



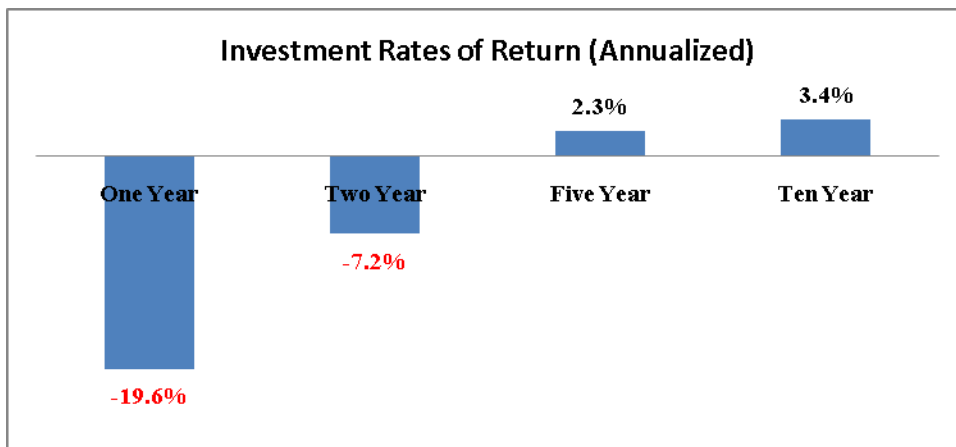
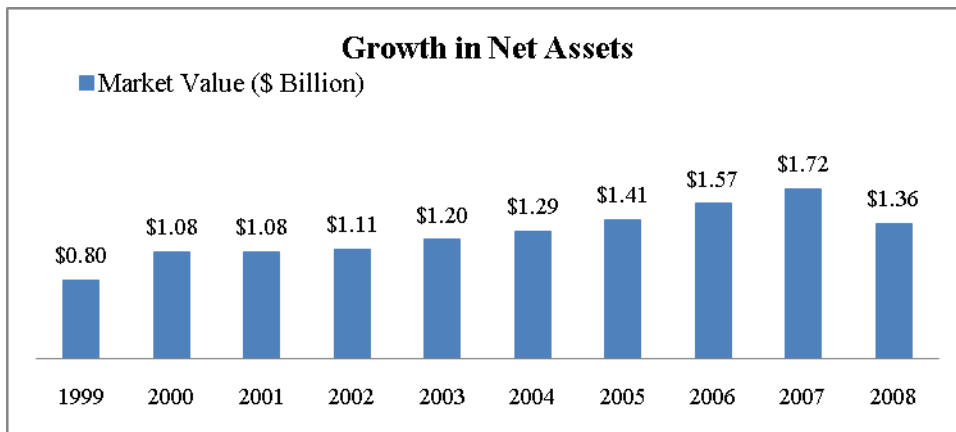
CANADIAN COMMERCIAL WORKERS INDUSTRY PENSION PLAN

2008 ANNUAL REPORT

INVESTMENT PERFORMANCE

Investment Return

Due to the financial credit crisis and economic downturn, world equity markets collapsed in the second half of 2008. The S&P/TSX and Dow Jones reported annual total returns of negative 33.0% and 33.8% in 2008, respectively. Oil and other commodity prices fell from record highs as a result of a worldwide decrease in demand and the economic slowdown. As a result of these negative factors, the Canadian Commercial Workers Industry Pension Plan's ("CCWIPP") net assets decreased to \$1.4 billion at December 31, 2008 from \$1.7 billion at December 31, 2007. CCWIPP produced a negative 19.6% total return for 2008. This compares with an average 2008 return of negative 18.4% for large Canadian pension funds⁽ⁱ⁾.



ⁱ⁾ RBC Dexia.

Management of Invested Assets

The Trustees enlist the services of the following professional investment management firms who invest the CCWIPP's assets in Canadian and foreign equities and fixed income investments, both in public and private markets.

- Acuity Investment Management Inc. (www.acuityfunds.com)
- Addenda Capital (www.addenda-capital.com)
- CIBC Asset Management (www.cibc.com/ca/am)
- Dynamic Mutual Funds Ltd. (www.dynamic.ca)
- Goodman & Company Investment Counsel Ltd. (www.goodmanprivatewealth.com)
- Harris Investment Management (www.harris.com)
- Leith Wheeler Investment Counsel Ltd. (www.leithwheeler.com)
- Mondrian Investment Partners (www.mondrian.com)
- Performance Group of Funds (www.performance-group.ca)
- Philadelphia International Advisors, LP (www.piadvisors.net)
- Vontobel Asset Management (www.vusa.com)
- Wise Capital Management Inc. (www.wisecapitalmanagement.com)

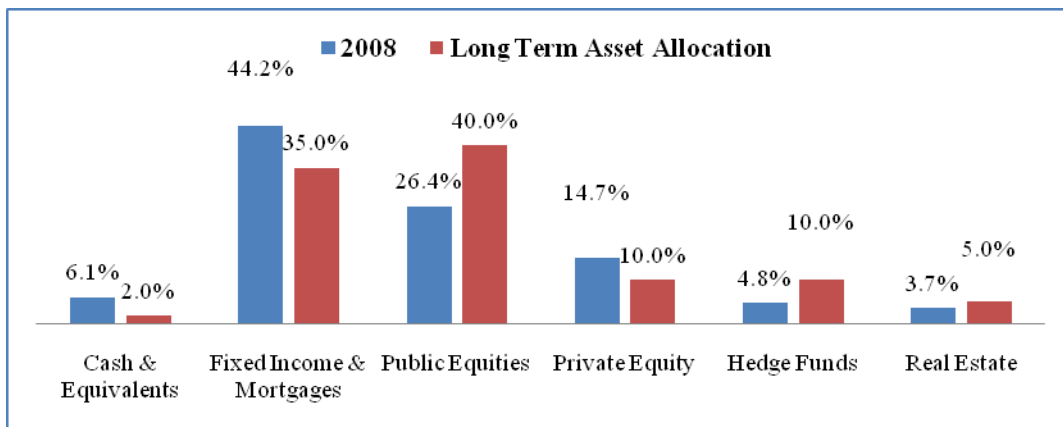
The Trustees regularly evaluate the performance of these firms and monitor their compliance against their respective investment mandates. In order to maximize returns and add value to the CCWIPP portfolio while minimizing its overall risk exposure, the CCWIPP also engages API Asset Performance Inc. (www.apiasset.com), an independent advisory organization, to conduct ongoing searches for new investment management firms. During the year, two new international bond specialists, Addenda Capital and Mondrian Investment Partners, were engaged to manage the CCWIPP's international bond portfolio.

As part of their investment strategy, the Trustees continue to rebalance the CCWIPP's portfolio of investments held through wholly-owned investment corporations. As at December 31, 2008, the CCWIPP has reduced its allocation within these investment corporations to approximately 14%, representing nine investment corporations (as compared to 39%, or 45 investment corporations, in 2001). The Trustees divested an additional three investments during 2008 and anticipate divesting an additional five⁽ⁱⁱ⁾ of the remaining nine investment corporations during 2009.

⁽ⁱⁱ⁾ Vacant Land – Newcastle, Etobicoke and Niagara Falls.
Mortgage – Westmount-Keele Limited and Ocean Chimo.

Asset Allocation

To ensure greater diversification and to minimize risk exposure, effective on January 1, 2007, the Trustees established an asset allocation to set target ranges for investing within each asset class of the investment portfolio. The asset allocation is designed to improve the probability of the CCWIPP achieving its actuarial assumption of a 7% average rate of return over the long term which, if achieved, will result in the CCWIPP having sufficient assets to provide the benefits promised. This is the rate which CCWIPP's independent Actuary, Buck Consultants (www.acsbuckcanada.com), has assumed as being required to satisfy all pension obligations for members. The table below outlines the actual asset allocation as at December 31, 2008 compared to the CCWIPP's benchmark or target allocation.



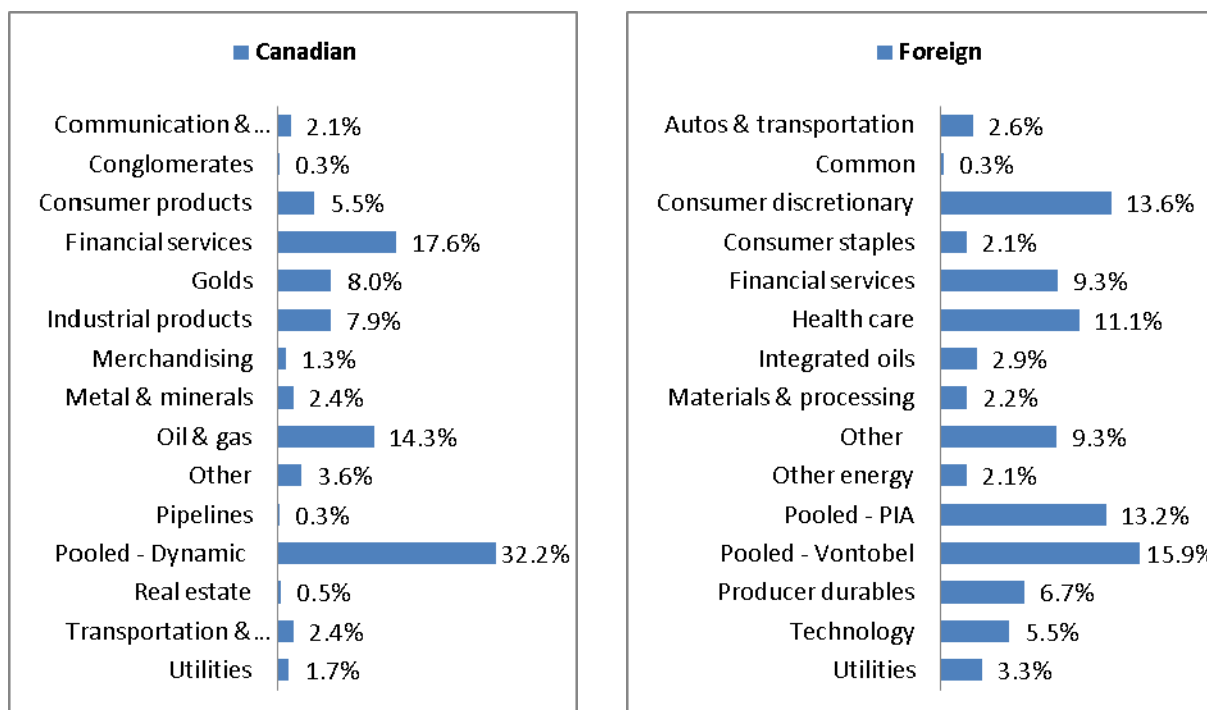
During the year, each of the asset classes remains within the established maximum limits as defined by the Statement of Investment Policies and Procedures ("SIPP"). However, as a result of the significant market declines, the following asset classes exceeded the benchmark at December 31, 2008.

- Cash & equivalents
- Fixed income and mortgages
- Private equity

The Trustees anticipate these asset classes will regain their value and return to the prescribed allocation under normal market conditions.

Public Equity

The public equity component (both Canadian and foreign) of the CCWIPP's investment portfolio realized a negative 49.2% return in 2008, which underperformed the benchmark. The public equity includes the Dynamic Power Hedge Fund, valued at \$75.7 million at December 31, 2008 (2007 - \$281.1 million), previously classified as a hedge fund, which has been reclassified as a 130/30 equity fund. As at December 31, 2008, the CCWIPP's total equity allocation was valued at \$371 million. The charts below show the sector weighting of each portion as at December 31, 2008.



Fixed Income

The fixed income component of the CCWIPP's investment portfolio achieved a 2.5% rate of return in 2008, which underperformed the benchmark. Included in the CCWIPP's fixed income investments are a series of segregated long-term bond portfolios, collectively valued at \$271 million, which are under management by CIBC Global Asset Management. As at December 31, 2008, the CCWIPP's total fixed income allocation was valued at \$532.2 million.

Hedge Funds

The hedge fund component (which as referenced above excludes the Dynamic Power Hedge Fund which was reclassified as a 130/30 equity fund during 2008) within the CCWIPP's investment portfolio realized a negative 36.7% rate of return in 2008. During 2008, in order to reduce the overall exposure to the hedge fund, \$50 million was allocated and invested in Dynamic Power Canadian Growth Fund. In addition, the Board of Trustees revised the mandate for the Dynamic Power Hedge Fund which resulted in reclassifying it as a 130/30 equity fund. As at December 31, 2008, the CCWIPP's total hedge fund allocation was valued at \$87.8 million representing the remaining two investments: Dynamic Power Emerging Markets Hedge Fund managed by Dynamic Mutual Funds Ltd. (www.dynamic.ca) and Performance Market Neutral Fund managed by Performance Group of Funds (www.performance-group.ca).

Private Equity/Venture Capital

The CCWIPP invests in private equity and venture capital to generate higher returns and to provide portfolio diversification. The private equity and venture capital component of the CCWIPP's investment portfolio achieved a 17.4% rate of return in 2008. Private equity and venture capital investments generated income of \$6.8 million, combined with the positive impact of currency adjustment in the amount of \$34.0 million, resulting from the depreciation of the Canadian dollar. The private equity investments include the following.

Limited Partnership Interests:

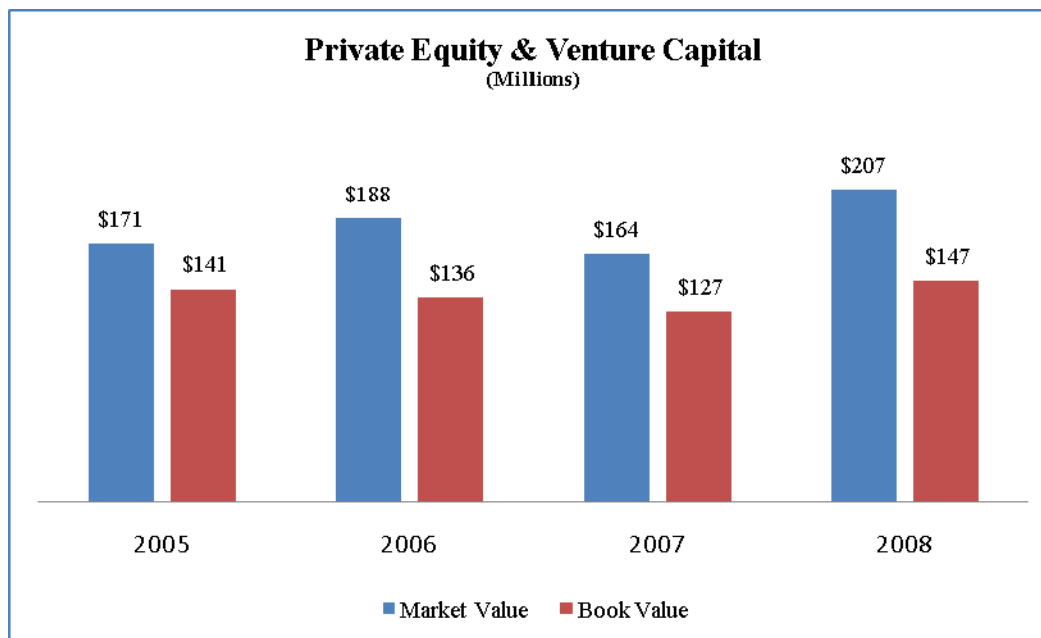
- Celtic Pharmaceutical Holdings L.P. (www.celticpharma.com)
- Celtic Therapeutics Holdings L.P. (www.celtictherapeutics.com)
- Clairvest Equity Partners III (www.clairvest.com)
- Crescendo World Fund
- Royalty Pharma AG (www.royaltypharma.com)
- Wellington Financial Fund II (www.wellingtonfund.com)
- Wellington Financial Fund III (www.wellingtonfund.com)

Other:

- British Colonial Development Company (www.hiltoncaribbean.com)
- Nexient Learning Inc. (www.nexientlearning.com)

Crescendo World Fund was terminated in 2007 and a final distribution to the Limited Partners is expected to be made in 2009. As a result of the creation of Wellington Financial Fund III, the Wellington Financial Fund II ("Fund II") is scheduled to be terminated once the single remaining investment within the Fund II has matured. The CCWIPP has committed to invest additional funds in Limited Partnership interests totaling \$74.5 million and, as at December 31, 2008, the balance of commitments was \$33.8 million.

As at December 31, 2008, the CCWIPP's total private equity and venture capital allocation was valued at \$207.1 million.



Real Estate and Loans

The real estate and loan component of the CCWIPP's investment portfolio realized a negative 1.7% rate of return in 2008. In 2008, a real estate investment in Bahamas was sold and the CCWIPP received total consideration of US\$106,400,000 less debt and closing costs of US\$17,400,000, US\$16,500,000 in cash and US\$72,500,000 in vendor take-back mortgages. As a result of the sale, the CCWIPP's total real estate allocation was valued at \$51.7 million at December 31, 2008 representing three vacant land parcels and one mixed-use retail commercial property.

Cash and Cash Equivalent Investments

While the CCWIPP's professional investment management firms are encouraged to, and do typically, maintain minimum cash-equivalent balances, investment managers globally have maintained higher balances during the fourth quarter 2008 due to market conditions. As at December 31, 2008, the total short-term cash and cash-equivalent investments were valued at \$82.7 million.

ASSETS AVAILABLE TO PAY BENEFITS

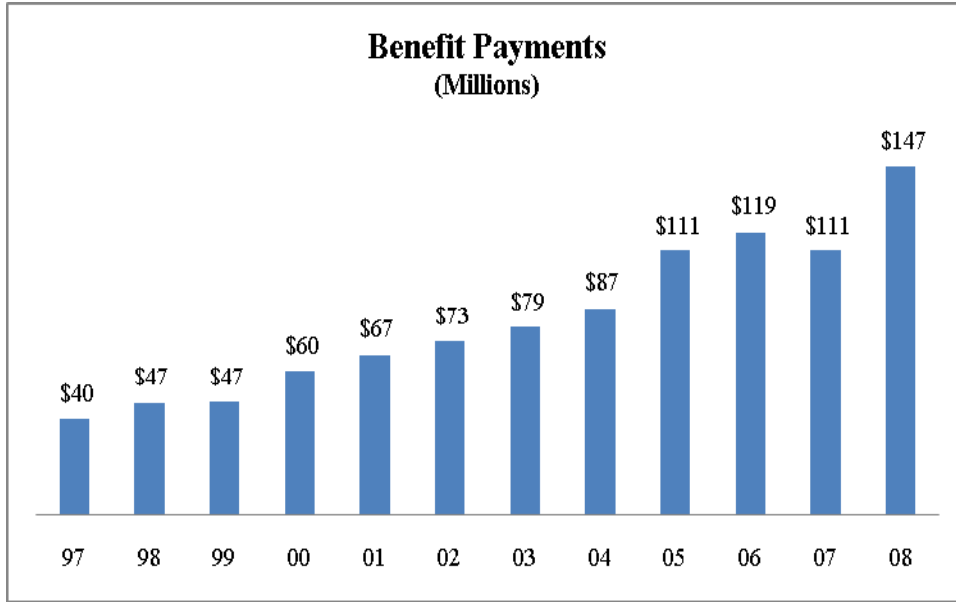
The CCWIPP provides pension benefits to 380,000 current and former Members of UFCW Canada, employed by 287 participating employers. In accordance with collective bargaining agreements negotiated with Locals of UFCW Canada, the participating employers are required to make contributions to the CCWIPP. During 2008, the employers contributed \$139 million (including \$16 million into the Stabilization Fund) compared with \$166 million (including \$44 million into the Stabilization Fund) during the previous year. Employees are not required to contribute to the CCWIPP.

The net value of assets available to pay benefits has decreased by \$357 million to \$1.4 billion at December 31, 2008. The reduction in assets is largely due to the investment loss of \$336 million.

BENEFIT PAYMENTS

Benefit payments totaled \$147 million in 2008. The number of retired Members, surviving spouses and beneficiaries receiving monthly benefits grew to 19,174 from 18,511 in 2007. Pension payments increased by \$5 million to \$84 million. During 2008, 1,061 Members received monthly pensions for the first time. Benefits are based on the hours worked by each Member and the contribution rate paid by employers, in accordance with collective agreements as negotiated between Locals of UFCW Canada and participating employers. Termination payments increased by \$29 million to \$59 million, with 9,671 Members leaving the plan as the result of changes in their employment, compared with 9,757 in 2007. Termination payments are affected by several factors including membership turnover, regulatory rules that vary by Province with respect to determining termination dates and portability rights, the timing of processing termination payments, and the rules for calculating commuted values (how much a Member leaving the plan is entitled to as a lump sum payment).

In addition, the CCWIPP paid out \$3.4 million in lump sum death benefits to surviving spouses and other designated beneficiaries, compared with \$1.8 million during 2007.



FUNDED STATUS

CCWIPP's actuary, Buck Consultants, prepare an annual valuation of the CCWIPP's financial position. The most recent valuation established a going-concern funding deficiency of \$403 million as at December 31, 2007, based on a \$1.7 billion actuarial value of assets and total liabilities of \$2.1 billion. A funding deficiency is not uncommon for a multi-employer pension plan. CCWIPP's going-concern funding deficiency is amortized over 10 years.

The going-concern funded status assumes the pension plan continues indefinitely and on a going-concern basis. The pension plan was 81% funded as at December 31, 2007, an improvement of 1% over the previous year. On a market value of assets basis, the going-concern funded ratio was 83%, which was the same as the previous year-end. Note that the negative investment performance in 2008 will have an adverse impact on the financial position of the pension plan.

On a windup basis the plan was 54% funded as of December 31, 2007 meaning that, if the plan had been wound up on that date, benefits would have had to be reduced.

Decisions on asset/liability management are critical to eliminating the deficiency on both a going concern and wind-up basis, thus ensuring the long-term viability of the CCWIPP.

PLAN GOVERNANCE AND POLICIES

Federal and Provincial Regulation

The CCWIPP is required to comply with the Federal and Provincial legislation that governs pensions, as set by the Income Tax Act and the Provincial Pension Benefits Acts and Regulations.

The Trustees independently continue to monitor and enhance governance and compliance practices as deemed appropriate. The pension plan has retained Buck Consultants to be responsible for providing quarterly compliance monitoring reports to the Board of Trustees including the following.

- Total Fund Asset Allocation
- Statement of Investment Policies and Procedures (“SIPP”) Section 6.1 Asset Allocation Ranges and Fund Benchmark
- Top 10 Securities Holdings Analysis
- Non-Permitted Investments
- Requirements of Federal Pension Benefits Standard Regulations, Schedule III (Section 6) Permitted Investments
- SIPP Constraints

The pension plan’s auditor, BDO Dunwoody LLP (www.bdo.ca) prepares a compliance report which is filed with Financial Services Commission of Ontario annually along with the annual audited financial statements and investment schedules.

Investments

The CCWIPP’s investment governance practices are reflected in its SIPP. A copy of the SIPP is available at the CCWIP website (www.ccwipp.ca). The SIPP is monitored, reviewed, revised and updated as instructed by the Board of Trustees. The SIPP includes the following.

- Investment strategies, benchmarks, risk tolerance, investment manager selection, all classes of assets, proxy voting, mandates.
- Monitoring of practices and conflicts of interest.
- Monitoring of fund managers to ensure compliance with investment mandates.

To ensure that investment governance practices follow the SIPP, advisors including external investment consultants and a compliance officer, monitor and report to the Investment Committee on compliance, performance and proxy voting. The Investment Committee then reports to the Board of Trustees.

Plan Text

The Plan Text defines all Members' entitlements under the CCWIPP. Any change requires a resolution of the Trustees and/or amendment to the Plan Text, which is filed with both the Provincial and Federal regulators.

Communication

The Trustees distribute benefit booklets, annual statements, news bulletins and brochures on the relevant information to Members and Pensioners. A website (www.ccwipp.ca) is also available for those who wish to receive information about the CCWIPP.

Members of the Board of Trustees

The CCWIPP is administered by a joint Board of Trustees, consisting of an equal number of individuals appointed by UFCW Canada and by the participating employers. During 2008, Mr. Michael Fraser resigned as a Trustee effective March 2009 and, subsequently, the UFCW Canada nominated Mr. Paul Meinema as the UFCW Canada's Trustee's representative. The appointment of Mr. Meinema was approved by the Board of Trustees April 1, 2009. The current members of the Board are as follows:

Gord Cannady
Antonio Filato
Paul Meinema
Alain Picard

Bernard Christophe
Wayne Hanley
Lucy Paglione
Tom Zakrzewski

The Board has established the following committees: Administration Committee, Audit Committee and Investment Committee, each committee consisting of an equal number of Trustees appointed by UFCW Canada and the participating employers.

The Trustees receive no personal benefit, financial gain or fee payment from the Trust Fund for their role as fiduciaries of the pension plan.

External Consultants and Professionals

To assist the Board with carrying out its fiduciary responsibilities, it employs the services of, and seeks advice from, specialists as follows.

Actuarial Consultant	Benchmark Decisions Ltd.
Actuary	Buck Consultants
Asset Manager.....	HVS International
Auditor.....	BDO Dunwoody LLP
Compliance Officer.....	Buck Consultants
Custodian / Pension Payroll Agent.....	RBC Dexia Investor Services Trust
Investment Consultants.....	API Asset Performance Inc. Allen & Co.
Legal Counsel.....	Cooper & Sandler Koskie Minsky LLP Lenczner Slaght Royce Smith Griffin LLP Loopstra Nixon LLP Stikeman Elliott LLP Stockwoods LLP
Real Estate Consultants & Valuators...	CB Richard Ellis Canada Colliers International
Real Estate Property Manager.....	Arcturus Realty Corporation