Financial statements of

The College of Family Physicians of Canada - Employees’ Pension Plan

December 31, 2011 and 2010
The College of Family Physicians of Canada - Employees’ Pension Plan
December 31, 2011 and 2010

Table of contents

Independent Auditor’s Report ................................................................. 1-2
Statement of net assets available for benefits ........................................... 3
Statement of changes in net assets available for benefits ......................... 4
Notes to the financial statements ............................................................. 5-13
Independent Auditor’s Report

To the Administrator of
The College of Family Physicians of Canada - Employees’ Pension Plan

We have audited the accompanying financial statements of The College of Family Physicians of Canada – Employees’ Pension Plan (the “Plan”), which comprise the statement of net assets available for benefits as at December 31, 2011, and 2010, the statement of changes in net assets available for benefits for the years then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by the Plan Administrator in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Regulation 909, Section 76 of the Pension Benefits Act (Ontario).

Plan Administrator’s Responsibility for the Financial Statements

The Plan Administrator is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Regulation 909, Section 76 of the Pension Benefits Act (Ontario), and for such internal control as the Plan Administrator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Plan Administrator, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2011, and 2010, the changes in net assets available for benefits for the years then ended in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Regulation 909, Section 76 of the Pension Benefits Act (Ontario).

Basis of accounting and restrictions on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Plan Administrator to comply with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Regulation 909, Section 76 of the Pension Benefits Act (Ontario). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Plan Administrator and the Financial Services Commission of Ontario, and should not be distributed to or used by parties other than the Plan Administrator and the Financial Services Commission of Ontario.

Chartered Accountants
Licensed Public Accountants
__________, 2012
The College of Family Physicians of Canada - Employees’ Pension Plan
Statement of net assets available for benefits as at December 31, 2011 and 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Defined benefit</td>
<td>Defined contribution</td>
</tr>
<tr>
<td>Assets</td>
<td>$3,902,834</td>
<td>$5,945,243</td>
</tr>
<tr>
<td>Investments, at market value (Note 3)</td>
<td>3,902,834</td>
<td>5,945,243</td>
</tr>
<tr>
<td>Net assets available for benefits</td>
<td>3,902,834</td>
<td>5,945,243</td>
</tr>
</tbody>
</table>

Approved on behalf of the Administrator

___________________________________

___________________________________
The College of Family Physicians of Canada - Employees’ Pension Plan

Statement of changes in net assets available for benefits
year ended December 31, 2011 and 2010

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Defined benefit</td>
<td>Defined benefit</td>
</tr>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Increase in net assets
Contributions
   Employee
      Current service, required  - 319,526  - 287,552
   Employer
      Current service, required  95,473  256,828  104,400  231,020
      Past service  216,096 - 280,193 -
      Interest earned  - 47,777 - 62,349
      Transfer (out of) into plan  - (105,151)  346,113  179,303 (18,064)
      Net realized gain  14,343 - 340,028  346,113 -

|                           | 325,912  | 518,980  | 910,009  | 902,885  |

Decrease in net assets
Termination payments  - 1,171  - 291,887  1,366
Annuity payments  94,947 - 94,101 -
Investment management fees  27,083 - 23,877 -
Net unrealized loss  27,892  143,219 - -

|                           | 149,922  | 144,390  | 409,865  | 1,366    |

Increase in net assets
Net assets available for benefits, beginning of year  3,726,844  5,570,653  3,226,700  4,669,134

|                           | 3,902,834 | 5,945,243 | 3,726,844 | 5,570,653 |

Net assets available for benefits, end of year
1. Description of the plan

The following description of The College of Family Physicians of Canada - Employees’ Pension Plan (the “Plan”) is provided for general information purposes only. Reference should be made to the Plan Agreement for more complete information.

These financial statements present information of the fund (the “Fund”) of the Plan.

(a) General

The Plan was changed from a defined benefit plan to a hybrid plan on January 1, 1993, whereby members of the Plan will receive benefits that will be the greater of their benefits under the defined benefit portion of the plan and an annuity purchased from their account balance in the defined contribution component upon their retirement. The Plan was further amended to reflect that employees hired after July 1, 2005 would only be eligible to join the defined contribution component. New employees, excluding senior staff, of the College of Family Physicians of Canada (the “College”) are required to join the Plan after one year of service. Senior staff employees of the College have the option of joining the defined benefit (hybrid) component or the defined contribution component of the Plan. The College’s Plan is registered under Pension Benefits Act (Ontario) and Canada Revenue Agency under registration number 0236000. Manulife Financial has been Trustee/Administrator of the Plan since July 1, 1992. The most recent actuarial valuation of the Plan was performed by Morneau Sobeco as at December 31, 2009.

(b) Contributions

(i) Defined benefit component

If member contributions to the Plan were made prior to January 1, 1993, they will remain as part of the defined benefit component and continue to earn interest.

Plan members in the defined benefit component are either classified Class A, B or C. Class A members contribute 5.5% of the member’s plan earnings up to the Yearly Maximum Pensionable Earnings (“YMPE”) plus 7.0% of plan earnings in excess of the YMPE. Class C members contribute 6.5% of the member’s plan earnings up to the YMPE, plus 8.0% of plan earnings in excess of the YMPE. Certain designated executive members (Class B) shall not be required to contribute to the Plan.

For Class A and C members, the employer will contribute 3.5% of earnings to the YMPE and 5.0% of earnings above the YMPE. For Class B members, the employer will contribute 10% of earnings to the YMPE and 13% of earnings above the YMPE.

The total member and employer contributions made in a year is limited by the Income Tax Act money purchase limits.

All member contributions and employer contributions made after January 1, 1993 are directed to member’s accounts in the defined contribution component with the exception that the employer will contribute additional amounts as recommended by the actuary to fund the minimum defined benefit.

(ii) Defined contribution component

Plan members in the defined benefit component are classified as either Class A or Class C. Members contribute 3.5% of the member’s plan earnings up to the YMPE, plus 5.0% of plan earnings in excess of the YMPE.

The employer will match Class A and C member contributions.
1. Description of the plan (continued)

   (c) Retirement benefits

      (i) Normal retirement

      Normally, pension payments will begin on the first day of the month following the member’s 65th birthday.

      1. Defined benefit component

      Pension benefits for members in the defined benefit component are calculated as follows:

      For service prior to January 1, 1993, the greater of:
      a) 1.75% of earnings up to the YMPE and 2.5% of the earnings above the YMPE; and
      b) 2.00% of 1991 earnings times the years of credited service prior to January 1, 1993.

      Pension benefits earned after January 1, 1993 will be calculated at the greater of:
      a) 2% of member’s earnings in each plan year; and
      b) an annuity that can be purchased from their account balance in the defined contribution component.

      2. Defined contribution component

      Pension benefits are determined as the annuity that can be purchased from their account balance in the defined contribution component.

      The pension is payable for the life of the employee with a guaranteed minimum of 60 monthly payments (the normal form of pension).

      If a member’s spouse is alive, the monthly pension is payable to the employee and the employee’s spouse as long as they are both alive. If the employee dies, the amount of continuing monthly payments may be reduced by not more than 40% and will be payable to the spouse until the first day of the month in which the spouse dies. The pension that is payable under this form is the actuarial equivalent to the normal form of pension.

      Alternatively, the employee may choose to replace the benefits payable under the normal form of pension in any other form of an annuity payable that is accordance with pension regulations. The pension payable is the actuarial equivalent to the normal form of pension

      (ii) Early retirement

      An employee with two or more years of membership service may elect early retirement up to 10 years prior to normal retirement date.

      For members in the defined benefit component, the amount of the early retirement pension shall be the employee’s normal retirement defined benefit pension, as denoted in paragraph (i) above, reduced by 1/2 of 1% for each month (or 6% per year) by which the pension commencement date precedes the date on which the employee would have attained age 65.

      For service after January 1, 1993, the amount of early retirement pension payable is the greater of the reduced pension and the annuity that can be purchased from the account balance in the defined contribution component.

      For members in the defined contribution component, the amount of early retirement pension is determined as the annuity that can be purchased from their account balance in the defined contribution component.
1. Description of the plan (continued)

(d) Death benefits

For members in the defined benefit component, if the member dies before retirement and had completed 2 years of membership at the date of death, the death benefit payable to the member’s beneficiary is equal to the following:

1. For benefits accrued prior to January 1, 1993
   i. member required contributions made before January 1, 1987, with interest
   ii. the commuted value of the defined benefit pension earned for service on and after January 1, 1987 and prior to January 1, 1993

2. For benefits accrued on and after January 1, 1993
   The greater of the commuted value of the defined benefit pension earned for service on and after January 1, 1993 and the member’s account balance in the defined contribution component

For members in the defined contribution component, if the member dies before retirement and has completed two years of continuous service, the death benefit payable to the member’s beneficiary is equal to the total value in the member’s account in the defined benefit component.

If the member has not completed two years of membership service, the death benefit payable to the member’s beneficiary is equal to the member’s required contributions with interest in the defined contribution component.

If death occurs after retirement, payments to the spouse or the beneficiary will depend on the annuity option selected upon retirement.

(e) Termination benefits

If a member terminates his or her employment prior to 10 years of their normal retirement date, he or she will be entitled to any of the following options: leave the funds in the Plan, transfer to a locked-in retirement account, transfer to another registered pension plan or purchase a life annuity.

(f) Income taxes

The Plan is a registered pension plan, as defined in the Income Tax Act and, as such, the income of the Plan is not subject to income taxes.

2. Significant accounting policies

(a) Basis of presentation

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of the Regulations to the Pension Benefits Act (Ontario). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan’s assets to meet its pension obligations.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates.
2. Significant accounting policies (continued)

Change in accounting framework

The Fund adopted Part IV (Section 4600) – Accounting Standards for Pension Plans, of the Canadian Institute of Chartered Accountants (“CICA”) Handbook, effective January 1, 2011. Accounting Standards for Private Entities (“ASPE”) as set out in Part II of the CICA Handbook have been chosen for accounting policies that do not relate to the Plan’s investment portfolio, to the extent that those standards do not conflict with the requirements of Section 4600. This change has been applied retrospectively to all periods presented, as required by Section 4600. The Fund previously prepared its financial statements in accordance with Section 4100, Pension Plans, as set out in Part V of the CICA Handbook. There is no change to the Net Assets Available for Benefits as at January 1, 2010, or to the net increase in the Net Assets Available for Benefits for the year ended December 31, 2010, as a result of adopting Section 4600.

Under Section 4600, all investment assets are measured at fair value at the date of the statement of net assets available for benefits. In determining fair value, a pension plan must refer to the guidance on fair value measurement and disclosure under International Financial Reporting Standards (“IFRS”).

(b) Financial Instruments

Financial assets are classified as “fair value through profit or loss” (“FVTPL”). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

(c) Investments

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs, as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as a change in net unrealized gains.

Fair values of investments are determined as follows:

Guaranteed interest accounts maturing within one year are stated at cost which, together with accrued interest income, approximates fair value, due to the short-term nature of these investments. Guaranteed interest accounts maturing after one year are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality and maturity.

Information regarding the return on the guaranteed interest accounts is not readily available.

Pooled funds are valued at the unit values supplied by the pooled fund administrator, which represent the Fund’s proportionate share of underlying net assets at fair values determined using closing market prices.

Information regarding the book value of certain investments is not readily available as the investment manager where the funds are held does not maintain such information.

(d) Investment income

Investment income, which is recorded on the accrual basis, includes interest income.

(e) Net realized gain on sale of investments

The net realized gain on sales of investments is the difference between proceeds received and the average cost of investments sold.
2. Significant accounting policies (continued)

(f) Foreign exchange

The fair values of foreign currency denominated investments included in the statement of changes in net assets available for benefits are translated into Canadian dollar at year-end rates of exchange. Gains and losses arising from translations are included in the change in net unrealized gains.

Foreign currency denominated transactions are translated into Canadian dollar at the rates of exchange on the dates of the related transactions.

(g) Future accounting requirements

The following accounting standard has been issued, but is not yet effective. Management of the Plan has not yet determined the effect of this standard on the financial statements of the Plan.

IFRS 13, Fair Value Measurement

The Plan is required to adopt IFRS 13, Fair Value Measurement, for fiscal years beginning on or after January 1, 2013 for the measurement of its investment assets and investment liabilities. IFRS 13 is a comprehensive standard on how to measure fair values. IFRS 13 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement requires an entity to determine the following: (1) the particular asset or liability being measured; (2) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a standalone basis; (3) the market in which an orderly transaction would take place for the asset or liability; (4) and the appropriate valuation technique(s) to use when measuring fair value. The technique(s) should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability, and the entity is to disclose those valuation techniques and inputs used to develop the fair value measurements.

3. Investments

The Plan held the following investments at December 31:

Defined benefit plan

<table>
<thead>
<tr>
<th>Units held</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Asset allocation</td>
<td></td>
</tr>
<tr>
<td>Manulife Growth AA</td>
<td>51,634.05939</td>
</tr>
<tr>
<td>Manulife Aggressive AA</td>
<td>47,789.39133</td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
</tr>
<tr>
<td>Manulife MFC Ptd Canadian Bond Index</td>
<td>92,846.68017</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Investments (continued)

<table>
<thead>
<tr>
<th>Asset allocation</th>
<th>Units held</th>
<th>Market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manulife Growth AA</td>
<td>49,085.05208</td>
<td>1,103,014</td>
</tr>
<tr>
<td>Manulife Aggressive AA</td>
<td>45,383.65763</td>
<td>1,101,705</td>
</tr>
<tr>
<td>Fixed income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manulife MFC Pld Canadian Bond Index</td>
<td>88,498.12798</td>
<td>1,522,125</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3,726,844</td>
</tr>
</tbody>
</table>

### Defined contribution plan

<table>
<thead>
<tr>
<th>Funds</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed interest accounts</td>
<td>1,227,221</td>
<td>1,629,602</td>
</tr>
<tr>
<td>Asset allocation</td>
<td>560,777</td>
<td>459,856</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>54,496</td>
<td>30,473</td>
</tr>
<tr>
<td>Fixed income</td>
<td>313,645</td>
<td>271,503</td>
</tr>
<tr>
<td>Balanced</td>
<td>604,095</td>
<td>581,327</td>
</tr>
<tr>
<td>Canadian equity</td>
<td>594,905</td>
<td>652,857</td>
</tr>
<tr>
<td>Foreign equity</td>
<td>403,253</td>
<td>386,143</td>
</tr>
<tr>
<td>Target date funds</td>
<td>2,186,851</td>
<td>1,558,892</td>
</tr>
<tr>
<td></td>
<td>5,945,243</td>
<td>5,570,653</td>
</tr>
</tbody>
</table>
3. Investments (continued)

The following information is provided in respect of individual investments with fair value in excess of 1% of the market value of the Fund, as required by the Pension Benefits Act (Ontario):

Guaranteed interest accounts with the following terms of maturity
- Manulife 1 to 4 years: 107,849
- Manulife 5 to 10 years: 1,119,371

Manulife Target Date Funds with retirement dates of
- 2010: 352,419
- 2015: 578,899
- 2020: 352,593
- 2025: 293,796
- 2030: 234,258
- 2035: 219,602
- 2040 to 2050: 155,284

Manulife Conservative AA: 87,186
Manulife Moderate AA: 46,438
Manulife Balanced AA: 170,267
Manulife Growth AA: 207,633
Manulife Aggressive AA: 49,253
Manulife Canadian Money Market: 54,496
Manulife Bond & Fixed Income: 313,645
Manulife Balanced Income: 604,095
Manulife Canadian Large Capital Equity: 435,746
Manulife Canadian Small/Mid Capital Equity: 159,160
Manulife Fidelity US Large Capital: 253,461
Manulife International & Global Equity: 149,792

Total Investments: 5,945,243

4. Administration fees

In accordance with the Participant Trust Agreement, the expenses charged by the Trustee for its administration and investment duties are paid directly by the Plan and not by the College.

Audit fees are paid directly by the College on behalf of the Plan.

5. Risk management

Market price risk

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Plan’s financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Plan through construction of a diversified portfolio of instruments traded on various markets and across various industries.
5. Risk management (continued)

(a) Interest rate risk
The Plan is subject to interest rate risk. This risk is mitigated through the Fund investing in guaranteed investments with maturities of 5 years or less which reflect current market rates.

(b) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Plan primarily invests in financial instruments and enters into transactions denominated in various foreign currencies, other than its measurement currency. Consequently, the Plan is exposed to risks that the exchange rate of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Plan’s assets or liabilities denominated in currencies other than the Canadian dollar.

(a) Price risk
Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their market value.

To mitigate the price risk on behalf of the members, the Plan offers a range of investment options and investment managers that cover the major asset classes and a risk/return spectrum appropriate for pension funds, in addition to responsible and professional management by the investment fund managers.

Liquidity risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of the Fund’s listed securities are considered to be readily realizable as they are listed on recognized stock exchanges and can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements. The Fund also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

Credit risk
Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

The Plan’s credit risk concentration is spread among listed equity securities as discussed under market price risk above and as detailed in the statement of net assets available for benefits. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, since delivery of securities sold is made only once the broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.
6. **Capital management**

The main objective of the Plan is to sustain a certain level of net assets in order to meet the pension obligations of the College, which are not presented or discussed in these specified-purpose financial statements. The Plan fulfills its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the “SIPP”), which is reviewed annually by the College. The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year’s employee and employer contributions) in accordance with the approved SIPP. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the College. The main use of net assets is for benefit payments to eligible Plan members. Although there is no regulatory requirements relating to the level of net assets and/or funding to be maintained by the Plan, the Plan is required to file financial statements with the Financial Services Commission of Ontario.

7. **Investment hierarchy**

IFRS 7 – Financial Instruments: disclosures, establishes a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Plan’s own assumptions about the assumptions market participants would use in pricing an investment developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

- **Level 1** - quoted prices in active markets for identical investments
- **Level 2** - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3** - inputs for the investment that are not based on observable market data (unobservable inputs)

As at December 31, 2011, all of the Plan’s investments were categorized as Level 2. There were no transfers of investments between Levels during 2011.

8. **Subsequent event**

*Defined benefit pension plan*

Within the defined benefit pension plan, a retroactive adjustment was made effective December 31, 2011, to utilize 2005 earnings rather than the current practice of utilizing the 1991 earnings for pensionable earnings purposes for all classes of employees and to adjust the benefit formula for executive and senior staff (class B and C) to reflect final average earnings. This will be accomplished via a transfer from the General Reserve in 2012 of approximately $1.1 million, resulting in a shift from the unfunded supplementary executive retirement plan available to senior staff members to the funded defined benefit pension.