

November 30, 2010

DB Pension Committee Report to the TEAM Board

Bob Linsdell
March 6, 2010

Attendees

Reps: B. Linsdell, (TEAM) D. Senkow (IBEW), D. Marantz (CEP), H. Restall and
L. Trach (Retirees)

MTS: R. Pennycook (chair) – on phone, B. McInnes, S. Litke, G. Mackay

- Pension Formula Change

Restall: Our legal opinion is that there is nothing holding up the implementation of the new formula. It has been going on a long time; a lot of work has been done. Your (the Company's) position is that we wait until the lawsuit is finally resolved. I'm prepared to make a motion that this committee actively move to resolve this issue. If we cannot resolve it at this committee we will have to look elsewhere to resolve it.

McInnes: The committee is the right forum. We have been dealing with it since 2006. We the administration committee did a lot of work. The change in (MTS) lawyers resulted in the new lawyers advising MTS that no changes can be made to the plan until the lawsuit is over. I can't bring forward a position until we hear back from the appeal.

Restall: Pointed out that we don't see a connection between the lawsuit and the formula.

McInnes: MTS is following the instructions given by the lawyers.

Marantz: Compared the duration of the Bell lawsuit with this one; could still go on for a very long time.

Restall: Talked about a letter MTS sent to retirees in which they said Restall had said the formula had changed. Restall said that it was the plan text that had changed between the old plan and the new plan.

McInnes: Acknowledged that the plan text had changed.

Restall & Linsdell: Advised the Company that legal action may follow to move the pension formula issue along.

- Plan Valuations

Presented by Laura Samaroo of Towers Watson

The valuations were as at January 1, 2010.

Funding valuations were done in accordance with the law. Two key valuations are: Going Concern and Solvency.

- On a Going Concern basis the plan has a surplus of \$80M, up from \$0.7M in 2009.
- On a Solvency basis the plan is in deficit by \$93M, down from a surplus of \$17M in 2009. To address the solvency deficit, MTS will make special payments and obtain additional security through cash contributions or letter of credit.

The Adjustment Account (for cost of living adjustments) valuation shows a significant deficit. However, the guaranteed adjustment resulted in an increase in pensions by 2/3rd of CPI i.e. 0.88% effective July 1, 2010.

Other Business

- Pension Plan Text

Linsdell: Asked if the Company is considering any changes to the plan that fall under part 4.3d) "Responsibilities and Duties of the Pension Committee" of the Governance document.

McInnes: "No"
