

May 14, 2009

## **Election of Retiree Representative to Pension Committee**

The 3-year term appointment for the current elected representative to the MTS Pension Committee is nearing completion. Your retiree representative is Harry Restall who was elected in 1997 and was re-elected by acclamation in 2000, 2003, and 2006 by the retired members of the MTS Pension Plan. An election will be held in July, 2009 for the purpose of electing one retiree representative to the Pension Committee. This elected representative will serve on the Pension Committee for a term of three years.

The primary responsibilities and duties of the Pension Committee include the following: promoting awareness and understanding of the Pension Plan among members and potential members; reviewing annually the financial, actuarial and administrative aspects of the Pension Plan; making recommendations on the use of any actuarial surplus accumulated by the Pension Plan; and making recommendations on any changes to pension benefits and cost of living pension benefit adjustments.

We are inviting retirees to submit nominations for the position of retiree representative on the Pension Committee. The individual you nominate must be a retired member of the Pension Plan, must be willing to serve on the Committee for 3 years and must sign the attached nomination form.

If you wish to make a nomination, please complete the nomination form attached to this notice and send it to Gord Mackay, MTS Treasury Department, P.O. Box 6666, Room MP19B, 333 Main Street, Winnipeg, Manitoba, R3C 3V6. Nominations will be accepted only during the period from Friday, May 15, 2009 to Friday, July 3, 2009.

Ballots specifying the names of the nominees will be mailed to retirees within two weeks of the close of nominations.

## **MTS Allstream Participates in Pension Plan Consultations**

The Federal Government is engaging in a public stakeholder consultation process regarding the rules that outline how federally regulated pension plans are funded. As a plan sponsor to three defined benefit pension plans, including the Manitoba Telecom Services Inc. and Participating Subsidiaries Employee Pension Plan (the “Plan”) and one defined contribution pension plan, MTS Allstream is participating in this consultation process, together with six other large pension plan sponsors who share similar positions. The company has provided written submissions and attended a consultation meeting held by the Department of Finance in Winnipeg in April.

As a pension plan sponsor, MTS Allstream has obligations under these federal regulations to ensure the Plan meets their obligations to their members, both on a “going concern” basis, which assumes the continued, profitable operation of our business, and a “solvency” basis, which assumes our company ceases operations. To meet these obligations, MTS Allstream has funded over \$249 million to the Plan over the last five years alone. MTS Allstream is committed to its role as a responsible pension plan sponsor, and our submission to the Federal Government has outlined changes that will bring a balanced approach to the issue of pension funding, with an acceptable degree of funding for sponsors and both transparency and pension benefit security for plan members.

In our view, the current solvency rules are flawed, with the result that financially strong companies like ours are forced to assume they are insolvent in order to calculate their required pension funding each year. If you use more appropriate assumptions that reflect the fact that our company is a going concern entity, then the Plan would be fully funded.

MTS Allstream remains committed to funding the amount required to ensure that the Plan’s obligations to all members are secure. We believe funding should take place in a rational and systematic manner over an appropriate period of time which more closely matches the long-term nature of the Plan using assumptions to calculate the amount due that appropriately reflect the financial strength and stability of our company. Funding over an excessively short period of time reduces funds that could otherwise be available for investment in our company to enhance future growth and financial strength. Ultimately, it’s the continuing financial strength of our company that ensures the security of the benefits provided by your Plan.

In addition to changes in the solvency funding rules, we are also supporting changes to the member vesting time period, restrictions on contribution holidays, full funding on voluntary plan wind-up, and increased information and transparency to plan members; all of which will benefit Plan members.

For more details on the pension consultation process please see the Department of Finance website [www.fin.gc.ca](http://www.fin.gc.ca). Our submission and the responses from other organizations will be available for viewing on this website at a later date.