

## PRESS RELEASE

### For immediate release

---

---

# G L O B A L ♦ D I G I T II

---

---

## STATUS OF THE DISENGAGEMENT TRANSACTION

**Montréal, Québec, August 22, 2008** – Further to the recent judgment from the Court of Appeal of Ontario on the proposed ABCP plan of arrangement, Global Diversified Investment Grade Income Trust II (“Global DIGIT II”) (TSX: GII.UN) is making an update on the status of its disengagement transaction with Silverstone Trust (“Silverstone”).

### **Assets of Global DIGIT II and Withholding of Payments by Silverstone**

The assets of Global DIGIT II are partly comprised of three credit default swaps (“GD-II Swaps”) entered into with Silverstone and the related collateral to secure obligations under the GD-II Swaps. The GD-II Swaps are mirrored by back-to-back credit default swaps (the “Silverstone Swaps”) between Silverstone and Deutsche Bank A.G. (the “Bank”). Silverstone also entered into another swap with the Bank, pursuant to which and in order to secure obligations toward the Bank, it issued asset-backed commercial paper (“ABCP”) to purchase collateral which was pledged to the Bank.

The payment provisions under the Silverstone Swaps are mirrored by those of the GD-II Swaps, such that for each payment obligation of the Bank to Silverstone under the Silverstone Swaps, there is a corresponding payment obligation from Silverstone to Global DIGIT II and vice versa. However, in certain circumstances, Silverstone’s position is that it has the right to withhold payments received from the Bank. On August 14, 2007, as Silverstone had not rolled over its matured ABCP and ceased payments on such ABCP, it decided to withhold payments to Global DIGIT II.

As a result of diverging views with respect to the rights of Silverstone and Global DIGIT II with respect to the amounts received from the Bank, the amounts withheld were segregated into an escrow account pursuant to a Standstill Agreement entered into by Global DIGIT II and Silverstone. In the escrow account an amount of about \$0.83 per unit has been accumulated as of July 31, 2008.

### **The Disengagement Transaction**

On December 21, 2007, Global DIGIT II entered into an agreement with Silverstone in order to negotiate in good faith a transaction pursuant to which Silverstone would effectively be replaced by the Bank as counterparty to the GD-II Swaps that are presently in force between Global

DIGIT II and Silverstone (the “Disengagement Transaction”) and would sever all relations between Global DIGIT II and Silverstone and disengage Silverstone from Global DIGIT II’s current structure.

### **The Plan**

On March 20, 2008, noteholders members of the Pan-Canadian Investors Committee for Third-Party Structured Asset-Backed Commercial Paper (the “Committee”) filed with the Ontario Superior Court of Justice a plan of compromise and arrangement (the “Plan”) pursuant to the *Companies’ Creditors Arrangement Act* in respect of the ABCP of certain issuer trustees, including the issuer trustee of Silverstone.

On June 5, the Plan was sanctioned by the Court and further to an appeal to the Court of Appeal of Ontario by certain dissident noteholders holding ABCP, this court unanimously dismissed the appeal on August 18 and upheld the Plan as proposed. The judgment of the Court of Appeal of Ontario could be appealed to the Supreme Court of Canada by dissident noteholders with leave of said Court. The leave to appeal, if granted, and a timetable for a hearing before the Supreme Court is uncertain. It is envisaged by the Committee that if the leave to appeal is not granted by the Supreme Court or if there is no appeal, the implementation of the Plan would occur on or about September 30, 2008.

Completion of the Disengagement Transaction and the resumption of the distributions and redemptions depend on the successful implementation of the Plan and is expected to become effective on the date that the Plan is implemented. If the Disengagement Transaction is completed, distributions and redemptions would resume, and it is anticipated that the distributions would generally be at the same level as was previously the case (subject to losses upon the occurrence of credit events and the costs of the Disengagement Transaction which cannot presently be assessed), until the next reset date (March 2, 2010). Funds available to pay distributions and redemptions would flow directly from the Bank and would no longer be dependent on Silverstone’s ability to renew or replace its outstanding indebtedness or otherwise be subject to any claim by Silverstone to withhold payments to Global DIGIT II. Funds held in escrow under the Standstill Agreement would be released in full to Global DIGIT II, as well as the amounts which have been accreting in respect of the residual amount that would otherwise have been payable to Global DIGIT II at the maturity date of the GD-II Swaps which amounted to approximately \$0.54 per unit as of July 31, 2008.

### **About Global DIGIT II**

Global DIGIT II provides an economic interest in an equity tranche of credit default swap agreements in respect of portfolios of mortgage-backed securities, asset-backed securities, structured finance securities and synthetic corporate exposures.

Information: François Rivard : (514) 879-6405.  
<http://info.fbn.ca/trusts>