

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)

EXHIBIT BOOK

VOLUME III OF III

May 24, 2013

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(Appellant)

Proceeding under the *Class Proceedings Act, 1992*

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ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
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— and —

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Proceeding under the Class Proceedings Act, 1992

AFFIDAVIT OF ALEXANDER HARVEY

I, ALEXANDER HARVEY, of the City of Toronto, in the Province of Ontario, a Representative Plaintiff in this action, make oath and say:

1. I was appointed a Representative Plaintiff in this class proceeding by order of the Court dated October 28, 2011. I have been a Plaintiff in this action since its commencement. As such, I have knowledge of the matters to which I hereinafter depose, except where my knowledge is based on information and belief, which I verily believe to be true.

2. This affidavit is sworn further to the affidavit sworn by David Kidd dated January 4, 2012 filed in support of the motion to approve the Surplus Sharing Agreement ("SSA") heard on January 27, 2012. I repeat and rely upon the portions of that affidavit with which I have personal knowledge, and in particular, the following:

- a. Paragraphs 4 – 12 regarding the status of the action;
- b. Paragraph 24 regarding the Plaintiffs' claims in this action;
- c. Paragraphs 25-48 regarding the history of the Plan;
- d. Paragraphs 49-57 regarding the negotiations of the SSA; and

e. Paragraphs 58-70 regarding the terms of the SSA.

Attached to this affidavit at Exhibit "A" is a true copy of David Kidd's affidavit sworn January 4, 2012, excluding exhibits thereto.

Approval of the Amended SSA

3. I, along with the other Representative Plaintiffs, and the Canada Life Pension Rights Group ("CLPENS") Executive Committee were surprised and extremely disappointed to learn about the material change in the estimated valuation of the Integrated Partial Wind-Up Surplus ("IPWU Surplus"). I am a member of the IPWU group.

4. I worked in concert with the other Representative Plaintiffs and the CLPENS Executive Committee with the advice of Class Counsel, and with the support of our actuarial advisor Mr. Marcus Robertson, in order to assess the information received from Canada Life in February 2012 and in the months that followed.

5. I can advise that for the Plaintiffs' part, the news of the drop in IPWU Surplus was greeted with substantial skepticism and that we undertook our due diligence in order to verify that the information received was fair and accurate.

6. Our immediate objective upon learning of the change in circumstances was to test and verify the information provided to us by Canada Life and its external advisors. In the course of that process, we requested substantial information from the company. That information was provided and we took the opportunity to assess that information with the assistance of our actuarial advisor and our counsel.

7. With the advice of our actuarial advisors and Class Counsel, we concluded that the changes in the estimated IPWU Surplus over time were reasonably expressed by the advisors to Canada Life and were calculated using the required Actuarial Standards and Guidance.

8. We subsequently learned that annuities could not be purchased for members of the IPWU group who had elected this option. There was a motion before the Court about Canada Life's intention to unilaterally transfer the assets and liabilities of the IPWU group to the ongoing

Plan. The motion was settled on September 27, 2012, and Justice Strathy was subsequently appointed to mediate the outstanding disputes between the parties. Justice Strathy is an experienced Class Action Case Management Judge and an experienced mediator.

9. Negotiations took place throughout the better part of 2012 with the concentration of activity in the latter half of the year, and full-day mediation took place on December 4, 2012 which I attended.

10. Although the parties were not able to conclude an agreement on December 4, 2012, discussions continued between the parties with the assistance of Justice Strathy. Terms for an amended SSA were reached in the weeks following the mediation.

11. The negotiations were at all times adversarial and hard fought. We did not obtain all of what we sought.

12. The terms of the Amended Surplus Sharing Agreement ("ASSA") are, in my view, the best terms that could be reached under these difficult circumstances, and at least provide for the possibility of a second surplus distribution for Class Members who suffer most acutely from the decrease in the IPWU Surplus, like me.

13. As a result, as Representative Plaintiff, I recommend that the Court approve the terms of the ASSA as fair, reasonable and in the best interest of all Class members.

14. I make this affidavit in support of a motion to vary the Judgment in accordance with the ASSA, and for no other or improper purpose.

SWORN BEFORE ME at the)
City of Toronto, in the)
Province of Ontario,)
this 7 day of March, 2013.)
)



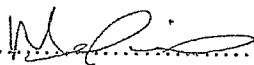
Commissioner for Taking Affidavits



Alexander Harvey

Mireille Marguerite Groux, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law,
Expires June 24, 2014.

This is Exhibit "A" referred to in the
affidavit of Alexander Harvey
sworn before me, this 7
day of March, 2013

..........

A Commissioner for taking affidavits, etc.

Mireille Marguerite Giroux, a Commissioner, etc.,
Province of Ontario, while a Student-at-Law,
Expires June 24, 2014.

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

DAVID KIDD, ALEXANDER HARVEY,
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and LIN YEOMANS

Plaintiffs

- and -

THE CANADA LIFE ASSURANCE COMPANY,
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Defendants

Proceeding under the Class Proceedings Act, 1992

AFFIDAVIT OF DAVID KIDD
(Sworn January 4, 2012)

I, David Kidd, of the City of Toronto, in the Province of Ontario, a Representative Plaintiff in this action, make oath and say:

1. I am a retired employee of The Canada Life Assurance Company (the "Company") and a former member of The Canada Life Canadian Employees Pension Plan (Registration No. 354563) (the "Plan"), and as such have knowledge of the matters to which I hereinafter depose, except where my knowledge is based on information and belief, which I verily believe to be true.
2. I have been a Plaintiff in this action since its commencement, and by Order of this Court dated October 28, 2011, I was appointed a Representative Plaintiff in this class proceeding.
3. This affidavit is sworn in support of a motion for approval of the settlement of this class proceeding under the *Class Proceedings Act*, 1992, S.O. 1992, c.6 (the "CPA"), and associated relief set out in the Notice of Motion.

A. Overview and Status of the Action

4. This action concerns the ownership and use of surplus assets in the Plan. The action also seeks declarations of partial wind ups of the Plan (except the Integration Partial Wind Up, defined below, which has already been declared by the Company) and distribution of surplus funds related to certain past events, namely:

- a. the termination, resignation and retirement of members of the Plan following the 2003 acquisition of Canada Life by the Great West Life Assurance Company (the "Integration Partial Wind Up");
- b. the termination of Plan members employed by Indago Capital Management Inc. as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd (the "Indago Partial Wind Up");
- c. the termination of Plan members employed by Pelican Food Services Limited as a result of the outsourcing of operations by Canada Life in 2001 (the "Pelican Partial Wind Up");
- d. the termination of Plan members employed by Adason Properties between November 1, 1999 and February 28, 2001 (the "Adason Partial Wind Up").

5. In addition, the action claims that the Plan and the fund held in respect of the Plan (the "Fund") comprise an irrevocable trust (the "Trust") and any and all amendments to the Plan that permit Plan expenses to be paid out of, charged to or reimbursed from the Fund, are invalid, and that the amounts that have left the Fund to pay for Plan expenses should be equitably allocated and distributed among the class members or in the alternative, paid back into the Fund.

6. The action was commenced in 2005. The parties entered negotiations aimed at a potential resolution of this matter. 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 December 1, 2007, after continued negotiations, the parties signed a Memorandum of Understanding.

7. Between 2008 and 2010 the parties continued negotiations toward a proposal for settling this proceeding, which culminated in a Surplus Settlement Agreement ("SSA"). A true copy of the SSA is attached to this affidavit at Exhibit "A."

8. At all times, the negotiations between the parties were conducted at arm's length and on an adversarial basis. The parties were each represented by sophisticated legal counsel and took advice from their own independent actuarial advisors.

9. A Fresh as Amended Statement of Claim which pleads the claims of the Plaintiffs and reflects the legal issues that are ultimately to be decided in accordance with the SSA was issued and entered on September 21, 2011, a true copy of which is attached to this affidavit at Exhibit "B".

10. The SSA was conditional on obtaining certain levels of consent from past and present Plan members (as further described in the class definition). A comprehensive communication was sent to all persons included under the SSA in March, 2011, followed by a roadshow in several cities across Canada and information sessions for current Company employees.

11. Based on the high levels of consent to the terms of the SSA, the parties proceeded to the implementation stage. The first step in implementing the SSA was certification of this action as a class proceeding, which was granted in written reasons dated October 26, 2011. Attached to this affidavit at Exhibit "C" is a true copy of the Certification Order, dated October 28, 2011.

12. If court approval of the settlement is granted, there will be a regulatory approvals sought from the Financial Services Commission of Ontario ("FSCO") to implement the settlement.

B. Personal Background

13. I commenced employment with the Company on January 2, 1986 and joined as a member of the Plan on January 18, 1988. I started work at the Company as a Pension Investment Consultant. My subsequent duties with the Company included Manager, Group Sales and Business Development Manager.

14. My last day worked at the Company was on or about August 1, 2003, and my retirement date was February 29, 2004, the month I reached age 55. My pension benefits commenced January 31, 2005.

15. I still work in the field of pensions and employee benefits. I do contract work for Sun Life involving employee education meetings for its group retirement plan clients who offer pensions, group RRSPs, DPSPs. I also do pension consulting work for an insurance broker and for an independent consulting actuary. I work approximately 300-400 hours per year.

16. In or about September 2003, I received a letter and Notice from the Company on or about a Partial Wind Up of the Plan. The letter and Notice explain that the Partial Wind Up applies to all members who were terminated by the Company, retired or resigned voluntarily between July 10, 2003 and the completion of the integration between Great-West Life/London Life and the Company which was expected to be a two-year period (the "Integration PWU"). Neither the letter nor the Notice addressed the issue of surplus assets in the Plan. Attached hereto and marked as Exhibit "D" to this my affidavit is a true copy of the letter and Notice I received, dated September 9, 2003.

17. Due to my experience in the field of pensions and benefits, I was aware at the time I received the letter and notice regarding the Integration PWU that the Fund had a significant surplus and that pursuant to Ontario's *Pension Benefits Act*, the distribution of surplus funds should be addressed. I was also aware of the legal case, *Monsanto Canada Inc. v. Ontario (Superintendent of Financial Services)*, which was progressing through the courts at that time and which involved surplus distribution on a partial wind up of a pension plan.

18. When I received notice of the Integration PWU, I became concerned about the rights of members, including myself, to surplus assets.

19. In or about the fall of 2003, I joined a voluntary association of Plan members called Canada Life Canadian Pension Plan Members' Rights Group ("CLPENS"). CLPENS was established to pool resources and to provide information about the Plan and to promote awareness among all Plan members about their pension rights.

20. CLPENS is run by an elected volunteer executive, in accordance with a Constitution, to represent the voice of the employees of the Company who are members or former members of the Plan. There are over 900 members in CLPENS. I have been a member of the CLPENS executive committee since October 2005.

21. I, along with Alexander Harvey, retained legal counsel at Koskie Minsky LLP for their advice and services in relation to the Integration PWU, and the issue of Plan expenses being charged to the Fund.

22. A similar class proceeding was started in London, Ontario in spring, 2005. Rather than engage in a dispute over carriage, we decided to consolidate our cases, adding Jean Paul Marentette as a plaintiff to the action in Toronto (and discontinuing the London action), and entering into a new retainer agreement with both Koskie Minsky LLP and Harrison Pensa LLP.

23. Koskie Minsky LLP retained Marcus Robertson of Robertson, Eadie & Associates, a firm of actuaries and consultants, to provide expert actuarial advice. Mr. Robertson prepared a report dated October 25, 2005 addressing the financial position of the Plan, and information he would expect to see in the Integration PWU Report (which was not yet produced by the Company). Attached to this affidavit at Exhibit "E" is a true copy of the report of Marcus Robertson dated October 25, 2005.

C. The Plaintiffs' Claims

24. As noted above, the Fresh as Amended Statement of Claim seeks a number of declarations concerning the ownership and use of surplus assets under the Plan and Trust, and the Company's rights with respect to the Plan and the Trust. The Plaintiffs seek the following forms of relief:

- a. a declaration that the Plan and the Fund comprise an irrevocable trust held exclusively for the benefit of Plan beneficiaries;
- b. a declaration that Canada Life has no beneficial interest in any assets of the Fund and that no part of the corpus or income of the Fund shall ever revert to Canada Life;

- c. a declaration that any amendments made to the Plan and the Trust that purport to allow surplus to revert to Canada Life or otherwise give Canada Life the right to benefit directly or indirectly from the assets of the Fund are null and void;
- d. a declaration that the Plan and the Trust do not permit the costs of administering the Fund or the costs of administering the Plan (together, the "Plan Expenses") to be paid out of or charged to or reimbursed from the Fund;
- e. a declaration that Canada Life is responsible for the payment of all Plan Expenses and may not charge Plan Expenses to, or seek reimbursement of Plan Expenses from, the Fund;
- f. a declaration that any and all amendments to the Plan and the Trust that purported to permit Plan Expenses to be paid out of, charged to or reimbursed from the Fund, or that otherwise permit or require that Plan Expenses be borne by the Fund (the "Plan Expenses Amendments"), are void and of no effect;
- g. a declaration that any predecessor to the Plan, and any trusts thereunder, did not 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;
- h. an interim and permanent injunction restraining the defendants from causing the Plan Expenses to be paid out of, charged to or reimbursed from the Fund and from otherwise using any part of the Fund for purposes other than for the exclusive benefit of the Plan members;
- i. a declaration that all Plan Expenses the defendants unlawfully caused to be paid out of, charged to or reimbursed from the Fund (the "Revoked Funds") constitute a breach and partial revocation of the Trust;
- j. an accounting of all Revoked Funds by Canada Life;
- k. an order that all Revoked Funds, together with interest compounded annually at the rate of Fund return, be paid to the Class by Canada Life and that such funds be

equitably allocated and distributed among the members of the Class in accordance with the direction of this Honourable Court;

- l. in the alternative to k., an order requiring the Company to make restitution to the Fund in respect of all Revoked Funds plus interest;
- m. damages payable by the Company for breach of trust and contract in the amount of \$150,000,000 in respect of the Revoked Funds, and such amounts to be determined by this Honourable Court;
- n. a declaration that the Plan and the Trust do not permit the Plan to be merged in whole or in part with any other pension plan;
- o. a declaration that the Plan and the Trust do not permit the Fund to be merged in whole or in part with the fund of any other pension plan;
- p. a declaration that Canada Life is precluded from amending the Plan or the Trust to include new classes of members;
- q. a declaration that the Plan and the Trust do not permit Canada Life to take contribution holidays under the Plan, including contribution holidays in respect of the funding of any defined contribution benefits from the accumulated actuarial surplus in the Plan;
- r. an order determining the quantum, if any, of the contribution holidays improperly taken by Canada Life and requiring that Canada Life pay all such amounts to the Fund with interest;
- s. a declaration that the Plan and the Trust do not permit Canada Life to fund benefit enhancements under the Plan from Fund assets including surplus;
- t. an order determining the quantum, if any, of benefit enhancements under the Plan improperly funded from Fund assets and requiring that Canada Life pay all such amounts to the Fund with interest; and

u. interest and costs.

D. The Plan and Trust

(i) Surplus Ownership

25. I am advised by my counsel and do verily believe that member entitlement to a distribution of assets on Partial Wind Up of a pension plan depends on surplus ownership. Ownership of surplus, in turn, depends on the construction of the original Plan and Trust documents.

26. The Fresh as Amended Statement of Claim traces the Plan and Trust language back to its inception, through numerous amendments over the years, to certain key amendments that were made effective January 1, 1997. These key amendments purported to provide for reversion of surplus assets to the Company.

27. The facts and documents supporting the Plaintiffs' claim to surplus ownership are set out in the affidavit of Ari Kaplan, a partner at the law firm of Koskie Minsky LLP.

(ii) Plan Expenses

28. The 1964 Trust Agreement provided in article 7 that the Company shall pay all costs and expenses in connection with the Fund.

29. 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. The Plan's Financial Statements since at least 1988 combine the three pension plans that were later merged in 1997, including the Plan, The Canada Life Assurance Company Trusteed Canadian Staff Pension Fund (1958) and The Canada Life Assurance Company Trusteed Canadian Agents' Pension Fund (the "Funds"). The Funds have been combined in the Financial Statements since at least 1988 because they have been under common trusteeship since 1965.

30. The earliest financial statements the Plaintiffs have been able to obtain are dated December 31, 1988, and indicate (at note 3 to the statement) that fees were charged to the Funds that year for specialty growth administration, real estate administration, mortgage services,

investment management and other administration fees. Such charges are alleged to be contrary to article 7 of the 1964 Trust Agreement. Attached to this affidavit at Exhibit "F" is a true copy of the 1988 Financial Statement.

31. The responsibility for payment of Plan expenses changed under the 1993 Trust Agreement, under articles 4 and 5, which required the Trustees to reimburse the Company for charges incurred in the operation of the Plan and the Fund (the "Plan Expense Amendments"). Article 4 of the 1993 Trust Agreement sets out the Duties of the Trustees which includes, in part, the following:

...(h) upon the request of the Plan Administrator, pay for any usual and reasonable expenses incurred in the administration of the Fund and the Plan within 18 months prior to the date of request, ...

32. Article 5 of the 1993 Trust Agreement, relating to the duties of the Plan Administrator, was amended to include the following duty:

...(d)(iii) obtain from the Trustees reimbursement of expenses and charges incurred by the Plan Administrator and the Company relating to the operation of the Fund and the Plan as and when requested by the Company...

33. The Pension Commission of Ontario (now called the Financial Services Commission of Ontario) required the Company to give notice to Plan members of the Plan Expense Amendments. A notice was sent to Plan members, dated August 9, 1994, describing the change to the Trust related to payment of Plan Expenses. A more general letter announcing Plan amendments was sent to members, dated June 1, 1994, that explained under the old policy, the "Company paid the expenses of the Plan directly", but under the new policy, "[i]nvestment expenses and the cost of administering the plan will in future, if the Company requests, be paid from the pension fund." Attached to this affidavit at Exhibits "G" and "H" are true copies of the Plan member letters dated August 9, 1994 and June 1, 1994, respectively.

34. 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...".

35. The most recent restated Plan text is the 2003 Plan which contains the following provision:

14.05 Plan 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 pays directly.

36. The Plan's financial statements filed with the Financial Services Commission of Ontario disclose the following summary of total costs and expenses charged to the Fund since 1987:

Year	Total Costs and Expenses
1987	\$2,987,000 (partial amount only)
1988	\$3,370,000 (partial amount only)
1989	\$4,529,000 (partial amount only)
1990	not available
1991	not available
1992	not available
1993	not available
1994	\$2,542,000
1995	\$1,734,000
1996	\$2,055,000
1997	\$2,345,000
1998	\$2,342,000
1999	\$3,692,000
2000	\$4,937,000
2001	\$4,344,000
2002	\$3,356,000
2003	\$2,848,000

Attached to this Affidavit at Exhibit "I" are true copies of the Financial Statements for the Plan for the following years: 1989, 1994, 1995, 1996, 1997, 1997, 1998, 1999, 2000, 2001, 2002, and 2003.

37. The Plaintiffs plead 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 Plan Expense Amendments are alleged to constitute a partial revocation and breach of trust.

(iii) FSCO Expense Investigation

38. By letter dated June 24, 2004, FSCO wrote to the Company to advise that a concern had been raised by Plan members about the payment of Plan Expenses from the Fund (among other things) and invited the Company to make submissions on this point. Attached to this affidavit at Exhibit "J" is a true copy of the letter from FSCO to the Company dated June 24, 2004.

39. The Company's counsel made detailed submissions to FSCO about the validity of the Plan Expenses Amendments by letter dated January 10, 2005. Attached to this affidavit at Exhibit "K" is a true copy of the letter from Osler Hoskin & Harcourt to FSCO, dated January 10, 2005.

40. After this proceeding commenced in 2005, my counsel wrote to FSCO advising that a Statement of Claim had been issued, and stating that the matter should be dealt with by the Ontario Superior Court of Justice. Attached to this affidavit at Exhibit "L" is a true copy of the letter from Koskie Minsky LLP to FSCO dated June 7, 2005.

41. In September 2005, FSCO staff advised the Company that it would be willing to suspend the investigation concerning Plan Expenses and allow the Court to decide the issue, provided that the Company agreed to cease paying any expenses from the Fund during that time. Attached to this affidavit at Exhibit "M" is a true copy of the letter from FSCO to the Company dated September 23, 2005.

42. The Company agreed to FSCO's proposal and FSCO's Plan Expenses investigation was suspended. Attached to this affidavit at Exhibit "N" is a true copy of the letter from Company's counsel to FSCO dated September 28, 2005.

(iv) Amount of Plan Surplus

43. The Actuarial Report for the Plan prepared by Mercer Human Resource Consulting as at December 31, 2008 disclosed a funding excess of \$221,029,000 and a solvency excess of \$165,627,000, which includes the Partial Wind Up Surpluses retained in the Plan. Attached to this affidavit at Exhibit "O" is a true copy of the actuarial valuation of the Plan as at December 31, 2008.

(v) The Integration Partial Wind-Up

44. A Partial Wind Up of the Plan within the meaning of the *Pension Benefits Act*, R.S.O. 1990, ch. P.8 ("PBA") was declared as of July 10, 2003 by the Company 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").

45. The letter and Notice provided by the Company that notified members about the Integration PWU did not refer to the existence of surplus in the Fund, to the distribution of the surplus on the partial wind up, nor to any potential entitlement that Plan members may have to any surplus assets in the Fund.

46. The Company filed the Integration PWU Report in April 2006. In that report, the Company did not make any proposal or provide any assurance to the Integration PWU Sub-Class concerning surplus sharing. The Report discloses an estimated partial wind-up surplus of \$92,994,000 attributable to the Integration PWU Sub-Class as of June 30, 2005. Attached to this affidavit at Exhibit "P" is a true copy of the Partial Wind Up Report.

47. The assets of the pension trust, including the Integration PWU surplus, are invested funds, the value of which can fluctuate along with the performance of the financial markets. The Plaintiffs were advised by legal counsel for Canada Life that steps were taken to protect the Integration PWU surplus within the pension trust from the volatilities of the market following the mediation with Regional Senior Justice Winkler, as he then was.

48. The Actuarial Valuation of the Plan as at December 31, 2008 disclosed that the Integration PWU Surplus had decreased to \$71,775,000.

E. History of the Litigation and Steps To Settlement

49. The Plaintiffs served and filed their motion for certification in November, 2005. Canada Life also brought a motion to strike paragraphs within the Plaintiffs' Statement of Claim, which sought the payment of any amounts awarded in connection with the Plan Expenses claim to be distributed directly to Class Members.

50. Following a series of initial case management conferences, the parties were scheduled to argue the motion for certification, as well as the Company's motion to strike, in February of 2006. Due to scheduling difficulties, and in light of the commencement of settlement discussions between the parties, the hearing was adjourned.
51. In June of 2006, a case conference was held with Justice Hoy, who was newly assigned to the case, and the certification and motion to strike were set for November 15 and 16 of 2006. On November 14, 2006, a case conference was held with Justice Hoy where the parties requested a further adjournment pending the outcome of the appeal in *Potter v. Bank of Canada*, which dealt with the issue raised in the Company's motion to strike.
52. In the same endorsement, the Court noted the report of the parties that settlement discussions had commenced. The Company had made a settlement offer on November 9, 2006 and the Plaintiffs were ordered to provide a responding settlement offer by December 31, 2006. The parties were ordered to report on the status of settlement discussions at a case conference which was scheduled for February 22, 2007.
53. The parties agreed to engage Justice Winkler to facilitate a mediation of the dispute, which took place in April 2007. Prior to the mediation, in November 2006, the Plaintiffs and the CLPENS Executive entered into a confidentiality agreement with the Company, promising not to divulge the details of the settlement negotiations to anyone. The Confidentiality Agreement permitted reports as to the progress of the negotiations to members of Class, with the advance consent of the parties.
54. I attended the two-day mediation facilitated by Justice Winkler with my fellow Plaintiffs, my counsel, and other members of the CLPENS Executive Committee including Wib Antler, Alex Harvey, and Jean Paul Marentette. The mediation started with everyone present in the same room, but very shortly the clients were segregated into separate rooms. My counsel came in and out of our room, having discussions with us, with Justice Winkler, and with counsel for the Company.
55. At the conclusion of the mediation, the parties had reached an agreement in principle, but there were significant items that were yet to be resolved. By November 2007, the parties had

concluded a Memorandum of Understanding. Attached to this affidavit at Exhibit "Q" is a true copy of the Memorandum of Understanding dated November 9, 2007.

56. The CLPENS Executive and Plaintiffs released an announcement to advise interested people that they had entered into a Memorandum of Understanding. The Notice explained that an agreed upon framework had been reached, but a final settlement agreement was yet to come. It also described the amount of the Integration PWU surplus, and the proportionate shares that would be paid to the Company, Integration PWU members, and other eligible inactive Plan members. The Notice further stated that the remaining eligible active members who were employed by the Company as of June 30, 2005 (or who subsequently joined the Plan) would receive a 2-year contribution holiday (or equivalent payment), as well as other protection. Attached to this affidavit at Exhibit "R" is a true copy of the Announcement which was posted to the Koskie Minsky LLP website on December 1, 2007, in French and English.

57. The parties continued to work toward achieving a comprehensive settlement of all issues over the next two years. The CLPENS Executive had numerous meetings with our counsel and actuarial advisor to raise concerns, ask questions, review drafts of the SSA, and receive legal advice. In addition, I spent many hours outside of the formal CLPENS meetings reviewing drafts of the SSA, and speaking with my fellow Executive members about issues that might arise.

F. The Terms of Settlement

58. The details of the proposed settlement are set out in the SSA. Under the SSA, the Company will voluntarily declare Partial Wind Ups for the three prior events referenced in the introduction (Indago, Adason, Pelican). The SSA provides financial benefits for all members of the Class. The amount of PWU surpluses to be distributed, net of estimated expenses, as of June 30, 2010 are:

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	\$71 million
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59. The Plan members who will participate in the Settlement, as captured in the Class definition, and the number of members in each group, are as follows:

- a. Plan Members included in the Integration PWU (2148);
- b. Plan Members who will be included in the Indago PWU (15);
- c. Plan Members who will be included in the Adason PWU (37);
- d. Plan Members who will be included in the Pelican PWU (38);
- e. Deferred/vested members of the Plan as of April 12, 2005 who are not part of the groups described above (494);
- 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 members 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-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 (1681); and
- h. Former Plan members employed in Quebec who would have been included in the Integration PWU but for their employment in Quebec (29).

60. In sum, the PWU Surpluses (for each of Integration, Indago, Adason and Pelican) will be shared as follows:

- a. Partial Wind Up Members will receive 57.22% of the PWU Surplus attributable to them;
- b. Non Partial Wind Up Members who are pensioners and deferred/vested Plan members will receive 12.44% of each PWU Surplus;

c. Canada Life will receive 30.34% of each PWU Surplus.

61. The 57.22% share of the PWU surpluses will be paid to members of the PWUs proportionally based on the value of the pension benefits they have earned under the Plan. Surplus shares will be paid as taxable cash lump-sum amounts, subject to applicable withholdings for tax. Members who are entitled to more than \$15,000 in surplus may contribute all or part of their share 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 \$1000.

62. The 12.44% share of the surpluses will be paid to the pensioners and deferred/vested members proportionally based on the value of the pension benefits they have earned under the Plan. Surplus shares will be paid as taxable cash lump-sum amounts, subject to applicable withholdings for tax. Members who are entitled to more than \$15,000 in surplus may contribute all or part of their share 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 pensioner and deferred/vested member will receive a minimum payment of \$1000.

63. As part of the SSA, the Company will establish a new pension plan (the "New Plan") and related new trust fund ("New Fund"). The terms of the New Plan will be identical to the terms of the Plan, except for certain provisions which are required to implement the settlement, discussed further below.

64. Active members who have consented to the proposed settlement will be transferred to the New Plan, and will receive a two-year contribution holiday. 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 leaves of absence or any other period during which a member is not required to contribute to the Plan.

65. The Quebec Cash-Outs consist of Plan members who reported for work in Quebec and who had their entitlements paid out of the Plan before April 12, 2005. They will be treated as members of the Integration PWU.

66. 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.

67. The New Plan will be supported by a new Trust Agreement. The Company is seeking a "variation of trust" to obtain certainty regarding its use of assets once Class members are transferred to the New Plan. Under the SSA, the variation of trust will not address surplus ownership in the event of a future wind up of the Plan or New Plan.

68. To achieve certainty under the New Plan, the parties have agreed under the SSA to seek the following Court declarations, for the benefit of the Company:

- a. The Company is entitled to expand the membership of the Plan or New Plan by way of amendment or merger;
- b. The Company 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. The Company is entitled to merge all or a portion of the Plan and/or the New Plan with other pension plans;
- d. The Company 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. The Company is entitled to fund benefit enhancements with respect to the Plan and/or New Plan from surplus;

- f. The Company is entitled to reimbursement from the Plan and/or New Plan of Plan Expenses that were incurred and paid prior to the SSA. Further, the Company 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.

69. Class Counsel and members of the CLPENS Executive were able to review a draft version of the New Plan Text and New Trust Agreement, to ensure that it complied with the terms of the SSA, and were satisfied that it did.

70. The SSA also deals with payment of the parties' expenses. Expenses incurred in the negotiation and implementation of the SSA, and those generally related to the Partial Wind Ups, will be deducted from the surpluses attributable to the Partial Wind Ups. The SSA defines "settlement expenses" as "all expenses related to negotiation and implementation of the SSA." The SSA terms dealing with payment of the parties' expenses can be summarized as follows:

- a. All Settlement Expenses incurred up to December 2007 will be deducted from the Integration PWU Surplus only;
- b. Settlement Expenses incurred between December 21, 2007 (the date that the Adason and Pelican Committees joined the settlement negotiations) and October 1, 2008 will be deducted from the Integration, Adason and Pelican PWU surpluses, with each surplus bearing a share of the Settlement Expenses that is proportional to the value of the pension benefits of the members included, compared to the value of the benefits of all members included in all three Partial Wind Ups;
- c. Other expenses of the parties incurred to October 1, 2008 that specifically relate to only one of the Partial Wind Ups, will be deducted from the surplus attributable to that Partial Wind Up;
- d. Settlement Expenses and other expenses incurred after October 1, 2008 (the date that the Indago Committee joined the settlement negotiations) will be deducted from the surpluses attributable to all four Partial Wind Ups. Each Partial Wind Up will bear a portion of the expenses that is proportional to the value of the

pension benefits of its included members, as compared to the total value of the pension benefits of all members included in all four Partial Wind Ups.

G. Communications with Class Members and Notice of the Proposed Settlement

71. Shortly after the claim was filed in 2005, Class Counsel established a website, toll-free hotline, and email path, to provide Plan members with updates concerning the progress of the litigation and respond to questions. The website has been updated as events warranted.

72. During the settlement negotiations which spanned several years, the Plaintiffs and CLPENS were constrained by the Confidentiality Agreement, which prohibited disclosure of any aspects of the negotiations or terms of settlement. Shortly after the Memorandum of Settlement was reached, CLPENS released an announcement to its membership of the essential terms of the Proposed Settlement, and also advised that there was still a significant amount of work yet to do.

73. Since CLPENS was established, it has held annual general meetings (except in 2010 and 2011) to keep its members apprised of the progress of this case. Many active employees have attended these meetings, as well as the social gatherings which have typically followed them. The general tenor of feedback after signing the MOU from active employees was very favourable.

74. I have also socialized from time to time with Plan members who are still active employees, and have discussed this case in an informal way, while respecting the confidentiality arrangements which have been in effect at various times.

75. In March 2011 a comprehensive Information Package was sent to all Class Members detailing the Proposed Settlement. Attached to this affidavit at Exhibit "S" is a true copy of the Information Package.

76. 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 further describe the SSA and provide an opportunity to proposed Class Members to ask questions. At each of the meetings, a presentation was made by the Company, by me (or another CLPENS representative), and by my counsel. In addition, there were question and answer periods where

Company representatives were absent from the room. Attached to this affidavit at Exhibits "T" is a true copy of the PowerPoint presentation of the Plaintiffs.

77. At each of the roadshows I attended, I personally spoke with members about the proposed settlement. Many people had questions about the process leading up to the proposed settlement, and how the Plaintiffs had balanced the interests of the different classes of Plan members.

78. In response to some frequently asked questions, Class Counsel posted two notices on its website, one for active employees and one for pensioners. Attached hereto at Exhibit "U" are true copies of the two notices, in French and English.

79. Following the roadshows, an additional letter was sent by the CLPENS Executive to proposed Class members who had not yet returned a Decision Form. The letter addressed some specific concerns that had been raised by active employees of the Company at the roadshows and in communications with counsel. Attached hereto at Exhibit at "V" is a true copy of the letter dated May, 2011.

80. Around the same time, the Company sent a letter to all active members of the Plan clarifying the answers to some commonly asked questions, and stating the Company's intentions with respect to changing pension benefits for employees. Attached to this affidavit at Exhibit "W" is a true copy of the letter from the Company dated May, 2011.

81. There were also additional meetings held with active employees of the Company to respond to some of their concerns, on May 17, 18, and 19, 2011, in Regina, London, and Toronto respectively. I attended all of the meetings, which included a brief presentation by a Company representative, followed by a question and answer period with me and my counsel while Company representatives were out of the room.

82. I am advised by the Company's counsel, and do verily believe, that an internal email was sent by the Company to all employees to announce the additional meetings for actives. Attached at Exhibit "X" are true copies of the emails to all employees dated May 10, 2011, and May 11, 2011.

83. I am advised by the Company's counsel, and do verily believe, that an email was sent to all active employees on August 24, 2011 providing an update on the status of votes on the settlement proposal, and advising that the parties had agreed to move forward to implement the proposal. Attached at Exhibit "Y" is a true copy of the email dated August 24, 2011.

H. Why I Support This Settlement

84. I believe that the SSA is comprehensive and ultimately fair according to the advice of our actuarial and legal counsel. I come to this view having the benefit of being personally involved since before commencement of the court proceeding. In short, I am in full agreement with the proposed settlement.

85. The SSA, if approved, will settle a number of issues, however it will not preclude any future claim by Plan members to surplus ownership on Plan termination. This right has been deliberately preserved.

86. I have been advised by my counsel and believe that although the claim to surplus ownership case has merit, the other claims, particularly the claim concerning Plan Expenses, is tenuous. Further, I am advised that even if the Class succeeded in the Plan Expenses claim, the remedy of "direct payments" to Plan members for improperly paid assets out of a pension plan has been rejected by Ontario courts.

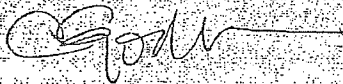
87. Counsel has also advised me and the other Representative Plaintiffs that notwithstanding any success, appeals by the Company could have the effect of delaying a resolution for many years. Given that it has already been six years since commencement of the proceeding, the Representative Plaintiffs are anxious to see a settlement that gives Class Members financial benefits sooner rather than later.

88. The proposed settlement gives the Class Members certainty. The proposed settlement represents a reasonable and rational compromise. Given the inherent uncertainty in going to court, I believe that the proposed settlement represents a fair bargain between us and the Company.

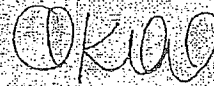
89. On the whole, as a Representative Plaintiff and a direct participant on the negotiating team over many years, I am satisfied that the settlement secured in this case is fair and reasonable. My view is supported by competent legal and actuarial advice, and in all of the circumstances, I believe the settlement will deliver fair and reasonable benefits to the members of the Class.

90. I recommend approval of this proposed settlement to this Honourable Court as being fair, adequate, reasonable, and in the best interests of the Class.

SWORN before me at the City of
Toronto, in the Province of Ontario
on January 4, 2012.



A Commissioner for taking affidavits



DAVID KIDD

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

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

Plaintiff

- and -

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

Defendant

AFFIDAVIT OF ANTHONY GUINDON
(sworn March 12, 2013)

I, ANTHONY GUINDON, of the City of Toronto, in the Province of Ontario,
MAKE OATH AND SAY:

1. I am a lawyer with the law firm of Koskie Minsky LLP, Class Counsel in this matter, and as such, have personal knowledge of the matters to which I depose herein. Where my knowledge is based upon information and belief, I have indicated the source of my knowledge, and verily believe the same to be true.
2. In a Court approved notice which was mailed to Class Members on or about February 15, 2013, Class Members were advised of the Plaintiffs' motion to vary the Judgment of the Court dated January 27, 2012 in accordance with the terms of an Amended Surplus Sharing Agreement (the "ASSA"), and that any objections to the ASSA should be submitted to Class Counsel by March 11, 2013.
3. As of 1:00 p.m., March 12, 2013, Class Counsel has received 11 written objections to the ASSA. Attached hereto as Exhibits "A" to "K" are true copies of the written objections received to date by Class Counsel.

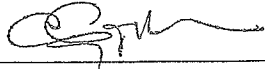
4. In addition to the aforementioned objections, a further Class Member, Mr. Dan Anderson, who I understand is an actuary, made numerous inquiries of Class Counsel regarding the reasons for the decline in the IPWU Surplus. I am advised by Clio Godkewitsch of Koskie Minsky LLP and verily believe that following various email exchanges between Mr. Anderson and Ms. Godkewitsch, and in light of concerns expressed by Mr. Anderson, Ms. Godkewitsch and the actuary retained by Class Counsel (Mr. Marcus Robertson) attended two lengthy conference calls with Mr. Anderson on March 5 and March 7, 2013, where his information requests and concerns were discussed. Mr. Anderson and others were also referred to the material filed with this Court on the September 27, 2012 motion and the actuarial reports and opinions therein, all of which were posted on the Koskie Minsky LLP website for this proceeding.

5. Following the foregoing discussions and exchanges of information, Mr. Anderson submitted two information sheets examining the status of the Integration Partial Wind-up Surplus to Class Counsel, which have been circulated to a number of other Class Members by Mr. Anderson, and which have been appended to a number of objections filed with Class counsel. These information sheets are attached hereto as Exhibit "L."

6. In response to the submissions of Mr. Anderson, and in light of the numerous inquiries received by the Canada Life Pension Rights Group ("CLPENS"), the CLPENS Executive Committee prepared and sent a detailed email message to the CLPENS email list, which included further explanations and details regarding the ASSA and the reduction of the IPWU Surplus. A true copy of this message is attached hereto as Exhibit "M."

7. I make this Affidavit in good faith in support of the motion to vary the Judgment in this proceeding, and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario, on
March 12, 2013.



Commissioner for Taking Affidavits



ANTHONY GUINDON

This is Exhibit "A" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read 'CGM', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Clio M. Godkewitsch

From: Fred Taggart <fjtaggart@yahoo.com>
Sent: March-08-13 8:01 AM
To: Canada Life Main Pension Class Action
Subject: Amended Settlement Court Proceedings on March 18, 2013
Attachments: CLA-CLPENS Amendment - Response to Court PDF.pdf

Attached is commentary that I wish to have presented to the Court for consideration in the above matter.

I intend to share this document later today with each member of the CLPENS Executive Committee and then later again more broadly with plan members who may have an interest in these proceedings.

Please confirm receipt of the attached PDF file and please also confirm that this commentary will be presented to the Court prior to March 18, 2013.

Sincerely,

Fred Taggart

4204 Colonial Drive,
Mississauga, ON L5L 4B9

March 8, 2013

The Honourable Justice Perell
Ontario Superior Court of Justice

Background

I am a member of the Canada Life Pension Plan and a former executive at Canada Life. I was employed by Canada Life from 1973 until 2003. My last position at Canada Life was Vice President, Individual Insurance where I was responsible for the individual insurance operations in Canada. Prior to that, I was Vice President, Investments and Pensions and was responsible for Group Pension operations and Individual wealth accumulation products in Canada. I was part of the executive team that lost employment after the acquisition of Canada Life by Great-West Life in 2003. More than 2100 other employees of Canada Life also lost their jobs during this period.

I am also a former member (Oct, 2005 to Oct, 2007) of the CLPENS Executive Committee. I resigned from the Executive Committee in late October, 2007. Since that time, and until now, I did not speak against the settlement and I voted in support of the settlement that was presented in March, 2011.

I am very concerned with the disappearance of surplus from the Pension Plan. I am also concerned with the process that has been followed to get us to the point where individual plan members have to approach the court to be heard.

This proposed amendment is a hugely material change to the original settlement, and the settlement as amended would not have the support of members.

Where did the surplus go?

The original settlement proposed distributing \$62m of surplus. This was down from a reported PWU surplus of \$103m in 2006. The reasons given for the sharp drop were:

- 1) less investment income than anticipated
- 2) a change in actuarial assumptions - now expected that more people will opt for a guaranteed benefit rather than a commuted value

That brought the surplus down to \$72m and, net of expenses the expected distribution was \$62m.

After the settlement was approved by the court, the reported surplus dropped from \$62m to less than \$10m. The reasons given for this second sharp drop were:

- 1) persistent low interest rates which increase the cost of the basic benefits
- 2) a change in actuarial assumptions ... now recognize that even more people opted for a guaranteed benefit rather than a commuted value

It should be noted that both the low interest environment and the number of people opting for a guaranteed benefit were known well before the court date.

As a prelude to this amendment now before the court, we hear that the surplus has dropped to a mere \$2.6m and it may be enhanced slightly with forgiveness of interest charges and by waiving a small portion of the legal fees. The reasons given for this latest drop in surplus are:

- 1) persistent low interest rates which increase the cost of basic benefits
- 2) a much higher take-up rate than anticipated of those opting for a guaranteed benefit rather than a commuted value

We also learn that Canada Life was unable to find a provider of insured annuities for this group of members (those in the Partial Wind-up) despite shopping the opportunity among 7 life insurers in Canada. Instead, Canada Life will be "forced" to keep paying the members from the fund.

Some questions the Court may wish to explore are:

- 1) Why would the number of people opting for a guaranteed benefit rather than a commuted value have any effect on the surplus? These two options are supposed to be actuarially equivalent. Of course they will only be actuarially equivalent if they are valued using the same assumptions.

These two options in fact use widely different assumptions. Canada Life calculates the commuted values as of the member's termination date. Therefore the actuarial assumptions are based on a standard effective in 1993 and uses interest and mortality assumptions that are 10 years and 30 years respectively out of date. Those opting for a commuted value are assumed to earn 6% annually on the money - for each and every year from 2003 onwards. This assumption drives down the commuted value. The mortality assumption is based on mortality tables from 1983 and therefore ignores that people now live longer. By overstating interest rates and

understating how long people will live, the commuted value (i.e. the value of the pension) is significantly understated. The high take-up rate of those opting for a guaranteed benefit should come as a surprise to no-one. Members simply cannot replace the lost income stream with the commuted values offered.

Now let's look at those who opt for guaranteed benefits – how are their pensions valued? The actuarial assumptions used to value those pensions are the very opposite of those used for the commuted values. Not only do they now reflect longer lifespans (as they should) but they also assume that today's historically low interest rates will persist into the future. This increases the "assumed" cost of the benefit and eats into the surplus.

So, again, the question is, why would the value of the pension differ depending on whether the benefit is left in the fund or taken out? Actuarial standards set in 1993 never anticipated that disbursements would be made 20 years later using those standards, or that plan sponsors would conveniently ignore updated standards that are meant to ensure equitable treatment.

One of the ways to ensure that no-one "games" the system is to give plan members a choice of a commuted value or an insured annuity – the understanding being that market competition will always provide a fair cost for an insured annuity. This leads to the next question.

2) Why would no insurance company in Canada want to bid on a block of business that is in the hundreds of millions of dollars? Was the bid structured in such a way as to preclude any reasonable response? Who were the 7 companies that Canada Life approached? Did they include Canada Life itself, sister company London Life, parent company Great-West Life? If annuities are purchased, current pension values are crystallized and members can have comfort that the cost to the fund is both fair and permanent. If instead, those pension costs are simply estimated there is no assurance that the cost to the fund is either fair or permanent.

3) Now that the assets and liabilities have been transferred to the on-going plan, what happens if and when interest rates recover to a historically normal level? Don't the liabilities shrink as rapidly as they ballooned ... thus restoring the healthy surplus that the plan has enjoyed for decades? With a certain set of assumptions, we've seen nearly \$100m disappear in the last 6 years. With a different set of assumptions, might we see the \$100m reappear in the next 6 years?

It is unlikely that we will see a rebound by 31Dec14 as the US Fed is on record to hold interest rates steady until at least mid-2014. However, if it did magically occur, why would the second surplus distribution be capped at \$15m?

It seems to this observer that Canada Life has seen a window of opportunity to move assets and liabilities to the ongoing plan, temporarily value the liabilities at historically low interest levels, distribute a severely diminished surplus to the plan members, and then wait for rising interest rates to restore the healthy surplus that the plan has enjoyed for many years. With a timely decision to make payments from the fund rather than purchasing annuities, Canada Life has locked the members' surplus claims into these tough economic circumstances while insulating their own share and in fact the entire PWU surplus from those same economic circumstances.

The process is unfair

All of this is being done via an amendment to the settlement, with no further information sessions for plan members, no opportunity to ask questions, and no opportunity to vote - yet members are bound by all of the terms and conditions and concessions that they agreed to in the original settlement when they believed they would share in \$62m rather than less than \$5m.

This negotiation process has dragged on for 8 years now. Suddenly, when the surplus has nearly evaporated (and only temporarily so), there is a rush to bring closure to the process. The original settlement was approved by the court on January 27, 2012. Members heard nothing more from CLPENS until May, 2012 when they were informed that the surplus had dropped by more than 80%. Then no further communication until the third week of February, 2013 when we learn the surplus has dropped a further 60%, and a settlement amendment was announced along with a pre-arranged court date. At that time, members had a mere three weeks to attempt to understand what has transpired and to individually comment or object to the court.

What should the Court do?

I respectfully submit that the Court should disallow this amendment. The original settlement terms should be enforced or, if that is not possible, then the original settlement set aside.

When members voted in favour of the settlement, they granted many concessions to Canada Life – forgiveness of expenses withdrawn from the plan in the past, the right to take future expenses from the plan, effective control of future surplus (to fund company contributions holidays). They also signed a release against any future claims against the Plan assets.

None of that would now have the support of plan members.

Respectively submitted,

Fred J Taggart

Clio M. Godkewitsch

From: Uma Ratnam
Sent: March-11-13 10:46 AM
To: Clio M. Godkewitsch; Anthony Guindon
Cc: Natercia McLellan
Subject: FW: Settlement Amendment - Addendum to 8Mar13 letter
Attachments: CLA-CLPENS Amendment - Response to Court ADDENDUM.pdf

fyi

From: Fred Taggart [<mailto:fjtaggart@yahoo.com>]
Sent: March-11-13 10:20 AM
To: Canada Life Main Pension Class Action
Subject: Settlement Amendment - Addendum to 8Mar13 letter

Please find attached a short addendum to my submission from last Friday. Please have this attached to my earlier submission.

As before, please confirm receipt of the attachment and its submission to the Court.

Kind regards,

Fred Taggart

Fred Taggart
4204 Colonial Drive
Mississauga, ON L5L 4B9

March 11, 2013

The Honourable Justice Perell,
Ontario Superior Court of Justice

ADDENDUM to my letter of March 8, 2013

Subsequent to my letter of March 8, I became aware of additional information recently posted to Class Counsel's website - in particular, the motion and motion response from September, 2012.

That information changes the details of my earlier submission but not my central argument. I believe that Canada Life has cleverly concealed the PWU surplus in the ongoing Plan in order to gain effective ownership of the entire surplus.

They have done this by exploiting the 2010 policy change from FSCO (allowing payments from the fund) and relying on the recent CIA Educational Guidance on how to value such liabilities (value them by estimating current annuity purchase rates). It would be sheer madness to annuitize at interest rates prevalent at 31Aug12. It would be brilliant to value the liabilities as if you had annuitized without actually suffering the financial pain of doing so.

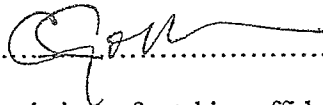
This allows Canada Life to demonstrate that the surplus has vanished, discharge the partial wind-up, and then wait for interest rates to rise. When that happens, the estimated annuity purchase rates drop, the value of the liabilities drop in lock-step, and the surplus reappears. However, that surplus is now in the ongoing Plan and members have ceded future ownership of that surplus to Canada Life under the terms of the original settlement.

I stand by my earlier statement that plan members would not support any of this.

Respectfully,

Fred J. Taggart

This is Exhibit "B" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read "G. N.", is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Clio M. Godkewitsch

From: Bruce Tushingham <btushingham@rocketmail.com>
 Sent: March-11-13 9:58 AM
 To: Canada Life Main Pension Class Action; dan.anderson@sympatico.ca; CLPENS@rogers.com; Clio M. Godkewitsch
 Subject: March 11 court submission re CLA pension windup surplus with attachments
 Attachments: CLA pension surplus amendments - retaining rights to distributable surplus 2013-03-11(1).pdf; CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf

As a member of the CLA partial windup group I am submitting the following email and the two attached documents to formally express our concern for the proposed settlement and amendments, the disappearance of 98% of our surplus and for the total and complete lack of information concerning any and all aspects of the class action.

I am part of an email group that has been informally discussing the drastic, incomprehensible and rapid reduction in the available funds in the surplus and the surprising communication silence from all parties involved.

Because of a shared concern about the poor communications and lack of information, one of the pension members in that email group (Dan Anderson, not in the windup group) has been pressing for additional information and has prepared the following two attachments that reflect our concerns and questions that need to be addressed if the interests of the partial windup group are to be given any consideration.

The silence of both GWL and the lawyers representing us is baffling. Surly GWL owes their former employees who have toiled for many years to the company's benefit an explanation concerning the how and why the surplus funds were lost. The lawyers representing our group have made millions of dollars from our group but they too have not taken the initiative to ensure that important information was made available to plan members.

The members of the windup group where told that 98% of our surplus has disappeared but were not given any details to the why and the how. Many complex topics have been broken down so that the layman can understand. Books on the general theory of relativity or quantum mechanics of been published and newspaper articles have been written. These were written because someone cared or had an interest in proving the details so that everyone could understand. Yet GWL and Koskie Minsky have not provided a sufficiently meaningful explanation. Clearly GWL does not care about the former Canada Life employees and Koskie Minsky don't care about their current clients. Their interests appear to be only of a monetary nature.

We demand that pension members be told what really happened and not only in simplistic terms that everyone can understand, but also so that they have an opportunity to establish a more in depth understanding and an opportunity to collectively ask questions and see/hear the answers, including the following sorts of questions: Why were other pension groups not affected? Why were we told during the height of the recession that our money was safe and secure but then it disappears when the economy recovers? Why was the value of the surplus stable for 7 + years and then reduced to a tiny fraction of its original amount within months? As a minimum, the sort of information and insights contained in the attached documents should be distributed by email to as many class action members as possible in advance of seeking further responses from class action members and deciding how to proceed.

Under the current circumstances, it is important for the various parties to identify and understand the advantages and disadvantages of windup members retaining our right to a share of distributable surplus within the segregated pension fund, rather than all of us being forced to cash in our rights when the reported surplus is misleadingly reported as almost disappeared.

CLA pension surplus amendments - retaining rights to distributable surplus 2013-03-11.pdf

March 10, 2013 *[also see March 11 addendum attached below, and misc. revision in red]*

CLA Windup Surplus
Nature and Adequacy of Proposed Settlement Amendments

Rationale for Retaining Rights to Distributable Surplus
in Segregated Windup Pension Fund

With regards to the proposed amendments to the settlement agreement, two key considerations are the nature and adequacy of the proposed amendments.

The Court-approved Feb 2013 communications to CLA class action members indicate that the purpose of the amendments is to address the "changed economic circumstances". That same communication seems to state incorrectly: "the drop in the estimated integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties".

In fact, the surplus decline appears to be primarily as a result of the CLA windup pension fund management unilaterally (supposedly with the knowledge and/or influence of GWL representatives, but without the awareness of CLA windup members and their representatives), taking an aggressive duration-structure investment policy that was inconsistent with the duration structure of the liabilities and which guaranteed in the interim a dramatic drop in surplus if interest rates fell, while holding that asset position with the expectation of a highly-leveraged increase to surplus if and when interest rates increase.

The GWL representatives are positioning themselves to have potentially 100% of the financial recovery that is anticipated by such an investment policy, while compelling the CLA windup members to cash in their right to a share of distributable surplus in advance of such a financial recovery.

The attached draft pdf report ("*CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf*") provides an indication of the primary components for the surplus drop from 2006 to Aug. 31, 2012. The CLA windup fund surplus is shown as dropping from \$103 million at 2006 yearend, to a guesstimated \$54 million at June 30, 2011, to \$2.6 million at Aug. 31, 2012.

The estimated effect of the proposed amendments appears to be an offsetting amount of only \$5.3 million (i.e. $2.6+0.8+0.5+0.2+1.2$), leaving a substantial shortfall relative to the surplus drop, and more specifically a substantial shortfall relative to the portion of the drop that would be due to the adverse effects of the pension funds' unilateral investment policies.

The proposed amendments should provide much greater latitude for CLA windup members to participate in the eventual financial recovery that has been assumed by the structure of the fund's ongoing investment policy.

The comments below provide a framework that helps to clarify some of the considerations, although it is presented as a comparison between the CLA windup group and the Indago-Pelican-Adason groups.

An alternative approach that could be incorporated into the proposed amendments is outlined at the end of the commentary below, in place of the proposed one-time surplus adjustment at Dec 2014 and the cap on the subsequent financial recoveries.

March 10, 2013

To: Canadalifers and CLPENS representatives

re: Comparing CLA and IPA (Indago-Pelican-Adason)

During the March 5 phone discussion with KM lawyers, they confirmed the understanding that the amount of distributable surplus for the Indago and Pelican groups has been very stable (from 2006 to 2012), compared to the dramatic decline in the distributable surplus for the CLA windup group. The Feb 2013 letter from the CLPENS representatives also refers to the Adason group and seems to indicate that the Adason group's surplus has also been relatively stable.

However, the above reference to distributable surplus is really an apples and oranges comparison because of the different circumstances for the two groups, as will be illustrated by the comparison commentary below.

It seems worthwhile to understand why the CLA experience appears to be so much different from Indago etc.

But it is also worthwhile to understand that in fact the IPA (Indago-Pelican-Adason) members are probably in pretty much the same or worse financial situation relative to the windup group prior to the settlement date, setting aside for now any presumption that the IPA members would have made different investment decisions in the time period from 2006 to 2012, but in the context of those CLA investment policies, but the proposal to now force the CLA windup members to cash in their proportionate entitlement to distributable surplus, would seem to put the CLA windup members in a worse position.

Furthermore, if you take the time to read and understand the following comparison of the CLA and IPA circumstances, it provides a reference framework that should help to clarify some key considerations from the perspective that, although a final agreement on approach should be established ASAP and the legal costs should stop, the CLA windup group members should not all be compelled to cash out their right to a proportionate share of the surplus now, when the surplus has dipped so low (as a result of the pension fund's speculative investment policy that guaranteed losses for CLA windup members if interest rates fell and now guarantees gains for GWL if interest rates eventually rise). Cashing out the right to surplus now implies effectively losing access to almost all of that potential future financial recovery that is presumed by the fund's investment policy (and it seems inadequate to not only allow only one point in time, Dec 2014, to allow for a token sharing in recovery that may or may not happen by then, but to also arbitrarily cap any recovery that happens to occur).

Now, let's look at a comparison of the CLA windup members and the IPA terminated members.

The commentary below will be referring to only the comparison group of CLA and IPA members described herein, even though the respective groups might sometimes be referred to more generally as CLA members, IPA members, CLA windup members, IPA terminated members, etc.

CLA windup members were entitled to a share of their pension fund's surplus because they were designated as a partial windup group. No cash could be taken out of the fund until the windup process allowed that to happen. Assume for this comparison that none of those members were past their retirement date and none of them took a commuted value (very few did). In other words, prior to a surplus payment at the final settlement date, no cash left the pension fund.

The IPA terminated members will be receiving a share of their respective pension funds' surplus, even though those terminated members have not been formally designated as a partial windup group. Assume for this comparison that all of those IPA members took a commuted value prior to 2006 (apparently the vast majority of those members did take their money out of the fund). In other words, at least seven years prior to receiving a final surplus-settlement payment, all of the cash associated with the commuted value of their liabilities would have already been paid out of the fund.

Also assume, for an apples to apples comparison, that the IPA members are going to have a personal objective of using their commuted values to generate approximately the same pension benefit stream that they would have had with Canada Life, and they will hire someone to do the same asset and liability calculations (using windup valuation assumptions) that would be done by a pension fund, with a determination of the surplus or deficit position. When they first do that calculation as at 2006 yearend, they would see they were already in a deficit position relative to the assets in their possession because the commuted value they received was less than the windup value of the pension, although that shortfall in the commuted value payment

would supposedly be part of the 'surplus' they would now be collectively entitled to at the final settlement date.

For simplicity, assume that we are comparing a set of CLA and IPA members where each group had the same pension entitlements, and therefore would have the same total present value of pension liabilities at each point in time from 2006 to 2012. Also assume that the total assets associated with those liabilities was the same as at 2006 yearend, implying the same total "surplus" associated with the liabilities.

Also assume that from 2006 to 2012 the IPA members invested their commuted values in exactly the same way that the CLA windup investment managers invested the CLA windup pension funds, taking a risk position to benefit if and when interest rates rise (while incurring a not-yet-realized loss if interest rates first fall lower). The IPA members had no fiduciary responsibility to 'protect' their own financial position by purchasing assets that were consistent with the structure of the pension liabilities, and so we might assume for this comparison they took the same financial risks taken by CLA investment managers with the hope that interest rates would eventually increase.

Then from 2006 to 2012 the total asset, liability and "surplus" values would be the same for the IPA and the CLA groups.

For the IPA members, however, the "surplus" (difference between total assets and total liabilities) is divided into two components: a) the pension fund or fund owner would hold a relatively larger positive surplus component which at 2006 yearend was equal to the total net surplus plus the effect of the original commuted value shortfall, while b) the IPA member would hold an increasingly negative component that starts out 2006 yearend as the shortfall in the commuted value payout and increases with time as interest rates fall, liability values increase and the duration-mismatched assets are not able to increase in value to offset the increase in the present value of the liabilities.

There seem to be at least three notable observations from the above comparison of IPA and CLA groups:

A. Identical assets, liabilities and surplus associated with the IPA and CLA groups

With the above simplified assumptions (for comparison purposes), we would see that from 2006 to 2012 those comparative CLA and IPA groups would be associated with identical asset, liability and surplus values, in aggregate, but only if you look at the combined results regardless of who is holding the assets and making investment decisions and who is entitled to what proportion of the difference between the asset and liability values before and after the settlement date.

B. Differences in the proportionate ownership claims on the "surplus" up to the settlement date.

In this regards the IPA members would seem to actually be worse off (before considering the issue of what happens after the settlement date).

For CLA windup members, GWL's proportionate ownership of surplus up to 2012 year-end would apply to the total net surplus, such that GWL would in effect be participating in the adverse effects of the pension fund's investment decisions, although CLA windup members would also be proportionately impacted by the investment decision even though the CLA windup members had no say in the decision to purchase assets that were inconsistent with the long-term nature of the liabilities.

For the IPA members, however, GWL representatives would claim no ownership of the increasingly negative "surplus" held by the IPA member, but would likely claim a full proportionate ownership of the inflated positive surplus that is not in the hands of the IPA member.

In this regard, the IPA members would seem to be financially worse off relative to CLA windup members (before considering the issue of what happens after the settlement date) primarily because for the IPA financials, GWL would not be participating at all in the negative impact on surplus of the 2006-2012 investment decisions (i.e. where the market value of the assets is not increasing on a consistent basis relative to the increase in the present value of the liabilities), although this non-participation by GWL is consistent with the fact the GWL is not party to those IPA investment decisions to purchase assets that were inconsistent with the long-term nature of the liabilities.

Now consider in item C below what happens after the settlement date

C. Differences in proportionate ownership of expected financial recovery after the settlement date.

The CLA windup pension fund's investment policy since 2008 appears to be predicated on the gamble that interest rates would eventually rise. That investment policy guaranteed a huge drop in surplus as interest rates declined further. For this comparison we have assumed that IPA members have followed the same investment policy. FWIW, individuals would probably be reluctant to invest in long term bonds when interest rates are at historical lows.

So such losses have occurred up to the present and may persist to the expected settlement date of Dec 2013.

The comparison of CLA windup members and IPA terminated members changes after the settlement date.

The IPA members would have taken all of the investment policy surplus hits prior to the settlement date, and will get 100% of the financial recovery that is expected by that investment policy to eventually occur after the settlement date.

However, for the CLA windup members, although they are taking a large portion of the investment policy surplus hit prior to the settlement date (rather than 100% of that hit), they may end up with 0% of the financial recovery that is expected by the investment policy to eventually occur after the settlement date.

As noted above for CLA windup members, being forced to cash out their right to distributable surplus now, when surplus has hit a low point, is likely to imply losing access to almost all of the eventual financial recovery that has been expected by the aggressive short-duration asset structure of the 2008-2012 investment policy. It seems insufficient to allow only one point in time, Dec 2014, for a token sharing in recovery that may or may not happen by then, and to also arbitrarily cap any recovery that may occur.

Individuals with a sizable stake in the windup group might argue for the following alternative:

Retain Rights to Distributable Surplus, in Segregated Windup Pension Fund

- a) **Agreement on % share of surplus.** Stop the legal expenses and recognize that the main result of the legal action has been to establish an agreement on the proportionate share of the surplus in the windup group segregated fund (along with the effect of the proposed amendments). The settlement date, which could be as at Dec 2011 or Dec 2012 would be primarily for the purpose of finalizing those % shares.
- b) **Continue to segregate the windup pension plan.** Because of the inappropriate investment mix that has been positioned to produce leveraged gains only when interest rates rise, the windup fund should continue to be segregated until there is a reasonable opportunity for the surplus to be restored (excluding of course any additional pension contributions that GWL might make ... which seems unlikely anyway).
- c) **Individuals decide when to cash out their % share.** Rather than being forced to cash out your share of the surplus when things are so bad, individuals would retain their proportionate interest in the surplus as it rebuilds in the fund, and every year or every 3 years when the fund would be revalued anyway for ongoing reporting, individuals would have the option to take out their share of the surplus, with this option staying in effect subject to a mandatory payout after, say, 9 years (or longer) if no election was made prior to that point.

d) GWL gets to withdraw surplus only as individuals cash out their % share. CLA windup members would benefit from the fact that GWL also retains a financial interest in the surplus in the fund because GWL they would only be able to remove a portion of that surplus as individuals

e) How can this approach be implemented without unnecessary complications and expense? The real value in this approach is individuals retaining the option of deciding when to cash out, and retaining that option for an extended period of time. The % shares of the distributable surplus would not have to change over time other than to recognize that distributable surplus would itself be proportionately smaller as others have taken out their share. There is no need to complicate the process by making an argument that individual % shares change as individuals age relative to their retirement date.

Addendum - March 11, 2013

One Additional Consideration - An Offset to Potential Impact on Future Inflation Adjustments

This is an ancillary consideration that might affect only some pension members, and not the primary financial rationale for retaining rights to distributable surplus in a segregated windup pension fund.

For some pension members there appears to be one additional compelling reason for the above approach, and that is in the context of anomalies in the CLA pension plan restrictions on future inflation protection. The comments below try to address this issue, after first trying to clarify the context. Retaining a right to the distributable surplus percentage in a segregated windup fund could help to provide windup members with a financial offset to potential future losses to inflation protection. Non-windup pension members would not have the benefit of that sort of offset, but would be protected from any related distortions that might result from combining the assets of the ongoing pension fund and the segregated pension fund.

The above March 10 commentary takes into account the fact that pension fund investment managers cannot manage assets without considering the duration structure of the corresponding liabilities, and when interest rates change, the financial effect on the market value of the assets is meaningless without also considering the financial effect on the market value of the liabilities.

For similar reasons, measures of the "rate of return" on the assets can be meaningless and misleading by themselves, since such rates are directly affected by the market value of the assets but take no account of the market value of the liabilities.

However, the CLA pension plan provides that some pension members will lose out on some of their inflation protection if the cumulative rate of return on the assets in the plan AS MEASURED FROM THEIR RETIREMENT DATE is less than the cumulative inflation from their retirement date.

Now, CLA's investment policy in the segregated windup pension fund (2006 to present) has apparently been set up to guarantee surplus losses if interest rates fall (despite the increase to asset market values), under a presumption that interest rates will be increasing.

If interest rates now do increase, the bond market values will drop and that would negatively impact the rate of return on the assets for that time period, even though surplus would be increasing because of an even greater decrease in the market value of the liabilities (i.e. the reverse of what happened 2008-2012).

If windup members are compelled to prematurely cash in their rights to a percentage share in distributable surplus, they would not only lose out on participating in the recovery of that surplus value, but at the same time may also find that they will lose out on some of their pension inflation protection.

Draft 2013-03-10

Partial Windup Group's Segregated Pension Fund Surplus

(\$ millions)

See commentary in notes below the summary.

- CLPENS split? -						
Start of Period	2006-12-31	2008-12-31	2011-06-30	2008-12-31	2011-12-31	2006-12-31
	2 years	2 yr, 6 mo	6 mo	3 years	8 months	5 yrs, 8 mo
Starting surplus	103.4	71.8	54.0	71.8	11.3	103.4
Revision to est. windup expenses:						
a) expense paid (*2)	0.0			0.0	0.0	0.0
b) revised est future pay't (*2)	-9.8			-10.8	-12.7	-12.7
c) deduct starting estimate (*2)	2.8			9.8	10.8	2.8
net change in est. expense	-7.0	0.0	-1.0	-1.0	-1.9	-9.9
Interest on surplus	15.8	7.9	1.6	9.5	0.2	25.5
Surplus transfers (*1)	0.0	0.0	6.1	6.1		6.1
Primary surplus changes						
1. Net MV changes (*3) to:						
a) MV adj liabilities	5.7	-11.2	-51.2	-62.4	-5.2	-61.9
b) MV adj supporting assets	-23.3	7.3	1.5	8.7	0.0	-14.6
Net MV adjustment >>	-17.6	-4.0	-49.8	-53.7	-5.2	-76.5
2. 'Gain' from individuals taking lump-sum payouts (*4):						
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0
b) revised expected future gains	see *4				see *4	0.0
c) deduct prior expectation	-25.4			-29.5	-3.1	-58.0
Net 'gain' from payouts >>	-25.4	-21.8	0.0	-21.8	-1.8	-49.0
Balance	2.6	0.0	-0.9	0.4	0.0	3.0
Ending surplus	71.8	54.0	10.0	11.3	2.6	2.6
End of Period	2008-12-31	2011-06-30	2011-12-31	2011-12-31	2012-08-31	2012-08-31
Data Sources >>	pg 12 of 2008ye valn report (Sept 2009)		per surplus estimate in CLPENS~ letter (May 2012)	pg 12 of 2011 ye valn report (Sept 2012)	1. pg 5 of 2012-10-11 trnsfr report 2. Amy info 2012-10-09 (*5)	combined

*1 - the surplus transfers relate to revised surplus allocations, relative to the non-windup group, per various data changes regarding the original split of the liabilities between both groups.

*2 - The total cumulative windup expenses (also called settlement expenses) to be paid at time of the settlement for legal, administrative, actuarial and communications costs, including interest, increased from an expected value prior to 2006 YE of \$4.7 million (already deducted from the starting surplus) to an expected level as at Aug 31, 2012 of \$12.7 million. Apparently the current expected level as at March 2013 is \$13.7 million. This would be in addition to whatever expenses might have already been paid but not identified explicitly in the surplus movements?

*3 - MV (market value) changes would be expected here to generally net to zero, except to the

extent that the investment policy took a gamble on either the equity markets (pre-2008) or (post-2008) invested in bonds that had an average remaining term significantly shorter than the average term of the liabilities, hoping for a net gain if interest rates increased but guaranteeing substantial leveraged market value losses (i.e. MV of liabilities would increase without a corresponding increase to the supporting assets) if interest rates fell, which is what happened.

*4a - Notably, the approach of a collective 'gain' from lump sum payouts seems unreasonable in the context of the windup allocations, although one could argue in this case that the other windup group members may not in fact have profited from that windfall gain, to the extent that the fund management's investment policies have more than wiped out such potential 'gains'?

*4b - For this lump-sum (commuted values) category of profits, it is the net of these two numbers that matters here. To make it easier to tie back to the reports (and due to a lack of sufficient info) the numbers do not respectively represent the full revised amount of surplus from commuted value payouts and the full original expectation of such profits.

The following would be a more complete presentation of this item:

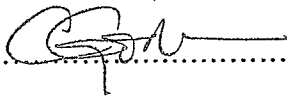
2. 'Gain' from individuals taking lump-sum payouts (*4):	2 years	2 yr, 6 mo	6 mo	3 years	8 months	5 yrs, 8 mo	
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0	*4
b) revised expected future gains	32.6			3.1	0.0	0.0	*4
c) deduct prior expectation	<u>-58.0</u>			<u>-32.6</u>	<u>-3.1</u>	<u>-58.0</u>	
	-25.4	-20.8	-1.0	-21.8	-1.8	-49.0	

So it appears that there was an expected 'gain' of \$58 million as part of the surplus estimate, and the result was a gain of only \$9 million. A rather illusory notion of a questionable form of surplus.

*4c - The 8 month estimate (Dec 2011 to Aug 31 2012) for the adjustment to the 'gain' from individuals taking lump sum cashouts is apparently based on the 2012-10-09 memo noted above (i.e. the difference between the ending surpluses of 5.7 and 2.6), but might also be some conservatism in the overall estimated surplus provided by the negotiating team. Nevertheless, the figure has been used to estimate back to 2006YE what the estimated gain was expected to be from individuals taking lump sum payouts.

*5- For the 8 months ending Aug 31, 2012 the surplus reconciliation in the 2012-10-11 transfer document seems inconsistent with (and misleading relative to) the approach taken in the prior years' valuation reports. For example, instead of identifying interest on surplus, it shows a much higher amount for interest on liabilities instead, which results in an apples and oranges comparison in the analysis. Also (in addition see the comments for *4c. The presentation also raises the question whether "interest on pending expense reimbursement" which is disclosed in this document is not disclosed in the the other surplus movements ??

This is Exhibit "C" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013


.....

A Commissioner for taking affidavits, etc.

Uma Ratnam

From: anne_carey@rogers.com
 Sent: March-12-13 12:42 AM
 To: Canada Life Main Pension Class Action
 Cc: anne_carey@rogers.com
 Subject: Re: Objection to Amendment of Canada Life Class Action.

typo.....diminishment..... of Settlement Proceeds.....sorry.

--- On Tue, 3/12/13, anne_carey@rogers.com <anne_carey@rogers.com> wrote:

From: anne_carey@rogers.com <anne_carey@rogers.com>
 Subject: Objection to Amendment of Canada Life Class Action.
 To: canadafeclass@kmlaw.ca
 Cc: anne_carey@rogers.com
 Date: Tuesday, March 12, 2013, 4:38 AM

To the attention of the Honourable Justice Perrell.

As a member of the Integration PWU Group, I am writing further to the letter dated February 15, 2013 which I received from Koskie Minsky LLP.

I wish to strongly and wholeheartedly oppose any approval of the proposed amendment by your Honour on Monday, March 18, 2013, on grounds that include the following points:

First of all, procedurally speaking, after 18 months of "radio silence" from Class Counsel, I suddenly received this letter giving me two weeks to get my objections in to you in preparation for the upcoming hearing, which I believe as a timeline or notice period as neither fair nor reasonable.

With respect to the substance of the matter, I think it is necessary to empathize as strongly as possible that the resolution which is being presented at this time does not constitute a minor change or "amendment", but rather represents a virtual recind of everything that was proposed as late at 2011, when we were asked to agree on the settlement proposed. Specifically, It had been previous confirmed in written communication that I was entitled to approximately \$38,000.00 of surplus, at this point, the "amendment" is offering me a meagre \$1,000.00 in lieu of this \$38,000.00, and others I know stand to loose upwards of \$57,000 to \$98,000.00.

Class Counsel and the CLPENS representatives, had "strongly" advised me in writing to accept the original Settlement, never once informing me of the possibility of such a fundamentally dramatic decline. This very amendment itself speaks to the fact that there is no guarantee of the meagre \$1,000.00. ever being paid.

Therefore, I appeal to your Honour, not to approve this amendment proposal by Canada Life and Koskie Minsky LLP. or at least not until such time as I and the rest of my colleagues in the Integration PWU Group, who were downsized (all 3000) of us back in 2002/2003, by Canada Life/Great West Life, have been given the opportunity to meet and discuss along with the CLPENS representatives, and Class Counsel in order to make a more informed decision.

Indeed, I would also go as far as to request, a full actuarial review of the Settlement given the gross insignificance of the explanations offered by Canada Life and Class Counsel.

As an aside comment, in the infancy of establishing the original CLPENS group and up to time peiod the communication packages and member voting, annual meetings were conducted as a forum of keeping us informed, however, over the past 18 months no such opportunity have been offered or afforded us. As a matter of fact there has been "radio silence" running in tandem with the dimishment of the Settlement proceeds up to and including this latest communication on the amendment.

I look forward to the opportunity of being able to present myself and further material to you on the 18th.

Yours very truly;
Anne Carey

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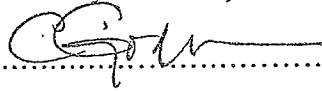
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This is Exhibit "D" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read 'C. Guindon', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Uma Ratnam

From: Pension Group <clpens@rogers.com>
 Sent: February-22-13 7:15 AM
 To: Canada Life Main Pension Class Action
 Subject: Fw: Re: Recent Developments - CLIO THINKS THAT THIS CANNOT BE TREATED AS
 OBJECTION

--- On Thu, 2/21/13, Oanh Truong <oktruong@yahoo.ca> wrote:

From: Oanh Truong <oktruong@yahoo.ca>
 Subject: Re: Recent Developments
 To: "Pension Group" <clpens@rogers.com>
 Date: Thursday, February 21, 2013, 12:04 PM

Dear Sirs, Madams,

Thank you for letting me know.

I understand the difficult economic time, interest rate can effect the surplus.

However, it should not be a main reason to reduce the PWU substantially.

It is Employee's pension plan, our surplus. We already give up already so much.

In my opinion, no matter what we should receive closed to estimated.

My concern is the possible second distribution. Is it going to be 15 millions??

I am going to object to the amendments.

Hopefully the issue will be resolved fairly, reasonable.

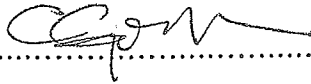
Sincerely ,

Oanh Emily Truong
 416 251 4052
 416 816 9955
Oktruong@yahoo.ca

On 2013-02-20, at 12:32 PM, "Pension Group" <clpens@rogers.com> wrote:

In case anyone has not received the February 2013 letter from Koskie Minsky LLP, this is to let you know that their website has been updated to reflect the most Recent Developments concerning the Surplus Settlement. Copies of the letters sent to affected groups are available here.

This is Exhibit "E" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013



.....
A Commissioner for taking affidavits, etc.

Uma Ratnam

From: Henry Rachfalowski <Henry_Rachfalowski@manulife.com>
Sent: February-20-13 4:53 PM
To: Canada Life Main Pension Class Action
Subject: Changes to Settlement

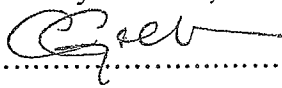
To Whom it May Concern,

I am opposed to the changes proposed in the undated Notice to Members of the Integration Partial Windup (February 2013 on your website). I believe that all fees and expenses should be revisited and I believe that the distribution of any funds should be done on a pro-rata basis.

Henry A. Rachfalowski
Vice President & Senior Managing Director, Canadian Credit
Manulife Financial
200 Bloor Street East, NT4, B15
Toronto ON M4W 1E5
Bus: 416-852-3773
Fax: 416-852-6333
Exec. Assistant: Deborah Halls (416) 852-4098 x 224098

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This is Exhibit "F" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013


.....

A Commissioner for taking affidavits, etc.

Uma Ratnam

From: dfilipovi@sympatico.ca
 Sent: March-07-13 10:24 PM
 To: Canada Life Main Pension Class Action
 Cc: clpens@rogers.com
 Subject: revised * re. Canada Life Pension Plan: Objections/Comments for hearing of March 18, 2013

*** Please use this version instead of the one send earlier today. It corrects a date from Feb. 4/13 to Feb. 14/13 ***

The following letter is entrusted to Koskie Minsky LLP for filing with the Court in advance of the hearing

Objections / Comments to the amendments to the Settlement for consideration by Ontario Superior Court

While the letter of the law may have been adhered to in "managing" the surplus funds from an estimated \$92,994,000 at June 30, 2005 (Line 33 of the Feb. 6/12 document from Ontario Superior Court) to an estimated \$2.6 million at August 31, 2012 (letter of Feb. 14/13 from CLPENS), the Smell Test has been failed, badly.


All the waiving of rights to receive interest (a measly \$800G), waiving reimbursement of legal fees (a meager \$500G), foregoing legal fees (a paltry \$200G) mentioned in the letter of Feb. 14/13 is much too little, much too late – just insulting. The parties responsible for the stewardship of these funds should have been exercising sound action years earlier.

The letter of Feb. 14/13 stated "The drop is the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties." This hand-washing of any responsibility and utter lack of accepting accountability is very disappointing.

Based on the atrocious governance of funds by the parties charged with stewardship of the moneys of +2,000 others I cannot believe that the proposed settlement represents the best possible outcome. I therefore wish to formally object to the proposed amendments to the Settlement.

Sincerely,
 David Filipovich
 Canada Life employee 1989 - 2003

This is Exhibit "G" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013



.....
A Commissioner for taking affidavits, etc.

Uma Ratnam

From: Paul Ludzki <pludzki@sympatico.ca>
Sent: March-06-13 10:01 PM
To: Canada Life Main Pension Class Action
Subject: Letter of Objection to Canada Life Class Action Settlement Amendments
Attachments: CLA Settlement Objection.doc; ATT1818002.txt

My Letter of Objection to the amended settlement in the Canada Life class action proceedings is attached.

To Counsel for the Canada Life ex-employees and to the Ontario Superior Court

Re: Canada Life Employees Pension Plan – Class Action Proceedings and Amended Settlement Proposal

I object to the amended settlement on the grounds that it violates the principle of natural justice. It rewards Canada Life (Great West Life) for a decade of resistance to paying the employees their share of the pension surplus, and it penalizes the employees for spending all that time negotiating and eventually agreeing to a dramatically different settlement than what we are presented with now.

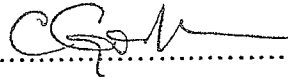
The numbers speak for themselves. During the ten years that have passed since Great West Life spent \$7.4 Billion dollars to buy Canada Life, Great West Life recorded an annual profit of around \$2 Billion per year (more, in most years). All this time the company held on to the estimated \$100 Million pension surplus, resisting ex-employees' claim to it, knowing that the employees are losing years of opportunity to enjoy their share of the money while the company merrily goes along making money regardless of what happens to the pension surplus. Finally a settlement is reached, on the basis of which the ex-employees are given an estimated payout which sounds significant, so we agree to the settlement. However the settlement is engineered so that the wealthy insurance company doesn't simply pay the settlement amount to the employees, but rather it is "required" to ask other insurance companies to provide annuities to the plaintiffs. Lo and behold, these other insurance companies decline to do so, and Great West/Canada Life, after counting another \$2+ billion dollar profit in the ensuing year, is able to plead poverty and an inability to pay out even the half of the \$100M surplus it had settled for, instead declaring that it is now only able to pay 3% of the original surplus, on the basis of "a change in the prescribed actuarial assumptions" and the fact that a lot of the ex-employees selected one of the pension options they were offered by the company (which pensions, incidentally, have been frozen for 10 years because of the company's intransigence and preference for legal manoeuvring.)

Great West Life (Canada Life) can easily afford to pay the amounts that were estimated in the original settlement proposal. Hiding the surplus back inside the ongoing pension plan does not change that fact. Neither do "difficult economic circumstances" change that fact. (At \$2+ Billion profit per year, Great West Life is clearly not suffering from difficult economic circumstances.)

The plaintiffs and their lawyers should not accept this settlement and the court should not enforce it. The court should enforce a payout in line with the numbers that were presented to the ex-employees when the settlement was first proposed. Anything less is a violation of the trust and goodwill expressed at the time by the employees, and a perversion of the settlement agreement which only benefits the company.

Paul Ludzki
43 Lawrence Ave. W.,
Toronto, ON M5M 1A3
Canada Life employee 1994-2004

This is Exhibit "H" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read 'CS', followed by a horizontal line.

.....
A Commissioner for taking affidavits, etc.

Uma Rathnam

From: Janice Durst <janicedurst@rogers.com>
Sent: March-11-13 11:46 PM
To: Canada Life Main Pension Class Action
Subject: Hearing Scheduled for March 18, 2013 / Objection being filed
Attachments: CL Class Action - letter to Koskie Minsky - Mar 11 '13.doc

March 11, 2013

Email to: canadalifecclass@kmlaw.ca

Koskie Minsky LLP, Barristers & Solicitors
20 Queen Street West, Suite 900, Box 52,
Toronto, ON M5H 3R3

Re: Canada Life Class Action / hearing scheduled for March 18, 2013
Attn: The Right Honourable Justice Perell

I am submitting this objection to approval of the Amended Settlement (that had originally been approved by the court on January 27th, 2012) at March 18, 2013 based on the fact that we, the Class Members, have been given neither sufficient time to review and properly assess the details and understand the immediate and longer term impacts of the proposed amendments, nor the means to meet and collaborate with fellow Members of the Class.

There has been a rather lengthy period during which we, the Class Members, have had no opportunity to commune. The last AGM for Class Members was, to the best of my knowledge, held in November 18th, 2009. Given the complexity of this matter, it would have been expected that the CLPENS Exec would have arranged a current opportunity for the Class Members to meet, in light of the fact that they have the means to contact and bring this group together.

I advised Koskie Minsky on February 25th, 2013 that I felt there was material that we should be able to review, and was told by Koskie Minsky on February 26th that "It is *anticipated* that there will be material filed with the Court in advance of the March 18 hearing, by both Canada Life and the Plaintiffs, which will explain and substantiate the drop in surplus. This *may* include both affidavit evidence and actuarial reports." [Italics mine.] On March 4th I received an email indicating that "we have posted some information on our website related to a motion last September which describes and explains the drop in surplus, which you will find useful". This material does not include the original actuarial assessment against which the change in value might be assessed.

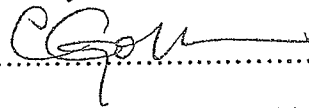
Given the fact that I am today being told that the share of the Surplus attributable to me personally is potentially \$1,000 when I was advised in writing just two years ago that the amount was assessed at \$57,849 [which I was strongly urged by CLPENS to accept and agree to], you can appreciate that I require more than one week's time to attempt to gather the additional requisite data to carry out a full assessment of this matter and to secure professional counsel.

Thank you for your consideration. I will be attending the hearing on Monday, March 18th.

Sincerely,

Janice M. Durst,
147 Milverton Blvd.,
Toronto, ON M4J 1V2

This is Exhibit "I" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013



.....
A Commissioner for taking affidavits, etc.

From: k heywood <kheywood2003@yahoo.ca>
Sent: March-11-13 3:16 PM
To: Canada Life Main Pension Class Action
Cc: dan.anderson@sympatico.ca
Attachments: CLA pension surplus amendments - retaining rights to distr.pdf; CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf

Categories: Purple Category

Based on the information that the windup group has received, and the disappearing surplus, I would want to retain the rights to distributable surplus, in segregated pension windup fund and for GWL to provide more latitude than appears in the current agreement. With respect to the surplus, I do not want to support the proposed amended agreement which cashes out your interest in the distributable surplus as at Dec 2013 with revisions at Dec 2014. My preference is to have a longer-term opportunity to share in what is expected to be a higher level of distributable surplus in the future. As a member of the partial wind up group, the dramatic decline in the surplus should be more fully explained in plain english by GWL as well as the actions to improve these investments and improving what appears to be insufficient information for CLPENS to take actions to prevent the surplus decline.

I have attached two supporting documents prepared by Dan Anderson. The attached commentary document 'CLA pension surplus amendments' includes a 2013-02-11 addendum. I would rather see an approach described as "retaining rights to distributable surplus, in segregated pension windup fund" as identified in this document. The 2013-03-11 addendum addresses the ancillary consideration of offsetting the potential negative impacts on future inflation protection. The second document, summarizes the component parts for the 2006-2011 surplus changes, with related commentary.

I will likely not be able to attend on March 18.

Sincerely,
Karen Heywood

CLA pension surplus amendments - retaining rights to distributable surplus 2013-03-11.pdf

March 10, 2013 *[also see March 11 addendum attached below, and misc. revision in red]*

CLA Windup Surplus
Nature and Adequacy of Proposed Settlement Amendments

Rationale for Retaining Rights to Distributable Surplus
in Segregated Windup Pension Fund

With regards to the proposed amendments to the settlement agreement, two key considerations are the nature and adequacy of the proposed amendments.

The Court-approved Feb 2013 communications to CLA class action members indicate that the purpose of the amendments is to address the "changed economic circumstances". That same communication seems to state incorrectly: "the drop in the estimated integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties".

In fact, the surplus decline appears to be primarily as a result of the CLA windup pension fund management unilaterally (supposedly with the knowledge and/or influence of GWL representatives, but without the awareness of CLA windup members and their representatives), taking an aggressive duration-structure investment policy that was inconsistent with the duration structure of the liabilities and which guaranteed in the interim a dramatic drop in surplus if interest rates fell, while holding that asset position with the expectation of a highly-leveraged increase to surplus if and when interest rates increase.

The GWL representatives are positioning themselves to have potentially 100% of the financial recovery that is anticipated by such an investment policy, while compelling the CLA windup members to cash in their right to a share of distributable surplus in advance of such a financial recovery.

The attached draft pdf report ("*CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf*") provides an indication of the primary components for the surplus drop from 2006 to Aug. 31, 2012. The CLA windup fund surplus is shown as dropping from \$103 million at 2006 yearend, to a guesstimated \$54 million at June 30, 2011, to \$2.6 million at Aug. 31, 2012.

The estimated effect of the proposed amendments appears to be an offsetting amount of only \$5.3 million (i.e. $2.6+0.8+0.5+0.2+1.2$), leaving a substantial shortfall relative to the surplus drop, and more specifically a substantial shortfall relative to the portion of the drop that would be due to the adverse effects of the pension funds' unilateral investment policies.

The proposed amendments should provide much greater latitude for CLA windup members to participate in the eventual financial recovery that has been assumed by the structure of the fund's ongoing investment policy.

The comments below provide a framework that helps to clarify some of the considerations, although it is presented as a comparison between the CLA windup group and the Indago-Pelican-Adason groups.

An alternative approach that could be incorporated into the proposed amendments is outlined at the end of the commentary below, in place of the proposed one-time surplus adjustment at Dec 2014 and the cap on the subsequent financial recoveries.

March 10, 2013

To: Canadalifers and CLPENS representatives

re: Comparing CLA and IPA (Indago-Pelican-Adason)

During the March 5 phone discussion with KM lawyers, they confirmed the understanding that the amount of distributable surplus for the Indago and Pelican groups has been very stable (from 2006 to 2012), compared to the dramatic decline in the distributable surplus for the CLA windup group. The Feb 2013 letter from the CLPENS representatives also refers to the Adason group and seems to indicate that the Adason group's surplus has also been relatively stable.

However, the above reference to distributable surplus is really an apples and oranges comparison because of the different circumstances for the two groups, as will be illustrated by the comparison commentary below.

It seems worthwhile to understand why the CLA experience appears to be so much different from Indago etc.

But it is also worthwhile to understand that in fact the IPA (Indago-Pelican-Adason) members are probably in pretty much the same or worse financial situation relative to the windup group prior to the settlement date, setting aside for now any presumption that the IPA members would have made different investment decisions in the time period from 2006 to 2012, but in the context of those CLA investment policies, but the proposal to now force the CLA windup members to cash in their proportionate entitlement to distributable surplus, would seem to put the CLA windup members in a worse position.

Furthermore, if you take the time to read and understand the following comparison of the CLA and IPA circumstances, it provides a reference framework that should help to clarify some key considerations from the perspective that, although a final agreement on approach should be established ASAP and the legal costs should stop, the CLA windup group members should not all be compelled to cash out their right to a proportionate share of the surplus now, when the surplus has dipped so low (as a result of the pension fund's speculative investment policy that guaranteed losses for CLA windup members if interest rates fell and now guarantees gains for GWL if interest rates eventually rise). Cashing out the right to surplus now implies effectively losing access to almost all of that potential future financial recovery that is presumed by the fund's investment policy (and it seems inadequate to not only allow only one point in time, Dec 2014, to allow for a token sharing in recovery that may or may not happen by then, but to also arbitrarily cap any recovery that happens to occur).

Now, let's look at a comparison of the CLA windup members and the IPA terminated members.

The commentary below will be referring to only the comparison group of CLA and IPA members described herein, even though the respective groups might sometimes be referred to more generally as CLA members, IPA members, CLA windup members, IPA terminated members, etc.

CLA windup members were entitled to a share of their pension fund's surplus because they were designated as a partial windup group. No cash could be taken out of the fund until the windup process allowed that to happen. Assume for this comparison that none of those members were past their retirement date and none of them took a commuted value (very few did). In other words, prior to a surplus payment at the final settlement date, no cash left the pension fund.

The IPA terminated members will be receiving a share of their respective pension funds' surplus, even though those terminated members have not been formally designated as a partial windup group. Assume for this comparison that all of those IPA members took a commuted value prior to 2006 (apparently the vast majority of those members did take their money out of the fund). In other words, at least seven years prior to receiving a final surplus-settlement payment, all of the cash associated with the commuted value of their liabilities would have already been paid out of the fund.

Also assume, for an apples to apples comparison, that the IPA members are going to have a personal objective of using their commuted values to generate approximately the same pension benefit stream that they would have had with Canada Life, and they will hire someone to do the same asset and liability calculations (using windup valuation assumptions) that would be done by a pension fund, with a determination of the surplus or deficit position. When they first do that calculation as at 2006 yearend, they would see they were already in a deficit position relative to the assets in their possession because the commuted value they received was less than the windup value of the pension, although that shortfall in the commuted value payment

would supposedly be part of the 'surplus' they would now be collectively entitled to at the final settlement date.

For simplicity, assume that we are comparing a set of CLA and IPA members where each group had the same pension entitlements, and therefore would have the same total present value of pension liabilities at each point in time from 2006 to 2012. Also assume that the total assets associated with those liabilities was the same as at 2006 yearend, implying the same total "surplus" associated with the liabilities.

Also assume that from 2006 to 2012 the IPA members invested their commuted values in exactly the same way that the CLA windup investment managers invested the CLA windup pension funds, taking a risk position to benefit if and when interest rates rise (while incurring a not-yet-realized loss if interest rates first fall lower). The IPA members had no fiduciary responsibility to 'protect' their own financial position by purchasing assets that were consistent with the structure of the pension liabilities, and so we might assume for this comparison they took the same financial risks taken by CLA investment managers with the hope that interest rates would eventually increase.

Then from 2006 to 2012 the total asset, liability and "surplus" values would be the same for the IPA and the CLA groups.

For the IPA members, however, the "surplus" (difference between total assets and total liabilities) is divided into two components: a) the pension fund or fund owner would hold a relatively larger positive surplus component which at 2006 yearend was equal to the total net surplus plus the effect of the original commuted value shortfall, while b) the IPA member would hold an increasingly negative component that starts out 2006 yearend as the shortfall in the commuted value payout and increases with time as interest rates fall, liability values increase and the duration-mismatched assets are not able to increase in value to offset the increase in the present value of the liabilities.

There seem to be at least three notable observations from the above comparison of IPA and CLA groups:

A. Identical assets, liabilities and surplus associated with the IPA and CLA groups

With the above simplified assumptions (for comparison purposes), we would see that from 2006 to 2012 those comparative CLA and IPA groups would be associated with identical asset, liability and surplus values, in aggregate, but only if you look at the combined results regardless of who is holding the assets and making investment decisions and who is entitled to what proportion of the difference between the asset and liability values before and after the settlement date.

B. Differences in the proportionate ownership claims on the "surplus" up to the settlement date.

In this regards the IPA members would seem to actually be worse off (before considering the issue of what happens after the settlement date).

For CLA windup members, GWL's proportionate ownership of surplus up to 2012 year-end would apply to the total net surplus, such that GWL would in effect be participating in the adverse effects of the pension fund's investment decisions, although CLA windup members would also be proportionately impacted by the investment decision even though the CLA windup members had no say in the decision to purchase assets that were inconsistent with the long-term nature of the liabilities.

For the IPA members, however, GWL representatives would claim no ownership of the increasingly negative "surplus" held by the IPA member, but would likely claim a full proportionate ownership of the inflated positive surplus that is not in the hands of the IPA member.

In this regard, the IPA members would seem to be financially worse off relative to CLA windup members (before considering the issue of what happens after the settlement date) primarily because for the IPA financials, GWL would not be participating at all in the negative impact on surplus of the 2006-2012 investment decisions (i.e. where the market value of the assets is not increasing on a consistent basis relative to the increase in the present value of the liabilities), although this non-participation by GWL is consistent with the fact the GWL is not party to those IPA investment decisions to purchase assets that were inconsistent with the long-term nature of the liabilities.

Now consider in item C below what happens after the settlement date

C. Differences in proportionate ownership of expected financial recovery after the settlement date.

The CLA windup pension fund's investment policy since 2008 appears to be predicated on the gamble that interest rates would eventually rise. That investment policy guaranteed a huge drop in surplus as interest rates declined further. For this comparison we have assumed that IPA members have followed the same investment policy. FWIW, individuals would probably be reluctant to invest in long term bonds when interest rates are at historical lows.

So such losses have occurred up to the present and may persist to the expected settlement date of Dec 2013.

The comparison of CLA windup members and IPA terminated members changes after the settlement date.

The IPA members would have taken all of the investment policy surplus hits prior to the settlement date, and will get 100% of the financial recovery that is expected by that investment policy to eventually occur after the settlement date.

However, for the CLA windup members, although they are taking a large portion of the investment policy surplus hit prior to the settlement date (rather than 100% of that hit), they may end up with 0% of the financial recovery that is expected by the investment policy to eventually occur after the settlement date.

As noted above for CLA windup members, being forced to cash out their right to distributable surplus now, when surplus has hit a low point, is likely to imply losing access to almost all of the eventual financial recovery that has been expected by the aggressive short-duration asset structure of the 2008-2012 investment policy. It seems insufficient to allow only one point in time, Dec 2014, for a token sharing in recovery that may or may not happen by then, and to also arbitrarily cap any recovery that may occur.

Individuals with a sizable stake in the windup group might argue for the following alternative:

Retain Rights to Distributable Surplus, in Segregated Windup Pension Fund

a) Agreement on % share of surplus. Stop the legal expenses and recognize that the main result of the legal action has been to establish an agreement on the proportionate share of the surplus in the windup group segregated fund (along with the effect of the proposed amendments). The settlement date, which could be as at Dec 2011 or Dec 2012 would be primarily for the purpose of finalizing those % shares.

b) Continue to segregate the windup pension plan. Because of the inappropriate investment mix that has been positioned to produce leveraged gains only when interest rates rise, the windup fund should continue to be segregated until there is a reasonable opportunity for the surplus to be restored (excluding of course any additional pension contributions that GWL might make ... which seems unlikely anyway),

c) Individuals decide when to cash out their % share. Rather than being forced to cash out your share of the surplus when things are so bad, individuals would retain their proportionate interest in the surplus as it rebuilds in the fund, and every year or every 3 years when the fund would be revalued anyway for ongoing reporting, individuals would have the option to take out their share of the surplus, with this option staying in effect subject to a mandatory payout after, say, 9 years (or longer) if no election was made prior to that point.

d) GV/L gets to withdraw surplus only as individuals cash out their % share. CLA windup members would benefit from the fact that GWL also retains a financial interest in the surplus in the fund because GWL they would only be able to remove a portion of that surplus as individuals

e) How can this approach be implemented without unnecessary complications and expense? The real value in this approach is individuals retaining the option of deciding when to cash out, and retaining that option for an extended period of time. The % shares of the distributable surplus would not have to change over time other than to recognize that distributable surplus would itself be proportionately smaller as others have taken out their share. There is no need to complicate the process by making an argument that individual % shares change as individuals age relative to their retirement date.

Addendum - March 11, 2013

One Additional Consideration - An Offset to Potential Impact on Future Inflation Adjustments

This is an ancillary consideration that might affect only some pension members, and not the primary financial rationale for retaining rights to distributable surplus in a segregated windup pension fund.

For some pension members there appears to be one additional compelling reason for the above approach, and that is in the context of anomalies in the CLA pension plan restrictions on future inflation protection. The comments below try to address this issue, after first trying to clarify the context. Retaining a right to the distributable surplus percentage in a segregated windup fund could help to provide windup members with a financial offset to potential future losses to inflation protection. Non-windup pension members would not have the benefit of that sort of offset, but would be protected from any related distortions that might result from combining the assets of the ongoing pension fund and the segregated pension fund.

The above March 10 commentary takes into account the fact that pension fund investment managers cannot manage assets without considering the duration structure of the corresponding liabilities, and when interest rates change, the financial effect on the market value of the assets is meaningless without also considering the financial effect on the market value of the liabilities.

For similar reasons, measures of the "rate of return" on the assets can be meaningless and misleading by themselves, since such rates are directly affected by the market value of the assets but take no account of the market value of the liabilities.

However, the CLA pension plan provides that some pension members will lose out on some of their inflation protection if the cumulative rate of return on the assets in the plan AS MEASURED FROM THEIR RETIREMENT DATE is less than the cumulative inflation from their retirement date.

Now, CLA's investment policy in the segregated windup pension fund (2006 to present) has apparently been set up to guarantee surplus losses if interest rates fall (despite the increase to asset market values), under a presumption that interest rates will be increasing.

If interest rates now do increase, the bond market values will drop and that would negatively impact the rate of return on the assets for that time period, even though surplus would be increasing because of an even greater decrease in the market value of the liabilities (i.e. the reverse of what happened 2008-2012).

If windup members are compelled to prematurely cash in their rights to a percentage share in distributable surplus, they would not only lose out on participating in the recovery of that surplus value, but at the same time may also find that they will lose out on some of their pension inflation protection.

Draft 2013-03-10

Partial Windup Group's Segregated Pension Fund Surplus

(\$ millions)

See commentary in notes below the summary.

- CLPENS split? -						
Start of Period	2006-12-31	2008-12-31	2011-06-30	2008-12-31	2011-12-31	2006-12-31
	2 years	2 yrs 6 mo	6 mo	3 years	8 months	5 yrs, 8 mo
Starting surplus	103.4	71.8	54.0	71.8	11.3	103.4
Revision to est. windup expenses:						
a) expense paid (*2)	0.0			0.0	0.0	0.0
b) revised est future pay't (*2)	-9.8			-10.8	-12.7	-12.7
c) deduct starting estimate (*2)	2.8			9.8	10.8	2.8
net change in est. expense	-7.0	-0.0	-1.0	-1.0	-1.9	-9.9
Interest on surplus	15.8	7.9	1.6	9.5	0.2	25.5
Surplus transfers (*1)	0.0	0.0	6.1	6.1		6.1
Primary surplus changes						
1. Net MV changes (*3) to:						
a) MV adj liabilities	5.7	41.2	51.2	-62.4	-5.2	-61.9
b) MV adj supporting assets	-23.3	7.3	1.5	8.7	0.0	-14.6
Net MV adjustment >>	-17.6	48.5	49.7	-53.7	-5.2	-76.5
2. 'Gain' from individuals taking lump-sum payouts (*4):						
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0
b) revised expected future gains	see *4				see *4	0.0
c) deduct prior expectation	-25.4			-29.5	-3.1	-58.0
Net 'gain' from payouts >>	-25.4	21.8	0.0	-21.8	-1.8	-49.0
Balance	2.6	0.0	0.9	0.4	0.0	3.0
Ending surplus	71.8	54.0	10.0	11.3	2.6	2.6
End of Period	2008-12-31	2011-06-30	2011-12-31	2011-12-31	2012-08-31	2012-08-31
Data Sources >>	pg 12 of 2008 ye valn report (Sept 2009)		per surplus estimate in CLPENS~ letter (May 2012)	pg 12 of 2011 ye valn report (Sept 2012)	1. pg 5 of 2012-10-11 trnsfr report 2. Amy info 2012-10-09 (*5)	combined

*1 - the surplus transfers relate to revised surplus allocations, relative to the non-windup group, per various data changes regarding the original split of the liabilities between both groups.

*2 - The total cumulative windup expenses (also called settlement expenses) to be paid at time of the settlement for legal, administrative, actuarial and communications costs, including interest, increased from an expected value prior to 2006 YE of \$4.7 million (already deducted from the starting surplus) to an expected level as at Aug 31, 2012 of \$12.7 million. Apparently the current expected level as at March 2013 is \$13.7 million. This would be in addition to whatever expenses might have already been paid but not identified explicitly in the surplus movements?

*3 - MV (market value) changes would be expected here to generally net to zero, except to the

extent that the investment policy took a gamble on either the equity markets (pre-2008) or (post-2008) invested in bonds that had an average remaining term significantly shorter than the average term of the liabilities, hoping for a net gain if interest rates increased but guaranteeing substantial leveraged market value losses (i.e. MV of liabilities would increase without a corresponding increase to the supporting assets) if interest rates fell, which is what happened.

*4a - Notably, the approach of a collective 'gain' from lump sum payouts seems unreasonable in the context of the windup allocations, although one could argue in this case that the other windup group members may not in fact have have profited from that windfall gain, to the extent that the fund management's investment policies have more than wiped out such potential 'gains'?

*4b - For this lump-sum (commuted values) category of profits, it is the net of these two numbers that matters here. To make it easier to tie back to the reports (and due to a lack of sufficient info) the numbers do not respectively represent the full revised amount of surplus from commuted value payouts and the full original expectation of such profits.

The following would be a more complete presentation of this item:

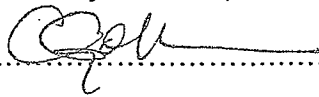
2. 'Gain' from individuals taking lump-sum payouts (*4):	2 years	2 yr, 6 mo	6 mo	3 years	8 months	5 yrs, 8 mo	
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0	*4
b) revised expected future gains	32.6			3.1	0.0	0.0	*4
c) deduct prior expectation	<u>-58.0</u>			<u>-32.6</u>	<u>-3.1</u>	<u>-58.0</u>	
	-25.4	-20.8	-1.0	-21.8	-1.8	-49.0	

So it appears that there was an expected 'gain' of \$58 million as part of the surplus estimate, and the result was a gain of only \$9 million. A rather illusory notion of a questionable form of surplus.

*4c - The 8 month estimate (Dec 2011 to Aug 31 2012) for the adjustment to the 'gain' from individuals taking lump sum cashouts is apparently based on the 2012-10-09 memo noted above (i.e. the difference between the ending surpluses of 5.7 and 2.6), but might also be some conservatism in the overall estimated surplus provided by the negotiating team. Nevertheless, the figure has been used to estimate back to 2006YE what the estimated gain was expected to be from individuals taking lump sum payouts.

*5 - For the 8 months ending Aug 31, 2012 the surplus reconciliation in the 2012-10-11 transfer document seems inconsistent with (and misleading relative to) the approach taken in the prior years' valuation reports. For example, instead of identifying interest on surplus, it shows a much higher amount for interest on liabilities instead, which results in an apples and oranges comparison in the analysis. Also (in addition see the comments for *4c. The presentation also raises the question whether "interest on pending expense reimbursement" which is disclosed in this document is not disclosed in the the other surplus movements ??

This is Exhibit "J" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013


.....

A Commissioner for taking affidavits, etc.

796481 East Back Line
R.R.1. Berkeley. ON
N0H 1C0

pandahnewman@gmail.com

March 11, 2013

Koskie Minsky LLP,
Barristers & Solicitors,
20 Queen Street West, Suite 900,
Box 52,
Toronto, Ontario
M5H 3R3

Attention: Canada Life Class Action

Dear Sirs,

I am a Non-PWU Group – Pensioner under The Canada Life Canadian Employees' Pension Plan, Company ID # 819754, and I wish to object to the amendment to the Settlement.

The proposed changes to the original Settlement are so extensive and far reaching that they invalidate the member's elections evidenced on the Decision Forms that were completed in April 2011.

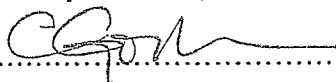
My support of the Settlement was given on the understanding that I would receive a share of the surplus roughly equivalent to the estimated amount you stated in Document E of the Settlement Proposal Package. If I understand your numbers correctly, that estimated amount will be reduced by about 80%.

I therefore wish to rescind my support of the Settlement and to remain, with all of my rights and benefits and guaranteed pension, in The Old Plan.

Yours sincerely,

Howard H. Newman

This is Exhibit "K" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013


.....

A Commissioner for taking affidavits, etc.

Kim Gadd
11-2 Wingreen Court
North York ON M3B 1B9

Monday March 11, 2013

Koskie Minsky LLP
Barristers and Solicitors
20 Queen Street West
Suite 900 Box 52
Toronto ON M5H 3R3
Attn: Canada Life Class Action

Dear Sirs,

Due to lack of available information and a reasonable amount of time to review the proposed Amendments pertaining to the Canada Life employees pension plan Integration Partial Windup, I am not prepared at present to agree with the proposed changes.

I require more details regarding the events and circumstances which led to the need to put such Amendments in place. Only then, will I be in a position to reasonably analyze and consider the Amendments presented. That being said, following written receipts of details that might support Such amendments, I would require a reasonable amount of time to evaluate and determine if Such amendments are warranted.

-2-

In addition, the Class Members were not provided with an opportunity to meet with other Class Members. It is for this purpose as well that I require additional time, and am formally requesting That the decision pertaining to the adoption of the Amendments be deferred.

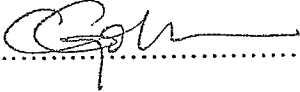
Thank you for your consideration in light of the circumstances illustrated. As you are well aware, These proposed changes impact not only myself, but many other individuals.

Yours,

A handwritten signature in cursive script, appearing to read "Kim Gadd". The signature is written in dark ink and is positioned below the "Yours," text.

Kim Gadd

This is Exhibit "L" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read "G. Guindon", is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Uma Ratnam

From: Dan Anderson <dan.anderson@sympatico.ca>
Sent: March-11-13 4:59 PM
To: Canada Life Main Pension Class Action
Cc: Clio M. Godkewitsch
Subject: March 11 2013 court submission - CLA pension surplus - NO NEED TO RESPOND
Attachments: CLA pension surplus amendments - retaining rights to distributable surplus
2013-03-11.pdf; CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf

March 11, 2013

to: canadalifeclass@kmlaw.ca

re: submissions for March 18 Court hearing - CLA pension surplus

Regarding the proposed amendments to the pension surplus agreements, I have undertaken to help provide technical support to fellow pension members with regards to the March 18 court hearings. Accordingly, I am submitting the two attached two documents which I have prepared based in part on the information sources identified herein, and I understand some of the members may have made these documents available as part of their submissions as well.

Your sincerely,
Dan Anderson

416-722-4841
dan.anderson@sympatico.ca

attached: "CLA pension surplus amendments - retaining rights to distributable surplus 2013-03-11.pdf"

attached: "CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf"

CLA pension surplus amendments - retaining rights to distributable surplus 2013-03-11.pdf

March 10, 2013 *[also see March 11 addendum attached below, and misc. revision in red]*

CLA Windup Surplus
Nature and Adequacy of Proposed Settlement Amendments

Rationale for Retaining Rights to Distributable Surplus
in Segregated Windup Pension Fund

With regards to the proposed amendments to the settlement agreement, two key considerations are the nature and adequacy of the proposed amendments.

The Court-approved Feb 2013 communications to CLA class action members indicate that the purpose of the amendments is to address the "changed economic circumstances". That same communication seems to state incorrectly: "the drop in the estimated integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties".

In fact, the surplus decline appears to be primarily as a result of the CLA windup pension fund management unilaterally (supposedly with the knowledge and/or influence of GWL representatives, but without the awareness of CLA windup members and their representatives), taking an aggressive duration-structure investment policy that was inconsistent with the duration structure of the liabilities and which guaranteed in the interim a dramatic drop in surplus if interest rates fell, while holding that asset position with the expectation of a highly-leveraged increase to surplus if and when interest rates increase.

The GWL representatives are positioning themselves to have potentially 100% of the financial recovery that is anticipated by such an investment policy, while compelling the CLA windup members to cash in their right to a share of distributable surplus in advance of such a financial recovery.

The attached draft pdf report ("*CLA pension surplus 2006 to 2012 - draft 2013-03-10.pdf*") provides an indication of the primary components for the surplus drop from 2006 to Aug. 31, 2012. The CLA windup fund surplus is shown as dropping from \$103 million at 2006 yearend, to a guesstimated \$54 million at June 30, 2011, to \$2.6 million at Aug. 31, 2012.

The estimated effect of the proposed amendments appears to be an offsetting amount of only \$5.3 million (i.e. $2.6+0.8+0.5+0.2+1.2$), leaving a substantial shortfall relative to the surplus drop, and more specifically a substantial shortfall relative to the portion of the drop that would be due to the adverse effects of the pension funds' unilateral investment policies.

The proposed amendments should provide much greater latitude for CLA windup members to participate in the eventual financial recovery that has been assumed by the structure of the fund's ongoing investment policy.

The comments below provide a framework that helps to clarify some of the considerations, although it is presented as a comparison between the CLA windup group and the Indago-Pelican-Adason groups.

An alternative approach that could be incorporated into the proposed amendments is outlined at the end of the commentary below, in place of the proposed one-time surplus adjustment at Dec 2014 and the cap on the subsequent financial recoveries.

March 10, 2013

To: Canadalifers and CLPENS representatives

re: Comparing CLA and IPA (Indago-Pelican-Adason)

During the March 5 phone discussion with KM lawyers, they confirmed the understanding that the amount of distributable surplus for the Indago and Pelican groups has been very stable (from 2006 to 2012), compared to the dramatic decline in the distributable surplus for the CLA windup group. The Feb 2013 letter from the CLPENS representatives also refers to the Adason group and seems to indicate that the Adason group's surplus has also been relatively stable.

However, the above reference to distributable surplus is really an apples and oranges comparison because of the different circumstances for the two groups, as will be illustrated by the comparison commentary below.

It seems worthwhile to understand why the CLA experience appears to be so much different from Indago etc.

But it is also worthwhile to understand that in fact the IPA (Indago-Pelican-Adason) members are probably in pretty much the same or worse financial situation relative to the windup group prior to the settlement date, setting aside for now any presumption that the IPA members would have made different investment decisions in the time period from 2006 to 2012, but in the context of those CLA investment policies, but the proposal to now force the CLA windup members to cash in their proportionate entitlement to distributable surplus, would seem to put the CLA windup members in a worse position.

Furthermore, if you take the time to read and understand the following comparison of the CLA and IPA circumstances, it provides a reference framework that should help to clarify some key considerations from the perspective that, although a final agreement on approach should be established ASAP and the legal costs should stop, the CLA windup group members should not all be compelled to cash out their right to a proportionate share of the surplus now, when the surplus has dipped so low (as a result of the pension fund's speculative investment policy that guaranteed losses for CLA windup members if interest rates fell and now guarantees gains for GWL if interest rates eventually rise). Cashing out the right to surplus now implies effectively losing access to almost all of that potential future financial recovery that is presumed by the fund's investment policy (and it seems inadequate to not only allow only one point in time, Dec 2014, to allow for a token sharing in recovery that may or may not happen by then, but to also arbitrarily cap any recovery that happens to occur).

Now, let's look at a comparison of the CLA windup members and the IPA terminated members.

The commentary below will be referring to only the comparison group of CLA and IPA members described herein, even though the respective groups might sometimes be referred to more generally as CLA members, IPA members, CLA windup members, IPA terminated members, etc.

CLA windup members were entitled to a share of their pension fund's surplus because they were designated as a partial windup group. No cash could be taken out of the fund until the windup process allowed that to happen. Assume for this comparison that none of those members were past their retirement date and none of them took a commuted value (very few did). In other words, prior to a surplus payment at the final settlement date, no cash left the pension fund.

The IPA terminated members will be receiving a share of their respective pension funds' surplus, even though those terminated members have not been formally designated as a partial windup group. Assume for this comparison that all of those IPA members took a commuted value prior to 2006 (apparently the vast majority of those members did take their money out of the fund). In other words, at least seven years prior to receiving a final surplus-settlement payment, all of the cash associated with the commuted value of their liabilities would have already been paid out of the fund.

Also assume, for an apples to apples comparison, that the IPA members are going to have a personal objective of using their commuted values to generate approximately the same pension benefit stream that they would have had with Canada Life, and they will hire someone to do the same asset and liability calculations (using windup valuation assumptions) that would be done by a pension fund, with a determination of the surplus or deficit position. When they first do that calculation as at 2006 yearend, they would see they were already in a deficit position relative to the assets in their possession because the commuted value they received was less than the windup value of the pension, although that shortfall in the commuted value payment

would supposedly be part of the 'surplus' they would now be collectively entitled to at the final settlement date.

For simplicity, assume that we are comparing a set of CLA and IPA members where each group had the same pension entitlements, and therefore would have the same total present value of pension liabilities at each point in time from 2006 to 2012. Also assume that the total assets associated with those liabilities was the same as at 2006 yearend, implying the same total "surplus" associated with the liabilities.

Also assume that from 2006 to 2012 the IPA members invested their commuted values in exactly the same way that the CLA windup investment managers invested the CLA windup pension funds, taking a risk position to benefit if and when interest rates rise (while incurring a not-yet-realized loss if interest rates first fall lower). The IPA members had no fiduciary responsibility to 'protect' their own financial position by purchasing assets that were consistent with the structure of the pension liabilities, and so we might assume for this comparison they took the same financial risks taken by CLA investment managers with the hope that interest rates would eventually increase.

Then from 2006 to 2012 the total asset, liability and "surplus" values would be the same for the IPA and the CLA groups.

For the IPA members, however, the "surplus" (difference between total assets and total liabilities) is divided into two components: a) the pension fund or fund owner would hold a relatively larger positive surplus component which at 2006 yearend was equal to the total net surplus plus the effect of the original commuted value shortfall, while b) the IPA member would hold an increasingly negative component that starts out 2006 yearend as the shortfall in the commuted value payout and increases with time as interest rates fall, liability values increase and the duration-mismatched assets are not able to increase in value to offset the increase in the present value of the liabilities.

There seem to be at least three notable observations from the above comparison of IPA and CLA groups:

A. Identical assets, liabilities and surplus associated with the IPA and CLA groups

With the above simplified assumptions (for comparison purposes), we would see that from 2006 to 2012 those comparative CLA and IPA groups would be associated with identical asset, liability and surplus values, in aggregate, but only if you look at the combined results regardless of who is holding the assets and making investment decisions and who is entitled to what proportion of the difference between the asset and liability values before and after the settlement date.

B. Differences in the proportionate ownership claims on the "surplus" up to the settlement date.

In this regards the IPA members would seem to actually be worse off (before considering the issue of what happens after the settlement date).

For CLA windup members, GWL's proportionate ownership of surplus up to 2012 year-end would apply to the total net surplus, such that GWL would in effect be participating in the adverse effects of the pension fund's investment decisions, although CLA windup members would also be proportionately impacted by the investment decision even though the CLA windup members had no say in the decision to purchase assets that were inconsistent with the long-term nature of the liabilities.

For the IPA members, however, GWL representatives would claim no ownership of the increasingly negative "surplus" held by the IPA member, but would likely claim a full proportionate ownership of the inflated positive surplus that is not in the hands of the IPA member.

In this regard, the IPA members would seem to be financially worse off relative to CLA windup members (before considering the issue of what happens after the settlement date) primarily because for the IPA financials, GWL would not be participating at all in the negative impact on surplus of the 2006-2012 investment decisions (i.e. where the market value of the assets is not increasing on a consistent basis relative to the increase in the present value of the liabilities), although this non-participation by GWL is consistent with the fact the GWL is not party to those IPA investment decisions to purchase assets that were inconsistent with the long-term nature of the liabilities.

Now consider in item C below what happens after the settlement date

C. Differences in proportionate ownership of expected financial recovery after the settlement date.

The CLA windup pension fund's investment policy since 2008 appears to be predicated on the gamble that interest rates would eventually rise. That investment policy guaranteed a huge drop in surplus as interest rates declined further. For this comparison we have assumed that IPA members have followed the same investment policy. FWIW, individuals would probably be reluctant to invest in long term bonds when interest rates are at historical lows.

So such losses have occurred up to the present and may persist to the expected settlement date of Dec 2013.

The comparison of CLA windup members and IPA terminated members changes after the settlement date.

The IPA members would have taken all of the investment policy surplus hits prior to the settlement date, and will get 100% of the financial recovery that is expected by that investment policy to eventually occur after the settlement date.

However, for the CLA windup members, although they are taking a large portion of the investment policy surplus hit prior to the settlement date (rather than 100% of that hit), they may end up with 0% of the financial recovery that is expected by the investment policy to eventually occur after the settlement date.

As noted above for CLA windup members, being forced to cash out their right to distributable surplus now, when surplus has hit a low point, is likely to imply losing access to almost all of the eventual financial recovery that has been expected by the aggressive short-duration asset structure of the 2008-2012 investment policy. It seems insufficient to allow only one point in time, Dec 2014, for a token sharing in recovery that may or may not happen by then, and to also arbitrarily cap any recovery that may occur.

Individuals with a sizable stake in the windup group might argue for the following alternative:

Retain Rights to Distributable Surplus, in Segregated Windup Pension Fund

a) Agreement on % share of surplus. Stop the legal expenses and recognize that the main result of the legal action has been to establish an agreement on the proportionate share of the surplus in the windup group segregated fund (along with the effect of the proposed amendments). The settlement date, which could be as at Dec 2011 or Dec 2012 would be primarily for the purpose of finalizing those % shares.

b) Continue to segregate the windup pension plan. Because of the inappropriate investment mix that has been positioned to produce leveraged gains only when interest rates rise, the windup fund should continue to be segregated until there is a reasonable opportunity for the surplus to be restored (excluding of course any additional pension contributions that GWL might make ... which seems unlikely anyway),

c) Individuals decide when to cash out their % share. Rather than being forced to cash out your share of the surplus when things are so bad, individuals would retain their proportionate interest in the surplus as it rebuilds in the fund, and every year or every 3 years when the fund would be revalued anyway for ongoing reporting, individuals would have the option to take out their share of the surplus, with this option staying in effect subject to a mandatory payout after, say, 9 years (or longer) if no election was made prior to that point.

d) GWL gets to withdraw surplus only as individuals cash out their % share. CLA windup members would benefit from the fact that GWL also retains a financial interest in the surplus in the fund because GWL they would only be able to remove a portion of that surplus as individuals

e) How can this approach be implemented without unnecessary complications and expense? The real value in this approach is individuals retaining the option of deciding when to cash out, and retaining that option for an extended period of time. The % shares of the distributable surplus would not have to change over time other than to recognize that distributable surplus would itself be proportionately smaller as others have taken out their share. There is no need to complicate the process by making an argument that individual % shares change as individuals age relative to their retirement date.

Addendum - March 11, 2013

One Additional Consideration - An Offset to Potential Impact on Future Inflation Adjustments

This is an ancillary consideration that might affect only some pension members, and not the primary financial rationale for retaining rights to distributable surplus in a segregated windup pension fund.

For some pension members there appears to be one additional compelling reason for the above approach, and that is in the context of anomalies in the CLA pension plan restrictions on future inflation protection. The comments below try to address this issue, after first trying to clarify the context. Retaining a right to the distributable surplus percentage in a segregated windup fund could help to provide windup members with a financial offset to potential future losses to inflation protection. Non-windup pension members would not have the benefit of that sort of offset, but would be protected from any related distortions that might result from combining the assets of the ongoing pension fund and the segregated pension fund.

The above March 10 commentary takes into account the fact that pension fund investment managers cannot manage assets without considering the duration structure of the corresponding liabilities, and when interest rates change, the financial effect on the market value of the assets is meaningless without also considering the financial effect on the market value of the liabilities.

For similar reasons, measures of the "rate of return" on the assets can be meaningless and misleading by themselves, since such rates are directly affected by the market value of the assets but take no account of the market value of the liabilities.

However, the CLA pension plan provides that some pension members will lose out on some of their inflation protection if the cumulative rate of return on the assets in the plan AS MEASURED FROM THEIR RETIREMENT DATE is less than the cumulative inflation from their retirement date.

Now, CLA's investment policy in the segregated windup pension fund (2006 to present) has apparently been set up to guarantee surplus losses if interest rates fall (despite the increase to asset market values), under a presumption that interest rates will be increasing.

If interest rates now do increase, the bond market values will drop and that would negatively impact the rate of return on the assets for that time period, even though surplus would be increasing because of an even greater decrease in the market value of the liabilities (i.e. the reverse of what happened 2008-2012).

If windup members are compelled to prematurely cash in their rights to a percentage share in distributable surplus, they would not only lose out on participating in the recovery of that surplus value, but at the same time may also find that they will lose out on some of their pension inflation protection.

Draft 2013-03-10

Partial Windup Group's Segregated Pension Fund Surplus

(\$ millions)

See commentary in notes below the summary.

- CLPENS split? -						
Start of Period	2006-12-31 2 years	2008-12-31 2 yrs, 6 mo	2011-06-30 6 mo	2008-12-31 3 years	2011-12-31 8 months	2006-12-31 5 yrs, 8 mo
Starting surplus	103.4	71.8	54.0	71.8	11.3	103.4
Revision to est. windup expenses:						
a) expense paid (*2)	0.0			0.0	0.0	0.0
b) revised est future pay't (*2)	-9.8			-10.8	-12.7	-12.7
c) deduct starting estimate (*2)	<u>2.8</u>			<u>9.8</u>	<u>10.8</u>	<u>2.8</u>
net change in est. expense	-7.0	0.0	-1.0	-1.0	-1.9	-9.9
Interest on surplus	15.8	7.9	1.6	9.5	0.2	25.5
Surplus transfers (*1)	0.0	0.0	6.1	6.1		6.1
Primary surplus changes						
1. Net MV changes (*3) to:						
a) MV adj liabilities	5.7	-14.2	-51.3	-62.4	-5.2	-61.9
b) MV adj supporting assets	<u>-23.3</u>	<u>-7.3</u>	<u>-1.5</u>	<u>8.7</u>	<u>0.0</u>	<u>-14.6</u>
Net MV adjustment >>	-17.6	-4.0	-1.8	-53.7	-5.2	-76.5
2. 'Gain' from individuals taking lump-sum payouts (*4):						
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0
b) revised expected future gains	see *4				see *4	0.0
c) deduct prior expectation	<u>-25.4</u>			<u>-29.5</u>	<u>-3.1</u>	<u>-58.0</u>
Net 'gain' from payouts >>	-25.4	-24.8	0.0	-21.8	-1.8	-49.0
Balance	2.6	0.0	0.9	0.4	0.0	3.0
Ending surplus	71.8	54.0	100.0	11.3	2.6	2.6
End of Period	2008-12-31	2011-06-30	2012-12-31	2011-12-31	2012-08-31	2012-08-31
Data Sources >>	pg 12 of 2008 ye valn report (Sept 2009)		per surplus estimate in CLPENS~ letter (May 2012)	pg 12 of 2011 ye valn report (Sept 2012)	1. pg 5 of 2012-10-11 trnsfr report 2. Amy info 2012-10-09 (*5)	combined

*1 - the surplus transfers relate to revised surplus allocations, relative to the non-windup group, per various data changes regarding the original split of the liabilities between both groups.

*2 - The total cumulative windup expenses (also called settlement expenses) to be paid at time of the settlement for legal, administrative, actuarial and communications costs, including interest, increased from an expected value prior to 2006 YE of \$4.7 million (already deducted from the starting surplus) to an expected level as at Aug 31, 2012 of \$12.7 million. Apparently the current expected level as at March 2013 is \$13.7 million. This would be in addition to whatever expenses might have already been paid but not identified explicitly in the surplus movements?

*3 - MV (market value) changes would be expected here to generally net to zero, except to the

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*4a - Notably, the approach of a collective 'gain' from lump sum payouts seems unreasonable in the context of the windup allocations, although one could argue in this case that the other windup group members may not in fact have have profited from that windfall gain, to the extent that the fund management's investment policies have more than wiped out such potential 'gains'?

*4b - For this lump-sum (commuted values) category of profits, it is the net of these two numbers that matters here. To make it easier to tie back to the reports (and due to a lack of sufficient info) the numbers do not respectively represent the full revised amount of surplus from commuted value payouts and the full original expectation of such profits.

The following would be a more complete presentation of this item:

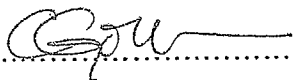
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b) revised expected future gains	32.6			3.1	0.0	0.0	*4
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So it appears that there was an expected 'gain' of \$58 million as part of the surplus estimate, and the result was a gain of only \$9 million. A rather illusory notion of a questionable form of surplus.

*4c - The 8 month estimate (Dec 2011 to Aug 31 2012) for the adjustment to the 'gain' from individuals taking lump sum cashouts is apparently based on the 2012-10-09 memo noted above (i.e. the difference between the ending surpluses of 5.7 and 2.6), but might also be some conservatism in the overall estimated surplus provided by the negotiating team. Nevertheless, the figure has been used to estimate back to 2006YE what the estimated gain was expected to be from individuals taking lump sum payouts.

*5 - For the 8 months ending Aug 31, 2012 the surplus reconciliation in the 2012-10-11 transfer document seems inconsistent with (and misleading relative to) the approach taken in the prior years' valuation reports. For example, instead of identifying interest on surplus, it shows a much higher amount for interest on liabilities instead, which results in an apples and oranges comparison in the analysis. Also (in addition see the comments for *4c. The presentation also raises the question whether "interest on pending expense reimbursement" which is disclosed in this document is not disclosed in the the other surplus movements ??

This is Exhibit "M" referred to in the
affidavit of Anthony Guindon
sworn before me, this 12th
day of March, 2013

A handwritten signature in cursive script, appearing to read "G. Guindon", is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Anthony Guindon

To: Clio M. Godkewitsch
 Subject: RE: A Message from the CLPENS Executive Committee

--- On Tue, 3/12/13, Pension Group <clpens@rogers.com> wrote:

From: Pension Group <clpens@rogers.com>
 Subject: A Message from the CLPENS Executive Committee
 To: wlantler@rogers.com
 Date: Tuesday, March 12, 2013, 3:09 AM

A Message from the CLPENS Executive Committee

In addition to sharing your financial disappointment at the drastically reduced payouts to be paid under our class action settlement, the CLPENS Executive Committee (EC) feels the pain of having so little to show for its many hours of work over many years.

In addition to pondering various "conspiracy theories", the EC has also wrestled with the question of whether "we could have done things differently". On the first count, your EC has considered and rejected the possibility of manipulation and believes firmly that the reduced values to be paid to the Integration Partial Wind-up group ("IPWU Group") are the result of developments in world financial markets and, more specifically, their impact on the yields on Government of Canada real return bonds. On the latter count, we believe that our actions were appropriate in light of the information that was available at the time. The very long time involved in drafting, agreeing to and implementing the Surplus Sharing Agreement was clearly critical but, unfortunately, there was very little that your EC could do to expedite the process. In summary, we achieved an excellent settlement wherein nearly 70% of divisible surplus went to plan members; sadly, world economic developments which were totally beyond our control reduced the divisible surplus amount.

While the outcome of our class action is disappointing, your EC is unanimous in the assessment that it is the best result achievable in the circumstances. With this note, we will provide more background information and hope that our memberships will come to the same conclusion.

Members wishing a more detailed technical explanation of the issues discussed in this note are directed to the "Documents" section of the Canada Life segment of the Koskie Minsky website (<http://www.kmlaw.ca/Case-Central/Overview/Court-Documents/?rid=56>).

Reduced Surplus Values

The biggest issue is the reduction in available surplus with respect to the IPWU Group. The following table summarizes information about the IPWU Group surplus that has been reported to the Financial Services Commission of Ontario.

Valuation Date	Assets	Liabilities	Surplus*
January 1, 2006	\$287.7 million	\$184.3 million	\$103.4 million
December 31, 2008	\$288.9 million	\$217.1 million	\$71.8 million
December 31, 2011	\$293.9 million	\$285.5 million	\$8.4 million
August 31, 2012	\$292.5 million	\$286.8 million	\$5.7 million

*All surplus figures are net of estimated expenses.

Clearly, there has been no deterioration of assets held in respect of the IPWU Group. Almost from the outset of our negotiations, this subset of plan assets was invested primarily in fixed income assets (that is, bonds). While a more traditional asset mix, incorporating greater holdings in stocks, may have produced higher returns, doing so would also have exposed plan assets to a much greater risk of capital loss.

With asset values holding up rather well, it is the increase in plan liabilities that has caused the massive reduction in surplus values.

In simple language, "plan liabilities" for the IPWU Group means the cost of providing the future benefits promised by the plan. For fully indexed pension benefits (most of the pensions paid under the Canada Life Plan are indexed), there are two ways to measure the cost of future benefits. One way is to purchase annuities from an insurance company. The premium charged by the insurance company defines the "exact" cost of the future benefits. In the absence of an annuity purchase^[1], the Canadian Institute of Actuaries recommends that the plan actuary estimate the cost of fully indexed pensions by discounting expected future payments using yields on Government of Canada real-return long-term bonds.

Unfortunately for our situation, the rate for real return bonds has plummeted to all time lows over the past few years:

Date	Real Return Bond Rate*
June 30, 2009	1.86%
December 31, 2009	1.53%
June 30, 2010	1.42%
December 31, 2010	1.11%
June 30, 2011	1.03%
December 30, 2011	0.45%
June 29, 2012	0.44%
December 31, 2012	0.38%

*Source: Bank of Canada

A simple example will show the effect of changing discount rates. If a rate of return of 6% is

assumed, to have \$100 a year from now, you need to invest \$94.34; at 4%, you need to invest \$96.15. A reduction in the interest rate assumed causes an increase in the amount that needs to be invested. Over longer periods (and pensions are long term things), the effect is more pronounced. At 6%, to have \$100 twenty years from now, you need to invest \$31.18; at 4%, you need to invest \$45.64.

While the actuarial calculation of plan liabilities is more complicated, using our simple present value analogy is instructive. At 1.42%, you need to invest \$75.43 to have \$100 twenty years from now; at 0.45%, you need to invest \$91.41. An increase of 21.2%!

While the drop in real return bond rates accounts for most of the increase in plan liabilities, the collective tendency of Integration Partial Wind-up members to stick with their pension benefit (as opposed to taking a lump sum commuted value) exacerbated the situation. For the January 1, 2006 valuation, the actuary assumed that members eligible to retire with immediate pensions would elect purchases and all others would elect lump sums. The plan actuary further assumed that pensions would be purchased for deferred vested members and pensioners. For the December 31, 2008 valuation, the actuary assumed that 30% of members age 55 and over would elect lump sums and 70% would elect purchases. For members from ages 50 to 55, the assumption was 50% lump sums and 50% purchases. For members under age 50, the assumption was 70% lump sums and 30% purchases. By December 31, 2011, actual experience was used (including that all members who had not made elections were assumed to have elected annuity purchases).

We understand that some members have questioned why the surplus distributions to the other partial plan wind-ups (Indago, Adason, Pelican Foods) have not been so severely reduced (or have not been reduced at all).

The reason is that the members of these groups have tended to take commuted value payments and, in doing so, have relinquished their claims to receiving pensions. For members who elect lump sum settlements, the entitlement is determined at the date of termination (effective date of the partial wind-up for deferred vested members on the partial wind-up date) and then brought forward with the initial discount rate to the month of payment, so the key discount rates are the rates in effect when the members terminated employment.

The results for the other partial wind-up groups can be instructive for those who wonder how the surplus disappeared. Specifically, had a large percentage of IPWU Group members opted for a commuted value settlement (giving up their pensions in doing so), the result would have been a large surplus for this group.

The Need for An Amended Settlement Agreement

The Settlement Agreement called for the plan to purchase an annuity to satisfy the benefits of those members of the Class who chose to maintain their benefit in the form of a monthly pension. However, this aspect of the Settlement Agreement could not be implemented as no insurer was prepared to quote on such an annuity.

What to do?

Technically, CLPENS could have asked the Court to set aside the previously-approved settlement on the grounds that it could not be implemented as written. It is not clear that the Court would have done so and, even if the Court agreed to this course of action, we would have been back to the scenario of returning to court to argue about the ownership of the (much diminished) surplus. However, by doing so, no Class member would receive any current

payment. Although members of the IPWU Group had little to lose and may have wished to pursue this strategy, members of the other partial wind-up groups (Indago, Adason, Pelican Foods) had a lot to lose. As Non Partial Wind-up members (retirees, deferred vested members and active members) would not be part of any subsequent court action, they would receive nothing. Accordingly, CLPENS did not think it right to pursue a solution that eliminated all current payouts in return for the possibility of the partial wind-up groups being declared owners of whatever plan surplus existed at an unknown future date.

Instead, we negotiated a compromise with Canada Life. The compromise involved:

- receiving financial concessions which will increase the payout by \$2.7 million. These concessions are itemized under the heading "Amount of Surplus" in the Notice to Members dated February 14, 2013 which is available on the Koskie Minsky website;
- maintaining the practice of paying pensions from the fund as opposed to via an annuity. This issue is discussed under the heading "Purchase of Annuities" in the above noted Notice to Members. In the view of the EC, the non-purchase of annuities is a non-issue. Pensions under the Canada Life plan have traditionally been paid from the pension fund and not through the purchase of annuity contracts; and
- establishing the possibility of a second distribution of surplus if real return interest rates increase sufficiently by December 31, 2014. This issue is discussed under the heading "Possibility of Second Surplus Distribution" in the above noted Notice to Members. As discussed above, we have no control over world financial markets and, based on most forecasts, such an increase in rates is not anticipated. However, if real return rates increase as precipitously as they fell, class members may receive a further surplus distribution.

In conclusion, while the outcome of our class action is disappointing, it is the result of unprecedented market developments and your EC believes that the amended settlement is the best result achievable in the circumstances.

CLPENS EXECUTIVE COMMITTEE

[1] In Spring 2012, the Plan actuary sought quotes for the IPWU Group pensions from insurance companies licensed to sell annuities in Canada. Several companies were approached, including Great-West Life. None of the insurance companies surveyed were willing to sell annuities for the IPWU Group.

N.B. Please note that the Plaintiffs' Motion Material and factum are available on the Koskie Minsky website at <http://www.kmlaw.ca/Case-Central/Overview/Court-Documents/?rid=56>

Uma Ratnam

From: Susan Marles <s_marles@yahoo.com>
Sent: March-12-13 6:06 PM
To: Canada Life Main Pension Class Action
Subject: Canada Life Class Action

Dear Sirs,

I am a PWU Group member.

Like many other members I am greatly concerned, confused and highly suspicious in the huge drop in Surplus.

I had agreed to the original surplus settlement based on the amount of surplus which was detailed to me at that time. I understand now that amount in the proposed settlement will be 1,000 which is vastly different from the amount in which I made the decision to support the Surplus settlement.

I am objecting to the amendment to the original Settlement.

Regards,

Susan Marles

Uma Ratnam

From: Mary-Anne Matthews <mafmatthews@gmail.com>
Sent: March-14-13 10:43 AM
To: Canada Life Main Pension Class Action; Pension Group
Subject: Amended Surplus Proposal

Good morning,

I have read all the documents pertaining to Sept. 12, as well as, the upcoming court date of March 18th. I have also spoken with Clio of K.M. regarding the diminished surplus, but more importantly the security of my Canada Life Pension. Up until now, I have reserved comment, however, I strongly feel that I need to take some sort of ownership of my pension, as well as, the diminished surplus. I do understand that economic circumstances have significantly affected what was originally deemed to be surplus, and given the low interest rates on the long term yield bonds used in the calculations, the funds required to support our pensions has increased. However, with that said, we have waited for 8 years for CL/GWL to settle this proposal and now that we are experiencing historically low interest rates, it appears as though they want to settle. Yet, as we all know, these rates will in time recover but probably not much before the end of 2014. Furthermore, it is my understanding that using these rates are fine for long-term investing such as pension plans but the surplus has been adversely affected given that we are working in a short-term situation.

While I can appreciate and understand the work that K.M., the plaintiffs and the CLPENS group has done on the members' behalf, particularly over the last year, I feel that the proposed amendment to the settlement is not the best for all of us and I would have preferred a delayed settlement for the Canada Life PWU group until the economy and interest rates recover to a degree that would afford us an increase in the surplus. It appears to me as though Canada Life/GWL will continue to enjoy the benefits afforded to them in the original settlement while those of us in the CLA PWU Group (excluding Indago, Pelican Foods & Adason, as well as, the currently CL employees) will be sacrificing theirs. If the group had had an opportunity to come together with one voice, I believe that as a group we would be opposed to the amended proposal being put forth on March 18, 2013. This settlement is not what we voted for in 2011.

Respectfully,

Mary-Anne

Supplementary Documentation - DAA

Court Hearing

Refund-Rights Approach

Important Modification
for Proposed Amendments
to Original Settlement Agreement

March 18, 2013

Contents

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C. Personal Background of Presenter - Dan Anderson	2
D. March 11, 2013 Submission - Location Reference	3
E. Response to Views of Opposing Counsel	2
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Signature of preparer of these documents:

Dan Anderson
18/March/2013

**PETITION CALLS FOR
MODIFYING THE PROPOSED AMENDED AGREEMENT
Presented at 2013-03-18 CLA Pension Surplus Court Hearing**

The attached petition started March 12, 2013 out of discussions in a Canadalifers email discussion forum in support of March 11 submissions (petition option 2 - Retained-Rights approach).

The plaintiffs and GWL representatives have had ongoing access to the online petition (and supporting rationale) to monitor it, and have received updated snapshots of the petition as it progressed,

The plaintiffs declined to use their email distribution list to inform class members of the petition and to provide a link to the petition.

Of those who have become aware and participated in the petition, primarily windup group members whom it would directly affect, there is almost unanimous support for modifying the agreement to incorporate the Retained-Rights approach, in the context of the supporting rationale and the advantages and disadvantages.

The Retained-Rights approach does not adversely affect other groups in the class, and does not adversely affect GWL relative to the original agreement.

Petitioners have indicated they do not support the approach of cancelling the original surplus sharing agreement and starting the entire litigation process all over again, but they simply want a reasonable and justified modification to the proposed amended agreement.

Also attached is some of the correspondence clarifying the context of the petition with petitioners and with GWL and plaintiff representatives.

Petition To Object To The Proposed Amended Agreement (AUTO SAVE ENABLED)

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(A2)

First & Last Name		Email Address	Date recorded or revised (in 2013)	Member Category -CLA windup? -other?	OPTION 1 (Cancel the original surplus sharing agreement and start the entire litigation efforts all over again?)	OPTION 2 * (You could still exercise your option to take your share out now, or decide to retain your share (or take out your share (or hope for a higher amount) sometime in the future.)	OPTION 4 (You support the proposed amended surplus sharing agreement as per the Feb 2013 communications)	COMMENTS, OR YOUR VERSION OF AN OPTION 3 ?? (describe in your own words and/or for more general comments you can make reference to one of the BASE COMMENT lines from the first line below - please do not edit an existing BASE COMMENT)	
STATUS OF PETITION AS AT 2013-03-17 7:00pm									
3	Edward Koh	edwardkoh@hotmail.com	3/13/2013	CLA Windup		X			
4	Judy Eng-Ngou	jngow@yahoo.ca	3/13/2013	CLA Windup		X			
5	Susan Maries	susan.maries@yahoo.com	3/13/2013	CLA Windup		X			
6	Dave Dankewy	ddankewy@rogers.com	3/13/2013	CLA Windup		X			
7	Jerome Bochnak	jerome.bochnak@gmail.com	3/16/2013	CLA Windup		X			
8	Colleen McDougall	cmcdougall@sympatico.ca	3/16/2013	CLA Windup		X			
9	Nilesh Sheth	nilesh_sheth_99@yahoo.com	3/13/2013	CLA Windup		X			
10	Oliver Rajmoola	rajmoolia0624@rogers.com	15/03/2013	CLA Windup		X			
11	Bruce Tushingham	btushingham@hotmail.com	3/13/2013	CLA Windup		X			
12	Flime Mackenzie	mackf@gmail.com	3/16/2013	CLA Windup		X			
13	Gloria Noga	gloria_noga@hotmail.com	3/16/2013	CLA Windup		X			
14	Matt Backur	matl_bakur@yahoo.ca	3/16/2013	CLA Windup		X			
15	David van Rees	davevr99@gmail.com	3/14/2013	CLA Windup		X			
16	Tony Valeri	valeri@sympatico.ca	3/12/2013	CLA Windup		X			
17	Greg Stubbs	gregstubs@rogers.com	3/12/2013	CLA Windup		X			
18	Bruce Babin	bjbabin@gmail.com	3/12/2013	CLA Windup		X			
19	Jackie (Jaclyn) Kader	jacklynkader@yahoo.ca	3/15/2013	CLA Windup		X			
20	Jim Bowers	jbowery@sympatico.ca	3/12/2013	CLA Windup		X			
21	Heidi Franke	hfranke0727@rogers.com	3/12/2013	CLA Windup		X			
22	Joy Campbell	joy.campbell@sympatico.ca	3/12/2013	CLA Windup		X			
23	Theresa Yeh	tyeh@sympatico.ca	3/14/2013	CLA Windup		X			
24	Patrick Chan	patrickchan@rogers.com	3/17/2013	CLA Windup		X			
25	Aileen Cemi	acemi@rogers.com	3/13/2013	CLA Windup		X			
26	Dan Anderson	dan.anderson@sympatico.ca	3/13/2013	other					
27	Abdulla Kamdar	abdullakamdar@rogers.com							

Petition To Object To The Proposed Amended Agreement (AUTO SAVE ENABLED)

sort order	First & Last Name	Email Address	Date recorded or revised (in 2013)	Member Category -CLA windup? -other?	OPTION 1 (Cancel the original surplus sharing agreement and start the entire litigation efforts all over again)	OPTION 2 * (You could still exercise your option to take your share out now, or decide to retain your option to take out your share (or hopefully a higher amount) sometime in the future.)	OPTION 4 (You support the proposed amended surplus sharing agreement as per the Feb 2013 communications)	COMMENTS, OR YOUR VERSION OF AN OPTION 3 ?? (describe in your own words and/or for more general comments you can make reference to one of the BASE COMMENT lines from the first line below - please do not edit an existing BASE COMMENT)
<p align="center">STATUS OF PETITION AS AT 2013-03-17 7:00pm</p>								
60	Kelly DeGurse	kdegurse@reliancecomfort.ca	3/13/2013	CLA windup		OPTION 2 * approach is also referred to as "Retaining Right to Distributable Surplus in (notionally) Segregated Windup Fund" per discussions on Canadalliers@yahoo.com (Link to further details: http://www3.sympatico.ca/dan.anderson/CLA-PEN- SURP/option-2.pdf)		"BASE COMMENT 1 (March 13 8am)" - "I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)." editor:DAA
61	Bernadette Knight	bernadetteknight@rogers.com	3/14/2013	CLA windup				"BASE COMMENT 2 (March 13 8am)" - "The indicated selection is my current preference based on information received so far, but we have not been provided with sufficient information. We should receive communications that identify the PROS/CONS/resulting effects of each such options, and a professionally-supported meeting where we can collectively ask questions and receive answers." editor: DAA
62	Laarni Deangkhay	laarni_deangkhay@yahoo.ca	3/14/2013	CLA windup				BASE COMMENT 3 (March xx t): editor: xxx
63	Matthew Fung	mf168@yahoo.com	3/14/2013	CLA windup				BASE COMMENT 4 (March xx t): editor: xxx
64	Janine Fawcett	janinefawcett@hotmail.com	3/14/2013	CLA windup				
65	Mollie Singh	mollie_singh@yahoo.com	3/14/2013	CLA windup				
66	Flavia Borin	emmatist@rogers.com	3/14/2013	CLA windup				
67	Silvana Scarito	sscarnito7988@rogers.com	3/14/2013	CLA windup				
68	Lynn Mandarino	tonymandarino@sympatico.ca	3/14/2013	CLA windup				
69	Terri Dale	ldale@thebrandongroup.ca	3/14/2013	CLA windup				
70	Maria Sousa	mlsousa1@yahoo.com	3/14/2013	CLA windup				
71	Michele Hett	michelehatt@rogers.com	3/15/2013	CLA windup				
72	Alison Ginther	alison_ginther@sympatico.ca	3/15/2013	CLA windup				
73	Karen Maca	kimace@live.ca	3/15/2013	CLA windup				
74	Kim Gadd	kgadd99@yahoo.ca	3/15/2013	CLA windup				
75	Zlata Pavlovic	zlatap01@sympatico.ca	3/15/2013	CLA windup				
76	Mary C Murphy	manurphy22@sympatico.ca	3/15/2013	CLA windup				
77	Mike Murphy	mike.murphy22@sympatico.ca	3/15/2013	CLA windup				
78	Charles Morris	cmorris_email@yahoo.ca	3/15/2013	CLA windup				
79	Liljana Lila Toamslo- Radakovic	radak05@rogers.com	3/15/2013	CLA windup				
80	Alan Hill	ahill1647@rogers.com	3/15/2013	CLA windup				
81	Michael Au-Yeung	michael_auyeung@hotmail.ca	3/15/2013	CLA windup				
82	Thiam-Hock Haw	cod821@gmail.com	3/15/2013	CLA windup				
83	Victor Chung	chung_victor@hotmail.com	3/15/2013	CLA windup				
84	Thomas Luk	t_luk@yahoo.com	3/15/2013	CLA windup				
85	Peter B. Broad	peter.brian.broad@sympatico.ca	3/15/2013	CLA windup				
86	Lynn Nugent	lnugent@sympatico.ca	3/16/2013	CLA windup				
87	Ian Moulden	imoulden@rogers.com	3/16/2013	CLA windup				
88	Patricia Mulcair	pmreahk@yahoo.com	3/16/2013	CLA windup				
89	Sarah Birdsell	sbirdsell@sympatico.ca	3/16/2013	CLA windup				
90	George Wang	gqwang@gmail.com	3/16/2013	CLA windup				
91	Luisa Mendonca	luisa.mendonca@live.ca	3/16/2013	CLA windup				
92	David Filipovich	dfilipovi@sympatico.ca	3/16/2013	CLA windup				
93	Karen Bordne	kbordne@hotmail.com	3/16/2013	CLA windup				
94	Anna Yee	ayee03can@rogers.com	3/17/2013	CLA windup				

Petition To Object To The Proposed Amended Agreement (AUTO SAVE ENABLED)

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sort order	First & Last Name	Email Address	Date recorded or revised (in 2013)	Member Category -CLA windup? -other?	OPTION 1 (Cancel the original surplus sharing agreement and start the entire litigation efforts all over again)	OPTION 2 * (You could still exercise your option to take your share out now, or decide to retain your option to take out your share (of hopefully a higher amount) sometime in the future.)	OPTION 4 (You support the proposed amended surplus sharing agreement as per the Feb 2013 communications)	COMMENTS, OR YOUR VERSION OF AN OPTION 3 ?? (describe in your own words and/or for more general comments you can make references to one of the BASE COMMENT lines from the first line below - please do not edit an existing BASE COMMENT) (note: you can save a backup copy of updated petition results by clicking on the 'File / Download As' menu option located under the word 'Petition' in the top left corner.)
						OPTION 2 * approach is also referred to as "Retaining Right to Distributable Surplus in (notionally) Segregated Windup Fund" per discussions on Canadallife@yahoo.com http://www3.sympatico.ca/dan.anderson/CLA-PEN- SURFoption-2.pdf		"BASE COMMENT 1 (March 13 8am)" - "I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)." editor:DAA "BASE COMMENT 2 (March 13 8am)" - "The indicated selection is my current preferences based on information received so far, but we have not been provided with sufficient information, options, and a professionally-supported meeting where we can collectively ask questions and receive answers." editor: DAA "BASE COMMENT 3 (March xx t): editor: xxx "BASE COMMENT 4 (March xx t): editor: xxx
95	Rita Kwan	Rpc8186@gmail.com	3/17/2013	CLA Windup		X		
96	Gary Forth	gforth@rogers.com	3/17/2013	CLA Windup		X		
97	Marilyn Forth	gforth@rogers.com	3/17/2013	CLA Windup		X		
98	Nancy Brown	nancydbrown@yahoo.ca	3/17/2013	CLA Windup		X		
99	Emily Oanh Truong	Oktruong@yahoo.ca	3/17/2013	CLA Windup		X		
100	Patrick Garel	pgarel@rogers.com	3/17/2013	CLA Windup		X		
101	Paul Ludzki	pludzki@sympatico.ca	3/17/2013	CLA Windup	X			Pension plan members should not be penalized for the poor financial rate of return of the fund subsequent to the date of launching the lawsuit. Any current settlement should be based on the original settlement terms, with the original settlement assumptions. I.e. payouts should be in line with the estimates we were given when we gave approval to the terms of settlement. I see no reason why amendments should be made. 1-2 years later, a period during which interest rates did not change. The company should not benefit from playing actuarial games over extra time.
102	Arnold Behrmann	arnoldbe@yahoo.com	3/17/2013	CLA Windup		X		
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STATUS OF
PETITION AS AT
2013-03-17 7:00pm

STATUS OF PETITION AS AT 2013-03-17 7:00pm - COMMENTS ONLY

First & Last Name	<p>COMMENTS, OR YOUR VERSION OF AN OPTION 3 ?? (describe in your own words and/or for more general comments you can make reference to one of the BASE COMMENT lines from the first line below - please do not edit an existing BASE COMMENT)</p> <p>note: you can save a backup copy of updated petition results by clicking on the 'File / Download As' menu option located under the word 'Petition' in the top left corner.</p> <p>"BASE COMMENT 1 (March 13 8am)" - "I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)." editor:DAA</p> <p>"BASE COMMENT 2 ((March 13 8am))" - "The indicated selection is my current preference based on information received so far, but we have not been provided with sufficient information. We should receive communications that identify the PROS/CONS/resulting effects of each such options, and a professionally-supported meeting where we can collectively ask questions and receive answers." editor: DAA</p> <p>BASE COMMENT 3 (March xx t): editor: xxx</p> <p>BASE COMMENT 4 (March xx t): editor: xxx</p>
6 Dave Dankey	Support Option 2
7 Jerome Bochnak	I'd like to see a presentation of options so we could re-vote
13 Gloria Noga	Where can we get competent professional advice on what the reasonable options are?
14 Matt Bazkur	Ditto on getting competent advice
15 David van Rees	<p>"I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)"</p>
19 Jackie (Jaclyn) Kader	<p>I, too, echo the comments of Jan Durst and Bernadette Knight. Additionally, I can't believe that we even had to fight for this in the first place. My extremely limited knowledge of the pension/finance industry aside, it doesn't take such an expert to see that we've been had. This is, quite simply, wrong on every imaginable level!</p>
22 Joy Campbell	I would like professional advice/meeting to discuss PROS/CONS/resulting effects of each option or any other option that would enable me to make an informed decision
23 Theresa Yeh	Based on what I've read so far, this seems to be the best option at this time.
24 Patrick Chan	Based on the information available to me, I prefer this option. I wouldn't mind having a meeting to clarify the impact of each options.
25 Aileen Corni	<p>"BASE COMMENT 1 (March 13 8am)" - "I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)." editor: DAA</p> <p>No amendments should be made without a vote or at least a meeting with the Partial Windup Group!</p>
26 Dan Anderson	<p>[CLA retired pensioner not in the windup group]</p> <p>> I support the rationale for "BASE COMMENT 1 (March 13 8am)" and support windup group members who want to have the option of retaining their rights to future distributable surplus under option 2.</p> <p>> note: for option 2, the following is a link to the specifics of that option as described prior to March 11 in the Canadalifers@yahoogroups.com discussion forum, and indicates the date of any subsequent clarifications per subsequent discussions (last update 2013-03-13 11:30am):</p> <p>http://www3.sympatico.ca/dan.anderson/CLA-PEN-SURP/option-2.pdf</p> <p>That document also contains links to the supporting rationale for such an approach.</p>
41 Ray Chan	deferred-retired not in the wind-up group
44 Anne Carey	I am considering bringing a new Action against all the parties.
46 Jennifer McLean	<p>The indicated selection is my current preference based on information received so far, but we have not been provided with sufficient information. We should receive communications that identify the PROS/CONS/resulting effects of each such options, and a professionally-supported meeting where we can collectively ask questions and receive answers.</p>
51 Jan Durst	<p>As a member of the PWU group I have come to feel as though our best interests have been abandoned by CLPENS Exec and Koskie Minsky. Further, my suspicions that these funds have been depleted by the machinations of GWL/Canada Life seem more and more likely all of the time. I have long wondered how anyone in our business - let alone a pension actuary - would underestimate the # of individuals who would remain in the plan to secure their guarantees. Faulty at best. Deliberate?</p>
52 Maria	We should not let them walk away with all of our money
53 Maggie Wong	First choice is Option #2, Second choice is Option #1 - I hope the Honorable Judge sees our petition and give us ex-Canada Life employees / pension members in this petition some fairness. Thank you.

First & Last Name	<p>COMMENTS, OR YOUR VERSION OF AN OPTION 3 ?? (describe in your own words and/or for more general comments you can make reference to one of the BASE COMMENT lines from the first line below - please do not edit an existing BASE COMMENT)</p> <p>note: you can save a backup copy of updated petition results by clicking on the 'File / Download As' menu option located under the word 'Petition' in the top left corner.</p> <p>"BASE COMMENT 1 (March 13 8am)" - "I am opposed to the amended agreement because of what may be a temporary drop in surplus, and GWL's apparent responsibility for that drop in surplus because of the effect of the plan's investment policy (e.g. investing in assets with durations significantly shorter than the liabilities)." editor:DAA</p> <p>"BASE COMMENT 2 ((March 13 8am)" - "The indicated selection is my current preference based on information received so far, but we have not been provided with sufficient information. We should receive communications that identify the PROS/CONS/resulting effects of each such options, and a professionally-supported meeting where we can collectively ask questions and receive answers." editor: DAA</p> <p>BASE COMMENT 3 (March xx t): editor: xxx</p> <p>BASE COMMENT 4 (March xx t): editor: xxx</p>
61 Bernadette Knight	I concur with comments made by Jan Durst . I am by no means an expert on finance but have seen my small investments rise overall over these difficult times It does make one wonder what has been going on
69 Terri Dale	option 2 is my
74 Kim Gadd	"The benefits of deferring the settlement to a later date far outweigh settlement at present, given the current economic interest rate environment". It is in the interest of all class members to defer settlement to a later date when interest rates are more favourable, and not at historically low rates as they are at present.
79 Ljiljana Lila Toarnsic-	Option 2!
84 Thomas Luk	I fully support option 2
85 Peter B. Broad	Option 2 and more transparency on all parties involved as we the class members seem to be left out of the loop. Fuller and more open disclosure is required.
86 Lynn Nugent	I don't feel we have been provided with full disclosure on how these calculations have been made. If the public knew how mishandled the funds have been-only basing this on my understanding of the information they have provided us to date-I wonder how potential clients would feel on the security of their own funds?
100 Patrick Garel	Pension plan members should not be penalized for the poor financial rate of return of the fund subsequent to the date of launching the lawsuit
101 Paul Ludzki	Any current settlement should be based on the original settlement terms, with the original settlement assumptions, i.e. payouts should be in line with the estimates we were given when we gave approval to the terms of settlement. I see no reason why amendments should be made 1-2 years later, a period during which interest rates did not change. The company should not benefit from playing actuarial games over extra time.

Subject: Court Hearing - Petition and Requested Modifications

From: Dan Anderson <dan.anderson@sympatico.ca>

Date: Thu, 14 Mar 2013 07:26:19 -0400

→ To: Allen Loney President and CEO <allen.loney@gw.ca>, Cally Weaver - VP Human Resources LL <Cally.Weaver@gwl.ca>, Wally Robinson - Canada & London Life Pensions <wally.robinson@londonlife.com>, Wib Antler - CLPENS rep <wiantler@rogers.com>, Ed Barrett - CLPENS rep <barrette178@rogers.com>, Gary Nummelin - CLPENS rep <gnummelin@sympatico.ca>, Alex Harvey - CLPENS rep via CLPENS <clpens@rogers.com>, David Kidd - CLPENS rep <AlCoHeKidd@sympatico.ca>, Brian Lynch - CLPENS rep <brian.lynch@ingcanada.com>, Jim Martin - CLPENS rep <jimartin@sympatico.ca>, Shriram Mulgund - CLPENS rep <mulgund@sympatico.ca>, Mark Zigler - Koskie Minsky <mzigler@kmlaw.ca>, Clio Godkewitsch - Koskie Minsky <cgodkewitsch@kmlaw.ca>, Anthony Guindon - Koskie Minsky <aguindon@kmlaw.ca>

CC: Edward Koh <edwardkoh@hotmail.com>, Judy Eng-Ngow <Jngow@yahoo.ca>, Susan Marles <susan.marles@yahoo.com>, Dave Dankev <ddankev@rogers.com>, Jerome Bochnak <jerome.bochnak@gmail.com>, Colleen McDougall <cmcdougall@sympatico.ca>, Nilesh Sheth <nilesh_sheth_99@yahoo.com>, Oliver Rajmoolie <rajmoolie0624@roger.com>, Bruce Tushingham <btushingham@hotmail.com>, Firne MacKenzie <mackpf@gmail.com>, Gloria Noga <gloria_noga@hotmail.com>, Matt Bazkur <matt_bazkur@yahoo.ca>, David van Rees <davevr99@gmail.com>, David van Rees <davevr99@gmail.com>, Tony Valeri <tvaleri@sympatico.ca>, Greg Stubbs <gregjstubbs@rogers.com>, Bruce Babin <bjbbabin@gmail.com>, "Jackie (Jaclyn) Kader" <jaclynkader@yahoo.ca>, Jim Bowery <jrbowery@sympatico.ca>, Heidi Franke <hfranke0727@rogers.com>, Joy Campbell <joy.campbell@sympatico.ca>, Theresa Yeh <tyeh@sympatico.ca>, Patrick Chan <patrickshan@rogers.com>, Aileen Comi <acommi@rogers.com>, Dan Anderson <dan.anderson@sympatico.ca>, Abdulla Kamdar <abdullakamdar@rogers.com>, Richard Koo <lkoo1511@rogers.com>, Keras Garda <garda@rogers.com>, Allan Hignell <hignell.riley@sympatico.ca>, Marie Pacheco <pachecomarie@yahoo.ca>, Monica Rimler <Monica.7@live.ca>, Georgina Findlay <inafindlay203@yahoo.ca>, Antonina Marchello <antonina_marchello@yahoo.com>, Cathryn Bowers <ulearn@hotmail.com>, Patti Wong <pattiwong@rogers.com>, Bruce Kawakami <bkkami@rogers.com>, Jamshed Butt <jamshed.butt@nbfc.com>, Elizabeth Clark <bettyclark101@yahoo.ca>, Linda Young <linda_fawcett_young@hotmail.com>, Ray Chan <chanhk868@yahoo.ca>, Louise Tang <s7n_@hotmail.com>, Cindy Ramsundar <cindy.ramsundar@yahoo.com>, Anne Carey <anne_carey@rogers.com>, Stanley Ho <bht58scar@yahoo.com>, Jennifer McLean <flyingwhitedove@yahoo.com>, Peter Kirichuk <kirichukpeter@gmail.com>, Meg Sanders <meggem@sympatico.ca>, Marilyn Findlay <marilyn.findlay@sympatico.ca>, Kevin Speight <k_sp8@yahoo.com>, Jan Durst <janicedurst@rogers.com>, Maria Bilikopoulos <Biligrtrr@hotmail.com>, Maggie Wong <maggYWong88@yahoo.ca>, Mary Chang <mcy_chang@hotmail.com>, Joanne Palmieri <jojo_pal@hotmail.com>, Cathy Tsagaris <cathytsagaris@hotmail.com>, soula filtsos <sfiltsos@my.centennialcollege.ca>, Teresa Balcos <Tbalcos@yahoo.com>, Nancy Woo <nancywoo22@yahoo.ca>

March 14, 2013 7:20am EST

TO: GWL and CLPENS representatives

cc: CLAPetitioners

re: Pensioners Petition and Requested Modification to Proposed Amendment

Greetings,

As noted in other correspondence, new information has emerged regarding the drop in surplus and the specifics of proposed amendments, prompting class action members to express their concerns with a renewed vigor.

This correspondence is intended to highlight what now seems to be the overwhelming preference of partial windup members to have a Retain-Rights option of deferring the cashout of their proportionate rights to distributable surplus. This preference is in the context of the huge unrealized losses reflected in the current reporting of distributable surplus, primarily as a result of the plan's investment policy from 2008 to the present.

In supporting that Retain-Rights approach (referenced in the attached interim petition as Option 2), the windup members are not seeking to alter the original surplus agreement's determination of their percentage share of the distributable surplus as would be measured at a single fixed 'settlement date', nor are they seeking to modify the other terms of the amendments to the agreement other than the timing for the cashout of their rights to distributable surplus. They are not seeking to deny other class action members their agreed-upon settlements. They are not seeking to reduce GWL's percentage share of the distributable surplus. They are simply asking that the timing for when they cash out their respective percentage shares of the distributable surplus be reasonably optional so that they have the opportunity to share with GWL in the potential for an improved / restored future level of the distributable surplus.

Attached is an outline of the Retain-Rights (Option 2) approach with links to the supporting rationale:
attached: "option-2.pdf"

It seems clear at this stage that a deferral of the March 18 court hearing would be necessary to allow the parties to modify the proposed amended agreement after determining and communicating specifics regarding how the Retain-Rights approach would be implemented, and to confirm what the expectations and potential implications would be for the class action members.

Attached is a snapshot of the current petition-in-progress,
attached: "Petition To Object To The Proposed Amended Agreement - 2013-03-14 7:00am.pdf"

as downloaded this morning from the following link:
<https://docs.google.com/spreadsheets/cc?key=0ArTY5XwDDuKdGw1T0NLeFNHR1A0Y0E0YXNhVmlfcHc&usp=sharing>

A related purpose for this communication is to help confirm that the email addresses for the various petitioners are valid email addresses, and to ask petitioners who have not done so to update the columns that identify the date when you posted or revised your selection and identify your "member category". Please review the attached to confirm that it reflects your current selection and comments, and make any necessary corrections.

By including herein the current email distribution list for the petitioners, representatives also have an opportunity to address or clarify the shared concerns directly with those petitioners.

option-2.pdf	Content-Type: application/pdf
	Content-Encoding: base64

A10

Subject: Petition By Class Action Members - Proposed Amended Surplus Agreement

From: Dan Anderson <dan.anderson@sympatico.ca>

Date: Wed, 13 Mar 2013 12:22:02 -0400

→ To: Allen Loney President and CEO <allen.loney@gw.ca>, Cally Weaver - VP Human Resources LL <Cally.Weaver@gw.ca>, Wally Robinson - Canada & London Life Pensions <wally.robinson@londonlife.com>, David Kidd - CLPENS rep <AlCoHeKidd@sympatico.ca>, Alex Harvey - CLPENS rep <clpens@rogers.com>, Other CLPENS reps <clpens@rogers.com>, Mark Zigler - Koskie Minsky <mzigler@kmlaw.ca>, Clio Godkewitsch - Koskie Minsky <cgodkewitsch@kmlaw.ca>
CC: "CanadaLifers@yahooogroups.com" <CanadaLifers@yahooogroups.com>

by email

March 13, 2013

To: Alan Loney, President and CEO, GWL

To: Other GWL Representatives

To: CLPENS representatives

To: Koskie Minsky

cc: Canadalifers discussion forum

re: Petition By Class Action Members - Proposed Amended Surplus Agreement

The following link is to a petition-in-progress for Class Action Members for purposes of the March 18 Court hearing:

<https://docs.google.com/spreadsheet/ccc?key=0ArIY5XwDDuKIdGw1T0NLeFNHR1A0Y0E0YXNhVmIfcHc&usp=sharing>

The petition was started yesterday.

You are invited to monitor the progress of this petition and, via this Canadalifers discussion forum, provide any additional information that would help the class action members with regards to a better understanding of the comparative advantages and disadvantages of the alternative approaches. They have the flexibility within the structure of the petition to modify their preferences prior to the Court hearing. We would also welcome your identifying that petition link to other Class Action Members so they might have an open forum to express their views.

The members would hope for an informed constructive resolution rather than an adversarial approach.

The proposed approach of "Retain Rights to Distributable Surplus, in (notionally) Segregated Windup Fund" would seem to be a reasonable modification of the current proposed amended surplus sharing agreement. If the financial circumstances improve, as expected by the various parties and the pension fund's investment policy, then that would seem to be good news all the way around.

Further details regarding OPTION 2 are available at the following link (which in turn contains links to documents that provide much of the supporting rationale for OPTION 2):

<http://www3.sympatico.ca/dan.anderson/CLA-PEN-SURP/option-2.pdf>

But even with the support shown by class action members, that support would be conditional on a clearer understanding provided to them by GWL and the CLPENS representatives regarding the proposed implementation details, and the overall implications in the context of the financial negotiations.

OPTION 2 just seems a much more reasonable approach than the current proposal of compelling a 2013 / 2014 cashout of their surplus entitlements, depending on the implementation details, and an approach that seems well justified by the actions and responsibilities of the respective parties.

Sincerely,
Dan Anderson

This document last updated March 15, 2013 2:00pm DAA
Current version is accessible at: [LINK](#)

Canada Life Pension Surplus for Partial Windup Group

RETAINED-RIGHTS APPROACH

Contents

- A. March 11, 2013 submission for March 18 Court hearing
- B. Subsequent clarifications or revisions
- C. Additional Links
- D. Disadvantages of Retained-Rights Approach
- E. Advantages of Retained-Rights Approach

A. March 11, 2013 submission for March 18 Court hearing. Described below is a proposed modification for the proposed amended agreement of surplus sharing. The modification involves an approach that had been under discussion per the Canadalifers@yahoogroups.com discussion forum up to and including March 11, 2013 and submitted to class action legal counsel Koskie Minsky March 11, 2013 in advance of March 18, 2013 Court hearing on proposed amended surplus sharing agreement. *[The term "notionally" has been added to the title, consistent with the March 12 clarifications.]*

Retain Rights to Distributable Surplus, in *Notionally-Segregated* Windup Pension Fund

a) **Agreement on % share of surplus.** Stop the legal expenses and recognize that the main result of the legal action has been to establish an agreement on the proportionate share of the surplus in the windup group segregated fund (along with the effect of the proposed amendments). The settlement date, which could be as at Dec 2011 or Dec 2012 would be primarily for the purpose of finalizing those % shares.

b) **Continue to segregate the windup pension plan.** Because of the inappropriate investment mix that has been positioned to produce leveraged gains only when interest rates rise, the windup fund should continue to be segregated until there is a reasonable opportunity for the surplus to be restored (excluding of course any additional pension contributions that GWL might make ... which seems unlikely anyway),

c) **Individuals decide when to cash out their % share.** Rather than being forced to cash out your share of the surplus when things are so bad, individuals would retain their

Retained-Rights Approach

proportionate interest in the surplus as it rebuilds in the fund, and every year or every 3 years when the fund would be revalued anyway for ongoing reporting, individuals would have the option to take out their share of the surplus, with this option staying in effect subject to a mandatory payout after, say, 9 years (or longer) if no election was made prior to that point.

d) GWL gets to withdraw surplus only as individuals cash out their % share. CLA windup members would benefit from the fact that GWL also retains a financial interest in the surplus in the fund because GWL would only be able to remove a portion of that surplus as individuals remove their proportionate share of the surplus.

e) How can this approach be implemented without unnecessary complications and expense? The real value in this approach is individuals retaining the option of deciding when to cash out, and retaining that option for an extended period of time. The % shares of the distributable surplus would not have to change over time other than to recognize that distributable surplus would itself be proportionately smaller as others have taken out their share. There is no need to complicate the process by making an argument that individual % shares change as individuals age relative to their retirement date.

B. Subsequent clarifications or revisions.

1. March 12, 2013: **OPTION 2.** The above approach is identified as OPTION 2 in the petition being prepared by CLA class action members.
2. March 12, 2013 clarification: **Notionally-Segregated.** The ongoing segregation of the windup plan assets would only be for the purpose of financially tracking the financials (in particular the future build-up of distributable surplus), and it would not be a true segregation in the event of something like insolvency.
3. March 15, 2013. **"Retain-Rights" Approach.** For the sake of brevity, the above approach is also being described in various correspondence as the Retained-Rights approach.
4. March 15., 2013. Determining materiality for implementation purposes. An implementation of the Retained-Rights approach would likely consider a materiality limit on whether an individual would have the option of deciding in future when to cash out their share of distributable surplus
5. March 15, 2013. Including a draft summary in sections D and E for various advantages and disadvantages noted in prior communications.

Retained-Rights Approach

C. Additional Links

To request further clarifications of the intentions regarding the approach as described above, please post comments and questions at the discussion forum Canadalifers@yahoogroups.com

For the main rationale considerations regarding the above approach, see sections D and E (advantages and disadvantage) and the attached documentation provided for the March 18, 2013 Court hearing, and the related petition website:

1. Rationale for retained-rights approach (March 11 submissions):

A shortened quick-link: [retained-rights-rationale](#), or:

<http://www3.sympatico.ca/dan.anderson/CLA-PEN-SURP/retaining-rights-windup-2013-03-11.pdf>

2. Fred Taggart's March 8 submission commentary:

<http://www3.sympatico.ca/dan.anderson/CLA-PEN-SURP/FT-2013-03-08.pdf>

(you may need to download to your computer for a better image)

3. Website for March 12-17 2013 Petition:

A shortened quick-link: [petition](#), or (remove line-break):

<https://docs.google.com/spreadsheet/cc?key=0ArlY5XwDDuKldGw1TONLeFNHR1A0Y0EOYXNhVmlfcHc&usp=sharing>

IF PROBLEMS ACCESSING PETITION ... first click on the following link (a Google Docs bug):

<https://accounts.google.com/logout>

4. Current version of this document:

<http://www3.sympatico.ca/dan.anderson/CLA-PEN-SURP/option-2.pdf>

D. Disadvantages of the Retained-Rights Approach

1. **Administration - surplus payouts.** There would be some basic administration costs with regards to advising members in future of the revised amount of distributable surplus to which they would be entitled, and processing their request if they decide to take their payment at that time. The company would try to minimize such costs, perhaps through access to a website with each member having a personal password.
2. **Administration - notional segregation.** There would be some bookkeeping costs associated with the notional segregation of the assets (and liabilities) for the purposes of tracking distributable surplus, although such an approach was already contemplated by the current draft amended agreement which provided for ongoing segregation up until Dec 2014 for purposes of tracking the distributable surplus.
3. **Uncertainty.** The amount of future distributable surplus is uncertain, as has been illustrated in the experience from 2006 to 2012.
4. **Frequency of option.** The option to cash out might be presented annually or less frequently, but that would be a negotiated item.
5. **Other?**

Retained-Rights Approach

E. Advantages of the Retained-Rights Approach

1. **Beneficial to both GWL and windup members.** Both GWL and the windup group members would have the potential/expected opportunity to withdraw a higher level of distributable surplus in future, more consistent with the original level of the partial windup surplus. Windup group members aware of this approach are advocating for its implementation (see petition).
 2. **Legitimate / ethical option to extend to the windup group members.** When the windup was declared, windup group members were entitled to share in a total distributable surplus of over \$100 million, and the only issue at hand was what proportion of the surplus they would be entitled to. By the time a decision was made on their proportionate share, the estimated total distributable surplus had fallen to about \$50 million. Subsequently it has dropped to about \$3 million. The primary reason for the drop appears to be the plan's investment policy. The balance of the rationale regarding "legitimacy" is contained in the documents accessible by the links in section C.
 3. **No adverse effect on other class members.** See the comments under "consistency with original agreement" and "consistency with proposed amended agreement".
 4. **Consistency with original agreement.** The windup group members are not seeking to change the percentage of distributable surplus to which they would be entitled, nor does the retained-rights approach alter the amounts to which other class members are entitled. The retained-rights approach would allow all members the opportunity to receive exactly the same amount to which they would be entitled under the unmodified amended agreement, including those members in the windup group who decide they want to cash out their share of the surplus at the settlement date.
 5. **Consistency with proposed amended agreement.** Except for the modification of allowing individuals the right to make a future decision on when to cash out their % share of distributable surplus (when hopefully distributable surplus has recovered from the current level), the retained-rights approach is consistent with the proposed amended agreement.
 6. **Flexibility.** Windup group members can cash out their proportionate share as at the settlement date, or can defer the decision when to take their cash out.
 7. **Administration - notional segregation.** The current draft amended agreement already anticipated an ongoing notional segregation of the assets and liabilities, but just for a shorter time period (until Dec 2014).
 8. **Only notional segregation of assets.** In the unlikely event of insolvency, the combined assets of the partial windup pension group and the prior 'ongoing' pension group would be available collectively (although it is likely there would no longer be any further distributions of distributable surplus).
 9. **Other ?**
-

(C1)

March 15, 2013

Submitted to Koskie-Minsky lawyers

re: March 18, 2013 Court Hearing on Proposed Amended Surplus Sharing Agreement
(CLA / IPA)

C.

Dan Anderson - Personal Background for the Court's Consideration

1. **Class Category:** I am in the CLA retired-pensioner category and not a member of the CLA windup group.
2. **Presentations to court.** In the March 11 submission and at the March 18 Court hearing, my intention is to assist the Court by providing them with information that I believe is critically relevant to the Court's decision regarding how to proceed on the proposed amended agreement.
3. **Modification to proposed amended agreement.** Although I will express concerns for the high ongoing legal costs and would seek for those costs to stop accumulating, I will speak in support of the Judge directing the negotiating parties to return to the negotiating table with hopefully a time-restricted focus on giving specific consideration to incorporating the Retained-Rights approach into the agreement, if they can reach agreement to do so.
4. **Support of the original agreement.** Except to the extent that surplus has dropped, I will be speaking in support of the original agreement that I and other members were a party to and I understand to be a binding agreement except to the extent that modifications are required as a result of the subsequent drop in surplus that we now are aware would have been a direct and foreseeable result of the partial windup plan's investment policies and practices, particularly in the period from 2008 to the present.
5. **Support of the amended agreement.** Except for speaking in support of modifying the amended agreement to incorporate the Retained-Rights approach, I will be speaking in support of the amended agreement as it has been agreed upon and proposed by the negotiating parties.
6. **Expertise.** In these matters, I don't present myself as an expert on anything.
7. **Representation.** I don't represent any professional organization.
8. **Representation.** I don't purport to represent anyone else in these communications nor in the Court hearing; not the action class, not the CLA group, not the ongoing pensioners, not the partial windup group, not the petitioners and no other individuals or groups.
9. **Actuarial background.** Following a 17-year actuarial career at Aetna Life / Excelsior, I worked at Canada Life 1990-1999 and 2001-2002.
10. **Senior actuarial role at Canada Life valuing pension liabilities (insured annuities and GICs).** I joined Canada Life as the Group Pension Valuation Actuary. I reported to VP Rich Miles while I was in Group Pension (and briefly reported to VP Fred Taggart

when Rich was transferred to HR). From 1990 to 1994, in addition to responsibilities for financial planning and analyzing divisional earnings, I was the divisional signing actuary with hands-on professional responsibility for the in-house actuarial valuation of the Canadian and U.S. Group Pension liabilities, which totaled \$5.2 billion, including both insured annuities and GICs. In addition to reporting to Rich Miles (and later Fred Taggart) I had a dual-reporting relationship, to Horace McCubbin as the Chief Actuary, and subsequently Rob Smithen.

11. **Experience analyzing financial implications of asset and pension liability cash flow duration structures relative to changes in projected future interest rates.** A major part of the actuarial valuation responsibilities, both in the Group Pension area, and in my subsequent role as the Group Life and Health Valuation Actuary (when I reported to VP Joe Gilmour), included obtaining projected asset cash flows from the investment area, comparing the duration structures of the asset and liability cash flows, and applying scenario testing to the duration mismatch of the assets and liabilities to determine the implications on the value of the liabilities of a wide range of twenty or more scenarios of how projected future interest rates might change. To the extent that cash flows were matched, future interest rates would have no effect, but to the extent that there were duration mismatches, the effect on 'surplus' (the difference between the present value of the projected asset and liability cash flows) could be very dramatic.
12. **Prior involvement in controversial pension issues.** I have been actively involved in controversial issues prior to this, in support of individuals who appear to be getting ripped off. You can refer to my website where, subsequent to months and years of extensive communications within the profession and with regulators, I documented concerns regarding the apparent ripoff of individuals taking pension commuted values (www.commutedvalues.com), even though I had already personally elected to stay with the pension plan rather than take a commuted value. In the past, I have also actively participated in discussions in the discussion forum Nortel_Pension@yahoogroups.com, where Nortel pensioners have been impacted by the insolvency of Nortel. My participation in the Nortel pensioners group started in 2004 to bring to their attention concerns about the proposed changes to the CIA standards for commuted values, and during the more recent insolvency negotiations I corresponded in support of the disabled pensioners, where their health fund was being ripped off by the other pensioners.
13. **Volunteer basis.** My input on this and other issues has always been on a strictly volunteer basis, where I share the concerns that have been identified and where my background enables, and in some respects obligates me, to help address some of the challenges in understanding and communicating the related considerations.

David Anderson

D. March 11, 2013 Submission by Dan Anderson

1. Rationale for Retained-Rights Approach
2. Summary of Reasons for Drop in Surplus 2006-2012

Reference location:

Koskie-Minsky's
March 13, 2013
Supplementary Motion Document

Pages 57 to 67

✓ Attached are replacement pages for pages 66 to 67
which had readability problems due to printout of shaded fields

↑
→ compare with
Plaintiff's Motion
March 12, 2013
pp. 119 & 121

Draft 2013-03-10

Partial Windup Group's Segregated Pension Fund Surplus

(\$ millions)

See commentary in notes below the summary.

- CLPENS split? -

Start of Period	2006-12-31 2 years	2008-12-31 2 yr, 6 mo	2011-06-30 6 mo	2008-12-31 3 years	2011-12-31 8 months	2006-12-31 5 yrs, 8 mo
Starting surplus	103.4	71.8	54.0	71.8	11.3	103.4
Revision to est. windup expenses:						
a) expense paid (*2)	0.0			0.0	0.0	0.0
b) revised est future pay't (*2)	-9.8			-10.8	-12.7	-12.7
c) deduct starting estimate (*2)	<u>2.8</u>			<u>9.8</u>	<u>10.8</u>	<u>2.8</u>
net change in est. expense	-7.0	0.0	-1.0	-1.0	-1.9	-9.9
Interest on surplus	15.8	7.9	1.6	9.5	0.2	25.5
Surplus transfers (*1)	0.0	0.0	6.1	6.1		6.1
Primary surplus changes						
1. Net MV changes (*3) to:						
a) MV adj liabilities	5.7	-11.2	-51.2	-62.4	-5.2	-61.9
b) MV adj supporting assets	<u>-23.3</u>	<u>7.3</u>	<u>1.5</u>	<u>8.7</u>	<u>0.0</u>	<u>-14.6</u>
Net MV adjustment >>	-17.6	-4.0	-49.8	-53.7	-5.2	-76.5
2. 'Gain' from individuals taking lump-sum payouts (*4):						
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0
b) revised expected future gains	see *4				see *4	0.0
c) deduct prior expectation	<u>-25.4</u>			<u>-29.5</u>	<u>-3.1</u>	<u>-58.0</u>
Net 'gain' from payouts >>	-25.4	-21.8	0.0	-21.8	-1.8	-49.0
Balance	2.6	0.0	-0.9	0.4	0.0	3.0
Ending surplus	71.8	54.0	10.0	11.3	2.6	2.6
End of Period	2008-12-31	2011-06-30	2011-12-31	2011-12-31	2012-08-31	2012-08-31
Data Sources >>	pg 12 of 2008 ye valn report (Sept 2009)		per surplus estimate in CLPENS~ letter (May 2012)	pg 12 of 2011 ye valn report (Sept 2012)	1. pg 5 of 2012-10-11 trnsfr report 2. Amy info 2012-10-09 (*5)	combined

*1 - the surplus transfers relate to revised surplus allocations, relative to the non-windup group, per various data changes regarding the original split of the liabilities between both groups.

*2 - The total cumulative windup expenses (also called settlement expenses) to be paid at time of the settlement for legal, administrative, actuarial and communications costs, including interest, increased from an expected value prior to 2006 YE of \$4.7 million (already deducted from the starting surplus) to an expected level as at Aug 31, 2012 of \$12.7 million. Apparently the current expected level as at March 2013 is \$13.7 million. This would be in addition to whatever expenses might have already been paid but not identified explicitly in the surplus movements?

*3 - MV (market value) changes would be expected here to generally net to zero, except to the extent that the investment policy took a gamble on either the equity markets (pre-2008) or (post-2008) invested in bonds that had an average remaining term significantly shorter than the average term of the liabilities, hoping for a net gain if interest rates increased but guaranteeing substantial leveraged market value losses (i.e. MV of liabilities would increase without a corresponding increase to the supporting assets) if interest rates fell, which is what happened.

*4a - Notably, the approach of a collective 'gain' from lump sum payouts seems unreasonable in the context of the windup allocations, although one could argue in this case that the other windup group members may not in fact have have profited from that windfall gain, to the extent that the fund management's investment policies have more than wiped out such potential 'gains'?

*4b - For this lump-sum (commuted values) category of profits, it is the net of these two numbers that matters here. To make it easier to tie back to the reports (and due to a lack of sufficient info) the numbers do not respectively represent the full revised amount of surplus from commuted value payouts and the full original expectation of such profits.

The following would be a more complete presentation of this item:

2. 'Gain' from individuals taking lump-sum payouts (*4):	2 years	2 yr, 6 mo	6 mo	3 years	8 months	5 yrs, 8 mo	
a) realized 'gain' on payouts	0.0			7.7	1.3	9.0	*4
b) revised expected future gains	32.6			3.1	0.0	0.0	*4
c) deduct prior expectation	<u>-58.0</u>			<u>-32.6</u>	<u>-3.1</u>	<u>-58.0</u>	
	-25.4	-20.8	-1.0	-21.8	-1.8	-49.0	

So it appears that there was an expected 'gain' of \$58 million as part of the surplus estimate, and the result was a gain of only \$9 million. A rather illusory notion of a questionable form of surplus.

*4c - The 8 month estimate (Dec 2011 to Aug 31 2012) for the adjustment to the 'gain' from individuals taking lump sum cashouts is apparently based on the 2012-10-09 memo noted above (i.e. the difference between the ending surpluses of 5.7 and 2.6), but might also be some conservatism in the overall estimated surplus provided by the negotiating team. Nevertheless, the figure has been used to estimate back to 2006YE what the estimated gain was expected to be from individuals taking lump sum payouts.

*5 - For the 8 months ending Aug 31, 2012 the surplus reconciliation in the 2012-10-11 transfer document seems inconsistent with (and misleading relative to) the approach taken in the prior years' valuation reports. For example, instead of identifying interest on surplus, it shows a much higher amount for interest on liabilities instead, which results in an apples and oranges comparison in the analysis. Also (in addition see the comments for *4c. The presentation also raises the question whether "interest on pending expense reimbursement" which is disclosed in this document is not disclosed in the the other surplus movements ??

E. Response to Views⁵⁴⁸ of Opposing Lawyers (E1)

Subject: Re: [CanadaLifers] Re: KM providing Court with March 12 am response to CLPENS' comments

From: Dan Anderson <dan.anderson@sympatico.ca>

Date: Sun, 17 Mar 2013 15:31:51 -0400

To: Mark Zigler <mzigler@kmlaw.ca>, "GALWAY, JEFF" <JEFF.GALWAY@blakes.com>, john-field@hicksmorley.com

CC: "Clio M. Godkewitsch" <cgodkewitsch@kmlaw.ca>, Anthony Guindon <aguindon@kmlaw.ca>, Canada Life Main Pension Class Action <canadalifeclass@koskieminsky.com>, CanadaLifers@yahoo.com, jforeman@harrisonpensa.com, David Kidd <alcohekidd@sympatico.ca>, alexh@sympatico.ca, marcus.robertson@gmail.com, marentettes@rogers.com

PS. One additional important clarification. The assertion that the objective of the Retained-Rights approach is to "improve on the settlement" would be an erroneous assertion with regards to the original settlement agreement. The intent of the original settlement agreement was to distribute windup surplus in the general order of magnitude of \$54 million, in the context that it had been erroneously understood to be at that time, unfortunately, economically equivalent to the original entitlement level of approx \$103 million at 2006ye.

Establishing a process that allows the settlement entitlement to be increase above the current proposed level of \$3 to \$6 million could not legitimately be considered seeking to improve on the original settlement agreement, nor seeking to improve over the original entitlement to surplus as at the original partial windup date. Certainly if opposing counsel's client had expectation that, in the context of the plan's investment policy and the reversal of unrealized losses, the distributable surplus in future could exceed \$54 million or \$103 million, then certainly it would be quite reasonable for the parties to agree on an appropriate cap, consistent with the original intentions when the partial windup was declared, adjusted appropriately.

It bears repeating that a binding contractual agreement was established/accepted by the Court's order January 2012, and the implementation of that agreement has been frustrated by the pension plan investment policies overseen by his client and by the related financial information that appears to have been withheld by his client until after the Court's adopted the original agreement.

----- Original Message -----

Subject: [CanadaLifers] Re: KM providing Court with March 12 am response to CLPENS' comments

From: Dan Anderson <dan.anderson@sympatico.ca>

To: Mark Zigler <mzigler@kmlaw.ca>

Cc: "Clio M. Godkewitsch" <cgodkewitsch@kmlaw.ca>, Anthony Guindon <aguindon@kmlaw.ca>, Canada Life Main Pension Class Action <canadalifeclass@koskieminsky.com>, CanadaLifers@yahoo.com, jforeman@harrisonpensa.com, "GALWAY, JEFF" <JEFF.GALWAY@blakes.com>, john-field@hicksmorley.com, David Kidd <alcohekidd@sympatico.ca>, alexh@sympatico.ca, marcus.robertson@gmail.com, marentettes@rogers.com

Date: 17/03/2013 3:03 PM

Dear Mr. Zigler, (with queries as well for opposing counsel)

Thank you for those clarifications.

The following are a few considerations that seem to apply here:

1. **"Option 2 is not acceptable ... not a realistic solution".** In the context of your comment that "parties are generally entitled to advance notice of all that is going to be raised at a hearing" will there be any insights provided by the GWL representatives or yourselves in advance of the Court hearing as to why they do not consider the Retained-Rights approach to be a realistic solution?
2. **"Canada Life counsel advised us ... option 2 is not acceptable to his client".** In the context of your comment that "parties are generally entitled to advance notice of all that is going to be raised at a hearing" will there be any insights provided by the GWL representatives in advance of the Court hearing as to why such a modification is not acceptable, in the context of the objective of complying with the intent and terms of the original agreement.
3. **"Canada Life counsel advised ... his client ... not prepared to discuss any changes to the settlement".** Thank you for raising that consideration with opposing counsel with regards to discussing such

changes in advance of the Court hearing. Supposedly the opposing client will give reasoned consideration to such an approach if as a result of the Court hearing the Judge directs the parties to return to the negotiating table, in the context that a binding contractual agreement was established/accepted by the Court's order January 2012, and the implementation of that agreement has been frustrated by the pension plan investment policies overseen by his client and by the related financial information that appears to have been withheld by his client until after the Court's adopted the original agreement.

Best regards,
Dan Anderson

----- Original Message -----

Subject: Re: KM providing Court with March 12 am response to CLPENS' comments

From: Mark Zigler <mzigler@kmlaw.ca>

To: Dan Anderson <dan.anderson@sympatico.ca>, Clio M. Godkewitsch <cgodkewitsch@kmlaw.ca>, Anthony Guindon <aguindon@kmlaw.ca>

Cc: "Canada Life Main Pension Class Action" <canadalifeclass@koskieminsky.com>, CanadaLifers@yahoo.com, jforeman@harrisonpensa.com, "GALWAY, JEFF" <JEFF.GALWAY@blakes.com>, john-field@hicksomorley.com, "David Kidd" <alcohekidd@sympatico.ca>, alexh@sympatico.ca, marcus.robertson@gmail.com, marentettes@rogers.com

Date: 17/03/2013 2:31 PM

Mr. Anderson:

1. All material was to be filed in Court by last Monday march 11. We filed all objections at the time, including yours. We sent it to Canada Life counsel and counsel for other parties as they have a right to all material before the Court. Canada Life has filed no material regarding tomorrow's motion but we are taking the liberty of copying their counsel on your material so no one is taken by surprise.
2. It is up to the Judge if he wishes to entertain any material put forward after March 11. As a courtesy we will bring copies of objections that were filed up to close of business on Friday including your petition. However the judge will not have seen these in advance. Although we understand your objective in trying to improve on the settlement, we indicated to you last week that we do not think that the petition is relevant as it posits an approach that the court cannot impose on Canada Life and is not a realistic solution. Canada Life counsel advised us by e-mail on Friday afternoon that your option 2 is not acceptable to his client and that they are not prepared to discuss any changes to the settlement..
3. We cannot continually accept more supplementary documents all weekend and at Court house door itself, particularly when you have already put your material and approach before the Court. Parties are generally entitled to advance notice of all that is going to be raised at a hearing. While we appreciate that you are not a lawyer, we advise you that it is best to simply save your submissions for the court rather than continually sending new documents before the hearing which the judge will not have seen. If you have supplemental information that you wish to bring to Court you can do so on your own and ask for the Court to consider it with copies for all parties. Mark Zigler

(F1)

F.

KEY FOCUS QUESTION

The following question was presented to the plaintiff's and their legal counsel, but would also be applicable to opposing counsel and clients.

During your negotiations ... did you have any knowledge of the duration structure of the bond holdings in the windup plan assets, relative to the duration structure of the liabilities, and were you aware that the primary reason for the huge drop in surplus was because the duration structure of the assets was dramatically shorter than the duration structure of the liabilities, which would guarantee huge losses if interest rates fell (but would generate correspondingly large increases to surpluses if / when interest rates increased) ?

It bears repeating that a binding contractual agreement was established/accepted by the Court's order January 2012, and the implementation of that agreement has apparently been frustrated by the pension plan investment policies overseen by opposing lawyers' clients and by the related financial information that appears to have been withheld by the clients until after the Courts adopted the original agreement.

[CanadaLifers] re: urgent - A Message from the CLPENS Executive ...

G. Response to Plaintiffs / CLPENS

(G1)

Subject: [CanadaLifers] re: urgent - A Message from the CLPENS Executive Committee

From: Dan Anderson <dan.anderson@sympatico.ca>

Date: Tue, 12 Mar 2013 09:30:47 -0400

To: "CanadaLifers@yahooogroups.com" <CanadaLifers@yahooogroups.com>

CC: "CLPENS@rogers.com" <clpens@rogers.com>, Clio Godkewitsch - Koskie Minsky <cgodkewitsch@kmlaw.ca>, Mark Zigler <mzigler@kmlaw.ca>, Wally Robinson - Canada & London Life Pensions <wally.robinson@londonlife.com>, Cally Weaver - VP Human Resources LL <Cally.Weaver@gwl.ca>, Allen Loney President and CEO GWL <allen.loney@gwl.ca>

To: Canadalifers+

In case some of the Canadalifer class action members are not included in the CLPENS's current email distribution list, attached below is a March 12 email communication from the CLPENS executive committee.

The CLPENS reps do deserve real credit for sending out this substantive March 12 email communication, albeit belatedly and the day after the deadline for your being able to prepare and make a submission in advance of the March 18 court hearing.

The following seem to be particularly notable with regards to that March 12 CLPENS communication:

a) **Shared frustrations.** There is an acknowledgment of the shared frustrations in the context of the proposed outcome and the extended efforts made over the years by the volunteer CLPENS representatives.

b) **Priority on immediate cash payment for the IPA (Indago-Pelican-Adason) groups.** The CLPENS communication below highlights that issue as a key priority for them, and make the following statement: "Although members of the IPWU (i.e. CLA) Group had little to lose ... the other partial wind-up groups (Indago, Adason, Pelican Foods) had a lot to lose."

In many respects the above is a strange comment since the current CLPENS proposal is for CLA members to cash out their entitlement to distributable surplus and lock into their share of an unrealized 2006-2013 loss of at \$50 million or more, while the distributable surplus for the IPA groups has been reported as being stable or growing during that same time period. Supposedly what we are talking about is a potential timing delay with regards to modifying the specifics of the implementation process, rather than a question of hardball where GWL will now refuse to pay the negotiated surplus payments to the IPA groups.

In that scenario of a relatively nominal delay in implementation, the IPA groups would seem to have virtually nothing to lose, and the CLA windup members have almost everything to lose.

c) **Not understanding the role of GWL-influenced speculative investment policy.**

What seems to be the **most notable** aspect of the March 12 communication below is that this communication seems to re-confirm that collectively the CLPENS representatives, in their negotiations with GWL, have not been informed by GWL and/or have fundamentally not understood the financial role of the segregated windup plan's asset investment policy and its responsibility for the drop in reported surplus.

The key issue is that the segregated windup plan's investment policy appears to have been either negligent or, speculatively, specifically chose an asset mix with an average duration structure that was much shorter than the average duration structure of the liabilities, resulting in the assurance of huge unrealized losses if interest rates decreased (while anticipating that interest rates will eventually increase), and resulting in most of the huge drop in reported surplus.

The CLPENS reps also do not communicate or acknowledge an understanding that such an investment policy would supposedly also hold out assurance of a reversal of most or all of such unrealized losses if and when interest rates increase, and the expectation of correspondingly huge increases in surplus.

None of the class action members seem to be arguing that CLPENS reps should have "asked the Court to set aside the



previously-approved settlement on the grounds that it could not be implemented." There seems to be acceptance of the agreement with regards to the determination of the proportionate share of distributable surplus. There is no need to continue to incur extensive legal, etc costs. A decision can be reached (with perhaps some delay as implementation specifics are determined) and the priority payments can be made to the IPA groups.

So the shared view seems to be a focus on implementation.

From an implementation point of view, the CLA windup group seem to be entitled to an opportunity to retain their proportionate entitlement to distributable surplus, well beyond Dec 2014 if they individually choose to do so so, with the objective of not locking into such a huge unrealized book-keeping loss.

At the same time, GWL would seem to be morally obligated to provide that opportunity to CLA windup members, because GWL's unilateral influence on the plan's investment policy appears to be responsible for those unrealized losses. With an appropriate investment policy, the decline in interest rates should not have had anywhere near such a negative impact on distributable surplus, and could even have resulted in an increase to the distributable surplus.

It would benefit the class action members if GWL and the CLPENS reps would identify and communicate, as determined from their negotiations, what the advantages and disadvantages would be for an implementation process, as described in the March 11 submission pdf, that would optionally retain individuals' rights to the distributable surplus in a segregated windup plan. The understanding would be that an ongoing segregation of the windup plan assets would only be for the purpose of financially tracking the financials (in particular the future build-up of distributable surplus), and it would not be a true segregation in the event of something like insolvency.

It seems important for the CLPENS reps to read and take an hour or so to understand the two pdf documents that have been under development in the context of the Canadalifers discussion forum. It also seems important for other class action members to have informed access to those documents.

The above comments are provided on behalf of CLA class action members.

PS. If you have not as yet submitted your comments to the lawyers, you will apparently now be blocked from personally providing any sort of verbal or written submission at the March 18 court hearing. In addition, I received correspondence from the lawyers yesterday confirming that the CLPENS executives have refused to use their email distribution list to make available the two information pdf documents that were discussed in this forum and that were part of the March 11 submissions. I will instead be asking that the lawyers post the two documents to their website as soon as possible, in the context of posting March 11 submissions if submitters explicitly request that their submissions be posted. I will provide them with a compilation copy of the pdfs which includes the cover email comments.

Original Message

Subject: A Message from the CLPENS Executive Committee

From: Pension Group <clpens@rogers.com>

To: dan.anderson@sympatico.ca

Date: 12/03/2013 6:39 AM

A Message from the CLPENS Executive Commit

In addition to sharing your financial disappointment at the drastically reduced p. settlement, the CLPENS Executive Committee (EC) feels the pain of having so. over many years.

to be paid under our class ac
ow for its many hours of work

In addition to pondering various "conspiracy theories", the EC has also wrestl the question of whether "we cc have done things differently". On the first count, your EC has considered and rejected the possibility of man n and believes firmly that the reduced values to be paid to the Integration Partial Wind-up group ("IPWU Group") are the result of developments in world financial markets and, more specifically, their impact on the yields on Government of Canada real return bonds. On the latter count, we believe that our actions were appropriate in light of the information that was available at the tir The very long time involved in drafting, agreeing to and implementing the Surplus Sharing Agreement was clearly critical but, unfortunately, there was very little that your EC could do to expedite the

H. Unrealized Losses - 'Illustration' (Go train)

CLA owes Mary \$1,100 end of year one

^{Market}
Interest rates 10% (all durations)

^{Cash}
Assets = Liabilities = \$1,000 start of year one.

Approach #1 - Immunize / Match

- Purchase one year asset (10%^{annual} interest) maturing \$1,100 end year one
- Effect of subsequent ^{market} interest rates NIL
on surplus

Approach #2 - Shorter Asset Duration

- Purchase 3-month asset (10% annualized) to reinvest after 3-months expecting interest rates to increase.

• Scenario:

- one month later ^{market} interest rates drop to 5%, but prior to reinvestment date recover to market interest rates of 9% or 10%

• Effect on calculated surplus:

- end of month one [unrealized loss]^{annualized}
 - > substantial loss assuming interest loss of 4% = 10% - 6% during months 4 to 12
- end of month three
 - > no actual loss if rate 10%
 - > smaller loss if rate 9%
 - > actual loss depends on months 3-12.

This is Exhibit S referred to in the
affidavit of David Kidd
sworn before me, this 4th
day of January 20 12
CG
A COMMISSIONER FOR TAKING AFFIDAVITS

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 estimate 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.

An Offer of Financial Benefits for You

This information package explains a Proposal to settle the court proceedings involving the Plan and to share some financial benefits with you and with the other participants in the Surplus Sharing Group. Your share may be either (a) a transfer of money to you or (b) if you are an active Plan member, the opportunity for you to earn pension in the Plan without making contributions for a period of time (called a "contribution holiday").

Please read these documents carefully, so that you can make an informed decision about the Settlement Proposal.

You can attend an information session to hear more about the Proposal and have an opportunity to ask questions. The "Sources of Information" (pink-bordered item G) in this package lists the session times and locations. You can also ask questions about the Proposal by calling Koskie Minsky/Harrison Pensa toll-free at 1-800-286-2266 or sending an email to canadalifeclient@kmlhaw.ca.

When you've made your decision, you should complete and return the enclosed Decision Form (orange-bordered item F). If you wish, you can also deliver it in person at an information session. We request that you return the Decision Form (orange-bordered item F), as well as the Personal Information Statement (blue-bordered item E) by May 13, 2011.

Contents of the Package

This information package includes seven letter-coded (A to G) documents. Each one has a letter code and coloured border to help you tell them apart. If your package is missing any of the documents listed below, please call the Canada Life Client Service Centre toll-free at 1-888-252-1847.

A	"Your Information and Instruction Guide" (this black-bordered item A).
B	A letter from Canada Life (brown-bordered item B).
C	A report (yellow-bordered item C) from the Executive Committee of CLPENS (the CLPENS Committee). CLPENS is a voluntary association of Plan members. See "Important Definitions and Names" at the end of this document.
D	"A Detailed Description of What You Need to Know" (green-bordered item D) that explains the groups that may benefit from the Proposal, the background events, what will happen if the Proposal succeeds and your important next steps.
E	A Personal Information Statement (blue-bordered item E – two copies supplied). It provides an estimate of the benefits you might receive if there is sufficient agreement to the Proposal and if all approvals are obtained. A blue-bordered, postage-paid envelope to return this statement is also enclosed.
F	The Decision Form (orange-bordered item F). This form (among other things) allows you to indicate whether you agree or disagree with the Proposal. An orange-bordered, postage-paid envelope to return this form is also enclosed.
G	A Sources of Information (pink-bordered item G) which provides contact information if you have questions. It also includes a list of information sessions to be held in major centres across Canada to explain the Proposal.

Your Next Steps

1. Read the cover letter from Canada Life (brown-bordered item B).
2. Read the report from the Executive Committee of CLPENS (yellow-bordered item C) and A Detailed Description of What You Need to Know (green-bordered item D) carefully, because they explain in detail the Proposal to settle the court proceedings and to share some of the surplus assets in the Plan.
3. Review your Personal Information Statement (blue-bordered item E). It includes an estimate of your potential financial benefits under the Proposal and reports your personal data. If the Proposal is approved, your personal data *must* be complete and accurate for you to receive your financial benefits. Therefore you should make any required corrections.



to your personal information, sign one copy of the form, and return it in the blue-bordered, postage-paid envelope. The second copy is for your records. *Be sure to return the blue-bordered item E even if your personal information is correct.*

4. After you have read the package materials, whether you agree or disagree with the Proposal, fill out and return the Decision Form (orange-bordered item F), indicating your decision. If you prefer to wait until you attend an information session, you can deliver your form in person at the session instead. If you want to consent to the Proposal but you don't want to retain Koskie Minsky LLP and Harrison Pensa LLP to represent you, please call the Canada Life Client Service Centre toll-free at 1-888-252-1347 so that the necessary documents can be sent to you. If you choose to retain independent counsel, you will be responsible for your own legal expenses.
5. If there is an information session scheduled at a time and location that is convenient for you, please make plans to attend. We look forward to meeting you.

Please return your signed copies of the Personal Information Statement (blue-bordered item E) noted in #3 on the previous page and the Decision Form (orange-bordered item F) noted in #4 above by May 13, 2011.

If you can't attend an information session and you have questions about the Proposal, you can call the toll-free numbers shown on the Sources of Information (pink-bordered item G).

Important Definitions and Names

A quick review of these important definitions and names will help you understand the package materials.

Definitions

active member	An active member of a pension plan is currently employed by the pension plan sponsor and is earning pension benefits in the plan based on his or her continuing employment service.
class proceedings	Class proceedings are one method for going to court to seek a remedy for a complaint, and are commonly started when a large group of individuals share a similar complaint. Instead of each person having to start his or her own court action, one or more individuals acts on behalf of the group.
contribution holiday	If a pension plan is in a surplus position, surplus assets may be used to satisfy contribution obligations. A contribution holiday is a temporary suspension of contributions for either plan members, the employer or both, as determined by the employer in the circumstances.
deferred/vested member	A member with a deferred/vested entitlement under a pension plan is an inactive member (see below) who has not yet started to receive his or her monthly pension from the plan.
defined benefit pension plan	The Canada Life Plan is a defined benefit pension plan. If a pension plan provides benefits on a "defined benefit" basis, it means that the plan contains a formula that defines the benefit that a member is entitled to receive when he or she retires. A typical formula calculates the member's pension based on the number of years of the member's service, the member's salary (typically the average salary during the three or five years when the salary was highest), and a percentage. For example, for illustrative purposes, a typical formula may provide an annual pension on retirement equal to the average of the five years of highest salary multiplied by the number of years of service, multiplied by 2%. Using this defined benefit formula, a member with 30 years of service and an average salary of \$40,000 would receive an annual pension on retirement of $\$40,000 \times 30 \times 2\%$, or \$24,000.
defined contribution pension plan	If a pension plan provides benefits on a "defined contribution" basis, then what is defined is not the ultimate pension amount that the member will be entitled to on retirement, but rather the amount of contributions that will be made to the plan on behalf of the member each year. Those contributions go into an account set up for each member (much like an RRSP account). Upon retirement, the member will have a lump sum in his or her account (the contributions made over the years, plus investment returns). There are several methods the member can use to convert that lump sum into ongoing retirement income.
inactive member	An inactive member of a pension plan is entitled to benefits from the pension plan, but is no longer earning new benefits (for example, because his or her employment has terminated).
partial wind-up	A wind-up is the complete termination of a registered pension plan. A partial wind-up is the termination of a portion of a registered pension plan relating to a specific group of terminated employees.
pensioner	A pensioner is an inactive member of a pension plan (see above) who has retired and started to receive a monthly pension from the plan.

Definitions

Plan	A short-form for <i>The Canada Life Canadian Employees Pension Plan</i> , a defined benefit pension plan sponsored by The Canada Life Assurance Company. It is registered under registration number 0354563 with the Financial Services Commission of Ontario (FSCO) and the Canada Revenue Agency.
settlement proposal	A document describing steps for resolving a dispute between two or more parties (individuals or groups) so that they can avoid having to decide the dispute in court. This information package describes a specific settlement proposal – referred to in this package as the Settlement Proposal or the Proposal.
surplus	If there is more money in a registered pension plan fund than is required to meet all of the plan's pension obligations to its members, then the excess is referred to as surplus.
surviving spouse	A surviving spouse is a person who is receiving a pension from the Plan because he or she is the spouse of a member who has died.

Names

Adason	Adason Properties Limited*
Adason Committee	The committee that was formed to represent certain Plan members whose employment was terminated by Adason when the number of properties being managed by Adason decreased. The affected members were notified of their termination between November 1, 1999 and February 28, 2001.
CLPENS	A voluntary association of Plan members formally established in 2004 to advance members' interests regarding the Plan. The association's full name is the Canada Life Canadian Pension Plan Members' Rights Group.
CLPENS Committee	The executive committee of CLPENS.
Indago	Indago Capital Management Inc.*
Indago Committee	The committee that was formed to represent certain Plan members whose employment was terminated by Indago as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd.
Non-Partial Wind-Up Group (or Non-PWU Group)	Individuals who are part of the Surplus Sharing Group (see below) but who are not part of the Partial Wind-Up Group (see below).
Partial Wind-Up Group (or PWU Group)	All individuals affected by the declared or undeclared partial wind-ups related to the Plan (all three potential Prior Partial Wind-Ups; that is, the potential Prior Partial Wind-Ups affecting Indago, Adason and Pelican groups, and the Integration Partial Wind-Up), as described in A Detailed Description of What You Need to Know (green-bordered item D) in this package.
Parties to the proceeding	The original parties to the court action commenced in the Ontario Superior Court of Justice in April 2005 were David Kidd and Alexander Harvey (former employees affected by the Integration Partial Wind-Up) and Canada Life and the Plan Trustees. Messrs. Kidd and Harvey, referred to as Plaintiffs, were subsequently joined by a third Plaintiff (Jean Paul Marentette – also a former employee) in September 2005. As the Settlement Proposal proceeds forward, representatives from each of the Adason Committee, the Indago Committee and the Pelican Committee will also be added as Plaintiffs in the proceeding.
Pelican	Pelican Food Services Limited*
Pelican Committee	The committee that was formed to represent certain Plan members whose employment was terminated by Pelican as a result of the outsourcing of certain operations by Canada Life in 2001.
Surplus Sharing Group	The individuals who are eligible for financial benefits if the Settlement Proposal described in this package receives all the necessary approvals. Members of this group are also called "eligible members" in this document. The Surplus Sharing Group includes both the PWU Group and the Non-PWU Group.

*Employees of these companies were also members of the Plan. The individuals included in this Proposal are the employees of these companies whose membership in the Plan ended following certain corporate events between 1999 and 2001. A Detailed Description of What You Need to Know (green-bordered item D) provides more details.

Note: The information package that includes this Information and Instruction Guide 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.



Canada Life™

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March 7, 2011

**Subject: The Canada Life Canadian Employees Pension Plan -
Proposal to Settle the Court Proceedings and Share Surplus**

Dear Sir/Madam:

Important Information about your Pension Plan

This information package was prepared to help you make an informed decision about a proposed settlement of court proceedings involving The Canada Life Canadian Employees Pension Plan (the Plan). *It is important for you to know that you are a member of the group of individuals who can receive financial benefits if the "Settlement Proposal" described in this package receives all necessary approvals* [please refer to your "Personal Information Statement" (blue-bordered item E) for an estimate of the financial benefits you may receive if the settlement is approved]. This letter and the other materials in this package are intended to provide you with the information you will need in order to decide if you wish to object or to provide your support for the settlement.

Before going further, please let us reassure you about one fundamental and very important matter. For those of you who are still entitled to pension benefits from the Plan, the pension benefits that you have earned under the Plan, or the monthly pension you may be currently receiving, will not be affected by the Settlement Proposal. You will continue to be entitled to those pension benefits and your right to receive them will not be affected, no matter what decision you make regarding the Settlement Proposal, and regardless of whether the Settlement Proposal proceeds.

Background to the Settlement Proposal

On July 10, 2003, The Canada Life Assurance Company (Canada Life) was acquired by The Great-West Life Assurance Company. With the integration of the companies, certain members of the Plan resigned, retired or had their employment terminated. Subsequently, Canada Life declared a Partial Wind-Up – or a partial termination – of the Plan related to these Plan members. This voluntary Partial Wind-Up is referred to in these materials as the "Integration Partial Wind-Up (PWU)". There was a "surplus" in the Plan; that is, there was more money in the Plan than required to meet all of the Plan's obligations to its members.

Then, in 2005, a group of former Plan members (the Plaintiffs in the proposed class action) commenced litigation in the Ontario Superior Court. In their claim, the Plaintiffs asked the Court to order that the surplus related to the Integration PWU should be paid to the Plan members affected by that Partial Wind-Up. The Plaintiffs also questioned the validity of certain payments that had been made from the Plan's trust fund to reimburse Canada Life for the expenses of administering the Plan (the "expense-related claim"). This expense-related claim affects all current (active) and former Plan members, including pensioners.

Canada Life disagreed that the Plaintiffs had any entitlement to the Partial Wind-Up surplus or that the administration expenses were improperly charged to the Plan fund.

In an effort to resolve the matter, the parties to the court proceedings participated in a mediation in 2007, which led to a tentative settlement. Since that time, the parties and their legal advisors have been working to ensure that the details of the proposed settlement will be fair and equitable for all eligible Plan members and for Canada Life.

Meanwhile, three other groups of employees, whose employment with Canada Life had been terminated before the start date of the Integration PWU period, were pursuing the possibility of a Partial Wind-Up relating to their respective situations. These other groups, whose members may ultimately be included in a Partial Wind-Up relating to their own situation, are: the Indago group, the Adason group and the Pelican group. In 2007 and 2008, representatives for each of these groups began to participate in the settlement discussions then taking place between the Plaintiffs and Canada Life. As a term of this proposed settlement, Canada Life intends to declare a voluntary Partial Wind-Up in respect of each of these groups, if this Settlement Proposal proceeds.

Announcement of Settlement Proposal

I am pleased to report that we have now reached a comprehensive agreement with the Plaintiffs and representatives of the other groups. Provided that required member consents, and court and regulatory approvals are obtained, the Settlement Proposal will include all of those covered by the four Partial Wind-Ups (the Integration PWU, as well as the proposed Partial Wind-Ups affecting the Indago, Adason and Pelican groups), as well as those affected only by the expense-related claim (active members of the Plan, deferred/vested members and pensioners).

At this time we wish to present the Settlement Proposal to you and other eligible members for your consideration.

Details of the Settlement Proposal

If approved, the Settlement Proposal involves, among other things, three key elements:

1. Eligible active Plan members will be able to suspend their contributions to the Plan for two years.
2. Plan members affected by a Partial Wind-Up (i.e., those included in the Integration PWU as well as those who will be included in the proposed Partial Wind-Ups affecting the Indago, Adason and Pelican groups) 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-Up of the Plan.
3. Canada Life will also receive a share of the surplus related to the Partial Wind-Ups.

You should be aware that the Settlement Proposal is conditional. It must be supported by a significant majority of eligible members in order to proceed. In addition, it will not proceed unless required court and pension regulatory approvals are obtained. Therefore, we ask you to familiarize yourself with this information package, and then show your support for the Settlement Proposal as instructed in the enclosed documents. Please complete and return the "Decision Form" (orange-bordered item F).

Purpose of the Information Package

We realize that there is a great deal of information to read in this package and that some of it is quite technical. However, it is important that you fully understand the terms of the Settlement Proposal. Please start with "Your Information and Instruction Guide" (black-bordered item A) that lists the various documents we have enclosed and clearly explains what you have to do. Please complete and return the Decision Form.

Company and member representatives and their advisors will be holding information sessions in various cities across Canada, to give eligible members the opportunity to get more information and to ask questions about the Settlement Proposal. Details about those sessions are included on the "Sources of Information" (pink-bordered item G). We encourage you to attend a session if you can.

After reviewing all the information provided to you, if you agree to the Settlement Proposal, please provide your consent using the Decision Form.

We are very pleased with this Settlement Proposal and we feel that it is a fair and equitable deal for all concerned, but it cannot be implemented without a high level of member support. We encourage you to provide your approval.

Implementation of the Settlement If Approved

If we receive sufficient support from the eligible members, Canada Life and the member representatives will take the necessary legal steps to implement the Settlement Proposal as quickly as possible. Due to the complex nature of the process, however, the implementation of the Settlement Proposal (including the distribution of surplus to eligible members) is not expected to occur before the end of 2012.

Contacts for Additional Information

Canada Life and the member representatives would like to ensure that you have prompt answers to any questions you may have about the Settlement Proposal. Again, please refer to the Sources of Information (pink-bordered item G) and the enclosed report from the member representatives of your group (yellow-bordered item C) for contact information. If you have questions about your pension benefits at any time, you may contact the Canada Life Client Service Centre by calling toll-free at 1-888-252-1847.

Yours truly,



Elwood Haas
Senior Vice-President, Corporate Resources



Letter from the CLPENS Executive Committee

March 7, 2011

Dear Canada Life Pension Plan Member,

This letter is being sent to all members and some past members of the Canada Life Canadian Employees Pension Plan. Enclosed with this letter is a report from the Executive Committee of The Canada Life Canadian Pension Plan Members' Rights Group ("CLPENS Committee").

The CLPENS is a voluntary association of individuals with an interest in The Canada Life Canadian Employees Pension Plan (the "Plan"). It was formed to pool resources and to provide information about the Plan and to promote awareness among all Plan members about their pension rights.

The attached report from the CLPENS Committee describes in broad terms an agreement that has been reached with The Canada Life Assurance Company ("Canada Life") concerning a proposal to share a portion of the surplus in the Plan in settlement of the litigation commenced in 2005 (the "Settlement Proposal"). This letter is accompanied by a package that describes in detail the different elements of the Settlement Proposal, an estimate of the benefits you would be entitled to under the Settlement Proposal, and the action required on your part.

The Settlement Proposal will entitle you to receive a one-time benefit provided you take the required actions. The Settlement Proposal is contingent upon a large majority of the members in various groups (75% for the Partial Wind-Up group and 90% for others) agreeing to take the various actions contained in the Settlement Proposal. This will not compromise any benefits you are currently entitled to or you are receiving under the Plan.

In order for you to fully understand the Settlement Proposal and to have an opportunity to ask questions, you are invited to attend one of the information sessions being held across the country (times and locations of which are set out in the enclosed package). The CLPENS Committee, our legal counsel and actuary, along with representatives of Canada Life and the company's legal counsel, will be represented at these sessions.

The CLPENS Committee has carefully evaluated the Settlement Proposal and strongly recommends it to the membership. You do not have to bear any direct share of the costs associated with the negotiations and implementation of the Settlement Proposal.

Please read this Report carefully and attend one of the information sessions and provide your consent to the Settlement Proposal by filling out and returning the enclosed "Decision Form" (orange-bordered item F) to our lawyers, Koskie Minsky LLP, which will authorize them to act on your behalf to implement the Settlement Proposal.

Thank you for your consideration.

Yours truly,
The CLPENS Committee



Report by the CLPENS Executive Committee on the Settlement Proposal to Share Pension Plan Surplus

Executive Summary

CLPENS and its Mission

The Canada Life Canadian Pension Plan Members' Rights Group is a voluntary organization with a mission to provide information, create awareness, and protect the pension interests of the members of the Plan. The CLPENS Executive Committee consists of long-term, ex-Canada Lifers with expertise in pension matters. It has advisors to provide advice on legal and actuarial matters.

Background to the Settlement Proposal

Two members of CLPENS initiated a class action law suit against Canada Life in 2005 on two issues:

- Reimbursement to the Plan, or to Plan members, of the expenses of administering the Plan that were paid from Plan assets, and to discontinue the practice in the future, and
- Distribution of the surplus from the portion of the Plan that was partially wound-up following the acquisition of Canada Life by Great-West Life to the affected Plan members (over 2,000).

Following negotiations with Canada Life, including a two-day mediation, a settlement was reached with Canada Life that will be beneficial to all Plan members.

Highlights of the Settlement Proposal

The Settlement Proposal will provide one-time benefits to all members. These benefits will have no effect on any benefits (pension or health) to which the members are currently eligible. It will have the following effect:

- The surplus in the wound up portion of the pension plan will be distributed in the following proportions:
 - Members affected by the "Integration Partial Wind-Up" – 57.22%
 - Pensioners and Deferred/Vested Members – 12.44%
 - Canada Life – 30.34%

Your member status under the Settlement Proposal can be found on your "Personal Information Statement" (blue-bordered item E).

The estimated amount of surplus available for distribution as at June 30, 2010 was \$62.2 million. This amount is subject to fluctuation depending on market conditions leading up to the distribution date. The lump-sum benefits payable to the individuals will be based on the value of their pension Plan benefits.

- The active Plan members will receive a contribution holiday for two years.
- It will be permissible to have the expenses of administering the Plan reimbursed to Canada Life.
- All expenses (legal and actuarial) will be deducted from the partial wind-up surplus before distribution. The members will not be required to bear any expenses involved in negotiating and implementing the Settlement Proposal.

The above mentioned one-time benefits will be paid only if the different membership groups accept the Settlement Proposal in sufficiently large numbers (75% for the Partial Wind-Up group and 90% for others). If the requisite levels of consent are not reached, no one will receive any benefits.

Transfer to a New Pension Plan

One of the components of the Settlement Proposal is to permit Canada Life to have certainty about payment of the expenses of administering the pension plan out of plan assets, as well as the use of Plan assets for various other purposes. In order for Canada Life to have certainty going forward, some Plan members will be asked to consent to be transferred to a new pension plan (the "New Plan"), and to a "variation of trust." The New Plan will have benefits identical with the current Plan for a period of two years.

Recommendation of the Executive Committee of CLPENS

The CLPENS Executive Committee, with advice from its legal and actuarial advisors, has carefully examined the Settlement Proposal and strongly recommends its acceptance.

Actions on Your Part

Please read the attached report from the Executive Committee of CLPENS and the information package. You can attend one of the information sessions planned across the country (the information package contains the details). Then complete and return the enclosed Decision Form (orange-bordered item F) in the self-addressed postage paid envelope. This will permit our lawyers to take further steps.

Timeline for Future Steps

In order to fully implement the Settlement Proposal, a number of regulatory steps and approvals need to be obtained. Assuming all goes well and on time, distribution of benefits is not expected to occur before the end of 2012.



Report by the CLPENS Committee on the Settlement Proposal to Share Pension Plan Surplus

This is a report prepared by the Executive Committee (the "Committee") of the Canada Life Pension Plan Members Rights Group (the "CLPENS"). It provides a broad description of the background to the Settlement Proposal and its contents. The enclosed package gives a detailed description of the Settlement Proposal. All members are invited to attend the special information sessions that have been planned to provide the members with an opportunity to get answers to any questions they may have.

The CLPENS Committee has carefully examined the Settlement Proposal and strongly recommends its acceptance by the membership.

The Report is divided into the following sections:

- A. The CLPENS Committee and its Advisors
- B. Background to the Settlement Proposal
- C. Pension Plan Surplus and its Ownership
- D. Underlying Premise for the Settlement Proposal
- E. Highlights of the Settlement Proposal
- F. The CLPENS Committee's Recommendation
- G. Information Sessions
- H. Next Steps

A. The CLPENS Committee and its Advisors

The CLPENS was informally established in 2000 and later constituted on a formal basis in 2004. Its Committee consists of individuals (who are all former long term employees of Canada Life) elected in conformity with its Constitution and provide their services on a voluntary basis. The present Committee consists of Wib Antler, Ed Barrett, Alex Harvey, David Kidd, Brian Lynch, Jim Martin, Shriram Mulgund and Gary Nummelin. Several of these members have many years of experience in pension matters and two of them have many years of experience working with the Plan.

The objectives of the CLPENS are to provide information to the members of the Plan, to increase awareness of Plan members' pension rights, and to protect their pension interests. As a part of this mission, the CLPENS has addressed the issues of the Plan expenses and the Partial Wind-Up of the Plan associated with The Great West Life Assurance Company's acquisition of Canada Life in 2003.

In dealing with the above issues, the CLPENS is being advised by a legal team and actuarial advisors. Our legal team consists of Koskie Minsky LLP in Toronto and Harrison Pensa LLP in London. Our lawyers have extensive experience in pension law and pension surplus matters. Actuarial advice is provided by Marcus Robertson who is a partner at Robertson, Eadie & Associates.

B. Background to the Settlement Proposal

A number of events have occurred in the recent past that have resulted in resignations, retirements, and terminations of a large number of employees. In 2003, Canada Life was acquired by The Great West Life Assurance Company (the effect of this event spanned over the period July 10, 2003 to June 30, 2005). With a large-scale decrease in the membership of the pension plan, Canada Life declared a "Partial Wind-Up" of the Plan, referred to as the "Integration PWU". In addition, three companies which were associated with Canada Life - Indigo Capital Management Inc., Pelican Food Services Limited, and Adason Properties Limited - either ceased their operations or merged with other entities between 1999 and 2001. The Settlement Proposal deals with these prior events as well.

Pension legislation requires the settlement of all basic benefits, and the distribution of all assets, when a pension plan is "wound-up" (either in full or in part). This means that all assets attributable to the wound-up portion of the pension plan have to be dealt with. This includes distribution of any surplus assets. Pension legislation does not, however, dictate to whom surplus assets shall be paid.

Around 2004, the CLPENS became concerned about the validity of payment of certain Plan expenses out of the Plan assets and made a complaint to the Ontario pension regulator, the Financial Services Commission of Ontario ("FSCO").

The CLPENS initiated a class action proceeding in Toronto in the Spring of 2005 by a Statement of Claim, with two PWU Members named as Plaintiffs: David Kidd and Alex Harvey. A third Plaintiff, Jean Paul Marentette, who is also a PWU Member, was added a short time later as he had started a similar action in London, Ontario that was later discontinued. Among other things, the amended Statement of Claim sought the following:

- Distribution of surplus attributable to the Integration PWU to the PWU Members; and
- Reimbursement of the Plan expenses paid out of the pension fund either to the Plan fund or to Plan members.

It is important to note that the class proceeding deals with the specific claims of the PWU Members to a distribution of the Integration PWU surplus, as well as the broader claims of *all* Plan members concerning the payment of Plan expenses.

Following the initiation of the class action, extensive discussions took place with Canada Life, including a two-day mediation facilitated by Justice Warren Winkler, which resulted in the signing of a Memorandum of Understanding ("MOU") in November, 2007. The MOU set out the framework for negotiations towards a comprehensive settlement of all issues raised in the Statement of Claim.

We have now completed our negotiations with Canada Life and have reached a settlement agreement that is conditional on a number of things, including obtaining sufficient support from eligible Plan members. The Settlement Proposal addresses the claims of the PWU Members related to the Integration PWU surplus, as well as the claims of all Plan members concerning Plan expenses and other issues.

The main terms of the Settlement Proposal are explained in this Report in broad terms. We encourage you to read it carefully and completely. You may refer to the information package provided by Canada Life for additional details.

C. Pension Plan Surplus and its Ownership

What is Pension Plan Surplus?

Surplus arises in a "defined benefit" plan (such as our Plan) if there are more assets in the pension fund than are needed to pay the promised benefits in accordance with the pension benefit formula. In an ongoing pension plan, the determination of surplus requires an actuarial calculation of the value of future benefits based on certain assumptions. When a pension plan is wound up, in whole or in part, all benefits have to be settled (either in cash or by purchase of annuities) and any amount left over after having settled all benefits and after having paid all the expenses associated with the wind up constitutes surplus.

Ownership of Surplus

In an ongoing pension plan, no one actually "owns" the surplus. When a pension plan is wound-up, in whole or in part, the assets and liabilities of the wound-up portion of the pension plan must be dealt with. When all benefits have been settled and wind-up expenses have been paid, the disposition of any remaining assets (the "surplus") has to be dealt with. In such situations, the question of ownership of surplus becomes important.



Our legal team advises us that the PWU Members would have a strong claim that the surplus belongs to them. Canada Life does not agree with this position. This would inevitably lead to a dispute over surplus ownership with lengthy, complex and expensive litigation. There is no certainty of success in this type of litigation. In order to avoid a lengthy and expensive process with no guarantee of success, we believe that the Settlement Proposal set out below is a better option.

D. Underlying Premise for the Settlement Proposal

As discussed above, the law suit involved two issues - the disposition of the surplus in respect of the Integration PWU, and the payment of Plan expenses from the Plan.

In regards to the question of surplus disposition, the only persons who have a right to force a distribution of surplus from the Plan are the PWU Members. The active members, pensioners and deferred/vested members do not have a legal right to access surplus at this time. The likely difficulty in establishing ownership of surplus by the PWU Members has already been discussed above.

In regards to the question of payment of Plan expenses, all members (including the PWU Members) have a stake in this legal issue. At the time our court case was started, our legal team advised that there was a sound basis to argue that Canada Life is responsible for payment of Plan expenses out of its own pockets, based on the wording of historical Plan documents. The issue of responsibility for pension plan expenses was raised in a case with similar facts that ultimately went to the Supreme Court of Canada in 2009. The pension plan members did not succeed in that case. Although we believe our case is distinguishable, the development of the law since the class proceeding was started is not favourable to our case.

In view of the likely legal hurdles in resolving both of the above issues, the CLPENS Committee has reached a negotiated settlement with Canada Life. The following are the main features of this settlement:

- The surplus in respect of the Integration PWU will be shared between PWU Members, pensioners, deferred/vested members and Canada Life;
- The active members of the Plan will receive a benefit in the form of a two-year contribution holiday;
- Canada Life will be able to pay for the expenses of administering the Plan from the Plan, and use Plan surplus for other purposes as outlined in the Settlement Agreement; and
- The law suit before the court will be settled.

Successful execution of the settlement is contingent upon high levels of consent from the different membership groups as described below. It will also be necessary for certain members of the Plan (other than the PWU Group) to consent to move to a new pension plan.

E. Highlights of the Settlement Proposal

Protection of Current Pension and Other Benefits

The Settlement Proposal has no effect on the current pension benefits for all classes of Plan members. Pensioners will continue to receive their current benefits. Deferred/vested members will receive benefits currently promised. Active members will continue to accrue benefits at the current level for at least for two years. The PWU members will receive the full value of their benefits in accordance with applicable legislation.

This Settlement Proposal has no impact on any other benefits provided by Canada Life, including health benefits for active employees and retirees.

One-Time Benefits for All Classes of Members

As a result of this Settlement Proposal, all classes of members will receive specified one-time benefits. The following groups will be covered:

- PWU Members,
- Pensioners and Deferred/Vested Members, and
- Active Members.

These one-time benefits will be available only if the member consent requirements described below are met. If the necessary consents from eligible members are not obtained, the Settlement Proposal will not proceed and no one will receive these one-time benefits.

Division of Surplus Between Different Groups

The PWU Surplus will be divided in the following manner:

Recipients	Proportion
PWU Members	57.22%
Pensioners Deferred/Vested Members	12.44%
Canada Life	30.34%
Total	100.00%

The estimated amount of the Integration PWU surplus available for distribution as at June 30, 2010 (after deducting the estimated expenses) is \$62.2 million. The final amount could change depending on the financial conditions at the time of distribution.

Benefits to the PWU Members

The PWU Members will receive a share of the Integration PWU surplus in the form of a lump-sum payment based on the value of the member's benefits under the Plan as at the date of the Integration PWU, excluding the value of any "grow-in" benefits. There will be a minimum payment to each PWU Member of \$1,000.

Benefits to the Pensioners and Deferred/Vested Members

The Pensioners and Deferred/Vested Members (determined as at April 12, 2005) will receive a share of the surplus in the form of a lump-sum payment based on the value of the member's benefits under the Plan as of June 30, 2005. There will be a minimum payment of \$1,000 to every pensioner and deferred/vested member.

Active Employees

All Active Members (determined as at June 30, 2005, plus any new members up to the date the court proceedings are "certified" as class proceedings by the court) will be eligible to receive a two-year pension contribution holiday starting from January 1 of the year following the date the Settlement Proposal receives all necessary court and regulatory approvals. If a member's accruals under the Plan terminate before the expiry of this two-year period, a lump-sum payment equal to the value of any outstanding contribution holiday will be paid to that member, or his or her estate. The cost of this benefit for active members is estimated to be \$3.6 million and will be paid out of the ongoing surplus of the Plan, not the Integration PWU surplus.



Consent Requirements for Implementing the Settlement Proposal

Implementation of the Settlement Proposal is contingent upon high levels of consent from members in the different classes, including:

- 75% of the PWU members;
- 90% of the Active, Retired and Deferred/Vested Members.

If the required consent levels are not reached, the Settlement Proposal will not proceed and no one will receive any benefits from the Settlement Proposal. If the Settlement Proposal does proceed, the members who have not consented to the Settlement Proposal may not receive any of the one-time benefits as set out in the Settlement Proposal.

Transfer to New Plan and Variation of Trust

As a part of the Settlement Proposal, Canada Life will create a new pension plan (the "New Plan"). Consenting Active, Retired and Deferred/Vested members will be transferred to the New Plan, which will provide identical benefits to those under the current Plan for at least two years. On such transfer, their liabilities along with a proportionate share of the assets (including surplus), will be transferred to the New Plan.

The members consenting to transfer to the New Plan will also be consenting to a variation of the trust under which the assets of the Plan are held. Because the issue of payment of Plan expenses out of the Plan was raised in the Court action, Canada Life wants the terms of the trust governing Plan assets to be clarified so that going forward there is no question about its ability to use Plan assets for a number of purposes as agreed under the Settlement Proposal. The New Plan will permit payment of expenses out of the New Plan.

Some of the members whose consent for moving to the New Plan is sought may have designated beneficiaries. It may be necessary to seek consents from such beneficiaries as well. If you wish to avoid having to obtain the consent from your beneficiary, you may have the option to revoke your beneficiary designation which may be restored following Court approval of the Settlement Proposal. In the event that you pass away before such restoration, any entitlement under the Plan would pass to your spouse or estate, as the case may be. The enclosed information package describes the steps required to be taken for this purpose. Your spouse's consent may also be required - if this applies to you, it will be indicated on your Decision Form (orange-bordered item F).

Court and Regulatory Approval

The Settlement requires Court and Regulatory Approval which will be sought after the information sessions (described in Section G below) have been completed and the consent requirements for the Settlement Proposal have been met.

Other Considerations

Fees and Expenses

Both the CLPENS Committee's and Canada Life's legal and actuarial and other expenses and fees incurred in the negotiation and implementation of the Settlement Proposal will be paid out of the PWU Surplus prior to the split described above. These fees are subject to Court Approval.

Tax Sheltering

Surplus shares will be paid as a taxable cash lump-sum amount, subject to applicable withholdings. Members entitled to surplus shares greater than \$15,000 may elect to direct all or part of their share to a Registered Retirement Savings Plan (RRSP) without withholdings, subject to showing proof of available RRSP contribution room.

Deceased Members

Should anyone who is eligible to receive a surplus share die before receiving his/her share, the benefit that would have been payable to the individual will instead be payable to his or her spouse, beneficiary or estate, as applicable, subject to fulfillment of any necessary conditions.

Special Inclusion of Quebec Members

The right to surplus distribution on a partial wind-up of a pension plan does not apply in all Canadian jurisdictions. Quebec pension legislation does not recognize the concept of a partial wind-up. Accordingly, former Plan members who were working for Canada Life in Quebec, and whose employment and Plan membership were terminated following Great-West Life's acquisition of Canada Life, were not included in the Integration Partial Wind-Up and have no rights in law to share in the related surplus distribution. However, we have negotiated the Settlement Proposal so that these Quebec members receive the same treatment as the Plan members who were included in the Integration Partial Wind-Up.

Prior Partial Wind-Ups

The Settlement Proposal also deals with three events that took place before the Integration Partial Wind-Up, related to the termination of employment of certain Plan members employed with Indago Capital Management Inc., Adason Properties Limited, and Pelican Food Services Limited. If the necessary consents are obtained from the members affected by these events, as well as those affected by the Integration Partial Wind-Up, partial wind-ups will be declared by Canada Life for these three events (the "Prior Partial Wind-Ups").

The Integration PWU can proceed whether or not the Prior Partial Wind-Ups proceed. But, the Prior Partial Wind-Ups can proceed only if the Integration PWU proceeds.

The members affected by the Prior Partial Wind-Ups are separately represented by their own member committees. Two of the groups, Pelican and Indago, are also represented by Koskie Minsky LLP and Harrison Pensa LLP.

F. The CLPENS Committee's Recommendation

The CLPENS Committee recommends the Settlement Proposal to all Plan members. Under the circumstances discussed above, it is reasonable, fair and a good deal for all Plan members.

The benefits described in the Settlement Proposal will only be available if the required levels of consent are received from the various groups described above. We would urge all members to provide their consent so that the Settlement Proposal can be implemented.

We have taken steps to ensure that all categories of eligible Plan members are included in the Settlement Proposal. The Settlement Proposal will benefit Plan members much sooner than if the matter were successfully litigated, and without the attendant risks and expense. The alternative to accepting the Settlement Proposal is costly, lengthy and risky litigation, which is not advisable.

G. Information Sessions

There will be information sessions that you can attend in person, along with your spouse or other family member, in various locations across the country. The locations, dates and times are detailed in the enclosed information package. Members from the CLPENS Committee, our lawyers, as well as representatives from Canada Life and their counsel, will all be at each information session to describe the Settlement Proposal to you and answer your questions.



At these information sessions, you will have the opportunity to speak to the CLPENS Committee members and one of our lawyers without anyone from Canada Life being present.

We strongly encourage you to attend an information session if you are able to do so. You may send your Decision Form (orange-bordered item F) to Koskie Minsky LLP before then or you may hand deliver it at the meeting.

If there is no information session in your area, or you are unable to attend, and you have questions about the Settlement Proposal, please call Koskie Minsky/Harrison Pensa toll-free at 1-800-286-2266 or email us at canadalifeclaim@kmlaw.ca.

If you have specific questions regarding your pension benefits, please contact the Canada Life Client Service Centre toll-free at 1-888-252-1847.

H. Next Steps

Once you have reviewed this Report and all the other documents in the package, please fill out and vote **YES** on the enclosed Decision Form (orange-bordered item F) to support the Settlement Proposal and return it to Koskie Minsky LLP in the enclosed envelope. By signing the form and voting **YES**, you:

- Retain Koskie Minsky LLP and Harrison Pensa LLP jointly as your counsel and authorize them to act on your behalf to implement the Settlement Proposal;
- Consent to the Settlement Proposal (all members) and the surplus withdrawal (for PWU Members);
- Consent to the transfer to the New Plan and the variation of trust (Non-PWU Group Members still entitled to benefits under the Plan); and
- Release all your claims against Canada Life in exchange for your settlement under the Settlement Proposal (for all members).

A Detailed Description of What You Need to Know

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN SETTLEMENT PROPOSAL

A Detailed Description of What You Need to Know

Please read "Your Information and Instruction Guide" in this information package before reading this document.

Overview of the Settlement Proposal

This document explains a Proposal to settle the court proceedings involving *The Canada Life Canadian Employees Pension Plan* (the "Plan") and to share some financial benefits with you and with others who are entitled to participate in the Proposal (the eligible members).

All eligible members are being asked for their written consent to the Proposal. The Proposal can only proceed with court approval and approval from the applicable regulatory authorities. Court and regulatory approval will only be sought if the necessary levels of consent from you and other Plan members are received.

This document was prepared to help you make an informed decision so you can indicate whether or not you support the Proposal.

This document describes the groups that may benefit from the Proposal, the events that led up to it, the levels of consents necessary, what will happen if the Proposal succeeds, and your important next steps. It also includes a Questions and Answers (Q&As) section to anticipate some questions eligible members may ask. References to specific Q&As appear throughout this document.

Eligible Groups Under the Proposal

The Proposal includes the groups listed below. All groups make up the larger Surplus Sharing Group of eligible members. Your "Personal Information Statement" included in this information package (blue-bordered item E) indicates the group you belong to.

- Plan members included in the "Integration Partial Wind-Up (PWU)." These are members whose employment terminated following the 2003 acquisition of Canada Life by The Great-West Life Assurance Company (Great-West Life). (See Q&A #13 for more information.)

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- Plan members formerly employed by Indago Capital Management Inc., Adason Properties Limited and Pelican Food Services Limited. Employees of those companies were also members of the Plan, and the individuals included in the Proposal are the Plan members whose membership in the Plan ceased following certain corporate events that occurred between 1999 and 2001 (described starting on page 4).
- All active members of the Plan as at June 30, 2005¹, plus any new Plan members from that date up to the date the court proceeding is certified as a class proceeding, who are not part of the first two groups described above.
- Deferred/vested members of the Plan as at April 12, 2005² who are not part of the first two groups described above.
- Members of the Plan in receipt of a monthly pension from the Plan as at April 12, 2005³, 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 first two groups described above.

Financial Benefits Under the Proposal

If the necessary levels of consent are obtained, along with the required court and regulatory approvals, the Proposal involves the following financial benefits:

- For the Surplus Sharing Group except for the active members: The distribution of a portion of the surplus in the Plan related to the Integration PWU, as well as the distribution of a portion of the surplus related to partial wind-ups that would be declared in respect of the Indago, Adason and Pelican groups.
- For the active members in the Surplus Sharing Group: A two-year "contribution holiday" which means the active members 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.
- For Canada Life: A share of the surplus from each Partial Wind-Up.

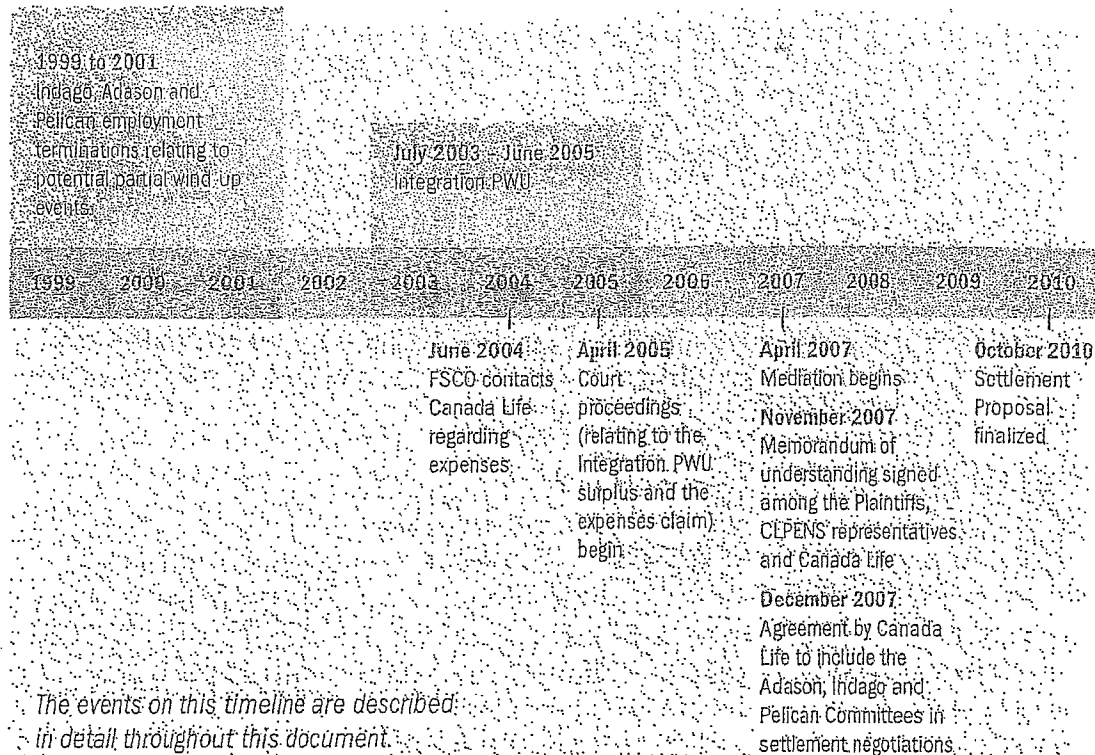
The financial benefits under the Proposal will be provided to the individuals in the Surplus Sharing Group in order to settle the claims made in the court proceedings that are described in the next section of this document. The amount of the financial benefits you may receive is estimated in the Personal Information Statement (blue-bordered item E) included in this Settlement Proposal package.

In this package, "PWU" always means "Partial Wind-Up." See "Important Definitions and Names" in Your Information and Instruction Guide for a definition.

¹ Q&A #5 explains the significance of the June 30, 2005 date.

² Q&A #4 explains the significance of the April 12, 2005 date.

Events Leading to the Proposal



Integration Partial Wind-Up

Canada Life was acquired by Great-West Life on July 10, 2003. Following that event, as the operations of the companies were integrated, certain members of the Plan resigned, retired or had their employment terminated. Canada Life declared a Partial Wind-Up of the Plan related to these Plan members.

When a partial wind-up of a pension plan occurs, affected members are given various options for receiving the pension benefits they have earned. Plus, if there are assets in excess of the amount needed to pay all affected members' pension benefits (known as "surplus attributable to the partial wind-up"), a decision must be made on how to deal with the surplus. (See Q&As #1 and #2 for more details about partial wind-ups and surplus.)

Within this information package, this Partial Wind-Up is called the Integration PWU. Approximately 2,100 Plan members were affected by it. (See Q&A #13 for more information.)

Expense Investigation

In 2004, following inquiries from CLPENS, Ontario's pension regulator, the Financial Services Commission of Ontario (FSCO), began an investigation into the payment of certain expenses for administration of the Plan from the Plan fund. That investigation is now on hold, pending the outcome of this Proposal. (See Q&A #3 for more information.)

History of the Court Proceedings

In the spring of 2005, two members of the Plan who had been affected by the Integration PWU (the "Plaintiffs") started legal action (the "court proceedings") against Canada Life and the Plan Trustees by filing a Statement of Claim under the Ontario *Class Proceedings Act* in the Ontario Superior Court of Justice (the "Court"). The original Plaintiffs were joined by a third plaintiff, also affected by the Integration PWU, in September 2005.³

Plaintiffs are persons or groups who start a legal action. A "Statement of Claim" is a document filed with the court setting out the plaintiffs' complaints and claim for relief.

In the Statement of Claim, the Plaintiffs asked the Court to make various orders related to the Plan, including these:

- They asked the Court to order Canada Life to pay all of the surplus in the Plan related to the Integration PWU to the affected Plan members.
- They asked the Court to order that administrative expenses paid from the Plan fund should not have been paid, and to order Canada Life to repay an appropriate amount into the Plan fund with interest, or pay an equivalent amount to the members of the Plan.

The claim related to the payment of surplus was made only on behalf of the Plan members affected by the Integration PWU. However, the claim related to the payment of expenses from the Plan fund was made on behalf of all Plan members.

Settlement Negotiations

In 2007, the judge overseeing the court proceedings directed the parties to try mediation. Held in April 2007, the mediation resulted in agreement on the framework for a potential settlement.

The people or groups involved on either side of civil court proceedings are called the "parties" to the proceedings.

A memorandum of understanding was signed on November 9, 2007, which established the basis for further negotiations. The signing parties were the three original Plaintiffs, Canada Life and the Executive Committee of CLPENS.

In December 2007, a memorandum of agreement was also signed with the two members of the Adason Committee and Canada Life agreed to permit the Adason Committee, the Indago Committee and the Pelican Committee to join the ongoing settlement negotiations.

These steps ultimately led to the Settlement Proposal described in this information package. Under the Proposal, the Plaintiffs would agree to settle the court proceedings in exchange for certain payments to Plan members. These are described under "Elements of the Proposal" on page 7.

³ The Settlement Proposal contemplates that these three Plaintiffs will be joined by representatives of the Indago, Adason and Pelican groups as matters proceed, and "Plaintiffs" in this document should be read to include representatives of these groups where appropriate.

Proposed Prior Partial Wind-Ups: Indago, Adason and Pelican

The Proposal is also meant to deal with other issues. Before Great-West Life acquired Canada Life and the Integration PWU was declared, there were other events that led to the termination of the employment of specific groups of Plan members:

- The employment of certain Plan members employed by Indago Capital Management Inc. was terminated as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd. (15 members affected).
- The employment of certain Plan members employed by Adason Properties Limited was terminated when the number of properties being managed by that company decreased. The affected members were notified of their termination between November 1, 1999 and February 28, 2001 (37 members affected).
- The employment of certain Plan members employed by Pelican Food Services Limited was terminated as a result of the outsourcing of certain operations by Canada Life in 2001 (38 members affected).

Representatives from each of these groups subsequently formed a committee to represent their group's interests.

No partial wind-ups of the Plan have been declared in connection with these events. However, the following has occurred:

- **Indago:** FSCO has asked questions about the termination of Plan membership for these Plan members. However, FSCO has not taken formal steps to order a partial wind-up of the Plan related to this event. The Indago Committee represents these Plan members' interests.
- **Adason:** Following inquiries by the Adason Committee, the Ontario Superintendent of Financial Services (the "Superintendent") issued a Notice of Proposal on January 30, 2007 to order a partial wind-up of the Plan in respect of former employees of Adason whose employment was terminated over the period November 1, 1999 to February 28, 2001. Canada Life asked for a hearing before the Financial Services Tribunal to challenge the proposed partial wind-up and the Adason Committee intervened to support the Superintendent's position. That hearing has been postponed, to allow Canada Life and the Adason Committee to try to negotiate a settlement.
- **Pelican:** The Superintendent also issued a Notice of Proposal on September 19, 2008 to order a partial wind-up of the Plan in respect of former employees of Pelican whose employment was terminated in 2001. Canada Life asked for a hearing before the Financial Services Tribunal to challenge the proposed partial wind-up, but that hearing has also been postponed to allow Canada Life and the Pelican Committee to try to negotiate a settlement.

The Ontario Superintendent of Financial Services, who oversees all FSCO staff, has responsibility for pension regulation in Ontario.

The committees of each of these three groups and Canada Life want to resolve the issue of whether or not partial wind-ups should be declared for these three events. Together, these parties have agreed to include this issue as part of the Proposal, as described on the next page.

Among other things, as part of the Proposal, partial wind-ups of the Plan would be declared voluntarily by Canada Life. In this document, these potential partial wind-ups are referred to as the "Indago Partial Wind-Up (PWU)", the "Adason Partial Wind-Up (PWU)" and the "Pelican Partial Wind-Up (PWU)", and all three together, as the "Prior Partial Wind-Ups" (they are called "Prior" because the events leading to these potential partial wind-ups happened earlier in time than the events that led to the Integration PWU).

In the rest of this document, the four partial Wind-ups (that is, the three potential Prior Partial Wind-Ups and the Integration PWU) will be referred to as a group as the "Partial Wind-Ups," and each one of them will be referred to as a "Partial Wind-Up."

Elements of the Proposal

The Surplus Sharing Agreement

The terms of the Proposal appear in a formal legal document called a Surplus Sharing Agreement (the Agreement). For purposes of the Agreement, the various parties have the following legal representation:

- The Plaintiffs, the CLPENS Executive, the Indago Committee and the Pelican Committee are represented by Koskie Minsky LLP and by Harrison Pensa LLP.
- The Adason Committee is represented by Sack Goldblatt Mitchell LLP.
- Canada Life is represented by Osler, Hoskin & Harcourt LLP and by Blake, Cassels & Graydon LLP.

The key elements of the Proposal are summarized below. If you would like to receive a copy of the entire Agreement, please contact Koskie Minsky/Harrison Pensa at 1-800-286-2266 or send an email to canadalife@kmlaw.ca. If you are a member of the Adason PWU, contact Sack Goldblatt Mitchell at 416-979-6403 or by email at canadalife@sgmlaw.com.

Objectives of the Proposal

A key objective of the Proposal is to reach a binding agreement to share the surpluses attributable to all of the Partial Wind-Ups among Canada Life and the Plan members affected by each Partial Wind-Up, rather than deciding in court who has a legal right to the surplus. (Or, in the case of the Prior Partial Wind-Ups, rather than letting a court decide if the partial wind-ups should even be declared in the first place.) It is only in the event of a full or partial wind-up of a pension plan that surplus, if any, must be distributed, subject to determining who owns the surplus and complying with any regulatory requirements. Consequently, a partial wind-up can trigger a claim to the surplus attributable to that partial wind-up.

The Proposal also covers the claims made in the court proceedings related to the payment of administrative expenses from the Plan fund. The surplus share being paid to members of the PWU Group (all the members affected by all the Partial Wind-Ups) also relates to their agreement to settle that issue as well.

The Plan members potentially involved in the expense-related claim under the court proceedings include not only PWU Group members, but also other members of the Plan who were not affected by the Partial Wind-Ups: *active members, deferred/vested members, and pensioners* [the "Non-Partial Wind-Up (Non-PWU) Group"]. Members of the Non-PWU Group also receive a benefit under the Proposal, in exchange for agreeing to settle the court proceedings, but their claim is limited to the claim in respect of administration expenses.

¹ See "Important Definitions and Names" in "Your Information and Instruction Guide" (black-bordered item A) for definitions of "active," "inactive," and "deferred/vested" members, and "pensioners."

The Proposal includes the payment of a portion of the surplus attributable to the Partial Wind-Ups to the *inactive members* of the Non-PWU Group, (that is, the deferred/vested members and pensioners) in exchange for settlement of the expense-related claims. Active Plan members in the Non-PWU Group, in exchange for settlement of the expense-related claims, will receive a two-year contribution holiday, to be paid for out of the ongoing portion of the Plan (i.e., the portion of the Plan not affected by a Partial Wind-Up).

Eligible Groups

As previously noted, there are several groups eligible for financial benefits under the Proposal. The enclosed Personal Information Statement (blue-bordered item E) indicates which group you belong to. This table shows the size of the various eligible groups:

Group	Number of Members	Also Known As
Intégration PWU	2,149	PWU Group = 2,239 members
Indagó PWU	15	
Adáson PWU	37	
Pelican PWU	38	
Active Plan members on and after June 30, 2005	1,663	Non-PWU Group = 3,207 members
Deferred/Vested members as at April 12, 2005	696	
Pensioners as at April 12, 2005	848	
Quebec Cash-Outs	44	
Total	5,490	Surplus Sharing Group

These are the eligible individuals in the Surplus Sharing Group:

- Members of the PWU Group
- Members of the Non-PWU Group:
 - All active members of the Plan as at June 30, 2005, plus any new Plan members from that date up to the date the proceeding is certified as a class proceeding.
 - All inactive members of the Plan on April 12, 2005 who were not included in one of the Partial Wind-Ups.⁵

Former Plan members are no longer entitled to pension benefits from the Plan if they have terminated employment and at that time they chose to transfer their entire pension benefits out of the Plan in the form of a lump sum.

Another group will also take part in the Proposal. They are referred to as the "Quebec Cash-Outs." They are former Plan members 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 they could not be included because they were employed in Quebec, and Quebec did not recognize partial plan wind-ups in its legislation at the relevant time. They are not part of the Non-PWU Group either, because their benefits were paid from the Plan before April 12, 2005, so they were not inactive members of the Plan on that date. Under the Proposal, this group will be treated like the members of the PWU Group (see the section, "Details of the Surplus Sharing").

⁵ Q&As #4 and #5 explain the significance of the June 30, 2005 and April 12, 2005 dates. The term "class proceeding" is a defined term in the "Important Definitions and Names" section of Your Information and Instruction Guide (black-bordered item A).

An individual's assigned category is based on his or her status at a designated date in the past. For example, an "active" member for purposes of the settlement (i.e., any individual who was an active member on or after June 30, 2005) may no longer be an active member and may no longer be entitled to pension benefits from the Plan, but that person would still be eligible to participate in the Proposal and is categorized as an "active member" for purposes of the Proposal. (See Q&As #12 and #13 for more information about the member categories.)

Creation of the New Plan

This section applies only to members of the Non-PWU Group who still have an entitlement to pension benefits under the Plan.

As part of the Proposal, once the surplus attributable to the Partial Wind-Ups is paid out, Canada Life wants to have certainty about its ability to use the remaining Plan surplus (as well as any future surplus) for various purposes, such as to pay pension plan administration expenses. To achieve this result, Canada Life will create a new pension plan (the New Plan) if the Proposal is approved.

Non-PWU Group members who have an entitlement to pension benefits under the Plan and who consent to the Proposal will be transferred, as determined by Canada Life, into the New Plan. Assets equal to the value of the benefits they have earned under the Plan will be transferred to the New Plan, along with a proportional share of the surplus in the ongoing portion of the Plan.

Any members of the Non-PWU Group who have an entitlement to benefits under the Plan who do not consent to the Proposal will remain behind in the current Plan, and will not take part in the Proposal (they will not receive any payment of surplus or, if active, will not receive a contribution holiday).

(Note: Eligible members who wish to receive a copy of the proposed New Plan text and the related trust agreement can call the Canada Life Client Service Centre toll-free at 1-888-252-1847.)

Variation of Trust

This section applies only to members of the Non-PWU Group who still have an entitlement to pension benefits under the Plan.

The assets in the Plan are held in a trust fund. Because assets from that trust fund will be transferred into the New Plan, Canada Life has to go through a legal procedure known as a "variation of trust" in order to have certainty about its use of those assets once they arrive in the New Plan. A variation of trust does what it says: it changes the current terms of the trust. (See Q&As #6 and #7 for a description of what will be covered by the variation of trust.) The variation of trust will not address ownership of the surplus in the event of any future full or partial wind-up of the Plan or the New Plan.

A trust cannot be varied without the unanimous consent of all of the "beneficiaries" of the trust, which means all members of a pension plan, where the plan is funded through a trust. So, only those Non-PWU Group members who are entitled to pension benefits under the Plan and who consent to the Proposal will be transferred to the New Plan. By agreeing to the Proposal they will have also agreed to the variation of trust. Other consents to the variation of trust will also be required, as explained in further detail on page 10.

Future Court Proceedings

So that the Proposal can proceed, several next steps are required in the court proceedings. These are explained under "Next Steps in the Process" starting on page 16.

Member Consents Required

The surplus payments and other benefits will not occur without sufficient member consents. Court and regulatory approvals are also required. The member consents requested are different for the Non-PWU Group than for the PWU Group.

Consents Required from the Non-PWU Group

Those members of the Non-PWU Group who are still entitled to pension benefits under the Plan will be asked to consent to their transfer to the New Plan (described on page 9) and also to the variation of trust (described on page 9).

Note that Canada Life can and may require some of the consenting active members to remain behind in the Plan and not transfer to the New Plan. If this occurs, any consenting active Plan members who remain in the Plan will still participate in the Proposal.

In order for the Proposal to proceed, the following minimum levels of consent (thresholds) *must* be obtained:

- At least 90% of those members of the Non-PWU Group who remain entitled to pension benefits under the Plan must consent to transfer to the New Plan (and also consent to the variation of trust). This 90% is not measured person-by-person; instead, the threshold will be measured based on the *value* of each member's pension benefits under the Plan. In order to reach the necessary threshold, the number of members of the Non-PWU Group who consent must represent at least 90% of the *value* of the pension benefits of all of the Non-PWU Group members who remain entitled to pension benefits under the Plan.
- In addition, two other thresholds must be met:
 - No more than 5% of the members of the *entire* Non-PWU Group (not just those who remain entitled to pension benefits under the Plan), also measured by the value of their pension benefits, can opt out, and
 - No more than 2.5% of the members of the *entire* Non-PWU, measured person-by-person, can opt out.

(See Q&A #14 for an example of how the thresholds will be applied.)

Under the Settlement Proposal, the required number of member consents must be obtained or the Proposal may not proceed, in which case eligible members will not receive the financial benefits described in this information package. Canada Life has the right to waive any of the consent requirements in its discretion, which means that it can permit the Proposal to proceed even if one or more of the consent requirements are not met. However, since Canada Life is not obligated to grant any such waiver, all eligible members are encouraged to show their support for the Proposal, and ensure that it does proceed, by sending in the necessary forms.

Meaning of "Opt Out"

Any member of the Class who "opts out" of the court proceedings will not be bound by further orders of the Court, but they will not participate in the Settlement Proposal and will not receive any share of surplus under the Proposal.

See the questions under "Understanding Consent and Opting Out" on pages 24-28 for more information.

Some members of the Non-PWU Group who remain entitled to pension benefits under the Plan will have to obtain consent to the variation of trust from other individuals (such as their spouse), in order for the member to participate in the Proposal. (See Q&A #16 for more information.)

If the Proposal proceeds, those members of the Non-PWU Group who remain entitled to pension benefits under the Plan who do not consent to transfer to the New Plan will stay behind in the Plan and will not receive any surplus. Also, any member of the Non-PWU Group (not just those who remain entitled to pension benefits under the Plan) who opts out will not receive any surplus.

Members of the Non-PWU Group who are no longer entitled to pension benefits under the Plan will be asked to consent to the Proposal (although they need not consent to transfer to the New Plan or consent to the variation of trust). If they do not consent to the Proposal, they will not receive any surplus.

Consents Required from the PWU Group

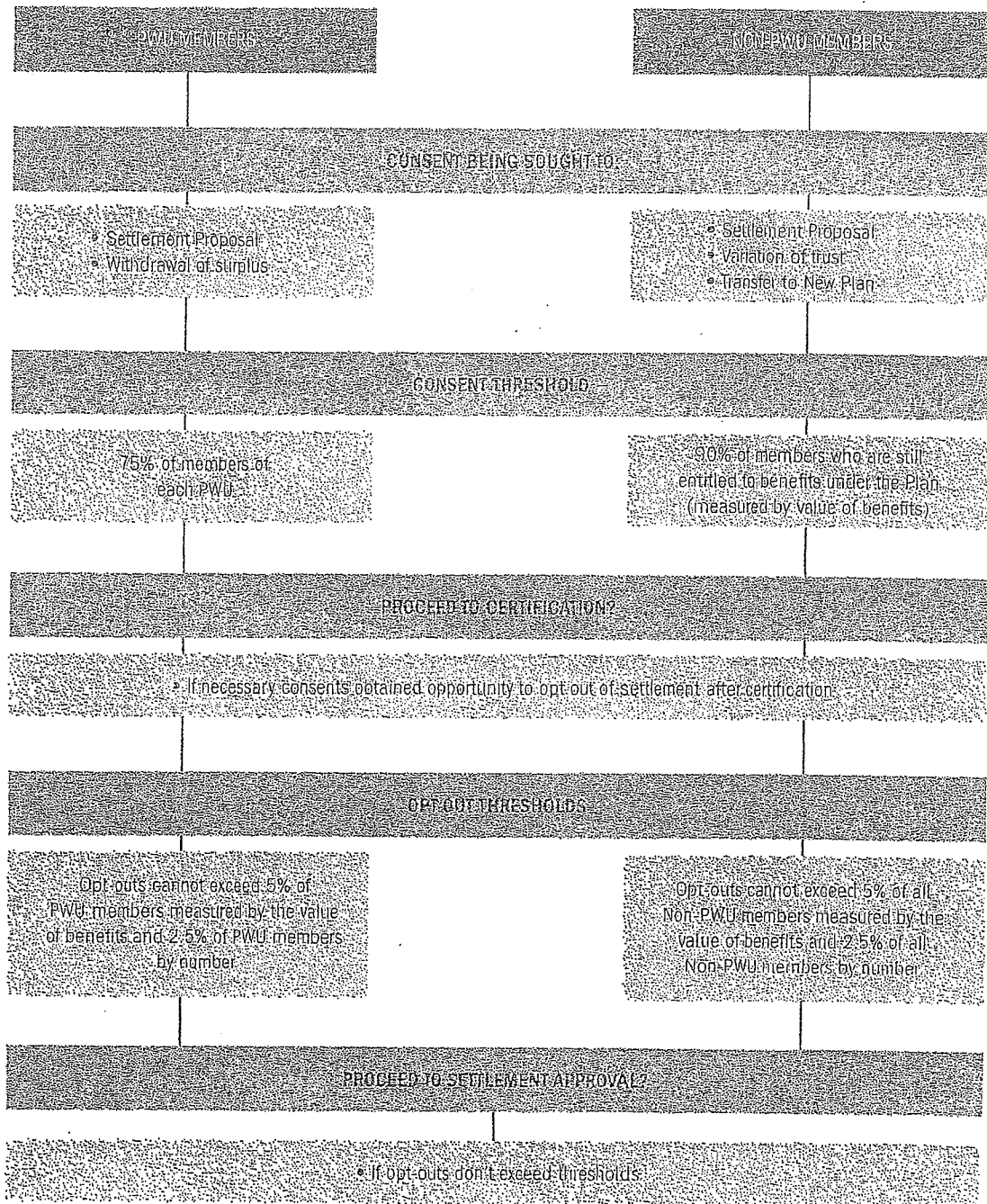
Members of the PWU Group (that is, members affected by the Integration PWU, the Indago PWU, the Adason PWU or the Pelican PWU) will be asked to consent to the Settlement Proposal (thus providing their consent to the withdrawal of a portion of the surplus from the Plan by Canada Life). Such consents are required under the Ontario *Pension Benefits Act*, as well as the laws of certain other provinces.

In order for the Proposal to proceed, the following minimum levels of consent (thresholds) must be obtained:

- Consent to the Proposal will be required from at least 75% of the members in each Partial Wind-Up. Before the Proposal can proceed, this threshold will be applied to each Partial Wind-Up separately. For example, 75% of the members affected by the Indago PWU must consent in order for the Proposal to proceed in respect of that Partial Wind-Up. Note that the settlement in respect of the Integration PWU can proceed even if the necessary level of consent for one or more of the Prior Partial Wind-Ups is not reached, but the reverse is not true (i.e., if the necessary level of consent is not obtained from the members affected by the Integration PWU, the Proposal will not proceed for any group).
- In addition, two other thresholds must be met:
 - No more than 5% of the members of the *entire* PWU Group, measured by the value of their pension benefits under the Plan, can opt out, and
 - No more than 2.5% of the *entire* PWU Group members, measured person-by-person, can opt out.

If the Proposal proceeds, members of the PWU Group who opt out will not receive surplus under the settlement; instead, a proportional share of surplus will be set aside for future determination regarding its distribution. (See Q&As #14 and #18 for more information.)

Sequence of Events



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.

For these Quebec members, part of the 57.22% distribution of surplus from the Integration PWU only (not from the other Partial Wind-Ups) will be paid to them so that they receive a total amount of surplus in the same amount they would have received had they been included in the Integration PWU and treated as members of the PWU Group for purposes of the Proposal.

Treatment of Active Members

Active members of the Non-PWU Group will get a two-year contribution holiday, meaning that they will not have to make pension plan contributions for two years. The estimated present value of this benefit for this group is \$3.6 million. This group will be transferring to the New Plan if they are entitled to benefits under the Plan and if they consent to the Proposal.

If an active member's employment is terminated before the end of the two-year 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 out of the New Plan or by Canada Life directly. (If the member has died, the member's spouse, beneficiary or estate will receive the lump sum.) A lump sum will also be paid for any approved leaves of absence or any other period during which the member is not required to contribute to the Plan.

Calculation of Individual Amounts

PWU Group

Members of the PWU Group will share only in the surplus attributable to the Partial Wind-Up in which they were included; that is, surplus from the four Partial Wind-Ups will not be combined and shared among all PWU Group members. For example, members who will be included in the Adason PWU will share only in the surplus attributable to that partial wind-up.

The 57.22% share of the surplus will be paid to the PWU Group members proportionally based on the value of the pension benefits they have earned under the Plan. (Q&As #22 and #23 provide more information.)

Non-PWU Group – Inactive Members

The 12.44% share of the surplus will be paid to the inactive members (deferred/vested and pensioners) of the Non-PWU Group proportionally based on the value of the pension benefits they have earned under the Plan (or the value of the benefits already paid out to them). (Q&As #22 and #23 provide more information.)

Payment Delivery Details

Surplus will be paid to members as a taxable cash lump-sum amount, subject to applicable withholdings for tax.

An individual who is entitled to more than \$15,000 in surplus may contribute part or all of it to a registered retirement savings plan (RRSP) without withholdings if, at the time of the surplus distribution, he or she first confirms to Canada Life that he or she has available RRSP contribution room. (See Q&A #25.)

Each PWU Group member, and each member of the Non-PWU Group who is a deferred/vested member or pensioner, will receive at least \$1,000 in surplus.

If an individual dies before receiving a surplus payment, that payment will be made instead to the individual's spouse, beneficiary or estate. Any necessary consents must have been provided by the individual before he or she died, or (if applicable) they must be provided after the death by the spouse, beneficiary or estate.

Payment of Expenses

Expenses - Administration of the Partial Wind-Ups

Before surplus attributable to each Partial Wind-Up is shared, Canada Life will recoup expenses from the Plan fund, including expenses that are necessary to administer the Partial Wind-Up, such as those incurred in paying out members' pension benefits under the Plan.

Expenses - Negotiation and Implementation of the Proposal

Expenses incurred by the parties related to the negotiation and implementation of the Proposal, or those related generally to the Partial Wind-Ups, will be deducted from surplus attributable to the Partial Wind-Ups. (See Q&A #9 for more details.)

The current estimate of the total expenses that the parties will incur under the Settlement Proposal is \$13,725,000. This amount is made up of the following:

- Canada Life's expenses are expected to total \$9,500,000, of which \$8,500,000 is for legal fees, and \$1,000,000 is for expenses related to the administration of the Settlement Proposal (such as costs incurred in preparing member communications and in paying out the surplus amounts).
- Expenses of counsel retained by the Plaintiffs and the Executive Committee of CLPENS (who also represent the Indago Committee and Pelican Committee) are expected to total \$4,000,000 (CLPENS counsel has advised that they will be seeking court approval for fees, including a contingency amount totalling approximately \$4,000,000).
- Expenses of counsel retained by the Adason Committee are expected to total \$225,000.

The Proposal also allows for payment from the Plan to Canada Life of all expenses, plus interest, incurred in administering the Plan that have been paid by Canada Life but not yet reimbursed to it because of the moratorium on such payments agreed to with FSCO. (See Q&A #3.)

Next Steps in the Process

There are several actions required before any surplus can be shared:

1 Information Sessions: Company and member representatives and their advisors will hold information sessions where eligible members can ask questions about the Proposal. You can return the "Decision Form" (orange-bordered item F) in the enclosed envelope or deliver the form in person at one of the sessions. The "Sources of Information" document in this package (pink-bordered item G) lists the session times and locations, and also lists telephone numbers for more information.

2 Tallying the Vote: The number of consents received from eligible members will be counted. If there is enough member support, the parties will proceed to the next step, which is going to court.

3 Certification Hearing: The parties will attend at Court in Ontario to request the Certification Order. (See the box at right and Q&A #8.)

4 Notice and Opt-Out Period: If the Certification Order is issued, everyone in the Surplus Sharing Group will receive a notice confirming the following:

- The Certification Order has been issued.
- The parties intend to request the Settlement Approval Order, on the terms set out in the Surplus Sharing Agreement.
- Members who do not want to be bound by the Settlement Approval Order can opt out.
- Members can attend the settlement hearing if they wish to do so.

Certification Hearing: The parties to the court proceedings will ask the Court for an order certifying the proceedings as a class proceeding under the Ontario Class Proceedings Act (the "Certification Order"). The parties will propose that all members and former members (and eligible beneficiaries) of the Plan who are eligible to take part in the Proposal will make up the "Class" for purposes of the class proceeding. Unless these individuals opt out of the class proceeding, they will be legally bound by any order the Court makes related to the class proceeding.

The notice will explain how to opt out and the consequences of doing so. (See Q&As #18 and #19.) Any eligible member who opts out will not be bound by further orders of the Court, but they will not participate in the settlement and will not receive any share of surplus under the Proposal.

5 Settlement Hearing: After the time period expires for opting out (as set by the Court), if the number of opt-outs (if any) does not exceed the required thresholds, the parties will return to Court in Ontario to request the Settlement Approval Order (see the box at the top of the next page). If the Ontario Court issues the Settlement Approval Order, the parties will request that the Quebec Court confirm that the Settlement Approval Order is binding on members in that province.

Settlement Hearing (continued)

As part of the Settlement Approval Order, the Court will be asked to make various declarations and orders including those:

Canada Life may take contribution holidays under the Plan and New Plan (including using surplus from the Plan to benefit members to pay for any defined contribution benefits).

Canada Life will transfer surplus from the Plan to the New Plan and will not contribute to the Plan for a period of 12 months.

The Plan will be wound up and the Court will make a final order regarding the Plan's assets and liabilities. The Court will also make a final order regarding the Plan's surplus and the distribution of the Plan's assets and liabilities.

Canada Life will pay the Plan's surplus to the Plan and will not contribute to the Plan for a period of 12 months.

Canada Life will be reimbursed for the costs of the Plan and New Plan and will not contribute to the Plan for a period of 12 months.

Canada Life will contribute to the Plan for a period of 12 months.

Members of the Surplus Sharing Group (as defined in the CIPENS Committee, the Adason Committee, the Pallan Committee, the Plaintiffs and the trustees under the Plan) may claim related to:

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

the Plan's surplus and the distribution of the Plan's assets and liabilities.

6 Regulatory Process: If the Settlement Approval Order is issued, the parties will proceed with the regulatory phase of the Proposal. This includes sending the notices to members that are required under the *Ontario Pension Benefits Act* and other applicable provincial pension standards legislation. Then, Canada Life will make a formal application to the Ontario Superintendent of Financial Services for approval of the withdrawal of Partial Wind-up surplus and the transfer of a portion of the Plan's assets from the Plan to the New Plan.

7 Implementation of the Settlement Proposal: If regulatory approval is obtained, the implementation of the settlement will follow. This will include the payment of surplus to consenting members of the Surplus Sharing Group and to Canada Life. Due to the complexity of the project and the time needed to complete the various steps, it is not expected that surplus payments will be made before the end of 2012.

Your Required Actions

Your consent is being requested. It is crucial that you respond actively, whether you intend to agree or disagree.

► Review, complete and return the Decision Form

If you *do* want to consent to the Proposal and you want to retain the same legal counsel retained by the member committees, please complete, sign and date the Decision Form enclosed in this package (orange-bordered item F).

Step 1:	Step 2:	Step 3:
Check the "Yes" box on the first page. This will authorize legal counsel to represent you and to consent to the Proposal on your behalf. You do not have to pay to have the committee's legal counsel represent you, since under the Proposal such legal fees will be paid out of the Plan.	Fill out all necessary information and sign the form in the space provided. Have someone witness your signature.	Return the signed Decision Form to legal counsel in the orange-bordered postage-paid envelope enclosed with these materials.

If you *do not* want to consent to the Proposal, check the "No" box on the first page and follow Steps 2 and 3 above.

► Review, complete and return your Personal Information Statement

In either case, please confirm the details contained on your Personal Information Statement (blue-bordered item E); so that we can verify your personal information. This will ensure that your surplus share is calculated accurately and you receive all future communications. Please mark any changes, if required, on one copy of the Personal Information Statement (or complete and sign the Statement if all the information is accurate), and return it to Canada Life in the blue-bordered, postage-paid envelope. Keep the remaining copy for your records.



Questions and Answers

If you have questions about technical terms or names used in this information package, please refer also to the "Important Definitions and Names" in "Your Information and Instruction Guide" (black-bordered item A). It includes definitions of "surplus" and "partial wind-up", and other terms that are essential to understanding this information package.

The Questions and Answers are divided into the following topics:

- Understanding the History
- Elements of the Proposal
- People Involved in the Proposal
- Understanding Consent and Opting Out
- Value of Benefits in the Proposal
- Selecting Legal Counsel

Understanding the History

1. How does a partial wind-up occur and what is the result?

Under Ontario's *Pension Benefits Act*, a pension plan sponsor can voluntarily declare a partial wind-up of its pension plan. This is what Canada Life did in respect of the Integration PWU. Also, the Superintendent of Financial Services can take steps to order a partial wind-up. The Superintendent is proposing to take this action in respect of the potential Adason PWU and Pelican PWU.

If a partial wind-up is declared, a portion of the pension plan is effectively terminated. Affected members receive the same options for payment of their pension benefits as they would receive if the entire pension plan were being terminated. In addition, a decision must be made about how to deal with any surplus that is attributable to the partial wind-up. (See Q&A #2.)

A member who is affected by a partial wind-up may also become eligible for enhanced pension benefits depending on the province in which the member is employed. One example is "grow-in benefits" under Ontario and Nova Scotia legislation. Grow-in benefits cause members who meet certain age and service requirements to become eligible for better early retirement benefits than they otherwise would have received if the partial wind-up had not occurred.

2. What is "surplus attributable to a partial wind-up"?

When there are more funds in a pension plan than are required to meet all of the plan's pension obligations to its members, the excess is referred to as "surplus."

When a pension plan undergoes a partial wind-up, it is also possible that the portion of the plan being partially wound up may have more assets than are required to meet the plan's pension obligations to the members who are affected by the partial wind-up. That surplus is referred to as the surplus "attributable" to the partial wind-up.

3. What was the FSCO expense investigation about and what is the current status?

Canada Life is responsible for administering the Plan. It incurs expenses when doing so, such as fees for the services of the Plan's actuarial advisors, fees of investment managers who assist in investing the assets held in the Plan's trust fund, and Canada Life's internal expenses of Plan administration. Beginning with expenses incurred in 1993, the company's practice has been to obtain reimbursement of those expenses from the Plan fund.

In June 2004, FSCO wrote to Canada Life, to say that certain Plan members had raised questions about the administration of the Plan, including whether it was permissible for Canada Life to be reimbursed from the Plan fund for expenses for Plan administration. The members who had contacted FSCO believed that the terms of the Plan did not allow Canada Life to take this action; rather, they believed that Canada Life should pay the expenses from general revenues.

Canada Life filed submissions with FSCO in support of its position that administration expenses could properly be charged to the Plan fund.

In 2005, counsel for the Plaintiffs wrote to FSCO, to say that the court proceedings related, in part, directly to the expenses issue that FSCO was investigating. Counsel explained that the Plaintiffs' views were that the matter should be dealt with by the Court, and not by FSCO.

In September 2005, FSCO staff advised Canada Life that they would be willing to suspend their investigation of the expenses issue and allow the Court to decide the issue, provided that Canada Life would agree to stop paying any expenses from the Plan fund during that time.

Canada Life agreed to this proposal and FSCO suspended their expense investigation.

4. What is the significance of the April 12, 2005 date?

April 12, 2005 was the day the Plaintiffs started the court proceedings (as described on page 5).

5. What is the significance of the June 30, 2005 date?

June 30, 2005 was the end of the integration period following the acquisition of Canada Life by Great-West Life. It is the end date for the Integration PWU.

Elements of the Proposal

6. What is a variation of trust?

The Plan is funded through a trust. It is a long-standing principle of the common law that the beneficiaries of a trust can vary (change) the terms of the trust or terminate the trust, provided they are adults, are of sound mind, and there is unanimous agreement among them. For example, a trust may have been established by a grandfather for his five grandchildren, with the principal invested to generate income for their education, to help them buy their first house, etc. The terms of the trust might say that the principal can never be spent, and that only the interest income can be spent. However, when the grandchildren are adults – despite the fact that their grandfather intended that they only have access to the interest income – the grandchildren can terminate the trust and share all of its assets, including the principal, among themselves, provided that they all agree. By mutual agreement, they have "varied" the terms of the trust to let them use the trust assets as they see fit.

Where a trust involves a larger group of people, it becomes more complicated to vary the trust. The first complication is determining who are the beneficiaries of the trust whose consent must be obtained. A variation of trust cannot occur without the unanimous consent of all the beneficiaries. Plan members (active members, deferred/vested members and pensioners) certainly fall within this category. Other people may also fall into this category. For example, if a pension plan member has designated a beneficiary to receive any death benefits from the pension plan upon his or her death, then that designated beneficiary must also consent to the variation of trust. In addition, if a pensioner is receiving a monthly pension that provides for a survivor pension to be paid to his or her spouse upon the pensioner's death (called a "joint-and-survivor" pension), then the pensioner's spouse must also consent to the variation of trust. (See Q&A #16 for more information.)

Ontario's *Variation of Trusts Act* (and similar legislation in other provinces) allows the Court to consent to a variation of trust on behalf of certain categories of beneficiary. The parties will be asking the Court for such consent to be obtained as part of the Proposal. To give one example, the Court will be asked to consent to the variation of trust on behalf of all possible future members of the Plan.

7. What terms of the Plan will be clarified through the variation of trust?

The variation of trust being requested as part of the Proposal will confirm Canada Life's ability to take certain actions with the assets held in the trust fund for the New Plan, including the following:

- Canada Life may merge all or part of the New Plan with other registered pension plans.
- Canada Life may take contribution holidays under the New Plan (including using surplus from the defined benefit component to pay for any defined contribution benefits).
- Canada Life may use surplus in the New Plan to pay for benefit enhancements under the New Plan.
- The New Plan may use a plan amendment or merger to expand the New Plan membership, in which case the New Plan assets (including surplus) can be used to provide benefits for the new members and to fund contribution holidays taken with respect to the new members.
- Canada Life can pay expenses from the New Plan, or be reimbursed from the New Plan for such expenses that it pays directly.

The variation of trust will not address ownership of the surplus in the event of any future full or partial wind-up of the New Plan.

8. Why will court proceedings be held in both Ontario and Quebec?

The Plan is registered in Ontario, and the Plaintiffs began the court proceedings in Ontario, so the parties will be seeking approval of the Proposal from the Ontario Court.

Some eligible members live in Quebec, or lived in that province when they were active members of the Plan. For greater certainty, the parties will be asking the Court in Quebec to confirm that the Settlement Approval Order obtained in Ontario is binding on the Quebec members.

9. How will the expenses related to the Settlement Proposal be paid?

Expenses incurred by the parties related to the negotiation and implementation of the Proposal ("Settlement Expenses"), or those that are related generally to the Partial Wind-Ups, will be deducted from surplus attributable to the Partial Wind-Ups, as follows:

- All Settlement Expenses incurred up to December 20, 2007 will be deducted from the surplus attributable to the Integration PWU only.
- Settlement Expenses incurred between December 21, 2007 and October 1, 2008 will be deducted from the surplus attributable to the Integration PWU, the Adason PWU and the Pelican PWU. Each of these Partial Wind-Ups will bear a portion of the expenses that is proportional to the value of the pension benefits of the members affected by the Partial Wind-Up as compared to the total value of the pension benefits of the members affected by all three of the Partial Wind-Ups.
- Other expenses of the parties incurred up to October 1, 2008 that specifically relate to only one of the Partial Wind-Ups (such as expenses related to proceedings before the Ontario Financial Services Tribunal) will be deducted from the surplus attributable to that Partial Wind-Up.
- Settlement Expenses, and other expenses related to the Partial Wind-Ups, incurred after October 1, 2008 will be deducted from the surplus attributable to all four Partial Wind-Ups. Each Partial Wind-Up will bear a portion of the expenses that is proportional to the value of the pension benefits of the members affected by the Partial Wind-Up as compared to the total value of the pension benefits of the members affected by all four Partial Wind-Ups.

The December 20, 2007 and October 1, 2008 dates relate to the date when the applicable member committee (i.e., the Indago, Adason or Pelican Committees) signed an agreement with Canada Life regarding the confidentiality of the settlement negotiations. After such date, the surplus attributable to the related Partial Wind-Up begins to bear a portion of the Settlement Expenses.

For example, confidential negotiations with CLPENS related to the Integration PWU began first, so all Settlement Expenses incurred up to the time another member committee joined the negotiations are paid exclusively from the surplus attributable to the Integration PWU. The Pelican Committee and the Adason Committee joined the negotiations as of December 19, 2007 and December 20, 2007 respectively, so the parties agreed that after December 20, 2007 the surplus related to the Pelican PWU and the Adason PWU would begin to bear a portion of the Settlement Expenses. The Indago Committee agreed to join the confidential negotiations as of October 1, 2008.

10. Why will the Court be asked to declare that Canada Life may use surplus in the Plan or New Plan to make all benefit, expense and other payments contemplated under the Settlement Proposal?

Under the Proposal, various payments will be made, including the payment of Partial Wind-Up surplus to eligible members. Canada Life needs the Court's approval for these payments in order for the Proposal to be implemented.

The Proposal also includes the payment of a portion of the surplus to Canada Life. In order for the Proposal to proceed, Canada Life will have to obtain court and regulatory approval.

People Involved in the Proposal

11. Who will receive an information package?

A package has been sent to all individuals eligible to participate in the Proposal. This group is also known as the "Surplus Sharing Group" or the "eligible members."

12. What are the categories of individuals in the Surplus Sharing Group?

The Surplus Sharing Group is made up of the following categories of members:

Partial Wind-Up (PWU) Group (2,239 members)

The PWU Group is made up of the following sub-groups:

- **Integration PWU (2,149 members).** This is the group of members who were included in the Integration PWU. (See Q&A #13.)
- **Indago PWU (15 members).** This is the group of members who will be included in the Indago PWU if the Proposal proceeds. They were Plan members employed by Indago Capital Management Inc., and their employment with Indago was terminated as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd.
- **Adason PWU (37 members).** This is the group of members who will be included in the Adason PWU if the Proposal proceeds. They were Plan members employed by Adason Properties Limited, and were notified of their termination of employment between November 1, 1999 and February 28, 2001.
- **Pelican PWU (38 members).** This is the group of members who will be included in the Pelican PWU if the Proposal proceeds. They were Plan members, and their employment with Pelican Food Services Limited was terminated as a result of the outsourcing of certain operations by Canada Life in 2001.

Non-Partial Wind-Up (Non-PWU) Group (3,207 members)

The Non-PWU Group is made up of the following sub-groups:

- **Active (1,663 members).** In order to qualify as an active member for purposes of the Proposal, an individual must have been an employee member of the Plan on June 30, 2005. Also included in this category are any individuals who are employed by Canada Life or a participating affiliated employer and who join the Plan after June 30, 2005 up to the date the Certification Order is obtained. Even if such an individual is no longer an employee and therefore no longer actively accruing benefits under the Plan, they will still be considered to be a member of the active category for purposes of the Proposal.
- **Deferred/vested (696 members).** An individual has a deferred/vested entitlement under the Plan if they are no longer employed by Canada Life (or another participating employer under the Plan) and therefore are no longer accruing pension benefits under the Plan, but they have not yet begun to receive a monthly pension nor have they received a lump-sum payment from the Plan in full satisfaction of their pension entitlements. All individuals with a deferred/vested entitlement under the Plan on April 12, 2005 are included in the Non-PWU Group for purposes of the Proposal, even if they have subsequently received full payment of their pension entitlements from the Plan.

- Pensioners (848 members): This category includes any individual in receipt of a monthly pension from the Plan on April 12, 2005. This would include a former member in receipt of a pension from the Plan, as well as a member's surviving spouse where the member has died and the spouse was receiving a survivor pension from the Plan on that date. All individuals who are, or were, in receipt of a pension from the Plan on April 12, 2005 are included in the Non-PWU Group for purposes of the Proposal.

Quebec Cash-Outs (44 members)

Another group will also take part in the Proposal. This group is not part of the PWU Group, nor is it part of the Non-PWU Group. They are former Plan members 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 they could not be included because they were employed in Quebec, and Quebec did not recognize partial plan wind-ups in its pension legislation at the relevant time. They are also not part of the Non-PWU Group, because their benefits were paid from the Plan prior to April 12, 2005 and, therefore, they were not deferred/vested members of the Plan on that date, nor were they pensioners.

For the rules regarding eligible members who die before the surplus payments are made, see Q&A #26.

13. Who is included in the Integration Partial Wind-Up (PWU) Group?

The Integration PWU was declared by Canada Life as a result of the workforce integration measures taken after the acquisition of Canada Life by Great-West Life on July 10, 2003. All members of the Plan whose employment with Canada Life terminated in conjunction with the integration, other than those members of the Plan who were employed in Quebec, were included in the Integration PWU. This included members whose employment was terminated during the integration period by Canada Life, as well as those who resigned or retired voluntarily. It also included members who were informed during the integration period that their employment would be terminated as a result of the integration and whose employment was subsequently terminated after June 30, 2005. The integration period started July 10, 2003, the date Canada Life was acquired by Great-West Life, and ended on June 30, 2005.

There are 2,149 individuals in the Integration PWU Group.

Understanding Consent and Opting Out

14. How are the "opt-out" and "consent" thresholds calculated?

Certain minimum member consent and opt-out thresholds must be met in order for the Proposal to proceed:

Non-PWU Group

At least 90% of those members of the Non-PWU Group who remain entitled to pension benefits under the Plan must consent to transfer to the New Plan (and also consent to the variation of trust). This 90% is not measured person-by-person; instead, the threshold will be measured based on the *value* of each member's pension benefits under the Plan. In order to reach the necessary threshold, the number of members of the Non-PWU Group who consent must represent at least 90% of the *value* of the pension benefits of all of the Non-PWU Group members who remain entitled to pension benefits under the Plan.

In addition, two other thresholds must be met:

- No more than 5% of the members of the *entire* Non-PWU Group, measured by the value of their pension benefits under the Plan, can opt out, and
- No more than 2.5% of the members of the *entire* Non-PWU Group, measured person-by-person, can opt out.

Example:

As a hypothetical example, consider a situation in which there are only 200 members in the Non-PWU Group (there are actually many more). No more than 5% of them, *measured by the value of their pension benefits under the Plan*, can opt out of the class proceedings. In order to figure out the 5% threshold, Canada Life will calculate the value of each member's pension benefits under the Plan. Let's say that the total value, for all 200 members, is \$5 million. Five percent of \$5 million is \$250,000. If some of the members opt out of the class proceedings, the settlement may not proceed if the value of the opt-outs' pension benefits under the Plan, when added together, is more than \$250,000.

The 2.5% threshold, on the other hand, is calculated person-by-person. Therefore, no more than 2.5% of the members in the Non-PWU Group can opt out of the class proceedings. In this hypothetical example, 2.5% of 200 people is five people. Therefore, if more than five members of the Non-PWU Group were to opt out, the Proposal may not proceed.

PWU Group

Consent to the Proposal will be required from at least 75% of the members in each Partial Wind-Up before the Proposal can proceed. This threshold will be applied to each Partial Wind-Up separately. For example, 75% of the members affected by the Indago PWU must consent in order for the Proposal to proceed in respect of that Partial Wind-Up. Note that the settlement in respect of the Integration PWU can proceed even if the necessary level of consent for one or more of the Prior Partial Wind-Ups is not reached. However, if the necessary level of consent is not obtained from the members affected by the Integration PWU, the Proposal will not proceed for any group.

In addition, similar to the Non-PWU Group requirements, two other thresholds must be met:

- No more than 5% of the members of the *entire* PWU Group, measured by the value of their pension benefits under the Plan, can opt out, and
- No more than 2.5% of the *entire* PWU Group, measured person-by-person, can opt out.

These 5% and 2.5% thresholds are similar to the 5% and 2.5% requirements for the Non-PWU Group - see example above.

Meaning of "Opt Out"

Any member of the Class who "opts out" of the court proceedings will not be bound by further orders of the Court, but they will not participate in the Settlement Proposal and will not receive any share of surplus under the Proposal.

See the questions under "Understanding Consent and Opting Out" on pages 24-28 for more information.

15. What does it mean to opt out of a class proceeding?

The Court must "certify" class proceedings. If the Court certifies the proceedings as a class proceeding, then any subsequent order of the Court will be legally binding on *all* members of the "Class" (the group of individuals taking part in the proceeding). Under the *Ontario Class Proceedings Act*, where a proceeding is certified, members of the Class are given notice of the Court's order and the opportunity to opt out of the class proceeding if they choose to do so.

Anyone who opts out of the class proceedings will not be a part of the Class, and will therefore not be bound by any subsequent order of the Court. Such individuals are then free to seek their own individual legal remedy, at their own cost.

16. What do I have to do to consent to the variation of trust?

Variation of trust consents apply only to Non-PWU Group members (not to PWU Group members).

Members of the Non-PWU Group who remain entitled to benefits under the Plan must consent to the variation of trust in order to participate in the Proposal and to receive a payment of surplus (or, for active members, to receive a contribution holiday).

A variation of trust cannot proceed without unanimous consent from all beneficiaries of the trust. All members of the Non-PWU Group (active, deferred/vested and pensioners) who remain entitled to benefits under the Plan are beneficiaries of the Plan's trust fund and, therefore, they must consent to the variation of trust. (See Q&A #6.) If you are a member of the Non-PWU Group, you can consent to the variation of trust by filling out and returning the Decision Form (orange-bordered item F) included in this package.

Under the laws governing variations of trust, however, other persons are also considered beneficiaries of the trust whose consent must be obtained. These include:

- The individual(s) whom the Non-PWU Group member has designated to receive any death benefits from the Plan in the event of the member's death.
- The spouse of the Non-PWU Group member, but only in two circumstances:
 - If the member is a pensioner, and the member's pension is being paid in a "joint-and-survivor" form (which means that if the member dies before his or her spouse, a monthly pension will continue to be paid to the surviving spouse), or
 - If the member's spouse has an entitlement under the Plan under a court order or domestic contract related to the breakdown of the marriage of the member and the spouse.

If you are a Non-PWU Group member and you need to obtain your spouse's or designated beneficiary's consent in order to participate in the Proposal, your Decision Form (orange-bordered item F) will show this requirement.

If you need to obtain your designated beneficiary's consent, you may have the option of revoking (cancelling) your beneficiary designation under the Plan instead of obtaining his or her consent. If this option applies to you, it will be noted on your Decision Form. For more information on that option, refer to the enclosed member committee Report (yellow-bordered item C).



17. What happens if I consent to the Settlement Proposal using the Decision Form, but later want to opt out of the class proceedings?

If a member opts out of the class proceedings, they are indicating that they do not support the Proposal and do not wish to be bound by the proposed Settlement Approval Order. In such a case, the member is no longer eligible to participate in the Settlement Proposal.

18. What happens if a member of the Partial Wind-Up (PWU) Group opts out of the class proceedings, but the Settlement Proposal proceeds?

If a member of the PWU Group opts out of the class proceedings, but the Proposal proceeds following receipt of necessary court and regulatory approvals, the member who opted out will not receive a surplus payment as part of the implementation of the Proposal. Instead, a proportional share of the surplus will be set aside and left in the Plan, representing the surplus amount that the member would have received under the Proposal plus the related amounts that would have been paid to Canada Life and to members of the Non-PWU Group.

The surplus left behind in the Plan will then have to be dealt with. The member who opted out can subsequently consent to the deal, and receive essentially the same surplus payment he or she would have received under the Proposal. Otherwise, if (for example) the member opted out because he or she opposed the deal, he or she could take court action. The member would have to bear the cost of his or her own legal counsel in such court action. (Under the Proposal, all legal fees will be paid out of the surplus, and members of the Surplus Sharing Group will not have to pay any of the legal fees themselves.)

The parties will be asking the Court to make an order as part of the Settlement Approval Order limiting Canada Life's financial exposure in any subsequent litigation commenced by opt-outs. (See Q&A #21.)

19. What happens if a member of the Non-Partial Wind-Up (Non-PWU) Group opts out of the class proceedings, but the Settlement Proposal proceeds?

If a member of the Non-PWU Group opts out of the class proceedings, then even if the Proposal proceeds based on consents received from other members, the opt-out will not receive any financial benefit from the settlement.

20. What happens if a Non-Partial Wind-Up (Non-PWU) Group member does not consent to the Settlement Proposal?

If a member of the Non-PWU Group does not consent to the Proposal, then even if the Proposal proceeds based on consents received from other members, the non-consenting member will not receive a share of surplus. The result is the same if a member of the Non-PWU Group opts out of the class proceeding - no surplus is paid in that case. (See Q&As #19 and #21.)

21. What does it mean for Canada Life's financial exposure to be limited in the event of future legal claims by opt-outs?

Under the Proposal, the parties will be asking the Court, as part of the Settlement Approval Order, to limit Canada Life's financial exposure should one or more opt-outs choose to start their own legal action against Canada Life and raise any of the claims contained in the Statement of Claim and settled as part of the Settlement Approval Order, other than a claim by an opt-out to receive a proportionate share of surplus allocable to a Partial Wind-Up (the "Subsequent Proceeding"). For example, this would include the claim that pension plan administration expenses were improperly paid from the Plan fund.

If the opt-out is successful in the Subsequent Proceeding and obtains a court judgment ordering Canada Life to make a payment to the opt-out or to the Plan fund, a payment will be deemed to have been made on behalf of Canada Life in partial satisfaction of the amount found to be owing. The effect of this deemed payment will be to reduce the amount that has to be paid by Canada Life to an amount equal to the opt-out's share of what could have been recovered by the entire Surplus Sharing Group (of over 5,400 members) had the Proposal not proceeded and had the entire Surplus Sharing Group participated in the opt-out's legal action against Canada Life. This deemed payment will also apply if the opt-out makes a similar claim against the Plan Trustees or any other party.

Value of Benefits in the Proposal

22. How is the value of a member's benefits calculated for purposes of determining how much surplus he or she receives?

PWU Group

Subject to the provision made for certain Quebec members (referred to on pages 13 and 14), members of each PWU Group will receive 57.22% of the surplus attributable to their Partial Wind-Up, allocated to each member proportionally based on the value of their benefits under the Plan as at the effective date of the Partial Wind-Up as set out in the actuarial report prepared by the Plan actuaries.

The calculation of the value of a member's benefits for purposes of allocating surplus will exclude any grow-in benefits (see below) and will be calculated based on the amount that would be paid out of the Plan in a lump sum if the member chose to receive his or her Plan entitlements in that fashion. (The lump sum is essentially the "present value" of the member's future pension payments - that is, the amount of money that would be required at the calculation date to pay for the future pension payments.)

(Grow-in benefits cause members affected by a partial wind-up who meet certain age and service requirements to become eligible for better early retirement benefits than they otherwise would have received if the partial wind-up had not been declared. They are provided only under Ontario and Nova Scotia legislation.)

Non-PWU Group

Members of the Non-PWU Group who are deferred/vested members or pensioners will receive 12.44% of the surplus attributable to the Partial Wind-Ups, allocated to each member proportionally based on the value of his or her benefits under the Plan as of June 30, 2005, calculated on a "wind-up" basis (that is, calculated on the assumption that the Plan had terminated on that date). If the member had died or had received a lump-sum payment in satisfaction of his or her Plan benefits prior to that date, then the value of his or her benefits for purposes of the surplus allocation will be the value on the day immediately prior to his or her death or the day immediately prior to the day of the lump-sum payment, as applicable.

Note that no member of the PWU Group, nor any member of the Non-PWU Group who is a deferred/vested member or a pensioner, will receive less than \$1,000 in surplus. An estimate of each eligible member's financial benefits under the Settlement Proposal is outlined in the Personal Information Statement (blue-bordered item E) provided in this information package.



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).

Also, the assets of the Plan fund are invested in stocks, bonds and other investments, and therefore the total amount of Partial Wind-Up surplus will also fluctuate depending on the returns on those investments.

As the overall Partial Wind-Up surplus fluctuates, so will the amount to be shared by the eligible members.

25. Will tax be payable on my surplus share?

Surplus distributions received in cash are considered taxable income by the Canada Revenue Agency, and may attract income tax depending on each individual's personal circumstances. Canada Life will deduct applicable withholdings for tax when making lump-sum surplus payments from the Plan to individuals.

If a member of the Surplus Sharing Group is entitled to more than \$15,000 in surplus payable in cash, they will be able to contribute part or all of it to a registered retirement savings plan (RRSP) without withholdings, if he or she first confirms to Canada Life that he or she has available RRSP contribution room.

26. What happens if a member of the Surplus Sharing Group dies before receiving his or her share of surplus?

If a member of the Surplus Sharing Group dies before receiving his or her surplus share, the share will be paid instead to the member's spouse, designated beneficiary or estate. Any necessary consents must have been provided by the individual before he or she died, or (if applicable) they must be provided after the death by the spouse, beneficiary or estate.

Selecting Legal Counsel

27. What if an eligible member wants to consent to the Settlement Proposal but doesn't want to retain legal counsel to do so?

If an eligible member wants to consent to the Proposal but does not want to retain the counsel selected by the member committees, he or she should call the Canada Life Service Centre toll-free at 1-888-252-1847 so that the necessary documents can be sent to the eligible member. If a member makes this choice, it is recommended that the member obtain independent legal advice at the member's own expense.

Members who retain counsel already selected by the member committees by filling out the Decision Form will not be obligated to pay any legal fees. For members who would be included in the potential Adason PWU, counsel is Sack Goldblatt Mitchell LLP. For all other members, counsel is Koskie Minsky LLP and Harrison Pensa LLP.

Note: The information package that includes this Detailed Description document 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.

Corrected Q&A

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 \$2,000,000. 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 \$2,000,000, the value of Mary's pension benefits represents 0.5% of the total (\$10,000 divided by \$2,000,000 equals 0.5%).

Therefore, Mary will receive 0.5% 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.



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 1-888-252-1347.

(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.

(2) Your Participation in the Settlement Proposal

You are eligible to participate in the Settlement Proposal as a Member of the Indago PWU Group¹.

(3) Your Estimated Share of Surplus (before tax)
(if the Settlement Proposal proceeds)**\$1,000**

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 Indago PWU Group Member is defined in the Settlement Proposal as a member of the Plan who was employed by Indago Capital Management Inc. and whose employment was terminated as a result of the February 26, 1999 merger of that company with Laketon Investment Management Ltd.



Personal Information Statement for Indago 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:	Indago PWUmember	_____
Company ID #:	50003	_____
Address:	3 Home Street	_____
	City3 Postal3	_____
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	_____



Personal Information Statement for NonPWUactive Active

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) Value of Your Contribution Holiday.
- 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:	NonPWUactive Active	_____
Company ID #:	50005	_____
Address:	5 Home Street	_____
	City5 Postal5	_____
Date of birth:	08/31/1970	_____
Date of employment:	08/31/2000	_____
Date of Plan enrolment:	08/31/2002	_____
Status in Plan as of January 1, 2011:	Active employee accruing benefits	_____
Spouse's name:	SpouseFirst5 SpouseLast5	_____
Spouse's date of birth:	08/31/1971	_____
Designated beneficiary(ies):	Ben1_5	_____
	Ben2_5	_____
	Ben3_5	_____
	Ben4_5	_____

This form is not to be used to designate a new beneficiary. Only corrections to current designated beneficiary(ies) should be made here.

(2) Your Participation in the Settlement Proposal

You are eligible to participate in the Settlement Proposal as a Member of the Non-PWU Group - Active¹.

(3) Value of Your Contribution Holiday²

(if the Settlement Proposal proceeds)

\$1,000

If the Settlement Proposal proceeds, then you will be eligible to receive a two-year contribution holiday² under the Plan. Based on your current salary, the estimated value of the two-year contribution holiday is \$1,000. At any time during the contribution holiday period, if you would otherwise not be required to contribute to the Plan (because you have terminated employment, are on a leave of absence or on long-term disability), then you will receive a lump-sum payment equal to the remaining amount of the contribution holiday.

(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 A Member of the Non-PWU Group - Active is defined in the Settlement Proposal as any employee who joined the Plan at any time after June 30, 2005, OR a member of the Plan at June 30, 2005 who was an employee accruing benefits and is not a member of the "PWU Group". [See "A Detailed Description of What You Need to Know" (green-bordered item D) for further information.]

² Contribution Holiday is defined as follows: Some pension plans (like the Plan) require active members to make contributions. If a pension plan is in *surplus*, the employer may decide to let members suspend their contributions, and instead use up some of the surplus in the plan. If this is done, the members are said to be receiving a "contribution holiday."



Decision Form

Your Personal Data

Name:	Integration PWU member	Surplus Sharing	
Address:	4 Home Street	Group category:	Integration PWU Group
	City Postal		
Company ID #:	50004		

Important:

Marriage breakdown: If there is a court order or domestic contract related to a separation or divorce from a spouse that affects your pension entitlements, your spouse/former spouse may be entitled to take part in the Settlement Proposal. Before completing and returning this Form, please contact the Canada Life Client Service Centre at 1-888-252-1847 for further information.

Check either "YES" or "NO". (Check one box only.)

☒ **YES** I am in favour of the Settlement Proposal.

If you are voting "YES":

- Read Parts 1 and 2 in this document.
- Complete Part 3, the Signature Section.

☐ **NO** I am not in favour of the Settlement Proposal.

If you are voting "NO":

- Complete Part 3, the Signature Section.

Forms used in this document	
Canada Life	The Canada Life Assurance Company.
Information package	The package of documents mailed to eligible members in March, 2011 that included this Decision Form.
Members' Counsel	Koskie Minsky LLP and Harrison Pensa LLP.
Plan	<i>The Canada Life Canadian Employees Pension Plan</i> , Registration #0354563.
Settlement Proposal	The Settlement Proposal described in the information package. The complete details of the Settlement Proposal are set out in the Surplus Sharing Agreement.
Surplus Sharing Agreement	The legal document that contains the precise legal terms of the Settlement Proposal.

Part 1: Authorization and Retainer

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I **Integration PWU** member instruct **Members' Counsel** to accept on my behalf the **Settlement Proposal** related to the **Plan** as set out and described in the **information package** dated March, 2011 (which accompanied this Form).

By checking the "YES" box on page 1 of this Decision Form, I also hereby retain **Members' Counsel** to do the following:

- ☒ to act as my lawyers in connection with drafting, negotiating, settling and implementing a **Surplus Sharing Agreement** with Canada Life setting out the final terms of the **Settlement Proposal**;
- ☒ to represent me in any proceeding before any body in connection with the **Settlement Proposal**;
- ☒ to receive formal notices on my behalf related to Canada Life's surplus withdrawal application or asset transfer application to any regulatory body and/or related to the partial wind-up of the **Plan** and/or related to any application to the courts or regulatory authorities in furtherance of the implementation of the **Settlement Proposal**;
- ☒ to consent to the payment of amounts from the **Plan** to Canada Life pursuant to the **Settlement Proposal**.
- ☒ to amend as necessary and sign the **Surplus Sharing Agreement** on my behalf, including any release, provided that the contents of the **Surplus Sharing Agreement** are substantially similar to the **Settlement Proposal** described in the information package.

I understand that I will not be charged directly for any fees of **Members' Counsel**, and that under the **Settlement Proposal** all such fees will be paid directly from the **Plan** surplus.

Part 2: Marriage Breakdown Information

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I confirm that my pension entitlements under the Plan have not been affected by any court order or domestic contract related to my separation or divorce from a spouse.

Part 3: Signature Section

PLEASE COMPLETE ALL SECTIONS BELOW WHETHER YOU ARE VOTING "YES" OR "NO" TO THE SETTLEMENT PROPOSAL

Integration PWU member _____

DATE _____

SIGNATURE of eligible member
or Authorized Representative¹ _____

NAME AND STATUS OF AUTHORIZED
REPRESENTATIVE (complete only if an
Authorized Representative is signing on
behalf of the eligible member) _____

Member telephone number: _____

Member email address: _____

NAME OF WITNESS (PLEASE PRINT)² _____

WITNESS SIGNATURE _____

QUESTIONS ABOUT HOW TO COMPLETE THIS FORM?

PLEASE CALL KOSKIE MINSKY/HARRISON PENZA AT 1-800-286-2266 OR EMAIL
CANADALIFECLASS@KMLAW.CA.

PLEASE RETURN THIS FORM IN THE ORANGE-BORDERED ENVELOPE PROVIDED.

The information package that includes this Form 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 If an Authorized Representative is signing on behalf of the eligible member, please enclose supporting documentation, such as Power of Attorney, Will or Certificate of Estate Trustee (please send copies, not originals). Please also enclose a copy of the Death Certificate if the eligible member is deceased.

² The signature of the eligible member or Authorized Representative must be witnessed by an adult, and the witness must print his or her name and sign this Form.



Decision Form

Your Personal Data

Name: Indago PWUmember Surplus Sharing
Address: 3 Home Street Group category: Indago PWU Group
City3 Postal3
Company ID #: 50003

Important:

Marriage breakdown: If there is a court order or domestic contract related to a separation or divorce from a spouse that affects your pension entitlements, your spouse/former spouse may be entitled to take part in the Settlement Proposal. Before completing and returning this Form, please contact the Canada Life Client Service Centre at 1-888-252-1847 for further information.

Check either "YES" or "NO". (Check one box only.)

- ☐ **YES, I am in favour of the Settlement Proposal.**
If you are voting "YES":
→ Read Parts 1 and 2 in this document.
→ Complete Part 3, the Signature Section.
- ☐ **NO, I am not in favour of the Settlement Proposal.**
If you are voting "NO":
→ Complete Part 3, the Signature Section.

Indago PWU Settlement Document	
Canada Life	The Canada Life Assurance Company.
Information package	The package of documents mailed to eligible members in March, 2011 that included this Decision Form.
Members' Counsel	Koskie Minsky LLP and Harrison Pensa LLP.
Plan	The Canada Life Canadian Employees Pension Plan, Registration #0354563.
Settlement Proposal	The Settlement Proposal described in the information package. The complete details of the Settlement Proposal are set out in the Surplus Sharing Agreement.
Surplus Sharing Agreement	The legal document that contains the precise legal terms of the Settlement Proposal.

Part 1: Authorization and Retainer

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I Indago PWU member instruct Members' Counsel to accept on my behalf the Settlement Proposal related to the Plan as set out and described in the information package dated March, 2011 (which accompanied this Form).

By checking the "YES" box on page 1 of this Decision Form, I also hereby retain Members' Counsel to do the following:

- ☒ to act as my lawyers in connection with drafting, negotiating, settling and implementing a Surplus Sharing Agreement with Canada Life setting out the final terms of the Settlement Proposal;
- ~~☐ to represent me in any proceeding before any body in connection with the Settlement Proposal;~~
- ☒ to receive formal notices on my behalf related to Canada Life's surplus withdrawal application or asset transfer application to any regulatory body and/or related to the partial wind-up of the Plan and/or related to any application to the courts or regulatory authorities in furtherance of the implementation of the Settlement Proposal;
- ☒ to consent to the payment of amounts from the Plan to Canada Life pursuant to the Settlement Proposal.
- ☒ to amend as necessary and sign the Surplus Sharing Agreement on my behalf, including any release, provided that the contents of the Surplus Sharing Agreement are substantially similar to the Settlement Proposal described in the information package.

I understand that I will not be charged directly for any fees of Members' Counsel, and that under the Settlement Proposal all such fees will be paid directly from the Plan surplus.



Part 2: Marriage Breakdown Information

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I confirm that my pension entitlements under the Plan have not been affected by any court order or domestic contract related to my separation or divorce from a spouse.

Part 3: Signature Section

PLEASE COMPLETE ALL SECTIONS BELOW WHETHER YOU ARE VOTING "YES" OR "NO" TO THE SETTLEMENT PROPOSAL

Indago PWUmember

DATE

SIGNATURE of eligible member
or Authorized Representative¹

NAME AND STATUS OF AUTHORIZED
REPRESENTATIVE (complete only if an
Authorized Representative is signing on
behalf of the eligible member)

Member telephone number:

Member email address:

NAME OF WITNESS (PLEASE PRINT)²

WITNESS SIGNATURE

QUESTIONS ABOUT HOW TO COMPLETE THIS FORM?

PLEASE CALL KOSKIE MINSKY/HARRISON PENSA AT 1-800-286-2266 OR EMAIL
CANADALIFECLASS@KMLAW.CA.

PLEASE RETURN THIS FORM IN THE ORANGE-BORDERED ENVELOPE PROVIDED.

The information package that includes this Form 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 If an Authorized Representative is signing on behalf of the eligible member, please enclose supporting documentation, such as Power of Attorney, Will or Certificate of Estate Trustee (please send copies, not originals). Please also enclose a copy of the Death Certificate if the eligible member is deceased.
- ² The signature of the eligible member or Authorized Representative must be witnessed by an adult, and the witness must print his or her name and sign this Form.



Decision Form

Your Personal Data

Name:	NonPWUactive Active	Designated beneficiary(ies):	Ben1_5
Address:	5 Home Street		Ben2_5
	City5 Postal5		Ben3_5
Company ID #:	50005		Ben4_5
	Surplus Sharing		
	Group category:	Non-PWU Group - Active	

Important:

Marriage breakdown: If there is a court order or domestic contract related to a separation or divorce from a spouse that affects your pension entitlements, your spouse/former spouse may have to provide his or her consent to the Settlement Proposal in order for you to take part in it. Before completing and returning this Form, please contact the Canada Life Client Service Centre at 1-888-252-1847 for further information.

Your named beneficiaries: In order for you to be eligible to participate in the Settlement Proposal, one of the following two things must occur: either (1) you must revoke (cancel) your beneficiary designations, or (2) the individual or individuals you have designated as beneficiary(ies) under the Plan, if age 16 or over must also consent to the "Variation of Trust" described in Part 3 by signing this Form. See Part 4 of this Form for further information.

Check either "YES" or "NO". (Check one box only.)

☐ **YES, I am in favour of the Settlement Proposal.**

If you are voting "YES":

- ➔ Read Parts 1, 2, 3 and 4 in this document.
- ➔ Complete either Option A or Option B in Part 4.
- ➔ Complete Part 5, the Signature Section.

☐ **NO, I am not in favour of the Settlement Proposal.**

If you are voting "NO":

- ➔ Complete Part 5, the Signature Section.

Short definitions used in this document	
Canada Life	The Canada Life Assurance Company.
CLPENS	The Canada Life Canadian Pension Plan Members' Rights Group.
Information package	The package of documents mailed to eligible members in March, 2011 that included this Decision Form.
Members' Counsel	Koskie Minsky LLP and Harrison Pensa LLP.
New Plan	The new pension plan to be established by Canada Life as part of the Settlement Proposal.
Plan	The Canada Life Canadian Employees Pension Plan, Registration #0354563.
Settlement Proposal	The Settlement Proposal described in the information package. The complete details of the Settlement Proposal are set out in the Surplus Sharing Agreement.
Surplus Sharing Agreement	The legal document that contains the precise legal terms of the Settlement Proposal.

Part 1: Authorization and Retainer

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I ~~NonPWU~~**Active** instruct **Members' Counsel** to accept on my behalf the **Settlement Proposal** related to the **Plan** as set out and described in the **information package** dated March, 2011 (which accompanied this Form).

By checking the "YES" box on page 1 of this Decision Form, I also hereby retain **Members' Counsel** to do the following:

- to act as my lawyers in connection with drafting, negotiating, settling and implementing a **Surplus Sharing Agreement** with Canada Life setting out the final terms of the Settlement Proposal;
- to represent me in any proceeding before any body in connection with the Settlement Proposal;
- to receive formal notices on my behalf related to Canada Life's surplus withdrawal application or asset transfer application to any regulatory body and/or related to the partial wind-up of the Plan and/or related to any application to the courts or regulatory authorities in furtherance of the implementation of the Settlement Proposal;
- to amend as necessary and sign the Surplus Sharing Agreement on my behalf, including any release, provided that the contents of the Surplus Sharing Agreement are substantially similar to the Settlement Proposal described in the information package.

I understand that I will not be charged directly for any fees of **Members' Counsel**, and that under the Settlement Proposal all such fees will be paid directly from the Plan surplus.

Part 2: Marriage Breakdown Information

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I confirm that my pension entitlements under the Plan have not been affected by any court order or domestic contract related to my separation or divorce from a spouse.

Part 3: Member Consent Related to the New Plan and the Variation of Trust

In consideration of the financial benefits contained in the proposed Surplus Sharing Agreement – being the agreement among Canada Life; David Kidd, Alexander Harvey, and Jean Paul Marentette (the "Plaintiffs" therein); Wilbert Antler, Ed Barrett, Alexander Harvey, David Kidd, Brian Lynch, Jim Martin, Gary Nummelin, and Shriram Mulgund (the "CLPENS Executive" therein); and others – by checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I hereby consent to the transfer of my benefit entitlements under the Plan to the new pension plan to be established by Canada Life (the "New Plan"), and I consent to a variation and amendment of the trust holding assets to be transferred to the New Plan, so that the trust consists only of such terms as are set out in the New Plan text (entitled "The Canada Life Canadian Employees New Pension Plan") and related trust agreement in the form provided to Members' Counsel, all as contemplated in the Surplus Sharing Agreement (the "Variation of Trust").¹ It is specifically agreed that as a result of the variation and amendment of the trust described above, the trust is varied and amended to reflect the following:

- Canada Life may take contribution holidays under the New Plan (including using surplus from the defined benefit component to fund any defined contribution benefits);
- Canada Life may use surplus in the New Plan to pay for benefit enhancements under the New Plan;
- The New Plan validly permits the New Plan membership to be further expanded by way of plan amendment or merger in which case the New Plan assets (including surplus) can be used to provide benefits for, and to fund contribution holidays taken with respect to, new members;
- Canada Life can pay expenses from the New Plan, or be reimbursed from the New Plan for such expenses that it pays directly.

¹ See "A Detailed Description of What You Need to Know" (green-bordered item D in this package) for information on how to obtain a copy of the proposed New Plan text and related trust agreement, if you wish to review it.

Part 4: Beneficiary Consent or Revocation of Beneficiary Designations Related to the New Plan and the Variation of Trust

By checking the "YES" box on page 1 of this Decision Form and by signing in the Signature Section at the end of this Form, I acknowledge that *one* of the following two things must occur in order for me to be eligible to participate in the Settlement Proposal:

- (1) I must revoke (cancel) my beneficiary designations (refer to Option A), OR
- (2) the individual(s) I have designated as my beneficiary(ies) under the Plan must also consent to the Variation of Trust (refer to Option B).

Choose either Option A or Option B below by checking the appropriate box. If you choose Option A, you revoke your beneficiary designations. If you choose Option B, the individual(s) you have designated as a beneficiary under the Plan (listed below) must fill in the required information.

☐ OPTION A: REVOCATION OF BENEFICIARY DESIGNATIONS

By checking the "YES" box on page 1 of this Decision Form, by my signature in the Signature Section at the end of this Form, and by choosing this Option A, I hereby revoke (cancel) any and all beneficiary designations I may have made under the Plan, related to the payment of benefits in the event of my death. I understand that this revocation shall be effective only if Canada Life seeks Court approval in respect of the Variation of Trust, and in such case shall only be effective the day before Canada Life appears in Court for such approval (my revocation shall be effective in respect of my beneficiary designations in effect at such time).

☐ **OPTION B. BENEFICIARY CONSENT TO VARIATION OF TRUST**

If you do not cancel your beneficiary designations, beneficiaries 16 years of age or older must consent to the Variation of Trust:

If the named beneficiary is under age 16, please check below. A beneficiary under 16 *does not* have to provide his or her consent to the Variation of Trust:

☐ Ben1-5 is under the age of 16. If checked, this beneficiary does not need to sign.

☐ Ben2-5 is under the age of 16. If checked, this beneficiary does not need to sign.

☐ Ben3-5 is under the age of 16. If checked, this beneficiary does not need to sign.

☐ Ben4-5 is under the age of 16. If checked, this beneficiary does not need to sign.

If the named beneficiary is age 16 or over, please provide the information package to him or her and have them sign below on the line above their name. By signing this Form, your designated beneficiary is consenting to the Variation of Trust. They must sign in the presence of an adult witness, and the witness must also sign this Form and print his or her name below.

I Ben1-5 have read and understood this Form and the information package dated March, 2011 from The Canada Life Assurance Company and the Canada Life Canadian Pension Plan Members' Rights Group. I hereby consent to the Variation of Trust as described above.

Ben1-5

Witness Signature

Name of Witness

I Ben2-5 have read and understood this Form and the information package dated March, 2011 from The Canada Life Assurance Company and the Canada Life Canadian Pension Plan Members' Rights Group. I hereby consent to the Variation of Trust as described above.

Ben2-5

Witness Signature

Name of Witness

I Ben3-5 have read and understood this Form and the information package dated March, 2011 from The Canada Life Assurance Company and the Canada Life Canadian Pension Plan Members' Rights Group. I hereby consent to the Variation of Trust as described above.

Ben3-5

Witness Signature

Name of Witness

I Ben4-5 have read and understood this Form and the information package dated March, 2011 from The Canada Life Assurance Company and the Canada Life Canadian Pension Plan Members' Rights Group. I hereby consent to the Variation of Trust as described above.

Ben4-5

Witness Signature

Name of Witness

Part 5: Signature Section

PLEASE COMPLETE ALL SECTIONS BELOW WHETHER YOU ARE VOTING "YES" OR "NO" TO THE SETTLEMENT PROPOSAL

NonPWUactive Active

DATE

SIGNATURE of eligible member
or Authorized Representative²

NAME AND STATUS OF AUTHORIZED
REPRESENTATIVE (complete only if an
Authorized Representative is signing on
behalf of the eligible member)

Member telephone number: _____

Member email address: _____

NAME OF WITNESS (PLEASE PRINT)³

WITNESS SIGNATURE

QUESTIONS ABOUT HOW TO COMPLETE THIS FORM?

PLEASE CALL KOSKIE MINSKY/HARRISON PENSA AT 1-800-286-2266 OR EMAIL
CANADALIFECLASS@KMLAW.CA.

PLEASE RETURN THIS FORM IN THE ORANGE-BORDERED ENVELOPE PROVIDED.

The information package that includes this Form 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.

² If an Authorized Representative is signing on behalf of the eligible member, please enclose supporting documentation, such as Power of Attorney, Will or Certificate of Estate Trustee (please send copies, not originals). Please also enclose a copy of the Death Certificate if the eligible member is deceased.

³ The signature of the eligible member or Authorized Representative must be witnessed by an adult, and the witness must print his or her name and sign this Form.



Sources of Information

Contact Information

If you have any questions about the Settlement Proposal, including questions on how to fill out the forms that are enclosed with the Information package, please contact the lawyers retained by your member representatives:

Adason Partial Wind-Up (PWU) members – contact Sack Goldblatt Mitchell at 416-979-6403 or send an email to canadalifeclassaction@sgmlaw.com.

All other members – contact Koskie Minsky/Harrison Pensa toll-free at 1-800-286-2266 or send an email to canadalifeclass@kmlaw.ca.

If you have questions about your pension benefits, please contact the Canada Life Client Service Centre toll-free at 1-888-252-1847. The Canada Life Client Service Centre cannot answer questions about the Settlement Proposal. Please contact the lawyers retained by your member representatives (as noted above) for all questions about the Proposal.

Information Sessions

Do you have questions about the Settlement Proposal? We encourage you to attend one of the following information sessions where Canada Life, member representatives and their advisors will be available to answer your questions.

City	Date	Time	Location
Vancouver	April 5, 2011	7:00 p.m.	Marriott Pinnacle 1128 West Hastings St. Pinnacle II & III
Calgary	April 6, 2011	7:00 p.m.	Marriott Downtown 110 9th Ave. S.E. Kensington Ballroom
Regina	April 7, 2011	2:00 p.m.	Delta Regina 1919 Saskatchewan Dr. Trentino/Juscany
	April 7, 2011	7:00 p.m.	Delta Regina 1919 Saskatchewan Dr. Trentino/Juscany
London	April 13, 2011	2:00 p.m.	London Convention Centre 300 York St. Theatre
	April 13, 2011	7:00 p.m.	London Convention Centre 300 York St. Theatre

(See over)

Information Sessions

City	Date	Time	Location
Toronto - West	April 20, 2011	2:00 p.m.	Toronto Congress Centre 650 Dixon Rd. Leonard Cohen Ballroom
	April 20, 2011	7:00 p.m.	Toronto Congress Centre 650 Dixon Rd. Leonard Cohen Ballroom
Toronto - Central	April 4, 2011	5:00 p.m.	Metro Toronto Convention Centre 255 Front St. W. John Bassett Theatre
	April 11, 2011	7:00 p.m.	Metro Toronto Convention Centre 255 Front St. W. Meeting Room 701
Toronto - East	April 21, 2011	2:00 p.m.	Le Parc Conference Centre 8432 Leslie St. Le Parc 2
	April 21, 2011	7:00 p.m.	Le Parc Conference Centre 8432 Leslie St. Le Parc 1&2
Montreal (English session)	April 12, 2011	7:00 p.m.	Loews Hotel 1425, rue de la Montagne Paris I & II
Montreal (French session)	April 13, 2011	7:00 p.m.	Loews Hotel 1425, rue de la Montagne Paris I & II
Halifax	April 14, 2011	7:00 p.m.	Delta Halifax 1990 Barrington St. Baronet 4,5,6

**DAVID KIDD et al. -and- THE CANADA LIFE ASSURANCE
COMPANY et al.**

Plaintiffs
(Respondents)

Defendants
(Appellant)

Court of Appeal File No. C56991
Court File No. 05-CV-287556CP

COURT OF APPEAL FOR ONTARIO

Proceeding commenced at Toronto

**EXHIBIT BOOK
VOLUME III OF III**

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Lawyers for the Defendant (Appellant),
The Canada Life Assurance Company