

September 14, 2010
DB Pension Committee Report
to the TEAM Board

Bob Linsdell
September 18, 2010

Attendees

MTS: B. McInnes, D. Rooney, S. Litke, G. Mackay, L. Stewart, R. Pennycook (chair)
Reps: B. Linsdell, D. Senkow (IBEW), D. Marantz (CEP), H. Restall (Retirees)

• Pension Lawsuit

HR: Asked what the role of this committee would be in the implementation process.

BM: Didn't believe this committee had a role, but expected many of the same people to be involved. Said it would be a plaintiff/defendant type of thing.

• Pension Formula Change

BM: Said she has been advised by legal counsel not to provide any position on this issue during the appeal process; said it could affect the calculation.

SL: Said MTS does do a test to see which retirement date works best for retiring employees. *[BL note: This may be better than no change in formula, but may not be as good as it might with a new formula]*

BL: Provided to the Company committee members a recommendation from employee and retiree reps for the revised pension formula implementation (see below).

• Pension Plan Text

During discussions, it came to light that the Plan Text had been amended, but had not been distributed to employee and retiree representatives.

BL: Asked BM to confirm that Plan Text was a fundamental document; BM confirmed.

BL: Asked if the amendment had been brought to this committee.

BM: Said we had discussed the DC at this committee... *[BL note: top and bottom of it is that the draft amendment was not brought to the committee, and the full committee played no part in the amendment process. The amended document was also not provided to the reps.]*

BM: Acknowledged that amended Plan Text should have been sent out, but had forgotten to send it out. Said that they could send it out in the future. Will send amended version in hard copy.

DS: Asked if BM could identify the amendments (apparently this is the 5th). BM said that it was difficult to do that.

BL/BM: Had discussion around the amendment process; BM said it's complicated and takes a long time.

BM: Said it's not the role of this committee to vet all the changes; that's an administrative function. BL drew parallels with use of surplus and pension lawsuit, and that we are being asked to trust the Company.

HR: Asked how the DC would affect the DB; didn't feel it had been discussed.

BM: Said we have discussed it many times.

Miscellaneous

- DS: Identified that the Company's position on changes to the pension formula relating to YMPE were missing from the previous meeting minutes. BM said she would amend the minutes.
- BM: Plan valuation will be out soon. Laura Samaroo of Towers Watson will be attending November committee meeting to talk about COLA account and Plan Valuation. The delay has been caused by changes to regulations around use of letters of credit.
- GM: Went through plan performance:
 - Plan assets totaled \$1,198 million as of June 30, 2010.
 - As of June 30, 2010 the MTS Plan had returned -2.1%.
 - 20 basis point underperformed due to small cap equity, US equity, Canadian equity and international equity.
 - Employer Funding to July 31st totals \$15.3 million; \$7.8M Normal Payments, \$7.5M Special Payments.

[BL note: PowerPoint was provided as requested]

- ?: Only one DB plan member switched to the DC plan. BM said didn't know who, but would probably be a privacy issue to share such information.

Pension Benefit Calculation Recommendation (Reps to MTS)

September 8, 2010

Re: YMPE calculation method

The employee and retiree representatives of the MTS Defined Benefit Pension Plan Committee make the following recommendation:

- That the "new" formula, as used in the examples provided by MTS and the CSSB, be implemented immediately for all plan members.
- That all retired plan members be paid a one time pension payment calculated on the basis of each members' entitlement had the "new" formula actually been implemented on December 29, 2006 for all plan members.