CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Financial Statements and Schedules

April 30, 2008 and 2007

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 1000
1000 Walnut Street
Kansas City, MO 64106-2162

Independent Auditors' Report

The Board of Directors
Firefighters' Pension System
Kansas City, Missouri:

We have audited the accompanying statements of plan net assets of the City of Kansas City, Missouri Firefighters' Pension System (the Plan) as of April 30, 2008 and 2007, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in note 1 to the financial statements, the financial statements present only the City of Kansas City, Missouri Firefighters' Pension System and are not intended to present fairly the financial position of the City of Kansas City, Missouri, and the changes in its financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Kansas City, Missouri Firefighters' Pension System as of April 30, 2008 and 2007, and the changes in its financial position for the years then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 3 through 6 and the schedules of funding progress and employer contributions on pages 15 through 17 are not required parts of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedules. However, we did not audit the information and express no opinion on it.

KPMG LLP

Kansas City, Missouri
October 31, 2008

The City of Kansas City, Missouri Firefighters' Pension System (the Plan) is a single-employer defined benefit plan covering fire suppression personnel of the City of Kansas City, Missouri (the City). The Plan was established by City ordinance in 1953 and is administered by a seven-person board of trustees (the Board) to provide retirement, disability, death, and survivor benefits to members and beneficiaries. This discussion and analysis of the financial performance of the Plan provides an overview of financial activities for the fiscal years ending April 30, 2008 and 2007 and should be read along with the financial statements and notes to the financial statements.

The basic financial statements presented by the Plan consist of the (1) statements of plan net assets, where net assets equal assets, less liabilities at fiscal year-end and (2) statements of changes in plan net assets in which the net change in net assets is equal to additions, less deductions.

The notes to the financial statements are an integral part of the financial statements and include information not necessarily discernable in the financial statements themselves. Following the notes are required supplementary information that may be helpful in evaluating the financial condition of the Plan.

2008 Compared to 2007

Summary comparative information of plan net assets:

	April 30		Percentage
	2008	**2007**	**change**
Cash and cash equivalents	$ 14,610,755	10,636,157	37.37%
Receivables	1,833,450	2,259,580	(18.86)
Investments at fair value	415,264,451	450,026,168	(7.72)
Total assets	431,708,656	462,921,905	(6.74)
Due to broker for purchases of investments	1,682,755	1,866,318	(9.84)
Administrative and investment expenses payable	809,605	1,053,725	(23.17)
Total liabilities	2,492,360	2,920,043	(14.65)
Plan net assets	$ 429,216,296	460,001,862	(6.69)

Summary comparative information of changes in plan net assets:

	Year ended April 30		Percentage
	2008	2007	change
Contributions	$ 16,246,462	15,485,215	4.92%
Investment income (loss), net	(20,393,616)	44,449,160	(145.88)
Total additions (deductions)	(4,147,154)	59,934,375	(106.92)
Benefits paid to participants	25,521,938	24,870,247	2.62
Refunds of contributions	1,064,423	570,835	86.47
Administrative expenses	52,051	72,349	(28.06)
Total deductions	26,638,412	25,513,431	4.41
Net increase (decrease)	(30,785,566)	34,420,944	(189.44)
Plan net assets – beginning of year	460,001,862	425,580,918	8.09
Plan net assets – end of year	$ 429,216,296	460,001,862	(6.69)

2008 Financial Highlights

Plan net assets of the Plan, as reported in the statements of plan net assets, totaled $429,216,296 at April 30, 2008. This represents a decrease of $30,785,566, or approximately 6.69%, from the end of the prior fiscal year. The market environment began to deteriorate in the second half of calendar year 2007, and got progressively worse through the balance of the fiscal year. Nearly all equity indices registered declines during the period, including both the Russell 3000 and MSCI Index, while bonds, as measured by the Lehman Aggregate Index garnered modest positive returns. The Plan's investment performance did not meet expectations, as the overall loss posted exceeded that of the Composite Benchmark. Underperformance was widespread, with the fixed income and domestic equity components exhibiting particularly disappointing results. Within fixed income, credit and mortgage exposure detracted significantly from relative results. The real estate allocation proved beneficial, as that asset class continued to experience steady appreciation.

Total additions, as shown in the statements of changes in plan net assets, were negative $4.1 million, a 106.92% decline from the prior year. Although contributions rose 4.92%, attributable primarily to salary adjustments, net investment income dropped by $64.8 million. Benefits paid climbed by 2.62%, due in large part to cost-of-living adjustments, while refunds (mostly related to retirements) increased by 86.47%. Administrative expenses decreased by 28.06%.

2008 Operational Highlights

Several investment manager changes took place during the period. Acadian Asset Management was hired for a global equity mandate, replacing a non-U.S. product managed by Morgan Stanley. A position in the Western Asset Management Core Plus Bond Fund was also established, initially with funds drawn from the NTGI Aggregate Bond Fund, and increased late in the fiscal year in conjunction with the termination of J.P. Morgan

(Continued)

Asset Management. A special actuarial study was also conducted, which resulted in changes in the asset smoothing corridor, investment return assumption, and unfunded actuarial liability amortization method.

2007 Compared to 2006

Summary comparative information of plan net assets:

	April 30		Percentage
	2007	2006	change
Cash and cash equivalents	$ 10,636,157	11,090,667	(4.10)%
Receivables	2,259,580	3,218,805	(29.80)
Investments at fair value	450,026,168	415,310,456	8.36
Total assets	462,921,905	429,619,928	7.75
Due to broker for purchases of investments	1,866,318	3,513,913	(46.89)
Administrative and investment expenses payable	1,053,725	525,097	100.67
Total liabilities	2,920,043	4,039,010	(27.70)
Plan net assets	$ 460,001,862	425,580,918	8.09

Summary comparative information of changes in plan net assets:

	Year ended April 30		Percentage
	2007	2006	change
Contributions	$ 15,485,215	14,668,068	5.57%
Investment income, net	44,449,160	64,512,484	(31.10)
Total additions	59,934,375	79,180,552	(24.31)
Benefits paid to participants	24,870,247	23,886,687	4.12
Refunds of contributions	570,835	574,435	(0.63)
Administrative expenses	72,349	65,203	10.96
Total deductions	25,513,431	24,526,325	4.02
Net increase	34,420,944	54,654,227	(37.02)
Plan net assets – beginning of year	425,580,918	370,926,691	14.73
Plan net assets – end of year	$ 460,001,862	425,580,918	8.09

(Continued)

2007 Financial Highlights

Plan net assets of the Plan, as reported in the statements of plan net assets, totaled $460,001,862 at April 30, 2007. This represents an increase of $34,420,944, or approximately 8.09%, from the end of the prior fiscal year. Throughout the period, a favorable investment climate remained in place and all major assets classes registered price gains. Domestic stocks, measured by the Russell 300 Index, rose 14.5%, but non-U.S. stocks (MSCI EAFE Index) gained 19.8%. Fixed income returns were also solid, with the Lehman Aggregate Index rising 7.4%, and a 16.5% increase was realized in the real estate sector (NCRIEF Property Index). As calculated by the Plan's actuary, on a market value basis the Plan's portfolio return was 10.6% net of fees. This exceeded the 8.0% net investment return assumed for actuarial purposes. For the trailing year ended March 31, 2007, according to the Plan's investment consultant, the Plan's 10.0% return lagged the 11.4% Target Return benchmark because of the relative results posted by the Plan's domestic and developed market non-U.S. equity managers.

The statements of changes in plan net assets reports $59.9 million of total additions during the year ended. Of this amount, approximately $44.4 million was net investment income. Contributions, from both the City and members, climbed 5.57% to $15.5 million. The increase in contributions was due to a combination of a small increase in the number of active employees and salary increases for continuing actives. Benefit payments escalated by 4.12%, to $24.9 million, driven by ongoing retirements and cost-of-living adjustments. Administrative expenses advanced by 10.96%.

2007 Operational Highlights

Only one investment structure change occurred in the most recent period. The Western Asset Management Index Plus Fund was selected to replace the NTQA S&P 500 Fund as a core domestic small position. This replacement was made in an effort to earn a premium over the passive index exposure afforded by the S&P 500. The only other material operational change made was the selection of Cheiron to replace The Segal Company as the plan actuary.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Statements of Plan Net Assets

April 30, 2008 and 2007

		2008	2007
Assets:			
Cash and cash equivalents	$	14,610,755	10,636,157
Investments at fair value:			
Collective trusts – equities		103,240,656	99,418,604
Collective trusts – fixed income		162,315,431	180,536,109
Collective trusts – real estate		24,561,152	22,340,744
Domestic common stocks		125,147,212	147,730,711
Total investments at fair value		415,264,451	450,026,168
Receivables:			
Contributions		548,701	469,354
Investment income		113,946	165,154
Due from broker for sales of investments		1,170,803	1,625,072
Total receivables		1,833,450	2,259,580
Total assets		431,708,656	462,921,905
Liabilities:			
Due to broker for purchases of investments		1,682,755	1,866,318
Administrative and investment expenses payable		809,605	1,053,725
Total liabilities		2,492,360	2,920,043
Net assets held in trust for pension benefits (an unaudited schedule of funding progress is presented in schedule 1)	$	429,216,296	460,001,862

See accompanying notes to financial statements.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Statements of Changes in Plan Net Assets

Years ended April 30, 2008 and 2007

		2008	2007
Additions:			
Contributions:			
Contributions from the City of Kansas City, Missouri	$	10,940,229	10,426,335
Contributions from firefighters		5,306,233	5,058,880
Total contributions		16,246,462	15,485,215
Investment income (loss):			
Interest income		854,116	645,706
Dividend income		2,163,953	1,990,624
Net appreciation (depreciation) in fair value of investments		(20,707,195)	44,344,709
Less investment expense		(2,704,490)	(2,531,879)
Total investment income (loss), net		(20,393,616)	44,449,160
Total additions (deductions)		(4,147,154)	59,934,375
Deductions:			
Benefits paid to participants		25,471,938	24,850,247
Funeral benefits		50,000	20,000
Refunds:			
Termination		128,500	67,592
Retirement		935,923	503,243
Administrative expenses		52,051	72,349
Total deductions		26,638,412	25,513,431
Net increase (decrease)		(30,785,566)	34,420,944
Net assets held in trust for pension benefits:			
Beginning of year		460,001,862	425,580,918
End of year	$	429,216,296	460,001,862

See accompanying notes to financial statements.

(1) Description of the Plan

(a) General

The City of Kansas City, Missouri Firefighters’ Pension System (the Plan) is a contributory, single-employer, defined benefit, public employee retirement system covering all employees of the Firefighting Division of the City of Kansas City, Missouri (the City). The Plan is considered part of the City’s financial reporting entity and is included in the City’s comprehensive annual financial report as a pension trust fund. Employees should refer to the plan agreement for more complete information.

At May 1, 2008 and 2007, the Plan’s membership consisted of the following:

	2008	2007
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	867	874
Current employees:		
Vested	506	479
Nonvested	426	449
Inactive	8	9
Total	1,807	1,811

(b) Retirement Benefits

Employees with 10 or more years of service are entitled to retirement benefits based on an average of 2.5% of final compensation per year of service up to 80.0%. If members terminate prior to retirement and before rendering 10 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to City contributions and are refunded their member contributions with interest. Such refunds result in the forfeiture of all other benefits under the Plan and are reduced by a service charge if the terminated employee has less than 5 years of service. Members terminating prior to retirement with 10 or more years of service may elect to receive a refund of their member contributions with interest as a lump-sum distribution, or they may elect to receive a deferred pension. An annual cost-of-living adjustment of 3.0% per year is provided in the Plan. The Plan also provides for a minimum monthly payment of $600 to all current and future service and disability retirees.

(c) Death Benefits

If an active member dies, the following benefits shall be paid:

- A funeral benefit of $2,000 to the spouse or named beneficiary.
- To the member’s spouse until death, a pension equal to one-half of the member’s accrued pension, but not less than 25% of the member’s average final compensation. The minimum monthly benefit is $275 to all spouses. Certain benefit provisions have been established for

deaths sustained in the performance of a member's duties, or deaths of active members prior to retirement who have achieved 25 years or more of creditable service.

- To the member's children, an allowance of $100 a month each until the attainment of age 18, unless certain conditions are met whereby benefits may continue.
- To the member's designated beneficiary or estate, if there is no surviving spouse or qualifying child, any remaining member contributions and interest.

If a retired member dies, the following benefits shall be paid:

- To the member's spouse until death, a retirement benefit equal to one-half of the member's normal retirement benefit.
- To the member's designated beneficiary or estate, if there is no surviving spouse, any remaining member contributions and interest.

(d) Disability Benefits

Disability benefits are available for members and are based on an average final compensation. The Plan provides for a minimum monthly payment of $600 to all current and future disability retirees.

(e) Subsidy

Effective May 1, 1991, the Plan established a subsidy fund (subsidy). The City and active firefighters each contribute 2% and 1% of salary, respectively. Prior to April 1 of each year, the board of trustees of the Plan establishes the dollar value of the monthly subsidy. The monthly subsidy for the years ended April 30, 2008 and 2007 was $210.

The subsidy is invested in both fixed income and equity securities and is stated at fair value. Investments totaled approximately $1,578,902 and $1,770,808 at April 30, 2008 and 2007, respectively.

The May 1, 2008 and 2007 actuarial valuations do not consider the subsidy's plan net assets, which at April 30, 2008 and 2007 were approximately $1,578,902 and $1,770,808, respectively. According to the City ordinance that established the subsidy, if the net assets available for the subsidy are zero, the subsidy will no longer be available. For the years ended April 30, 2008 and 2007, employer contributions for the subsidy were $1,002,546 and $959,650, respectively, and employee contributions were $501,273 and $479,825, respectively.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when paid in accordance with the terms of each plan.

(b) Investments

Investments owned are valued at fair value as follows:

(1) Common and preferred stock:

- Listed – closing prices as reported on the composite summary of national securities exchanges
- Over-the-counter – bid prices

(2) Collective trusts:

- Represent quoted redemption values determined principally based on quoted market prices of the underlying investments.
- Where investment securities are not listed on an exchange, quotations are estimated by management based on information obtained from brokerage firms or national pricing services. The estimated value of such investments is subject to uncertainty and therefore, may differ from the value that would have been used had a market for such investments existed.

Investment transactions are accounted for on a trade-date basis (date order to buy or sell is executed), and dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. Realized gains and losses from investments are determined on an average cost basis.

(c) Administrative Expenses

Plan administrative salary, duplicating, telecommunications, and travel expenses are included in the Plan's administrative expenses when incurred. The City provides office space, administrative and clerical services of the Human Resources Department, and accounting services of the Finance Department without any direct charge to the Plan.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

(3) Deposits and Investments

The City administrative code and ordinances passed by the City Council provide that Plan investments may include, but are not limited to, obligations of the U.S. government, state of Missouri, and municipal corporations, including school districts, corporate bonds, real estate mortgages, and common and preferred stocks. The Plan purchases investments from Securities and Exchange Commission registered securities broker dealers and banks through its investment managers. Investments in U.S. Treasury obligations are held at the Federal Reserve Bank through the customer account of a financial institution.

(a) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The deposits are held by the investment custodian in a short-term money market account and are not insured by the Federal Deposit Insurance Corporation (FDIC). The Plan has not established a policy in regard to custodial credit risk. At April 30, 2008, $14,610,755 of deposits was uncollateralized; at April 30, 2007, $10,636,167 of deposits was uncollateralized.

(b) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the Plan. As of April 30, 2008 and 2007, the Plan's fixed income assets that are not government guaranteed represented 100% of the fixed income portfolio. The Plan has not established a policy in regards to credit risk. The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2008:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

Fixed income security type	Fair value April 30, 2008	Percentage of all fixed income assets	Weighted average credit quality
Collective trusts	$ 162,315,431	100%	Not rated

The following table summarizes the Plan's fixed income portfolio exposure levels and credit qualities at April 30, 2007:

Average Credit Quality and Exposure Levels of Nongovernment Guaranteed Securities

Fixed income security type	Fair value April 30, 2007	Percentage of all fixed income assets	Weighted average credit quality
Collective trusts	$ 180,536,109	100%	Not rated

Each portfolio is managed in accordance with operational guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers, and the average credit quality of the overall portfolios.

(c) Concentration of Credit Risk

Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. The Plan's policy for each specific portfolio limits investments in any corporate entity to no more than 5% of the market value of the account for actively managed portfolios, excluding U.S. government and agency obligations. As of April 30, 2008 and 2007, there were no investments in any corporate entity or government agency greater than 5%.

(d) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan has not established a policy in regards to interest rate risk.

Effective Duration of Fixed Income Assets by Security Type at April 30, 2008

Fixed income security type	Fair value April 30, 2008	Percentage all fixed income assets	Weighted average effective duration (yrs)
Collective trusts	$ 162,315,431	100%	3.7

Effective Duration of Fixed Income Assets by Security Type at April 30, 2007

Fixed income security type	Fair value April 30, 2007	Percentage all fixed income assets	Weighted average effective duration (yrs)
Collective trusts	$ 180,536,109	100%	3.0

(4) Funding Policy

Funding is provided by contributions from the Plan's members, the City, and earnings on investments. Firefighters contribute 9.55% of their base salary and an additional 1% to fund the health insurance subsidy. The City's contribution is set by the City Council in conjunction with its approval of the City's annual budget, based on information provided by the Plan's consulting actuary and board of trustees.

The recommended contribution rate is determined by the Plan's consulting actuary using the entry age normal actuarial cost funding method. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the actuarial accrued liability.

Based upon the May 1, 2006 actuarial valuation, which was the most recent actuarial data available when the budget was developed for the year ended April 30, 2008, the actuary recommended a City contribution rate of 21.46%. The board of trustees recognized a scheduled City contribution rate of 19.6% for 2008. The

City Council approved a City contribution rate of 19.6% (and 2% to fund the health insurance subsidy) for the year ended April 30, 2008. The May 1, 2007 actuarial valuation, which calculated the 2008 annual required contribution, recommended a City contribution rate of 17.67%.

(5) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of plan net assets.

(6) Subsequent Event

Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short-term liquidity associated with certain investments held by the Plan which would impact the value of investments after the date of these financial statements. The market value of the Plan assets declined by approximately $71 million through September 30, 2008, which could ultimately effect the funded status of the Plan. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed. However, it should be noted that the Plan's current actuarial valuation policies require the immediate recognition of losses when the fair value of the Plan's assets fall below 85% of the actuarial value of Plan assets.

Schedule 1

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Required Supplementary Information (Unaudited)

Schedule of Funding Progress

Last Six Fiscal Years

Actuarial valuation date	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL) entry age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded ratio	(c) Covered payroll	((b)-(a))/(c) UAAL as a percentage of covered payroll
05/01/03	$ 306,204,360	371,993,884	65,789,524	82.31%	$ 42,315,396	155.47%
05/01/04	318,841,561	384,247,836	65,406,275	82.98	43,920,060	148.92
05/01/05	332,415,711	392,856,425	60,440,714	84.62	45,700,578	132.25
05/01/06	381,404,249	434,033,285	52,629,036	87.87	47,022,072	111.92
05/01/07	412,407,949	447,939,116	35,531,167	92.07	49,420,823	71.90
05/01/08	447,209,064	478,734,450	31,525,386	93.41	51,168,515	61.61

See accompanying independent auditors' report and notes to required supplementary information.

Schedule 2

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Required Supplementary Information (Unaudited)

Schedule of Employer Contributions

Last Six Fiscal Years

	Annual required contributions	Percentage contributed
Year ended April 30:		
2003	$ 8,215,224	100.00%
2004	9,632,622	87.78
2005	9,808,923	89.14
2006	9,807,644	92.70
2007	9,419,485	100.50
2008	8,734,919	113.80

See accompanying independent auditors' report and notes to required supplementary information.

CITY OF KANSAS CITY, MISSOURI
FIREFIGHTERS' PENSION SYSTEM

Notes to Required Supplementary Information

April 30, 2008 and 2007

(Unaudited)

The information presented in the required supplementary schedules 1 and 2 was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	May 1, 2008
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, open
Remaining amortization period	30 years
Actuarial assumptions:	
Investment rate of return	7.75% per annum
Projected salary increases*	3.0% to 8.0% per annum, depending on age
Cost-of-living adjustments*	3.0%, simple per annum

* Includes inflation rate of 3%.

Actuarial Value of Assets

The Plan has adopted the five-year smoothed market method of valuing assets that recognizes the fair market value of assets. The following represents the components of the asset valuation:

a. The actuarial value of the beginning of the year; plus

b. The contributions less benefits paid during the year; plus

c. Interest at the assumed net rate of investment return on an actuarial basis; plus

d. 20% of the gain/(loss) (difference between the market value of assets and the expected value of assets) for the year plus 20% of each of the four prior years gains/(losses).

- If the actuarial value of assets is less than 85% or more than 110% of the market value, an adjustment is made to the actuarial value to bring the value within this corridor.