Financial Statements

March 31, 2007

Balance Sheet

As at March 31, 2007

($ Thousands)

	2007	2006
Assets		
Current		
Cash (Note 4)	$ 4,034	$ 2,542
Funds held for others (Note 9)	135	4
Accounts receivable	32	98
Prepaid expenses	74	112
	$ 4,275	$ 2,756
Non-current		
Restricted cash (Note 3)	576	895
Investments (Note 4)	32,146	23,316
Capital assets (Note 6)	3,275	1,913
Lease deposit and penalties	182	132
	36,179	26,256
Total assets	$ 40,454	$ 29,012
Liabilities and retained earnings		
Current		
Funds held for others (Note 9)	$ 135	$ 4
Accounts payable and accrued liabilities	2,710	1,612
Accrued vacation and benefit liabilities	468	635
Lease inducement (Note 7)	124	124
	3,437	2,375
Non-current		
Lease Inducement (Note 7)	370	494
Accrued benefit liability (Note 8)	2,464	2,070
Total liabilities	6,271	4,939
Retained earnings (Note 3)	34,183	24,073
Total liabilities and retained earnings	$ 40,454	$ 29,012

The accompanying notes and schedules are part of these financial statements.

Approved by the Members

William S. Rice, Q.C., Chair and Chief Executive Officer

Dennis A. Anderson, FCA, Member

Statement of Income and Retained Earnings

For the Year Ended March 31, 2007

($ Thousands)

	2007 Budget (Note 12)	2007 Actual	2006 Actual
Revenue			
Fees (Note 10)	$ 18,487	$ 23,223	$ 19,285
Investment income (Note 5)	1,000	2,238	2,486
Settlement payments and cost recoveries (Note 10)	–	7,790	50
Conference fees	–	26	85
Administrative penalties revenue (Note 3)	300	121	449
Total revenue	19,787	33,398	22,355
Expense			
Salaries and benefits	15,350	15,329	12,821
Administration	2,374	2,668	1,840
Professional services	2,162	2,359	1,689
Premises	1,726	1,771	1,435
Amortization	676	695	622
Investor education (Note 3)	600	466	468
Special investigations (Note 13)	–	–	1,268
Total expense	22,888	23,288	20,143
Budget contingency	2,289		
Net income (loss)	$ (5,390)	10,110	2,212
Opening retained earnings		24,073	21,861
Closing retained earnings (Note 3)		$ 34,183	$ 24,073

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

For the Year Ended March 31, 2007

($ Thousands)

	2007	2006
Cash flows from operating activities		
Fees and other	$ 23,312	$ 19,383
Settlement payments and cost recoveries	7,790	50
Payments to and on behalf of employees	(14,521)	(12,356)
Payments to suppliers for goods and services	(7,030)	(5,476)
Payments for special investigations (Note 13)	(17)	(1,476)
Investment income	2,238	2,486
Cash advanced to MICA project (Note 9)	–	(8)
Administrative penalties	59	449
Cash flows from operating activities	11,831	3,052
Cash flows from capital activities		
Lease inducement received	–	389
Proceeds on disposal of capital assets	3	3
Cash used to acquire capital assets (1)	(1,831)	(495)
Cash used for capital activities	(1,828)	(103)
Cash flows from investing activities		
Decrease (increase) in restricted cash	319	(66)
Cash used for investments	(8,830)	(3,526)
Cash used in investing activities	(8,511)	(3,592)
Increase (decrease) in cash	1,492	(643)
Opening cash	2,542	3,185
Closing cash	$ 4,034	$ 2,542
Supplemental cash flow information		
(1) Additions to capital assets	$ (2,060)	$ (414)
Increases (decreases) in accrued liabilities for capital assets	229	(81)
	$ (1,831)	$ (495)

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2007

($ Thousands)

Note 1 Nature of Operations

The Alberta Securities Commission (ASC), an industry-funded provincial corporation operating under the Act, is the regulatory agency responsible for administering the province's securities laws.

The ASC's investments are independently managed by the Alberta Investment Manager of the Province of Alberta. The ASC does not participate in capital market investment decisions or transactions.

The ASC, as an Alberta provincial corporation, is exempt from income tax.

Note 2 Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector.

The Alberta Investment Manager and Minister of Finance administer and report all ASC investments and cash balances using the accounting policies outlined in (a), (b) and (c).

(a) Portfolio investments
Fixed-income securities and equities are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the life of the investments.

Investments are recorded as of the trade date.

The cost of disposals is determined on the average cost basis.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(b) Investment income
Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collectability.

Gains and losses arising as a result of disposal of investments are included in the determination of investment income.

Income and expense from derivative contracts are included in investment income. Certain derivative contracts, which are primarily interest rate swaps and cross-currency interest rate swaps, are designated as hedges by the Alberta Minister of Finance of market risks for the purposes of hedge accounting. Hedge accounting recognizes gains and losses from derivatives in the statement of income in the same period as the gains and losses of the security being hedged.

(c) Valuation of financial assets and liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair value of cash deposits, receivables, accrued liabilities and payables are estimated to approximate their book values.

Fair values of investments managed and held by the Alberta Investment Manager in pooled investment funds are determined as follows:

(i) Public fixed-income securities and equities are valued at the year-end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

(ii) Private fixed-income securities are valued based on the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.

Derivative contracts include equity and bond index swaps, interest rate swaps, cross-currency interest rate swaps, credit default swaps, forward foreign exchange contracts and equity index futures contracts. The value of derivative contracts is included in the fair value of the ASC's investment in the Canadian Dollar Public Bond Pool and Domestic Passive Equity Pooled Fund (see Note 4). The fair value of derivative contracts is determined at the reporting date.

(d) Capital assets

Capital assets are recorded at cost.

Assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment and software	3 years
Furniture and equipment	10 years
Leasehold improvements	remaining lease term to March 2011

(e) Fees, administrative penalty and settlement cost recovery recognition

Fees are recognized when earned, which is upon cash receipt.

Administrative penalty and settlement cost recoveries are recognized when the decision is issued or agreement reached.

(f) Employee future benefits

The ASC participates in the Public Service Pension Plan (PSPP), a multi-employer defined benefit pension plan, with other government entities. This plan is accounted for as a defined contribution plan as the ASC has insufficient information to apply defined benefit plan accounting to this pension plan. Pension costs included in these financial statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for the service relating to prior years.

The ASC maintains a Supplemental Pension Plan (the Plan) for certain designated executives of the ASC. The cost of the pension is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of economic assumptions. Past service costs and actuarial losses arising from assumption changes are amortized on a straight-line basis over the average remaining service period of employees active at the date of commencement of the plan. The average remaining service period of active employees of the Plan is six years.

The ASC also maintains a plan whereby it makes Registered Retirement Savings Plan contributions on behalf of certain employees of the ASC. The contributions are calculated based on a fixed percentage of the employee's salary to a maximum of the Registered Retirement Savings Plan contribution limit as specified in the Income Tax Act. The expense included in these financial statements represents the current contributions made on behalf of the employees.

(g) Lease inducement

Cash payments received as lease inducements are deferred and amortized on a straight-line basis over the lease term.

(h) Measurement uncertainty

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

(i) Restricted cash

The Act restricts the use of revenues received by the ASC from administrative penalties to certain operating expenditures that educate investors and enhance the knowledge of the securities market operation.

Note 3 Restricted Cash and Retained Earnings

Retained earnings include accumulated net penalty revenue of $576 ($895 in 2006). This amount is represented by restricted cash, as described in Note 2(i).

Changes in restricted cash include:

	2007	2006
Restricted cash (decrease) increase		
Administrative penalties	$ 564	$ 620
Less: uncollectible amounts	(480)	(195)
Net realizable value	84	425
Interest income and other	37	24
	121	449
Plus: Education seminar fees	26	85
Less: Eligible education expenses	(466)	(468)
Restricted cash (decrease) increase	$ (319)	$ 66

Note 4 Cash and Investments

(a) Summary

	2007			2006		
	Cost	Fair Value	%	Cost	Fair Value	%
Cash						
Deposit in the CCITF	$ 4,034	$ 4,034		$ 2,542	$ 2,542	
Investments						
Deposit in the CCITF	$ 65	$ 65	0.2	$ 60	$ 60	0.3
Fixed-income securities	24,340	24,092	74.5	17,697	17,441	74.0
Canadian equities	7,741	8,168	25.3	5,559	6,060	25.7
	$ 32,146	$ 32,325	100.0	$ 23,316	$ 23,561	100.0

Cash consists of demand deposits in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio comprises high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2007, securities held by the CCITF have an average effective market yield of 4.36% per annum (2006: 3.96% per annum).

The ASC's investments are held in pooled investment funds established and administered by the Ministry of Finance. Pooled investment funds have a market based unit value that is used to allocate income to participants and to value purchases and sales of pool units.

Included in the ASC's pooled investment funds are derivative financial contracts with a notional amount of $92,045 and a negative fair value of $33 (Notional amount $14,004 and fair value $174 in 2006).

Fixed income securities held at March 31, 2007 have an average effective market yield of 4.5% per annum (4.7% per annum in 2006), with maturities ranging from less than one year to over 20 years. The fixed income pool includes a mix of high-quality government and corporate (public and private) fixed income securities and is actively managed to minimize credit and market risk through the use of derivatives, portfolio duration and sector rotation.

Equity investments include publicly traded Canadian large cap and market index participant equities. The equity pools participate in derivative transactions to simulate index composition and minimize investment risk.

(b) Investment risk management

Income and financial returns of the ASC are exposed to credit, market and interest rate risk.

In order to earn an optimal financial return at an acceptable level of risk, management of the ASC has established an investment policy, which is reviewed annually. Risk is reduced through asset class allocation targets of 75% bonds and 25% equities with a small value of residual cash, diversification within each asset class, and quality and duration constraints on fixed-income instruments.

Note 5 Net Investment Income

	2007	2006
Net realized gain on investments including derivative income	$ 744	$ 1,448
Interest	1,390	983
Dividends	108	60
Other	(4)	(5)
	$ 2,238	$ 2,486

The ASC's investments earned 7.4% for the year ended March 31, 2007 (11.3 % in 2006), based on market values.

Note 6 Capital Assets

	2007			2006
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment and software	$ 2,701	$ 1,746	$ 955	$ 487
Furniture and equipment	839	365	474	241
Leasehold improvements	3,424	1,578	1,846	1,185
	$ 6,964	$ 3,689	$ 3,275	$ 1,913

Note 7 Lease Inducements

Lease Term	Current inducement	Future inducement
8 years, ending March 2011	$ 124	$ 370

Note 8 Accrued Benefit Liability and Pension Expense

The accrued benefit liability includes:

	2007	2006
Retirement Plan	$ 204	$ 198
Supplemental Pension Plan	2,327	1,923
Less: current portion	(67)	(51)
	$ 2,464	$ 2,070

The following pension expense for the plans is recorded in the Statement of Income and Retained Earnings under salaries and benefits.

	2007	2006
Public Service Pension Plan	$ 379	$ 325
Registered Retirement Savings Plan	330	274
Retirement Plan	29	29
Supplemental Pension Plan	436	426
	$ 1,174	$ 1,054

(a) Public Service Pension Plan

The ASC participates in the Public Service Pension Plan (PSPP). At December 31, 2006, the PSPP reported a surplus of $153,024 and in 2005 a deficiency of $187,704.

(b) Registered Retirement Savings Plan

The ASC makes contributions on behalf of employees who do not participate in the PSPP to employee Registered Retirement Savings Plans.

(c) Retirement Plan

The retirement plan is not pre-funded and the benefits are paid to August 2017 as they come due ($22 in 2007, $21 in 2006) from the assets of the ASC.

(d) Supplemental Pension Plan

The ASC has a Supplemental Pension Plan (Plan) for certain designated executives of the ASC. The provisions of the Plan were established pursuant to a written agreement with each designated executive.

The Plan provides pension benefits to the designated executives based on pensionable earnings that are defined by reference to base salary in excess of the limit ($111 effective January 1, 2007, and $105 effective January 1, 2006) imposed by the Income Tax Act on registered pension arrangements.

Pension benefits from the Plan are payable on or after attainment of age 55 and are equal to 1.75% of highest average pensionable earnings (average over five years) for each year of service with the Commission. Members of the Plan become vested in the benefits of the plan after two years of service. Accrued benefits are also payable on early retirement (with reductions), death or termination of employment of the designated executive.

The Plan is not pre-funded and the benefits will be paid as they come due from the assets of the ASC.

Actuarial valuations of the Plan are undertaken every three years. At April 1, 2006, an independent actuary performed a Plan valuation. The next valuation is scheduled for April 1, 2009. The results of the actuarial valuation and management's cost estimates as they apply to the Plan are summarized on the following page.

Balance sheet at March 31

	2007	2006
Accrued benefit and unfunded obligation	$ 2,511	$ 2,152
Unamortized transitional obligation	(120)	(151)
Unamortized actuarial loss	(64)	(78)
Accrued benefit liability	$ 2,327	$ 1,923

Accrued benefit obligation

	2007	2006
Accrued benefit obligation at beginning of the year	$ 2,152	$ 1,895
Service cost	268	192
Interest cost	126	120
Assumption changes		85
Net actuarial gain plus benefits paid of $33 ($26 in 2006)	(35)	(140)
Accrued benefit obligation at end of the year	$ 2,511	$ 2,152

Pension expense

The pension expense for the Plan is as follows:

	2007	2006
Service cost	$ 268	$ 192
Interest cost	126	120
Amortization of transitional obligation	26	26
Recognized actuarial losses during year	16	88
Pension Expense	$ 436	$ 426

Actuarial assumptions for actuarial valuation of the Plan

The assumptions used in the 2006 actuarial valuation of the Plan and three year projections are summarized below. The discount rate was established in accordance with the yield on long-term corporate bonds and applies to both the accrued benefit obligation and benefit costs. Other economic assumptions were established as management's best estimate in collaboration with the actuary. Demographic assumptions were selected by the actuary based on best estimate of the future experience of the plans.

	2007	2006
Discount rate, year end obligation	5.4%	5.4%
Discount rate, net benefit cost prior year	5.8%	5.8%
Rate of inflation	2.50%	2.50%
Salary increases	4.00%	4.00%
Remaining service life (EARSL)	6 years	6 years

Note 9 Funds Held for Others

The ASC holds, in a separate bank account, $135 ($4 in 2006) in cash for participants in the Market Integrity Computer Analysis (MICA) system upgrade project. The ASC has recorded a total project expense of $2 ($14 in 2006). Funds are disbursed as payments are made for approved expenditures. Expenditures, if any, in excess of the amounts held for others and the ASC's contribution, require further participant approval and contribution. The next phase of the MICA project is planned for 2008 and will require further funding, estimated at $30 per participant.

Note 10 Fees and Settlement Cost Recoveries

	2007	2006
Distribution of securities	$ 11,345	$ 9,372
Registrations	7,522	6,497
Annual financial statements	4,025	3,125
Orders (Applications)	331	291
Total fees	$ 23,223	$ 19,285
Settlement payments and cost recoveries	$ 7,981	$ 82
Less: uncollectible amounts net of recoveries	(191)	(32)
Net realizable value	$ 7,790	$ 50

Note 11 Commitments and Contingencies

Details of commitments to organizations outside the ASC and contingencies from guarantees and legal actions are set out below. Any losses arising from the settlement of contingencies are treated as expenses in the year of settlement.

(a) Commitments

Premises lease and equipment rental

Commitments arising from contractual obligations associated primarily with the lease of premises to March 31, 2011 and rental of office equipment to March 31, 2010, amounted to $8,296 ($8,278 in 2006). These commitments become expenses of the ASC when the terms of the contracts are met.

2007-08	$ 2,055
2008-09	2,046
2009-10	2,078
2010-11	2,117
Thereafter	–
Total	$ 8,296

Canadian Securities Administrators (CSA) – The ASC shares, based on an agreed upon cost sharing formula, the costs incurred for the maintenance of the CSA Secretariat and any third-party costs incurred in the development of harmonized rules, regulations and policies. The CSA Secretariat was established to assist in the development and harmonization of rules, regulations and policies across Canada.

National systems operations agreements – CDS operates SEDAR, NRD and SEDI systems on behalf of the CSA under various operating agreements. The ASC, as one of the agreement signatories, commits to pay CDS up to 11.7% of any shortfall from approved system operating costs that exceed revenues. Alternatively, CDS must pay to CSA revenues in excess of system operating costs (“surplus”). The surplus is not divisible; the CSA owns it as a group. CDS payments received from system operating surpluses and interest earned totals $16,175 at March 31, 2007 ($8,865 in 2006). This amount is held in trust by the Ontario Securities Commission. The principal CSA administrators, including the ASC, have agreed that surplus amounts can only be used to offset any shortfall in revenues, develop or enhance the systems and reduce fees charged to users.

(b) Legal actions

The ASC is involved in one legal proceeding arising from its operations. Management considers the likelihood of liability under this proceeding not to be determinable and, accordingly, an estimate of any contingent loss cannot be made.

Note 12 Budget

The ASC's budget was approved on January 18, 2006 and includes a contingency expense provision of $2,289 less a vacancy reserve of $155. A budget contingency provision of up to 10% of budget expenditures for unplanned expenses and revenue shortfalls is provided for in the Memorandum of Understanding between the Minister and the ASC. The ASC approves expenditures that are applied to the budget contingency.

Note 13 Special investigations

Special investigation costs resulted from an investigation undertaken by the Independent Commission Members at the direction of the Minister of Finance and subsequent related projects. These non-recurring projects and related costs were completed in 2006.

Note 14 Related Party Transactions

The ASC is related through common ownership to all provincial government ministries, agencies, boards, commissions and crown corporations. The ASC conducted all transactions with these entities as though they were unrelated parties and recorded transaction costs of $65 ($71 in 2006) in administration expense.

Note 15 Comparatives

Certain comparative figures have been reclassified to conform to their 2007 presentation.

Schedule of Salaries and Benefits

For the year ended March 31, 2007
($ Thousands)

	Base Salary[1]	Cash Benefits[2]	Non-cash Benefits[3]	2007 Total	2006 Total
Chair, Securities Commission[4]	$ 443	$ 75	$ 110	$ 628	$ 601
Vice-Chair, Securities Commission[4]	$ 230	$ 57	$ 81	$ 368	$ 321
Vice-Chair, Securities Commission[4]	$ 230	$ 35	$ 57	$ 322	$ 299
Members (Independent)[4]	$ 782	$ –	$ –	$ 782	$ 467
Executives					
Executive Director	$ 270	$ 72	$ 86	$ 428	$ 371
Director, Market Regulation[5]	$ 161	$ 25	$ 29	$ 215	$ 237
Director, Corporate Finance[6]	$ 210	$ 35	$ 45	$ 290	$ 134
Director, Enforcement	$ 195	$ 28	$ 49	$ 272	$ 252
Director, Corporate Resources[7]	$ 155	$ 28	$ 28	$ 211	$ 226
Chief Accountant	$ 195	$ 49	$ 25	$ 269	$ 240
General Counsel	$ 195	$ 30	$ 41	$ 266	$ 251
Controller[8]	$ 140	$ 36	$ 30	$ 206	$ 106
Director, Communications and Investor Education[9]	$ 95	$ 17	$ 16	$ 128	–

(1) Base salary includes regular base pay and Member compensation.

(2) Cash benefits include bonuses, payments in lieu of vacation and Chair and Executive Director's automobile allowances.

(3) Employer's share of all employee benefits including, current and prior service cost for the unfunded supplemental pension plan for designated executives as described in Note 8 (d) of the financial statements and summarized in the accompanying narrative and tables, pensions, registered retirement savings plan contributions, health and dental plans, group life insurance, employee and family assistance plan, disability plans, professional memberships and tuition.

(4) The Chair (three incumbents in 2006, one in 2007) and Vice-Chairs are full-time Commission Members. Members compensation includes fees paid for governance responsibilities of $406,000 ($358,000 in 2006) and hearing and application panel participation of $375,748 (108,735 in 2006). Member compensation included $140,000 in 2006 of special investigation costs.

(5) The Director, Market Regulation was appointed in January 2006 and replaced the Director, Legal/Policy following reorganization. Prior year amounts include a payment in lieu of vacation and Acting Director salary.

(6) The Director, Corporate Finance was appointed in March 2006 and replaced the Director, Capital Markets following reorganization. Prior year amounts include a payment in lieu of vacation and three months of base salary.

(7) The Director, Corporate Resources replaced the Director, Administrative Services in September 2005. Prior year amounts include a payment in lieu of vacation and Acting Director salary.

(8) The Controller was appointed to the Senior Management group effective September 1, 2005.

(9) The Director, Communications and Investor Education was appointed in June 2006 and, at that time, the position was added to the Senior Management group.

Supplemental Retirement Benefits

Under the terms of the Supplemental Pension Plan (the Plan) as described in Note 8 (d) of the ASC financial statements, executive officers may receive supplemental retirement payments. Plan costs as detailed below, are not cash payments in the period, but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. The Plan provides future pension benefits to participants based on years of service and earnings as described in Note 8 (d). The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected inflation and salary costs and the remaining service period for benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

For the year ended March 31, 2007
($ thousands)

	2007			2006
	Current Service Cost	**Prior Service and Other Costs**	**Total**	**Total**
Chair, Securities Commission	$ 82	$ 8	$ 90	$ 55
Vice-Chair, Securities Commission	30	29	59	58
Vice-Chair, Securities Commission	28	11	39	34
Executives				
Executive Director	35	29	64	66
Director, Market Regulation	10	1	11	2
Director, Corporate Finance	22	1	23	2
Director, Enforcement	22	6	28	26
Director, Corporate Resources	9	1	10	6
Chief Accountant[1]				
General Counsel	19	2	21	9
Controller	10	1	11	6
Director, Communications and Investor Education[2]				

(1) Chief Accountant is not a Plan participant.

(2) The Director became a Plan participant in June 2006, subsequent to the actuarial valuation. Management estimates no expense in Fiscal 2007 as the base salary is less than the Plan threshold defined in Note 8 (d).

The accrued obligation for each executive under the Plan is outlined in the following table:

	Accrued obligation April 1, 2006	Changes in accrued obligation	Accrued obligation March 31, 2007
Chair, Securities Commission	$ 55	$ 90	$ 145
Vice-Chair, Securities Commission	304	59	363
Vice-Chair, Securities Commission	85	39	124
Executives			
Executive Director	334	64	398
Director, Market Regulation	1	11	12
Director, Corporate Finance	2	23	25
Director, Enforcement	55	28	83
Director, Corporate Resources	6	10	16
Chief Accountant[1]			
General Counsel	11	21	32
Controller	6	11	17
Director, Communications and Investor Education[2]			

(1) Chief Accountant is not a Plan participant.

(2) The Director became a Plan participant in June 2006, subsequent to the actuarial valuation. Management estimates no expense in Fiscal 2007 as the base salary is less than the Plan threshold defined in Note 8 (d).