

## **COMMUNICATION (For discussion purposes only)**

### **Update on ABCP**

The Joint Pension Board has committed to members that once a liquid market developed for the restructured notes (“RNs”), the notes received in exchange for the non-bank Asset Backed Commercial Paper (“ACPB”), redemption restrictions, in place on the Diversified Equity Fund, Balance Growth Fund, Balance Income Fund, US Equity hedged Fund and US Equity Unhedged Fund would be removed. Beyond that these funds would be merged with new “B” funds and members would be provided with a choice as to whether to sell the restructured notes at a discount in the shorter term or hold the restructured notes for the longer term.

A review of market conditions has determined that it is unlikely that a market for the restructured notes to develop in the near term, and consequently the Joint Pension Board has identified an approach for the management of the RNs that enables the removal of restrictions on most of the affected funds, allows for the merging of the affected UWO funds with the new “B” funds and will provide a mechanism where members can choose to sell their non-bank ABCP holdings in the shorter term at a discount or choose to hold the restructured notes for the longer term. By implementing this approach the Board also believes that it would be in a better position to identify opportunities for members to sell their interests in the RNs should they wish to do so.

The RNs are held under five UWO funds in which members hold units. The proposal involves removing or carving out the RNs from the 5 affected UWO funds and moving them to the Liquidating Trust. Members would hold the same amount of RNs but in a different place. Once this is done, redemption restrictions on the affected UWO funds would be removed and members could trade those remaining funds freely. The redemption restrictions would remain for the RNs for the time being while opportunities for members to sell are being investigated. Members ultimately would have the choice to sell their RNs and could do so without having to sell their UWO fund units in any of the other 5 funds. This something they could not do when the RNs were mingled within the UWO funds.

This approach does not change the amount of ABCP any member holds, but it will enable members to make choices in how to deal with the ABCP separately from the investment choices they make for the balance of their UWO retirement funds. However, moving member interests in the Restructured Notes to the Liquidating Trust from the other UWO funds will require a one time plan amendment. The amendment would be the mechanism to move the RNs from one part of pension fund to another and would be limited to that purpose and would be effective only for this one special situation.

Copies of the plan amendment can be viewed upon request, any questions in regard to this update can be directed to:

DRAFT