

4 Year Budgeted Compounded Return Relative to 5th Percentile

The 4 year budgeted equity return (6.1% per year compounded) is: 26.7%

	4 year cumulative return 1956 to present (A)	4 Year <u>Budgeted</u> Equity Return (B)	4 year cumulative return 1956 to present relative to budget (A-B)
1 in 100 year event (1st percentile)	-23.5%	26.7%	-50.2%
1 in 40 year event (2.5th percentile)	-20.8%	26.7%	-47.6%
1 in 20 year event (5th percentile)	-16.3%	26.7%	-43.0%

2 Year Budgeted Compounded Return Relative to 5th Percentile

The 2 year budgeted equity return (6.1% per year compounded) is: 12.6%

	2 year cumulative return 1956 to present (A)	2 Year <u>Budgeted</u> Equity Return (B)	2 year cumulative return 1956 to present relative to budget (A-B)
1 in 100 year event (1st percentile)	-36.6%	12.6%	-49.2%
1 in 40 year event (2.5th percentile)	-31.4%	12.6%	-44.0%
1 in 20 year event (5th percentile)	-24.9%	12.6%	-37.4%

Investment Income From Equities: Actual vs Budget (\$000)

Fiscal Year	Actual	Budget	Variance
2008/09	(\$71,684)	\$26,521	(\$98,205)
2009/10	\$2,983	\$18,236	(\$15,253)
2010/11	\$25,735	\$22,672	\$3,063
2011/12	(\$1,260)	\$33,006	(\$34,266)
Total	(\$44,227)	\$100,435	(\$144,662)
Basic Investment Impact (assume 85% of total)			(\$122,963)

Beginning of year 2008/09 Corporate Equity Balance	\$417,070
4 year decline as a percentage of 2008/08 Corporate Equity Balance	-34.7%
Forecasted Beginning of year 2013/14 Corporate Equity Balance	\$456,215
Adjusted Basic Investment Impact using 2013/14 Equity Balance*	(\$134,503)
*2013/14 Initial Corporate Equity Balance x Assumed Decline x 85% Basic Portion	

4 Year Budgeted Compounded Return Relative to 5th Percentile (\$000)

Beginning of year 2013/14 Equity Balance x Deviation to Budget x 85%

1 in 100 year event (1st percentile)	-50.2%	(\$194,685)
1 in 40 year event (2.5th percentile)	-47.6%	(\$184,448)
1 in 20 year event (5th percentile)	-43.0%	(\$166,843)

2 Year Budgeted Compounded Return Relative to 5th Percentile (\$000)

Beginning of year 2013/14 Equity Balance x Deviation to Budget x 85%

1 in 100 year event (1st percentile)	-49.2%	(\$190,681)
1 in 40 year event (2.5th percentile)	-44.0%	(\$170,439)
1 in 20 year event (5th percentile)	-37.4%	(\$145,155)

2013/14 RSR Targets using Percentage of Premium Method

Minimum	\$81,000
Maximum	\$162,000