

May 26, 2004

PRIVILEGED & CONFIDENTIAL

The Honourable Dalton McGuinty
Premier of Ontario
Room 281, Legislative Building
Queens Park,
Toronto, Ontario, M7A 1A1

Dear Sir:

Re: Borealis

As you know, CUPE represents municipal employees in Ontario, and is the largest of OMERS' stakeholders. We maintain a keen interest in the governance of OMERS, and in the Board's management of OMERS' assets and its administration of the OMERS Plan.

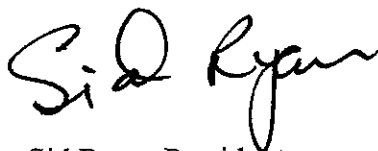
As you are also no doubt aware, CUPE has serious concerns over recently published reports in the Globe and Mail concerning Borealis. It would appear that the OMERS investment in Borealis has been quite costly to OMERS, and that oversight of Borealis by OMERS has been poor. In particular, it would appear that fees charged, largely for property management services that had previously been performed in-house by OMERS, have skyrocketed in recent years. It would also appear that certain former employees of OMERS took considerable ownership stakes in Borealis, and benefited considerably from the property management fees paid by OMERS to Borealis for services previously performed by OMERS' own employees. Finally, it would appear that the governance arrangement for Borealis conceded undue authority to Borealis' own managers and failed to recognize the significant interests of OMERS in Borealis, both as a shareholder and as Borealis' major client.

We understand that the cost to repatriate Borealis would be some \$49 million, which is to be paid by OMERS to Borealis' other shareholders. We also understand that OMERS has taken a write-down on assets managed by Borealis in the amount of approximately \$600 million. The costs of repatriation, and the amount of the write-down, are both significant, and both reflect seriously on OMERS, and upon its governance and management of assets. In this regard, we enclose a copy of a letter we have written to Fred Biro, Chair of the Board of OMERS, requesting answers to a number of questions that arise from published reports concerning Borealis and also urging the OMERS Board to retain independent auditors to report to stakeholders on the establishment, operation and winding-up of Borealis, and upon its relationship to OMERS.

We trust that the Province shares our concerns about OMERS and its relationship to Borealis, and will support our request for an independent audit to review this costly investment.

Yours truly,

CUPE ONTARIO

A handwritten signature in black ink that reads "Sid Ryan". The signature is written in a cursive, flowing style.

Sid Ryan, President

SR:

Encl.