MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of the Ontario Teachers' Pension Plan have been prepared by management, which is responsible for the integrity and fairness of the data presented, including the many amounts which must, of necessity, be based on estimates and judgements. The accounting policies followed in the preparation of these consolidated financial statements conform with Canadian generally accepted accounting principles. Financial information presented throughout the annual report is consistent with the consolidated financial statements.

Systems of internal control and supporting procedures are maintained to provide assurance that transactions are authorized, assets are safeguarded and proper records maintained. These controls include quality standards in hiring and training of employees, a code of conduct, the establishment of an organizational structure that provides a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines through the organization. Internal controls are reviewed and evaluated by internal audit programs which are subject to scrutiny by the external auditors.

Ultimate responsibility for the consolidated financial statements rests with the Board of Directors. The board is assisted in its responsibilities by the Audit and Actuarial Committee, consisting of five directors who are not officers or employees of the plan administrator. In addition, the committee reviews the recommendations of the internal and external auditors for improvements in internal control and the action of management to implement such recommendations. In carrying out its duties and responsibilities, the committee meets regularly with management and with both the external and internal auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. This committee reviews the consolidated financial statements and recommends them for approval by the board.

The plan's external auditors, Deloitte & Touche LLP, have conducted an independent examination of the consolidated financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express the opinion in their Report to the Administrator. The external auditors have full and unrestricted access to the Audit and Actuarial Committee to discuss their audit and related findings as to the integrity of the plan's financial reporting and the adequacy of internal control systems.

C Lamoureux

CLAUDE LAMOUREUX

PRESIDENT AND CHIEF EXECUTIVE OFFICER

Andrew Jones

ANDREW JONES

VICE-PRESIDENT, FINANCE

FEBRUARY 14, 2001

AUDITORS' REPORT TO THE ADMINISTRATOR

We have audited the consolidated statement of net assets available for benefits and accrued pension benefits and surplus of the Ontario Teachers' Pension Plan as at December 31, 2000 and the consolidated statements of changes in net assets available for benefits, changes in accrued pension benefits and changes in surplus for the year then ended. These consolidated financial statements are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits and accrued pension benefits and surplus of the Plan as at December 31, 2000 and the changes in its net assets available for benefits, changes in accrued pension benefits and changes in surplus for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

CHARTERED ACCOUNTANTS

TORONTO, CANADA

FEBRUARY 14, 2001

William M. Mercer Limited was retained by the Ontario Teachers' Pension Plan Board (the "Board") to perform an actuarial valuation of the assets and the going concern liabilities of the Ontario Teachers' Pension Plan (the "Plan") as at December 31, 2000, for inclusion in the Plan's consolidated financial statements. As part of the valuation, we examined the Plan's recent experience with respect to the non-economic assumptions and presented our findings to the Board.

The valuation of the Plan's actuarial liabilities was based on:

- membership data provided by the Ontario Teachers' Pension Plan Board as at December 31, 1999;
- methods prescribed by the Canadian Institute of Chartered Accountants for pension plan financial statements;
- real and nominal interest rates on long term Canada bonds at the end of 2000;
- assumptions about future events (for example, future rates of inflation and future retirement rates) which have been communicated to us as the Board's best estimate of these events;
- information obtained from the Ontario Ministry of Labour and published reports on negotiated wage settlements in the 1999/2000 and 2000/01 school years; and
- an estimate of the salary grid increase for the 2000/01 school year based on the information above, along with input from the Partners.

The objective of the consolidated financial statements is to fairly present the financial position of the Plan on December 31, 2000 as a going concern. This is different from the statutory valuation [the actuarial valuation required by the *Teachers' Pension Act* and the *Pension Benefits Act [Ontario]*], which uses actuarial methods prescribed by the *Teachers' Pension Act* and cautious assumptions about future events to establish a prudent level for future contributions.

While the actuarial assumptions used to estimate liabilities for the Plan's consolidated financial statements represent the Board's best estimate of future events and market conditions at the end of 2000, and while in our opinion these assumptions are reasonable, the Plan's future experience will inevitably differ, perhaps significantly, from the actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations, and will affect the financial position of the Plan, and the contributions required to fund it, at that time.

We have tested the data for reasonableness and consistency, and we believe it to be sufficient and reliable for the purposes of the valuation. We also believe that the methods employed in the valuation and the assumptions are, in aggregate, appropriate for the purposes of the valuation. Our opinions have been given, and our valuation has been performed, in accordance with accepted actuarial practice.

LESTER J. WONG, F.C.I.A.

MALCOLM P. HAMILTON, F.C.I.A.

FEBRUARY 14, 2001

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED PENSION BENEFITS AND SURPLUS

AS AT DECEMBER 31, 2000

($ Millions)	**2000**	1999
		restated (note 2)
NET ASSETS AVAILABLE FOR BENEFITS		
Assets		
Investments (note 3)	**$85,117**	$73,872
Receivable from the Province of Ontario (note 4)	**1,251**	1,252
Receivable from brokers	**37**	210
Cash	**40**	42
Fixed assets	**8**	8
	86,453	75,384
Liabilities		
Investment-related liabilities (note 3a)	**13,074**	6,780
Due to brokers	**166**	230
Accounts payable and accrued liabilities	**92**	71
	13,332	7,081
Net assets available for benefits	**73,121**	68,303
Actuarial asset value adjustment (note 1e)	**(4,341)**	(8,316)
Actuarial value of net assets available for benefits	**$68,780**	$59,987
ACCRUED PENSION BENEFITS AND SURPLUS		
Accrued pension benefits (note 5)	**$58,556**	$52,105
Surplus	**10,224**	7,882
Accrued pension benefits and surplus	**$68,780**	$59,987

ON BEHALF OF THE BOARD

CHAIR

BOARD MEMBER

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2000

($ Millions)	**2000**	1999
Net assets available for benefits, beginning of year	**$68,303**	$59,171
Investment operations		
Investment income (note 7)	**6,211**	10,121
Investment expenses (note 12a)	**(100)**	(91)
Net investment operations	**6,111**	10,030
Member service operations		
Contributions (note 10)	**1,281**	1,413
Benefits (note 11)	**(2,541)**	(2,278)
Member service expenses (note 12b)	**(33)**	(33)
Net member service operations	**(1,293)**	(898)
Increase in net assets	**4,818**	9,132
Net assets available for benefits, end of year	**$73,121**	$68,303

CONSOLIDATED STATEMENT OF CHANGES IN ACCRUED PENSION BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2000

($ Millions)	**2000**	1999 restated (note 2)
Accrued pension benefits, beginning of year	**$52,105**	$49,626
Increase in accrued pension benefits		
Interest on accrued pension benefits	**3,478**	3,493
Benefits accrued	**1,359**	1,301
Changes in actuarial assumptions (note 5a)	**3,893**	766
	8,730	5,560
Decrease in accrued pension benefits		
Benefits paid (note 11)	**2,541**	2,278
Experience (losses) gains (note 5b)	**(262)**	803
	2,279	3,081
Net increase in accrued pension benefits	**6,451**	2,479
Accrued pension benefits, end of year	**$58,556**	$52,105

CONSOLIDATED STATEMENT OF CHANGES IN SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2000

($ Millions)	**2000**	1999 restated (note 2)
Surplus, beginning of year	**$7,882**	$4,381
Increase in net assets available for benefits	**4,818**	9,132
Change in actuarial asset value adjustment (note 1e)	**3,975**	(3,152)
Increase in actuarial value of net assets available for benefits	**8,793**	5,980
Net increase in accrued pension benefits	**(6,451)**	(2,479)
Surplus, end of year	**$10,224**	$7,882

FOR THE YEAR ENDED DECEMBER 31, 2000

DESCRIPTION OF PLAN

The following description of the Ontario Teachers' Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the *Teachers' Pension Act* (the TPA) as amended.

(a) General The Plan is governed by the TPA. It is a contributory defined benefit pension plan co-sponsored by the Partners who are the Province of Ontario (the Province) and Plan members, represented by the Ontario Teachers' Federation (the OTF). The terms of the Plan are set out in the *Partners' Agreement.*

The Plan is registered with the Financial Services Commission of Ontario and with the *Income Tax Act (Canada)* (registration number 0345785) as a Registered Pension Plan not subject to income taxes.

The Plan is administered and the investments are managed by the Ontario Teachers' Pension Plan Board (the Board). Under the TPA, the Board is constituted as a corporation without share capital to which the *Corporations Act (Ontario)* does not apply.

(b) Funding Plan benefits are funded by contributions and investment earnings. Contributions are made by active members of the Plan and matched by the Province and designated private schools and organizations. The determination of the value of the benefits and required contributions is made on the basis of periodic actuarial valuations (note 9).

(c) Retirement pensions A retirement pension is available based on the number of years of credited service, the average of the best five annual salaries and the age of the member at retirement. A member is eligible for a reduced retirement pension from age 55. An unreduced retirement pension is available at age 65 or at any age if the member has 35 years' credit or if the sum of a member's age and qualifying service equals 90. An early retirement window covering the period between June 1, 1998 and December 31, 2002 is currently provided, during which time a member can retire with an unreduced pension if the sum of the member's age and qualifying service equals 85 rather than 90.

(d) Disability pensions A disability pension is available at any age to a disabled member with a minimum of 10 years of credited service. The type of disability pension is determined by the extent of the disability.

(e) Death benefits Death benefits are available on the death of an active member and may be available on the death of a retired member. The benefit may take the form of a survivor pension, lump sum payment or both.

(f) Escalation of benefits Pension benefits are adjusted annually for inflation at 100 percent of the Consumer Price Index, subject to a limit of 8 percent in any one year with any excess carried forward.

(g) Retirement Compensation Arrangement The Retirement Compensation Arrangement (RCA) has been created by agreement between the Partners as a supplementary plan to provide the members of the Plan with benefits that, due to limitations imposed by the *Income Tax Act (Canada)* and its regulations, cannot be provided under the Registered Pension Plan. Because the RCA is a separate trust, the net assets available for benefits and accrued benefits of the RCA are not included in these financial statements (note 13).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These financial statements present the financial position and the results of operations of the Plan and are prepared in accordance with Canadian generally accepted accounting principles.

The financial statements of wholly-owned subsidiary companies are consolidated as part of the Plan's financial statements.

Certain comparative figures have been reclassified to conform with the current year's presentation.

(b) Investments and investment-related assets and liabilities

Fair Value Investments and investment-related assets and liabilities are stated at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Where ascertainable, fair values are based on public market prices or quotations from investment dealers. Where public market prices or quotations are not ascertainable, fair values are derived using methods such as discounted cash flows, earnings multiples, appraisals, prevailing market rates for instruments with similar characteristics and other pricing models, as appropriate.

Trade date reporting Purchases and sales of investments and derivative contracts are recorded as of the trade date (the date upon which the substantial risks and rewards have been transferred).

Investment income Dividend income is recognized based on ex-dividend date and interest income and real estate operating income is recognized on the accrual basis as earned. Investment income also includes realized and unrealized gains and losses.

(c) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the year-end date. Income and expenses are translated into Canadian dollars at the exchange rates prevailing on the dates of the transactions. The realized and unrealized gains and losses arising from these translations are included in investment income.

(d) Accrued pension benefits

The value of accrued pension benefits and changes therein during the year are based on an actuarial valuation prepared by an independent firm of actuaries. The valuation is made as at the start of the year and then extrapolated to year-end. It uses the projected benefit method prorated on service and management's best estimate, as at valuation date, of various economic and non-economic assumptions (note 5).

(e) Actuarial asset value adjustment

The actuarial value of net assets available for benefits is determined by reference to market trends consistent with assumptions underlying the valuation of accrued pension benefits. The adjustment represents the difference between the actual and management's best estimate of return on the Plan's equity investments (including real estate and commodities) amortized over five years. Fixed income securities are valued at fair value on a basis consistent with the discount rate used to value the Plan's accrued pension benefits.

The year-over-year change in the actuarial asset value adjustment is reflected in the Consolidated Statement of Changes in Surplus.

(f) Use of estimates

In preparing these financial statements, management must make certain estimates and assumptions that primarily affect the reported values of assets and liabilities, related income and expenses and related disclosures.

2. CHANGES IN ACCOUNTING POLICY– ACCRUED PENSION BENEFITS

Consistent with a new Canadian Institute of Chartered Accountants standard on Employee Future Benefits, the Board changed its method of determining the best estimate assumptions used in valuing the accrued pension benefits. The Board now uses a market interest rate to discount the accrued pension benefits, in order to arrive at the fair value of the Plan's liabilities. In prior years, the Board used a rate which reflected management's best estimate of the expected long-term asset rate of return.

With this change to the determination of the discount rate, the method for calculating the actuarial asset value adjustment has also been modified. In prior years, the adjustment represented the difference between the actual and management's best estimate of return on all Plan assets, amortized over five years. The actuarial asset value now values fixed income securities at fair value, consistent with the measurement of the Plan's liabilities at fair value. For the Plan's equity investments, an actuarial asset value adjustment is calculated as the difference between the actual and management's best estimate of return on the Plan's equity assets, amortized over five years.

The changes in accounting policy referred to above have been applied retroactively in the financial statements and have the following impact on 1999 figures previously reported:

($ Millions)	1999 Reported	1999 Restated
Net assets available for benefits	$68,303	$68,303
Actuarial asset value adjustment	(7,264)	(8,316)
Actuarial value of net assets available for benefits	$61,039	$59,987
Accrued pension benefits – opening	$48,636	$49,626
Changes during the year	3,469	2,479
Accrued pension benefits – closing	52,105	52,105
Surplus, beginning of year	5,747	4,381
Increase in net assets available for benefits	9,132	9,132
Change in actuarial asset value adjustment (note 1e)	(2,476)	(3,152)
Increase in actuarial value of assets available for benefits	6,656	5,980
Net increase in accrued pension benefits	(3,469)	(2,479)
Surplus, end of year	8,934	7,882
Accrued benefits and surplus	$61,039	$59,987

3. INVESTMENTS

The Plan invests directly or through derivatives in fixed income, equities and inflation-sensitive investments in accordance with its policy of asset diversification. The purpose of such diversification is to minimize the likelihood of an overall reduction in surplus and maximize the opportunity for gains across the investment portfolio.

(a) Investments[1] before allocating the effect of derivative contracts and investment-related receivables and liabilities

The schedule below summarizes the Plan's investments, including net accrued interest and dividends of $388 million (1999 – $454 million), before allocating the effect of derivative contracts and investment-related receivables and liabilities, as at December 31:

($ Millions)	**2000**		1999	
	Fair Value	**Cost**	Fair Value	Cost
Fixed income				
Debentures	**$15,715**	**$12,205**	$16,328	$12,991
Bonds	**13,218**	**12,696**	13,303	13,198
Money market securities	**4,273**	**4,238**	2,153	2,153
Alternative investments[2]	**2,162**	**1,720**	1,326	1,166
	35,368	**30,859**	33,110	29,508
Equities				
Publicly traded				
Canadian	**13,487**	**9,618**	17,125	11,195
United States	**1,885**	**1,565**	516	559
Non–North American	**6,415**	**5,455**	8,149	5,591
Non–Publicly traded				
Canadian	**1,110**	**856**	464	446
United States	**769**	**671**	699	510
Non–North American	**1,196**	**1,188**	984	852
	24,862	**19,353**	27,937	19,153
Inflation-sensitive investments				
Real estate (note 6)	**10,393**	**9,711**	3,508	3,220
Real rate products				
Canadian	**5,822**	**5,054**	4,656	4,349
United States	**4,424**	**4,190**	391	404
	20,639	**18,955**	8,555	7,973
	80,869	**69,167**	69,602	56,634
Investment-related receivables				
Securities purchased under agreements to resell	**1,948**	**1,946**	992	990
Derivative-related, net	**2,300**	**493**	3,278	409
Investments	**85,117**	**71,606**	73,872	58,033
Investment-related liabilities				
Securities sold under agreements to repurchase	**(3,578)**	**(3,572)**	(2,883)	(2,879)
Securities sold but not yet purchased	**(1,592)**	**(1,606)**	(973)	(992)
Real estate (note 6)	**(4,192)**	**(4,002)**	(693)	(710)
Derivative-related, net	**(3,712)**	**(1,199)**	(2,231)	(2,294)
Net investments (note 3c)	**$72,043**	**$61,227**	$67,092	$51,158

(1) For additional details, refer to the Schedule of Investments for our holdings over $50 million on page 45.

(2) Comprised of hedge funds, managed futures accounts and fund of funds programs.

(b) Derivative contracts

Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. Derivative contracts are transacted either in the over-the-counter market or on regulated exchanges. The Plan utilizes derivatives to manage its asset mix, as well as its exposure to interest rates, foreign currencies, and credit. Derivatives are also utilized for trading purposes in a manner consistent with the Plan's investment objectives.

Notional amounts of derivative contracts serve as the basis upon which the returns from, and the fair value of, the contracts are determined.

The following schedule summarizes the Plan's derivative contracts as at December 31:

($ Millions)	**2000**		1999	
	Notional	**Fair Value**	Notional	Fair Value
Asset conversion				
Interest rate swaps	**$6,353**	**$(933)**	$ 6,091	$(763)
Equity and commodity swaps	**17,436**	**(215)**	13,719	3,257
		(1,148)		2,494
Interest rate management				
Interest rate swaps	**1,330**	**4**	1,104	1
Futures	**6,962**	**(1)**	4,238	(1)
Exchange traded options				
Purchased	**2,509**	**5**	3,041	4
Written	**2,644**	**(4)**	3,771	(4)
Over-the-counter options				
Purchased	**40**	**1**	97	3
Written	**100**	**(1)**	169	(4)
		4		(1)
Foreign currency management				
Currency swaps	**499**	**(10)**	553	10
Forwards	**13,347**	**24**	13,567	343
Futures	**708**	**1**	—	—
		15		353
Trading				
Interest rate swaps	**2,427**	**(7)**	2,836	28
Volatility swaps	**967**	**34**	66	1
Futures	**18,484**	**(17)**	13,715	(161)
Forwards	**5,899**	**175**	3,791	53
Exchange traded options				
Purchased	**454**	**14**	313	22
Written	**816**	**(5)**	441	(32)
Over-the-counter options				
Purchased	**1,964**	**38**	2,062	43
Written	**1,153**	**(22)**	1,042	(19)
		210		(65)
		(919)		2,781
Less: Net cash collateral received under derivative contracts		**(493)**		(1,734)
Net fair value of derivative contracts		**$(1,412)**		$1,047

The net fair value of derivative contracts as at December 31 on page 33 are represented by:

($ Millions)	**2000**	1999
Derivative-related receivables	**$2,562**	$4,755
Cash collateral paid under derivative contracts	**428**	324
Derivative-related liabilities	**(3,481)**	(1,974)
Cash collateral received under derivative contracts	**(921)**	(2,058)
	$(1,412)	$1,047

Securities with a fair value of $320 million (1999 – $246 million) have been deposited with various financial institutions as margin to effect derivatives transactions.

The derivative contracts on page 33 mature within one year except for the following, which have a weighted average maturity (in years) of:

	2000		1999	
	Notional *($ millions)*	**Maturity *(years)***	Notional *($ millions)*	Maturity *(years)*
Asset conversion				
Interest rate swaps	**$6,119**	**8.4**	$5,487	6.6
Equity and commodity swaps	**2,468**	**1.4**	5,155	1.6
Interest rate management				
Interest rate swaps	**1,004**	**8.2**	993	4.4
Over-the-counter options	**140**	**1.9**	—	—
Foreign currency management				
Currency swaps	**493**	**5.7**	553	7.1
Forwards	**182**	**1.5**	57	2.2
Trading				
Interest rate swaps	**2,155**	**5.1**	2,536	5.1
Volatility swaps	**221**	**3.2**	66	3.1
Over-the-counter options	**83**	**1.6**	102	2.1
Forwards	**23**	**1.4**	—	—

(c) Investment asset mix

The Plan has established a long-term asset-mix policy of approximately 60 percent equities, 18 percent fixed income and 22 percent inflation-sensitive investments.

The Plan's investments, after allocating the effect of derivative contracts and investment-related receivables and liabilities, as at December 31 are summarized below:

	2000		1999	
	Effective Net Investments at Fair Value *($ millions)*	**Asset Mix %**	Effective Net Investments at Fair Value *($ millions)*	Asset Mix %
Fixed income				
Bonds	**$10,771**	**15%**	$14,926	22%
Money market and equivalents	**2,548**	**3**	2,378	4
	13,319	**18**	17,304	26
Equities				
Canadian	**17,739**	**25**	19,885	30
United States	**10,119**	**14**	8,191	12
Non–North American	**13,022**	**18**	13,568	20
	40,880	**57**	41,644	62
Inflation-sensitive investments				
Commodities	**2,098**	**3**	1,090	2
Real estate (note 6)	**6,201**	**9**	2,815	4
Real rate products	**9,545**	**13**	4,239	6
	17,844	**25**	8,144	12
Total net investments	**$72,043**	**100%**	$67,092	100%

(d) Interest rate risk

The value of the Plan's assets is affected by short-term changes in nominal interest rates and equity markets. Pension liabilities are exposed to long-term market interest rates as well as expectations for salary escalation.

The Plan's primary exposure is to a decline in the long-term real rate of return which may result in higher contribution rates required to meet pension obligations. As at December 31, 2000, holding the inflation and salary escalation assumptions constant, a 1 percent decrease in the assumed real long-term rates of return would result in an increase in the pension liabilities of approximately 13 percent (1999 – 16 percent).

After giving effect to the derivative contracts and investment-related receivables and liabilities discussed in note 3b, a 1 percent increase in nominal interest rates would result in a decline in the value of the fixed income securities of 6.6 percent (1999 – 7.7 percent).

(e) Credit risk

At December 31, 2000, the Plan's most significant concentration of credit risk is with the Government of Canada and the Province of Ontario. This concentration relates primarily to the holding of $14.5 billion of Government of Canada-issued securities and $15.7 billion of non-marketable Province of Ontario Debentures, a receivable from the Province of $1.3 billion and future provincial funding requirements of the Plan.

The Plan limits derivative contract credit risk by dealing principally with counterparties that have a credit rating of A or higher, and by utilizing an internal credit limit monitoring process, as well as through the use of credit mitigation techniques such as master netting arrangements and obtaining collateral where appropriate.

(f) Foreign currency risk

Foreign currency exposure arises from the Plan's holdings of foreign currency-denominated investments and related derivative contracts.

The Plan uses a currency overlay program to hedge a portion of its asset-mix policy allocation to U.S. and Non-North American equities. The Plan also takes trading positions in foreign currencies with the objective of adding incremental returns. The Plan's net foreign currency exposure in Canadian dollars after giving effect to the related policy hedge, as at December 31, is as follows:

($ Millions)	**2000**			1999
	Foreign Currency Exposure	**Net Foreign Currency Hedge**	**Net Foreign Currency Exposure**	Net Foreign Currency Exposure
United States Dollar	**$12,021**	**$5,389**	**$6,632**	$4,854
Euro	**5,920**	**2,528**	**3,392**	2,245
British Pound Sterling	**3,370**	**1,405**	**1,965**	1,537
Swiss Franc	**1,561**	**483**	**1,078**	252
Japanese Yen	**2,489**	**1,774**	**715**	1,280
Other	**2,165**	**187**	**1,978**	1,532
	$27,526	**$11,766**	**$15,760**	$11,700

(g) Securities lending

The Plan lends securities as a means of generating incremental income or supporting other investment strategies. As at December 31, 2000, the Plan's investments included loaned securities with a fair value of $3,402 million (1999 – $3,280 million). The fair value of collateral in respect of these loans was $3,590 million (1999 – $3,444 million).

4. RECEIVABLE FROM THE PROVINCE OF ONTARIO

The receivable from the Province consists of required matching contributions and interest thereon.

($ Millions)	**2000**	1999
Contributions receivable	**$1,194**	$1,194
Accrued interest receivable	**57**	58
	$1,251	$1,252

The receivable from the Province consists of $636 million to be received in 2001 and $615 million to be received in 2002.

5. ACCRUED PENSION BENEFITS

(a) Actuarial assumptions

The actuarial assumptions used in determining the value of accrued pension benefits of $58.6 billion (1999 – $52.1 billion), reflect management's best estimate of future economic events and involve both economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality, withdrawal rates and retirement rates. The primary economic assumptions include the discount rate, salary escalation rate and the inflation rate. As discussed in note 2, the discount rate is now set at the market rate, as at the valuation date, of debt obligations with characteristics similar to the Plan's liabilities. The inflation rate is the difference between the yield on federal long-term nominal bonds and federal real return bonds. The salary escalation rate incorporates the inflation rate assumption and long-term expectation of growth in real wages. A summary of the primary economic assumptions, as at December 31, is as follows:

	2000	1999
Discount rate	**6.25%**	6.75%
Salary escalation rate	**3.20%**	3.25%
Inflation rate	**2.20%**	2.25%

The main economic assumptions were changed as a result of changes in capital markets during 2000. These changes resulted in a net increase in the value of accrued pension benefits of $3,297 million. In addition, a change was made to the assumed post-retirement mortality rates to better reflect the Plan's experience. This change increased the value of accrued pension benefits by a further $596 million. In 1999, changes to the actuarial assumptions resulted in a net increase in the value of accrued pension benefits of $766 million.

(b) Experience gains and losses

An experience loss of $262 million (1999 – gain of $803 million), arising from differences between the actuarial method and assumptions and actual results, relates primarily to current experience for members' salary and inflation rates.

6. INVESTMENT IN REAL ESTATE

(a) Acquisition of Cadillac Fairview Corporation ("CFC")

On March 17, 2000, pursuant to a plan of arrangement, the Plan acquired the remaining 78.2 percent of the common shares that it did not previously own of CFC, a fully integrated commercial real estate operating company, and $100 million of CFC convertible debentures for total consideration of $2,355 million.

The fair value of CFC's net assets acquired is summarized below:

($ Millions)	
Real estate properties	$5,730
Other assets	403
	6,133
Debt on real estate properties	(2,892)
Other liabilities	(324)
Net assets of CFC	2,917
Less: Investment in CFC previously held	(562)
Total consideration	**$2,355**

(b) Investment in Real Estate

The Plan's investment in real estate, which is comprised of real estate–related investments that are either owned or managed on behalf of the Plan by The Cadillac Fairview Corporation Limited, as at December 31, is as follows:

($ Millions)	2000		1999	
	Fair Value	Cost	Fair Value	Cost
Assets				
Real estate properties	**$9,635**	**$8,901**	$2,454	$2,411
Investments	**526**	**577**	485	498
Other assets	**232**	**233**	7	7
Investment in CFC	**—**	**—**	562	304
Total assets	**10,393**	**9,711**	3,508	3,220
Liabilities				
Debt on real estate properties	**3,833**	**3,694**	693	710
Other liabilities	**359**	**308**	—	—
Total liabilities	**4,192**	**4,002**	693	710
Net investment in real estate	**$6,201**	**$5,709**	$2,815	$2,510

(c) Real Estate Income[1]

The Plan's real estate income for the year ended December 31, is as follows:

($ Millions)	2000	1999
Revenue		
Rental	**$1,140**	$263
Investment	**41**	24
	1,181	287
Expenses		
Property operating	**447**	101
Interest	**242**	41
Management	**42**	7
Other	**23**	—
	754	149
Operating income	**427**	138
Realized gain (loss)	**14**	(16)
Unrealized gain	**187**	190
Net income	**$628**	$312

(1) Operating income, on a fair value basis, excludes a charge for depreciation and amortization.

7. INVESTMENT INCOME

(a) Investment income, before allocating the effect of derivative contracts

Investment income, before allocating the effect of derivative contracts and before allocating the realized and unrealized net gains/losses, for the year ended December 31, is as follows:

($ Millions)	**2000**	1999
Fixed income interest		
Debentures (net of interest incurred on swap contracts of $1,039 million; 1999 – $753 million)	**$386**	$762
Money market securities	**197**	104
Bonds	**720**	633
	1,303	1,499
Equity dividend income		
Canadian equity	**222**	271
United States equity	**13**	13
Non–North American equity	**234**	241
	469	525
Inflation-sensitive investments		
Real estate operating income (note 6c)	**427**	138
Real rate products interest income		
Canadian	**189**	152
United States	**92**	14
	708	304
	2,480	2,328
Net gain on investments (1)	**3,731**	7,793
	$6,211	$10,121

(1) Includes net unrealized gains (losses) of $(4,145) million (1999 – $1,075 million).

(b) Investment income

Investment income by asset class, after allocating the effect of the derivative contracts and net gains, including foreign currency losses of $71 million (1999 – $1,106 million gain), for the year ended December 31, is as follows:

($ Millions)	**2000**	1999
Fixed income	**$1,689**	$(347)
Canadian equity	**2,523**	4,475
United States equity	**316**	1,559
Non–North American equity	**(694)**	3,697
Inflation-sensitive investments	**2,377**	737
	$6,211	$10,121

8. INVESTMENT RETURNS AND RELATED BENCHMARK RETURNS

Investment returns and related benchmark returns by investment asset class for the year ended December 31 are as follows:

	2000		1999	
	Investment Returns	**Investment Benchmark Returns**	Investment Returns	Investment Benchmark Returns
Fixed income	**15.6%**	**13.7%**	2.0%	2.8%
Canadian equity	**13.5**	**7.4**	30.4	32.0
United States equity	**(4.1)**	**(5.5)**	12.7	14.1
Non–North American equity	**(8.5)**	**(13.5)**	27.7	21.6
Inflation-sensitive investments	**19.9**	**18.0**	12.0	9.8
Total Plan	**9.3%**	**5.3%**	17.4%	17.6%

Investment returns have been calculated in accordance with the acceptable methods set forth by the Association for Investment Management and Research and the Pension Investment Association of Canada.

The Plan identifies benchmarks to evaluate the performance of the investment management process. The performance of each asset class is measured against a benchmark that simulates the results of the markets in which the managers invest, except that the inflation-sensitive investments composite benchmark includes real estate which is measured against an inflation-related benchmark.

The total return of the Plan is measured against a Canadian dollar denominated composite benchmark produced by aggregating Canadian dollar equivalent returns from each of the policy asset class benchmarks, using the Plan's asset mix policy weights. The total return incorporates the Plan's tactical asset allocation decisions.

9. FUNDING POLICY

Statutory actuarial valuations are prepared periodically in accordance with the *Teachers' Pension Act* to determine the funding requirements of the Plan. Active members are currently required to contribute 7.3 percent of the portion of their salaries covered by the Canada Pension Plan and 8.9 percent of salaries above this level. Aggregate member contributions are matched by the Province and other employers.

The actuarial assumptions and methods used to determine statutory pension liabilities are different than those used to calculate the amounts disclosed in these financial statements. The statutory valuations use a more conservative approach than the valuations used in these financial statements (note 5) and also take into account benefits to be earned and contributions to be made after the valuation date.

The initial statutory valuation of the Plan, prepared by William M. Mercer Limited as at January 1, 1990 disclosed an unfunded liability of $7.8 billion which was the amount by which the Plan's liabilities exceeded its assets. This liability was the responsibility of the Province and was to be paid off with interest by a series of special payments over a 40 year period, which began January 1, 1990. Subsequent statutory valuations have treated the present value of the remaining special payments as an asset.

The statutory valuation as at January 1, 1998 disclosed the present value of special payments to be $8.45 billion, with an actuarial gain of $6.78 billion. Pursuant to the *Partners' Agreement* between the Ontario Teachers' Federation (OTF) and the Province, the Partners entered into negotiations to decide how to utilize the gain. Pursuant to the agreement reached on April 18, 1998, the Partners agreed to share the 1998 actuarial gain of $6.78 billion and future gains in the following sequence:

(i) $2.24 billion would be spent on improving benefits;

(ii) special payments on the pre-1990 unfunded liability would be eliminated at an estimated cost of $8.45 billion; and

(iii) a further $8.45 billion less the $2.24 billion would be spent on improved benefits or member contribution rate reductions, subject to the Province's consent prior to April 1, 2001; or held in a contingency reserve as determined by the OTF.

As a result, $2.24 billion of the gain was used to improve benefits under the Plan, and the remaining $4.54 billion of the gain was used to eliminate the obligation of the Province to make special payments after November 30, 2008. These changes consumed the actuarial gain. The present value of the remaining special payments after application of gains was $3.91 billion as at January 1, 1998.

The statutory valuation as at January 1, 1999 disclosed the present value of the remaining special payments to be $3.65 billion with an actuarial gain of $3.52 billion. Pursuant to the 1998 agreement noted above, all of this gain was used to eliminate the obligation of the Province to make special payments after April 1999.

The statutory valuation as at January 1, 2001 disclosed an actuarial gain of $6.78 billion (2000 – $4.54 billion).

10. CONTRIBUTIONS

($ Millions)	**2000**	1999
Members		
Current service	**$604**	$612
Optional credit	**11**	8
	615	620
Province of Ontario		
Current service	**601**	592
Interest	**42**	43
Optional credit	**5**	11
Special payments (note 9)	**—**	128
	648	774
Other employers	**9**	9
Transfer from other pension plans	**9**	10
	18	19
	$1,281	$1,413

11. BENEFITS

($ Millions)	2000	1999
Retirement pensions	**$2,215**	$2,016
Disability pensions	**31**	30
Death benefits	**102**	93
Refunds	**18**	16
Commuted value transfers	**164**	108
Transfers to other plans	**11**	15
	$2,541	$2,278

12. ADMINISTRATIVE EXPENSES

(a) Investment expenses

($ Millions)	2000	1999
Salaries and benefits	**$40.5**	$31.8
External investment management fees	**34.3**	34.8
Custodial fees	**6.6**	6.4
Premises and equipment	**6.6**	6.5
Professional consulting services	**5.0**	4.3
Information services	**3.7**	3.6
Communication and travel	**2.1**	1.8
Statutory audit fees	**0.3**	0.3
Other	**1.0**	1.1
	$100.1	**$90.6**

(b) Member service expenses

($ Millions)	2000	1999
Salaries and benefits	**$20.9**	$21.2
Premises and equipment	**6.2**	6.1
Professional and consulting services	**2.4**	2.2
Communication and travel	**2.1**	1.9
Board and committee remuneration	**0.2**	0.2
Statutory audit fees	**0.2**	0.2
Other	**0.7**	0.8
	$32.7	$32.6

(c) Executive compensation

The compensation table represents full disclosure of base salary, annual bonus, long-term incentives and other compensation earned in 1998, 1999 and 2000 by the Chief Executive Officer and the four other most highly compensated executives.

Name and Principal Position	Year	Base Salary	Annual Bonus[1]	Long-term Incentive Plan[3]	Group Term Life Insurance	Other Compensation
Claude Lamoureux	2000	$389,169	$504,500	$790,100	$1,119	$9,600[4]
President & CEO	1999	357,637	196,100	131,900	1,033	9,600
	1998	349,077	177,600	0	964	9,600
Robert Bertram	2000	$302,800	$404,000	$627,000	$ 870	$13,962[5]
Executive V.P.	1999	276,309	102,600	101,800	798	13,343
Investments	1998	269,053	63,200	0	777	13,209
Neil Petroff	2000	$196,130	$338,500	$451,900	$ 561	$ 0
Sr. V.P. International	1999	175,444	202,800	51,400	507	0
Equity Indexes, Fixed Income & Foreign Exchange	1998	170,606	124,700	0	490	0
Morgan McCague	2000	$186,384	$323,800	$460,000	$ 533	$ 0[6]
Sr. V.P. Quantitative	1999	164,863	188,000	53,200	476	3,218
Investments	1998	155,037	162,900	0	448	3,009
Allan Reesor	2000	$237,976	$319,200[2]	$280,100	$ 682	$ 4,808[6]
Executive V.P., Member	1999	195,619	100,900	40,797	564	3,792
Services and C.I.O.	1998	188,736	94,400	59,600	545	3,654

[1] Bonuses for investment professionals are based on a combination of total fund, asset class, and individual performance, measured in dollars of value added. Performance versus benchmark is measured over four annual performance periods.

Bonuses for other executive staff are based on achievement of annual corporate and divisional objectives.

[2] Includes deferred annual incentive for 1999.

[3] The investment long-term incentive program was restructured in 1999 following a review of competitive market practices. The new program continues to be based on four-year performance periods. Initial grants are adjusted by the four-year total fund rate of return and by a performance modifier, based on total fund dollar value-added over a composite benchmark.

[4] Automobile allowance.

[5] Includes an automobile allowance of $8,000 per annum plus unused vacation cashout.

[6] Unused vacation cashout.

13. RETIREMENT COMPENSATION ARRANGEMENT

The Retirement Compensation Arrangement (RCA) is established pursuant to an agreement between the Province of Ontario and the Ontario Teachers' Federation (the Partners), to provide to the members of the Plan certain benefits that would have been provided under the Registered Pension Plan, but for amendments made to the *Income Tax Act (Canada)* and its Regulations that restrict benefits that may be provided under a registered plan for periods of service after 1991 and for certain periods before 1992 that are credited after 1991.

The RCA is administered under a trust separate from the assets of the Registered Pension Plan. The Board has been appointed by the Partners to act as the trustee of the RCA.

Because the RCA is a separate trust, the net assets available for benefits and the value of accrued benefits and deficiency, referred to below, have not been included in the accompanying financial statements of the Registered Pension Plan on pages 26 to 28.

The RCA is funded on a pay-as-you-go basis from a portion of the contributions made to the Board by teachers, the Province of Ontario and designated private schools and organizations. The portion is based on a rate determined periodically by the Board's independent actuary in a manner that is expected to be sufficient to pay the benefits over the next 12 months. Due to the funding policy adopted by the Partners, the assets will continue to be substantially less than the liabilities.

In addition, since it is difficult to predict the benefits expected to be paid over the next 12 months, it is possible that the assets may be insufficient to pay the benefits. In such a case, the payment of benefits will be temporarily suspended and the contributions raised in order to fund the payments that are due under the RCA.

A summary of the balance sheet for the RCA as at December 31 is as follows:

($ Thousands)	**2000**	1999
Net assets available for benefits		
Assets	**$2,200**	$1,799
Liabilities	**(408)**	(655)
	$1,792	$1,144
Accrued benefits and deficiency		
Accrued benefits	**$305,900**	$238,768
Deficiency	**(304,108)**	(237,624)
	$1,792	$1,144

The actuarial assumptions used in determining the value of accrued benefits are consistent with the assumptions used in the Plan except that the assumed discount rate has been adjusted to reflect the impact of the 50 percent refundable tax under the RCA.

The estimate of the value of accrued benefits is highly sensitive to salary increases, both actual and assumed. Any changes to the salary assumptions will have a significant impact on the liabilities for future benefits. In addition, significant uncertainty exists in projecting the liabilities of the RCA due to changes in the number of future participants as well as changes to the income tax regulations relating to pensions.

14. COMMITMENTS

The Plan has committed to enter into investment transactions, which will be funded over the next several years in accordance with the terms and conditions agreed to. As at December 31, 2000, these commitments totalled $2,824 million (1999 – $1,634 million).

AS AT DECEMBER 31, 2000

FIXED INCOME

($ Millions)

Type	Year of Maturity	Coupon (%)	Fair Value	Cost
Government of Canada bonds	2001–2029	4.50–13.00	$9,516	$9,467
Canadian corporate bonds	2001–2049	0.00–16.00	1,988	1,997
Canadian treasury bills	2001–2002	5.41–5.97	1,839	1,819
Commercial paper	2001	5.71–5.93	549	548
International corporate bonds	2003–2012	5.74–10.00	317	305
Provincial bonds	2002–2016	5.50–9.75	267	270
Foreign denominated Canadian bonds	2001–2085	4.40–13.00	213	220
Term deposits	2001	5.50–5.70	133	133
Discount instruments	2001	5.47–5.80	113	111
Securities purchased under agreements to resell	2001	2.00–6.30	1,948	1,946
Securities sold under agreements to repurchase	2001	5.75–6.45	(3,578)	(3,572)

PROVINCE OF ONTARIO DEBENTURES

($ Millions)

Maturity Date	Coupon (%)	Fair Value	Cost
2001 to 2006	9.00–15.00	$6,186	$5,170
2007 to 2012	10.00–16.00	9,155	6,661
Total debentures net of accrued interest		15,341	11,831
Accrued interest		374	374
Total		$15,715	$12,205

INVESTMENTS OVER $50 MILLION

AS AT DECEMBER 31, 2000

CORPORATE SHARES

(Millions)

Security Name	Shares	Fair Value $
Nortel Networks Corporation	37.8	1,823.9
Nexen Inc.	21.4	791.4
Royal Bank of Canada	9.4	476.7
Toronto-Dominion Bank, The	8.4	366.4
Encal Energy Ltd.	31.1	331.6
Bank of Montreal	4.2	328.4
BCE Inc.	7.6	328.1
Bank of Nova Scotia, The	7.5	326.1
Manulife Financial Corporation	6.8	317.8
AT&T Canada Inc.	6.9	299.7
Maple Leaf Foods Inc.	37.9	299.2
Enron Corp.	2.2	279.1
Canadian Imperial Bank of Commerce	5.7	263.3
Sun Life Financial Services of Canada Inc.	6.2	248.7
Alcan Aluminium Limited	4.7	242.4
Canadian Pacific Limited	5.5	234.5
Petro-Canada	5.1	194.1
WestJet Airlines Ltd.	8.3	192.8
Alberta Energy Company Ltd.	2.6	184.9
Celestica Inc.	2.2	177.3
Talisman Energy Inc.	2.8	155.6
Bombardier Inc.	6.3	146.7
Barrick Gold Corporation	5.9	145.3
Thomson Corporation, The	2.5	144.8
Suncor Energy Inc.	3.6	136.1
Gulf Canada Resources Limited	17.8	135.9
Canadian National Railway Company	3.1	135.5
TELUS Corporation	2.9	117.9
TransCanada PipeLines Limited	6.6	112.9
HSBC Holdings	5.0	110.2
Total Fina SA	0.6	109.3
Ballard Power Systems Inc.	1.1	103.3
Canadian Natural Resources Limited	2.4	101.6
Enbridge Inc.	2.3	101.2
Shaw Communications Inc.	2.9	99.0
Potash Corporation of Saskatchewan Inc.	0.8	97.1
Abitibi-Consolidated Inc.	7.0	95.9
ENI SpA	9.7	93.2
United Dominion Industries Limited	5.1	91.0
Imperial Oil Limited	2.3	89.6
Power Corporation of Canada	2.4	89.1
Akzo Nobel NV	1.1	86.7
Inco Limited	3.2	86.4
ING Groep NV	0.7	86.4
Research In Motion Limited	0.7	85.5
BAE Systems PLC	9.9	84.8
NewPower Holdings, Inc. (Warrants)	5.7	83.2

CORPORATE SHARES

(Millions)

Security Name	Shares	Fair Value $
XTRA Corporation	1.1	81.7
Veba AG	0.9	80.8
Placer Dome Inc.	5.5	79.2
Clarica Life Insurance Company	1.9	78.4
C-MAC Industries Inc.	1.2	77.4
Anderson Exploration Ltd.	2.3	77.4
BioChem Pharma Inc.	1.6	76.7
Hitachi Ltd.	5.6	75.2
Kirby Corporation	2.3	73.6
Bayer AG	0.9	73.5
Telefonos de Mexico SA	1.1	73.3
Westcoast Energy Inc.	2.0	73.2
Magna International Inc.	1.2	72.6
Loblaw Companies Limited	1.4	70.4
Seagram Company Ltd., The	0.9	70.3
Zurich Financial Services Group, The	0.1	69.8
National Bank of Canada	2.6	69.5
Power Financial Corporation	2.0	69.1
Telecom Italia SpA	5.8	68.4
Matsushita Electric Works, Ltd.	1.9	67.6
Telefonica, SA	1.5	65.5
NOVA Chemicals Corporation	2.3	65.0
Shell Transport & Trading Company	5.1	63.3
Novartis AG	0.02	61.9
Portugal Telecom SA	4.5	61.5
Unilever PLC	4.8	61.4
Aventis SA	0.5	59.4
TransAlta Corporation	2.7	59.3
Lindsay Manufacturing Co.	1.7	58.9
Nokia OYJ	0.9	58.1
Mackenzie Financial Corporation	2.1	57.3
George Weston Limited	0.7	56.2
Daiichi Pharmaceutical Co., Ltd.	1.2	55.7
Rogers Communications Inc.	2.2	55.2
Deutsche Bank AG	0.4	54.6
Australia & New Zealand Banking Group Limited	4.5	54.1
Trizec Hahn Corporation	2.3	53.4
Allied Irish Banks plc	3.1	53.3
Jardine Strategic Holdings PLC	12.2	53.2
Wolters Kluwer	1.3	52.4
Cheung Kong (Holding) Ltd.	2.7	52.3
Quebecor World Inc.	1.4	51.3
Shell Canada Limited	1.3	50.4
Royal Bank of Scotland Group	1.4	50.1
Alcatel	0.6	50.1

Note: For a complete list of companies, please see our website at **www.otpp.com.**

CONVERTIBLE AND EXCHANGEABLE DEBENTURES

(Millions)

Security Name	Par Value ($)	Fair Value ($)
Power Financial Corporation 8.0% Due April 30, 2014	85.5	529.8
PDFB Investments Inc. 3.25% Due March 12, 2018	89.1	254.6

AS AT DECEMBER 31, 2000

REAL ESTATE PORTFOLIO

Property	Total Square Footage (in thousands)	Effective % Ownership
Canadian Regional Shopping Centres		
Cataraqui Town Centre, Kingston	580	50%
Champlain Place, Dieppe	729	100%
Chinook Centre, Calgary	1,056	100%
Don Mills Shopping Centre, Toronto	420	100%
Eastgate Square, Hamilton	578	100%
Erin Mills Town Centre, Mississauga	759	50%
Fairview Mall, Toronto	883	50%
Fairview Park Mall, Kitchener	746	100%
Fairview Pointe Claire, Montreal	1,044	50%
Georgian Mall, Barrie	533	100%
Hillcrest Mall, Richmond Hill	558	100%
Intercity Shopping Centre, Thunder Bay	455	100%
Le Carrefour Laval, Montreal	1,183	100%
Les Galeries D'Anjou, Montreal	1,011	50%
Les Promenades St. Bruno, Montreal	1,036	100%
Lime Ridge Mall, Hamilton	827	100%
Market Mall, Calgary	754	50%
Markville Shopping Centre, Markham	954	100%
Masonville Place, London	684	100%
McAllister Place, St. John	471	100%
Midtown Plaza/Village, Saskatoon	687	100%
New Sudbury Centre, Sudbury	496	100%
Pacific Centre, Vancouver	1,348	50%*
Polo Park Mall, Winnipeg	1,197	100%
Regent Mall, Fredericton	446	100%
Richmond Centre, Vancouver	488	100%
Rideau Centre, Ottawa	692	31%
Sherway Gardens, Toronto	979	100%
Southland Mall, Regina	423	100%
The Promenade, Toronto	693	50%
Toronto Eaton Centre, Toronto	1,559	100%
Victoria Eaton Centre, Victoria	406	100%
Woodbine Centre, Toronto	682	60%

Property	Total Square Footage (in thousands)	Effective % Ownership
Canadian Office Properties		
1 Queen Street East and 20 Richmond Street East, Toronto	503	50%
Granville Square, Vancouver	398	100%
Pacific Centre Office Complex, Vancouver	1,537	50%*
Shell Centre, Calgary	681	50%
Toronto Dominion Centre Office Complex, Toronto	4,437	50%*
Toronto Eaton Centre Office Complex, Toronto	1,899	100%
Waterfront Centre, Vancouver	395	100%
Yonge Corporate Centre, Toronto	661	50%
US Regional Shopping Centers		
Broward Mall, Fort Lauderdale, Florida	1,000	100%
Dover Mall, Dover, Delaware	834	100%
Galleria at White Plains, White Plains, New York	885	100%
Golden East Crossing, Rocky Mount, North Carolina	584	100%
Gwinnett Place, Duluth, Georgia	1,249	33%
Kitsap Mall, Silverdale, Washington	715	49%
Lakewood Center, Lakewood, California	2,044	49%
Los Cerritos Center, Cerritos, California	1,302	49%
Northpark Mall, Ridgeland, Mississippi	958	100%
Redmond Town Center, Redmond, Washington	1,119	49%
Stonewood Mall, Downey, California	929	49%
The Esplanade, Kenner, Louisiana	911	100%
Town Centre at Cobb, Kennesaw, Georgia	1,273	33%
Washington Square, Tigard, Oregon	1,239	49%

* Ownership increased to 100% subsequent to year end

PRIVATE COMPANIES AND PARTNERSHIPS

Absolute Return Fund Ltd.
Apaquogue Limited
ARC Canadian Energy Venture Fund
BC European Capital V
BC European Capital VI
BC European Capital VII
CACF Limited
DLJ Merchant Banking Partners II, L.P.
Exxel Capital Partners V, L.P.
Friedrich Grohe AG
Hicks, Muse, Tate & Furst Latin America Fund, L.P.
Magnatrax Corp.
Maple Leaf Sports & Entertainment
Maple Partners Financial Group
Morgan Stanley Real Estate Fund III International L.P.
Newcastle Capital Management Inc.
Providence Equity Partners Fund II, L.P.
Providence Equity Partners Fund III, L.P.
Schroder Asian Properties L.P.
Shoppers Drug Mart Inc.
The Macerich Company
The Third Hermes UK Focus Fund
Trimac Corporation

FOR THE YEAR ENDED DECEMBER 31

($ Millions)	**2000**	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
CHANGE IN NET ASSETS											
Income											
Investment income	**6,211**	10,121	5,137	7,246	7,436	5,656	528	5,907	2,145	3,843	1,031
Contributions											
Members/transfers	**624**	630	612	591	620	636	732	689	711	651	559
Province of Ontario	**657**	655	653	649	673	669	704	712	740	663	587
– special payments	**—**	128	492	456	152	—	—	—	438	270	187
Total Income	**7,492**	11,534	6,894	8,942	8,881	6,961	1,964	7,308	4,034	5,427	2,364
Expenditures											
Benefits paid	**2,541**	2,278	2,103	1,802	1,520	1,261	1,130	1,001	921	829	760
Investment expenses	**100**	91	67	59	40	30	25	20	14	7	1
Member service expenses	**33**	33	32	31	29	27	26	24	23	18	19
Distribution of gain	**—**	—	—	—	—	—	—	325	—	—	—
Total Expenditures	**2,674**	2,402	2,202	1,892	1,589	1,318	1,181	1,370	958	854	780
INCREASE IN NET ASSETS	**4,818**	9,132	4,692	7,050	7,292	5,643	783	5,938	3,076	4,573	1,584
NET ASSETS											
Fixed income	**13,319**	17,304	11,476	10,276	10,622	12,509	11,409	17,569	19,007	19,199	18,129
Equities – Canadian	**17,739**	19,885	17,613	19,433	17,367	12,218	9,943	7,510	3,217	2,618	520
– Foreign	**23,141**	21,759	24,015	19,955	16,005	12,287	10,714	7,035	3,253	1,796	807
Inflation-sensitive investments											
– Commodities	**2,098**	1,090	401	126	—	—	—	—	—	—	—
– Real Estate	**6,201**	2,815	1,582	1,561	1,272	925	694	608	451	180	—
– Real Rate Products	**9,545**	4,239	3,019	1,597	1,066	1,064	653	548	457	16	—
Net Investments	**72,043**	67,092	58,106	52,948	46,332	39,003	33,413	33,270	26,385	23,809	19,456
Receivable from											
Province of Ontario	**1,251**	1,252	1,233	1,262	1,286	1,308	1,338	1,362	1,323	1,190	945
Other assets	**13,159**	7,040	5,391	8,537	3,293	1,586	622	36	72	10	—
Total assets	**86,453**	75,384	64,730	62,747	50,911	41,897	35,373	34,668	27,780	25,009	20,401
Liabilities	**(13,332)**	(7,081)	(5,559)	(8,268)	(3,482)	(1,760)	(879)	(957)	(7)	(312)	(277)
Net Assets	**73,121**	68,303	59,171	54,479	47,429	40,137	34,494	33,711	27,773	24,697	20,124
Smoothing reserve	**(4,341)**	(8,316)	(4,788)	(5,578)	(4,416)	(1,907)	(252)	(2,947)	(414)	(883)	709
Actuarial value of net assets	**68,780**	59,987	54,383	48,901	43,013	38,230	34,242	30,764	27,359	23,814	20,833
Accrued pension benefits	**58,556**	52,105	48,636	44,457	41,833	38,744	36,848	33,998	30,781	27,479	24,391
Surplus (Deficiency)	**10,224**	7,882	5,747	4,444	1,180	(514)	(2,606)	(3,234)	(3,422)	(3,665)	(3,558)
PERFORMANCE (%)											
Rate of return	**9.3**	17.4	9.9	15.6	19.0	16.9	1.7	21.7	8.9	19.6	5.6
Benchmark	**5.3**	17.6	11.9	15.6	18.1	17.2	(0.3)	20.5	8.0	15.4	(7.8)
Long-term goal	**7.7**	7.1	5.5	5.2	6.7	6.2	4.7	6.2	6.6	8.3	9.5

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Claude Lamoureux

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We welcome your comments and suggestions for this annual report, as well as other aspects of our communications program. Please call Lee Fullerton, Communications Manager, at 416-730-5347. e-mail: communications@otpp.com

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