabilities and benefits paid reduce the Plan's assets, while potential investment returns and contributions add to the Plan's assets.

In accordance with the *Pension Benefits Standards Act of British Columbia* and the *Income Tax Act (Canada) and Regulations*, an actuarial valuation is required to be filed at least every three years to estimate the Plan's surplus or deficit, and to determine the Plan's funding requirement. The last filed actuarial valuation, December 31, 2006, disclosed actuarial assets of \$3,015,558,000, with accrued pension liabilities of \$2,911,940,000, resulting in a surplus of \$103,618,000.

The key actuarial assumption included in this valuation is an assumed long-term investment return of 6.5% per year. When the going concern actuarial liability is larger than the Plan's actuarial value of assets, the shortfall must be paid into the Plan over a period not exceeding 15 years.

The ratio of the Plan's market value of assets to its actuarial liability was estimated at 103.6% at December 31, 2006, up from 87.7% two years earlier.

HISTORICAL FUNDED RATIO



PLAN'S FINANCIAL POSITION

SOLVENCY LIABILITY

Solvency is the ability of an entity to pay future financial obligations. The *Pension Benefits Standards Act of British Columbia* regulates pension plans for solvency requirements. "Solvency valuations" are filed every three years with the *Financial Institutions Commission of BC*. The solvency valuation provides an estimate of the ability to pay the obligations of the Plan assuming that the Plan is wound up on the valuation date.

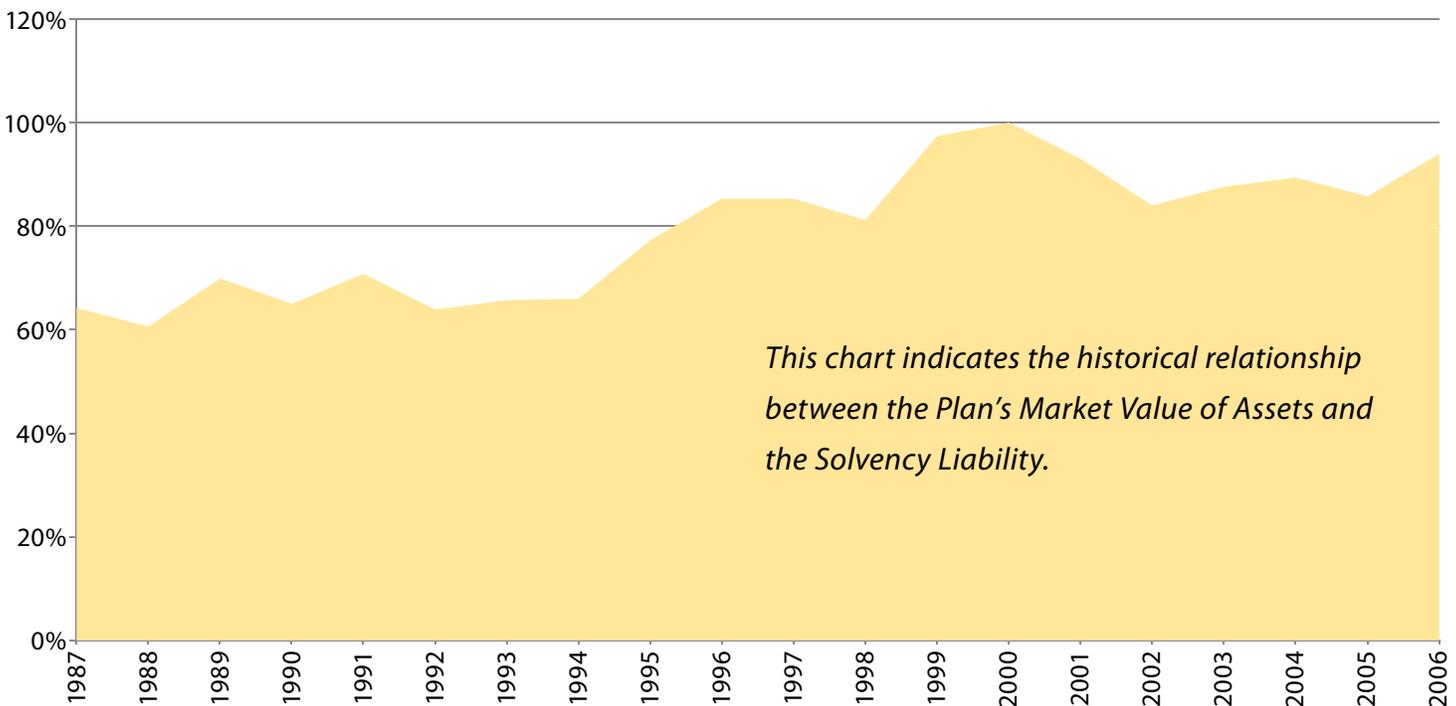
The assumptions used to determine the solvency liabilities are developed based on the manner in which benefits would likely be settled if the Plan was wound up on the valuation date. For this purpose, it is assumed that all members under age 55 would receive a commuted value and that all members age 55 and over would have an annuity purchased on their behalf. These assumptions change over time, as economic conditions change.

The key assumption is the interest rate used to calculate the solvency liability. The interest rate is determined based on yields on long-term bonds and is mandated by the government and the actuarial profession. The Trustees have no control over the selection of this assumption. When the interest rate declines, the solvency liability increases. Conversely, when the interest rate rises, the solvency liability decreases. From 1997 to 2006 the interest rate declined by over 3%, from 8% to 4.5%. This decline in long-term interest rates alone has increased the solvency liability by nearly \$1 billion.

When the solvency liability is larger than the Plan's current market value of assets, the shortfall must be paid into the Plan over a period of five years, or the benefit payments must be reduced.

As of the last filed actuarial valuation, December 31, 2006, the ratio of the Plan's market value of assets to solvency liabilities was estimated at 94.0% at year-end, up from 89.4% two years earlier. This solvency ratio indicates that the Plan currently does not have sufficient assets to cover all the benefits that had been promised as of that date. The valuation is, however, within the limits of the *Pension Benefits Standards Act* for solvency requirements.

HISTORICAL SOLVENCY RATIO



SUMMARIZED FINANCIAL STATEMENTS FOR 2009

IWA - FOREST INDUSTRY PENSION PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR MEMBERS

Year Ended	2009	2008
ASSETS		
Cash	\$ 26,550,085	\$ 21,235,525
Investment income receivable	3,736,545	4,968,101
Contributions and other receivable	6,155,317	7,635,606
Investments	2,765,499,421	2,523,879,933
	2,801,941,368	2,557,719,165
LIABILITIES		
Payables and accruals	2,663,708	2,496,351
Commuted values payable	5,238,238	4,679,501
Mortgages payable	36,285,174	37,313,580
	44,187,120	44,489,432
Net assets available for members	\$ 2,757,754,248	\$ 2,513,229,733

SUMMARIZED FINANCIAL STATEMENTS FOR 2009

IWA - FOREST INDUSTRY PENSION PLAN

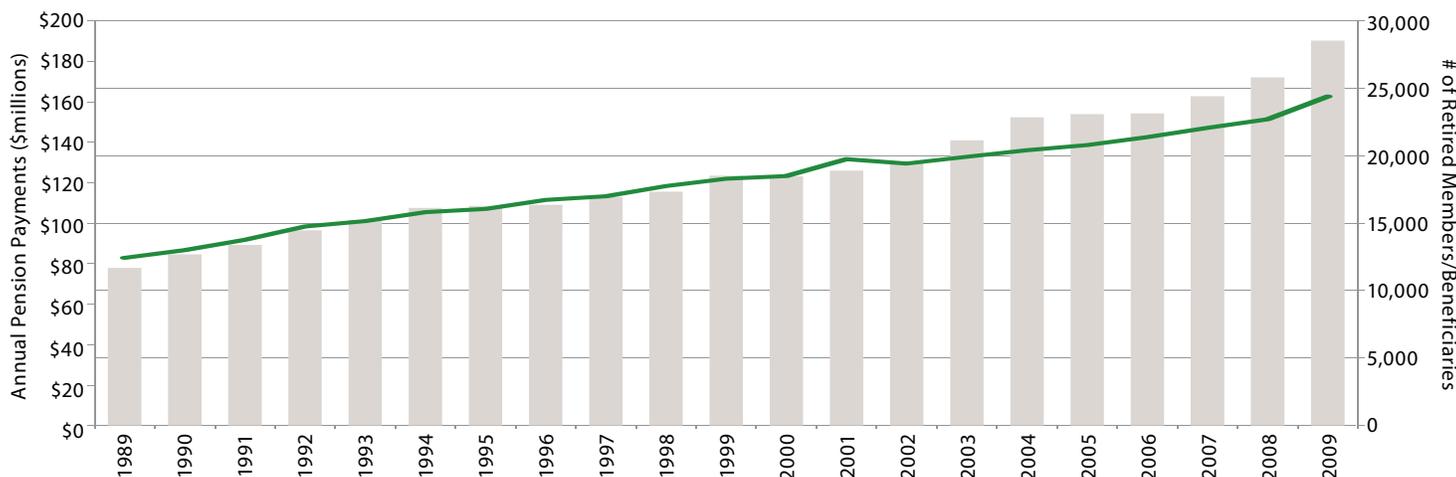
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR MEMBERS

Year Ended	2009	2008
REVENUE		
Investment Income	\$ 98,561,363	\$ 141,840,602
Loss on sale of investments	(59,520,551)	(97,209,368)
Unrealized gain (loss) on investments	367,940,542	(624,648,473)
	406,981,354	(580,017,239)
CONTRIBUTIONS		
Employer	41,742,509	57,871,718
Employee	26,023,256	31,662,202
	474,747,119	(490,483,319)
EXPENSES		
Benefit payments	219,378,549	198,291,734
Administrative	3,991,548	3,819,578
Non-administrative	6,852,507	6,880,495
	230,222,604	208,991,807
Increase (decrease) in net assets available for members	244,524,515	(699,475,126)
Net assets available for members		
Beginning of year	2,513,229,733	3,212,704,859
End of year	\$ 2,757,754,248	\$ 2,513,229,733

BENEFIT PAYMENTS

Benefits under the Plan, held in Trust, are provided from the Pension Fund. The Plan paid a total of \$219.4 million to members and beneficiaries in 2009. This number includes \$190.3 million to retired members and their beneficiaries and \$29.1 million in commuted value payments for inactive members under the age of 55 and death benefits paid on behalf of deceased Plan members.

PENSION PAYMENTS TO RETIRED MEMBERS AND THEIR BENEFICIARIES



OPERATING EXPENSES

In 2009, the IWA - Forest Industry Pension Plan had an administrative cost of \$60.83 per member. This number has remained relatively stable for the past 5 years as detailed in the next table. The Plan's total operating costs (including Investment and Custodial Fees) for 2009 totalled \$10,844,055.

	2009	2008	2007	2006	2005
Administrative Expenses	\$3,991,548	\$3,819,578	\$3,611,058	\$3,624,579	\$3,242,892
Actuarial & Consulting Fees	210,921	258,936	243,177	212,929	281,694
Audit & Accounting Fees	89,159	105,489	90,660	91,122	59,804
Legal Fees	14,334	19,641	22,278	12,992	41,696
Registration Fees	75,332	20,308	20,315	20,315	20,294
TOTAL ADMINISTRATIVE COST	\$4,381,294	\$4,223,952	\$3,978,488	\$3,961,937	\$3,646,380
Total Number of Members	72,025	73,718	74,926	76,991	74,488
Administrative Cost per Member	\$60.83	\$57.30	\$53.22	\$51.46	\$48.98

Each year the Plan measures cost performance by using a pool of major Canadian pension plans to benchmark overall administrative cost per member. This pool covers over one million pension plan members. The average administrative cost for this pool for 2008 was \$159 per member. Three of the plans used in this comparison had membership totals very close to our Plan (approximately 75,000). The average administrative cost for this group was \$219 per member.

INVESTMENT & CUSTODIAL EXPENSES

The Investment Fees for 2009 totalled \$5,851,323. Custodial Fees for the year totalled \$611,438. This computes to 0.2343% of the Market Value of the Fund. Investment management fees can vary greatly and are a product of the size and type of asset being managed. Investment and Custodial Fees are usually calculated as an annual percentage of the average total net asset value of the fund. In some cases, additional investment manager fees are netted against asset values and performance based fees may be payable, and therefore are not included in the table below.

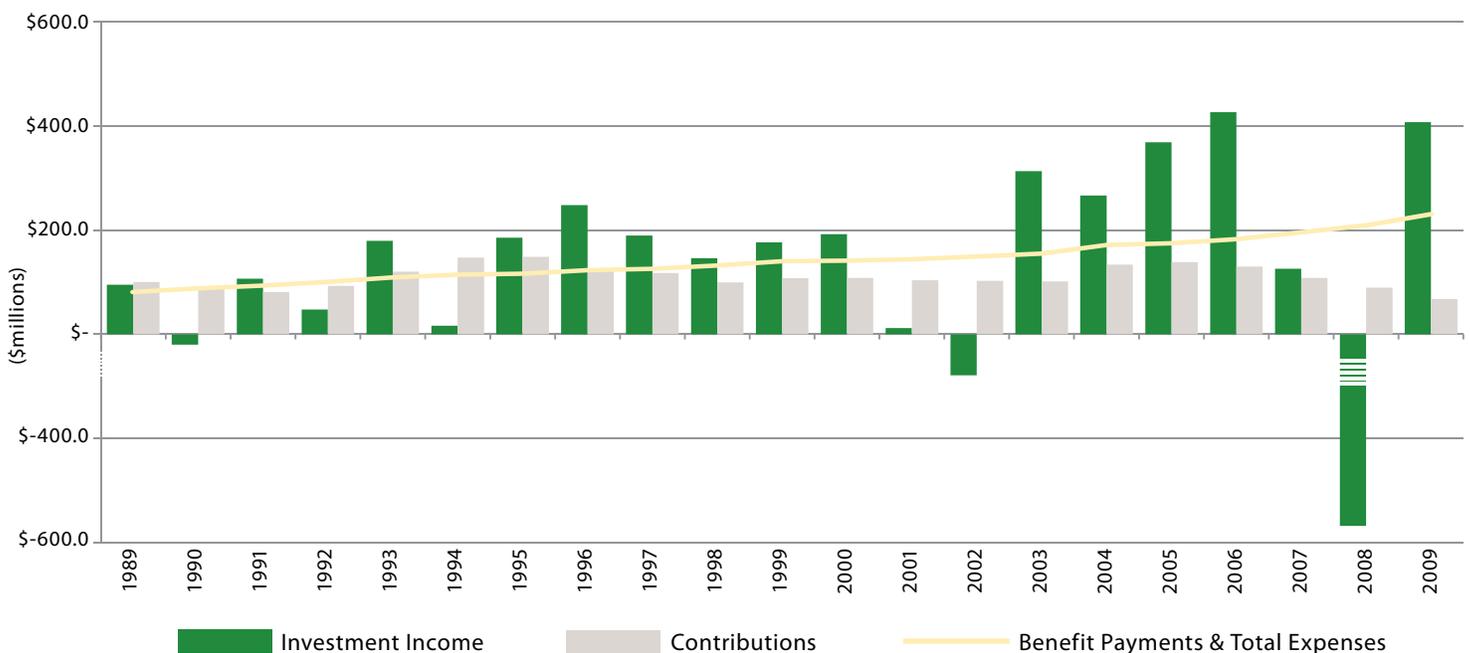
The following table illustrates the last five years of the Plan's Investment and Custodial Fees:

	2009	2008	2007	2006	2005
Investment Fees	\$5,851,323	\$5,950,940	\$6,171,084	\$5,722,314	\$5,386,648
Custodial Fees	611,438	525,181	556,902	541,647	469,035
TOTAL	\$6,462,761	\$6,476,121	\$6,727,986	\$6,236,961	\$5,855,683
Market Value of Fund	\$2,757,754,248	\$2,513,229,733	\$3,219,782,032	\$3,179,965,696	\$2,800,303,008
% of Market Value of Fund	0.2343%	0.2577%	0.2090%	0.1970%	0.2091%

ANNUAL CASH FLOW

The Plan had a total net income of \$474,747,119 in 2009, which includes an increase from employer and employee contributions of \$67,765,765 and an investment gain of \$406,981,354. The benefit payments and expenses totalled \$230,222,604. The value of the Pension Fund therefore increased by \$244,524,515 during 2009.

INVESTMENT INCOME & CONTRIBUTIONS VS. BENEFIT PAYMENTS & EXPENSES

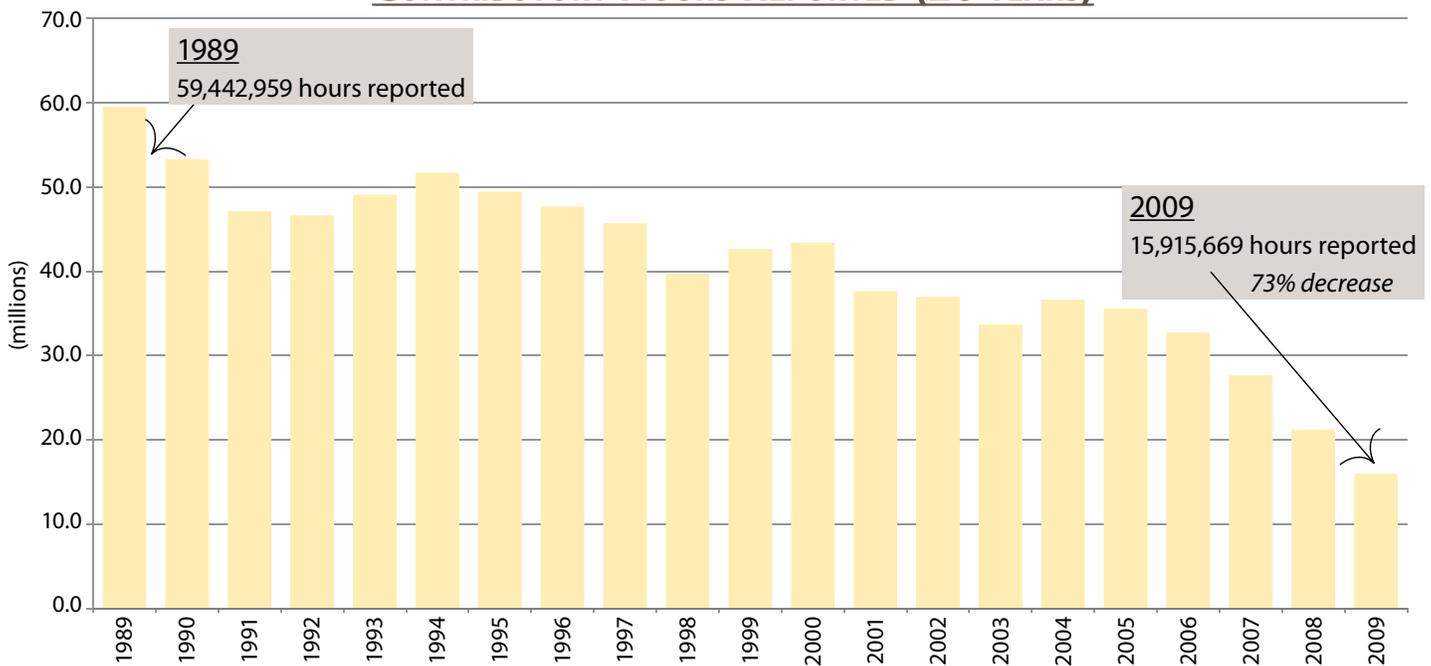


CONTRIBUTORY HOURS

The Plan had a total of 15,915,669 hours reported for 2009. The forest industry has undergone many challenges in the last few years. On the heels of the softwood lumber dispute and the destruction caused by the mountain pine beetle, the current market conditions have been challenging for the industry, ultimately resulting in a steady decline in contributions.

As the industry is restructured, the hours reported have declined substantially in the last 10 years by approximately 63%.

CONTRIBUTORY HOURS REPORTED (20 YEARS)



GLOSSARY

Active Member - A member of a participating employer who maintains continuous employment. For the purpose of the Plan, continuous employment means that the member does not incur a break-in-service or maintains 350 qualifying hours, as defined by the Plan Text, in two consecutive calendar years.

Actuarial Liability - An estimate of the Plan's financial obligations, which uses actuarial assumptions (economic and demographic) and assumes that the Plan continues indefinitely.

Actuarial Valuation - Examination of a pension plan by an actuary to assess the solvency of the plan and determine the level of contributions required to maintain or improve its solvency (solvency valuation). Also included is a going concern valuation used to determine the value of a plan assuming it will continue to operate indefinitely as a going concern.

Actuarial Value of Assets - The theoretical value of the Plan assets as of a given date, determined by applying a set of actuarial assumptions (economic and demographic). The actuarial value of assets smooths the gains and losses of the market value of assets over a four-year period.

Actuary - A trained specialist in the pension field responsible for determining pension plan liabilities. In Canada, full professional recognition requires membership in the *Canadian Institute of Actuaries*.

Annuity - A series of equal payments made at intervals to an individual from a lump sum investment either for life or for a specified period of time.

Benchmark - An "Investment Benchmark" is the index representative of the asset class against which a portfolio manager's investment performance is evaluated.

Beneficiary - A person designated by a Plan member to receive benefits.

Board of Trustees or Trustees - Those persons appointed under the Trust Agreement acting as fiduciaries, holding the assets and administering the Plan for the members' and beneficiaries' benefit.

Bond - A certificate of debt issued by a government or corporation guaranteeing payment of the original investment plus interest by a specified future date. Also referred to as a fixed-interest security.

Commuted Value - The actuarial present value of the pension benefits to which a Plan member or former Plan member may be entitled to, calculated in accordance with the *Pension Benefits Standards Act of British Columbia* which takes into account several variables such as life expectancies and interest rates relevant at the time.

Custodian - A financial institution or trust company that holds in custody and for safekeeping, the securities and other assets of a trust fund.

Early Retirement - Retirement prior to a member's "normal" retirement date (65 years of age). Members of the IWA - Forest Industry Pension Plan can commence their pension anytime after age 55 with the appropriate actuarial reductions.

Emerging Markets - the financial markets of developing economies.

Equity or Equities - Refers to the ownership of property, usually in the form of common stocks, as opposed to fixed income bearing securities such as bonds or mortgages.

Going Concern - Refers to the assumption that the Plan will continue indefinitely, people will retire, terminate, and die in the normal patterns.

GLOSSARY

Inactive Member - Often referred to as “vested deferred” member. Member has a break-in-service or has failed to maintain 350 qualifying hours, as defined by the Plan Text, in two consecutive calendar years.

Investment Fee - The service fee of the investment managers. Varies depending on the size of the fund and rate of return.

Long Bonds - Bonds with a term to maturity of more than 10 years.

Market Value - The current price at which a security or commodity is trading as indicated by current market conditions.

Member Services - Plan staff available to members to answer questions and provide forms.

Normal Retirement Date - Age 65 is the normal age of retirement in this Plan. It is the age at which a Plan member can retire and receive full unreduced pension. However, because of a special Plan provision, active members can retire with a fully subsidized pension at age 60.

Pension Fund (“Fund”) - The account where monies received by the Trustees, including employer and employee contributions and investment income are held in Trust.

Plan Member (“Member”) - A person who has become covered by the Plan and continues to be covered under the Plan.

Plan Sponsor - Plan sponsor means an employer, association or any other entity providing a benefit plan. For this Plan, the Plan sponsors are the United Steelworkers and the employer associations: FIR, I.F.L.R.A., CONIFER and other independent employers.

Plan Text - The document which sets out the eligibility requirements to become a member of the Plan and the amount of benefits that will be paid to Plan members and beneficiaries.

Portfolio - A compilation of investments held by an institution or individual.

Solvency - The capacity of an entity to pay future benefits or claims that have been promised; calculated in terms of a specific date.

Solvency Valuation - The valuation of the liabilities and assets of a pension plan determined as if the plan had been wound up on the valuation date using methods and actuarial assumptions in accordance with generally accepted actuarial principles and practices appropriate for such determination.

Subsidized Early Retirement Reduction - A benefit that allows active members of the Plan to retire early with little or no reduction to their pension (55-59 marginal reduction, 60+ no reduction).

Trust - The property held by the Trustees for the benefit of another under a fiduciary relationship to be used only for the purposes set out in the Trust Agreement.

Trust Agreement - The agreement entered into by the union and employer association groups that established the Pension Trust and Pension Plan.

Wind Up / Wound Up - Discontinuation of a pension plan as regulated by law. The plan is essentially shut down as of a given date and the pensions are paid out according to the solvency calculated on the specific date.





IWA - FOREST INDUSTRY PENSION PLAN
150 - 2955 Virtual Way
Vancouver BC V5M 4X6

Main Switchboard: 604-433-6310
Toll Free in BC: 1-800-663-4384
Pension Information: 604-433-5862
Pension Toll Free: 1-800-913-0022
Facsimile: 604-433-0518

Website: www.iwafibp.ca