

OMERS REPORTS 2006 TOP-QUARTILE RETURNS OF 16.4 PER CENT

TORONTO, ONTARIO--(February 26, 2007) - OMERS announced today that its total rate of return was 16.4 per cent in 2006, a top-quartile performance that exceeded its benchmark return of 13.7 per cent. This is the fourth year in a row in which OMERS has achieved a double-digit return, earning net investment income for 2006 of \$6.5 billion, compared with \$5.5 billion in 2005. The fair market value of net assets increased 15.9 per cent, to total \$47.6 billion as at December 31, 2006, up from \$41.1 billion the previous year.

“OMERS strong 2006 returns were due to the successful execution of our investment strategy, anchored by the buoyant public markets and the strong returns realized by all three private market lines of business - real estate, infrastructure and private equity,” said OMERS President and Chief Executive Officer, Paul Haggis. “We remain focused on being the leader in the pension industry, providing first-in-class investment management and delivering superior pension services to our members and employers.”

OMERS is continuing its long-term strategy to increase its holdings in private equities, real estate and infrastructure from the current 24.2 per cent to 37.5 per cent of net investment assets. OMERS anticipates 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 its funding requirements.

OMERS received \$1.8 billion in pension contributions in 2006, compared to \$1.5 billion in 2005. Pension and other benefit payments totalled \$1.7 billion in 2006, an increase from \$1.6 billion in the previous year.

2006 Accomplishments

In 2006, OMERS Pension Division continued to be the leader in the public sector pension industry. According to an annual survey to assess how OMERS meets the needs of its members and employers, an average satisfaction rate of 91 per cent for the overall level of service was achieved. For example, initial claims turnaround time was less than two business days on average and incoming calls were resolved at first point of contact 91.5 per cent of the time.

OMERS has four primary investment businesses - public markets, private equity, infrastructure and real estate.

Net investment income

(Millions)	2006	2005
Public markets	\$ 4,870	\$ 4,041
Private equity	360	383
Infrastructure	388	393
Real estate	1,016	790
	6,634	5,607
Income credited to administered funds	(104)	(92)
Net investment income	\$ 6,530	\$ 5,515

Public markets generated net investment income of \$4,870 million compared with \$4,041 million a year earlier. The increase from the prior year is attributable to significantly higher returns in non-Canadian public equity markets in 2006.

Private equity investments generated net investment income of \$360 million, compared with \$383 million last year. Although income was quite strong in 2006, the change from 2005 was the result of lower market valuation adjustments resulting primarily from our exposure to the oil industry which saw reduced prices during the year. During 2006, private equity investments increased from \$2.4 billion to \$2.9 billion and now account for approximately 6.0 per cent of net investment assets with a long-term goal of 10.0 per cent.

Infrastructure investments generated net investment income of \$388 million, compared with \$393 million a year earlier. In 2006 lower earnings generated by the energy sector were offset by more positive earnings generated by other sectors in the infrastructure portfolio. At December 31, 2006, OMERS had \$5.6 billion invested in infrastructure assets, an increase of \$1.9 billion over the prior year. Infrastructure assets increased from 5.7 per cent to 7.9 per cent, with a long-term asset mix goal of 15.0 per cent of net investment assets.

OMERS real estate generated net investment income of \$1,016 million (including operating income of \$350 million) as compared with net investment income of \$790 million (including operating income of \$392 million) a year earlier. Real estate investment income in 2006 significantly exceeded the previous year primarily as a result of gains on sales of properties and favourable market value appreciation in the year, particularly in the office portfolio in the cities of Edmonton, Calgary and Vancouver. Real estate assets were valued at \$8.5 billion at December 31, 2006, an increase of \$2.4 billion from 2005. This increase resulted largely from the acquisition of seven iconic Canadian hotel properties from Fairmont Hotels and Resorts in September 2006. Real estate assets rose to 10.3 per cent of net investment assets in 2006 compared with 8.1 per cent in 2005. The long-term asset mix goal is 12.5 per cent for real estate.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) 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, 2006, the estimated actuarial value of the liabilities of the Plan was \$44.2 billion, compared with \$41.1 billion a year earlier. The Plan had an actuarial value of net assets of \$41.8 billion in 2006 compared with \$38.3 billion in the prior year. This resulted in a funding deficit of \$2.4 billion as at December 31, 2006, compared with a deficit of \$2.8 billion as at December 31, 2005. This funding deficit, as projected, is due in part to the deferred recognition of higher investment returns from the last four years as part of the actuarial smoothing process. The fair market value of the assets of the Plan (i.e. before actuarial smoothing) at the end of 2006 was \$5.8 billion above the actuarial value of those assets.

OMERS provides retirement benefits to approximately 372,000 members on behalf of over 900 local government employers across the province. Visit the OMERS website at www.omers.com for more information.

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Note: OMERS 2006 Annual Report will be available in April 2007.

Forward-looking statements are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ from the expectations expressed in these statements.

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