3rd Quarter 2009

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DEADLINE FOR DECEMBER TRANSACTION REQUESTS

All investment changes and lump sum disbursements must be submitted no later than THURSDAY, DECEMBER 17, 2009 to be effective December 31, 2009.

Requests may be faxed to (519) 661-4104, mailed, delivered to Human Resources in the Support Services Building or keyed online (where applicable) at www.uwo.ca/humanresources. If you have any questions regarding this deadline, please contact Human Resource Services at hr-communication@uwo.ca.

SEND US YOUR FEEDBACK

Western offers several educational services to members of its retirement plans, including:

- two in-house pension counselors
- an investment personality questionnaire to help members make appropriate investment choices based on personal risk tolerance
- access to a comprehensive website providing financial and retirement education, investment fund details, manager reports and performance information
- various financial retirement planning workshops
- numerous in-house publications including quarterly newsletters and an Annual Report.

Is there anything else we could do to help you manage your retirement account?

Please send your feedback to the HR Communication Centre at hr-communication@uwo.ca.

Historical Investment
Returns at September 30, 2009

<table>
<thead>
<tr>
<th>FUND</th>
<th>1-month</th>
<th>1-year</th>
<th>5-year</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIER 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Income</td>
<td>2.09%</td>
<td>7.97%</td>
<td>4.65%</td>
</tr>
<tr>
<td>Balanced Income B</td>
<td>2.16%</td>
<td>7.08%</td>
<td></td>
</tr>
<tr>
<td>Balanced Growth</td>
<td>2.46%</td>
<td>2.72%</td>
<td>3.79%</td>
</tr>
<tr>
<td>Balanced Growth B</td>
<td>2.61%</td>
<td>0.80%</td>
<td></td>
</tr>
<tr>
<td>TIER 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>1.81%</td>
<td>10.94%</td>
<td>4.87%</td>
</tr>
<tr>
<td>Diversified Equity</td>
<td>2.73%</td>
<td>-1.86%</td>
<td>2.89%</td>
</tr>
<tr>
<td>Diversified Equity B</td>
<td>2.95%</td>
<td>-4.53%</td>
<td></td>
</tr>
<tr>
<td>TIER 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market</td>
<td>0.07%</td>
<td>1.24%</td>
<td>3.22%</td>
</tr>
<tr>
<td>TDF- June/2010</td>
<td>0.03%</td>
<td>5.10%</td>
<td>5.00%</td>
</tr>
<tr>
<td>TDF- June/2012</td>
<td>0.46%</td>
<td>8.02%</td>
<td></td>
</tr>
<tr>
<td>TDF- June/2014</td>
<td>1.06%</td>
<td>9.45%</td>
<td></td>
</tr>
<tr>
<td>Canadian Bond</td>
<td>0.86%</td>
<td>10.74%</td>
<td>5.96%</td>
</tr>
<tr>
<td>Long Term Bond</td>
<td>1.70%</td>
<td>12.62%</td>
<td>7.14%</td>
</tr>
<tr>
<td>SRI Fund – Equity</td>
<td>3.37%</td>
<td>-1.37%</td>
<td></td>
</tr>
<tr>
<td>Canadian Equity</td>
<td>4.05%</td>
<td>-3.45%</td>
<td>7.34%</td>
</tr>
<tr>
<td>US Equity (Hedged)</td>
<td>3.77%</td>
<td>-10.81%</td>
<td>-1.27%</td>
</tr>
<tr>
<td>US Equity (Hedged)B</td>
<td>3.59%</td>
<td>-11.41%</td>
<td></td>
</tr>
<tr>
<td>US Equity (Unhedged)</td>
<td>1.13%</td>
<td>-7.67%</td>
<td>-2.87%</td>
</tr>
<tr>
<td>US Equity (Unhedged)B</td>
<td>1.37%</td>
<td>-9.31%</td>
<td></td>
</tr>
<tr>
<td>Non-North Am. Equity</td>
<td>1.85%</td>
<td>1.46%</td>
<td>2.94%</td>
</tr>
<tr>
<td>Liquidating Trust</td>
<td>-0.75%</td>
<td>8.21%</td>
<td></td>
</tr>
</tbody>
</table>
The Joint Pension Board has approved proceeding with implementing the management plan for the Restructured Notes. A copy of the announcement dated October 19, 2009 can be found at: http://www.uwo.ca/humanresources/ABCP/index.htm

This means that members who had exposure to non-bank Asset Backed Commercial Paper (non-bank ABCP”) held in the form of Restructured Notes have had this exposure transferred to another fund within the retirement plans. Members had exposure to Restructured Notes because they had investments in the Diversified Equity Fund, the Balanced Income Fund, the Balanced Growth Fund, the US Equity Hedged Fund or the US Equity Unhedged Fund in August 2007. On September 30, 2009 affected members had their holdings of Restructured Notes transferred out of these investment funds into a fund called Liquidating Trust.

Moving the Restructured Notes held by members to Liquidating Trust did not change the amount of exposure to Restructured Notes that any member had and this transfer did require members to complete a transfer form. Affected members will receive an Inter Fund Transfer Statement confirming the transfer of the Restructured Notes. Please keep this statement with your important papers.

Future steps in the management plan are:

- Merging the 5 "B" Funds with the original affected funds effective October 31, 2009.

- Searching for a suitable buyer for these notes and providing each member the choice to redeem or hold units in the Liquidating Trust if and when a suitable buyer has been identified; and

Workshops will be held to provide members with more information about the Restructured Notes, the market for these notes and member options.

Please see the website for more information, including sample statements, FAQ and illustrations of the transfer at: http://www.uwo.ca/humanresources/ABCP/index.htm

**Key Points to Remember**

- Members with exposure to Restructured Notes will have a statement showing the transfer of the value of that exposure to Liquidating Trust.

- The transfer does change the amount of exposure a member has to the Restructured Notes. Moving the Restructured Notes to another fund is so that these notes can be dealt with by members separately from their other pension investments.

- A search for a buyer for the Restructured Notes is planned and if a suitable buyer is engaged members will be offered a choice to redeem their holdings at a specified price or to hold the notes until another opportunity to redeem these notes is available or until the notes mature in 2017.

- Members will have the opportunity to attend workshops to obtain information about the restructured notes and any options for holding or redeeming the notes.

**Update**

- On August 11, 2009 the Dominion Bond Rating Service, an outside rating agency, changed their rating for some of the Restructured Notes held by Western to BBB low from A. There was no rating change on our highest quality notes – the class A-1 Notes – which retained their A rating. The A-1 notes represent approximately 57% of the notes held by Western, while the A-2 notes, which were downgraded, represent about 31% of the notes held by Western. The remaining notes don’t have a credit rating. This rating change occurred after the last pension newsletter was sent out and accordingly we wanted to provide members with this information.
PENSION PLAN MEMBERSHIP FOR PART-TIME EMPLOYEES

Every year in December we contact part time employees who are eligible to join the University pension plans. Eligible part time employees will receive a package with an enrolment form, a plan summary and an invitation to join the pension plan.

We will also be providing this information to those part time employees who become eligible for membership on any month after January 1, 2010.

Participation in the University pension plans provides employees with a valuable benefit and assists in providing savings for retirement. We are writing to you as current and former pension plan members to ask you to encourage those part time employee colleagues whom you know, that may not be pension plan members, to contact Human Resources to find out more about the University’s pension plans and the benefits of joining.

Often part time employees may not consider that membership in a pension plan is right for them. However, part time employees may not be aware of the level of employer contributions to the pension plan made in their name or appreciate when they become entitled to the university pension contributions. Even without considering the advantages of accumulating investment income on a tax sheltered basis, the presence of employer pension contributions made into a pension plan members’ account is a significant benefit for employees including part time employees.

We would like to make sure that we reach eligible part time employees and that they have the information they need to make this important decision about whether or not they join a University pension plan.

To find out more about the advantages of joining and to obtain the details of the pension plans as well as information on how to enrol visit the Retirement Plans website at www.uwo.ca/hr and follow the Quick Link to Retirement Plans Information; select Part Time Pension Program Information.

CANADIAN EQUITY MANAGER CHANGE

Effective August 28, 2009 Beutel, Goodman & Company Ltd. (“Beutel Goodman”) has replaced AllianceBernstein as a manager of Canadian equities on the Western Retirement Plans. AllianceBernstein will continue to manage international equities and global bonds for the University. Beutel Goodman will manage 25% of the Canadian Equity Fund, 7.5% of the Diversified Equity Fund and 7.5% of the Diversified Equity Fund B. In addition, since the Balanced Income and Balanced Growth Funds also invest in the Diversified Equity Fund (this also applies to the B funds), members who hold units of these funds are also impacted by this change. The balance of the Canadian Equity Fund will be managed by three other investment firms currently in place: Connor Clark & Lunn, High-street and Greystone.

Several reasons lead us to make this manager change:

• There has been significant personnel turnover at AllianceBernstein, especially for the Canadian equity mandate, as the lead portfolio manager left the firm in June 2009. In addition, the firm has let go approximately 12% of its staff since last year.
• The newly appointed manager at AllianceBernstein has no previous portfolio management experience and he has had limited exposure to the Canadian equity markets in his career.
• AllianceBernstein is now managing a reduced amount of assets for clients such as Western. This is due to the market decline and other clients redeeming their account. Given that investment management firms’ revenues are based on assets under management, a sharp decline in assets translates into a sharp decline in revenues, which could potentially impact the resources dedicated to the management of our portfolio.
• The firm has made some internal reorganization
  which we feel was done mostly to cut costs and not
  to improve investment performance.

• AllianceBernstein was hired to manage a portion
  of the portfolio using a value style. However, there
  were some inconsistencies with a value style in
  some of their investment decisions, such as invest-
  ing in more volatile and more expensive stocks. In
  addition, they have provided us with very little
  downside protection during the downturn of the fall
  of 2008, which we would have expected from a
  value manager.

• Performance has been poor. Over the past four years
  ending June 30, 2009, the fund has underperformed
  the S&P/TSX Composite index on average by 2.3%
  per year. This result is much lower than the perform-
  ance target set by the Pension Board which is 2.5%
  above the S&P TSX Composite Index.

The replacement manager, Beutel Goodman, is based in
Toronto and was founded in 1967. The firm is employee
owned and as of March 31, 2009 they were managing
approximately $13 billion for various investors.

Beutel Goodman’s philosophy is based on four
principles:
• Preservation of capital is paramount

• They determine business value by looking at the
cash flows that a company can sustainably generate

• Low valuations outperform high valuations

• Purchase of companies below business value

The firm has a strong team of investment professionals,
it has generated strong returns in the past with relatively
low risk and it has demonstrated an ability to protect
members during market downturns, such as the one ex-
perienced in the fall of 2008.

Members don’t have to do anything regarding this
change. If you have any questions, please contact the
HR Communications Centre at
hr-communication@uwo.ca.

**IMPORTANT INFORMATION ABOUT THE ANNUAL REPORT**

In recognition of Western’s commitment to sustainabil-
ity and the advantages of electronic communication, we
will no longer include the Retirement Plans Investment
Performance Review booklet with your annual Pension
Statement. The booklet with its fund descriptions and
commentaries will however continue to be available on
the pension website [http://www.uwo.ca/
humanresources/facultystaff/comp/pension_index.htm](http://www.uwo.ca/humanresources/facultystaff/comp/pension_index.htm)

If you wish to receive a printed copy of the booklet with
your pension statement please contact the Human Re-
sources offices by **January 15, 2010** at 519-661-2111,
extension 82194 or by email
hr-communication@uwo.ca. Please include your name
and member id with your correspondence.