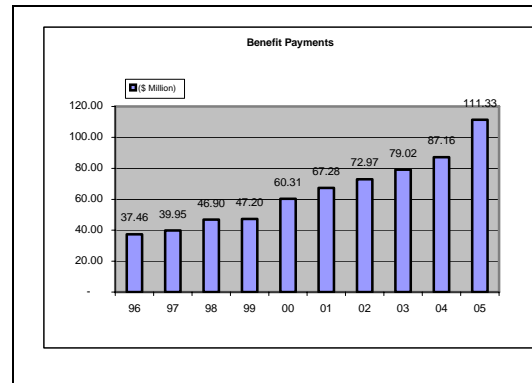
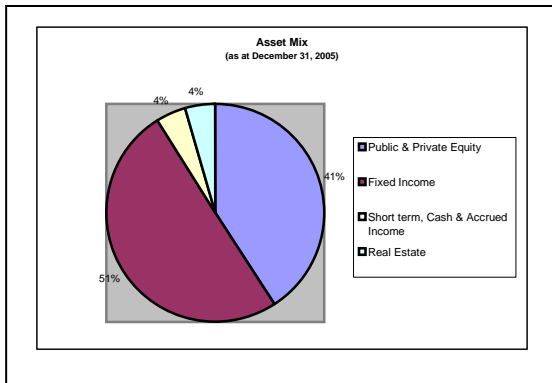
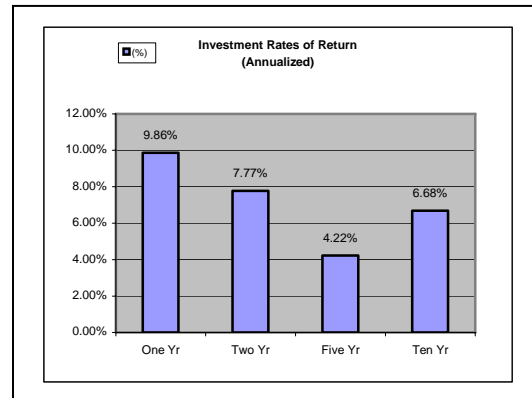
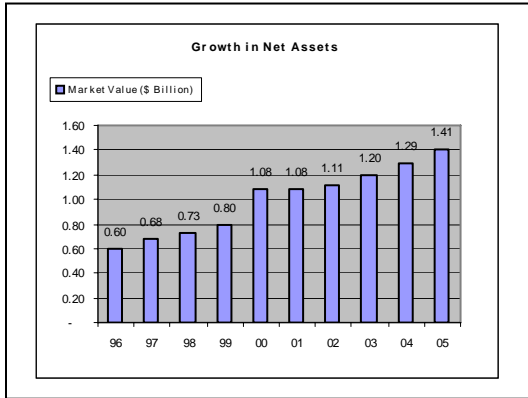


CANADIAN COMMERCIAL WORKERS INDUSTRY PENSION PLAN

2005 ANNUAL REPORT

2005 HIGHLIGHTS

- Investment return (including unrealized gains): \$126 million
- Rate of return on investments: 9.9%
- Assets available to pay future benefits: \$1.4 billion
- Total employer contributions: \$115 million
- Total benefit payments: \$111 million
- Pensioners receiving benefits: approximately 17,000
- External compliance officer appointed
- Key policies revised and improved
- Asset-liability modeling study commissioned



CHAIRMAN'S REPORT

The Canadian Commercial Workers Industry Pension Plan (CCWIPP) made progress on several fronts in 2005.

Investment returns

The Plan recorded its fourth consecutive year of positive returns. The 2005 investment return of 9.9% compared with 5.7% in 2004. It produced value added to the Plan by exceeding the 7.0% actuarially assumed rate of return needed to meet all pension obligations.

Member benefits

Approximately \$111 million was paid out in benefits last year. The number of retired members receiving monthly benefits grew to 16,893, with 1,048 members retiring in 2005. Our goals, as Trustees, are to ensure the safety of Plan assets for the benefit of members, provide efficient pension services, and make it as easy as possible for members to gain information about their pension entitlements. Members requiring assistance should contact one of the Plan's six (6) regional offices.

Governance and compliance

The Trustees continue to enhance the Plan's governance and compliance practices. An external compliance officer was appointed to assist in ensuring full compliance with federal and provincial regulations as well as the Plan's Statement of Investment Policies and Procedures. A detailed compliance monitoring program is being implemented.

Among other initiatives, the Trustees adopted a revised investment-related conflicts of interest policy and revised the Statement of Investment Policies and Procedures, which sets out the investment objectives, policies, goals and procedures; addresses the Plan's financial risks; specifies the asset allocation policy; and, defines how investment performance is measured. The Trustees commissioned an asset-liability modeling study to determine whether investment risks and expected returns are properly matched with the long-term benefit costs. The study will be completed in 2006.

The Trustees receive no personal benefit, financial gain or fee payment for their role as fiduciaries of the Plan.

All in all, CCWIPP is moving in the right direction. The Trustees have taken seriously the concerns raised by the Financial Services Commission of Ontario regarding some past practices and remain committed to serving the best interests of Plan members.

Bernard Christophe
Chairman, Board of Trustees

FINANCIAL REPORT

In 2005, the Canadian Commercial Workers Industry Pension Plan (CCWIPP) had an investment return of approximately \$126 million, compared with \$69 million in 2004. The 2005 return consisted of more than \$35 million in interest and dividends, \$21 million in gains from the sale of assets and \$73 million of unrealized gains, offset by \$3 million in losses from non-performing assets.

The investment return rose to 9.9% from 5.7% a year earlier. The Plan has had positive returns in nine (9) of the past ten (10) years, and in eighteen (18) of the past twenty (20) years.

Assets available to pay future benefits totaled \$1.4 billion at December 31, 2005, compared with \$1.3 billion at the prior year-end.

Externally Managed Investments

Approximately 80% of invested assets, or \$1.1 billion, were stocks, bonds, certain private equity investments, and short-term cash-equivalent securities. The value of these assets increased by \$136 million during the year.

These assets are managed by firms selected and evaluated under a rigorous process. An independent advisor recommends a short-list of firms, that meet the Plan's investment criteria, to manage equities, fixed income securities, and specialized alternative assets, such as private equity, hedge funds and other non-traditional investments. In some cases, firms are chosen to manage only stocks or fixed-income securities; in other cases, they are mandated to manage more than one asset class. Firms, that consistently under perform their portfolio benchmarks, are replaced. In 2005, the Trustees selected one new manager to replace two previous managers.

On a market value basis, the asset allocation showed a shift to equities at 41% of invested assets, compared with 35% in 2004. Of the \$576 million invested in equities, approximately 70% were shares in Canadian publicly traded companies and most of the remainder in U.S. companies. Canadian stocks were managed by six (6) firms. These portfolios performed extremely well, driven by the strong global

demand for energy and commodities that dramatically increased the share value of Canadian resource companies.

The Canadian equity performance was partially offset by the sharp rise in the value of the Canadian dollar versus other major currencies, which muted the returns on foreign equities when converted into Canadian dollars. Foreign portfolios were managed by eight (8) firms during the year.

Fixed income securities were valued at \$490 million and represented 35% of invested assets, which is the same as in 2004. The bond market performed well in 2005 in an environment of historically low interest rates. Short-term investments, including cash, of \$59 million declined as a proportion of invested assets to 4% from 7%. Fixed income assets were managed by eight (8) firms during the year.

Assets Owned by CCWIPP Investment Corporations

At the end of 2005, approximately 20% of invested assets, or \$287 million, were loans and real estate owned by CCWIPP investment corporations.

In April 2001, the Trustees began to rebalance the investment portfolio by selling assets owned by CCWIPP investment corporations, with the proceeds allocated for re-investment by external managers. By the end of June 2006, total proceeds of approximately \$228 million have been received from divestitures.

In December 2005, CCWIPP sold \$15.3 million of index-linked mortgages to a major Canadian pension plan. These mortgages were acquired for \$18.7 million in 1993 and had earned \$15 million in investment income before being sold.

The Plan ended 2005 with eight (8) loans, of which \$159 million was secured by three properties on New Providence Island, The Bahamas. The properties were the 200-acre South Ocean Golf and Beach Resort, on which the plan has accepted a purchase offer; the 13-acre British Colonial Hilton Hotel and commercial office building complex; and a five-acre condominium development site adjacent to the British Colonial property that is under a sales contract. CCWIPP also had approximately \$22 million in mortgage loans on two properties in Jamaica.

The plan directly owned six (6) properties valued at \$56 million -- the Galleria Mall in London, Ontario, 138 acres of land being held for development at four locations in Ontario, and a small hotel in Niagara Falls, Ontario on which a sales agreement has been executed.

Assets Available to Pay Benefits

The value of net assets available to pay benefits increased by \$120 million to \$1.4 billion by the 2005 year-end.

Increasing the net asset value were the \$126 million investment return and higher contributions by employers. The Plan provides pension benefits to 310,000 current and former members of the United Food and Commercial Workers Canada (UFCW Canada) employed by 328 participating employers. In 2005, employers contributed \$115 million, compared with \$108 million the previous year, in accordance with collective bargaining agreements negotiated with UFCW Canada. (Employees do not contribute to the Plan).

Offsetting the gains in net asset value were \$111 million of benefit payments, compared with \$87 million in 2004, and administrative expenses (including investment, custodial and professional fees) that were well below one percent of Plan assets.

Benefit Payments

Pension payments increased by \$5 million to \$71 million. Last year, 1,048 members went on pension for the first time. Benefits are based on the hours worked by each member and the contribution rate paid by employers in accordance with collective agreements. Termination payments rose by \$19 million to exceed \$39 million, although the number of members leaving the Plan declined from 8,700 in 2004 to 8,200 in 2005. Termination payments are affected by several factors including membership turnover, regulatory rules that vary from province to province with respect to determining termination date and portability rights, the timing of processing termination payments, and changes in calculating commuted values (how much a member leaving the Plan is entitled to as a lump sum payment). Termination payments increased in 2005 primarily as a result of higher commuted values that reflected changes in the mortality tables.

In addition, the Plan paid out \$1.3 million in lump sum death benefits to surviving spouses and other designated beneficiaries, the same amount as in 2004.

Funding Status

A valuation of the Plan's financial position is made annually by independent actuaries. The most recent valuation estimated a going concern funding deficiency of \$307 million as at December 31, 2004, compared with a \$260 million deficiency on the same date a year earlier. The valuation was based on a \$1.4 billion actuarial value of assets (\$1.3 billion in 2003) and total liabilities of \$1.7 billion (\$1.6 billion in 2003).

A funding deficiency is not unusual for a multi-employer pension plan. The going-concern funding deficiency is amortized over 10 years, compared with the 15 years allowed by Ontario legislation. Despite the positive investment performance in 2005, the funding deficiency is expected to grow. Decisions on asset/liability management are critical to eliminating the shortfall and ensuring the long-term health of the Plan.