

August 2010

Third Party Investment Information regarding the Restructured Notes

Rating Announcement

On June 22, 2010 the investment rating for the A-1 Restructured Notes (Notes”) as rated by an outside rating agency is under a review with positive implications. This means that the outside rating agency that rates the notes has indicated that they may improve the current rating of the A-1 notes. The A-1 Notes are currently rated A.

US Legislation Passed

Recently the U.S. government passed legislation to reform the financial services industry (the “Dodd-Frank Wall Street Reform and Consumer Protection Act”). Many details on the applications of this law are still unknown at this time, but it could require some of the transactions that are embedded in the Notes to post regulatory capital. The Notes are structured in Canada but some of the counterparties to the Notes are based in the U.S. so they could be affected by the legislation. It is too soon to tell whether this is something that will impact on the structure of the Notes in Canada but we are monitoring the issue with the help of our external consultant and our external legal counsel.

Moratorium Period Ends

On July 16, 2010, the 18 month moratorium on making margin calls against the Notes, in place since the closing of the restructuring of the non-bank Asset Backed Commercial market in Canada, has ended. This means that under certain circumstances if the credit market indicators move beyond a certain point the Notes are subject to calls for collateral. This would have a very negative implication for the Notes. However the assessment is that this not likely to happen at this time given current market conditions, for example it would take market conditions worse than those experienced during the financial crisis of the fall of 2008. In addition, the Dominion Bond Rating Service (DBRS) announced on July 19, 2010 that there would be no rating action, meaning that at this time the lifting of the moratorium would not reduce the rating for the Notes. Furthermore, the likelihood of the thresholds being breached goes down as time goes by.