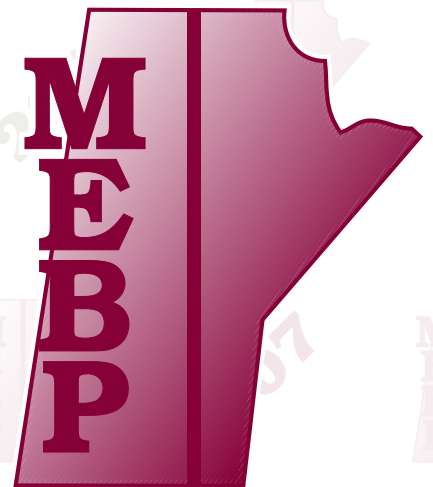


MUNICIPAL EMPLOYEES BENEFITS PROGRAM

2007 ANNUAL REPORT TO MEMBERS

www.mebp.mb.ca
Toll Free-1-800-432-1908



Mission Statement

The Municipal Employees Benefits Program will provide secure pension and benefit services to our members and their families in a cost-effective manner.

Message from the Chair

On behalf of the Pension Board, it is my privilege to provide a brief message on the operation of your pension and benefits fund. We believe that effective communication with you as Plan members is very important and hope that the information in this Annual report together with your personalized Annual Pension statement will be useful to you. We always welcome suggestions for improvement.

Many of you will remember previous years' returns, which speaks to the volatility of the investment market. While 2007 was a comparatively "poor" year insofar as investment returns, when one compares to other pension funds the return was actually quite remarkable. It does appear that the asset mix chosen by the Board has improved the fund's performance over the years, while still protecting the assets when markets are difficult. The investment fund managers did meet performance targets for 2007, and I would add that I feel that it was a tough year to be an investment manager. The Board is committed to be very active in taking steps to ensure continued performance.

One of the highlights over the past years was the investment in private equity and real estate. The decision of the Board many years ago to allocate funds to these markets has proved to be a very sound decision. The real estate market has continued to outperform benchmarks over the years.

The number of members and employers served by MEBP continues to have a slow and steady increase, with the growth coming from new employees hired in local governments, as well as some new members such as Age and Opportunity joining MEBP.

During the past year, the Board did focus most of its attention on two matters – the monitoring of the pension and benefits plan and the review of the actual benefits provided. In this regard I am pleased to report that the investment return was considered satisfactory, and the review of benefits will result in some improvement to the plan. A major change over the next year will be to move to a more definitive guaranteed indexing of pension funds. This is a major decision that will impact contribution rates with an offsetting improvement in the pension benefit. While 2/3 of CPI has been provided for in past years, it has been done on an ad hoc basis, dependent on fund returns. The move in 2009 will be to provide more of a guaranteed indexing.

In closing it is a pleasure to pay tribute to the hard work and support of all the board members for their enthusiasm and diligence in working the pension and benefits plan. And, the list of tributes would not be complete without an expression of gratitude to Rose Neufeld and the staff of MEBP for all their hard work and dedication in working through some adversity in 2007. The commitment and expertise of staff who oversee the Plan's operations is an important contributor to the success of your plan.

Jack Kehler,
Chair

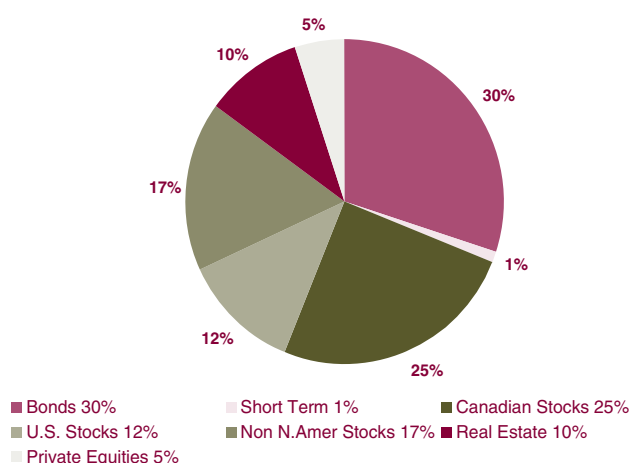
Investment Overview

The Fund registered a return of 3.4% in 2007, compared to 12.13% in 2006. This return was 0.7% more than the benchmark and 3.1% less than the rate required by the valuation to fund benefits.

PENSION PLAN HIGHLIGHTS

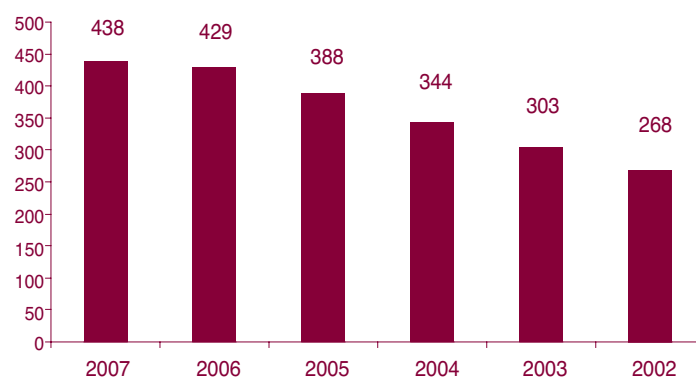
(\$ Thousands)	<u>2007</u>	<u>2006</u>
Market Value of Investments	\$434,904	\$425,813
Investment Income	\$14,632	\$15,918
Employee Contributions	\$7,224	\$6,524
Employer Contributions	\$6,206	\$5,838
Pension Payments	\$12,829	\$11,740
Refunds and Transfers	\$3,141	\$4,573
Investment Rate of Return	3.4%	12.13%
Investment Benchmark	2.7%	12.16%
Employees and Former Employees	3,417	3,293
Pensioners and Beneficiaries	<u>1,422</u>	<u>1,386</u>
Total Members	4,839	4,679

Pension Plan Asset Mix



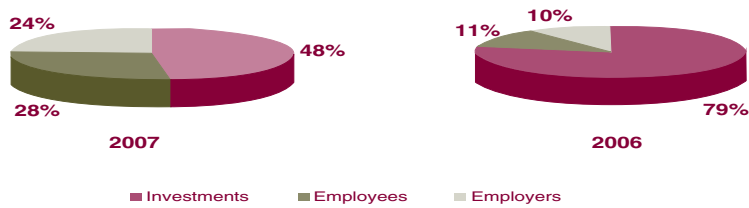
Pension Fund Assets

(\$Millions)



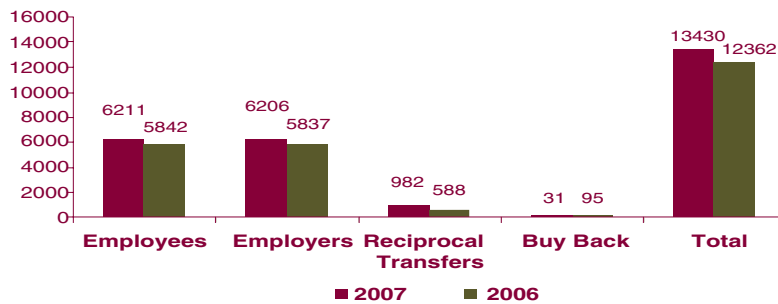
THE PENSION PLAN

Sources of Funds



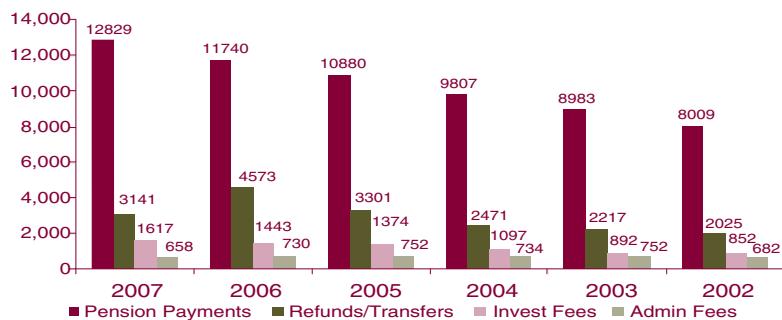
Pension Contributions

(\$ Thousands)



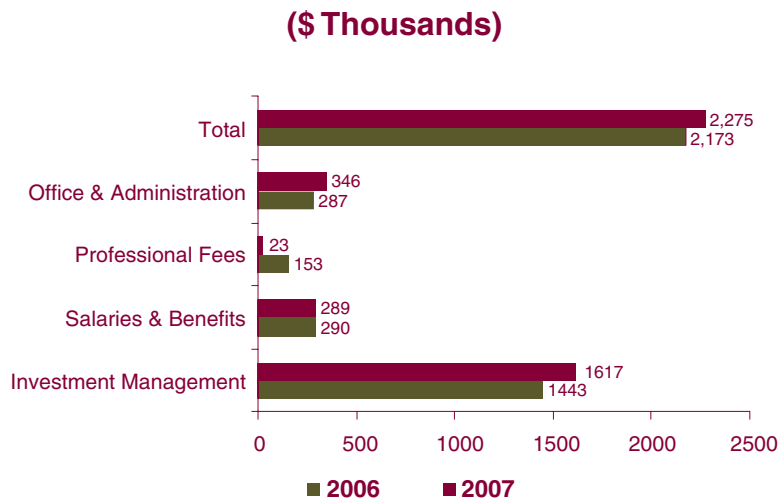
Payments from the Fund

(\$ Thousands)

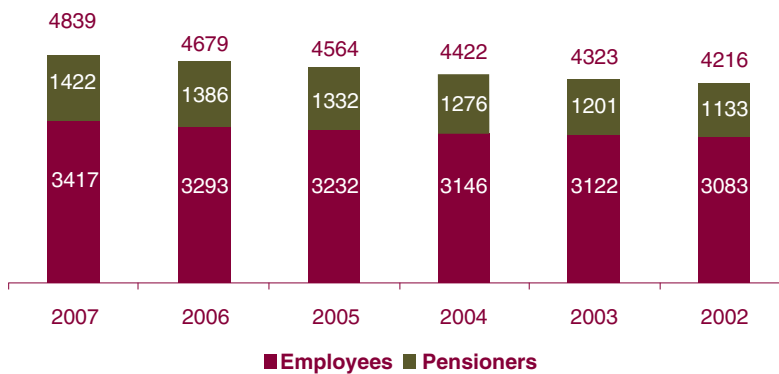


ADMINISTRATION

Total administration costs, including investment expenses, amounted to \$2.3 million. This translates into an annual cost of \$470 per member.

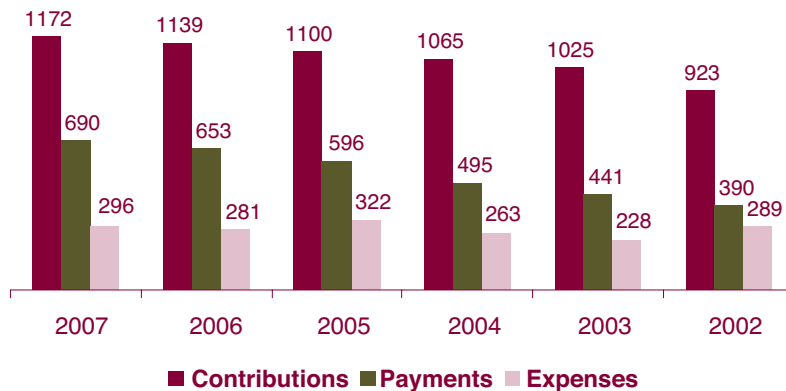


PENSION PLAN MEMBERS



THE DISABILITY INCOME PLAN

(\$ Thousands)



THE GROUP INSURANCE PLAN

(\$ Thousands)

