Power Corporation
Superannuation Plan

Annual Report 2011

SaskPower
Powering the future

Year at a glance

- A pension benefit increase of 0.96% became effective April 1, 2011, representing 70% of the increase in the consumer price index (CPI) for Saskatchewan.
- During 2011, the Plan paid $55 million in pension obligations.
- The Plan's return in 2011 was 2.7%, compared to 4.2% for the benchmark return.
- The Plan ended 2011 with a deficit of $261 million.

Fact

- According to the 2011 Canadian Pension Fund Overview published by the Canadian Institutional Investment Network, the Plan is ranked 161st in Canada in net assets and is the 11th largest defined benefit pension plan in Saskatchewan.

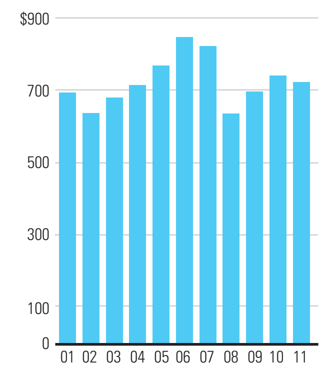
Mission statement

To provide continuous pension benefits for Plan members through prudent stewardship of assets and liabilities, as well as effective plan administration in accordance with the current legislation.

Overview

Financial highlights

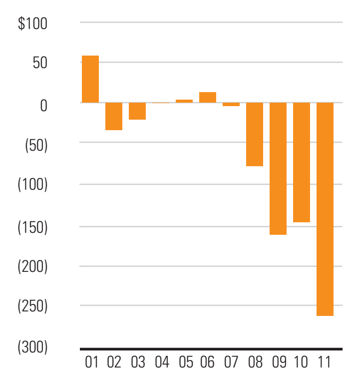
(in millions)		2011		2010
Investments				
Short-term	**$**	**5**	$	5
Bonds		**260**		254
Equities		**383**		420
Real estate		**44**		39
Infrastructure		**30**		24
Receivables		**4**		2
Cash		**2**		2
Total assets		**728**		746
Liabilities		**1**		1
Net assets available for benefits		**727**		745
Pension obligations, end of year		**988**		892
Deficit	**$**	**(261)**	$	(147)



NET ASSETS AVAILABLE FOR BENEFITS AS AT DECEMBER 31 (millions)

Changes in net assets available for pension obligations

(in millions)		2011		2010
Increases:				
Investment income	**$**	**23**	$	22
Increase in fair value of investments		**–**		46
Increase in fair value of currency hedging		**–**		2
Contributions		**28**		28
		51		98
Decreases:				
Decrease in fair value of investments		**3**		–
Decrease in fair value of currency hedging		**8**		–
Pension obligation payments		**55**		51
Administration expenses		**3**		3
		69		54
Changes in net assets	**$**	**(18)**	$	44



SURPLUS/(DEFICIT) FOR ACCOUNTING PURPOSES AS AT DECEMBER 31 (millions)

Investment performance

Rates of return (%)	2011	2010
Plan actual rate of return	**2.7**	10.0
Plan benchmark	**4.2**	10.4
Four-year rolling average return	**1.3**	1.2
Four-year rolling benchmark	**2.1**	1.1

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This report summarizes certain provisions of the **Power Corporation Superannuation Plan** (the Plan). This report does not create any rights to benefits not provided for in the actual terms of the Plan. In the event of any conflicts or omissions the legal requirements of the Plan will govern in all cases.

Chair's message

It is my pleasure to present to you the Power Corporation Superannuation Plan Annual Report for the year ending December 31, 2011. It is intended to provide Plan members with relevant information pertaining to their pensions.

Economic uncertainty plagued the markets in 2011. Sovereign debt issues in Europe, cooling economic growth in China and political developments in the United States and Middle East contributed to market uncertainty. The ensuing flight to safety generally benefitted bonds. A reduction to the discount rate increased the obligation for pension benefits.

In 2011, SaskPower made the final $27 million contribution into the Plan related to a lawsuit settled in late 2009.

In managing your Plan, the Board seeks a portfolio of investments that will spread risk over a variety of asset classes. The Board also looks at other ways to manage risks to Plan assets. In 2011, the Plan transitioned to an active U.S. equity manager with a broad cap mandate to replace the existing passive U.S. equity large cap mandate.

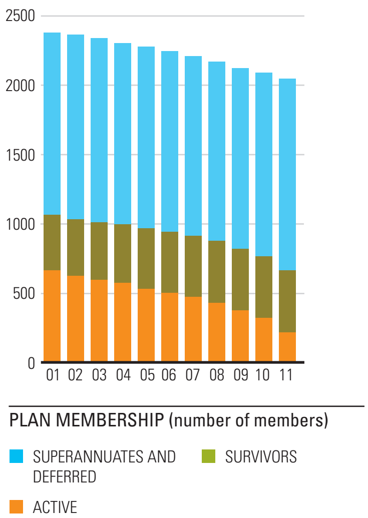
In the years ahead, the Plan will continue to face significant financial pressure. With benefit payments expected to peak in the next few years as the last remaining active members retire, the Plan will need to rely on investments and investment returns to fund pension obligations. The Board will continue to monitor investment choices through this period and work with its consultants to ensure assets of the Plan are prudently invested.

I thank the Board and staff for their work in 2011 and for their continued support as we move forward. The Board welcomes Rachelle Verret Morphy and Kerry Friesen and thanks Jack Shepherd and Phil Davies for their contributions. Despite the economic conditions we have been through, the Plan continues to be sound and well situated to provide benefits into the future.

Grant Ring

Grant Ring, FCMA
Chair
Power Corporation Superannuation Board

The 2011 financial year

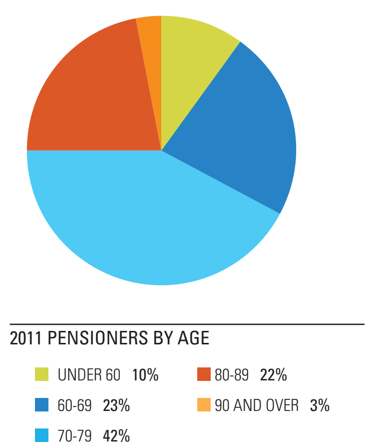


Plan profile

The Power Corporation Superannuation Plan (the Plan) originated with the passing of *The Power Commission Superannuation Act* in 1944. This defined benefit pension plan is governed by *The Power Corporation Superannuation Act* (the Act) of 1950 and The Superannuation (Supplementary Provisions) Act. The Power Corporation Superannuation Board is responsible for administering the Act. The Plan comprises members who were hired prior to October 1, 1977, and who did not elect to transfer to the defined contribution plan before October 1, 1978.

In accordance with the Act, the Saskatchewan Power Corporation (SaskPower) shall pay each member's basic pension, regardless of the financial status of the Plan. The value of the basic pension depends on a number of factors, including salary and years of service at retirement. Optional pension forms, such as joint life and 75% or 100% and enhanced bridging, require the consideration of additional factors, such as a member's age and the spouse's age.

The Plan holds a well-diversified portfolio of debt, equity, real estate and infrastructure investments. Net assets totalled $727 million at year-end, a decrease of $18 million over the previous year. Of this total, approximately $439 million or 61% of assets were invested in Canadian bonds, equities, and real estate while the remaining 39% was invested in 29 different countries throughout the world. This diversification helps to maximize the return on assets and minimize the impact of volatility in individual markets.



Plan demographics

The Plan has been substantially closed to new members since October 1, 1977. As a result, the number of active members has decreased steadily, primarily through retirement. The average service time for active members is 34.8 years.

Approximately 89% of total members are receiving benefits. At December 31, 2011, there were 1,808 receiving a pension, 12 eligible for a deferred pension and 208 active members.

Included in the Plan's active membership are SaskPower employees, as well as employees of SaskEnergy and other corporations that have been designated institutions by the Lieutenant Governor in Council. Effective June 28, 2001, these institutions are required to make contributions at a rate recommended by the Plan actuary.

Both members and employers (SaskPower and designated institutions) have contributed to funding. In 2011, the Plan received funding of $28 million, the majority ($27 million) relates to a payment made by SaskPower in accordance with a 2009 binding court settlement. Since inception, the cumulative total of contributions are $329 million: cumulative employer contributions total 39%, or $130 million; cumulative 2009 binding court settlement payments by SaskPower total 25%, or $81 million; and cumulative employee contributions total 36%, or $118 million. During the year, the Plan paid $55 million in benefits, compared to $51 million in 2010.

At a minimum, an actuarial valuation for funding purposes is prepared every three years in accordance with Canada Revenue Agency guidelines. The SaskPower Board, in late 2011, approved a Power Corporation Superannuation Plan Funding Policy. The policy will apply beginning with the new actuarial funding valuation being prepared as at December 31, 2011, which is to be completed by the end of the second quarter of 2012. SaskPower, starting in 2012, will use this policy as a guideline to ensure that the Plan is adequately funded.

The cost of future benefits is increasing as pensioners live longer and the current low interest rate environment is limiting prospects for investment returns, thereby driving up projected pension liabilities.

Significant communications and events

Annual benefits statements

During 2011, benefit statements were distributed for the year ending December 31, 2010, to all active and deferred members. These statements reflect basic pension information and are distributed annually.

Annual report

The Power Corporation Superannuation Plan Annual Report is also provided to all members.

Pension communications

A Pension Communication Committee comprising superannuate, union and management representation helps improve members' understanding of Plan provisions while disseminating significant legislative changes in a timely manner. During the past 11 years, the committee has distributed the *Pension Update* newsletter to all members at least once a year.

Indexation

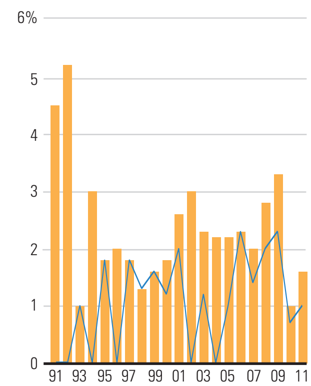
In the fall of 2006, the provincial government introduced legislation to set indexing for the Plan and other related provincial plans to 70% of the increase in the Saskatchewan consumer price index (CPI). Based on this methodology, an increase of 0.96% was granted in 2011.

Consistent investment performance

The Plan's overall return in 2011 was 2.7% compared to the benchmark of 4.2%. However, the Plan's investment managers continue to add value over a 10-year cycle with a 5.7% return versus the benchmark return of 4.9%.

Change to the Plan's asset mix

There was no change in the Plan's asset mix during 2011. However, by April 15, 2011, the transition of the Plan's U.S. equity portfolio from a passive U.S. equity manager with a large cap mandate to an active U.S. equity manager with a broad cap mandate was 100% complete. An asset/liability study is currently in progress to determine if the asset mix should be changed.



PENSION BENEFIT INCREASES

Plan governance

Authority

The Power Corporation Superannuation Plan Board is responsible for the overall governance and administration of the Plan. Board Members are appointed by the Lieutenant Governor in Council pursuant to *The Power Corporation Superannuation Act*. The priority of the Board is to ensure that all members receive the secure benefits to which they are entitled. To deliver this pension promise, the Board serves as a vital check to verify that the Plan's assets are managed prudently. Board Members are required to ensure compliance with the provisions of *The Power Corporation Superannuation Act*, *The Superannuation (Supplementary Provisions) Act* and *The Superannuation Acts Uniform Regulations*.

Role of the Board

The Board selects the Plan's actuary, custodian and investment managers, and sets the investment policy. The Board is also responsible for stewardship; overseeing the identification and management of principal risks; reviewing performance of investment managers; and adopting procedures that provide effective communication and maintain the integrity of internal controls. In addition, the Board is responsible for the sound investment and professional administration of the Plan on behalf of members, superannuates and sponsors. It reviews investment policies and performance, evaluates pension liabilities and ensures that the financial statements are audited by an independent auditor.

The Board bases its decisions on comprehensive research and input from expert advisors. It also monitors the Plan's overall administration to satisfy itself that members, superannuates and survivors receive the benefits to which they are entitled by governing legislation.

Board composition
As at December 31, 2011

Grant Ring Chair Vice-president Business Development SaskPower	**Ken Pielak** Employee representative Communications, Energy and Paperworkers (CEP) SaskEnergy	**Kerry Friesen** Superannuate representative Power Pioneers Association Inc. SaskPower
Rachelle Verret-Morphy Vice-chair Acting Vice-president Law, Land and Regulatory Affairs General Counsel and Assistant Secretary SaskPower	**Dairen Beblow** Treasurer and Manager Corporate Services SaskPower	
Robert Haynes SaskEnergy representative Vice-president, Human Resources SaskEnergy	**Brian Ross** Employee representative International Brotherhood of Electrical Workers (IBEW) SaskPower	

Board Member training

Board Members bring forward the benefits associated with diverse experiences and a variety of professional attributes. However, it is important they are knowledgeable in pension-related matters and that they remain current with respect to the many issues surrounding prudent management of a pension plan. To this end, an annual training, development and maintenance budget of $42 thousand (including travel and related costs) was established for the Board. These fees are paid for by the Plan. In 2011, Board Member training costs totalled $31 thousand.

These costs do not include any Board Member training that may have been paid by SaskPower or any other institution. Board Members do not receive compensation for their services.

Board and management

Although the Board is responsible for overseeing the administration of the Plan, SaskPower is responsible for its day-to-day operations. SaskPower staff that work with the Plan are expected to act within Board-approved policies and directives.

On a monthly basis, SaskPower staff members are involved in monitoring the activities of the investment managers and reviewing the asset mix. They are also the primary contacts for member inquiries. SaskPower staff report to the Board regularly, providing summarized information relating to financial transactions, investments, retirement benefit activity and overall performance.

Independent experts

The Plan's Statement of Investment Policies and Procedures (SIP&P) provides guidelines for investment and monitoring of assets. These principles were established to earn the best possible return on investments based on a level of risk acceptable to the Board. The Board reviews the policies annually and changes are made as necessary. The policies outline a governance structure that allows the Board to retain the services of independent experts to assist it in fulfilling its responsibilities. The Board contracts independent actuarial, investment and accounting professionals, as well as a custodian.

The Board is required to meet at least annually with the investment advisor and each of the investment managers to discuss past performance, strategies and expected future performance. As well, the Board reviews valuation results with the actuary. It also meets with the Plan's external auditor before and after the annual audit of the financial statements. In 2011, the Board met quarterly to review financial results, performance and retirement benefit activity.

Investment managers

Investment managers at December 31, 2011, were:

Asset class	Investment manager
Canadian equity	Jarislowsky Fraser Limited
Canadian equity, bond and real estate	Greystone Managed Investments Inc.
Global equity	Templeton Management Limited
International equity	Greystone Managed Investments Inc. delegated to Hansberger Global Investors
U.S. equity	Lord, Abbett and Co. LLC (replaced BlackRock Asset Management Canada Limited in April 2011)
Infrastructure	Macquarie Capital Markets Canada Limited
Currency hedging	Mesirow Financial Investment Management Inc.

Investment managers are chosen based on their expertise and investment style within a particular asset class. The Board has a formal agreement with each investment manager that contains a mandate formulated to optimize the risk/return profile for each asset class. The investment managers report results to the Board on a regular basis.

Investment consultant

Aon Hewitt is the Plan's investment consultant and provides an analytical review of the total fund, asset classes and investment managers' performance. This assessment is completed relative to peer and plan benchmarks, as well as each manager's style and risk characteristics. The investment advisor subsequently comments on the acceptability of performance, while advising the Board on overall investment policy and management that would best achieve objectives.

Custodian

RBC Dexia Investor Services serves as custodian. In this role, RBC Dexia holds custody of assets and is responsible for executing investment transactions while collecting income. The custodian also provides record-keeping services and monitors investments to ensure they are in compliance with both individual investment manager mandates and the SIP&P.

Actuary

Aon Hewitt prepares annual actuarial valuations for accounting purposes. Every three years or as requested, Aon Hewitt also provides valuations for funding purposes. In addition to the valuations, the actuary provides the Board with information regarding administration, and makes recommendations related to benefit policies. The Actuarial Opinion and Cost Certificate is found on page 10.

Auditors

An external auditor, Deloitte & Touche LLP, was contracted to perform the 2011 annual audit of the Plan's financial statements. The audit is conducted in accordance with Canadian generally accepted auditing standards. Deloitte & Touche LLP's professional opinion on the financial statements is found in its Independent Auditor's Report, attached to the financial statements. On an annual basis, the Provincial Auditor reviews the external auditor's work on the financial statements, overall governance, internal controls and legislative compliance. The Independent Auditor's Report is found on page 12.

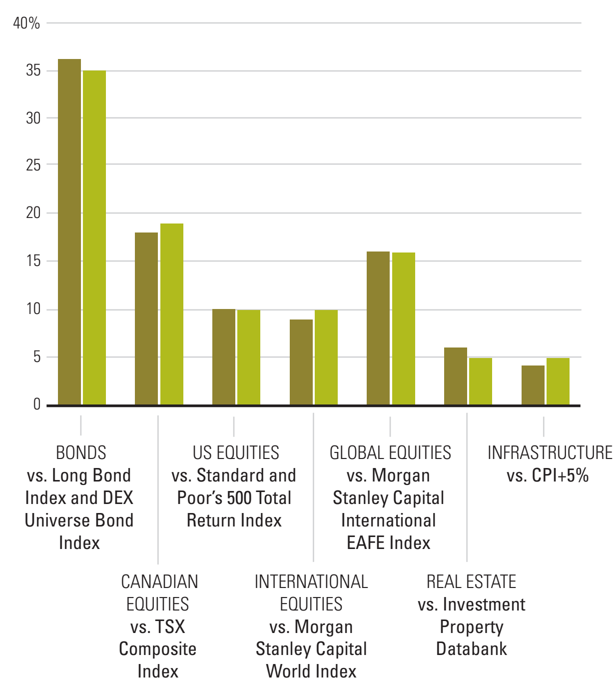
Investment highlights

Investment strategy

The investment objective of the Plan is to meet current and future pension payment obligations. As a result, assets are invested in a diversified portfolio; the funds are placed with a number of investment managers for investment in a wide range of securities and asset classes. Managers are assigned specific mandates and their performance is monitored against pre-determined benchmarks. By holding a combination of different types of investments in a portfolio, the negative effect of fluctuations in the markets is minimized and the risk of having a large loss is reduced.

Investment policies

The Plan's Statement of Investment Policies and Procedures (SIP&P) is approved by the Power Corporation Superannuation Plan Board. The SIP&P communicates a philosophy of diversification and protection of capital to investment managers with an objective of optimizing the Plan's risk/return relationship. To achieve acceptable levels of diversification and risk control, the SIP&P sets out guidelines for asset mix, individual equity/bond holdings, industrial sector holdings, debt ratings and bond duration.



2011 ASSET MIX

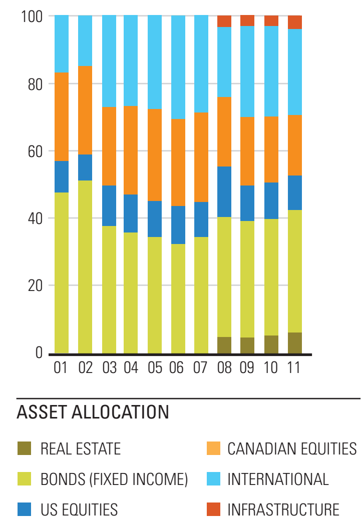
At present, the target asset mix is 55% equity, 35% debt (bonds), 5% real estate and 5% infrastructure. However, the actual mix at any one time may differ from this target due to fluctuations in the market. The Plan's asset mix at the end of the year was in compliance with the guidelines laid out in the SIP&P. An asset/liability study, reviewing potential asset mixes, began in late 2011 and is expected to be completed by mid-2012.

The SIP&P is consistent with *The Power Corporation Superannuation Act* and *The Superannuation (Supplementary Provisions) Act* and *The Superannuation Acts Uniform Regulations*.

The Plan's primary investment objective is to achieve a return higher than the asset mix benchmark. A secondary objective is to achieve a long-term rate of return of the average increase in the CPI for Canada plus 4% per annum. These two objectives should be viewed as an average annual compound rate to be sought over one or more complete capital market cycles or over a four to 10-year period.

Monitoring performance is a key activity in supporting the investment objectives. The policies outline a benchmark portfolio comprising market index assets weighted at the same asset allocation that is normal for the Plan. While broadly diversified, the benchmark portfolio emphasizes equity over bond investments on the basis of substantial evidence that, over time, equities provide superior returns.

In the last quarter of 2008, the Plan committed 15 million USD and 11 million EUR to its infrastructure asset class via two limited partnerships. As the partnerships raise capital, further investments are made, requiring investors to fund their commitments. While the market started recovering in 2009-2010, the lingering effect of the downturn in 2008 continued to make it challenging to raise capital. The EUR infrastructure investment was fully committed in early 2011. The USD infrastructure investment was increased by $1.5 million US to $10 million US at the end of 2011.



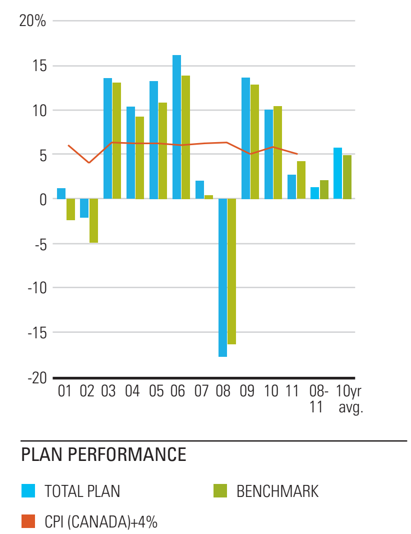
ASSET ALLOCATION

Investment performance

The Plan's performance is measured by comparing its return to the benchmark portfolio. During 2011, the Plan achieved a rate of return of 2.7%, compared to the benchmark return of 4.2%.

A common standard within the pension fund industry is to calculate performance on a four-year cycle and, where possible, on a 10-year cycle. These longer-term measures have greater relevance and lower volatility than a one-year measurement. Over the period 2008-2011, the Plan averaged an annual return of 1.3%, compared to the benchmark average of 2.1%. Over the past 10 years, the Plan has averaged an annual return of 5.7% compared to the benchmark of 4.9%.

While returns fluctuate from year to year, the underlying volatility of individual asset class returns is even more pronounced. Because the investment policies set out a diversification strategy designed to mitigate the effects of volatility, the Plan's returns have historically been more stable than the returns of any single asset class.



PLAN PERFORMANCE

Financial highlights

During the year, fiscal and political developments in Europe and the United States created economic uncertainty. Combining these with the cooling of economic growth in China, most global markets were impacted negatively, including Canada. This economic uncertainty caused the flight to safety from equities generally to the benefit of bonds. The bond benchmark rose by 18.1% during 2011. Approximately 39% of the Plan's assets are invested outside Canada resulting in an unrealized foreign exchange loss of $7.6 million (2010 - $1.8 million gain).

In 2010, the Board hired a currency manager to help offset some of the volatility that foreign currency has on the Plan's asset values. During 2011, there were continuing concerns over European and Middle East stability. As well, there was apprehension over U.S. policy and initiatives which contributed to high volatility in most currencies. Overall, the Plan ended the year with net assets available for benefits totalling $727 million, a decrease of $18 million over the previous year. Over the past five years, the Plan has seen net assets available for benefits decrease by $99 million while paying out $240 million in benefits. The change in net assets from 2010 to 2011 are as follows:

Changes in net assets (in millions)	**2011**	2010
Increases:		
Investment income	**$ 23**	$ 22
Increase in fair value of investments	**–**	46
Increase in fair value of currency hedging	**–**	2
Contributions	**28**	28
	51	98
Decreases:		
Decrease in fair value of investments	**3**	–
Decrease in fair value of currency hedging	**8**	–
Pension obligation payments	**55**	51
Administration expenses	**3**	3
	69	54
Changes in net assets	**$ (18)**	$ 44

In 2011, the Plan paid $55 million in pension obligations and $3 million in administrative expenses. The administrative expenses represent fees paid to the investment managers and custodian for managing and recording investments. These fees are based on the fair value of assets under management. The cost of these services is 0.39% of the fair value of the total assets at December 31, 2011, a 0.01% increase from the 2010 rate.

Actuarial valuation

The obligation of any defined benefit pension plan is to fulfill its pension promise — a commitment to provide lifetime periodic payments to eligible retired members. Meeting this pledge requires a sound financial base. To assess the financial status of the Plan, two methods are used to value the Plan:

- An actuarial valuation for accounting purposes is performed annually as at December 31. This valuation is based on best estimates and only takes into account the benefits already earned to date by current retirees and inactive and active members, as well as contributions already received by the Plan.
- An actuarial valuation for funding purposes is required to be prepared every three years. It determines the long-term financial health of the Plan at current contribution rates. In preparing the funding valuation, the actuary projects the Plan's benefit costs (including inflation protection) and compares them to plan assets. Future contributions from active members and employers are then added using approved assumptions.

In 2011, the Plan recognized an actuarial deficit of $261 million for accounting purposes (financial statement reporting), compared to a $147 million deficit at the previous year end. The pension obligations increased by $96 million, due largely to the decrease in discount rate. Net assets available for benefits decreased by $18 million.

Actuarial surplus (deficit) (in millions)	2011	2010
Net assets available for benefits	$ 727	$ 745
Pension obligations	988	892
Deficit	**$ (261)**	$ (147)

Actuarial methodology and assumptions

In completing an actuarial valuation, certain future events must be considered. A number of assumptions are made and future events are deemed to occur according to these assumptions. This methodology is called a *best estimate actuarial valuation* and it attempts to arrive at the most likely outcome. The economic assumptions are based on published five-year forecasts, investment policy and specific characteristics of the Plan membership, with extrapolation to the end of the benefit period. To value the liabilities, the actuary examines the Plan's demographics — the age, length of service and salary ranges of the membership. Information is processed on active members, deferred members and pensioners, and surviving spouses who receive benefits. In addition, mortality, disability and termination of employment data are reviewed and factored into the valuation assumptions.

Best estimate valuation economic assumptions	2011	2010
Discount rate	**4.25%**	5.25%
Long-term rate of compensation increases	**3.50%**	3.50%
Long-term inflation rate	**2.50%**	2.50%
Pension benefit increases (% of CPI)	**70.00%**	70.00%
Remaining service life (years)	**0.30**	1.33

The following illustrates the sensitivity of some of the major assumptions used in preparing the December 31, 2011, actuarial valuation:

Retirement age: Assuming a retirement age equal to the earliest age that a member can retire with a reduced pension would reduce the plan deficit by $2.2 million. Although the member would be receiving a pension at an earlier age and not contributing as much into the Plan, the final average salary used in calculating pension obligations is also lower and results in a decrease to the deficit.

Discount rate: An increase in the discount rate of 0.5% (from 4.25% to 4.75%) would reduce the plan deficit by $51.4 million, as the present value of the necessary bond portfolio to cover the past service liabilities will be reduced.

Salary: A decrease to the real salary increase assumption of 0.5% (from 3.5% to 3.0%) would slightly decrease the deficit. The final average salary at retirement and the level of benefits paid at retirement also decrease.

Inflation: An inflation rate assumption that is 0.5% lower than the assumed rate (2.5% to 2.0%) would increase the deficit by $16.7 million. A lower inflation rate reduces the discount rate and future pension obligation increases. The impact of the lower discount rate, which increases the pension obligations, more than offsets the reductions that result from lower future pension obligation increases.

CPP at 67: By increasing the retirement age under the CPP to age 67 from age 65, the offset at age 65 under the Plan is effectively delayed for two years to age 67. This results in two years worth of increased pension payments, payable from the Plan, thus increasing the past and future service liabilities under the Plan, and increasing the deficit by $3.6 million.

Actuarial Opinion and Cost Certificate

Aon Hewitt was retained by the Power Corporation Superannuation Board (the "Board") to perform an actuarial valuation of the assets and the liabilities of the Power Corporation Superannuation Plan (the "Plan") as at December 31, 2011, for accounting information purposes. The accounting valuation was performed in accordance with the accounting valuation under Chapter 19 – "Employee Benefits" (IAS 19) of the International Accounting Standards Board (IASB).

With the important exception of the discount rate, our valuation results have been determined using actuarial assumptions which may be considered "management's best estimate," with equal likelihood that over time the true liabilities will prove to be greater than or less than the amounts we have determined. The discount rate has been determined in accordance with International Financial Reporting Standards, IAS 19.

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

- membership data provided by the Saskatchewan Power Corporation as at September 30, 2011;
- methods prescribed by the International Financial Reporting Standards, IAS 19; and
- assumptions about future events (for example, future rates of inflation) which represent management's best estimate of these events.

The objective of the financial statements is to fairly represent the financial position of the Plan on December 31, 2011, as a going concern. While the actuarial assumptions used to estimate liabilities for the Saskatchewan Power Corporation's financial statements represent management's best estimate of future events with the important exception of the discount rate, and, while we do not render a specific opinion on these assumptions, they are not unreasonable when considering the circumstances of the Plan and the purpose of the valuation. The Plan's future experience will inevitably differ, perhaps significantly, from these actuarial assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations.

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 are appropriate for the purposes of the subsequent valuation. Our valuation has been performed, in accordance with accepted actuarial practice.

The results of our accounting actuarial valuation disclosed total actuarial liabilities of $988,393,000 in respect of benefits accrued for service prior to December 31, 2011. The total value of assets was $726,562,000 at December 31, 2011. The accounting actuarial deficit as of December 31, 2011, is $261,831,000. The total cost of benefits to be accrued in the 12 months following December 31, 2011, is $1,865,000 as at December 31, 2011.

Paul Hebert

Paul Hebert
Fellow, Society of Actuaries
Fellow, Canadian Institute of Actuaries
February 13, 2012

Report of Management

The financial statements of the Power Corporation Superannuation Plan are the responsibility of management and have been prepared in accordance with Canadian accounting standards for pension plans, applied on a basis consistent with that of the preceding year. The preparation of financial statements necessarily involves the use of estimates based on management's best judgement, particularly when transactions affecting the current period cannot be finalized with certainty until future periods. In management's opinion, the financial statements have been properly prepared within the framework of selected accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, information available up to March 16, 2012. The financial information presented elsewhere in the annual report is consistent with that of the financial statements.

Management maintains appropriate systems of internal control which provide assurance that the Plan's assets are safeguarded and appropriately accounted for, that financial records are relevant, reliable and accurate and that transactions are executed in accordance with management's authorization. These systems include policies and procedures, as well as the appropriate delegation of authority and segregation of responsibilities. An internal audit function independently evaluates the effectiveness of these controls and reports its findings to the Saskatchewan Power Corporation Board of Directors.

The Power Corporation Superannuation Board of Directors (the Board) is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. At regular meetings the Board reviews audit, internal control and financial matters with management and the external auditors to satisfy itself that each is properly discharging its responsibilities. The annual report, financial statements and the Independent Auditor's Report have been reviewed and approved by the Board. The external auditor has full and open access to the Board with and without the presence of management.

The financial statements have been examined by Deloitte & Touche LLP, Chartered Accountants, as appointed by the Lieutenant Governor in Council and approved by the Crown Investments Corporation of Saskatchewan. The external auditor's responsibility is to express their opinion on whether the financial statements are fairly presented in accordance with Canadian accounting standards for pension plans. The Independent Auditor's Report, which follows, outlines the scope of their examination and sets forth their opinion.

On behalf of management,

John Statz, CMA, MBA
Supervisor, Treasury Accounting
SaskPower
March 16, 2012

Sandeep Kalra
Vice-president and Chief Financial Officer
SaskPower

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan:

We have audited the accompanying financial statements of the Power Corporation Superannuation Plan which comprise the statements of financial position as at December 31, 2011 and December 31, 2010, and the statements of changes in net assets available for benefits and the statement of changes in pension obligations for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management 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 principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits 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 financial position of the Power Corporation Superannuation Plan as at December 31, 2011 and December 31, 2010, and the changes in its net assets available for benefits and changes in its pension obligations for the years then ended in accordance with Canadian accounting standards for pension plans.

Deloitte & Touche LLP

Chartered Accountants
March 16, 2012
Regina, Saskatchewan

Statement of financial position

(in thousands)

As at December 31	**2011**	2010	Jan. 1, 2010
Assets			
Investments *(Note 3)*			
Short-term	**$ 5,047**	$ 4,847	$ 5,381
Bonds	**260,225**	254,074	239,202
Equities	**382,818**	420,583	398,398
Real estate	**43,950**	38,658	31,739
Infrastructure	**29,909**	23,678	21,963
	721,949	741,840	696,683
Receivables			
Accrued investment income	**2,431**	1,806	2,038
Currency hedging *(Note 4)*	**1,322**	225	–
Other receivables	**362**	26	4,923
Employees' contributions	**8**	15	27
Sponsors' contributions	**10**	20	32
	4,133	2,092	7,020
Cash	**2,045**	1,786	2,156
Total assets	**728,127**	745,718	705,859
Liabilities			
Accounts payable and other liabilities	**1,565**	1,030	5,636
Net assets available for benefits	**$ 726,562**	$ 744,688	$ 700,223
Pension obligations and deficit			
Pension obligations	**988,393**	891,497	862,752
Deficit	**(261,831)**	(146,809)	(162,529)
Pension obligations and deficit	**$ 726,562**	$ 744,688	$ 700,223

See accompanying notes

On behalf of the Board

Grant Ring, FCMA
Chair

Dairen Beblow, CFA
Director

Statement of changes in net assets available for benefits

(in thousands)

For the year ended December 31	2011	2010
Increase in net assets		
Investment income		
Interest		
Short-term	**$ 107**	$ 43
Bonds	**12,103**	11,801
	12,210	11,844
Dividends	**10,391**	10,353
	22,601	22,197
Increase in fair value of investments	**–**	46,104
Increase in fair value of currency hedging	**–**	1,806
Contributions *(Note 1)*		
Employees'	**379**	737
Sponsors'	**137**	226
Other – sponsor	**27,079**	27,079
	27,595	28,042
Total increase in net assets	**50,196**	98,149
Decrease in net assets		
Decrease in fair value of investments	**3,039**	–
Decrease in fair value of currency hedging	**7,608**	–
Pension obligation payments	**54,710**	50,670
Refunds and transfers	**118**	204
Administrative expenses *(Note 8)*	**2,847**	2,810
Total decrease in net assets	**68,322**	53,684
Changes in net assets	**(18,126)**	44,465
Net assets available for benefits, beginning of year	**744,688**	700,223
Net assets available for benefits, end of year	**$ 726,562**	$ 744,688

See accompanying notes

Statement of changes in pension obligations

(in thousands)

For the year ended December 31	2011	2010
Increase in pension obligations		
Change in actuarial assumptions	**$ 101,774**	$ 43,650
Interest on obligations	**45,519**	49,147
Benefits accrued	**3,189**	6,512
Experience gains	**1,242**	–
	151,724	99,309
Decrease in pension obligations		
Benefits paid	**54,710**	50,670
Refunds and transfers	**118**	204
Experience losses	**–**	19,690
	54,828	70,564
Pension obligations, beginning of year	**891,497**	862,752
Pension obligations, end of year	**$ 988,393**	$ 891,497

Notes to the financial statements

In thousands
As at December 31, 2011

1. Description of the Plan

The following description of the Power Corporation Superannuation Plan (the Plan) is a summary only. For more complete information, reference should be made to *The Power Corporation Superannuation Act*, *The Superannuation (Supplementary Provisions) Act* and *The Superannuation Acts Uniform Regulations*.

(a) General

The Plan is a defined benefit pension plan maintained by Saskatchewan Power Corporation (the Corporation; SaskPower) for those employees who were hired prior to October 1, 1977, and who did not elect to transfer to the Public Employees Pension Plan, a defined contribution plan, before October 1, 1978. The Plan is administered by a seven-person Board appointed by the Lieutenant Governor in Council.

(b) Employees' contributions

Plan members contribute a percentage of their salary at a rate based on the age when they last became a contributor to the Plan and any agreements for an employee group, less a reduction for Canada Pension Plan integration.

An employee makes no further contributions after 35 years of pensionable service.

(c) Sponsors' contributions

In accordance with *The Power Corporation Superannuation Act*, the Corporation contributes such amounts as are necessary to fund the payments provided by the Plan. Some Plan members are employees of other corporations that have been designated by the Lieutenant Governor in Council as institutions. For these corporations, an actuary determines the required employer contribution for their active Plan members.

(d) Other contributions

SaskPower committed to make payments to the Plan as a result of a binding court settlement from a legal action that was commenced in 1996 by an individual, in a representative capacity, on behalf of members of the Plan. The settlement required the Corporation to pay $81,237 into the Plan in three equal instalments. The first payment of $27,079 was made in December 2009. The second payment was made in June 2010 and the final payment was made in June 2011. Payments were recorded in the Plan's financial statements when they were received from the Corporation.

(e) Retirement allowances

The Plan provides an unreduced retirement allowance at age 65 with at least five years pensionable service, at age 60 with at least 20 years pensionable service, or upon completion of 35 years pensionable service. Retirement allowances are based on 2% of the best five-year average annual salary multiplied by the years of pensionable service, up to a maximum of 35 years, subject to Canada Revenue Agency maximums. At age 65, the retirement allowance is reduced due to integration with the Canada Pension Plan for pensionable service from January 1, 1966.

Employees may retire with an early-reduced retirement allowance at age 55 with at least 30 years pensionable service, or at age 60 with at least 15 years pensionable service. Both age and service criteria must be met to be eligible for an early-reduced retirement.

Pension obligations are increased at a rate equal to 70% of the increase in the consumer price index (CPI) for Saskatchewan in the preceding calendar year. Increases are subject to the maximum increase permitted under *The Income Tax Act* (Canada).

(f) Survivors' allowances

Death benefits are available to a qualifying surviving spouse in the form of a survivor allowance. A qualifying surviving spouse is the spouse at the time of retirement. The retirement allowance paid to the spouse will be based upon the member's selection at retirement or at the time of conversion. Effective June 27, 2003, retired members who have had a change in marital status after retirement may apply to convert their retirement allowance to recognize their new spouse, provided certain criteria are met.

Members may select the basic retirement allowance that will pass 60% of the retirement allowance that they would have received to their spouse. Effective June 25, 1996, for death prior to age 65, the surviving spouse will receive 60% of the deceased member's lifetime retirement allowance, plus 60% of the bridge benefit (the amount due to Canada Pension Plan integration payable until the member would have turned age 65).

Alternatively, members may select the 75% (effective April 1, 2002) or the 100% option. The spouse will receive 75% or 100% of the lifetime retirement allowance, plus 75% or 100% of the bridge benefit (the amount due to Canada Pension Plan integration, until the member would have turned age 65).

On and after June 28, 2001, and in the event of pre-retirement death, the spouse will receive a retirement allowance based upon the member's credited service as of the date of death. The survivor's allowance would be based on the greater of the basic retirement allowance of 60% plus any children's payments, or 100% actuarial equivalent. The spouse would receive the applicable percentage of the members' lifetime pension plus the bridge benefit.

Additional survivor benefits for dependent children may apply.

If no one is eligible to receive a survivor's allowance from the Plan, then the total of the member's contributions, plus legislated interest, less any retirement allowances paid up to the member's time of death, will be paid to the member's estate.

(g) Deferred allowances

An employee who is at least 30 years of age and has at least 10 years continuous pensionable service may elect to receive a deferred allowance upon ceasing employment.

Subject to re-employment limitations pursuant to *The Superannuation (Supplementary Provisions) Act*, the earliest that a deferred member with at least 10 years pensionable service and up to 20 years pensionable service may commence an unreduced retirement allowance, is at age 65. The earliest that a deferred member with greater than 20 years pensionable service may commence an unreduced retirement allowance, is at age 60.

(h) Refunds and transfers

Upon ceasing employment and prior to becoming eligible to receive an unreduced retirement allowance, Plan members may elect to receive a refund of their contributions plus legislated interest as a lump-sum payment less statutory deductions; as a transfer to their registered retirement savings plan; or as a transfer pursuant to the terms of an existing reciprocal agreement with another registered pension plan. Once a refund or transfer has been processed, the member has no further claim against the Plan.

(i) Other benefits

Under certain circumstances, members may purchase additional credited service in the Plan.

(j) Income taxes

The Plan is a registered pension plan as defined in *The Income Tax Act* (Canada) and is not subject to income taxes. Retirement allowances paid from the Plan are subject to source deductions that are withheld by RBC Dexia Investor Services on behalf of the Corporation and remitted to the Canada Revenue Agency.

2. Summary of significant accounting policies

The financial statements for the year ended December 31, 2011, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CICA Handbook, Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed. These financial statements are presented in the Plan's functional currency, Canadian dollars. The financial statements were authorized and issued by the Board on March 16, 2012.

(a) Adoption of new accounting standards

Effective January 1, 2011, the financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CICA Handbook, Section 4600, *Pension Plans*. These standards were required to be adopted with retrospective restatement. The transition to the new standards did not require any changes to prior year figures or the plan's accounting policies. The opening statement of financial position in accordance with Section 4600 as of January 1, 2010, has been disclosed for comparative purposes.

(b) Use of estimates

In preparing the Plan financial statements, management uses estimates and assumptions that primarily affect the reported values of assets and liabilities. Significant estimates are used primarily in the determination of pension obligations and the fair value of investments and investment related receivables and liabilities. Actual results could differ from those estimates, which may impact the results reported in the future periods.

(c) Investments

Investments are recorded as of the trade date and are stated at fair value. Fair value is the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Investments recorded at fair value are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation *(Note 3)*

Level 1 – Quoted prices are readily available from an active market for identical assets.

Level 2 – Inputs, other than quoted prices included in level 1, which are observable either directly or indirectly.

Level 3 – Inputs are not based on observable market data.

Investments in equities are recorded at fair value which is determined using year-end market prices from recognized security dealers. Investments in bonds are recorded at fair value which is determined using mid-market prices from a recognized security dealer. Transactions in bonds and equities are recorded as of the trade date.

Pooled funds are recorded based on the net asset value per unit of the underlying investments determined using year-end market prices at December 31. Short-term investments are recorded at fair value. Real estate and infrastructure funds are recorded at fair value as estimated by independent appraisals.

Investments denominated in foreign currency are translated at the exchange rate in effect at year end. Investment transactions and realized gains and/or losses are translated at the exchange rate in effect at the transaction date. Unrealized gains and losses resulting from exchange differences are included in the determination of the change in fair value of investments.

(d) Currency hedging

Investments in derivative financial instruments, including forward contracts, are valued at year-end quoted market prices.

(e) Investment income

Investment income consists of interest on bonds and short-term securities (which is recognized as it accrues) and dividend income (which is recognized as of the ex-dividend date).

(f) Transaction costs

Commissions and other transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

(g) Foreign currency translation

Assets and liabilities denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at year-end. Investments, revenues and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses arising on translation are included in the current period change in market value of investments.

(h) Fair value

Accounts receivable and accounts payable and other liabilities are all short-term in nature and as such their carrying value approximates fair value.

(i) New standards and interpretations not yet adopted

A number of new standards, and amendment to standards and interpretations, are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. In particular, these are the following new and amended standards which become effective for annual periods beginning on or after January 1, 2013:

- IFRS 9, *Financial Instruments*
- IFRS 12, *Disclosure of Interests in Other Entities*
- IFRS 13, *Fair Value Measurement*
- IAS 19, *Employee Benefits*

The extent of the impact on adoption of these standards is not known at this time, but is not expected to be material.

3. Investments

Schedule of investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective. The strategy employed to achieve these objectives is to invest the Plan's assets into a diversified pool of investments, such as Canadian and foreign equities, money market securities, bonds and alternative investments. The Plan's target asset mix is 55% equity, 35% debt (bonds), 5% real estate and 5% infrastructure. The schedule below summarizes the Plan's investments as at December 31:

	2011	2010	Jan. 1, 2010
Short-term			
Canadian	**$ 5,047**	$ 4,847	$ 5,381
	5,047	4,847	5,381
Bonds			
Government of Canada and federally-guaranteed	**42,838**	54,273	53,991
Provincial and provincially-guaranteed *(Note 7)*	**130,083**	124,023	109,331
Corporate	**87,304**	75,778	75,880
	260,225	254,074	239,202
Equities			
Canadian	**129,692**	144,115	140,399
Global equities	**115,841**	122,543	114,192
Non-North American	**64,863**	74,525	72,145
U.S.	**72,422**	79,400	71,662
	382,818	420,583	398,398
Alternatives			
Real estate	**43,950**	38,658	31,739
Infrastructure	**29,909**	23,678	21,963
	73,859	62,336	53,702
Total investments	**$ 721,949**	$ 741,840	$ 696,683

Short-term

The Plan's short-term investments are highly rated by a rating agency with respect to likelihood of repayment (R1 rated by Dominion Bond Rating Service or equivalent for other rating agencies) in accordance with the Plan's Statement of Investment Policies and Procedures. At December 31, 2011, the Plan held Canadian dollar denominated investments of $5,047 (2010 - $4,847, Jan. 1, 2010 - $5,381) the majority of which mature within 3 to 117 days (2010 - 47 to 118 days, Jan. 1, 2010 - 4 to 119 days) at a yield of 0.8% (2010 - 1.0%, Jan. 1, 2010 - 0.1% to 0.2%).

Bonds

The Plan's bond portfolio is invested as follows:

		2011		2010		Jan. 1, 2010	
Debt rating	Years to maturity	**Fair value**	**Average yield (%)**	Fair value	Average yield (%)	Fair value	Average yield (%)
Federal bonds	1-5	**$ –**	**–**	$ –	–	$ 12,622	2.43
	6-10	**–**	**–**	4,153	3.5	7,949	3.75
	11-15	**–**	**–**	7,870	3.25	–	–
	16-20	**–**	**–**	21,260	5.75	11,356	5.75
	20+	**42,838**	**5.15**	20,990	4.57	22,064	4.50
		42,838		54,273		53,991	
Provincial bonds	1-5	**–**	**–**	–	–	1,118	5.50
	6-10	**–**	**–**	–	–	17,173	5.26
	11-15	**19,939**	**6.00**	11,176	4.52	1,153	6.00
	16-20	**73,388**	**6.30**	7,953	6.65	20,649	6.60
	20+	**36,756**	**5.33**	104,894	4.55	69,238	5.60
		130,083		124,023		109,331	
Corporate bonds	1-5	**–**	**–**	–	–	12,931	5.05
	6-10	**–**	**–**	–	–	6,831	5.31
	11-15	**4,045**	**7.74**	3,777	7.74	2,305	6.31
	16-20	**14,126**	**6.67**	10,989	6.46	5,627	7.07
	20+	**69,133**	**6.17**	61,012	6.16	48,186	6.12
		87,304		75,778		75,880	
Total bonds		**$ 260,225**		$ 254,074		$ 239,202	

The Plan invests in bonds that are investment grade (minimum credit rating of BBB) by a recognized rating agency which reflects a high likelihood of repayment. Federal and federally guaranteed bonds have a credit rating range of AA to AAA, provincial and provincially guaranteed bonds have a credit rating range of A to AA, and corporate bonds have a credit rating range of BBB to AA.

	2011		2010		Jan. 1, 2010	
Debt rating	**Fair value**	**% of bond portfolio**	Fair value	% of bond portfolio	Fair value	% of bond portfolio
BBB	**$ 14,083**	**5.4**	$ 11,536	4.5	$ 4,664	1.9
A	**128,105**	**49.2**	111,235	43.8	113,202	47.3
AA or higher	**118,037**	**45.4**	131,303	51.7	121,336	50.8
Total bonds	**$ 260,225**	**100.0**	$ 254,074	100.0	$ 239,202	100.0

The Plan has established quality standards for corporate bond issues as follows:

		2011		2010		Jan. 1, 2010	
Debt rating	**Maximum % of bond portfolio**	**Fair value**	**% of bond portfolio**	Fair value	% of bond portfolio	Fair value	% of bond portfolio
BBB	20%	**$ 14,083**	**5.4**	$ 11,536	4.5	$ 4,664	1.9
A	40%	**70,701**	**27.2**	60,704	23.9	52,018	21.7
AA or higher	No limit	**2,520**	**3.0**	3,538	1.4	19,198	8.1
Total corporate bonds		**$ 87,304**	**35.6**	$ 75,778	29.8	$ 75,880	31.7

Equities

The Plan's equity investments are held as portfolio investments. At December 31, 2011, the Plan held $382,818 in equities. Of this total, 34% or $129,692 of the Plan's equities were invested in Canada, with the remaining 66% or $253,126 invested in mandates outside of Canada. In 2010, the Plan held $420,583 in equities. Of this total, 34% or $144,115 of the Plan's equities were invested in Canada, with the remaining 66% or $276,468 invested in mandates outside of Canada.

Investments are generally limited to stocks that are publicly traded on a recognized stock exchange. The Plan's equities include common shares that have no fixed maturity date and are generally not directly exposed to interest rate risks. Dividends are generally declared on a quarterly basis.

The following is a breakdown of equities directly held in the Plan as at December 31, 2011, with a fair value exceeding $5 million:

	2011		2010		Jan. 1, 2010	
Corporate shares	**Shares/units**	**Fair value**	Shares/units	Fair value	Shares/units	Fair value
Toronto Dominion Bank	**120,740**	**$ 9,211**	111,440	$ 8,274	107,000	$ 7,058
Bank of Nova Scotia	**138,565**	**7,043**	131,965	7,535	140,000	6,889
Canadian Natural Resources Ltd.	**138,820**	**5,296**	114,900	5,985	76,000	5,759
Royal Bank of Canada	**–**	**–**	145,820	5,582	172,000	9,698
Suncor Energy Inc.	**–**	**–**	115,070	5,103	–	–
Talisman Energy Inc.	**–**	**–**	230,210	5,092	314,000	6,187
Potash Corp of Saskatchewan Inc.	**–**	**–**	32,765	5,061	–	–
SNC-Lavalin Group Inc.	**–**	**–**	–	–	108,000	5,840
Total		**$ 21,550**		$ 42,632		$ 41,431

Real estate

The Plan's real estate portfolio is a Canadian-based pooled fund that is diversified through all parts of Canada and holds office, retail and industrial properties. At December 31, 2011, the Plan held $43,950 in real estate (2010 - $38,658 and January 1, 2010 - $31,739).

Infrastructure

The Plan's infrastructure portfolio is split between two funds, one based primarily in Europe and the other focused on the United States and Canada.

	2011					2010	Jan. 1, 2010
	Capital commitment	**Net cash contributed**	**Undrawn capital commitment**	**Undrawn capital commitment CDN**	**Fair value of investment CDN**	Fair value of investment CDN	Fair value of investment CDN
Macquarie Infrastructure Partners II Fund	**$ 15,000 US**	**$ 10,327 US**	**$ 4,673 US**	**$ 4,752**	**$ 13,101**	$ 9,954	$ 8,142
Macquarie European Infrastructure Fund III	**11,250 EUR**	**11,250 EUR**	**– EUR**	**–**	**16,808**	13,724	13,821
Total			**$ 4,673 US**	**$ 4,752**	**$ 29,909**	$ 23,678	$ 21,963

Infrastructure managers use internal valuation policies to establish a fair value for the underlying assets within their portfolios. The valuations are prepared quarterly and take into account several variables:

- Purchase price
- Market conditions (e.g., interest rates, exchange rates, inflation)
- Discounted cash flows
- Macroeconomic factors
- Operational factors

The above variables involve various economic, operational, and financial assumptions.

Pooled funds

A pooled fund contains funds from many individual investors that are aggregated for the purpose of investment. The unit price of the pooled fund is determined by the overall performance of each of the assets in the fund. In 2011, the Plan held $113,484 (2010 - $197,319 and January 1, 2010 - $180,129) in pooled funds with a breakdown as follows:

		2011		2010		Jan. 1, 2010	
	Asset class	**Fair value**	**% of Plan investments**	Fair value	% of Plan investments	Fair value	% of Plan investments
Greystone Managed Investments Inc. [1]	International equity	**$ 64,863**	**9.0**	$ 74,525	10.0	$ 72,145	10.3
Greystone Managed Investments Inc.	Real estate	**43,950**	**6.1**	38,658	5.2	31,739	4.6
Jarislowsky Fraser [2]	Canadian equity	**4,671**	**0.1**	4,736	0.6	4,583	0.7
BlackRock Asset Management Canada Limited	U.S. equity	**–**	**0.0**	79,400	10.7	71,662	10.3
Total pooled fund assets		**$ 113,484**	**15.2**	$ 197,319	26.5	$ 180,129	25.9

1. Greystone Managed Investments Inc. has delegated the management of these funds to Hansberger Global Investors.
2. The Jarislowsky Fraser Special Equity Pooled fund is managed by Jarislowsky Fraser Ltd. and used to purchase less liquid, smaller or special Canadian equity positions.
3 BlackRock Asset Management Canada Limited was replaced by Lord, Abbett & Co U.S. Equity, which is not a pooled fund.

The following table categorizes the Plan's financial instruments, by level *(Note 2 b)*:

	2011				2010				Jan. 1, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Short-term	**$ 5,047**	**$ –**	**$ –**	**$ 5,047**	$ 4,847	$ –	$ –	$ 4,847	$ 5,381	$ –	$ –	$ 5,381
Bonds	**–**	**260,225**	**–**	**260,225**	–	254,074	–	254,074	–	239,202	–	239,202
Equities	**313,284**	**69,534**	**–**	**382,818**	261,922	158,661	–	420,583	250,008	148,390	–	398,398
Real estate	**–**	**–**	**43,950**	**43,950**	–	–	38,658	38,658	–	–	31,739	31,739
Infrastructure	**–**	**–**	**29,909**	**29,909**	–	–	23,678	23,678	–	–	21,963	21,963
Currency hedging	**–**	**1,322**	**–**	**1,322**	–	225	–	225	–	–	–	–
Total	**$ 318,331**	**$ 331,081**	**$ 73,859**	**$ 723,271**	$ 266,769	$ 412,960	$ 62,336	$ 742,065	$ 255,389	$ 387,592	$ 53,702	$ 696,683

During the year ended December 31, the reconciliation of investments measured at fair value using unobservable inputs (level 3) is presented as follows:

	2011			2010		
	Real estate	**Infrastructure**	**Total**	Real estate	Infrastructure	Total
Beginning balance, January 1	**$ 38,658**	**$ 23,678**	**62,336**	$ 31,739	$ 21,963	$ 53,702
Purchases	**–**	**4,167**	**4,167**	4,000	1,495	5,495
Return of capital	**–**	**(452)**	**(452)**	–	(542)	(542)
Change in unrealized gains/(losses)	**5,292**	**2,516**	**7,808**	2,919	762	3,681
Ending balance, December 31	**$ 43,950**	**$ 29,909**	**73,859**	$ 38,658	$ 23,678	$ 62,336

4. Currency hedging (forward contracts)

The Plan implemented currency hedging in 2010 to manage the currency exposures inherent in the Plan's foreign investments. The Plan has entered into foreign exchange forward contracts to hedge some of its foreign currency exposure in foreign equity and infrastructure. Foreign exchange forward contracts are obligations in which two counterparties agree to exchange one currency for another at a specified price for settlement on a predetermined date in the future.

The Plan's objective for the active currency manager is to limit the Plan's losses relating to currency movements, while realizing currency driven gains. The Board has approved a benchmark hedge ratio of 50% of the designated portfolio, although the manager has the discretion to hedge between 0% and 100% of the designated portfolio. The designated portfolio is typically updated monthly and is a minimum of 85% of the Plan's total foreign currency exposure.

At December 31, 2011, the Plan's total foreign currency exposure, before currency hedging, was $283,035 (2010 - $300,146, Jan. 1, 2010 - $279,962).

The following summarizes the Plan's use of foreign exchange forward contracts within the currency hedging program:

	2011			2010		
Currency	**Notional value**	**Fair value gain/(loss)**	**Designated portfolio net exposure %**	Notional value	Fair value gain/(loss)	Designated portfolio net exposure %
United States dollar	**$ (63,540)**	**$ (151)**	**85.1**	$ (83,313)	$ 528	41.1
Euro	**(36,848)**	**1,271**	**31.9**	(33,106)	39	43.9
British pound sterling	**(15,188)**	**152**	**50.3**	(14,073)	52	52.2
Japanese yen	**(3,544)**	**(50)**	**81.9**	(9,699)	(187)	50.0
Hong Kong dollar [1]	**–**	**–**	**50.0**	–	–	50.0
Swiss franc	**(5,752)**	**100**	**50.0**	(4,993)	(207)	50.0
Total	**$ (124,872)**	**$ 1,322**		$ (145,184)	$ 225	

1. The Hong Kong dollar is proxy hedged with the United States dollar.

There were no currency hedges as at January 1, 2010. The Plan's total currency exposure at January 1, 2010, was $279,962.

Notional value represents the contractual amount to which a rate or price is applied in order to calculate the exchange of cash flows and is therefore not recorded in the financial statements. Net exposure is the percentage of investments denominated in foreign currency that is not hedged through forward exchange contracts.

Based on the exchange rates at December 31, 2011, the forward contracts fair value is an unrealized gain of $1,322 (2010 – $225). All contracts at December 31, 2011, have a maturity date of March 28, 2012.

5. Financial asset risk management

(a) Market risk

The Plan invests in publicly traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Plan manages market risk by diversifying its investments in both domestic and foreign markets and through the establishment and review of asset mix ranges and limits for various investments.

<u>Interest rate risk</u>

Interest rate risk refers to the adverse impact that interest rate changes have on the Plan's investment returns and financial position. On the investment side, when interest rates fall interest income on new bonds fall (reduces investment returns) while their fair values rise (increases investment returns and improves the Plan's financial position).

The Plan does have substantial exposure to interest rate risk. However, the Board has taken steps to lower the Plan's interest rate risk. This has been done by transitioning the bond portfolio to a longer duration (completed in mid-2010), which will result in the interest rate risk of the bond portfolio more closely offsetting the interest rate risk on a corresponding amount of liabilities.

As at December 31, 2011, had prevailing interest rates increased or decreased by 1.0%, assuming a parallel shift in the yield curve and all other variables held constant, the fair value of the Plan's bond holdings would have decreased or increased (respectively) by approximately 23% ($61,046). The bond holdings' sensitivity to interest rate fluctuations was estimated using the weighted average duration of the bond holdings. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies result in a positive or negative effect on the fair value of investments. In 2011, the Plan had investments denominated in foreign currencies, the exposure expressed in equivalent Canadian dollars, excluding the impact of currency hedging, as follows:

	2011		2010		Jan. 1, 2010	
	Investments	**% of plan investments**	Investments	% of plan investments	Investments	% of plan investments
Global equities [1]	**$ 115,841**	**16.1**	$ 122,543	16.5	$ 114,192	16.4
Non-North American pooled fund [2]	**64,863**	**9.0**	74,525	10.0	72,145	10.3
U.S. equities [3]	**72,422**	**10.0**	79,400	10.7	71,662	10.3
Infrastructure [4]	**29,909**	**4.1**	23,678	3.2	21,963	3.2
Total foreign currency exposure	**$ 283,035**	**39.2**	$ 300,146	40.4	$ 279,962	40.2

1. Templeton Management Limited was retained to invest Plan assets in international equities on a segregated basis.
2. These assets are pooled equity funds and are part of the Greystone Managed Investments Inc. mandate. The management of these funds has been delegated to Goldman Sachs and Hansberger Global Investors.
3. These assets are U.S. equity investments which are managed by Lord, Abbett & Co. starting in April 2011 and by BlackRock Asset Management Canada Limited in 2010.
4. Macquarie Capital Markets Canada Limited manages the infrastructure assets for the Plan. The allocation is split between two funds, one European based and the other focused on the United States and Canada.

The foreign currency exposure in the Plan, in Canadian dollars, can be further broken down as follows:

	2011			2010			Jan. 1, 2010
	Exposure before hedging	**Currency hedging**	**Net exposure**	Exposure	Currency hedging	Net exposure	Exposure
United States dollar	**$ 129,620**	**$ (63,540)**	**$ 66,080**	$ 127,435	$ (76,013)	$ 51,422	$ 112,351
Euro	**50,737**	**(36,848)**	**13,889**	61,663	(33,106)	28,557	64,196
British pound sterling	**32,822**	**(15,188)**	**17,634**	32,576	(14,073)	18,503	38,370
Japanese yen	**16,439**	**(3,544)**	**12,895**	20,498	(9,699)	10,799	15,397
Hong Kong dollar	**12,172**	**–**	**12,172**	13,097	(7,300)	5,797	12,638
Swiss franc	**13,131**	**(5,752)**	**7,379**	10,594	(4,993)	5,601	11,019
Other	**28,114**	**–**	**28,114**	34,283	–	34,283	25,991
Total	**$ 283,035**	**$ (124,872)**	**$ 158,163**	$ 300,146	$ (145,184)	$ 154,962	$ 279,962

To manage the Plan's foreign currency risk, in 2009 the Board approved currency management to hedge the majority of the Plan's exposure to changes in the value of foreign currencies. Currency exposure management began in the first quarter of 2010 *(Note 4)*.

As at December 31, 2011, had the Canadian dollar appreciated or depreciated by 10% compared to the following foreign currencies, the fair value of the Plan's investments would have decreased or increased (respectively) by the following amounts (assuming all other variables held constant):

	2011		2010		Jan. 1, 2010	
	Net exposure	**Impact on fair value of investments**	Net exposure	Impact on fair value of investments	Net exposure	Impact on fair value of investments
United States dollar	**$ 66,080**	**$ 6,608**	$ 51,422	$ 5,142	$ 112,351	$ 11,235
Euro	**13,889**	**1,389**	28,557	2,856	64,196	6,420
British pound sterling	**17,634**	**1,763**	18,503	1,850	38,370	3,837
Japanese yen	**12,895**	**1,290**	10,799	1,080	15,397	1,540
Hong Kong dollar	**12,172**	**1,217**	5,797	580	12,638	1,264
Swiss franc	**7,379**	**738**	5,601	560	11,019	1,102
Other	**28,114**	**2,811**	34,283	3,428	25,991	2,599
Foreign currency exposure	**$ 158,163**	**$ 15,816**	$ 154,962	$ 15,496	$ 279,962	$ 27,996

Equity price risk

The Plan is exposed to changes in equity prices in Canadian, U.S. and global markets. Equities comprise 53% (2010 - 57%) of the carrying value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. Due to active management, the Plan's portfolio does not correlate directly to any market indices.

The following table indicates the approximate increase or decrease in net assets available for benefits had equity values at December 31, 2011, increased or decreased (respectively) by 10% assuming all other variables held constant.

	Canadian equities	U.S. equities	Global equities (other than Canadian and U.S.)	**Total**
Impact on fair value of 10% change				
Year ended Dec. 31, 2011	$ 12,969	$ 7,242	$ 18,070	**$ 38,281**
Year ended Dec. 31, 2010	14,412	7,940	19,706	**42,058**
Jan. 1, 2010	14,040	7,166	18,634	**39,840**

Securities collateral

At December 31, 2011, no Plan assets have been deposited or pledged as collateral or margin. As part of the Plan's securities lending strategy, collateral has been pledged to the Plan by various counterparties for securities out on loan to the counterparties. At December 31, 2011, the total amount of collateral pledged to the Plan amounted to $116,860 (2010 - $79,544). Security lending obtains collateral of a minimum of 102% of the fair value of the securities lent. Such security loans must be secured by cash and/or readily marketable government bonds, treasury bills and /or letters of credit, discount notes and banker's acceptances of Canadian chartered banks.

Real estate and infrastructure price risk

Risk in the real estate portfolio is managed through diversification across types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size. Risk in the infrastructure portfolio is also managed through diversification across types and locations.

(b) Credit risk

Credit risk arises from the potential for an investee or for a counterparty to default on its contractual obligation to the Plan. The Plan limits the credit risk by diversifying its investment portfolio and dealing with counterparties that are considered to be high quality. The credit ratings used to describe these securities are based on the Dominion Bond Rating Service. For further information on the credit ratings of the bonds held in the Plan, refer back to *Note 3.*

The maximum credit risk to which the Plan is exposed at December 31, 2011, is limited to the carrying value of the financial assets summarized as follows:

	2011	2010	Jan. 1, 2010
	Carrying value	Carrying value	Carrying value
Short-term	**$ 5,047**	$ 4,847	$ 5,381
Bonds	**260,225**	254,074	239,202
Receivables	**4,133**	2,092	7,020
Cash	**2,045**	1,786	2,156
Total credit risk	**$ 271,450**	$ 262,799	$ 253,759

Receivables are primarily made up of accrued investment income and investment disposals. Accrued investment income is received on the next scheduled payment date, generally either annually or semi-annually. Proceeds of investment disposals are generally received within three days.

Credit risk within investments is primarily related to bonds and short-term. It is managed through the investment policy that limits debt instruments to those of high credit quality (minimum rating for bonds is BBB, and for short-term investments is R1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial commitments as they become due or can do so only at excessive cost. The Plan manages liquidity risk by maintaining adequate cash and short-term investments and monitoring actual and forecasted cash flows to support the Plan's operating needs.

6. Pension obligations

The present value of pension obligations is determined using the projected benefit method prorated on service and reflects management's best estimates of future investment performance, wage and salary escalation, age at retirement and future pension indexing. In 2011, the actuarial valuation for accounting purposes was prepared as at September 30 by Aon Hewitt and then extrapolated to December 31, 2011. In 2010, the actuarial valuation for accounting purposes was prepared as at September 30 by Aon Hewitt and then extrapolated to December 31. The next actuarial valuation for accounting purposes will be as at December 31, 2012.

The actuarial present value of pension obligations is deducted from the net assets available for benefits to calculate the actuarial deficit. The assumptions used in determining the actuarial value of pension obligations may change from year to year depending on current and long-term market conditions. The following is a summary of the actuarial assumptions:

	2011	2010
Discount rate	**4.25%**	5.25%
Long-term inflation rate	**2.50%**	2.50%
Long-term rate of compensation increases	**3.50%**	3.50%
Assumption for benefit increases (% of CPI)	**70.00%**	70.00%
Remaining service life (years)	**0.30**	1.33

The mortality table used for 2011 is the Uninsured Pensioner 1994 mortality table with generational projection using scale AA.

The following illustrates the sensitivity of some of the major assumptions used in preparing the actuarial valuation:

Discount rate: An increase in the discount rate of 0.5% (from 4.25% to 4.75%) would reduce the plan deficit by $51.4 million, as the present value of the necessary bond portfolio to cover the past service liabilities will be reduced.

Salary: A decrease to the real salary increase assumption of 0.5% (from 3.50% to 3.00%) would slightly decrease the deficit. The final average salary at retirement and the level of benefits paid at retirement also decrease.

Inflation: An inflation rate assumption that is 0.5% lower than the assumed rate (2.50% to 2.00%) would increase the deficit by $16.7 million. A lower inflation rate reduces both the discount rate and future pension obligation increases. The impact of the lower discount rate, which increases the pension obligations, more than offsets the reductions that result from lower future benefit increases.

Retirement age: Assuming a retirement age equal to the earliest age that a member can retire with a reduced pension would reduce the plan deficit by $2.1 million. Although the member would be receiving a pension at an earlier age and not contributing as much in the Plan, the final average salary used in calculating pension obligations is also lower and results in a decrease to the deficit.

CPP at 67: By increasing the retirement age under the CPP to age 67 from age 65, the offset at age 65 under the Plan is effectively delayed for two years to age 67. This results in two years worth of increased pension payments, payable from the Plan, thus increasing the past and future service liabilities under the Plan, and increasing the deficit by $3.6 million.

7. Related party transactions

(a) Administration

As indicated in *Note 8,* certain administration costs are paid by the Corporation.

(b) Investments

	2011		2010		Jan. 1, 2010
	Investments	**Investment income**	Investments	Investment income	Investments
Province of Saskatchewan bonds	**$ 13,604**	**$ 544**	$ 12,081	$ 518	$ 9,632

8. Administrative expenses

The Superannuation (Supplementary Provisions) Act permits the Board to engage technical and professional advisers, specialists and consultants for the purposes of managing, investing and disposing of Plan assets, with the related costs to be paid by the Plan.

(a) Administration

The costs to administer the Plan are borne by the Corporation and are therefore not reflected in the Plan financial statements. The costs typically paid for by the Corporation include audit and actuarial fees as well as general administration costs. However, investment management, custodial and consulting fees are paid by the Plan. In 2011, the Corporation paid $337 (2010 - $304) for costs relating to the Plan. These figures do not include salaries paid to employees of the Corporation who serve as staff advisors or administrators of the Plan and are not included in the table below.

	2011	2010
Investment manager fees	**$ 2,509**	$ 2,496
Custodian fees	**235**	179
Consulting fees	**69**	93
Board member training and Development	**31**	22
Legal	**3**	20
Total administrative expenses	**$ 2,847**	$ 2,810

(b) Investment management services

Greystone Managed Investments Inc., Jarislowsky Fraser Limited, Templeton Management Limited, BlackRock Asset Management Canada Limited, Macquarie Capital Markets Canada Limited, and Lord, Abbot & Co. were contracted to invest the monies of the Plan during the year. Mesirow Financial Investment Management Inc. was contracted to hedge some of the Plan's foreign currency exposure. Total investment manager fees paid in 2011 were $2,509 (2010 - $2,496).

The Board has developed, with the assistance of its consultant, Aon Hewitt, specific investment policies and guidelines to which the investment managers must adhere when making investment decisions.

(c) Custodian services

The custodian for the Plan assets is responsible for the safekeeping of all assets and property of the Plan; processing and handling investment transactions; reviewing and documenting investment compliance by managers; and providing SaskPower with detailed reports identifying the specific assets held in the Plan. Custodian services were provided by RBC Dexia Investor Services.

(d) Board Member training and development

The Board has established a training budget, allowing up to $42 (on average, $6 per Board Member) to be used for training, development and maintenance (including travel and related costs) to help Board Members become knowledgeable in pension related matters and to remain up to date on various issues that relate to prudent management of a pension plan. In 2011, Board Member training costs totalled $31 (2010 - $22).

(e) Legal costs

Legal costs for the Plan in 2011 were $3 (2010 - $20).

9. Investment performance

The investment manager makes the day-to-day decisions on buying or selling specific investments in order to achieve the long-term performance objectives set by the Board. The Board reviews the investment performance of the Plan in terms of the performance of the benchmark portfolio over a rolling four-year period. The Plan's benchmark has been determined using the actual returns of market indexes such as the DEX Universe Bond Index; DEX Long Bond Index; TSX Composite Index; Morgan Stanley Capital International, Europe, Australia, Far East Index; Morgan Stanley World Index; S&P 500 Index; Investment Property Databank; and a Consumer Price Index plus acceptable return approach.

The Plan's objective for the active currency manager is to limit the Plan's losses relating to currency movements, while realizing currency driven gains. The Board has approved a benchmark hedge ratio of 50% of the designated portfolio *(Note 4)* although the Manager has the discretion to hedge between 0% and 100% of the designated portfolio. The primary long-term investment objective for the entire portfolio is to out-perform a benchmark portfolio.

The following is a summary of the Plan's investment performance as provided by Aon Hewitt:

Rates of return (%)	**2011**		2010	
	Investment return	**Investment benchmark return**	Investment return	Investment benchmark return
Bonds	**17.8**	**18.1**	12.6	11.7
Canadian equity	**(10.8)**	**(8.7)**	14.6	17.6
United States equity	**(0.2)**	**3.5**	9.1	9.1
Non-North American equity	**(14.5)**	**(10.0)**	3.4	2.1
Global equity	**(4.9)**	**(2.7)**	3.1	5.5
Real estate	**13.7**	**10.6**	8.5	7.8
Infrastructure	**9.2**	**7.4**	4.2	7.5
Currency hedging	**(0.8)**	**1.4**	0.7	1.2
Plan's actual rate of return	**2.7**	**4.2**	10.0	10.4
Four year rolling average return	**1.3**	**2.1**	1.2	1.1

10. Capital management

The Plan receives new capital from employee and sponsor contributions. The plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including short-term investments, bonds, equities, real estate, infrastructure, and currency hedging. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

Five-year review

Financial position

(in thousands)

As at December 31	2011	2010	2009	2008	2007
Assets					
Investments					
Short-term	**$ 5,047**	$ 4,847	$ 5,381	$ 5,835	$ 5,910
Bonds	**260,225**	254,074	239,202	224,034	281,757
Equities	**382,818**	420,583	398,398	354,350	537,173
Real estate	**43,950**	38,658	31,739	30,272	–
Infrastructure	**29,909**	23,678	21,963	22,200	–
	721,949	741,840	696,683	636,691	824,840
Receivables					
Accrued investment income	**2,431**	1,806	2,038	2,134	2,191
Currency hedging	**1,322**	225	–	–	–
Other receivables	**362**	26	4,923	980	243
Employees' contributions	**8**	15	27	41	43
Sponsors' contributions	**10**	20	32	50	55
	4,133	2,092	7,020	3,205	2,532
Cash	**2,045**	1,786	2,156	802	–
Total assets	**728,127**	745,718	705,859	640,698	827,372
Liabilities					
Accounts payable and other liabilities	**1,565**	1,030	5,636	1,006	1,466
Net assets available for benefits	**$ 726,562**	$ 744,688	$ 700,223	$ 639,692	$ 825,906
Pension obligations and deficit					
Pension obligations	**$ 988,393**	$ 891,497	$ 862,752	$ 717,342	$ 830,041
Deficit	**(261,831)**	(146,809)	(162,529)	(77,650)	(4,135)
Pension obligations and deficit	**$ 726,562**	$ 744,688	$ 700,223	$ 639,692	$ 825,906

Note: Years 2011 and 2010 are prepared using Canadian accounting standards for pension plans and years 2007–2009 are prepared based on Canadian generally accepted accounting principles.

Five-year review

Changes in net assets available for benefits

(in thousands)

For the year ended December 31	**2011**	2010	2009	2008	2007
Increase in net assets					
Investment income					
Interest					
Short-term	**$ 107**	$ 43	$ 58	$ 393	$ 224
Bonds	**12,103**	11,801	11,015	13,043	12,484
	12,210	11,844	11,073	13,436	12,708
Dividends	**10,391**	10,353	10,565	12,959	25,357
	22,601	22,197	21,638	26,395	38,065
Increase in fair value of investments	**–**	46,104	59,483	–	–
Increase in fair value of currency hedging	**–**	1,806	–	–	–
Contributions					
Employees’	**379**	737	1,313	1,536	1,663
Sponsors’	**137**	226	367	452	465
Other – sponsor	**27,079**	27,079	27,079	–	–
	27,595	28,042	28,759	1,988	2,128
Total increase in net assets	**50,196**	98,149	109,880	28,383	40,193
Decrease in net assets					
Decrease in fair value of investments	**3,039**	–	–	168,273	20,984
Decrease in fair value of currency hedging	**7,608**	–	–	–	–
Superannuation allowances	**54,710**	50,670	46,716	44,556	42,767
Refunds and transfers	**118**	204	19	–	–
Administrative expenses	**2,847**	2,810	2,614	1,768	2,123
Total decrease in net assets	**68,322**	53,684	49,349	214,597	65,874
Changes in net assets	**(18,126)**	44,465	60,531	(186,214)	(25,681)
Net assets available for benefits, beginning of year	**744,688**	700,223	639,692	825,906	851,587
Net assets available for benefits, end of year	**$ 726,562**	$ 744,688	$ 700,223	$ 639,692	$ 825,906

Note: Years 2011 and 2010 are prepared using Canadian accounting standards for pension plans and years 2007–2009 are prepared based on Canadian generally accepted accounting principles.

Glossary

Active Plan member
Plan member making (or deemed to be making) regular contributions to the Plan, including those on an approved leave of absence (with or without pay), those receiving benefits from a short-term illness and injury plan or approved long-term disability plan, and those who are no longer required to contribute.

Actuarial assumptions
Estimates of future events that will affect a plan's costs for future employee's benefits. Examples of these estimates are: rates of return on Plan assets, termination rates, retirement age, mortality, dependency status, future salary and benefit levels.

Actuarial valuation
Prepared by an actuary to determine the financial status of the Plan. It considers the value of Plan assets and determines whether the contribution rates are adequate.

Actuary
Professional trained in technical aspects of pensions.

Asset allocation
The dividing of assets among different categories such as equities, bonds and international investments.

Bridge benefits
A temporary pension to supplement the regular lifetime pension. Payable from the early retirement age; ending upon the age when full CPP and OAS benefits start.

Bonds
Long-term debt instrument from a company that provides regular interest payments to the bond-holder and repays the face value at maturity.

Consumer price index (CPI)
The CPI measures monthly and yearly changes in the cost of 300 goods and services commonly bought by Canadians. If the combined cost of this "basket" of items goes up, then there has been inflation. The greater the increase, the higher the inflation rate has become. The pension is indexed to the cost of living, and the consumer price index is one of the factors used to calculate annual cost of living increases for pension benefits.

Counterparty
An individual or organization with which one transacts business.

Custodian
Holds assets for safekeeping for the Plan, may collect income and dividends and do simple reporting on assets. The custodian does not have fiduciary responsibility.

Deferred pension
A pension payable at a later date, either because the Plan member terminates employment before the earliest date at which the pension may begin, or because the Plan member chooses to have the pension commence at a later date. For example, a Plan member may choose to defer a pension in order to later receive an unreduced pension.

Defined benefit plan
Pension plan that provides a defined benefit based on a formula including factors such as years of service and average earnings.

Equities
Common stock or ownership in a company.

Fair value
Dollar amount that two parties consider appropriate for a transaction.

Funding
The systematic depositing of current service contributions and special payments into the pension fund.

Futures
Contractual agreements to either buy or sell an asset at a specified price and date in the future.

Governance
The decision-making structures and supporting policies and procedures that enable an organization to achieve its pension objectives and discharge its pension obligations to its legal owners and others.

Index
Method of measuring the investment manager's performance through benchmarks of similar assets.

Investment advisor
Provides analytical review of the total fund, asset classes and the investment managers' performance, relative to peers and Plan benchmarks.

Investment manager
Devises and implements an investment strategy within mandates.

Median
The middle of a distribution: half the scores are above the median and half are below the median.

Money market
A market for short term debt instruments.

Notional value
Amount to which a rate or price is applied in order to calculate the exchange of cash flows.

Plan
Power Corporation Superannuation Plan.

Plan sponsor
Employer sponsoring the pension plan.

Pooled funds
Group of individual securities managed by an investment manager.

Securities
Stocks, bonds and notes that give evidence to and assure the fulfillment of a commitment.

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SaskPower
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