

COURT OF APPEAL FOR ONTARIO

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL,
SUSAN HENDERSON and LIN YEOMANS

Plaintiffs
(Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants
(Appellant)

Proceeding under the *Class Proceedings Act, 1992*

APPEAL BOOK AND COMPENDIUM

VOLUME II OF II

May 24, 2013

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SCHEDULE E to the Judgment of Perell J.

The Canada Life
Canadian Employees New Pension Plan

Effective ●

Confidential Draft

FSCO and CRA Registration No. ●

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Section 1 - History, Establishment of the Plan

1.01 Establishment of the Old Plan

The Old Plan was established on December 31, 1964 as The Canada Life Assurance Company Trusteed Canadian Staff Pension Fund (1965) for the purpose of providing pensions for eligible employees of the Company.

1.02 Pension Plan Merger

As of January 1, 1997, The Canada Life Assurance Company Trusteed Canadian Staff Pension Fund (1958) and The Canada Life Assurance Company Trusteed Canadian Agents Pension Fund were merged into the Old Plan. The benefits accrued by members of all three pension plans up to December 31, 1996 were fully protected under the Old Plan.

1.03 Former Employees of Crown Life Insurance Company of Canada

The Company entered into a purchase and sale agreement with Crown Life Insurance Company whereby the Company purchased all the outstanding shares of Crown Life Insurance Company of Canada ("Crown") effective as of January 1, 1999. Pursuant to such agreement employees of Crown became employees of the Company. In addition, the Company agreed to amend the Old Plan to provide pension benefits for such employees in respect of employment with the Company on and after January 1, 1999 in all material respects identical to the terms of the pension plan maintained by Crown, entitled the Pension Plan for Crown Life Insurance Company of Canada Employees. Such benefits are described in Appendix "B". Effective January 1, 2000, former Crown employees ceased to accrue benefits under Appendix "B" of the Old Plan and commenced to accrue benefits under the main provisions of the Old Plan.

1.04 Former Employees of The Toronto-Dominion Bank

The Company purchased certain assets relating to The Toronto-Dominion Bank's group retirement and investment services business pursuant to an asset purchase agreement dated November 8, 2000. Pursuant to such agreement, certain employees of The Toronto-Dominion Bank (the "TD Employees") became employees of the Company. Each TD Employee's period of continuous employment with The Toronto-Dominion Bank and membership in the registered pension plan of The Toronto-Dominion Bank (the "TD Plan") were recognized under the Old Plan only for the purposes of determining eligibility for membership in the Old Plan and entitlement to benefits, but not benefit accrual, under the Old Plan. Each TD Employee accrued benefits under the Old Plan in respect of employment with the Company on and after the date the TD Employee joined the Old Plan. Each TD Employee who was a member of the TD Plan immediately prior to becoming an Employee or Field Management Employee, as applicable, became a Member of the Old Plan on the date that he or she became an Employee or Field Management Employee, as applicable.

1.05 Funding

The Plan is funded through the Trust Agreement between The Canada Life Assurance Company and the Trustee of the Pension Fund.

1.06 Registered Status

The Plan is registered as a pension plan under the Pension Benefits Act and the Income Tax Act. The continuation of the Plan is subject to its continued registration under both statutes.

1.07 Establishment of the Plan

On July 10, 2003, The Canada Life Assurance Company was acquired by The Great-West Life Assurance Company. As the operations of the companies were integrated, on or before June 30, 2005 certain members of the Old Plan resigned, retired, had their employment terminated, or were notified that their employment would be terminated in conjunction with such integration. Subsequently, The Canada Life Assurance Company declared a partial wind-up of the Old Plan in respect of the period from July 10, 2003 to June 30, 2005 related to the affected Old Plan members as described in the partial wind-up report filed with the Financial Services Commission of Ontario.

In 2005, a group of former members of the Old Plan launched an action in Ontario Superior Court. In their claim, the former members asked the court to order that the surplus related to the partial wind-up should be paid to the affected members of the Old Plan, and they also made additional claims including a claim regarding certain payments that had been made from the trust fund of the Old Plan to reimburse The Canada Life Assurance Company for expenses incurred in administering the Old Plan.

The claims by the former members were settled after the proceedings had been certified by the court as class proceedings, and the settlement was approved by order of the Ontario Superior Court dated • (the "Settlement Order"). As part of the terms of the settlement, The Canada Life Assurance Company declared three additional partial wind-ups of the Old Plan:

- (a) a partial wind-up related to the termination of employment of certain members of the Old Plan employed by Indago Capital Management Inc., as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd.;
- (b) a partial wind-up related to the termination of employment of certain members of the Old Plan employed by Adason Properties Limited, all of whom were notified of their termination during the period November 1, 1999 to February 28, 2001; and
- (c) a partial wind-up related to the termination of employment of certain members of the Old Plan employed by Pelican Food Services Limited, as a result of the

outsourcing of certain operations by The Canada Life Assurance Company in 2001.

In addition, as part of the terms of the settlement, The Canada Life Assurance Company created this new Plan as of the Effective Date, for members and former members of the Old Plan who were not affected by any of the four partial wind-ups referred to above, who were entitled to benefits under the Old Plan, who did not opt out of the class proceedings, and who had provided their consent to transfer their accrued benefits (plus related assets) from the Old Plan to this new Plan. For a member or former member of the Old Plan not affected by any of the four partial wind-ups referred to above and entitled to benefits under the Old Plan who has died, if a death benefit or survivor pension was payable from the Old Plan as a result of the death, then the individual or estate claiming through the deceased member or former member would also transfer from the Old Plan to this new Plan if death benefits or a survivor pension were still payable from the Old Plan, provided the individual or estate did not opt out of the class proceedings and provided that (if necessary) the individual or estate consented to transfer the individual's or estate's accrued benefits (plus related assets) from the Old Plan to this new Plan. A list of all transferred members is appended hereto as Appendix "D" (the "Transferred Members"). This new Plan will also provide benefits for any new employees hired by the Company on and after the Effective Date.

As part of the settlement, the terms of the trust which held assets to be transferred from the Old Plan to this Plan to initially form the Pension Fund for this Plan were varied through trust beneficiary consent and through the consent of the court under the Ontario *Variation of Trusts Act*. As of the Effective Date, except for Section 17.06 which shall continue to be subject to interpretation in accordance with applicable trust and contract law principles, all of the terms of this Plan, and the terms of the Trust Agreement, reflect that variation of trust, and no prior trust terms, nor the terms of any historical document related to the Plan or to the Old Plan, are relevant to the interpretation of the Plan and Trust Agreement provisions.

1.08 Benefits for Transferred Members; Benefits for New Employees

Subject to and conditional upon the transfer of *pro rata* assets from the Old Plan to the Plan in respect of the Transferred Members,

- (a) a Transferred Member's Pensionable Service or Field Management Pensionable Service, as applicable, shall be calculated as if the terms of this Plan applied for all periods of Continuous Service, which for avoidance of doubt shall include all such service prior to the Effective Date;
- (b) a Transferred Member's Plan Membership shall be calculated as if the Transferred Member's period of membership in the Old Plan were a period of membership in this Plan;
- (c) Pensionable Earnings and Field Management Pensionable Earnings, as applicable, shall be calculated based on earnings as defined including those during periods of

membership in the Old Plan;

- (d) contributions made by a Transferred Member to the Old Plan shall be deemed to have been made to the Plan pursuant to Section 4.01; and
- (e) earnings-related Company grants and commission-related notional Company grants in respect of a Transferred Member under the Old Plan shall be deemed to have been made under the Plan.

Upon such transfer of assets the Transferred Members shall no longer be entitled to benefits under the Old Plan. Notwithstanding any other provision of the Plan, except for the benefits described in this Section 1.08, this Plan shall provide no other benefits to Employees or former Employees, nor to Field Management Employees or former Field Management Employees, except for benefits accrued on and after the Effective Date by those Transferred Members who are Employees or Field Management Employees and by any Employees who join the Plan on or after the Effective Date pursuant to Section 3 (Plan Membership).

1.09 Transitional Provision – Investment Return

For purposes of Sections 2.13 and 2.13A, for Plan Years prior to the Effective Date, the investment return of the Pension Fund shall be deemed to be the investment return of the pension fund under the Old Plan. In addition, if the Effective Date does not fall on January 1, then for the Plan Year in which the Effective Date falls the investment return of the Pension Fund shall be deemed to be the annual rate, as determined by the Company, based on the return of the pension fund under the Old Plan for that Plan year up to the Effective Date and the return of the Pension Fund for that Plan Year on and after the Effective Date.

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Section 2 - Definitions and Interpretation

A. In this Plan the following terms shall have the meanings given below.

2.01 Actuarial Equivalent

"Actuarial Equivalent" means, with respect to a benefit, the equivalent value, computed on the basis of actuarial assumptions last adopted for the purpose by the Company and that are acceptable under the Pension Benefits Act and paragraph 8502(j) of the Regulations under the Income Tax Act.

2.02 Actuary

"Actuary" means the actuary or firm of actuaries who is, or in the case of a firm of actuaries, at least one of whom is a Fellow of the Canadian Institute of Actuaries.

2.03 Approved Leaves of Absence

"Approved Leaves of Absence" means a leave of absence of a Member or Field Management Member either with or without pay and that is approved by the Company, including periods of short-term disability and long-term disability, pregnancy leave, parental leave and emergency leave, including such periods required to be provided by applicable employment standards legislation, up to one year of absence due to employment injury if the Member or Field Management Member is in receipt of, or eligible to receive, benefits under the *Workplace Safety and Insurance Act* (Ontario) and sabbaticals.

The total period of Pensionable Service or Field Management Pensionable Service, as applicable, of a Member or Field Management Member in respect of Approved Leaves of Absence without pay, excluding periods of short-term disability and long-term disability, shall not include any such periods during which the Member or Field Management Member is connected with the Company, as defined in the Income Tax Act, and shall be limited to a full-time equivalent of five years.

2.04 Beneficiary

"Beneficiary" means the person last designated by a Member or Field Management Member pursuant to Section 16.08 (Beneficiary Designation).

2.05 Board of Directors

"Board of Directors" means the Board of Directors of The Canada Life Assurance Company.

2.06 Commission Earnings

"Commission Earnings" means first year and renewal commissions, service, persistency and trailer fees earned by a Field Management Employee prior to January 1, 1997,

excluding any first year and renewal commissions, service, persistency and trailer fees on policies that were reassured.

2.07 Commuted Value

"Commuted Value" means the present lump-sum actuarial value of a pension benefit under the Plan, determined in accordance with the Recommendations for the Computation of Transfer Values from Registered Pension Plans issued by the Canadian Institute of Actuaries or such other basis as may be required from time to time under the Pension Benefits Act.

2.08 Company

"Company" means The Canada Life Assurance Company or any associated or affiliated company and successors thereto, designated by the Board of Directors as participating in the Plan; provided such designated company has adopted the Plan in respect of its eligible employees. A list of associated or affiliated companies participating in the Plan shall be attached to the Plan as Appendix "C" which the Board of Directors may amend from time to time, as appropriate. Where any reference in the Plan is made to any action to be taken, consent, approval or opinion to be given, discretion or decision to be exercised by the Company, "Company" means The Canada Life Assurance Company acting through the Board of Directors or any person or committee authorized by the Board of Directors for the purposes of the Plan.

2.09 Consumer Price Index Rate

"Consumer Price Index Rate" means, as of January 1 of any year, the percentage increase from October 31 of the first Plan Year of the immediately preceding 2 Plan years to October 31 of the second Plan Year of the immediately preceding 2 Plan years in the Consumer Price Index for Canada, all items (not seasonally adjusted) as published by Statistics Canada under the authority of the *Statistics Act* (Canada).

2.10 Continuous Service

"Continuous Service" means a period of unbroken employment with the Company and its predecessors in business, as shown by the Company's payroll records, without regard to periods of temporary suspension of employment. Continuous Service shall also include, where applicable, for the purposes of eligibility for membership in the Plan and entitlement to benefits and vesting thereunder only, in respect of an Employee or Field Management Employee who immediately prior to January 1, 1999 was employed by Crown Life Insurance Company of Canada, the period of unbroken employment with Crown Life Insurance Company of Canada and its predecessors in business and, in respect of an Employee or Field Management Employee who became a Member or Field Management Member in conjunction with the Company's acquisition of The Toronto-Dominion Bank's group retirement and investment services business under an asset purchase agreement dated November 8, 2000, the period of unbroken employment with The Toronto-Dominion Bank immediately prior to such acquisition.

2.11 Credited Interest

"Credited Interest" means interest on a Member's or Field Management Member's contributions made pursuant to Section 4.01 (Member Contributions) and on Company grants and notional grants, compounded annually, at a rate equal to the greater of the average, over a reasonably recent period which does not exceed 12 months, of the yields of 5-year personal fixed-term chartered bank deposit rates as determined from the Canadian Socio-Economic Information Management (CANSIM) series B14045 as published in the Bank of Canada Review, and the Current Year Rate.

2.12 Crown Plan

"Crown Plan" means the Pension Plan for Crown Life Insurance Company of Canada Employees as such plan was constituted on December 31, 1998, as amended from time to time.

2.13 Current Year Rate

"Current Year Rate" means, as of January 1 of any year, the investment return of the Pension Fund, based on the average annual realized income and realized and unrealized gains and losses during the first 5 Plan Years of the preceding 6 Plan Years. For greater certainty, prior to January 1, 2001, "Current Year Rate" means the rate earned by the Company on its life insurance and annuity funds during the preceding calendar year, excluding the effect of the Company's investment in its subsidiaries. "Current Year Rate" shall be determined subject to the provisions of Section 1.09.

2.13A Current Year Rate for Indexing

"Current Year Rate for Indexing" means, as of January 1 of any year, the investment return of the Pension Fund, based on the average annual realized income and realized and unrealized gains and losses during the first 15 Plan Years of the preceding 16 Plan Years. For greater certainty, prior to January 1, 2001, "Current Year Rate for Indexing" means the rate earned by the Company on its life insurance and annuity funds during the preceding calendar year, excluding the effect of the Company's investment in its subsidiaries and, on and after January 1, 2001 and prior to January 1, 2003, "Current Year Rate for Indexing" means the investment return of the Pension Fund, as of January 1 of any year in such period, based on the average annual realized income and realized and unrealized gains and losses as reported by the Plan Trustee during the first 5 Plan Years of the preceding 6 Plan Years." "Current Year Rate for Indexing" shall be determined subject to the provisions of Section 1.09.

2.14 Designated Appointee

"Designated Appointee" means a Field Management Employee as listed in Appendix "A".

2.15 Designated Appointee Pensionable Service

"Designated Appointee Pensionable Service" means that period of Field Management Pensionable Service in which the Field Management Member was a Designated Appointee as listed in Appendix "A". For greater certainty, no Designated Appointee Pensionable Service accrued after 1987.

2.16 Early Retirement Date

"Early Retirement Date" means the date of a Member's or Field Management Member's early retirement as set out in paragraph (a) of Section 5.02 (Early Retirement Benefits).

2.17 Effective Date

The effective date of this Plan is ●.

2.18 Employee

"Employee" means a person who is employed by the Company in any capacity other than as a Field Management Employee.

2.19 Excess Contributions

"Excess Contributions" means the amount (if any) by which a Member's or Field Management Member's accumulated contributions with Credited Interest thereon, to the date of termination of employment, exceed 50% of the Commuted Value of the deferred or immediate annual pension to which the Member or Field Management Member is entitled in respect of his or her Pensionable Service or Field Management Pensionable Service.

2.20 Field Management Employee

"Field Management Employee" means a person who is employed by the Company in an agency management capacity and includes a Designated Appointee.

2.21 Field Management Member

"Field Management Member" means a Field Management Employee who has been enrolled in the Plan pursuant to Section 3 (Plan Membership) and who continues to have rights or contingent rights to benefits under the Plan. The term "Field Management Member" includes a former employee who terminated employment with or retired from the Company but who retains a right to benefits under the Plan. The term "Field Management Member" also includes an Employee who is a former Field Management Employee with Field Management Pensionable Service.

2.22 Field Management Pensionable Earnings

"Field Management Pensionable Earnings" means a Field Management Member's annual

remuneration while a Field Management Member but excluding personal commissions, service fees, persistency fees, trailer fees, long-term incentive bonuses, signing bonuses, retention bonuses, referral bonuses, CLMS incentive bonuses, education awards, stock options, overtime pay, salary allowances, mortgage subsidies and any other type of remuneration specifically excluded by the Company to the extent not previously recognized as Field Management Pensionable Earnings of the Field Management Member. For greater certainty, short-term disability income continuation payments received for disabilities incurred on and after July 1, 2004 are included in Field Management Pensionable Earnings.

During periods of employment outside Canada for which the Field Management Member is accruing Field Management Pensionable Service as described in Section 2.23 (Field Management Pensionable Service), the Company may, in its sole and absolute discretion, deem the Field Management Member's Field Management Pensionable Earnings in order to reflect growth in the Field Management Member's remuneration provided that the deemed Field Management Pensionable Earnings shall not be greater than the Field Management Member's actual remuneration received in the foreign country during such periods converted to Canadian dollars.

During periods of employment outside Canada for which the Field Management Member is not accruing Field Management Pensionable Service as described in Section 2.23 (Field Management Pensionable Service), the Company may, in its sole and absolute discretion, deem the Field Management Member's Field Management Pensionable Earnings in order to reflect growth in the Field Management Member's remuneration, for the purposes of adjusting the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings and/or Final 10-Year Average Field Management Pensionable Earnings during any such period, provided the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings and/or Final 10-Year Average Field Management Pensionable Earnings during any such period is restricted so that it does not increase at a rate faster than the rate of change in the average wage, as defined in the Income Tax Act, during the same period where such restriction is required by the Regulations under the Income Tax Act and otherwise not greater than the rate of change in the Field Management Member's actual remuneration received during such period converted to Canadian dollars.

2.23 Field Management Pensionable Service

"Field Management Pensionable Service" means, subject to the following and subject to Section 1.08, that period of Continuous Service while a Field Management Employee was a Field Management Member. Field Management Pensionable Service includes Designated Appointee Pensionable Service. In addition, the Company may, in its sole and absolute discretion, include in a Field Management Member's Field Management Pensionable Service a period of employment on and after January 1, 1997 outside Canada with one or more of the Company's affiliates or foreign operations, to a maximum of 5 years of such employment. Field Management Pensionable Service shall be calculated in years and completed months and, for periods after 2009, shall be based on the number of days of Continuous Service while a Field Management Member, as determined by the

Company in its sole and absolute discretion. However, a Field Management Employee's Continuous Service in the month in which the Field Management Employee becomes a Field Management Member and the month in which the Field Management Member terminates employment, retires or dies shall be counted as complete months. Likewise, a Field Management Employee's Continuous Service in the month in which the Field Management Employee commences an Approved Leave of Absence and the month in which the Field Management Employee returns from the Approved Leave of Absence shall be counted as complete months. In the event a Field Management Member becomes a Member, the month in which the Field Management Member becomes a Member shall be counted as Field Management Pensionable Service.

The Field Management Pensionable Service of a Field Management Member during periods of employment on a permanent part-time or temporary part-time or casual basis shall be pro-rated by the proportion, not greater than one, that the Field Management Member's hours of work bears to a regular full-time Field Management Employee's hours of work, as determined by the Company in its sole and absolute discretion.

2.24 Final 10-Year Average Field Management Pensionable Earnings

"Final 10-Year Average Field Management Pensionable Earnings" means, with respect to a Field Management Member, the annual average of the Field Management Member's Field Management Pensionable Earnings in the calendar year immediately preceding the calendar year in which the Field Management Member terminates employment, retires or dies and in the 9 immediately preceding calendar years. However, the Field Management Member's Field Management Pensionable Earnings in the year in which the Field Management Member terminates employment, retires or dies shall be included in the determination of Final 10-Year Average Field Management Pensionable Earnings if such earnings are greater than the Field Management Pensionable Earnings in the first of the preceding 10 calendar years. If a Field Management Member does not have Field Management Pensionable Earnings for such period of time, Final 10-Year Average Field Management Pensionable Earnings means the annual average of the Field Management Member's Field Management Pensionable Earnings during such shorter period of time.

For purposes of determining a Field Management Member's Final 10-Year Average Field Management Pensionable Earnings, the Field Management Pensionable Earnings of a Field Management Member during periods of employment on a permanent part-time or temporary basis shall be annualized by the proportion that a regular full-time Field Management Employee's hours of work bears to the Field Management Member's hours of work.

2.25 Final Average YMPE

"Final Average YMPE" means, in respect of a Member or Field Management Member, the average of the YMPE in the calendar year in which the Member or Field Management Member terminates employment with the Company, retires or dies and the YMPE in each of the 2 immediately preceding calendar years.

2.26 Highest 3-Year Average Pensionable Earnings

"Highest 3-Year Average Pensionable Earnings" means, with respect to a Member, the annual average of the Member's Pensionable Earnings in the final 3 consecutive years up to the Member's termination of employment, retirement or death. If a Member does not have Pensionable Earnings for 3 consecutive years, Highest 3-Year Average Pensionable Earnings means the annual average of the Member's Pensionable Earnings during such shorter period of time. In respect of a Member who has at least 3 consecutive calendar years of Pensionable Earnings, the Highest 3-Year Average Pensionable Earnings shall not be less than the annual average of the Member's Pensionable Earnings in any 3 consecutive calendar years in the last 15 calendar years comprising the calendar year immediately preceding the calendar year in which the Member terminates employment, retires or dies and the 14 immediately preceding calendar years, which produce the highest such average. In no event shall more than 3 annual incentive bonuses be included in a Member's Pensionable Earnings for purposes of determining the Member's Highest 3-Year Average Pensionable Earnings.

Notwithstanding the foregoing, in the determination of the retirement benefit in respect of Pensionable Service prior to January 1, 2004 in accordance with Section 5.01(b) (Benefits in Respect of Pensionable Service) of a Member who receives or received bonus payments under the REACH Incentive Program or the Level D, E or F Incentive Program, in effect until the discontinuance of all such programs effective December 31, 2003, the Member's Highest 3-Year Average Pensionable Earnings shall not be less than the amount determined under the immediately preceding paragraph calculated as of the earlier of the date of Member's termination of employment, retirement or death and the date of the final payment under the REACH Incentive Program or the Level D, E or F Incentive Program, as applicable.

For purposes of determining a Member's Highest 3-Year Average Pensionable Earnings, the Pensionable Earnings of a Member during periods of employment on a permanent part-time or temporary basis shall be annualized by the proportion that a regular full-time Employee's hours of work bears to the Member's hours of work.

2.27 Highest 5-Year Average Field Management Pensionable Earnings

"Highest 5-Year Average Field Management Pensionable Earnings" means, with respect to a Field Management Member, the annual average of the Field Management Member's Field Management Pensionable Earnings in any 5 calendar years in the 10 calendar years comprising the calendar year immediately preceding the calendar year in which the Field Management Member terminates employment, retires or dies and the 9 immediately preceding calendar years, which produce the highest such average. However, the Field Management Member's Field Management Pensionable Earnings in the year in which the Field Management Member terminates employment, retires or dies shall be included in the determination of Highest 5-Year Average Field Management Pensionable Earnings if such earnings are greater than the Field Management Member's Field Management Pensionable Earnings in any of the preceding 10 calendar years. If a Field Management Member does not have Field Management Pensionable Earnings for such period of time,

Highest 5-Year Average Field Management Pensionable Earnings means the annual average of the Field Management Member's Field Management Pensionable Earnings during such shorter period of time.

For purposes of determining a Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings, the Field Management Pensionable Earnings of a Field Management Member during periods of employment on a permanent part-time or temporary basis shall be annualized by the proportion that a regular full-time Field Management Employee's hours of work bears to the Field Management Member's hours of work.

2.28 Income Tax Act

"Income Tax Act" means the *Income Tax Act* (Canada), as amended from time to time, the regulations made thereunder and the published information circulars, interpretation bulletins and administrative guidelines of the Canada Revenue Agency.

2.29 Indexed Commission Earnings

"Indexed Commission Earnings" means the amount of a Field Management Member's Commission Earnings in each year, adjusted on the Field Management Member's termination of employment, retirement or death by a percentage, such percentage adjustment in respect of each year's Commission Earnings to be equal to the lesser of:

- (a) 1.06 to the power of the number obtained by subtracting the calendar year of the particular year's Commission Earnings from the second calendar year prior to the Member's termination of employment, retirement or death, whichever is applicable, minus 1.
- (b) 50% of the change in the Consumer Price Index (Canada) between the year in which the Commission Earnings were paid and the second year prior to the Field Management Member's termination of employment, retirement or death. The Consumer Price Index (Canada) shall be as published December 31 and shall be calculated to the nearest second decimal place.

Notwithstanding the foregoing, in no event shall such adjustment exceed the increase permitted under paragraph 8503(3)(h) of the Regulations under the Income Tax Act.

2.30 Member

"Member" means an Employee who has been enrolled in the Plan pursuant to Section 3 (Plan Membership) and who continues to have rights or contingent rights to benefits under the Plan. The term "Member" includes a Field Management Employee who is a former Employee with Pensionable Service. The term "Member" also includes, for the purposes of Appendix "B" to the Plan for the period from January 1, 1999 through December 31, 1999 and for the purposes of the Plan with effect from January 1, 2000, a former employee of Crown Life Insurance Company of Canada, as described in Section

1.03 (Former Employees of Crown Life Insurance Company of Canada).

2.31 Membership Service

"Membership Service" means the total of a Member's or Field Management Member's Pensionable Service and Field Management Pensionable Service, as the case may be.

2.32 Normal Retirement Date

"Normal Retirement Date" means the date of a Member's or Field Management Member's normal retirement as set out in paragraph (a) of Section 5.01 (Normal Retirement Benefits).

2.33 Old Plan

"Old Plan" means The Canada Life Canadian Employees Pension Plan, Financial Services Commission of Ontario and Canada Revenue Agency registration number 0354563.

2.34 Other Employer Eligibility Service

"Other Employer Eligibility Service" means

- (a) in respect of a Member or Field Management Member who is a Former Crown Life Employee under Appendix "B", the Member's or Field Management Member's credited service and/or designated member credited service, both as defined in the Crown Plan, and/or the Member's or Field Management Member's period of participation under Part 2 of the Crown Plan, as applicable, and the Member's or Field Management Member's credited service and/or designated credited service, both as defined in Appendix "B" to the Plan and/or the Member's or Field Management Member's period of participation under Part 2 of Appendix "B", as applicable,
- (b) in respect of a Member or Field Management Member who is a former TD Plan member and who became a Member or Field Management Member, as applicable, of the Old Plan as a result of the transaction described in Section 1.04, the period of the Member's or Field Management Member's participation in the TD Plan, and
- (c) in respect of a Member or Field Management Member who was employed outside Canada by the Company or one or more of its affiliates or foreign operations prior to or following membership in the Plan, the period recognized by the Company, in its sole and absolute discretion, of the Member's or Field Management Member's, as applicable, participation outside Canada in a pension plan sponsored by the Company or its affiliates or other service with the Company or its affiliates where there is no pension plan available.

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2.35 Pension Benefits Act

"Pension Benefits Act" means the *Pension Benefits Act* (Ontario), as amended from time to time, and the regulations made thereunder, together with such other similar regulatory legislation as enacted by a provincial government designated under said Act and which applies to Employees covered by this Plan.

2.36 Pension Commencement Date

"Pension Commencement Date" means the date upon which a Member's or Field Management Member's pension is due to commence.

2.37 Pension Fund

"Pension Fund" means the fund established pursuant to the terms of the Plan and the Trust Agreement to which all contributions under the Plan are made and from which the benefits or other payments under the Plan are paid or made.

2.38 Pensionable Earnings

"Pensionable Earnings" means a Member's annual base rate of pay and other remuneration while a Member, but excluding the following: short-term disability income continuation payments for disabilities incurred prior to July 1, 2004, long-term disability benefits payments, long-term incentive bonuses, signing bonuses, retention bonuses, referral bonuses, CLMS incentive bonuses, education awards, stock options, overtime pay, salary allowances, mortgage subsidies, bonuses paid under the Tier I and Tier II Bonus Programs which come into effect on January 1, 2004 and any other type of remuneration specifically excluded by the Company to the extent not previously recognized as Pensionable Earnings of the Member. For greater certainty, annual incentive bonuses paid under the REACH Incentive Program or the Level D, E or F Incentive Program, in effect until the discontinuance of all such programs effective December 31, 2003, are included in Pensionable Earnings. In addition, for greater certainty, short-term disability income continuation payments received for disabilities incurred on and after July 1, 2004 are included in Pensionable Earnings.

During periods of employment outside Canada for which the Member is accruing Pensionable Service as described in Section 2.39 (Pensionable Service), the Company may, in its sole and absolute discretion, deem the Member's Pensionable Earnings in order to reflect growth in the Member's remuneration, provided that the deemed Pensionable Earnings shall not be greater than the Member's actual remuneration received in the foreign country during such periods converted to Canadian dollars.

During periods of employment outside Canada for which the Member is not accruing Pensionable Service as described in Section 2.39 (Pensionable Service), the Company may, in its sole and absolute discretion, deem the Member's Pensionable Earnings in order to reflect growth in the Member's remuneration, for the purposes of adjusting the Member's Highest 3-Year Average Pensionable Earnings during any such period,

provided the Member's Highest 3-Year Average Pensionable Earnings during any such period is restricted so that it does not increase at a rate faster than the rate of change in the average wage, as defined in the Income Tax Act, during the same period where such restriction is required by the Regulations under the Income Tax Act and otherwise not greater than the rate of change in the Member's actual remuneration received during such period converted to Canadian dollars.

2.39 Pensionable Service

"Pensionable Service" means, subject to the following and subject to Section 1.08, that period of Continuous Service while an Employee was a Member. It also includes periods of service prior to January 1, 1990 while an Employee was not permitted to be a Member or earn benefits under a prior version of the Plan on account of an absence related to maternity, or an Approved Leave of Absence or reduced hours of work or was not permitted to take advantage of the "break in service" provisions. In addition, the Company may, in its sole and absolute discretion, include in a Member's Pensionable Service a period of employment on and after January 1, 1997 outside Canada with one or more of the Company's affiliates or foreign operations, to a maximum of 5 years of such employment. Pensionable Service shall be calculated in years and completed months and, for periods after 2009, shall be based on the number of days of Continuous Service while a Member, as determined by the Company in its sole and absolute discretion. However, an Employee's Continuous Service in the month in which the Employee becomes a Member and the month in which the Member terminates employment, retires or dies shall be counted as complete months. Likewise, an Employee's Continuous Service in the month in which the Employee commences an Approved Leave of Absence and the month in which the Employee returns from the Approved Leave of Absence shall be counted as complete months. In the event a Member becomes a Field Management Employee, the month in which the Member becomes a Field Management Employee shall be counted as Pensionable Service.

The Pensionable Service of a Member during periods of employment on a permanent part-time, temporary part-time or casual basis shall be prorated by the proportion, not greater than one, that the Member's hours of work bears to a regular full-time Employee's hours of work, as determined by the Company in its sole and absolute discretion.

2.40 Plan

"Plan" means The Canada Life Canadian Employees New Pension Plan, as amended from time to time.

2.41 Plan Membership

Subject to Section 1.08, "Plan Membership" means, for the purposes of determining entitlement to benefits upon an Early Retirement Date or upon termination of employment with the Company, the period of a Member's or Field Management Member's membership in the Plan from the date he or she joins the Plan until the earlier of the Member's or Field Management Member's retirement date or termination of employment with the Company, as applicable, and shall include any period of membership in the Crown Plan and its predecessor plans or in the TD Plan in respect of an Employee or Field Management Employee who became a Member or Field Management Member, as applicable, as a result of the transactions described in Section 1.03 or 1.04, as applicable.

2.42 Plan Year

"Plan Year" means the calendar year.

2.43 Postponed Retirement Date

"Postponed Retirement Date" means the date of a Member's or Field Management Member's postponed retirement as set out in paragraph (a) of Section 5.03 (Postponed Retirement Benefits).

2.44 Prior Plan(s)

"Prior Plans(s)" means The Canada Life Assurance Company Trusteed Canadian Staff Pension Fund (1958) and The Canada Life Assurance Company Trusteed Canadian Agents Pension Fund.

2.45 Settlement Order

"Settlement Order" has the meaning set out in Section 1.07 (Establishment of the Plan).

2.46 Spouse

"Spouse" means either of two persons who, on the date spousal status is determined, either:

- (a) are legally married to each other and not living separate and apart from each other;
- (b) are not legally married to each other but who have been living together in a conjugal relationship for a continuous period of at least 3 years; or
- (c) are not legally married to each other, but who have been living together in a conjugal relationship of some permanence and who are the natural and/or adoptive parents of a child, both as defined in the *Family Law Act*.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

Not more than one person shall be a Spouse hereunder and in the event of more than one person claiming to be such, the determination of the Company as to which person shall be the Spouse, on the basis of evidence available to it and which it considers sufficient for the purpose of such determination, shall be final.

2.47 Surplus Assets

"Surplus Assets" means, at any particular point in time, the excess of assets in the Pension Fund over liabilities in the Plan as determined by the Actuary. The assets and liabilities shall be as contained in the most recent going-concern valuation report with respect to the determination of Surplus Assets on a going-concern basis or the most recent solvency or wind-up valuation report with respect to the determination of Surplus Assets on a wind-up basis, filed with and approved by the appropriate regulatory authorities.

2.48 TD Plan

"TD Plan" means the registered pension plan of The Toronto-Dominion Bank, as such plan was constituted on November 8, 2000.

2.49 Total Disability or Totally Disabled

"Total Disability or Totally Disabled" means a physical or mental disability certified by a qualified medical doctor, that prevents a Member or Field Management Member from continuing active employment with the Company and for which the Member or Field Management Member is receiving benefits under the Company-sponsored long-term disability benefit plans.

2.50 Transferred Member

"Transferred Member" means a member or former member of the Old Plan listed in Appendix "D" whose liabilities under the Old Plan were transferred to the Plan.

2.51 Trust Agreement

"Trust Agreement" means the trust agreement entered into between the Company and the Trustee in respect of the Pension Fund.

2.52 Trustee

"Trustee" means the individuals or corporation appointed by the Company to act as trustees or trustee of the Pension Fund, pursuant to the terms of the Trust Agreement.

2.53 YMPE

"YMPE" means the Year's Maximum Pensionable Earnings under the Canada Pension Plan or Quebec Pension Plan, whichever is applicable to the Member or Field Management Member.

B. In this Plan the following rules of interpretation shall apply.

2.54 No More Than One Spouse

Not more than one person shall be a Spouse under the Plan and in the event of more than one person claiming to be such, the determination of the Company as to which person shall be the Spouse, on the basis of evidence available to it and which it considers sufficient for the purpose of such determination, shall be final.

2.55 Benefits in Same Form

Where an individual is entitled to benefits under the main part of the Plan and under Appendix "B", the benefits payable to the individual in accordance with Appendix "B" shall be of the same form, and subject to the same procedural rules, as the benefits payable under the main Part of the Plan. To the extent that any procedural rule in Appendix "B" conflicts with a rule in the main part of the Plan, the latter rule shall prevail.

2.56 Where No Period Prescribed

Where a provision of the Plan stipulates the consequences of the failure of an individual to make an election "within the time prescribed by the Pension Benefits Act" and where the Pension Benefits Act does not prescribe a time for the making of that election, the expression "within the time prescribed by the Pension Benefits Act" shall be read as the expression "within the time prescribed by the Company, at its sole and absolute discretion."

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Section 3 - Plan Membership

3.01 Employees

(a) Permanent Full-Time and Permanent Part-Time Employees

Each person who is hired by the Company on or after the Effective Date as an Employee on a permanent full-time or a permanent part-time basis shall be eligible to join the Plan on the first day of the month coinciding with or next following the date of hire. Each such person shall be required to join the Plan on the first day of the month coinciding with or next following the completion of 2 years of Continuous Service.

(b) Employment Status Changes

Each person who was hired by the Company as a Field Management Employee and who becomes an Employee on or after the Effective Date shall continue to participate in the Plan, notwithstanding that the Employee would not otherwise be required to join the Plan pursuant to paragraphs (a) above or (c) below.

Each person who joined the Plan pursuant to paragraph (a) above or Section 3.05 below and who transfers employment to a temporary or casual basis, shall continue to participate in the Plan.

(c) Temporary or Casual Employees

Each person who:

- (i) is hired by the Company on or after the Effective Date as an Employee on a temporary or casual basis, or
- (ii) was hired as an Employee on a full-time or a permanent part-time basis, has not joined the Plan or the Old Plan, and transfers employment on or after the Effective Date to a temporary or casual basis,

shall be eligible to join the Plan on the first day of any month coinciding with or next following the completion of one year of Continuous Service, by completing an application form for membership in a form approved by the Company.

3.02 Field Management Employees

Each person who is hired by the Company on or after the Effective Date as a Field Management Employee shall be required to join the Plan on the first day of the month coinciding with or next following the date of hire. Each person who was hired by the Company as an Employee who has not joined the Plan or the Old Plan and who becomes a Field Management Employee on or after the Effective Date shall be required to join the

Plan on the first day of the month coinciding with or next following the date he or she becomes a Field Management Employee.

3.03 Full-Time, Permanent Part-Time and Temporary or Casual Status

For purposes of this Section 3,

- (a) an Employee hired on a permanent full-time basis is an Employee who is hired to perform full-time service under an employment contract without fixed term;
- (b) an Employee hired on a permanent part-time basis is an Employee who is hired to perform part-time service under an employment contract without fixed term;
- (c) an Employee hired on a temporary basis is an Employee who is employed on a regularly scheduled full-time or part-time basis under an employment contract with a fixed term;
- (d) an Employee hired on a casual basis is an Employee who is not described in any other paragraph of this Section 3.03.

The determination of whether an Employee is employed on a permanent full-time, permanent part-time, temporary or casual basis shall be made by the Company based on its payroll records.

3.04 Rehired Employees

- (a) Subject to paragraph (b), a Member or Field Management Member who terminated employment with or retired from the Company and who at any time is rehired by the Company shall be considered, for all purposes of the Plan, to be a separate individual with respect to service after that time.
- (b) A Member or Field Management Member who retired from or terminated employment with the Company, who is in receipt of pension payments from the Plan and who is subsequently rehired by the Company shall continue to receive pension payments and shall not rejoin the Plan.
- (c) An individual who rejoins the Plan at any time and becomes a Member or Field Management Member shall not be allowed to have included in his Pensionable Service or Field Management Pensionable Service, attributable to the period of employment with the Company after that time, any period before that time.

3.05 Transferred Members

Each Transferred Member who immediately prior to the Effective Date was a member or field management member of the Old Plan shall be enrolled in the Plan as a Member or Field Management Member as applicable on such date. For greater certainty, only those

Transferred Members who are Employees or Field Management Employees on the Effective Date shall earn benefits under the Plan in respect of Continuous Service on and after the Effective Date. If a Transferred Member was in receipt of a pension from the Old Plan immediately prior to the Effective Date, the Transferred Member's pension shall continue in the same form as provided under the Old Plan.

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Section 4 - Contributions

4.01 Member Contributions

(a) Amount of Contributions

Each Member or Field Management Member shall contribute to the Pension Fund by payroll deduction an amount equal to 2.5% of the Member's Pensionable Earnings or the Field Management Member's Field Management Pensionable Earnings, as applicable, subject to a maximum contribution in each calendar year of \$2,500. A Member's or Field Management Member's contributions shall cease upon completion of 35 years of Membership Service.

For the purposes of applying the 35-year limit on Membership Service in this Section 4.01(a), the Membership Service of a Member or Field Management Member shall also include Other Employer Eligibility Service.

(b) Additional Voluntary Contributions

Members and Field Management Members are not permitted to make any additional voluntary contributions to the Plan.

(c) Contributions During Approved Leaves of Absence

During an Approved Leave of Absence, a Member or Field Management Member shall contribute to the Plan in accordance with Section 11 (Approved Leaves of Absence).

(d) Remittance of Contributions

The Company shall remit Member's or Field Management Member's contributions to the Pension Fund within 30 days following the month in which they were deducted.

(e) Member Contribution Holiday

Notwithstanding paragraph 4.01(a) and paragraph 4.01(c), commencing on January 1 immediately following the Effective Date the contribution obligation of Members and Field Management Members who are Transferred Members shall be waived for a period of two years.

(f) Lump Sum Payment in Lieu of Contribution Holiday

(i) *Termination of Employment, Retirement or Death*

Should a Member or Field Management Member referred to in paragraph 4.01(e) terminate employment, retire or die prior to the end of the two-

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year period referred to in that paragraph, a lump sum cash payment shall be made from the Plan equal to the amount of the contribution obligation that would otherwise have been waived during the remainder of the two-year period. For a Member, such amount shall be calculated based on the Member's Pensionable Earnings immediately prior to the employment termination, retirement or death. For a Field Management Member, such amount shall be calculated based on the Field Management Member's Field Management Pensionable Earnings during the 12-month period immediately prior to the employment termination, retirement or death. Such payment shall be made to the Member or Field Management Member if the employment of the Member or Field Management Member terminated or he or she retired; and such payment shall be made to the person or estate entitled to receive death benefits from the Plan pursuant to Section 9 of the Plan if the Member or Field Management Member has died (or if there are no death benefits payable, the lump sum shall be paid to the estate of the Member or Field Management Member).

(ii) *Long-Term Disability*

Where a Member or Field Management Member referred to in paragraph 4.01(e) is not actively employed by the Company by reason of Total Disability as contemplated under paragraph 10.01(b) or 10.02(b) or section 10.03 of the Plan during part or all of the two-year period referred to in paragraph 4.01(e), and contributions to the Plan are as a result not made by the Member or Field Management Member during part or all of such two-year period, then following the end of the two-year period he or she shall receive a lump sum cash payment from the Plan equal to the amount of his or her contributions waived on account of the Total Disability during such period.

(iii) *Leave of Absence*

Where a Member or Field Management member referred to in paragraph 4.01(e) is on an unpaid Approved Leave of Absence during part or all of the two-year period referred to in that paragraph, and is not accruing Pensionable Service or Field Management Pensionable Service during part or all of such two-year period, then he or she shall receive a lump sum cash payment from the Plan equal to the amount of his or her contributions that would have been payable to the Plan during such period had the Member or Field Management Member not been on an unpaid Approved Leave of Absence, but that were not paid. For a Member, such amount shall be calculated based on the Member's Pensionable Earnings immediately prior to the Approved Leave of Absence. For a Field Management Member, such amount shall be calculated based on the Field Management Member's Field Management Pensionable Earnings during the 12-month period immediately prior to the Approved Leave of Absence. Such amount shall be paid at the end of the two-year period,

except where the Member or Field Management Member is in receipt of Employment Insurance benefits during the Approved Leave of Absence, in which case the amount shall be paid when he or she either returns to active employment with the Company or his or her employment terminates, whichever occurs first.

(iv) *Conditions Precedent for Lump Sum Payment*

A lump sum cash payment contemplated under this paragraph 4.01(f) shall only be made if Surplus Assets exist, and if the Company obtains advice from the Actuary that, as at the payment date proposed by the Company, in the Actuary's estimation surplus will continue to exist in the Pension Fund. In addition, in order for such a payment to be made, the Company must determine that sufficient surplus exists in the Pension Fund such that the payment is prudent in the circumstances. If the Company determines for whatever reason that a payment contemplated in this paragraph 4.01(f) is to be made from Company revenues and not out of the Plan, including if such payment is not permitted to be made from the Plan under the Pension Benefits Act or other applicable law, then such amount shall no longer be owing from the Plan and any payment made by the Company to a Member or Field Management Member shall be made in full satisfaction of his or her entitlement under this paragraph 4.01(f).

4.02 Company Contributions

(a) Amount of Contributions

The Company shall contribute to the Pension Fund in such total amounts as, based on the latest actuarial valuation report prepared by the Actuary, as referred to in Section 14.06 (Actuarial Valuation), and filed with the provincial pension authority and the Canada Revenue Agency, are required to provide the normal cost of benefits accruing in the current Plan Year, after taking into account the assets of the Pension Fund and all other relevant factors, and to provide for the proper amortization of all unfunded liabilities and solvency deficiencies (if any) in accordance with the requirements of the Pension Benefits Act and subject to subsection 147.2(2) of the Income Tax Act. The contributions, if required, shall be made on a monthly basis in accordance with the Pension Benefits Act.

(b) Refund of Contributions

The Company shall direct the Trustee to refund any contributions made to the Pension Fund where such refund is necessary to avoid revocation of the Plan under the Income Tax Act, subject to any required approvals of the provincial pension authority and the Canada Revenue Agency.

(c) Application of Surplus Assets

In the event there are Surplus Assets in the Pension Fund, according to the actuarial valuation report referred to in paragraph (a) above, the Company may, at its discretion, use such Surplus Assets or a portion thereof to offset the amount of Company contributions referred to in paragraph (a) above. In addition, should a Plan amendment increase the liabilities of the Plan, such increased liabilities may be funded through the application of Surplus Assets.

4.03 Portability

(a) Eligibility for Portability

The provisions of this Section 4.03 applied only to Employees hired prior to January 1, 2003.

(b) Transfer of Funds

An Employee hired prior to January 1, 2003 who became a member of the Old Plan prior to January 1, 2003 and who was an active member of a registered pension plan of a previous Canadian employer was permitted, subject to the approval of the Company, to transfer funds before July 1, 2003 from the prior employer's pension plan to the Old Plan in respect of the Member's period of service recognized and benefits accrued under the prior employer's pension plan. The transfer was subject to the terms of the prior employer's pension plan and the conditions outlined below. A Field Management Member was not entitled to transfer funds into the Old Plan pursuant to this Section 4.03.

(c) Additional Pensionable Service

The funds transferred to the Old Plan were used to credit additional Pensionable Service for the member. The Company calculated the amount of such additional Pensionable Service. The member's then current rate of earnings with the Company were used for purposes of such calculation. The amount of additional Pensionable Service did not exceed the member's period of service recognized under the prior employer's pension plan.

(d) Application for Transfer of Funds

A transfer of funds was, in each case, subject to the approval of the Company. A member who applied for approval to have funds transferred had to make such application within one year from the date the member joined the Old Plan and had to include a statement from the prior employer, indicating

- (i) the name and address of the head office of the prior employer;
- (ii) the name of the prior employer's pension plan and its provincial and federal registration numbers;
- (iii) the name and address of the trust company or insurance company from

which the funds were to be transferred;

- (iv) the member's period of employment with the prior employer;
- (v) the member's period of service recognized under the prior employer's pension plan;
- (vi) the amount of the funds to be transferred, and
- (vii) a statement that the transfer was in full satisfaction of all remaining benefits under the prior employer's pension plan in respect of the period of service described in (v) above.

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Section 5 - Retirement Benefits

5.01 Normal Retirement Benefits

(a) Normal Retirement Date

(i) *Employees*

The Normal Retirement Date of a Member shall be the last day of the month in which the Member attains age 65.

(ii) *Field Management Employees*

The Normal Retirement Date of a Field Management Member shall be the last day of the month in which the Field Management Member attains age 60.

(b) Benefits in Respect of Pensionable Service

Each Member with Pensionable Service who retires on his or her Normal Retirement Date shall be entitled to receive an annual pension in respect of such Pensionable Service payable in equal monthly instalments commencing on the Normal Retirement Date and continuing on the last day of each month thereafter, equal to:

1.6% of the Member's Highest 3-Year Average Pensionable Earnings not in excess of the Final Average YMPE

PLUS

2.0% of the Member's Highest 3-Year Average Pensionable Earnings in excess of the Final Average YMPE

MULTIPLIED BY

the Member's Pensionable Service, provided that the total of a Member's Membership Service shall not exceed 35 years.

For purposes of applying the 35-year limit on Membership Service in this Section 5.01(b), the Pensionable Service of a Member shall cease to accrue when the total of the Member's Membership Service and Other Employer Eligibility Service equals 35 years.

(c) Benefits in Respect of Field Management Pensionable Service

Each Field Management Member with Field Management Pensionable Service who retires on his or her Normal Retirement Date shall be entitled to receive an

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annual pension in respect of such Field Management Pensionable Service payable in equal monthly instalments commencing on the Normal Retirement Date and continuing on the last day of each month thereafter, equal to the sum of (i), (ii), (iii) and (iv) below:

(i) *Designated Appointee Pensionable Service Prior to January 1, 1988*

0.5% of the Field Management Member's Final 10-Year Average Field Management Pensionable Earnings

MULTIPLIED BY

the Field Management Member's Designated Appointee Pensionable Service.

(ii) *Field Management Pensionable Service On and After January 1, 1988*

1.5% of the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings not in excess of the Final Average YMPE

PLUS

2.0% of the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings in excess of the Final Average YMPE

MULTIPLIED BY

the Field Management Member's Field Management Pensionable Service on and after January 1, 1988.

(iii) *Commission Earnings*

The amount of annual pension calculated as the Field Management Member's total Indexed Commission Earnings, multiplied by the retirement factors in Table C.

(iv) *Annuity Purchase Benefit*

The amount of annual pension calculated as:

the Field Management Member's accumulated earnings-related required contributions made up to December 31, 1987, plus Credited Interest, multiplied by the applicable retirement factors in Table A

PLUS

the Field Management Member's accumulated earnings-related Company

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grants in respect of Plan Years prior to 1988, plus Credited Interest, multiplied by the applicable retirement factors in Table A

PLUS

the Field Management Member's accumulated commission-related required contributions made up to December 30, 1990, plus Credited Interest, multiplied by the retirement factors in Table B.

The total of a Field Management Member's Membership Service shall not exceed 35 years.

For the purposes of applying the 35-year limit on Membership Service in this Section 5.01(c), the Field Management Member's Field Management Pensionable Service shall cease to accrue when the total of the Field Management Member's Membership Service and the Field Management Member's Other Employer Eligibility Service equals 35 years.

Notwithstanding the foregoing, in the event a Member or Field Management Member has pension accrued as both a Member and a Field Management Member, the pension accrued as a Field Management Member shall not be paid until the Member retires and is entitled to payment of his entire accrued pension. In the event the Member or Field Management Member retires after attainment of age 60, the portion of the annual pension which was accrued as a Field Management Member shall be determined pursuant to Section 5.03(c) on the Member's actual retirement date as if the Member retired on a Postponed Retirement Date.

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**Table "A" – Retirement Factors for
Earnings-Related Required
Contributions and Company Grants**

Retirement Age	Annual Retirement Factor
50	.0602
51	.0614
52	.0626
53	.0638
54	.0656
55	.0674
56	.0686
57	.0704
58	.0722
59	.0740
60	.0758
61	.0770
62	.0782
63	.0800
64	.0818
65	.0835
66	.0859
67	.0877
68	.0895
69	.0919
70	.0937
71	.0955

**Table "B" – Retirement Factors for
Commission-Related Required Contributions
and Notional Company Grants**

Retirement Age	Annual Retirement Factor
50	.0598
51	.0610
52	.0623
53	.0637
54	.0651
55	.0666
56	.0681
57	.0697
58	.0712
59	.0729
60	.0747
61	.0765
62	.0783
63	.0802
64	.0821
65	.0841
66	.0862
67	.0882
68	.0903
69	.0924
70	.0944
71	.0964

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Table "C" – Retirement Factors for Indexed Commission Earnings

Retirement Age	Annual Retirement Factor	
50	.0048	
51	.0052	
52	.0056	
53	.0060	
54	.0064	
55	.0069	
56	.0074	
57	.0080	
58	.0087	
59	.0094	
60	.0100	
61	.0107	
62	.0114	
63	.0121	
64	.0129	
65	.0139	
66	.0147	
67	.0154	
68	.0163	
69	.0173	
70	.0181	
71	.0190	

In applying a factor in Tables A, B or C where the age of a Field Management Member is not in whole years, the appropriate factor shall be determined by interpolation based on the Field Management Member's actual age.

5.02 Early Retirement Benefits

(a) Early Retirement Date

(i) *Employees*

The Early Retirement Date of a Member is the last day of any month prior to the Member's Normal Retirement Date but on or after the later of the month in which the Member attains age 55 and the month in which the Member completes 2 years of Continuous Service, however, where the Member also has Field Management Pensionable Service, the Early Retirement Date of the Member may be on an earlier date in accordance with paragraph (a)(ii) below.

(ii) *Field Management Employees*

The Early Retirement Date of a Field Management Member is the last day

of any month prior to the Field Management Member's Normal Retirement Date but on or after the later of the month in which the Field Management Member attains age 50 and the month in which the Field Management Member completes 2 years of Continuous Service.

(b) Benefits in Respect of Pensionable Service

Each Member with Pensionable Service who retires on his or her Early Retirement Date after attainment of age 55 shall be entitled to receive an annual pension in respect of such Pensionable Service payable in equal monthly instalments commencing on the Early Retirement Date and continuing on the last day of each month thereafter, equal to the amount of pension accrued to the Member, computed pursuant to Section 5.01(b) above, based on the Member's Highest 3-Year Average Pensionable Earnings and Pensionable Service and the Final Average YMPE as of the Member's retirement date, and reduced, unless one of the conditions in subparagraph (i), (ii), (iii), (iv) or (v) below applies to the Member, by 0.4% for each month by which the Member's Pension Commencement Date precedes the Member's Normal Retirement Date. For purposes of determining entitlement to an unreduced or lesser reduced pension under paragraphs (i), (ii), (iii), (iv) and (v) below, but not for determining the amount of pension, the period of a Member's Pensionable Service shall include the Member's Other Employer Eligibility Service.

(i) *Age 60 With 30 Years of Pensionable Service*

The pension of a Member who has attained age 60 as of the Member's Pension Commencement Date and completed at least 30 years of Pensionable Service as of the Member's Early Retirement Date shall not be reduced on account of commencement of the pension prior to the Member's Normal Retirement Date.

(ii) *Age 60 With Less Than 30 Years of Pensionable Service*

The pension of a Member who has attained age 60 as of the Member's Pension Commencement Date but who has not completed at least 30 years of Pensionable Service as of the Member's Early Retirement Date shall be reduced by 0.4% multiplied by the lesser of the number of months by which the Member's Pension Commencement Date precedes the Member's Normal Retirement Date and the number of months by which the Member's Pensionable Service is less than 30 years.

(iii) *Under Age 60 With 30 Years of Pensionable Service*

The pension of a Member who has not attained age 60 as of the Member's Pension Commencement Date but who has completed at least 30 years of Pensionable Service as of the Member's Early Retirement Date shall be reduced by 0.4% for each month by which the Member's Pension

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Commencement Date precedes the last day of the month in which the Member attains age 60.

(iv) *Under Age 60 With Less Than 30 but at least 25 Years of Pensionable Service*

The pension of a Member who has not attained age 60 as of the Member's Pension Commencement Date and not completed 30 years of Pensionable Service as of the Member's Early Retirement Date shall be reduced by 0.4% multiplied by:

the number of months by which the Member's Pension Commencement Date precedes the Member's Normal Retirement Date

MINUS

the number of months by which the Member's Pensionable Service exceeds 25 years.

(v) *Age 50 With 20 Years of Pensionable Service as of January 1, 1997*

The pension of a Member who was age 50 or more and had completed at least 20 years of Pensionable Service as of January 1, 1997, shall be reduced by the lesser of the reduction determined in accordance with (i), (ii), (iii) or (iv) above, whichever applies, and 0.4% multiplied by the number of months by which the Member's Pension Commencement Date precedes the earlier of the Member's Normal Retirement Date and the month in which the Member would have attained age 60 and completed 30 years of Pensionable Service.

Where the Member also has Field Management Pensionable Service and the Member's Early Retirement Date occurs prior to attainment of age 55, the Member's pension in respect of Pensionable Service shall be determined in accordance with the foregoing provisions of this Section 5.02(b) as if the Member's pension commenced upon attainment of age 55 and shall then be reduced to the Actuarial Equivalent for pension commencement prior to attainment of age 55.

(c) Benefits in Respect of Field Management Pensionable Service

Each Field Management Member with Field Management Pensionable Service who retires on his or her Early Retirement Date shall be entitled to receive an annual pension in respect of such Field Management Pensionable Service payable in equal monthly instalments commencing on the Early Retirement Date and continuing on the last day of each month thereafter, equal to the amount of pension described in (i), (ii), (iii) and (iv) below.

(i) *Designated Appointee Pensionable Service*

The amount of pension accrued to the Field Management Member in respect of Designated Appointee Pensionable Service, computed pursuant to clause (i) of Section 5.01(c) above, based on the Field Management Member's Final 10-Year Average Field Management Pensionable Earnings and Designated Appointee Pensionable Service as of the Field Management Member's retirement date, but reduced by 0.6% for each month by which the Field Management Member's Pension Commencement Date precedes the Field Management Member's Normal Retirement Date.

(ii) *Field Management Pensionable Service On and After January 1, 1988*

The amount of pension accrued to the Field Management Member in respect of Field Management Pensionable Service on and after January 1, 1988, computed pursuant to clause (ii) of Section 5.01(c) above, based on the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings and Field Management Pensionable Service on and after January 1, 1988 and the Final Average YMPE as of the Field Management Member's retirement date, but reduced by 0.4% for each month by which the Field Management Member's Pension Commencement Date precedes the Field Management Member's Normal Retirement Date.

(iii) *Commission Earnings*

The amount of pension accrued to the Field Management Member in respect of Indexed Commission Earnings, computed pursuant to clause (iii) of Section 5.01(c) above, using the appropriate retirement factors in Table C.

(iv) *Annuity Purchase Benefit*

The amount of pension accrued to the Field Management Member in respect of annuity purchase benefits, computed pursuant to clause (iv) of Section 5.01(c) above, using the appropriate retirement factors in Table A and Table B as the case may be.

5.03 Postponed Retirement Benefits(a) Postponed Retirement Date

The Postponed Retirement Date of a Member or Field Management Member who remains in the service of the Company beyond his or her Normal Retirement Date shall be the last day of the month in which the Member or Field Management Member retires from the service of the Company, but in no event later than the

last day of the month in which the Member's or Field Management Member's 71st birthday occurs.

(b) Benefits in Respect of Pensionable Service

Each Member with Pensionable Service who retires on his or her Postponed Retirement Date shall be entitled to receive an annual pension in respect of such Pensionable Service payable in equal monthly instalments commencing on the Postponed Retirement Date and continuing on the last day of each month thereafter, equal to the amount of pension accrued to the Member in respect of Pensionable Service, computed pursuant to Section 5.01(b) above, based on the Member's Highest 3-Year Average Pensionable Earnings and Pensionable Service and the Final Average YMPE as of the Member's retirement date. In no event, however, shall the amount of pension be less than the Actuarial Equivalent of the amount of pension accrued to the Member as of his or her Normal Retirement Date, computed pursuant to Section 5.01(b) above, increased by the amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions).

(c) Benefits in Respect of Field Management Pensionable Service

Each Field Management Member with Field Management Pensionable Service who retires on his or her Postponed Retirement Date shall be entitled to receive an annual pension in respect of such Field Management Pensionable Service payable in equal monthly instalments commencing on the Postponed Retirement Date and continuing on the last day of each month thereafter, equal to the amount of pension described in (i), (ii), (iii) and (iv) below.

(i) *Designated Appointee Pensionable Service*

The amount of pension accrued to the Field Management Member in respect of Designated Appointee Pensionable Service as of his or her Normal Retirement Date, computed pursuant to clause (i) of Section 5.01(c) above.

(ii) *Field Management Pensionable Service On and After January 1, 1988*

The amount of pension accrued to the Field Management Member in respect of Field Management Pensionable Service on and after January 1, 1988, computed pursuant to clause (ii) of Section 5.01(c) above, based on the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings and Field Management Pensionable Service on and after January 1, 1988 and the Final Average YMPE as of the Field Management Member's retirement date. In no event, however, shall the amount of pension be less than the Actuarial Equivalent of the amount of pension accrued to the Field Management Member as of his or her Normal Retirement Date, computed pursuant to clause (ii) of Section

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5.01(c) above, increased by the amount by which the pension would have been indexed pursuant to Section 6.01 (Indexation of Pensions).

(iii) *Commission Earnings*

The amount of pension accrued to the Field Management Member in respect of Indexed Commission Earnings, computed pursuant to clause (iii) of Section 5.01(c) above, using the appropriate retirement factors in Table C.

(iv) *Annuity Purchase Benefit*

The amount of pension accrued to the Field Management Member in respect of annuity purchase benefits, computed pursuant to clause (iv) of Section 5.01(c) above, using the appropriate retirement factors in Table A and Table B as the case may be.

5.04 Benefit in Respect of Excess Contributions

A Member or Field Management Member who retires on a Normal, Early or Postponed Retirement Date pursuant to the foregoing provisions of this Section 5 and who is entitled to Excess Contributions shall be paid such Excess Contributions in a lump sum cash amount.

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Section 6 - Indexation of Pensions

6.01 Indexation of Pensions

The amount of annual pension payable to Members and Field Management Members who were employed prior to January 1, 2001 and their respective Spouses and Beneficiaries shall be increased effective each January 1 in accordance with Sections 6.02 and 6.03 below.

6.02 Amount of Increases

The increase to annual pensions made pursuant to Section 6.01 above effective any January 1 shall equal (a) minus (b) below where:

- (a) is the Member's or Field Management Member's annual pension at his or her Pension Commencement Date multiplied by the lesser of:
 - (i) the cumulative return based on the excess of the Current Year Rate for Indexing over 4% for each year measured from the Member's or Field Management Member's Pension Commencement Date to January 1 of the Plan Year, calculated to the nearest second decimal place; and
 - (ii) the cumulative Consumer Price Index Rate measured from the Member's or Field Management Member's Pension Commencement Date to January 1 of the Plan Year, calculated to the nearest second decimal place; and
- (b) is the Member's or Field Management Member's annual pension under the Plan, or under the Old Plan if applicable, as at December 31 of the previous Plan Year.

In no event shall the adjustment on any January 1 decrease the Member's or Field Management Member's pension below the amount of the annual pension payable on December 31 of the immediately preceding year.

For Members or Field Management Members who commenced to receive a pension under the Old Plan, for purposes of this Section 6.02 their "Pension Commencement Date" shall be deemed to be the date upon which their pension was due to commence under the Old Plan, and references to the annual pension payable on such date shall be deemed to be references to the amount of annual pension payable under the Old Plan.

6.03 Amount and Timing of First Increase

The amount of the first increase to a Member's or Field Management Member's annual pension shall be calculated pursuant to Section 6.02 above, but prorated by the number of regular monthly pension payments made in the immediately preceding calendar year, divided by 12. The first increase to a Member's annual pension shall not be earlier than the January 1 following the Member's Pension Commencement Date. The first increase

to a Field Management Member's annual pension shall not be earlier than the January 1 following the later of the Field Management Member's Pension Commencement Date and attainment of age 60.

6.04 Company Discretion

- (a) Subject to Section 6.04(b), the Company may in its sole and absolute discretion, from time to time, increase the amount of annual pensions of Members and Field Management Members who are hired by the Company after December 31, 2000, or of any class of such Members and Field Management Members, and their respective Spouses and Beneficiaries.
- (b) The increases under this Section 6.04 shall be made in accordance with such method as the Company may in its discretion adopt effective any January 1.

6.05 Limitation

The amount of the increase applied to a Member's or Field Management Member's pension as described in this Section 6 shall be subject in any event to the limits prescribed in subparagraph 8503(2)(a)(ii) of the Regulations under the Income Tax Act.

6.06 Definitions

In this Section 6, the expressions "Deferred Member" and "Deferred Field Management Member" have the meanings given to those expressions in Section 9.00.

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Section 7 - Forms of Pension Payment

7.01 Pensionable Service and Field Management Pensionable Service

- (a) Normal Form of Payment for a Member or Field Management Member With a Spouse on the Pension Commencement Date

The normal form of payment of a pension under the Plan in respect of Pensionable Service as described in Section 5.01(b) (Benefits in Respect of Pensionable Service) and Field Management Pensionable Service on and after January 1, 1988, as described in clause (ii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) for a Member or Field Management Member (referred to collectively in this Section 7.01 as "Member") who has a Spouse on the Pension Commencement Date is one which is payable in equal monthly instalments for the remaining lifetime of the retired Member, if the Member's Spouse predeceases the Member, with 60% of the pension continued after the Member's death to the Member's Beneficiary or, if none, to the Member's estate, ceasing with the payment due for the later of the 60th monthly payment and the month in which the Member dies. Alternatively, the Member's Beneficiary or the administrator of the Member's estate may direct the Company to pay the Commuted Value of the remaining payments in a lump sum.

However, if the Member is survived by the Spouse, 60% of the Member's monthly pension shall continue to such Spouse for the remaining lifetime of the Spouse, ceasing with the payment due for the later of the date of the 60th monthly payment to the Member and the Spouse and the month in which the Spouse dies. If the Spouse dies prior to the 60th monthly payment, the Commuted Value of the remaining payments shall be paid in a lump sum cash amount to the Spouse's Beneficiary or, if none, to the Spouse's estate.

- (b) Normal Form of Payment for a Member or Field Management Member Without a Spouse on the Pension Commencement Date

The normal form of payment of a pension under the Plan in respect of the Pensionable Service and Field Management Pensionable Service described above for a Member who does not have a Spouse on the Pension Commencement Date is one which is payable in equal monthly instalments for the remaining lifetime of the retired Member with 60% of the pension continued after the Member's death, ceasing with the payment due for the later of the 120th monthly payment and the month in which the Member dies. The Member's Beneficiary or the Member's estate shall be paid the Commuted Value of any remaining payments in a lump sum cash amount.

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7.02 Designated Appointee Pensionable Service, Commission Earnings and Annuity Purchase Benefit

(a) Normal Form of Payment

The normal form of payment of a pension under the Plan in respect of Designated Appointee Pensionable Service, Commission Earnings and annuity purchase benefits as described in clauses (i), (iii) and (iv) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) is one which is payable in equal monthly instalments for the remaining lifetime of the retired Field Management Member with the pension continued after the Field Management Member's death, ceasing with the payment due for the later of the 120th monthly payment and the month in which the Field Management Member dies. The Field Management Member's Beneficiary or the Field Management Member's estate shall be paid the Commuted Value of any remaining payments in a lump sum cash amount.

(b) Automatic Form of Payment for a Field Management Member With a Spouse

The automatic form of payment of a pension under the Plan in respect of the Designated Appointee Pensionable Service, Commission Earnings and annuity purchase benefits described above for a Field Management Member who has a Spouse on the Pension Commencement Date is a reduced pension payable in equal monthly instalments for the remaining lifetime of the retired Field Management Member with 60% of the reduced pension continued after the Field Management Member's death to such Spouse (if the Spouse survives the Field Management Member) for the remaining lifetime of the Spouse, ceasing with the payment due for the month in which the Spouse dies. The value of the pension payable in this automatic form of payment shall be the Actuarial Equivalent of the pension payable in the normal form of payment as described in paragraph (a) above.

7.03 Optional Forms of Payment

The Company may from time to time adopt or permit other optional forms of pension payment, provided that such optional forms comply with the Income Tax Act and the Pension Benefits Act. The value of a pension payable to a Member or Field Management Member in an optional form shall be the Actuarial Equivalent of the pension payable in the normal form of payment applicable to the Member or Field Management Member.

In order for a Member or a Field Management Member who has a Spouse on the Member's or Field Management Member's Pension Commencement Date to elect a monthly pension that provides a monthly pension to the Spouse equal to less than 60% of the pension that would have been payable to the Member or Field Management Member under the normal form of payment described in Section 7.01 (a) or the automatic form of payment described in Section 7.02 (b) above, the Member's or Field Management Member's Spouse and, where required by the Pension Benefits Act the Member or Field

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Management Member, must waive the normal form of payment in Section 7.01 (a) above or the automatic form of payment in Section 7.02 (b) above, whichever is applicable, by signing and filing a waiver, in the form and manner prescribed by the Pension Benefits Act, with the Company within one year prior to the Member's or Field Management Member's Pension Commencement Date. The waiver may be revoked by the Member's or Field Management Member's Spouse and, where required by the Pension Benefits Act the Member or Field Management Member at any time prior to the Pension Commencement Date or within such other time period prescribed by the Pension Benefits Act.

7.04 Effective Dates of Forms of Payment

The effective date upon which the form of payment applicable to a Member or Field Management Member is determined is the Member's or Field Management Member's Pension Commencement Date. After such date, the form of payment applicable to a Member or Field Management Member shall not be changed. If a Member's or Field Management Member's Spouse predeceases the Member or Field Management Member after the Pension Commencement Date and the Member or Field Management Member subsequently has another Spouse, any surviving Spouse pension that would have been payable to the first Spouse shall be without effect and shall not be payable to the second Spouse.

7.05 Payments After Death

- (a) Where the pension payable in respect of a Member or Field Management Member is in a joint and survivor form, the surviving Spouse shall receive the payments provided in that form.
- (b) Where the Spouse of a Member or Field Management Member is entitled to a lump sum cash amount in accordance with this Section 7, the Spouse may elect to transfer the lump sum cash amount to a registered retirement savings plan or registered retirement income fund of which the Spouse is the annuitant.

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Section 8 - Termination Benefits

8.01 Benefits in Respect of Pensionable Service

(a) Prior to Completing 2 Years of Continuous Service

If a Member terminates employment with the Company prior to completing 2 years of Continuous Service, the Member shall receive a refund of his or her accumulated contributions made to the Plan in respect of Pensionable Service, with Credited Interest thereon, in a lump sum cash payment. Alternatively, the Member may direct the Company in writing, on a form prescribed by the Company, to transfer the payment directly to the Member's registered retirement savings plan.

(b) After Completing 2 Years of Continuous Service

If a Member terminates employment with the Company after completing 2 years of Continuous Service but prior to commencement of a pension under the Plan, the Member shall be entitled to transfer the benefit described in subparagraph (i) below out of the Plan or to receive a deferred pension described in subparagraph (ii) below.

- (i) A transfer, subject to the transfer limits in section 8517 of the Regulations under the Income Tax Act, of an amount equal to the Commuted Value of the pension benefits described in Section 5.01(b) or 5.02(b) (Benefits in Respect of Pensionable Service), as applicable, including interest, at the rate used to determine the Commuted Value, up to the date of transfer to:

- (A) a retirement savings plan, locked-in retirement account, locked-in retirement income fund or life income fund, as prescribed by the Pension Benefits Act,
- (B) the pension fund of another registered pension plan, if the other pension plan permits such a transfer,
- (C) a life insurance company licensed to transact business in Canada.

A transfer must be made on a locked-in basis and the transferred amount must be used to provide retirement income which will not commence before the earliest date that the Member would have been entitled to receive pension benefits under the Plan or, if transferred to another pension plan, under that plan. In the event a portion of the Commuted Value available for transfer hereunder exceeds the transfer limits in section 8517 of the Regulations under the Income Tax Act, such portion shall be paid to the Member in a lump sum cash payment.

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Any transfer of funds or purchase of an annuity made hereunder will be in full discharge of the obligation of the Plan in respect of the amount so transferred or purchased.

- (ii) A deferred pension payable in equal monthly instalments from the Member's Normal Retirement Date equal to the amount of pension accrued to the Member's credit, as described in Section 5.01(b) (Benefits in Respect of Pensionable Service), based on the Member's Pensionable Service and Highest 3-Year Average Pensionable Earnings and the Final Average YMPE on the Member's termination date.

Alternatively, the Member may elect to commence such pension on an Early Retirement Date, in which case the amount of pension shall be reduced in accordance with Section 5.02(b) (Benefits in Respect of Pensionable Service).

8.02 Benefits in Respect of Field Management Pensionable Service

(a) Prior to Completing 2 Years of Continuous Service

If a Field Management Member terminates employment with the Company prior to completing 2 years of Continuous Service, the Field Management Member shall receive a refund of his or her accumulated contributions made to the Plan or the Prior Plan in respect of Field Management Pensionable Service, with Credited Interest thereon, in a lump sum cash payment. Alternatively, the Field Management Member may direct the Company in writing, on a form prescribed by the Company, to transfer the payment directly to the Field Management Member's registered retirement savings plan.

(b) After Completing 2 Years of Continuous Service

If a Field Management Member terminates employment with the Company after completing 2 years of Continuous Service but prior to the Field Management Member's Normal Retirement Date, the Field Management Member shall be entitled to transfer the benefit described in subparagraph (i) below out of the Plan or to receive a deferred pension described in subparagraph (ii) below.

- (i) A transfer, subject to the transfer limits in section 8517 of the Regulations under the Income Tax Act, of an amount equal to the Commuted Value of the pension benefits described in Section 5.01(c) or 5.02(c) (Benefits in Respect of Field Management Pensionable Service), as applicable, including interest, at the rate used to determine the Commuted Value, up to the date of transfer to:
 - (A) a retirement savings plan, locked-in retirement account, locked-in retirement income fund or life income fund, as prescribed by the Pension Benefits Act,

- (B) the pension fund of another registered pension plan, if the other pension plan permits such a transfer,
- (C) a life insurance company licensed to transact business in Canada.

A transfer must be made on a locked-in basis and the transferred amount must be used to provide retirement income which will not commence before the earliest date that the Field Management Member would have been entitled to receive pension benefits under the Plan or, if transferred to another pension plan, under that plan. In the event a portion of the Commuted Value available for transfer hereunder exceeds the transfer limits in section 8517 of the Regulations under the Income Tax Act, such portion shall be paid to the Field Management Member in a lump sum cash payment.

Any transfer of funds made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred.

- (ii) A deferred pension payable in equal monthly instalments from the Field Management Member's Normal Retirement Date equal to the amount of pension accrued to the Field Management Member's credit, as described in paragraphs (i), (ii), (iii) and (iv) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service), based on the Field Management Member's Field Management Pensionable Service, Designated Appointee Pensionable Service, Final 10-Year Average Field Management Pensionable Earnings, Highest 5-Year Average Field Management Pensionable Earnings and Commission Earnings and the Final Average YMPE on the Field Management Member's termination date.

Alternatively, the Field Management Member may elect to commence such pension on an Early Retirement Date, in which case the amount of pension shall be reduced in accordance with paragraphs (i), (ii), (iii) and (iv) of Section 5.02(c) (Benefits in Respect of Field Management Pensionable Service).

8.03 Default Position

A Member or Field Management Member who fails to make an election with respect to the form of the benefit to be paid under Section 8.01(b) or 8.02(b), as the case may be, within the time prescribed by the Pension Benefits Act, shall be deemed to have elected to receive the benefit as a pension commencing on the later of:

- (i) the Member's or Field Management Member's Normal Retirement Date; and
- (ii) the end of the month of the Member's or Field Management Member's termination of employment.

8.04 Benefit in Respect of Excess Contributions

A Member or Field Management Member who terminates employment and who is entitled to benefits pursuant to paragraph (b) of Sections 8.01 or 8.02 above and who is entitled to Excess Contributions shall be paid such Excess Contributions in a lump sum cash amount as soon as practicable after the date of termination of employment.

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Section 9 - Pre-Retirement Death Benefits

9.00 Definitions

In this Section 9, the following terms shall have the meanings given below.

“Active Member” means a Member in the service of the Company.

“Active Field Management Member” means a Field Management Member in the service of the Company.

“Deferred Field Management Member” means a Field Management Member who has terminated employment with the Company or retired and who has not yet reached his or her Pension Commencement Date.

“Deferred Member” means a Member who has terminated employment with the Company or retired and who has not yet reached his or her Pension Commencement Date.

“Qualifying Field Management Member” means:

- (a) an Active Field Management Member who has attained age 50 at the date of death; and
- (b) a Deferred Field Management Member who has attained age 50 at the date of termination of employment or retirement.

“Qualifying Member” means:

- (c) an Active Member who has attained age 55 at the date of death; and
- (d) a Deferred Member who has attained age 55 at the date of termination of employment or retirement.

“Vested Member”, at any time, means an Active Member who would be entitled to benefits under Section 8.01(b) if the Active Member terminated employment immediately before that time.

“Vested Field Management Member” at any time, means an Active Field Management Member who would be entitled to benefits under Section 8.02(b) if the Active Field Management Member terminated employment immediately before that time.

9.01 Benefits in Respect of Pensionable Service

A death benefit shall be payable from the Plan under either paragraph (a) or paragraph (b) below on the death of a Deferred Member or a Vested Member. On the death of an Active Member who is not a Vested Member, the Beneficiary of the Active Member, or

if none, the estate of the Active Member, shall receive a lump sum cash amount equal to the accumulated contributions made to the Plan by the Active Member in respect of Pensionable Service, together with Credited Interest thereon.

(a) Member With a Spouse

- (i) If the Member has a Spouse on his or her date of death, unless the Spouse has waived entitlement, the Spouse shall be entitled to receive an immediate pension payable in equal monthly instalments for the Spouse's remaining lifetime equal to 60% of the amount of pension accrued by the Member up to his or her date of death or earlier termination of employment pursuant to Section 5.01(b) (Benefits in Respect of Pensionable Service), but with the guarantee that if fewer than 120 monthly payments are made to the Spouse, the payments shall continue to the Spouse's Beneficiary or, if none, to the Spouse's estate. Alternatively, the Spouse's Beneficiary or the administrator of the Spouse's estate may direct the Company to pay the Commuted Value of the remaining payments in a lump sum cash amount.
- (ii) In lieu of the immediate monthly pension described above, the Spouse may direct the Company to pay the pension with a deferred commencement date, on an Actuarial Equivalent basis. If the Spouse dies prior to his or her Pension Commencement Date, the Commuted Value of the pension shall be paid to the Spouse's Beneficiary or, if none, to the Spouse's estate. Alternatively, in lieu of the immediate monthly pension and the monthly pension with a deferred commencement date, the Spouse may direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund as permitted under the Income Tax Act and the Pension Benefits Act.
- (iii) If the Spouse fails to make a written election with respect to the form of payment of the benefit payable to the Spouse under this Section 9.01(a) within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as an immediate pension. If the Spouse elects to receive a pension, that pension shall commence no later than the later of:
 - (A) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and
 - (B) the end of the month of the Member's death.
- (iv) Any transfer of funds made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred.
- (v) In the case of a Member other than a Qualifying Member, the Commuted

Value of the pension payable to the Spouse under this Section 9.01(a) shall not be less than the Commuted Value of the amount of monthly pension accrued by the Member up to his or her date of death pursuant to Section 5.01(b) (Benefits in Respect of Pensionable Service) that would have been payable to the Member commencing on the Member's Normal Retirement Date in the normal form described in Section 7.01(b) (Normal Form of Payment for a Member or Field Management Member Without a Spouse on the Pension Commencement Date) and shall not be more than the limit prescribed under paragraph 8503(2)(e) of the Regulations under the Income Tax Act.

- (vi) In the case of a Qualifying Member, the Commuted Value of the pension payable to the Spouse under this Section 9.01(a) shall not be less than the Commuted Value of the amount of monthly pension accrued by the Member up to his or her date of death pursuant to Section 5.01(b) or 5.03(b) (Benefits in Respect of Pensionable Service) that would have been payable to the Member commencing at the at the end of the month of death, had the Member retired immediately before the end of that month, in the normal form described in Section 7.01(b) (Normal Form of Payment for a Member or Field Management Member Without a Spouse on the Pension Commencement Date), and shall not be more than the limit prescribed under paragraph 8503(2)(e) of the Regulations under the Income Tax Act.
- (vii) Despite any other provision of this Section 9.01(a), the Commuted Value of the pension payable to the Spouse shall not be less than the minimum death benefit prescribed under the Pension Benefits Act.

(b) Member Without a Spouse

- (i) If the Member described above does not have a Spouse on his or her date of death or if the Spouse has waived entitlement, the Member's Beneficiary or, if none, the Member's estate shall be entitled to receive a lump sum cash amount equal to the present value of 120 consecutive monthly payments, with each such payment equal to 60% of the monthly pension that would have been payable to the Member on the Member's Normal Retirement Date or Postponed Retirement Date pursuant to Section 5.01(b) or 5.03(b) (Benefits in Respect of Pensionable Service), as the case may be.
- (ii) In the case of a Member other than a Qualifying Member, the amount payable under this Section 9.01(b) shall not be less than the Commuted Value of the amount of monthly pension accrued by the Member up to his or her date of death pursuant to Section 5.01(b) (Benefits in Respect of Pensionable Service) that would have been payable to the Member commencing on the Member's Normal Retirement Date for the lifetime of the Member, but with a guarantee of 120 monthly payments.

- (iii) In the case of a Qualifying Member, the amount payable under this Section 9.01(b) shall not be less than the Commuted Value of the amount of monthly pension accrued by the Member up to his or her date of death pursuant to Section 5.01(b) or 5.03(b) (Benefits in Respect of Pensionable Service) that would have been payable to the Member commencing at the at the end of the month of death, had the Member retired immediately before the end of that month, for the lifetime of the Member but with a guarantee of 120 monthly payments.
- (iv) Despite any other provision of this Section 9.01(b), the Commuted Value of the amount payable on the death of the Member shall not be less than the minimum death benefit prescribed under the Pension Benefits Act.

9.02 Benefits in Respect of Field Management Pensionable Service

A death benefit shall be payable from the Plan on the death of a Deferred Field Management Member or a Vested Field Management Member equal to the sum of (a), (b), (c) and (d) below. On the death of an Active Field Management Member who is not a Vested Field Management Member, the Beneficiary or the Active Field Management Member, or if none, the estate of the Active Field Management Member, shall receive a lump sum cash amount equal to the Active Field Management Member's contributions made to the Plan or the Prior Plan in respect of Field Management Pensionable Service, with Credited Interest thereon.

(a) Designated Appointee Pensionable Service

- (i) In the case of a Field Management Member other than a Qualifying Field Management Member, a benefit equal to the Commuted Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (i) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) in respect of the Field Management Member's Designated Appointee Pensionable Service for the 1987 calendar year, that would have been payable commencing on the Field Management Member's Normal Retirement Date in accordance with the normal form of payment described in Section 7.01 (a) (Normal Form of Payment for a Member or Field Management Member With a Spouse on the Pension Commencement Date).
- (ii) In the case of a Qualifying Field Management Member, a benefit equal to the Commuted Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (i) of Section 5.01(c) or 5.03(c) (Benefits in Respect of Field Management Pensionable Service), in respect of the Field Management Member's Designated Appointee Pensionable Service for the 1987 calendar year, that would have been payable commencing at the end of the month of death, had the Member retired immediately before the end of that month, in accordance with the normal form of payment described in

Section 7.01 (a) (Normal Form of Payment for a Member or Field Management Member With a Spouse on the Pension Commencement Date).

(iii) If the Field Management Member is survived by a Spouse, unless the Spouse has waived entitlement, the Spouse may elect to receive the benefit described in subparagraph (i) or (ii) of this Section 9.02(a) as:

- (A) an immediate monthly pension payable for the Spouse's lifetime;
- (B) a deferred monthly pension payable for the Spouse's lifetime;
- (C) a lump sum cash amount; or
- (D) a transfer to the Spouse's registered retirement savings plan or registered retirement income fund, as permitted under the Income Tax Act and the Pension Benefits Act.

(iv) If the Spouse elects to receive a pension, that pension shall commence no later than the later of:

- (A) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and
- (B) the end of the month of the Field Management Member's death.

(v) If the Spouse fails to make a written election with respect to the form of payment of the benefit payable to the Spouse within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as an immediate pension.

(vi) Any transfer of funds or lump sum cash amount made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred or so paid.

(vii) If the Field Management Member is not survived by a Spouse, or the Spouse has waived entitlement, the benefit described in subparagraph (i) or (ii) of this Section 9.02(a) shall be paid to the Field Management Member's Beneficiary or, if none, to the Field Management Member's estate in a lump sum cash amount.

(b) Field Management Pensionable Service On and After January 1, 1988

A benefit under either subparagraph (i) or subparagraph (ii) below.

(i) *Field Management Member With a Spouse*

(A) If the Field Management Member has a Spouse on his or her date

of death, unless the Spouse has waived entitlement, the Spouse shall be entitled to receive an immediate pension payable in equal monthly instalments for the Spouse's remaining lifetime equal to 60% of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (ii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service), but with the guarantee that if fewer than 120 monthly payments are made to the Spouse, the payments shall continue to the Spouse's Beneficiary or, if none, to the Spouse's estate. Alternatively, the Spouse's Beneficiary or the administrator of the Spouse's estate may direct the Company to pay the Commuted Value of the remaining payments in a lump sum cash amount.

- (B) In lieu of the immediate monthly pension described above, the Spouse may direct the Company to pay the pension with a deferred commencement date, on an Actuarial Equivalent basis. If the Spouse dies prior to his or her Pension Commencement Date, the Commuted Value of the pension shall be paid to the Spouse's Beneficiary or, if none, to the Spouse's estate. Alternatively, in lieu of the immediate monthly pension or the monthly pension with a deferred commencement date, the Spouse may direct the Company to pay the Commuted Value of the pension in a lump sum cash amount or to transfer such Commuted Value to his or her registered retirement savings plan or registered retirement income fund as permitted under the Income Tax Act and the Pension Benefits Act.
- (C) If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under this Section 9.02(b), within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as an immediate pension. If the Spouse elects to receive a pension, that pension shall commence no later than the later of:
 - (I) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and
 - (II) the end of the month of the Field Management Member's death.
- (D) Any transfer of funds made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred.
- (E) In the case of a Field Management Member other than a Qualifying Field Management Member, the Commuted Value of the pension payable to the Spouse shall not be less than the

Commutated Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (ii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service), that would have been payable commencing on the Field Management Member's Normal Retirement Date for the lifetime of the Field Management Member, but with a guarantee of 120 monthly payments, and shall not be more than the limit prescribed under paragraph 8503(2)(e) of the Regulations under the Income Tax Act.

- (F) In the case of a Qualifying Field Management Member, the Commuted Value of the pension payable to the Spouse shall not be less than the Commuted Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (ii) of Section 5.01(c) of 5.03(c) (Benefits in Respect of Field Management Pensionable Service), that would have been payable commencing at the end of month of death, had the Field Management Member retired immediately before the end of that month, for the lifetime of the Field Management Member, but with a guarantee of 120 monthly payments, and shall not be more than the limit prescribed under paragraph 8503(2)(e) of the Regulations under the Income Tax Act.

(ii) *Field Management Member Without a Spouse*

- (A) If the Field Management Member does not have a Spouse on his or her date of death, or the Spouse has waived entitlement, the Field Management Member's Beneficiary or, if none, the Field Management Member's estate shall be entitled to receive a lump sum cash amount equal to the present value of 120 consecutive monthly payments, with each payment equal to 60% of the monthly pension that would have been payable to the Field Management Member on the Field Management Member's Normal Retirement Date or Postponed Retirement Date pursuant to subparagraph (ii) of Section 5.01(c) or 5.03(c) (Benefits In Respect of Field Management Pensionable Service).
- (B) In the case of a Field Management Member other than a Qualifying Field Management Member, the amount payable under this subparagraph (ii) of Section 9.02(b) shall not be less than the Commuted Value of 60% of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (ii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service), that would have been payable to the Field Management Member commencing on the Field Management Member's Normal Retirement Date for the

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lifetime of the Field Management Member, but with a guarantee of 120 monthly payments. The amount payable shall also not be less than the minimum death benefit prescribed under the Pension Benefits Act.

- (C) In the case of a Qualifying Field Management Member, the amount payable under this subparagraph (ii) of Section 9.02(b) shall not be less than the Commuted Value of 60% of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (ii) of Section 5.01(c) or 5.03(c) (Benefits in Respect of Field Management Pensionable Service), that would have been payable to the Field Management Member commencing at the end of the month of death, had the Field Management Member retired immediately before the end of the month, for the lifetime of the Field Management Member, but with a guarantee of 120 monthly payments. The amount payable shall also not be less than the minimum death benefit prescribed under the Pension Benefits Act.

(c) Commission Earnings

- (i) In the case of a Field Management Member other than a Qualifying Field Management Member, a benefit equal to the Commuted Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (iii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) in respect of the Field Management Member's Indexed Commission Earnings, that would have been payable commencing on the Field Management Member's Normal Retirement Date in accordance with the normal form of payment described in Section 7.01(a) (Normal Form of Payment for a Member or Field Management Member With a Spouse on the Pension Commencement Date).
- (ii) In the case of a Qualifying Field Management Member, a benefit equal to the Commuted Value of the amount of pension accrued by the Field Management Member up to his or her date of death pursuant to subparagraph (iii) of Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) in respect of the Field Management Member's Indexed Commission Earnings, that would have been payable commencing at the end of the month of death, had the Field Management Member retired immediately before the end of that month, in accordance with the normal form of payment described in Section 7.01 (a) (Normal Form of Payment for a Member or Field Management Member With a Spouse on the Pension Commencement Date).
- (iii) If the Field Management Member is survived by a Spouse, unless the Spouse has waived entitlement, the Spouse may elect to receive the benefit

described in subparagraph (i) or (ii) as:

- (A) an immediate monthly pension payable for the Spouse's lifetime;
- (B) a deferred monthly pension payable for the Spouse's lifetime;
- (C) a lump sum cash amount; or
- (D) a transfer to the Spouse's registered retirement savings plan or registered retirement income fund, as permitted under the Income Tax Act and the Pension Benefits Act.

(iv) If the Spouse elects to receive a pension, that pension shall commence no later than the later of:

- (A) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and
- (B) the end of the month of the Field Management Member's death.

(v) If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as an immediate pension.

(vi) Any transfer of funds or lump sum cash amount made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred or so paid.

(vii) If the Field Management Member is not survived by a Spouse, or the Spouse has waived entitlement, the benefit described in subparagraph (i) or (ii) shall be paid to the Field Management Member's Beneficiary or, if none, to the Field Management Member's estate in a lump sum cash amount.

(d) Annuity Purchase Benefit

A benefit equal to the sum of (i), (ii), (iii) and (iv) below.

- (i) A refund of the Field Management Member's accumulated earnings-related required contributions made up to December 31, 1987, plus Credited Interest.
- (ii) A refund of the Field Management Member's accumulated earnings-related Company grants, plus Credited Interest.
- (iii) A refund of the Field Management Member's commission-related notional Company grants made up to December 31, 1987, plus Credited Interest.

- (iv) A refund of the Field Management Member's accumulated commission-related required contributions, plus Credited Interest.

If the Member or Field Management Member is survived by a Spouse, the benefit shall be transferred to the Spouse's registered retirement savings plan or registered retirement income fund for the purchase of an immediate or deferred life annuity or for the provision of lump sum benefits. Alternatively, the Spouse may direct the Company to pay the benefit in a lump sum.

If the Spouse fails to make a written election, with respect to the form of payment of the benefit, within the time prescribed by the Pension Benefits Act, the Spouse shall receive the benefit as an immediate lifetime pension from the Plan determined by applying to the amount of the benefit the annuity factor adopted for the purpose by the Company.

Any transfer of funds or lump sum cash amount made hereunder will be a full discharge of the obligation of the Plan in respect of the amount so transferred or so paid.

If the Field Management Member is not survived by a Spouse or the Spouse has waived entitlement, the benefit shall be paid to the Field Management Member's Beneficiary or, if none, to the Field Management Member's estate in a lump sum.

9.03 Spousal Waiver

A Member's or Field Management Member's Spouse may waive entitlement to a pre-retirement death benefit payable under Sections 9.01 or 9.02 by signing and filing a waiver prior to the Member's or Field Management Member's death, in the form and manner prescribed by the Pension Benefits Act, with the Company. The waiver may be revoked by the Member's or Field Management Member's Spouse in writing to the Company at any time prior to the Member's or Field Management Member's death.

9.04 Benefit in Respect of Excess Contributions

Any Excess Contributions payable in respect of the benefits described in Sections 9.01 and 9.02 above shall be paid to the same person to whom the benefits described in Sections 9.01 and 9.02 above are paid, in the form of a lump sum cash amount.

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Section 10 - Benefits on Disability

10.01 Benefits in Respect of Pensionable Service

(a) Short-Term Disability

A Member who ceases to be actively employed by the Company by reason of disability and who is receiving short-term disability income continuation payments from the Company, shall continue to participate in the Plan as though actively employed. The Member's Continuous Service and Pensionable Service shall continue to accrue and the Member shall continue to contribute to the Plan pursuant to Section 4.01 (Member Contributions).

With respect to a Member who received short-term disability income continuation benefits from the Company as a result of a disability incurred before July 1, 2004, the Member's Pensionable Earnings, for purposes of calculating the Member's accrual of benefits during the period of short-term disability, shall be equal to the Member's basic rate of pay immediately before the onset of the disability.

(b) Long-Term Disability

A Member who ceases to be actively employed by the Company by reason of Total Disability and who has exhausted any entitlement to short-term disability income continuation payments from the Company shall cease contributing to the Plan, but shall continue to accrue benefits pursuant to Section 5.01 (Normal Retirement Benefits) based on Pensionable Service while Totally Disabled until the Member's retirement date. The Member's retirement date shall occur on the Member's Normal Retirement Date.

The Member's Pensionable Earnings, for purposes of calculating the Member's accrual of benefits during the period of Total Disability, shall be equal to the Member's base rate of pay immediately prior to the Total Disability and adjusted each January 1 following the date the Member became Totally Disabled:

- (i) for the adjustments to be made before 2010, by the inflation-related percentage adjustment, if any, applied to the Member's disability benefits payable under the Company-sponsored long-term disability benefit plan; and
- (ii) for the adjustments to be made after 2009, by taking into account increases in the average industrial wage after 2008, as determined by the Company, in its sole and absolute discretion

In no event shall the adjustments to the Member's Pensionable Earnings exceed the limits for prescribed compensation in section 8507 of the Regulations under the Income Tax Act. The YMPE, for purposes of calculating the Member's

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accrual of benefits during the period of Total Disability, shall be the YMPE in effect during such period.

10.02 Benefits in Respect of Field Management Pensionable Service

(a) Short-Term Disability

A Field Management Member who ceases to be actively employed by the Company by reason of disability and who is receiving short-term disability income continuation payments from the Company, shall continue to participate in the Plan as though actively employed. The Field Management Member's Continuous Service and Field Management Pensionable Service shall continue to accrue and the Field Management Member shall continue to contribute to the Plan pursuant to Section 4.01 (Member Contributions).

With respect to a Field Management Member who received short-term disability income continuation benefits from the Company as a result of a disability incurred before July 1, 2004, the Field Management Member's Field Management Pensionable Earnings, for purposes of calculating the Field Management Member's accrual of benefits during the period of short-term disability, shall be equal to the Field Management Member's Field Management Pensionable Earnings for the 12-month period immediately prior to the onset of the disability.

(b) Long-Term Disability

A Field Management Member who ceases to be actively employed by the Company by reason of Total Disability and who has exhausted any entitlement to short-term disability income continuation payments from the Company shall be entitled to the benefits described under paragraphs (i), (ii) and (iii) below.

(i) *Designated Appointee Pensionable Service and Field Management Pensionable Service on and After January 1, 1988*

The Field Management Member shall cease contributing to the Plan, but shall continue to accrue Field Management Pensionable Service while Totally Disabled until the Field Management Member's Normal Retirement Date. The Field Management Member's Field Management Pensionable Earnings, for purposes of calculating the Field Management Member's accrual of benefits during the period of Total Disability, shall be equal to the Field Management Member's Field Management Pensionable Earnings for the 12-month period immediately prior to the Total Disability and adjusted each January 1 thereafter:

- (A) for the adjustments to be made before 2010, by the inflation-related percentage adjustment, if any, applied to the Field Management Member's disability benefits payable under the Company-sponsored long-term disability benefit plan; and

- (B) for the adjustments to be made after 2009, by taking into account increases in the average industrial wage after 2008, as determined by the Company, in its sole and absolute discretion

In no event shall the adjustments to the Field Management Member's Field Management Pensionable Earnings exceed the limits for prescribed compensation in section 8507 of the Regulations under the Income Tax Act. The YMPE, for purposes of calculating the Field Management Member's accrual of benefits during the period of Total Disability, shall be the YMPE in effect during such period.

(ii) *Commission Earnings*

A Field Management Member's benefit in respect of Commission Earnings shall be equal to the Field Management Member's benefit determined pursuant to paragraph (c) (iii) of Section 5.01 (Normal Retirement Benefits). The Field Management Member's Commission Earnings shall be indexed in the manner set out in that paragraph until the Field Management Member's date of termination of employment, retirement or death.

(iii) *Annuity Purchase Benefit*

A Field Management Member's annuity purchase benefit, as described in paragraph (c) (iv) of Section 5.01 (Normal Retirement Benefits), shall be determined in accordance with that paragraph.

10.03 Benefits in Respect of Certain Former Employees of Crown Life Insurance Company of Canada

A former employee of Crown Life Insurance Company of Canada, or its predecessor company, who became a Member of the Old Plan as a result of the transaction described in Section 1.03, who was, at the time of such transaction, in receipt of benefits from the long-term disability plan sponsored by Crown Life Insurance Company of Canada and who remains Totally Disabled and in receipt of such long-term disability benefits on the Effective Date, and who is a Transferred Member, shall accrue Pensionable Service from the Effective Date while Totally Disabled until the Member's retirement date. The Member's retirement date shall occur on the Member's Normal Retirement Date.

The Member's Pensionable Earnings, for purposes of calculating the Member's accrual of benefits during the period of Total Disability under this Section 10.03, shall be equal to the Member's "Earnings", as such term is defined in Appendix "B" to the Plan, and the YMPE during such period shall be equal to the YMPE in effect immediately prior to the Total Disability. The Member shall not contribute to the Plan during such period of Total Disability.

Section 11 - Approved Leaves of Absence

11.01 Unpaid Approved Leaves of Absence

- (a) A Member or Field Management Member who is on an unpaid Approved Leave of Absence that is expected, at the commencement of the Approved Leave of Absence, to last no more than 31 days shall continue to contribute pursuant to Section 4.01 (Member Contributions) and shall continue to accrue Pensionable Service and Field Management Pensionable Service during such period, to a maximum of 31 days. If the Approved Leave of Absence extends beyond 31 days, the Member or Field Management Member shall cease to so contribute for the portion of the Approved Leave of Absence beyond 31 days and shall not accrue Pensionable Service or Field Management Pensionable Service for that portion of the Approved Leave of Absence, unless the Member or Field Management Member provides written notice to the Company, before the expiry of the first 31 days of the Approved Leave of Absence, that the Member or Field Management Member intends to contribute to the Plan during that portion and to accrue Pensionable Service and Field Management Pensionable Service during that portion. If the Member or Field Management Member does contribute to the Plan in accordance with the Member's or Field Management Member's written notice, in the manner and at the times stipulated by the Company, the Member or Field Management Member shall accrue Pensionable Service or Field Management Pensionable Service for that portion.
- (b) A Member or Field Management Member who is on an unpaid Approved Leave of Absence (other than a period of Total Disability) that is expected, at the commencement of the Approved Leave of Absence, to last more than 31 days shall cease to contribute pursuant to Section 4.01 (Member Contributions) and shall cease to accrue Pensionable Service and Field Management Pensionable Service during the Approved Leave of Absence, unless the Member or Field Management Member provides written notice to the Company, before the commencement of the Approved Leave of Absence, that the Member or Field Management Member intends to contribute to the Plan during the Approved Leave of Absence and to accrue Pensionable Service and Field Management Pensionable Service during that Approved Leave of Absence. If the Member or Field Management Member does contribute to the Plan in accordance with the Member's or Field Management Member's written notice, in the manner and at the times stipulated by the Company, the Member or Field Management Member shall accrue Pensionable Service or Field Management Pensionable Service for that portion of the Approved Leave of Absence for which contributions are so made.
- (c) Subject to paragraphs (a) and (b), a Member or Field Management Member who is on an unpaid Approved Leave of Absence that is a sabbatical may continue to contribute to the Plan pursuant to Section 4.01 (Member Contributions) and to

accrue Pensionable Service and Field Management Pensionable Service hereunder during such Approved Leave of Absence.

- (d) During any such Approved Leave of Absence (other than a period of disability in respect of which Pensionable Earnings or Field Management Pensionable Earnings are determined in accordance with Section 10.01 or 10.02, as the case may be) that is included in Pensionable Service or Field Management Pensionable Service,
 - (i) the Member shall be deemed to be in receipt of Pensionable Earnings at the rate of Pensionable Earnings payable to the Member at the commencement of the Approved Leave of Absence; and
 - (ii) the Field Management Member shall be deemed to be in receipt of Field Management Pensionable Earnings on the assumption that the Field Management Member's annual rate of Field Management Pensionable Earnings equals the Field Management Member's Field Management Pensionable Earnings for the 12-month period ending at the commencement of the Approved Leave of Absence.
- (e) The Member or Field Management Member shall make the contributions pursuant to Section 4.01 (Member Contributions) by means of post-dated cheques provided to the Company at the commencement of the Approved Leave of Absence.

11.02 Paid Approved Leaves of Absence

A Member or Field Management Member who is on a paid Approved Leave of Absence shall continue to contribute to the Plan pursuant to Section 4.01 (Member Contributions) and to accrue Pensionable Service and Field Management Pensionable Service hereunder.

11.03 Contribution Holiday

Notwithstanding the provisions of Sections 11.01 and 11.02 and paragraph 4.01(c), commencing on January 1 immediately following the Effective Date the contribution obligation under Sections 11.01 and 11.02 of Members and Field Management Members who are Transferred Members shall be waived for a period of two years.

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Section 12 - Transfer of Employment Status

12.01 Transfer from Field Management Employee to Employee Status

In the event an individual who is a Field Management Employee transfers employment status such that the individual becomes an Employee, the individual's accrued benefit in respect of Field Management Pensionable Service under paragraph (c)(ii) of Section 5.01 (Normal Retirement Benefits) shall be determined as of the date of transfer of employment status, based on the individual's Field Management Pensionable Service and Highest 5-Year Average Field Management Pensionable Earnings and the Final Average YMPE in effect as of such date.

However, if the individual completes 15 years of Pensionable Service, the individual's benefit in respect of such Field Management Pensionable Service shall be determined in accordance with paragraph (b) of Section 5.01 (Normal Retirement Benefits), based on the individual's Highest 3-Year Average Pensionable Earnings and the Final Average YMPE in effect as of the date of the individual's termination of employment, retirement or death, as the case may be. In no event shall the individual's benefit in respect of such Field Management Pensionable Service be less than the benefit described in the preceding paragraph.

12.02 Transfer from Employee to Field Management Employee Status

In the event an individual who is an Employee transfers employment status such that the individual becomes a Field Management Employee, the individual's accrued benefit in respect of Pensionable Service under paragraph (b) of Section 5.01 (Normal Retirement Benefits) shall be determined as of the date of transfer of employment status, based on the individual's Pensionable Service and Highest 3-Year Average Pensionable Earnings and the Final Average YMPE in effect as of such date, and increased each January 1, by the lesser of the change in the Consumer Price Index (Canada) and the wage increase guidelines of the Company. In no event shall such adjustment exceed the increase permitted under paragraph 8503(3)(h) of the Regulations under the Income Tax Act.

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Section 13 - Prescribed Limits Under Income Tax Act

13.01 General

The Income Tax Act imposes conditions that must be complied with in order for a pension plan to have registered status under the Income Tax Act. Certain restrictions must be specifically stated in the Plan, even though the regular terms of the Plan may be more restrictive. In administering the Plan, contributions and benefits are first determined in accordance with the regular terms of the Plan, then tested against the provisions of this Section 13 and modified if necessary.

13.02 Maximum Pension

Notwithstanding any other provision of the Plan, and subject to Section 13.03 below, the annual pension payable to a Member or Field Management Member under the Plan on the date of the Member's or Field Management Member's retirement, termination of employment or death or upon termination of the Plan in whole or in part, whichever occurs first, including any benefits paid to a Spouse pursuant to Section 16.07 (Division of Pension Benefits on Marriage Breakdown), shall not exceed the lesser of:

- (i) 2% of the Member's or Field Management Member's "highest average compensation" multiplied by the Member's or Field Management Member's years of Membership Service (not in excess of the number of years in respect of which an annual pension is provided under Section 5.01 (b) and/or (c)); and
- (ii) the "defined benefit limit" for such year multiplied by the Member's or Field Management Member's years of Membership Service (not in excess of the number of years in respect of which an annual pension is provided under Section 5.01 (b) and/or (c)).

It is further provided that if lifetime retirement benefits are granted to a Member under the Plan in respect of a period of service prior to January 1, 1990 during which the Member had not previously accrued a lifetime retirement benefit under the Plan, the Old Plan or a prior plan, the amount of such lifetime retirement benefits shall be subject to the limits prescribed under subsection 8504(6) under the Regulations under the Income Tax Act.

For the purposes of this Section 13.02, the terms "highest average compensation" and "defined benefit limit" shall have the meanings determined at the discretion of the Company provided such meanings are in compliance with the definitions of these terms in the Regulations under the Income Tax Act.

Any additional pension payable to a Member who retires on a Postponed Retirement Date after attainment of age 65 resulting from an Actuarial Equivalent adjustment under Section 5.03 shall be excluded in applying the foregoing limitations.

13.03 Maximum Early Retirement Pension

The annual early retirement pension payable to a Member or Field Management Member, as calculated pursuant to Section 5.02 (Early Retirement Pension) commencing prior to the Member's or Field Management Member's attainment of age 60, shall not exceed the lesser of the amount payable under Section 5.01 (Normal Retirement Pension) and the maximum amount determined pursuant to Section 13.02 above, except that such maximum amount shall be reduced by 1/4 of 1% for each month by which the Member's or Field Management Member's Pension Commencement Date precedes the earliest of the first day of the month following:

- (i) the Member's or Field Management Member's attainment of age 60;
- (ii) the date the Member or Field Management Member would have attained 30 years of early retirement eligibility service, as defined in the Income Tax Act, had he or she continued in employment with the Company; or
- (iii) the date the Member or Field Management Member would have attained a combined total of 80 years of age and early retirement eligibility service, as defined in the Income Tax Act, had he or she continued in employment with the Company.

13.04 Maximum Pension Adjustment

In no event shall a Member's or Field Management Member's "pension adjustment" in respect of the Company, or any company not dealing at arm's length with the Company, for a calendar year exceed the lesser of:

- (i) the "money purchase limit" for the calendar year; and
- (ii) 18% of the Member's or Field Management Member's "compensation" for the calendar year.

For purposes of this Section 13.04, the terms "money purchase limit", "compensation" and "pension adjustment" shall have the meanings as defined in the Income Tax Act.

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Section 14 - Pension Fund

14.01 General

The Company has established, and will maintain during the term of this Plan, a Pension Fund for the purpose of receiving and investing the contributions, and providing the benefits under the Plan.

The Pension Fund shall be separate from the assets of the Company and shall be held, administered and invested in accordance with the terms of the Trust Agreement, and in compliance with the provisions of the Pension Benefits Act, the Income Tax Act and any other applicable legislation governing the investment of pension funds.

14.02 Provision of Benefits

All benefits under the Plan will be paid out of the Pension Fund and any Member or Field Management Member or other person having any claim under the Plan must look solely to the assets of the Pension Fund for such benefits. No person shall have the right to or interest in any part of the assets of the Pension Fund except as and to the extent provided, from time to time, under the Plan and the Trust Agreement. Except as may be provided in the Pension Benefits Act, and except in the case of negligence, wilful misconduct or lack of good faith, no liabilities shall attach to the Company or any officer, shareholder, director, or associate of the Company for payment of any benefits or claims hereunder.

14.03 Investment

Subject to Section B.19.01 of Appendix "B", the Trustee is responsible for the investment of the Pension Fund in accordance with the statement of investment policies and procedures referred to in Section 14.04 below, subject to any limitations under the Pension Benefits Act or restrictions the Income Tax Act may impose on investments by registered pension plans.

14.04 Statement of Investment Policies and Procedures

The Company is responsible for establishing and adopting a written statement of investment policies and procedures for the Pension Fund (including reference to the investment of the assets held in respect of Member Accounts established under Appendix "B") which will be reviewed from time to time, and updated as necessary.

14.05 Expenses

All reasonable charges, fees, taxes and other expenses, including, without limitation, any internal expenses of the Plan administrator and the usual and reasonable expenses of any agents of the Plan administrator, incurred in the operation, review, design, amendment and administration of the Plan and the Trust Agreement or the review, administration, use and investment of the Pension Fund, including Surplus Assets, shall be paid from the

Pension Fund unless paid directly by the Company. The Trustee shall, if requested by the Company, reimburse the Company out of the Pension Fund for any such charges, fees, taxes and other expenses which the Company has paid directly, plus interest.

To the extent any reasonable charges, fees, taxes and other expenses, including, without limitation, any internal expenses of the Old Plan administrator and the usual and reasonable expenses of any agents of the Old Plan administrator, incurred in the operation, review, design, amendment and administration of the Old Plan and its trust agreement or the review, administration, use and investment of the pension fund of the Old Plan, including surplus, are allocated to the Plan in conjunction with the transfer of Transferred Members' liabilities (and related assets) from the Old Plan to the Plan, such charges, fees, taxes and other expenses shall be paid from the Pension Fund unless paid directly by the Company. The Trustee shall, if requested by the Company, reimburse the Company out of the Pension Fund for any such charges, fees, taxes and other expenses which the Company has paid directly, plus interest.

14.06 Actuarial Valuation

The Actuary shall conduct actuarial valuations of the Pension Fund at such times as the Company may decide but not less frequently than as prescribed by the Pension Benefits Act or the Income Tax Act.

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Section 15 - Administration of the Plan

15.01 Administration of the Plan

The Company is the Plan administrator (within the meaning of that term in the Pension Benefits Act). The Company may, from time to time, delegate authority to a committee, any officers or employees of the Company or any agents, with respect to the administration of the Plan and the administration and investment of the Pension Fund. The Company shall conclusively determine all questions relating to the length of service, eligibility, early or postponed retirement, and rates and amounts of earnings for the purposes of the Plan and shall conclusively decide all matters relating to the administration, interpretation, overall operation and application of the Plan, consistent, however, with the terms of the Plan and Trust Agreement.

The Company may enact rules and regulations relating to the administration of the Plan and the transaction of its business and shall be empowered to amend such rules and regulations from time to time.

15.02 Records of the Company

Wherever the records of the Company are used for the purposes of the Plan, such records shall be conclusive of the facts with which they are concerned.

15.03 Communication

(a) Notice of Plan Terms and Amendments

The Company shall give to each Member or Field Management Member and each Employee and Field Management Employee eligible for membership a written explanation of:

- (i) the terms and conditions of the Plan and amendments thereto applicable to the Member or Field Management Member,
- (ii) the rights and duties of the Member or Field Management Member or eligible Employee and Field Management Employee with reference to the benefits available under the terms of the Plan,
- (iii) such other information as may be required under the Pension Benefits Act or any other applicable provincial or federal laws, and
- (iv) amendments to the Plan (within the time period prescribed by the Pension Benefits Act).

(b) Statement of Benefits

Any Member or Field Management Member who upon termination of employment is entitled to a benefit from the Plan shall be provided with a written statement, within the period prescribed by the Pension Benefits Act, showing the benefits to which he or she is entitled or may become entitled and such other information prescribed by the Pension Benefits Act.

(c) Annual Statement of Benefits

Each year the Company shall provide each Member or Field Management Member who is actively participating in the Plan with a written statement of the Member's or Field Management Member's benefits under the Plan and such other information prescribed in the Pension Benefits Act.

(d) Inspection of Documents

A Member or Field Management Member or other person prescribed by the Pension Benefits Act (or an agent authorized in writing by any of the foregoing) may inspect and make extracts from the following documents, which will be available, upon written request in advance, at the head office of the Company during regular business hours:

- (i) all provisions of the Plan applicable to the Member or Field Management Member,
- (ii) all amendments to the Plan applicable to the Member or Field Management Member,
- (iii) the annual information return,
- (iv) an abstract of the actuarial valuation report showing the following information:
 - (A) the official name of the Plan
 - (B) employer actuarial normal cost under the Plan for future service
 - (C) the balance of all unfunded liabilities, the annual special contributions required to liquidate such liabilities and the amortization periods
 - (D) the Surplus Assets in the Plan, if any
- (v) the Plan's financial statements, and
- (vi) such other documents prescribed in the Pension Benefits Act.

Section 16 - General Provisions

16.01 Employment Rights

The establishment and implementation of the Plan shall not constitute an enlargement of any rights which a Member or Field Management Member may have as an Employee or Field Management Employee apart from the Plan. Membership in the Plan does not confer a right on a Member or Field Management Member to require the Company to continue the Member or Field Management Member in its employment, and if the service of the Member or Field Management Member is terminated before the Member's or Field Management Member's Normal Retirement Date, such Member or Field Management Member has only such rights as are provided for under the Plan. The benefits conferred herein shall not be used to increase damages in respect of the dismissal or termination of employment of any Member or Field Management Member.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on death, termination of employment or retirement, the annual pension payable to a Member or Field Management Member at Normal Retirement Date is less than 2% of the YMPE for the year in which the Member or Field Management Member dies, terminates or retires, the Member, Field Management Member or surviving Spouse, as applicable, may elect to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension.
- (b) The individual entitled to elect under Section 16.03(a), or under any provision of a Schedule to this Plan dealing with the commutation of small benefits, may direct the Company in writing, on a form prescribed by the Company, to transfer the lump sum cash amount described in Section 16.03(a), or the relevant provision of the Schedule, directly to the individual's registered retirement savings plan or registered retirement income fund.
- (c) If the individual fails to elect a form of payment under this Section 16.03, or the provision of a Schedule to this Plan dealing with the commutation of small benefits, within the time prescribed by the Pension Benefits Act, the individual

shall be deemed to have elected to receive the lump sum cash amount.

- (d) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B"; and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B".

16.04 Shortened Life Expectancy

Where permitted under the Pension Benefits Act and in accordance with that Act, a Member or Field Management Member who is not employed with the Company may make an application, in prescribed form, to the administrator to receive benefits in any form that complies with the Pension Benefits Act and the Income Tax Act if the life expectancy of the Member or Field Management Member is likely to be considerably shortened by reason of an illness or a physical disability and is so certified in writing by a medical physician licensed to practice in Canada. The application shall include the Spousal consent, if any, required under the Pension Benefits Act.

16.05 No Duplication of Benefits

There shall be no duplication of the benefits under any one Section of the Plan and the benefits under any other Section of the Plan, nor of the benefits under the Plan and the benefits under any other Company retirement plan or any other associated, subsidiary or affiliated company retirement plan with respect to the same period of service.

16.06 Notices and Elections

Any notice or election to be given, made or communicated pursuant to or for any purpose of the Plan shall be given, made or communicated, as the case may be, in such manner as the Company shall determine from time to time. Without limiting the generality of the foregoing, any person entitled to any benefit under the Plan shall be responsible for notifying the Company in writing of his or her mailing address and subsequent changes of mailing address.

16.07 Division of Pension Benefits on Marriage Breakdown

In the event of an order by a court of competent jurisdiction, or an arbitration award recognized under the Pension Benefits Act, affecting entitlement to or payment of a Member's or Field Management Member's pension benefits upon the breakdown of the marriage or common law relationship of the Member or Field Management Member and the Member's or Field Management Member's Spouse, or in the event of a domestic agreement or other written agreement between the Member or Field Management Member and the Member's or Field Management Member's Spouse which either has been

certified by a court of competent jurisdiction or is recognized under the Pension Benefits Act for such purpose, and in any case which affects entitlement to or payment of the Member's or Field Management Member's pension benefits upon the breakdown of the marriage or common law relationship of the Member or Field Management Member and the Member's or Field Management Member's Spouse, such benefits may be paid or divided in accordance with the terms of the court order, arbitration award, domestic agreement or other written agreement, as the case may be, subject to the Pension Benefits Act.

16.08 Beneficiary Designation

A Member or Field Management Member may, by written notice communicated to the Company during the Member's or Field Management Member's lifetime, designate a Beneficiary or Beneficiaries to receive the benefits payable pursuant to Section 7 (Forms of Pension Payment) or Section 9 (Pre-Retirement Death Benefits) that are not required to be paid to the Member's or Field Management Member's Spouse, in the event of the Member's or Field Management Member's death. The Member or Field Management Member may alter or revoke any such designation from time to time, subject always to the provisions of any annuity, insurance or other contract or law governing designation of beneficiaries, from time to time in force, which may apply to the Member or Field Management Member. The written notice shall be in such form and executed in such manner as the Company in its discretion may determine from time to time. In the event a Member or Field Management Member has not validly and effectively designated a Beneficiary or, if having done so, no Beneficiary is living on the date of the Member's or Field Management Member's death or if the Member or Field Management Member revoked the last designation so made, any amount payable under the Plan shall be paid in a lump sum to the Member's or Field Management Member's estate.

16.09 Provincial Differences

The provisions of the Plan apply to Members and Field Management Members in all provinces, however, if the pension legislation in a province provides greater benefits or imposes stricter requirements than contained in the Plan, then those benefits or requirements, which have been included in schedules attached to the Plan, shall apply to the Member or Field Management Member to whom such legislation applies, subject to the Income Tax Act.

16.10 Provision for Interest

The amount owing to a person entitled to a lump sum cash amount or transfer shall be credited with interest, from the date such payment or transfer is determined to the date of the payment or transfer, at the rate prescribed by the Pension Benefits Act and, where the Pension Benefits Act does not prescribe a rate of interest, at the rate determined by the Company.

16.11 Purchase of Annuity

The Company may instead of providing a pension under the Plan, at its option, purchase a life annuity policy from an insurance company licensed or otherwise authorized under Canadian or provincial laws to carry out an annuities business in Canada, or may, in its capacity as such an insurance company, issue a life annuity policy to provide the retirement income under the Plan to a Member or Field Management Member, or to a Spouse of a Member or Field Management Member, on an immediate or deferred basis.

The purchase or issue of such a life annuity policy shall constitute a full, sufficient and complete discharge of the Plan, the Company and the administrator of all liabilities under the Plan to the Member, Field Management Member or Spouse in respect of the retirement income payable to the Member, Field Management Member or Spouse, as the case may be, under the Plan, other than, where the life annuity policy is issued by the Company, the obligation of the Company in its capacity as an insurance company under such policy.

Any life annuity policy so purchased shall provide for the form of the retirement income payment as required by the Plan or applicable legislation.

16.12 Settlement Order

The payments contemplated under the Settlement Order, including the payment of a portion of the Surplus Assets to The Canada Life Assurance Company, shall be made, subject to any necessary regulatory approvals, but only to the extent such payments are not made from the Old Plan.

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Section 17 - Future of the Plan

17.01 Continuation of the Plan

The Company expects and intends to maintain the Plan in force indefinitely but necessarily reserves the right in its sole and absolute discretion to discontinue the Plan, either in whole or in part and at any time or times in the event that future conditions warrant such action, subject always to the requirements of the Pension Benefits Act and the Income Tax Act.

17.02 Amendment of the Plan

The Company reserves the right to amend the Plan from time to time as it deems appropriate. However, no amendment to the Plan or other instrument established or entered into for purposes of holding and administering funds contributed hereunder, shall operate to reduce the benefits defined in Section 5 (Retirement Benefits), Section 6 (Indexation of Pensions), Section 8 (Termination Benefits), Section 9 (Pre-Retirement Death Benefits) or Section 10 (Benefits on Disability) which have accrued to any Member or Field Management Member or any individual entitled to benefits under the Plan prior to the date of such amendment, nor shall the Company have the power to make any amendment which would cause or permit any portion of the Pension Fund to be used for purposes other than as prescribed by the provisions of the Plan and the requirements of the Pension Benefits Act and the Income Tax Act.

For the avoidance of doubt, the membership of the Plan may be expanded by way of amendment or by way of merger with one or more pension plans, and in such event assets held in the Pension Fund, including any Surplus Assets, may be used to fund benefits for such new members, and may be used to fund contribution holidays taken with respect to such new members, including with respect to liabilities that are assumed by the Plan that were accrued by the new members in another pension plan.

17.03 Discontinuance or Termination of the Plan

Should the Plan be discontinued, in whole or in part, the assets of the Pension Fund, after provision for administrative expenses (including any expenses incurred in the winding up of the Plan), shall first be used to provide benefits as outlined in the Plan for the Members or Field Management Members, their respective Spouses, Beneficiaries and estates, in accordance with the Pension Benefits Act and the Income Tax Act. In the event of discontinuance of the Plan, the Company shall not be obligated to make any further contributions to the Plan, except as required by the Pension Benefits Act or the Income Tax Act.

17.04 Wind-Up or Bankruptcy of the Company

In the event the Company shall have been wound up or become bankrupt, the Plan, unless continued by another employer, shall be deemed terminated and the provisions of Section

17.03 above shall apply.

17.05 No Liability

No liability shall attach to the Company, the Trustee, the Actuary, the liquidator or trustee in bankruptcy in connection with any application of the Pension Fund in accordance with the terms of this Section 17, provided that the application of such was made in good faith and in accordance with the provisions of the Pension Benefits Act and the Income Tax Act.

17.06 Surplus Assets on Plan Termination

If, after payment of all accrued benefits under the Plan as described in Section 5 (Retirement Benefits), Section 6 (Indexation of Pensions), Section 8 (Termination Benefits), Section 9 (Pre-Retirement Death Benefits) and Section 10 (Benefits on Disability) to Members or Field Management Members, their respective Spouses, Beneficiaries and estates and payment of all expenses has been made, there remain Surplus Assets in the Pension Fund, such Surplus Assets shall revert to the Company or be used as the Company may direct, subject to the provisions of the Pension Benefits Act and the Income Tax Act.

17.07 Surplus Assets – Defined Contribution Benefits

Should the Plan be amended in the future to provide benefits on a defined contribution basis, the Company may, in its sole discretion, use such Surplus Assets or a portion thereof to offset the amount of Company contributions required to be made under the defined contribution provision of the Plan.

17.08 Asset Transfers Out of the Plan

Liabilities in respect of benefits payable under the Plan, and assets in respect of such liabilities, may be transferred out of the Plan to another pension plan (by way of merger or otherwise) subject to any necessary regulatory approvals, and in such event the assets transferred from the Plan's Pension Fund may be used in the importing or merged pension plan to provide benefits for, and to fund contribution holidays taken in respect of, all members, past, present, and future, of such importing or merged pension plan.

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APPENDIX "A" — DESIGNATED APPOINTEES

[NTD: List of Transferred Employees with Designated Appointee service to be inserted]

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**APPENDIX "B" – SPECIAL PROVISIONS FOR FORMER CROWN LIFE
EMPLOYEES**

Section B-1 Application

This Appendix describes the pension benefits of employees of the Company who were previously employed by Crown Life Insurance Company of Canada and who transferred employment to the Company pursuant to a Purchase and Sale Agreement between the Company and Crown Life Insurance Company, as described in Section 1.03 (Former Employees of Crown Life Insurance Company of Canada) of the Plan. In the period from January 1, 1999 through December 31, 1999, such employees earned pension benefits under the Old Plan as described in this Appendix "B" and either accrued Credited Service as described in Section B-2.01 below, or were credited with contributions to a Member Account as described in Section B-12 of this Appendix "B".

With effect from January 1, 2000, such employees who were employed by the Company became Members of the Old Plan and earned pension benefits under the main part of the Old Plan. Appendix "B" is included in the Plan in order to describe the benefits of any Transferred Members who earned pension benefits under Appendix "B" of the Old Plan.

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Section B-2 Definitions

In this Appendix, capitalized terms that are defined in Section 2 (Definitions) of the Plan shall have the meanings given in that Section, as modified below, and capitalized terms that are not defined in Section 2 (Definitions) of the Plan shall have the meanings given below.

B-2.01 Credited Service

"Credited Service" means Service in the 1999 calendar year in respect of which the Member is paid by the Company, or unpaid Service provided by this Plan for an Approved Leave of Absence for Total Disability, maternity or parental leave, emergency leave or the first twelve months of absence due to employment injury if the Member receives, or is eligible to receive, benefits under the *Workplace Safety and Insurance Act* (Ontario), as

- (a) a full-time Employee, or
- (b) a part-time Employee for any period, adjusted in comparison to that of a full-time Employee during such period, as determined by the Company,

excluding Service outside Canada, except as permitted by applicable legislation and the Company, and excluding Service while the Member is earning credits under another registered pension plan of the Company which does not specifically permit the simultaneous earning of Pension under this Plan.

Notwithstanding the foregoing, in no event will Credited Service include a period of Service when the Member is a Designated Member.

B-2.02 Crown Life

"Crown Life" means Crown Life Insurance Company of Canada.

B-2.03 Defined Contribution Fund Earnings

"Defined Contribution Fund Earnings" means the interest credited at least annually to the guaranteed deposit funds and any net investment earnings, gains or losses in the segregated pooled funds which shall accrue to the accounts maintained under the Plan as described in Part 2 of this Appendix "B". Amounts credited to the Pension Fund under Part 2 of Appendix "B" will begin to accrue Defined Contribution Fund Earnings no later than the first day of the month following the date of deposit. Any amount withdrawn from the Pension Fund under Part 2 of Appendix "B" shall accrue Defined Contribution Fund Earnings up to the date of withdrawal. Withdrawals from the guaranteed deposit funds may be subject to an adjustment in accordance with the terms of the group pension policy under which the funds are invested.

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B-2.04 Designated Former Crown Life Employee

“Designated Former Crown Life Employee” means a Former Crown Life Employee who is a senior executive with the rank of Vice-President or above of the Company, as appointed by the Board of Directors of Crown Life.

B-2.05 Designated Member

“Designated Member” means a Member who is a Designated Former Crown Life Employee.

B-2.06 Designated Member Credited Service

“Designated Member Credited Service” means total Service following the later of the Effective Date and appointment as a Designated Member, and before commencement of Pension, to a maximum of 35 years, in respect of which the Designated Member is paid by the Company, or unpaid Service provided by this Plan for an Approved Leave of Absence for Total Disability, or for an Approved Leave of Absence for maternity or parental leave or the first twelve months of absence due to employment injury if the Designated Member receives, or is eligible to receive, benefits under the *Workplace Safety and Insurance Act* (Ontario), as

- (a) a full-time Employee, or
- (b) a part-time Employee for any period, adjusted in comparison to that of a full-time Employee during such period, as determined by the Company,

excluding Service outside Canada, except as permitted by applicable legislation and the Company, and excluding Service while the Designated Member is earning credits under another registered pension plan of the Company which does not specifically permit the simultaneous earning of Pension under this Plan.

Notwithstanding the foregoing, in no event will Designated Member Credited Service include a period of Service when the Member is not a Designated Member.

For the purposes of applying the 35-year limit on Designated Member Credited Service in this Section B-2.06, the Designated Member's Designated Member Credited Service under this Appendix “B” shall cease to accrue when the total of the Designated Member's Designated Member Credited Service and Credited Service, if any, under this Appendix “B” and the Designated Member's designated member credited service and/or credited service, both as defined in the Crown Plan, equals 35 years.

B-2.07 Designated Member Final Average Earnings

“Designated Member Final Average Earnings” means a Member's greatest total

Earnings for any 36 consecutive months of Service, divided by 3, or where a Member has Earnings for less than 36 consecutive months of Service while a Member, the average annual amount of total Earnings during such period of Service.

B-2.08 Early Retirement Date

"Early Retirement Date" means the date described in Section B-4.02 or B-13.02, as applicable.

B-2.09 Earnings

- (a) "Earnings" means a Member's annual income from the Company or a Predecessor Company, not exceeding the amount included in computing the Member's income for the year for income tax purposes
 - (i) as the Member's salary excluding all payments received for overtime, commissions, or by way of bonus, but including short-term disability income continuation payments received for disabilities incurred on and after July 1, 2004,
 - (ii) as deemed salary equal to the salary which the Member would have earned during a period of Approved Leave of Absence for pregnancy or parental leave or the first twelve months of absence due to employment injury if the Member receives, or is eligible to receive, benefits under the *Workplace Safety and Insurance Act* (Ontario), computed as if the Member's salary rate immediately prior to the pregnancy or parental leave or absence due to employment injury had continued throughout that period, or
 - (iii) as deemed salary equal to the salary which the Member would have earned during a period of Approved Leave of Absence while receiving long-term disability income benefits from the Company's disability income plan, computed as if the Member's salary rate immediately prior to the onset of Total Disability had continued throughout the period, indexed commencing on January 1, 2010, as determined by the Company, in its sole and absolute discretion, to account for increases in the average industrial wage after 2008, but
- (b) excluding such portion, except as permitted by the regulatory authorities, of the amount that
 - (i) may reasonably be considered to relate to a period throughout which the Member was not resident in Canada, and

- (ii) is not attributable to the performance of duties or the office of employment in Canada, or exempt from income tax in Canada by reason of a provision contained in a tax convention or agreement with another country that has the force of law in Canada, and

annualized for part-time Employees as determined by the Company, for purposes of Part 1 of this Appendix "B".

B-2.10 Effective Date

"Effective Date" for purposes of this Appendix "B" means January 1, 1999.

B-2.11 Final Average Earnings

"Final Average Earnings" means the annual average of the greatest amount of Earnings paid to a Member by the Company or the Predecessor Company during any period of 5 years of Service in the Member's last 10 years of Service including Service with a Predecessor Company, or total Service if this is less than 5 years.

B-2.12 Final Average YMPE

"Final Average YMPE" means the annual average of the total YMPE during the last 5 complete years of Service including Service with a Predecessor Company, or total Service if less than 5 years.

B-2.13 Forfeited Amount

"Forfeited Amount" means, upon the Termination of a Member, that portion of Pension Fund related to Company contributions and Defined Contribution Fund Earnings thereon for which the Member does not have Vested Status, for the purposes of Part 2 of this Appendix "B".

B-2.14 Forfeiture Account

"Forfeiture Account" means the account maintained on behalf of the Company in respect of Forfeited Amounts arising under Part 2 of this Appendix "B". The balance in the Forfeiture Account at any date will include the portion of Defined Contribution Fund Earnings directly attributable to such account.

B-2.15 Former Crown Life Employee

"Former Crown Life Employee" means a person who is employed by the Company who, prior January 1, 1999 was employed by Crown Life and who transferred employment to the Company pursuant to a purchase and sale agreement between the Company and Crown Life Insurance Company, referred to in Section 1.03 (Former Employees of Crown Life Insurance Company of

Canada).

B-2.16 Insurance Company

“Insurance Company” or “Insurer” means the insurance company chosen by the Company and licensed to carry on the business of life insurance in Canada.

B-2.17 Member

“Member” means an employee of the Company who is described in the first paragraph of Section B-1 of this Appendix “B” and who participates in this Appendix “B” in accordance with Section B-3.01.

B-2.18 Member Account

“Member Account” means the account maintained on behalf of a Member participating in Part 2 of this Appendix “B” to which the total of the contributions made to Part 2 of this Appendix “B” by the Company on behalf of the Member are allocated, and the amounts, if any, reallocated in respect of the Member from the Forfeiture Account in lieu of Company contributions, and the amounts, if any, transferred to the Plan in accordance with Section B-12.04. The balance in the Member Account at any date will include the portion of Defined Contribution Fund Earnings directly attributable to such account.

B-2.19 Normal Retirement Date

“Normal Retirement Date” means the date described in subparagraph (i) of Section 5.01(a) of the Plan.

B-2.20 Pension

“Pension” means a periodic amount provided by Part 1 of this Appendix “B”.

B-2.21 Pension Credits

“Pension Credits” means the Commuted Value of Pension accrued under Part 1 of this Appendix “B” at a particular time.

B-2.22 Predecessor Company

“Predecessor Company” means Crown Life Insurance Company and Crown Life Insurance Company of Canada.

B-2.23 Predecessor Plans

“Predecessor Plans” means the Pension Plan for Crown Life Insurance Company Employees in Canada, the Pension Plan for Crown Life Insurance Company Senior Executives in Canada and the Pension Plan for Crown Life Insurance

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Company of Canada Employees and "Predecessor Plan" means any one of such plans.

B-2.24 Previous Executive Plan

"Previous Executive Plan" means the Pension Plan for Crown Life Insurance Company Senior Executives in Canada.

B-2.25 Previous Plan

"Previous Plan" means the Pension Plan for Crown Life Insurance Company of Canada Employees.

B-2.26 Service

"Service" means a Former Crown Life Employee's continuous years of unbroken employment with the Company or the Predecessor Company, without regard to periods of temporary suspension of employment, and including periods of interruption of employment specifically permitted by the Plan or a Predecessor Plan.

B-2.27 Termination

"Termination" means the severance of a Member's employment with the Company or the Predecessor Company before the Early Retirement Date, where such severance is not because of death or retirement.

B-2.28 Vested Member Account

"Vested Member Account" means the portion of the Member Account for which the Member has attained Vested Status.

B-2.29 Vested Status

"Vested Status" means the state of a Member who has satisfied certain conditions thereby entitling the Member to receive at least a portion of the Member's accrued Pension under Part 1 of this Appendix "B" or a portion of the Member Account under Part 2 of this Appendix "B", as specified below:

- (a) 100% of the accrued Pension under Part 1 of this Appendix "B" or of the Member Account under Part 2 of this Appendix "B", as applicable, after the completion of at least 2 years of Continuous Service,
- (b) if the Member has not satisfied the conditions in (a) above, 100% of the accrued Pension under Part 1 of this Appendix "B" or of the Member Account under Part 2 of this Appendix "B", as applicable, on early retirement with Company consent, provided that such consent shall be deemed to be given where so required by applicable legislation,

- (c) if the Member has not satisfied the conditions in (a) above, 100% of the accrued Pension under Part 1 of this Appendix "B" or of the Member Account under Part 2 of this Appendix "B", as applicable, if the Member is retiring at Normal Retirement Date or later, or
- (d) notwithstanding the other provisions of this definition, 100% of the accrued Pension under Part 1 of this Appendix "B" or of the Member Account under Part 2 of this Appendix "B", as applicable, in the case of a Designated Member who retires.

Notwithstanding the foregoing, a Member has immediate 100% Vested Status with regard to the portion of the Member Account attributable to transfers into this Plan or a Predecessor Plan from a registered retirement savings plan, a locked-in retirement account or a registered pension plan other than a Predecessor Plan.

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Section B-3 Plan Membership

B-3.01 Former Crown Life Employees

Each Former Crown Life Employee who did not participate in the main part of the Old Plan participated in Appendix "B" of the Old Plan as of the Effective Date. Each such Former Crown Life Employee who participated under the defined benefit part of the Previous Plan participated under Part 1 of Appendix "B". Each such Former Crown Life Employee who participated under the defined contribution part of the Previous Plan participated under Part 2 of Appendix "B".

B-3.02 Other Employees

Employees who were not Former Crown Life Employees did not participate in Appendix "B" of the Old Plan.

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Section B-4 Retirement Benefits (Part 1)

B-4.01 Normal Retirement Benefit

- (a) Provided a Member has no earlier pensionable date, on the Member's Normal Retirement Date, the Member shall become entitled to retire and receive the normal pension which
 - (i) in the case of Pension due to Designated Member Credited Service, will be,
 - (A) for a Member who does not have a Spouse on the date of Pension commencement, a Pension payable for the Member's life with a guarantee of 120 months of payments, or
 - (B) for a Member who has a Spouse on the date of Pension commencement, a joint and survivor Pension, where payments continue to the Spouse after the death of the Member equal to 60% of the Pension paid to the Member while both the Member and the Spouse were living, with an Actuarial Equivalent Pension payable if the Spouse is more than 10 years younger than the Member; and
 - (ii) in the case of Pension due to Credited Service, will be,
 - (A) for a Member who does not have a Spouse on the date of Pension commencement, a Pension payable for the Member's life with a guarantee of 120 months of payments, or
 - (B) for a Member who has a Spouse on the date of Pension commencement, a Pension with such modification in amount to provide the Actuarial Equivalent of the normal form of Pension described in paragraph (b)(i) above as a joint and survivor Pension where required to provide post-retirement death benefits under this Plan, in accordance with applicable legislation.
- (b) The normal Pension resulting from a Member's Credited Service is a yearly amount which is the sum of
 - (i) $(A \times C \times 1.25\%) + (A \times D \times 1.50\%)$, and
 - (ii) $(B \times C \times 1.50\%) + (B \times D \times 1.75\%)$

where

- A is Credited Service before age 45,
 - B is Credited Service on and after age 45,
 - C is Final Average Earnings to a maximum of Final Average YMPE, and
 - D is Final Average Earnings exceeding Final Average YMPE.
- (c) Where a Member is disabled, as defined in section 8501 of the Regulations under the Income Tax Act, but continues to earn Credited Service, the YMPE for such period shall be deemed to be the YMPE immediately before the period of disability, for the purposes of this Section B-4.01.
 - (d) The normal Pension resulting from Designated Member Credited Service is a yearly amount which is the product of
 - (i) 2%, multiplied by
 - (ii) Designated Member Final Average Earnings, multiplied by
 - (iii) Designated Member Credited Service.

B-4.02

Early Retirement Benefit

A Member may retire on the Member's Early Retirement Date at any time on or after age 55, provided there is no earlier pensionable date.

Commencing on the Early Retirement Date, a Member who has elected early retirement shall receive

- (a) the Actuarial Equivalent of the normal Pension, or
- (b) if the Company consents, provided that such consent shall be deemed to be given where so required by applicable legislation, and the resulting Pension is greater than in subsection (a) above, the percentage of
 - (i) the normal Pension due to Credited Service provided by the following Table A, and
 - (ii) the normal Pension due to Designated Member Credited Service provided by the following Table B.

TABLE A:

Percentage of Normal Retirement Benefit

Years of Service	Attained Age at Early Retirement Date									
	64	63	62	61	60	59	58	57	56	55
15 or more	100	100	100	100	100	95.2	90.4	85.6	80.8	76.0
14	95.2	95.2	95.2	95.2	95.2	95.2	90.4	85.6	80.8	76.0
13	95.2	90.4	90.4	90.4	90.4	90.4	90.4	85.6	80.8	76.0
12	95.2	90.4	85.6	85.6	85.6	85.6	85.6	85.6	80.8	76.0
11	95.2	90.4	85.6	80.8	80.8	80.8	80.8	80.8	80.8	76.0
10	95.2	90.4	85.6	80.8	76.0	76.0	76.0	76.0	76.0	76.0
9	95.2	90.4	85.6	80.8	76.0	71.2	71.2	71.2	71.2	71.2
8	95.2	90.4	85.6	80.8	76.0	71.2	66.4	66.4	66.4	66.4
7	95.2	90.4	85.6	80.8	76.0	71.2	66.4	61.6	61.6	61.6
6	95.2	90.4	85.6	80.8	76.0	71.2	66.4	61.6	56.8	56.8
5 or less	95.2	90.4	85.6	80.8	76.0	71.2	66.4	61.6	56.8	52.0

TABLE B:

Percentage of Normal Retirement Benefit

Years of Service	Attained Age at Early Retirement Date									
	64	63	62	61	60	59	58	57	56	55
10+	100	100	100	100	100	95.2	90.4	85.6	80.8	76.0
9	95.2	95.2	95.2	95.2	95.2	90.4	85.6	80.8	76.0	71.2
8	90.4	90.4	90.4	90.4	90.4	85.6	80.8	76.0	71.2	66.4
7	85.6	85.6	85.6	85.6	85.6	80.8	76.0	71.2	66.4	61.6
6	71.2	71.2	71.2	71.2	71.2	71.2	66.4	61.6	56.8	52.0

A Member's Vested Status at Early Retirement will be determined in accordance with the definition of Vested Status.

B-4.03

Postponed Retirement Benefit

A Member who does not have a pensionable date on or before the Normal Retirement Date and who remains in Service beyond Normal Retirement Date, may retire at a later date and commence receiving Pension on a Postponed Retirement Date.

Where a Member's Service with the Company continues after the Normal Retirement Date, the Member's Service and Pension shall continue to accrue in

accordance with the provisions of this Plan until the Postponed Retirement Date. Continued Pension accruals are only available if the Member has not retired.

On the Postponed Retirement Date, a Member shall be entitled to receive the normal Pension based on Credited Service or Designated Member Credited Service, as appropriate, and Earnings until the Postponed Retirement Date.

This Section shall not prevent the Company from requiring a Member's retirement at age 65 or at any other time, as permitted by law.

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Section B-5 Non-Retirement Benefits (Part 1)

B-5.01 Pre-Retirement Death Benefits

If a Member dies before the commencement of Pension, the Spouse on the Member's date of death shall receive a death benefit equal to the Member's Pension Credits accrued on and after the Effective Date.

The Spouse shall receive the benefit under this Section B-5 as a pension, unless either

- (a) a lump sum cash amount is paid under Section 16.03 (Commutation of Small Benefits), or
- (b) applicable legislation provides otherwise.

An immediate or deferred pension payable to a Member's Spouse as a death benefit under this Section B-5 shall be in a form acceptable to the Company, but in no event shall a pension commence beyond the later of one year following the Member's date of death and the end of the calendar year in which the Spouse attains age 71.

In lieu of the pension mentioned above, the Spouse may elect, as a final settlement, to receive the Pension Credits in a lump sum or may elect to transfer such amount to a registered retirement savings plan or such other plan as permitted by applicable legislation. If the Spouse fails to make a written election, with respect to the form of payment of the benefit, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as an immediate pension. If the Spouse elects to receive a pension, that pension shall commence no later than the later of:

- (c) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (d) the end of the month of the Member's death.

At any time, a Member may designate a Beneficiary to receive the Pension Credits accrued after the Effective Date, at the Member's date of death in the event that there is no Spouse at the date of death or in the event the Member has not attained Vested Status at the date of death.

If there is no Spouse on the Member's date of death or if the Member has not attained Vested Status, and no Beneficiary has been designated pursuant to the above paragraph, then the estate of the Member shall receive the Pension Credits accrued after the Effective Date, at the Member's date of death.

A person shall be deemed not to be a Spouse if the person waives entitlement to

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the pension before the Member's death, as provided by applicable legislation. The Spouse may revoke the waiver in writing to the Company before the Member's death.

Should a Member die after age 55 before commencement of Pension, the pension payable to the Spouse in respect of

- (e) Credited Service shall be no less than 60% of an Actuarial Equivalent Pension, as if the Member had elected to have the Pension commence immediately prior to death; and
- (f) Designated Member Credited Service shall be no less than 60% of the Member's Pension, as if the Member had elected to have the Pension commence immediately prior to death.

B-5.02**Post-Retirement Death Benefits**

Benefits payable on the death of a Member after pension commencement shall be payable in accordance with the rules set out in Section 7.01 or 7.03, as the case may be.

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Section B-6 Termination Benefits (Part 1)

B-6.01 Amount of Benefits

On Termination, a deferred Pension shall be payable to a Member who has attained Vested Status, based on Pension for which the Member has Vested Status, which has accrued to the Member's date of Termination.

B-6.02 Payment of Benefits

The deferred Pension under Section B-6.01 shall be payable commencing on the Normal Retirement Date, in the same manner and with such relevant death benefits and restrictions applicable to the normal Pension, or subject to applicable legislation including section 8517 of the Regulations under the Income Tax Act where applicable, the Member may elect to have the Pension Credits paid as a final settlement

- (a) to a pension fund related to another registered pension plan, if the administrator of the other registered pension plan agrees to accept the payment,
- (b) into a registered retirement savings plan, or such other retirement income vehicle, as prescribed by applicable legislation, or
- (c) for the purchase of a life annuity from an Insurance Company that will not commence before the Member attains age 55, nor after the last day of the year in which the Member attains age 71.

As an alternative to the deferred Pension or the transfer of benefits a Member may elect at any time within 10 years before the Normal Retirement Date that an Actuarial Equivalent Pension be paid.

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Section B-7 Pension Form and Payment (Part 1)

B-7.01 Maximum Pension

(a) Lifetime Pension

The annual amount of Lifetime Pension of a Member, including any amount paid from this Plan to a Spouse or former Spouse as a result of marriage or common-law relationship breakdown, shall not exceed the lesser of

- (i) the sum of Credited Service plus Designated Member Credited Service, multiplied by the defined benefit limit under the Income Tax Act for the year in which the Member's retirement, termination of employment or death occurs or upon termination of the Plan in whole or in part, whichever occurs first, and
- (ii) the product of
 - (A) the sum of Credited Service plus Designated Member Credited Service, multiplied by 2%, and
 - (B) the average 12-month Earnings, as applicable, received by the Member from the Company during a 36-month period composed of 3 non-overlapping periods of 12 consecutive months during which the Member had the greatest Earnings.

(b) Consumer Price Index

The maximum amount of lifetime retirement benefits for a particular calendar year after the year in which the lifetime retirement benefits commence to be paid may be adjusted from the year in which the lifetime retirement benefits commence to reflect increases in the Consumer Price Index, or such similar index as permitted by applicable legislation.

(c) Past Service

The defined benefit limit in clause (i) of subsection (a) shall be deemed to be 2/3 of such defined benefit limit in respect of Credited Service or Designated Member Credited Service for a calendar year before 1990 granted after June 7, 1990, except in the case of a disability or leave of absence as permitted by applicable legislation.

(d) Unreduced Lifetime Pension

A Member who retires on an Early Retirement Date shall not be permitted to receive an unreduced Pension before the earliest date on which the Member

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qualifies to do so under the other provisions of this Plan.

(e) Reduced Lifetime Pension

A Member who participates in Part 1 of this Appendix "B", who is not Totally Disabled and who retires earlier than the earliest date specified in paragraph (d) above shall receive

- (i) a lifetime Pension which does not exceed the Pension which would otherwise be payable under this Plan as of that earliest date,
- (ii) reduced by at least 1/4 of one percent for each month that the date of commencement of Pension precedes that earliest date.

(f) Postponed Retirement Pension

Additional lifetime Pension payable as a consequence of Actuarial Equivalent, or less favourable, increases in Pension to accommodate a Postponed Retirement Date is excluded for the purpose of calculating the maximum Pension.

(g) Miscellaneous

For the purposes of this Section B-7.01,

- (i) additional lifetime Pension payable because a Member is Totally Disabled is excluded in calculating the maximum Pension, and
- (ii) Pension shall, where required by applicable legislation, be deemed to include the similar benefits under another registered pension plan of the Company.

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Section B-8 Payment Rules (Parts 1 and 2)

B-8.01 Pension Payment

The normal form of Pension, unless otherwise specified in this Plan shall be payable

- (a) on the first day of each month in monthly installments each equal to 1/12th of the annual amount of Pension, and
- (b) commencing on the first day of the month coincident with or next following the Member's Normal Retirement Date, Early Retirement Date or Postponed Retirement Date, as applicable, or commencing on the last day of the year if the Member's Postponed Retirement Date is the last day of the year in which the Member attains age 71.

B-8.02 Pension Adjustment

No term of this Plan for a benefit shall be valid to the extent that the term would render inappropriate an amount that is determined in accordance with applicable legislation as a pension adjustment or past service pension adjustment in respect of this Plan, having regard to the appropriate provisions of applicable legislation being read as a whole and purposes for which the amount is determined.

B-8.03 Equal Periodic Amounts

Pension shall be in equal periodic amounts with cost-of-living adjustments or reductions on the death of a Member, as permitted by applicable legislation and as provided by other provisions of this Plan.

B-8.04 Repayments

Where a Member has received Pension to which the Member is not entitled,

- (a) the Member shall repay all such Pension to the Plan forthwith, and
- (b) the Company may suspend or adjust such Member's Pension as required to ensure that such Member receives no more than the Actuarial Equivalent Pension to which the Member would otherwise have been entitled under this Plan.

B-8.05 Adjustments

Where a Member's age has been misstated, the Member's Pension shall be adjusted by the Company acting on the advice of the Actuary to reflect the correct age and any payments made which should not have been paid.

B-8.06 Shortened Life Expectancy

The provisions of Section 16.04 of the Plan shall apply with respect to a former Member's entitlement under this Appendix "B".

B-8.07 Cost-of-Living Adjustments

The Company shall provide a cost of living adjustment in respect of the amount of Pension accrued under Part 1 of this Appendix "B" in accordance with Section 6 (Indexation of Pensions) of the Plan, if any, from time to time, under this Plan based on some percentage of the Consumer Price Index averaged over a period of years to increase Pension payments to certain retired Members, subject to the limits specified in the Income Tax Act. Any such increase shall be evidenced by resolution of the Board of Directors or by amendment to the Plan. In no event may the cost of living adjustment provided at any time reduce the Pension paid to a retired Member below the amount payable immediately prior to the date of the adjustment.

B-8.08 Payment of Death Benefits

Each single amount that is payable after the death of a Member shall be paid as soon as is practicable after the Member's death.

B-8.09 Commencement of Retirement Benefit Payments

Retirement benefits of a Member shall

- (a) commence to be paid not later than
 - (i) the end of the year in which the Member attains 71 years of age, or
 - (ii) such later time as is acceptable to the applicable regulatory authorities, but only if the amount of benefits, expressed on an annualized basis, payable does not exceed the amount of benefits that would be payable if payment of the benefits commenced at the end of the year in which the Member attains 71 years of age, and
- (b) be payable not less frequently than annually.

B-8.10 Division of Pension Benefits on Marriage Breakdown

The provisions of Section 16.07 of the Plan shall apply with respect to a Member's entitlement under this Appendix "B".

B-8.11 Default Position

A Member who fails to make an election with respect to the form of the locked-in benefit to be paid under this Appendix "B", within the time prescribed by the Pension Benefits Act, shall be deemed to have elected to receive the benefit as a pension commencing on the later of:

- (a) the Member's Normal Retirement Date; and
- (b) the end of the month of the Member's termination of employment.

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Section B-9 Optional Forms (Part 1)

B-9.01 Permissible Optional Forms

In lieu of the Pension otherwise payable, a Member, other than a Member restricted by applicable legislation because the Member has a Spouse who has not waived entitlement to the Pension, may elect before the Pension commences, an optional form of Pension in such form permitted by

- (a) applicable legislation,
- (b) applicable regulatory authorities, where necessary, and
- (c) the Company.

B-9.02 Actuarial Equivalent

The optional Pension shall be the Actuarial Equivalent of the Pension to which the Member would otherwise be entitled under this Plan.

B-9.03 Joint and Survivor Optional Forms

Where the optional Pension is a joint and survivor Pension,

- (a) if the death of the Member or the Member's named joint annuitant occurs prior to the commencement of Pension payments
 - (i) such election of an optional Pension shall be deemed to be null and void, and
 - (ii) any Pension payable shall be payable as though no such election had been made, and
- (b) any applicable guarantee period shall commence with the first payment of the Pension.

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Section B-10 Contributions and Pension Fund (Part 1)

B-10.01 Member Contributions

Members are neither required nor permitted to contribute to Part 1 of this Appendix "B".

B-10.02 Refunds to Avoid Revocation

Any contribution made to Part 1 of this Appendix "B" by the Company may, subject to the approval of applicable regulatory authorities and the procedures established under applicable legislation, be returned to the Company in order to avoid revocation of the registration of the Plan under the Income Tax Act.

B-10.03 Registration by applicable Regulatory Authorities

The Company shall not be obligated to make any contribution otherwise required under Part 1 of this Appendix "B" unless, and until, the Plan is, and continues to be, accepted for registration by applicable regulatory authorities.

If this Plan is not registerable with, or is deregistered by, the applicable regulatory authorities, any contribution to Part 1 of this Appendix "B" for the period during which this Plan is not registered shall be returned to the Company with interest.

B-10.04 Expenses

All reasonable charges, fees, taxes and other expenses, including, without limitation, any internal expenses of the Plan administrator and the usual and reasonable expenses of any agents of the Plan administrator, incurred in the operation, review, design, amendment and administration of Part 1 of this Appendix "B" to the Plan shall be paid from the Pension Fund unless paid directly by the Company. The Trustee shall, if requested by the Company, reimburse the Company out of the Pension Fund for any such charges, fees, taxes and other expenses which the Company pays directly.

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Section B-11

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Section B-12 Contributions (Part 2)

B-12.01 Member Contributions

Members are neither required nor permitted to make contributions to Part 2 of this Appendix "B".

B-12.02 Company Contributions

- (a) In each fiscal year of the Plan, the Company shall contribute in respect of each Designated Member who is an active Member,
 - (i) an amount equal to 5% of the Member's Earnings; and
 - (ii) an amount equal to the amount contributed by the Member to the Company-sponsored registered retirement savings plan, to a maximum of 5% of the Member's Earnings.

The Company contributions in respect of each such Designated Member will not exceed the money purchase limit for the year, as defined in the Income Tax Act.

- (b) In each fiscal year of the Plan, the Company shall contribute, in respect of each active Member who is not a Designated Member,
 - (i) an amount equal to 4.0% of the Member's Earnings, and
 - (ii) if the Member contributes to the registered retirement savings plan, via bi-weekly payroll deduction, the Company will contribute, under Part 2 of this Appendix "B", an amount
 - (1) equal to 50% of the Member's contributions, but
 - (2) not exceeding 2.0% of the Member's Earnings.

The Company contributions in respect of each such active Member will not exceed 6.0% of the Member's Earnings. Further, the Company contributions in respect of each such Member will not exceed the money purchase limit for the year, as defined in the Income Tax Act.

- (c) Notwithstanding anything to the contrary above, the Company may, at its discretion, contribute in respect of any Member who is on Approved Leave of Absence an amount determined in accordance with paragraphs (a) or (b) above, as appropriate, based on the Member's deemed Earnings.
- (d) The Company will continue to contribute in respect of any Member who is on an Approval Leave of Absence for maternity, pregnancy or parental leave or for the first twelve months of absence due to employment injury

if the Member is in receipt of, or eligible to receive, benefits under the *Workplace Safety and Insurance Act* (Ontario), provided such Member continues to contribute to the Company-sponsored registered retirement savings plan, based on the Member's deemed Earnings.

- (e) Company contributions shall
 - (i) be allocated to the Member Account maintained on behalf of the Member in the year in which the contribution is made,
 - (ii) be paid by the Company before the end of the calendar month following the month to which such contributions apply,
 - (iii) not exceed the maximum amounts allowed under applicable legislation.
- (f) The Company shall not make any contribution under Part 2 of this Appendix "B" that is not in respect of a specific Member.
- (g) Unless the Member is disabled, as defined in section 8501(1) of the Regulations under the Income Tax Act, Company contributions shall not be made for any period or periods of Approved Leave of Absence exceeding five years.
- (h) No Company contributions shall be made under Part 2 of this Appendix "B" in respect of a Member regarding a period of Approved Leave of Absence if the Member is a person connected with the Company, as defined in the Income Tax Act.
- (i) Company contributions, as set out above, shall be limited, in any one calendar year to that amount which together with the amount contributed by the Member to a Company-sponsored registered retirement savings plan equals the money purchase limit for the year, as defined in the Income Tax Act.

B-12.03

Forfeitures on Continuation of the Plan

Any portion of the Member Account for which the Member does not have 100% Vested Status on the date of cessation of Service, will be forfeited by the Member and will be deposited to the Forfeiture Account. The balance of the Forfeiture Account at any date will be owned by the Company who may decide, at its sole and absolute discretion, that all or any portion of the amount held in such account will be applied to reduce any amounts payable by the Company in respect of the Plan or to pay expenses related to the operation and administration of the Plan.

Any Forfeited Amount arising under Part 2 of this Appendix "B" shall be applied under the preceding paragraph no later than December 31st of the year immediately following the calendar year in which the Forfeited Amount arose.

B-12.04 Maximum Contributions

The maximum amount allocated or reallocated, in any calendar year, to a Member Account, shall not exceed the lesser of

- (a) the lesser of
 - (i) the money purchase limit for the year, as defined in the Income Tax Act, and
 - (ii) 18% of the Member's compensation, as defined in the Income Tax Act, for the year,

and

- (b) such amount, which when added to the aggregate of all amounts allocated and reallocated, and all pension credits, as defined in the Income Tax Act, in respect of the Member for the year under any other registered pension plan or deferred profit sharing plan established by the Company or by any other company with whom the Company was not dealing at arm's length, does not exceed the money purchase limit for the year, as defined in the Income Tax Act.

Notwithstanding anything to the contrary above, amounts transferred to the Plan in accordance with this Section B-12 shall not be considered when determining the maximum contribution allowed in respect of a Member on whose behalf such a transfer was made.

B-12.05 Withdrawal from the Plan

An active Member may not make any withdrawal from the Member Account.

B-12.06 Plan Expenses

The Company shall provide for the payment of any and all expenses involved in the operation and administration of Part 2 of this Appendix "B" which are not paid from the Pension Fund or have not been paid from the Forfeiture Account, unless such expenses have already been reflected in determining Defined Contribution Fund Earnings.

B-12.07 Excess Contributions

- (a) In the event that a contribution is made to the Plan under Part 2 of this Appendix "B" by the Company or by a Member which would cause the revocation of the Plan's registration under applicable legislation or, in the event that a reallocation of an amount in the Forfeiture Account would cause such revocation, then, subject to the approval procedures

established under applicable legislation, such contribution or reallocation shall be returned or paid to the Company or to the Member, as applicable.

- (b) In the event that the Company makes a contribution to the Plan under Part 2 of this Appendix "B" which is subsequently determined to be an overpayment of required contributions or a contribution made in error, then, subject to the approval procedures established under applicable legislation, such contribution shall be returned to the Company.

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Section B-13 Retirement Dates (Part 2)

B-13.01 Normal Retirement Date

A Member who retires on the Member's Normal Retirement Date will receive, commencing on that date, pension payments of the amount determined in accordance with Section B-14.

B-13.02 Early Retirement Date

A Member may elect to retire at any time during the 10 year period prior to the Member's Normal Retirement Date or at any time prior to Normal Retirement Date if the Member is Totally Disabled.

A Member's Early Retirement Date shall be the first day of the month coincident with or immediately following cessation of Service or the first day of any subsequent month designated by the Member but not later than Normal Retirement Date.

A Member who elects an Early Retirement Date will receive, commencing on that date, pension payments of the amount determined in accordance with Section B-14.

B-13.03 Postponed Retirement Date

A Member who continues in active employment with the Company after Normal Retirement Date shall postpone the commencement of pension and Company contributions will continue to be made on behalf of such Member, in accordance with Section B-12.

A Member's Postponed Retirement Date shall be the earlier of the first day of the month coincident with or immediately following cessation of Service and the first day of December in the calendar year of the Member's 71st birthday.

A Member will receive, commencing on the Member's Postponed Retirement Date, pension payments of the amount determined in accordance with Section B-14.

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Section B-14 Retirement Benefit (Part 2)

B-14.01 Normal Retirement Benefit

A Member who retires on the Member's Normal Retirement Date in accordance with Section B-13 shall receive an annual pension, payable in equal monthly installments on the first day of each month commencing on the Normal Retirement Date, of the amount that can be purchased from the Insurance Company by the Vested Member Account at that date, in accordance with the terms of the insurance policy then in effect and the form in which the retirement benefit is to be paid pursuant to Section B-15.

B-14.02 Early Retirement Benefit

A Member who retires prior to Normal Retirement Date in accordance with Section B-13 shall receive an annual pension, payable in equal monthly installments on the first day of each month commencing on the Early Retirement Date, of the amount that can be purchased from the Insurance Company by the Vested Member Account at that date, in accordance with the terms of the insurance policy then in effect and the form in which the retirement benefit is to be paid pursuant to Section B-15.

B-14.03 Postponed Retirement Benefit

A Member who retires after Normal Retirement Date in accordance with Section B-13 shall receive an annual pension, payable in equal monthly installments on the first day of each month commencing on the Postponed Retirement Date, of the amount that can be purchased from the Insurance Company by the Vested Member Account at that date, in accordance with the terms of the insurance policy then in effect and the form in which the retirement benefit is to be paid pursuant to Section B-15.

B-14.04 Alternative Benefit

Notwithstanding anything to the contrary contained in Sections B-14.01, B-14.02 and B-14.03, at the time of retirement, a Member may elect, upon notice in writing to the Company within the period prescribed by applicable legislation and prior to purchase of a pension, to transfer all or a portion of the Vested Member Account in accordance with Section B-18.

Any portion of the Vested Member Account not transferred in accordance with this Section B-14.04 shall be used to purchase a pension.

B-14.05 No Liability

Where a transfer of a Vested Member Account has been made, or an annuity has been purchased, there shall be no further liability under the Plan or by the

Company in respect of that Member for any benefits relating to the amount transferred or paid to purchase an annuity.

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Section B-15 Forms of Retirement Benefit (Part 2)

B-15.01 Normal Form of Pension for Member Without a Spouse

The normal form of pension for a Member without a Spouse on the date of pension commencement is a pension payable for the life of the Member with a guarantee that payments will be paid for no less than 10 years, subject to the terms of the insurance policy under which the pension is paid.

B-15.02 Normal Form of Pension for Member With a Spouse

The normal form of pension for a Member with a Spouse on the date of pension commencement is a joint and survivor pension which is payable for the life of the Member and, after the death of the Member, will be payable to the Spouse in an amount of 60% of the pension paid to the Member while both the Member and the Spouse were living.

B-15.03 Optional Pension

A Member may elect to receive an optional pension in accordance with Section B-15.04 if

- (a) the Member does not have a Spouse on the date of pension commencement; or
- (b) the Member has a Spouse on the date of pension commencement but, within the period prescribed by applicable legislation prior to the date of commencement of pension payments, the Spouse, and the Member where required by applicable legislation, completes and signs the form prescribed by applicable legislation for that purpose, which shall be delivered to the Company; or
- (c) the Member has a Spouse on the date of pension commencement and chooses an optional pension which will continue to the Spouse for life after the death of the Member in an amount equal to at least 60%, but not more than 100%, of the pension paid to the Member while both the Member and Spouse were living.

B-15.04 Optional Forms of Retirement Benefit

Subject to Section B-15.03, a Member may elect to receive an optional pension if such pension is permitted by

- (a) applicable legislation,
- (b) applicable regulatory authorities, where necessary, and
- (c) the Company.

B-15.05 Time and Method of Election of Options

Subject to Section B-15.03, a Member may elect an optional pension under Section B-15.04 and may change or revoke the election at any time prior to the date on which pension payments under the Plan are due to commence by giving prior written notice of such election, change or revocation to the Company on the forms prescribed by the Company for that purpose.

If a Member elects a joint and survivor pension and the designated joint annuitant dies before the date on which the Member's pension payments under the Plan are due to commence, the election shall be void and the Member may elect to receive another optional pension or the normal form of pension.

All elected optional pensions are irrevocable once pension payments have commenced.

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Section B-16 Termination of Employment Benefit (Part 2)

B-16.01 Member's Entitlement

- (a) On Termination, a Member shall be entitled to the Vested Member Account. Settlement in respect of this entitlement will be made in accordance with this Section B-16.
- (b) Any portion of the Member Account maintained on behalf of a Member to which the Member has not acquired Vested Status on termination shall be deposited to the Forfeiture Account.

B-16.02 Settlement

Subject to the locking-in requirements of applicable legislation, as set out in Section B-16.04, the Vested Member Account may, at the option of the Member, and within the prescribed period, be

- (a) used to purchase a deferred pension from the Insurance Company or other depository, as described in Section B-16.05, or
- (b) transferred in accordance with Section B-18.

B-16.03 Lump sum cash amount

On termination, the Member may receive as a lump sum cash amount

- (a) the portion of the Member Account attributable to non-locked-in funds transferred into the Plan under Section B.-12.04, and
- (b) funds payable under the terms of Section 16.03.

If a Member entitled to the lump sum cash amount has not elected to receive that amount within the time prescribed by the Pension Benefits Act, the Member shall be deemed to have elected to receive the lump sum cash amount.

B-16.04 Locking-in Requirements

If the Member has attained Vested Status with respect to all or a portion of the Member Account, the portion of the Vested Member Account arising from

- (a) the Company contributions made to this Plan on behalf of the Member,
- (b) amounts reallocated from the Forfeiture Account in lieu of Company contributions,
- (c) locked-in amounts transferred to the Plan from another registered plan, as set out in Section B-12.04, and

(d) related Defined Contribution Fund Earnings,

shall be locked-in and shall be subject to the relevant provisions of applicable legislation.

B-16.05 Purchase of a Deferred Pension

The pension payable in respect of any portion of a Vested Member Account which is used to purchase a deferred pension from the Insurance Company or other depository, as described in Section B-16.02(a), shall commence on the Member's Normal Retirement Date or at an Early Retirement Date as described in Section B-13.02 or at a Postponed Retirement Date as described in Section B-13.03.

B-16.06 Cessation of Entitlement under the Plan

Where a lump sum cash amount or transfer of all or a portion of a Vested Member Account has been made, there shall be no further liability under the Plan in respect of that Member for any benefits relating to the amount paid or transferred.

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Section B-17 Death Benefit (Part 2)

B-17.01 Death before Commencement of Pension

- (a) In the event of the death, prior to retirement under Section B-14, of a Member who, on the date of death has a Spouse, the Member's Spouse will receive a life annuity, payable in equal monthly instalments, equal to the amount that can be purchased from the Insurance Company with the aggregate of
 - (i) the portion of the Member Account attributable to periods of membership in the Plan while not a Designated Member,
 - (ii) the portion of the Member Account attributable to periods of membership in the Plan while a Designated Member, and
 - (iii) the portion of the Member Account attributable to funds transferred into the Plan in accordance with Section B-12.04.
- (b) In the event of the death, prior to retirement under Section B-14, of a Member who, on the date of death, does not have a Spouse, a lump sum cash amount equal to the aggregate described in paragraph (a) will be paid to the Member's Beneficiary.

B-17.02 Spousal Waiver

In this Section B-17, with regard to entitlement to pre-retirement death benefits, a person shall be deemed not to be a Spouse if the person waives entitlement to the pension before the Member's death, in the form and manner and within the period prescribed by applicable legislation. The Spouse may revoke the waiver in writing to the Company before the Member's death.

B-17.03 Lump Sum to Spouse

The Spouse may receive as a lump sum cash amount in lieu of the applicable portion of the life annuity under Section B-17.01, any portion of the Vested Member Account.

B-17.04 Benefit Payable to Surviving Spouse

- (a) The life annuity payable to the Member's Spouse under Section B-17.01 may, at the option of such Spouse, be transferred in accordance with Section B-18.
- (b) Any lump sum benefit payable to the Member's Spouse under Section B-17.03 may, at the option of such Spouse, be applied to purchase, from the Insurance Company or other depository, a life annuity which meets the

requirements set out in paragraph (c) below or be transferred on a non-locked-in basis in accordance with Section B-18.

- (c) Any life annuity payable under this Section B-17 may either commence immediately or be deferred to a later date. An annuity shall commence no later than the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the last day of the month of the Member's death. Furthermore this annuity may include a guarantee period acceptable to the Company.
- (d) If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under this Section B-17, within the time prescribed by the Pension Benefits Act, the Spouse shall receive the benefit as an immediate lifetime pension.

B-17.05 Benefit Payable to Beneficiary

Any amount payable to a Member's Beneficiary in accordance with Section B-17.01 shall be paid in a lump sum to the person designated by the Member as Beneficiary or, if no person has been so designated, or if the designated Beneficiary is not then living, be paid in a lump sum to the legal representative of the Member's estate.

B-17.06 Death after Commencement of Pension

In the event of the death of a Member on or after retirement under Section B-14, such amount, if any, as is determined in accordance with the form of pension payable to the Member, shall be payable in accordance with the terms of the insurance policy from which the Pension is paid.

B-17.07 Beneficiary

- (a) Subject to paragraph (b) below, and subject to any statutory conditions or limitations, a Member may, at the time of enrollment or at any time thereafter, designate a person or persons to receive any benefit payable under the Plan in the event of the Member's death, by filing such designation in writing with the Company on the form prescribed by the Company for that purpose. The Member may from time to time alter or revoke the designation by filing with the Company such alteration or revocation in writing on the form prescribed by the Company for that purpose.
- (b) Notwithstanding paragraph (a) above, any benefit payable under the Plan in the event of the Member's death prior to retirement under Section B-4 shall, if the Member has a Spouse on the date of death, be paid to such Spouse in accordance with Section B-17.01 or Section B-17.03, as applicable.

B-17.08 Dispute as to Entitlement

In the event there is any doubt as to the proper recipient of death benefits or as to whether the claimant is the person legally entitled to receive any benefit hereunder, payment of any such benefit may be withheld for a reasonable time to permit investigation to be made, and any recipient or claimant shall on demand be obliged to furnish all information and to produce such proof of identity and of right to such benefits as may be reasonable in the circumstances. The Company shall be entitled to rely on the opinion of legal counsel in determining entitlement.

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Section B-18 Portability (Part 2)

B-18.01 Transfers to Another Plan

On termination or on retirement, a Member may elect, within the period described in Section B-14.04 or B-16.02, as applicable, or upon the Member's death, a Member's Spouse may elect within the period described in Section B-17.04, if applicable, to transfer the lump sum cash amount, or the Commuted Value of other benefits payable under the Plan, to

- (a) another registered pension plan, if that plan permits, or
- (b) a locked-in retirement account or, provided the individual is eligible to retire under the terms of this Plan, a life income fund, a locked-in retirement income fund or any other arrangement as may be permitted under applicable legislation, if the transfer amount is locked-in, or
- (c) a registered retirement savings plan which is not locked-in or a registered retirement income fund or any other arrangement as may be permitted under applicable legislation, if the transfer amount is not locked-in,

as permitted or required under applicable legislation provided that,

- (d) it is established, to the satisfaction of the Company, that such other plan will respect any locking-in provision applicable or required by the Plan or by applicable legislation, and
- (e) the plan, accounts or fund, as applicable, receiving the transferred funds has been approved by all applicable regulatory authorities.

B-18.02 Transfers to Another Depository

Following termination or retirement, a Member may elect, within the period described in Section B-14.04 or B-16.02, as applicable, or upon the Member's death, the Member's Spouse may elect within the period described in Section B-17.04, if applicable, to transfer the lump sum cash amount or the Commuted Value of other benefits payable under the Plan to any depository named by the Member or the Spouse of a deceased Member, as applicable, for the purpose of purchasing an immediate or deferred annuity payable for the Member's or the Spouse's lifetime, as applicable, provided that such annuity shall be subject to the relevant provisions of applicable legislation.

B-18.03 Discharge of Obligation

Any transfer of funds or purchase of an annuity made in accordance with this Section B-18, will be in full discharge of the obligations of the Plan in respect of the portion of the Vested Member Account or the Commuted Value so transferred

or applied to purchase an annuity.

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Section B-19 Establishment and Investment of the Pension Fund (Part 2)

B-19.01 Investment

The Trustee is responsible for investing the assets in each Member Account held in respect of Part 2 of Appendix "B" of the Plan in accordance with the investment contract issued by the Insurance Company to the Trustee for such purpose and with the statement of investment policies and procedures established under Section 14.04.

B-19.02 Pension Fund Relating to Part 2 of Appendix "B"

The Company may appoint an Insurance Company or investment manager to manage and invest the assets of the Pension Fund relating to amounts held under Part 2 of this Appendix "B" of the Plan, and the Company shall advise such Insurance Company or investment manager of the investment vehicle or combination of investment vehicles in which the assets of each Member's Account are invested.

B-19.03 Benefits

All amounts payable in a lump sum under the provisions of the Plan shall be provided directly from the Pension Fund and all pension or annuity benefits shall be purchased with monies from the Pension Fund through the Insurance Company, or through another depository in accordance with Section B-18.02.

B-19.04 Accounts

The Company shall at all times keep or cause to be kept adequate accounts of the Pension Fund. Such accounts shall be maintained on a calendar year basis.

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APPENDIX "C" - ASSOCIATED OR AFFILIATED COMPANIES PARTICIPATING IN
THE PLAN

The Canada Life Assurance Company

Adason Properties Limited

Canada Life Casualty Insurance Company (ceased participation December 31, 2000)

Canada Life Mortgage Services

Pelican Food Services Limited (ceased participation January 31, 2001)

Indago Capital Management Inc. (ceased participation February 26, 1999)

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APPENDIX "D" – TRANSFERRED MEMBERS

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SCHEDULE 1

SPECIAL PROVINCIAL PROVISIONS - ALBERTA

The provisions of this Schedule 1 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Alberta, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.10 Continuous Service

"Continuous Service" means a period of unbroken employment with the Company and its predecessors in business as shown by the Company's payroll records including any period not exceeding 26 consecutive weeks (after August 9, 2006, 52 consecutive weeks) during which an Employee or Field Management Employee who immediately before the commencement of the period was in the employment of the Company is not doing work or providing a service for the Company for remuneration and after the expiry of which, the Employee or Field Management Employee is again in the employment of the Company. Continuous Service shall also include, where applicable, for the purposes of eligibility for membership in the Plan and entitlement to benefits and vesting thereunder only, in respect of an Employee or Field Management Employee who immediately prior to January 1, 1999 was employed by Crown Life Insurance Company of Canada, the period of unbroken employment with Crown Life Insurance Company of Canada and its predecessors in business and, in respect of an Employee or Field Management Employee who became a Member or Field Management Member in conjunction with the Company's acquisition of The Toronto-Dominion Bank's group retirement and investment services business under an asset purchase agreement dated November 8, 2000, the period of unbroken employment with The Toronto-Dominion Bank immediately prior to such acquisition.

2.46 Spouse

"Spouse" means, after May 2003, in relation to another person,

- (a) a person who, at the relevant time, was married to that other person and had not been living separate and apart from that other person for 3 or more consecutive years, or
- (b) if there is no person to whom subsection (a) applies, a person who, immediately preceding the relevant time, had lived with that other person in a conjugal relationship
 - (i) for a continuous period of at least 3 years, or

- (ii) of some permanence, if there is a child of the relationship by birth or adoption.

For the purposes of subsection (a), persons are living separate and apart

- (c) if they are living apart and either of them has the intention to live separate and apart from the other, or
- (d) if, before the relevant time,
 - (i) they had been living separate and apart for any period, and
 - (ii) that period was interrupted or terminated by reason only that either of them became incapable of continuing to live separate and apart or of forming or having the intention to continue to live separate and apart of that person's own volition,

and the separation would probably have continued if that person had not become so incapable.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

7.03 Optional Forms of Payment

Where the Spouse of a Member or Field Management Member has filed the prescribed waiver and the Member or Field Management Member has chosen a form of pension that provides for a death benefit, the Spouse must be designated as the Beneficiary of the death benefit unless the Spouse has waived entitlement to the death benefit in accordance with the Pension Benefits Act. A waiver of the death benefit becomes void if the Member or Field Management Member dies before the pension commences to be paid.

8.01 Benefits in Respect of Pensionable Service

(a) Multiple Transfers

Notwithstanding Section 8.01(b) of the Plan, the transfer referred to in that Section may be made to one or more of the vehicles described in clauses (b)(i)(A) through (C). Subject to the Pension Benefits Act, the transfer to one or more of the vehicles shall be made in full at one time. No transfer shall be made to more than one of the vehicles if it would result in funds that are locked-in under the Plan becoming unlocked in one or more of the vehicles accepting the transfer.

(b) Unlocking of Certain Amounts

Despite Section 8.01(b) of the Plan, a Member who has attained age 50 and who has elected to transfer the Commuted Value to a life insurance company for the purchase of

an annuity or to a retirement income arrangement (within the meaning of the Pension Benefits Act) may unlock up to half of the Commuted Value, in accordance with the requirements of that Act, if the Member's Spouse has filed the waiver required under that Act with the administrator. The amount unlocked shall, at the option of the Member, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Member. The annuity purchased shall be in the normal form of payment described in Section 7.01(a) of the Plan or the automatic form of payment in Section 7.01(b) of the Plan, whichever is applicable, unless the Spouse has waived entitlement thereto in accordance with the Act. Where the annuity provides for a pension in a form other than the normal form or the automatic form, as the case may be, the Spouse must be designated as the Beneficiary of any death benefit under the annuity unless the Spouse has waived entitlement to the death benefit in accordance with the Act. A waiver of the death benefit becomes void if the Member dies before the pension commences to be paid.

8.02 Benefits in Respect of Field Management Pensionable Service

(a) Multiple Transfers

Notwithstanding Section 8.02(b) of the Plan, the transfer referred to in that Section may be made to one or more of the vehicles described in clauses (b)(i)(A) through (C). Subject to the Pension Benefits Act, the transfer to one or more of the vehicles shall be made in full at one time. No transfer shall be made to more than one of the vehicles if it would result in funds that are locked-in under the Plan becoming unlocked in one or more of the vehicles accepting the transfer.

(b) Unlocking of Certain Amounts

Despite Section 8.02(b) of the Plan, a Field Management Member who has attained age 50 and who has elected to transfer the Commuted Value to a life insurance company for the purchase of an annuity or to a retirement income arrangement (within the meaning of the Pension Benefits Act) may unlock up to half of the Commuted Value, in accordance with the requirements of that Act, if the Field Management Member's Spouse has filed the waiver required under that Act with the administrator. The amount unlocked shall, at the option of the Field Management Member, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Field Management Member. The annuity purchased shall be in the normal form of payment described in Section 7.01(a) of the Plan or the automatic form of payment in Section 7.01(b) of the Plan, whichever is applicable, unless the Spouse has waived entitlement thereto in accordance with the Act. Where the annuity provides for a pension in a form other than the normal form or the automatic form, as the case may be, the Spouse must be designated as the Beneficiary of any death benefit under the annuity unless the Spouse has waived entitlement to the death benefit in accordance with the Act. A waiver of the death benefit becomes void if the Field Management Member dies before the pension commences to be paid.

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9.01 Pre-Retirement Death Benefit (Member with a Spouse)

(a) Locked-in Transfer

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked-in basis. A Spouse may, in lieu of the immediate monthly pension or deferred pension payable under Section 9.01(a) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension to one of the options available to a Member as set out in Section 8.01(b)(i) of the Plan. The Spouse must direct a transfer if the Commuted Value is less than 20% of the YMPE for the year in which the Member dies unless the Spouse elects the lump sum settlement under Section 16.03 of this Schedule 1.

(b) Default Positions

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death. If the Spouse elects to receive a pension, that pension shall commence no later than the particular date.

(c) Payment to beneficiary

In the event a Spouse entitled to a pre-retirement death benefit pursuant to Section 9.01(a) of the Plan dies prior to receipt of the pension without having become entitled to elect the transfer of the pre-retirement survivor benefit, the lump sum cash amount described in Section 9.01(b) of the Plan shall be paid to the Spouse's designated beneficiary, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

(d) Multiple Transfers

Despite paragraph (a) of this Section, the transfer referred to in that paragraph may be made to one or more of the vehicles described in Section 8.01(b)(i) of the Plan. Subject to the Pension Benefits Act, the transfer to one or more of those vehicles shall be made in full at one time. No transfer shall be made to more than one of the vehicles if it would result in funds that are locked-in under the Plan becoming unlocked in one or more of the vehicles accepting the transfer.

(e) Unlocking of Certain Amounts

A Spouse of a Member who has attained age 50 at the date of the Member's death and who has elected to transfer the Commuted Value described in paragraph 9.01(a) of this Appendix to a life insurance company for the purchase of an annuity or to a retirement income arrangement (within the meaning of the Pension Benefits Act) may unlock up to

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half of the Commuted Value, in accordance with the requirements of that Act. The amount unlocked shall, at the option of the Spouse, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Spouse.

(f) Overriding Provision

Notwithstanding the above, where the deceased Member is vested only by reason of the termination of the Plan, the surviving Spouse shall receive a lump sum cash amount equal to the Commuted Value.

9.02 Pre-Retirement Death Benefit (Field Management Member with a Spouse)

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked-in basis in respect of the benefits payable under Sections 9.02(a),(b)(i) or (c) or the benefits payable under Section 9.02(d) of the Plan. A Spouse may, in lieu of the immediate monthly pension or deferred pension payable under Sections 9.02(a), (b)(i) or (c) of the Plan or the lump sum payable under Section 9.02(d) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension or the lump sum payable, to one of the options available to a Field Management Member as set out in Section 8.02(b)(i) of the Plan. The Spouse must direct a transfer if the Commuted Value is less than 20% of the YMPE for the year in which the Field Management Member dies unless the Spouse elects the lump sum settlement under Section 16.03 of this Schedule 1.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i) or (c) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension under that Section commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death. If the Spouse elects to receive such a pension, that pension shall commence no later than the particular date.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.02(d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lifetime pension from the Plan, determined by applying to the amount of the benefit the annuity factor adopted for the purpose by the Company, commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death.

In the event a Spouse, entitled to a pre-retirement death benefit pursuant to Section 9.02 of the Plan dies prior to receipt of the pension without having become entitled to elect the transfer of the pre-retirement survivor benefit, the lump sum cash amount to a Field

Management Member without a Spouse described in Sections 9.02(a), (b)(ii), (c) and (d) of the Plan shall be paid to the Spouse's designated beneficiary, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

9.03 Spousal Waiver

The Spouse of a Member or Field Management Member may waive entitlement in accordance with Section 9.03 of the Plan. Where such a waiver is filed and not revoked, the Spouse is not entitled to receive any benefits under Section 9.01 or 9.02 of the Plan and if the deceased Member or Field Management Member designates or has designated the Spouse as Beneficiary, then the waiver also applies with respect to any benefit that the Spouse would otherwise have received as Beneficiary.

16.03 Commutation of Small Benefits

(a) If, at the earliest of a Member's or a Field Management Member's termination of employment, death or pension commencement:

- (i) the monthly pension payments that would be payable to the Member or Field Management Member at or after the Normal Retirement Date do not exceed 1/12 of 4% of the YMPE for the calendar year in which that earliest event occurred, or
- (ii) the Commuted Value of the pension to which the Member or Deferred Member is entitled does not exceed 20% of the YMPE for that calendar year,

then the Member or Field Management Member or the surviving Spouse or Beneficiary of the Member or Field Management Member, as the case may be, may elect to receive either the monthly pension payments or a lump sum cash amount equal to the Commuted Value of the pension payments.

(b) Where pension commencement is deferred and the Company is requested in writing to make a payment in accordance with the Plan, if

- (i) the monthly pension payments that would be payable to the Member or Field Management Member at or after the Normal Retirement Date as a result of the request do not exceed 1/12 of 4% of the YMPE for the calendar year in which the request was made, or
- (ii) the Commuted Value of the pension, as of the date of the request, to which the Member or Field Management Member is entitled does not exceed 20% of the YMPE for that calendar year,

then the Member or Field Management Member, or the surviving Spouse or Beneficiary of the Member or Field Management Member, as the case may be, may elect to receive either the monthly pension payments or the Commuted Value of the pension payments.

- (c) In applying Section 16.03(a) or (b) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
- (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

16.13 Unlocking for Non-Residents

Despite any other provision of the Plan, the benefits under the Plan of a Member shall not be locked-in if the Member provides the Company with satisfactory evidence that the Member has been declared by the Canada Revenue Agency to be a non-resident of Canada for purposes of the Income Tax Act and if the Spouse of the Member has provided the Company with the waiver required by the Pension Benefits Act.

Despite any other provision of the Plan, the benefits under the Plan of the Spouse of a Member payable after the death of the Member shall not be locked-in if the Spouse provides the Company with satisfactory evidence that the Spouse has been declared by the Canada Revenue Agency to be a non-resident of Canada for purposes of the Income Tax Act.

B-2.26 Service

"Service" means a Former Crown Life Employee's continuous years of unbroken employment with the Company or the Predecessor Company including any period not exceeding 26 consecutive weeks (after August 9, 2006, 52 consecutive weeks) during which the Former Crown Life Employee who, immediately before the commencement of the period was in the employment of the Company or the Predecessor Company, is not doing work or providing a service for the Company or Predecessor Company for remuneration and after the expiry of which, the Former Crown Life Employee is again in the employment of the Company or Predecessor Company.

B-2.29 Vested Status

A Member who has not satisfied the conditions in Section B-2.29 of Appendix "B" to be 100% vested in the accrued Pension under Part 1 of Appendix "B" or the Member Account under Part 2 of Appendix "B" but who has completed at least 5 years of Service shall have attained "Vested Status" with respect to the Member's accrued Pension under Part 1 of Appendix "B" or the Member Account under Part 2 of Appendix "B".

B-5.01 Pre-Retirement Death Benefits**(a) Portability**

A Spouse may, in lieu of the immediate or deferred pension payable under Section B-5.01 of Appendix "B", direct the Company to transfer the Pension Credits to any one or more of the options available to a Member as set out in Section B-6.02 of Appendix "B". No transfer shall be made to more than one of the vehicles if it would result in funds that are locked-in under the Plan becoming unlocked in one or more of the vehicles accepting the transfer. Subject to the Pension Benefits Act, the transfer of the Pension Credits to more than one of the above options shall be made in full at one time.

(b) Default Provisions

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death. If the Spouse elects to receive a pension, that pension shall commence no later than the particular date.

(c) Unlocking of Certain Amounts

A Spouse of a Member who has attained age 50 at the date of the Member's death and who has elected to transfer the Pension Credits, in accordance with paragraph (a) of Section B-5.01 of this Appendix, to a life insurance company for the purchase of an annuity or to a retirement income arrangement (within the meaning of the Pension Benefits Act) may unlock up to half of the Pension Credits, in accordance with the requirements of that Act. The amount unlocked shall, at the option of the Spouse, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Spouse.

Notwithstanding the above, where the deceased Member is vested only by reason of the termination of the Plan, the surviving Spouse shall receive a cash lump sum cash amount equal to the Pension Credits.

(d) Death of Spouse Before Receipt

In the event a Spouse is entitled to a pre-retirement death benefit pursuant to Section B-5.01 of Appendix "B" dies prior to receipt of the pension without having become entitled to elect the transfer of the pre-retirement death benefit, the Pension Credits shall be paid to the Spouse's designated beneficiary, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

(e) Spousal Waiver

A Spouse may waive entitlement in accordance with Section B-5.01 of Appendix "B". Where such a waiver is filed and not revoked, the Spouse is not entitled to receive any benefits under Section B-5.01 of Appendix "B" and if the deceased Member designates or has designated the Spouse as Beneficiary, then the waiver also applies with respect to any benefit that the Spouse would otherwise have received as Beneficiary.

B-5.02 Effect of Spousal Waiver

Where the Spouse of a Member has filed the prescribed waiver under section 7.03 and the Member has chosen a form of pension that provides for a death benefit, the Spouse must be designated as the Beneficiary of the death benefit unless the Spouse has waived entitlement to the death benefit in accordance with the Pension Benefits Act. A waiver of the death benefit becomes void if the Member dies before the pension commences to be paid.

B-6.02 Payment of Benefits

Despite Section B-6.02 of Appendix "B", the settlement referred to in that Section may be to one or more of the vehicles described in paragraphs (a) through (c) of that Section. Subject to the Pension Benefits Act, the transfer to one or more of the vehicles shall be made in full at one time. No transfer shall be made to more than one of the vehicles if it would result in funds that are locked-in under Part 1 of Appendix "B" becoming unlocked in or more of the vehicles accepting the transfer.

Despite Section B-6.02 of Appendix "B", a Member who has attained age 50 and who has elected to transfer his Pension Credits to an Insurance Company to purchase a life annuity in accordance with paragraph (c) of Section B-6.02 of Appendix "B" or to a retirement income arrangement (within the meaning of the Pension Benefits Act) in accordance with paragraph (b) of that Section B-6.02, may unlock up to one half of the Pension Credits, in accordance with the requirements of the Pension Benefits Act, if the Member's Spouse has filed the waiver required by that Act with the Company. The amount unlocked shall, at the option of the Member, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Member. The annuity purchased shall be in the normal form of payment applicable for a Member with a Spouse who has not waived entitlement to a survivor pension, unless the Spouse has waived entitlement thereto in accordance with the Act. Where the annuity provides for a pension in a form other than such normal form, the Spouse must be designated as the Beneficiary of any death benefit under the annuity unless the Spouse has waived entitlement to the death benefit in accordance with the Act. A waiver of the death benefit becomes void if the Member dies before the pension commences to be paid.

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B-8.12 Unlocking for Non-Residents

Despite any other provision of Appendix "B", the benefits under Appendix "B" of the Plan of a Member shall not be locked-in if the Member provides the Company with satisfactory evidence that the Member has been declared by the Canada Revenue Agency to be a non-resident of Canada for purposes of the Income Tax Act and if the Spouse of the Member has provided the Company with the waiver required by the Pension Benefits Act.

Despite any other provision of Appendix "B", the benefits under Appendix "B" of the Plan of the Spouse of a Member payable after the death of the Member shall not be locked-in if the Spouse provides the Company with satisfactory evidence that the Spouse has been declared by the Canada Revenue Agency to be a non-resident of Canada for purposes of the Income Tax Act.

B-15.06 Effect of Spousal Waiver

Where the Spouse of a Member has filed the prescribed waiver in accordance with Section B-15.03 and the Member has chosen a form of pension that provides for a death benefit, the Spouse must be designated as the Beneficiary of the death benefit unless the Spouse has waived entitlement to the death benefit in accordance with the Pension Benefits Act. A waiver of the death benefit becomes void if the Member dies before the pension commences to be paid.

B-16.03 Lump sum cash amount

A Member who receives a lump sum cash amount under Section B-16.03 of Appendix "B" may elect to transfer such payment, subject to the Income Tax Act, to the Member's registered retirement savings plan on a non-locked-in basis.

B-17.02 Spousal Waiver

A Spouse may waive entitlement to the pre-retirement death benefit payable under Section B-17.01 of Appendix "B". Where a Spouse has waived entitlement to the pre-retirement death benefit and such waiver has not been revoked, the Spouse is not entitled to receive any benefits under Section B-17.01 of Appendix "B" and if the Member designates or has designated the Spouse as Beneficiary, then the waiver also applies with respect to any benefit that the Spouse would otherwise have received as Beneficiary.

B-17.03 Lump Sum to Spouse

A Spouse is not permitted to receive any portion of the Member Account in a lump sum, except the portion, if any, attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" on a non-locked-in basis, unless the provisions of Section 16.03 or 16.12 of this Schedule 1 apply.

B-17.04 Benefit Payable to Surviving Spouse

- (a) A Spouse entitled to a life annuity under Section B-17.01(a) of Appendix "B" may elect to receive the annuity purchased from the Insurance Company pursuant to Section B-17.04(b) of Appendix "B" or may transfer the Vested Member Account on a locked-in basis in accordance with Section B-18 of Appendix "B". If the portion of the Member Account attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" is not required by applicable legislation to be locked-in, it may be transferred on a non-locked-in basis. The Spouse must direct a transfer if the Vested Member Account, when combined with the Commuted Value of the annual pension payable to the Spouse under the Plan, is less than 20% of the YMPE for the year in which the Member dies.
- (b) If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lifetime pension from the Plan determined by applying, to the aggregate described in Section B-17.01(a) of Appendix "B", the annuity factor adopted for the purpose by the Company, commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death.
- (c) In the event a Spouse entitled to a pre-retirement death benefit pursuant to Section B-17.01 of Appendix "B" dies prior to receipt of the life annuity without having become entitled to elect the transfer described above, the lump sum cash amount described in B-17.01(b) of Appendix "B" shall be paid to the Spouse's designated beneficiary, or, if the Spouse has not designated a beneficiary, to the Spouse's estate.
- (d) No transfer shall be made under Section B-18 of Appendix "B" to more than one of the permitted vehicles if it would result in funds that are locked-in becoming unlocked in one or more vehicles accepting the transfer. Subject to the Pension Benefits Act, the transfer of the pre-retirement death benefit to more than one vehicle shall be made in full at one time.
- (e) Despite the foregoing, a Spouse who has attained age 50 and who has elected to receive the annuity purchased from the Insurance Company pursuant to Section B-17.04 of Appendix "B" or to transfer the pre-retirement death benefit to a retirement income arrangement (within the meaning of the Pension Benefits Act) pursuant to Section B-18.01 of Appendix "B" may unlock up to half of the pre-retirement death benefit, in accordance with the requirements of the Pension Benefits Act. The amount unlocked shall, at the option of the spouse, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or a registered retirement income fund of the Spouse.

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- (f) Notwithstanding the foregoing, where the deceased Member is vested only by reason of termination of Appendix "B", the surviving Spouse shall receive the pre-retirement death benefit as a cash lump sum cash amount.

B-18.04 Multiple Transfers

- (a) Despite Sections B-16.02, B-18.01 and B-18.02 of Appendix "B", the Member may select one or more of the options described in those Sections except that multiple options may not be selected if such a selection would result in funds that are locked-in under Part 2 of Appendix "B" becoming unlocked under one or more of the options chosen. Subject to the Pension Benefits Act, the transfer of the Vested Member Account under more than one of the options shall be made in full at one time.
- (b) Despite Sections B-16.02, B-18.01 and B-18.02 of Appendix "B", a Member who has attained age 50 and who has elected to transfer his Vested Member Account to an Insurance Company to purchase a life annuity or to a retirement income arrangement (within the meaning of the Pension Benefits Act), in accordance with Section B-18.01 or B-18.02 of Appendix "B", may unlock up to one half of the Vested Member Account, in accordance with the requirements of the Pension Benefits Act, if the Member's Spouse has filed the waiver required by that Act with the Company. The amount unlocked shall, at the option of the Member, be paid in a lump sum or transferred, subject to the transfer limits under the Income Tax Act, to a registered retirement savings plan or registered retirement income fund of the Member. The annuity purchased shall be in the normal form of payment applicable for a Member with a Spouse who has not waived entitlement to a survivor pension, unless the Spouse has waived entitlement thereto in accordance with the Act. Where the annuity provides for a pension in a form other than such normal form, the Spouse must be designated as the Beneficiary of any death benefit under the annuity unless the Spouse has waived entitlement to the death benefit in accordance with the Act. A waiver of the death benefit becomes void if the Member dies before the pension commences to be paid.

SCHEDULE 2

SPECIAL PROVINCIAL PROVISIONS - BRITISH COLUMBIA

The provisions of this Schedule 2 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of British Columbia, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.10 Continuous Service

"Continuous Service" means a period of unbroken employment with the Company and its predecessors in business as shown by the Company's payroll records including any period not exceeding 26 consecutive weeks during which an Employee or Field Management Employee who immediately before the commencement of the period was in the employment of the Company is not doing work or providing a service for the Company for remuneration and after the expiry of which, the Employee or Field Management Employee is again in the employment of the Company. Continuous Service shall also include, where applicable, for the purposes of eligibility for membership in the Plan and entitlement to benefits and vesting thereunder only, in respect of an Employee or Field Management Employee who immediately prior to January 1, 1999 was employed by Crown Life Insurance Company of Canada, the period of unbroken employment with Crown Life Insurance Company of Canada and its predecessors in business and, in respect of an Employee or Field Management Employee who became a Member or Field Management Member in conjunction with the Company's acquisition of The Toronto-Dominion Bank's group retirement and investment services business under an asset purchase agreement dated November 8, 2000, the period of unbroken employment with The Toronto-Dominion Bank immediately prior to such acquisition.

2.46 Spouse

"Spouse" means, in relation to another person,

- (a) a person who, at the relevant time, was married to that other person and who, if living separate and apart from that other person at the relevant time, did not live separate and apart from that other person for longer than the 2 year period immediately preceding the relevant time, or
- (b) if there is no person to whom subsection (a) applies, a person who had been living and cohabiting with that other person in a marriage-like relationship, including a marriage-like relationship between persons of the same gender, and who had been living and cohabiting in that relationship for a period of at least 2 years immediately preceding the relevant time.

For the purposes of paragraph (a), persons are living separate and apart

- (c) if they are living apart and either of them has the intention to live separate and apart from the other, or
- (d) if, before the relevant time,
 - (i) they had lived separate and apart for any period, and
 - (ii) that period was interrupted or terminated by reason only because either person became incapable of continuing to live separate and apart or of forming or having the intention to continue to live separate and apart of that person's own volition,

and the separation would probably have continued if that person had not become incapable.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

7.03 Optional Forms of Payment

Notwithstanding the second paragraph of Section 7.03 of the Plan, in order for a Member or a Field Management Member who has a Spouse on the Member's or Field Management Member's Pension Commencement Date to elect a monthly pension that provides a monthly pension to the Spouse equal to less than 60% of the pension that would have been payable to the Member or Field Management Member under the normal form of payment described in Section 7.01 (a) or the automatic form of payment described in Section 7.02 (b) of the Plan, the Member's or Field Management Member's Spouse must waive the normal form of payment in Section 7.01 (a) or the automatic form of payment in Section 7.02 (b) of the Plan, whichever is applicable, by signing outside the presence of the Member or Field Management Member and filing a prescribed waiver form with the Company within 90 days prior to the Member's or Field Management Member's Pension Commencement Date. The waiver may be revoked by the Spouse at any time prior to the Pension Commencement Date or within such other time period prescribed by the Pension Benefits Act.

9.01 Pre-Retirement Death Benefit (Member with a Spouse)

A Spouse is not entitled to the death benefit described in Section 9.01 of the Plan if the Spouse has received a share of the Member's pension under Part 5 or 6 of the *Family Relations Act* (British Columbia) unless the Spouse is the Member's Beneficiary.

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked-in basis. A Spouse must, in lieu

of the immediate monthly pension or deferred pension payable under Section 9.01(a) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension to one of the options available to a Member as set out in Section 8.01(b)(i) of the Plan, unless Spouse is entitled to elect, and elects, the lump sum cash amount under Section 16.03 or 16.11 of this Schedule 2.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death. If the Spouse elects to receive a pension, that pension shall commence no later than the particular date.

In the event a Spouse entitled to a pre-retirement death benefit pursuant to Section 9.01(a) of the Plan dies without having become entitled to elect the transfer of the pre-retirement survivor benefit, the lump sum cash amount described in Section 9.01(b) of the Plan shall be paid to the Spouse's designated beneficiary, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

9.02 Pre-Retirement Death Benefit (Field Management Member with a Spouse)

A Spouse is not entitled to the death benefit described in Section 9.02 of the Plan if the Spouse has received a share of the Field Management Member's pension under Part 5 or 6 of the *Family Relations Act* (British Columbia) unless the Spouse is the Field Management Member's Beneficiary.

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked-in basis in respect of the benefits payable under Sections 9.02(a), (b)(i) or (c) or the benefits payable under Section 9.02(d) of the Plan. A Spouse must, in lieu of the immediate monthly pension or deferred pension payable under Sections 9.02(a), (b)(i) or (c) of the Plan or the lump sum payable under Section 9.02(d) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension or the lump sum payable, to one of the options available to a Member as set out in Section 8.02(b)(i) of the Plan, unless the Spouse is entitled to elect, and elects, the lump sum cash amount under Section 16.03 or 16.11 of this Schedule 2.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i) or (c) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension under that Section commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death. If the Spouse elects to receive such a pension, that pension shall commence no later than the particular date.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.02(d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lifetime pension from the Plan, determined by applying to the amount of the benefit the annuity factor adopted for the purpose by the Company, commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death.

In the event a Spouse, entitled to a pre-retirement death benefit pursuant to Section 9.02 of the Plan dies without having become entitled to elect the transfer of the pre-retirement survivor benefit, the lump sum cash amounts to a Field Management Member without a Spouse described in Sections 9.02(a), (b)(ii), (c) and (d) of the Plan shall be paid to the Spouse's designated beneficiary, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07 of the Plan or by notice of attachment, order of garnishment or attachment under the *Family Maintenance Enforcement Act*. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on death, termination of employment or retirement, the annual pension payable to a Member, Field Management Member or surviving Spouse is less than 10%, or the Commuted Value of the annual pension payable is less than 20%, of the YMPE for the year in which the Member or Field Management Member terminates, dies or retires, the Member, Field Management Member or surviving Spouse, as applicable, may elect to receive either the annual pension or a lump sum cash amount equal to the Commuted Value of the annual pension.
- (b) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for

the Member under Part 2 of Appendix "B" of the Plan.

16.13 Refund of Benefits to Non-Residents

If a former Member or former Field Management Member, surviving Spouse or former Spouse who is entitled to a pension or survivor benefit under the Plan, as applicable,

- (a) has been absent from Canada for at least 2 years, and
- (b) has become a non-resident of Canada and provides the forms and evidence prescribed by the *Pension Benefit Act* for such purpose to the Company and, in respect of a former Member or Field Management Member, provides any waiver of his or her Spouse's entitlement in the form prescribed by the *Pension Benefit Act* to the Company,

the former Member or Field Management Member, surviving Spouse or former Spouse, as applicable, may elect a lump sum settlement which will be in lieu of any and all benefits payable under the Plan to a Member, former Field Management Member, Spouse or Beneficiary.

B-2.26 Service

"Service" means a Former Crown Life Employee's continuous years of unbroken employment with the Company or the Predecessor Company including any period not exceeding 26 consecutive weeks during which the Former Crown Life Employee who, immediately before the commencement of the period was in the employment of the Company or the Predecessor Company, is not doing work or providing a service for the Company or Predecessor Company for remuneration and after the expiry of which, the Former Crown Life Employee is again in the employment of the Company or the Predecessor Company.

B-5.01 Pre-Retirement Death Benefits

A Spouse is not permitted to elect to receive the Pension Credits in a lump sum nor to transfer the Pension Credit to a registered retirement savings plan or any other plan on a non-locked-in basis. A Spouse must, in lieu of the immediate or deferred pension payable under Section B-5.01 of Appendix "B", direct the Company to transfer the Pension Credits to one of the options available to a Member as set out in Section B-6.02 of Appendix "B", unless the Spouse is entitled to elect, and elects, the lump sum settlement under Section 16.03 or 16.11 of this Schedule 2.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death. If the Spouse elects to receive a pension, that pension shall

commence no later than the particular date.

In the event a Spouse entitled to a pre-retirement death benefit pursuant to Section B-5.01 of Appendix "B" dies without having become entitled to elect the transfer of the pre-retirement death benefit, the Pension Credits shall be paid to the Spouse's designated beneficiaries, or if the Spouse has not designated a beneficiary, to the Spouse's estate.

A surviving Spouse who has received a share of the Member's Pension in accordance with Section 16.07 of the Plan is not entitled to the pre-retirement death benefit under Section B-5.01 of Appendix "B".

B-8.12 Refunds of Benefits to Non-Resident Inactive Members

If a former Member, surviving Spouse or former Spouse who is entitled to a Pension or survivor benefit, as applicable, under Appendix "B"

- (a) has been absent from Canada for at least 2 years, and
- (b) has become non-resident of Canada and provides the forms and evidence prescribed by applicable legislation for such purpose to the Company and, in respect of a Member, provides any waiver of the Member's Spouse's entitlement in the form prescribed by the applicable legislation to the Company,

the Member, surviving Spouse or former Spouse, as applicable, may elect a lump sum settlement in lieu of any and all benefits payable under the Plan to a Member, Spouse of Beneficiary.

B-8.13 Unlocking at Age 65

If, upon attainment of age 65, a Member who is entitled to a Pension under Part 2 of Appendix "B"

- (a) has, in the aggregate, in each defined contribution pension plan (including Part 2 of Appendix "B"), registered retirement savings plan and retirement income fund prescribed by applicable legislation not more than 40% of the YMPE in the year in which the election is made,
- (b) completes a declaration of commutable amount in the form prescribed by applicable legislation and files a copy of such form with each relevant plan administrator and financial institution, and
- (c) if the Member has a Spouse, obtains a waiver of the Spouse's entitlements in the form prescribed by the applicable legislation and files a copy of such form with each relevant plan administrator and financial institution,

the Member or former Member may elect a lump sum settlement of the Vested Member Account under Part 2 of Appendix "B" and receive the settlement in cash or by transfer to

a registered retirement savings plan on a non-locked basis. The payment of any such lump sum settlement will be in lieu of any and all benefits payable under Part 2 of Appendix "B" to a Member, Spouse or Beneficiary.

B-16.03 Lump sum cash amount

A Member who receives a lump sum cash amount under Section B-16.03 of Appendix "B" may elect to transfer such payment, subject to the Income Tax Act, to the Member's registered retirement savings plan on a non-locked-in basis.

B-17.03 Lump Sum to Spouse

A Spouse is not permitted to receive any portion of the Member Account in a lump sum, except the portion, if any, attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" on a non-locked-in basis, unless the provisions of Section 16.03 or 16.11 of this Schedule 2 apply.

B-17.04 Benefit Payable to Surviving Spouse

A Spouse entitled to a life annuity under Section B-17.01(a) of Appendix "B" must elect either to receive the annuity purchased from the Insurance Company pursuant to Section B-17.04(b) of Appendix "B" or to transfer the Vested Member Account on a locked-in basis in accordance with Section B-18 of Appendix "B". If the portion of the Member Account attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" is not required by applicable legislation to be locked-in, it shall be transferred on a non-locked-in basis.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a transfer in accordance with Section B-18.01(a) of Appendix "B".

In the event a Spouse entitled to a pre-retirement death benefit pursuant to Section B-17.01 of Appendix "B" dies prior to receipt of the life annuity or without having become entitled to elect the transfer described above, the lump sum cash amount described in B-17.01(b) of Appendix "B" shall be paid to the Spouse's designated beneficiary, or, if the Spouse has not designated a beneficiary, to the Spouse's estate.

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SCHEDULE 3

SPECIAL PROVINCIAL PROVISIONS - MANITOBA

The provisions of this Schedule 3 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Manitoba, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.10 Continuous Service

"Continuous Service" means a period of unbroken employment with the Company and its predecessors in business as shown by the Company's payroll records including any period not exceeding 52 consecutive weeks during which an Employee or Field Management Employee who immediately before the commencement of the period was in the employment of the Company is not doing work or providing a service for the Company for remuneration and after the expiry of which, the Employee or Field Management Employee is again in the employment of the Company. Continuous Service shall also include, where applicable, for the purposes of eligibility for membership in the Plan and entitlement to benefits and vesting thereunder only, in respect of an Employee or Field Management Employee who immediately prior to January 1, 1999 was employed by Crown Life Insurance Company of Canada, the period of unbroken employment with Crown Life Insurance Company of Canada and its predecessors in business and, in respect of an Employee or Field Management Employee who became a Member or Field Management Member in conjunction with the Company's acquisition of The Toronto-Dominion Bank's group retirement and investment services business under an asset purchase agreement dated November 8, 2000, the period of unbroken employment with The Toronto-Dominion Bank immediately prior to such acquisition.

2.46 Spouse

"Spouse" means, in relation to another person,

- (a) a person who, at the relevant time, was married to that other person, or
- (b) a person who, with that other person, registered under section 13.1 of the *Vital Statistics Act* (Manitoba) a common-law relationship (such relationship being the relationship between two persons who are common-law partners, as defined in the Pension Benefits Act), or
- (c) a person who, not being married to the other person, cohabited with that other person in a conjugal relationship:
 - (i) for a period of at least 3 years, if either of them is married, or

- (ii) for a period of at least one year, if neither of them is married.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death. For purposes of the Plan, a person described in paragraph (b) or (c) above, shall be considered to have survived the Member or Field Management Member only if that person is cohabiting with the Member or Field Management Member immediately before the death of the Member or Field Management Member.

3.01(a) Plan Membership – Full-time and Permanent Part-time Employees

Each person who is hired by the Company on or after the Effective Date as an Employee on a full-time or a permanent part-time basis shall be eligible, but not required to join the Plan upon date of hire. Each such person shall be required to join the Plan upon completion of two years of Continuous Service and, in respect of a part-time Employee, if the Employee has received earnings from the Company equal to at least 25% of the YMPE in each of two consecutive years.

3.01(c) Plan Membership – Temporary or Casual Employees

Each person who:

- (i) is hired by the Company on or after the Effective Date as an Employee on a temporary or casual basis, or
- (ii) was hired as an Employee on a full-time or a permanent part-time basis who has not joined the Plan or the Old Plan and who transfers employment on or after the Effective Date to a temporary or casual basis,

shall be required to join the Plan following completion of at least 2 years of Continuous Service if, during each of two consecutive calendar years, the Employee has received earnings from the Company equal to at least 25% of the YMPE in such years.

3.06 Exceptions to Mandatory Membership

Despite any other provision of this Schedule 3, the following Employees may elect not to become Members of the Plan:

- (i) a substantially full-time student; and
- (ii) a member of a religious group which has, as one of its main tenets of faith, the belief that members of the group should not participate in pension plans.

7.01(a) Normal Form of Payment for a Member or Field Management Member With a Spouse

Notwithstanding Section 7.01(a) of the Plan, the normal form of payment of a pension

under the Plan for a Member who has a Spouse on the Pension Commencement Date is one which is the Actuarial Equivalent of the pension otherwise payable under Section 7.01(a) of the Plan and payable in equal monthly instalments for the remaining lifetime of the retired Member and, if the Member is survived by the Spouse, 66⅔% of the Member's monthly pension shall continue to such Spouse for the remaining lifetime of the Spouse.

Despite the foregoing and Section 7.01(a) of the Plan, a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a benefit under Section 7.01(a) of the Plan, as modified by this Section 7.01(a), in respect of a joint pension with the Member.

7.02(b) Automatic Form of Payment for a Field Management Member With a Spouse

The references to 60% of the reduced pension in Section 7.02(b) of the Plan shall be amended to 66⅔% of the reduced pension.

Despite the foregoing and Section 7.02(b) of the Plan, a Spouse who has received or is entitled to receive a benefit resulting from the division of the Field Management Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a benefit under Section 7.02(b) of the Plan, as modified by this Section 7.02(b), in respect of a joint pension with the Field Management Member.

7.03 Optional Forms of Payment

Notwithstanding the second paragraph of Section 7.03 of the Plan, in order for a Member or a Field Management Member who has a Spouse on the Member's or Field Management Member's Pension Commencement Date to elect a monthly pension that provides a monthly pension to the Spouse equal to less than 66⅔% of the pension that would have been payable to the Member or Field Management Member under the normal form of payment described in Section 7.01 (a) of the Plan, as modified above, or the automatic form of payment described in Section 7.02 (b) of the Plan, as modified above, the Member or Field Management Member and the Member's or Field Management Member's Spouse must jointly waive such normal form of payment in Section 7.01 (a) or such automatic form of payment in Section 7.02 (b) of the Plan, whichever is applicable, by signing and filing a prescribed waiver form with the Company, such waiver form to include a waiver by the Spouse signed outside the presence of the Member or Field Management Member not more than 15 days after the Member or Field Management Member receives the retirement statement. The waiver may be revoked by the Member or Field Management Member and the Spouse at any time prior to the Pension Commencement Date or within such other time period prescribed by the Pension Benefits Act.

Despite Section 7.03 of the Plan, a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's or Field Management Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a benefit under

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Section 7.03 of the Plan in respect of a joint pension with the Member or Field Management Member, as the case may be.

8.01 Benefits in Respect of Pensionable Service

Notwithstanding Sections 8.01(a) and (b) of the Plan, if a Member terminates employment with the Company after completing the earlier of 2 years of Continuous Service and 2 years of Plan membership, the provisions of Section 8.01(b) of the Plan shall apply to the Member's pension benefits described in Section 5.01(b) (Benefits in Respect of Pensionable Service) of the Plan that accrued after 1984.

8.02 Benefits in Respect of Field Management Pensionable Service

Notwithstanding Sections 8.02(a) and (b) of the Plan, if a Field Management Member terminates employment with the Company after completing the earlier of 2 years of Continuous Service and 2 years of Plan membership, the provisions of Section 8.02(b) of the Plan shall apply to the Field Management Member's pension benefit described in Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) of the Plan that accrued after 1984.

9.01(a) Pre-Retirement Death Benefit (Member with a Spouse)

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked-in basis. A Spouse may, in lieu of the immediate monthly pension or deferred pension payable under Section 9.01(a) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension to one of the options available to a Member as set out in Section 8.01(b)(i) of the Plan.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death. If the Spouse elects to receive a pension, that pension shall commence no later than the particular date.

9.02 Pre-Retirement Death Benefit (Field Management Member with a Spouse)

A Spouse is not permitted to direct the Company to pay the Commuted Value of the pension in a lump sum or to transfer such Commuted Value to his or her retirement savings plan or retirement income fund on a non-locked basis in respect of the benefits payable under Sections 9.02(a), (b)(i) or (c) or the benefits payable under Section 9.02(d) of the Plan. A Spouse may, in lieu of the immediate monthly pension or deferred pension payable under Sections 9.02(a), (b)(i) or (c) or the lump sum payable under Section 9.02(d) of the Plan, direct the Company to pay or transfer the Commuted Value of the pension or the lump sum payable, to one of the options available to a Field Management

Member as set out in Section 8.02(b)(i) of the Plan.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i) or (c) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension under that Section commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death. If the Spouse elects to receive such a pension, that pension shall commence no later than the particular date.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.02(d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lifetime pension, determined by applying to the amount of the benefit the annuity factor adopted for the purpose by the Company, commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member, and the end of the month of the Field Management Member's death.

9.03 Spousal Entitlement and Waiver

A Member or Field Management Member's Spouse is not permitted to waive entitlement to the pre-retirement death benefits provided under Sections 9.01 or 9.02 of the Plan. A Spouse of a Member or Field Management Member who has received or is entitled to receive a benefit resulting from the division of the Member's or Field Management Member's pension benefit under Section 16.07 of the Plan is not entitled to a pre-retirement death benefit under Section 9.01 or 9.02 of the Plan unless the Spouse is the Member's or Field Management Member's Beneficiary.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07 of the Plan or pursuant to a garnishing order under the *Garnishment Act*. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on death, termination of employment or retirement, the annual pension payable to a Member or Field Management Member at Normal Retirement Date or the

Commutated Value of the pension or deferred pension payable to a Member, Field Management Member or surviving Spouse is less than 4% of the YMPE in the year in which the Member or Field Management Member terminates, dies or retires, the Member, Field Management Member or surviving Spouse, as applicable, may elect to receive either the pension or a lump sum cash amount of the Commuted Value of the pension.

- (b) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

B-2.26 Service

"Service" means a Former Crown Life Employee's continuous years of unbroken employment with the Company or the Predecessor Company including periods of interruption specifically permitted by the Plan, the Old Plan or a Predecessor Plan and without regard to periods of temporary suspension of employment not exceeding 52 consecutive weeks during which the Former Crown Life Employee who, immediately before the commencement of the period was in the employment of the Company or the Predecessor Company, is not doing work or providing a service for the Company or Predecessor Company for remuneration and after the expiry of which, the Former Crown Life Employee is again in the employment of the Company or the Predecessor Company.

B-2.29 Vested Status

A Member who has not satisfied the conditions in Section B-2.29 of Appendix "B" to be 100% vested in the accrued Pension under Part 1 of Appendix "B" or the Member Account under Part 2 of Appendix "B" but who has completed at least 2 years of Service shall have attained "Vested Status" with respect to the Member's accrued Pension under Part 1 of Appendix "B" or the entire Member Account under Part 2 of Appendix "B".

B-4.01(a)(i)(B) Normal Retirement Benefit – Form of Payment

Provided a Member has no earlier pensionable date, on the Member's Normal Retirement Date, the Member shall become entitled to retire and receive the normal pension which, in the case of a Pension due to Designated Member Credited Service, will be for a Member who has a Spouse on the date of Pension commencement, a joint and survivor Pension which is the Actuarial Equivalent of the Pension otherwise payable under Section B-4.01(a)(i)(B) of Appendix "B" and which provides that payments continue to the Spouse after the death of the Member equal to 66⅔% of the Pension paid to the Member.

Despite the foregoing and Section B-4.01(a)(i)(B) of Appendix "B", the Spouse of a Member who has received or is entitled to receive a benefit resulting from the division of the Member's pension benefit under Section 16.07 of the Plan is not entitled to a pre-retirement death benefit under that paragraph, as modified by this Section B-4.01(a)(i), unless the Spouse is the Member's Beneficiary.

B-5.01 Pre-Retirement Death Benefits

A Spouse is not permitted to elect to receive the Pension Credits in a lump sum nor to transfer the Pension Credit to a registered retirement savings plan or any other plan on a non-locked-in basis. A Spouse may, in lieu of the immediate or deferred pension payable under Section B-5.01 of Appendix "B", direct the Company to transfer the Pension Credits to one of the options available to a Member as set out in Section B-6.02 of Appendix "B".

Where the Spouse of a Member is entitled to the pre-retirement death benefit under Section B-5.01 of Appendix "B", the Spouse is not permitted to waive entitlement to the pre-retirement death benefit.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a pension commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death. If the Spouse elects to receive a pension, that pension shall commence no later than the particular date.

Despite the foregoing and Section 5.01 of Appendix "B", the Spouse of a Member who has received or is entitled to a benefit resulting from the division of the Member's Pension Credits under Section 16.07 of the Plan is not entitled to a pre-retirement death benefit under Section B-5.01 of Appendix "B", as modified by this Section B-5.01, unless the Spouse is the Member's Beneficiary.

B-5.02 Post-Retirement Death Benefits

Despite Section B-5.02 of Appendix "B", a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a benefit under Section B-5.02 of Appendix "B" in respect of a joint pension with the Member.

B-15.02 Normal Form of Pension for Member With a Spouse

The reference to 60% of the monthly pension in Section B-15.02 of Appendix "B" shall be read as 66⅔% of the monthly pension.

Despite the foregoing and Section B-15.02 of Appendix "B", a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's pension

benefit under Section 16.07 of the Plan is not entitled to receive a benefit under Section B-15.02 of Appendix "B", as modified by this Section B-15.02, in respect of a joint pension with the Member.

B-15.03 Optional Pension

The reference to 60% of the monthly pension in Section B-15.03 of Appendix "B" shall be read as 66⅔% of the monthly pension.

Despite the foregoing and Section B-15.03 of Appendix "B", a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a benefit under Section B-15.03 of Appendix "B", as modified by this Section B-15.03, in respect of a joint pension with the Member.

B-17.01 Death Before Commencement of Pension

Despite Section B-17.01 of Appendix "B", a Spouse who has received or is entitled to receive a benefit resulting from the division of the Member's pension benefit under Section 16.07 of the Plan is not entitled to receive a pre-retirement benefit under Section B-17.01 of Appendix "B".

B-17.02 Spousal Waiver

Where the Spouse of a Member is entitled to a pre-retirement death benefit under Section B-17.01 of Appendix "B", the Spouse is not permitted to waive entitlement to the pre-retirement death benefit.

B-17.03 Lump Sum to Spouse

A Spouse is not permitted to receive any portion of the Member Account in a lump sum, except the portion, if any, attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" on a non-locked-in basis, unless the provisions of Section 16.03 of this Schedule 3 apply.

B-17.04 Benefit Payable to Surviving Spouse

A Spouse entitled to a life annuity under Section B-17.01(a) of Appendix "B" may elect to receive the annuity purchased from the Insurance Company pursuant to Section B-17.04(b) of Appendix "B" or may transfer the Vested Member Account on a locked-in basis in accordance with Section B-18 of Appendix "B". If the portion of the Member Account attributable to funds transferred into the Plan in accordance with Section B-12.04 of Appendix "B" is not required by applicable legislation to be locked-in, it may be transferred on a non-locked-in basis.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to

receive the benefit as a lifetime pension from the Plan determined by applying, to the aggregate described in Section B-17.01(a) of Appendix "B", the annuity factor adopted for the purpose by the Company, commencing on the particular date that is the later of the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member, and the end of the month of the Member's death.

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SCHEDULE 4**SPECIAL PROVINCIAL PROVISIONS - NEW BRUNSWICK**

The provisions of this Schedule 4 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of New Brunswick, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.46 Spouse

"Spouse" means either of two persons who:

- (a) are married to each other;
- (b) are married to each other by a marriage that is voidable and has not been avoided by a declaration of nullity;
- (c) have gone through a form of marriage with each other in good faith that is void and have cohabited within the preceding year; or
- (d) not being married to each other, have cohabited
 - (i) continuously for a period of not less than three years in a conjugal relationship in which one person has been substantially dependent upon the other for support; or
 - (ii) in a relationship of some permanence where there is a child born of whom they are the natural parents,

and, at the relevant time, have cohabited within the preceding year.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

9.01 Benefits in Respect of Pensionable Service

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.01(a) of the Plan, the Spouse of a Member who joins the Plan after 2009 shall not be entitled to an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

9.02 Benefits in Respect of Field Management Pensionable Service

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.02 of the Plan, the Spouse of a Field Management Member who joins the Plan after 2009 shall not be entitled to an immediate pension under any of Sections 9.02(a), (b)(i) or (c), unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member; and
- (b) the end of the month of the Field Management Member's death.

9.03 Spousal Waiver

A Spouse may not waive entitlement to the pre-retirement death benefit payable under Section 9.01 or 9.02 of the Plan.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07 of the Plan or in satisfaction of an order for support or maintenance enforceable in New Brunswick. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on termination of employment or retirement, the adjusted Commuted Value of the annual pension payable to a Member or Field Management Member is less than 40% of the YMPE for the year in which the Member or Field Management Member terminates or retires, the Member or Field Management Member may

elect to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension, provided the Member's or Field Management Member's Spouse waives, in writing, any rights he or she may have in the Pension Fund under the Pension Benefits Act, the regulation thereunder or the Plan.

- (b) For the purposes of making a determination under this Section 16.03, the adjusted Commuted Value shall be equal to the Commuted Value of the Member's or Field Management Member's annual pension multiplied by a factor, such factor being 1.06 to the power of 65 minus the Member's or Field Management Member's age, but not greater than age 65, on December 31 of the year in which the Member or Field Management Member terminates employment or retires.
- (c) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

16.13 Refund of Benefits to Non-Residents

A former Member or Field Management Member who is entitled to a deferred pension is entitled to direct the Company to make a lump sum cash amount of the Commuted Value of the annual pension in full satisfaction of any benefits under the Plan, if

- (a) the Member or Field Management Member and his or her Spouse, if any, are not Canadian citizens,
- (b) the Member or Field Management Member and his or her Spouse, if any, are not resident in Canada for purposes of the Income Tax Act, and
- (c) the Member's or Field Management Member's Spouse, if any, waives on the form prescribed by the Pension Benefits Act any rights the Spouse may have in the Pension Fund under the Pension Benefits Act, the regulations thereunder or the Plan.

B-5.01 Pre-Retirement Death Benefits

A Spouse may not waive entitlement to the pre-retirement death benefit payable under Section B-5.01 of Appendix "B".

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time

prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

Despite any provision of Section B-5.01 of Appendix "B", the Spouse of a Member who joins the Plan after 2009 shall not be entitled to receive an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

B-8.12 Refund of Benefit to Non-Residents

Despite any other provision of Appendix "B", upon termination of employment, a Member who is entitled to a deferred pension under Appendix "B" is entitled to withdraw the Commuted Value of the deferred pension if:

- (a) the Member and the Member's Spouse, if any, are not Canadian citizens;
- (b) the Member and the Member's Spouse, if any, are not resident in Canada for the purposes of the *Income Tax Act* (Canada); and
- (c) the member's Spouse, if any, waives, on a prescribed form, any rights that the Spouse may have in the Plan's fund under the Pension Benefits Act or the Plan.

B-17.02 Spousal Waiver

A Spouse may not waive entitlement to the pre-retirement death benefit payable under Section B-17.01 of Appendix "B".

B-17.04(d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

SCHEDULE 5**SPECIAL PROVINCIAL PROVISIONS - NEWFOUNDLAND AND LABRADOR**

The provisions of this Schedule 5 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Newfoundland and Labrador, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.46 Spouse

"Spouse" means, in relation to another person, the Legal Spouse of the other person, or where the other person has a Cohabiting Partner, the other person's Cohabiting Partner.

"Cohabiting Partner" means

- (a) in relation to an individual who has a Legal Spouse, a person who is not the Legal Spouse of the individual who has cohabited continuously with the individual in a conjugal relationship for not less than 3 years;
- (b) in relation to an individual who does not have a Legal Spouse, a person who has cohabited continuously with the individual in a conjugal relationship for not less than one year,

and is cohabiting or has cohabited with the individual within the preceding year.

"Legal Spouse" means, in relation to another person, a person who

- (a) is married to the other person;
- (b) is married to the other person by a marriage that is voidable and has not been voided by a judgment of nullity; or
- (c) has gone through a form of marriage with the other person, in good faith, that is void and is cohabiting or has cohabited with the other person within the preceding year.

The determination of a Member's or Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

9.01 Member with a Spouse

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse under Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to

receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.01(a) of the Plan, the Spouse of a Member who joins the Plan after 2009 shall not be entitled to an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

9.02 Pre-Retirement Death Benefit (Field Management Member with a Spouse)

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.02 of the Plan, the Spouse of a Field Management Member who joins the Plan after 2009 shall not be entitled to an immediate pension under any of Sections 9.02(a), (b)(i) or (c), unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member; and
- (b) the end of the month of the Field Management Member's death.

9.03 Spousal Waiver

A Spouse of a Member or Field Management Member is not permitted to waive entitlement to the pre-retirement death benefits provided under Sections 9.01 or 9.02 of the Plan.

16.03 Commutation of Small Benefits

- (a) If, on death, termination of employment or retirement, the annual pension payable to a Member, Field Management Member or surviving Spouse is less than 4%, or the Commuted Value of the pension payable is less than 10%, of the YMPE for the year in which the Member or Field Management Member terminates, dies or retires, the Member, Field Management Member or surviving Spouse, as applicable, may elect to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension.
- (b) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:

- (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
- (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

B-5.01 Pre-Retirement Death Benefits

A Spouse of a Member is not permitted to waive entitlement to the pre-retirement death benefit provided under Section B-5.01 of Appendix "B".

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

Despite any provision of Section B-5.01 of Appendix "B", the Spouse of a Member who joins the Plan after 2009 shall not be entitled to receive an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

B-17.02 Spousal Waiver

A Spouse of a Member may not waive entitlement to the pre-retirement death benefit.

B-17.04(d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

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SCHEDULE 6**SPECIAL PROVINCIAL PROVISIONS - NOVA SCOTIA**

The provisions of this Schedule 6 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Nova Scotia, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.46 Spouse

"Spouse" means either of a man and a woman who:

- (a) are married to each other;
- (b) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity;
- (c) have gone through a form of marriage with each other in good faith that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the twelve month period immediately preceding the date of entitlement.

Spouse shall also include an individual of the same sex or the opposite sex who has cohabited with another individual in a conjugal relationship for a period of at least two years, neither of them being a spouse as determined by (a), (b) or (c) above.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

7.01 Normal Form of Payment for a Member or Field Management Member With a Spouse

The provisions of Section 7.01(a) of the Plan shall not apply in respect of a Member of Field Management Member who is living separate and apart from his or her Spouse on the date the first payment of a pension is due and the provisions of Section 7.01(b) of the Plan shall apply in lieu thereof.

7.02 Designated Appointee Pensionable Service, Commission Earnings and Annuity Purchase Benefit

The provisions of Section 7.02(b) of the Plan shall not apply in respect of a Field Management Member who is living separate and apart from his or her Spouse on the date the first payment of a pension is due and the provisions of Section 7.02(a) of the Plan shall apply in lieu thereof.

7.03 Optional Forms of Payment

A Member of Field Management Member who is living separate and apart from his or her Spouse on the date the first payment of a pension is due is not required to provide the waiver of the normal form of payment described in Section 7.03 of the Plan in order to elect an optional form of pension payment.

9.01 Benefits in Respect of Pensionable Service

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse in accordance with Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

In the event the Member is living separate and apart from his or her Spouse on the Member's date of death and a division of the Member's pension entitlement under the Plan has been made pursuant to Section 16.07 of the Plan, the Member shall be deemed, for the purposes of Section 9.01 of the Plan, not to have a Spouse on his or her date of death.

Despite any provision to the contrary in Section 9.01(a) of the Plan, the Spouse of a Member who joins the Plan after 2009 shall not be entitled to an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

9.02 Benefits in Respect of Field Management Service

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

In the event the Field Management Member is living separate and apart from his or her Spouse on the Field Management Member's date of death and a division of the Field Management Member's pension entitlement under the Plan has been made pursuant to Section 16.07 of the Plan, the Field Management Member shall be deemed, for the purposes of Section 9.02 of the Plan, not to have a Spouse on his or her date of death.

Despite any provision to the contrary in Section 9.02 of the Plan, the Spouse of a Field Management Member who joins the Plan after 2009 shall not be entitled to an immediate pension under any of Sections 9.02(a), (b)(i) or (c), unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the

Spouse a Field Management Member; and

- (b) the end of the month of the Field Management Member's death.

9.03 Spousal Waiver

A Spouse may not waive entitlement to the pre-retirement death benefit under Section 9.01 or 9.02 of the Plan.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07 of the Plan or as a result of garnishment or attachment pursuant to the *Maintenance Enforcement Act*. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on termination of employment or retirement, the annual pension payable to a Member or Field Management Member at Normal Retirement Date is less than 4% of the YMPE for the year in which the Member or Field Management Member ceased Service or the Commuted Value of the annual pension is less than 10% of such YMPE, the Member or Field Management Member may elect to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension.
- (b) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

B-4.01 Normal Retirement Benefit

The provisions of Sections B-4.01(a)(i)(B) and B-4.01(a)(ii)(B) of Appendix "B" shall not apply in respect of a Member who is living separate and apart from his or her Spouse on the date the first payment of a Pension is due and Sections B-4.01(a)(i)(A) and (B)-4.01(A)(ii)(A), as applicable, shall apply in lieu thereof.

B-5.01 Pre-Retirement Death Benefits

A Spouse may not waive entitlement to the pre-retirement death benefit under Section B-5.01 of Appendix "B".

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

In the event the Member is living separate and apart from his or her Spouse on the Member's date of death and a division of the Member's Pension has been made pursuant to Section B-8.10 of Appendix "B", the Member shall be deemed, for the purposes of Section B-5.01 of Appendix "B", not to have a Spouse on the Member's date of death.

Despite any provision of Section B-5.01 of Appendix "B", the Spouse of a Member who joins the Plan after 2009 shall not be entitled to receive an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

B-15.02 Normal Form of Pension for a Member With a Spouse

The provisions of Section B-15.02 of Appendix "B" shall not apply in respect of a Member who is living separate and apart from his or her Spouse on the date the first payment of a pension is due and the provisions of Section B-15.01 shall apply in lieu thereof.

B-15.03 Optional Pension

A Member who is living separate and apart from his or her Spouse on the date the first payment of a pension is due may elect to receive an optional pension in accordance with Section B-15.04 of Appendix "B".

B-17.01 Death before Commencement of Pension

In the event the Member is living separate and apart from his or her Spouse on the date of the Member's death and a division of the Member Account maintained on behalf of the Member has been made pursuant to Section B-8.10 of Appendix "B", the provisions of Section B-17.01 of Appendix "B" shall apply as if the member does not have a Spouse on the Member's date of death.

B-17.02 Spousal Waiver

A Spouse may not waive entitlement to the pre-retirement death benefit under Section B-

17.01 of Appendix "B".

B-17.04(d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

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SCHEDULE 7

SPECIAL PROVINCIAL PROVISIONS - PRINCE EDWARD ISLAND

The provisions of this Schedule 7 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Prince Edward Island, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.46 Spouse

"Spouse", in relation to another person, means a person who:

- (a) is married to the other person;
- (b) is married to the other person by a marriage that is voidable and has not been annulled by a declaration of nullity;
- (c) has gone through a form of marriage with the other person, in good faith, that is void and is cohabiting with the other person or, if they have ceased to cohabit, was cohabiting with the other person within the twelve-month period immediately before the relevant time; or
- (d) not being married to the other person, and neither being married to any person, has lived in a conjugal relationship with the other person for three years and is living with the other person in a conjugal relationship at the date of entitlement.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

9.01 Benefits in Respect of Pensionable Service

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse in accordance with Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.01(a) of the Plan, the Spouse of a Member who joins the Plan after 2009 shall not be entitled to an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and

- (b) the end of the month of the Member's death.

9.02 Benefits in Respect of Field Management Service

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.02 of the Plan, the Spouse of a Field Management Member who joins the Plan after 2009 shall not be entitled to an immediate pension under any of Sections 9.02(a), (b)(i) or (c), unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member; and
- (b) the end of the month of the Field Management Member's death.

B-5.01 Pre-Retirement Death Benefits

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

Despite any provision of Section B-5.01 of Appendix "B", the Spouse of a Member who joins the Plan after 2009 shall not be entitled to receive an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

B-17.04(d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

SCHEDULE 8

SPECIAL PROVINCIAL PROVISIONS - QUEBEC

The provisions of this Schedule 8 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Quebec, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.03 Approved Leaves of Absence

An Approved Leave of Absence under Section 2.03 of the Plan shall also include up to two years of absence due to employment injury which includes an injury or a disease arising out of or in the course of an industrial accident, or an occupational disease, including a recurrence, relapse or aggravation.

2.07 Commuted Value

Commuted Value means the present lump-sum actuarial value of a pension benefit under the Plan, determined in accordance with the Recommendations for the Computation of Transfer Values from Registered Pension Plans issued by the Canadian Institute of Actuaries or such other basis as may be required from time to time under the Pension Benefits Act. The determination of a Commuted Value shall include the use of sex-specific mortality tables.

2.46 Spouse

"Spouse" means, in relation to another person, the person who, on the date spousal status is determined, either

- (a) is legally married to that other person and is not legally separated from bed and board with that other person;
- (b) is in a civil union with that other person, or
- (c) has been living in a conjugal relationship with that other person who is neither married nor in a civil union, whether the person is of the opposite or the same sex as that other person, for a period of not less than 3 years, or for a particular period of not less than one year if
 - (i) at least one child is born, or to be born, of their union, including a child so born or conceived before the particular period,
 - (ii) they have adopted, jointly, at least one child while living together in a conjugal relationship, including a conjugal relationship before the particular period or

- (iii) one of them has adopted at least one child who is the child of the other while living together in a conjugal relationship, including a conjugal relationship before the particular period.

The determination of a Member's or Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, as of the day preceding the Member's or Field Management Member's death.

The right of an individual (who is a Member's or Field Management Member's Spouse on the date the Member's or Field Management Member's pension commences) to post-retirement benefits under the Plan is terminated by their separation from bed and board, divorce or annulment of marriage or by the dissolution or annulment of their civil union or by cessation of their conjugal relationship, unless the Member or Field Management Member has notified the Company in prescribed form to pay the pension to this individual despite the divorce, annulment of marriage, the separation from bed and board, dissolution or annulment of the civil union or cessation of conjugal relationship.

5.02(a)(i) Early Retirement Date – Employees

The Early Retirement Date of a Member is the last day of any month prior to the Member's Normal Retirement Date but on or after the month in which the Member attains age 55, however, where the Member also has Field Management Pensionable Service, the Early Retirement Date of the Member may be on an earlier date in accordance with subparagraph (ii) of Section 5.02(a).

5.02(a)(ii) Early Retirement Date – Field Management Employees

The Early Retirement Date of a Field Management Member is the last day of any month prior to the Field Management Member's Normal Retirement Date but on or after the month in which the Field Management Member attains age 50.

5.03 Postponed Retirement Benefits

(a) Postponed Pension

A Member or Field Management Member to whom the provisions of Section 5.03(a) of the Plan apply and who does not receive any portion of his or her pension during the postponement period, as described in (b) below, shall be entitled upon Postponed Retirement Date to an annual pension as follows:

(i) *Benefits in Respect of Pensionable Service*

The amount of pension in respect of Pensionable Service payable at Postponed Retirement Date under Section 5.03(b) of the Plan shall not be less than the Actuarial Equivalent of the amount of pension accrued to the Member at Normal Retirement Date, computed pursuant to Section 5.01(b) of the Plan, increased by the

amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions) of the Plan plus the amount of pension that may be provided by the Member's contributions made to the Plan, if any, during the postponement period with Credited Interest thereon.

(ii) *Benefits in Respect of Field Management Pensionable Service*

The amount of pension in respect of Field Management Pensionable Service payable at Postponed Retirement Date under clauses (i) and (ii) of Section 5.03(c) of the Plan shall not be less than the sum of

- (A) the Actuarial Equivalent of the amount of pension at Normal Retirement Date, computed pursuant to clause (i) of Section 5.01(c) of the Plan, increased by the amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions) of the Plan;
- (B) the Actuarial Equivalent of the amount of pension accrued to Normal Retirement Date, computed pursuant to clause (ii) of Section 5.01(c) of the Plan, increased by the amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions) of the Plan; and
- (C) the amount of pension that may be provided by the Field Management Member's contributions made to the Plan, if any, during the postponement period with Credited Interest thereon.

(b) Payments During Postponed Retirements

A Member or Field Management Member to whom the provisions of Section 5.03(a) of the Plan apply may, prior to his or her Postponed Retirement Date, direct the Company to pay all or a portion of the Member's or Field Management Member's pension accrued to Normal Retirement Date, computed pursuant to Section 5.01(b) or (c) of the Plan, as applicable, but only to the extent necessary to offset any permanent reduction in the Member's or Field Management Member's remuneration from the Company that occurred on or after Normal Retirement Date. The Member or Field Management Member may exercise the right to receive such pension payments no more than once in any twelve month period. No further pension shall accrue to his or her credit under Section 5.01(b) or (c) of the Plan, as applicable, on or after the date such pension payments commence (hereinafter referred to as the "Payment Date") and the Member or Field Management Member shall cease making contributions to the Plan as of the Payment Date. At Postponed

Retirement Date, the Member's or Field Management Member's annual pension shall be redetermined under clause (i) or (ii) below, as applicable:

(i) *Benefits in Respect of Pensionable Service*

A Member with Pensionable Service shall be entitled to receive an annual pension in respect of such Pensionable Service payable in equal monthly instalments commencing on the Postponed Retirement Date and continuing on the last day of each month thereafter, determined as follows:

- (A) There shall first be calculated the amount of pension accrued to the Member in respect of Pensionable Service, computed pursuant to Section 5.01(b) of the Plan, based on the Member's Highest 3-Year Average Pensionable Earnings and Pensionable Service and the Final Average YMPE as of the Payment Date.
- (B) The portion of the pension determined in accordance with clause (A) that was not paid during the postponement period shall be adjusted at Postponed Retirement Date to an amount that is the Actuarial Equivalent of such portion as of the Payment Date.
- (C) The pension payable to the Member shall be the greater of:
 - (I) the Actuarial Equivalent determined in accordance with clause (B) and
 - (II) the Actuarial Equivalent of the amount of pension accrued to the Member as of his or her Normal Retirement Date, computed pursuant to Section 5.01(b) of the Plan, increased by the amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions) of the Plan plus the amount of pension that may be provided by the Member's contributions made to the Plan, if any, during the postponement period with Credited Interest thereon and reduced to reflect the pension payments received prior to Postponed Retirement Date.

(ii) *Benefits in Respect of Field Management Pensionable Service*

A Field Management Member with Field Management Pensionable Service shall be entitled to receive an annual pension in respect of such Field Management Pensionable Service payable

in equal monthly instalments commencing on the Postponed Retirement Date and continuing on the last day of each month thereafter, equal to the amount of pension described in clauses (iii) and (iv) of Section 5.03(c) of the Plan plus the pension described in subclauses (A) and (B) below.

(A) *Designated Appointee Pensionable Service*

That portion of the pension computed pursuant to clause (i) of Section 5.03(c) of the Plan that was not paid during the postponement period shall be adjusted at Postponed Retirement Date to an amount not less than the Actuarial Equivalent of such portion as of Normal Retirement Date.

(B) *Field Management Pensionable Service On and After January 1, 1988*

The amount of pension accrued to the Field Management Member in respect of Field Management Pensionable Service on and after January 1, 1988, payable in accordance with clause (ii) of Section 5.01(c) of the Plan, shall be determined as follows.

- (I) There shall first be calculated the amount of pension accrued under clause (ii) of Section 5.01(c) of the Plan, based on the Field Management Member's Highest 5-Year Average Field Management Pensionable Earnings and Field Management Pensionable Service on and after January 1, 1988 and the Final Average YMPE as of the Payment Date.
- (II) The portion of the pension determined in accordance with clause (I) that was not paid during the postponement period shall be adjusted at Postponed Retirement Date to an amount that is the Actuarial Equivalent of such portion as of the Payment Date.
- (III) The pension payable to the Field Management Member shall be the greater of:
 - 1. the Actuarial Equivalent determined in accordance with clause (II) and
 - 2. the Actuarial Equivalent of the amount of pension accrued to the Field Management Member as of his

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or her Normal Retirement Date, computed pursuant to clause (ii) of Section 5.01(c) of the Plan, increased by the amount by which the pension would have been indexed pursuant to Section 6 (Indexation of Pensions) of the Plan plus the amount of pension that may be provided by the Field Management Member's contributions made to the Plan, if any, during the postponement period with Credited Interest thereon and reduced to reflect the pension payments received prior to Postponed Retirement Date.

(c) Death During Postponed Retirement

In the event the Member or Field Management Member dies during the postponement period, the Member's or Field Management Member's Spouse shall, unless the Spouse has waived entitlement under Section 7.03 of the Plan, be entitled to an immediate pension for life the Commuted Value of which shall be equal to the greater of

- (i) the Commuted Value of 60% of the Member's or Field Management Member's pension determined pursuant to Section 5.03(a) or (b) above, as applicable, as if the Member's or Field Management Member's Postponed Retirement Date occurred on the day immediately preceding the Member's or Field Management Member's date of death, and
- (ii) the Commuted Value of the pension payable to the Spouse under Section 9.01(a) or 9.02(a) of the Plan, as applicable, as modified in this Schedule 8 and taking into account any increase in the Member's or Field Management Member's pension in accordance with Section 5.03, and adjusted, on an Actuarial Equivalent basis, for the pension payments, if any, received by the Member or Field Management Member after Normal Retirement Date.

In the event the Member or Field Management Member does not have a Spouse on the date of death or the Spouse has waived entitlement under Section 7.03 of the Plan, the Member's or Field Management Member's estate shall be entitled to the amount determined pursuant to Section 9.01(b) or clause (ii) of Section 9.02(b) of the Plan, as applicable, and as modified in this Schedule 8 and taking into account any increase in the Member's or Field Management Member's pension in accordance with Section 5.03, and adjusted, on a Actuarial Equivalent basis, for the

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pension payments, if any, received by the Member or Field Management Member after Normal Retirement Date.

5.04 Benefits in Respect of Excess Contributions

A Member or Field Management Member who retires on a Normal, Early or Postponed Retirement Date pursuant to the provisions of Section 5 of the Plan, as modified by this Schedule 8, and who is entitled to Excess Contributions shall be entitled to an additional amount of pension payable under the Plan in respect of such Excess Contributions which pension shall be determined on an Actuarial Equivalent basis.

7.03 Optional Forms of Payment

The spousal waiver under Section 7.03 of the Plan may be made by the Member's or Field Management Member's Spouse by signing and filing a waiver, in the form and manner prescribed by the Pension Benefits Act, with the Company at any time before the Member's or Field Management Member's Pension Commencement Date.

The optional forms of payment described in Section 7.03 of the Plan must include the following:

- (a) A Member or Field Management Member who is entitled to an early retirement pension under Section 5.02 or 8.01(b)(ii) or 8.02(b)(ii) of the Plan, or the surviving Spouse of a Member or Field Management Member who has not attained age 65 and who is entitled to a survivor pension under Section 7.01, 7.02, 9.01 or 9.02 of the Plan, is entitled to replace the pension so provided by the Plan, in whole or in part, before pension payments commence, by
 - (i) a temporary pension commencing no earlier than 10 years before the Member's or Field Management Member's Normal Retirement Date or 10 years before the surviving Spouse attains age 65, as applicable, and ceasing no later than the end of the month in which the Member, Field Management Member or surviving Spouse, as applicable, attains age 65, in the amount, such amount being fixed before payments begin, as elected by the Member or Field Management Member or surviving Spouse, as applicable, and which amount must not exceed the lesser of
 - (A) 40% of the YMPE in the year payments commence, and
 - (B) the Actuarial Equivalent of the pension, or part of the pension, replaced, or
 - (ii) the payment of a lump sum, upon application not more frequently than once a year and before attainment of age 65, of an amount equal to 40% of the YMPE for the year in which the

application is made minus the total temporary income the Member, Field Management Member or Spouse, as applicable, has received or must receive during the year under any other pension plan subject to the Pension Benefits Act, any annuity contract purchased with funds originating from such a plan or a locked-in retirement account or life income fund prescribed by the Pension Benefits Act provided the total of the lump sum cash amounts so made does not exceed the Actuarial Equivalent value of the retirement pension it replaces.

Upon attainment of Normal Retirement Date or, if later, upon attainment of age 65 in respect of a Field Management Member, or in respect of a surviving Spouse upon attainment of age 65, the Member's, Field Management Member's or surviving Spouse's pension payable according to Section 5.02(b) or (c), Section 7.01(a), 7.02(b), 8.02(b)(ii), 9.01(a) or 9.02 of the Plan, as applicable, as modified by this Schedule 8, shall be adjusted on an Actuarial Equivalent basis to reflect the amount of temporary pension or lump sum cash amounts received to such date.

In the event a Member or Field Management Member who is in receipt of a temporary pension or lump sum cash amounts dies before the Actuarial Equivalent adjustment described above, the Member's or Field Management Member's Spouse, Beneficiary or estate, as applicable, shall receive the applicable normal, automatic or optional form of pension pursuant to Section 7 which shall be adjusted on an Actuarial Equivalent basis to reflect the amount of temporary pension or lump sum cash amounts received by the Member or Field Management Member to the date of death.

- (b) A Member or Field Management Member who has a Spouse on the Pension Commencement Date may elect that the normal form of payment described in Section 7.01(a) of the Plan or the automatic form of payment described in Section 7.02(b) of the Plan, as applicable, be adjusted on an Actuarial Equivalent basis in order to guarantee the pension payments for a period of at least 10 years.

8.01 Benefits In Respect of Pensionable Service

Notwithstanding Sections 8.01(a) and (b) of the Plan, a Member who terminates employment with the Company on or after January 1, 2001 shall, regardless of his or her length of Continuous Service or Plan Membership, be entitled to the transfer or deferred pension described in Section 8.01(b) of the Plan, as modified below.

In respect of a Member who receives his or her entitlement under Section 8.01 of the Plan by means of a transfer under clause (i) of Section 8.01(b), the Commuted Value for transfer otherwise determined shall be increased with the amount by which the amount determined in (a) below exceeds the amount determined in (b) below. In respect of a

Member who receives his or her entitlement under Section 8.01 of the Plan as a deferred pension under clause (ii) of Section 8.01(b), the Member shall receive an additional benefit, payable in a lump sum cash payment, equal to the amount by which the amount determined in (a) below exceeds the amount determined in (b) below.

- (a) One-half of the Commuted Value, assuming pension payments commence at Normal Retirement Date, of the pension benefits described in Section 5.01(b) (Benefits in Respect of Pensionable Service) of the Plan in respect of Pensionable Service on and after January 1, 2001 adjusted for each month between the date of the Member's termination of employment with the Company and the date that is ten years prior to the Member's Normal Retirement Date by fifty percent of the change in the seasonally adjusted All-Items Consumer Price Index for Canada published by Statistics Canada throughout such period provided that the annualized adjustment rate shall not be greater than two percent nor less than zero percent.
- (b) One-half of the Commuted Value of the pension benefits described in Section 5.01(b) (Benefits in Respect of Pensionable Service) of the Plan in respect of Pensionable Service on and after January 1, 2001.

The Commuted Value available for transfer under clause (i) of Section 8.01(b) of the Plan, including the additional benefit described above, shall include interest, at the applicable rates used to determine the Commuted Value and the additional benefit, between the date of the Member's termination of employment and the date of transfer.

In the event the additional benefit described above in respect of a Member who receives his or her entitlement under Section 8.01 of the Plan by means of a transfer under clause (i) of Section 8.01(b) would increase the Member's transfer to an amount in excess of the maximum transfer permitted under the Income Tax Act, the portion of the additional pension benefit which exceeds such maximum transfer amount shall be paid to the Member in a lump sum cash payment.

8.02 Benefits In Respect of Field Management Pensionable Service

Notwithstanding Sections 8.02 (a) and (b) of the Plan, a Field Management Member who terminates employment with the Company on or after January 1, 2001 shall, regardless of his or her length of Continuous Service or Plan Membership, be entitled to the transfer or deferred pension described in Section 8.02(b) of the Plan, as modified below.

In respect of a Field Management Member who receives his or her entitlement under Section 8.02 of the Plan by means of a transfer under clause (i) of Section 8.02(b), the Commuted Value for transfer otherwise determined shall be increased with the amount by which the amount determined in (a) below exceeds the amount determined in (b) below. In respect of a Field Management Member who receives his or her entitlement under Section 8.02 of the Plan as a deferred pension under clause (ii) of Section 8.02(b), the Field Management Member shall receive an additional benefit, payable in a lump sum cash payment, equal to the amount by which the amount determined in (a) below exceeds the amount determined in (b) below.

- (a) One-half of the Commuted Value, assuming pension payments commence at Normal Retirement Date, of the pension benefits described in Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) of the Plan in respect of Field Management Pensionable Service on and after January 1, 2001 adjusted for each month between the date of the Field Management Member's termination of employment with the Company and the date that is ten years prior to the Field Management Member's Normal Retirement Date by fifty percent of the change in the seasonally adjusted All-Items Consumer Price Index for Canada published by Statistics Canada throughout such period provided that the annualized adjustment rate shall not be greater than two percent nor less than zero percent.
- (b) One-half the Commuted Value of the pension benefits described in Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) of the Plan in respect of Field Management Pensionable Service on and after January 1, 2001.

The Commuted Value available for transfer under clause (i) of Section 8.02(b) if the Plan including the additional benefit described above shall include interest, at the applicable rates used to determine the Commuted Value and the additional benefit, between the date of the Field Management Member's termination of employment and the date of transfer.

In the event the additional benefit described above in respect of a Field Management Member who receives his or her entitlement under Section 8.02 of the Plan by means of a transfer under clause (i) of Section 8.02(b) would increase the Field Management Member's transfer to an amount in excess of the maximum transfer permitted under the Income Tax Act, the portion of the additional pension benefit which exceeds such maximum transfer amount shall be paid to the Field Management Member in a lump sum cash payment.

8.04 Benefits in Respect of Excess Contributions

A Member or Field Management Member who terminates employment with the Company with an entitlement under Section 8.01 or 8.02 of the Plan, as modified above, and who is entitled to Excess Contributions shall have such Excess Contributions applied to increase the amount of pension payable under the Plan, which additional pension shall

be determined on an Actuarial Equivalent basis, as of the date of the termination of employment.

Despite the foregoing, a Member or Field Management Member who has directed the Company to make a transfer according to an option available to the Member or Field Management Member as set out in Section 8.01(b)(i) and 8.02(b)(i) shall direct the Company to transfer such Excess Contributions subject to the Income Tax Act on a locked-in basis, pursuant to that same option.

9.01 Benefits in Respect of Pensionable Service

For the purposes of Section 9.01(a) of the Plan, the Commuted Value of the pension payable to the Spouse under Section 9.01(a) of the Plan shall include the Commuted Value of the additional benefit described in Section 8.01 of this Schedule 8.

For the purposes of Section 9.01(b) of the Plan, the minimum death benefit payable shall include the Commuted Value of the additional benefit described in Section 8.01 of this Schedule 8.

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse in accordance with Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.01(a) of the Plan, the Spouse of a Member who joins the Plan after 2009 shall not be entitled to an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

9.02 Benefits in Respect of Field Management Pensionable Service

For the purposes of the third paragraph of clause (i) of Section 9.02(b) of the Plan, the Commuted Value of the pension payable to the Spouse under clause (i) of Section 9.02(b) of the Plan shall include the Commuted Value of the additional pension benefit described in Section 8.02 above.

For the purposes of the second paragraph of clause (ii) of Section 9.02(b) of the Plan, the minimum death benefit payable shall include the Commuted Value of the additional pension benefit described in Section 8.02 above.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Despite any provision to the contrary in Section 9.02 of the Plan, the Spouse of a Field Management Member who joins the Plan after 2009 shall not be entitled to an immediate pension under any of Sections 9.02(a), (b)(i) or (c), unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Field Management Member; and
- (b) the end of the month of the Field Management Member's death.

11.01 Unpaid Approved Leaves of Absence

Notwithstanding Section 11.01 of the Plan, a Member or Field Management Member who is on an unpaid Approved Leave of Absence as a result of an employment injury, as described in Section 2.03 of this Schedule 8, may continue to contribute to the Plan pursuant to Section 4.01 (Member Contributions), in which case the Company will continue its contributions under Section 4.02 (Company Contributions) and the Member or Field Management Member will continue to accrue Pensionable Service or Field Management Pensionable Service, as applicable, for up to two years following the beginning of the unpaid Approved Leave of Absence as a result of such employment injury.

15.03(b) Statement of Benefits on Marriage Breakdown or Cessation of Conjugal Relationship

In addition to the provisions of Section 15.03(b) of the Plan, the following provisions apply.

Upon presentation of an application for separation from bed and board, divorce or marriage annulment or for the dissolution or annulment of a civil union or for the payment of a compensatory allowance, the Member or Field Management Member and his or her Spouse are entitled, upon application in writing to the Company, to obtain a statement of the benefits accumulated by the Member or Field Management Member under the Plan which shall contain the information prescribed under the Pension Benefits Act.

The Member or Field Management Member and his or her Spouse are also entitled to receive such a statement of benefits, upon application in writing to the Company, for the purposes of pre-hearing mediation concerning a family matter or of a joint procedure before a notary for the dissolution of their civil union.

In the event of cessation of conjugal relationship between a Spouse, whose status is determined pursuant to subparagraph (b) of the first paragraph of Section 2.46 of this Schedule 8, and a Member or Field Management Member, the Spouse and the Member or Field Management Member are entitled to obtain, upon application in writing to the Company, the statement of benefits described in the second paragraph of this Section 15.03(b).

15.03(c) Annual Statement of Benefits

The written statement of a Member's or Field Management Member's benefits under the Plan described in Section 15.03(c) of the Plan shall also be provided to a former Member or Field Management Member who retains an entitlement to a benefit under the Plan.

16.03 Commutation of Small Benefits

- (a) If, on termination of employment or retirement, the Commuted Value of the annual pension payable to a Member or Field Management Member is less than 20% of the YMPE for the year in which the Member or Field Management Member terminates or retires, the Member or Field Management Member may elect, prior to Pension Commencement Date and within 90 days of receipt of the statement described in Section 15.03(c) of the Plan and subsequently every five years from the date of termination of employment, within 90 days after expiry of each fifth year and prior to Pension Commencement Date, to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension.
- (b) The Company may, in the absence of an election by the Member or Field Management Member described above, and upon 30 days written notice to the Member or Field Management Member, pay the lump sum cash amount described above.
- (c) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
 - (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

16.07 Division of Pension Benefits on Marriage Breakdown or Cessation of Conjugal Relationship

In the event of separation from bed and board, divorce or marriage annulment or the dissolution otherwise than by death or the annulment of a civil union, the benefits accumulated by a Member or Field Management Member under the Plan shall, upon application in writing to the Company, be partitioned between the Member or Field Management Member and his or her Spouse to the extent provided in the *Civil Code* of Québec or by a court judgment or a notarized joint declaration dissolving a civil union, subject to the Pension Benefits Act.

Where the Court or the notarized declaration awards to the Spouse of a Member or Field Management Member, as payment for a compensatory allowance, benefits accumulated

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by the Member or Field Management Member under the Plan, the benefits shall, upon application in writing to the Company, be transferred to the Spouse to the extent provided by the court judgment or by the notarized declaration.

Benefits awarded to the Spouse following partition of the benefits of the Member or Field Management or as payment for compensatory allowance shall be paid in a lump-sum cash amount in the following cases:

- (a) the partitioned or transferred benefits correspond to a refund to which the Member or Field Management Member would have been entitled, it being understood that subject to paragraph (b), the amount granted to the Spouse may not be paid to the Spouse in a proportion greater than the proportion in which the Member's or Field Management Member's benefits could have been refunded to the Member or Field Management Member;
- (b) the amount of the partitioned or transferred benefits is not less than 20% of the YMPE for the year in which the transfer or partition is applied for; and
- (c) the Spouse has ceased to live in Canada for at least two years.

Any other benefits awarded to the Spouse following partition of the benefits of the Member or Field Management Member or as a payment for compensatory allowance shall be locked in.

However, the benefits awarded to the Spouse following a seizure for non-payment of support in accordance with the last paragraph of article 553 of the *Code of Civil Procedure* of Québec shall be paid in a lump sum, subject to the terms and conditions prescribed under the Pension Benefits Act.

In the event of cessation of conjugal relationship between a Spouse, within the meaning of subparagraph (b) of the first paragraph of Section 2.46 of this Schedule 8, and a Member or Field Management Member, the Member or Field Management Member and the Spouse may, in the ensuing year, agree in writing to a partition of the benefits accumulated by the Member or Field Management Member under the Plan, subject to the Pension Benefits Act; such an agreement may not, however, confer on the Spouse more than 50% of the value of such benefits. The third and fourth paragraphs of this Section 16.07 of Schedule 8 apply to benefits conferred on the Spouse pursuant to an agreement referred to in this paragraph.

16.11 Redetermination of Pension

In the event the pension in payment to a Member or Field Management Member was determined in accordance with Section 7.01(a) or Section 7.02(b) of the Plan or clause (B) of Section B-4.01(a)(i) or B-4.01(a)(ii) of Appendix "B", as applicable, and the Member's or Field Management Member's Spouse's right to a survivor pension thereunder is subsequently terminated pursuant to the third paragraph of Section 2.46 of

this Schedule 8, such termination being effective after December 31, 2001, and the Member or Field Management Member has not provided notice to the Company to continue the Spouse's entitlement to the survivor pension, the Member or Field Management Member may direct the Company to redetermine the Member's or Field Management Member's pension on the basis of the provision in Section 7.01(b) or Section 7.02(a) of the Plan or clause (A) of Section B-4.01(a)(i) or B-4.01(a)(ii) of Appendix "B", as applicable.

Unless the Company has received the notice provided for in the third paragraph of Section 2.46 of this Schedule 8, the Company shall redetermine the Member's or Field Management Member's pension if the benefits accrued to the Member or Field Management Member under the Plan are partitioned after payment of the joint and survivor pension has commenced to the Member or Field Management Member. However, whether or not a Member's or Field Management Member's accrued benefits are partitioned upon the termination of the Member's or Field Management Member's Spouse's right to a survivor pension pursuant to the third paragraph of section 2.46 of this Schedule 8 that becomes effective before January 1, 2002, the Member or Field Management Member may apply to the Company to redetermine the Member's or Field Management Member's benefits in accordance with the Pension Benefits Act.

16.13 Refund of Benefits to Non-Residents

A former Member or former Field Management Member who is entitled to a deferred pension and who has not been residing in Canada for at least 2 years, is entitled to direct the Company, upon provision of the forms and evidence of non-residence required by the Company, to make a lump sum cash amount of the Commuted Value of the annual pension in full satisfaction of any benefits under the Plan.

B-2.01 Credited Service

Credited Service in Section B-2.01 of Appendix "B" shall include an Approved Leave of Absence described in Section 2.03 of this Schedule 8.

B-2.06 Designated Member Credited Service

Designated Member Credited Service in Section B-2.06 of Appendix "B" shall include an Approved Leave of Absence described in Section 2.03 of this Schedule 8.

B-2.09(b)(ii) Earnings

Paragraph (b) (ii) of Section B-2.09 of Appendix "B" shall include an Approved Leave of Absence described in Section 2.03 of this Schedule 8 for the purposes of deeming salary during periods of Approved Leave of Absence.

B-2.29 Vested Status

Notwithstanding Section B-2.29 of Appendix "B", a Member has 100% Vested Status with regard to the entire Member Account.

B-4.03 Postponed Retirement Benefit

A Member to whom the provisions of Section B-4.03 of Appendix "B" apply and who does not receive any portion of the Member's Pension during the postponement period as described below shall be entitled upon Postponed Retirement to a Pension on Postponed Retirement Date under Section B-4.03 of Appendix "B" which shall not be less than the Actuarial Equivalent of the normal Pension based on Credited Service or Designated Member Credited Service, as applicable, and Earnings up to Normal Retirement Date.

A Member to whom the provisions of Section B-4.03 of Appendix "B" apply may, prior to his or her Postponed Retirement Date, direct the Company to pay all or a portion of the Member's Pension accrued to Normal Retirement Date, computed pursuant to Section B-4.01 of Appendix "B" but only to the extent necessary to offset any permanent reduction in the Member's remuneration from the Company that occurred on or after Normal Retirement Date. The Member may exercise the right to receive such pension payments no more than once in any twelve month period. No further Pension shall accrue to his or her credit under Section B-4.01 of Appendix "B" on or after the date such pension payments commence (hereinafter referred to as the "Payment Date"). On Postponed Retirement Date, the Member shall be entitled to receive the normal Pension based on Credited Service or Designated Member Credited Service, as applicable, and Earnings until the Payment Date and the portion of such Pension, if any, that was not paid during the postponement period shall be adjusted at Postponed Retirement Date to an amount not less than the Actuarial Equivalent of such portion as of the Payment Date.

In the event the Member dies during the postponement period, the Member's Spouse shall, unless the Spouse has waived entitlement under Section B-5.02 of Appendix "B", be entitled to an immediate Pension for life, the Pension Credits of which shall be equal to the greater of

- (i) the Pension Credits of 60% of the Member's Pension determined above as if the Member's Postponed Retirement Date occurred on the day immediately preceding the Member's date of death, and
- (ii) the Pension Credits of the Pension payable to the Spouse under Section B-5.01 of Appendix "B", as modified in this Schedule 8, adjusted on an Actuarial Equivalent basis for the Pension payments, if any, received by the Member after Normal Retirement Date.

In the event the Member does not have a Spouse on the date of death, or the Spouse has waived entitlement under Section B-5.02 of Appendix "B", the Member's Beneficiary or, if none, the Member's estate shall be entitled to the amount determined pursuant to Section B-5.01 of Appendix "B", as modified by this Schedule 8, adjusted on an Actuarial Equivalent basis for the Pension payments, if any, received by the Member after Normal Retirement Date.

B-5.01 Pre-Retirement Death Benefits

The Pension Credits payable under Section B-5.01 of Appendix "B" shall include interest, at the rate used to determine the Pension Credits, between the date of the Member's death and the date of payment of the Pension Credits.

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

Despite any provision of Section B-5.01 of Appendix "B", the Spouse of a Member who joins the Plan after 2009 shall not be entitled to receive an immediate pension under that Section, unless that pension commences on the later of:

- (a) the date that would be the Spouse's Normal Retirement Date, were the Spouse a Member; and
- (b) the end of the month of the Member's death.

B-6.02 Payment of Benefits

The Pension Credits available for transfer under Section B-6.02 of Appendix "B" shall include interest, at the rate used to determine the Pension Credits, between the date of the Member's Termination and the date of transfer of the Pension Credits.

The Member may elect the transfer under Section B-6.02 of Appendix "B" within 90 days of receipt of a statement describing the Member's entitlement and options upon Termination and, thereafter, but not later than the final date described below, every five years within 90 days from the date of expiry of every fifth year from the Member's date of Termination, and finally, 90 days from the date which is ten years prior to the Member's Normal Retirement Date.

B-8.10 Division of Pension Benefits on Marriage Breakdown and Redetermination of Pension

The provisions of Sections 16.07 and 16.11 of this Schedule 8 shall apply with respect to a Member's or Designated Member's entitlement under Appendix "B".

B-8.12 Refund of Benefits to Non-Resident Inactive Members

A Member who has ceased to be an active Member and who has not been residing in Canada for at least two years is entitled to direct the Company, upon provision of the forms and evidence of non-residence required by the Company, to refund the Member's Pension Credits under Part 1 or the Member's Vested Member Account under Part 2.

B-8.13 Small Amounts

If, upon attainment of age 65, a Member who is entitled to a Pension under Part 2 of Appendix "B"

- (a) has, in the aggregate, in each defined contribution pension plan or account (including Part 2 of Appendix "B"), locked-in registered retirement savings plan, locked-in retirement account and life income fund prescribed by applicable legislation not more than 40% of the YMPE in the year in which the election is made, and
- (b) completes the declaration prescribed for such purpose by applicable legislation and files a copy with the Company,

the Member may elect a lump sum settlement of the Vested Member Account and receive the settlement in cash. The payment of any such lump sum settlement will be in lieu of any and all benefits payable under Part 2 of Appendix "B" to a Member, Spouse or Beneficiary.

B-9.01 and B-15.04 Permissible Optional Forms

The optional forms of pension provided in Sections B-9.01 and B-15.04 of Appendix "B" must include the following optional forms of pension:

- (a) A Member who is entitled to an early retirement pension under Section B-4.02, the second paragraph of Section B-6.02, or Section B-14.02, as applicable, of Appendix "B", or the surviving Spouse of a Member who has not attained age 65 and who is entitled to a survivor pension under clause (a)(i)(B) or (a)(ii)(B) of Section B-4.01 or Section B-5.01, as applicable, of Appendix "B", is entitled to replace the pension, in whole or in part, before pension payments commence by
 - (i) a temporary pension commencing at any time on or after Early Retirement Date and before Normal Retirement Date or in the case of a surviving Spouse on or after attainment of age 55 and before attainment of age 65, in the amount, such amount being fixed before payments begin, as elected by the Member or surviving Spouse, as applicable, and which amount must not exceed, on an annual basis, the lesser of 40% of the YMPE in the year payments commence, and either
 - (A) in respect of Part 1, the amount of temporary benefit which is the Actuarial Equivalent of the early retirement pension, or the replaced part thereof, payable to the Member under Section B-4.02 or the second paragraph of Section B-6.02 of Appendix "B" or of the survivor pension, or the replaced part thereof, payable to the Spouse under clause (a)(i)(B) or (a)(ii)(B) of Section B-4.01 or Section B-5.01 of Appendix "B", as applicable or

- (B) in respect of Part 2, the amount of temporary benefit which can be purchased by the Vested Member Account, or replaced part thereof, payable to the Member under Section B-14.02 of Appendix "B"; or
- (ii) the payment of a lump sum, upon application not more frequently than once a year and before attainment of age 65, of an amount equal to 40% of the YMPE for the year in which the application is made minus the total temporary income the Member or Spouse, as applicable, has received or must receive during the year under any other pension plan subject to the Pension Benefits Act, any annuity contract purchased with funds originating from such a plan or a locked-in retirement account or life income fund prescribed by the Pension Benefits Act provided the total of the lump sum cash amounts so made does not exceed, in respect of Part I, the Actuarial Equivalent value of the retirement pension or survivor pension it replaces or, in respect of Part 2, the Vested Member Account.

Upon attainment of Normal Retirement Date or in respect of a surviving Spouse upon attainment of age 65, the Member's or surviving Spouse's pension payable under Part 1 according to Section B-4.02 or the second paragraph of Section B-6.02, clause (a)(i)(B) or (a)(ii)(B) of Section B-4.01 or Section B-5.01 of Appendix "B", as applicable, shall be adjusted on an Actuarial Equivalent basis to reflect the amount of temporary pension or lump sum cash amounts received to such date and the Member's pension payable under Part 2 shall be the amount which can be purchased by the remaining Vested Member Account at that time.

In the event a Member who is in receipt of a temporary pension or lump sum cash amounts under Part 1 dies before the Actuarial Equivalent adjustment described above, the Member's Spouse, Beneficiary or estate, as applicable, shall receive the applicable normal form of Pension under Section B-4.01 of Appendix "B" or optional form of Pension under Section B-9 of Appendix "B" which shall be adjusted on an Actuarial Equivalent basis to reflect the amount of temporary pension or lump sum cash amounts received by the Member to the date of death. The Member's Spouse is entitled, during the period of the replacement of the Member's pension by a temporary pension described above, to 60% of such temporary pension. In the event a Member who is in receipt of a temporary pension or lump sum cash amounts under Part 2 dies before the final pension purchase described in the preceding paragraph, the Member's Spouse, Beneficiary or estate, as applicable, shall receive the remaining Vested Member Account which shall be payable in a lump sum to the Beneficiary or estate or by the purchase of a pension for the Spouse, as applicable.

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- (b) A Member of Part 1 who has a Spouse on the date of pension commencement may elect that the normal form of payment described in clause (a)(i)(B) or (a)(ii)(B) of Section B-4.01 of Appendix "B" or the optional form of Pension elected under Section B-9 of Appendix "B", as applicable, be adjusted on an Actuarial Equivalent basis in order to guarantee the pension payments for a period of at least 10 years. A Member of Part 2 may elect an optional pension under Section B-15 of Appendix "B" that provides a pension with a 10 year guarantee period.

B-12.02 Company Contributions

- (d) The Company will continue to contribute in respect of any Member who is on an Approved Leave of Absence for maternity or parental leave or on an Approved Leave of Absence as a result of employment injury, as described in Section 2.03 of this Schedule 8, provided such Member continues to contribute to the Company-sponsored registered retirement savings plan, based on the Member's deemed Earnings.

B-13.03 Postponed Retirement Date

A Member to whom the provisions of Section B-13.03 of Appendix "B" apply may, prior to Postponed Retirement Date, direct the Company to apply some or all of the Vested Member Account to purchase from the Insurance Company an annual pension, payable in equal monthly instalments, but only to the extent necessary to offset any permanent reduction in the Member's remuneration from the Company that occurred on or after Normal Retirement Date. The Member may exercise the right to receive such pension purchases no more than once in any 12-month period. Upon the Member's Postponed Retirement Date, the provisions of Section B-14.03 of Appendix "B" shall apply.

In the event of the Member's death during the postponement period, the Member's Spouse on the date of death, unless the Spouse has waived entitlement under Section B-15.03 of Appendix "B", shall receive a pension in the amount that can be purchased from the Insurance Company by the Vested Member Account at that date in accordance with the terms of the insurance policy then in effect. In the event the Member does not have a Spouse on the date of death, or the Spouse has waived entitlement under Section B-15.03 of Appendix "B", the Member's Beneficiary or, if none, the Member's estate will be entitled to the Member's Vested Member Account in a lump sum cash amount.

B-14.02 Early Retirement Benefit

A Member to whom the provisions of Section B-14.02 of Appendix "B" apply may elect the alternative benefit described in Section B-14.04 of Appendix "B" within the periods, and according to the conditions, described in Section B-16.02 of Appendix "B", as modified by this Schedule 8.

B-16.02 Settlement

Paragraph (b) of Section B-16.02 of Appendix "B" does not apply to a Member to whom the provisions of this Schedule 8 apply. In lieu thereof, a Member is entitled to the following transfer rights in respect of the transfer options under Section B-18 of Appendix "B". A Member may elect the transfer under Section B-16.02 of Appendix "B" within 90 days of receipt of a statement describing the Member's entitlement and options upon Termination and, thereafter, but not later than the final date described below, every five years within 90 days from the date of expiry of every fifth year from the Member's date of Termination, and finally, 90 days from the date which is ten years prior to the Member's Normal Retirement Date. If the Member has not made an election at Normal Retirement Date, the Member shall be deemed to have made an election pursuant to Section B-16.02(a) of Appendix "B".

B-17.04 (d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Confidential Draft

SCHEDULE 9
SPECIAL PROVINCIAL PROVISIONS - SASKATCHEWAN

The provisions of this Schedule 9 override, replace or are in addition to any provisions of the Plan in respect of Employees or Field Management Employees and any provisions of Appendix "B" of the Plan in respect of a Former Crown Life Employee that, but for the provisions in this Schedule, would apply to such Employees who report for work at an establishment of the Company in the province of Saskatchewan, or in respect of any such Employees who are not required to report for work at any establishment of the Company, who are paid therefrom.

2.46 Spouse

"Spouse" means:

- (a) a person who is married to the other person; or
- (b) if, the other person is not married, a person with whom that other person is cohabiting as spouses at the relevant time and who has been cohabiting continuously with the other person as his or her spouse for at least one year prior to the relevant time.

The determination of a Member's or a Field Management Member's Spouse shall be made on the date the Member's or Field Management Member's pension commences or, if earlier, the Member's or Field Management Member's date of death.

8.01 Benefits in Respect of Pensionable Service

Notwithstanding Sections 8.01(a) and (b) of the Plan, a Member who has not completed 2 years of Plan Membership but who has completed one year of Continuous Service and whose age plus years of Continuous Service or Plan membership totals at least 45 shall be entitled to the transfer or deferred pension accrued to the Member's credit, as described in Section 5.01(b) (Benefits in Respect of Pensionable Service) of the Plan, based on the Member's Pensionable Service prior to 1994. Further, a Member who has completed at least 2 years of Continuous Service shall be entitled to the transfer or deferred pension accrued to the Member's credit, as described in Section 5.01(b) (Benefits in Respect of Pensionable Service) of the Plan, based on the Member's Pensionable Service after 1993.

8.02 Benefits in Respect of Field Management Pensionable Service

Notwithstanding Sections 8.02(a) and (b) of the Plan, a Field Management Member who has not completed 2 years of Plan Membership but who has completed one year of Continuous Service and whose age plus years of Continuous Service or Plan membership totals at least 45 shall be entitled to the transfer or deferred pension described in Section 8.02(b) of the Plan in respect of the pension accrued to the Field Management Member's credit, as described in Section 5.01(c) (Benefits in Respect of Field Management

Pensionable Service) of the Plan, based on the Field Management Member's Field Management Pensionable Service in respect of the pension accrued to the Field Management Member prior to 1994. Further, a Field Management Member who has completed at least 2 years of Continuous Service shall be entitled to the transfer or deferred pension described in Section 8.02(b) of the Plan in respect of the pension accrued to the Field Management Member's credit, as described in Section 5.01(c) (Benefits in Respect of Field Management Pensionable Service) of the Plan, based on the Field Management Member's Field Management Pensionable Service in respect of the pension accrued to the Field Management Member after 1993.

9.01 Benefits in Respect of Pensionable Service

If a Spouse fails to make the written election, with respect to the form of payment of the benefit payable to the Spouse in accordance with Section 9.01(a) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

9.02 Benefits in Respect of Field Management Pensionable Service

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under any of Sections 9.02(a), (b)(i), (c) or (d) of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

16.02 Non-Assignability and Non-Commutability of Benefits

Any benefit payable under the terms of the Plan shall be considered to be for the personal use of the person receiving such benefit, and shall not be given as security or be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, or to attachment or legal process for debts of the person receiving such benefits, except as specifically provided by paragraph 8502(f) of the Regulations under the Income Tax Act, by statute and as provided in Sections 16.03, 16.04 or 16.07 of the Plan or pursuant to a maintenance order under *The Enforcement of Maintenance Orders Act*. In no event shall such benefits confer upon any Member or Field Management Member, or any other person, any rights or interest therein which is capable of being surrendered or commuted except as specifically provided by the Plan.

16.03 Commutation of Small Benefits

- (a) If, on death, termination of employment or retirement, the annual pension payable to a Member, Field Management Member or surviving Spouse is less than 4%, or the Commuted Value of the annual pension is less than 20%, of the YMPE for the year in which the entitlement under this Section 16.03 occurs, the Member, Field Management Member or surviving Spouse, as applicable, may elect to receive either the annual pension or a lump sum cash amount of the Commuted Value of the annual pension.

- (b) In applying Section 16.03(a) with respect to a Member who is entitled to benefits under Appendix "B" of this Plan, the annual pension referred to in that Section shall include:
- (i) the amount of annual Pension that would be payable to the Member under Part I of Appendix "B" of the Plan and
 - (ii) the annual amount of the deferred life annuity that may be purchased for the Member under Part 2 of Appendix "B" of the Plan.

B-2.29 Vested Status

A Member who has not satisfied the conditions in Section B-2.29 of Appendix "B" to be 100% vested in the accrued Pension under Part 1 of Appendix "B" or the Member Account under Part 2 of Appendix "B" but who has completed at least 2 years of Service shall have attained "Vested Status" with respect to the Member's entire accrued Pension under Part I of Appendix "B" or the entire Member Account under Part 2 of Appendix "B".

B-5.01 Pre-Retirement Death Benefits

If a Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-5.01 of Appendix "B", within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive a lump sum cash amount.

B-17.04(d) Benefit Payable to Surviving Spouse

If the Spouse fails to make a written election, with respect to the form of payment of the benefit payable to the Spouse under Section B-17 of the Plan, within the time prescribed by the Pension Benefits Act, the Spouse shall be deemed to have elected to receive the benefit as a lump sum cash amount.

Confidential Draft

DAVID KIDD et al.

- and -
Plaintiffs

THE CANADA LIFE ASSURANCE COMPANY et al.
Defendants
Court File No. 05-CV-287556CP

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

JUDGMENT

BLAKE, CASSELS & GRAYDON LLP
Barristers and Solicitors
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Toronto, Ontario
M5L 1A9

Jeff Galway, LSUC#: 28423P-
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Lawyers for the Defendant,
The Canada Life Assurance Company

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE)	FRIDAY, THE 27 th
)	
MR. JUSTICE PERELL)	DAY OF JANUARY, 2012

B E T W E E N:

**DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN
HENDERSON and LIN YEOMANS**

Plaintiffs

- and -

**THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT**

Defendants

Proceeding under the Class Proceedings Act, 1992

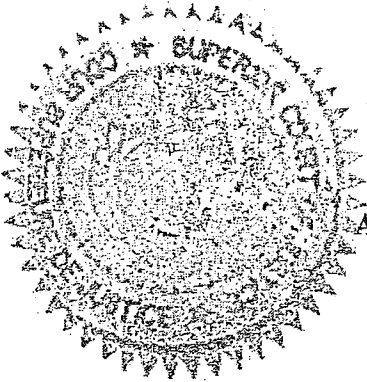
ORDER

THIS MOTION, made by the Class Counsel for an Order approving the payment of Class Counsel fees was heard on January 27, 2012 at Osgoode Hall, Toronto, Ontario.

ON READING the materials filed by Class Counsel, and on hearing the submissions of Class Counsel,

1. **THIS COURT ORDERS** that the Retainer Agreement entered into by Class Counsel and the Representative Plaintiffs be and is hereby approved.

2. **THIS COURT ORDERS** that the fees of Class Counsel are approved in the amount of \$4,667,845.00, which amount is calculated by the application of a multiplier of 2.5 to the base fee of Class Counsel valued at \$1,867,138.00, plus applicable taxes and disbursements in the amount of \$60,601.84 (inclusive of taxes), and that such fees, disbursements and taxes




shall be paid in accordance with the terms of paragraph 9 of the Surplus Sharing Agreement (the "SSA") approved by this Court by Judgment dated January 27th, 2012.

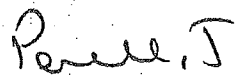
3. **THIS COURT ORDERS** that the future legal fees and disbursements of Class Counsel performed in connection with the administration of the settlement is to be paid in accordance with the terms of paragraph 9 of the SSA, up to an all-inclusive total of \$250,000 on an hourly-rated basis, without the application of a multiplier.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

JAN 27 2012

AS DOCUMENT NO.:
À TITRE DE DOCUMENT NO.:
PER / PAR:





DAVID KIDD, et al.
Plaintiffs

THE CANADA LIFE ASSURANCE
COMPANY, et al.
Defendants

Court File No: 05-CV-287556CP

ONTARIO SUPERIOR COURT OF JUSTICE Proceeding commenced at Toronto	
ORDER (Motion for Approval of Class Counsel Fees, returnable January 27, 2012)	
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Clio M. Godkewitsch (LSCU#: 45412G) Tel: (416) 595-2120 Fax: (416) 204-2827	
HARRISON PENSE LLP 450 Talbot Street, P.O. Box 3237 London, ON N6A 4K3	
David B. Williams (LSUC#: 21482V) Jonathan Foreman (LSUC#: 45087H) Tel: (519) 679-9660 Fax: (519) 667-3362	
Lawyers for the Plaintiffs, David Kidd, Alexander Harvey, Jean Paul Marentette, Susan Henderson and Lin Yeomans	
SACK GOLDBLATT MITCHELL LLP 20 Dundas Street West Suite 1100, Box 180 Toronto, ON M5G 2G8	
Darrell Brown Tel: (416) 979-4050 Fax: (416) 591-7333	
Lawyers for the Plaintiffs, Garry C. Yip and Louie Nuspl	

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE) THE 27th DAY
MR. JUSTICE PERELL) OF JANUARY, 2012

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, LIN YEOMANS, SUSAN HENDERSON,
GARRY C. YIP, and LOUIE NUSPL

Plaintiffs

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants

Proceeding Under the *Class Proceedings Act, 1992*

ORDER


THIS MOTION for an order approving the Retainer Agreement entered into by Class Counsel with the Representative Plaintiff Garry C. Yip, an order approving the request of Class Counsel for the payment of Class Counsel's fees, taxes and disbursements from the settlement proceeds, and an order permitting Class Counsel to be paid for future legal work in connection with the administration of the settlement out of the settlement proceeds on an hourly-rated basis was heard on January 27, 2012 at Osgoode Hall, 130 Queen Street West, Toronto, Ontario.

ON READING the Motion Record of the Representative Plaintiffs, Garry C. Yip and Louie Nuspl, dated January 25, 2012:

1. **THIS COURT ORDERS** that the Retainer Agreement entered into between Sack Goldblatt Mitchell LLP and Representative Plaintiff Garry C. Yip is hereby approved;
2. **THIS COURT ORDERS** payment of an amount on account of legal fees totalling \$119,911.47 which amount is calculated solely on the fees, disbursements and taxes incurred and estimated in providing legal services to the Representative Plaintiffs, Garry C. Yip and Louie Nuspl, to January 27, 2012 to be paid in accordance with the terms of the Surplus Sharing Agreement ("SSA") approved by this Court by judgment dated January 27, 2012; and
3. **THIS COURT ORDERS** payment for future legal work in connection with the administration of the settlement on an hourly-rated basis to be paid in accordance with the terms of the SSA approved by the this Court by judgment dated January 27, 2012, up to an amount of \$105,100.00.

ENTERED AT / INSCRIT À TORONTO Perel, J.
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

FEB 07 2012

AS DOCUMENT NO:
À TITRE DE DOCUMENT NO.:
PER / PAR: 

DAVID KIDD et al.

- and -
Plaintiffs

THE CANADA LIFE ASSURANCE COMPANY et al.

Defendants

Court File No. 05-CV-287556CP

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding Commenced at Toronto

ORDER

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Fax No. (416) 591-7333

Lawyers for the Plaintiffs, Garry C. Yip and
Louie Nuspl

346 (C)

Case Name:

Kidd v. Canada Life Assurance Co.

Between

**David Kidd, Alexander Harvey, Jean Paul Marentette,
Garry C. Yip, Louie Nuspl, Susan Henderson, and Lin Yeomans,
Plaintiffs, and**

**The Canada Life Assurance Company, A.P. Symons, D. Allen Loney
and James R. Grant, Defendants**

PROCEEDING UNDER the Class Proceedings Act, 1992

[2012] O.J. No. 506

2012 ONSC 740

95 C.C.P.B. 73

19 C.P.C. (7th) 378

211 A.C.W.S. (3d) 787

2012 CarswellOnt 1064

Court File No. 05-CV-287556CP

Ontario Superior Court of Justice

P.M. Perell J.

Heard: January 27, 2012.

Judgment: February 6, 2012.

(122 paras.)

Civil litigation -- Civil procedure -- Parties -- Class or representative actions -- Class counsel -- Fees -- Settlements -- Approval -- Motion by representative plaintiffs for approval of settlement, allowed; motion by class counsel for approval of legal fees, allowed; motion by defendant Canada Life for approval of trust variation, allowed -- Plaintiffs' claims related to ownership of surplus assets in pension plan, payment of surplus funds, and Canada Life's entitlement to reimbursement for expenses on behalf of pension plan -- Settlement resulted in total financial benefit to class members of ap-

proximately \$59 million -- Majority of class members supported settlement as did class counsel -- Beneficiaries consented to variation of trust -- Counsel fees were fair and reasonable.

Pensions and benefits law -- Private pension plans -- Civil procedure -- Settlements -- Motion by representative plaintiffs for approval of settlement, allowed; motion by class counsel for approval of legal fees, allowed; motion by defendant Canada Life for approval of trust variation, allowed -- Plaintiffs' claims related to ownership of surplus assets in pension plan, payment of surplus funds, and Canada Life's entitlement to reimbursement for expenses on behalf of pension plan -- Settlement resulted in total financial benefit to class members of approximately \$59 million -- Majority of class members supported settlement as did class counsel -- Beneficiaries consented to variation of trust -- Counsel fees were fair and reasonable.

Motion by the representative plaintiffs for approval of the settlement reached with the defendants; motion by class counsel for approval of legal fees; motion by the defendant Canada Life for approval of a variation of trust. The plaintiffs' claims related to (1) the ownership of the surplus assets in the pension plan, (2) the payment of surplus funds to certain groups of employees whose participation in the pension plan had been terminated and who had claimed for a partial winding up of the pension plan, (3) Canada Life's entitlement to reimbursement for expenses on behalf of the pension plan. The plaintiffs pleaded that Canada Life should have restored the monies, which were estimated to have been in excess of \$41 million. After years of negotiation, a settlement had been reached that resulted in a total financial benefit to class members of approximately \$54 million plus payment of their legal fees and expenses estimated at \$5 million. A condition of the settlement agreement necessitated the variation of trust so that trust assets could be transferred to a new pension plan.

HELD: Motions allowed. The Court found it was appropriate to consent to the proposed variation of trust. The affected beneficiaries had consented to the modification of the trust. Similarly, the Court approved the settlement agreement, noting that the agreement was supported by a large majority of class members and by class counsel. Finally, counsels' fees were also approved, with the Court noting that the fees claimed were lower than the maximum permitted under the retainer agreements.

Statutes, Regulations and Rules Cited:

Class Proceedings Act, 1992, S.O. 1992, c. 6, s. 29, s. 29(2)

Variation of Trusts Act, R.S.C. 1990, c. V.1, s. 1(1), s. 1(2)

Counsel:

M. Zigler, C. Godkewitsch, D.B. Williams, for the Plaintiffs David Kidd, Alexander Harvey, Jean Paul Marentette, Susan Henderson, and Lin Yeomans.

D. Brown and L. Sokolov, for the Plaintiffs Garry C. Yip and Louie Nuspl.

J. Galway, for the Defendant The Canada Life Assurance Company.

J. Field, for the Defendants A.P. Symons, D. Allen Loney and James R. Grant.

REASONS FOR DECISION

P.M. PERELL J.:--

A. INTRODUCTION

1 In 2005, David Kidd, Alexander Harvey, and Jean Paul Marentette brought a proposed class action under the *Class Proceedings Act, 1992*, S.O. 1992 against Canada Life Assurance Company and against A.P. Symons, D. Allen Loney, and James R. Grant, who are the trustees of the Canada Life Canadian Employees' Pension Plan. Messrs. Kidd, Harvey, and Marentette were proposed as Representative Plaintiffs, and since 2005, they were joined by Garry C. Yip, Louie Nuspl, Susan Henderson, and Lin Yeomans as additional Representative Plaintiffs.

2 By order dated October 26, 2011, I certified the action as a class action. See *Kidd v Canada Life*, 2011 ONSC 6324.

3 The law firms of Koskie Minsky LLP, Harrison Pensa LLP, and Sack Goldblatt Mitchell LLP, are Class Counsel.

4 The Plaintiffs make three major claims. One claim concerns the ownership of the surplus assets of the Pension Plan. The Plaintiffs plead that amendments to the Pension Plan concerning the reversion of surplus assets to Canada Life on Plan and Fund termination are unlawful and are of no force or effect. The second claim concerns the payment out of surplus funds to certain groups of employees whose participation in the Pension Plan was terminated and who have a claim for a partial winding-up of the Pension Plan. The third claim concerns negating Canada Life's alleged entitlement to be reimbursed for expenses on behalf of the Pension Plan. The Plaintiffs plead that Canada Life should restore monies, estimated to be in excess of \$41 million.

5 After many years of negotiating, the parties reached a settlement known as the Surplus Settlement Agreement. Untypically and perhaps without precedent, the proposed Class Members have voted for or against the settlement. They now move for approval of the settlement under the *Class Proceedings Act, 1992*, S.O. 1992, c. 6. Approvals under pension legislation will be sought in other proceedings.

6 As a part of the settlement, Canada Life also seeks an order approving a variation of trust pursuant to the *Variation of Trusts Act*, R.S.O. 1990, c. V.1 and the rule from *Saunders v. Vautier*, (1841), Cr. & Ph. 240, 41 E.R. 482.

7 In one motion, Class Counsel Koskie Minsky LLP and Harrison Pensa LLP move for an order approving the retainer agreement and an order approving the fees of Class Counsel as fair and reasonable. With the support of the class representatives, Class Counsel seek court approval of a fee request in the amount of \$4,667,845.00 plus applicable taxes and disbursements of \$60,601.84.

8 In another motion, Class Counsel Sack Goldblatt Mitchell LLP requests an Order: (a) approving the payment of Class Counsel's fees, taxes and disbursements in the amount of \$119,911.47 for legal services to the Adason Representative Plaintiffs to January 27, 2012; and (b) permitting Class Counsel to be paid for future legal work in connection with the administration of the settlement on an hourly-rated basis, up to an amount of \$105,100.00.

B. EVIDENTIARY BACKGROUND

9 The settlement, variation of trust, and fee approval motions were supported by the following affidavit evidence:

- * the affidavit of Alexander Harvey, a representative plaintiff, and a retired employee of Canada Life and a former member of the Pension Plan
- * the affidavits of Susan Henderson, a representative plaintiff, a former employee of Indago Capital Management Inc., and a former member of the Pension Plan
- * the affidavits of David Kidd, a representative plaintiff, and a retired employee of Canada Life and a former member of the Pension Plan
- * the affidavit of Jean Paul Marentette, a representative plaintiff, a former employee of Canada Life and a former member of the Pension Plan
- * the affidavit of Louie Nuspl, a representative plaintiff, a former employee of Adason Properties Limited and a former member of the Pension Plan
- * the affidavits of Lin Yeomans, a representative plaintiff, a formal employee of Pelican Food Services Limited, and a former member of the Pension Plan
- * the affidavits of Garry C. Yip, a representative plaintiff, a former employee of Adason Properties Limited, and a former member of the Pension Plan
- * the affidavit of Wallace B. Robinson, Assistant Vice-President, Pension Benefits at Canada Life
- * the affidavit of Ari Kaplan, a partner of Koskie Minsky LLP
- * the affidavits of Jonathan Foreman, a partner of Harrison Pensa LLP
- * the affidavits of Darrel Brown, a partner of Sack Goldblatt Mitchell LLP
- * the affidavit of Uma Ratnam, a clerk at the Communications Department at Koskie Minsky LLP
- * the affidavit of Anthony Guidon, a lawyer with Koskie Minsky LLP.

C. FACTUAL BACKGROUND

1. Pension Plan Agreements

10 The original trust agreement for a Pension Plan for Canada Life employees was established on December 31, 1964. Canada Life is the sponsor and administrator of the Pension Plan. The Plan is funded through a trust agreement between Canada Life and the Trustees of the Fund. The individually-named defendants, A.P. Symons, D. Allen Loney and James R. Grant, are the current Trustees of the Fund.

11 Article 8(b) of the 1964 Trust Agreement prohibited any amendments by the Trustees that would result in the return of any portion of the Fund to Canada Life. However, article 10 (c) of the 1964 Trust Agreement stated that if the Trust Fund was ever dissolved, any monies remaining in the Fund after paying for all the annuities and deferred annuities were to be returned to Canada Life. But, effective 1965, article 10 (c) was amended to preclude the reversion of trust assets upon dissolution of the fund.

12 In 1989, a consolidated and restated Trust Agreement precluded any amendment to the Trust Agreement that would result in the return of any portion of the Fund to Canada Life. Nevertheless, in or about December 31, 1993, changes were made to the 1989 Trust Agreement. Article 8 was revised under the 1993 Trust Agreement to read:

The Company may at any time, by instrument in writing and with notice to the Trustees, alter or modify any or all of the provisions of the Trust Deed, provided

that, no alteration or modification shall increase the Clause 4 Duties, or the liabilities of the Trustees, without their prior written consent.

13 Despite this change, Article 10 was not amended and continued to provide that should the Plan be dissolved, the Trustees are to use any surplus to purchase additional annuities for employees and pensioners.

14 Effective January 1, 1997, the Plan was merged with The Canada Life Assurance Company Trust Canadian Staff Pension Fund (1958) and The Canada Life Assurance Company Trust Canadian Agents' Pension Fund. A single "consolidated" Plan was created, and the associated funds were merged into a single fund. The 1997 Plan contained new provisions relating to surplus assets in the Pension Fund. Sections 4.02(c) and 17.06 state:

Application of Surplus Assets

4.02 (c) In the event there are Surplus Assets in the Pension Fund, according to the actuarial valuation report referred to in paragraph (a) above, the Company may, at its discretion, use such Surplus Assets or a portion thereof to offset the amount of Company contributions referred to in paragraph (a) above.

Surplus Assets

17.06 If, after payment of all accrued benefits under the Plan as described in Section 5 (Retirement Benefits), Section 6 (Indexation of Pensions), Section 8 (Benefits on Termination of Employment), Section 9 (Pre-Retirement Death Benefits) and Section 10 (Benefits on Disability) to Members or Field Management Members, their respective Spouses, Beneficiaries and estates and payment of all expenses has been made, there remain Surplus Assets in the Pension Fund, such Surplus Assets shall revert to the Company or be used as the Company may direct, subject to the provisions of the Pension Benefits Act and the Income Tax Act.

15 Article 10 of the 1997 Trust Agreement, however, still required that on dissolution or wind-up, any additional funds that are not required to pay for the annuities and deferred annuities accrued under the Plan, are to be used to increase the annuities or deferred annuities of the Plan members.

16 The Trust Agreement was again restated effective August 7, 2002 (the "2002 Trust Agreement"), and article 13 provides:

13. If the Plan is discontinued, in whole or in part, the assets of the Plan shall be distributed in accordance with the directions of the person who is the Plan Administrator for the purposes of the *Pension Benefits Act* (Ontario) provided that such Plan Administrator certifies to the Trustees that such distributions are in accordance with the terms of the Plan and any applicable approvals from the federal and/or provincial pension regulatory authorities that may be required under applicable federal and/or provincial pension legislation, regulations, policies and administrative practices.

17 The most recent restated Plan text effective January 1, 2003, contains identical provisions with respect to reversion of surplus assets as contained in article 17.06 of the 1997 Plan.

18 The Plaintiffs claimed that the 1997 amendments and other amendments relating to the possibility of reversion of surplus assets to Canada Life on Plan and Fund termination are unlawful, and of no force or effect.

2. Plan Expenses

19 The 1964 Trust Agreement provided in article 7 that Canada Life shall pay all costs and expenses in connection with the Fund. At a date unknown to the Plaintiffs, between 1964 and 1988, expenses related to the investment and administration of the Fund began to be charged to the Fund.

20 Under articles 4 and 5 of the 1993 Trust Agreement, the responsibility of payment for costs and expenses changed. These provisions required the Trustees to reimburse the Company for charges incurred in the operation of the Plan and the Fund.

21 The 2002 Trust Agreement requires at Article 8(i) that the Trustees reimburse the Plan administrator for:

any reasonable charges, fees, taxes and other expenses, including without limitation any internal expenses of the Plan Administrator and the usual reasonable expenses of any agents of the Plan Administrator incurred in the operation, review, design, amendment and administration of the Plan and investment of the Fund....

22 The most recent restated Plan text is the 2003 Plan; it contains the following provision:

Plan Expenses

14.05 All reasonable charges, fees, taxes and other expenses, including, without limitation, any internal expenses of the Plan Administrator and the usual and reasonable expenses of any agents of the Plan Administrator, incurred in the operation, review, design, amendment and administration of the Plan and the Trust Agreement or the review, administration, use and investment of the Pension Fund, including Surplus Assets, shall be paid from the Pension Fund unless paid directly by the Company. The Trustee shall, if requested, by the Company, reimburse the Company out of the Pension Fund for any such charges, fees, taxes and other expenses which the Company pays directly.

23 Documents filed with the Financial Services Commission of Ontario disclose the following summary of total costs and expenses charged to the Fund since 1987:

<i>Year</i> 1987 1988	<i>Total Costs and Expenses</i> \$2,987,000 (partial amount only)				
1989 1990 1991	\$3,370,000 (partial amount only)	\$4,529,000 (partial amount			
1992 1993 1994	only) not available	not available	not available	not available	
1995 1996 1997	\$2,542,000	\$1,734,000	\$2,055,000	\$2,345,000	\$2,342,000
1998 1999 2000	\$3,692,000	\$4,937,000	\$4,344,000	\$3,356,000	\$2,848,000
2001 2002 2003					

24 The Plaintiffs pleaded that the Plan Expense Amendments were and are contrary to the 1964 and 1989 Trust Agreements, which preclude any portion of the Fund being returned to the Company. The Plaintiffs alleged that the Plan Expense Amendments constituted a partial revocation and breach of trust.

3. Partial Wind-Up Claims

25 Indago Capital Management Inc., a subsidiary of the Company, whose employees participated in the Plan, merged with Laketon Investment Management Ltd., effective February 26, 1999. As a result of the merger, 14 employees of Indago were terminated from employment with the Company.

26 To date, no partial wind-up of the Plan with respect to the termination of the 14 employees of Indago, has been declared by the Company.

27 Sue Henderson is a former member of the Pension Plan, and she worked for Indago between April 4, 1998 and March 3, 1999. She is the Representative Plaintiff for the Indago Subclass that has a claim for a partial winding-up.

28 Between November 1, 1999 and February 28, 2001, 37 employees of Adason Properties Limited, a subsidiary of the Company) were terminated. The Company has not declared a partial wind-up of the Plan in relation to this termination of employees of Adason to date.

29 Garry Yip and Louie Nuspl are both former members of the Pension Plan. Mr. Yip was employed by Adason between February 18, 1985 and February 9, 2001. Mr. Nuspl was employed by Adason between January 27, 1986 and February 9, 2001. Messrs. Yip and Nuspl are the Representative Plaintiffs for the Adason Subclass that has a claim for a partial winding-up.

30 Employees of Pelican Food Services Limited, a subsidiary of the Company, participated in the Plan. In January of 2001, Canada Life decided to outsource food services, and as a result, 38 employees of Pelican were terminated from employment. No partial wind-up of the Plan has been declared in relation to the termination of former Pelican employees.

31 Lin Yeomans is a former member of the Pension Plan, and was employed by Pelican between November 24, 1984 and December 31, 2000. Mr. Yeomans and two other former employees of Pelican met with lawyers at Koskie Minsky LLP on November 26, 2007 and subsequently retained Koskie Minsky LLP and Harrison Pensa LLP to seek a partial wind-up of the Plan in respect of former Plan members whose employment with Pelican was terminated as a result of the outsourcing of Pelican's food services. Mr. Yeomans is the Representative Plaintiff for the Pelican Subclass.

32 A partial wind-up of the Plan within the meaning of the *Pension Benefits Act*, R.S.O. 1990, c. P.8 was declared as of July 10, 2003 by Canada Life in relation to members of the Plan who were terminated from, retired or resigned voluntarily from the Company as a result of the integration with The Great-West Life Assurance Company ("The Integration Partial Wind-up").

33 Canada Life's Partial Wind-up Report discloses an estimated partial wind-up surplus of \$92,994,000 attributable to the Integration Partial Wind-Up as of June 30, 2005. The Report, however, does not make any proposal to the Integration Partial Wind-Up participants concerning surplus sharing.

34 Messrs. Kidd, Harvey, and Marentette are part of the group of employees who were affected by the partial wind-up of the Plan. They are also members of Canada Life Canadian Pension Plan

Members' Rights Group ("CLPENS") which is a voluntary, unincorporated association of members and former members of the Pension Plan.

35 The Plaintiffs plead that Plan members affected by the Integration Partial Wind-Up are entitled to a distribution of surplus, and the Plaintiffs sought declarations ascertaining the amount of surplus required to be distributed. Messrs. Kidd, Harvey, and Marentette are the Representative Plaintiffs for the Partial Wind-Up Subclass.

4. History of the Class Proceeding and Settlement Negotiations

36 Each of the Representative Plaintiffs is a member or former member of the Plan. They are also members of Canada Life Canadian Pension Plan Members' Rights Group ("CLPENS") which is a voluntary, unincorporated association of members and former members of the Plan including active employees, pensioners, deferred vested pension member, and former employees terminated as a result of various partial wind-ups

37 Mr. Kidd is a retired employee of Canada Life, whose pension began on January 31, 2005. Mr. Harvey is a retired employee of Canada Life, whose pension began on September 30, 2003.

38 In September 2003, Messrs. Kidd and Harvey received a letter and a notice from Canada Life about a partial wind-up of the pension plan with respect to employees who were terminated by Canada Life or retired or resigned voluntarily between July 10, 2003 and the completion of the integration between Great-West Life/London Life and Canada Life, which was expected to be a two-year period. Neither the letter nor the Notice addressed the surplus assets in the Plan, and Mr. Kidd and other members became concerned about the rights of Plan members to surplus assets.

39 Mr. Harvey was concerned about whether members affected by the Partial Wind-Up would receive surplus assets to which they may be entitled. He joined CLPENS and was elected to the Executive. Mr. Kidd also joined CLPENS.

40 The Representative Plaintiffs Kidd and Harvey retained Koskie Minsky LLP and Harrison Pensa LLP for their advice and services in relation to the Partial Wind-up of the Plan and about the issue of plan expenses being charged to the Fund.

41 Mr. Kidd commenced a class action by Notice of Action issued on April 12, 2005, and filed on May 11, 2005.

42 Mr. Marentette commenced a similar action by Statement of Claim issued at the Ontario Superior Court of Justice on February 3, 2005 under Court File No. 05-CV-283395CP. He discontinued his action and was added as a Plaintiff to Mr. Kidd's action.

43 This action was commenced after CLPENS had filed a complaint with the Ontario pension regulator. The complaint led to an investigation by the Financial Services Commission of Ontario, which investigation was suspended, pending the resolution of the class proceeding.

44 The Plaintiffs filed material supporting a motion for certification in October, 2005. The motion for certification was scheduled to be heard in February, 2006, but was adjourned pending settlement discussions among the parties.

45 In April 2007, the parties attended a two-day mediation facilitated by Justice Winkler. The mediation resulted in an agreement on the framework for a potential settlement. On November 9, 2007, after continued negotiations, the parties signed a Memorandum of Understanding.

46 Between 2008 and 2010, the parties continued their negotiations towards a means for settling the proceeding. During these negotiations, the Indago, Pelican, and Adason Partial Wind-Ups claims were added to the agenda of matters to be settled.

47 The negotiations were arms-length and adversarial. The parties were each represented by experienced legal counsel and took advice from their own independent actuarial advisors.

48 The negotiations culminated in a Surplus Settlement Agreement. The Agreement was conditional on obtaining certain levels of consent from past and present Plan members.

49 The Class definition, which has been agreed upon between the parties in the Surplus Settlement Agreement, is composed of the following main groups: (a) the four Partial Wind-Up Subclasses (Integration, Indago, Adason, and Pelican); and (b) all active Plan members as of June 30, 2005, plus any new members up to the date of certification as a class proceeding; and (c) deferred/vested Plan members and pensioners (or their surviving spouses) as at April 12, 2005, who are not part of the active Plan members or included in one of the Partial Wind-Up Subclasses.

50 The class definition under the Surplus Settlement Agreement and under the court's certification order is as follows:

- (a) all persons, wherever resident, who are or were former members under the Canada Life Canadian Employees Pension Plan (the "Plan") and who were included in the partial wind-up of the Plan declared as at June 30, 2005 (the "Integration Partial Wind-Up") together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died (the "Integration Partial Wind-Up Subclass");
- (b) all persons, wherever resident, who are or were former members under the Plan who were employed by Indago Capital Management Inc. and whose employment ceased following (and as a result of) a merger of that company with Laketon Investment Management Ltd. on February 26, 1999 together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died (the "Indago Subclass");
- (c) all persons, wherever resident, who are or were former members under the Plan who were formerly employed by Adason Properties Limited and who were notified of their termination of employment between November 1, 1999 and February 28, 2001 together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died (the "Adason Subclass");
- (d) all persons, wherever resident, who are or were former members under the Plan who were employed by Pelican Food Services Limited and whose employment with Pelican Food Services Limited ceased as a result of the outsourcing in January 2001 of that company's operations by Canada Life together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died (the "Pelican Subclass");
- (e) all persons, wherever resident, who are not included in subparagraphs (a) to (d) above and
 - (i) are or were active members of the Plan at any time between June 30, 2005 and the date of this order; or

- (ii) were inactive members of the Plan on April 12, 2005; or
 - (iii) were persons otherwise entitled to benefits under the Plan on April 12, 2005; together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died; and
- (f) all persons, wherever resident, who were former members previously entitled to benefits or other payments under the Plan and who would have been included in the partial wind-up of the Plan declared June 30, 2005 (and therefore would have been part of the Integration Partial Wind-Up Subclass) but for the fact that their benefits under the Plan were governed by the laws of Québec, which at the relevant time did not recognize partial pension plan wind-ups in its pension legislation and who were not inactive members of the Plan on April 12, 2005, together with the spouses, estates, heirs, beneficiaries, and representatives of any of the above who has died.

51 In March 2011, a detailed information package was sent to all persons included under the Surplus Settlement Agreement.

52 Following mailing of the Information Packages, a total of 15 meetings were held in cities across Canada (Vancouver, Calgary, Regina, Toronto, London, Montreal and Halifax) to describe the Surplus Settlement Agreement and to provide an opportunity to proposed Class Members to ask questions. At each of the meetings, presentations were made by Canada Life, a CLPENS representative, and Mr. Kidd's counsel. In addition, there were question and answer sessions, where Canada Life representatives were absent from the room.

53 There were also meetings held with active employees of Canada Life to respond to some of their concerns, on May 17, 18, and 19, 2011, in Regina, London, and Toronto respectively. At these meetings, Canada Life made a presentation, followed by a question and answer session in the absence of the Canada Life representatives.

54 Based on the high levels of consent to the terms of the Surplus Settlement Agreement, the parties moved for certification of the action, which was granted.

55 Under the certification order, the common issues are as follows:

- (a) Do the Plan and the Trust permit any Plan Expenses to be paid out of, charged to or reimbursed from the Fund?
- (b) Have Plan Expenses been invalidly paid from Fund assets? If so,
 - (i) what is the quantum of the Plan Expenses invalidly paid from the Fund assets?
 - (ii) should all or any portion of the amount of such expenses be repaid by Canada Life to the Fund or to Class members?
 - (iii) should the amount of any such expenses to be repaid to the Fund include interest, and if so how should such interest be calculated?
- (c) Should any injunctive relief in respect of the payment of Plan Expenses from the Fund be granted? If so, on what terms?

- (d) Did any predecessor to the Plan, and any trusts thereunder, permit the costs and expenses of administering such predecessor plan and the pension fund held in respect of such predecessor plan to be paid out of, charged to or reimbursed from the pension fund held in respect of such predecessor plan? If not, what if any relief should be granted?
- (e) Do the Plan and the Trust permit the Plan to be merged in whole or in part with another pension plan?
- (f) Do the Plan and the Trust permit the Fund to be merged with or transferred in whole or in part to the fund of any other pension plan?
- (g) Has Canada Life improperly taken any contribution holidays? If so,
 - (i) what is the quantum of the contribution holidays improperly taken?
 - (ii) should all or any portion of the amount of such contribution holidays be paid by Canada Life to the Fund?
 - (iii) should the amount of any such contribution holidays to be paid to the Fund include interest, and if so how should such interest be calculated?
- (h) Do the Plan and the Trust permit the Plan to be amended to include new classes of members?
- (i) Has Canada Life improperly funded benefit enhancements under the Plan from Fund assets including surplus? If so:
 - (i) what is the quantum of such benefit enhancements improperly funded?
 - (ii) should any amount be paid by Canada Life to the Fund in respect of such benefit enhancements?
 - (iii) should any such amount to be paid to the Fund include interest, and if so how should such interest be calculated?

56 Under the certification order, for the Integration Partial Wind-Up Subclass, the common issues are as follows:

- (a) Is the Integration Partial Wind-Up Subclass entitled to any portion of the Integration PWU Surplus?
- (b) If so, how much is required to be distributed to the Integration Partial Wind-Up Subclass?

57 Under the certification order, for the Indago Subclass, the common issues are as follows:

- (a) Is the Indago Subclass entitled to any portion of any surplus in the Fund allocable to any partial wind-up of the Plan that may be declared as a result of the events described in paragraph 2(b) above?
- (b) If so, how much is required to be distributed to the Indago Subclass?

58 Under the certification order, for the Adason Subclass, the common issues are as follows:

- (a) Is the Adason Subclass entitled to any portion of any surplus in the Fund allocable to any partial wind-up of the Plan that may be declared as a result of the events described in paragraph 2(c) above?

(b) If so, how much is required to be distributed to the Adason Subclass?

59 Under the certification order, for the Pelican Subclass, the common issues are as follows:

(a) Is the Pelican Subclass entitled to any portion of any surplus in the Fund allocable to any partial wind-up of the Plan that may be declared as a result of the events described in paragraph 2(d) above?

(b) If so, how much is required to be distributed to the Pelican Subclass?

60 The parties now jointly move for approval of the settlement of the class proceeding.

61 Assuming court approval, there will be a regulatory approvals sought from the Financial Services Commission of Ontario to implement the settlement.

5. Retainer Agreements

62 Mr. Marentette retained Harrison Pensa LLP and Koskie Minsky LLP on a contingency fee basis to represent him and other class members. He signed a Retainer Agreement. Messrs. Kidd, Harvey, Mr. Yeomans and Ms. Henderson, signed identical retainer agreements.

63 The agreements provide that in the event of success, Class Counsel may apply to the court for approval of a multiplier of 3.0. Commencing one year after the execution of the retainer, an additional multiplier of 0.01 would be applied for each month until judgment or settlement up to a maximum multiplier of 3.5 and under no circumstances can legal fees exceed 25% of the total amount recovered.

64 Notwithstanding the Retainer Agreement, Harrison Pensa LLP and Koskie Minsky LLP are seeking a multiplier of approximately 2.5. This produces a claim of \$4,667,845. This amount is less than 10% of the value of the settlement on a net basis after payment of all expenses. They are also seeking payment for post-settlement work at an hourly rate without multiplier.

65 The Representative Plaintiffs support Class Counsel's request for approval of the Retainer Agreements and of the counsel fee.

6. Legal Expenses

66 As of December 2011, Canada Life's actual legal fees and disbursements in defending the litigation and in negotiating and implementing the settlement total \$6,256,841. Canada Life has also incurred other expenses totaling \$947,600.21. Canada Life estimates that it will incur further legal fees and other expenses in order to complete the settlement in the range of \$1.1 million to \$1.35 million.

67 Koskie Minsky LLP, the lawyers with primary responsibility for the class action have docketed 1,789.9 hours, valued at \$892,771.50 and other lawyers, students, and clerks docketed 2,646.7 hours, valued at \$430,539.50. For the Indago and Pelican partial wind-up, there are docketed hours of 75.9 hours, valued at \$23,128. Disbursements and applicable taxes total \$60,601.84.

68 The Representative Plaintiffs of the Adason Sub-Class and their Class Counsel Sack Goldblatt Mitchell LLP joined the negotiations with Canada Life in 2007. Garry C. Yip, a Representative Plaintiff of the Adason Sub-Class, entered into a written Retainer Agreement with Class Counsel on behalf of the Adason Group.

69 As of January 27, 2012, Sack Goldblatt Mitchell LLP have fees and disbursements totalling \$119,911.47 and they estimate that fees of approximately \$105,000 will be charged for the admin-

istration of the settlement and for legal services associated with the proceedings for regulatory approvals.

D. THE SURPLUS SETTLEMENT AGREEMENT

1. Terms of the Surplus Settlement Agreement

70 The Surplus Settlement Agreement involves five key elements: (1) the assets of the Pension Plan will be transferred to a new Pension Plan; (2) administrative expenses will be paid from the assets of the new Pension Plan; (3) eligible active Plan members will be able to suspend their contributions to the Plan for two years; (4) former Plan members affected by a partial wind-up and other Plan members not included in a partial wind-up (deferred/vested members and pensioners) will each receive a share of the surplus assets related to the partial wind-ups of the Plan, estimated to be worth \$49.4 million; and (5) Canada Life will also receive a share of the surplus related to the partial wind-ups, estimated to be worth \$21.5 million.

71 The Plan members who will participate in the Surplus Settlement Agreement, are as follows: (a) Plan Members included in the Integration Partial Winding-Up (2149); (b) Plan Members included in the Indago Partial Winding-Up (15); (c) Plan Members included in the Adason Partial Winding-Up (37); (d) Plan Members included in the Pelican Partial Winding-Up (38); (e) deferred/vested members of the Plan as of April 12, 2005 who are not part of the groups described above (452); (f) Members of the Plan in receipt of a monthly pension from the Plan as of April 12, 2005, or the surviving spouse of a member if the member has died and the spouse is receiving a pension from the Plan on that date, who are not part of the groups described in (a) to (d) above (826); (g) all active members of the Plan as at June 30, 2005, plus any new Plan members from that date up to date of certification as a class proceeding (1682); and (h) Former Plan members employed in who would have been included in the Integration Partial Winding Up but for their employment in (29).

72 In addition, Canada Life recently determined that 140 former Canada Life employees with defined contribution account balances under the Plan (but no entitlement to defined benefits) as at April 12, 2005 were inadvertently overlooked when information packages describing the proposed settlement were mailed to Class members in March of 2011. In accordance with the Order of this court dated January 10, 2012, information packages were sent to these members on or about January 16, 2012.

73 The essential terms of the Surplus Settlement Agreement are as follows:

- * Canada Life declares partial wind-ups for the termination of former Plan members from their employment with Indago, Adason, and Pelican.
- * Surplus from the partial wind-ups allocable to Plan members as well as Plan members whose employment with Canada Life affected by the partial wind-up of the Plan declared as of June 30, 2005, will be shared.
- * Members affected by the partial wind ups will receive 57.22% of the surplus allocable to these partial wind-ups.
- * Inactive Plan members will receive 12.44% of the surplus allocable to these partial wind-ups.
- * Members who are entitled to more than \$15,000 in surplus may contribute all or part of their shares to a registered retirement savings plan (RRSP) without withholdings if, at the time of the surplus distribution, they confirm

to the Company that they have available RRSP contribution room. Each PWU member will receive a minimum payment of \$1,000.

- * Canada Life will receive 30.34% of the surplus allocable to these partial wind-ups.
- * Active Plan members who have consented to the settlement will receive a two- year contribution holiday, funded through the existing surplus in the Plan.
- * The benefit accrual formula for consenting active Plan members under the New Plan will remain unchanged for two years following the settlement approval.
- * Assets equal to the value of the benefits they have earned will be transferred to the New Plan, along with a proportional amount of surplus in the ongoing Plan.
- * If the active member's employment is terminated before the end of the two-year contribution holiday period, or the member stops earning benefits under the New Plan for any other reason, a lump sum equal to the value of any remaining contribution holidays will be paid to the member, the member's spouse, or estate, as the case may be. A lump sum will also be paid for any approved leave of absence or any other period during which a member is not required to contribute to the Plan.
- * In the event that a Class Member dies before receiving his or her surplus share or contribution holiday, payment will be made to his or her spouse, designated beneficiary or estate, provided that all necessary consents are obtained.
- * The Cash-Outs consist of Plan members who reported for work in Québec and who had their entitlements paid out of the Plan before April 12, 2005. They will be treated as members of the Integration Partial Wind-Up.
- * Canada Life will establish a new pension plan and related new trust fund. Assets and a proportion of surplus from the Plan will be transferred to the New Plan on account of certain active, retired and deferred vested Plan members who have consented to the Surplus Settlement Agreement.
- * The settlement does not preclude any future claim by Plan members to surplus ownership on Plan termination.
- * Expenses incurred in the negotiation and implementation of the Surplus Settlement Agreement, and those generally related to the Partial Wind-Ups, will be deducted from the surpluses attributable to the Partial Wind-Ups.

74 The value of the contribution holiday for active Plan members is \$4.6 million. Thus, the total financial benefit to Class members is estimated at \$54 million, plus payment of all of their legal fees and expenses estimated at \$5 million.

75 To achieve certainty under the New Plan, the parties have agreed under the Surplus Settlement Agreement to seek the following court declarations, for the benefit of Canada Life: (a) Canada Life is entitled to expand the membership of the Plan or New Plan by way of amendment or merger; (b) Canada Life is entitled to use assets in the Plan or New Plan (including surplus) to provide benefits for, and fund contribution holidays with respect to new members, including benefits transferred from another pension plan; (c) Canada Life is entitled to merge all or a portion of the Plan and/or the New

Plan with other pension plans; (d) Canada Life is entitled to use all or part of any surplus to take contribution holidays in the Plan and/or New Plan with respect to past, current and future benefits; (e) Canada Life is entitled to fund benefit enhancements with respect to the Plan and/or New Plan from surplus; and (f) Canada Life is entitled to reimbursement from the Plan and/or New Plan of Plan Expenses that were incurred and paid prior to the Surplus Settlement Agreement and it can pay for future expenses from the Plan or New Plan, or be reimbursed from the Plan or New Plan, for such expenses that it pays directly.

2. Support for the Surplus Settlement Agreement

76 There are 5,228 persons in the classes. As of January 3, 2012, 4,293 Class Members (82%) voted in favour of settling their claims in accordance with the Surplus Settlement Agreement.

77 The opinion of Class counsel is that the Surplus Settlement Agreement is a fair and reasonable settlement of the action. They recommended approval to the Class.

78 The Representative Plaintiffs recommend approval of the settlement as being fair, adequate, reasonable, and in the best interests of the Class.

3. Opposition to the Surplus Settlement Agreement

79 As of January 3, 2012, Class Counsel has received 4 opt-out notices from Class members. One person subsequently was granted leave to rescind the opt-out.

80 As of January 3, 2012, 57 decision forms indicating opposition to the settlement. Out of the 57 "No" voters, 47 are active Plan members.

81 As of January 16, 2012, the deadline for objections, Class Counsel has not received any formal Notices of Objection.

4. The Settlement versus the Likelihood of Adjudicative Success

82 In determining whether to recommend the settlement, Class Counsel had to compare the settlement with the likelihood of success of the various claims advanced in the class action.

83 The leading case in Canada with respect to surplus ownership is *Schmidt v. Air Products*, [1994] 2 S.C.R. 611. In *Schmidt*, the Supreme Court of Canada sets out the following analytical framework to determine who, if anybody, is entitled to payment of surplus assets from a pension fund. The analytical framework involved five elements: (1) the court must examine the underlying pension plan text and funding vehicles to determine whether the pension fund is impressed with a trust; (2) if the pension fund is not subject to a trust, surplus entitlement is determined with reference to principles of contractual interpretation; (3) if the fund is impressed with a trust, it is governed by equity; (4) the trust will extend to surplus, but an employer may expressly limit the operation of the trust so that it does not apply to surplus; and (5) the employer may reserve a power of revocation; however, to be effective, the power must be clearly reserved at the time of the creation of the trust. A power of revocation cannot be implied from a general power of amendment.

84 In *Schmidt*, the Supreme Court also held that, while a pension plan is ongoing, pension plan members have no immediate claim or right to a distribution of surplus from the pension fund.

85 In *Buschau v. Rogers Communication*, 2006 SCC 28, discussed further below, the court held that the beneficiaries of a pension trust cannot invoke the rule in *Saunders v. Vautier* to compel a

pension plan administrator to wind up a pension trust and distribute surplus assets to plan members. See also *Lomas v. Rio Algom Ltd.*, 2010 ONCA 175.

86 In light of this case law, Class Counsel's opinion was that although there was a good argument to support a claim of surplus ownership for some Class Members, there were legal weaknesses. From a legal standpoint, the problems were: (1) the absence of language in the 1989 Trust Agreement stating that the funds are held for the exclusive benefit of Plan members (See *Burke v. Hudson's Bay Company*, 2008 ONCA 394.); and (2) although the amendment to the 1964 Trust Agreement states that funds remaining after the purchase of annuities are to be applied to increase the amount of annuities paid to Plan members and former members, it does not state that those funds shall be distributed directly to Plan members.

87 Given the legal weaknesses, Class Counsel's opinion was that a compromise with an immediate distribution of surplus from the Plan to the members of the Integration and Prior Partial Wind-ups was preferable to a common issues trial.

88 Turning to the Class Members' claim with respect to the payment of administrative expenses out of the Plan, the law has changed since the commencement of the proposed class action. At the time of commencement, the Plaintiffs relied on *Markle v. Toronto (City of)* (2003), 63 O.R. (3d) 321 (C.A.), where the Court of Appeal ruled that an amendment to a pension plan requiring the trustees of the pension fund to pay plan administrative expenses out of the pension fund constituted a partial revocation of trust and was of no force or effect.

89 However, in 2007, in *Kerry (Canada) Inc. v. DCA Employees Pension Committee* (2007), 86 O.R. (3d) 1 (C.A.), affd. 2009 SCC 39, the Court of Appeal ruled that each case would turn on the language of the pension plan documents and absent express language in a trust or plan document requiring a pension plan sponsor to pay the administrative expenses of a pension plan or pension fund. There is no requirement either under the *Pension Benefits Act* or under equitable principles that pension plan sponsors be responsible for paying the administrative expenses associated with administering a pension plan. See also: *Burke v. Hudson's Bay Company*, [2010] 2 S.C.R. 273, *Lieberman v. Business Development Bank of Canada*, 2009 BCSC 1312.

90 Based on *Kerry*, *Burke*, and *Lieberman*, Class Counsel appreciated that there was a strong risk that the Plaintiffs would not succeed on the plan expenses claim. Class Counsel were also concerned about the impact of *Potter v. Bank of Canada*, 2007 ONCA 234, where the Court of Appeal ruled that "equitable allocation" and "direct distribution" were not proper remedies for an alleged breach of trust resulting from the payment of pension plan administrative expenses out of a pension plan and the proper remedy was restitution of pension plan assets to the pension fund.

91 In light of *Potter*, Class Counsel concluded that members of the Class who are not members of the Integration or Partial Prior Wind-up sub-classes would have no right to any recovery from the Fund or Canada Life, even in the event that the Plaintiffs were successful in the Plan Expenses Claim through a common issues trial. The only remedy available would be restitution of assets to the pension trust fund.

92 Class Counsel identified the following risks in the event of an adverse determination in the context of a common issues trial: (a) members of the Integration Partial Wind-up may receive no surplus if they do not establish surplus ownership, and be subject to an adverse costs award; (b) members of the Prior Partial Wind-ups may not be entitled to a declaration of a partial wind-up; however, even if such partial wind-ups were declared, they may not receive any surplus as they cannot

establish surplus ownership; and (c) members of the Non Partial Wind-Up Group would not receive a contribution holiday or surplus distribution, and no guarantee with respect to future service accrual rates under the Plan, and loss on the expenses claim could result in an adverse costs award.

93 Members of the Non Partial Wind-up group face further risks, even in the event that the Class is successful in a common issues trial, as they have no entitlement to a distribution of surplus from the Plan, nor any right, based upon *Potter*, to a distribution of Plan expenses wrongfully paid from the Fund. In short, in the absence of the implementation of the Surplus Settlement Agreement, there is no prospect for any direct financial benefit to members of the Non Partial Wind-Up Group. Given the changes in the law, it was the opinion of Class Counsel that the results achieved on behalf of Class members with only a Plan Expenses claim was a fair and reasonable result.

E. VARIATION OF TRUST

94 It is a condition of the Surplus Settlement Agreement that Canada Life have a right to use surplus in the New Plan for certain plan purposes. This condition, in turn, requires court approval of a variation of trust to be made before trust assets are transferred to a New Pension Plan.

95 To segregate the Trust assets that are to be the subject of the variation of trust, Canada Life established a second trust under the Plan (the "Sub-Trust"), and effective January 25, 2012, Canada Life will transfer from the Trust to the Sub-Trust all of the Non-Partial Wind-Up Group members who have consented to the proposed variation of trust (the "Consenting Beneficiaries") and who are still in the Plan, along with those Trust beneficiaries whose rights in the Trust are based on their relationship to a Consenting Beneficiary, such as certain spouses (collectively with the Consenting Beneficiaries, the "Sub-Trust Beneficiaries").

96 In accordance with this transfer, an amount of the Plan's assets equal to (a) the value of the Sub-Trust Beneficiaries' pension entitlements, and (b) a *pro rata* share of the surplus in the ongoing portion of the Plan will be transferred from the Trust to the Sub-Trust.

97 The Sub-Trust mechanism is being used for the variation of trust because the transfer of the assets from the Plan to the New Plan will require regulatory approval, which will be sought after the parties obtain court approval of the settlement proposal (including the variation of trust order).

98 A trust may be modified if all of the possible beneficiaries are in existence and *sui juris*. This principle is an extension of the rule in *Saunders v. Vautier* (1841), Cr. & Ph. 240, 41 E.R. 482. In *Water's Law of Trusts in Canada* (3rd edition, 2005) at p.1176, Professor Waters describes the rule in *Saunders v. Vautier* as follows:

The broader statement of the rule is this: if there is only one beneficiary, or if there are several (whether entitled concurrently or successively), and they are all of one mind, and he or they are not under disability, the specific performance of the trust may be arrested, and the trust modified or extinguished by him or them without reference to the wishes of the settlor or the trustees.

99 The *Variation of Trusts Act* works in conjunction with the rule in *Saunders v. Vautier* and permits the court to provide consents on behalf of potential future or unascertained trust beneficiaries. As noted by Justice Cullity in *Sutherland v. Hudson's Bay Company* (2005), 74 O.R. (3d) 608 (S.C.J.) at para. 21:

[The court's] role is limited to approving an arrangement placed before it and it is empowered to give approval on behalf only of beneficiaries within one or more of the four classes described in paragraph 1(1) of the statute. The jurisdiction is premised on an assumption that, by virtue of the rule in *Saunders v. Vautier* (1835-42), All E.R. Rep. 58 (M.R.), the beneficiaries of a trust will be able to effect a variation of its terms if they consent to it. The statute gives the court power to consent on behalf of specified categories of beneficiaries by approving a proposed variation. The variation, if approved, is effected by such consent and the consents of the other beneficiaries that do not fall within the specified categories.

100 The *Variation of Trusts Act*, R.S.O. 1990, c. V.1 provides:

1. (1) Where any property is held in trusts arising under any will, settlement or other disposition, the Superior Court of Justice may, if it thinks fit, by order approve on behalf of,
 - (a) any person having, directly or indirectly, an interest, whether vested or contingent, under the trusts who by reason of infancy or other incapacity is incapable of assenting;
 - (b) any person, whether ascertained or not, who may become entitled, directly or indirectly, to an interest under the trusts as being at a future date or on the happening of a future event a person of any specified description or a member of any specified class of persons;
 - (c) any person unborn; or
 - (d) any person in respect of any interest of the person that may arise by reason of any discretionary power given to anyone on the failure or determination of any existing interest that has not failed or determined, any arrangement, by whomsoever proposed and whether or not there is any other person beneficially interested who is capable of assenting thereto, varying or revoking all or any of the trusts or enlarging the powers of the trustees of managing or administering any of the property subject to the trusts.
- (2) The court shall not approve an arrangement on behalf of any person coming within clause (1) (a), (b) or (c) unless the carrying out thereof appears to be for the benefit of that person.

101 All of the beneficiaries of the Sub-Trust who are active Plan members, pensioners, surviving spouses of deceased Plan members who are in receipt of a survivor pension, spouses of pensioners with potential rights to a survivor pension, or deferred vested Plan members (together with any adult designated beneficiaries of the foregoing) have consented to the proposed modification of the trust, as have former spouses of such persons who have pension rights under a court order or domestic contract.

102 Canada Life, as the employer sponsoring the Plan, has consented. This is not a case where the pension plan beneficiaries are attempting to modify or terminate a pension trust over the objection of the plan sponsor. See *Buschau v. Rogers Communications Inc.*, [2006] 1 S.C.R. 973.

103 The only other persons with a potential interest in the Sub-Trust are spouses or potential future spouses of consenting active and deferred vested members, potential future designated beneficiaries of consenting Plan members, designated beneficiaries of consenting Plan members who are not *sui juris*, persons who may receive a benefit from the Plan through the estate of a consenting Plan member, and future Plan members (and persons who may acquire interests through such future Plan members). This court has the jurisdiction under the *Variation of Trusts Act* to provide consent on their behalf: *Kidd v. Canada Life Assurance Co.*, 2010 ONSC 1097.

104 In *Buschau v. Rogers Communications Inc.*, *supra*, the Supreme Court held that plan members cannot move to terminate a pension plan trust by invoking the rule in *Saunders v. Vautier*. I agree, however, with Canada Life's argument that this holding does not prevent parties from seeking to vary the terms of a pension trust in the circumstances of the case at bar where both the plan members and the employer wish the pension plan to be amended.

105 In *Buschau* at paras. 27-31, Justice Deschamps concluded that the rule in *Saunders v. Vautier* was not applicable in the circumstances of a pension plan trust for four reasons:

- * (1) The rule in *Saunders v. Vautier* was displaced by pension legislation regulating the termination of a registered pension plan and the distribution of the trust assets in a pension fund.
- * (2) A pension trust fund cannot be collapsed without regard to the pension plan for which it was created and from which it is "indissociable".
- * (3) The rule in *Saunders v. Vautier* does not take account of the legitimate interest of the employer in the continuation of a pension plan established by the employer in the context of providing occupational pensions as part of its workforce compensation package.
- * (4) The capital of a pension trust fund cannot be distributed without defeating the social purpose of preserving the financial security of employees in their retirement by allowing them to receive periodic payments until they die.

106 In the case at bar, the four reasons identified by Justice Deschamps are not present; visualize:

- * (1) The Sub-Trust is subject to provincial pension legislation.
- * (2) Although the Sub-Trust and the Plan are indissociable, it does not follow that a variation of the Sub-Trust under the rule in *Saunders v. Vautier* would disrupt the relationship between the Sub-Trust and the Plan. In contrast to the situation in *Buschau*, where the pension plan would have ceased to exist had the variation proceeded, the application of the common law rule in the context of the Plan would have no such adverse effect on the pension plan at issue.
- * (3) In the present circumstances, the employer and sponsor under the Plan in question, Canada Life, supports (and in fact is initiating) the proposed variation to the Sub-Trust to facilitate the implementation of the settlement.
- * (4) The variation at issue in this case does not defeat the social purpose of the Plan/New Plan as a registered pension plan or the Sub-Trust as a pension trust fund established in connection therewith. In the wake of the variation, Canada Life's employees who are Sub-Trust Beneficiaries will continue to

be entitled to their accrued and accruing pension benefits in accordance with the provisions of the Plan/New Plan.

107 In *Aegon Canada Inc. v. Abdool* (Toronto 07-CV-342288 PD1), in an unreported decision dated January 8, 2008, Justice Low granted an application (a) declaring that a pension trust fund had been varied in accordance with the rule in *Saunders v. Vautier* and (b) approving the variation on behalf of certain categories of beneficiaries under the *Variation of Trusts Act*.

108 As I will conclude below, the Surplus Settlement Agreement is in the best interests of class members including the current Canada Life employees. Granting consent will permit the settlement to proceed.

109 In my opinion, it is appropriate for the Court to consent to the proposed variation of the trust on behalf of the classes of persons identified in subsection 1(1) of the *Variation of Trusts Act* and to declare that the Sub-Trust has been effectively amended in accordance with the written consents signed by all *sui juris* persons with an actual or contingent interest in the Sub-Trust assets.

F. SETTLEMENT APPROVAL

110 Under s. 29(2) of the *Class Proceedings Act, 1992*, a settlement of a class proceeding must be approved by the court to be binding on the parties.

111 To approve a settlement of a class proceeding, the court must find that in all the circumstances the settlement is fair, reasonable, and in the best interests of those affected by it: *Dabbs v. Sun Life Assurance*, [1998] O.J. No. 1598 (Gen. Div.) at para. 9; *Parsons v. Canadian Red Cross Society*, [1999] O.J. No. 3572 (S.C.J.) at paras. 68-73.

112 In determining whether to approve a settlement, the court, without making findings of facts on the merits of the litigation, examines the fairness and reasonableness of the proposed settlement and whether it is in the best interests of the class as a whole having regard to the claims and defences in the litigation and any objections raised to the settlement: *Baxter v. Canada (Attorney General)* (2006), 83 O.R. (3d) 481 (S.C.J.) at para. 10.

113 When considering the approval of negotiated settlements, the court may consider, among other things: (a) likelihood of recovery or likelihood of success; (b) amount and nature of discovery, evidence or investigation; (c) settlement terms and conditions; (d) recommendation and experience of counsel; (e) future expenses and likely duration of litigation and risk; (f) recommendation of neutral parties, (g) if any; number of objectors and nature of objections; (h) the presence of good faith, arms length bargaining and the absence of collusion; (i) the degree and nature of communications by counsel and the representative parties with class members during the litigation; and (j) information conveying to the court the dynamics of and the positions taken by the parties during the negotiation: *Dabbs v. Sun Life Assurance Company of Canada* (1998), 40 O.R. (3d) 429 (Gen. Div.) at pp. 440-44, *aff'd* (1998), 41 O.R. (3d) 97 (C.A.), leave to appeal to S.C.C., [1998] S.C.C.A. No. 372; *Parsons v. The Canadian Red Cross Society*, [1999] O.J. No. 3572 (S.C.J.) at paras. 71-72; *Frohlinger v. Nortel Networks Corp.*, [2007] O.J. No. 148 (S.C.J.) at para. 8; *Kelman v. Goodyear Tire and Rubber Co.*, [2005] O.J. No. 175 (S.C.J.) at paras. 12-13; *Vitapharm Canada Ltd. v. F. Hoffmann-La Roche Ltd.* (2005), 74 O.R. (3d) 758 (S.C.J.) at para. 117; *Sutherland v. Boots Pharmaceutical plc*, [2002] O.J. No. 1361 (S.C.J.) at para. 10.

114 A reasonable and fair settlement is inherently a compromise and a reasonable and fair settlement will not be and need not be perfect from the perspective of the aspirations of the parties. That

some class members are disappointed or unsatisfied will not disqualify a settlement because the measure of a reasonable and fair settlement is not unanimity or perfection. See: *Baxter v. Canada (Attorney General)*, [2006] O.J. No. 4968 (S.C.J.) at para. 21; *Dabbs v. Sun Life Assurance Company of Canada* (1998), 40 O.R. (3d) 429 (Gen. Div.) at p. 440, aff'd (1998), 41 O.R. (3d) 97 (C.A.), leave to appeal to S.C.C., [1998] S.C.C.A. No. 372.

115 The parties engaged in extensive bargaining over several years to negotiate the financial benefits provided by the Surplus Settlement Agreement. Their agreement is supported by a large majority of Class Members and by Class Counsel. When the facts set out above are matched with the criterion that the court uses to assess the reasonableness of a settlement, the Surplus Settlement Agreement presents itself as a very good result for all the class members and it is also fair to Canada Life.

116 In my opinion, the Surplus Settlement Agreement is in the best interests of the Class, and I approve it in accordance with s. 29 of the *Class Proceedings Act, 1992*.

G. FEE APPROVAL

117 The fairness and reasonableness of the fee awarded in respect of class proceedings is to be determined in light of the risk undertaken by the lawyer in conducting the litigation and the degree of success or results achieved: *Maxwell v. MLG Ventures Ltd.* (1996), 30 O.R. (3d) 304 (Gen. Div.); *Windisman v. Toronto College Park Ltd.*, [1996] O.J. No. 2897 (Gen. Div.); *Serwaczek v. Medical Engineering Corp.*, [1996] O.J. No. 3038 (Gen. Div.); *Parsons v. Canadian Red Cross Society* (2000), 49 O.R. (3d) 281 (S.C.J.).

118 Where the fee arrangements are a part of the settlement, the court must decide whether the fee arrangements are fair and reasonable, and this means that counsel are entitled to a fair fee, which may include a premium for the risk undertaken and the result achieved, but the fees must not bring about a settlement that is in the interests of the lawyers, but not in the best interests of the Class Members as a whole: *Sparvier v. Canada (Attorney General)*, [2006] S.J. No. 752 (Q.B.) at para. 43, aff'd [2007] S.J. No. 145 (C.A.).

119 Fair and reasonable compensation must be sufficient to provide a real economic incentive to lawyers to take on a class proceeding and to do it well: *Gagne v. Silcorp Ltd.* (1998), 41 O.R. (3d) 417 (C.A.); *Parsons v. Canadian Red Cross Society* (2000), 49 O.R. (3d) 281 (S.C.J.); *Vitapharm Canada Ltd. v. F. Hoffmann-La Roche Ltd.*, [2005] O.J. No. 1117 (S.C.J.) at paras. 59-61.

120 Factors relevant in assessing the reasonableness of the fees of Class Counsel include: (a) the factual and legal complexities of the matters dealt with; (b) the risk undertaken, including the risk that the matter might not be certified; (c) the degree of responsibility assumed by Class Counsel; (d) the monetary value of the matters in issue; (e) the importance of the matter to the class; (f) the degree of skill and competence demonstrated by Class Counsel; (g) the results achieved; (h) the ability of the class to pay; (i) the expectations of the class as to the amount of the fees; (j) the opportunity cost to Class Counsel in the expenditure of time in pursuit of the litigation and settlement: *Vitapharm Canada Ltd. v. F. Hoffmann-La Roche Ltd.*, [2005] O.J. No. 1117 (S.C.J.) at para. 67; *Endean v. Canadian Red Cross Society*, [2000] B.C.J. No. 1254 (S.C.); *Wamboldt v. Northstar Aerospace (Canada)* [2009] O.J. No. 2583 (S.C.J.) at para. 33.

121 In my opinion, considering the facts described above and the factors relevant to assessing the reasonableness of Class Counsel's fee request, there is no doubt that the retainer entered into by the

representative plaintiffs should be approved and that Class Counsel's fee request should be approved and I do so in accordance with the *Class Proceedings Act, 1992*. The results achieved for the class members were good and were a product of diligent and productive legal work. Class counsel earned their fees and the fee request should be approved.

H. CONCLUSION

122 Orders accordingly.

P.M. PERELL J.

cp/e/qlafr/qlvxw/qlhcs/qlgpr/qlcas

Court File No.05-CV-287556CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON
and LIN YEOMANS

Plaintiffs

— and —

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants

Proceeding under the Class Proceedings Act, 1992

AFFIDAVIT OF JONATHAN FOREMAN

I, JONATHAN FOREMAN, of the City of London, in the Province of Ontario, make oath and say:

1. I am a partner at Harrison Pensa LLP, one of the law firms appointed as Class Counsel, and as such I have knowledge of the matters to which I hereinafter depose, except where the facts stated are based on information and belief, in which case I have stated the source of the information and I believe such facts to be true.
2. I repeat and rely in full on the contents of an earlier affidavit sworn by me on January 5, 2012 in support of the Surplus Sharing Agreement ("SSA"). Attached to this affidavit at Exhibit "A" is a true copy of my affidavit sworn January 5, 2012, excluding the exhibits thereto.
3. I also rely on the affidavit material filed by the plaintiffs in support of a motion scheduled for September 27, 2012 seeking certain declaratory relief and an order requiring the parties to attend at mediation, a true copy of which is attached to this affidavit at Exhibit "B."

Brief History

4. My affidavit of January 5, 2012 contains a thorough description of the history of this litigation and the circumstances surrounding the conclusion of the SSA, which was approved by this Honourable Court on January 27, 2012.

5. At the time the SSA was agreed upon, the estimated surplus available for distribution as of June 30, 2011 was \$64.3 million, broken down as follows:

Integration PWU	\$54 million
Pelican PWU	\$2.9 million
Indago PWU	\$1.3 million
Adason PWU	\$6.1 million
Total	\$64.3 million

Material Developments Following Settlement Approval

6. On or about February 23, 2012, less than one month after the Court granted judgment in accordance with the SSA, legal counsel to Canada Life provided to Class Counsel a memorandum reflecting updated information on the estimated actuarial surplus available for distribution under the settlement.

7. The memorandum contained unwelcome news. Class Counsel, the Representative Plaintiffs and the Executive Committee of Canada Life Pension Rights Group ("CLPENS") were exceedingly disappointed to learn that the estimated IPWU Surplus had deteriorated substantially over the second half of 2011. The information provided by Canada Life indicated that the estimated IPWU Surplus value of \$54 million as at June 30, 2011 (net of projected expenses), which was reported to the Court in the settlement approval hearing, had dropped to below \$10 million as at December 31, 2011 (net of projected expenses). The IPWU Surplus

continued to decline through 2012, and as of August 31, 2012 was estimated to be \$2.6 million. The principle factors leading to the decline in surplus at that time were described as follows:

- a. There was a decline in interest rates over the relevant period which substantially increased the estimated cost of purchasing annuities for members of the IPWU Group; and
- b. There was a higher than assumed take-up rate among members of the IPWU Group who elected to receive their pension benefit by way of an annuity.

The effect of these two factors was to substantially increase the cost of providing benefits under the pension plan to IPWU Class Members, resulting in a reduction of the IPWU Surplus.

8. Class Counsel was advised by Canada Life that there was no reduction in the value of the IPWU assets during the relevant time. Canada Life advised Class Counsel that the relevant assets of the pension fund actually increased in value during the impugned period. However, the increase in asset value is far less than the increase in Plan liabilities, creating a net loss over the same period.

Steps Taken In Response to the Updated IPWU Surplus Estimate

9. Following the disclosure of the decrease in the estimated IPWU Surplus, Class Counsel, the Plaintiffs and the CLPENS Executive Committee held a number of meetings and discussions regarding this change in circumstance, how it might affect the settlement, and which could be done about it.

10. The first steps taken involved an analysis of the information provided in order to test it for reasonableness and accuracy. It should be noted that there was a healthy level of skepticism on the part of the Plaintiffs on the receipt of this information.

11. Members of the CLPENS Executive Committee have substantial actuarial experience and a thorough knowledge of the operation of the Plan.

12. Further, the Plaintiffs and the CLPENS Executive Committee sought the assistance of their expert actuarial advisor Marcus Robertson, who had assisted them throughout the conduct of this litigation.

13. Information was requested from Canada Life and Investigations and research were undertaken in order to analyze information provided by Canada Life, as well as to assess the prevailing market circumstances which lead to the decline in the IPWU surplus.

14. The Plaintiffs and CLPENS Executive Committee reached the reluctant conclusion that the drop in surplus, as presented by Canada Life and its external advisors, was substantially accurate. The expert advice received supported the unfortunate reduction in the estimated IPWU Surplus, and verified that the appropriate actuarial standards and guidance had been applied.

15. As a result of the diminution in the estimated IPWU Surplus, not only were the surplus share estimates communicated to Class Members in 2011 materially reduced, it was questionable whether there would be enough surplus to make the \$1000 minimum surplus share payments to members of the IPWU Group and the Pensioners and Deferred/Vested members (the "Inactive Eligible Class Members"), and Quebec Cash Out Members provided for under the SSA. In short, a fundamental premise underlying the SSA – sharing of a substantial surplus between Canada Life and Plan members – no longer existed.

16. The Plaintiffs and the CLPENS Executive Committee, with the assistance and guidance of Class Counsel and their actuarial advisor, explored ways to work around this change in circumstance. Two possible solutions were initially identified:

- a. To delay the implementation of the SSA in order to allow a recovery in the interest rate environment with the hope that the IPWU Surplus would recover;
- and

- b. To provide annuities to members of the IPWU Group, with indexation provided through an inflation hedging product created and insured by a third party, with a view to reducing the Plan liabilities related to the IPWU Group.

17. Class Counsel approached counsel to Canada Life to initiate negotiations aimed at creating an acceptable amendment to the SSA which could salvage the position of IPWU Class Members and Inactive Eligible Class Members under the SSA.

18. The parties attended case management conferences before Justice Perell on April 20 and May 7, 2012 to report on the change in circumstances and to obtain approval of a notice update to Class members. Notices were approved and sent to Class Members by direct mail on or before May 15, 2012, and also posted to Class Counsel's website.

19. By letter dated July 11, 2012, Class Counsel was advised that Canada Life had approached seven Canadian insurance providers to solicit interested bids for the provision of immediate and deferred indexed annuities to members of the IPWU Group, as required under the SSA. This letter further advised that all seven annuity providers had declined to bid on the sale of these annuities.

20. Negotiations between the parties to address implementation of the SSA in light of the drop in IPWU Surplus, which had commenced in or about March or 2012, continued without success. Notwithstanding this impasse, and in light of the inability of Canada Life to purchase annuities on behalf of the IPWU group, in August 2012 Canada Life proposed to unilaterally transfer the assets and liabilities of the IPWU Class Members to the ongoing portion of the Plan, and proceed with the implementation of the SSA.

21. Class Counsel opposed this unilateral action on the part of Canada Life, on the grounds that such a course of action would violate the terms of the SSA which required the settlement of basic pension benefits of the IPWU Class Members through the purchase of indexed annuities. Class Counsel also took the position that the SSA could not be implemented under the changed

circumstances because there were insufficient assets to provide eligible Class Members with the minimum guaranteed \$1,000 payment.

22. Accordingly, the Plaintiffs brought a motion returnable on September 27, 2012 seeking a declaration of the Court that the unilateral actions proposed by Canada Life would violate the terms of the SSA, as well as an order directing the parties to attend a mediation to resolve the dispute. Evidence for the motion was filed with the Court by both the Plaintiffs and Canada Life which provided detail on the circumstances giving rise to the reduction in the estimated IPWU Surplus.

23. The September 27, 2012 motion settled, and Justice Strathy was later appointed to mediate the dispute concerning implementation of the SSA between the parties. Attached to this affidavit at Exhibit "C" is a true copy of the endorsement of Justice Perell dated September 27, 2012.

24. On December 4, 2012, the parties convened for a mediation facilitated by the Honourable Justice George Strathy. Although substantial progress was made with the assistance of Justice Strathy, no agreement was reached at the mediation.

25. With further facilitation by Justice Strathy in the weeks that followed, the parties continued their dialogue, which ultimately resulted in an agreement to amend the SSA (the "ASSA"). Attached and marked as Exhibit "D" to this my affidavit is a true copy of the executed ASSA.

Terms of the Amended Surplus Sharing Agreement ("ASSA")

26. As a practical matter, the reduction in the IPWU Surplus does not impact the amount of benefits to be paid under the SSA to a number of sub-groups within the Class. Members included in the Adason, Indago and Pelican Prior Partial Wind-Up Sub Classes are not affected to the same extent by the factors that led to the decline in the estimated IPWU Surplus. In contrast to the members of the IPWU group, many of the members of the Prior Partial Wind Ups

elected to transfer their pension benefits out of the Plan, better insulating the Prior Partial Windup Surpluses from the changes in market conditions which increased pension liabilities for the IPWU group. The benefits under the SSA for active Class Members are unaffected by the change in the estimated IPWU Surplus as those benefits are not payable out of the IPWU Surplus.

27. Those sub-groups which are most affected are the members of the IPWU group and the Inactive Eligible Class Members.

28. The main terms of the ASSA are as follows:

1. Canada Life will augment the amount of IPWU surplus by:
 - i. waiving its right to any interest on the amount of its expense reimbursement under the SSA that would have accrued during the period from August 31, 2012 to December 31, 2013 (estimated at \$800,000); and
 - ii. waiving its right to reimbursement of \$500,000 of its professional fees.;
2. The Plaintiffs and CLPENS Executive Committee will augment the amount of IPWU Surplus available for distribution by waiving their entitlement to reimbursement of future legal fees (but not disbursements) previously approved by the Court (estimated at \$200,000), which will be directed to the benefit of the IPWU Sub-Class and Inactive Eligible Class Members;
3. For any member of the IPWU Sub-Class who elected to receive a deferred or immediate pension, their portability rights were satisfied by Canada Life transferring their assets to the ongoing portion of the Plan effective August 31, 2012;
4. The assets and liabilities related to members of the IPWU Sub-Class who elect a deferred or immediate pension will be notionally segregated (the "Segregated

Portion") until the completion of the second surplus distribution (discussed below), if any;

5. Canada Life will fund top-up payments (at an estimated cost of \$1.2 million) in order to ensure that members of the IPWU Sub-Class will receive the minimum surplus shares of \$1,000 contemplated under the SSA;
6. There is the potential for a second surplus distribution to members of the IPWU Sub-Class and Inactive Eligible Class Members, if a surplus exists in the Segregated Portion as at December 31, 2014, subject to the following conditions:
 - 10% of such surplus shall be deducted off the top and remain in the Plan as a cushion;
 - The surplus will be reduced to take into account any contributions and other payments (together with interest at the Plan rate of return) made by Canada Life into the Plan after August 31, 2012 and that are notionally allocated to the Segregated Portion;
 - 69.66% of the net surplus, up to a maximum of \$15 million, will be paid to the IPWU Sub-Class and to Inactive Eligible Class Members, in accordance with the percentages set out in the SSA;
 - The amounts distributed to members of the IPWU Sub-Class and to Inactive Eligible Class Members will be calculated in accordance with a formula which takes into consideration amounts paid under the initial surplus distribution;
 - In order to avoid distributing numerous small amounts, the threshold for surplus payments under the possible second distribution is \$100: if, based on the formula under the ASSA, any individual would be receiving \$100 or less, no payment will be made to that individual and the individual's surplus share will instead be shared with the remaining members (if any) who are receiving \$100 or more.

29. Based on the most recent estimates available (as of August 31, 2012), the ASSA would result in estimated payments to the Class as a whole as follows:

Integration PWU Surplus	\$2,600,000
	+CL Interest waived:
	\$800,000
	+CL Legal fees waived:
	\$500,000
	Total IPWU Surplus: \$3,900,000
	Member share: \$2,716,740
Indago PWU Surplus	+EstimatedCL Top Up:
	\$1,200,000
	+KM/HP Legal Fees: \$200,000
	TOTAL: \$4,116,740
	\$1,100,000
	Member Share: \$766,260
Adason PWU Surplus	\$6,200,000
	Member Share: \$4,318,920
Pelican PWU Surplus	\$2,900,000
	Member Share: \$2,020,140
Total Member Share of Estimated Surplus	\$11,222,060

In addition, active Plan members who participate will receive a contribution holiday valued at \$4.6 million, bringing the total estimated benefits to the Class under the ASSA to in excess of \$15 million.

30. The ASSA terms are the best terms that could be reached under the current circumstances. It is clearly recognized by the Plaintiffs, by the CLPENS Executive Committee, by Class Counsel and Marcus Robertson that these terms present a reduction in the estimated value of the benefits payable to the IPWU Class Members and Inactive Eligible Class Members under the original SSA. However, it is also acknowledged that the final amount of distributable

IPWU Surplus was never a guaranteed or fixed amount. Further, if the surplus no longer exists at the same level, there is likely to be little purpose to recommencing litigation over such a diminished amount.

31. The ASSA gives effect to the terms negotiated under the original SSA, but also gives the Class Members affected by the drop in IPWU Surplus a hope of future recovery. If the parties went ahead with implementing the SSA without amendment, Class Members would receive less benefits, and no prospect of a future surplus distribution. Simply put, the Class is better off under the ASSA than the SSA, because of the fact that the IPWU Surplus simply isn't what it was anticipated to be.

32. In the view of Class Counsel, the Plaintiffs and the CLPENS Executive Committee the ASSA terms are fair and reasonable and ought to be approved.

Criteria for Approving the ASSA

Arm's Length Bargaining

33. The negotiations surrounding the ASSA terms were at all times conducted on an arm's length and adversarial basis.

34. The negotiations consumed approximately 9 months. Each of the parties were independently represented and advised by sophisticated legal and actuarial professionals.

35. As indicated, the ASSA terms were reached following the assistance of the Honourable Justice George Strathy in his capacity as a neutral mediator.

The Amount and Nature of Investigation and Discovery

36. The Plaintiffs requested and Canada Life provided data and information for the purposes of assessing the material change in circumstances.

37. Further, as indicated, the Plaintiffs, CLPENS Executive Committee and Class Counsel engaged and relied upon the assistance of experienced actuarial support.

38. As a result, the Plaintiffs, CLPENS Executive Committee and Class Counsel considered themselves sufficiently well informed to enter into the amended SSA terms.

The Degree and Nature of Communications by Counsel and the Representative Plaintiffs with Class Members during the Litigation

39. As is noted above, in May 2012 Class Counsel mailed notices to all Class Members, advising of the substantial drop in the IPWU Surplus and the reasons for the decline.

40. Subsequently, and following the conclusion of negotiations in respect of the ASSA, the parties appeared before this Honourable Court on February 12, 2012 and obtained approval to distribute notices to the Class advising them that amended settlement terms had been reached. The notices were disseminated on or before February 15, 2012 in English and in French. Attached and marked as Exhibit "E" to this affidavit are true copies of the notices that were sent to Class Members.

41. Since the mailing of notices in February 2013, Class Counsel have fielded over 80 inquiries by Class Members. It is anticipated that inquiries will continue to be received until the hearing for settlement approval.

42. Class Counsel can report that for the most part, the communications from Class Members reflect disappointment about the change in circumstances, and a level of misunderstanding of the underlying causes of the drop in IPWU Surplus. To assist in responding to the questions and concerns, Class Counsel also posted the September 27, 2012 motion material on its website, which gives details about the drop in the IPWU Surplus from both of the parties.

43. As of the swearing of this affidavit, Class Counsel has received notice from four Class Members indicating objection to the ASSA. Attached to this affidavit at Exhibit "F" are true copies of the correspondence with the four objecting individuals.

44. The substance of the objections express disappointment and surprise on the part of those Class Members regarding the turn of events, and a demand for accountability from Canada Life and its advisors.

45. In the face of the information received by Class Counsel, we are respectful of the views expressed by Class Members, and it is fair to say that the response was not unexpected.

46. Further and perhaps most importantly, Class Counsel remain of the view that the ASSA contains the best set of terms that could be negotiated under these difficult circumstances and that those terms are fair and reasonable and ought to be approved.

Recommendations and Experience of Counsel

47. All the members of the Class Counsel team in this case are experienced in class action matters. In addition, members of the counsel team are among the most experienced pension lawyers in the province. They have been assisted in a highly experienced actuarial advisor in Mr. Robertson. Under the circumstances, as indicated, counsel fully recommends the approval of the settlement terms.

48. I make this affidavit in support of the motion to vary the Judgment in accordance with the ASSA and for no other or improper purpose.

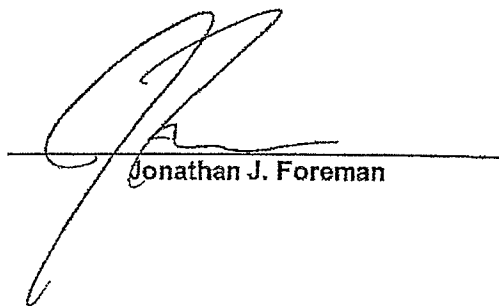
SWORN BEFORE ME at the)
City of London, in the)
County of Middlesex)
this 8 day of March, 2013.)



Commissioner for Taking Affidavits

Bradley James Adams, a Commissioner,
etc., Province of Ontario,
while a Student-at-Law.
Expires August 27, 2015.

22354744.2


Jonathan J. Foreman

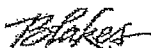
Desi Skokleva

From: GALWAY, JEFF <JEFF.GALWAY@blakes.com>
Sent: February-23-12 2:21 PM
To: Mark Zigler
Cc: Clio M. Godkewitsch; Anthony Guindon; dwilliams@harrisonpensa.com;
 jforeman@harrisonpensa.com; McSweeney, Ian; Rienzo, Douglas
Subject: Kidd Harvey
Attachments: Memo re Surplus Changes.pdf; clsurplustracking (5).xls

Dear Mark:

Canada Life has recently received from Mercer an update as at December 31, 2011 of the estimated actuarial surplus available for distribution under the settlement. As you will see from the attached memorandum prepared by Canada Life, two factors-the estimated cost of buying the annuities (due primarily to declining interest rates) and the annuity purchase take up rate vs. commuted value transfer elections-have significantly impacted the most recent estimate of the Integration PWU surplus (net of expenses). The actual cost of buying the annuities will not be known until Canada Life has received annuity purchase quotes. After you have had an opportunity to review the attached memorandum, please call us to discuss.

Jeff



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Blake, Cassels & Graydon LLP | Barristers & Solicitors | Patent & Trade-mark Agents

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**Canada Life Canadian Employees Pension Plan
Partial Wind-Up Surplus Update**

The following table shows the estimated surplus of the Integration PWU and the 3 Prior PWUs as of June 30, 2010, December 31, 2010, June 30, 2011 and December 31, 2011 as calculated by Mercer. The total estimated surplus for all 4 partial wind-ups has decreased from \$71.0 million as of June 30, 2010 to \$34.0 million as of December 31, 2011. However, as can be seen from the table below, it is only the estimate of the Integration PWU surplus that has decreased (from \$62.2 million as of June 30, 2010 to \$23.7 million as of December 31, 2011).

SURPLUS (\$ millions)

	June 30, 2010	December 31, 2010	June 30, 2011	December 31, 2011
Integration PWU	\$62.2	\$63.8	\$54.0	\$23.7
Pelican PWU	\$2.5	\$2.9	\$2.9	\$2.9
Indago PWU	\$1.2	\$1.3	\$1.3	\$1.2
Adason PWU	\$5.1	\$6.4	\$6.1	\$6.2
Total	\$71.0	\$74.5	\$64.3	\$34.0

As of June 30, 2011, Integration partial wind-up members had not yet chosen their payment option with respect to their basic benefits, that is, they had not elected the transfer option or the guaranteed pension option. Therefore for each estimate of Integration PWU surplus up until that date, assumptions were made by Mercer relating not only to applicable interest and inflation rates, but also as to which election members would choose for the payment of their benefit entitlement (transfer value or a guaranteed pension). With respect to the guaranteed pension option, the estimated costs of purchasing annuities were based on the preliminary guidance from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting on the estimated costs of purchasing annuities.

For the December 31, 2011 estimate of the Integration PWU surplus, the *actual* elections made by the members to that date (1419 of 2149 Integration pwu members had made elections) were used to determine the cost of settling the basic benefit entitlement, and the estimated surplus value remaining. For those members who had not yet elected an option as at that date, the assumptions that were applied in the June 30, 2011 estimate re which option members would elect were used.

Note that if the assumption regarding which option members will choose is altered such that all Integration PWU members who have not yet made an election are deemed to have elected the guaranteed pension option (the required default option communicated in member information packages), then the estimate of the Integration Partial wind-Up surplus as of December 31, 2011 is reduced from \$23.7 million to approximately \$8 million.

The interest rate and inflation assumptions used to calculate the estimated costs of purchasing annuities are shown in the following table.

Indexed annuities interest assumptions	June 30, 2010	December 31, 2010	June 30, 2011	December 31, 2011
During deferred period	4.0%	4.5%	4.2%	3.35
After deferred period	3.65%	3.5%	3.5%	2.5%
Inflation assumption	2.2%	2.4%	2.5%	2.0%

The attached table shows the change in Integration PWU surplus due to various factors for each six-month period from January 1, 2010 to December 31, 2011. The most significant factors in the recent change in the Integration PWU surplus estimate are the change in the interest rate used to calculate the cost of annuities, and the high annuity take-up rate.

Canada Life Canadian Employees Pension Plan

Integration PWU Surplus Estimates
Assuming 3 Prior PWUs are Declared

	Surplus Estimate in \$ million				
	Period				Total Period
	January 1, 2010 June 30, 2010	July 1, 2010 December 31, 2010	January 1, 2011 June 30, 2011	July 1, 2011 December 31, 2011	January 1, 2010 December 31, 2011
Surplus at beginning of period	\$70.7	\$62.2	\$63.8	\$54.0	\$70.7
Changes in surplus during period due to:					
Investment income less interest required on reserves actual experience-January 1, 2011 valuation	\$0.2	\$8.2	\$0.9	\$1.8	\$11.1
change in interest/inflation assumptions re annuity purchase	(\$6.2)	(\$5.3)	(\$2.0)	(\$28.5)	(\$2.0)
effect of election of guaranteed pensions			(\$7.5)	(\$10.2)	(\$47.5)
asset allocation refinement				\$5.9	(\$10.2)
ongoing expenses allocated to Integration PWU	(\$0.7)	(\$0.9)	(\$0.9)	(\$1.7)	\$5.9
other	(\$1.8)	(\$0.4)	(\$0.3)	\$2.4	(\$4.2)
					(\$0.1)
Surplus at end of period	\$62.2	\$63.8	\$54.0	\$23.7	\$23.7

Court File No.05-CV-287556CP

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON
and LIN YEOMANS

Plaintiffs

-- and --

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants

Proceeding under the Class Proceedings Act, 1992

AFFIDAVIT OF MARCUS ROBERTSON

I, MARCUS ROBERTSON, of the Village of Bath, in the Province of Ontario, make oath and say:

1. I am a fellow of the Canadian Institute of Actuaries, a former partner in the firm of Robertson, Eadie & Associates and was retained by the Plaintiffs in the within proceeding to provide actuarial advice to the Plaintiffs and Class Counsel. As such, I have personal knowledge of the matters to which I herein depose. Where my knowledge is based on information and belief, I have stated the source of my knowledge and verily believe the information to be true.

2. This affidavit is sworn further to my affidavit of September 20, 2012, sworn in support of a motion by the Plaintiffs to prevent certain unilateral action by Canada Life and a request for a mediator to be appointed in order to assist the parties in resolving their differences. I repeat and rely on the contents of that affidavit, which is attached to this affidavit at Exhibit "A."

3. I swear this affidavit in support of the Plaintiffs' motion to vary the Judgment in accordance with the terms of the Amended Surplus Sharing Agreement ("ASSA").

4. I have acted as the actuarial advisor to Class Counsel and the Plaintiffs throughout the history of this litigation and particularly in the context of the negotiation of the original Surplus Sharing Agreement ("SSA"). I have further assisted the Plaintiffs and Class Counsel with the issues arising as a result of the substantial reduction in the Integration Partial Windup Surplus ("IPWU Surplus") as first reported by the external advisors to Canada Life in February of 2012.

5. In particular, I have assisted in the investigation and review by the Plaintiffs of the change in circumstances. In that respect, I recommended that the Plaintiffs and Class Counsel request and review certain documentation from Canada Life and its external actuarial advisors, including the following:

- a. Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008, a true copy of which is attached to this affidavit at Exhibit "B";
- b. Report on the Estimated Financial Position of the Portion of the Plan Affected by the 2005 Partial Plan Wind Up, dated March 21, 2012, a true copy of which is attached to this affidavit at Exhibit "C";
- c. Letter from Mercer to Canada Life dated October 9, 2012, a true copy of which is attached to this affidavit at Exhibit "D";
- d. Report on the Actuarial Valuation for Funding Purposes as at December 31, 2011, a true copy of which is attached to this affidavit at Exhibit "E" and
- e. Report on the Transfer of the Liabilities of the Remaining Portion of the 2005 Partial Windup to the Ongoing Portion of the Plan, dated October 11, 2012, a copy of which is attached hereto at Exhibit "F".

6. Although I did not attempt to reproduce the figures and actuarial work undertaken and reported by Mercer, I did review Mercer's work for reasonableness. I applied my professional actuarial assessment and judgment to all of the other prevailing market conditions which are applicable to the decline in the value of the IPWU surplus.

7. In my affidavit of September 20, 2012, I gave a thorough description of the reasons for the decline in the IPWU surplus. I repeat and rely on those explanations for the purposes of this affidavit.

8. The salient aspects of my review are as follows:

- a. The most significant reason for the decline in the estimated value of the IPWU Surplus relates to a dramatic increase in the cost of settling the basic pension benefits of the members of the IPWU.
 - b. The effect of the elections made by individual plan members has been to reduce the estimated amount of the IPWU surplus. In particular, more members than were expected elected pension purchases, and annuity purchase prices have been greater than the commuted values which were and are available for transfer.
 - c. There is no particular adverse investment performance at the source of the reduction in the IPWU surplus. In this case, I understand the asset values in respect of the IPWU surplus have not declined and have in fact increased during the relevant time.
 - d. I have observed that the actuaries retained by Canada Life have followed the appropriate Guidance provided to actuaries by the Canadian Institute of Actuaries in respect of the reports prepared for Plan. I can also observe that the appropriate Guidance appears to have been applied in a reasonable and consistent manner.
 - e. Using results presented in three reports prepared by the Plan's actuary (the Report on the Actuarial Valuation for Funding Purposes at December 31, 2008, the Report on the Estimated Financial Position of the Portion of the Plan affected by the 2005 Partial Plan Wind-up as at December 31, 2011 and the Report on the Transfer of the Liabilities of the Remaining Portion of the 2005 Partial Plan
-

Wind-up to the Ongoing Portion of the Plan), I have prepared brief summaries showing the financial positions of the portion of the Plan attributable to the IPWU Group at various points in time and sources of change in the estimated actuarial surplus over time. The summaries on the following two pages reflect financial positions at January 1, 2006, December 31, 2008, December 31, 2011 and August 31, 2012, as well as sources and amounts of change between these dates.

	January 1, 2006	December 31, 2008	December 31, 2011
Assets			
Market Value of Assets	\$287,025,000	\$300,320,000	\$395,542,000
Increased asset allocation to PWU Group	0	0	5,886,000
In-Transit Benefit Payments	0	0	(5,886,000)
Crown DC Balances	630,000	579,000	990,000
Termination Expense Provision	0	(12,000,000)	(13,000,000)
Total Assets	\$287,655,000	\$288,899,000	\$793,931,000
Liabilities			
Present Value of Benefits for:			
Active and Disabled Members	\$22,615,000	\$8,805,000	\$0
Pensioners and Survivors	68,003,000	87,280,000	115,194,000
Deferred and Inactive Pensioners	93,051,000	120,510,000	169,957,000
Crown DC Members	630,000	579,000	990,000
Total Liabilities	\$184,299,000	\$217,174,000	\$285,341,000
Funding Excess	\$103,356,000	\$71,725,000	\$8,390,000
Reconciliation of Changes			
Funding Excess (previous valuation)		\$103,356,000	\$71,725,000
Interest on Funding Excess		15,804,000	9,522,000
Employer Contributions paid from Excess		(570,000)	(32,000)
Expected Funding Excess (current valuation)		\$118,600,000	\$81,265,000
Economic Experience:			
Investment Experience		(25,268,000)	8,483,000
Post-retirement Indevation Gains		836,000	0
Demographic Experience:			
Retirement Experience		2,181,000	0
Mortality Experience		53,000	0
Net demographic Experience		2,234,000	1,562,000
Assumption Changes			
Change in Assumed Cost of Annuities		5,738,000	(64,679,000)
Change in Settlement Elections due to ageing		0	(2,621,000)
Effect of Actual Settlement Elections		0	(20,200,000)
Change in Assumption re: Members' Elections		(25,431,000)	0
Increase in Expense Provision		(7,000,000)	(1,000,000)
Increased asset allocation to PWU Group		0	5,886,000
Other Gains and Losses		66,000	(306,000)
Funding Excess (current valuation)		\$71,725,000	\$8,390,000

	December 31, 2011	August 31, 2012
Assets		
Market Value of Assets	\$312,205,000	\$312,707,000
Increased asset allocation to PWU Group	6,557,000	6,856,000
Crown DC Balances	390,000	316,000
Pending expense Reimbursements	(11,800,000)	(14,700,000)
Termination Expense Provision	(13,000,000)	(12,700,000)
Total Assets	\$300,352,000	\$292,489,000
Liabilities		
Present Value of Benefits for:		
Pensioners and Survivors	\$124,698,000	\$124,121,000
Deferred and Inactive Pensioners	157,742,000	162,206,000
Pensioning Payouts	6,230,000	123,000
Crown DC Members	390,000	316,000
Total Liabilities	\$289,060,000	\$286,766,000
Funding Excess	\$11,292,000	\$5,723,000
Reconciliation of Changes		
Funding Excess (previous valuation)		\$11,292,000
Interest on Liabilities		(\$5,333,000)
Net Return on Assets and Pending Asset Transfer		5,424,000
Change in Estimated Cost of Purchasing Annuities		(5,144,000)
Effect of Actual Settlement Elections		1,321,000
Interest on Pending Expense Reimbursements		(2,177,000)
Decrease in Provision for Future Termination Expenses		300,000
Other Gains and Losses		40,000
Funding Excess (current valuation)		\$5,723,000

9. What the foregoing tables demonstrate is that the primary reason for the drop in the estimated IPWU Surplus is the dramatic increase in the liabilities associated with the anticipated settlement of benefits through annuity purchases for members who make that election (an increase of approximately \$64.7 million from December 31, 2008 to December 31, 2011).

10. As I noted in my Affidavit of September 20, 2012, the principle reason for the increase in these liabilities is the decline in yields on Government of Canada real-return, long-term bonds. For example, at December 31, 2008, this yield was reported at 2.10%, whereas at December 31, 2011, the yield was reported at 0.45%. At August 31, 2012, the yield on real-return, long-term bonds was 0.40%.

11. The figures in the charts above reflect the decline in interest rates and the corresponding increase in the Plan liabilities. I am satisfied that the Plan actuary has fairly reflected the change in the IPWU Surplus over the period 2006 to 2012.

12. The information provided in various reports prepared by Mercer and summarized above relates to lump sum payments determined in accordance with Provincial regulation and estimated prices of annuities expected to be purchased from insurance companies licensed to conduct annuity business in Canada. In Spring 2012, Mercer surveyed insurance companies regarding the anticipated settlement of benefits through annuity purchases and none of the insurance companies approached was prepared to sell the required annuities. In other words, there is no market in Canada for the Canada Life pensions. As a result, Mercer, on behalf of Canada Life, prepared and filed the Report on the Transfer of the Liabilities of the Remaining Portion of the 2005 Partial Plan Wind-up to the Ongoing Portion of the Plan. The IPWU surplus therefore will be based, in part, on estimated rather than actual annuity prices.

13. The most recent actuarial information available discloses the following estimates of surpluses (net of termination expenses) related to each of the Partial Plan Wind Ups available for distribution (summarized at page 5 of the October 9, 2012 letter from Mercer to Canada Life, Exhibit "D"):

IPWU	\$2.6 million
Indago	\$1.1 million
Adason	\$6.2 million ¹
Pelican	\$2.9 million
Total	\$12.8 million

THE AMENDED SSA

14. I have advised the Plaintiffs and Class Counsel throughout the negotiations which resulted in the ASSA. Further, I attended the mediation before Justice Strathy in order to provide support to the Plaintiffs and Class Counsel in the negotiation in those terms. Finally, I was consulted by the Plaintiffs and Class Counsel as the terms of the ASSA were finalized and committed to writing.

15. The dramatic reduction in the estimated value of the IPWU surplus is directly related to the decline in yields on Government of Canada real-return, long-term bonds; and this decline is a direct result of economic forces beyond the control of the parties. In the circumstances, giving some Class Members the possibility of a future surplus distribution under the ASSA ameliorates this economic misfortune. Overall, the ASSA presents a better deal than if the SSA were implemented without any amendment.

16. I believe the terms of the ASSA represent a fair and reasonable set of terms for Class Members under the prevailing circumstances.

17. I swear this affidavit in support of a motion to vary the Judgment in accordance with the ASSA and for no other or improper purpose.

¹ Canada Life subsequently notified the Plaintiffs that figure was revised to \$6.1 million.

SWORN BEFORE ME at the)

Town of Picton, in the)

Province of Ontario)

this 8th day of March, 2013.)


Commissioner for Taking Affidavits


Marcus Robertson

SHELAGH MARGARET MATHERS
Barrister, Solicitor, Notary Public
MATHERS LAW OFFICE
6 TALBOT STREET
SUITE NO. 4
PICTON, ON K0K 2T0

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN
FINANCIAL SERVICES COMMISSION OF ONTARIO AND CANADA REVENUE AGENCY
REGISTRATION NO. 0354563

SURPLUS SHARING AGREEMENT – AMENDMENT #2

Made as of the 1st day of February, 2013

AMONG:

DAVID KIDD, ALEXANDER HARVEY and JEAN PAUL MARENTETTE (hereinafter the “Plaintiffs”)

-and-

WILBERT ANTLER, ED BARRETT, ALEXANDER HARVEY, DAVID KIDD, BRIAN LYNCH, JIM MARTIN, GARY NUMMELIN, and SHRIRAM MULGUND in their collective capacity as, and on behalf of, the Executive Committee of CLPENS (hereinafter the “CLPENS Executive”)

-and-

LIN YEOMANS, SHAUNA MURRAY and HEINZ SPUDIK in their capacity as the members of the Pelican Pension Committee (hereinafter the “Pelican Committee”)

-and-

JOCK FLEMING and SUSAN HENDERSON in their capacity as the members of the Indago Pension Committee (hereinafter the “Indago Committee”)

-and-

GARRY C. YIP and LOUIE NUSPL in their capacity as the members of the Adason Pension Committee (hereinafter the “Adason Committee”)

- and -

THE CANADA LIFE ASSURANCE COMPANY

- and -

Those individuals in the Class (as defined herein) who have retained Members’ Counsel to execute this Agreement on their behalf (hereinafter the “Represented Participants”, by their counsel)

- 2 -

- and -

Those individuals in the Class who have not retained Members' Counsel to execute this Agreement but who have provided their individual consents to this Agreement, as undersigned (hereinafter the "Non-Represented Participants")

(collectively, the "Parties" and individually a "Party")

WHEREAS the Parties entered into a Surplus Sharing Agreement (the "Agreement") as of September 1, 2011;

AND WHEREAS the Agreement may be amended by written agreement of the "MOU Parties" as defined therein, being the Plaintiffs, the CLPENS Executive, the Pelican Committee, the Indago Committee, the Adason Committee, and Canada Life;

AND WHEREAS the MOU Parties amended the Agreement as of January 1, 2012 to clarify what is included in the "Settlement Expenses" (as defined therein) that can be paid out of surplus pursuant to the Agreement;

AND WHEREAS the MOU Parties wish to amend the Agreement again, as set out below (the "Amendment");

AND WHEREAS the MOU Parties have instructed their counsel to execute this amendment to the Agreement on their behalf;

NOW, THEREFORE, IN CONSIDERATION OF their mutual covenants, and for other good and valuable consideration, the MOU Parties agree as follows:

1. Capitalized terms used in this Amendment shall have the meaning set out in the Agreement.
2. In the ninth recital to the Agreement, the concluding words "(the "Settlement")" are deleted.
3. Paragraph 1(e)(vi) of the Agreement (definition of "Agreement") is amended by adding the words ", as amended from time to time" at the end of the paragraph.
4. Paragraph 1(e)(liii) of the Agreement is deleted and replaced with the following:

(liii) "Settlement" means the terms agreed to by the Parties in settlement of the claims advanced in the Amended Statement of Claim, in addition to all claims relating to the Indago PWU, the Pelican PWU, and the Adason PWU, under an agreement based on the framework and terms of the Integration MOU and the Adason MOU, all as reflected in this Agreement, as amended.

5. Paragraph 1(e) of the Agreement is amended by adding the following paragraphs in the appropriate alphabetical position, with the existing paragraphs (including paragraph (lii)) as amended above) re-numbered accordingly:

(xxxiii) "IPWG" means those Eligible PWU Group Members who were included in the Integration PWU.

...

(liv) "Segregated Portion" has the meaning set out in paragraph 7(e) of this Agreement.

6. In order to provide for additional flexibility in respect of the Quebec court proceedings contemplated under the Agreement, paragraph 6(c)(vii) of the Agreement is amended by adding the following to the end of that paragraph:

The provisions in this paragraph 6(c)(vii) related to Québec court proceedings are for the sole benefit of Canada Life, and may be waived by Canada Life in part or in whole in its sole discretion.

7. In order to increase the surplus allocable to the Integration PWU, Canada Life shall waive a portion of the Settlement Expenses which would otherwise be payable to it under the Agreement, and also waive a portion of the interest accruing on the Plan expenses which it has incurred but for which it has not yet been reimbursed. Accordingly, paragraph 7(a) of the Agreement is amended by adding the following to the beginning of that paragraph:

Notwithstanding the provisions of paragraph 2(a)(iii), Canada Life shall waive its entitlement to reimbursement of a portion of its Settlement Expenses in the amount of \$500,000; in addition, notwithstanding the provisions of paragraphs 2(a)(i) and 10(e), Canada Life shall waive entitlement to reimbursement of an amount equal to the amount of interest that would accrue under such paragraphs from August 31, 2012 to December 31, 2013; and the foregoing amounts shall be added to the Final Partial Wind Up Surplus allocable to the Integration PWU, prior to the division described in this paragraph 7(a).

8. In order to increase the surplus payable to those Eligible PWU Group Members who were included in the Integration PWU (*i.e.*, the "IPWG"), as well as the amount of surplus payable to the Inactive Eligible Non-PWU Group Members, the CLPENS Executive shall waive its entitlement to reimbursement of the future legal fees (but not disbursements) approved by the Ontario Superior Court of Justice on January 27, 2012, which fees would otherwise be payable to it under the Agreement, and direct the resulting amount of increased surplus to those groups. Accordingly, paragraph 7(d) of the Agreement is amended by adding the following to the end of that paragraph:

Notwithstanding the provisions of paragraph 2(a)(iii), the CLPENS Executive shall waive its entitlement to reimbursement of a portion of its Settlement Expenses in the amount of \$250,000, less any Settlement Expenses that consist of disbursements incurred by its legal counsel after January 27, 2012 up to the Settlement Approval Date. Such amount shall be divided in the ratio set out in paragraph 7(c) – 57.22:12.44 – and the larger portion shall be added to that portion of the Eligible PWU Group Surplus Allocation that is payable to the

IPWG. The smaller portion shall be added to the Inactive Eligible Non-PWU Group Surplus Allocation.

9. In order to reflect recent events related to annuity markets, paragraph 7(e) of the Agreement is deleted and replaced with the following:

Portability -- All PWU Group Members

The Parties agree that PWU Group Members shall be given their portability rights under section 73(2) of the *Pension Benefits Act* (Ontario) or under a similar provision in the pension standards legislation applicable to them.

Integration PWU members -- Transfer to Ongoing Portion of Plan

For any member of the Integration PWU who elected to receive (or was deemed to have elected) a deferred or immediate pension, their portability rights have been satisfied by Canada Life transferring assets equal to such members' liabilities to the ongoing portion of the Plan effective August 31, 2012.

Integration PWU members -- Segregation of Assets and Liabilities

The assets and related liabilities referred to in the previous sentence shall be notionally segregated (the "Segregated Portion") until the completion of the second surplus distribution (if any) contemplated in paragraph 11.1 below (or until it is determined that such a surplus distribution will not be occurring). Canada Life shall not purchase annuities for any member of the Integration PWU in satisfaction of his or her Plan benefits before December 31, 2014 without the consent of the Plaintiffs and the CLPENS Executive, which consent shall not be unreasonably withheld.

Prior PWU members -- Annuity Purchase or Transfer to Ongoing Plan

For any individual included in a Prior PWU who elects to receive (or is deemed to have elected) a deferred or immediate pension, Canada Life will either arrange for an annuity to be purchased, or will arrange for the pension to be provided from the ongoing portion of the Plan, as Canada Life may decide in its sole discretion. If an annuity is purchased for an individual included in a Prior PWU, the pension provided via such annuity, including indexation (if any), shall be determined in accordance with the terms of the Plan. Any annuities purchased for an individual included in a Prior PWU shall be insured annuities, and, subject to such reasonable administrative limits as may be imposed by Canada Life, shall only be purchased for an amount that on the date of purchase is within the Assuris limits. The Parties agree that any such annuities will be purchased following a competitive bidding process, which may include as potential annuity providers Canada Life and/or any of its affiliates.

10. Canada Life has agreed to fund certain payments under the Agreement, if necessary, related to the minimum surplus amounts that are payable to Eligible PWU Group Members. Accordingly, paragraph 7(g) is amended by adding the following to the end of that paragraph:

For Eligible PWU Group Members who were included in a Prior PWU, in order to make the minimum \$1,000 payment to any individual who otherwise would receive less than that amount, surplus payments to the rest of the individuals in the Prior PWU in question will be reduced on a proportionate basis. Should there not be sufficient surplus allocable to the Prior PWU in order for all

Eligible PWU Group Members included in that Prior PWU to receive at least \$1,000, Canada Life will pay the individuals the additional amount needed such that each individual receives \$1,000.

For members of the IPWG, in order to make the minimum \$1,000 payment to any individual who otherwise would receive less than that amount, surplus payments to the rest of the individuals in the IPWG will not be reduced; instead, Canada Life will pay the individual the additional amount needed such that he or she receives \$1,000.

11. Canada Life has agreed to fund certain payments under the Agreement, if necessary, related to the minimum surplus amounts that are payable to Inactive Eligible Non-PWU Group Members. Accordingly, paragraph 8(d) is amended by adding the following to the end of that paragraph:

In order to make the minimum \$1,000 payment to any Inactive Eligible Non-PWU Group Member (or to the surviving spouse, beneficiary, or estate if applicable) who otherwise would receive less than that amount, surplus payments to the rest of the Inactive Eligible Non-PWU Group Members will be reduced on a proportionate basis. Should the Inactive Eligible Non-PWU Group Surplus Allocation not be sufficient in order for all Inactive Eligible Non-PWU Group Members (or the surviving spouse, beneficiary, or estate if applicable) to receive at least \$1,000, Canada Life will pay the individuals (or estates) the additional amount needed such that each individual (or estate) receives \$1,000. For certainty, if the Inactive Eligible Non-PWU Group Member had named multiple beneficiaries, and surplus is payable to them, the \$1,000 payment will be divided among the beneficiaries.

12. The MOU Parties have agreed that the assets and liabilities transferred to the ongoing portion of the Plan in respect of members of the Integration PWU who elected to receive (or were deemed to have elected) a deferred or immediate pension shall be notionally segregated (i.e., the "Segregated Portion"), and have agreed that should surplus arise in that Segregated Portion as of December 31, 2014, and provided certain other conditions are satisfied, then a portion of such surplus shall be distributed to the IPWG and to Inactive Eligible Non-PWU Group Members. Accordingly, a new paragraph 11.1 is added to the Agreement as set out below.

11.1. SEGREGATED PORTION – POTENTIAL SECOND SURPLUS DISTRIBUTION

- (a) Canada Life's Plan actuaries will determine whether a surplus exists in the Segregated Portion as at December 31, 2014, either on a going concern or wind-up basis, as set out in paragraph 11.1(b). If the going concern or wind-up calculation (or both) disclose no surplus, then no further action will be required and the Segregated Portion need no longer be notionally segregated.
- (b) For purposes of the calculation of surplus under paragraph 11.1(a), the calculation of the liabilities on a going concern basis will be based on the following:
 - (i) Assumptions and methods consistent with acceptable actuarial standards and economic conditions as at December 31, 2014, and not necessarily the same assumptions and methods used for the December 31, 2011 funding valuation of the Plan;

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and the calculation of the liabilities on a wind-up basis will be based on the following:

- (ii) Annuity purchase and/or commuted value assumptions applicable as at December 31, 2014;
- (iii) Accepted actuarial standards of practice as at December 31, 2014.

For certainty, no smoothing of assets and/or liabilities will be used in calculating either the going concern or wind-up financial position of the Segregated Portion, and no excludable benefits will be excluded in calculating the liabilities. The Plan actuaries' determination of the surplus position of the Segregated Portion shall be set out in a report certified by them (which will not be a full valuation report of the Plan for funding purposes), and shall be final and binding.

- (c) If the certified report prepared by Canada Life's Plan actuaries identifies a surplus in the Segregated Portion as at December 31, 2014, then, subject to the limit set out in paragraph 11.1(e) below, the surplus in the Segregated Portion calculated on either a going concern or wind-up basis, whichever is less, shall be distributed to the IPWG and to Inactive Eligible Non-PWU Group Members subject to the following adjustments:
 - (i) 10% of such surplus shall be deducted off the top; and
 - (ii) The remaining surplus will be reduced to take into account any contributions and other payments (such as special payments), together with interest at the fund rate of return, that are made by Canada Life into the Plan after August 31, 2012 and that are notionally allocated to the Segregated Portion, all as calculated by Canada Life's Plan actuaries, before determining the amount, if any, of surplus to be distributed.
- (d) 57.22% of the surplus remaining after the adjustments described in paragraph 11.1(c), net of any allocation made pursuant to paragraph 11.1(h), will be paid to the IPWG, and 12.44% will be paid to the Inactive Eligible Non-PWU Group Members, allocated to individuals as set out in paragraphs 11.1(g) and 11.1(i).
- (e) The total of the amounts distributed under paragraph 11.1(d) above and paragraph 11.1(h) below shall not exceed \$15,000,000.
- (f) Any payment of surplus under the second distribution to Plan members subject to Quebec jurisdiction will not be made; instead, the surplus share otherwise payable to such members will remain in the Plan, and Canada Life will pay such amount directly to the Quebec members. In addition, notwithstanding the foregoing provisions of this paragraph 11.1(f), Canada Life reserves the right in its sole discretion to leave the surplus share otherwise payable to all other individuals eligible to participate in the second distribution in the Plan, and to pay amounts otherwise payable to such individuals directly to them.

Individual Surplus Allocation – IPWG

- (g) The amount of surplus calculated as set out above in this paragraph 11.1 that is payable to IPWG members shall be allocated to individual members as follows.

Step 1: Calculate the share of surplus each IPWG member would have received in the first distribution under this Agreement, if surplus were equal to the sum of the following amounts:

- (i) The amount of the Eligible PWU Group Surplus Allocation allocable to the IPWG under the first surplus distribution; plus
- (ii) The cost to Canada Life of funding the minimum \$1,000 payment to the IPWG under the first distribution (as set out in paragraph 7(g) above); plus
- (iii) The amount of surplus to be distributed to the IPWG from the Segregated Portion (as calculated above, including the limit under paragraph 11.1(e)).

Surplus in Step 1 shall be allocated to members *pro rata* to the liabilities set out in the Partial Wind Up Report as at the effective date of the Integration PWU, excluding any statutory grow-in benefits, subject to a minimum distribution of \$1,000, with any top-up required to make the minimum \$1,000 surplus payment effected through a reduction of the surplus otherwise payable to other members of the IPWG.

Step 2: The amount payable to each member of the IPWG under the second distribution equals the amount calculated in Step 1, less the amount paid or payable to the individual in the first distribution of surplus under this Agreement.

Step 3: If the amount payable to any member of the IPWG as determined in Step 2 is less than \$100, the member's payment shall be reduced to zero. The amount of surplus to be distributed to the IPWG from the Segregated Portion (including amounts that would otherwise have been payable to members whose allocation under Step 2 was less than \$100) will be distributed to those IPWG members (if any) whose allocation under Step 2 was greater than \$100, *pro rata* to the liabilities set out in the Partial Wind Up Report as at the effective date of the Integration PWU, excluding any statutory grow-in benefits.

Quebec Members Who Would Have Been IPWG Members – Surplus Allocation

- (h) A portion of the surplus that is payable to IPWG members as set out in paragraph 11.1(d) above shall be allocated to:
- (i) those Inactive Eligible Non-PWU Group Members who otherwise would have been included in the Integration PWU, but for the fact that they were employed in a Canadian jurisdiction that at the relevant time did not recognize partial pension plan wind ups in its pension legislation; and to
 - (ii) any former members of the Plan who otherwise would have been included in the Integration PWU, but for the fact that

they were employed in a Canadian jurisdiction that at the relevant time did not recognize partial plan wind ups in its pension legislation, who were not inactive members of the Plan on April 12, 2005 and who are not Opt-Outs

so that each such individual receives a total amount of surplus under this paragraph 11.1 which, after taking into account the amount (if any) they receive under paragraph 11.1(i), is equal to the amount they would have received had they been treated as IPWG members.

Individual Surplus Allocation – Inactive Eligible Non-PWU Group Members

- (i) The amount of surplus calculated as set out above in this paragraph 11.1 that is payable to Inactive Eligible Non-PWU Group Members shall be allocated to individual members as follows.

Step 1: The share of surplus each Inactive Eligible Non-PWU Group Member would have received in the first distribution under this Agreement, if surplus were equal to sum of the following amounts, shall be determined:

- (i) The amount of the Inactive Eligible Non-PWU Group Surplus Allocation under the first surplus distribution; plus
- (ii) The amount of surplus to be distributed to the Inactive Eligible Non-PWU Group Members from the Segregated Portion (as calculated above, including the limit under paragraph 11.1(e)).

Surplus in Step 1 shall be allocated to members *pro rata* to the wind up liabilities of such Inactive Eligible Non-PWU Group Members as of June 30, 2005 (or the date immediately preceding death or cash out, for those individuals whose liabilities under the Plan were reduced or paid out due to death or cash out between April 12, 2005 and June 30, 2005), subject to a minimum distribution of \$1,000, with any top-up required to make the minimum \$1,000 surplus payment effected through a reduction of the surplus otherwise payable to other Inactive Eligible Non-PWU Group Members.

Step 2: The amount payable to each Inactive Eligible Non-PWU Group Member under the second distribution equals the amount allocated in Step 1, less the amount paid or payable to the individual in the first distribution of surplus under this Agreement.

Step 3: If the amount payable to any Inactive Eligible Non-PWU Group Member as determined in Step 2 is less than \$100, the member's payment shall be reduced to zero. The amount of surplus to be distributed to the Inactive Eligible Non-PWU Group Members from the Segregated Portion (including amounts that would otherwise have been payable to members whose allocation under Step 2 was less than \$100) will be distributed to those Inactive Eligible Non-PWU Group Members (if any) whose allocation under Step 2 was greater than \$100, *pro rata* to the wind up liabilities of such Inactive Eligible Non-PWU Group Members as of June 30, 2005 (or the date immediately preceding death or cash out, for those individuals whose liabilities under the Plan were reduced or paid out due to death or cash out between April 12, 2005 and June 30, 2005).

- (j) Should any IPWG member or Inactive Eligible Non-PWU Group Member die before receiving a payment of surplus under this paragraph 11.1, the amount of surplus that would have been payable to such individual will instead be payable as follows:
 - (i) Where the individual is survived by a spouse or former spouse who at the time of the individual's death is entitled to a pension or other death benefit under the Plan, the surplus shall be paid to that spouse or former spouse;
 - (ii) If there is no such spouse or former spouse, if the individual designated a beneficiary or beneficiaries under the Plan, the surplus shall be paid to that beneficiary or those beneficiaries; or
 - (iii) If there is no such spouse or former spouse, and no beneficiary had been designated by the individual, surplus shall be paid to the individual's estate.
 - (k) Any distribution of surplus under this paragraph 11.1 may be combined with the first distribution of surplus contemplated under this Agreement, as Canada Life may determine appropriate in its sole discretion.
 - (l) Individuals included in the Prior PWUs will not share in any second surplus distribution as contemplated in this paragraph 11.1.
 - (m) Any second surplus distribution as contemplated in this paragraph 11.1 will be subject to applicable regulatory approvals, if any.
13. This Amendment shall be subject to the approval of the Ontario Superior Court of Justice pursuant to section 29 of the Ontario *Class Proceedings Act, 1992*. Unless and until the Ontario Superior Court of Justice approves this Amendment, it shall be of no force or effect.
14. This Amendment to the Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
15. The Parties have required that this Amendment to the Agreement and all deeds and documents relating to this Agreement be drawn up in the English language. Les Parties aux présentes ont exigé que le présent contrat et tous autres contrats et documents afférents aux présentes soient rédigés en langue anglaise.

Executed as of the date first written above.

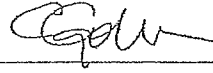
CLPENS EXECUTIVE, by their counsel



Koskie Minsky LLP

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PLAINTIFFS, by their counsel



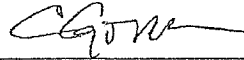
Koskie Minsky LLP

PELICAN COMMITTEE, by their counsel



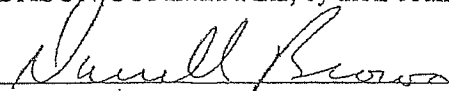
Koskie Minsky LLP

INDAGO COMMITTEE, by their counsel



Koskie Minsky LLP

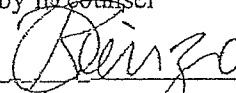
ADASON COMMITTEE, by their counsel



Sack Goldblatt Mitchell LLP

THE CANADA LIFE ASSURANCE
COMPANY, by its counsel

By:



Osler, Hoskin & Harcourt LLP

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO MEMBERS OF THE INTEGRATION PARTIAL WINDUP

From: David Kidd, Alex Harvey, and Jean-Paul Marentette, Plaintiffs; on notice to all parties

This letter has been approved by the Court and is intended for all members of the Integration Partial Wind Up Sub-Class included in the Canada Life Class Action Settlement (the "Integration PWU Group"), which settlement was approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the "Settlement").

The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that, for those members who did not elect to transfer a lump sum amount out of the Plan in satisfaction of their basic pension benefits, and who therefore continue to be entitled to benefits under the Plan, nothing discussed in this letter affects benefits you have earned under the Plan, or the monthly benefit that you are currently receiving. Indexing of pensions under the Plan terms, for those eligible for it, is also unaffected. This letter describes proposed changes to the Settlement, as well as information regarding the source of payment of your pension benefits (for those members who continue to be entitled to benefits under the Plan).

In May 2012 we wrote to the Class to explain that the estimated value of the Integrated PWU Surplus had decreased from an estimated \$54 million as of June 30, 2011 (net of projected expenses) to less than \$10 million as of December 31, 2011 (also net of expenses). The principal factors leading to this decrease in estimated surplus were described as 1) a change in the prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of settling members' basic benefits; and 2) a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

The effect of this decrease in estimated surplus is that there will be substantially less surplus to distribute than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements) and accordingly, the amount of surplus to be distributed was never guaranteed, nor can it be guaranteed at this time.

The decrease in estimated surplus does not, however, impact your basic pension entitlement whatsoever.

With the assistance of Class Counsel, we have been working to find ways to address this situation. After lengthy negotiations, we have reached an agreement with Canada Life which gives effect to the Settlement while taking into account the changed economic circumstances.

As your court-appointed representatives, we support the changes to the Settlement that have been negotiated, which represent the best possible outcome in difficult economic circumstances.

The parties will be bringing a motion in Court to amend the Settlement in accordance with an agreed set of terms (the "Amended Settlement") on March 18, 2013 at 10 AM at Osgoode Hall, 130 Queen Street West, Toronto, Ontario. At the hearing, the Court will consider any objections to or comments concerning the proposed amendment to the Settlement. Objections or comments are to be made in writing and should be faxed (416-204-2897), emailed (canadalife@kmlaw.ca) or mailed to Koskie Minsky LLP at the address listed below on or before March 11, 2013. Koskie Minsky LLP will ensure that any objections and/or comments received are filed with the Court in advance of the hearing. Provided a Class member has made written submissions, subject to the Court's discretion, that person shall be entitled to make oral submissions at the hearing to consider the proposed amendment to the Settlement. As the Court will only be considering the amendments to the Settlement, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved by the Court. Do not write directly to the judge.

Purchase of Annuities

The Settlement required Canada Life to purchase annuities for all members of the Integration PWU Group who did not elect to transfer a lump sum amount out of the Plan in satisfaction of their earned pension benefits. In the Spring of 2012 Canada Life approached seven Canadian insurance companies to solicit bids to provide these annuities, but none of the insurance companies chose to provide bids. Because this term of the Settlement therefore could not be implemented, Canada Life instead transferred the assets and liabilities related to these members of the Integration PWU Group to the ongoing portion of the Plan. For these members, their pensions will therefore be paid from the Plan, and not through an annuity purchased from an insurance company as originally contemplated under the Settlement.

Those members of the Integration PWU Group who had not elected to transfer a lump sum amount out of the Plan in satisfaction of their earned pension benefits received a letter from Mercer in January 2013, informing them that their pension would be paid from the ongoing Plan instead of through an annuity issued by an insurance company. In order to comply with regulatory requirements, these members were given a second opportunity to elect the lump sum transfer option instead.

Amount of Surplus

The economic factors contributing to the initial decrease in surplus reported to you in Spring, 2012 have persisted. As a result, the net *estimated* Integration PWU Surplus available for distribution as at August 31, 2012 was \$2.6 million.

Under the Amended Settlement, the parties have agreed to augment the surplus available for distribution as follows:

- Canada Life will waive its right to receive interest on its expense reimbursement from the Plan, in respect of the period from August 31, 2012 to December 31, 2013, and the amount otherwise payable to it will be added to the Integration PWU Surplus. It is

estimated that this will increase the Integration PWU Surplus by approximately \$800,000;

- Canada Life will waive reimbursement of a portion of its legal fees in the amount of \$500,000, and will apply this amount to the Integration PWU Surplus;
- In addition, Class Counsel will forego the legal fees that were approved by the Court for work to be completed after the settlement in January 2012, estimated at \$200,000, and this amount will be paid solely to the benefit of the Integration PWU members and to the Pensioners and Deferred Vested Members.

Under the Settlement, Class Members will receive at least the promised \$1000 minimum lump-sum payment. In accordance with the current Settlement, if any member of the Integration PWU Group, or any Pensioner or Deferred Vested Member, would be receiving less than \$1000 in surplus, the surplus shares for individuals receiving more than \$1000 would be reduced and a portion of their surplus would be re-allocated to those who would otherwise receive less than \$1000, to bring everyone up to \$1000. Under the Amended Settlement, however, Canada Life will make any top-up payments required to bring the surplus share for members of the Integration PWU Group up to that \$1000 level, if such a member would otherwise be receiving less than \$1000 (estimated cost to Canada Life of \$1,200,000).

While these aspects of the Amended Settlement are intended to increase the amount of Integration PWU Surplus ultimately available for distribution, it is important to note that the amount of surplus to be distributed cannot be guaranteed.

Possible Second Surplus Distribution

The Settlement provided for a one-time payment of surplus shares to members of the Integration Partial Wind Up, to Pensioners and Deferred Vested Members, and to members affected by the Prior Partial Wind-Ups. Under the Amended Settlement, the parties have now agreed that a second surplus distribution may also occur in the future, as further described below.

Under the Amended Settlement, there may be a second distribution of surplus to members of the Integration PWU Group and to eligible Pensioners and Deferred Vested members if a surplus exists as at December 31, 2014 (the "2014 Gross Surplus") related to the assets and liabilities transferred to the ongoing portion of the Plan in respect of the Integration PWU Group members who do not elect to transfer their benefits out of the Plan. If the certified actuarial report of the Plan actuary discloses such a surplus, then a portion of such surplus, calculated in accordance with the terms of the Amended Settlement, will be distributed to the Integration PWU Group and eligible Pensioners and Deferred Vested Members subject to the following calculations and limits:

- 10% of the 2014 Gross Surplus shall be deducted off the top and remain in the Plan as a cushion;
- The 2014 Gross Surplus will be reduced to take into account any contributions and other payments (together with interest at the Plan rate of return) made by Canada Life into the

Plan after August 31, 2012 and that are notionally allocated to the assets and liabilities related to the Integration PWU Group members;

- 69.66% of the net Surplus will be paid to the Integration PWU Group and eligible Pensioners and Deferred Vested members, in accordance with the percentages set out in the Settlement;
- The total amount of all surplus payments to the Integration PWU Group and to eligible Pensioners and Deferred Vested Members under the possible second distribution will be capped at \$15 million;
- The amounts distributed to members of the Integration PWU Group and to eligible Pensioners and Deferred Vested Members will be calculated in accordance with the formula set out in the Amended Settlement, which takes into consideration amounts paid under the initial surplus distribution;
- In order to avoid distributing numerous small amounts, the threshold for surplus payments under the possible second distribution is \$100: if, based on the formula under the Amended Settlement, any individual would be receiving \$100 or less, no payment will be made to that individual and the individual's surplus share will instead be shared with the remaining members (if any) who are receiving \$100 or more.

The drop in the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties. The Amended Settlement gives effect to intentions under the original Settlement based on the much lower surplus, but gives hope for a future distribution of surplus if the underlying economic assumptions improve. We recommend the Amended Settlement as fair and reasonable, and in the best interests of the Class as a whole.

The Settlement for PWU members of the Pelican, Adason and Indago groups, and the contribution holidays for active Plan members, are not changing under the Amended Settlement.

A copy of the proposed amendment to the Settlement can be found on our Representative Counsel's website, at <http://www.kmlaw.ca/Case-Central/Overview/?rid=56>.

Next Steps

As stated above, the parties are bringing a motion for approval of the Amended Settlement on March 18, 2013, at 10:00 a.m. Any Class member who wishes to object to the amendments to the Settlement may do so by submitting their objection in writing to Class Counsel at the following address by no later than March 11, 2013:

**Koskie Minsky LLP, Barristers & Solicitors, 20 Queen Street West
Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action**

If the amendment to the Settlement is approved, the plaintiffs will file an application in the Quebec Superior Court for recognition and enforcement of the Court Approval in Ontario. Following the court processes, the parties will seek the required regulatory approvals.

Assuming all the court and regulatory approvals are obtained, the surplus distribution will proceed.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifeclaw@kmlaw.ca

PLEASE DO NOT CALL JUSTICE PERELL OR THE ONTARIO SUPERIOR COURT OF JUSTICE

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO PENSIONERS AND DEFERRED/VESTED MEMBERS

From: David Kidd, Alex Harvey, and Jean-Paul Marentette, Plaintiffs; on notice to all parties

This letter has been approved by the Court and is intended for all Pensioners, Deferred/Vested, and Quebec Cash-Out Members (or the spouses, estates, heirs, beneficiaries and representatives of those who have died) included in the Canada Life Class Action Settlement, approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the "Settlement").

The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that, for those members who continue to be entitled to benefits under the Plan, nothing discussed in this letter affects benefits you have earned under the Plan, or the monthly benefit that you are currently receiving. Indexing of pensions under the Plan terms, for those eligible for it, is also unaffected. This letter describes proposed changes to the Settlement, as well as information regarding the source of payment of your pension benefits (for those members who continue to be entitled to benefits under the Plan).

In May 2012 we wrote to the Class to explain that the estimated value of the Integrated PWU Surplus had decreased from an estimated \$54 million as of June 30, 2011 (net of projected expenses) to less than \$10 million as of December 31, 2011 (also net of expenses). The principal factors leading to this decrease in estimated surplus were described as 1) a change in the prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of settling members' basic benefits; and 2) a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

The effect of this decrease in estimated surplus is that there will be substantially less surplus to distribute than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements) and accordingly, the amount of surplus to be distributed was never guaranteed, nor can it be guaranteed at this time.

The decrease in estimated surplus does not, however, impact your basic pension entitlement whatsoever.

With the assistance of Class Counsel, we have been working to find ways to address this situation. After lengthy negotiations, we have reached an agreement with Canada Life which gives effect to the Settlement while taking into account the changed economic circumstances.

As your court-appointed representatives, we support the changes to the Settlement that have been negotiated, which represent the best possible outcome in difficult economic circumstances.

The parties will be bringing a motion in Court to amend the Settlement in accordance with an agreed set of terms (the "Amended Settlement") on March 18, 2013 at 10 AM at Osgoode Hall, 130 Queen Street West, Toronto, Ontario. At the hearing, the Court will consider any objections to or comments concerning the proposed amendment to the Settlement. Objections or comments are to be made in writing and should be faxed (416-204-2897), emailed (canadalife@kmlaw.ca) or mailed to Koskie Minsky LLP at the address listed below on or before March 11, 2013. Koskie Minsky LLP will ensure that any objections and/or comments received are filed with the Court in advance of the hearing. Provided a Class member has made written submissions, subject to the Court's discretion, that person shall be entitled to make oral submissions at the hearing to consider the proposed amendment to the Settlement. As the Court will only be considering the amendments to the Settlement, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved by the Court. Do not write directly to the judge.

Amount of Surplus

The economic factors contributing to the initial decrease in surplus reported to you in Spring, 2012 have persisted. As a result, the net *estimated* Integration PWU Surplus available for distribution as at August 31, 2012 was \$2.6 million.

Under the Amended Settlement, the parties have agreed to augment the surplus available for distribution as follows:

- Canada Life will waive its right to receive interest on its expense reimbursement from the Plan, in respect of the period from August 31, 2012 to December 31, 2013, and the amount otherwise payable to it will be added to the Integration PWU Surplus. It is estimated that this will increase the Integration PWU Surplus by approximately \$800,000;
- Canada Life will waive reimbursement of a portion of its legal fees in the amount of \$500,000, and will apply this amount to the Integration PWU Surplus;
- In addition, Class Counsel will forego the legal fees that were approved by the Court for work to be completed after the settlement in January 2012, estimated at \$200,000, and this amount will be paid solely to the benefit of the Integration PWU members and to the Pensioners and Deferred Vested Members.

Under the Settlement, Class Members will receive at least the promised \$1000 minimum lump-sum payment. In accordance with the current Settlement, if any member of the Integration PWU Group, or any Pensioner or Deferred Vested Member, would be receiving less than \$1000 in surplus, the surplus shares for individuals receiving more than \$1000 would be reduced and a portion of their surplus would be re-allocated to those who would otherwise receive less than \$1000, to bring everyone up to \$1000. Under the Amended Settlement, however, Canada Life will make any top-up payments required to bring the surplus share for members of the Integration PWU Group up to that \$1000 level, if such a member would otherwise be receiving less than \$1000 (estimated cost to Canada Life of \$1,200,000).

While these aspects of the Amended Settlement are intended to increase the amount of Integration PWU Surplus ultimately available for distribution, it is important to note that the amount of surplus to be distributed cannot be guaranteed.

Possible Second Surplus Distribution

The Settlement provided for a one-time payment of surplus shares to members of the Integration Partial Wind Up, to Pensioners and Deferred Vested Members, to Quebec Cash-Out Members, and to members affected by the Prior Partial Wind-Ups. Under the Amended Settlement, the parties have now agreed that a second surplus distribution may also occur in the future, as further described below.

Under the Amended Settlement, there may be a second distribution of surplus to members of the Integration PWU Group, to eligible Pensioners and Deferred Vested members, and to Quebec Cash-Out Members, if a surplus exists as at December 31, 2014 (the "2014 Gross Surplus") related to the assets and liabilities transferred to the ongoing portion of the Plan in respect of the Integration PWU Group members who do not elect to transfer their benefits out of the Plan. If the certified actuarial report of the Plan actuary discloses such a surplus, then a portion of such surplus, calculated in accordance with the terms of the Amended Settlement, will be distributed to these groups subject to the following calculations and limits:

- 10% of the 2014 Gross Surplus shall be deducted off the top and remain in the Plan as a cushion;
- The 2014 Gross Surplus will be reduced to take into account any contributions and other payments (together with interest at the Plan rate of return) made by Canada Life into the Plan after August 31, 2012 and that are notionally allocated to the assets and liabilities related to the Integration PWU Group members;
- 69.66% of the net Surplus will be paid to the Integration PWU Group, to eligible Pensioners and Deferred Vested members, and to Quebec Cash-Out Members, in accordance with the percentages set out in the Settlement;
- The total amount of all surplus payments to the Integration PWU Group, to eligible Pensioners and Deferred Vested Members, and to Quebec Cash-Out Members under the possible second distribution will be capped at \$15 million;
- The amounts distributed to members of the Integration PWU Group, to eligible Pensioners and Deferred Vested Members, and to Quebec Cash-Out Members will be calculated in accordance with the formula set out in the Amended Settlement, which takes into consideration amounts paid under the initial surplus distribution;
- In order to avoid distributing numerous small amounts, the threshold for surplus payments under the possible second distribution is \$100: if, based on the formula under the Amended Settlement, any individual would be receiving \$100 or less, no payment will be made to that individual and the individual's surplus share will instead be shared with the remaining members (if any) who are receiving \$100 or more.

The drop in the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties. The Amended Settlement gives effect to intentions under the original Settlement based on the much lower surplus, but gives hope for a future distribution of surplus if the underlying economic assumptions improve. We recommend the Amended Settlement as fair and reasonable, and in the best interests of the Class as a whole.

The Settlement for members of the Pelican, Adason and Indago groups, and the contribution holidays for active Plan members, are not changing under the Amended Settlement.

A copy of the proposed amendment to the Settlement can be found on our Representative Counsel's website, at <http://www.kmlaw.ca/Case-Central/Overview/?rid=56>.

Next Steps

As stated above, the parties are bringing a motion for approval of the Amended Settlement on March 18, 2013, at 10:00 a.m. Any Class member who wishes to object to the amendments to the Settlement may do so by submitting their objection in writing to Class Counsel at the following address by no later than March 11, 2013:

Koskie Minsky LLP, Barristers & Solicitors, 20 Queen Street West
Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action

If the amendment to the Settlement is approved, the plaintiffs will file an application in the Quebec Superior Court for recognition and enforcement of the Court Approval in Ontario. Following the court processes, the parties will seek the required regulatory approvals.

Assuming all the court and regulatory approvals are obtained, the surplus distribution will proceed.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifeclass@kmlaw.ca

PLEASE DO NOT CALL JUSTICE PERELL OR THE ONTARIO SUPERIOR COURT OF JUSTICE

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO ACTIVE EMPLOYEE CLASS MEMBERS

From: David Kidd, Alex Harvey, and Jean-Paul Marentette, Plaintiffs; on notice to all parties

This letter has been approved by the Court and is intended for all individuals who are members of the Active Sub-Class included in the Canada Life Class Action Settlement (the "Active Group"), which settlement was approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the "Settlement"). The Active Group includes all active members of the Plan as of June 30, 2005 plus any new members up to October 28, 2011 (or the spouses, estates, heirs, beneficiaries and representatives of those who have died).

The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that nothing discussed in this letter affects benefits you have earned under the Plan. This letter describes proposed changes to the Settlement.

In May 2012 we wrote to the Class to explain that the estimated value of the Integrated Partial Wind-up Surplus (the "Integration PWU Surplus") had decreased from an estimated \$54 million as of June 30, 2011 (net of projected expenses) to less than \$10 million as of December 31, 2011 (also net of expenses). The principal factors leading to this decrease in estimated surplus were described as 1) a change in the prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of settling members' basic benefits; and 2) a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

We also advised you that, as a practical matter, the reduction in the estimated Integration PWU Surplus does not affect your entitlement under the Settlement. In accordance with the Settlement, active Class Members who are eligible to participate in the Settlement will receive a two year "contribution holiday" under the Plan, which means they will not have to make employee contributions to the Plan during that time. Active members who are otherwise eligible for this contribution holiday but who have left employment before the holiday begins, will receive an equivalent cash payment. The contribution holiday will not be funded out of the Integration PWU Surplus, and therefore is not affected by the decrease in the Integration PWU Surplus.

With the assistance of Class Counsel, we have been working to find ways to address the reduction in the estimated Integration PWU Surplus. After lengthy negotiations, we have reached an agreement with Canada Life which gives effect to the Settlement while taking into account the changed economic circumstances. The proposed amendment to the Settlement includes a possible second surplus distribution to members of the Integration Partial Wind Up and to eligible pensioners and deferred vested members.

None of the changes in the Amended Settlement affect the entitlements of the Active Group under the Settlement.

A copy of the proposed amendment to the Settlement can be found on our Representative Counsel's website, at <http://www.kmlaw.ca/Case-Central/Overview/?rid=56>.

As your court-appointed representatives, we support the changes to the Settlement that have been negotiated, which represent the best possible outcome in difficult economic circumstances.

Next Steps

The parties will be bringing a motion in Court to amend the Settlement in accordance with an agreed set of terms (the "Amended Settlement") on March 18, 2013 at 10 AM at Osgoode Hall, 130 Queen Street West, Toronto, Ontario. At the hearing, the Court will consider any objections to or comments concerning the proposed amendment to the Settlement. Objections or comments are to be made in writing and should be faxed (416-204-2897), emailed (canadalifecclass@kmlaw.ca) or mailed to Koskie Minsky LLP at the address listed below on or before March 11, 2013. Koskie Minsky LLP will ensure that any objections and/or comments received are filed with the Court in advance of the hearing. Provided a Class member has made written submissions, subject to the Court's discretion, that person shall be entitled to make oral submissions at the hearing to consider the proposed amendment to the Settlement. As the Court will only be considering the amendments to the Settlement, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved by the Court. Do not write directly to the judge.

Any Class member who wishes to object to the amendments to the Settlement may do so by submitting their objection in writing to Class Counsel at the following address by no later than March 11, 2013:

Koskie Minsky LLP, Barristers & Solicitors, 20 Queen Street West
Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action

If the amendment to the Settlement is approved, the plaintiffs will file an application in the Quebec Superior Court for recognition and enforcement of the Court Approval in Ontario. Following the court processes, the parties will seek the required regulatory approvals.

Assuming all the court and regulatory approvals are obtained, the surplus distribution will proceed.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifecclass@kmlaw.ca

PLEASE DO NOT CALL JUSTICE PERELL OR THE ONTARIO SUPERIOR COURT OF JUSTICE

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO MEMBERS OF ADASON, PELICAN AND INDAGO POTENTIAL
PARTIAL WINDUPS

From: Lin Yeomans, Susan Henderson, Garry C. Yip and Louie Nuspl, Plaintiffs; on notice to all parties

This letter has been approved by the Court and is intended for all members of the Pelican, Adason and Indago Partial Wind Up Sub-Classes (the "Prior PWUs") included in the Canada Life Class Action Settlement (the "Prior PWU Group"), which settlement was approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the "Settlement").

The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that, for those members who did not elect to transfer a lump sum amount out of the Plan in satisfaction of their basic pension benefits, and who therefore continue to be entitled to benefits under the Plan, nothing discussed in this letter affects benefits you have earned under the Plan, or the monthly benefit that you are currently receiving. Indexing of pensions under the Plan terms, for those eligible for it, is also unaffected. This letter describes proposed changes to the Settlement; as well as information regarding the source of payment of your pension benefits (for those members who continue to be entitled to benefits under the Plan).

In May 2012 we wrote to the Class to explain that the estimated value of the Integrated Partial Wind-up Surplus (the "IPWU Surplus") had decreased from an estimated \$54 million as of June 30, 2011 (net of projected expenses) to less than \$10 million as of December 31, 2011 (also net of expenses). The principal factors leading to this decrease in estimated surplus were described as 1) a change in the prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of settling members' basic benefits; and 2) a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

We also advised that the surpluses related to the Prior PWUs were not similarly affected. Members of the Prior PWUs elected the form of pension benefit at the time their employment was terminated. The expected annuity purchases were already factored into the surplus estimate. In addition, the amount of liabilities relative to the amount of assets in the Prior PWUs was less than in the Integration Partial Wind Up. Consequently, the impact of lower interest rates on the level of surplus of the Prior PWUs was relatively less than the impact on the Integration Partial Wind Up surplus amount. The surplus estimates communicated to you in the March, 2011 Information Packages, along with Class Members' individual surplus share estimates, are still reasonable estimates of what you will likely receive under the Settlement. It is important to note,

however, that until surplus is actually distributed the surplus amounts are still estimates, and may go up or down.

With the assistance of Class Counsel, we have been working to find ways to address the reduction in the estimated IPWU Surplus. After lengthy negotiations, we have reached an agreement with Canada Life which gives effect to the Settlement while taking into account the changed economic circumstances. The proposed amendment to the Settlement includes a possible second surplus distribution to members of the Integration Partial Wind Up and to eligible pensioners and deferred vested members only.

As your court-appointed representatives, we support the changes to the Settlement that have been negotiated, which represent the best possible outcome in difficult economic circumstances.

The only change introduced by the Amended Settlement which directly impacts the members of the Prior PWUs is that Canada Life will have the discretion to purchase annuities on your behalf, or to pay your pension from the ongoing portion of the Plan. As a practical matter, this only affects members who did not already settle their basic benefits from the Plan.

A copy of the proposed amendment to the Settlement can be found on our Representative Counsel's website, at <http://www.kmlaw.ca/Case-Central/Overview/?rid=56>.

Next Steps

The parties will be bringing a motion in Court to amend the Settlement in accordance with an agreed set of terms (the "Amended Settlement") on March 18, 2013 at 10 AM at Osgoode Hall, 130 Queen Street West, Toronto, Ontario. At the hearing, the Court will consider any objections to or comments concerning the proposed amendment to the Settlement. Objections or comments are to be made in writing and should be faxed (416-204-2897), emailed (canadalifecclass@kmlaw.ca) or mailed to Koskie Minsky LLP at the address listed below on or before March 11, 2013. Koskie Minsky LLP will ensure that any objections and/or comments received are filed with the Court in advance of the hearing. Provided a Class member has made written submissions, subject to the Court's discretion, that person shall be entitled to make oral submissions at the hearing to consider the proposed amendment to the Settlement. As the Court will only be considering the amendments to the Settlement, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved by the Court. Do not write directly to the judge.

Any Class member who wishes to object to the amendments to the Settlement may do so by submitting their objection in writing to Class Counsel at the following address by no later than March 11, 2013:

Koskie Minsky LLP, Barristers & Solicitors, 20 Queen Street West
Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action

If the amendment to the Settlement is approved, the plaintiffs will file an application in the Quebec Superior Court for recognition and enforcement of the Court Approval in Ontario. Following the court processes, the parties will seek the required regulatory approvals.

Assuming all the court and regulatory approvals are obtained, the surplus distribution will proceed.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifecclass@kmlaw.ca. For members of the Adason Sub-Class, you may also contact Darrell Brown, counsel for the Adason Sub-Class at 416-979-4050 or via email at DBrown@sgmlaw.com.

PLEASE DO NOT CALL JUSTICE PERELL OR THE ONTARIO SUPERIOR COURT OF JUSTICE

Read this First

Version française de la trousse de renseignements
Pour obtenir la version française de la trousse de
renseignements, veuillez communiquer avec le service
à la clientèle de la Canada-Vie au numéro sans frais
1 888 252-1847.

A

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN SETTLEMENT PROPOSAL

Your Information and Instruction Guide

Quick Facts

What?	This information package describes financial benefits that you may be eligible to receive under a proposed settlement of a class action. However, there must be a certain level of agreement from those eligible to participate or no one will receive any of the benefits proposed. The package was prepared to help you make an informed decision.
Why?	The benefits are part of the proposed settlement of court proceedings involving <i>The Canada Life Canadian Employees Pension Plan</i> . You are, or were, an active member of the Plan (or you are the spouse or beneficiary of a former Plan member).
How?	You can use the forms in this package to indicate if you agree or disagree with the proposed settlement. It's your choice - but please make an active, informed decision. Please complete and return the "Decision Form" (included in this package).
How much?	Your "Personal Information Statement" (included in this package) shows an <i>estimate</i> of the financial benefits you may receive if there is sufficient agreement to the Proposal from eligible individuals such as yourself.
When?	Timelines in this package show the history of the settlement process and the expected next steps.
What's next?	Please read this Information and Instruction guide carefully. It will explain how to review the package contents and make your decision. We request that you respond by returning your Decision Form by May 13, 2011 . Information sessions will be held before that date to help you make your decision.

Details of the Surplus Sharing

Estimated Surplus Value

Canada Life's actuarial consultants have estimated the amounts of surplus to be distributed under the Proposal, after estimated expenses, as shown below. The estimates are as at June 30, 2010 – the surplus amount will change day-by-day, based on investment returns on the Plan fund and other factors outside of Canada Life's control. So, the exact amount to be distributed will not be known until the distribution date.

Surplus to be Shared	Estimated Value as at June 30, 2010
Estimated Integration PWU surplus:	\$62.2 million
Estimated Indago PWU surplus:	\$1.2 million
Estimated Adason PWU surplus:	\$5.1 million
Estimated Pelican PWU surplus:	\$2.5 million
TOTAL ESTIMATED PWU surplus:	\$71.0 million

Sharing Portions

Based on these estimates, the shares of surplus payable under the Proposal are as follows:

- PWU Group members get **57.22%** of the Partial Wind-Up surplus (\$40.6 million).
- Non-PWU Group members who are deferred/vested members or pensioners get **12.44%** of the Partial Wind-Up surplus (\$8.8 million).
- Canada Life gets **30.34%** of the Partial Wind-Up surplus (\$21.5 million).
- Active members of the Non-PWU Group will not receive a share of the Partial Wind-Up surplus. Instead, they will get a contribution holiday (see next page).

Provision for Certain Quebec Members

Provision is being made for payment from the Partial Wind-Up surplus to individuals who would have been included in the Integration PWU because they also had their employment terminated following the acquisition of Canada Life by Great-West Life, but could not be included because they were employed in Quebec. Since Quebec did not recognize partial plan wind-ups in its pension legislation at the relevant time, this group is made up of two sub-groups:

- The Quebec Non-PWU Group members – those who left their entitlements in the Plan until at least April 12, 2005, after their employment had been terminated. They are members of the Non-PWU Group for purposes of the Proposal and therefore would, but for this provision, be included in the distribution of 12.44% of the surplus, and
- The Quebec Cash-Outs – those who had their entitlements paid out of the Plan before April 12, 2005. They do not qualify as members of the Non-PWU Group and therefore would not, but for this provision, be taking part in the Proposal at all.

23. What does it mean for surplus to be allocated to members proportionally based on the value of their benefits under the Plan?

An example will help to illustrate this concept. The example uses the Integration PWU, but the numbers used below are not the actual numbers – they are for illustration purposes only.

An actuarial document, called a partial wind-up report, must be prepared for the Integration PWU and filed with the pension regulator. It shows the value of the pension benefits earned under the Plan by the members included in the Integration PWU, as at the date of the partial wind-up (the value of pension benefits is sometimes referred to as the pension plan's "liabilities" related to the members in question).

In this hypothetical example, the total value of all the pension benefits earned by all members included in the Integration PWU is \$200,000,000. Also, "Mary" one of the members included in the Integration PWU, is entitled to pension benefits under the Plan valued at \$10,000.

Finally, in this hypothetical example, the surplus attributable to the Integration PWU, after expenses, is \$1,000,000.

As described in this information package, Partial Wind-Up surplus is to be split as follows:

- 30.34% will be paid to Canada Life.
- 12.44% will be paid to the members of the Non-PWU Group.
- 57.22% will be paid to the members of the PWU Group.

57.22% of \$1,000,000 is \$572,200, and therefore the group of members included in the Integration PWU will share \$572,200. Since Mary is included in the Integration PWU, she is a member of the PWU Group, and therefore she will share in the \$572,200 that is payable to that group.

Mary's share of that amount is calculated as follows: In this example, the value of the pension benefits she earned under the Plan, as at the date of the Integration PWU, is \$10,000. Since the total value of all pension benefits earned by members affected by the Integration PWU is \$200,000,000, the value of Mary's pension benefits represents 0.005% of the total (\$10,000 divided by \$200,000,000 equals 0.005%).

Therefore, Mary will receive 0.005% of the \$572,200 surplus to be shared by the group of members affected by the Integration PWU. The result of that calculation is \$2,861. That is the amount of surplus that Mary will receive, if the Settlement Proposal proceeds.

24. Why does my Personal Information Statement show only an estimate of my possible surplus share? How and why could the estimate change?

The amount of surplus that you actually receive, should the Proposal proceed, will likely be different (higher or lower) than the estimate shown on your Personal Information Statement for various reasons. First of all, until all of the pension benefits earned by members affected by the Partial Wind-Ups are paid or provided for, the value of those benefits will fluctuate (for various reasons, including changes in interest rates), which will affect the amount of the Partial Wind-Up surplus (the more valuable the benefits, the less surplus will remain, and vice versa).



Personal Information Statement for Integration PWUmember

The Canada Life Canadian Employees Pension Plan (the "Plan") (Registration #0354563)

Please read this statement carefully. It is important that you confirm your Personal Data in this statement to ensure that your share of the proposed settlement is calculated accurately. Please return this statement to Canada Life as soon as possible.

For full details on the Settlement Proposal, please refer to "A Detailed Description of What You Need to Know" (green-bordered item D) in this information package. You can also refer to "Your Information and Instruction Guide" (black-bordered item A) for definitions of terms that may be unfamiliar to you.

Instructions

- The data shown in (1) Your Personal Data reflects our current records. Please review the information and indicate any corrections in the right-hand column.
- Review (2) Your Participation in the Settlement Proposal.
- Review (3) Your Estimated Share of Surplus (before tax).
- Complete (4) Confirmation of Your Personal Data on the back of this statement.
- Return one completed copy of this statement in the enclosed blue-bordered envelope as soon as possible. (The second copy is for Your Records.)

If you have any questions about your personal data in Section (1) please call the Canada Life Client Service Centre toll-free at 1-888-252-1847.

(1) Your Personal Data

CORRECTIONS

Name:	Integration PWUmember	_____
Company ID #:	50004	_____
Address:	4 Home Street	_____
	City4 Postal4	_____
Date of birth:	08/31/1970	_____
Date of employment:	08/31/2000	_____
Date of Plan enrolment:	08/31/2002	_____
Plan termination date:	08/31/2004	_____

(2) Your Participation in the Settlement Proposal

You are eligible to participate in the Settlement Proposal as a Member of the Integration PWU Group¹.

(3) Your Estimated Share of Surplus (before tax) \$1,000 (if the Settlement Proposal proceeds)

Your estimated share of the surplus is based on the estimated Partial Wind-Up surplus as of June 30, 2010. Please note that this is an estimate only and the actual amount may be more or less than the amount shown.

(4) Confirmation of Your Personal Data

I have read this Personal Information Statement and confirm that: *(check one only)*

☐ The information shown under Section (1) *Your Personal Data* is accurate.

OR

☐ I have indicated any required corrections in the right-hand column of Section (1) *Your Personal Data*.

Canada Life will contact you if more information, documentation or completion of an appropriate form is required to change your personal data.

Signature of
Member: _____

signature

Date: _____

Signature of
Witness: _____

signature

Name of
Witness: _____

please print

PLEASE RETURN ONE COPY OF THIS FORM IN THE BLUE-BORDERED ENVELOPE PROVIDED.

The information package that includes this Personal Information Statement refers to a Settlement Proposal related to The Canada Life Canadian Employees Pension Plan (the "Plan"). While every effort has been made to ensure that these materials are accurate, in the event of any error, omission or discrepancy between what is said in the information package and what is contained in either the Surplus Sharing Agreement or the Plan, the provisions of the Surplus Sharing Agreement and the terms of the Plan, both as may be amended from time to time, as well as the terms of any applicable Court Order or regulatory approval, shall govern.

¹ An Integration PWU Member is defined in the Settlement Proposal as a non-Quebec member of the Plan whose employment terminated between July 10, 2003 and June 30, 2005. It also includes any non-Quebec member of the Plan who was still employed by the Company as of June 30, 2005 but who was notified by Canada Life prior to that date that their employment would be terminated due to the integration of Canada Life with Great-West Life.

Court of Appeal File No. _____
Court File No. 05-CV-287556CP

COURT OF APPEAL FOR ONTARIO

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON
and LIN YEOMANS

Plaintiffs (Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants (Appellants)

Proceeding under the Class Proceedings Act, 1992

APPELLANT'S CERTIFICATE RESPECTING EVIDENCE

THE APPELLANT, THE CANADA LIFE ASSURANCE COMPANY, certifies that the following evidence is required for the appeal, in the appellant's opinion:

1. Affidavit of Jonathan Foreman sworn March 8, 2013, and the exhibits thereto;
2. Affidavit of Marcus Robertson sworn March 8, 2013, and the exhibits thereto;
3. Affidavit of Alexander Harvey sworn March 7, 2013, and the exhibits thereto;
4. Affidavit of Anthony Guindon sworn March 12, 2013, and the exhibits thereto;
5. Supplementary documentation prepared by Dan Anderson dated March 18, 2013;

6. Letter from Susan Marles dated March 12, 2013; and
7. Letter from Mary-Anne Matthews dated March 14, 2013.

Date: April 26, 2013

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Barristers and Solicitors
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Court of Appeal File No. _____
Court File No. 05-CV-287556CP

**DAVID KIDD et al. - and - THE CANADA LIFE ASSURANCE
COMPANY et al.**
Plaintiffs (Respondents) Defendants (Appellants)

**COURT OF APPEAL FOR
ONTARIO**

Proceeding Commenced at Toronto

Proceeding under the *Class Proceedings Act, 1992*

**APPELLANT'S CERTIFICATE
RESPECTING EVIDENCE**

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Lawyers for the Defendant (Appellant),
The Canada Life Assurance Company

COURT OF APPEAL FOR ONTARIO

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON
and LIN YEOMANS

Plaintiffs
(Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants
(Appellants)

Proceeding under the Class Proceedings Act, 1992

RESPONDENTS' CERTIFICATE

The Respondents (David Kidd, Alexander Harvey, Jean Paul Marentette, Susan Henderson and Lin Yeomans) confirm the Appellant's, The Canada Life Assurance Company, certificate.

May 23, 2013

KOSKIE MINSKYLLP

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DAVID KIDD, et al.
Plaintiffs (Respondents)

and

THE CANADA LIFE ASSURANCE
COMPANY, et al.
Defendants (Appellants)

COURT OF APPEAL FOR ONTARIO

Proceeding commenced at Toronto

RESPONDENTS' CERTIFICATE

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Lawyers for the Plaintiffs (Respondents), Garry C. Yip and Louie
Nuspl

COURT OF APPEAL FOR ONTARIO

B E T W E E N :

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON
and LIN YEOMANS

Plaintiffs
(Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants
(Appellants)

Proceeding under the *Class Proceedings Act, 1992*

RESPONDENTS' CERTIFICATE

The Respondents (Garry C. Yip and Louie Nuspl) confirm the Appellant's, The Canada Life Assurance Company, certificate.

May 23, 2013

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- 2 -

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James R. Grant

David Kidd, et al.
Plaintiffs/Respondents

- and -

The Canada Life Assurance Company, et al.
Defendants/Appellants

Court of Appeal File No. C56991

COURT OF APPEAL FOR ONTARIO Proceeding commenced at Toronto	
RESPONDENTS' CERTIFICATE	
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COURT OF APPEAL FOR ONTARIO

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY, JEAN PAUL MARENTETTE
GARRY C. YIP, LOUIE NUSPL, SUSAN HENDERSON and LIN YEOMANS

Plaintiffs
(Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants
(Appellant)

Proceeding under the *Class Proceedings Act, 1992*

RESPONDENTS' CERTIFICATE RESPECTING EVIDENCE

The Respondents, A.P. Symons, D. Allen Loney and James R. Grant,
confirm the Appellant's (The Canada Life Assurance Company) Certificate
Respecting Evidence is complete.

Date: May 23, 2013

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-and-

THE CANADA LIFE ASSURANCE COMPANY et al

Plaintiffs (Respondents)

Defendants (Appellant)

Court File No.: C56991

COURT OF APPEAL FOR ONTARIO

Proceeding commenced at Toronto

Proceeding under the *Class Proceedings Act*,
1992

**RESPONDENTS' CERTIFICATE
RESPECTING EVIDENCE**

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Court of Appeal File No.: C56991

Court File No.: 05-CV-287556CP

COURT OF APPEAL FOR ONTARIO

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL,
SUSAN HENDERSON and LIN YEOMANS

Plaintiffs
(Respondents)

- and -

THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT

Defendants
(Appellant)

CERTIFICATE OF COMPLETENESS

I, Jeff Galway, lawyer for the Defendant (Appellant) The Canada Life Assurance Company, certify that the appeal book and compendium in this appeal is complete and legible.

May 24, 2013


Jeff Galway

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THE CANADA LIFE ASSURANCE
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Plaintiffs
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COURT OF APPEAL FOR ONTARIO

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**APPEAL BOOK AND COMPENDIUM
VOLUME II OF II**

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