



November 14, 2011

To: Members of the SaskTel Pension Plan

Re: SaskTel's Election of Solvency Deficiency Payment Relief

The provincial government implemented amendments to *The Pension Benefits Regulations, 1993*, effective September 11, 2009, to provide temporary relief from solvency deficiency funding for sponsors of defined benefit plans. This amendment allows a pension plan sponsor to elect a three year moratorium from funding a solvency deficit.

SaskTel has exercised this election as it relates to the solvency deficit of \$146.6 million that was calculated in an actuarial valuation dated December 31, 2010. Solvency contributions will be suspended for the three year period following this date.

As the sponsor of the SaskTel Pension Plan, SaskTel remains committed to meeting all funding requirements necessary to fulfill pension obligations to plan members. The corporation has made this election in the spirit in which it was introduced by the provincial government – to provide time for capital markets to recover from the market declines of the last few years. If a solvency deficit remains at the end of the three year moratorium, SaskTel will be required to resume funding at that time.

In the meantime, SaskTel will continue to monitor the solvency position of the plan and can, at any time, begin to fund again if necessary. It should also be noted that the SaskTel Pension Plan Board is currently implementing a de-risking strategy to minimize market related risks.

Note: The solvency position (surplus or deficit) is an actuarial calculation that is based on the assumption that the plan had been wound up at the valuation date – it is a standard calculation that must be filed every three years with the Saskatchewan Financial Services Commission (Pension Division) and is a key determining factor for pension funding. Another important actuarial calculation is the 'going concern' position, which assumes the plan continues to exist indefinitely – this calculation shows the SaskTel Pension Plan to be in a surplus position of \$22.1 million as at December 31, 2010.

If you have any questions or require clarification, contact Marg Selinger at 777-2555.

A handwritten signature in black ink, appearing to read "Mike Anderson". The signature is written in a cursive, flowing style.

Mike Anderson
Chief Financial Officer