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**AUDITORS' REPORT ON THE SCHEDULE OF PREMIUM COLLECTED,
INVESTMENT INCOME, CLAIMS PAID AND EXPENSES PAID FOR THE SERVICE
INCOME SECURITY INSURANCE PLAN – PROPER SUPPORTED PLANS**

To the Non-Public Property Board of Directors

At the request of Service Income Security Insurance Plan – Proper Supported Plans, we have audited the schedule of premium paid, investment income, claims paid and expenses paid (as defined in Section 6 of the Financial and Operational Agreement between the Chief of Defence Staff as represented by the President SISIP FS and Manulife, "Agreement") for the three years ended December 31, 2009, 2008 and 2007. Investment income, defined in Section 6(d)(iii) of the Agreement, is calculated in accordance with the interpretation thereof as changed and described in note 1 to the schedule. This financial information is the responsibility of the management of Manulife. Our responsibility is to express an opinion on this financial information based on our audit.

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

In our opinion, this schedule presents fairly, in all material respects, the premium paid, investment income, claims paid and expenses paid applicable to the Service Income Security Insurance Plan - Proper Supported Plans of the for the three years ended December 31, 2009, 2008 and 2007 in accordance with the provisions of Section 6(d)(iii) of the Agreement referred to above and the interpretation thereof described in note 1 to this schedule.

Our previous reports dated April 10, 2009 for the year ending December 31, 2008 and March 14, 2008 for the year ending December 31, 2007 have been withdrawn and the investment income for those periods has been revised as explained in note 2.

KPMG LLP

Chartered Accountants

Halifax, Canada

June 2, 2010

SERVICE INCOME SECURITY INSURANCE PLAN – PROPER SUPPORTED PLANS

Schedule of Premium Collected, Investment Income, Claims Paid and Expenses Paid

Years ended December 31

	2009	2008	2007
Premium collected	\$ 53,647,548	\$ 50,218,772	\$ 46,676,793
Investment income	\$ 33,513,017	\$ (14,783,875)	\$ 20,763,952
Claims paid	\$ 40,948,371	\$ 40,818,823	\$ 34,892,178
Expenses paid	\$ 19,014,830	\$ 17,359,765	\$ 14,228,489

SERVICE INCOME SECURITY INSURANCE PLAN

Years ended December 31

Notes to Proper Supported Plans

1. Interest credits:

Investment income includes interest credits based on the reserves and cash flow levels of the Proper Supported Plan. Interest credits are determined by multiplying the net portfolio yield by the opening annual reserves and the monthly cash flow of the plan. Interest credits are calculated on a quarterly basis. Net portfolio yield is calculated based on the actual return on assets backing the liability divided by the historical cost of the assets. A yield is determined at the beginning of each month and averaged for the quarterly period. The assets backing the liability are based on the Investment Policy provided by the Service Income Security Insurance Plan for Proper Supported Plans. The calculated yield is adjusted for investment and risk fees as agreed in the Financial and Operational Agreement.

2. Change in assumption:

Subsequent to December 31, 2009 the Chief of Defence Staff as represented by the President SISIP FS and Manulife changed the interpretation of the calculation of investment income by amending the determination of net portfolio yield used in the determination of interest credits reported as investment income. This change was applied retroactively to January 1, 2007 and as a result, investment income has been revised to reflect the retroactive determination of investment income under the new method.