

BEYOND

PENSION AND INVESTMENT INSIGHT FROM OMERS

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Legislation expands OMERS opportunities

OMERS has been granted new and expanded powers by the Ontario Government to engage in third-party investment management opportunities.

The legislative changes in the 2009 Provincial budget bill (Bill 162) give OMERS the power to manage other private and public sector capital pools in Canada and internationally as well as allow OMERS to provide investment management services through a separate wholly-owned subsidiary.

“We applaud the Ontario Government for recognizing that increased flexibility will allow access to more and better investment opportunities as well as make the Canadian pension industry more competitive on a global level over the long term,” said Michael Nobrega, President and CEO of OMERS.

As part of its long-term growth strategy, OMERS is developing options to facilitate third-party capital management, such as segregated funds, so that third parties have flexibility in determining how their capital will be managed to best achieve their asset mix objectives.

With its experience, expertise and capacity to manage third-party pension funds, OMERS is well placed to leverage its new mandate with pension plans and other like-minded investors.

“As the pension landscape changes, OMERS is confident of being among the winners because of our direct drive active management model,” said Nobrega. “We have a proven track record of managing other pension funds as well as expert investment teams that each manage a dedicated asset class, superior investment performance and exceptional corporate governance.”

The changes to the *OMERS Act, 2006* come into effect when the OMERS schedule of Bill 162 receives Royal Assent, in June 2009.

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OMERS charts new direction for pension industry



OMERS President and CEO Michael Nobrega called for a bold new course for the pension industry in Canada while delivering the keynote address at the Conference Board of Canada's 2009 Summit on the Future of Pensions: From Crisis to Sustainability, held in Toronto April 20-21.

"We need aggregation in both the public and private sectors because our pension funds are simply too small," said Nobrega. "These smaller funds cannot afford to deliver the quality and depth of governance, investment and risk management expertise their members need and deserve."

Nobrega said the time has arrived for bold legislative leadership to help move Canadian consolidation forward in order to support global competitiveness and economies of scale in the pension industry.

"Extensive oversight and risk management calls for a lot of professional resources," said Nobrega. "That means pension funds need critical mass so they can have professionals in-house with the requisite skills to actively manage the assets entrusted to them and to take advantage of investment opportunities on a larger scale."

Pension reform is on the radar screen right across the country, with recent expert commissions in British Columbia, Alberta, Ontario and Nova Scotia recognizing the value of size. The Ontario Expert Commission on Pensions, led by Harry Arthurs, recommended in its 2008 final report that small defined benefit and defined contribution plans be encouraged to consolidate into larger plans and "associate with super-plans."

When asked how an OMERS superfund would respond to the issue of existing liabilities across many small and medium-sized pension plans, Nobrega referenced the Arthurs report, which states: "Plan size may be a greater determinant of a member's pension than plan design...Large plans will generally perform better than small ones."

New deals expand global footprint

OMERS recently sealed three deals in the energy, e-commerce and wireless communications sectors.

In November 2008, Borealis, the infrastructure arm of OMERS, together with the Government of Singapore Investment Corporation, took a 19.75 per cent equity interest in Texas-based Oncor, a leading electricity distributor, in a deal worth approximately \$2.5 billion.

"Borealis Infrastructure continues to seek and invest in high-quality domestic and global infrastructure assets," said Michael Rolland, President and CEO of Borealis Infrastructure. "This acquisition furthers OMERS long-term goal of increasing its holdings in private markets on a global basis."

Also in November, Borealis concluded the purchase of 100 per cent of Teranet, a Toronto-based enterprise solutions company, which is the sole provider of access to Ontario's Electronic Land Registration

System, which provides electronic land-based information and complementary services to approximately 80,000 clients in the legal, real estate, government, financial and health-care sectors.

In January, OMERS Private Equity teamed up with low-cost wireless carrier Public Mobile to invest up to \$50 million in the business, which will launch value-priced wireless services to Canadians in selected markets in Ontario and Quebec during the third quarter of 2009.

"Public Mobile and its investors made an astute purchase in Industry Canada's wireless spectrum auction last summer and we believe the company has great potential in the Canadian wireless market," said Paul Renaud, President and CEO of OMERS Private Equity.

Eye on the future with OMERS Mind to Market Award



OMERS sponsored the Mind to Market Award at OCE's Discovery 09, held May 11-12 at the Metro Convention Centre

From left, OMERS President and CEO Michael Nobrega, Wise Device Inc.'s Adam Weiss, David McFadden and Mark Romoff from Ontario Centres of Excellence, and U of T's Dr. Shujie Lin.

OMERS is giving a big boost to the future of Ontario's innovation agenda by supporting the Mind to Market award, part of the Ontario Centres of Excellence's (OCE) annual conference Discovery 09. This award celebrates the best OCE-supported research collaboration between business and research communities that result in marketing potential.

On May 11, OMERS President and CEO Michael Nobrega attended the opening ceremonies of Discovery 09 to present the Mind to Market award. The winner was **WDI Wise Device & University of Toronto**, which has developed leading-edge technologies incorporating laser and optics that revolutionize the manufacturing process for LCD displays, reducing the cost of their production.

"OCE is a unique and important organization because it supports emerging ideas, entrepreneurs and new technologies in partnership with industry, research and government to help bring these ideas to market," explains Michael Nobrega, who serves on OCE's Board, which approved the Mind to Market Award to WDI. "OMERS supports OCE because we invest in Ontario venture capital to bring new ideas to market and generate returns for our members."

The other four finalists were:

EION Inc. & University of Ottawa

EION has created a way to bring wireless voice, video and data communications to rural areas worldwide. Today, it has deployed over 25,000 broadband wireless links in Africa, India, the Middle East and North America.

StormFisher Biogas & University of Western Ontario

StormFisher Biogas is a renewable energy company that builds and operates biogas plants across North America. Working with the food processing and agricultural industries, it processes organic by-products and turns them into natural gas and electricity, and also produces an organic, all-natural fertilizer that reduces the need for chemical fertilizer.

Terrafix Geosynthetics Inc. & Queen's University

Terrafix Geosynthetics is making the world's landfills safer with its geosynthetic clay liner – a woven fabric-like material that acts as a barrier to keep hazardous landfill waste from leaching into the land and nearby waters.

Transform Automotive & University of Western Ontario

TransForm Automotive is an auto parts manufacturing company not only surviving, but growing and capturing new market share, manufacturing and supplying transmission parts for automatic transmissions.

OCE is an organization funded by the Ontario Ministry of Research and Innovation that works in communications and information technology, earth and environmental technologies, energy, materials and manufacturing and photonics. Ontario's industries, universities, colleges, research hospitals, investors and governments.

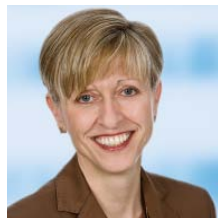
For more information visit www.ocediscovery.com

OMERS Senior Management Team

We are moving to grow our assets through enhanced global reach, increasing our active management approach to investments, and teaming with other like-minded plans.



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OMERS Administration
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Blair Cowper-Smith
Executive Vice President,
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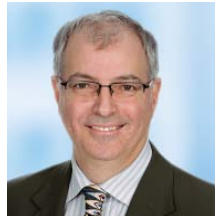
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While the information in this newsletter is accurate at the time of publication, the *OMERS Act, 2006* is the governing source for all plan provisions.

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