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Estimated Solvency Funded Status of Defined Benefit Plans in Ontario

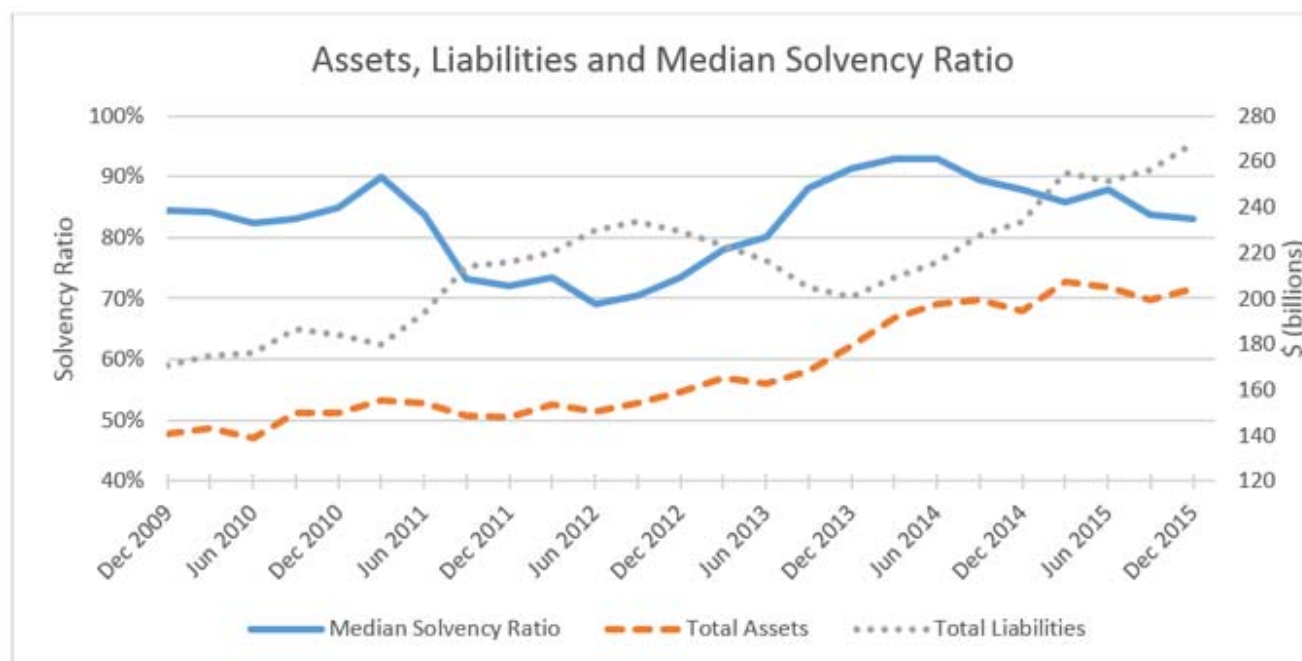
Update as at December 31, 2015

- **The median solvency ratio is 83% (compared to 84% as at September 30, 2015)**
- **29% of plans had a solvency ratio between 85% and 100%**
- **8% of plans had a solvency ratio greater than 100%**

The 1% decrease in the estimated median solvency ratio since September 30, 2015 was due to the following:

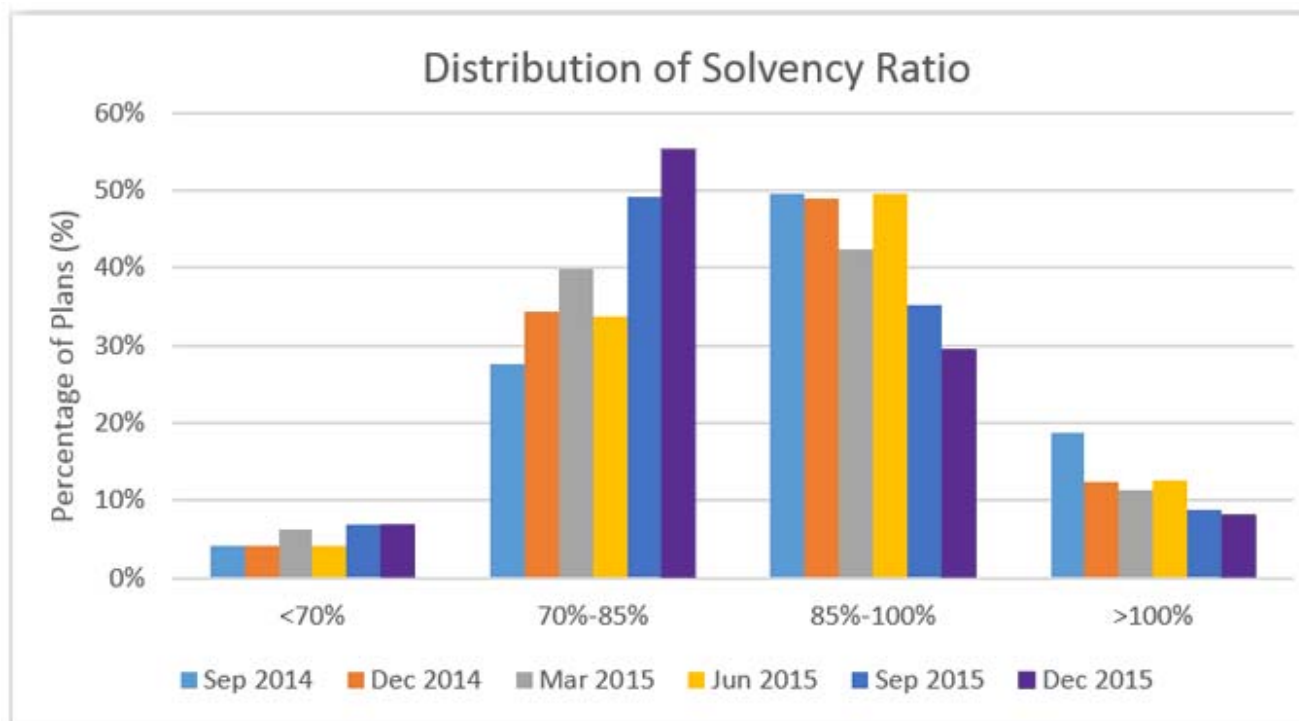
- investment return on the model pension fund of 2.4% in the fourth quarter of 2015 caused the ratio to increase by 1%;
- the change in solvency liabilities due to changes in the Commuted Value Discount Rate and the Annuity Purchase Discount Rate was offset by the change in the mortality table, resulting in a 2% drop in the ratio.

Assets, Liabilities and Median Solvency Ratio



[View accessible description of Assets, Liabilities, and Median Solvency Ratio Line Chart](#)

Distribution of Solvency Ratios



[View accessible description of Distribution of Solvency Ratios Bar Chart](#)

Methodology and Assumptions:

- The results reported in the last filed actuarial valuation reports (assets and liabilities) were projected to December 31, 2015 based on these assumptions:
 - sponsors would use all available funding excess and prior year credit balance for contribution holidays, subject to any statutory restrictions;
 - sponsors would make the normal cost contributions and special payments, if required, at the statutory minimum level;
 - the amounts of cash outflow would equal the pension amounts payable to retired members as reported in the last filed valuation report. Plan administration costs were not reflected.
- The assumed quarterly asset class returns for 2015 are shown in the table below. The model pension fund earned a year-to-date rate of return of 3.8% to the end of the fourth quarter of 2015. These rates of return (Canadian \$) were developed based on the following asset mix: 45% in fixed income, 30% in Canadian equities, and 25% in foreign equities.

	TSX Canada	MSCI World	FTSE TMX Bond	
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2015				Total Return on model pension fund
1st Quarter	2.6%	11.9%	4.2%	5.7%
2nd Quarter	-1.6%	-1.1%	-1.7%	-1.5%
3rd Quarter	-7.9%	-1.7%	0.1%	-2.8%
4th Quarter	-1.4%	9.3%	1.0%	2.4%
Year-to-date	-8.3%	18.9%	3.5%	3.8%

3. The estimated solvency liabilities were calculated based on the Canadian Institute of Actuaries Standards of Practice and, the Canadian Institute of Actuaries Educational Notes, with these key assumptions:

Valuation Date	Commuted Value Basis	Annuity Purchase Basis ¹
Sept 30, 2015	Interest: 2.00% for 10 years, 3.70% thereafter Mortality: 1994 UP generational	Interest: 2.39% Mortality: 1994 UP generational
Dec 31, 2015	Interest: 2.10% for 10 years, 3.70% thereafter Mortality: CPM2014 generational	Interest: 3.13% Mortality: CPM2014 generational

¹ based on a medium duration illustrative block