



KPMG LLP
Chartered Accountants
140 Fullarton Street Suite 1400
PO Box 2305
London ON N6A 5P2
Canada

Telephone (519) 672-4880
Fax (519) 672-5684
Internet www.kpmg.ca

PRIVATE & CONFIDENTIAL

Mr. Martin Belanger
University of Western Ontario
Stevenson Lawson Building
London ON N6A 5B8

August 28, 2009

Dear Mr. Belanger

This letter presents the results of our engagement to perform certain specified procedures regarding the management of non-bank Asset Backed Commercial Paper (“ABCP”) at the University of Western Ontario (the “University”), in accordance with the terms of our engagement letter dated July 22, 2009. This report on our findings, as a result of the completion of the specified procedures, should be read in conjunction with our engagement letter.

Basis of Information

Appendix A to the engagement letter describes the specified procedures we were to perform. Those procedures were selected by you and were limited in nature and extent to those that you determined best fit your needs. We make no representation regarding the sufficiency for your purposes of the specified procedures selected, and those specified procedures will not necessarily disclose all significant matters about the University’s operations or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. This report was prepared by us on the basis that you provided us with all relevant information you received concerning the operations of the University regarding the management of non-bank ABCP.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Canadian Institute of Chartered Accountants (“CICA”), and we have not otherwise verified the information we obtained or presented in this report. We express no opinion or any other form of assurance on Hospital’s internal control over financial reporting or on the information presented in our report, and make no representations concerning its accuracy or completeness.

In accordance with our engagement letter, we have provided in Appendix 1, a report on our findings as a result of the completion of the specified procedures. The information presented in Appendix 1 is also based on discussions with and information provided by the University’s management and/or



*University of Western Ontario
August 28, 2009
Page 2*

personnel. We have no obligation to update our findings or to revise the information contained herein to reflect events occurring subsequent to August 28, 2009.

Because of its special nature, this report is not suited for any purpose other than its use by management of the University. As such and as agreed in the engagement letter, this report is restricted for your internal use only, unless agreed otherwise in writing. Our report is not to be referred to, published, circulated, reproduced or used for any purpose, nor may our name be quoted or our logo reproduced in any form or medium, without our prior written permission in each specific instance. Accordingly KPMG does not accept any liability or responsibility to any third party who may use or place reliance on this report.

Yours very truly,

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

James F. Cassidy
Office Managing Partner
Direct: 519-660-2177



SPECIFIED PROCEDURES

For any procedures listed below, report any differences greater than \$50 and 0.5%.

1. Recalculate the percentage utilized by Plan management in determining the redemption restrictions as of August 31, 2007 (the “initial redemption restriction percentage”) for each of the Diversified Equity, Balanced Growth, Balanced Income, US Equity Hedged, and US Equity Unhedged funds (“five funds”).

We agreed the amounts utilized by management to the statements as provided by Northern trust. We calculated the initial redemption restriction percentage utilized by management, and noted no discrepancies.

2. Agree the dollar amounts utilized in the “Northwater Cash and Securities” spreadsheet maintained by Northern Trust which are utilized in the percentage redemption restriction calculation to the Northwater Statements for the months of, November 2007, March 2008, September 2008 and May 2009 and recalculate the redemption restriction percentages used for each of the five funds.

We agreed the amounts utilized in the Northwater Cash and Securities spreadsheet to the Northern Trust statements. We recalculated the redemption restrictions for each of the five funds for the months of, November 2007, March 2008, September 2008 and May 2009 and noted no discrepancies.

3. Tie the dollar amount transferred on specific dates from one or more of the five funds to the Basis Detail reports (member statement) by completing the following procedures:
 - a. Select a judgmental sample of 20 member transfers of funds out of one of the five funds, from a listing provided by management.
 - b. For each transfer selected, recalculate the amount transferred to the Liquidating Trust using the redemption restriction percentage for that month for the applicable funds, multiplied by the total securities (cash plus illiquid securities) transferred out.
 - c. Agree the amount transferred to the Liquidating Trust to the Basis Detail (member statement) reports for that month.

We recalculated the amount transferred to the liquidating trust using the redemption restriction for that month multiplied by the total securities transferred out and noted three discrepancies as follows:

| <i>Member</i> | <i>Amount Per KPMG</i> | <i>Amount Per University</i> | <i>Difference</i> | <i>%</i> |
|---------------|------------------------|------------------------------|-------------------|-------------|
| <i>A</i> | <i>10,026</i> | <i>9,943</i> | <i>83</i> | <i>0.8%</i> |
| <i>B</i> | <i>55</i> | <i>0</i> | <i>55</i> | <i>100%</i> |
| <i>C</i> | <i>3,384</i> | <i>3,173</i> | <i>210</i> | <i>6.2%</i> |



4. Select a sample of 20 members, with holdings in at least one of the five funds from a listing provided by management as at May 31, 2009.

For each member complete the following:

- a. Agree total investment in the five funds to the member statement as of August 31, 2007.
- b. Recalculate the initial restriction amount for each fund by multiplying the total investment in each fund by the initial redemption restriction percentage. Sum the restriction amounts for all five funds.
- c. Complete steps a. and b. as at May 31, 2009.
- d. Reconcile the initial and May 31, 2009 redemption amounts considering the Northwater write-down in ABCP in December 2007 and for changes in foreign exchange rates.

We agreed the total investments in the five funds to member statements. We reconciled the initial and May 31, 2009 redemption amounts accounting for changes in the foreign exchange rate. We noted 11 discrepancies as follows:

| <i>Member</i> | <i>Amount 8/31/07</i> | <i>Amount 5/31/09</i> | <i>Difference</i> | <i>%</i> |
|---------------|---------------------------|---------------------------|-------------------|--------------|
| <i>A</i> | <i>10,472</i> | <i>10,643</i> | <i>172</i> | <i>1.6%</i> |
| <i>B</i> | <i>5,945</i> | <i>7,109</i> | <i>1,164</i> | <i>19.6%</i> |
| <i>C</i> | <i>7,010</i> | <i>8,383</i> | <i>1,373</i> | <i>19.6%</i> |
| <i>D</i> | <i>3,693</i> | <i>4,350</i> | <i>657</i> | <i>17.8%</i> |
| <i>E</i> | <i>135</i> | <i>203</i> | <i>68</i> | <i>50.4%</i> |
| <i>F</i> | <i>3,362</i> | <i>3,298</i> | <i>64</i> | <i>1.9%</i> |
| <i>G</i> | <i>12,100</i> | <i>14,264</i> | <i>2,164</i> | <i>17.9%</i> |
| <i>H</i> | <i>3,743</i> | <i>3,804</i> | <i>61</i> | <i>1.6%</i> |
| <i>I</i> | <i>7,945</i> | <i>8,075</i> | <i>130</i> | <i>1.6%</i> |
| <i>J</i> | <i>20,974</i> | <i>21,430</i> | <i>456</i> | <i>2.2%</i> |
| <i>K</i> | <i>24,285</i> | <i>24,684</i> | <i>399</i> | <i>1.6%</i> |



- Using the members selected in procedure 3, perform the same steps described in procedure 4, except the reconciliation will be done between the transaction date and May 31, 2009

We agreed the total investments in the five funds to member statements. We reconciled the amounts as of the transaction date and May 31, 2009 redemption amounts accounting for changes in the foreign exchange rate. We noted 9 discrepancies as follows.

| <i>Member</i> | <i>Amount Transaction Date</i> | <i>Amount 5/31/09</i> | <i>Difference</i> | <i>%</i> |
|---------------|--|---------------------------|-------------------|-------------|
| <i>A</i> | <i>12,435</i> | <i>11,447</i> | <i>988</i> | <i>8.0%</i> |
| <i>B</i> | <i>3,040</i> | <i>3,155</i> | <i>115</i> | <i>3.7%</i> |
| <i>C</i> | <i>9,462</i> | <i>8,934</i> | <i>528</i> | <i>5.5%</i> |
| <i>D</i> | <i>667</i> | <i>615</i> | <i>52</i> | <i>7.8%</i> |
| <i>E</i> | <i>986</i> | <i>899</i> | <i>87</i> | <i>8.8%</i> |
| <i>F</i> | <i>9,257</i> | <i>8,818</i> | <i>439</i> | <i>4.7%</i> |
| <i>G</i> | <i>5,591</i> | <i>5,170</i> | <i>421</i> | <i>7.5%</i> |
| <i>H</i> | <i>3,020</i> | <i>2,817</i> | <i>203</i> | <i>6.7%</i> |
| <i>I</i> | <i>4,613</i> | <i>4,468</i> | <i>145</i> | <i>3.1%</i> |