2010 Annual Report

FOCUS: TODAY AND TOMORROW

OMERS

OMERS was established in 1962 as the pension plan for employees of local governments in Ontario. On June 30, 2006, the *Ontario Municipal Employees Retirement System Act, 2006* (the OMERS Act) came into effect. The OMERS Act continued the Ontario Municipal Employees Retirement Board as the OMERS Administration Corporation (OAC) and created the OMERS Sponsors Corporation (SC) to replace the Ontario government as Plan sponsor. Sponsors (such as Plan members and employers, through their unions, associations and other organizations) appoint the Board Members of the SC and, since June 30, 2009, the SC appoints OAC Board Members.

OMERS Sponsors Corporation

OMERS Sponsors Corporation is the Plan Sponsor of the OMERS Pension Plans and consists of 14 Members: seven Plan member representatives and seven employer representatives.

The SC is responsible for:

- determining plan design for benefits to be provided by the OMERS Pension Plans
- setting contribution rates for members and participating employers
- establishing or changing a reserve to stabilize contribution rates
- setting compensation levels and appointment protocol of SC and OAC Board Members.

OMERS Administration Corporation

OMERS Administration Corporation Board has 14 Members and is the administrator of the OMERS Pension Plans.

The OAC Board is responsible for:

- appointing and overseeing the OAC management team
- establishing investment and funding policies, asset allocation and investment management of OMERS Pension Plans' assets
- overseeing pension services, administration and Plan valuation
- appointing the OAC auditors and the actuary for the OMERS Pension Plans.

OMERS AC Management

OAC Management conducts the affairs of the OAC and has been delegated broad responsibilities for ensuring that OMERS discharges its statutory and related responsibilities to Plan members, including:

- administering the OMERS Pension Plans
- providing for the actuarial valuation of the OMERS Pension Plans
- investing the OMERS Pension Plans' assets
- providing technical and administrative support for the SC.

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OMERS

2010 ANNUAL REPORT

The OMERS Administration Corporation team is charting a course for the long-term strength of the OMERS Pension Plans. With a strategy now underway to expand our global footprint and create new investment options, OMERS is making its mark on the worldwide investment stage. Our service team is also committed to delivering excellent service to our members and we continue to explore new ways to provide even better efficiency. The pension landscape is shifting. The recent economic recession and future pension reforms will change the way traditional pension plans operate and invest.

These are times of opportunity. OMERS has established a course for the future — one that is focused on the long-term viability of the OMERS Pension Plans and delivery of the pension promise.




FOCUS: TODAY AND TOMORROW

2010 HIGHLIGHTS

In 2010, OMERS net assets rose to $53.3 billion with a total rate of return of 12.01 per cent. The Plans' growth in net assets for 2009 and 2010 combined was $9.9 billion. OMERS continued as a leader in the pension industry, providing first-class pension administration and innovative products and services to over 400,000 members. Approximately one in every 20 employees working in the province of Ontario is an OMERS member.

◄ OXFORD PROPERTIES, BRITISH LAND TO DEVELOP LONDON'S LEADENHALL BUILDING In December, Oxford joins with British Land to develop London's 610,000 square foot Leadenhall Building. The elegant 47-storey building is set to become one of the tallest and most iconic buildings in London's Square Mile.

➤ OMERS PRIVATE EQUITY ACQUIRES UNITED STATES INFRASTRUCTURE CORPORATION In April, OMERS Private Equity agrees to acquire United States Infrastructure Corporation, the leading provider of outsourced sub-surface utility locating services in the U.S. The company provides locating services across 20 states on behalf of over 400 telecom, electric, gas, cable and water utilities, including all major national and regional utilities throughout the Midwest, Southeast, Southwest and Northwest.

NEW PRODUCTS AND SERVICES In 2010 our pension team launched myOMERS and already 34,000 members have registered. It is as convenient and secure as online banking and gives members access to pension information 24/7. Starting January 1, 2011 we launched the Additional Voluntary Contributions (AVCs) program which enables members to invest in the OMERS Fund of diversified global assets. Members can now make monthly contributions or transfer funds from other registered retirement vehicles such as an RRSP, a locked-in retirement account (LIRA) or another registered pension plan into the AVC provision of the OMERS Primary Plan.

OMERS NAMED PENSION FUND OF THE YEAR, CANADA TWO YEARS IN A ROW In both 2010 and 2011, OMERS was named Pension Fund of the Year, Canada, by *World Finance* magazine. With a critical eye and a collective 175 years of business journalism experience, the award body's research team set to work. The judges looked for a company that demonstrated financial stability, a prudent approach to risk and corporate governance and opportunities for employee development.

OUR EMPLOYEES RAISE OVER $900,000 FOR UNITED WAY Responding to increased needs in the community, OMERS employees from across the enterprise shatter the previous record by donating more than $900,000 to United Way Toronto.

◄ BOREALIS INFRASTRUCTURE INVESTS IN U.K.'S HIGH SPEED 1 RAIL LINK In November, Borealis Infrastructure and Ontario Teachers' Pension Plan acquire High Speed 1 (HS1), Britain's only high-speed rail link to the Channel Tunnel, following a competitive tender process. The 30-year concession to own and operate the 109-kilometre HS1 rail network connecting St. Pancras International Station in central London to the Channel Tunnel is valued at £2.1 billion. The acquisition supports OMERS long-term strategy to diversify internationally.

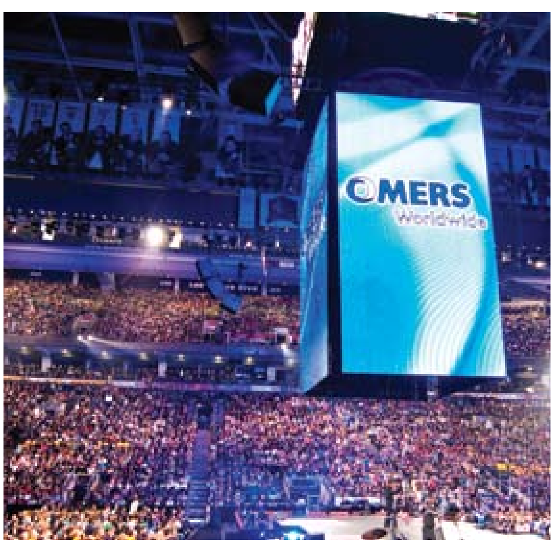
OXFORD PROPERTIES PURCHASES REMAINING 50 PER CENT STAKE IN WATERMARK PLACE
In October, Oxford purchased the 50 per cent stake in London's Watermark Place that was managed by UBS Global Asset Management (UK) Ltd. Following completion, Oxford Properties has 100 per cent control of the City Riverside redevelopment. Watermark Place was fully let to Nomura, the Asia-based investment bank, in 2009, in a deal believed to be the largest ever non pre-let leasing transaction in the UK office market.

OMERS PRIVATE EQUITY ACQUIRES LOGIBEC GROUP INFORMATIQUE Acquired by OMERS Private Equity in May, Logibec is a Canadian success story and one of North America's fastest growing companies specializing in information systems for the health and social services sector. In Canada, Logibec serves the full spectrum of healthcare facilities, from acute care hospitals to community care centres, with a strong market presence in Québec.

OMERS CONTINUES TO DELIVER HIGH SATISFACTION RATES FOR SERVICE The 2010 OMERS annual member satisfaction survey showed an average satisfaction rate of 88 per cent for the overall level of service, demonstrating our ongoing commitment to high service standards.

OMERS NAMED ONE OF 50 BEST EMPLOYERS IN CANADA Compiled by Hewitt Associates and taking into account employee engagement levels at over 250 organizations, OMERS earned a spot on the 2010 list of *Best Employers in Canada*.

OMERS AND DUTCH PENSION FUND ABP LAUNCH INKEF CAPITAL
A unique joint initiative, Inkef (Investing in the knowledge economy of the future) Capital intends to invest in knowledge-based companies based in Canada and the Netherlands. A 15-year program, Inkef Capital plans to deploy at least €200 million in Canada and the Netherlands over the first five years. The long-term investment horizon and active mentoring of the start-ups fits well with the pension plans' strategies.



OXFORD PROPERTIES INVESTS IN NEW YORK CITY'S HUDSON YARDS In late May, Oxford joins forces with Related Companies LP to develop Hudson Yards, reported to be Manhattan's largest, single, undeveloped piece of property. Oxford makes an initial equity investment of $75 million, with an option to invest up to an additional $400 million as the lead investor in the limited partnership.

◄ OMERS WORLDWIDE JOINS AS CO-TITLE SPONSOR OF FREE THE CHILDREN'S 'WE DAY' OMERS Worldwide partners with Toronto-based non-profit Free The Children as co-title sponsor of We Day, which took place in Toronto, Vancouver and Montreal in 2010. We Day is a day-long event that ignites a year-long program for change, called We Schools in Action. In cities across Canada, the event brings inspirational speeches and performances to the young leaders of tomorrow. Students then bring that energy home to take action on local and international issues all year long.

OUR PRINCIPLES

1

ENSURE THE QUALITY OF OUR BALANCE SHEET

Our assets and liabilities are fairly valued. Our assets are prudently invested and deliver a return that meets our pension needs within an appropriate risk profile.

2

ENSURE THAT THE RIGHT ORGANIZATIONAL STRUCTURE IS IN PLACE TO MEET OUR OBJECTIVES

Our organization is aligned with clear lines of accountability and clarity of purpose – everyone knows what is expected of them and of others. This structure allows active, hands-on management of our assets and provides value for the cost.

3

ENSURE THAT OUR MEMBERS' NEEDS ARE UNDERSTOOD AND MET

We understand the needs of all our members. We deliver what our members want, where, when and how they want it, and at a price that represents value for them.

4

ENSURE THAT WE HAVE THE RIGHT PEOPLE IN THE RIGHT POSITIONS

Our business is organized around our primary asset: individuals taking ownership for decisions that they make. Our people are motivated, engaged and have the knowledge they need to achieve our goals. Our compensation programs reward performance.

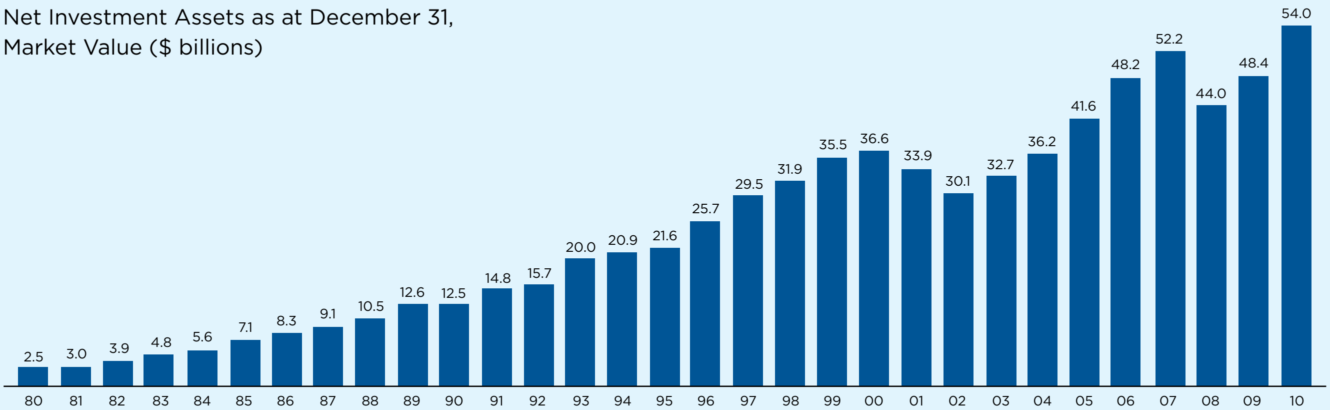
5

ENSURE WE HAVE ACCESS TO THE RIGHT MANAGEMENT INFORMATION

We have information that is timely, accurate and actionable to manage our business. This information is universally understood throughout our organization.

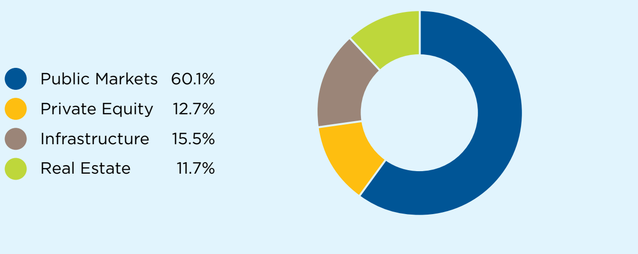
NET INVESTMENT ASSET GROWTH

Net Investment Assets as at December 31,
Market Value ($ billions)



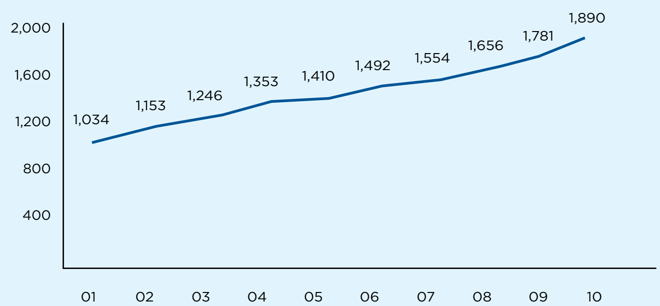
ASSET MIX

As at December 31, 2010
Net Investment Assets



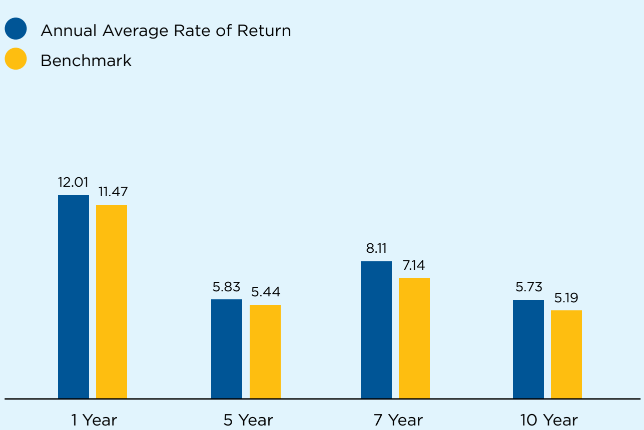
GROWTH IN MEMBERS' PENSION PAYMENTS

($ millions)



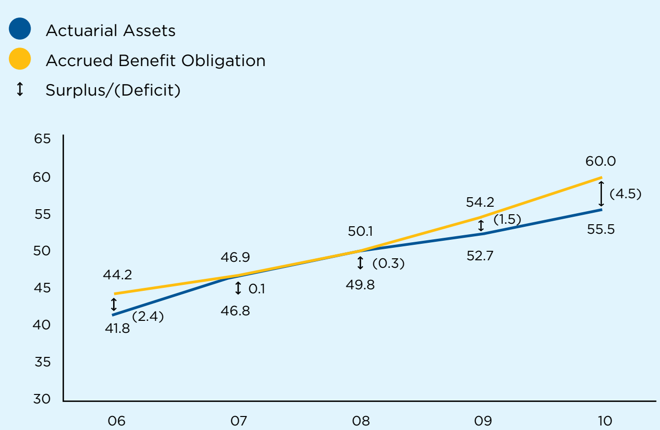
RATE OF RETURN AND BENCHMARK

(%)



ACTUARIAL ASSETS AND ACCRUED BENEFIT OBLIGATION — OMERS PRIMARY PENSION PLAN

As at December 31, 2010
($ billions)



"We believe that the OMERS Pension Plans are well positioned for stability and sustainable growth in the future."

JOHN SABO
Board Chair
OMERS Administration Corporation

FOCUSED NOW — AND FOR THE FUTURE

In 2010, pensions and pension reform were once again front page news. As the economy moves toward a recovery from 2008, many Canadians have expressed concern about their retirement savings.

As Chair of the OAC Board, I am confident that, together with my OAC Board colleagues, the SC Board and our Senior Management Team, we have the right people in the right positions to chart a course for the future. We believe that the OMERS Pension Plans are well positioned for stability and sustainable growth in the future.

To better tell you how we are focused on today – and tomorrow – I would like to briefly discuss four broad-based topics: Strong Governance, Management Excellence, Collaboration between OAC and SC Boards and Organizational Engagement.

STRONG GOVERNANCE

In the wake of the market meltdown in 2008, governance has emerged as a watchword for all participants in the economy. While this is a laudable development, strong and effective governance has always been a hallmark of the OMERS Administration Corporation, regardless of the state of the economy.

As I begin my fourth year as Chair, I can report that the OAC Board is thoroughly engaged and actively involved in fulfilling its oversight and governance responsibilities on behalf of all Plan members. Consistent with those responsibilities, the Board is involved in setting direction on many important fronts as well as making high-level decisions based on Management's best advice and recommendations.

A key part of our long-term success is the guidance and ownership of the OAC five-year, enterprise-wide Strategic Plan. The long-term objective of the Strategic Plan is to create surplus wealth for OMERS members beyond the amount needed to achieve an actuarial balance between assets and liabilities.

Strong governance is accomplished through a committee structure supported by appropriate policies and procedures. On the investment side, there is oversight of investment decisions through the Investment Committee which is comprised of the entire Board.

The recruitment and development of the Senior Management Team, succession planning and regular review of our compensation strategy take place through the Leadership Resources and Compensation Committee (LRCC) and a good example of our transparency is reflected in our Compensation Discussion and Analysis included in this Annual Report.

The Audit Committee provides oversight of our financial reporting and controls while the Governance Committee ensures that OAC governance practices are appropriate for a fiduciary under the regulatory environment in which we operate.

We have been, and continue to be, recognized for our leading governance practices and will continue to strive for improvement in this area.

MANAGEMENT EXCELLENCE

OMERS continues to be a well-managed organization. Our top-tier Senior Management Team brings much strength to the table, including a coordinated vision and a team approach to all its activities under the vigilant oversight of the OAC Board. Collaborative decision-making is one of the strengths of all our teams.

Whether it is on the pension side with new member services like the myOMERS online portal or new products such as Additional Voluntary Contributions (AVCs), or on the investment side through global investment activities, our Senior Management Team is fully engaged and committed to both the day-to-day and long-term growth and viability of the Plans.

To demonstrate my personal support for, and confidence in, the direction of the Senior Management Team, I have signed up for AVCs, effective January 1, 2011, through monthly contributions as well as transferring all my existing RRSPs to OMERS.

COLLABORATION BETWEEN OAC AND SC BOARDS

Teamwork is a key operating principle of successful organizations. The work of the OAC and the Sponsors Corporation is co-ordinated according to the mandate of each corporation to meet the challenges and opportunities facing OMERS.

We support and acknowledge the SC's accomplishments in 2010 related to contribution/benefit changes as we take a co-ordinated approach to meeting funding challenges going forward.

The OAC and SC Framework Agreement, jointly established in 2009, continues to act as a valuable tool to support the OMERS governance model as set out in the OMERS Act, 2006.

The OAC/SC Joint Council, established under the terms of the Framework Agreement, provides a forum for dialogue on matters of strategic importance and relevance at OMERS and will continue to meet on a regular basis.

In 2010, the SC Board adopted and approved two key documents – the SC AVC Design Policy and the Plan amendment to allow AVCs – that enabled this innovative concept to move forward.

The SC Board also provided significant input to the establishment of OMERS Investment Management (OIM), our newly formed subsidiary responsible for providing investment management services to third parties. In particular, the SC Board gave OIM its endorsement to proceed with plans to offer other pension plans the opportunity to earn the annual return of OMERS total Fund or the returns of our real estate, infrastructure and private equity portfolios. Endorsement from the SC was a critical milestone for this key strategic initiative. With the support of both the OAC and SC Boards, OIM has been able to proceed with its plans to begin marketing in 2011.

ORGANIZATIONAL ENGAGEMENT

In a well-governed, well-managed organization like OMERS, it is not surprising that our employees are highly engaged and committed, not just to the organization and its goals but also to the greater community.

In 2010, OMERS employees shattered their own record by raising more than $900,000 for the United Way. OMERS employees also "Take Part and Give Back", which was the theme of Volunteer Days 2010. This innovative community-building event saw over 350 employees volunteer more than 2,000 hours for 10 different charitable organizations in the Greater Toronto Area.

OMERS Worldwide became a co-title sponsor of Free The Children's We Days, a celebration of tomorrow's global leaders that channels the energy of youth to change the world.

For the third consecutive year, OMERS was named one of the 50 Best Employers in Canada and, for the second straight year, OMERS was named Pension Fund of the Year, Canada, by *World Finance* magazine.

Some of the highlights of our team's achievements in 2010 include:

- Jennifer Brown, Executive Vice President and Chief Pension Officer, was appointed to the Ontario Financial Services Tribunal;

- Andrew Fung, Senior Vice President and Chief Actuary, was appointed to FSCO's Actuarial Advisory Council and the Retirement Financing Committee of the newly created Financial Services Leadership Council;

- Graham Pugh, Vice President, Investment Risk Management, and James Donegan, President and CEO at OMERS Capital Markets, were appointed to the Executive Committee of the Financial Services Leadership Council; and

- Patrick Crowley, Executive Vice President and Chief Financial Officer, received the Ivey Alumni Award from the Richard Ivey School of Business at the University of Western Ontario.

None of these accomplishments happen by accident. They happen as a result of highly motivated, talented people – our intellectual capital – working together toward a common goal.

Our members can be confident that we are retaining and attracting the best and brightest to secure their retirement benefits – for today and tomorrow.

OAC BOARD MEMBER RECOGNITION

Professional development is a key part of achieving excellence at the Board level and OMERS is committed to continuous learning and improvement.

I would like to extend congratulations to Board members Eugene Swimmer and John Goodwin, who received their Chartered Director (C.Dir.) designation from The Directors College. I am very proud to acknowledge that currently 11 of our 14 Board members have attained the Chartered Director designation or equivalent Institute of Corporate Directors ICD.D designation.

PLANNING FOR TODAY – AND TOMORROW

It is an exciting time to be an OMERS member. Our organization is evolving in order to better meet the needs of our membership through enhanced service and new products. We are also expanding our investment activity on a global scale in order to seek out the best opportunities and like-minded investors as part of our Strategic Plan.

The leadership team is committed to having the right people in the right positions and the OAC Board is fully engaged in ensuring we make thoughtful decisions today to ensure the long-term viability and growth of the Plans for tomorrow.

Sincerely,

John Sabo
Board Chair

"We are in an era of rapid growth that will ensure the long-term health of our Plan."

MICHAEL NOBREGA
President and Chief Executive Officer
OMERS Administration Corporation

FOCUSED ON LONG-TERM STRATEGIC GROWTH

OMERS achieved excellent investment results in 2010 with a 12.01 per cent total Fund return, building on the 10.6 per cent return earned in 2009. This is the second consecutive year of strong returns for OMERS since the global financial crisis in 2008 and has resulted in a total increase in net assets of $9.9 billion over the past two years.

FRAMING OUR INVESTMENT PERFORMANCE

Our goal is to earn reliable returns that exceed the Plan's long-term requirements. The 2008 financial crisis reminded investors that long-term performance is influenced more by avoiding sudden large losses than by chasing higher returns with unacceptable risk. We invest prudently to secure benefits for more than 400,000 members who rely on OMERS for their retirement income.

OMERS progress is best measured over the seven years since the Board approved an asset mix policy target in 2004 of allocating 37.5 per cent of capital to private markets, which the Board increased to 47 per cent in 2009. Movement toward this target occurs slowly when increased investments in private market assets are offset by robust growth in public market investments and strong cash yields from private market assets. Three remarkable things have happened over this period as a result of the change in the asset mix:

- the ratio of our assets invested in public markets has gone down from 82 per cent in 2004 to 60 per cent in 2010 while assets invested in private market assets has grown from 18 per cent to 40 per cent;
- exposure to public market assets grew by almost 10 per cent from $29.5 billion in 2004 to $32.4 billion in 2010, while exposure to private market assets more than tripled from $6.7 billion to $21.6 billion; and
- the Plan earned an average annualized return of 8.11 per cent despite the 15.3 per cent loss in 2008 – a return well above the Plan's long-term income needs.

An important outcome of our asset allocation policy is that we are unlikely to gain as much from a stock market surge as plans with a higher weighting to public equities – and we are less likely to suffer substantial losses in the event of a stock market collapse. The more predictable and sustainable performance of private market assets will underpin total Fund returns during times of depressed returns in the public markets. Still, our asset mix policy provides considerable flexibility to move capital to maximize risk-adjusted returns. Unfortunately, overcoming the funding shortfall caused by the 2008 losses is a slow process.

THE FUNDING CHALLENGE

The OMERS Pension Plan concluded 2010 with a $4.5 billion funding deficit, versus $1.5 billion a year earlier. The gap widened for two reasons. First, consistent with the actuarial practice of most plans, returns above or below the actuarial funding requirement are smoothed over five years. In 2010, $1.2 billion of net losses, primarily from 2008, were recognized based on the smoothing of gains and losses for funding purposes. Second, pension costs continue to rise as the "baby boom" generation nears retirement age.

Actuarial assumptions indicate OMERS requires an investment return of 6.5 per cent annually to keep assets and liabilities in balance. That rate of return, combined with temporary contribution increases starting in 2011 and benefit reductions, should see the Plan return to surplus by 2025.

We believe we can reach a funding surplus position sooner than 2025 by generating average returns of 7 per cent to 11 per cent annually over the next five years based on our active investment management strategy and our current asset mix policy. Achieving this performance range will eliminate the funding deficit and return the Plan to a funding surplus between 2015 and 2020 – five to 10 years ahead of schedule. This will give the Sponsors Corporation the opportunity to adjust contribution rates or benefits sooner.

ENTERPRISE-WIDE INNOVATION

As we focus on the future, OMERS continues to evolve as a leader in innovative programs and services. Our Pension Services team service model (replacing a transaction-based model) continues to earn accolades from employers and Plan members for efficiency, quality and timeliness. In response to member requests we have developed an Additional Voluntary Contributions (AVCs) program that we expect will be enthusiastically welcomed by members.

Our disciplined investment strategy is attracting Canadian pension plans interested in commingling their capital with OMERS Pension Plan or investing under investment contracts that will receive the OMERS total Fund return, or the returns earned by our specialized teams at Borealis Infrastructure, Oxford Properties and OMERS Private Equity. We expect to sign the first investment contracts in 2011.

A further example of innovation is our Global Strategic Investment Alliance concept developed in 2008. Non-Canadian pension plans, sovereign wealth funds and other capital pools are showing significant interest in investing with OMERS in large-scale infrastructure and real estate alpha assets under this concept. We expect firm capital commitments from investors starting in 2011 so that we can partner in the acquisition of multi-billion-dollar assets with the capacity to generate large and sustainable cash flows to pay future pensions.

A NEW ERA OF GROWTH

These initiatives – and many more – augur an era of rapid growth for OMERS. We anticipate a substantial expansion of capital under management as third-party investors, particularly pension plans, pool their investments and potentially their plan administration with us.

While our costs will increase in the short term, this will result in greater efficiencies in everything we do in the longer term and hence secure the continued delivery of pensions at affordable costs.

Michael Nobrega
President and Chief Executive Officer

GOVERNANCE OMERS ADMINISTRATION CORPORATION

Under the *Ontario Municipal Employees Retirement System Act, 2006* which was proclaimed into law in June 2006, the OMERS Administration Corporation (OAC) is responsible for pension administration, valuation of the accrued benefit obligation and investment of the pension funds.

CORPORATE AND BOARD GOVERNANCE

Effective and transparent pension plan governance is the foundation that allows OMERS to fulfill its pension promise to its members. Throughout its 48 year history, OMERS has continuously sought to achieve the highest standards in governance, as evidenced by its Governance Vision and Mission.

> Governance Vision

The OAC Board will be publicly recognized as an industry leader in corporate and pension governance.

> Governance Mission

The purpose of governance is to ensure effective board and management decision-making through the use of processes and controls to ensure the Plan is administered in the best interests of the members and beneficiaries.

KEY BOARD RESPONSIBILITIES

The OAC Board of Directors (OAC Board) has a number of responsibilities, as outlined in the OAC Board Mandate which can be found on our website. The key responsibility of the OAC Board is to set the course for the overall vision and direction of the OAC. The OAC Board does this by approving the strategic planning process for the OAC as well as the Strategic Plan itself which is designed by the Management Team. The OAC Board delegates to Management day-to-day business activities and a number of other important functions. With respect to these delegations, the role of the OAC Board is to monitor and oversee Management and ensure that its activities remain consistent with the longer term vision, objectives and directional framework set by the OAC Board.

Key specific responsibilities also include reviewing and approving the audited financial statements for the OAC on a recommendation from the Audit Committee of the OAC Board; approving the actuarial valuation reports; approving investment parameters for the OAC including permitted categories of investments and related funds allocations among those categories; and identifying and appointing the Chief Executive Officer of the OAC as well as assessing the performance of the CEO against approved strategies and business plans.

BOARD GOVERNANCE

Many policies and practices are in place to support the OAC's commitment to best governance practices, including:

- corporate by-laws and a Governance Manual and Handbook;
- a board education program that includes mandatory corporate director certification from The Directors College, operated in conjunction with The Conference Board of Canada, the DeGroote School of Business and McMaster University, as well as mandatory orientation in board operations and governance;
- a formal external auditor independence policy. To preserve the auditors' independence, the auditors are restricted from providing services to the OAC where they act in any capacity where they could reasonably be seen to function in the role of Management, audit their own work, or serve in an advocacy role on behalf of the OAC;
- a formal Code of Conduct policy, covering areas such as conflict of interest, fiduciary duty, workplace harassment, discrimination, privacy and confidentiality, that applies to OAC Board members and employees, each of whom are required to affirm their compliance each year;
- a formal personal and insider trading policy regarding investments. Board members, Senior Management and appropriate investment and accounting personnel must pre-clear their securities trades, disclose holdings and sign an annual certificate of compliance;

- a requirement that members of the Audit Committee meet the standard of financial literacy; and

- transparency and accountability through regular meetings with Plan participants and other stakeholders as well as timely and accurate print and electronic communication. Summaries of OAC Board and Committee decisions are regularly published on the OMERS website.

Further details on the OAC's governance practices are available on the website and specifically can be found in the Governance Manual.

BOARD MEMBERSHIP

In 2009 the OMERS Sponsors Corporation enacted SC By-law No. 13 which names specific sponsor organizations that have the right to nominate individuals to be considered by the SC for appointment to the OAC Board. According to SC By-law No. 13, the OAC Board is comprised of 14 members as follows:

- Association of Municipalities of Ontario (2 members)

- Canadian Union of Public Employees (Ontario) (2 members)

- City of Toronto (1 member)

- Electricity Distributors Association (1 member)

- Ontario Association of Children's Aid Societies (1 member)

- Ontario Association of Police Services Boards (1 member)

- Ontario Professional Fire Fighters Association (1 member)

- Ontario Public Service Employees Union (1 member)

- Ontario Secondary School Teachers' Federation (1 member)

- Police Association of Ontario (1 member)

- Retiree Group (appointed from organizations representing retiree members) (1 member)

- School Boards (rotates between Public and Catholic Boards) (1 member)

BOARD INDEPENDENCE

The OAC Board appoints the CEO, who is not a member of the Board, and reviews his/her performance regularly throughout the year. Day-to-day management is delegated to the CEO. The OAC Board also appoints the external auditor, master custodian, actuary and Chief Auditor and has retained independent external counsel to provide legal advice to the Board when required. The OAC Board has regular *in camera* meetings without Management present.

OAC BOARD REMUNERATION & EXPENSES

The remuneration paid to OAC Board members is determined by the SC By-law No. 6. The SC's by-law provides for the Chair to receive total compensation of $70,000 per annum while the Chairs of Committees will receive an annual retainer of $17,800 per annum and other members will receive an annual retainer of $12,800. In addition all Board members, with the exception of the Board Chair, receive a meeting fee of $750 to a maximum of 24 meetings per year.

Hearings of the OAC Appeals Sub-Committee, which meets when required to deal with appeals filed by Plan members, are not subject to, or counted in calculating, the 24 meeting per year limit.

The table on page 16 includes remuneration paid to OAC Board members for OAC Board and Committee meetings as well as other eligible expenses in 2010, with comparable numbers for 2009.

BOARD COMMITTEES

In 2010, the OAC Board had four standing committees which assisted the Board in discharging its responsibilities. The OAC Board also uses Sub-Committees from time to time to deal with special situations. During 2010 there were two Sub-Committees in particular that were created or used.

INVESTMENT COMMITTEE (COMMITTEE OF THE WHOLE)

The purpose of the Investment Committee is to enable the OAC Board to meet its fiduciary oversight and related obligations in relation to the OAC's investment policies and strategies and to enable the OAC Board to discharge its related monitoring, compliance and risk mitigation oversight responsibilities on behalf of the OAC Board. The Investment Committee also approves all major transactions.

GOVERNANCE COMMITTEE

The Governance Committee annually reviews the mandates of the OAC Board and its Committees. It has oversight of the OAC Board Orientation and Education Program and annually approves the composition of the Committees. This includes arranging and implementing an annual assessment of the full OAC Board and individual Directors; recommending changes to the OAC Board to address effectiveness issues arising out of the assessments; assessing the competency requirements of the OAC Board and recommending skills and experience needs for the Board. The Committee is also responsible for reviewing relevant policies relating to governance including external communications standards.

AUDIT COMMITTEE

The Audit Committee assists the OAC Board in fulfilling its oversight responsibilities for the:

- integrity of the financial reporting process and financial statements;
- system of internal control and the review of the disclosure of financial information;
- system of risk management and fraud risk management;
- internal audit process;
- external audit of the financial statements;
- organizational processes for monitoring compliance with laws and regulations and the Code of Conduct; and,
- Ethics Hotline (whistle-blower process) and special investigations.

LEADERSHIP RESOURCES AND COMPENSATION COMMITTEE (LRCC)

The purpose of the Leadership Resources and Compensation Committee is to assist the OAC Board in meeting its fiduciary oversight and related obligations by: (i) attracting, retaining and motivating excellent leaders at the senior executive level who are committed to the OAC Mission Statement and Core Values; (ii) overseeing a robust succession planning process for the position of CEO; and (iii) overseeing senior executive performance, compensation and compensation policies.

OAC JOINT COUNCIL SUB-COMMITTEE (JCSC)

This sub-committee was formed following the execution of the Framework Agreement with the SC in 2009 as a venue in which to address matters of importance to either party with respect to oversight and governance of the OMERS Pension Plans including the Framework Agreement.

APPEALS SUB-COMMITTEE

This Sub-Committee serves as an appeal tribunal for Plan members who are appealing decisions of the President and CEO (or his delegates) regarding their pension benefit entitlements. This Sub-Committee hears evidence and renders decisions in these appeals. It retains independent external counsel to assist it in its deliberations.

OAC BOARD ATTENDANCE

Board and committee meeting attendance in 2010 was as detailed on page 17.

OAC BOARD REMUNERATION AND EXPENSES

For the year ended December 31,	2010		2009	
	Remuneration	Expenses[i]	Remuneration	Expenses[i]
John Sabo, Chair	$ 70,000	$ 28,524	$ 50,000	$ 33,039
Bill Aziz	30,800	7,675	21,400	997
David Carrington	30,800	2,959	15,400	467
Richard Faber	35,800	21,632	26,900	30,060
John Goodwin[ii]	37,300	17,250	28,400	13,056
Rick Miller	35,800	46,418	26,900	57,478
Laurie Nancekivell[iii]	23,300	14,079	2,489	4,973
David O'Brien	35,800	8,615	23,900	377
James Phillips	30,800	8,937	15,400	2,086
Michael Power	32,800	46,799	26,900	57,168
Eugene Swimmer	32,300	27,523	23,650	33,681
Leslie Thompson	31,550	17,995	15,400	3,225
Sheila Vandenberk	31,550	28,432	15,400	8,198
John Weatherup	30,800	9,923	22,900	9,615
Former Board Members	-	-	40,500	13,615
Other Expenses[iv]	-	91,049	-	125,466
Total	$ 489,400	$ 377,810	$ 355,539	$ 393,501

(i) Includes reimbursement for normal out-of-pocket business expenses including education, meeting and communication expenses incurred on behalf of OAC.
(ii) Chair, Appeals Sub-Committee.
(iii) Remuneration to Laurie Nancekivell was paid directly to her sponsor organization.
(iv) Other expenses include Board group meeting expenses not allocated by individual.

2010 BOARD/COMMITTEE MEETINGS

Board Member	Board (12) Attended	Board (12) Total	Investment (13) Attended	Investment (13) Total	Audit (9) Attended	Audit (9) Total	Governance (5) Attended	Governance (5) Total	LRCC (5) Attended	LRCC (5) Total	Joint Council (3) Attended	Joint Council (3) Total	Total (47) Attended	Total (47) Total	Total (47) %
John Sabo, Chair(i)	12	12	12	13	7	9	5	5	4	5	2	3	42	47	89%
Bill Aziz	10	12	12	13	-	-	-	-	4	5	-	-	26	30	87%
David Carrington(ii)	11	12	13	13	-	-	-	-	5	5	-	-	29	30	97%
Richard Faber	10	12	11	13	8	9	-	-	-	-	3	3	32	37	86%
John Goodwin	10	12	12	13	8	9	-	-	-	-	-	-	30	34	88%
Rick Miller	12	12	12	13	-	-	5	5	5	5	-	-	34	35	97%
Laurie Nancekivell	7	12	7	13	-	-	2	5	-	-	-	-	16	30	53%
David O'Brien	12	12	10	13	-	-	5	5	-	-	3	3	30	33	91%
James Phillips	12	12	11	13	9	9	-	-	-	-	-	-	32	34	94%
Michael Power	11	12	9	13	-	-	4	5	-	-	1	3	25	33	76%
Eugene Swimmer	11	12	13	13	-	-	5	5	-	-	-	-	29	30	97%
Leslie Thompson	12	12	13	13	9	9	-	-	-	-	-	-	34	34	100%
Sheila Vandenberk	12	12	13	13	9	9	-	-	5	5	-	-	39	39	100%
John Weatherup(ii)	11	12	12	13	-	-	-	-	5	5	-	-	28	30	93%
Overall Attendance	91%		88%		93%		87%		93%		75%		89%		

(i) *Ex officio* member of Audit, Governance and LRCC.
(ii) Absent at one Board meeting due to a conflict of interest.

PROXY VOTING

We own shares in numerous publicly traded companies around the world. Share ownership carries with it important rights and responsibilities, including the right to vote shares at company meetings.

The proxy vote is an important asset of a pension fund. We exercise our ownership rights by voting proxies diligently in a manner intended to maximize the long-term value of our investments.

We believe that well-managed companies with strong governance practices will generally contribute positively to long-term investment returns. Conversely, poorly-managed companies with poor governance practices are more likely to increase the risk of a long-term investment.

Our proxy voting guidelines contain general statements about how OMERS is likely to vote on an issue. These are not completely rigid positions, and we may consider extenuating circumstances that might call for a different vote than a specific guideline suggests. This may include taking into account different regulatory or corporate governance regimes and customary practices in different jurisdictions.

Our proxy voting guidelines, and our voting record for the Canadian and U.S. markets, can be found on our website.

PROXY VOTING GUIDELINES

OMERS understands the different roles and responsibilities of shareholders, directors and management in the corporate governance system. Accordingly, when OMERS exercises its voting rights, it does not seek to manage the companies in which it owns shares. However, OMERS considers its vote an important way in which it can influence management and the board of directors and express its view with the way in which the corporation is being managed and overseen.

Our proxy voting guidelines are based on a number of key principles, including:

Board of Directors

Good corporate governance practices should be followed to encourage effective and independent boards.

Executive and Director Compensation

Executive compensation should be reasonable, performance-based and structured in a manner that aligns management with the long-term interests of shareholders.

Takeover Protection

Shareholder rights plans should permit the board and management to respond to takeover offers in a manner that enhances long-term shareholder value.

Shareholder Rights

Share structures should support the basic principle linking voting to equity ownership on the basis of "one share, one vote".

Environmental, Social and Governance

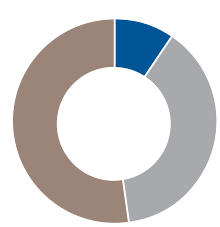
Well-managed companies that demonstrate high ethical and environmental standards and respect for their employees, human rights and the communities in which they do business contribute to long-term financial performance.

PROXY VOTES

During 2010, we voted on a total of 22,659 items covering 2,305 shareholder meetings globally. In Canada, we voted on 2,178 items in 232 shareholder meetings. Outside of Canada, we voted on 8,710 items in the U.S. and 11,771 items outside of North America at 2,073 shareholder meetings.

PROXY ITEMS VOTED

Canada	2,178
United States	8,710
Non North America	11,771



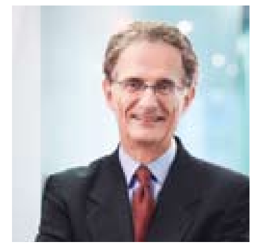
SENIOR MANAGEMENT TEAM

Corporate Management Team

Michael Nobrega
President and CEO

Warren Bell
Executive Vice President and Chief Human Resources Officer

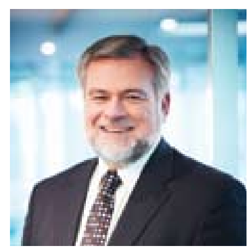
Jennifer Brown
Executive Vice President and Chief Pension Officer



G. Blair Cowper-Smith
Executive Vice President Corporate Affairs and Chief Legal Officer

Patrick Crowley
Executive Vice President and Chief Financial Officer

Michael Latimer
Executive Vice President and Chief Investment Officer



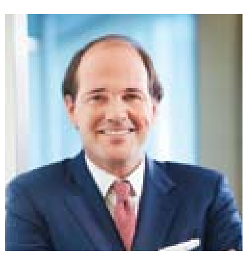
John Macdonald
Executive Vice President and Chief Operating Officer

Investment Management Team

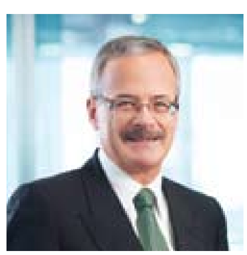
Jacques Demers
President and CEO, OMERS Strategic Investments

James Donegan
President and CEO, OMERS Capital Markets

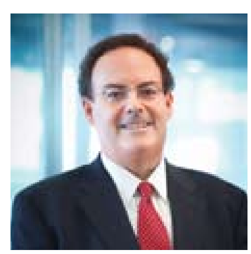
Wendy Forsythe
President, OMERS Investment Management



Blake Hutcheson
President and CEO, Oxford Properties Group



Paul G. Renaud
President and CEO, OMERS Private Equity



Michael Rolland
President and CEO, Borealis Infrastructure

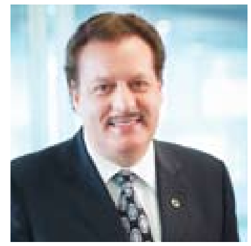
BOARD OF DIRECTORS

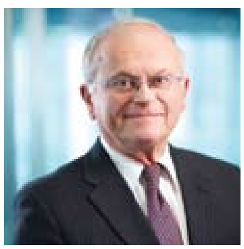
For biographies of the OAC Board of Directors visit omers.com.


John Sabo
Chair


Bill Aziz

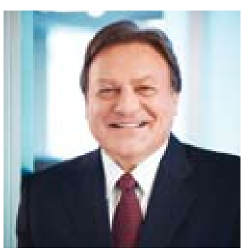

David Carrington

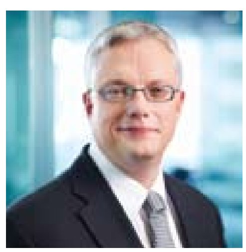

Richard Faber


John Goodwin

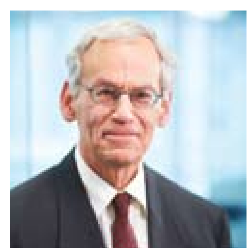

Rick Miller


Laurie Nancekivell

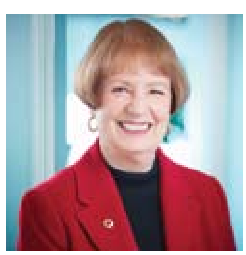

David O'Brien

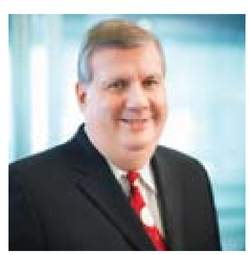

James Phillips


Michael Power


Eugene Swimmer


Leslie Thompson


Sheila Vandenberk


John Weatherup

2010 MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

OMERS Administration Corporation (the "OAC") is the administrator of the OMERS pension plans (the "OMERS Pension Plans" or the "Plans") as defined in the *Ontario Municipal Employees Retirement System Act, 2006* (the "OMERS Act"). The OMERS Pension Plans include OMERS Primary Pension Plan (the "Primary Plan" or the "Plan"), the Retirement Compensation Arrangement (the "RCA") associated with the Plan and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (the "Supplemental Plan"). The OAC is responsible for managing the funds of the Plan, the RCA and the Supplemental Plan (collectively, the "Fund" or the "Funds"). The Funds are managed by the following entities: OMERS Capital Markets (public markets, mortgages and private debt), OMERS Private Equity (private equity), Borealis Infrastructure (infrastructure), Oxford Properties Group (real estate) and OMERS Strategic Investments (strategic investments from any asset class) (collectively "the Investment Entities"). In addition, under the OMERS Act, the Ontario Municipal Employees Retirement System ("OMERS") represents the combined retirement system comprised of OMERS Sponsors Corporation (the "SC") which is the Plan sponsor, the OAC, the Plan, the RCA and the Supplemental Plan. This management discussion and analysis is the responsibility of management of the OAC ("Management") and contains Management's analysis of the OAC's financial condition, operational results and the environment in which it operates as of February 23, 2011. This section should be read in conjunction with the OAC Consolidated Financial Statements. The Audit Committee and Board of Directors of the OAC (the "Board") have reviewed and approved the contents of this section.

In addition to historical information, this section contains forward-looking statements with respect to Management's strategy, objectives, outlook and expectations. Forward-looking statements can be identified by use of words such as "believe", "expect", "may", "could", "intend", "continue" or "estimate" or variations of such words and phrases or statements that certain actions, events or results "may" "could", "would", "might", "will" be taken or achieved. By their very nature, those statements are subject to risks and uncertainties, which may cause actual results to differ from the expectations expressed in the forward-looking statements. Forward-looking statements made in this section represent Management's views at the date of this report and the OAC does not undertake to update or revise any forward-looking statements as a result of new information, future events, or otherwise.

VISION AND STRATEGY

VISION

We have one clear and overriding goal — to keep the pension promise to our current and future retirees.

We work as a team in pursuit of outstanding performance that will enable us to meet this objective including:

- generating sufficient returns through the investment of the Funds; and
- providing excellent pension administration services to our members and employers, the most important of which is to pay monthly pensions to retirees.

Our vision focuses on four key areas which are integrated into our strategies and decisions:

LEAD

Be the leader in the pension industry.
We want to be nothing less than the leader in the pension industry. We will earn this status if we rank in the top quartile of investment performance over the long term and if we set the industry standard for service to members and employers.

PERFORM

Provide first-in-class investment management.
We recognize the importance of earning superior risk-adjusted returns. This means achieving superior returns while being conscious of the actions we are taking to keep pensions secure.

SERVE

Deliver superior pension services to our members and employers.
Services to Plan members are one of our top priorities and one of our key strengths.

GROW

Attract investment partners and employers through our leadership.
Growth is an objective not for its own sake but because it will expand the range and size of investment opportunities we can pursue and allow us to improve our services for the benefit of all members.

ENTERPRISE-WIDE STRATEGIC PLAN

The OMERS 2010–2014 Enterprise-Wide Strategic Plan is the joint product of the Board and Management of OAC. It has evolved as a shared vision from a consultative strategic planning process.

The Strategic Plan reflects research and industry-leading initiatives developed by Management. It is influenced by open and transparent conversations between Board members and Management that occur at least six times per year when detailed update reports are formally presented to the Board. The focus on strategy is a matter of routine during ongoing liaison between the Board Chair and OMERS CEO.

In 2010, collaboration between the Board and Management reached new levels of engagement, consistent with leading governance practices. In February 2010, Board members identified the broad issues that would guide the 2010 strategic planning discussions, including OMERS funding position, global macroeconomic trends and their implications for OMERS investment strategy and the impact and opportunities of potential pension reform in Canada.

In April 2010, the Board devoted a significant amount of time to discussing a draft of the Strategic Plan and approved the final version in June 2010.

The Strategic Plan is a living document. New and revised initiatives and issues arise each year while other initiatives are removed from the plan based on research and due diligence. In addition, events beyond our control at home and abroad influence the content and tone of our strategy. Throughout the year the Board receives informational updates and is called upon for approval, allowing Management to implement specific initiatives.

The major initiatives of the Strategic Plan include:

1. ASSET MIX POLICY

Our asset allocation policy is based on our belief that over the long term, an asset mix with greater exposure to private market investments is better positioned to generate strong, predictable returns and consistent cash flow with reduced risk to meet the Plan's funding requirements. This Board-approved policy sets the focus and parameters of how we invest in public and private markets. Our investment strategy over the long term is to maintain our asset mix exposure to public market investments, such as public equities and interest bearing investments, at approximately 53 per cent of the Plan's net investment assets with the remaining 47 per cent representing exposure to private market investments, such as private equity, infrastructure and real estate.

At the end of 2010, the Plan's public markets investments represented 60.1 per cent of net investment assets and private markets investments represented 39.9 per cent of net investment assets. The investment in private markets is slightly up from 39.1 per cent at December 31, 2009.

2. DIRECT DRIVE ACTIVE ASSET MANAGEMENT

We are making significant progress in actively managing an increasing proportion of OMERS investments internally to enhance returns and reduce investment costs. The principal drivers are increased direct drive management of foreign equities, foreign currency and private equity. Our goal is to have 90 per cent of total Fund assets directly managed by 2012 as compared with 85.6 per cent at the end of 2010.

An implicit goal of the Strategic Plan is to diversify OMERS assets on a global basis to capture investment returns from economies that move on a different cycle than the Canadian economy and to reduce the home market bias of "too many eggs in one basket" (recognizing that Canada is less than 3 per cent of world investment markets). The long-term target is to invest 50 per cent to 60 per cent of the total Fund outside Canada compared with 35 per cent at the end of 2010.

3. ACCESS TO DOMESTIC CAPITAL

Accessing domestic capital will provide a larger capital base from which we will be able to pursue attractive investments. Our primary initiative in accessing domestic capital is the launch of OMERS Investment Management ("OIM"). OIM's role is to raise domestic capital from other pension plans, and other eligible clients. During 2010 the Board reviewed and approved the OIM initial product offerings. Other important initiatives to access domestic capital include the Additional Voluntary Contributions ("AVCs").

The OAC received SC approval for Plan members to contribute additional funds through an AVC program in 2009 and developed the accounting and control systems and communications material in 2010. The capability to make such contributions responds to long standing requests by Plan members for the opportunity to invest retirement savings in the Funds. Starting in January 2011 OMERS will be accepting AVC funds.

In 2010, the Ontario Government expanded the definition of OMERS membership by amending the OMERS Act to allow OMERS Investment Entities who are currently not eligible to join the OMERS Primary Pension Plan to become members, subject to SC approval.

4. ACCESS TO FOREIGN CAPITAL

In 2010, we continued the process to establish a platform to leverage our intellectual capital through the formation of investment alliances that are attractive to both the OAC and like-minded third-party investors. Establishment of the Global Strategic Investment Alliance will allow our Investment Entities to consummate large-scale globally prized acquisitions by co-investing with such alliance partners. This is a significant effort led by OMERS Strategic Investments ("OSI") with the assistance of our other Investment Entities. The Board will be asked to approve alliance partners and related agreements as these partners are identified.

5. STRATEGIC INVESTMENT OPPORTUNITIES

The OMERS Worldwide brand has been established through OMERS Strategic Investments. Under this brand, OSI is developing global business relationships and a network of regional offices to assist the Investment Entities in sourcing new investment opportunities around the world.

6. BARRIERS TO GROWTH

Progress is being made to remove restrictive rules that act as barriers to OMERS growth. In 2010, the federal government agreed with OMERS and other large public pension plans that the quantitative limits in respect of real estate and resource properties were cumbersome and no longer required. The federal Minister of Finance updated the *Pension Benefits Standards Act* investment rules by removing many of these restrictive rules. As a partner in the harmonized Canadian pension investment rule regime, the Ontario government announced in its Fall Economic Statement that it intends to follow the federal government's lead in 2011 to revise its reference to the *Pension Benefits Standards Act* investment rules in the *Ontario Pension Benefits Act*.

OAC SUMMARY

REVIEW OF 2010 RESULTS

INVESTMENT OBJECTIVE	MANAGEMENT APPROACH	2010 PERFORMANCE
To fulfil the pension promise to our current and future retirees we must produce investment returns that exceed the benchmarks, for the asset classes in which we invest, within an acceptable risk tolerance.	Define an asset mix strategy and investment strategy to meet the Plans' investment objectives.	Total Plan return of 12.01 per cent compared to 11.47 per cent benchmark. RCA Investment Fund return of 7.99 per cent compared to 10.09 per cent benchmark.

INVESTMENT PERFORMANCE OVERVIEW

Through our Investment Entities, we invest in several asset classes – public markets, private equity, infrastructure and real estate – in Canada and around the world.

Investment Entity	Primary Asset Class
OMERS Capital Markets	Public markets, including interest bearing securities, real return bonds and public equities
OMERS Private Equity	Private equity through both direct and indirect (funds) investments
Borealis Infrastructure	Direct infrastructure-related investments
Oxford Properties Group	Real estate investments
OMERS Strategic Investments	Strategic assets of any asset class that are considered outside the strategy of the other Investment Entities but are still considered to be in the best interest of the Fund

Our Investment Entities are described more fully beginning on page 44 of this Annual Report.

Investment returns for the Plan and RCA for 2010 and 2009 based on investment income before external manager performance fees and investment management expenses were as follows:

RETURNS AND BENCHMARKS

For the year ended December 31,		2010		2009
	Rate of Return	Benchmark	Rate of Return	Benchmark
OMERS Capital Markets	**11.04%**	**10.11%**	11.0%	13.5%
OMERS Private Equity	**22.21%**	**28.05%**	13.9%	6.7%
Borealis Infrastructure	**10.10%**	**8.50%**	10.9%	9.0%
Oxford Properties	**7.51%**	**6.65%**	1.3%	6.7%
OMERS Strategic Investments	**7.65%**	**7.00%**	-1.2%	10.7%
Total Primary Plan Fund(i)	**12.01%**	**11.47%**	10.6%	12.1%
RCA Investment Fund(ii)	**7.99%**	**10.09%**	11.3%	16.6%

Current year performance returns have been presented to two decimal places.

(i) Results of the Primary Plan Fund's currency overlay hedging program and the costs of hedging certain private market investments are included in the total return only.
(ii) Excludes the RCA refundable tax balance with the Canada Revenue Agency. Including the refundable tax balance, the RCA rate of return was 4.31 per cent (2009: 4.8 per cent).

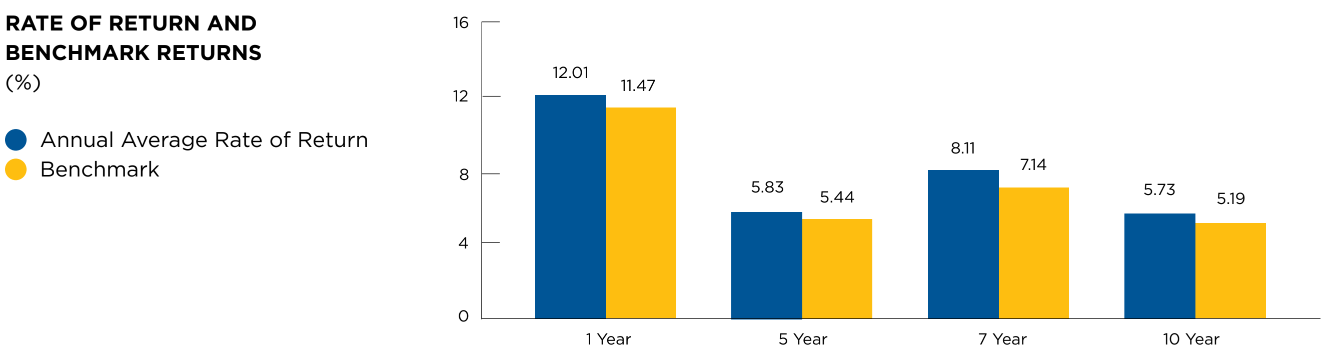
The Primary Plan achieved a 12.01 per cent total investment return in 2010 exceeding the benchmark of 11.47 per cent by 54 basis points while the RCA Investment Fund earned 7.99 per cent compared with the benchmark of 10.09 per cent.

The continued strong performance of the Plan's investment returns in 2010 illustrates the effectiveness of the asset mix and direct drive management components of the Strategic Plan. The Plan has earned $23 billion in investment returns over the past 10 years despite significant losses sustained due to the global financial markets meltdown in 2008. This amount exceeded our benchmark returns adding value to the Fund of $2.4 billion over the last 10 years. This performance supports our mission of creating surplus wealth to protect Plan members and sponsors from significant declines in financial markets such as the one that occurred in 2008.

The Plan's funding requirement is based on earning a real return plus inflation. On an actuarial basis, the funding requirement has been projected to be 6.5 per cent which is discussed under the Plan Funding Status section on page 34 of this Annual Report. The actual funding requirement represented a real return of 4.25 per cent plus inflation of approximately 2.35 per cent for a total of 6.60 per cent compared to the net return of 11.37 per cent for 2010 (2009: 10.0 per cent). Though investment returns in 2010 were above the Plan funding requirement, the Plan remained in an actuarial deficit position at December 31, 2010 due to the continuing impact of negative returns in 2008. The Plan is expected to have a significant funding deficit for the next several years. The deficit and its contributing factors are discussed under the Plan Funding Status section on page 34 of this Annual Report.

The one-year, five-year, seven-year and ten-year returns compared to the benchmark are shown in the chart below. The actual returns for these time periods have been impacted by the -15.3 per cent gross return in 2008.

RATE OF RETURN AND BENCHMARK RETURNS
(%)



BENCHMARK RETURNS

We measure the performance of each of our public market investment asset classes and our private equity asset class against a market benchmark and our infrastructure and real estate investments against an absolute return set at the beginning of each year. We develop a benchmark for total investment activities by aggregating and weighting the individual benchmarks for each asset class. Our benchmarks are reviewed and approved by the OAC Board. Our goal is to earn returns that equal or exceed these benchmarks. When we exceed the benchmark, our investment managers are adding value to the portfolio above the targeted return for the asset class or the return generated by the markets through passive investments. The benchmarks used by the Funds in 2010 are based primarily on (i) externally computed indices that reflect the results of markets in which we invest in the case of OMERS Capital Markets and OMERS Private Equity or (ii) an expected absolute return in the case of Borealis Infrastructure, Oxford Properties Group and OMERS Strategic Investments. The benchmarks used are as follows:

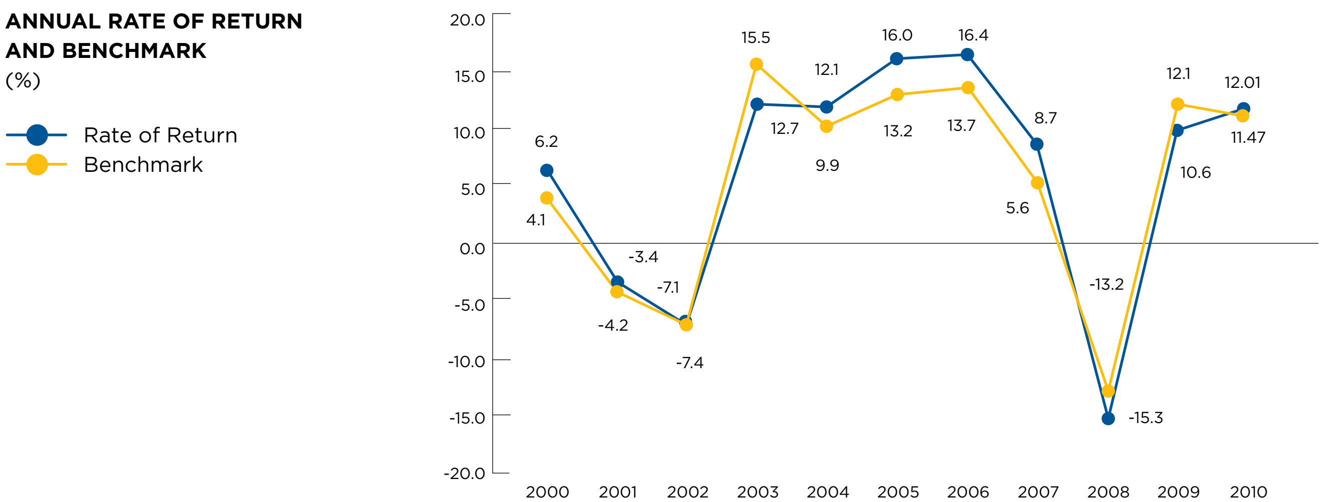
Entity	Benchmark
OMERS Capital Markets	
- Fixed income	Blended DEX 30 day Treasury Bill Index and DEX Universe Bond Index
- Real return bonds	DEX Real Return Bond Index
- Canadian public equities	S&P/TSX Composite Index
- International equities	Blended FTSE(i) All World excluding Canada and U.S. and FTSE(i) All Cap U.S.
OMERS Private Equity	Aggregate of Global Russell indices adjusted for geographic and sector exposures plus an illiquidity and leverage premium; mezzanine debt based on an absolute return benchmark
Borealis Infrastructure, Oxford Properties and OMERS Strategic Investments	Absolute return set at the beginning of each year based on operating plans approved by the Board
Total Fund(ii)	Weighted Average blend of Entity benchmarks including a 50% hedge in International Equity
RCA Investment Fund	25% S&P/TSX 60 Composite/25% FTSE(i) All World Europe, Asia, Pacific/50% FTSE(i) All Cap U.S.

(i) Source: FTSE International Limited
(ii) The total Fund return is measured against a Canadian dollar denominated composite benchmark produced by aggregating returns from each of the policy entity benchmarks, using the Fund's asset mix policy weight.

For the year ended December 31, 2010, the Plan's total return was 12.01 per cent which exceeded the aggregate benchmark of 11.47 per cent. OMERS Capital Markets returns were above the benchmark of 10.11 per cent primarily due to the strong returns in Canadian public equity. Oxford Properties Group and Borealis Infrastructure returns exceeded their respective benchmarks as a result of investments that provided strong and stable cash flows and positive investment valuations in 2010. OMERS Private Equity had strong returns reflecting the solid operating performance from both direct and indirect investments combined with higher mark-to-market valuations resulting from an increase in public market comparables as discussed on page 48 of this Annual Report. OMERS Strategic Investments had positive returns, slightly higher than the benchmark due to increased valuations primarily in the energy portfolio. The amount of value added by our investment professionals was positive in 2010 and has been positive over the last one, five, seven and ten-year periods as shown in the table below:

(billions)	1 Year	5 Year	7 Year	10 Year
Value add compared to benchmark	$0.3	$1.1	$2.8	$2.4

ANNUAL RATE OF RETURN AND BENCHMARK
(%)



NET ASSETS OF THE PLANS

Net assets of the Plans at December 31, 2010 were $53,349 million which includes net investment assets of $53,965 million, and net pension related assets of $193 million less the amount due to administered funds of $809 million.

NET ASSETS
(millions)

As at December 31,	2010	2009
Net investment assets	$ 53,965	$ 48,389
Net pension related assets	193	177
Due to administered funds	(809)	(734)
Net Assets	**$ 53,349**	**$ 47,832**

Net assets increased by $5,517 million, or 11.5 per cent, compared with an increase of $4,355 million, or 10.0 per cent in 2009. The increase in 2010 was driven by both public and private markets. The global equity markets continued to rebound for the second year in a row from the significant decline in 2008, positively impacting both public and private equity valuations. Our private market investment returns also benefited from strong operating performance of our infrastructure and real estate investments.

CHANGES IN NET ASSETS
(millions)

For the year ended December 31,	2010	2009
Net assets, beginning of year	$ 47,832	$ 43,477
Changes due to investment activities	5,384	4,310
Changes due to pension activities	133	45
Net Assets, End of Year	**$ 53,349**	**$ 47,832**

INVESTMENT MANAGEMENT AND PENSION ADMINISTRATION EXPENSES

Administrative expenses are incurred for direct pension administration, direct investment management and corporate services. Direct pension administration expenses represent expenses to provide direct services to OMERS members and employers. Direct investment management expenses represent expenses of the Investment Entities managing OMERS investments. Corporate services expenses primarily include corporate information systems, accounting, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pensions and investments based on an estimate of the use of resources.

Investment management expenses were $268 million in 2010, compared to $246 million in 2009, an increase of 8.9 per cent. Investment management expenses, including external manager performance fees recorded in investment income, represent an investment management expense ratio of 64 basis points for the year ended December 31, 2010 compared to 55 basis points for 2009. The increase relates primarily to significant performance fees for superior investment returns contractually due to external investment managers in 2010 of $47 million compared to $4 million in 2009.

Pension administration and related corporate support expenses were $54 million for the year, compared with $48 million for the previous year – an increase of 12.5 per cent.

The increase in administration expenses is primarily due to increased staffing and systems costs related to the management of an increasingly larger, more complex and sophisticated Plan, and building capabilities to manage a greater portion of investments internally – a key component of our Strategic Plan. Savings related to this direct-drive strategy have already begun to be realized and will continue to be realized over the next several years as existing commitments are replaced by direct investments.

DEBT

OAC has maintained an "AAA" credit rating from two leading credit rating agencies. This has enabled us, where appropriate, to obtain debt financing at preferred rates to support our investment strategy. Debt outstanding related to Oxford Properties Group investments at December 31, 2010 includes $1,529 million of debentures, $2,222 million in secured debt and $1,568 million through commercial paper issued by OMERS Finance Trust ("OFT"). In addition, our Borealis Infrastructure portfolio is financed with $6,484 million in secured debt and $1,067 million through commercial paper issued by OFT. The debentures and commercial paper are supported by OAC's "AAA" credit rating.

In 2010, we launched OMERS Finance Trust to provide a single market-facing entity for the issuance of OAC guaranteed debt. All commercial paper which carried the OAC guarantee and was previously issued by entities under Oxford Properties Group and Borealis Infrastructure is now issued by OFT and continues to carry the OAC guarantee. As at December 31, 2010, OFT had $2,645 million in outstanding commercial paper including the commercial paper issued on behalf of Oxford and Borealis noted above.

PLAN ASSET MIX

As discussed in the investment strategy section, one of our investment strategies is to maintain a long-term asset allocation weighted 53 per cent to public market investments and 47 per cent to private market investments. At the end of 2010, private market investments comprised 39.9 per cent of our asset mix compared with 39.1 per cent at the end of 2009. As illustrated in the table on page 32, the market value of our net investment assets with exposure to private equity, infrastructure and real estate grew to $21,550 million, an increase of $2,633 million or 13.9 per cent over 2009.

Given the inherent volatility and the related impact of the global equity markets on the value of our public market investments, our investment professionals consistently manage our asset mix exposure, monitoring our long-term targets in each asset class so that the Plan is positioned for future growth. In order to facilitate this process, the OAC Board approves the allocation of the Plan net investment asset exposure between the public and private markets and within these two market classifications our investment professionals manage the asset mix allocation to the individual asset classes. The actual asset mix allocation is reported regularly to the Board.

ASSET MIX – ACTUAL VS. TARGET

As at December 31	Actual 2010	Actual 2009	Long-Term Public/Private Market Allocation
Public Markets			
Interest bearing[(i)]	**20.7%**	22.6%	
Real return bonds	**2.7%**	4.1%	
Public equity	**36.7%**	34.2%	
	60.1%	60.9%	53.0%
Private Markets			
Private equity	**12.7%**	10.2%	
Infrastructure	**15.5%**	15.7%	
Real estate	**11.7%**	13.2%	
	39.9%	39.1%	47.0%

(i) Includes short-term deposits, bonds and debentures, mortgages and private debt

In determining the Plans' asset mix exposure, the market value of cash and other investment-related assets and liabilities included in net investment assets per the Consolidated Financial Statements are allocated to the individual asset classes. In addition, derivative exposure and other items, including transactions and balances between Investment Entities, are allocated to arrive at the Plans' ultimate exposure by asset class. Net investment assets based on the holdings per the Consolidated Financial Statements and after all allocations are as follows:

ASSET MIX – EXPOSURE
(millions)

As at December 31			2010			2009
	Holdings	Exposure	Asset Mix %	Holdings	Exposure	Asset Mix %
Public Markets						
Interest bearing[(i)]	$ 16,943	$ 11,147	20.7%	$ 15,228	$ 10,949	22.6%
Real return bonds	1,472	1,475	2.7%	1,977	1,982	4.1%
Total interest bearing	18,415	12,622	23.4%	17,205	12,931	26.7%
Public equity	16,019	19,793	36.7%	14,131	16,541	34.2%
	34,434	32,415	60.1%	31,336	29,472	60.9%
Private Markets						
Private equity	6,731	6,835	12.7%	5,048	4,953	10.2%
Infrastructure	15,375	8,357	15.5%	12,195	7,561	15.7%
Real estate	12,599	6,358	11.7%	11,975	6,403	13.2%
	34,705	21,550	39.9%	29,218	18,917	39.1%
Investment related assets	1,491	-		1,173	-	-
Investment related liabilities	(16,665)	-		(13,338)	-	-
Net Investment Assets	$ 53,965	$ 53,965	100.0%	$ 48,389	$ 48,389	100.0%

(i) Includes short-term deposits, bonds and debentures, mortgages and private debt

INTERNAL CONTROLS REVIEW

The OAC maintains systems of internal control that are designed to ensure the integrity and fairness of the data presented in the Consolidated Financial Statements and elsewhere in this Annual Report, that transactions are duly authorized and that assets are adequately safeguarded. Consistent with our commitment to strong corporate governance and accountability, we complete an annual internal review of our internal controls over financial reporting and disclosure controls using the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This review is conducted under the oversight of the Audit Committee on a basis consistent with the requirements for public companies in Canada while taking into account the unique characteristics of a pension plan. The operating effectiveness of key controls is tested by OAC internal Audit Services and our external auditors. We have reported to the Audit Committee that based on our 2010 review we found no material issues with our internal controls over financial reporting and disclosure controls.

ENTERPRISE RISK MANAGEMENT

Our Enterprise Risk Management program ("ERM") enhances our overall governance framework and is intended to identify and manage risk on an integrated basis; to apply consistent risk standards, concepts and policies across the organization; and to make the concept of risk assessment and management an integral and sustainable part of business operations. The ERM program is based on a modified Enterprise Risk Management – Integrated Framework issued by COSO.

The primary responsibility for risk management rests with the Board. The Audit Committee reviewed the 2010 ERM program and received regular communications from Management on the status of the program and the risks identified by the program. Investment risk is part of the overall risk management process and is further discussed on pages 57 and 58 of this document.

OMERS PENSION PLANS

OMERS PRIMARY PENSION PLAN

The OMERS Primary Pension Plan is a multi-employer pension plan whose members consist primarily of employees of Ontario municipalities, local boards, public utilities and non-teaching staff at the school boards. The Plan is a jointly-sponsored, defined benefit pension plan financed by equal contributions from participating employers and employees as well as by investment earnings of the Plan. The Plan has 409,746 members which is an increase of 2.4 per cent over 2009. The Plan also has 931 participating employers which is an increase of three employers over 2009.

The Plan's pension payments are integrated with the Canada Pension Plan as the benefit formula includes a "bridge" benefit if the member retires before age 65. Including this bridge benefit, the benefits paid under the Plan are calculated by multiplying two per cent of the member's average annual earnings for the highest paid five consecutive years ("pensionable earnings") times years of credited service to a maximum of 35 years. At age 65, the bridge benefit of 0.675 per cent of the pensionable earnings (or 0.675 per cent of the average of the yearly maximum pensionable earnings ("YMPE") in the year of retirement and the four preceding years, if this amount is less than 0.675 per cent of the pensionable earnings) is subtracted for integration with the Canada Pension Plan. The Plan also provides members with:

- full inflation protection up to 6 per cent per year with any inflation amount above that carried forward to subsequent years;
- early retirement options;
- disability protection in the event a contributing member becomes disabled and is unable to work;
- survivor benefits to protect a member's family when a member dies; and
- portability to continue to be a Plan member with 931 employers across Ontario.

RETIREMENT COMPENSATION ARRANGEMENT

In addition to the Plan for all members, a RCA provides pension benefits for members whose pension benefits under the Plan are limited by ceilings imposed by the *Income Tax Act*. The RCA provides a means to enable retirement savings and contributions on members' total earnings. As the RCA is not a registered plan, a 50 per cent refundable tax is levied by the Canada Revenue Agency ("CRA") on all contributions made to the RCA as well as on investment income received and realized investment gains. The refundable tax is held by the CRA and earns no investment income for the RCA. The refundable tax is refunded on the basis of one dollar for every two dollars of realized losses or benefits paid out. The RCA is consolidated in the OAC's financial statements and is accounted for separately from the Plan. The RCA invests its assets, excluding the refundable tax and a small cash balance, in public equities separate from the Plan. Net assets of the RCA were $59 million at December 31, 2010 and $48 million at December 31, 2009. The RCA financial statements are set out in note 8 to the Consolidated Financial Statements starting on page 90 of this Annual Report.

OMERS SUPPLEMENTAL PENSION PLAN FOR POLICE, FIREFIGHTERS AND PARAMEDICS

The OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The Supplemental Plan is a separately funded stand-alone multi-employer pension plan that provides supplemental pension benefits that "top up" those available under the Plan for members who are employed in the police and fire sectors which, as defined in the OMERS Act, includes paramedics.

The Supplemental Plan is a contributory defined benefit pension plan funded by equal contributions from participating employers and members and by the investment earnings of the Supplemental Plan assets. Participation in the Supplemental Plan is effective only upon agreement between employee groups and their employer. As at December 31, 2010, the Supplemental Plan had no assets (December 31, 2009 – no assets) and no members.

PLAN FUNDING STATUS

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2010, the estimated accrued pension obligation for all members (including survivors) of the Plan was $60,035 million, compared with $54,253 million a year earlier. The increase of $5,782 million was primarily due to interest accrued on the pension benefit obligation plus new benefits accrued during the year, partially offset by benefits paid in 2010. Changes in assumptions in 2010 also increased the benefit obligation by $1,600 million primarily due to a change in the assumption concerning the future retirements of active members. In addition, experience losses due to the net impact of actual demographic and economic factors being less favourable than what was assumed for 2010, increased the accrued pension obligation by $491 million.

The Plan reports a surplus/deficit position both for accounting purposes and for the actuarial funding of the Plan. For accounting purposes the surplus/deficit position is based on the fair value of assets compared to the accrued benefit obligation. In arriving at the actuarial surplus/deficit, changes in the fair value of net assets above or below the long-term nominal actuarial rate of return assumption are deferred and amortized over five years to "smooth out" the peaks and valleys in an individual year's investment returns caused by market volatility. Smoothing is a common practice accepted by the actuarial profession and pension regulators to reduce the effect of short-term market fluctuations on pension plan funding. The annual actuarial smoothing adjustment is based on the difference between the current year's actual return and the long-term return expectation (expected inflation plus 4.25 per cent, equivalent to 6.50 per cent in 2010) which is deferred and recognized over five years, adjusted for the recognition of equivalent amounts from the four preceding years. This approach is in keeping with the long-term nature of the Plan and assists in maintaining stable contribution rates.

The market value of the Plan's net assets as at December 31, 2010 was $53,290 million compared with the smoothed actuarial value of $55,568 million. The resulting actuarial smoothing adjustment account represents unrecognized net losses of $2,278 million as at December 31, 2010 which will be recognized in the actuarial value of net assets over the next four years. After application of the required actuarial rate of return which is essentially the interest on the unrecognized losses from prior years (as discussed in note 7 to the Consolidated Financial Statements starting on page 87 of this Annual Report) and before recognizing any future year's investment income above or below the long-term actuarial rate of return, the impact of the unrecognized net losses on the Plan surplus/deficit position by year of recognition will be as follows:

(millions) For the year ended December 31,	Net gains/(losses)
2011	$ (1,775)
2012	$ (2,080)
2013	$ 930
2014	$ 584

Based on the fair market value of the Plan's net assets, the deficit as at December 31, 2010 was $6,745 million compared with a deficit of $6,469 million at December 31, 2009, an increase of $276 million. Net investment income in 2010 was offset by the increase of $5,782 million in the accrued benefit obligation.

The Plan had an actuarial value of net assets of $55,568 million at the end of 2010, compared with $52,734 million in the prior year. The resulting funding deficit was $4,467 million as at December 31, 2010 compared with a funding deficit of $1,519 million last year.

DEFICIT BASED ON FAIR VALUE VS ACTUARIAL VALUE OF NET ASSETS

(millions) As at December 31,	**2010**	2009
Fair value of net assets of the Plan	**$ 53,290**	$ 47,784
Accrued pension benefit obligation	**60,035**	54,253
Plan deficit based on fair value of net assets	**(6,745)**	(6,469)
Actuarial value adjustment	**2,278**	4,950
Plan deficit based on actuarial value of net assets	**$ (4,467)**	$ (1,519)

CURRENT YEAR CHANGE IN FUNDING DEFICIT

(millions) As at December 31,	2010	2009
OMERS Primary Pension Plan		
Deficit, beginning of year	$ (1,519)	$ (279)
Increase in net assets available for benefits	5,506	4,346
Change in actuarial smoothing adjustments	(2,672)	(1,413)
Increase in actuarial value of net assets available for benefits	2,834	2,933
Less: increase in accrued pension benefit obligation	(5,782)	(4,173)
Deficit, End of Year	$ (4,467)	$ (1,519)

The funded ratio (actuarial value of net assets divided by accrued pension benefit obligation) at December 31, 2010 is 92.6 per cent compared with 97.2 per cent in 2009.

The downturn in the economy in 2008 reduced the value of our net assets and changes in assumptions relating to future real salary increases of our active members, and experience losses increased our pension obligations in 2009. In 2010 the assumption on when individuals are expected to retire was updated to reflect the Plan's retirement experience before and after the earliest unreduced retirement age. The impact of this change in assumption was to increase the actuarial liability by $1,600 million.

FUNDING OUTLOOK

Pension plan funding is made up of two components – the amount required to fund the cost of benefits earned by active members in respect of the current year, which is the normal actuarial cost, and the amount required to eliminate any funding deficits that have emerged.

The SC is responsible for Plan design changes and setting the Plan's contribution rates to ensure the adequacy of funding as well as determining when an actuarial valuation of the Plan should be filed, subject to the requirements under regulations. Under Ontario provincial regulations, a pension plan must file an actuarial valuation report at least once every three years and at that time must take measures to eliminate any going-concern and solvency deficits. The Plan's December 31, 2009 actuarial valuation was filed with the Ontario pension regulator in 2010 and the next required filing is the December 31, 2012 actuarial valuation, although the SC has the discretion to file earlier.

Employer contributions equal member contributions under the Plan. Based on a full actuarial review of contribution rates related to the normal cost of providing the plan benefits for normal retirement age 60 and 65, conducted by the Plan's independent actuary, contribution rates were adjusted in 2009. In 2010, contribution rates were increased to fund the actuarial deficit reported in the December 31, 2008 year-end valuation. During 2010 the SC approved temporary changes in contributions to support the funded status of the Plan with the following decisions:

- to increase contribution rates in 2011 by 1.0 per cent of contributory earnings for both active members and employers; and
- to implement additional contribution rate increases in 2012 and 2013. These increases will average 1.0 per cent in 2012 and 0.9 per cent in 2013 for both active members and employers.

The contribution rates for the years ended 2009, 2010 and 2011 are as follows:

	2011	2010	2009
NRA 65			
- Up to YMPE(i)	7.4%	6.4%	6.3%
- Above YMPE(i)	10.7%	9.7%	9.5%
NRA 60			
- Up to YMPE(i)	8.9%	7.9%	7.7%
- Above YMPE(i)	14.1%	13.1%	12.8%

(i) YMPE is the Yearly Maximum Pensionable Earnings as set by the Canada Revenue Agency. For the years above, YMPE was as follows: 2011 – $48,300; 2010 – $47,200; 2009 – $46,300.

ACTUARIAL ASSUMPTIONS

In calculating the funded position and the ongoing normal actuarial cost to ultimately provide benefits for active members, the actuary makes various demographic and long-term economic assumptions. Demographic assumptions are used to project the future benefits payable to members and beneficiaries and include assumptions about mortality rates, termination rates and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Plan and on the expectations for future trends. Economic assumptions about future investment returns (i.e., the discount rate), and assumptions about inflation and member salary increases affect both the projected benefits and the present value of those future benefits. The actuary's major economic assumptions included in the going-concern funding valuation and normal actuarial cost as at December 31 2010, which were approved by the Board, are summarized as follows:

- **Inflation Rate**
  The Plan has used an inflation rate assumption of 2.25 per cent per annum for future years in the calculation of future indexing adjustments, as a component of the nominal discount rate for estimating liabilities and the anticipated salary increases, consistent with 2009. Any variation in the actual inflation rate from this assumption will result in experience gains (lower inflation than assumed) or losses (higher inflation than assumed) to the Plan.

- **Discount Rate**
  The Plan's annual nominal rate of return and discount rate for future years is assumed to be 6.50 per cent, the same as 2009. This is based on the 2.25 per cent assumed inflation rate and a real investment return assumption, based on the Plan's asset mix, of 4.25 per cent, consistent with 2009. A decrease/increase of 50 basis points in the real discount rate, with no change in other assumptions, would result in an approximate increase/decrease of $4,700 million in the total accrued benefit obligation of the Plan.

  The real investment return assumption includes a conservative margin to account for potential adverse investment experience so that over the long term there is a greater chance of actuarial gains than losses arising from the Plan's assets. This assumption includes an estimate of the returns expected to be earned over the long term on the Plan's assets over and above fixed income returns, based on the current asset mix. In comparison to some other public sector plans, the Plan has a lower ratio of retired members to active members and our asset mix has a higher proportion of non-fixed income investments. This results in a relatively lower fixed income component in the asset mix and results in a relatively higher real discount rate.

- **Salary Increases**
  The estimated value of the actuarial liability includes an assumption about future increases in the salaries of active members. The salary increase assumption uses an age-based scale which allows for increases in productivity as well as merit and promotion-related earnings increases. For members with normal retirement age of 60, the assumption also includes service-related increases. The assumed average real salary increase (increase in excess of inflation) for the December 31, 2010 valuation is as follows:

	NRA 60		NRA 65	
	Up to 2014	After 2014	Up to 2014	After 2014
Average real salary increase	1.4%	1.9%	1.1%	1.6%

RETIREMENT COMPENSATION ARRANGEMENT

The RCA is funded using a modified pay-as-you-go approach, where inflows from contributions, investment income and the reimbursement of the refundable tax from CRA are used to pay the current benefits to members. The excess of current contributions and investment income over current benefit payments is accumulated for future years' benefit payments. As a consequence of this modified pay-as-you-go funding policy, the RCA's assets will remain small relative to its liability; however, our actuary estimates that if contributions to the RCA continue as projected, the annual cash inflow will be sufficient to cover benefit payments and the RCA's assets will continue to grow for the near term. A relatively small increase in the number of terminations and retirements at higher income levels, however, can increase actual benefit payments from, and decrease actual contributions to, the RCA. The RCA accrued benefit obligation is also sensitive to changes in assumptions and experience gains and losses.

Current Year Change in Deficit

The accrued benefit obligation for the RCA decreased from $486 million in 2009 to $468 million at the end of 2010. The change was due to new benefits earned in the year, interest on the accrued benefit obligation, changes in assumptions and experience gains/losses and the monthly benefit and lump sum payments made in the year. During 2010 adjustments to assumptions related to future rates of early retirement and the future earnings threshold between the Plan and the RCA decreased the RCA benefit obligation by $58 million from the 2009 estimate. The RCA had an estimated funding deficit of $409 million at December 31, 2010 compared with a deficit of $438 million last year as shown below:

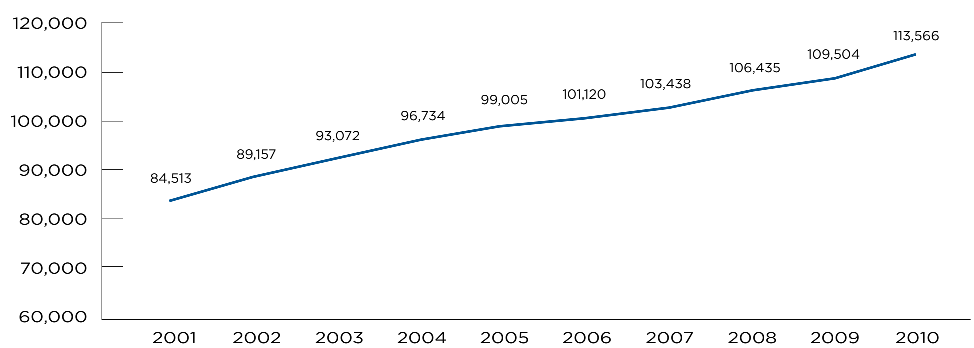
CHANGE IN RCA DEFICIT

(millions) For the year ended December 31,		2010		2009
Deficit, beginning of year	$	(438)	$	(246)
Increase in net assets		11		9
Decrease/(increase) in accrued pension benefit obligation		18		(201)
Deficit, End of Year	$	(409)	$	(438)

PENSION BENEFITS AND CONTRIBUTIONS

In 2010, the Plan ended the year with over 113,500 retired members and survivors receiving pension benefits. Benefits paid from the Plan in 2010 were $2,121 million, an increase of $76 million over 2009. The increase reflected new retirements, the adjustment of benefits for inflation and higher pension values for new retirees compared with those already receiving benefits, offset by a reduction in transfers to other registered plans and commuted value payments. Benefits paid from the RCA in 2010 were $5 million, unchanged from 2009. Contributions to the Plan in 2010 were $2,299 million compared with $2,131 million in 2009. The increase reflects an increase in active members of 1.9 per cent and increased members' salaries. Contributions to the RCA in 2010 were $14 million, an increase of $2 million over 2009.

GROWTH IN NUMBER OF PENSIONERS



OMERS PENSION SERVICES

Our mandate is to provide excellent service to our members and employers.

OMERS Pension Services is the primary communications link with our members and employers. Through rapid service response and a focus on customer satisfaction, we ensure our members and employers receive excellent service. A flexible, expert pension team gives us the capacity to innovate and grow – to develop new pension services and features and to drive broader growth opportunities related to pension reform.

Our growth and innovation initiatives support OMERS strategic objective to raise domestic capital. Ultimately this benefits all plan members, employers and retirees, as a larger discretionary capital base affords large-scale investments that can generate stable long-term returns.

Three strategies are at the core of our mandate as a professional service organization:

- enhancing internal capabilities;
- responding to external drivers; and
- supporting effective plan governance.

Enhancing internal capabilities

To meet the needs of our membership, we continue to build our internal capabilities – by enhancing our internal structure, systems and processes and by fostering a culture of leadership and collaboration.

- In 2010, OMERS Pension Services made key structural changes to support service excellence and growth. The Pension Business Initiatives office was established to coordinate and drive major projects. A new outbound contact centre was built to inform and educate members about AVCs and other product options. Finally, the Pension Operations service model was realigned from a transactional structure to client-focused teams providing member and employer services throughout the pension life cycle.
- OMERS University, a self-study learning program, was launched in 2010, complementing our existing training and employee orientation initiatives. "OMERS U" offers modules on both the fundamental principles of our business, as well as our detailed business processes, and aligns with the new multi-functional service model.
- During 2010, Pension Services completed a project to digitally image historical member and employer files – ensuring timely and consistent access to information.
- In a climate of growth, system flexibility is critical. A comprehensive review of OMERS pension systems was conducted to assess capacity and flexibility going forward.

Over the next several years, we will ready ourselves for growth by continuing to focus on our people and our systems. We will foster leadership through core skills development and clear lines of accountability. Action plans will ensure we maintain strong employee engagement and collaboration. To innovate and grow, we will build a business intelligence platform to identify customer segments and develop new service-focused systems architecture.

Responding to external drivers

By responding quickly and strategically to the external drivers that affect our business, we can be instrumental in influencing the pension landscape in Ontario and better meet the needs of our members.

Members and employers have come to expect excellent service and OMERS Pension Services continues to deliver. Our performance in 2010 against our demanding service standards confirms that our technology and human resource platforms are meeting the challenge of providing excellent pension services. In each month during 2010, we met or exceeded our targets for our key service standards as follows:

- process all key business activities within an average of three business days; and
- answer 80 per cent of incoming calls to Client Services within 100 seconds.

The requirement to deliver outstanding service continues to grow.

- As illustrated in Charts A and B on page 41, we now serve a total membership of 409,746 – a 2.4 per cent increase over 2009, as well as 931 employers. Our total membership in 2010 represents 39 per cent growth since the year 2000. In addition, our active member population is aging. As active members near retirement, they become more interested in the services provided by OMERS such as pension estimates and pre-retirement information sessions. The number of active members 45 years of age and older has increased from 48 per cent of total active members in 2003 to 57 per cent in 2010. This aging membership results in an increase in the normal cost (contributions required to fund the retirement benefit earned in the current year) for the Plan.

- Members of the OMERS Pension Plans belong to a wide variety of unions and associations. Chart C on page 41 shows a breakdown of our active membership by their affiliation as at December 31, 2010.

- In 2010, we delivered pension payments totaling $1,890 million to our retirees and survivors – keeping the pension promise. In addition, where individuals transferred to other registered pension plans or chose to leave the Plan and forego its guaranteed monthly pension benefit, payments of $236 million were made in the form of transfers or commuted value payments.

- In 2010, we received requests for approximately 84,000 retirement, termination, disability, and pre-retirement death benefits, as well as retirement and termination estimates. As we continue the move to efficient e-channels, approximately 86 per cent of key process requests were triggered online, through the employer e-access channel or the secure member channel myOMERS.

- Communication is a critical element of our service. In 2010, visits to our website exceeded 891,000 – an increase of 19.4 per cent over 2009. We also continued our practice of serving our members and building our relationship with employers through regular communication. In addition, we made approximately 1,200 on-site visits in 2010, making presentations to members at information and pre-retirement sessions and providing technical support to employers. During the year OMERS Pension Services, including the Client Services contact centre, handled 124,900 calls and 26,200 emails, letters and faxes, compared to 101,400 and 21,100, respectively, the previous year.

- At year end 2010, the secure member access site, myOMERS, had recorded 33,859 total registrations since it went live in December 2009. This included 27,699 active member registrations, which exceeded the business plan target of 25,000. Our members appreciate the fast and secure access to their pension information, the option to receive e-statements, as well as the online Retirement Income Estimator and Buy-back Estimator tools available through myOMERS.

- In 2010, e-access continued to be the preferred means of communicating with employers as 872 employers (or 94 per cent of employers covering 99 per cent of active members) are now registered for our e-access program. The most significant e-access application for both employers and OMERS Pension Services is the e-Form 119 application, through which employers report annual member data directly and securely to us online. More than 98 per cent of all annual pension statements were issued to members by June 30, 2010, which exceeded our target of 90 per cent in that time frame. OMERS handled 11,900 e-correspondence requests in 2010.

Not only do we serve many individual members on a timely basis, but our annual survey to assess how we are doing at meeting the needs of members and employers reveals that we continue to do it well. The 2010 survey results showed an average satisfaction rate of 88 per cent for the overall level of service, which demonstrates continuing recognition of our high standards. 2010 is the seventh straight year that our satisfaction rate exceeded 85 per cent.

In addition, in a comparative survey conducted by CEM Benchmarking Inc., using 2009 data, we received a 94 out of 100 rating for service to employers, compared with a median rating of 63 for our peer pension plans.

While maintaining outstanding service for our core activities, OMERS Pension Services continues to develop new services and options for Plan members and respond to pension reform opportunities:

- AVC business processes, systems and a dedicated service model were completed to deliver the AVC option starting January 1, 2011. Pension Services communicated AVC features to our membership in the fall of 2010, while key documents and tools were prepared to support member decision-making. AVCs will enable members to earn the investment returns generated by OMERS diverse global portfolio on their personal retirement savings, in addition to the defined benefit provided by their pension plan. Members can voluntarily contribute additional funds and transfer funds from other registered retirement vehicles such as an RRSP, a locked-in retirement account (LIRA) or another registered pension plan into the AVC provision of the OMERS Primary Plan.

- A new private sector buy-back option was introduced, allowing members to purchase previously-refunded private sector pension service and increase their OMERS benefit. This builds on the launch of the buy-back payment option introduced in 2009.

- In addition to the roll-out of the secure member access tool myOMERS, an e-newsletter was implemented for employers and an e-version of Member News was successfully pilot-tested with members.

- In 2010, OMERS continued to be an active participant in provincial and federal pension reform solutions. We welcomed the news that the Province of Ontario will introduce more flexible solvency and investment rules, as well as asset transfer agreements that will assist divested members who have "split" pensions involving benefits in both provincial and municipal plans. In addition, the province announced it will change the OMERS Act to allow employees of OMERS Investment Entities to participate in the Plan.

Looking ahead, OMERS Pension Services will support member decision-making in year one of the AVC feature and continue to explore related product offerings including annuities. As the province moves to full-day early learning in the school system, we expect to welcome approximately 20,000 Early Childhood Educators to the Plan over the next several years.

On the pension reform front, we will negotiate asset transfer agreements to solve the "split-pension" divestment challenges identified above and maintain close participation in provincial and federal reforms. Finally, we will continue to expand our suite of e-services and options.

SUPPORTING EFFECTIVE PLAN GOVERNANCE

An effectively governed pension plan helps to ensure that we will grow, innovate and deliver on our pension promise to members.

Under the OMERS Act, the SC is responsible for pension plan design and contribution rates. During 2010, OMERS Pension Services provided information and analysis to the SC and implemented SC decisions including:

- the decision to increase contribution rates in 2011 by 1.0 per cent of contributory earnings (paid by the member and matched by the employer), effective the first full pay in 2011;

- the decision to implement additional contribution rate increases averaging 1.0 per cent in 2012 and 0.9 per cent in 2013;

- the decision to introduce changes to the calculation of benefits members receive if they terminate employment before they are eligible for an early retirement pension – for service earned after 2012; and

- the approval to offer AVCs to members starting in 2011.

During the year, OMERS Pension Services prepared comprehensive reports on pension reform initiatives and facilitated discussion resulting in joint OAC/SC submissions to the federal and provincial governments. Moving forward, OMERS Pension Services will work closely with the SC to finalize a funding framework to provide a roadmap for future decisions. In addition, we will provide analysis to the SC on the participation of Investment Entities in OMERS Plans, as well as the structure of the RCA.

Most importantly, we will maintain our focus on OMERS core objective – providing pensions to current and retired employees of more than 930 municipalities, school boards, libraries, police and fire departments, and other local agencies across Ontario.

CHART A
MEMBER PROFILE

As at December 31, 2010

Active	259,273
Deferred	12,886
Retired/Survivor	113,566
Inactive	24,021
Total	**409,746**

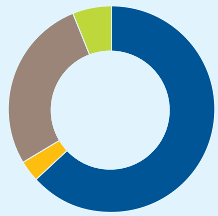


CHART B
ACTIVE MEMBERS BY AGE

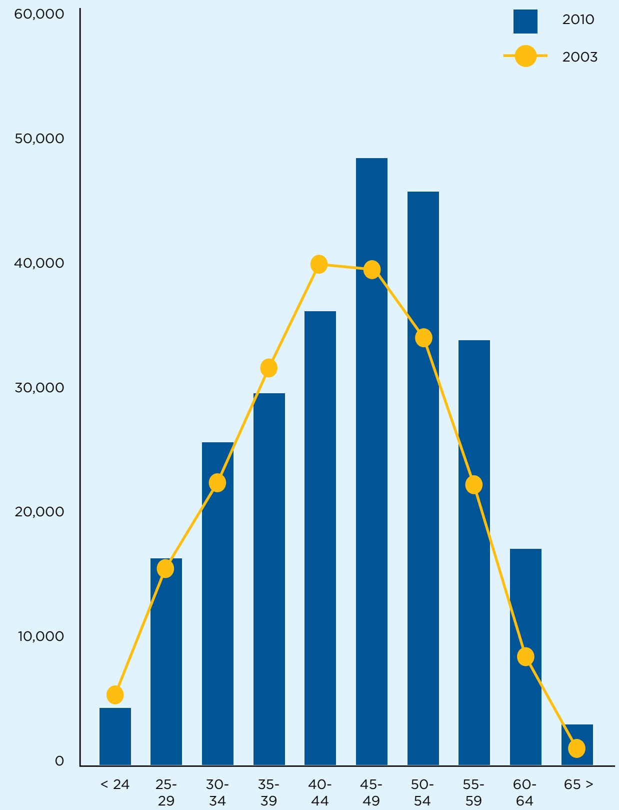


CHART C
MEMBER AFFILIATION

As at December 31, 2010

Canadian Union of Public Employees	45.4%
Management/non-union	20.5%
Police associations	10.3%
Ontario Professional Fire Fighters Association	4.4%
Ontario Secondary School Teachers' Federation	4.3%
Ontario Public Service Employees Union	3.5%
Other	11.6%

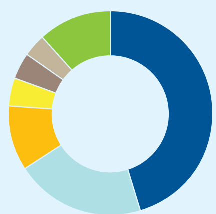


CHART D
NUMBER OF NEW PENSIONS

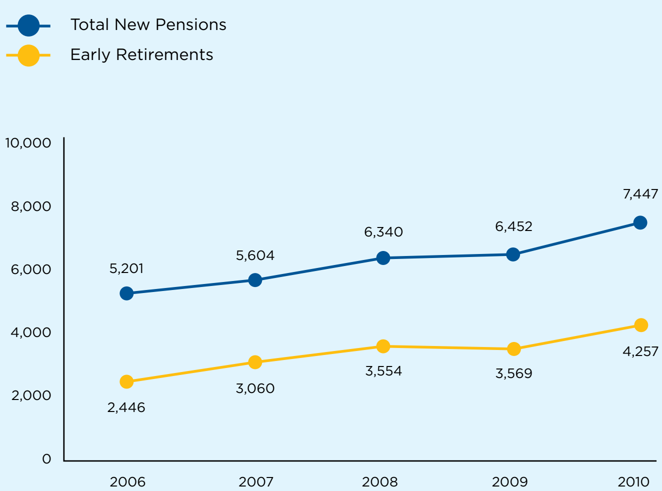
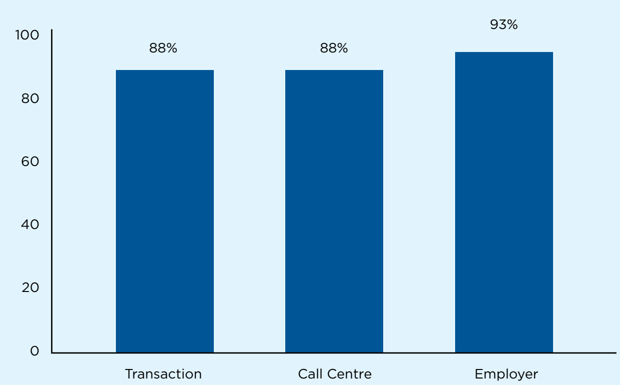


CHART E
SATISFACTION SURVEYS

Percentage of respondents who rated OMERS 4 out of 5 or 5 out of 5 for service excellence



THE FUNDS

The Funds had net investment assets of $53,965 million at December 31, 2010. To meet the pension promise to over 400,000 members of the Plan, we must earn a 6.5 per cent annual return over the long term (or 4.25 per cent real rate of return when anticipated inflation is excluded). This required return is set by an independent actuary retained by the Board and is based on the asset mix policy set by the Board.

The long-term asset mix policy is to invest 53 per cent in public markets and 47 per cent in private markets. At the end of 2010, 60.1 per cent was invested with exposure to public markets and 39.9 per cent with exposure to private markets. Public market assets are predominantly publicly traded equities and interest bearing securities. Private market investments are private equity assets and income-producing infrastructure and real estate assets.

The investment target and asset mix policy are reviewed formally at least once a year by the Board with input on future liability changes, economic assumptions and investment expectations from actuarial, financial and economic specialists. The goal is to ensure that the value of invested assets, accumulated through investment income and net contributions from employers and Plan members, matches or exceeds the present value of accrued pension obligations over multiple decades during which markets will go through many positive and negative cycles.

The Board has delegated responsibility for achieving the required return and achieving the Board-approved public/private market asset mix to Management. Management has developed a Board-approved rolling five-year enterprise-wide Strategic Plan that, among other things, is committed to creating surplus wealth for the Plan above the long-term investment target. The Board is updated on the progress of the initiatives of the Strategic Plan at each board meeting with a thorough and extended review conducted at an annual strategic planning session.

INVESTMENT STRATEGY

Two cornerstones of the investment strategy are to invest directly in the ownership of public and private market assets and to actively manage these ownership interests to mitigate risks and optimize long-term returns.

The Board believes that active asset management produces superior risk-adjusted returns compared with passive fund investing. This involves originating investments through proprietary research; purchasing assets at prices that should result in long-term value and strong predictable cash flows; developing relationships with like-minded business and investment partners for private market investments; structuring ownership interests in private assets in innovative and regulatory-compliant ways; financing these investments with non-recourse loans or utilizing our treasury competencies to finance investments with recourse loans backed by the OAC's "AAA" credit rating; and managing all investments to mitigate risk and maximize returns.

Mitigating risk and maximizing returns require Management to pay attention to diversifying investments by asset class, economic sector and geographic market. About 65 per cent of the OMERS investment exposure is currently in Canada. The value of listed market capital in Canada represents less than three per cent of global market capitalization. While Canada continues to offer exceptional long-term investment opportunities, prudence and related risk management practices make it necessary to diversify investments to global economies with different growth profiles. This is readily accomplished in the case of public market investments due to their liquidity and ease of trading in organized markets. In the past two years, we have increased our internal capabilities in global equity research and direct, active and worldwide trading.

The challenge of diversification is different and potentially more complex in the case of private investments. Relationships with investors, business owners and governments are critical to understanding markets and finding suitable investments. Typically, investments in private markets require a large single infusion of capital, are not easily traded and must be held for several years. Research confirms that size matters in earning superior risk-adjusted returns due to economies of scale, securing the necessary concentration of expertise at the operating level and achieving governance efficiencies.

Large-scale private market investments require as much as $500 million for private equity and $3 billion to $10 billion for commercial real estate portfolios and infrastructure assets. The Fund does not generally make investments of this size on its own for risk management reasons. Consequently, a strategic objective is to augment the Fund's capital with third-party capital. The OAC has built an expert team which now has a multi-decade history of leading or co-leading investor consortia. Our team also possesses the negotiating skills to complete due diligence and acquire influential equity positions in assets and companies on behalf of the Fund and its investment partners.

THE OMERS INVESTMENT MANAGEMENT ORGANIZATION

The OAC today has a deep investment management organization comprised of professional teams dedicated to managing defined asset classes and subclasses. Organizationally, OMERS Capital Markets manages all public market investments and OMERS Private Equity, Borealis Infrastructure and Oxford Properties Group manage private market investments. These organizations are discussed in greater detail on pages 44 to 54 of this Annual Report.

In addition, three corporate investment-related entities support the activities of the Investment Entities – OMERS Strategic Investments, OMERS Investment Management Inc. and OMERS Finance Trust.

OMERS Strategic Investments

OMERS Strategic Investments, founded in 2008, promotes the intellectual capital in all of the Investment Entities under the OMERS Worldwide brand. Its mandate is to build global strategic co-investment relationships and to manage investments considered strategic to OMERS. OSI is discussed in greater detail on page 55 of this Annual Report.

OMERS Investment Management Inc.

OMERS Investment Management Inc. was founded in 2009 in response to legislative authority granted to the OAC to provide investment management services through an authorized subsidiary. Eligible clients include Canadian and foreign public and private sector pension plans, governments and their agencies, colleges, universities and their endowments and Canadian registered charities. OMERS Investment Management is registered and is authorized to provide third-party management services to eligible clients.

OMERS Finance Trust

Established in 2010, OMERS Finance Trust refinances existing public market debt as needed. In doing so, it follows prudent leverage practices and carries the OMERS brand in capital markets. Guaranteed debt securities currently issued by the OAC are rated "AAA" by two credit rating agencies. All OAC guaranteed commercial paper is now issued through OMERS Finance Trust.

OMERS CAPITAL MARKETS

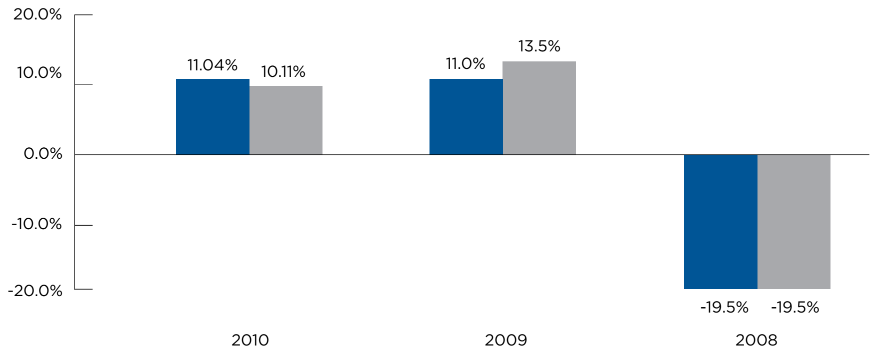
OMERS Capital Markets manages public market investments, which include Canadian and non-Canadian investments in bonds, other interest bearing assets and publicly traded equities. These investments are often made in combination with a variety of derivative financial instruments.

RETURNS AND BENCHMARKS

For the year ended December 31

- Rate of Return
- Benchmark

11.04%
The overall OMERS Capital Markets investments return in 2010 was 11.04%. The return is above the benchmark of 10.11% based on the strong performance of Canadian and Non-Canadian equities.



For the year ended December 31,	2010		2009	
	Rate of Return	Benchmark	Rate of Return	Benchmark
Interest bearing	**6.72%**	**6.42%**	4.2%	5.2%
Real return bonds	**11.04%**	**11.09%**	14.3%	14.5%
Canadian public equities	**18.31%**	**17.60%**	34.0%	35.1%
Non-Canadian public equities	**9.90%**	**8.04%**	7.3%	14.2%

Equity markets continued their strong performance in 2010 for the second year in a row, continuing to reverse losses experienced in 2008 and early 2009 as economic uncertainty continued to ease and investors grew more confident that the economy was recovering from recession. OMERS Capital Markets' return on public market investments, excluding the impact of currency hedging, was 11.04 per cent – above the benchmark of 10.11 per cent. In 2010, OMERS Capital Markets generated net investment income of $3,036 million compared with net investment income of $2,621 million a year earlier. Asset allocation shifts were made in 2010 resulting in an overweight position in public equities and underweight for fixed income and real return bond asset classes. Active asset mix and tactical allocation decisions continue to provide strong results.

At December 31, 2010, OMERS Capital Markets' investment assets were $33,563 million – an increase of $2,877 million from $30,686 million at the end of 2009. This increase is primarily attributable to higher market values of public market portfolios due to the recovery in the global equity markets discussed above.

INTEREST BEARING INVESTMENTS

Interest bearing investments provide low-risk returns that offset the more volatile nature of publicly traded equities. As a result, they are a natural fit for a pension plan.

Interest bearing investments, excluding real return bonds, produced income before investment management expenses of $733 million – an increase of $35 million or 5.0 per cent compared with 2009. Of this total in 2010, $53 million relates to mortgages managed by OMERS Capital Markets on behalf of OMERS Strategic Investments. The return for OMERS Capital Markets' interest bearing investments, excluding real return bonds, was 6.72 per cent compared with 6.42 per cent for the benchmark and 4.2 per cent a year earlier. Interest rates throughout 2010 have been at historically low levels resulting in lower returns on our interest bearing investments compared with previous years. Real return bonds produced income of $167 million – a decrease of $80 million over 2009 representing a return of 11.04 per cent, slightly below the benchmark of 11.09 per cent.

At December 31, 2010, interest bearing investments totaled $18,415 million and consisted of federal bonds, provincial bonds, mortgages with a mix of commercial, industrial and multi-residential loans, real return bonds issued by governments, corporate bonds of institutional investment grade, private debt and short-term cash equivalent securities. Of this total, $11,147 million was invested with exposure to bonds and debentures, mortgages, private debt and money market and other short-term investments in OMERS Capital Markets (including $876 million invested in mortgages on behalf of other Investment Entities), and $1,475 million was invested with exposure to real return bonds. In addition, $3,075 million represented assets backing derivatives programs that provide exposure to public equity markets and $2,718 million related to cash collateral received as part of securities lending transactions and net amounts allocated to/from other asset categories. The most significant interest bearing investments held by OMERS Capital Markets at December 31, 2010 were Government of Canada interest-bearing securities.

PUBLIC EQUITIES

At December 31, 2010, the Plan had $6,994 million invested in Canadian public equities and $9,025 million in non-Canadian public equities including both actively managed and non-derivative, quantitatively managed portfolios. Included in the non-Canadian public equities are $843 million of assets in absolute return and other similar hedge fund strategies. Exposure to public equities of $19,793 million also includes $3,079 million representing the market value of non-equity assets backing equity derivatives and the net allocation of $695 million of interest bearing investments and investment-related assets less investment-related liabilities. OMERS Capital Markets' public equity investments include significant investments in:

- Suncor Energy Inc.
- Toronto Dominion Bank
- Canadian Natural Resources
- Barrick Gold Corporation
- Royal Bank of Canada

Public equity investments generated income before investment management expenses of $2,303 million comprised of income of $1,128 million from the Canadian market and $1,175 million from non-Canadian markets. Canadian public equities plus Canadian equity derivative exposure earned a return of 18.31 per cent for the year, compared with a benchmark return of 17.60 per cent and a 34.0 per cent return in 2009.

Non-Canadian public equities and non-Canadian equity derivative exposure earned a return of 9.90 per cent in 2010, compared with 8.04 per cent for the benchmark and a 7.3 per cent return in 2009.

OMERS Capital Markets' investment professionals are long-term investors who buy the securities of well-managed, profitable companies. They select, for example, companies that should gain value from synergistic acquisitions or that have a competitive advantage in their industry. Within approved asset allocation guidelines, our investment professionals can take advantage of short-term trading opportunities to generate additional added value.

Participating in global markets increases our portfolio diversification and lowers overall risk. In 2010, we actively invested $9,025 million in the equities of companies outside of Canada, including in the United States, Europe, the Far East, United Kingdom and emerging markets as shown in the table below:

		2010			2009
(millions)		Holdings	(%)		Holdings	(%)
United States	$	3,850	43%	$	3,422	44%
Europe		1,115	12%		1,057	13%
Far East		1,697	19%		1,382	18%
United Kingdom		757	8%		706	9%
Emerging markets		1,606	18%		1,292	16%
	$	9,025	100%	$	7,859	100%

As discussed on page 23 of this Annual Report, our long-term investment strategy is to increase direct active management of our investments. OMERS Capital Markets is building on the strength of our team of investment professionals and our strong investment information systems to internally manage a larger portion of our non-Canadian equities. This will give us greater control over our non-Canadian investments and is expected to substantially reduce the costs of managing these investments. As part of this strategy, $2.2 billion of public equity investments were repatriated in 2010, for a total of approximately $5 billion over the last two years. In OMERS Capital Markets' global equity asset class, internally managed assets total 60 per cent at December 31, 2010 and the remainder is managed by external managers.

DERIVATIVE FINANCIAL INSTRUMENTS

In order to manage risk and enhance returns, we enter into a variety of widely used industry standard derivative contracts. These contracts are used in combination with other investment assets with the objective of providing a cost-efficient means to improve returns by mitigating uncompensated risks and to add flexibility to the asset mix management. Including contracts entered into by other Investment Entities, we held derivatives with a notional value of $22,080 million at December 31, 2010, including $13,887 million of foreign exchange forward contracts.

Interest Rate Derivatives

We use interest rate derivatives to enhance investment yields and to manage the duration of our interest bearing investments and our fixed versus floating interest rate exposure. At the end of 2010, we held interest rate derivatives with a notional value of $3,637 million.

Equity Derivatives

We use derivative contracts to replicate Canadian and non-Canadian equity index returns. This exposure to the indices of major equity markets is achieved primarily through the use of equity futures and equity index swap contracts and complements the Canadian equities portfolio and global equity portfolios managed both internally and externally. At December 31, 2010, we had public equity derivative exposure of $4,556 million, representing the notional value of derivatives as follows:

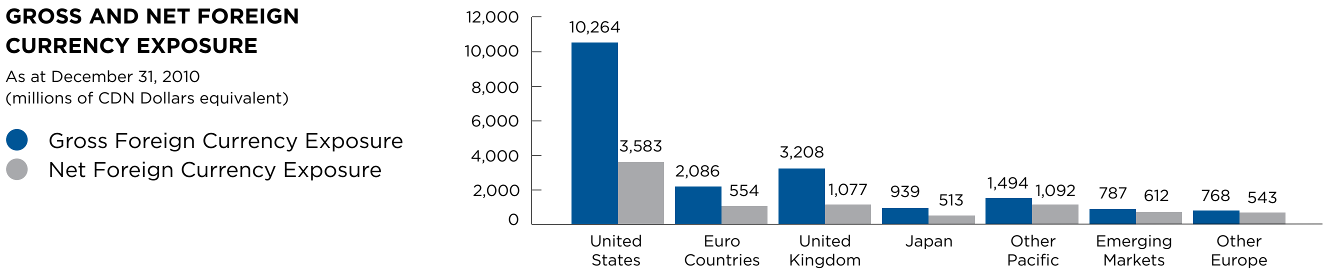
- $898 million in derivative portfolios that provide exposure to the S&P/TSX Composite, the S&P/TSX 60 index and other indices;
- $2,014 million in derivative portfolios that provide exposure to the S&P 500 index; and
- various derivative portfolios totaling $1,644 million that provide diversified exposure to major equity indices throughout the world.

Foreign Exchange Derivatives

We use foreign exchange forward contracts to manage our exposure to currencies other than the Canadian dollar and to generate returns through active trading. At December 31, 2010, $19,546 million or 36 per cent of our net investment assets were exposed to foreign exchange risk before foreign currency management. Our largest foreign currency management strategy hedges approximately 50 per cent of our exposure to public investments denominated in 12 major currencies, narrowing their volatility relative to the Canadian dollar. In addition, for non-Canadian private market investments we hedge foreign currency exposure up to 100 per cent. Our currency management programs produced a gain of $182 million from our currency overlay program and $446 million from hedging private market investments for a total of $628 million, compared to a total gain of $1,197 million in 2009, which included $461 million from our currency overlay program and $736 million from hedging private market investments. This is largely a result of the significant appreciation of the Canadian dollar against most major currencies during 2010. Since our currency hedging program was implemented in 2001, it has produced total income of $2,054 million. Our net foreign currency exposure after accounting for our foreign currency management and trading programs at December 31, 2010 was $7,974 million. Our gross and net foreign currency exposure is allocated as shown in the chart below.

GROSS AND NET FOREIGN CURRENCY EXPOSURE

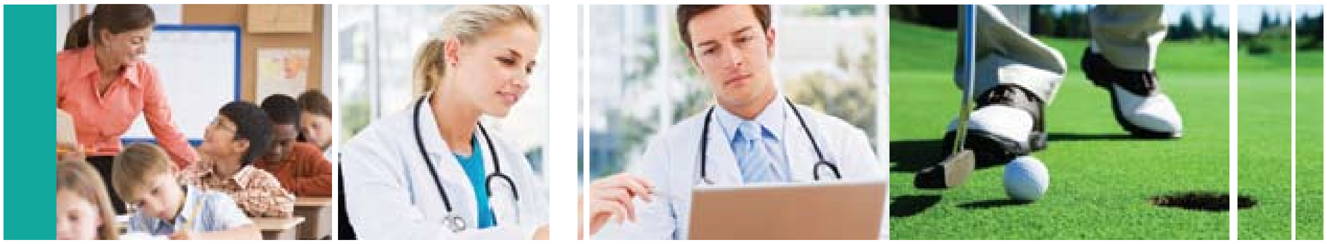
As at December 31, 2010
(millions of CDN Dollars equivalent)



Credit Risk

The credit risk exposure for derivatives is the unpaid amount receivable from counterparties. We follow prudent risk management policies, limiting our derivative credit risk exposure to less than five per cent of total Fund net investment assets. We require that all counterparties have a minimum "A" credit rating. At December 31, 2010, the credit risk exposure was 0.6 per cent of net investment assets or $335 million.

OMERS PRIVATE EQUITY



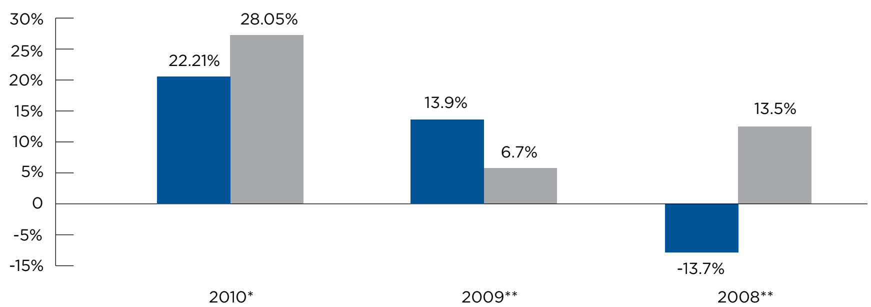
OMERS Private Equity manages private equity investments through direct investments in private companies and through third-party funds.

RETURNS AND BENCHMARKS

For the year ended December 31

- Rate of Return
- Benchmark

22.21%
OMERS Private Equity (OPE) return in 2010 was 22.21% compared to the one-year benchmark of 28.05%.



* based on relative return benchmark
** based on absolute return benchmark

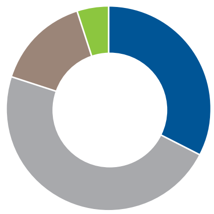
OMERS Private Equity's investment strategy focuses on making direct investments in companies. Our preference is to make majority control leverage buyouts of companies with an enterprise value between $200 million and $1.5 billion. We consider other ownership structures, including joint control and/or having significant influence with trusted like-minded partners as long as we have the governance rights commensurate with our investment. Our investment approach is premised on a long-term, active partnership with talented management teams. Our investment mandate is flexible to capitalize on the prevailing market conditions and financial markets in order to take advantage of investment opportunities in a broad range of industries. We firmly believe in direct financial alignment of interest among the management team and our investment partners. The emphasis on direct investing is a significant shift for OMERS Private Equity that began in 2008. Prior to that, OMERS Private Equity was predominantly focused on indirect investing as a limited partner in several private equity funds globally.

Our geographical focus is currently Canada, the United States and Europe, with a particular emphasis on the United Kingdom. OMERS Private Equity has always maintained a presence in Canada and in the latter part of 2009 established offices in both New York and London in support of our investment strategy. As at December 31, 2010, 43 per cent of OMERS Private Equity portfolio is actively managed and the goal is to increase this to over 80 per cent by 2014. Almost every investment made in the last two years, and going forward, will be direct. Our investments can take a variety of forms, including private transactions, secondary transactions from private equity funds, corporate carve-outs and private market transactions. The objective remains to have a well diversified investment portfolio, both by industry and by geography.

TOTAL ASSETS BY GEOGRAPHIC MARKET

As at December 31, 2010

Canada	33%
United States	48%
Europe	14%
Other	5%



TOTAL ASSETS BY INDUSTRY SECTOR

As at December 31, 2010

Consumer Discretionary	26%
Industrials	20%
Information Technology	14%
Financials	13%
Health Care	11%
Consumer Staples	7%
Materials	4%
Telecom Services	3%
Energy and Utilities	2%

In evaluating investment opportunities, the key criteria that we consider are – the market outlook for the company's products and services, the market position of the company's products and services, the quality and depth of the company's management team and their willingness to invest along with us, an assessment of the company's strategy for growth and our expected return based on the purchase price to acquire the business. For every investment, we also leverage the combined resources of OAC and our other global relationships that could assist our investments in reaching their goals. Our role is to work closely with the management team and bring the necessary resources to bear so that the business can achieve sustainable, profitable growth.

Commencing in 2010, we adopted a relative return benchmark based on publicly traded indices and a premium for illiquidity and leverage. In prior years, we measured our performance against an absolute return. Valuations of private equity investments are generally based on the operating performance of the individual companies and the returns of comparable publicly traded entities which are captured in various public indices; however, the correlation between our portfolio and the public indices is not perfect due to the volatility of the public indices and the fact that they cover a broad array of entities. While reported returns may be higher or lower than the benchmark in any one year, back testing against the new benchmark showed comparable results over time. With our recent focus on direct investing, we expect our performance to exceed this benchmark.

OMERS Private Equity generated a net investment income of $941 million in 2010, compared with $474 million last year. Our gross investment income exceeded $1 billion for the first time ever, an 87 per cent increase over 2009. Our return was 22.21 per cent, which was significantly higher than the 13.9 per cent return reported in 2009. The higher 2010 returns are attributable to a combination of continued strong operating performance in many of our investments and the continued rebound of global public equity markets in 2010.

During 2010, OMERS Private Equity's investment assets increased to $5,369 million from $4,424 million in 2009 reflecting an increase in the carrying value of a number of our portfolio investments and the capital cost of several new investments made in 2010. The new direct investments in the year include the acquisition of majority control of United States Infrastructure Corporation (USIC), a leading provider of outsourced sub-surface utility locating services in the United States, and Logibec, a market leader in North American information systems for the health and social services sector. On January 4, 2011 we completed our acquisition of majority control of CBI Health Group ("CBI"), a leading provider of outpatient rehabilitation and community health care services in Canada, as well as home health services in parts of Ontario and Alberta.

OMERS Private Equity's significant active direct investments include interests in:

- **Affinia Group Inc.** – a leading manufacturer and distributor of aftermarket components for cars, trucks and off-highway vehicles. Affinia's broad range of brake, filtration and chassis products are sold in North and South America, Europe and Asia;
- **Cari-All Inc.** – a leading North American manufacturer and distributor of retail shopping carts;
- **Cengage Learning** – delivers highly-customized learning solutions for colleges, universities, instructors, students, libraries, government agencies, corporations and professionals around the world;
- **Constellation Software Inc.** – an international provider of market leading software and services to the public and private sectors. Constellation acquires, manages and builds vertical market software businesses that provide custom mission-critical software;
- **Give and Go Prepared Foods Corp.** – a Toronto-based wholesale bakery producing the Two-Bite™ line of products including brownies, cinnamon rolls and cupcakes. Give and Go products are sold throughout Canada and in the U.S.;
- **Golf Town** – Canada's leading retailer of golf merchandise from leading manufacturers together with teaching academies, golf simulators and pro shop services. Golf Town also provides logo services on apparel and equipment for corporate tournaments and events;
- **Haymarket Financial LLP** – an independent finance company providing focused lending products to corporate clients and investment management services to institutional clients;
- **Logibec** – a market leader in North America specializing in information systems for the health and social services sector;
- **Marketwire** – a leading provider of newswire services, with one of the largest distribution platforms in North America. Based in Toronto, Marketwire has partnerships worldwide to distribute news and has offices in the U.S. and the U.K.;
- **Maxxam Analytics** – the largest privately owned analytical laboratory in Canada; provides analytical testing services to government and major companies in the environment, food, oil and gas, health, forensics and genetic markets;
- **Nelson Education** – Canada's leading education publisher, from kindergarten to university and college levels. Nelson offers customized educational solutions for core disciplines such as mathematics, science and language arts;
- **Nordco** – a leading designer and manufacturer of critical products and services for the maintenance of railroad infrastructure, serving North American railroads, public transit systems, contractors and equipment leasing companies;
- **Public Mobile** – a new entrant within Canada's wireless voice and data services market, serving customers in Ontario and Quebec; and
- **USIC** – a leading provider of outsourced sub-surface utility locating services in the U.S.

BOREALIS INFRASTRUCTURE

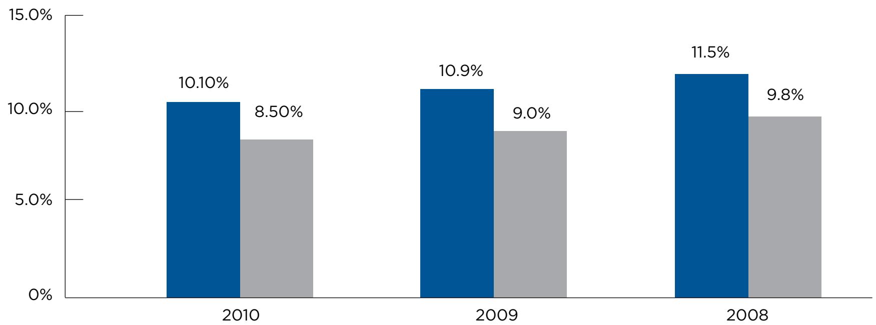
Borealis Infrastructure (Borealis) manages infrastructure investments for OMERS and is a world leader in developing infrastructure investing as an asset class for institutional investors. Borealis has a proven track record in identifying, investing and managing infrastructure investments around the world and has continued to deliver solid returns, consistently outperforming its benchmark for the last seven years.

RETURNS AND BENCHMARKS

For the year ended December 31

- Rate of Return
- Benchmark

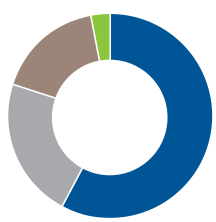
10.10%
The overall infrastructure return in 2010 was 10.10% compared with a benchmark of 8.50%.



Infrastructure investing generally involves direct investments in inflation-sensitive assets that are critical to the long-term success of a modern industrial economy. Some infrastructure investments are subject to regulatory establishment of rates, service delivery levels or both. Individual investments generally require capital commitments for a minimum of 15 to 20 years and typically generate consistent annual cash flows – a perfect fit in meeting our long-term pension obligations. Since Borealis was founded in 1998, we have become a significant investor in the infrastructure sector. Our assets include majority or minority positions alongside other pension, corporate and government investors.

TOTAL ASSETS BY SECTOR

Energy	58%
Transportation	22%
Government Regulated Services	17%
Institutional & Other	3%



Borealis' investments generated net investment income of $693 million in 2010, compared with $731 million a year earlier. The 2010 return based on investment income before investment management expenses and on the Borealis asset mix exposure was 10.10 per cent, compared with 8.50 per cent for the benchmark and a 10.9 per cent return in 2009. The strong, stable returns generated by Borealis' infrastructure investments over the past three years illustrates that our strategy of allocating a significant portion of the Plan's investment portfolio to infrastructure investments continues to be a successful strategic initiative.

Borealis' gross investments of $15,208 million are partially funded by $6,484 million in secured debt and $1,067 million in commercial paper. Infrastructure investments are generally large-scale assets which generate stable cash flows. In 2010 the five largest infrastructure investments accounted for 77 per cent of the Borealis net investment assets and 73 per cent of the Borealis investment income. A key part of the OAC strategy, as discussed on pages 23 and 24 of this Annual Report, is to attract additional capital to enable OAC to profitably invest in large infrastructure assets for the benefit of both Plan members and third-party investors.

During 2010, infrastructure investment assets increased by $3,091 million. The increase primarily represents significant follow-on investments in both Teranet and the Bruce Power nuclear power plant as well as a new investment in High Speed 1 (HS1). HS1 operates, manages and maintains Britain's only high-speed rail line under a concession agreement to 2040. This 109 kilometre line connects St. Pancras International Station in central London to the Channel Tunnel and is used by over nine million international and five million domestic passengers annually. It earns the majority of its revenues from track access charges under a framework that allows it to receive an inflation-adjusted income stream and to recover its operating and maintenance costs from train operating companies.

The 2010 follow-on investment in Teranet secured a 50-year extension of Teranet's exclusive agreement with the Ontario government to operate Ontario's Electronic Land Registry System. Borealis has also continued to make follow-on investments in Bruce Power as part of a major project to refurbish the Units 1 & 2 reactors taken off line in the late 1990's by the former Ontario Hydro. The program is expected to be completed in 2012 at which time Bruce Power is expected to supply approximately 25 per cent of Ontario's electricity.

Other significant investments made in previous years include interests in:

- **Associated British Ports** – the largest port operator in the United Kingdom which owns 21 ports handling approximately 25 per cent of all marine transported goods into and out of the United Kingdom;
- **Ciel Satellite** – which offers wholesale communications satellite capacity to the North American market;
- **Confederation Bridge** – which links Prince Edward Island and New Brunswick and operates under a concession agreement with the federal government until 2032;
- **Detroit River Tunnel** – one of the largest trade corridors in the world;
- **Enwave Energy Corporation** – which owns the largest deep lake water cooling service in the world and provides environmentally friendly heating and air conditioning to Toronto's downtown office core;
- **Express Pipeline** – which transports crude oil from Alberta to the United States and serves refineries in six western and mid-western states;
- **LifeLabs** – Canada's largest provider of laboratory services which provides more than 50 million diagnostic tests to more than 10 million patients through nearly 20,000 physicians each year;
- **Oncor** – a leading electricity transmission and distribution company in Texas; and
- **Scotia Gas Networks** – which operates the Scotland and south of England gas distribution networks, comprising approximately 73,000 km of gas lines serving approximately 5.6 million customers.

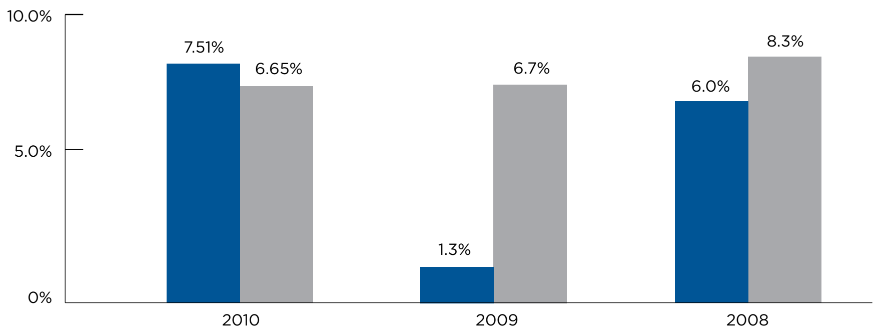
OXFORD PROPERTIES GROUP

Oxford Properties Group (Oxford) is one of North America's largest commercial real estate investment and real estate management firms. Oxford oversees and manages approximately $17 billion of real estate for itself and on behalf of its co-owners and investment partners at December 31, 2010.

RETURNS AND BENCHMARKS
For the year ended December 31

Rate of Return
Benchmark

7.51%
The overall real estate return in 2010 was 7.51% compared with a benchmark of 6.65%.



Oxford's focus is to build a global platform for real estate investment, providing superior risk-adjusted returns and secure, sustainable and growing cash flows for the Plan. Oxford's strategy focuses on the ownership and active management of significant assets, diversified by property type, geographic market, partner relationship and risk-reward profile. A diversified real estate portfolio of this nature generates reliable cash flows, facilitating our ability to meet both current and future benefit obligations. Furthermore, actively managed real estate generally appreciates in capital value over time in step with inflation, which helps to offset the inflation exposure of our pension liabilities.

Oxford's net operating income declined from $510 million in 2009 to $428 million in 2010 primarily as a result of lower operating income due to the disposition of certain real estate properties and indirect investments (net of acquisitions); increased borrowing costs resulting mainly from leveraged acquisitions during the year; and lower fee income from the expiry of a third-party property management contract. Net investment income increased significantly from $127 million in 2009 to $487 million in 2010 primarily due to property revaluation adjustments of $157 million (2009: loss of $312 million) partially offset by a mark-to-market loss of $79 million on debt obligations (2009: loss of $70 million) at December 31,2010. The overall real estate return increased to 7.51 per cent in 2010, compared with a benchmark return of 6.65 per cent and a 1.3 per cent return in 2009.

Oxford's total owned real estate assets were valued at $12,782 million (including mortgage debt of $183 million) at December 31, 2010, compared to $11,975 million as at December 31, 2009, representing an increase of $807 million. The increase is mainly due to the market value appreciation of the real estate portfolio and net investment activity during the year.

Oxford's real estate portfolio is partially funded by $5,319 million in mortgages, debentures, and commercial paper compared to $4,518 million as at December 31, 2009. This has increased by $801 million from 2009 primarily due to a net increase in secured debt of $519 million and $272 million of commercial paper issued during the year.

At December 31, 2010, our direct portfolio consisted of 109 properties, located primarily in Canada, the U.K. and the U.S. with a total leasable area of 43.9 million square feet, 2,929 hotel rooms and 20,473 residential units. The portfolio composition is shown in the table below:

DIRECT REAL ESTATE PORTFOLIO COMPOSITION

	Percentage of Portfolio Based on Market Value
Office	47%
Retail	27%
Industrial	5%
Residential	9%
Hotels and resorts	10%
Properties held for/under development	2%
	100%

Oxford's office portfolio, with the exception of one asset located in the U.K., is diversified geographically in Canada across six major markets: Toronto, Vancouver, Calgary, Edmonton, Ottawa and Montreal. The largest concentration is in the Greater Toronto Area representing approximately 48 per cent of the market value of the office portfolio. The most significant properties are:

- TD Canada Trust Tower, Royal Bank Plaza and the Richmond-Adelaide Complex in Toronto;
- Centennial Place and Bow Valley Square in Calgary; and
- Watermark Place in London, U.K.

The retail portfolio comprises 14 properties, primarily super regional and regional shopping centres, totaling 14 million square feet. The properties are located across Canada and the United States but are predominantly located in the Greater Toronto Area. The more significant properties include:

- a 50 per cent ownership interest in Yorkdale Shopping Centre, Square One Shopping Centre and Scarborough Town Centre in the Greater Toronto Area;
- Upper Canada Mall in Newmarket, Ontario;
- Southcentre Mall in Calgary; and
- regional shopping centres in the U.S.

As part of Oxford's global investment strategy, we are actively seeking to increase the international component of our direct real estate investments, which will allow us to diversify our portfolio and enhance returns. In keeping with this strategy, Oxford entered into two significant joint venture arrangements in 2010 with key partners based in the U.S. and U.K. The first was a co-investment in the Hudson Yards development project, a 26-acre site with 12 million square feet of approved mixed use density (office, retail and residential) in Manhattan, New York and the second, a co-development of the 610,000 square foot landmark 122 Leadenhall Street office project in the City of London, U.K. At December 31, 2010, approximately 88 per cent of Oxford's direct real estate portfolio based on market value was invested in Canada and the remaining 12 per cent was invested in the U.S., Germany and the U.K.

Oxford also holds and manages a portfolio of indirect investments that were valued at $418 million as at December 31, 2010, an increase of $80 million from $338 million at December 31, 2009 primarily due to additional investments made during the year.

OMERS STRATEGIC INVESTMENTS

OMERS Strategic Investments (OSI) was established in late 2008 with a broad strategic mandate that includes building long-term strategic relationships and co-investment alliances with like-minded global institutional investors in order to originate attractive investment opportunities and leverage OAC's intellectual and financial capital; building OAC's global footprint; and building a portfolio of global investment platforms.

A key part of OSI's mandate is to build long-term strategic relationships with like-minded global institutional investors to form strategic alliances that will enable the OAC to leverage its capital alongside new sources of co-investment capital. Over the last two years, OSI has been focused on executing this mandate and as a result of such efforts is proceeding to form a Global Strategic Investment Alliance which will deploy new sources of capital alongside OAC's capital, thereby enabling OAC and its Alliance co-investment partners to participate in the acquisition of large-scale private market assets around the world that will generate stable long-term returns.

OSI is also responsible for establishing OAC's global footprint through promoting the intellectual capital of all the Investment Entities under the OMERS Worldwide brand and ensuring that the OAC has a presence in and knowledge of global markets through business relationships and a network of OMERS Worldwide offices. In 2010, OSI opened the OMERS Worldwide office in Calgary at Oxford's Centennial Place which is our base from which to support our investments in western Canada. In 2011, we plan to open a new OMERS Worldwide office in New York City which will provide a U.S. base for investment professionals from the Investment Entities to access the market.

OSI is actively managing a portfolio of specialized global investment platforms. In addition to attractive investment returns, these investment platforms provide OAC with access to global business relationships, co-investment capital, footholds in new markets around the world and proprietary investment products which will benefit all the Investment Entities. OSI's investment portfolio also includes assets that do not fit under the mandates of the other Investment Entities but are considered strategically important to OAC.

In 2010, OSI generated net investment income of $128 million for a return of 7.65 per cent compared with the benchmark of 7.00 per cent and a net investment loss in 2009 of $37 million. The higher income in 2010 is due to the more diversified portfolio base and the overall solid operating performance of our investment assets which is reflected in increased investment valuations. For our energy investments in western Canada, reserve and land valuations offset the impact of continued low natural gas prices which was a major cause of the loss recognized in 2009.

During 2010, OSI's investment assets increased from $1,352 million at December 31, 2009 to $2,217 million at December 31, 2010 reflecting the transfer of investment assets from Borealis (including CEDA International, a leading industrial, mechanical and electrical services company that is well established in the Alberta oil sands), significant new oil and gas investments made in western Canada by OMERS Energy and increases in the fair value of several portfolio investments. Key investment platforms in OSI's portfolio include:

- **ADC & HAS Airports** – a partnership formed by OSI with HAS Development Corporation, an affiliate of the Houston Airport System, and Airport Development Corporation focused on the operation and, where required, the development of airports in growing and important markets around the world. This partnership brings together the operational strength and depth of technical resources of the Houston Airport System, the airport privatization and development experience of Airport Development Corporation and the financial resources of OSI. Through this partnership we are able to make prominent investments in countries where OAC does not have an investment presence at a reasonable cost, opening the door to future investments by OSI and the other Investment Entities;

- **Inkef Capital** – a joint venture program formed in June 2010 between OSI and Stichting Pensioenfonds ABP (ABP), which is the pension fund for government and education employees in the Netherlands and is one of the largest pension funds in Europe. Inkef Capital will invest in technology and innovation companies in Canada and the Netherlands through the life of a company, starting with small investments in the early stages and then, based on success, followed with larger amounts to drive a company's growth, when substantial value can be harvested;

- **MMM Group** – a Canadian-based international engineering company that provides engineering, project management, environmental and advisory services in Canada and abroad in more than 40 countries on five continents. MMM Group is recognized as an industry leader in the provision of quality, cost-effective and technically excellent multidisciplinary solutions for a diverse range of assignments; and

- **OMERS Energy/OMERS Energy Services** – OMERS Energy is a Calgary-based oil and natural gas acquisition, exploration, development and production company with oil and gas wells throughout western Canada and which is managed by a well established oil and gas operator, OMERS Energy Services.

RISK MANAGEMENT

We are committed to providing secure pensions to our members by investing in a broad range of assets in a manner that strives to earn superior returns without taking undue risk and consistent with our risk tolerance. It is our objective to ensure that the value of the net assets of the Funds is sufficient to pay all pensions promised to members of the OMERS Pension Plans.

Our ability to meet this objective is affected by two factors:

- fluctuations in the value of the investment portfolio, which are driven by changes in investment markets (primarily market, credit and liquidity risk); and
- changes in the value of the Plans' accrued benefit obligations, which are driven by both economic and demographic factors.

Risk management is an essential part of our corporate and investment strategy as it can mitigate the negative impact of the above factors on the investment portfolio and the accrued benefit obligation. Risk management is supported by our system of internal controls, procedures such as enterprise risk management and investment risk management programs and our corporate policies including our Code of Conduct and Statement of Investment Policies and Procedures. We continually strive to improve our enterprise-wide approach which involves our Board, Management and employees within all areas of the OAC. All employees are required to adhere to policies, procedures and standards that a prudent person would reasonably exercise when managing the assets of others.

The value of the Plan's accrued benefit obligation is sensitive to movements in interest rates and inflation rates similar to changes in the value of a portfolio consisting of real return bonds and nominal bonds; however, the Plan invests in a combination of equities, infrastructure, real estate and a broad range of interest bearing instruments. While this investment strategy diversifies the investment portfolio and assists in maintaining stable and cost-effective contribution rates, it produces a mismatch between the economic characteristics of the accrued benefit obligation and the investment assets. This exposes the Plan to various risks that must be closely monitored and managed.

RISKS AFFECTING THE OMERS PENSION PLANS

The Enterprise Risk Management program has identified four categories of risks that could potentially have an adverse effect on the OMERS Pension Plans:

- investment risks (market, credit and liquidity risk) that are an inherent part of investing in capital markets;
- an array of operational risks that we face as an operating business;
- strategic risks inherent in the execution of our long-term plan; and
- legal and compliance risks that we deal with in the management and administration of the OMERS Pension Plans under the laws of Canada as well as laws and regulations of the various countries where we invest.

INVESTMENT RISK

We ensure the OMERS Pension Plans' investments are well diversified across assets, industries and regions. The purpose of diversification is to have different segments of the investment portfolio exposed to different investment risks. This reduces the overall volatility of returns and insulates the investment portfolio from the negative impact of adverse returns in any one asset class, industry or region.

Diversification is achieved through the periodic review of and adjustment to the long-term asset mix targets. Our goal is to manage an asset mix that balances risks and rewards, avoids excessive volatility in the investment portfolio and is appropriate for the size and duration of the OMERS Pension Plans' accrued benefit obligations. The target weight of the public and private market asset groups, as a proportion of the total portfolio, and the associated allowable ranges are approved annually by the Board with the objective of reaching our long-term strategic asset mix in a prudent and efficient manner. The progress of our actual asset mix towards our annual and long-term strategic asset mix targets is reviewed on an ongoing basis by the Board and Management.

We manage a variety of investment risks associated with investing in capital markets including market, credit and liquidity risk. In 2010 Management completed the development of a quarterly investment risk report that provides the Investment Committee of the Board with a consolidated view of the investment risks and exposures facing the Fund. This is in addition to the annual Enterprise Risk Management (ERM) report to the Board, which includes a risk assessment for all Investment Entities and all functional areas within the OAC. Also in 2010, Management formally reviewed OMERS liquidity management practices and will use the findings to enhance overall liquidity risk reporting. Market, credit and liquidity risks are discussed in our Notes to Consolidated Financial Statements starting on page 80 of this Annual Report.

OPERATIONAL RISK

Operational risk is the risk of loss arising either directly or indirectly from operational error due to failure in processes, systems, technology, actions and retention of personnel or due to unforeseen external events. Our framework of policies and procedures is designed to identify and manage operational risks through the implementation of controls over data integrity, information processing, and management of information technology. Further, our human resources practices are designed to mitigate people risk including the risk of losing key personnel. These controls are independently reviewed through internal audits and the annual review of our internal controls over financial reporting and disclosure controls discussed on page 32 of this Annual Report. As OMERS implements its direct-drive strategy and repatriates assets from external fund managers, managing people risks has become a focused priority for the Board and Management.

STRATEGIC RISK

Strategic risk is the risk of not achieving our long-term strategic goals and objectives. The Board and the CEO manage the achievement of our strategic goals by overseeing our policies and the planning and achievement of our long-term goals. The CEO is accountable to the Board for decisions relating to the day-to-day management of the OMERS Pension Plans and the Funds including funding policy, investment strategies, and investments pursued, investment management styles and operating results. To manage this risk, we have established a governance framework, a business strategy development process and performance measures.

The OMERS Pension Plans' funding is a significant strategic risk. Inappropriate policies or decisions related to asset allocation or actuarial methodologies and valuation processes can impact funding of the OMERS Pension Plans. Our ability to pay pensions is not only subject to investment risks but is also subject to the risks associated with the assumptions used in the valuation of the Plan's accrued benefit obligation. There are two sources of this risk: (i) the risk that actual market conditions differ significantly from the assumptions used in the valuation of the accrued benefit obligation; and (ii) unforeseen changes in the major assumptions. The major assumptions that go into the valuation of the accrued benefit obligation include long-term economic conditions (i.e., inflation, the real return on investments and the rate of member salary increases) and membership demographics (i.e., mortality, disability, termination and early retirement rates and marital status).

To manage these risks, the Board appoints an independent actuary to value the accrued benefit obligation annually based on economic and demographic assumptions recommended by the independent actuary, reviewed by Management and approved by the Board. The validity of all assumptions is monitored each year against actual experience and adjusted as appropriate.

In 2010 OMERS and 13 other global institutional investors participated in a climate change project to assess the impact of climate change on the participants' investment portfolios over the long term. The findings from the project will be used to enhance existing investment and risk management practices over the longer term.

LEGAL AND COMPLIANCE RISK

Legal and compliance risks arise from changes in or non-compliance with legal and/or regulatory requirements and/or other ethical standards which can undermine the OAC's ability to achieve its objectives. The Board and Management, with the assistance of the Legal Division (including the Compliance Office) and independent expert advisors, monitor situations affecting regulatory compliance that could result in regulatory action. We have established processes to keep abreast of applicable regulatory developments and to advocate for changes where they are in the best interest of Plan members.

Through our governance framework and established policies and procedures, including our Code of Conduct and Personal and Insider Trading Policy for directors and employees, we strive to ensure that values and behavioural expectations are well understood and integrated throughout the organization so as to minimize these risks.

CRITICAL ACCOUNTING POLICIES

We have established procedures to ensure that our accounting policies are in accordance with Canadian generally accepted accounting principles ("GAAP"), are applied consistently and that our processes for changing accounting policies are systematic and well controlled.

Consistent with Canadian GAAP, certain of our accounting policies require subjective or complex judgments and estimates relating to matters that are inherently uncertain. The use of different judgments and estimates could result in materially different amounts being recorded under different conditions or by using different assumptions. As a result, actual results could materially differ from our estimates and assumptions applied in the Consolidated Financial Statements. Significant estimates included in the Consolidated Financial Statements relate to the valuation of private market investments and the valuation of our accrued benefit obligation.

Our policy is to record all investments at fair value; however, the assessment of fair value involves considering many factors for each type of investment held by the Funds. Fair value is based on quoted market prices, where available, and excludes transaction costs which are expensed as incurred. For private market investments where quoted market prices are not available, fair value is generally based on internal or external valuations using generally accepted valuation methods. The fair value of private market investments acquired within the current fiscal year may be held at cost, where cost is considered the best estimate of fair value based upon events since acquisition. For private equity funds, the fair value is generally based on the valuation provided by the fund's general partner subject to information available to OAC's investment management. As a result, fair values for private market investments are based on estimates which are inherently uncertain. Our policy is to obtain independent support of valuations by accredited independent appraisers at least once every three years, or whenever the valuation changes by more than 15 per cent from the prior year for direct investments and from annual audited financial statements for fund investments.

Actuarial assumptions used in determining the accrued benefit obligation reflect Management's estimates of future economic factors such as the Plans' nominal rate of return and discount rate, rate of pensionable earnings increase and inflation, and non-economic factors such as mortality, withdrawal and retirement rates of Plan and RCA members. This process is supported by our independent actuary. The Plan and RCA's actual experience could differ from these estimates. Differences are recognized as experience gains or losses in future years.

A summary of our significant accounting policies is presented in note 2 to the Consolidated Financial Statements.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2010 the Canadian Institute of Chartered Accountants ("CICA") issued a new section of the CICA Handbook: Section 4600 – Pension Plans ("Section 4600") to replace the guidance previously provided under CICA Handbook: Section 4100. The standards under Section 4600 are applicable for accounting years beginning on or after January 1, 2011.

Section 4600 requires all investment assets and investment liabilities to be measured at fair value. This is consistent with the measurement standard followed by OAC for many years and as such full adoption of Section 4600 is not expected to impact the financial position of OAC. Section 4600 also details disclosure requirements for investment assets and liabilities and pension obligations. Many of these disclosure requirements have been adopted in previous years through compliance with existing CICA guidance. For 2010, additional disclosures have been made in anticipation of full compliance with Section 4600 in 2011.

In selecting accounting policies that do not relate to investment portfolios or pension obligations, CICA Section 4600 requires a pension plan to comply, on a consistent basis, with either IFRS or Canadian GAAP for private enterprises provided such standards do not conflict with Section 4600. For these areas, OAC has early adopted many of the additional disclosures required by IFRS for the 2010 year-end financial statements. The major change in 2011 is expected to entail presenting our investments in private market entities where we have effective control for accounting purposes, on a non-consolidated basis as required by Section 4600.

COMPENSATION DISCUSSION AND ANALYSIS

OMERS IS A WORLD LEADER IN ASSET MANAGEMENT AND AIMS TO ATTRACT AND RETAIN THE BEST TALENT

The Leadership Resources and Compensation Committee of the Board ("LRCC") is responsible for the OAC's executive compensation, which covers the Leadership Team ("Leadership Team" or "Management") of the OAC and its Investment Entities: OMERS Capital Markets, OMERS Private Equity, Borealis Infrastructure, Oxford Properties and OMERS Strategic Investments. Management is comprised of the OAC President & CEO (the "CEO"), the OAC CIO, the Investment Entity heads and the Executive Vice Presidents of the OAC's corporate groups.

LEADERSHIP RESOURCES AND COMPENSATION COMMITTEE MANDATE

The purpose of the LRCC is to assist the Board in meeting the Board's fiduciary oversight and related obligations by: (i) attracting, retaining and motivating excellent leadership at the senior executive level who are committed to the OAC Mission Statement and Core Values; (ii) overseeing a robust succession planning process for the position of the CEO; and (iii) overseeing senior executive performance, compensation and compensation policies.

The LRCC is comprised of five members and meets a minimum of four times annually. Members of the LRCC are appointed by the Board from amongst the Board's members and are independent of Management. The LRCC retains an external advisor, Global Governance Advisors, to provide executive compensation and any other expertise the LRCC deems appropriate or necessary. It conducts *in camera* sessions at the end of its meetings, without Management present.

The LRCC's key responsibilities include:

- oversight of an annual performance appraisal process for the CEO;
- making recommendations to the Board for compensation arrangements for the CEO, including incentive awards;
- succession planning process for the CEO to facilitate the hiring and, if necessary, termination of the CEO;
- recommending to the Board (on the recommendation of the CEO) the recruitment of and the proposed compensation for the Leadership Team;
- approving the compensation strategy, policy structure and framework for short-term and long-term compensation plans for the Leadership Team; this includes approving performance measures, targets and weightings in the incentive plans;
- reviewing human resource management policies, compensation and benefit plans to ensure appropriate strategic linkages and risk mitigation; and
- reviewing and providing guidance into significant organizational structure changes to ensure alignment with enterprise-wide strategic plans.

As required by its mandate, the LRCC regularly reviews and recommends amendments to its mandate to the Governance Committee.

Members of the LRCC for 2010 were:

Chair: Rick Miller

Vice Chair: David Carrington

Members: Bill Aziz
Sheila Vandenberk
John Weatherup
John Sabo (ex officio)

COMPENSATION PHILOSOPHY AND PLANS

The OAC's pay-for-performance philosophy seeks to:

- reward employees in a manner consistent with competitive market practice and thereby improve the organization's ability to attract and retain high quality professionals;
- focus employee efforts on critical business/performance targets;
- reward employees for superior performance on results and adjust compensation when performance falls below targets;
- align employee interests with the interests of the Plan members;
- promote a pay-for-performance culture; and
- encourage and reward long-term performance.

The OAC's pay philosophy is designed to be competitive with a long-term view in order to attract and retain high performing employees. The philosophy is approved annually by the LRCC and is an integral component of the compensation strategy. The total compensation structure for the Leadership Team principally includes a base salary, benefits, pension and performance-based incentive plans through short-term and long-term incentive plans. Base salary and target level performance for short-term and long-term incentives are benchmarked to the median in the marketplace and superior level performance for short-term and long-term incentive plans are benchmarked to the 75th percentile in the marketplace.

COMPARATOR GROUPS USED TO SET COMPETITIVE PAY

The OAC has identified different comparator groups for its various lines of business in setting competitive compensation. This is to closely reflect the competitive market for highly specialized professionals. The comparator groups are reviewed on a regular basis and approved by the LRCC. Typical considerations include other organizations that compete for similar talent, industry specific organizations and organizations with similar financial measures. Within these comparator groups, the OAC reviews compensation levels of comparable jobs and assesses relative performance and size of the comparator institutions.

COMPENSATION PROCESS AND BOARD ADVISOR

The OAC's compensation strategy and structure are regularly reviewed by the LRCC with the assistance of an independent advisor. Each year, the LRCC approves the compensation strategy, comparator groups, pay philosophy and overall short-term incentive and long-term incentive plans for the OAC and its Investment Entities. In addition, the LRCC reviews and recommends to the Board the compensation of the CEO and the compensation of Management.

The LRCC is assisted regularly by external experts in fulfilling its mandate and Global Governance Advisors were retained in 2010 to provide independent advice and assist the LRCC with the comprehensive review of the compensation plans and philosophy. In addition, several market surveys are conducted by independent advisors and reviewed by the members of the Committee to assess the competitiveness of the OAC's total compensation structure and levels of compensation. This provides the LRCC with meaningful information in making its recommendations to the Board.

SALARY

The OAC's compensation philosophy is to pay competitive base salaries as defined by the comparator group for each line of business. In general, positions that have a direct impact on investment returns, and executive-level positions, have a greater proportion of their total compensation linked to variable pay and a lesser proportion in base salary. Positions that do not directly impact investment returns, such as corporate and pension service roles, have a larger proportion of their total compensation in base salary and less in variable pay.

BENEFITS

All employees at the OAC and the Investment Entities participate in benefits that include vacation entitlement, life and disability insurance, health and dental benefits, and an employee assistance program. In addition, employees participate in either the Plan and Retirement Compensation Arrangement ("RCA") or third-party providers of defined contribution pension plans.

SHORT-TERM INCENTIVE PLANS

All permanent employees are eligible to participate in an annual short-term incentive plan ("STIP"). These incentive plans are designed to attract, retain and motivate high-quality people and to provide competitive, performance-based opportunities based on market practices as identified in the OAC's compensation strategy. Award opportunities vary so that they are aligned with respective comparator groups. Performance measures, weightings and targets are approved for the STIP annually by the LRCC.

Actual STIP awards are calculated using organizational/individual results achieved against approved performance measures and targets. All STIP programs have a threshold level of performance. If the threshold is not met, incentive awards are not paid. Each STIP is calculated based on a percentage of salary, weighted to reflect the role and impact the position has on achievement of corporate business plan objectives. The STIP includes components based on investment results, business unit performance and individual contribution. Investment performance is measured on results in excess of Board-approved benchmarks and is based on one-year and three-year investment performance.

LONG-TERM INCENTIVE PLANS

The OAC has long-term incentive plans ("LTIP") in place for OAC and Investment Entity employees. Participation in these plans is limited to key employees in each organization. The LTIPs are designed to encourage and reward long-term performance; attract, retain and motivate eligible employees by providing the opportunity to realize additional compensation if these long-term performance goals are achieved; and to align a participant's interest with that of Plan members. The LTIP has a three-year employment vesting period before a first payment is disbursed to an eligible participant in order to provide retention value. The LTIP formula rewards overall investment return performance results, with emphasis on consistent value-added performance every year, accruing in either three-year or five-year performance periods. Investment performance relates to total Fund and/or asset class performance. The actual award paid could be above or below the target amount based on final investment performance results at the end of the specific performance period.

COMPENSATION

The table below represents disclosure of base annual earnings, annual incentive plan, long-term incentive plan, employer portion of pension contribution and other compensation earned by the CEO, the OAC Chief Financial Officer and the three other most highly compensated Leadership Team members for the year ended December 31, 2010.

Name and Principal Position	Year	Base Earnings	Annual Incentive Plan(i)	Long-Term Incentive Plan(ii)	Employer Pension Contribution(iii)	Other(iv)	Total
Michael Nobrega	**2010**	**$ 515,000**	**$ 1,179,496**	**$ 1,191,259**	**$ 276,707**	**$ 90,573**	**$ 3,253,035**
President & CEO	2009	$ 475,000	$ 1,051,210	$ 1,362,110	$ 200,097	$ 143,158	$ 3,231,575
	2008	$ 474,904	$ 442,863	$ 1,856,108	$ 200,014	$ 301,228	$ 3,275,117
Patrick G. Crowley	**2010**	**$ 438,000**	**$ 613,200**	**$ 532,932**	**$ 152,824**	**$ 31,531**	**$ 1,768,487**
Chief Financial Officer	2009	$ 425,000	$ 510,000	$ 232,800	$ 96,034	$ 31,582	$ 1,295,416
	2008	$ 424,904	$ 425,180	N/A	$ 88,988	$ 22,043	$ 961,115
R. Michael Latimer	**2010**	**$ 500,000**	**$ 1,100,000**	**$ 1,762,128**	**$ 214,257**	**$ 122,638**	**$ 3,699,023**
Chief Investment Officer	2009	$ 640,000	$ 228,480	$ 1,978,086	$ 57,600	$ 93,908	$ 2,998,074
	2008	$ 640,000	$ -	$ 1,955,178	$ 57,600	$ 97,828	$ 2,750,606
Michael Rolland	**2010**	**$ 438,000**	**$ 841,377**	**$ 1,958,516**	**$ 21,000**	**$ 46,537**	**$ 3,305,430**
President & CEO,	2009	$ 425,000	$ 820,250	$ 1,639,463	$ 20,000	$ 46,496	$ 2,951,209
Borealis Capital Corporation	2008	$ 425,000	$ 848,036	$ 1,205,889	$ 9,500	$ 46,618	$ 2,535,043
Paul Renaud	**2010**	**$ 438,000**	**$ 810,300**	**$ 1,364,260**	**$ 22,000**	**$ 73,360**	**$ 2,707,920**
President & CEO,	2009	$ 425,000	$ 569,500	$ 800,000	$ 21,000	$ 70,725	$ 1,886,225
OMERS Private Equity	2008	$ 425,000	$ 416,503	$ 156,108	$ 10,000	$ 62,424	$ 1,070,035

(i) The annual incentive plan is based on a combination of achieving corporate and individual performance objectives, such as investment performance targets and pension service standards. The annual incentive plan amount relates to the year it was earned.
(ii) The LTIP is awarded based on meeting investment return objectives over a multi-year performance period. The amount reported for a given year reflects the total earned from the LTIP performance period that matured at the end of that year.
(iii) Represents the employer contribution to the Plan and the RCA and employer contributions to third-party providers of defined contribution pension plans.
(iv) Includes car and other allowances, insurance and other benefits.

Commencing in 2011, individual executive perquisites will no longer be provided to OMERS executives and will be replaced with an allowance reducing the overall amount invested in this form of compensation.

The table below represents disclosure of estimated pension information for those individuals whose remuneration is disclosed on the previous page and who are active members of the Plan and the RCA as at December 31, 2010.

Name and Principal Position	Years of Credited Service	Annual Benefits Payable(i)	Accrued Benefit Obligation at Beginning of the Year	Change in Pension Value(ii)	Accrued Benefit Obligation at End of the Year
Michael Nobrega President & CEO	3.8	$ 192,923	$ 1,949,581	$ 750,842	$ 2,700,423
Patrick Crowley Chief Financial Officer	7.9	$ 74,733	$ 693,185	$ 345,467	$ 1,038,652
Michael Latimer Chief Investment Officer	5.8	$ 62,663	$ 425,707	$ 943,727	$ 1,369,434
Paul Renaud(iii) President & CEO, OMERS Private Equity	2.2	$ 24,082	$ 410,832	$ 24,294	$ 435,126

(i) Annual pension benefit payable as at December 31, 2010, if the individual had elected to retire on that date. This amount is based on pensionable earnings and credited service up to December 31, 2010 and includes any bridge benefits payable.
(ii) The change in pension value includes both pension earned and any past service transferred and/or credited service bought back by employees with their own money in 2010.
(iii) Amounts represent the period that the individual was employed as Chief Financial Officer for OMERS Administration Corporation.

RESPONSIBILITIES OF MANAGEMENT, THE ACTUARY AND EXTERNAL AUDITORS

The OMERS Administration Corporation (the "OAC") is the administrator of the OMERS pension plans (the "OMERS Pension Plans") as defined in the *Ontario Municipal Employees Retirement System Act, 2006* (the "OMERS Act"). The OMERS Pension Plans include OMERS Primary Pension Plan (the "Plan"), the Retirement Compensation Arrangement (the "RCA") associated with the Plan and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (the "Supplemental Plan"). The OAC is responsible for managing the funds of the Plan, the RCA and the Supplemental Plan (collectively, the "Funds"). As at December 31, 2010, membership in the Supplemental Plan was nil.

The consolidated financial statements of the OAC have been prepared by Management and approved by the Board of the OAC (the "OAC Board"). Management is responsible for the contents of the consolidated financial statements and the financial information contained within the Annual Report.

Management maintains systems of internal controls and supporting procedures that are designed to ensure the integrity and fairness of the data presented, that transactions are duly authorized and that assets are adequately safeguarded. These controls include clear division of responsibilities, accountability for performance, timely communication of policies and procedures throughout the organization and high standards in the hiring and training of employees. In addition, Audit Services reviews the OAC's systems of internal controls to determine whether these controls are appropriate and operating effectively.

The OAC Board is responsible for approving the annual consolidated financial statements. The Audit Committee, which is comprised of directors who are not officers or employees of the OAC, assists the OAC Board in executing this responsibility. The Audit Committee meets regularly with Management and the internal and external auditors to review the scope and timing of their respective audits as well as to review any internal control or financial reporting issues and their resolution. The Audit Committee reviews the annual consolidated financial statements and recommends them to the OAC Board for approval.

The independent actuary is appointed by the OAC Board. It is the independent actuary's responsibility to carry out annual valuations of the accrued benefit obligations of the OMERS Pension Plans in accordance with accepted actuarial practice and to report thereon to the OAC Board. The Audit Committee assists the OAC Board in executing this responsibility. The results of the independent actuary's valuation are set out in the Actuarial Opinion. In performing the valuation, the independent actuary values the benefits provided under the OMERS Pension Plans using appropriate assumptions about future economic conditions (such as inflation, salary increases and investment returns) and demographic factors (such as mortality, termination rates and retirement ages). These assumptions take into account the circumstances of the OAC and its active, inactive and retired members.

The external auditors are also appointed by the OAC Board. Their responsibility is to report to the OAC Board whether in their opinion the consolidated statement of net assets available for benefits and accrued benefit obligations and deficits, the consolidated statement of changes in net assets available for benefits and the statement of changes in accrued benefit obligations for the year ended December 31, 2010 present fairly in all material respects the net assets and surplus/(deficit) of actuarial value of net assets as compared with the accrued benefit obligations in accordance with Canadian generally accepted accounting principles. The external auditors have full and unrestricted access to Management and the Audit Committee to discuss any findings arising from their audit related to the integrity of financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit. The auditors' report outlines the scope of their examination and opinion.

Based on my knowledge, the Annual Report does not contain any untrue statement of a material fact, or omit to state a material fact, that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this Annual Report.

Based on my knowledge, the annual financial statements, together with the other financial information included in this Annual Report, fairly present in all material respects the net assets available for benefits and accrued benefit obligations and deficits, changes in net assets available for benefits and changes in the accrued benefit obligations of the OAC as of the date and for the periods presented in this Annual Report.

Michael Nobrega
President and Chief Executive Officer

Patrick G. Crowley
Executive Vice President and Chief Financial Officer

Toronto, Canada
February 23, 2011

ACTUARIAL OPINION

We conducted actuarial valuations as at December 31, 2010 of the OMERS Primary Pension Plan (the "Primary Plan") and the Retirement Compensation Arrangement for the OMERS Primary Pension Plan (the "RCA") administered by OMERS Administration Corporation (the "OAC"). The purpose of the valuations is to fairly present the actuarial funded status of the Primary Plan and the RCA as at December 31, 2010, for inclusion in this Annual Report in accordance with Section 4100 of the Canadian Institute of Chartered Accountants Handbook.

The results of the actuarial valuation of the Primary Plan disclosed total going concern actuarial liabilities of $60,035 million in respect of benefits accrued for service to December 31, 2010. The actuarial assets at that date were $55,568 million indicating a going concern actuarial deficit of $4,467 million. Ongoing adequacy of the Primary Plan's contribution rates will need to be monitored to ensure that future contributions, together with the Primary Plan assets and future investment earnings thereon, will be sufficient to provide for its future benefits.

The RCA provides for pension benefits in excess of the maximum pension benefits under the Primary Plan. The RCA is not fully pre-funded. The actuarial liability in respect of RCA benefits accrued for service to December 31, 2010 (determined using assumptions consistent with those used for the Primary Plan except that the discount rate is adjusted to approximate the effect of the 50 per cent refundable tax under the RCA), net of the RCA assets, was $409 million. Contributions, based on the top-tier Primary Plan contribution rates, are payable to the RCA on the excess of earnings over the maximum contributory earnings recognized under the Primary Plan. We expect that if contributions to the RCA continue, the annual cash inflow will be more than sufficient to cover the annual benefit payments for the short to medium term.

The actuarial valuations of the Primary Plan and the RCA as at December 31, 2010 were conducted using the Unit Credit Actuarial Cost Method with projection of earnings, and membership data as at December 1, 2010 and financial information as at December 31, 2010 supplied by the OAC. The December 1, 2010 membership data was adjusted, among other things, for the following:

- actual inflationary increases to pensions in payment and deferred pension payments effective January 1, 2011;
- estimated credited service accruals in 2010; and
- estimated earnings for 2010.

We reviewed the data for reasonableness and consistency with the data provided in prior years. In our opinion,

- the membership data are sufficient and reliable for the purpose of the valuations;
- the assumptions adopted were set with reference to the Primary Plan's funding policy and with allowance for refundable taxes under the RCA, and are appropriate for the purpose of the valuations; and
- the methods employed in the valuations are appropriate for the purpose of the valuations.

The future experience of the Primary Plan and the RCA may differ from the actuarial assumptions, resulting in gains or losses which will be revealed in future valuations.

The valuations were prepared and our opinions are given in accordance with accepted actuarial practice in Canada.

Respectfully submitted
Towers Watson ULC

Ian Markham
Fellow, Canadian Institute of Actuaries

Marshall Posner
Fellow, Canadian Institute of Actuaries

Toronto, Canada
February 23, 2011

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF OMERS ADMINISTRATION CORPORATION

We have audited the accompanying consolidated financial statements of OMERS Administration Corporation and its subsidiaries, which comprise the consolidated statement of net assets available for benefits and accrued benefit obligations and deficits as at December 31, 2010, the consolidated statement of changes in net assets available for benefits and the statement of changes in accrued benefit obligations for the year then ended, and the related notes including a summary of significant accounting policies.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as Management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of OMERS Administration Corporation and its subsidiaries as at December 31, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants,
Licensed Public Accountants

Toronto, Canada
February 23, 2011

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED BENEFIT OBLIGATIONS AND DEFICITS

(millions) As at December 31,	2010	2009
Net Assets Available for Benefits		
Assets		
Investments (note 3)	$ 69,139	$ 60,554
Other investment assets (note 5)	1,109	862
Amounts due from pending trades	382	311
Contributions receivable		
- Members	99	90
- Employers	100	91
Other assets	66	50
Total Assets	70,895	61,958
Liabilities		
Investment liabilities (note 6)	16,327	13,084
Due to administered funds	809	734
Amounts payable from pending trades	338	254
Other liabilities	72	54
Total Liabilities	17,546	14,126
Net Assets Available for Benefits	$ 53,349	$ 47,832
Accrued Benefit Obligations and Deficits		
Primary Plan (note 7)		
Accrued benefit obligation	$ 60,035	$ 54,253
Deficit		
Funding deficit	(4,467)	(1,519)
Actuarial value adjustment of net assets	(2,278)	(4,950)
	(6,745)	(6,469)
	53,290	47,784
Retirement Compensation Arrangement (note 8)		
Accrued benefit obligation	468	486
Deficit	(409)	(438)
	59	48
Accrued Benefit Obligations and Deficits	$ 53,349	$ 47,832

The accompanying notes to the consolidated financial statements are an integral part of these financial statements. Guarantees, commitments and contingencies are discussed in note 16.

John Sabo
Chair

Richard Faber
Chair, Audit Committee

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(millions) For the year ended December 31,	2010	2009
Changes Due to Investment Activities		
Net investment income (note 9)	$ 5,384	$ 4,310
Changes Due to Pension Activities		
Contributions (note 11)		
- Employers	1,121	1,049
- Members	1,165	1,067
- Transfers in	27	27
	2,313	2,143
Benefits (note 12)		
- Payments	(1,962)	(1,866)
- Transfers out	(164)	(184)
	(2,126)	(2,050)
Pension administrative expenses (note 13(a))	(54)	(48)
	133	45
Total Increase	5,517	4,355
Net assets available for benefits, beginning of year	47,832	43,477
Net Assets Available for Benefits, End of Year	$ 53,349	$ 47,832

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCRUED BENEFIT OBLIGATIONS

(millions) For the year ended December 31,	2010	2009
OMERS Primary Pension Plan (note 7)		
Accrued benefit obligation at beginning of year	$ 54,253	$ 50,080
Interest accrued on benefits	3,601	3,320
Benefits accrued	2,211	2,023
Benefits paid (note 12)	(2,121)	(2,045)
Experience losses/(gains)	491	368
Changes in actuarial assumptions and methods	1,600	507
Accrued Benefit Obligation, End of Year	$ 60,035	$ 54,253

(millions) For the year ended December 31,	2010	2009
Retirement Compensation Arrangement (note 8)		
Accrued benefit obligation at beginning of year	$ 486	$ 285
Interest accrued on benefits	16	9
Benefits accrued	24	15
Benefits paid (note 12)	(5)	(5)
Experience losses/(gains)	5	41
Changes in actuarial assumptions and methods	(58)	141
Accrued Benefit Obligation, End of Year	$ 468	$ 486

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2010

NOTE 1

DESCRIPTION OF PLANS ADMINISTERED BY OMERS ADMINISTRATION CORPORATION

The OMERS Administration Corporation (the "OAC") is a corporation without share capital under the *Ontario Municipal Employees Retirement System Act, 2006* (the "OMERS Act"). The OAC is the administrator of the OMERS pension plans (the "OMERS Pension Plans") as defined in the OMERS Act. The OMERS Pension Plans include OMERS Primary Pension Plan (the "Plan"), the Retirement Compensation Arrangement (the "RCA") associated with the Plan and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics (the "Supplemental Plan"). The OAC is responsible for managing the funds of the Plan, the RCA and the Supplemental Plan (collectively, the "Funds"), in accordance with the *Pension Benefits Act* (Ontario) (the "*PBA*"), the *Income Tax Act* (Canada) (the "*Income Tax Act*"), and the OMERS Act. Under the OMERS Act, the OMERS Sponsors Corporation (the "SC") is the sponsor of the OMERS Pension Plans. The Ontario Municipal Employees Retirement System ("OMERS") represents the combined retirement system comprised of the SC, the OAC, the Plan, the RCA and the Supplemental Plan.

The accrued benefit obligations of any of the OMERS Pension Plans cannot be funded by the assets of either of the other two OMERS Pension Plans. As at December 31, 2010, membership in the Supplemental Plan was nil.

OMERS PRIMARY PENSION PLAN

The Plan is a multi-employer jointly sponsored pension plan, created in 1962 by an Act of the Ontario Legislature, whose members are mainly employees of Ontario municipalities, local boards, public utilities and non-teaching school board staff. The Plan is governed by the OMERS Act and the benefit provisions and other terms of the Plan are set out in the plan text.

The Plan is registered with the Financial Services Commission of Ontario ("FSCO") under Registration #0345983 and the Canada Revenue Agency ("CRA").

a) **Funding** – The Plan is a jointly sponsored defined benefit pension plan funded by equal contributions from participating employers and members and by the investment earnings of the Plan assets. Contribution rates are set by the SC. The required contributions are identified through the actuarial valuation, and are determined in accordance with the OMERS Act, the *Income Tax Act* and the PBA, according to the actuarial needs of the Plan.

b) **Pensions** – The normal retirement age ("NRA") is 65 years for all Plan members, except police officers and firefighters, who generally have a normal retirement age of 60 years. The normal retirement pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 consecutive months of earnings. The Plan benefits are integrated with the Canada Pension Plan.

c) **Death Benefits** – Death benefits are available to a surviving spouse, eligible dependent children or designated beneficiary upon the death of a member. Depending upon eligibility requirements, the benefits may be paid in the form of a survivor pension, lump sum payment or both.

d) **Withdrawals and Transfers from the Plan** – Subject to lock-in provisions, a member that has terminated employment prior to eligibility to retire has the option to withdraw or transfer his/her benefits from the Plan to another retirement savings vehicle.

e) **Escalation of Pensions** – Pension benefits are increased for inflation through an annual adjustment equal to 100 per cent of the increase in the average Consumer Price Index ("CPI") from the prior year. This is subject to a limit of six per cent in any one year. If the increase in the average CPI exceeds the six per cent limit, any excess is carried forward to future years.

f) **Disability Pensions** – A disability pension is available at any age to a member who becomes totally disabled as defined by the Plan. The pension is calculated using a member's years of credited service and the average annual earnings during the member's highest 60 months of consecutive earnings consistent with a standard pension. Disability pensions continue until normal retirement or until the member is able to return to work.

g) **Income Taxes** – The Plan is a Registered Pension Plan as defined in the *Income Tax Act* and as such is not subject to income taxes for contributions or investment income received. The operations of certain entities holding private equity, infrastructure or real estate investments may be taxable.

NOTE 1

DESCRIPTION OF PLANS ADMINISTERED BY OMERS ADMINISTRATION CORPORATION (continued)

RETIREMENT COMPENSATION ARRANGEMENT

The RCA was established to provide pension benefits based on full earnings for those members with earnings exceeding the amount that generates the maximum pension allowed by the *Income Tax Act*. The determination of the value of these benefits is made on the basis of an annual actuarial valuation. The RCA net assets available for benefits are accounted for separately from the Plan and the Supplemental Plan and the accrued benefit obligations of the RCA is valued separately from the Plan and Supplemental Plan accrued benefit obligations.

OMERS SUPPLEMENTAL PENSION PLAN FOR POLICE, FIREFIGHTERS AND PARAMEDICS

The Supplemental Plan became effective on July 1, 2008, pursuant to the requirements of the OMERS Act. The Supplemental Plan is a separately funded, jointly sponsored, multi-employer pension plan that provides supplemental pension benefits that "top up" those available under the Plan for members of the Plan who are employed in the police and fire sectors which, as defined in the OMERS Act, includes paramedics. The Supplemental Plan is governed by the OMERS Act and the benefit provisions and other terms of the Supplemental Plan are set out in the plan text. The Supplemental Plan is registered with FSCO and CRA. The Supplemental Plan is registered under Registration #1175892.

The Supplemental Plan is a contributory defined benefit pension plan funded by equal contributions from participating employers and members and by the investment earnings of the Supplemental Plan assets. Contribution rates are set by the SC. Participation in the Supplemental Plan is effective only upon agreement between an employee group and an employer. As at December 31, 2010, the Supplemental Plan had no assets (December 31, 2009 – no assets) and no members.

Neither the Plan nor the RCA is permitted to pay costs for the Supplemental Plan. As such, until March 31, 2012, unless the Supplemental Plan has sufficient funds based on the administrative portion of contributions, any administrative costs of the Supplemental Plan are funded through a start up grant from the Province of Ontario.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements are prepared on a going concern basis in accordance with Canadian generally accepted accounting principles and present the aggregate financial position of the OAC as a separate financial reporting entity independent of the employers and Plan members.

The OAC has adopted additional voluntary disclosure in anticipation of implementing the requirements of Canadian Institute of Chartered Accountants ("CICA") Section 4600 which must be implemented for fiscal years beginning on or after January 1, 2011.

The recognition and measurement of OAC assets and liabilities are consistent with prior years; however, certain comparative figures have been reclassified to conform to the current year's presentation.

CONSOLIDATION

The consolidated financial statements include the accounts of the OAC's subsidiaries. The subsidiaries were formed for the purpose of investing in certain private equity, infrastructure and real estate assets. With the exception of private equity investments with a defined exit strategy, the consolidated financial statements include the financial assets, liabilities and operating results for all investment entities where the OAC has effective control for accounting purposes, and for variable interest entities where the OAC is the primary beneficiary. For investment entities where the OAC has joint ownership and control for accounting purposes, a proportionate share of the fair value of assets, liabilities and operating results is included in the consolidated financial statements. Entities over which the OAC has significant influence are accounted for using the equity basis of accounting, stated at fair value.

For private equity investments with a defined exit strategy, the fair value of the investments is stated net of all assets and liabilities of the investment company.

Inter-company transactions and balances are eliminated in arriving at the consolidated financial statements.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires Management to make estimates and assumptions that affect the reported values of assets and liabilities, income and expenses, accrued benefit obligations and related disclosures. Actual results could differ from these estimates. Significant estimates included in the consolidated financial statements relate to the valuation of private market investments and the determination of the accrued benefit obligations.

INVESTMENTS

All investment transactions are recorded at the point when the risks and rewards of ownership are transferred. Purchases and sales of publicly traded investments are recorded as of the trade date.

Investments are stated at fair value. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. It is best evidenced by a quoted closing market price, if one exists. The calculation of fair value is based on market conditions at a specific point in time and may not be reflective of future fair values.

Fair value may be determined by reference to a market index, publicly observable market data or through the use of valuation techniques and models which utilize assumptions based on information that is not publicly observable. Where a public market price is not available for an investment asset or liability, a suitable method of valuation is used annually by Management to determine fair value. Valuation techniques used include the use of discounted cash flows, earnings multiples, prevailing market rates for instruments with similar characteristics or other pricing models, as appropriate. In these cases the fair value may differ significantly when varying assumptions are used. Accredited external appraisers are required to perform a review of Management's valuations to determine the reasonableness of the valuations for each significant private market investment at least once every three years or in any year where the valuation changes by more than 15 per cent from the prior year.

The difference between the value of an asset or liability at the time it was acquired and its current fair value takes into account changes in market rates and credit risk of the issuer that have occurred since original acquisition. Unrealized appreciation/depreciation in the fair value of investments is the change in fair value adjusted for cash flows accrued and received during the year and is reflected in net investment income/loss in the consolidated statement of changes in net assets available for benefits.

INVESTMENT INCOME/LOSS

Investment income/loss includes interest, dividends, operating income/loss from consolidated and equity accounted investments, gains and losses that have been realized on the disposal of investments, as well as the unrealized appreciation/depreciation required to adjust investments to their fair value.

Where the OAC is able to exercise significant influence over the operations of a private market investment, net income is recognized using the equity method and the investment is adjusted to its fair value. For private investments with a defined exit strategy or where the OAC is not able to exercise control or significant influence, income is recognized as dividends or distributions are declared and the investment is adjusted to its fair value.

TRANSACTION AND PURSUIT COSTS

Transaction and pursuit costs which include broker commissions, legal and other professional fees incurred as a part of the due diligence of a potential or completed transaction are expensed to investment income as incurred.

EXTERNAL MANAGER FEES

Base external manager fees for portfolio management are expensed in administrative costs as incurred. Performance fees which are contractually due to external managers for superior investment returns are expensed in investment income as incurred.

INVESTMENT LIABILITIES

Investment liabilities include commercial paper, debentures, mortgages and other debt obligations incurred by the OAC to acquire an investment, primarily in the real estate and infrastructure asset classes. Investment liabilities also include the Funds' liability to return cash collateral received in securities lending transactions. The fair value of investment liabilities is estimated using discounted cash flows based on current market yields, except for items that are short-term in nature, for which fair value is deemed to be the cost amount.

AMOUNTS DUE/PAYABLE FROM PENDING TRADES

For securities transactions, the fair value of amounts due from pending trades and amounts payable from pending trades approximate their carrying amounts due to their short-term nature. For derivative contracts, unrealized gains and losses are included in amounts due/payable from pending trades.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FOREIGN CURRENCY TRANSLATION

Certain investments are denominated in foreign currencies. The fair values of such investments are translated into Canadian dollars at the year-end rate of exchange. Unrealized foreign exchange gains and losses arising from this translation are included in net gain/loss on investments. Once a foreign currency denominated investment is sold, the realized foreign exchange gain or loss based on the settlement is recognized in realized gains/losses.

DUE TO ADMINISTERED FUNDS

Under contractual agreements and with the approval of the Government of Ontario, the OAC invests funds on behalf of The Board of Trustees of Ryerson University, the Minister of Energy for the Province of Ontario (The Ontario Hydro Guarantee Fund) and the Transit Windsor Fund. The OAC is authorized under the terms of the various agreements to recover its expenses for administering such funds.

The amount due to administered funds is credited with income based upon their proportionate interest in the Plan's net investment income and the balance reflects the administered funds' proportionate interest in the fair value of the Plan's investments.

ACCRUED PENSION BENEFITS AND ACCRUED BENEFIT OBLIGATION

The value of accrued pension benefits of the Plan is based on a projected accrued benefits method (pro-rated on service) actuarial valuation prepared by an independent firm of actuaries. This accrued benefit obligation is measured in accordance with accepted actuarial methods using actuarial assumptions and methods adopted by the OAC for the purpose of establishing the long-term funding requirements of the Plan. The actuarial valuation included in the consolidated financial statements is consistent with the valuation for funding purposes.

The valuation methodology used in the estimation of the accrued pension benefits of the RCA is developed on a basis consistent with the Plan.

ACTUARIAL VALUE OF NET ASSETS AND ACTUARIAL VALUE ADJUSTMENT

The actuarial value of net assets for the Plan is used in assessing the funding position of the Plan, including the determination of contribution rates. The actuarial value of net assets is determined by smoothing investment returns above or below the actuarial long-term rate of return assumption over a five-year period. The fair value of net assets is adjusted by the unrecognized actuarial value adjustment to arrive at the actuarial value of net assets.

SURPLUS/DEFICIT

For financial statement reporting, the surplus/deficit of the Plan is based on the difference between the fair value of the Plan net assets available for benefits and the Plan accrued benefit obligation. For funding purposes, the Plan surplus/deficit is based on the difference between the Plan actuarial value of net assets and the Plan accrued benefit obligation. For the RCA, the surplus/deficit for both financial statement reporting and funding purposes is based on the difference between the fair value of RCA assets and the RCA accrued benefit obligation.

CONTRIBUTIONS

Contributions from employers and members due to the OMERS Pension Plans as at the end of the year are recorded on an accrual basis. Service purchases that include, but are not limited to leaves of absence, conversion of normal retirement age and contract adjustments and transfers from other pension plans are recorded and service is credited when the purchase amount is received.

BENEFITS

Benefit payments to retired members are recorded as they are due, at the first of each month. Commuted value payments and transfers to other pension plans are recorded in the period in which the OAC is notified. Accrued benefits for active members are recorded as part of the accrued benefit obligation.

ADMINISTRATIVE EXPENSES

Administrative expenses are incurred for direct pension administration, direct investment management and corporate services and are recorded on an accrual basis. Direct pension administration expenses represent expenses to provide direct services to OMERS members and employers. Direct investment management expenses represent expenses of the investment entities managing OMERS investments. Corporate services expenses primarily include corporate information systems, accounting, legal and other governance expenses incurred to support either the pension administration or the investment management functions. These are allocated between pensions and investments based on an estimate of the use of resources.

NOTE 3

INVESTMENTS

Total investments, before allocating the effect of derivative contracts, and investment related assets and liabilities are as follows:

(millions) As at December 31	2010 Fair Value	2010 Cost	2009 Fair Value	2009 Cost
Public Market Investments				
Interest Bearing Investments				
Cash and short-term deposits(i)	$ 5,884	$ 5,884	$ 5,326	$ 5,326
Bonds and debentures(ii)	9,177	8,923	8,117	8,042
Real return bonds	1,472	1,134	1,977	1,639
Mortgages and private debt(iii)	1,882	1,744	1,785	1,709
	18,415	17,685	17,205	16,716
Public Equity				
Canadian public equities	6,994	5,533	6,272	5,217
Non-Canadian public equities	9,025	8,173	7,859	7,349
	16,019	13,706	14,131	12,566
Total Public Market Investments	34,434	31,391	31,336	29,282
Private Equity(iv)				
Canadian private equities(v)	3,161	2,578	2,071	1,920
Non-Canadian private equities	3,570	3,667	2,977	3,369
Total Private Equity Investments	6,731	6,245	5,048	5,289
Infrastructure Investments(v)	15,375	14,937	12,195	11,819
Real Estate Investments	12,599	11,369	11,975	10,699
Total Investments	69,139	63,942	60,554	57,089
Investment Related Assets				
Other investment assets (note 5)	1,109	1,331	862	924
Amounts due from pending trades	382	48	311	35
	1,491	1,379	1,173	959
Investment Related Liabilities				
Investment liabilities (note 6)	(16,327)	(16,063)	(13,084)	(13,015)
Amounts payable from pending trades	(338)	(102)	(254)	(33)
	(16,665)	(16,165)	(13,338)	(13,048)
Net Investment Assets	$ 53,965	$ 49,156	$ 48,389	$ 45,000

(i) Includes restricted cash of $119 million (December 31, 2009 – $166 million).
(ii) Includes non-Canadian bonds and debentures with a fair value of $228 million (December 31, 2009 – $230 million).
(iii) Includes mortgages with a fair value of $1,216 million (December 31, 2009 – $975 million).
(iv) Investment assets are net of the fair value of long-term debt of $664 million (December 31, 2009 – $438 million).
(v) Includes resource properties with a total fair value of $599 million (December 31, 2009 – $422 million).

NOTE 3

INVESTMENTS (continued)

The Funds' investments consist of the following major asset classes: public markets (which include public equities and interest bearing investments such as treasury bills, bonds, mortgages and private debt), private equity, infrastructure and real estate. The Funds' investments are made through Investment Entities that are responsible for managing the Funds' investments in specific asset classes. The Investment Entities are OMERS Capital Markets which is primarily responsible for investing in publicly traded interest bearing and equity investments; OMERS Private Equity which focuses on private equity investments; Borealis Infrastructure which focuses on infrastructure investments; Oxford Properties Group which focuses on owning and managing real estate assets; and OMERS Strategic Investments which manages strategic investments across all asset classes (collectively the "Investment Entities").

The Funds' net investment assets by Investment Entity responsible for managing the Funds' investments are as follows:

(millions) As at December 31, 2010	OMERS Capital Markets	OMERS Private Equity	Borealis Infrastructure	Oxford Properties Group	OMERS Strategic Investments	Total
Investment assets	**$ 33,563**	**$ 5,369**	**$ 15,208**	**$ 12,782**	**$ 2,217**	**$ 69,139**
Allocation of cash and other	**(1,612)**	**206**	**1,088**	**273**	**45**	**-**
Investment related assets	**468**	**13**	**702**	**143**	**165**	**1,491**
Investment related liabilities	**(1,765)**	**(20)**	**(8,814)**	**(5,782)**	**(284)**	**(16,665)**
Net Investment Assets	**$ 30,654**	**$ 5,568**	**$ 8,184**	**$ 7,416**	**$ 2,143**	**$ 53,965**

(millions) As at December 31, 2009	OMERS Capital Markets	OMERS Private Equity	Borealis Infrastructure	Oxford Properties Group	OMERS Strategic Investments	Total
Investment assets	$ 30,686	$ 4,424	$ 12,117	$ 11,975	$ 1,352	$ 60,554
Allocation of cash and other	(1,079)	1	873	186	19	-
Investment related assets	392	30	604	132	15	1,173
Investment related liabilities	(2,126)	(3)	(6,101)	(4,971)	(137)	(13,338)
Net Investment Assets	$ 27,873	$ 4,452	$ 7,493	$ 7,322	$ 1,249	$ 48,389

NOTE 3

INVESTMENTS (continued)

INVESTMENT VALUATION PRACTICE

Fair values are based on quoted prices in an active market or where such pricing is not available, fair value is estimated using observable market inputs such as interest rates, quoted prices of comparable securities or unobservable inputs based on Management assumptions of investments. Fair values are determined as follows:

(i) Short-term deposits are recorded at amortized cost, which together with accrued interest income approximates fair value.

(ii) Bonds and debentures, real return bonds and public equities are valued at year-end quoted market prices, where available. For public equities the quoted market prices are based on exchange prices while bonds, derivatives and real return bonds are based on quotes from industry standard sources. For investments where quoted market prices are not available such as mortgages and private debt, estimated values are calculated using discounted cash flows based on current market yields for comparable securities, independent asset appraisals, and financial analysis. Externally managed hedge funds where details of individual securities are not maintained by the Fund are valued based on values provided by the fund manager.

(iii) Private market investments include investments in private equity, infrastructure and real estate assets, held either directly or as a limited partner, which generally do not have a publicly available market price. For private market investments, the completion of a purchase or sale of an identical or similar investment is often the most objective determination of fair value. While not exact, appraisal or valuation procedures are able to provide estimates or identify likely ranges that a reasonable counterparty would pay for such assets. Such valuation procedures include one or a combination of the following:

- Discounting projected future cash flows of an investment using discount rates which reflect the risk inherent in the projected cash flows. Discount rates and projected cash flows are based on internal assumptions and external inputs.

- Assessing the investment assets against the value of comparable publicly listed entities.

The Funds' private market investments are valued as follows:

- the fair value of investments that have reasonably predictable future revenue streams or that derive their value based on property or commodity values is equal to the appraised amount;

- for non-operating and/or start-up directly held private investments, the value may be held at cost where cost is considered the best estimate of fair value, until there is evidence to support a change in valuation; and

- the fair value of a private fund investment where the OAC's ability to access information on underlying individual fund investments is restricted, such as under the terms of a limited partnership agreement, is equal to the value provided by the fund's general partner unless there is a specific and objectively verifiable reason to vary from the value provided by the general partner.

(iv) Fair value of derivatives, including swap, futures, option and forward contracts, are determined using quoted market prices, where available, or discounted cash flows using current market yields, where quoted market prices are not available.

Fair value measurements of investment assets and liabilities are based on inputs from one or more levels of a fair value hierarchy as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level 1 primarily includes publicly listed equity investments.

Level 2 – Fair value is based on valuation methods that make use of inputs, other than quoted prices included within Level 1, that are observable by market participants either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level 2 primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market.

NOTE 3

INVESTMENTS (continued)

Level 3 – Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. Level 3 primarily includes mortgages and private market investments valued based on discounted future cash flow models which reflect assumptions that a market participant would use when valuing such an asset or liability.

Net investment assets based on the valuation level within the fair value hierarchy are as follows:

(millions) As at December 31, 2010	Level 1	Level 2	Level 3	Total
Public Market Investments				
Interest Bearing Investments				
Cash and short-term deposits	$ 137	$ 4,139	$ 1,608	$ 5,884
Bonds and debentures	-	9,177	-	9,177
Real return bonds	-	1,472	-	1,472
Mortgages and private debt	-	-	1,882	1,882
	137	14,788	3,490	18,415
Public equity	15,080	-	96	15,176
Public fund investments	-	553	290	843
Total Public Market Investments	15,217	15,341	3,876	34,434
Private Equity Investments				
Direct investments	113	317	3,180	3,610
Fund investments	-	-	3,121	3,121
Total Private Equity Investments	113	317	6,301	6,731
Infrastructure Investments	-	-	15,375	15,375
Real Estate Investments	-	-	12,599	12,599
Total Investments	15,330	15,658	38,151	69,139
Investment Related Assets				
Other investment assets	-	89	1,020	1,109
Amounts due from pending trades(i)	37	345	-	382
	37	434	1,020	1,491
Investment Related Liabilities				
Debt	-	(3,175)	(9,847)	(13,022)
Payables under securities lending program	-	(1,566)	-	(1,566)
Amounts payable from pending trades(i)	(42)	(139)	(157)	(338)
Other payables and liabilities	-	(10)	(1,729)	(1,739)
	(42)	(4,890)	(11,733)	(16,665)
Net Investment Assets	$ 15,325	$ 11,202	$ 27,438	$ 53,965

(i) Includes fair value of derivatives.

NOTE 3

INVESTMENTS (continued)

(millions) As at December 31, 2009	Level 1	Level 2	Level 3	Total
Public Market Investments				
Interest Bearing Investments				
Cash and short-term deposits	$ 193	$ 4,306	$ 827	$ 5,326
Bonds and debentures	-	8,117	-	8,117
Real return bonds	-	1,977	-	1,977
Mortgages and private debt	-	-	1,785	1,785
	193	14,400	2,612	17,205
Public equity	13,295	-	73	13,368
Public fund investments	-	478	285	763
Total Public Market Investments	13,488	14,878	2,970	31,336
Private Equity Investments				
Direct investments	2	341	2,015	2,358
Fund investments	-	-	2,690	2,690
Total Private Equity Investments	2	341	4,705	5,048
Infrastructure Investments	-	-	12,195	12,195
Real Estate Investments	5	-	11,970	11,975
Total Investments	13,495	15,219	31,840	60,554
Investment Related Assets				
Other investment assets	-	222	640	862
Amounts due from pending trades[(i)]	37	274	-	311
	37	496	640	1,173
Investment Related Liabilities				
Debt	-	(2,816)	(6,733)	(9,549)
Payables under securities lending program	-	(1,960)	-	(1,960)
Amounts payable from pending trades[(i)]	(53)	(98)	(103)	(254)
Other payables and liabilities	-	(474)	(1,101)	(1,575)
	(53)	(5,348)	(7,937)	(13,338)
Net Investment Assets	$ 13,479	$ 10,367	$ 24,543	$ 48,389

(i) Includes fair value of derivatives.

The Level 3 classification includes all assets and liabilities related to investments valued based on non-observable market data. Where the investment asset being valued is an entity, the Level 3 category includes all assets and liabilities of that entity. In addition, where the investment asset is hedged against foreign currency gains and losses, the impact of the hedging activity is included in the valuation.

NOTE 3

INVESTMENTS (continued)

The following table presents the changes in the fair value measurements in Level 3 of the fair value hierarchy:

(millions)	Fair Value Dec. 31, 2009	Total Gain/(Loss) Included in Net Income	Transfers In (Out)[i]	Contributed Capital	Capital Returned	Fair Value Dec. 31, 2010	Unrealized Gains/Losses Attributable to Investments Held at Dec. 31, 2010[ii]
Mortgages and private debt	$ 1,785	$ 57	$ -	$ 372	$ (332)	**$ 1,882**	**$ 60**
Public equity investments	73	20	-	48	(45)	**96**	**20**
Public fund investments	285	5	-	-	-	**290**	**2**
Private equity – direct investments	1,943	283	530	587	(192)	**3,151**	**104**
Private equity – fund investments	2,677	665	-	386	(470)	**3,258**	**177**
Infrastructure investments	7,571	710	(545)	986	(359)	**8,363**	**246**
Real estate investments	11,573	91	-	1,379	(909)	**12,134**	**135**
Real estate fund investments	338	(13)	-	108	(15)	**418**	**(10)**
Debt	(1,702)	(183)	-	331	(600)	**(2,154)**	**(92)**
Total	$ 24,543	$ 1,635	$ (15)	$ 4,197	$ (2,922)	**$ 27,438**	**$ 642**

(i) Represents amounts transferred between assets classes. The net amount transferred out represents a private investment that became publicly traded in 2010.
(ii) Amount represents unrealized market value adjustments which are included in the valuation of assets held at year end only.

Level 3 financial instruments are valued using internal models and the resulting valuations are significantly affected by non-observable inputs, the most significant of which is the discount rate. The following hypothetical analysis illustrates the sensitivity of the Level 3 valuations to reasonably possible alternative discount rate assumptions where such reasonably possible alternative assumptions would change the fair value significantly. The impact to the valuation from changes to the discount rate has been calculated independently of the impact of changes in other key variables. In actual experience, a change in the discount rate may be the result of changes in a number of underlying assumptions which could amplify or reduce the impact on the valuation.

As at December 31, 2010	Increase/Decrease in Discount Rate (basis points)	Increase/Decrease in Net Investment Assets (millions)
Private equity – direct investments	**60**	**$ 160**
Infrastructure investments	**20**	**380**
Real estate investments	**25**	**250**
Total Impact on Net Investment Assets		**$ 790**

As at December 31, 2009	Increase/Decrease in Discount Rate (basis points)	Increase/Decrease in Net Investment Assets (millions)
Private equity – direct investments	60	$ 130
Infrastructure investments	20	300
Real estate investments	25	210
Total Impact on Net Investment Assets		$ 640

NOTE 3

INVESTMENTS (continued)
The fair value of public market, private equity and real estate fund investments where the OAC does not have access to the underlying investment information is based on the value provided by the general partner or other external manager and therefore, in the absence of specific information to support deviating from this value, no other reasonably possible alternative assumptions could be applied.

The Funds held the following investments, each having a fair value or cost, exceeding one per cent of the fair value or cost of net investment assets:

As at December 31,			2010			2009
(millions)	Number of Investments	Fair Value	Cost	Number of Investments	Fair Value	Cost
Public market investments	**1**	**$ 686**	**$ 683**	-	$ -	$ -
Private market investments	**14**	**16,799**	**15,683**	13	13,335	12,390
	15	**$ 17,485**	**$ 16,366**	13	$ 13,335	$ 12,390

Public market investments where the individual issue has a cost or fair value exceeding one per cent of the cost or fair value of net investment assets includes an investment in a Government of Canada interest bearing security.

Private market investments having a cost or fair value exceeding one per cent of the cost or fair value of net investment assets include a limited partnership interest in Bruce Power; ownership interests in Teranet, Oncor, HS1 Limited, Associated British Ports, Scotia Gas Networks, LifeLabs and OMERS Energy Inc.; and real estate ownership interests in Yorkdale Shopping Centre located in Ontario, the Fairmont Banff Springs Hotel located in Alberta, TD Canada Trust Tower located in Ontario, the Richmond Adelaide Complex located in Ontario, Centennial Place located in Alberta and Watermark Place located in London, England.

INVESTMENT RISK

The OAC is exposed to a variety of financial risks as a result of its investment activities and has formal policies and procedures that govern the management of market, credit and liquidity risk. The objective of investment risk management is to minimize unanticipated losses, to optimize the reward-risk trade-off for the Funds and to enhance the ability of the Plans to meet their respective obligations.

Investment risk is managed through various policies including entity level policies, risk measurement policies, and investment policies which establish a target asset mix between public market and private market investments. Within public market investments, policies establish targets between interest bearing and public equity investments and within private markets investments, policies establish targets among private equity, infrastructure and real estate investments to ensure diversification across and within asset classes.

The Investment Entities are responsible for managing their investment risk and for ensuring that the returns are in line with the risk taken. The OAC utilizes analytical and reporting tools to manage investment risk and achieve its desired level of risk at the enterprise, public market and non-public market levels. In addition, derivative financial instruments are used, where appropriate, to assist in the management of these risks (note 4).

a) Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk encompasses a variety of financial risks, such as foreign currency risk, interest rate risk and price risk. Significant volatility in interest rates, equity values and the value of the Canadian dollar against the currencies in which our investments are held can significantly impact the value of our investments and the funded status of the OMERS Pension Plans.

The OAC uses various investment strategies such as diversification, hedging and the use of derivative instruments to mitigate the various forms of market risk. In addition, investment exposure in various assets and markets is monitored daily.

NOTE 3

INVESTMENTS (continued)

- **Foreign Currency Risk**

  Investments denominated in currencies other than the Canadian dollar expose the Funds to fluctuations in foreign exchange rates. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. The OAC has currency exposure management programs under which it hedges foreign currency exposure through the use of foreign exchange forward contracts. The OAC also makes active investments in foreign currencies with the objective of adding value. The net exposure to foreign currencies represents 15 per cent (2009 – 13 per cent) of net investment assets at December 31, 2010.

The OAC's total currency exposure before the impact of currency hedging and trading activities, the impact of hedging and trading activities and the net currency exposure are as follows:

As at December 31,				**2010**					2009	
				Fair Value By Currency					Fair Value By Currency	
(millions Cdn dollar equivalent)	Total Exposure(i)	Hedging Activities	Trading Activities	Net Exposure	% of Total	Total Exposure(i)	Hedging Activities	Trading Activities	Net Exposure	% of Total
Canada	**$ 34,419**	**$ 11,572**	**$ -**	**$ 45,991**	**85%**	$ 31,975	$ 10,255	$ (14)	$ 42,216	87%
United States	**10,264**	**(6,681)**	**-**	**3,583**	**7%**	8,784	(5,824)	518	3,478	7%
Euro Countries	**2,086**	**(1,532)**	**-**	**554**	**1%**	2,025	(1,486)	(504)	35	0%
United Kingdom	**3,208**	**(2,131)**	**-**	**1,077**	**2%**	2,573	(1,807)	-	766	2%
Japan	**939**	**(426)**	**-**	**513**	**1%**	771	(379)	-	392	1%
Other Pacific	**1,494**	**(402)**	**-**	**1,092**	**2%**	1,093	(392)	-	701	1%
Emerging Markets	**787**	**(175)**	**-**	**612**	**1%**	524	(166)	-	358	1%
Other Europe	**768**	**(225)**	**-**	**543**	**1%**	644	(201)	-	443	1%
	$ 53,965	**$ -**	**$ -**	**$ 53,965**	**100%**	$ 48,389	$ -	$ -	$ 48,389	100%

(i) Currency exposure before the impact of currency hedging and trading activities.

After giving effect to the impact of hedging and trading activities, a 10 per cent increase/decrease in the value of the Canadian dollar against all currencies, with all other variables and underlying values held constant, would result in an approximate decrease/increase in the value of the Funds' net investment assets and an unrealized (loss)/gain of $797 million (2009 – $617 million).

- **Interest Rate Risk**

  Interest rate risk refers to the effect on the fair market value of the Funds' assets and liabilities due to fluctuations in interest rates. Due to the inflation indexing of benefit entitlements and the relatively long-term nature of pension benefits (notes 7 and 8), the accrued benefit obligation is influenced by inflation and long-term rates of return. The impact to the Plan from a change in interest rates will be mitigated as the impact on the valuation of investment assets is generally opposite from the impact on investment liabilities and the accrued benefit obligation. The interest bearing investment portfolio has guidelines on concentration and duration which are designed to mitigate the risk of interest rate volatility.

The term to maturity classifications of interest bearing investments, based upon the contractual maturity of the securities, are as follows:

As at December 31,					**2010**		2009
	Term to Maturity						
(millions)	Within 1 Year	1 to 5 Years	Over 5 Years	Total	Average Effective Yield(i)	Total	Average Effective Yield(i)
Cash and short-term deposits	**$ 5,884**	**$ -**	**$ -**	**$ 5,884**	**1.12%**	$ 5,326	0.36%
Bonds and debentures	**285**	**4,141**	**4,751**	**9,177**	**3.08%**	8,117	3.47%
Real return bonds(ii)	**-**	**26**	**1,446**	**1,472**	**1.09%**	1,977	1.51%
Mortgages and private debt	**85**	**686**	**1,111**	**1,882**	**4.20%**	1,785	4.81%
	$ 6,254	**$ 4,853**	**$ 7,308**	**$ 18,415**	**2.40%**	$ 17,205	2.42%

(i) Average effective yield represents the weighted average rate required to discount future contractual cash flows to current market value.

(ii) Real return bond yields are based on real interest rates. The ultimate yield will be impacted by inflation as it occurs.

NOTE 3

INVESTMENTS (continued)

After giving effect to derivative contracts (note 4), OAC debt liabilities and amounts payable under the OAC securities lending programs (note 6), a one per cent increase/decrease in nominal interest rates, with all other variables held constant, would result in an approximate decrease/increase in the value of net interest bearing investments and an unrealized (loss)/gain of $367 million (2009 – $306 million). Similarly, a one per cent increase/decrease in real interest rates would result in an approximate decrease/increase in the value of real return bonds and an unrealized (loss)/gain of $305 million (2009 – $413 million).

- **Price Risk**

  Price risk is the risk that the fair market value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. The OAC is subject to price risk through its public equity investments and in addition to geographic, industrial sector and entity specific analysis, uses strategies such as diversification and the use of derivative instruments to mitigate the overall impact of price risk. The OAC's private market investments are also subject to price risk as they are impacted by many general and specific market variables. After giving effect to derivative contracts, a 10 per cent increase/decrease in the value of all public equity and private market investments, with all other variables held constant, would result in an approximate increase/decrease in the value of public and private market exposure and an unrealized gain/(loss) of $4,134 million (2009 – $3,546 million).

b) Credit Risk

Credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the OAC, including its inability or unwillingness to pay borrowed principal, interest or rent when they come due. Credit risk can also lead to losses when issuers and debtors are downgraded by credit rating agencies, usually leading to a fall in the market value of the debtors' obligations. The OAC has put in place investment policies and procedures that have established investment criteria designed to manage credit risk by setting limits to credit exposure from individual corporate entities and by requiring collateral where appropriate. The credit quality of financial assets is generally assessed by reference to external credit ratings, where available, or to historical information about counterparty default rates. Credit risk associated with derivative financial instruments is discussed in note 4.

The OAC's most significant credit risk exposure arises from its interest bearing investments. The Funds' interest bearing investments exposed to credit risk are as follows:

(millions)

As at December 31,	2010		2009	
	Interest Bearing Investments	% of Total	Interest Bearing Investments	% of Total
Federal Government	$ 5,551	30%	$ 5,191	30%
Provincial Government	2,848	16%	2,754	16%
Municipal	21	0%	-	-
Corporate				
Investment grade	7,006	38%	6,155	36%
Non-investment grade	635	3%	564	3%
Securities lending cash collateral	1,566	9%	1,960	12%
Cash on deposit	788	4%	581	3%
	$ 18,415	100%	$ 17,205	100%

The OAC participates in a securities lending program where it lends securities that it owns to third parties for a fee. For securities lent, the Fund receives a fee and the borrower provides cash or readily marketable securities of higher value as collateral which mitigates the credit risk associated with the program. As at December 31, 2010, securities with an estimated fair value of $3,615 million (2009 – $3,762 million) were loaned out, while collateral held had an estimated fair value of $3,750 million (2009 – $3,894 million) of which $1,566 million (2009 – $1,960 million) was cash collateral invested in short-term interest bearing investments.

NOTE 3

INVESTMENTS (continued)

c) Liquidity Risk

Liquidity risk describes the Fund's ability to manage financial liability related cash requirements in a timely and cost-effective manner.

The OAC's primary future liabilities include the accrued benefit obligation of the Plan (note 7) and the RCA (note 8) and debt financing investments (note 6). The contractual undiscounted principal repayments and term to maturity of the investment liabilities are disclosed in note 6.

In the normal course of business, the OAC enters into contracts that give rise to commitments for future payments which may also impact our liquidity (note 16).

The cash requirements related to these liabilities are managed using investment income from public and private investments (note 9), contributions made by both members and employers (note 11), and through investing in assets which may be efficiently converted to cash in both normal and stressed market conditions.

Another part of liquidity risk is the OAC's ability to cover its commercial paper issuance. OAC is authorized to issue up to $3,100 million in commercial paper to help finance future investment opportunities. OAC holds at least 1.5 times the authorized size of the commercial paper program in liquid assets.

NOTE 4

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are financial contracts, the value of which is derived from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets.

Derivative financial instruments are used, when appropriate, to manage the Funds' asset mix and to assist in the management of exposure to market risk, including foreign currency, interest rate and price risk, without directly purchasing or selling the underlying assets or currencies. In certain circumstances, derivatives are also used to increase returns or to replicate investments synthetically.

DERIVATIVE CONTRACTS

Types of contracts currently entered into by the Funds include:

Interest Rate Swaps

Interest rate swaps involve contractual agreements between two counterparties to exchange fixed and floating interest payments based on notional amounts.

Bond and Equity Swaps

Bond and equity swaps involve contractual agreements between two counterparties to exchange a series of cash flows based on changes in the value of bond or equity instruments or an index.

Bond and Equity Options

Bond and equity options are contractual agreements where the seller (writer) gives the right but not the obligation to a counterparty to buy (call option) or sell (put option) a specified quantity of a financial instrument on or before a specified future date at a predetermined price. The financial instruments may include bonds, a bond index, equities or an equity index. The seller receives a premium from the counterparty for this right. Options may be traded through an exchange or in the over-the-counter market.

Bond Forward Contracts

Bond forward contracts are contractual agreements to buy or sell bonds or a bond index at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market.

Equity Index Futures Contracts

Futures contracts are agreements to either buy or sell specified equity indices at a specified price and date in the future. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash settlement of changes in fair value.

NOTE 4

DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Exchange Forward Contracts

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. Foreign exchange forward contracts are used to provide exposure to currencies other than the Canadian dollar, to hedge currency exposure and for active trading.

CREDIT RISK

The Funds are exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. In order to mitigate this risk, the Funds:

- deal only with highly rated counterparties, normally major financial institutions with minimum credit standard of "A" rating, as supported by a recognized credit rating agency; and

- arrange credit risk mitigation in the form of periodic prepayments of the fair value of contracts.

Credit risk represents the maximum amount that would be at risk as at the reporting date if the counterparties failed to perform under the contracts, and if the right of offset proved to be non-enforceable. Credit risk exposure on derivative financial instruments is represented by the replacement cost receivable of contracts with counterparties, less any prepayment collateral or margin received, as at the reporting date.

Credit risk on futures contracts is minimal as the counterparty is an exchange rather than a corporate entity and contracts are marked to market and margin receivables and payables are settled in cash daily.

The following summarizes the Funds' derivative portfolio and related credit exposure:

(millions)

As at December 31,			2010			2009
		Fair Value[ii]			Fair Value[ii]	
	Notional Value[i]	Assets[iii]	Liabilities	Notional Value[i]	Assets[iii]	Liabilities
Interest Rate Contracts						
Interest rate swap contracts	$ 2,435	$ 11	$ (150)	$ 1,888	$ 10	$ (110)
Bond index swap contracts	576	-	(4)	572	-	(5)
Bond forward contracts	525	-	(9)	-	-	-
Bond options – purchased[iv]	101	-	-	196	10	-
	3,637	11	(163)	2,656	20	(115)
Equity Contracts						
Equity index futures contracts	3,642	1	(6)	2,416	2	(16)
Equity index swap contracts	914	27	(22)	305	7	-
Equity options written[v]	-	-	-	38	-	(1)
	4,556	28	(28)	2,759	9	(17)
Foreign Exchange Forward Contracts	13,887	296	(42)	12,814	247	(85)
Total	$ 22,080	$ 335	$ (233)	$ 18,229	$ 276	$ (217)

(i) 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 consolidated financial statements.
(ii) Fair value represents unrealized gains or losses from derivative contracts which are recorded in the consolidated statement of net assets available for benefits and accrued benefit obligations and deficits based on the fair value of the derivative contract. Fair value represents the cost of replacing all outstanding contracts under current market conditions. Contracts with a positive fair value are recorded as part of amounts due from pending trades. Contracts with a negative fair value are recorded as part of amounts payable from pending trades.
(iii) The fair value of derivative contracts recorded as an asset represents the credit risk replacement cost or the loss to which the Funds are exposed should counterparties fail to perform under the derivative contracts. The amounts do not take into consideration legal contracts that permit offsetting of positions or any collateral which may be held.
(iv) The premium paid on bond options purchased in 2009 was $5 million.
(v) The premium received on equity options written in 2009 was $2 million.

NOTE 4

DERIVATIVE FINANCIAL INSTRUMENTS (continued)
The term to maturity based on notional value is as follows:

(millions)
As at December 31,

	2010				2009			
	Interest Rate Contracts	Equity Contracts	Foreign Exchange Contracts	Total	Interest Rate Contracts	Equity Contracts	Foreign Exchange Contracts	Total
Under 1 year	$ 1,203	$ 4,538	$ 13,887	$ 19,628	$ 889	$ 2,759	$ 12,814	$ 16,462
1 to 5 years	245	18	-	263	377	-	-	377
Over 5 years	2,189	-	-	2,189	1,390	-	-	1,390
	$ 3,637	$ 4,556	$ 13,887	$ 22,080	$ 2,656	$ 2,759	$ 12,814	$ 18,229

NOTE 5

OTHER INVESTMENT ASSETS
Other investment assets are comprised of operational accounts receivable and accrued income and other assets related to private equity, infrastructure and real estate investments.

OTHER INVESTMENT ASSETS

(millions)

As at December 31,	2010	2009
Investment receivables	$ 820	$ 635
Deferred assets, prepaid and other	289	227
Other investment assets	$ 1,109	$ 862

NOTE 6

INVESTMENT LIABILITIES
The investment liabilities are as follows:

(millions)

As at December 31,	2010	2009
Debt (a)	$ 13,022	$ 9,549
Payable under securities lending program (b)	1,566	1,960
Deferred revenue	116	120
Payables and other liabilities	1,623	1,455
Total	$ 16,327	$ 13,084

NOTE 6

INVESTMENT LIABILITIES (continued)

(a) Debt is comprised of the following:

(millions) As at December 31,	2010 Fair Value	2010 Cost	2010 Weighted Average Interest Rate	2009 Fair Value	2009 Cost	2009 Weighted Average Interest Rate
Oxford Properties Group						
Secured debt(i)	$ 2,222	$ 2,182	4.56%	$ 1,703	$ 1,756	5.57%
Series A debentures(ii)	531	500	2.27%	540	500	2.65%
Series C debentures(iii)	416	400	2.39%	415	400	2.93%
Series D debentures(iv)	212	200	3.81%	202	200	4.63%
ORCH debentures(v)	182	170	3.33%	177	170	4.01%
ORCH Two debentures(vi)	188	180	2.70%	185	180	3.34%
Commercial paper(vii)	-	-	-	1,296	1,296	0.29%
	3,751	3,632	3.72%	4,518	4,502	3.27%
Borealis Infrastructure						
Secured debt(viii)	6,484	6,345	3.89%	3,443	3,421	3.70%
Commercial paper(ix)	-	-	-	1,499	1,499	0.29%
	6,484	6,345	3.89%	4,942	4,920	2.67%
OMERS Strategic Investments						
Secured debt(x)	142	142	2.41%	89	89	1.90%
OMERS Finance Trust(xi)						
Oxford Properties Group commercial paper	1,568	1,568		-	-	-
Borealis Infrastructure commercial paper	1,067	1,067		-	-	-
Other	10	10		-	-	-
	2,645	2,645	1.14%	-	-	-
Total(xii)	$ 13,022	$ 12,764	3.27%	$ 9,549	$ 9,511	2.95%

(i) Includes mortgages and other secured debt with various terms to maturity up to 2027 with each debt instrument secured by a specific real estate asset.
(ii) OMERS Realty Corporation Series A 5.48% Debentures issued December 4, 2002, maturing December 31, 2012.
(iii) OMERS Realty Corporation Series C 4.09% Debentures issued May 8, 2008, maturing June 4, 2013.
(iv) OMERS Realty Corporation Series D 4.74% Debentures issued May 8, 2008, maturing June 4, 2018.
(v) OMERS Realty CTT Holdings Inc. Series A 4.75% Debentures issued May 5, 2009, maturing May 5, 2016.
(vi) OMERS Realty CTT Holdings Two Inc. Series A 4.05% Debentures issued May 5, 2009, maturing May 5, 2014.
(vii) OMERS Realty Corporation's Commercial Paper program was discontinued during 2010. Effective April 12, 2010 all OAC guaranteed Commercial Paper is issued through OMERS Finance Trust.
(viii) Includes mortgages and other secured debt with various terms to maturity up to 2045 with each debt secured by a specific infrastructure asset.
(ix) Borealis Finance Trust's Commercial Paper program was discontinued during 2010. Effective April 12, 2010 all OAC guaranteed Commercial Paper is issued through OMERS Finance Trust.
(x) Debt secured by specific assets with terms to maturity up to 2012.
(xi) OMERS Finance Trust's Commercial Paper program is authorized up to $3,100 million. Commercial Paper outstanding has maturities from January 4, 2011 to March 30, 2011.
(xii) Scheduled principal repayments for the five years subsequent to December 31, 2010 and thereafter are as follows:

(millions)	
2011	$ 3,227
2012	1,294
2013	801
2014	409
2015	1,489
Thereafter	5,544
	$ 12,764

NOTE 6

INVESTMENT LIABILITIES (continued)

(b) As part of the securities lending program, the Plan receives cash collateral that it invests in short-term interest bearing investments. The Plan is obligated to return the cash collateral upon termination of the arrangement. The securities lending agreements may be terminated at anytime and as such the collateral is repayable on demand.

NOTE 7

OMERS PRIMARY PENSION PLAN

A summary of the financial statements for the Plan as at and for the period ended is as follows:

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED BENEFIT OBLIGATION AND DEFICIT

(millions) As at December 31,	2010	2009
Net Assets Available for Benefits		
Net investment assets	$ 53,127	$ 47,635
Other assets	234	203
Other liabilities	(71)	(54)
Net Assets Available for Benefits	$ 53,290	$ 47,784
Accrued Benefit Obligation and Deficit		
Accrued benefit obligation	$ 60,035	$ 54,253
Deficit		
Funding deficit	(4,467)	(1,519)
Actuarial value adjustment of net assets	(2,278)	(4,950)
	(6,745)	(6,469)
Accrued Benefit Obligation and Deficit	$ 53,290	$ 47,784

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(millions) For the year ended December 31,	2010	2009
Statement of Changes in Net Assets		
Net investment income/(loss)	$ 5,382	$ 4,308
Contributions	2,299	2,131
Benefits	(2,121)	(2,045)
Pension administrative expenses	(54)	(48)
Total Increase	5,506	4,346
Net assets, beginning of year	47,784	43,438
Net Assets, End of Year	$ 53,290	$ 47,784

NOTE 7

OMERS PRIMARY PENSION PLAN (continued)

ACTUARIAL VALUE OF NET ASSETS OF THE PLAN

The actuarial valuation of the Plan is performed on an annual basis and must be filed with FSCO at least once every three years. The Plan valuation was last filed for the December 31, 2009 year-end and, if not filed earlier, must be filed for the December 31, 2012 year end.

The actuarial value of net assets of the Plan is established such that investment returns above or below the long-term return assumption in effect for the year, 6.50 per cent for 2010 (2009 – 6.50 per cent) are recognized over five years to smooth fluctuations in the market value of net assets. For 2010, $1,816 million was credited to the actuarial valuation adjustment because the investment return was in excess of the long-term rate of return assumption. This compares with 2009 when $1,187 million was credited to the actuarial valuation adjustment because the investment return was in excess of the long-term rate of return assumption.

As a result, at December 31, 2010, the Plan has $2,278 million representing the net unrecognized returns below the long-term rate of return assumption (2009 – $4,950 million net unrecognized returns below the long-term rate of return assumption) in the actuarial valuation adjustment reserve. The present value of unrecognized net investment returns by initial year earned and amounts to be recognized from 2011 through 2014 after application of the long-term return assumption are as follows:

(millions)

Initial Year Earned	Actuarial Valuation Adjustment as at Dec. 31, 2010(i)	Unrecognized Investment Returns to be Recognized in 2011	2012	2013	2014	Actuarial Valuation Adjustment as at Dec. 31, 2009
2006	$ -	$ -	$ -	$ -	$ -	$ 887
2007	167	177	-	-	-	313
2008	(5,209)	(2,773)	(2,954)	-	-	(7,337)
2009	948	337	359	382	-	1,187
2010	1,816	484	515	548	584	-
	$ (2,278)	$ (1,775)	$ (2,080)	$ 930	$ 584	$ (4,950)

(i) For each initial year, amounts in the actuarial valuation adjustment reserve are escalated annually by the long-term return assumption. Reserve amounts are recognized in actuarial assets based on the number of years remaining in the five-year smoothing period.

The change in the actuarial adjustment is as follows:

(millions)

For the year ended December 31,	2010	2009
Expected interest on beginning actuarial valuation adjustment(i)	$ (321)	$ (414)
Current year returns in excess of the funding rate(i)	1,816	1,187
Prior years' returns below the funding rate recognized in the year	1,177	640
Increase	2,672	1,413
Actuarial valuation adjustment, beginning of year	(4,950)	(6,363)
Actuarial Valuation Adjustment, End of Year	$ (2,278)	$ (4,950)

(i) Based on the funding rate in effect during the year, 2010 – 6.50 per cent (2009 – 6.50 per cent).

NOTE 7

OMERS PRIMARY PENSION PLAN (continued)

ACCRUED PENSION BENEFITS OF THE PLAN

The actuarial present value of accrued benefits is an estimate of the value of pension and other benefit obligations of the Plan in respect of benefits accrued to date for all active and inactive members. This obligation is measured using the same actuarial assumptions and methods adopted by the OAC for determining the Plan's minimum funding requirements as set out under the PBA. As the experience of the Plan unfolds, and as underlying conditions change over time, the actual value of accrued benefits payable in the future could be materially different than the actuarial present value.

The projected accrued benefit method (pro-rated on service) is used for the actuarial valuation. Under this method, the cost of providing benefits to an individual member will increase as the individual member ages and gets closer to retirement.

The following are the primary economic actuarial assumptions which have been used in the actuarial valuation of the Plan as at December 31:

	2010	2009
Assumed rate of inflation	**2.25%**	2.25%
Real rate of return assumed on Plan assets	**4.25%**	4.25%
Discount rate (rate of inflation plus real rate of return)	**6.50%**	6.50%

The assumed increases in the real rate of pensionable earnings (i.e. increase in excess of the assumed inflation rate) are dependent on the attained age of the members. These rates of increase were updated in 2009 to reflect recent experience of the Plan and current expectations for future years.

	2010				2009			
	Until 2014	NRA60(i) After 2014	Until 2014	NRA65(i) After 2014	Until 2014	NRA60(i) After 2014	Until 2014	NRA65(i) After 2014
Assumed real rate of pensionable earnings increases (weighted average of a table of age related increases)	**1.40%**	**1.90%**	**1.10%**	**1.60%**	1.40%	1.90%	1.10%	1.60%
Rate of pensionable earnings increases (assumed rate of inflation plus real rate of pensionable earnings increases)	**3.65%**	**4.15%**	**3.35%**	**3.85%**	3.65%	4.15%	3.35%	3.85%

(i) Normal Retirement Age of 60 and 65 years of age respectively.

In addition, demographic assumptions are used to estimate when future benefits are payable to members and beneficiaries, including assumptions about mortality rates, termination rates, and patterns of early retirement. Each of these assumptions is updated periodically, based on a detailed review of the experience of the Plan and on the expectations for future trends. During 2010, the early retirement assumption was updated. The assumption continues to be an age-based scale, but the scale now reflects the members' earliest age at which they are eligible to retire with an unreduced pension, prior to their normal retirement age.

The accrued benefit obligation as at December 31, 2010 takes account of known changes in the Plan membership up to December 1, 2010, actual inflationary increases to pension payments and deferred pension payments to be implemented as at January 1, 2011, and estimated pensionable earnings and credited service accruals in 2010.

NOTE 7

OMERS PRIMARY PENSION PLAN (continued)

The deficit of the Plan's actuarial value of net assets available for benefits over accrued benefit obligation is as follows:

(millions) As at December 31,	2010	2009
Fair value of net assets available for benefits	$ 53,290	$ 47,784
Actuarial value adjustment	2,278	4,950
Actuarial value of net assets available for benefits	55,568	52,734
Accrued benefit obligation	60,035	54,253
Funding deficit of actuarial value of net assets available for benefits over accrued benefit obligation	(4,467)	(1,519)
Reversal of actuarial value adjustment	(2,278)	(4,950)
Deficit of net assets available for benefits over accrued benefit obligation	$ (6,745)	$ (6,469)

As the Plan provides 100 per cent inflation protection, the accrued benefit obligation is particularly sensitive to changes in the assumed real rate of pensionable earnings increases, which impacts future benefits, and the assumed real rate of return on plan assets, which is used in the discounting of these future benefits. A 50 basis point change in the following assumptions (with no change in other assumptions) would have the following approximate effects on the accrued benefit obligation:

50 Basis Point Decrease/Increase	Approximate effect on Accrued Benefit Obligation
Real rate of pensionable earnings increases	-/+$1,400 million
Real return on plan assets and discount rate	+/-$4,700 million

SOLVENCY VALUATION

The actuarial value of net assets and the actuarial present value of accrued pension benefits are presented on a going concern basis. Prior to 2010 the Plan was also required to perform a solvency valuation, which is a special valuation which assumes a hypothetical liquidation scenario. During 2010 the Ontario Government amended the PBA to exempt jointly sponsored pension plans, such as the Plan, from having to fund for any solvency deficiency as the risk of such plans being wound up is remote. The regulations have not yet been released and therefore the exact requirements of this new legislation are not yet known.

Pending any requirements which may arise from the regulations, the actuarial present value of accrued pension benefits for the Plan under the previous solvency valuation requirements has been calculated. The solvency valuation of the accrued benefit obligation calculated on a smoothed basis, using discount rates set by reference to long-term nominal bond yields at the valuation date with no allowance for future salary increments, was estimated to be $56,203 million as at December 31, 2010 (2009 – $50,979 million). This amount excludes the value of future cost of living increases, as permitted under the PBA. As at December 31, 2010, the smoothed value of net assets of the Plan, allowing for a provision for expenses and other adjustments required by the PBA, was $57,214 million (2009 – $53,267 million). On this basis the Plan has a solvency surplus at December 31, 2010 of $1,011 million, compared to a surplus of $2,288 million at December 31, 2009.

Going concern and solvency actuarial valuations of the Plan are performed on an annual basis and must be filed with FSCO at least once every three years. The Plan valuation was last filed for the December 31, 2009 year-end and, if not filed earlier, must be filed for the December 31, 2012 year-end.

NOTE 8

RETIREMENT COMPENSATION ARRANGEMENT

The Retirement Compensation Arrangement provides pension benefits for those members with earnings exceeding the amount that generates the maximum pension allowed by the *Income Tax Act* with respect to service after 1991. Under the OMERS Act, the OAC is the administrator of the RCA. The investments of the RCA are managed separate from those of the Plan.

NOTE 8

RETIREMENT COMPENSATION ARRANGEMENT (continued)
The full earnings pension benefits provided by the RCA are not fully funded but are funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax applicable to all RCA plans under the *Income Tax Act*. Contributions to the RCA are based on the top-tier Plan contribution rates and are payable to the RCA on the excess of earnings over the maximum contributory earnings allowed under the Plan, which was $140,652 for 2010 (December 31, 2009 – $137,848). Benefits in excess of the maximum amounts payable from the Plan as allowed by the *Income Tax Act* will be paid from the RCA.

A summary of the financial statements for the RCA as at and for the period ended is as follows:

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND ACCRUED BENEFIT OBLIGATION AND DEFICIT

(millions) As at December 31,	2010	2009
Net Assets Available for Benefits		
Net investment assets	$ 29	$ 20
Other assets	31	28
Other liabilities	(1)	-
Net Assets Available for Benefits	$ 59	$ 48
Accrued Benefit Obligation and Deficit		
Accrued benefit obligation	$ 468	$ 486
Deficit	(409)	(438)
Accrued Benefit Obligation and Deficit	$ 59	$ 48
Statement of Changes in Net Assets Available for Benefits		
Net investment income	$ 2	$ 2
Contributions	14	12
Benefits	(5)	(5)
Total Increase	11	9
Net assets, beginning of year	48	39
Net Assets, End of Year	$ 59	$ 48

The actuarial assumptions used for the RCA are consistent with those used for the Plan except that the discount rate as at December 31, 2010 is 3.25 per cent (2009 – 3.25 per cent), which approximates the effect of the 50 per cent refundable tax applicable to the RCA. A 50 basis point decrease/increase in the assumed rate (with no change in other assumptions) before reflecting the 50 per cent refundable tax would have a +/- $25 million impact on the accrued benefit obligation.

Determination of the value of the RCA accrued benefit obligation is made on the basis of an actuarial valuation. The deficit of net assets over accrued benefit obligation as at December 31 is as follows:

(millions) As at December 31,	2010	2009
Fair value of net assets at end of year	$ 59	$ 48
Accrued benefit obligation at end of year	468	486
Deficit of actuarial value of net assets over accrued benefit obligation	$ (409)	$ (438)

NOTE 9

NET INVESTMENT INCOME

The Funds' investments consist of the following major asset classes: public markets (which includes public equities and interest bearing investments such as treasury bills, bonds, mortgages and private debt), private equity, infrastructure and real estate.

Income from assets backing derivative financial instruments is reported in the particular investment category by major asset class. Realized and unrealized income from derivative financial instruments is a gain of $1,087 million (2009 – gain of $1,031 million).

The Funds' investment income/(loss) by asset classes is as follows:

(millions)
For the year ended December 31, **2010**

	Investment Income(i)	Net Gain/(Loss) on Investments and Derivatives(ii)	Total Investment Income	Investment Management Expenses (note 13(b))(iii)	Net Investment Income
Public Market Investments					
Interest Bearing Investments					
Short-term deposits	$ 22	$ (4)	$ 18		
Bonds and debentures	339	249	588		
Mortgages and private debt	70	57	127		
	431	302	733		
Real return bonds	46	121	167		
Public Equity					
Canadian public equities	136	992	1,128		
Non-Canadian public equities	167	1,008	1,175		
	303	2,000	2,303		
Total Public Market Investments	780	2,423	3,203	(114)	3,089
Private Equity					
Canadian private equities	111	163	274	-	-
Non-Canadian private equities	80	744	824	-	-
Total Private Equity Investments	191	907	1,098	(99)	999
Infrastructure Investments	504	250	754	(44)	710
Real Estate Investments(iv)	428	70	498	(11)	487
	$ 1,903	$ 3,650	$ 5,553	$ (268)	5,285
Gain from currency hedging activities(v)					182
Income credited to administered funds					(83)
Net Investment Income					$ 5,384

NOTE 9

NET INVESTMENT INCOME (continued)

(millions)

For the year ended December 31, 2009

	Investment Income(i)	Net Gain/(Loss) on Investments and Derivatives(ii)	Total Investment Income	Investment Management Expenses (note 13(b))(iii)	Net Investment Income
Public Market Investments					
Interest Bearing Investments					
Short-term deposits	$ 15	$ 1	$ 16		
Bonds and debentures	282	7	289		
Mortgages and private debt	72	321	393		
	369	329	698		
Real return bonds	53	194	247		
Public Equity					
Canadian public equities	154	1,475	1,629		
Non-Canadian public equities	208	(20)	188		
	362	1,455	1,817		
Total Public Market Investments	784	1,978	2,762	(103)	2,659
Private Equity					
Canadian private equities	56	77	133		
Non-Canadian private equities	24	337	361		
Total Private Equity Investments	80	414	494	(92)	402
Infrastructure Investments	758	13	771	(43)	728
Real Estate Investments(iv)	510	(375)	135	(8)	127
	$ 2,132	$ 2,030	$ 4,162	$ (246)	3,916
Gain from currency hedging activities(v)					461
Income credited to administered funds					(67)
Net Investment Income					$ 4,310

(i) Net of total interest on real estate investment liabilities of $161 million (2009 – $155 million), interest on infrastructure investment liabilities of $206 million (2009 – $212 million) and interest on private equity investment liabilities of $4 million (2009 – nil). Investment income is also net of transaction costs of $80 million (2009 – $31 million) and net of external manager performance fees of $47 million (2009 – $4 million).

(ii) Includes net realized gain of $2,412 million (2009 – net realized loss of $1,219 million).

(iii) Investment management expenses relate to corporate activity.

(iv) Real Estate investment income includes audit costs of $2.6 million (2009 – $3.4 million) and legal costs of $5.6 million (2009 – $5.3 million).

(v) Represents the gain/(loss) on the Fund's passive foreign currency hedging activities.

NOTE 9

NET INVESTMENT INCOME (continued)

The Funds' net investment income/(loss) by Investment Entity is as follows:

(millions)
For the year ended December 31, **2010**

	OMERS Capital Markets	OMERS Private Equity	Borealis Infrastructure	Oxford Properties Group	OMERS Strategic Investments	Total
Public market investments	**$ 3,036**	**$ -**	**$ -**	**$ -**	**$ 53**	**$ 3,089**
Private equity investments	**-**	**941**	**-**	**-**	**58**	**999**
Infrastructure investments	**-**	**-**	**693**	**-**	**17**	**710**
Real estate investments	**-**	**-**	**-**	**487**	**-**	**487**
Net Investment Income[(i)]	**$ 3,036**	**$ 941**	**$ 693**	**$ 487**	**$ 128**	**$ 5,285**

(millions)
For the year ended December 31, 2009

	OMERS Capital Markets	OMERS Private Equity	Borealis Infrastructure	Oxford Properties Group	OMERS Strategic Investments	Total
Public market investments	$ 2,621	$ -	$ -	$ -	$ 38	$ 2,659
Private equity investments	-	474	-	-	(72)	402
Infrastructure investments	-	-	731	-	(3)	728
Real estate investments	-	-	-	127	-	127
Net Investment Income/(Loss)[(i)]	$ 2,621	$ 474	$ 731	$ 127	$ (37)	$ 3,916

(i) Before gain/(loss) from currency hedging activities and income/(loss) credited to administered funds.

NOTE 10

INVESTMENT RETURNS

Investment returns have been calculated in accordance with methods set forth by the CFA Institute and the Pension Investment Association of Canada.

The Plan's percentage returns by Investment Entity for the year ended December 31 are as follows:

	2010(i)	2009
OMERS Primary Pension Plan		
OMERS Capital Markets		
Interest bearing(ii), (iii)	6.72%	4.2%
Real return bonds(iii)	11.04%	14.3%
Canadian public equities(iii)	18.31%	34.0%
Non-Canadian public equities(iii)	9.90%	7.3%
Total OMERS Capital Markets	11.04%	11.0%
OMERS Private Equity	22.21%	13.9%
Borealis Infrastructure	10.10%	10.9%
Oxford Properties	7.51%	1.3%
OMERS Strategic Investments	7.65%	-1.2%
Total OMERS Primary Pension Plan(iv)	12.01%	10.6%
Retirement Compensation Arrangement		
RCA Investment Fund(v)	7.99%	11.3%

The above returns are gross returns before the impact of external manager performance fees and administrative expenses. The Plan net return after all investment costs for the year ended December 31, 2010 was 11.37 per cent (2009 – 10.0 per cent).

(i) 2010 returns are reported to two decimal points.
(ii) Interest bearing investments include short-term deposits, bonds and debentures, mortgages and private debt.
(iii) Returns for individual asset categories in OMERS Capital Markets are based on the exposure OMERS Capital Markets has in that category and are before the impact of external manager performance fees (note 9).
(iv) Total returns include the results of the Plan's currency hedging related activities.
(v) Excludes the RCA refundable tax balance with CRA. Including the refundable tax balance, the RCA December 31, 2010 rate of return was 4.31 per cent (2009 – 4.8 per cent).

NOTE 11

CONTRIBUTIONS

(millions) For the year ended December 31,	2010	2009
Current Service contributions[(i)]	$ 2,227	$ 2,077
Transfers from other pension plans	27	27
Past service contributions from members[(ii)]	52	29
Past service contributions from employers[(ii)]	7	10
	$ 2,313	$ 2,143

(i) Current service contributions are funded equally by employers and members. For NRA 65 members, the 2010 contribution rate was 6.4 per cent (2009 – 6.3 per cent) of earnings up to $47,200 (2009 – $46,300) and 9.7 per cent (2009 – 9.5 per cent) of earnings above that level. For NRA 60 members, the 2010 contribution rate was 7.9 per cent (2009 – 7.7 per cent) of earnings up to $47,200 (2009 – $46,300) and 13.1 per cent (2009 – 12.8 per cent) of earnings above that level.

(ii) Past service contributions include amounts for leaves of absence, conversion of normal retirement age and contract adjustments.

For the year ended December 31, 2010, contributions to the Plan were $2,299 million (2009 – $2,131 million) and to the RCA were $14 million (2009 – $12 million).

NOTE 12

BENEFITS

(millions) For the year ended December 31,	2010	2009
Members' pensions	$ 1,890	$ 1,781
Transfers to other registered plans	164	184
Commuted value payments and members' contributions plus interest refunded	72	85
	$ 2,126	$ 2,050

For the year ended December 31, 2010, total benefit payments from the Plan were $2,121 million (2009 – $2,045 million) and from the RCA were $5 million (2009 – $5 million).

NOTE 13

PENSION ADMINISTRATIVE AND INVESTMENT MANAGEMENT EXPENSES

(a) Pension administrative expenses[(i)]

(millions) For the year ended December 31,	2010	2009
Salaries and benefits	$ 34	$ 30
System development and other purchased services	4	6
Premises and equipment	3	2
Professional services[(ii)]	8	7
Travel and communication	5	3
	$ 54	$ 48

(b) Investment management expenses[(i)]

(millions) For the year ended December 31,	2010	2009
Salaries and benefits	$ 125	$ 100
System development and other purchased services	12	14
Premises and equipment	7	9
Professional services[(ii)]	22	10
Travel and communication	11	9
Investment management services[(iii)]	91	104
	$ 268	$ 246

(i) Includes allocation of corporate expenses.
(ii) Total professional services expenses include independent actuarial costs of $0.7 million (2009 – $0.9 million), external audit costs of $0.9 million (2009 – $0.9 million) and external legal costs of $7.2 million (2009 – $4.7 million).
(iii) Includes external management and custody fees.

NOTE 14

RELATED PARTY DISCLOSURES

The OAC, in the normal course of business, purchased bonds at the prevailing market prices that were issued by a municipal employer, whose employees are members of the Plan. The fair market value of the bonds outstanding at December 31, 2010 is $21 million.

NOTE 15

CAPITAL

The OAC defines its capital as the funded status (surplus/(deficit)) of each of the OMERS Pension Plans, as determined annually based on the fair value of the net assets of the OMERS Pension Plans, the actuarial value adjustment of net assets and the actuarial valuation prepared by the OAC's independent actuary. The OAC's objective is to ensure that the Plan is fully funded over the long term through the management of investments, contribution rates and benefits. Investments (note 3), the use of derivatives (note 4) and leverage (note 6) are based on an asset mix and risk management policies and procedures that are designed to enable the Plan to meet or exceed its long-term funding requirement within an acceptable level of risk, consistent with the Plan's Statement of Investment Policies and Procedures approved by the OAC Board.

The RCA is funded on a modified pay-as-you-go basis in order to minimize the impact of the 50 per cent refundable tax applicable to all RCA plans. The RCA investments are based on an asset mix and Statement of Investment Policies and Procedures separate from those of the Plan.

The funded status of each plan and the related cash flows are also impacted by the level of contributions (note 11) and benefits (note 12). The SC is responsible for setting contribution rates subject to compliance with legislation and determining benefits for the OMERS Pension Plans.

The Plan and Supplemental Plan are subject to FSCO regulations which require the Plan to file an actuarial valuation report for a funding valuation at least once every three years. At that time, the Plan must take measures to eliminate any going concern funding deficits over a period not to exceed 15 years.

Where the funded status of the Plan is filed with a surplus position greater than 10 per cent of the accrued benefit obligation, the *Income Tax Act* requires contributions be reduced with the amount of the reduction increasing as the percentage surplus increases. Once the filed surplus reaches 25 per cent of the accrued benefit obligation, regular contributions must be eliminated. The SC is responsible for determining when an actuarial valuation of the Plan and Supplemental Plan should be filed, subject to the requirements under the regulations. There are no similar filing requirements for the RCA as the RCA is not a registered pension plan.

NOTE 16

GUARANTEES, COMMITMENTS AND CONTINGENCIES

As part of normal business operations, the OAC enters into commitments and guarantees related to the funding of investments. Future commitments to fund investments include, but may not be limited to, investments in infrastructure, real estate and private equity limited partnership agreements. The future commitments are generally payable on demand based on the capital needs of the investment. As at December 31, 2010, these future commitments totaled $4.4 billion (2009 – $4.8 billion). The maximum amount payable under guarantees and standby letters of credit provided as part of investment transactions was $520 million as at December 31, 2010 (2009 – $426 million). Guarantees and commitments are often provided as part of developing or holding an investment and as such often have no fixed expiration date.

The OAC, in the normal course of business, indemnifies its and its subsidiaries' and affiliates' directors, officers, employees and certain others in connection with proceedings against them to the extent that these individuals are not covered under another arrangement. In addition, the OAC may in certain circumstances in the course of investment activities agree to indemnify a counterparty. Under the terms of such arrangements, the OAC and/or its subsidiaries and affiliates may be required to compensate these parties for costs incurred as a result of various contingencies such as changes in laws and regulations or legal claims. The contingent nature of the liabilities in such agreements and the range of indemnification prevent the OAC from making a reasonable estimate of the maximum amount that would be required to pay such indemnifications.

As at December 31, 2010, the OAC was involved in certain litigation and claims. The outcome of such litigation and claims is inherently difficult to predict; however, in the opinion of Management, any liability that may arise from such contingencies would not have a significant adverse effect on the consolidated financial statements of the OAC.

TEN-YEAR FINANCIAL REVIEW

($ millions)	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Net Assets Available for Benefits										
as at December 31,										
Public markets	34,434	31,336	28,763	43,291	43,533	39,338	30,283	30,168	23,823	27,755
Private equity	6,731	5,048	4,162	3,608	2,951	2,391	1,460	914	1,021	1,031
Infrastructure	15,375	12,195	12,140	8,412	5,585	3,719	2,314	1,426	349	279
Real estate	12,599	11,975	12,037	10,904	8,541	6,180	6,898	6,920	7,747	8,181
	69,139	60,554	57,102	66,215	60,610	51,628	40,955	39,428	32,940	37,246
Other investment assets	1,491	1,173	1,366	1,001	699	765	494	578	733	652
Investment liabilities	(16,665)	(13,338)	(14,474)	(15,029)	(13,088)	(10,772)	(5,267)	(7,297)	(3,540)	(3,977)
Net investment assets	53,965	48,389	43,994	52,187	48,221	41,621	36,182	32,709	30,133	33,921
Non investment assets/(liabilities)										
Due to administered funds	(809)	(734)	(672)	(800)	(741)	(639)	(553)	(496)	(440)	(487)
Other assets/(liabilities)	193	177	155	129	125	83	26	(120)	(188)	(191)
Net assets available for benefits	53,349	47,832	43,477	51,516	47,605	41,065	35,655	32,093	29,505	33,243
Accrued Benefit Obligations and Surplus/(Deficit)										
as at December 31,										
OMERS Primary Pension Plan										
Accrued benefit obligation	60,035	54,253	50,080	46,830	44,167	41,123	37,774	35,466	33,034	30,955
Funding Surplus/(Deficit)	(4,467)	(1,519)	(279)	82	(2,382)	(2,784)	(963)	509	2,514	4,520
Actuarial value adjustment of net assets	(2,278)	(4,950)	(6,363)	4,567	5,791	2,707	(1,168)	(3,888)	(6,048)	(2,239)
	(6,745)	(6,469)	(6,642)	4,649	3,409	(77)	(2,131)	(3,379)	(3,534)	2,281
Primary Plan net assets available for benefits	53,290	47,784	43,438	51,479	47,576	41,046	35,643	32,087	29,500	33,236
RCA										
Accrued benefit obligation	468	486	285	236	172	157	149	69	63	71
(Deficit)	(409)	(438)	(246)	(199)	(143)	(138)	(137)	(63)	(58)	(64)
RCA net assets available for benefits	59	48	39	37	29	19	12	6	5	7
Total Accrued Benefit Obligation and Deficit	53,349	47,832	43,477	51,516	47,605	41,065	35,655	32,093	29,505	33,243
Changes in Net Assets Available for Benefits										
for the year ended December 31,										
Net assets, beginning of the year	47,832	43,477	51,516	47,568(i)	41,065	35,655	32,093	29,505	33,243	35,875
Changes due to Investment Activities										
Total investment income	5,735	4,623	(7,910)	4,200	6,803	5,767	3,907	3,751	(2,358)	(1,362)
Investment management expenses	(268)	(246)	(227)	(201)	(169)	(160)	(147)	(158)	(103)	(69)
	5,467	4,377	(8,137)	3,999	6,634	5,607	3,760	3,593	(2,461)	(1,431)
(Income)/Loss credited to administered funds	(83)	(67)	124	(61)	(104)	(92)	(66)	(51)	28	4
Net investment income	5,384	4,310	(8,013)	3,938	6,530	5,515	3,694	3,542	(2,433)	(1,427)
Changes Due to Pension Activities										
Contributions										
Employer and member	2,227	2,077	1,975	1,840	1,739	1,498	1,363	404	-	-
Other contributions	86	66	73	46	53	36	46	42	47	36
	2,313	2,143	2,048	1,886	1,792	1,534	1,409	446	47	36
Benefits										
Pensions paid	(1,890)	(1,781)	(1,656)	(1,554)	(1,492)	(1,410)	(1,353)	(1,246)	(1,153)	(1,034)
Commuted value and other payments	(236)	(269)	(371)	(279)	(252)	(193)	(145)	(110)	(149)	(159)
	(2,126)	(2,050)	(2,027)	(1,833)	(1,744)	(1,603)	(1,498)	(1,356)	(1,302)	(1,193)
Pension administrative expenses	(54)	(48)	(47)	(43)	(38)	(36)	(43)	(44)	(50)	(48)
Net assets available for benefits, end of year	53,349	47,832	43,477	51,516	47,605	41,065	35,655	32,093	29,505	33,243
Total Annual Rate of Return										
for year ended December 31,										
OMERS Primary Pension Plan										
Time weighted return on market value	12.01%	10.6%	-15.3%	8.7%	16.4%	16.0%	12.1%	12.7%	-7.1%	-3.4%
Benchmark	11.47%	12.1%	-13.2%	5.6%	13.7%	13.2%	9.9%	15.5%	-7.4%	-4.2%
Funding requirement (including inflation)	6.60%	5.6%	5.4%	6.6%	5.9%	6.4%	6.4%	6.3%	8.1%	5.0%
RCA Investment Fund(ii)										
Time weighted return on market value	7.99%	11.3%	-26.1%	8.7%	16.4%	16.0%	12.1%	12.7%	-7.1%	-3.4%
Benchmark	10.09%	16.6%	-27.3%	5.6%	13.7%	13.2%	9.9%	15.5%	-7.4%	-4.2%

(i) 2007 beginning of the year net assets were decreased by $37 million to reflect a change in accounting policy for transaction costs.
(ii) Excludes the RCA refundable tax balance with the Canada Revenue Agency.

GLOSSARY

Absolute Return Strategies Strategies expected to generate positive returns regardless of the movements of the financial markets due to their low correlation to broad financial markets. Absolute return strategies may be used with the objective of increasing the overall investment portfolio risk-adjusted return while contributing to the stability of the overall investment portfolio returns.

Accrued Benefit Obligation The actuarial present value of future pension benefits earned to date.

Actuarial Smoothing A common practice accepted in the actuarial profession and by pension regulators to reduce the effect of short-term market fluctuations on pension plan funding by deferring and recognizing changes in net assets above or below the long-term funding objective over five years.

Actuarial Valuation Report A report issued by the OAC's actuary on the funded status of the OMERS Pension Plans. The actuarial valuation is based on a set of assumptions, as approved by the OAC Board, that include demographic and economic assumptions.

Additional Voluntary Contributions (AVCs) A new retirement savings opportunity for members of the OMERS Primary Pension Plan, effective January 1, 2011. AVCs will enable members and retirees (to age 70) to take advantage of OMERS investment returns by making additional contributions to the OMERS Fund, at a reasonable cost. Contributions can include ongoing withdrawals from a bank account (for active members) as well as lump-sum transfers from other registered retirement vehicles (for active, retired and deferred members).

Basis Point One basis point equals 1/100th of one percentage point.

Benchmark A benchmark is a standard or point of reference against which performance of an investment is measured. It is generally a passive external index (e.g., the S&P/TSX Composite Index) or for the OAC's infrastructure and real estate investments a predetermined absolute return based on operating plans approved by the OAC Board.

Benefit Accrual The accumulation of pension benefits based on a formula using years of credited service, pensionable earnings and an accrual rate. This is expressed in the form of an annual benefit to begin payment at normal retirement age.

Bridge Benefit A temporary benefit provided to employees who retire prior to age 65. The bridge benefit supplements the pension income until age 65. The bridging benefit is not necessarily related to the size of the prospective government benefits.

Commercial Paper Short-term unsecured debt instruments issued by companies typically to meet short-term financing needs.

Commuted Value The lump sum payment made in lieu of a member's future pension amount based on the member's service and earnings to date. The commuted value fluctuates with changes in factors such as the member's age, current inflation and interest rates.

Currency Hedging A technique used to offset the risks associated with the changing value of currency.

Custom Benchmark A benchmark calculated based on the weighted average allocation to two or more underlying benchmarks (i.e., Blended DEX 30 day Treasury Bill Index and DEX Universe).

Debentures Bonds that are not secured by specific assets of a firm.

Defined Benefit Plan In a defined benefit plan members' benefits are determined by a formula usually based on years of service times earnings, rather than by the investment returns made on their pension contributions.

Derivative/Derivative Financial Instrument A financial contract that derives its value from changes in underlying assets or indices. Derivative transactions can be conducted on public exchanges or in the over-the-counter market using investment dealers. Derivative contracts include forwards, futures, swaps and options and are discussed in more detail in note 4 of the OAC Consolidated Financial Statements.

Direct-Drive Active Management Direct drive active management is where we have involvement in on-going decisions within the businesses we invest in with respect to strategy, major investment decisions, annual financial target setting and the monitoring of performance against these targets, risk management and governance oversight.

Discount Rate A discount rate is the interest rate used to compute the present value of anticipated future benefit payments.

Enterprise-wide This refers to the OAC, including OMERS Pension Group, OMERS Capital Markets, Borealis Infrastructure, OMERS Private Equity, Oxford Properties Group, OMERS Strategic Investments and corporate functions.

Infrastructure Infrastructure investing involves direct investments in inflation sensitive assets that are critical to the long-term success of a modern industrial economy. Some infrastructure investments are subject to regulatory establishment of rates, service delivery levels or both.

Modified Pay-As-You-Go Funding Policy Promised retirement benefits are not fully pre-funded, instead contributions are paid to ensure that they are sufficient to fund current benefits. This variation of the funding method is used by the OAC for the RCA, in order to minimize the 50 per cent refundable tax applicable to RCA plans.

Nominal Bonds Bonds that pay interest and principal without contractual adjustments for inflation.

OAC Board The Board of Directors of the OAC.

OMERS Pension Plans or Plans Collectively, the OMERS Primary Pension Plan, the associated Retirement Compensation Arrangement and the OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics.

OMERS Primary Pension Plan or the Plan The primary registered pension plan administered by the OAC under the OMERS Act.

Passive Management Investing in a manner that replicates the performance of a market index (eg. S&P/TSX Composite Index).

Plan Sponsor The organization or body, which has the final authority to create a pension plan and/or make revisions to an existing pension plan. Usually the plan sponsor is an employer, but it can also be a union, an association, the government, or a mixture. For the OMERS Pension Plans, the Sponsors Corporation is made up of employer and member representatives and acts as the sponsor.

Private Equity Private equity is the ownership of equity or equity-like securities in companies that do not generally trade publicly.

Proxy Voting Proxy voting is the process by which a shareholder expresses their views, on proposed corporate actions, by submitting their vote at a company's annual meeting.

Public Market Investments Investments in interest bearing (i.e., bonds, debentures and treasury bills) and equity securities (i.e., stocks, trust units, warrants and mutual fund units) traded on recognized public exchanges.

Real Rate of Return Nominal return adjusted to exclude the impact of inflation.

Real Return Bonds Interest bearing marketable bonds that pay a semi-annual coupon rate calculated based upon the sum of the principal amount and an inflation compensation component that adjusts for inflation.

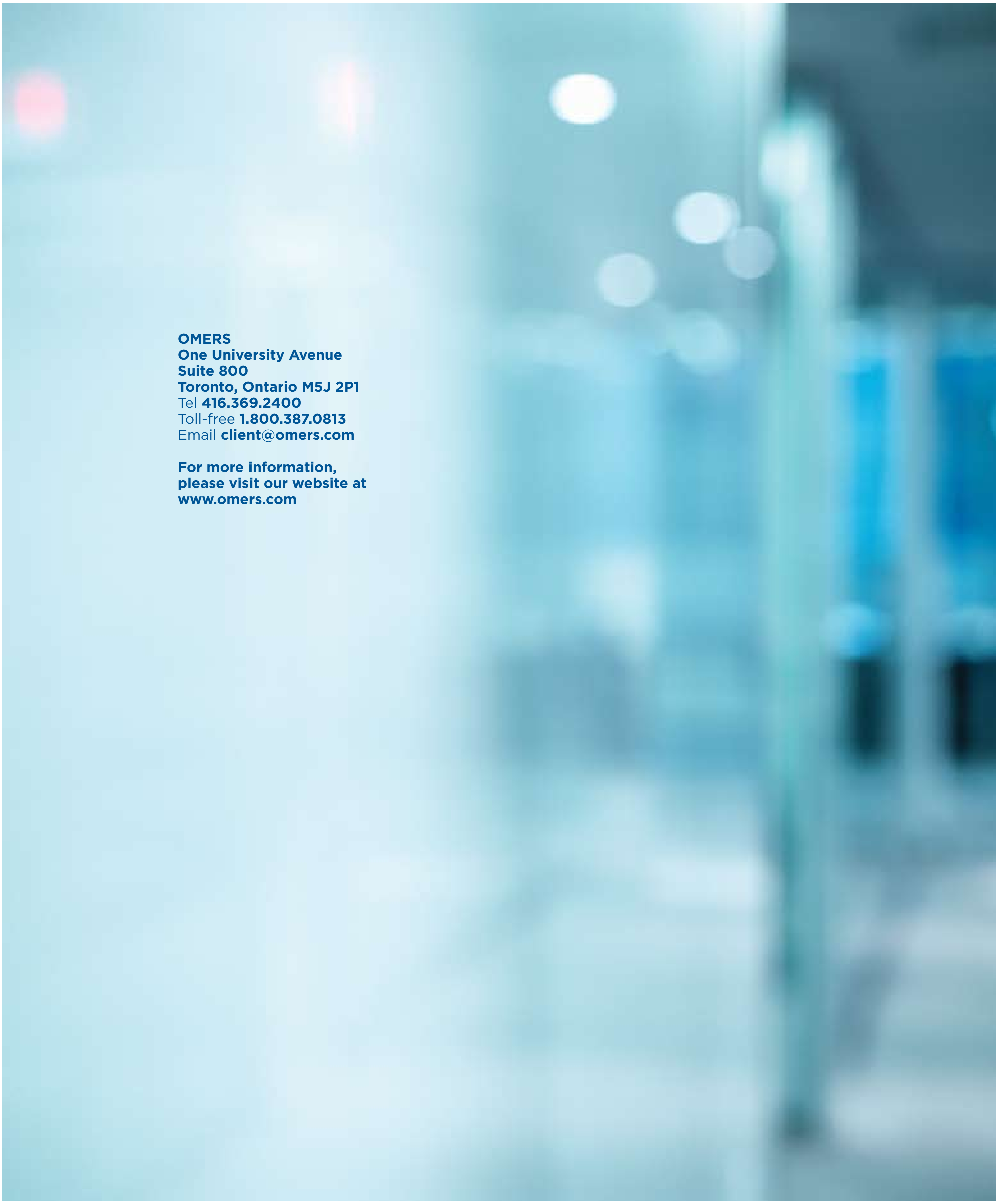
Retirement Compensation Arrangement or RCA The plan for those of the OMERS Pension Plan members with earnings exceeding the amount that generates the maximum pension allowed by the *Income Tax Act*.

SC The OMERS Sponsors Corporation.

Secured Debt Debt backed or secured by collateral to reduce the risk associated with lending for creditors given that if the debtor defaults the creditor may seize the collateral as repayment of the debt.

Supplemental Plan The OMERS Supplemental Pension Plan for Police, Firefighters and Paramedics is a stand-alone registered pension plan which offers benefits not available in the OMERS Primary Pension Plan and which is not funded from the OMERS Primary Pension Plan.

Unsecured Debt Debt which is not backed or secured by collateral property.



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OMERS

2010 Annual Report

FOCUS: TODAY AND TOMORROW

OMERS Sponsors Corporation

OMERS was established in 1962 as the pension plan for employees of local governments in Ontario. On June 30, 2006, the *Ontario Municipal Employees Retirement System Act, 2006* (the OMERS Act) came into effect. The OMERS Act continued the Ontario Municipal Employees Retirement Board as the OMERS Administration Corporation (OAC) and created the OMERS Sponsors Corporation (SC) to replace the Ontario government as Plan sponsor. Sponsors (such as Plan members and employers, through their unions, associations and other organizations) appoint the Board Members of the SC and, since June 30, 2009, the SC appoints OAC Board Members.

OMERS Sponsors Corporation

OMERS Sponsors Corporation is the Plan Sponsor of the OMERS Pension Plans and consists of 14 Members: seven Plan member representatives and seven employer representatives.

The SC is responsible for:

- determining plan design for benefits to be provided by the OMERS Pension Plans
- setting contribution rates for members and participating employers
- establishing or changing a reserve to stabilize contribution rates
- setting compensation levels and appointment protocol of SC and OAC Board Members.

OMERS Administration Corporation

OMERS Administration Corporation Board has 14 Members and is the administrator of the OMERS Pension Plans.

The OAC Board is responsible for:

- appointing and overseeing the OAC management team
- establishing investment and funding policies, asset allocation and investment management of OMERS Pension Plans' assets
- overseeing pension services, administration and Plan valuation
- appointing the OAC auditors and the actuary for the OMERS Pension Plans.

OMERS AC Management

OAC Management conducts the affairs of the OAC and has been delegated broad responsibilities for ensuring that OMERS discharges its statutory and related responsibilities to Plan members, including:

- administering the OMERS Pension Plans
- providing for the actuarial valuation of the OMERS Pension Plans
- investing the OMERS Pension Plans' assets
- providing technical and administrative support for the SC.

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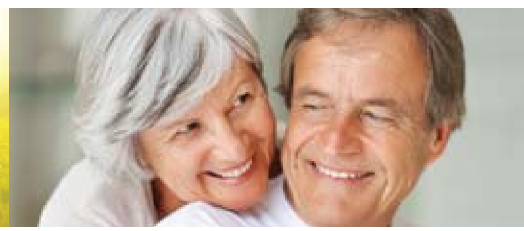
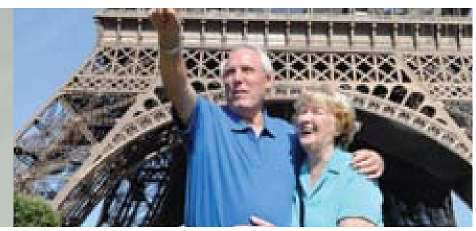
OMERS Sponsors Corporation

2010 ANNUAL REPORT

The OMERS Sponsors Corporation is responsible for pension plan design, setting contribution rates and filing the actuarial valuation. For many of our members, their pension is their single largest asset and safeguarding that investment is our primary responsibility. The focus of the Sponsors Corporation is to provide decision-making that supports the health and long-term viability of the OMERS Pension Plans.

We are committed every day to ensuring our decisions are always in the best interests of our stakeholders and that we consider the long-term sustainability and growth of the Plan for future retirees in everything we do.

As we move forward we have a clear view of our needs today while focusing on the future.

FOCUS: TODAY AND TOMORROW

MARIANNE LOVE
Co-Chair

BRIAN O'KEEFE
Co-Chair

FOCUSING ON THE FUTURE OF THE OMERS PENSION PLANS

This year has been both a challenging and exciting one for the OMERS Sponsors Corporation (SC). In many ways, our activity this year has set the foundation and framework for ensuring the ongoing health and sustainability of the OMERS Plan.

We addressed both short and long-term considerations as we tackled our funding challenge head-on; created a strategic framework for future funding decisions and continued to actively respond to changes in the pension environment that impact our stakeholders. We are well prepared to address issues of importance to OMERS and our stakeholders – now and in the future – while continuing to maintain our strong and unwavering focus on the Plan's long-term health and viability.

PRIMARY PLAN FUNDING STATUS

Like many other plans, OMERS is facing a growing actuarial deficit, largely as a result of the global financial crisis of 2008. This is in stark contrast to a decade ago, when the Plan had a $6 billion surplus. During that time, like many other pension plans, OMERS enhanced its benefits. Some of these improvements were made on a temporary basis and others were permanent. The ten-year period that followed has been one of the most challenging in the history of the public equity markets. In 2001 and 2002, stock market values plunged after the dot-com bubble burst. In 2008, the impact of the liquidity crisis in the financial system rippled around the world – impacting governments, corporations, and ordinary citizens.

The effect on OMERS funding status was soon apparent. OMERS ended 2009 with an actuarial deficit of $1.5 billion, compared with a deficit of $0.3 billion at the end of 2008, and the shortfall was projected to grow to between $8.5 billion and $12 billion by 2012. This was the situation facing the SC as it began to consider its options early in 2010.

ADDRESSING THE DEFICIT

There are only a few ways in which a pension deficit can be reduced or eliminated – contributions can be increased, benefits can be changed, investment returns can improve or a combination of all three. The SC focused on the two areas over which it has control – contributions and benefits.

During the first part of the year, we reviewed and evaluated a number of options. Following careful consideration and discussion, the SC decided that the best course of action was to act now and implement a plan that balanced the needs of stakeholders with the ongoing security of the Plan. In June, we approved a multi-year, phased approach consisting of contribution rate increases and benefit reductions to address the deficit.

The changes are intended to be temporary until the Plan returns to a surplus position and have been made to safeguard the health and long-term viability of the Plan.

Some of these changes have already begun to take effect. Contribution rates have been increased by an average of 2.9 per cent per side over a three-year period, which represents approximately a 35 per cent increase in contributions. The first part of that increase took effect on January 1, 2011. In addition, the SC approved temporary benefit changes, but these changes (elimination of early retirement subsidies and pre-retirement indexing) are not effective until January 1, 2013 and will *only* affect members who leave employment before age 55 (for NRA 65) or before age 50 (for NRA 60). The benefits of current retirees, current deferred members or active members who stay in the Plan until early retirement will not be affected by these changes.

STATEMENT OF PLAN DESIGN OBJECTIVES AND STRATEGY

Recognizing the need for a strategic approach to managing the Plan over the longer term, the SC also developed, and approved, a Statement of Plan Design Objectives and Strategy – or a SPDOS. This document confirms the primary objective of the SC is ensuring the health and long-term viability of the Plan. It provides the methodology for future decision-making regarding the funding of the Plan.

COLLABORATIVE OAC AND SC INITIATIVES

On the investment side, the OAC identified and brought forward a number of creative and innovative initiatives that are intended to grow OMERS membership and increase assets under management. They include managing third party assets, expanding OMERS membership base, and providing members with an opportunity to invest in OMERS diversified global assets through Additional Voluntary Contributions (AVCs). While these new initiatives present new governance challenges for both boards, we are pleased that our strong relationship with the OAC board has allowed us to now consider creative opportunities for the Plan. Both the OAC and SC will continue to work together to review the impact of these initiatives, ensuring they can be pursued without imposing undue risk on the existing members or on the Plan.

PENSION REFORM

While implementing our strategies for returning the Plan to a surplus position, we must also keep a close eye on pension reform to ensure the needs of OMERS members, employers and stakeholders are taken into account and addressed. We have been actively participating in the reform process with the OAC, and will continue with our efforts given the potential impact this may have on our members.

SC BOARD

Finally, we want to acknowledge three outgoing Members of our Board – Brian Cain (Ontario Public School Boards' Association), Ann Dembinski (CUPE Local 79) and Glen Mills (Retiree Group). Each made significant contributions to the SC from its inception in 2006 and the Board wishes to thank them for their hard work and dedication. The SC also welcomes three new Members – Paul Bailey (Retiree Group), Mark Ferguson (CUPE Local 416) and Wayne McNally (Ontario Catholic School Trustees' Association).

OUR FOCUS — FACING THE FUTURE

At the SC, we believe the multi-year decision to temporarily change contributions and benefits will address the current funding challenges, allow for ongoing monitoring and adjustments as needed and will ensure that the Plan continues to be affordable and sustainable.

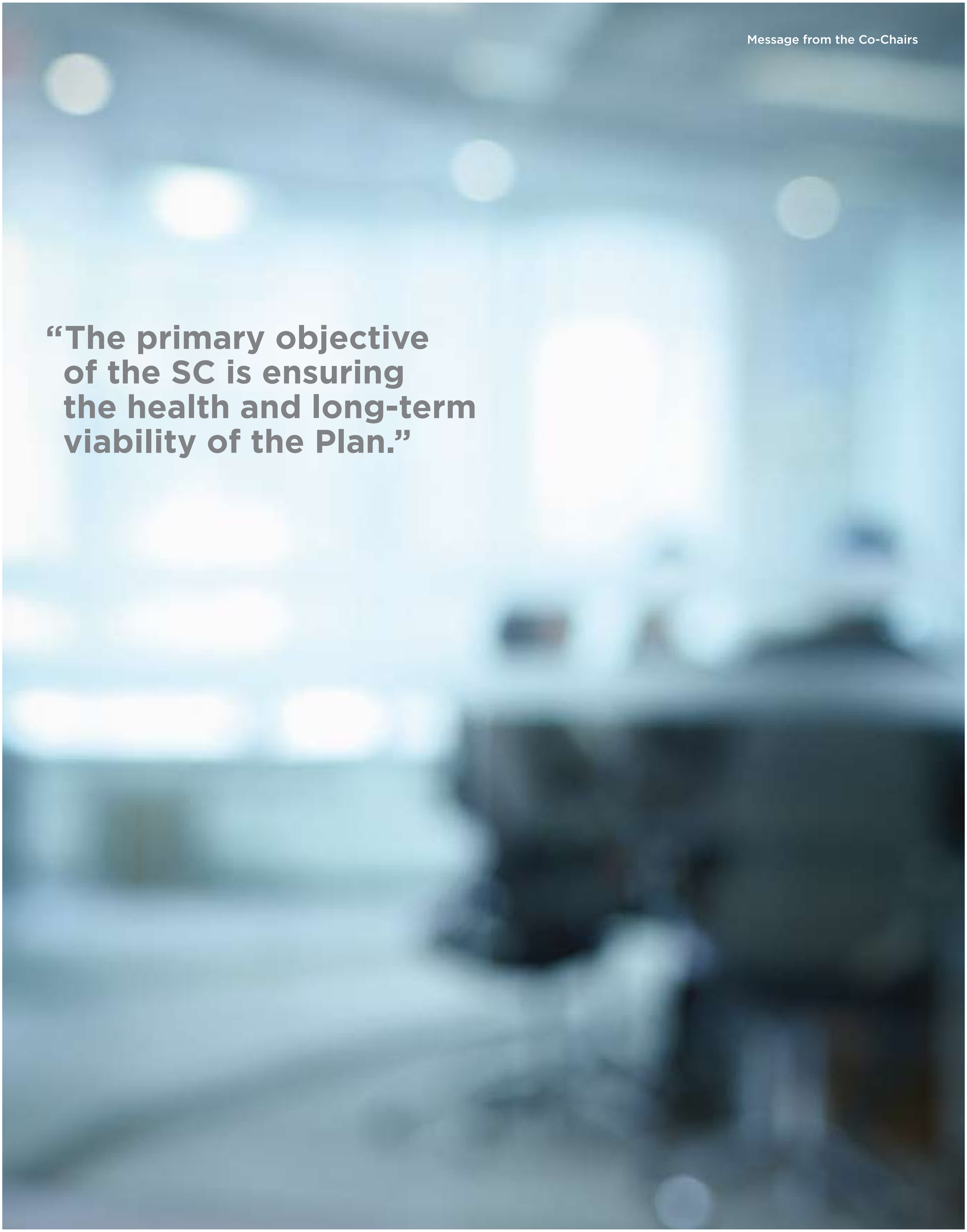
Having addressed the critical funding issues in 2010, we will turn our attention to addressing and preparing for the 2012 review of OMERS governance structure (as required under the OMERS Review Act). Our goal is to ensure that we continue to serve and act in the best interests of the Plan and its many stakeholders.

2011 will also bring continued change in the pension environment as governments take the next steps in pension reform. We will ensure that OMERS is well represented in discussions on these important changes.

The work of both the SC and the OAC is critical to ensuring the health and long-term viability of the Plan. We remain committed to building and participating in the SC and OAC governance system unique to OMERS and working together to address the issues that are important to our plan members, employers and sponsors.

Marianne Love
Co-Chair

Brian O'Keefe
Co-Chair



"The primary objective of the SC is ensuring the health and long-term viability of the Plan."

“We are very aware of the impact that our decisions have on our stakeholders and strive to keep them informed and involved.”

JOHN POOS
Executive Director

PRIORITIZING OUR FOCUS

This year we have witnessed a growing momentum calling for change to Canada's pension landscape. Yet, as one of Canada's largest pension plans, OMERS continues to exemplify the very best of the defined benefit model.

That being said, we can always improve and over the past year the Sponsors Corporation has been actively engaged in two areas of major focus, namely:

1. considering short term and long term strategies to address the Plan's growing funding deficit; and

2. looking at innovative ideas and strategic initiatives to further enhance and strengthen OMERS while also considering the implications of, and participation in, pension reform initiatives.

The SC has made significant progress this past year in both areas. To address the current funding deficit, the SC approved a Specified Plan Change proposal in June 2010 that included a systematic increase in plan contributions over three years while also providing temporary benefit changes and a commitment to complete a Statement of Plan Design Objectives and Strategy ("SPDOS"). On January 27, 2011, the SC met this commitment with formal approval of the SPDOS, a far-reaching strategic document that provides a methodology for dealing with periods of funding deficits and surpluses, and also calling for the establishment of a reserve. We are confident that through implementation of the approved Specified Plan Change, and adherence to the methodologies established in the SPDOS, the Plan's funding position is well in hand, both in the short term and in the future.

With respect to the other major area of focus, the SC has, along with the OAC, provided comment on all pension reform proposals raised throughout 2010, and considered and approved various OMERS strategic initiatives including third party fund management and the 2011 roll out of additional voluntary contributions. As we begin 2011, monitoring and implementing these initiatives will gain greater strategic importance to the long-term future of OMERS.

We are very aware of the impact that our decisions have on our stakeholders and strive to keep them informed and involved. In 2010, we reviewed and updated our Communications and Confidentiality Policies to make sure that information on specified and technical plan change proposals were made available to all stakeholders on our website within days of being formally proposed by SC Board Members. Stakeholders also provided the Board with their suggestions for managing the funding deficit. Finally, Board Members and staff met directly with various stakeholder groups throughout the year to exchange information and ensure ongoing and constructive communication.

Our work this year has laid the foundation for the future. In the coming year, we will continue to work with the OAC Board in developing strategies to ensure the needs of OMERS members are met. In 2012, there is a requirement to review the OMERS governance structure that was put in place in 2006; preparing for this review and continuing to support pension reform initiatives will be strategic priorities for our organization in the coming year.

None of our achievements would have been possible without the outstanding work of our employees who continually exceeded expectations. I would also like to thank our Co-Chairs for their support over the past year. I am also deeply appreciative of our Board Members for their dedication and commitment to the interests of Plan members now and in the future.

John Poos
Executive Director

YEAR IN REVIEW

The mandate of the Sponsors Corporation is even more crucial at a time when pension plans around the world are facing funding challenges.

The SC is committed to decision-making that supports the health and long-term viability of the OMERS Pension Plans.

OMERS has a unique jointly-sponsored plan, which means our partnership with our stakeholders is key to our success. For us, that means transparency and open communication. It also means working closely with the OAC as we plan the future of OMERS.

In 2010, many achievements and decisions were made that set the foundation for the future health of the OMERS Plans.

PLAN FUNDING AND DESIGN

The Plan remained in an actuarial deficit position at December 31, 2010 due to the continuing impact of negative returns in 2008. Actuarial projections indicate that this deficit cannot be addressed solely through investment returns.

During 2010, the SC decided to take action to address the funding challenges facing the OMERS Primary Plan. The changes the SC approved are the result of careful consideration of the options for addressing the growing deficit and were undertaken as a temporary strategy to support the funded security of the OMERS Primary Plan.

These gradual and measured multi-year, multi-dimensional changes are expected to address the current funding challenges.

Temporary Contribution Rate Increases

Contribution rates for both active members and employers will increase in 2011 through 2013, as follows:

- 2011 – effective with the first, full pay in 2011, contribution rates will increase by 1.0 per cent per side (employee/employer) as a percentage of a member's earnings;
- 2012 – effective with the first, full pay in 2012, contribution rates will increase, on average, by an additional 1.0 per cent per side (employee/employer); and
- 2013 – effective with the first, full pay in 2013, contribution rates will increase, on average, by an additional 0.9 per cent per side (employee/employer).

These increases will represent an approximate increase of 35 per cent in total contributions to the OMERS Plans.

Temporary Benefit Calculation Changes

For members who leave employment before being eligible for early retirement, the Primary Plan will no longer provide early retirement subsidies and pre-retirement indexing on service after January 1, 2013.

These changes will only affect members who terminate employment prior to being eligible for early retirement – i.e., members who terminate before age 55 (normal retirement age 65) or 50 (normal retirement age 60). These changes will not affect any benefits based on service accrued before 2013.

The benefits of current retirees, current deferred members or active members who stay in the Plan until early retirement will not be affected.

The contribution rate and benefit changes are temporary until the Plan returns to surplus and are intended to manage its health and long-term viability.

The SC will continue to carefully monitor the Primary Plan's funded status, and to make any decisions on changes through its annual planning cycle.

A number of minor technical changes were also introduced in 2010:

- members who have left employment but are seeking reinstatement through a legal or grievance proceeding may now access their termination (commuted value) benefits; and

- the Plan terms for the Additional Voluntary Contribution provision approved in 2009 were implemented this year.

Other key decisions this year included filing the 2009 valuation and developing a framework for making future decisions regarding funding of the Plan, including Plan deficit management, Plan surplus management and reserves.

PENSION REFORM

Pension reform has been a key issue for federal, provincial and territorial governments over the last several years. 2010 was no exception and, throughout the year, we continued to actively participate in this process at all levels of government.

As part of its announced commitment to pension reform (and following on the recommendations of the Ontario Expert Commission on Pensions), the Ontario government passed two rounds of legislative changes in 2010 (Bill 236 and Bill 120). The SC and OAC responded to these changes through joint letters and appearances before the Standing Committee on Finance and Economic Affairs.

There also continues to be a great deal of discussion regarding Canada's retirement income system. Consultation and discussion papers were issued by both the federal and Ontario governments in 2010 and the SC and OAC responded with a joint letter in both cases.

Our joint letters and submissions can be viewed on our website at www.omerssc.com.

OMERS will continue to monitor and respond to changes in the pension landscape on behalf of our members and stakeholders.

GOVERNANCE DEVELOPMENTS

Over the past several years, the SC has been developing and implementing its governance framework. This framework is regularly reviewed and updated/changed as needed. Governance activity in 2010 included:

- development of a set of meeting guidelines to improve the efficiency and effectiveness of SC meetings;
- retention of an advisor to assist with reviewing the efficiency and effectiveness of the Board and its committees. Overall, the report was positive but, as with any governance review, there are opportunities for improvement that the SC is currently considering;
- amending By-Law #4 so that the terms of Members end on December 31st (rather than June 30) to better align Member appointments with the business cycle of the SC;
- clarifying and updating the Communications and Confidentiality policies to improve communication with stakeholders regarding plan changes under consideration;
- approval of a Service Provider Review policy to ensure that all service providers are reviewed on a regular basis; and
- joint meetings of the SC and OAC Boards to discuss and review issues of mutual interest, ensuring both Boards share a common understanding.

STRATEGIC FOCUS FOR 2011

There will be four key areas of focus for the SC during 2011.

On the pension reform front, we will continue to engage in discussions with the regulators and government. The Ontario regulations required to give effect to the 2010 pension reform legislation changes as mentioned earlier will require careful consideration and analysis to ensure OMERS needs are met. We will also monitor changes and proposals at the federal level as they may impact the Plan.

Preparations will also begin for the 2012 review of OMERS governance structure as required under the *OMERS Review Act*. This is an opportunity to reflect on the effectiveness and efficiency of our governance, identifying areas of strength and opportunities for improvement.

Ongoing monitoring of the Plan's funded position will remain a high priority for OMERS over the next several years to ensure that the measures implemented this year will be sufficient to address the deficit.

Finally, the SC and OAC will continue to work together on joint matters and opportunities to expand the OMERS membership and assets under management. Together, we will carefully review the options and impact of the various initiatives to ensure that the interests of members are protected and there is no undue risk to the pension plan.

GOVERNANCE OMERS SPONSORS CORPORATION

The *OMERS Act* created the SC to fulfill the role of Plan sponsor, giving employers and employees more direct control over the pension plan. The SC has committed itself to upholding OMERS long history of exemplary corporate governance through maintaining high standards of integrity, education, transparency and communication in carrying out its responsibilities.

GOVERNANCE

The SC strives to achieve best practice standards in corporate governance. To achieve this goal, the SC has developed policies and practices with input and advice from third party advisors who are expert and experienced in the field. The governance structure includes:

- corporate by-laws and policies that support the commitment to a best practice standard;
- an education program for Members that includes learning opportunities in the areas of governance, pension administration, benefits strategies and pension plan trustee development, as well as mandatory orientation to the OMERS Pension Plans;
- a process for reviewing SC governance policies and processes to ensure the ongoing efficiency and effectiveness of its practices; and
- transparency and accountability to OMERS Plan participants through regular meetings with Plan participants and stakeholders, together with timely print and electronic communication carried out in conjunction with the OAC, as well as regular website updates and posting of by-laws, by-law amendments and information for submitting proposals for Plan design changes.

BOARD MEMBERSHIP

The composition of the Board was established under legislation and confirmed by SC By-Law #4 and is based on a balanced formula reflecting Plan membership. A review of SC composition was last undertaken in 2009 to ensure the SC continued to provide equitable representation of the participants in the OMERS Pension Plans.

The SC is comprised of seven representatives of the employers of Plan members and seven representatives of employee organizations as follows:

Employer Representatives

- Association of Municipalities of Ontario (AMO) – two members
- City of Toronto – one member
- School Boards, rotating between Public and Catholic Boards – one member
- Ontario Association of Police Services Boards – one member
- Ontario Association of Children's Aid Societies – one member
- Electricity Distributors Association (Ontario) – one member

Plan Member Representatives

- Canadian Union of Public Employees (CUPE Ontario) – one member
- Canadian Union of Public Employees rotating between Locals 79 and 416 – one member
- Police Association of Ontario – one member
- Ontario Professional Fire Fighters Association – one member
- Ontario Secondary School Teachers' Federation – one member
- Ontario Public Service Employees Union – one member
- Retiree Group – appointed from among the Municipal Retirees Organization Ontario, the Police Pensioners Association of Ontario, the Police Retirees of Ontario and the Retired Professional Fire Fighters of Ontario – one member

There are 18 total votes on the SC, equally divided between employer and plan member representatives, based on a weighted voting system.

COMPENSATION AND EXPENSES

Compensation

SC Members are compensated through a combination of an annual retainer and meeting fees covering attendance at Board and committee meetings and at other meetings or events such as the SC's annual planning session, and the spring and fall information sessions for stakeholders.

A Member's compensation may be paid directly to the Member or to the organization with which they are affiliated.

SC Member compensation is as follows:

	Annual Retainer	Meeting Fee*
Co-Chairs	$70,000	-
Committee Chair	$17,800	$750
All Other Members	$12,800	$750

* Maximum number of compensable meetings is 24.

Reimbursement of Expenses

SC Members are entitled to reimbursement of reasonable and necessary expenses incurred in connection with carrying out the business of the SC, subject to the necessary approvals under By-Law #6.

SC Members are also reimbursed for travel, tuition and other expenses incurred in attending pension and governance conferences or other educational programs, which are approved or mandated by the SC under By-Law #6.

BOARD COMMITTEES

The SC has four standing committees to assist the Board in discharging its responsibilities. In addition, the SC and OAC have established a Joint Council to address matters of importance to both boards.

Plan Design Information Committee (PDIC)

The Plan Design Information Committee assists with responsibilities relating to the design of the OMERS Pension Plans including:

- co-ordinating and facilitating the process of gathering and considering information; and
- arranging for the referral of questions to OMERS Administration Corporation staff and legal, actuarial and other professionals engaged by the SC.

Human Resources and Compensation Committee (HRCC)

The Human Resources and Compensation Committee's responsibilities relate to:

- staff levels and succession planning;
- training, education and orientation programs for Members of the Corporation;
- compensation structure, including benefits, of employees of the Corporation;
- expense reimbursement policies in respect of employees of the Corporation;
- compensation and expense reimbursement policies in respect of SC Members and Members of OMERS Administration Corporation; and
- a performance evaluation process for the Executive Director.

Corporate Governance Committee (CGC)

The Members of the SC are assisted by the Corporate Governance Committee with regard to:

- developing appropriate corporate governance practices, guidelines and benchmarks for the Corporation; and
- developing by-laws for the Corporation.

Audit Committee

The Audit Committee assists the Members in fulfilling their responsibilities of oversight and supervision of:

- the quality and integrity of the financial statements of the Corporation;
- the compliance by the Corporation with legal and regulatory requirements in respect of financial disclosure and reporting;
- the adequacy of the internal accounting controls and procedures of the Corporation; and
- the qualifications, independence and performance of the independent auditor of the Corporation.

OAC/SC Joint Council

The Joint Council is comprised of an equal number of Members from the SC and OAC Boards and is intended to discuss and address matters of importance to either Board with respect to the oversight and governance of the OMERS Pension Plans.

MEETING ATTENDANCE

There were 16 regular meetings of the Board and 23 meetings of standing committees as well as three Joint Council meetings; 10 information, education and planning meetings were also held, which Members attended at their discretion and as their obligations allowed. Overall attendance in 2010 was 97 per cent compared with 95 per cent in 2009.

BOARD REMUNERATION AND EXPENSES

For the year ended December 31,		2010		2009
	Remuneration(i)	Expenses(ii)	Remuneration(i)	Expenses(ii)
Marianne Love (Co-Chair)	$ 70,000	$ 19,720	$ 50,000	$ 22,847
Brian O'Keefe (Co-Chair)	70,000	14,134	50,000	8,632
Wm. (Joe) Aitchison(iii)	35,800	9,717	26,400	11,738
Paul Bailey(iv)	13,150	10,393	-	-
Brian Cain(iii)(v)	18,650	2,280	26,900	6,098
Ann Dembinski(v)	16,150	4,478	20,650	10,412
Mark Ferguson(iv)	14,650	2,349	-	-
John Fleming(iii)	35,800	10,942	26,900	15,168
Jack Jones	30,800	25,194	22,900	7,613
Charlie Macaluso	30,050	2,754	15,000	3,518
Wayne McNally(iv)	13,900	4,385	-	-
Bruce Miller(iii)	35,800	12,109	26,900	21,048
Glen Mills(v)	14,650	4,486	22,150	8,040
Marnie Niemi Hood	29,300	3,890	-	15,734
Garth Pierce(iii)	31,300	12,745	22,150	11,808
Frank Ramagnano(vi)	30,800	14,775	20,400	12,209
Bruce Stewart	29,300	3,036	22,900	3,030
Former Board Member(vii)	-	-	3,000	1,942
Other Expenses(viii)	-	51,123	-	39,370
Total	$ 520,100	$ 208,510	$ 356,250	$ 199,207

(i) Remuneration is in accordance with By-Law #6. Effective July 1, 2009, members receive a base retainer plus per meeting attendance fee to prescribed maximum levels.
(ii) Includes reimbursement for normal out-of-pocket business expenses including education, meeting, and communication expenses incurred on behalf of SC.
(iii) Committee Chairs
Joe Aitchison – CGC – Corporate Governance Committee
Brian Cain – Audit Committee (Jan 1 – June 30)
John Fleming – PDIC – Plan Design Information Committee
Bruce Miller – HRCC – Human Resources and Compensation Committee
Garth Pierce – Audit Committee (Oct 1 – Dec 31)
(iv) Term commenced July 1, 2010.
(v) Term ended June 30, 2010.
(vi) Term commenced March 1, 2009.
(vii) Term ended February 28, 2009.
(viii) Other expenses include Board group meeting expenses not allocated by individual.

2010 BOARD/COMMITTEE MEETINGS

	Board (16)		PDIC (8)		HRCC (4)		CGC (7)		Audit (4)		Joint Council (3)		Other (10)[i]	Total (52)		
Board Member	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Attended	Total	Discretionary	Attended	Total	%
Marianne Love[ii]	16	16	7	8	4	4	6	7			3	3	10	46	48	96
Brian O'Keefe[ii]	16	16	8	8	4	4	7	7			2	3	10	47	48	98
Wm. (Joe) Aitchison	15	16			4	4	7	7					9	35	36	97
Paul Bailey[iii]	6	7							2	2			4	12	13	92
Brian Cain[iv]	9	9			2	2			2	2			3	16	16	100
Ann Dembinski[iv]	9	9			2	2			2	2			3	16	16	100
Mark Ferguson[iii]	7	7			2	2			2	2			6	17	17	100
John Fleming	16	16	8	8							3	3	10	37	37	100
Jack Jones	16	16	8	8			7	7					9	40	40	100
Charlie Macaluso	15	16	6	8			6	7					7	34	38	89
Wayne McNally[iii]	7	7			2	2			1	2			6	16	17	94
Bruce Miller	16	16			4	4					2	3	9	31	32	97
Glen Mills[iv]	9	9							1	2			3	13	14	93
Marnie Niemi Hood	16	16	7	8									9	32	33	97
Garth Pierce	16	16							4	4			10	30	30	100
Frank Ramagnano	16	16	8	8			7	7					9	40	40	100
Bruce Stewart	16	16	8	8									9	33	33	100
Overall attendance	**99%**		**94%**		**100%**		**95%**		**88%**		**83%**			**97%**		

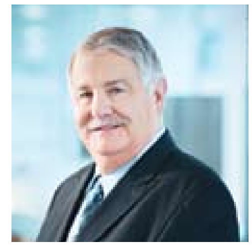
(i) 'Other' includes: stakeholder meetings, education/information sessions, and a planning retreat which Members attended at their discretion and as their obligations allowed
(ii) Co-Chairs are ex-officio members of all committees except Audit
(iii) Term commenced July 1, 2010
(iv) Term ended June 30, 2010

SPONSORS CORPORATION MEMBERS

Marianne Love, Co-Chair
Employer Representative
for Association of Municipalities
of Ontario

Brian O'Keefe, Co-Chair
Plan Member Representative
for CUPE Ontario

W.J. (Joe) Aitchison
Employer Representative
for Ontario Association of
Children's Aid Societies



Paul Bailey
Plan Member Representative
for Retiree Group

Mark Ferguson
Plan Member Representative
for CUPE Local 416

John Fleming
Employer Representative
for the City of Toronto

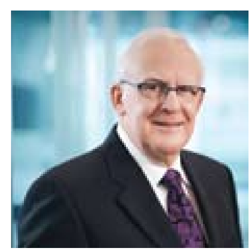
Jack Jones
Plan Member Representative
for Ontario Secondary School
Teachers' Federation

Charlie Macaluso
Employer Representative
for Electricity Distributors
Association

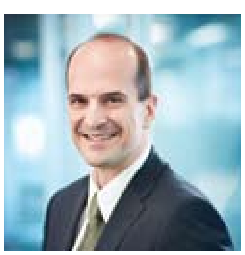
Wayne McNally
Employer Representative
for Ontario Catholic School
Trustees' Association

Bruce Miller
Plan Member Representative
for Police Association
of Ontario

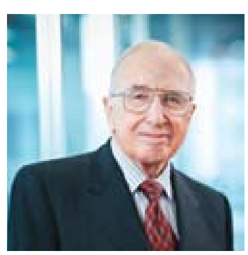
Marnie Niemi Hood
Plan Member Representative
for Ontario Public Service
Employees Union



Garth Pierce
Employer Representative
for Ontario Association of
Police Services Boards



Frank Ramagnano
Plan Member Representative
for Ontario Professional
Fire Fighters Association



Bruce Stewart
Employer Representative for
Association of Municipalities
of Ontario

AUDITORS' REPORT

TO THE BOARD OF OMERS SPONSORS CORPORATION

Report on the Financial Statements
We have audited the accompanying financial statements of OMERS Sponsors Corporation, which comprise the statement of financial position as at December 31, 2010 and the statement of operations and of cash flows for the year 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 generally accepted accounting principles, 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of OMERS Sponsors Corporation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Langlois Hauck Lettner & Co. LLP

Chartered Accountants
Licensed Public Accountants
North York, Ontario

February 24, 2011

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at December 31,	2010	2009
Assets		
Cash and cash equivalents	$ 1,866,949	$ 2,077,483
OAC receivable	808,490	588,394
Prepaid expenses and other assets	7,899	-
Total Assets	$ 2,683,338	$ 2,665,877
Liabilities		
Accounts payable and accrued liabilities	$ 249,885	$ 228,026
Net Assets		
Excess / (deficit) of revenues over expenses from operations		
Balance at beginning of year	2,437,851	2,441,102
Current year	(4,398)	(3,251)
Balance at end of year	2,433,453	2,437,851
Total Liabilities and Net Assets	$ 2,683,338	$ 2,665,877

The accompanying notes to the financial statements are an integral part of these financial statements.

Signed on Behalf of the Board of OMERS Sponsors Corporation

Marianne Love
Co-Chair

Brian O'Keefe
Co-Chair

Garth Pierce
Chair of Audit Committee

STATEMENT OF OPERATIONS

For the year ended December 31,	2010	2009
Revenues		
OAC expense reimbursement	$ 2,012,958	$ 1,860,837
Interest income	7,512	575
	2,020,470	1,861,412
Expenses		
Contract and administrative salaries including payroll taxes and benefits	712,029	590,331
Legal	266,874	227,230
Audit	4,123	3,727
Actuarial	78,264	71,863
Professional advisors and other administrative (note 3)	147,137	267,869
Insurance	77,638	136,289
Board remuneration including payroll taxes and benefits (note 4)	530,293	368,147
Board expenses	208,510	199,207
	2,024,868	1,864,663
(Deficit) of Revenues over Expenses from Operations	$ (4,398)	$ (3,251)

The accompanying notes to the financial statements are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31,	2010	2009
Operating Activities		
(Deficit) of revenues over expenses	$ (4,398)	$ (3,251)
Changes in non-cash working capital accounts		
OAC receivable	(220,096)	(189,362)
Prepaid expenses and other assets	(7,899)	750
Accounts payable and accrued liabilities	21,859	183,743
(Decrease) in Cash	(210,534)	(8,120)
Cash at Beginning of Year	2,077,483	2,085,603
Cash at End of Year	$ 1,866,949	$ 2,077,483
Supplemental disclosure of cash flows from operating activities:		
Interest income	$ 7,512	$ 575

The accompanying notes to the financial statements are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2010

NOTE 1

DESCRIPTION OF PLANS SPONSORED BY OMERS SPONSORS CORPORATION

The OMERS Sponsors Corporation (the "SC") is a corporation without share capital under the *Ontario Municipal Employees Retirement System Act, 2006* (the "*OMERS Act*"). The SC is the sponsor of the OMERS Pension Plans (the "OMERS Pension Plans") as defined in the *OMERS Act*. The OMERS Pension Plans are administered by OMERS Administration Corporation (the "OAC") and include the OMERS Primary Pension Plan (the "Plan") and the Retirement Compensation Arrangement (the "RCA") associated with the Plan and the OMERS Supplemental Plan for Police, Firefighters and Paramedics (the "Supplemental Plan"). The SC is responsible for making decisions about the design of the Plan, the RCA, and the Supplemental Plan, amendments to those plans, setting contribution rates, and the filing of the actuarial valuation as required under the *Pension Benefits Act*.

NOTE 2

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements are prepared on a going concern basis in accordance with Canadian generally accepted accounting principles, and present the information of the SC as a separate financial reporting entity independent of the employers, Plan members and the OAC.

Government Grant Revenue Recognition and Net Assets

In previous years the SC received grants for operations from the Ministry of Municipal Affairs and Housing of the Ontario Government (the Ministry). These amounts receivable were recognized as income once the amount to be received could be reasonably estimated and collection was reasonably assured. The initial funding agreement with the Ministry which was put in place during 2007 stated that any part of the grant funds that have not been used or accounted for by the SC at the time the agreement was to expire, on March 31, 2009, would belong to the Ministry.

In July 2008, following the establishment of, and agreement to, a joint SC / OAC protocol for SC expenditure reimbursement from the OAC and an Ontario Superior Court of Justice decision that confirmed that the OAC may lawfully reimburse the SC in accordance with the categories outlined in the protocol, the Ministry agreed to amend their initial agreement with the SC. The amended agreement authorizes the SC to use the remaining provincial funding for a period of up to five years (to March 31, 2014), to pay for the SC costs that, under the protocol, cannot be reimbursed from the OAC. Net assets consist of government grant funds received, net of expenditures not reimbursed by the OAC, plus interest earned. Interest income from operations is recognized as income in the year earned.

Income Taxes

The corporation is not subject to Corporate Income Tax.

Use of Estimates

The preparation of financial statements is in conformity with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported values of assets and liabilities, income and expenses, and related disclosures. Such estimates include the OAC receivable, and accounts payable and accrued liabilities. Actual results could differ from these estimates.

NOTE 3

PROFESSIONAL ADVISORS AND OTHER ADMINISTRATIVE EXPENSES

Professional advisors and other administrative expenses consist primarily of various professional advisors for legal, actuarial and governance issues; recruitment; training, and other administrative expenses.

NOTE 4

BOARD REMUNERATION AND EXPENSES

Board remuneration and board expenses are in accordance with SC By-Law #6.

NOTE 5

FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

Financial instruments of the corporation consist of cash and cash equivalents, OAC receivable, and accounts payable and accrued liabilities. The carrying values of the above items approximate their fair value due to their short-term nature.

Credit Risk

The corporation's cash is held at a major financial institution and cash equivalents are all Ontario treasury bills. The OAC receivable is due from an organization with a "AAA" rating and therefore there is virtually no credit risk.

OMERS SPONSORS CORPORATION
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Suite 800
Toronto, Ontario M5J 2P1
Tel **416.814.6565**
Toll-free **1.800.387.0813**
Email **board@omerssc.com**

For more information,
please visit our website at
www.omerssc.com

OMERS
Sponsors Corporation