

Undertaking # 38

MPI to report if there are scenarios equivalent to a \$325 million impact, what the probability level of that is, both before and after management action.

RESPONSE:

Before management action the Combined Scenario experiences a \$325 million reduction to Total Equity (relative to the base forecast) at approximately the 10th percentile (or 1-in-10 years). A significant portion of this impact is related to the risk of not achieving the interest rates utilized in the Corporation's base forecast. For example, as shown in the Corporation's response to Undertaking 23, simply using a flat (i.e. no growth) interest rate forecast, compared to using the standard interest rate forecast, results in an expected reduction in net income of \$240 million over the forecast period (before management action).

After management action, there are no adverse scenarios that have a \$325 million or greater impact to Total Equity at a probability level of 1% (i.e. 1-in-100) or higher.