THE START OF SOMETHING BIG

ALBERTA INVESTMENT MANAGEMENT CORPORATION
ANNUAL REPORT 2008–09

Who We Are

ALBERTA INVESTMENT MANAGEMENT CORPORATION (AIMCo) IS ONE OF CANADA'S LARGEST INSTITUTIONAL INVESTMENT FUND MANAGERS. WE MANAGE $69 BILLION FOR ALBERTA PENSIONS, ENDOWMENTS AND GOVERNMENT FUNDS.

AIMCo IS GOVERNED BY AN EXPERIENCED BOARD OF DIRECTORS. OUR SOLE OBJECTIVE IS TO INSPIRE THE CONFIDENCE OF ALBERTANS BY ACHIEVING SUPERIOR RISK-ADJUSTED INVESTMENT RETURNS.

AIMCo WAS ESTABLISHED AS A CROWN CORPORATION ON JANUARY 1, 2008. OUR SOLE SHAREHOLDER IS THE PROVINCE OF ALBERTA. OUR ASSETS WERE PREVIOUSLY MANAGED BY A DIVISION OF ALBERTA FINANCE AND ENTERPRISE.

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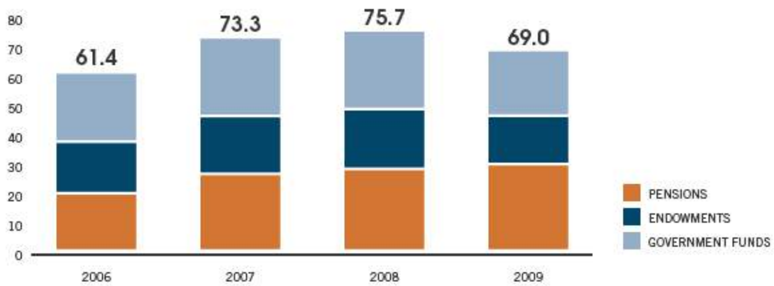
Investment Highlights

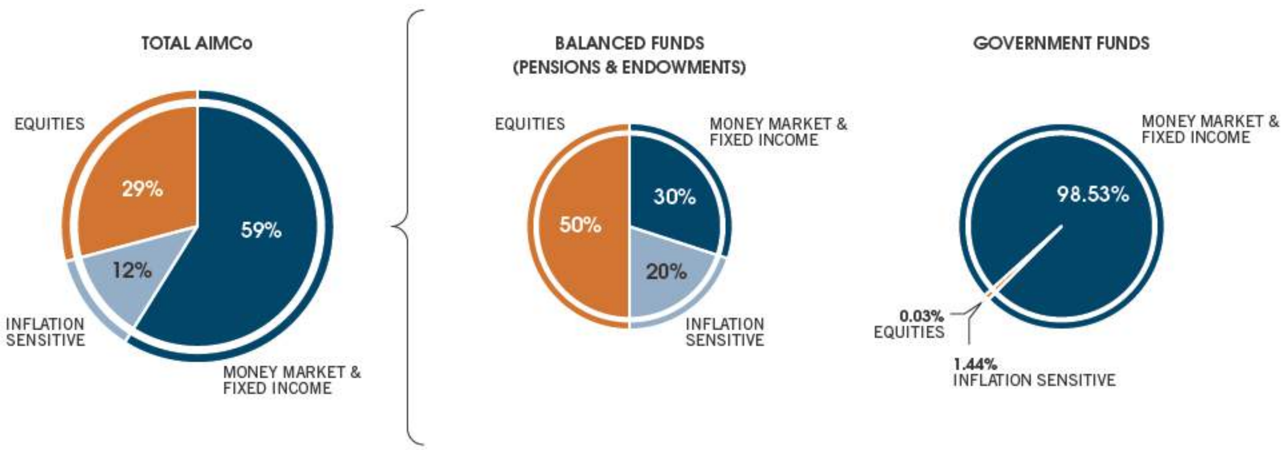
ASSETS UNDER MANAGEMENT

For the years ended March 31 ($ billions)



INVESTMENT PERFORMANCE

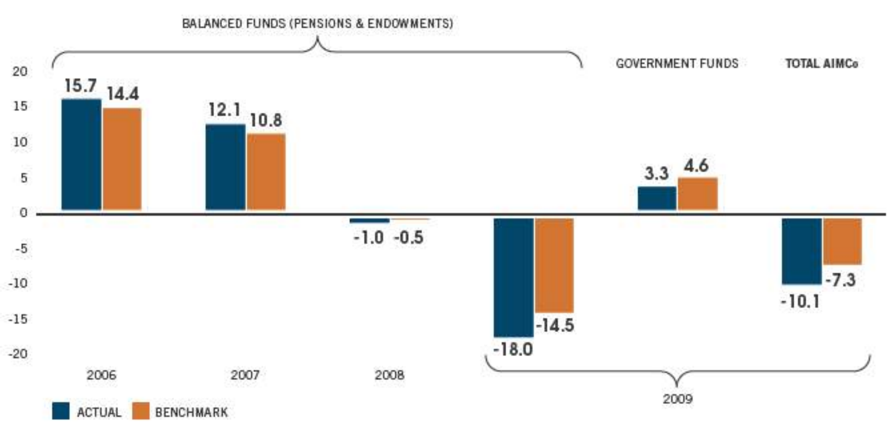
As at March 31, 2009



INVESTMENT PERFORMANCE

AIMCo COMPOSITE ANNUALIZED RETURNS

For the years ended March 31 (%)



NOTE: *Prior to July 1, 2009, a portion of AIMCo's government funds did not formally designate a benchmark. In order to provide total AIMCo and government fund composite benchmarks, AIMCo has retroactively applied (to April 1, 2008) the benchmarks approved by the investment partners.*

Our Investment Partners

WE REFER TO THE FUNDS WE SERVE AS "INVESTMENT PARTNERS" BECAUSE THAT'S WHAT THEY ARE. OUR SOLE REASON FOR BEING IS TO HELP OUR PARTNERS ACHIEVE THEIR OBJECTIVES.

We invest globally on behalf of 27 pension, endowment and government funds.

- The pension funds **MEET THE RETIREMENT INCOME NEEDS OF APPROXIMATELY 290,000 ACTIVE AND RETIRED PUBLIC SECTOR EMPLOYEES** – one out of every seven Albertan workers.

- The Alberta Heritage endowment funds constitute the **LARGEST SYSTEM OF ITS KIND** in Canada.

  – The Heritage Savings Trust Fund **"PROVIDES PRUDENT STEWARDSHIP OF THE SAVINGS FROM ALBERTA'S NON-RENEWABLE RESOURCES BY PROVIDING THE GREATEST FINANCIAL RETURNS ON THOSE SAVINGS FOR ALBERTANS".**[1] The fund's annual income supports health care, education, infrastructure and social programs.

  – The Scholarship Fund will **HELP DESERVING STUDENTS** with approximately $38 million (2009).

  – The Science and Engineering Fund will **SUPPORT ALBERTA'S VIBRANT INNOVATION ECONOMY** with approximately $40 million (2009).

  – The Medical Research Fund **SUPPORTS MORE THAN 500 SCIENTISTS** who have made Alberta a world-class centre for medical research.

- The government funds we manage help Alberta **MAINTAIN GOVERNMENT SERVICES AND ITS COMPETITIVE EDGE AS CANADA'S LOW-TAX PROVINCE,** especially during economic downturns.

We provide our investment partners with investment management, performance measurement, administration, compliance and proprietary market research. In addition, we assist with asset-liability modelling, asset mix, benchmarks, investment policy statements and risk policies.

Our investment partners are responsible for policy design, actuarial and benefit administration services.

[1] *Source: Alberta Heritage Savings Trust Fund 2008–09 Annual Report.*

Assets Under Management

By investment partner type as at March 31, 2009

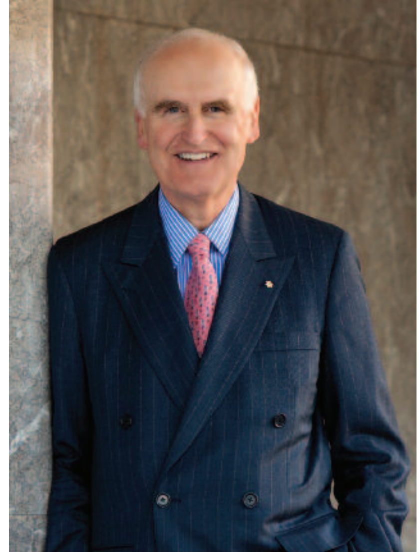
($ millions)	MARKET VALUE	ASSET CLASS: MONEY MARKET & FIXED INCOME	EQUITIES	INFLATION SENSITIVE
BALANCED FUNDS				
ENDOWMENT FUNDS*				
Heritage Savings Trust	13,980	31%	51%	18%
Heritage Medical Research	1,154	22%	59%	19%
Heritage for Science and Engineering	645	24%	57%	19%
Heritage Scholarship	619	27%	55%	17%
Long Term Disability Bargaining Unit	103	30%	54%	16%
Long Term Disability Management	36	31%	55%	14%
PENSION PLANS				
Local Authorities	13,224	32%	45%	23%
Public Service	4,577	26%	55%	18%
Management Employees	1,907	34%	51%	15%
Universities Academic	1,903	20%	57%	23%
Special Forces	1,145	31%	51%	17%
Judges	79	44%	45%	11%
Judges Supplementary Retirement	65	49%	43%	7%
Managememt Supplementary Retirement	51	42%	45%	13%
GOVERNMENT FUNDS				
SHORT-TERM GOVERNMENT FUNDS				
Sustainability	7,769	100%	–	–
Capital Account	7,209	100%	–	–
General Revenue	6,250	100%	–	–
Money Market Depositors (154 accounts**)	4,263	100%	–	–
Debt Retirement Account	1,223	100%	–	–
Management Closed Pension Membership	2	100%	–	–
Mildred Rowe Weston Estate	0.1	100%	–	–
SPECIAL PURPOSE GOVERNMENT FUNDS				
Workers' Compensation Board	1,420	71%	–	29%
Agriculture Crop Insurance	678	100%	–	–
Alberta Cancer Prevention Legacy	501	100%	–	–
Credit Union Deposit Guarantee	107	100%	–	–
Special Areas Long-Term Account	30	100%	–	–
Alberta Securities Commission	27	73%	27%	–
TOTAL	**68,968**	**59%**	**29%**	**12%**

**Endowments includes two insurance-related funds totalling $0.1 billion.*

***Includes various government agencies, organizations, Crown corporations and other accounts.*

Message from the Chair

A. Charles Baillie, O.C.
Chair



On behalf of the members of the Board of AIMCo, I am pleased and honoured to address our stakeholders in our first-ever annual report.

The past year, our founding year for AIMCo, has been a remarkable one. Not only were we required to weather historic market fluctuations, but to do so as we put in place the foundations for a new centre of investment excellence in Alberta. I'm delighted to confirm that we have successfully managed both of these challenges.

Early in 2008, AIMCo began its life as a Crown corporation, evolving from a division of government. It is governed by an experienced Board of Directors on which I am proud to serve as its inaugural Chair. The Alberta government had prudently concluded that the government operating structure was not optimal. They determined that the normal constraints of government did not encourage a flexible, adaptable and more competitive organization.

I was honoured to be asked to serve as Board Chair and accepted with a keen admiration for the energy, enthusiasm and can-do attitude of Albertans. We recruited a Board of Directors which the media described as "blue chip". I certainly agree. Our Board is a mix of highly respected Albertans and others with global experience in investment management. From a governance perspective, we are managing ourselves as if we were a publicly traded company. This means transparency and thorough reporting so that Albertans always know where their money is and how it's performing.

Our primary accomplishment was to appoint Leo de Bever as Chief Executive Officer. Leo is passionate about investing. He is recognized as one of the leading global practitioners of risk management theory and we are convinced that Leo, rather than seeking to replicate another's successful platform, will lead us to the next level of investment model.

Since Leo's arrival, tremendous progress has been made towards achieving AIMCo's mandate. A new Strategic Plan and Business Plan are in place. A new culture of innovation, creativity and employee empowerment is flourishing. In recent months, management has converted a number of stellar investment ideas into attractive investment opportunities. We are exploring direct investments and are beginning to transact deals on our own. As one of Canada's largest investment fund managers, AIMCo is well on its way to its objective of establishing a reputation on par with, or better than, peers like the Canada Pension Plan Investment Board.

In my view, risk management is one of the areas where Directors can make the biggest contribution. My ambition is that AIMCo shall be at the forefront of risk management and the forefront of relating incentive compensation to risk-adjusted returns. We shall strive to understand risk better than anyone else and our objective will be to generate the best possible return per unit of risk. A culture of risk management is important in any business endeavour and we shall seek to expand the initiatives already underway in AIMCo.

Of course, we face many challenges as we build AIMCo into a world leader. Perhaps a primary concern is whether we shall have the freedom needed to excel. Our supposition is yes. The creation of AIMCo was, after all, the government's initiative and the Minister of Finance and Enterprise has been tremendously supportive.

The Board and I are excited by the opportunity to help AIMCo achieve its vision of becoming a centre of investment excellence in Canada and around the world. We have established a solid foundation and are deeply committed to making substantial progress in the months ahead.

Charlie Baillie

A. CHARLES BAILLIE, O.C.
CHAIR

Message from the CEO

Leo de Bever
Chief Executive Officer and Chief Investment Officer

A few years ago, the Alberta government decided that a Crown corporation run on commercial principles by a strong Board, was most likely to produce superior long-term investment results for provincial pension, endowment and short-term government assets.

Last year was not the easiest time to implement that strategy. What initially looked like an isolated problem in U.S. mortgage financing triggered the partial collapse of the global financial system. Liquidity in financial markets disappeared, aggravating a disruption of credit and equity markets only seen every three or four decades. Transforming into a Crown corporation at the time of an unprecedented disruption in the global financial markets was truly a daunting task, but a task that I feel AIMCo staff faced with professionalism and determination.

Our investment partners hold a large proportion of their assets in stocks on the premise that high, long-term average market returns will be the reward for unpredictable downside, the type of which we saw in 2008. AIMCo came through the year better than most. That may be poor consolation, but history shows that, from current valuations, the subsequent decade tends to produce above average stock market returns.

AIMCo's goal is to build an efficient investment organization that will eventually rank with the best on the only metric that ultimately matters to Albertans: managing for superior long-term return without taking unacceptable risks. At the end of our first year, we had assembled a strong, highly capable and experienced core of senior investment and operations managers, and we will be searching for top professionals from around the world to complete our team. Early next year, we also expect to move into our new corporate headquarters, currently under construction near the heart of Edmonton's business district.

AIMCo's new culture is already beginning to show itself, with some highly successful domestic and global investment relationships. Going forward, AIMCo's challenge will be to identify investment opportunities and strategies that fit our comparative advantage of being able to deploy significant capital over a long investment horizon.

We will have to navigate around a number of short-term financial and economic obstacles, against the background of a billion people in Asia moving into the middle class, with far from predictable consequences for demand, supply and pricing of materials, energy and the broader pattern of international trade. While we expect the economy to recover by 2010, the cyclical fiscal challenge will likely be replaced by strains from a rapid increase in the proportion of our population who are of retirement age.

To deliver superior returns, investment organizations must do the basics well, only take risks when rewards are attractive, and invest heavily in the people, systems and processes necessary to find and manage superior opportunities. I am very confident that, with the right structure, the right tools and, above all, the right people, AIMCo can become a world leader in investment fund management.

Leo de Bever

LEO DE BEVER
CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER

ABOVE FROM LEFT TO RIGHT: *Clive Beddoe, Daryl A. Katz, David A. Bissett, Andrea S. Rosen, George F. J. Gosbee, A. Charles Baillie, Virginia Holmes, Tim Wiles, Frank P. Layton, Q.C. and Mac H. Van Wielingen*

Board of Directors

A. CHARLES BAILLIE, O.C., CHAIR

Charles Baillie is the former Chief Executive Officer and Chairman of the Board of Toronto-Dominion Bank. He is Chancellor of Queen's University, President of the Art Gallery of Ontario and a former Chair of the Canadian Council of Chief Executives. Charles holds an MBA from Harvard Business School. Charles was appointed an Officer of the Order of Canada in 2006, inducted into the Canadian Business Hall of Fame in 2007 and named Canadian International CEO of the Year in 2000.

GEORGE F. J. GOSBEE, VICE CHAIR

George Gosbee is Chairman, President and CEO of Tristone Capital Inc., the company he founded in September 2000. George holds a BComm from the University of Calgary. In 2004, George was named by the Globe and Mail's Report on Business as one of Canada's Top 40 Under 40.

CLIVE BEDDOE

Clive Beddoe is a founding shareholder, Executive Chairman of the Board of Directors and former Chief Executive Officer of WestJet. In 2004, Clive received the prestigious Canadian Business Leader Award from the University of Alberta, Faculty of Business and the Business Advisory Council.

DAVID A. BISSETT

David Bissett is the founder of Bissett Investment Management, which is now a division of Franklin Templeton Investments. David has an LLB from Dalhousie University and is a CFA charterholder.

VIRGINIA HOLMES

Virginia Holmes is a former Chief Executive Officer of AXA Investment Managers Limited in London, United Kingdom. She currently serves on the boards of JPMorgan Claverhouse Investment Trust plc and Universities Superannuation Scheme. Virginia has a BA from Durham University.

DARYL A. KATZ

Daryl Katz is the founder, Chief Executive Officer and Executive Chairman of Katz Group. Daryl is also a member of the Canadian Council of Chief Executives. Daryl has an LLB from the University of Alberta.

FRANK P. LAYTON, Q.C.

Frank Layton is the former Edmonton Managing Partner and is currently counsel with Bennett Jones LLP; his preferred area of practice includes corporate governance. Frank has an LLB from the University of Alberta, and was appointed Queen's Counsel in 1988.

ANDREA S. ROSEN

Andrea Rosen is the former Vice Chair for TD Bank Financial Group and President of TD Canada Trust. Andrea has an LLB from the Osgoode Hall Law School and an MBA from the Schulich School of Business, York University.

MAC H. VAN WIELINGEN

Mac Van Wielingen is a founder, Co-Chairman and Director of ARC Financial Corporation and a founder and Chairman of ARC Energy Trust. Mac has an HBA in Honours Business from the Richard Ivey School of Business and has studied post-graduate economics at Harvard University.

TIM WILES, DEPUTY MINISTER OF ALBERTA FINANCE AND ENTERPRISE

Tim has over two decades of public service experience, including service as Controller and Acting Chief Internal Auditor with the Ministry of Finance and Enterprise. Tim holds the CA designation and received his BComm from the University of Alberta.

ABOVE FROM LEFT TO RIGHT: *Lorne R. Anderson, Sally Chan, John Osborne, Leo de Bever, Jagdeep Singh Bachher, Carole Hunt, Q.C. and Warren Cabral*

Executive Management Team

LEO DE BEVER
CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER

Leo de Bever leads the AIMCo team in its efforts to deliver superior long-term results for its investment partners. Leo holds a BA in Economics from the University of Oregon and received his PhD in Economics from the University of Wisconsin.

JAGDEEP SINGH BACHHER
CHIEF OPERATING OFFICER

Jagdeep Singh Bachher leads and manages AIMCo's relationship with investment partners, communications, operations, systems and technology and finance. Jadgeep holds a BASc in Mechanical Engineering and an MASc and PhD in Management Sciences from the University of Waterloo. Jagdeep is a member of the Young Presidents' Organization.

JOHN OSBORNE
CHIEF RISK OFFICER

John Osborne is responsible for AIMCo's enterprise and investment risk management program. John holds the CA designation and is a CFA charterholder. John graduated from Brock University with a BAdmin.

WARREN CABRAL
CHIEF FINANCIAL OFFICER

Warren Cabral is responsible for all financial operations and services for AIMCo. Warren holds the CA designation and is a member of the Institute of Chartered Accountants of Alberta. Warren received his BComm from the University of Alberta.

LORNE R. ANDERSON
SENIOR VICE PRESIDENT, HUMAN RESOURCES

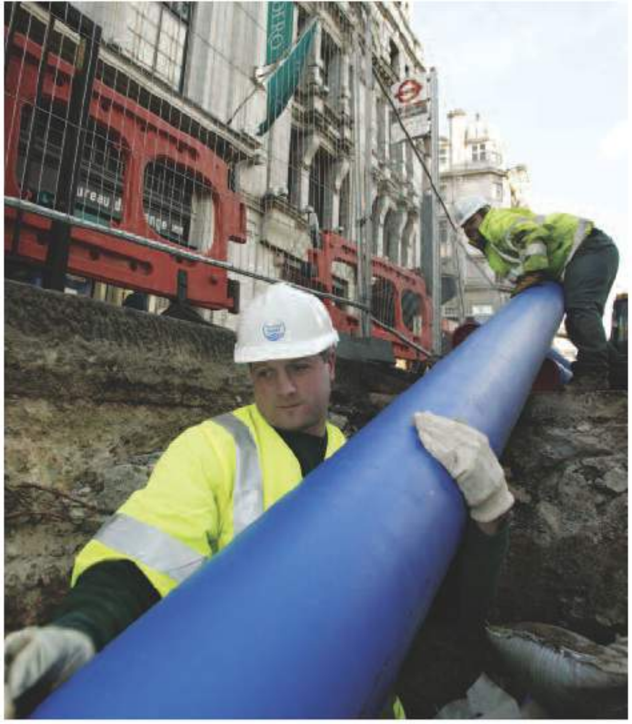
Lorne Anderson leads the Human Resources team and is responsible for all aspects of Human Resource management. Lorne was a senior manager with one of Canada's leading chartered banks and is a Fellow of the Institute of Canadian Bankers.

SALLY CHAN
VICE PRESIDENT, INTERNAL AUDIT

Sally Chan is responsible for Internal Audit and has a background in audit, compliance, operational efficiency and effectiveness and technology risk. Sally holds a CMA designation, is an associate of the Institute of Chartered Secretaries and Administrators in Canada, and is Certified in the Governance of IT (CGEIT). Sally received her MA from the University of British Columbia.

CAROLE HUNT, Q.C.
CHIEF LEGAL COUNSEL AND CORPORATE SECRETARY

Carole Hunt oversees internal and external legal services provided to AIMCo and also acts as the Corporate Secretary. Carole holds BComm, MBA and LLB degrees from the University of Alberta. Carole is a member of the Law Society of Alberta and the International Bar Association.



Thames Water – London water mains – United Kingdom

TD Square – Holt Renfrew Centre – CORE Retail Project – Calgary

What We Focus on in Building AIMCo

GOOD GOVERNANCE AND FAIR BUSINESS CONDUCT. Reputation counts for a lot. High-quality managers seek like-minded partners. We want to be respected for fair conduct in a spirit of mutual benefit.

ATTRACTING SUPERIOR TALENT THROUGHOUT THE ORGANIZATION. Our operations and risk management teams are an integral part of creating optimal conditions for investment success.

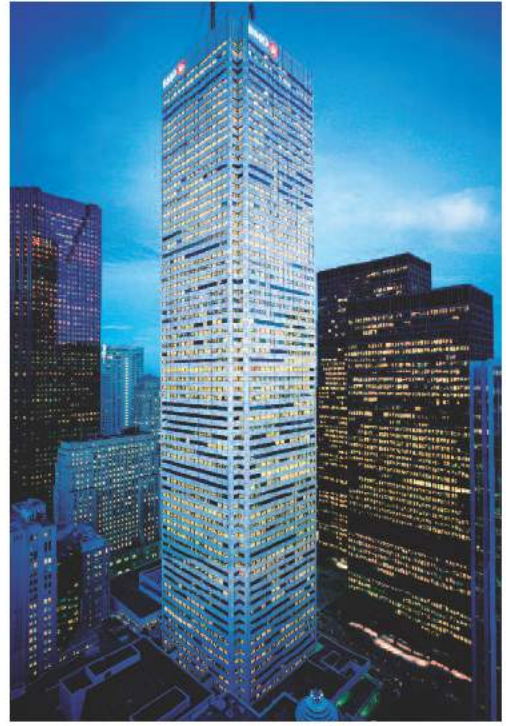
BEST MANAGEMENT PRACTICES. We ask ourselves two questions every day: What should we stop doing because it has outlived its usefulness? What should we start doing because it is more effective?

KEEPING THINGS AS SIMPLE AS POSSIBLE. We will simplify how we invest as much as possible because it allows us to manage more effectively, at lower cost and with less operational risk.

HUMILITY. Good strategies do not last forever. Success can breed overconfidence in its persistence. We are open to new ideas from all sources.

Kinder-Morgan Inc. – Pipeline & Energy Infrastructure – U.S.

Puget Sound Energy – Wild Horse Renewable Energy – U.S.



First Canadian Place – Toronto

What We Think We Know About Return

RISK IS OUR SCARCE RESOURCE. Our investment partners have a limited capacity to absorb downside risk. Our job is to maximize long-term return on that risk. Assets are just envelopes for risk.

TAKING MARKET RISK PAYS IN THE LONG RUN BECAUSE ITS SHORT-TERM REWARD IS LARGELY UNPREDICTABLE. If it were predictable, it could be arbitraged and would disappear. The return on risk remains high because of investor aversion to extreme outcomes, like in 2008.

LISTED MARKET EXPOSURE PROVIDES THE BULK OF OUR PORTFOLIO RETURN ON RISK. Market pricing may reflect illiquidity and valuation mistakes, but consistently making fewer mistakes than the market is not easy.

ACTIVE MANAGEMENT CAN ADD VALUE. Markets are kept reasonably efficient by the activities of active managers. The small difference in returns between superior and average managers increases the importance of avoiding unnecessary cost.

SOME OF THE BEST OPPORTUNITIES DO NOT FIT ASSET CLASS SILOS. Asset classes are less important than a good understanding of return on risk.

OUR COMPARATIVE ADVANTAGES ARE CASH AND PATIENCE. Our investment partners do not need all of their capital tomorrow, so we can earn a premium for investing some of it for long periods in illiquid investments like private equity, real estate, private commercial mortgages, infrastructure and timberlands.

GOOD GOVERNANCE HAS A RETURN. We are a member of the Canadian Coalition for Good Governance. Environmental, social and governance considerations factor into our investment due diligence because responsible companies are better investments. Our holdings in renewable energy, transportation and sustainable forestry were acquired because they were sound investments. We may use our influence as shareholders to improve business practices.

How We Measure and Manage Risk

To earn a long-term incremental return of about 2.0–2.5% per year over risk-free government bonds, our balanced fund investment partners have asked us to implement a diversified policy asset mix that, in extreme historical circumstances, such as in 2008, has produced an annual loss of over 20%.

Good risk management will not shield our portfolios from poor short-term return on risk, but properly accounting for sources of risk, and discussing the merits of where risk should be deployed, will better position us to earn superior long-term return on risk.

Our risk group is integrated in the investment process, working closely with all asset classes. It operates as an independent unit, maintaining prudent separation between those who deploy risk and those who monitor it. The Chief Risk Officer reports directly to the Chief Executive Officer. We are making considerable investments in people and systems to improve the effectiveness of what we consider to be a key component of our long-term success.

Last year demonstrated why risk measurement and management matters. After a 25-year period where taking risk earned a far higher return than we had reason to expect, 2008 showed us what can happen at the other extreme. Equity risk had one of the poorest annual returns on record. When market liquidity dried up, even the safest of corporate bonds were not immune and suffered large market losses. Positive returns on government bonds diversified some of that risk, as they were supposed to do.

It did not help that AIMCo inherited weak systems and, therefore, poor visibility on concentrations of similar risks across various asset classes. Investment policy had been focused on having the right amount of money in the right asset class product pools, and on adding value by security selection within asset class pools. The objective was return on assets more than return on risk.

Risk measures derived from long-term historical outcomes, without preconceived notions about the distribution of returns, would have shown that we had a very large concentration of credit risk given the low corporate bond spreads over risk-free rates. That is why we are making the comparing and contrasting of risk across our portfolios part of our investment language and central to the debating of investment decisions.

Quantitative risk measures have been criticized for their inability to anticipate what could be lost to some unknowable extreme event. The worst imaginable investment loss is always 100% – not a very helpful metric for making investment decisions. If we applied that thinking to other parts of life, we would never cross the street. For all their imperfections, the best available risk measures show last year to be an extreme, but not unprecedented event.

The weakest link for risk measurement has been in the credit area. Although widely used in the industry, credit ratings were always a very crude measure of risk. Their limitations were compounded by new investment instruments being assigned high ratings without proper accounting for "risk hedges" that would only work in a prescribed set of circumstances.

We monitor key operational risks through a "dashboard" report that shows, with quantitative and qualitative measures, how we are progressing in our efforts to control and remedy weaknesses across the organization. Our internal audit function is assisting us with improving the systems, processes and skills of people in the operations area, as well as certification of internal controls under Section 5970 of the Canadian Institute of Chartered Accountants Handbook. AIMCo is evaluating the design of its internal controls for financial reporting, key processes and operations using the recognized frameworks of COSO (the integrated framework of the Committee of Sponsoring Organizations of the Treadway Commission) and CobiT (the IT control framework of the IT Governance Institute). Full certification is expected to take at least two years.

How We Manage Our Business

WE OPERATE OUR ORGANIZATION AS "ONE AIMCo".

COORDINATING THE EFFORTS OF INVESTMENTS, OPERATIONS AND RISK MANAGEMENT ALLOWS US TO RESPOND FASTER TO CHALLENGES IN ANY ONE COMPONENT.

EFFICIENT OPERATIONAL RISK MANAGEMENT ADDS TO RETURN BY IMPROVING THE QUALITY AND TIMELINESS OF MANAGEMENT INFORMATION AND MINIMIZING THE COST OF OPERATIONAL RISKS.

OPERATING COSTS

AIMCo operates on a cost-recovery basis. Total expenses for the year ended March 31, 2009 were $215 million, equating to 31 cents per $100 of invested assets. The easiest source of return for our investment partners is money we do not have to spend. We are investing in people, systems and processes to achieve greater cost-efficiencies over the next three years. We are building the capacity to internalize the management of $8 billion in assets. The net result will be savings of $45 million in operating costs every year, starting in 2012.

Our capital budget includes building a strong operational infrastructure by investing in a new portfolio accounting system, derivative systems, treasury systems, data warehouse, IT architecture and strengthening other systems components. We are moving to a new office at 10830 Jasper Avenue in downtown Edmonton early in 2010. We intend to separate our IT infrastructure from the government as part of the move.

PEOPLE

When AIMCo was created on January 1, 2008, it had a staff of 137. On March 31, 2009, that had grown to 170. By 2010, we expect to reach approximately 250 employees. The two-year increases reflect the need to create a senior management team, enhance operational and risk management support, and internalize the management of assets previously managed externally at much greater cost. Our ratio of people to assets is still below that of our peer group.

We have had little difficulty attracting the best people to what has been recognized as a rare opportunity to be part of creating an entrepreneurial organization with the scale to be a strong player in a wide range of investment activities.

In our first year, we implemented a number of initiatives to support our emphasis on talent development, and increase alignment with AIMCo's goals in support of the needs of our investment partners:

- A comprehensive Performance Management Program to aid in talent development and succession planning.
- Our "High 5" program, under which every employee establishes five personal objectives that support the goals of our corporate Business Plan.

COMPENSATION

We believe that salaries should be competitive, and total compensation should be tied to performance wherever possible. AIMCo's variable compensation program has both annual and long-term components, and was designed to compete with private sector employers in linking pay to performance.

We reward sustained creation of value-added over a four-year period without taking unacceptable risks. Our programs were designed to promote cooperation in achieving superior total portfolio outcomes.

How Did We Do in 2008–09?

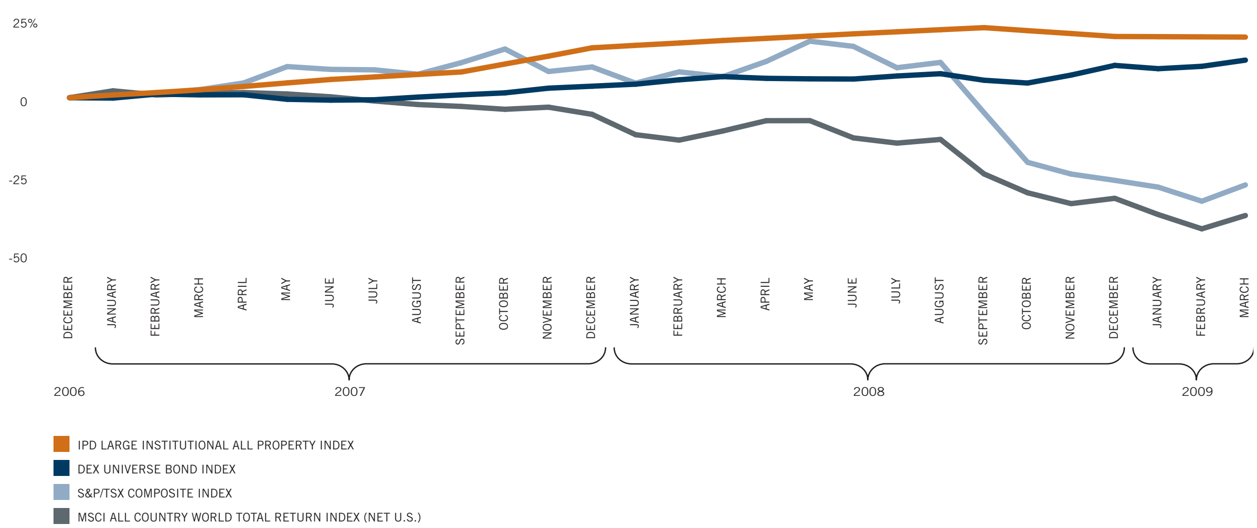
WHAT HAPPENED IN THE MARKETS?

The 2007 subprime credit crisis froze global secondary debt markets. Steep declines in U.S. housing values exposed previously unrecognized derivatives exposure among major institutions, bringing the world financial system to the brink of collapse before governments and central banks intervened on a massive scale. A recession sparked by the housing and credit crises then quickly spread throughout the world.

Relative to the U.S., Canada was somewhat protected by a more secure, better regulated banking system and a more stable residential real estate market. Canada slowed, but was buoyed by strong prices for energy and commodities until September, when the U.S. government allowed Lehman Brothers to fail, unleashing the full force of the economic storm. By the end of calendar 2008, the Standard and Poor's Toronto Stock Exchange (S&P/TSX) Composite Index had lost 33% for the year, and losses for other major markets ranged around 40%. Volatility was extreme with markets often moving several percentage points in a day. Cash-strapped institutional investors were forced to sell high-quality assets because there was little or no demand for lesser-quality holdings. Extreme risk aversion produced a stampede into government bonds, creating unprecedented spreads between them and corporates, which were largely shunned.

In early 2009, global markets remained stressed. The effectiveness of government stimulus and central bank intervention was in doubt, growth prospects dimmed, and unemployment rose. Market volatility remained high. The quarter ended with a remarkable stock market rally in response to positive data about U.S. housing and consumer spending.

GLOBAL FINANCIAL MARKET INDEX CUMULATIVE PERFORMANCE
December 31, 2006 to March 31, 2009

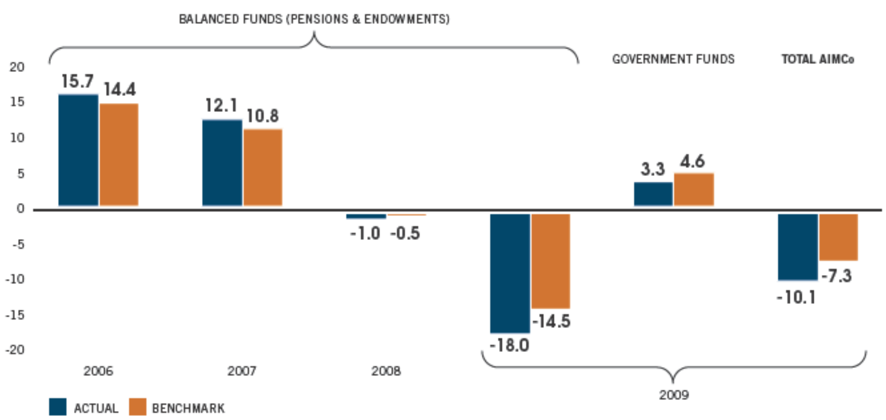


WHAT WAS THE IMPACT OF THESE MARKET EVENTS ON OUR PORTFOLIO?

AIMCo's total fund return was -10.1% for the year ended March 31, 2009. However, returns varied widely across AIMCo portfolios, reflecting differences in asset mix composition. The balanced funds (pensions and endowments) had a return of -18.0%, as they were heavily exposed to global equities and were overweight in fixed income credit risk. Inflation-sensitive assets were the only balanced fund asset class with positive returns. Government funds were invested in short-term fixed income which earned 3.3%.

Most of these negative returns reflect mark-to-market valuations at March 31, 2009, which were heavily affected by a lack of liquidity in fixed income markets. This cash squeeze then impacted the equity markets as it was the only alternative for desperate efforts to raise liquidity. During this period, AIMCo managed its cash conservatively while looking for opportunities to buy quality assets at distressed levels. The only price that ultimately matters is the one received when the assets are sold. As markets return to normal, we expect most of the mark-to-market loss to be recovered.

AIMCo COMPOSITE ANNUALIZED RETURNS
For the years ended March 31 (%)



NOTE: *Prior to July 1, 2009, a portion of AIMCo's government fund investment partners did not formally designate a benchmark. AIMCo has retroactively applied (to April 1, 2008) the benchmarks recently approved by our investment partners: the DEX 30 Day T-Bill Index, DEX 91 Day T-Bill Index, DEX Short Term Government Bond Index, DEX Universe Bond Index, DEX Real Return Bond Index, ICREIM/IPD Large Institutional All Property Index and MSCI World Index.*

WHAT IS OUR ECONOMIC OUTLOOK?

For the first time, one can make the case that a global recovery will not be led by the U.S. North America's recession will likely end during the second half of calendar 2009, but employment recovery will be slow. Near-term, global growth is most robust in China and India, and the economic base is large enough to matter internationally. There is plenty of room for them to catch up to the standard of living in richer countries.

Canada remains in better shape than the U.S. and our resource orientation is well supported by rising demand in emerging markets as well as a shift to "real" assets among those concerned that fiscal and monetary stimulus in the U.S., here and elsewhere will reignite inflation. Overall, we expect energy and commodities markets to be choppy, but reasonably firm. A slow recovery mutes current inflation, so the Bank of Canada will likely keep interest rates low well into 2010. Firm commodities prices will support the Canadian dollar. However, the Bank of Canada has noted that our economy has trouble competing with a dollar above the US$0.90 level.

In the U.S., a lasting solution to too much consumer spending cannot be more consumer spending. Government stimulus is temporary, and business investment has not yet taken up the slack. In the past, the U.S. has rapidly adjusted to structural weaknesses. That may well happen again, but chances are that part of the adjustment mechanism will be a lower U.S. dollar.

With over-leveraged consumers retrenching and substantial excess manufacturing capacity worldwide, profit growth will be weak, and the return on bonds will not be as high as it has been over the last 10 years. The recent enthusiasm in equity markets may imply an average outlook for future stock returns. The overall result: after the best 25 years of balanced fund returns in over a hundred years, future returns are likely to be more modest. Equity markets may not have fully factored in this slow growth/lower return scenario.

MONEY MARKET AND FIXED INCOME

We internally manage $39 billion in money market and fixed income assets (30% balanced and 70% government funds). We try to add value through credit selection, duration management and relative value trades. Derivatives are used opportunistically when they are the most efficient way to achieve our investment partners' objectives. We faced a punishing credit environment last year. However, we now see the best return on risk is in high-quality, superior-yield corporate bonds with potential for price recovery once credit and financial markets have stabilized.

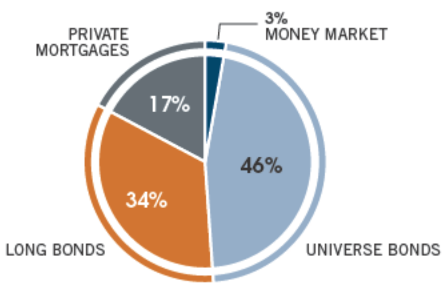
TABLE 1: BALANCED FUNDS – MONEY MARKET & FIXED INCOME PERFORMANCE

BALANCED FUNDS – MONEY MARKET & FIXED INCOME	MARKET VALUE ($ MILLIONS)	ANNUALIZED RETURNS AS AT MARCH 31, 2009 (%)			CALENDAR YEAR RETURNS (%)		
		1 YEAR	2 YEAR	3 YEAR	2006	2007	2008
MONEY MARKET & FIXED INCOME	11,618	-2.5	0.5	2.4	5.0	2.4	-0.1
Money Market & Fixed Income Benchmark		4.5	5.1	5.3	4.0	3.9	6.3
MONEY MARKET	398	3.7	4.2	4.7	3.9	6.2	4.2
DEX 91-Day T-Bill Index		2.4	3.5	3.7	4.0	4.4	3.3
UNIVERSE BONDS	5,317	-4.3	-0.8	1.4	4.8	1.7	-2.2
DEX Universe Bond Index		4.9	5.4	5.4	4.1	3.7	6.4
LONG BONDS	3,935	-1.9	-0.1	2.2	4.5	2.5	-1.1
Long Bond Benchmark(1)		3.4	4.7	5.2	3.9	4.3	5.9
PRIVATE MORTGAGE POOL(2)	1,968	4.4	5.2	5.6	5.0	3.8	8.2

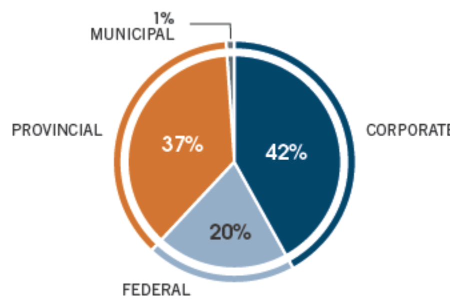
(1) *The Long Bond Benchmark composite is comprised of the DEX Long Term Government Bond and DEX Long Bond indices.*

(2) *AIMCo's balanced fund investment partners do not have a policy allocation to Private Mortgages.*

BALANCED FUNDS – MONEY MARKET & FIXED INCOME ASSET MIX
(As at March 31, 2009)



BALANCED FUNDS – SUMMARY OF FIXED INCOME HOLDINGS
(Issued and guaranteed by) (As at March 31, 2009)



MONEY MARKET, FIXED INCOME AND PRIVATE MORTGAGES

The money market component of the balanced fund composite had a 3.7% return, driven by longer duration and higher credit exposure in commercial paper, adding 1.3% over the DEX 91 day T-Bill benchmark. Our liquidity position commanded a premium during the height of the market disruption.

Long bonds in our balanced funds returned -1.9%, and universe bonds returned -4.3%, underperforming their benchmarks by 5.3% and 9.2%, respectively. We had negligible exposure to asset-backed commercial paper, and no direct exposure to U.S. subprime or related assets. Our portfolios were overweight in high quality corporate bonds. Widening credit spreads in investment grade and high yield markets resulted in a significant divergence in performance between the government and corporate sectors. In 2009, we should benefit from spread tightening and, over the next few years, we expect to fully recover last year's mark-to-market losses. We are adding to corporate bonds at "fire sale" prices.

Private Mortgages returned 4.4% for the 2009 fiscal year. Our $2 billion portfolio invests in Canadian commercial real estate mortgages, and lends conservatively against office, shopping centre, industrial and Canada Mortgage and Housing Corporation (CMHC)-insured multi-unit residential properties in select metro areas. All loans remained in good standing and the fundamentals of commercial real estate have held up in most major markets. We committed $505 million in new loans in 2008-09, added a portfolio manager, and installed a mortgage information system to improve the operation, administration and management of the portfolio.

EQUITIES

Our emphasis in equities is shifting rapidly from geographically based products to a systematic comparison of risk and returns across all equity opportunities, to maximize our opportunity to generate superior overall returns. Our strategies span the full range, and will be deployed depending on our level of conviction, from index investments to arbitrage investments, quantitative and structured equities, absolute return strategies, relationship investing and private equity.

TABLE 2: BALANCED FUNDS – EQUITIES PERFORMANCE

BALANCED FUNDS – EQUITIES	MARKET VALUE ($ MILLIONS)	ANNUALIZED RETURNS AS AT MARCH 31, 2009 (%)			CALENDAR YEAR RETURNS (%)		
		1 YEAR	2 YEAR	3 YEAR	2006	2007	2008
EQUITIES	19,712	-31.5	-20.3	-10.3	19.8	0.6	-30.5
Equities Benchmark		-27.0	-17.6	-8.4	19.0	-1.1	-25.7
CANADIAN EQUITY	5,675	-32.8	-17.0	-8.5	16.8	10.2	-33.8
Canadian Equity Benchmark(1)		-33.0	-17.0	-8.4	17.3	9.2	-34.0
U.S. EQUITY	5,208	-29.4	-23.6	-13.6	16.1	-10.0	-28.4
U.S. Equity Benchmark(2)		-24.0	-20.1	-11.2	15.5	-10.9	-21.6
EAFE EQUITY	5,411	-36.6	-25.7	-13.4	26.5	-3.6	-32.1
MSCI EAFE Index (C$)		-34.4	-24.6	-12.3	26.3	-5.7	-29.8
EMERGING MARKETS	284	-39.9	-20.4	-8.9	31.0	15.6	-45.6
MSCI Emerging Markets Free Index (C$)		-35.1	-16.2	-5.7	32.5	18.3	-42.2
HEDGE FUNDS	1,775	-24.0	-12.3	-4.9	10.4	9.4	-26.9
Hedge Funds Benchmark(3)		-12.1	-5.3	-1.4	7.9	5.0	-13.9
PRIVATE EQUITY	1,359	-16.4	-5.0	6.5	32.1	9.0	-12.7
Private Equity Benchmark(4)		8.2	9.0	9.4	9.9	10.6	8.7

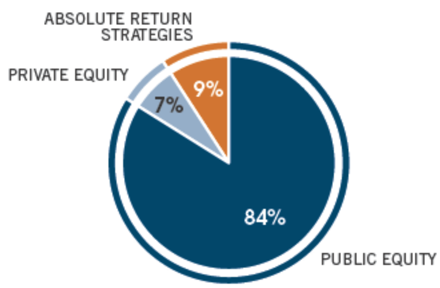
(1) *The Canadian Equity Benchmark composite is comprised of the S&P/TSX Composite Capped, S&P/TSX Composite and BMO Small Cap indices.*

(2) *The U.S. Equity Benchmark composite is comprised of the S&P 500, S&P 1500 and Russell 2500 indices.*

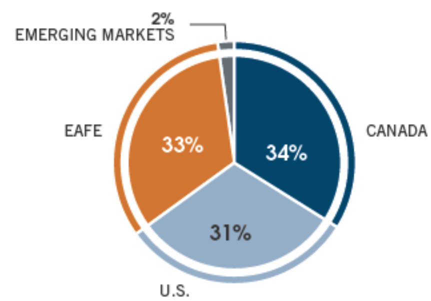
(3) *The Absolute Return Strategies Benchmark composite is comprised of CPI plus 6% and HFRX Global Hedge Index.*

(4) *The Private Equity Benchmark composite is comprised of CPI plus 8% and S&P/TSX Composite Index plus 2.5%.*

BALANCED FUNDS – EQUITIES ASSET MIX
(As at March 31, 2009)



BALANCED FUNDS – PUBLIC EQUITY GEOGRAPHIC EXPOSURE
(As at March 31, 2009)



PUBLIC EQUITIES

We are working with our investment partners to define their overall appetite for equity risk, and we will find the best opportunities. We now manage risk at the aggregate level through two master pools: one Canadian, the other Global. Each master pool has, as components, pools for index funds, active internal management, external management, absolute return and overlay.

To make the portfolio more cost efficient, we intend to simplify the structure of our investment pools, and increase assets managed internally by $5 billion. External managers will continue to be used for strategies that cannot be efficiently managed internally.

Good people are our most important resource. We intend to use them where their potential contribution is highest. One promising area is relationship investing, an approach that fits between public equity and private equity. Like the value investor, we buy under-valued public shares. Like the private investor, we work with management to fix or eliminate the source of under-valuation. The challenge is that we lack the private investor's control. Our stake is significant, but not controlling, usually involving 5–20% of a company's shares. It takes special skill to make changes without having outright control. We do not rely on increased financial leverage to generate returns. All of the returns come from improving the performance and value of the business. Relationship investing is too uncertain to be done on its own; its risk must be offset by other less risky portfolio exposures. The broad diversification of our total public equity program provides for this. So does development of intellectual capital. Good upfront valuation is a must, but it accounts for only a portion of the ultimate return. Most of the return comes from actively working with company management to create long-term value.

For the year ended March 31, 2009, balanced fund composite equity returns were -31.5%. Canadian equities provided 0.2% of value-added, while the U.S., EAFE and Emerging Markets equity exposures underperformed their benchmarks by 5.4%, 2.2% and 4.8%, respectively. The balanced fund composite exposure to absolute return strategies returned -24.0%, underperforming its benchmark by 11.9%.

In the 2009 fiscal year, our equity index swap portfolios were attempting to add value by investing cash positions backing these swaps in instruments with credit risk. The 2008 credit crisis caused mark-to-market losses on that strategy. A good portion of these losses have since been recovered in 2009.

PRIVATE EQUITY

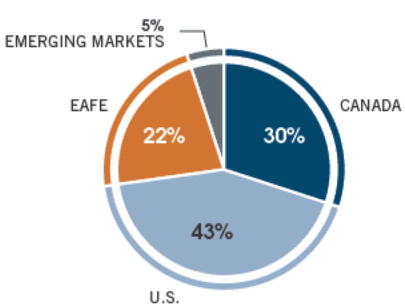
Our emphasis in private equity is shifting from fund investments and co-investments to direct investments. Currently, only 18% of our private equity program is in direct and co-investments. A Toronto office was opened in 2009 with a small staff experienced in direct investing, to complement the Edmonton team.

Private equity for our balanced fund composite returned -16.4% for the year ended March 31, 2009, underperforming its Consumer Price Index (CPI) plus 8% benchmark by 24.6%, as a result of the general dislocation in equity and credit markets. A weakening Canadian dollar helped returns because the portfolio was unhedged.

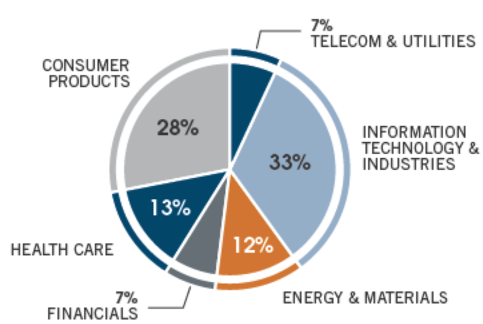
TABLE 3: TOP FIVE PRIVATE EQUITY DEALS

COMPANY	SECTOR	LOCATION
CCS Income Trust	Energy	Canada
Apria Healthcare	Health Care	U.S.
Axcan Pharma	Health Care	Canada
Klemke Mining Corporation	Industrials	Canada
Ceridian	Industrials	U.S.

BALANCED FUNDS – PRIVATE EQUITY GEOGRAPHIC EXPOSURE
(As at March 31, 2009)



BALANCED FUNDS – PRIVATE EQUITY SECTOR EXPOSURE
(As at March 31, 2009)

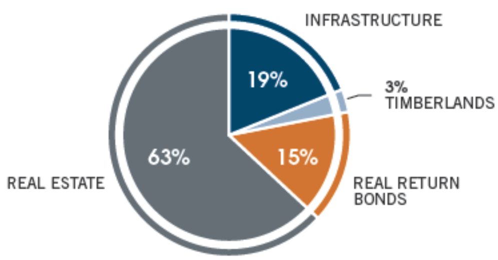


INFLATION SENSITIVE

TABLE 4: BALANCED FUNDS – INFLATION SENSITIVE PERFORMANCE

BALANCED FUNDS – INFLATION SENSITIVE	MARKET VALUE ($ MILLIONS)	ANNUALIZED RETURNS AS AT MARCH 31, 2009 (%)			CALENDAR YEAR RETURNS (%)		
		1 YEAR	2 YEAR	3 YEAR	2006	2007	2008
INFLATION SENSITIVE	7,682	3.8	8.7	12.0	14.5	16.3	5.0
Inflation Sensitive Benchmark		0.9	6.5	8.3	11.5	11.5	3.0
REAL RETURN BONDS	1,134	-0.5	3.0	2.0	-2.9	1.7	1.0
DEX Real Return Bond Index		-0.8	2.7	1.8	-2.9	1.6	0.4
REAL ESTATE	4,846	4.7	10.5	15.1	21.1	20.5	5.5
ICREIM/IPD Large Institutional All Property Index		0.9	7.9	11.3	18.6	16.0	3.1
INFRASTRUCTURE	1,469	12.3	12.9	16.0	20.5	13.4	12.8
CPI plus 6%		7.4	7.6	7.7	7.4	8.4	8.0
TIMBERLANDS	233	-7.4	-0.7	15.0	4.3	59.0	-8.7
CPI plus 4%		5.4	5.6	5.7	5.4	6.4	6.0

BALANCED FUNDS – INFLATION SENSITIVE ASSET EXPOSURE
(As at March 31, 2009)



REAL RETURN BONDS

CPI-linked real return bonds are managed internally as segregated holdings that assist our investment partners in immunizing the risk of their inflation-indexed liabilities. Our holdings are mostly passive buy-and-hold liquid Government of Canada issues.

The balanced fund composite exposure to real return bonds returned -0.5%, outperforming the DEX Real Return Bond Index benchmark by 0.3%.

REAL ESTATE

AIMCo's real estate portfolio consists primarily of direct investments in high-quality office, retail, industrial and multi-unit residential properties in Canada's major centres with joint venture partners. High-quality core assets with stable expected income returns make up 85% of the total. The remaining 15% is in opportunistic and development positions which over time will add to our core properties portfolio. We also participate in niche market sectors through six Canadian opportunity funds. Three externally managed funds provide foreign diversification in Mexico (diversified), Europe (retail) and the U.S. (mezzanine debt).

Our current priority is to maintain income levels by retaining tenants on lease rollover. With the exception of Calgary's office market and Ontario's industrial market, most Canadian markets are fairly well balanced between demand and supply. The high quality of our holdings provides some protection against the recessionary impact on rent levels. Dislocation in U.S. and European property markets may provide attractive foreign investment opportunities.

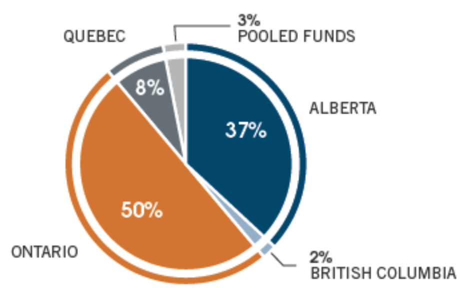
We completed the first three industrial buildings of Calgary's StoneGate Landing commercial development and two are fully leased. In downtown Calgary, we began work on the retail redevelopment of TD Square, Calgary Eaton Centre and the new Holt Renfrew building – the CORE, a three-block project that will redefine downtown shopping.

Strong income flow and value gains on completed development properties offset the market value reductions in the 2009 fiscal year. The balanced fund composite returned 4.7%, 3.8% higher than the benchmark, the Large Institutional All Property Index compiled by the Institute of Canadian Real Estate Investment Managers and Investment Property Databank Limited.

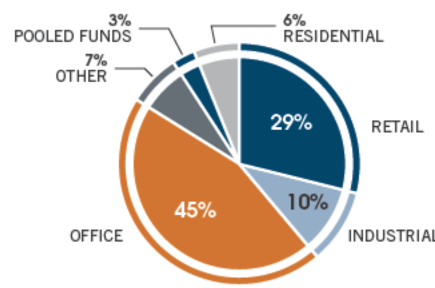
TABLE 5: TOP FIVE REAL ESTATE INVESTMENTS

PROPERTY	SECTOR	LOCATION	TOTAL COMPLEX SIZE (M. SQ. FT.)	OWNERSHIP (%)
Yorkdale Shopping Centre	Retail	Toronto, ON	1.53	50
Square One Shopping Centre	Retail	Toronto, ON	1.86	50
Scarborough Town Centre	Retail	Scarborough, ON	1.59	50
Place Ville Marie	Office	Montreal, QC	1.29	50
Bow Valley Square	Office	Calgary, AB	1.47	50

BALANCED FUNDS – REAL ESTATE GEOGRAPHIC EXPOSURE
(As at March 31, 2009)



BALANCED FUNDS – REAL ESTATE SECTOR EXPOSURE
(As at March 31, 2009)



INFRASTRUCTURE

AIMCo's infrastructure portfolio primarily consists of diversified long-term equity positions in OECD-based assets that provide essential services to the public. The assets have an operating history and are either regulated or have highly contracted revenues with the potential for long-term capital appreciation. We intend to grow our direct investments which currently make up 50% of the portfolio.

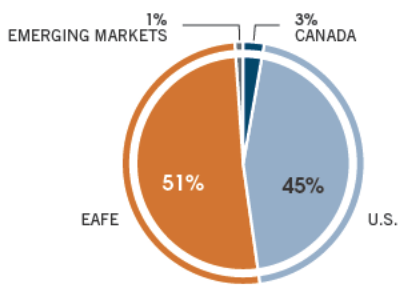
In the 2009 fiscal year, we made significant direct investments in Puget Energy and Compania Logistica de Hidrocarburos (CLH) and invested in an India infrastructure fund. We realized gains on the divestiture of InterGen, a global developer and operator of power generation facilities.

The balanced fund infrastructure portfolio achieved a 12.3% return for the year ended March 31, 2009, outperforming its CPI plus 6% benchmark by 4.9%. Keeping in mind the relatively stable nature of these long-term assets, last year's weak financial and economic environment continues to pose challenges and present opportunities within the sector.

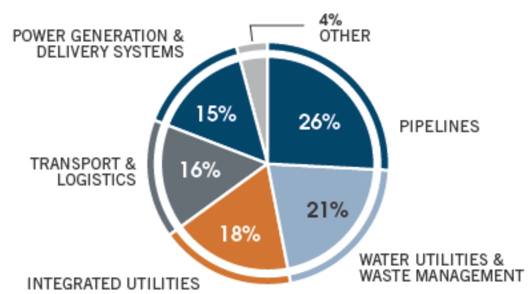
TABLE 6: TOP FIVE INFRASTRUCTURE INVESTMENTS

COMPANY	SECTOR	LOCATION
Puget Energy	Integrated Utilities	U.S.
Kinder Morgan Inc.	Pipelines & Midstream	U.S. & Canada
Compania Logistica de Hidrocarburos	Pipelines & Midstream	Spain
Copenhagen Airport	Transportation	Denmark
Thames Water	Water Utilities	United Kingdom

BALANCED FUNDS – INFRASTRUCTURE GEOGRAPHIC EXPOSURE
(As at March 31, 2009)



BALANCED FUNDS – INFRASTRUCTURE SECTOR EXPOSURE
(As at March 31, 2009)



TIMBERLANDS

Timber is a long-term and inflation-sensitive asset. Wood is a very versatile material with a wide range of applications that over time have caused returns to keep pace with inflation. AIMCo has a 25% interest in Island Timberlands LP, which owns and sustainably manages timberlands on mature private lands in coastal British Columbia. The high-quality logs are sold to a broad customer base in North America and Asia. We also participate in Global Forest Partners LP, an externally managed fund, which owns a diversified portfolio of sustainably managed timberlands in Latin America, Australia and New Zealand. Our financial leverage levels are low, giving us the flexibility to defer harvest until markets improve. The trees will continue to grow. No new investments have been made in the fiscal year.

In the fiscal year, we saw record low U.S. construction activity and residential housing starts, and softness in demand for lumber and panel products in global markets. This weakness also eroded the value of underlying land assets.

The balanced fund composite timberlands portfolio generated a -7.4% return for the year ended March 31, 2009, underperforming its CPI plus 4% benchmark by 12.8%.

DERIVATIVES

We use several types of derivatives across most product areas to cost-effectively manage asset exposure, hedge interest rate and foreign currency risk, and opportunistically enhance return. They include:

- *Bond and equity futures.* These standardized exchange-listed contracts enable us to quickly create and dispose of broad market exposures at far less cost and little or no risk of market disruption.

- *Forwards.* These over-the-counter contracts, negotiated by two parties, are used to hedge foreign currency and interest rate risk.

- *Swaps.* These over-the-counter contracts involve the exchange of two streams of cash flows and are used to obtain or change portfolio exposures without having to directly sell or purchase the underlying asset.

- *Options.* These over-the-counter equity option contracts offer the right, but not the obligation, to buy or sell shares at a set price during a set period. They enable us to adjust exposures on certain securities without directly purchasing or selling the underlying security.

CURRENCY

Generally, we do not hedge foreign currency exposure. The only exceptions are infrastructure and timberlands, when the assets are largely outside Canada but have benchmarks that are Canadian-dollar based. From time to time, we also use hedging to opportunistically enhance return. For example, we created a short position in the yen as trading, for technical reasons, fuelled a rise that was not consistent with the poor state of Japan's economy.

We generally do not hedge currency because most studies find no significant long-term net gain from doing so. The downside is that, in any given year, returns can be dominated by currency. Last year, a depreciating Canadian dollar made our foreign assets more valuable in Canadian dollars. The year before, the opposite was true. As long-term investors, our current approach makes sense, as long as our partners understand the implications.

SECURITIES LENDING

Securities lending is normally a low-risk way of earning incremental income on equities. Last year, demand to borrow securities against cash collateral remained very high, and supply from lenders was limited. Despite very challenging market conditions, we suffered no losses. Nonetheless, in September 2008, we began substantially reducing the riskiest parts of our lending program.

PROXY VOTING

AIMCo has an important fiduciary duty to thoughtfully vote all proxies that we receive for shares owned on behalf of our investment partners. We outsource proxy voting to a specialist advisory firm that is better able to monitor shareholder meeting schedules and issues, and provide accountability to us and our investment partners. We normally defer to the specialist's proxy voting guidelines, but reserve the right to override them.

This past year, we moved this contract to Glass Lewis & Co., a fully independent proxy voting service provider. Glass Lewis & Co. does not provide consulting services to issuers or their Directors. We will be seeking to implement AIMCo-specific voting guidelines in the coming year.

Governance

AIMCo was established by the Province of Alberta to provide investment management services to designated pension funds and provincial public sector bodies and funds, with strong accountability for its investment decisions. AIMCo is committed to the highest standards of corporate governance. We believe that the policies, processes and institutions that form a robust corporate governance framework are integral to the achievement of our goal to be among the best institutional investment managers. The corporate governance framework employed by AIMCo is more than a set of static policies and procedures. It is a dynamic and continuously developing set of standards that is intended to facilitate a corporate culture of integrity and accountability in the pursuit of our goals.

BOARD OF DIRECTORS

The Board of Directors is responsible for overseeing management of the business and affairs of AIMCo. As part of this mandate, the Board sets the strategic direction of the Corporation and oversees the development and implementation of policies and procedures that govern the conduct of AIMCo's business.

In order to be appointed to the Board, a director must have demonstrated experience in investment management, finance, law or served as an executive with a large, publicly traded company. All Directors are independent of management. Directors are required by statute to act honestly and in good faith with a view to the best interests of the Corporation and are required to exercise the care, diligence and skill that a reasonable and prudent person would exercise in comparable circumstances. The Board of Directors meets six times every year with meetings scheduled one year in advance. Additional meetings are arranged as required.

BOARD COMMITTEES

The Board of Directors has established four standing committees which assist the Board in discharging its responsibilities:

- The Investment Committee oversees the investment activities and operations of AIMCo. This includes the receipt of investment-related reports from management and the review and approval of investment-related matters. The Investment Committee is comprised of all of the members of the Board of Directors with Virginia Holmes serving as Chair.

- The Audit Committee oversees financial reporting processes, development and implementation of internal controls, conduct of the audit process, compliance with applicable laws and regulations and implementation of AIMCo's whistleblower policy. The audit committee is comprised of George Gosbee (Chair), David Bissett and Daryl Katz.

- The Governance Committee oversees the policies, processes and procedures that comprise AIMCo's corporate governance framework. This includes overseeing the terms of reference for the Board of Directors and each Board committee and ensuring the effective operation of the Board of Directors. The Governance Committee is comprised of Andrea Rosen (Chair), David Bissett, George Gosbee, Frank Layton, Q.C. and Mac Van Wielingen.

- The Human Resources and Compensation Committee oversees the human resources strategy and policies of the Corporation. This includes ensuring that human resources policies are aligned with corporate objectives, reviewing employee compensation and providing oversight on labour relations strategy. The Human Resources and Compensation Committee is comprised of Clive Beddoe (Chair), Virginia Holmes, Frank Layton, Q.C., Andrea Rosen and Mac Van Wielingen.

At every meeting of the Board of Directors, the Board and all committees have *in camera* sessions, which management is not permitted to attend.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

AIMCo provides new Directors with a comprehensive orientation to the business and affairs of the Corporation. This orientation is designed to inform new Directors of their responsibilities as Directors and provide them with the background information required to make informed decisions and judgments respecting the issues that face the Board. New Directors are provided with comprehensive written materials and access to management for the purpose of acquiring the knowledge required to discharge their responsibilities. Continuing director education is integral to achieving and maintaining a high standard of corporate governance. Meetings of the Board of Directors include educational opportunities for Directors to enhance their knowledge of the Corporation and industry.

STANDARDS OF CONDUCT FOR DIRECTORS

The Board of Directors has adopted various policies that outline acceptable standards of conduct for Directors, including the Director Trading Policies and the Director Conflict of Interest Policy.

CODE OF CONDUCT

AIMCo has adopted a Code of Conduct and Ethical Standards which contains principles and guidelines for ethical behaviour at AIMCo. The Code applies to all AIMCo employees, including executive officers. Compliance with the Code is a condition of employment with AIMCo. Additionally, AIMCo has established a whistleblower policy and reporting service which provides all employees with the ability to confidentially report any failure to comply with the Code.

Management's Responsibility for Financial Reporting

The Financial Statements of Alberta Investment Management Corporation ("the Corporation") have been prepared by management and approved by the Board of Directors. The Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles and within the framework of significant accounting policies summarized in the notes to the Financial Statements. The financial information presented throughout this annual report is consistent with the Financial Statements.

Management is responsible for the integrity and fairness of the Financial Statements and the financial information contained in this annual report. The Financial Statements include certain amounts which, by necessity, are based on the judgment and best estimates of management. In the opinion of management, the Financial Statements have been properly prepared and present fairly the financial position, results of operations and cash flows of the Corporation.

The Board of Directors is responsible for overseeing management in the performance of its financial reporting duties. The Board of Directors is assisted in discharging this responsibility by the audit committee, which consists of Directors who are neither officers nor employees of the Corporation. The audit committee meets regularly with management to review the scope and findings of audits and to satisfy itself that its responsibility has been properly discharged. The audit committee has reviewed the Financial Statements and has recommended their approval by the Board of Directors.

The Corporation has developed and implemented systems of internal control and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the Financial Statements and accompanying financial information in this annual report are free from material misstatement. The internal control framework includes the employee Code of Conduct and Ethical Standards, internal compliance monitoring, the selection and training of qualified employees, and the communication of policies and guidelines throughout the organization.

The Financial Statements have been examined by the Office of the Auditor General of Alberta which has prepared and delivered a report of its findings, which is presented in this annual report.

Leo de Bever

LEO DE BEVER
CHIEF EXECUTIVE OFFICER

WARREN CABRAL
CHIEF FINANCIAL OFFICER

Auditor’s Report

TO THE SHAREHOLDER OF ALBERTA INVESTMENT MANAGEMENT CORPORATION

I have audited the balance sheet of the Alberta Investment Management Corporation as at March 31, 2009 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation’s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J Dunn

FRED DUNN, FCA
AUDITOR GENERAL

EDMONTON, ALBERTA
JULY 23, 2009

AUDITOR GENERAL Alberta

Balance Sheet

As at March 31 ($ thousands)	**2009**	2008
ASSETS		
Current Assets		
Cash (NOTE 4)	**$ 23,561**	$ 12,898
Accounts receivable	**12,324**	3,989
Prepaid expenses	**1,253**	189
	37,138	17,076
Capital assets (NOTE 5)	**7,254**	3,937
	$ 44,392	$ 21,013
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (NOTE 6)	**$ 8,741**	$ 2,302
Accrued vacation and benefits	**1,868**	1,659
Advance from the Province of Alberta (NOTE 7)	**28,249**	13,249
	38,858	17,210
Long-term employee benefits (NOTE 8)	**925**	–
Deferred lease inducement	**962**	156
	40,745	17,366
Shareholder's Equity (NOTE 9)		
Contributed surplus	**3,647**	3,647
	3,647	3,647
	$ 44,392	$ 21,013

Commitments (NOTE 16)

The accompanying notes are part of these financial statements.

Approved by the Board

A. CHARLES BAILLIE
BOARD CHAIR

GEORGE GOSBEE
AUDIT COMMITTEE CHAIR

Statement of Operations

For the year ended March 31 ($ thousands)	2009 BUDGET (NOTE 17)	**2009** **ACTUAL** **(12 MONTHS)**	2008 ACTUAL (3 MONTHS)
REVENUE			
External investment management fees (NOTE 10)	$ 174,059	**$ 174,059**	$ 33,930
Service revenue	48,907	**39,771**	6,997
Interest income	–	**822**	138
	222,966	**214,652**	41,065
EXPENSES			
External investment management fees (NOTE 10)	174,059	**174,059**	33,930
Salaries, wages and benefits	32,463	**26,231**	4,901
Contract and professional services	6,001	**6,514**	772
Administration	3,762	**3,485**	690
Amortization	1,259	**1,559**	460
Data services and subscriptions	2,313	**1,175**	28
Rent	1,859	**1,083**	168
Interest on advance	1,250	**546**	116
	222,966	**214,652**	41,065
NET INCOME	$ –	**$ –**	$ –

The accompanying notes are part of these financial statements.

Statement of Cash Flows

For the year ended March 31 ($ thousands)	**2009**	2008
	(12 MONTHS)	(3 MONTHS)
OPERATING ACTIVITIES		
Net income	**$ –**	$ –
Items not affecting cash		
Amortization	**1,559**	460
	1,559	460
Changes in operating accounts (NOTE 11)	**(3,802)**	(217)
	(2,243)	243
INVESTING ACTIVITIES		
Acquisition of capital assets	**(2,279)**	(750)
FINANCING ACTIVITIES		
Advance from the Province of Alberta	**15,000**	15,000
Repayment on advance from the Province of Alberta	**–**	(1,751)
Deferred lease inducement	**185**	156
	15,185	13,405
Increase in cash for the year	**10,663**	12,898
Cash at beginning of year	**12,898**	–
Cash at end of year	**$ 23,561**	$ 12,898
SUPPLEMENTARY INFORMATION		
Interest paid during the period	**$ 546**	$ 116

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

1. AUTHORITY

Alberta Investment Management Corporation (the Corporation) is an agent of the Crown in right of Alberta and operates under the authority of the *Alberta Investment Management Corporations Act* (the *Act*), Chapter A-26.5. Under the *Act*, the Corporation is established as a Crown Corporation governed by a Board of Directors appointed by the Lieutenant Governor in Council. The issued share of the Corporation is owned by the Crown, and accordingly the Corporation is exempt from income and other taxes.

2. NATURE OF OPERATIONS

The purpose of the Corporation is to provide investment management services in accordance with the *Alberta Investment Management Corporations Act*, primarily to the Province of Alberta and certain public sector pension plans. The Corporation forms part of the Ministry of Finance and Enterprise for which the Minister of Finance and Enterprise is responsible. The Corporation was formed January 1, 2008, and as a result, the comparative period is for the three months ended March 31, 2008.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) and include the following significant accounting policies:

a) CHANGES IN ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

On April 1, 2008, the Corporation adopted three new presentation and disclosure standards that were issued by the Canadian Institute of Chartered Accountants (CICA): Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Statements – Presentation.

Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and procedures and process for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Additional note disclosure has been added to meet new requirements, see Note 13.

Financial Instruments – Disclosures and Presentation

Handbook Sections 3862 and 3863 replaced Handbook Section 3861, Financial Instruments – Disclosure and Presentation. These new sections enhance existing disclosure and presentation of the nature and scope of the risks associated with financial instruments as well as the way these risks are managed. The adoption of these sections has had no impact on the recognition and measurement of financial instruments in these financial statements. Additional note disclosure has been added to meet new requirements, see Note 13.

RECENT ACCOUNTING PRONOUNCEMENTS

Goodwill and Intangible Assets

On April 1, 2009, the Corporation will adopt the provisions of CICA Handbook Section 3064, Goodwill and Intangible Assets. This standard contains new recognition and measurement criteria for internally generated computer application software and separate presentation of intangible assets on the balance sheet. The adoption of this section will not have a significant impact on the Corporation's financial statements.

International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed that the changeover date for adoption of International Financial Reporting Standards (IFRS) for publicly accountable enterprises will be January 1, 2011. Currently, the Corporation will be required to adopt these standards. The impact of the adoption on the Corporation's financial reporting is not yet determinable.

b) MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with Canadian GAAP requires management 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 revenues and expenses during the period. Actual results could differ from these estimates. Significant estimates include external investment management fees and long-term employee benefit accruals.

c) EMPLOYMENT BENEFITS

The Corporation participates in multi-employer defined benefit plans that meet the accounting requirements for treatment as defined contribution plans. The Corporation also participates in defined contribution pension plans. Employer contributions are expensed as incurred.

The Corporation provides a retention incentive to employees through a Long-Term Incentive Plan (LTIP) and a Restricted Fund Unit (RFU) plan. The LTIP began on January 1, 2009. LTIP is accrued each year at an amount equal to one quarter of the estimated aggregate payout over the four-year period. RFU is accrued over the vesting period. Estimated payments for years beyond the next fiscal year are recorded as a long-term liability.

d) REVENUE RECOGNITION

All service revenues are reported on the accrual basis of accounting.

Service revenue is recognized on the recovery of direct costs related to management of government funds, pension plans and other investments. The service revenue is accrued and billed on a monthly basis as the related costs are incurred and investment management services are provided.

The Corporation charges each government fund, pension plan and pooled fund with its respective share of the Corporation's operating costs. The charges are based on the total expenses incurred and are allocated based on assets under management and transaction volume.

Under the *Alberta Investment Management Corporations Act*, the Corporation may establish and maintain one or more Reserve Funds with the ability to recover charges in excess of direct expenses.

e) CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. Software development costs, including labour and materials costs for design, development, testing and implementation, are capitalized when the related business systems are expected to be of continuing benefit to the Corporation. Amortization is calculated on a straight-line basis over the following periods:

Computer systems hardware and software	5 years
Furniture and equipment	10 years
Leasehold improvements	Term of the lease

f) FINANCIAL INSTRUMENTS

The Corporation has made the following classification of its financial assets and liabilities:

- Cash is classified as "Held for Trading" and is measured at fair value.
- Accounts receivable are classified as "Loans and Receivables" and are measured at fair value which approximates carrying value due to their short term to maturity.
- Accounts payable and accrued liabilities, accrued vacation and benefits, and advance from the Province of Alberta are classified as "Other Financial Liabilities" and are measured at fair value which approximates carrying value due to their short term to maturity.

g) COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

4. CASH

As at March 31 ($ thousands)	**2009**	2008
Deposit in Consolidated Cash Investment Trust Fund	**$ 23,382**	$ 12,805
Cash in U.S. bank account	**179**	93
	$ 23,561	$ 12,898

The Consolidated Cash Investment Trust Fund (the Fund) is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term-to-maturity of three years. As at March 31, 2009, securities held by the Fund have a time-weighted return of 3.0% per annum (2008 – 4.5% per annum).

5. CAPITAL ASSETS

As at March 31 ($ thousands)	**2009**			2008
	COST	**ACCUMULATED AMORTIZATION**	NET BOOK VALUE	NET BOOK VALUE
Computer hardware and software	**$ 11,035**	**$ 8,012**	$ 3,023	$ 3,937
Computer hardware and software under development	**3,537**	**–**	3,537	–
Leasehold improvements under construction	**694**	**–**	694	–
	$ 15,266	**$ 8,012**	$ 7,254	$ 3,937

Amortization expense charged for the year ended March 31, 2009 was $1,559 (2008 – $460).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at March 31 ($ thousands)	**2009**	2008
Annual incentive plan(1)	**$ 2,331**	$ 718
Retiring allowance and employment agreement payout(2)	**2,167**	–
Other accounts payable and accrued liabilities	**4,243**	1,584
	$ 8,741	$ 2,302

(1) *Variable pay as per the Corporation's Annual Incentive Plan is accrued based on goal attainment for the calendar year end and paid in the subsequent year.*

(2) *The Corporation's Chief Investment Officer will be leaving AIMCo's employment on June 30, 2009 and will be eligible for a retiring allowance of $1,207 and a payout of $960 as per the terms of his employment agreement.*

7. ADVANCE FROM THE PROVINCE OF ALBERTA

Pursuant to Order in Council 542/2007 and in accordance with a loan advance agreement, the Corporation received advances on both January 1, 2008 and April 1, 2008 from the Province of Alberta to fund operating and capital cost requirements calculated as:

As at March 31 ($ thousands)	**2009**	2008
Beginning of year	**$ 13,249**	$ –
Net initial advance	**–**	15,000
Advance increases during the year	**15,000**	–
	28,249	15,000
Less: Transfer of vacation liability	**–**	(1,751)
	$ 28,249	$ 13,249

The advance is a revolving demand credit facility up to a maximum of $30 million. The advance is repayable within six months of demand by the Province and is interest bearing at a rate equal to the Province's one-month borrowing rate. At March 31, 2009, the Corporation is in compliance with the terms of its revolving demand credit facility.

8. LONG-TERM EMPLOYEE BENEFITS

As at March 31 ($ thousands)	**2009**	2008
Unfunded net retirement obligation from SRP plan(1)	**$ 566**	$ –
Long-Term Incentive Plan(2)	**278**	–
Restricted Fund Unit incentive plan(2)	**81**	–
	$ 925	$ –

(1) The Corporation is planning to establish a new supplementary retirement plan in 2009 and will be withdrawing from the existing Supplementary Retirement Plan for Public Service Managers (SRP). Using actuarial values from 2006, a net obligation of $566 has been estimated and accrued. The actual net obligation could differ from this estimate.

(2) The Corporation provides retention incentives to employees through a Long-Term Incentive Plan (LTIP) and a Restricted Fund Unit (RFU) plan. The LTIP is provided to senior management and other key employees of AIMCo. Amounts paid out under the plan are calculated based on the compound rates of return on investments and rates of return assessed relative to benchmarks over a four-year period. Grants for each four-year performance cycle are awarded as of January 1, and individual amounts vary depending on levels of responsibility. The value of the award at maturity at the end of the four-year period may vary between zero and three times the grant. In the majority of situations, to receive the payout the employee must be actively working for AIMCo as of the payment date. The LTIP accrual for the year ended March 31, 2009, is 1⁄16 of the total 2009 grant of $4,453 which is based on performance for the period January 1, 2009 to December 31, 2012. The RFU program is a supplementary compensation plan based on a notional investment in the total fund, where the value fluctuates based on the total rate of return. Unlike the LTIP grants, rates of return relative to benchmark do not impact the value of the RFU(s). RFU(s) have time horizons of one to three years for vesting provisions. Employees must be on staff as of the payment date in order to be eligible to receive any vested payments. Total RFU grants of $620 for the year ended March 31, 2009, are accrued over the vesting period, which varies based on the award.

The Corporation participates in three multi-employer public sector pension plans – the Management Employees Pension Plan, the Public Service Pension Plan, a Supplementary Retirement Plan for Public Service Managers, and two multi-employer Long-Term Disability Income Continuance Plans. The Corporation also participates in a defined contribution pension plan and a defined contribution supplementary retirement plan, established for employees hired after the formation of the Corporation on January 1, 2008.

The Corporation's expense for these pension plans is equivalent to the annual contributions of $2,189 for the year ended March 31, 2009 (2008 – $529).

At December 31, 2008, the Management Employees Pension Plan reported a deficiency of $568,574 (2007 – $84,341), the Public Service Pension Plan reported a deficiency of $1,187,538 (2007 – $92,509) and the Supplementary Retirement Plan for Public Service Managers had a deficiency of $7,111 (2007 – surplus of $1,510).

9. SHAREHOLDER'S EQUITY

a) SHARE CAPITAL

As at March 31 ($ thousands)	**2009**	2008
ISSUED AND AUTHORIZED		
Province of Alberta – one share	**$ –**	$ –

b) CONTRIBUTED SURPLUS

The Contributed surplus of $3,647 (2008 – $3,647) represents equity received by the Department of Finance and Enterprise in exchange for the transfer of the net book value of the capital assets to the Corporation on January 1, 2008.

10. EXTERNAL INVESTMENT MANAGEMENT FEES *($ thousands)*

Revenue and expenses include external investment management fees of $174,059 (2008 – $33,930) for investment, custodial, legal, audit and other services provided by external managers on behalf of the Corporation's clients. External investment management fees are based on a percentage of net assets under management at fair value and committed amounts in the case of private equity and private income pools. Fees charged by external managers include regular management fees and performance/incentive-based fees.

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts during the period. External investment management fees include significant estimates for management fees and performance/incentive-based fees. These estimates are based upon specified rates and commitment levels in the investment management agreements. Actual results could differ from these estimates.

11. CHANGES IN OPERATING ACCOUNTS

For the years ended March 31 ($ thousands)	**2009**	2008
	(12 MONTHS)	(3 MONTHS)
Increase in accounts receivable	**$ (8,335)**	$ (3,989)
Increase in prepaid expenses	**(1,064)**	(189)
Increase in accounts payable and accrued liabilities	**4,463**	2,302
Increase in long-term employee benefits	**925**	–
Increase in accrued vacation and benefits	**209**	1,659
	$ (3,802)	$ (217)

12. ASSETS UNDER ADMINISTRATION

The Corporation provides investment management services on behalf of certain Province of Alberta endowment funds, other government funds and certain public sector pension plans.

At March 31, 2009 assets under its administration totalled approximately $69.0 billion (2008 – $75.7 billion) at market value. These assets were administered on behalf of the following clients of the Corporation.

($ thousands)	**2009**	2008
Pension plans	**$ 22,953,797**	$ 27,429,537
Ministry of Finance and Enterprise		
General revenue and entity investment funds	**23,085,499**	22,167,259
Endowment funds (including the Alberta Heritage Savings Trust Fund)	**16,397,866**	20,228,488
Insurance-related funds	**2,237,132**	3,387,499
Other government ministry investment funds	**4,293,262**	2,499,357
	$ 68,967,556	$ 75,712,140

The Corporation manages the majority of these investments through pooled investment funds. However, some investments are managed by third-party investment managers selected and monitored by the Corporation in order to achieve greater diversification, access to external expertise and specialized knowledge. Investments are made in accordance with the investment policies established and approved by the clients.

Pursuant to Order in Council 23/2008, the Province of Alberta has made available a facility to access up to a maximum of $200 million in letters of credit for security purposes. This facility is utilized by the investment pools, and at March 31, 2009 the balance outstanding against the facility is $15,631.

At March 31, 2009, investments administered by the Corporation were held in the following asset classes:

	2009	2008
FIXED INCOME		
Fixed income	**$ 39,019,339**	$ 47,271,349
Private mortgages	**1,967,976**	1,845,609
INFLATION SENSITIVE		
Real estate	**5,239,624**	5,036,148
Infrastructure and timber	**1,717,835**	1,137,220
Real return bonds and commodities	**1,197,983**	1,540,950
EQUITIES		
Public equities and absolute return strategies	**18,360,255**	17,429,559
Private equity	**1,358,713**	1,304,613
Overlays	**105,831**	146,692
	$ 68,967,556	$ 75,712,140

13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

a) CAPITAL MANAGEMENT

The primary objective of capital management is to ensure the Corporation has sufficient capital to support its business and achieve its strategic goals. The Corporation operates on a cost-recovery basis and manages its capital to fund operating and capital costs to achieve its strategic plans and offset cost-recovery timing differences. The Corporation is an agent of the Crown whose debt is fully guaranteed by the Province of Alberta which has provided the Corporation with an advance to fund operating and capital costs.

b) FINANCIAL INSTRUMENTS

The Corporation's financial instruments are exposed to certain financial risks including credit risk, liquidity risk and market risk.

CREDIT RISK

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligation and arises principally from the Corporation's accounts receivable from clients. The Corporation's clients are government funds, pension plans and other entities, and as such, credit risk exposure is limited.

LIQUIDITY RISK

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they become due. The Corporation is an agent of the Crown and has established a credit facility with the Province of Alberta to fund operating and capital requirements.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign currency and interest rates, will affect the Corporation's earnings or the value of the financial instruments held. Foreign currency risk is the risk that the fair value of future cash flows for financial instruments will fluctuate relative to the Canadian dollar. Interest rate risk is the risk that future cash flows for financial instruments will fluctuate because of changes in market interest rates. The Corporation operates on a cost-recovery basis. Interest rate risk arises primarily from fluctuations in the interest rate on the advance from the Province of Alberta and foreign currency risk from fluctuations in the value of the Corporation's U.S. dollar bank account. As a result, exposure to foreign currency risk and interest rate risk is limited.

14. RELATED PARTY TRANSACTIONS

Related parties are the government funds, pension plans and other entities for which the Corporation provides investment management services. The Corporation had the following transactions with related parties recorded at the amount of consideration agreed upon between the related parties.

For the years ended March 31 ($ thousands)	**2009**	2008
	(12 MONTHS)	(3 MONTHS)
REVENUES		
Service revenue	**$ 39,771**	$ 6,997
EXPENSES		
Interest on advance from Province of Alberta	**$ 546**	$ 116
Contracted services (rent & other)	**2,043**	3
	$ 2,589	$ 119

As at March 31 ($ thousands)	**2009**	2008
ASSETS		
Due from	**$ 12,324**	$ 3,989
LIABILITIES		
Due to	**$ 925**	$ 259
Advance from Province of Alberta	**28,249**	13,249
	$ 29,174	$ 13,508

15. SALARIES AND BENEFITS DISCLOSURE

The Corporation has a pay for performance strategy that exists to attract, retain and motivate top performers. Base salaries are market driven and variable compensation programs reward consistent value-added performance.

The tables below present total compensation of the Directors and senior management of the Corporation earned in the years ended March 31 in accordance with Treasury Board directive 03/2007. This directive applies to all departments, regulated funds, provincial agencies and Crown-controlled organizations.

For the years ended March 31 ($ thousands)

					2009	2008
	BASE SALARY[1]	VARIABLE PAY[2]	OTHER CASH BENEFITS[3]	OTHER NON-CASH BENEFITS[4]	**TOTAL (12 MONTHS)**	TOTAL (3 MONTHS)
Board Chair[5]	$ 80	$ –	$ –	$ –	**$ 80**	$ 45
Board Members[5]	347	–	–	–	**347**	147
Chief Executive Officer[6]	333	125	1,108	37	**1,603**	–
Chief Investment Officer[7]	470	66	2,167	103	**2,806**	193
Chief Operating Officer[8]	220	–	90	45	**355**	76
Chief Financial Officer[9]	179	–	–	34	**213**	–
Chief Risk Officer	221	84	–	51	**356**	113

(1) *Base Salary consists of all regular pensionable base pay earned.*

(2) *Variable Pay is accrued based on goal attainment for the calendar year end and paid in the subsequent period.*

(3) *Other Cash Benefits consist of retainers, honoraria, lump-sum payments and any other direct cash remuneration.*

(4) *Other Non-Cash Benefits consist of AIMCo's share of all employee benefits and contributions or payments made on behalf of employees, including pension, supplementary retirement plans, statutory contributions and health plan coverage.*

(5) *The Board consists of 10 independent members, including the Board Chair, whose salary is disclosed separately. The Deputy Minister of Finance and Enterprise is a Board member but receives no compensation from AIMCo.*

(6) *The Chief Executive Officer started August 1, 2008. Included in Other Cash Benefits is a $1,000 signing bonus.*

(7) *The Chief Investment Officer also served in the role of Acting Chief Executive Officer for the period April 1, 2008 through August 1, 2008 while recruitment was underway for the Chief Executive Officer position. The Chief Investment Officer will be leaving AIMCo's employment on June 30, 2009 and will be eligible for a retiring allowance of $1,207 and a payout of $960 as per the terms of his employment agreement. The Chief Investment Officer will be eligible for payment of deferred long-term incentive compensation grants upon maturity as described in the table below.*

(8) *Two incumbents occupied this position during the fiscal year. Amounts presented relate to both incumbents. Included in Other Cash Benefits is a $90 signing bonus.*

(9) *Two incumbents occupied this position from June 1, 2008. Amounts presented relate to both incumbents.*

DEFERRED LONG-TERM INCENTIVE COMPENSATION

For the years ended March 31 ($ thousands)

			2009	2008
	LTIP GRANT	RFU GRANT	**TOTAL**	TOTAL
Chief Executive Officer[6]	$ 500	$ –	**$ 500**	$ –
Chief Investment Officer[7]	362	–	**362**	–
Chief Operating Officer[8]	225	100	**325**	–
Chief Financial Officer[9]	75	–	**75**	–
Chief Risk Officer	100	50	**150**	–

The Corporation provides retention incentives to employees through a Long-Term Incentive Plan (LTIP) and a Restricted Fund Unit (RFU) plan as described in Note 8. Amounts for Deferred Long-Term Incentive Compensation have not been included in the above Salaries and Benefits Disclosure table.

16. COMMITMENTS *($ thousands)*

The Corporation has entered into various agreements with minimum annual commitments for office space as follows:

2010	$ 2,483
2011	4,992
2012	4,657
2013	4,274
2014	3,695
Thereafter	20,463
Total	$ 40,564

17. 2008–2009 BUDGET *($ thousands)*

The Corporation's 2008–2009 budget was approved by the Treasury Board on April 22, 2008 and did not include external investment management fees. The decision to disclose the external investment management fees of $174,059 (2008 – $33,930) on the Statement of Operations was made subsequent to the budget being approved. External investment management fees of $174,059 have been included in the budget column to facilitate comparison of actual and budget figures.

Investments over $300 Million

CORPORATE ISSUERS

As at March 31, 2009 ($ millions)	ASSETS UNDER MANAGEMENT	% OF TOTAL
Canadian Imperial Bank of Commerce	1,838	2.7%
Royal Bank of Canada	1,782	2.6%
Toronto-Dominion Bank, The	1,643	2.4%
Bank of Nova Scotia	1,568	2.3%
National Bank of Canada	881	1.3%
HSBC Holdings PLC	782	1.1%
Bank of America Corp	691	1.0%
General Electric Co	691	1.0%
Manulife Financial Corp	579	0.9%
EnCana Corp	519	0.8%
Bank of Montreal	492	0.7%
Sun Life Financial Inc	485	0.7%
Honda Motor Co Ltd	388	0.6%
Citigroup Inc	377	0.6%
Home Equity Income Trust	348	0.5%
Suncor Energy Inc	347	0.5%
Wells Fargo & Co	338	0.5%
Greater Toronto Airports Authority	313	0.5%
JPMorgan Chase & Co	311	0.5%
	14,373	**21%**

GOVERNMENT ISSUERS

As at March 31, 2009 ($ millions)	ASSETS UNDER MANAGEMENT	% OF TOTAL
Government of Canada	9,879	14.5%
Province of Quebec, Canada	3,872	5.7%
Province of Ontario, Canada	2,832	4.2%
Province of British Columbia, Canada	977	1.4%
Province of New Brunswick, Canada	777	1.1%
Province of Manitoba, Canada	531	0.8%
Province of Nova Scotia, Canada	497	0.7%
Public Sector Pension Investment Board	482	0.7%
Caisse de Depot et Placement de Quebec	419	0.6%
Province of Newfoundland, Canada	411	0.6%
Ontario Municipal Employees Retirement System	395	0.6%
Municipal Finance Authority of British Columbia	393	0.6%
Province of Alberta, Canada	361	0.5%
	21,826	**32%**

Management Team

LEO DE BEVER
CHIEF EXECUTIVE OFFICER AND CHIEF INVESTMENT OFFICER

JAGDEEP SINGH BACHHER
CHIEF OPERATING OFFICER

CAROLE HUNT, Q.C.
CHIEF LEGAL COUNSEL AND CORPORATE SECRETARY

JOHN OSBORNE
CHIEF RISK OFFICER

WARREN CABRAL
CHIEF FINANCIAL OFFICER

LORNE R. ANDERSON
SENIOR VICE PRESIDENT
HUMAN RESOURCES

SALLY CHAN
VICE PRESIDENT
INTERNAL AUDIT

GARY SMITH
CHIEF ECONOMIST AND STRATEGIST

MICHEAL DAL BELLO
SENIOR VICE PRESIDENT
REAL ESTATE

GEORGE ENGMAN
SENIOR VICE PRESIDENT
PRIVATE EQUITY

BILL MCKENZIE
SENIOR VICE PRESIDENT
INFRASTRUCTURE AND TIMBER INVESTMENTS

BRIAN GIBSON
SENIOR VICE PRESIDENT
PUBLIC EQUITIES

DALE MACMASTER
SENIOR VICE PRESIDENT
FIXED INCOME INVESTMENTS

DOUGLAS STRATTON
SENIOR VICE PRESIDENT
FUND MANAGEMENT GROUP

CHRIS MOCHULSKI
CONTROLLER

SHARILEE FOSSUM
VICE PRESIDENT
SYSTEMS AND TECHNOLOGY

ANDREW W. HUNTLEY
VICE PRESIDENT
MORTGAGES

KIRBY O'CONNOR
VICE PRESIDENT
ACTIVE EQUITIES

SAVVAS PALLARIS
VICE PRESIDENT
STRUCTURED AND QUANTITATIVE INVESTMENTS

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