

Sunnybrook Member Pension Group
Superannuation Plan for Employees of Sunnybrook Hospital

May 14, 2007

Dear Pension Plan Member:

INTRODUCTION

We are the plan member representatives on the Sunnybrook Superannuation Plan Surplus Sharing Committee (the "Committee"). The mandate of the Committee is to discuss the possibility of negotiating a sharing and payout of pension surplus from the Superannuation Plan for Employees of Sunnybrook Hospital (the "Plan") to Plan members and to the Sunnybrook Health Sciences Centre (the "Hospital"). The Committee currently comprises three people representing the Hospital and the three of us who represent the Plan members. It is contemplated that additional representatives could be added to the Committee in the future to ensure that all group interests are represented. We are Marian Lorenz and Al Harrison (both former employees of the Hospital and inactive members of the Plan) and Mary Silva (an employee of the Hospital and the only remaining active Plan member). We, like you, have a pension or other interest in the Plan. In this respect, we are writing to invite you to join Sunnybrook Member Pension Group ("the Group") which will be composed of Plan members and beneficiaries. There are approximately 200 potential members of the Group.

BACKGROUND

As you are likely aware, the Plan was established in 1966 for all employees who continued in the employment of the Hospital after it ceased to be operated by the Government of Canada, and who did not want to join the Hospitals of Ontario Pension Plan ("HOOPP"). Benefits under the Plan when it started in 1966 were identical to those provided by the Public Service Superannuation Act as it existed at that time. Effective January 1, 1990, the benefits of active members were amended to provide benefits that are in most cases similar to those benefits provided under HOOPP.

The Plan is currently operating with a surplus. That is, there is an excess of funds over and above the amount that would be required to satisfy all pension obligations owed to affected employees and pensioners if the Plan were to be wound up. According to the most recent actuarial documents, as of December 31, 2003 there was a surplus of approximately \$20 million.

The Hospital initiated a Surplus Sharing Project this past fall to explore the possibility of sharing the distributable surplus in the Plan between the Hospital and the Plan members or their beneficiaries. If agreement is reached between the Hospital and the Plan members, this could mean that you will receive a payment of surplus in addition to your normal pension benefits.

OUR ACTIVITIES

Matters of pension surplus are very technical and complex, and are highly regulated in Ontario. In November 2006, we, as the Plan member representatives on the Committee, retained professional legal advisors who have experience in these matters. We have retained the law firm of Koskie Minsky LLP in Toronto. They have extensive experience representing groups such as ours, and have successfully represented employees across Canada in major pension surplus cases, such as those involving the National Hockey League, Dominion Stores, Eaton's, McMaster University and Confederation Life.

In order to advise the Committee on the actuarial and financial aspects of a distribution, we have also retained the services of a professional actuarial firm, Eckler Partners in Toronto.

Our legal team at Koskie Minsky LLP has been in communication with the Hospital's legal counsel and attended the most recent Committee meeting on December 14, 2006. Although an initial proposal has been made by the Hospital, there are many issues that will need to be addressed and negotiated. These issues include, for example:

- how to fairly divide the aggregate surplus as between the Hospital and the members of the sharing group;
- how to most fairly, effectively and efficiently distribute surplus from the Plan, and allocate and pay surplus shares to individuals in the sharing group;
- how to deal with the Committee's legal and professional expenses incurred as part of the distribution.

PLEASE JOIN THE SUNNYBROOK MEMBER GROUP

In connection with the foregoing, we are asking that you please join the Group to strengthen our position on the Committee and our lawyers in fairly representing all affected member interests when negotiating the details of this surplus distribution.

We enclose an "Authorization and Membership Form" (the "Form") which enables you to join our Group and allows the Hospital to release your relevant personal information to our lawyers and actuary (any personal information so collected will not be shared with any other Plan members), and gives our lawyers and the Committee the authority to represent you in negotiating an agreement. The Form also allows us to contact you personally and to ensure that all communications from the three of us, the Committee or the Hospital are sent to the correct address.

We will continue to provide you with updates as negotiations progress and we will also organize information meetings at the appropriate time at which our legal team will make presentations to members and beneficiaries.

Please note that there will be no obligation on you to directly pay any of the legal or other expenses that we incur during any of this process as a result of being on the Committee. These expenses will be paid by the Hospital for the time being and we expect will ultimately be covered by the Plan's surplus.

It is important that you complete the enclosed Form and send it to our lawyers in the enclosed, self-addressed, stamped envelope as soon as possible so that we can demonstrate that a large number of the affected members are interested in this transaction.

This distribution will not adversely affect either the security or amount of your regular pension under the Plan. Your support for our initiative, if successful, can result in a cash distribution or benefit enhancement which is distinct from the pension which you have earned. This distribution can only increase your pension benefit security.

By joining the Group and providing us with your address we will be able to communicate with you directly, so we urge you to please fill out the Form and return it as soon as possible. Once again, we stress that you are not responsible for directly paying any of our legal or other expenses during this process.

MORE INFORMATION

If you have any questions, you can contact any member of the Committee at the contact information below.

You can also contact Koskie Minsky LLP at their toll-free number, which is 1-800-286-2266. You may also email Koskie Minsky LLP at sunnybrookpension@kmlaw.ca or you may visit their website to obtain updates and information from time to time. Go to www.kmlaw.ca, click on the "pension surplus" link, and then the Sunnybrook Pension link.

We thank you all for your anticipated support. If you have any further questions, please do not hesitate to contact any of us below:

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| Ms. Marian Lorenz (416) 299-8977 | Ms. Mary Silva (416) 293-3430 | Dr. Al Harrison (416) 225-1589 |
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Enclosures: Communication from the Hospital
 Authorization and Membership Form
 Postage-paid return envelope