

**THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the “Plan”)**

**IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS**

**NOTICE TO MEMBERS OF ADASON, PELICAN AND INDAGO POTENTIAL  
PARTIAL WINDUPS**

**From: Lin Yeomans, Susan Henderson, Garry C. Yip and Louie Nuspl, Plaintiffs; on notice to all parties**

**This letter has been approved by the Court and is intended for all members of the Pelican, Adason and Indago Partial Wind Up Sub-Classes (the “Prior PWUs”) included in the Canada Life Class Action Settlement (the “Prior PWU Group”), which settlement was approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the “Settlement”).**

**The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that, for those members who did not elect to transfer a lump sum amount out of the Plan in satisfaction of their basic pension benefits, and who therefore continue to be entitled to benefits under the Plan, nothing discussed in this letter affects benefits you have earned under the Plan, or the monthly benefit that you are currently receiving. Indexing of pensions under the Plan terms, for those eligible for it, is also unaffected. This letter describes proposed changes to the Settlement, as well as information regarding the source of payment of your pension benefits (for those members who continue to be entitled to benefits under the Plan).**

In May 2012 we wrote to the Class to explain that the estimated value of the Integrated Partial Wind-up Surplus (the “IPWU Surplus”) had decreased from an estimated \$54 million as of June 30, 2011 (net of projected expenses) to less than \$10 million as of December 31, 2011 (also net of expenses). The principal factors leading to this decrease in estimated surplus were described as 1) a change in the prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of settling members’ basic benefits; and 2) a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

We also advised that the surpluses related to the Prior PWUs were **not** similarly affected. Members of the Prior PWUs elected the form of pension benefit at the time their employment was terminated. The expected annuity purchases were already factored into the surplus estimate. In addition, the amount of liabilities relative to the amount of assets in the Prior PWUs was less than in the Integration Partial Wind Up. Consequently, the impact of lower interest rates on the level of surplus of the Prior PWUs was relatively less than the impact on the Integration Partial Wind Up surplus amount. The surplus estimates communicated to you in the March, 2011 Information Packages, along with Class Members’ individual surplus share estimates, are still reasonable estimates of what you will likely receive under the Settlement. It is important to note,

however, that until surplus is actually distributed the surplus amounts are still estimates, and may go up or down.

With the assistance of Class Counsel, we have been working to find ways to address the reduction in the estimated IPWU Surplus. After lengthy negotiations, we have reached an agreement with Canada Life which gives effect to the Settlement while taking into account the changed economic circumstances. The proposed amendment to the Settlement includes a possible second surplus distribution to members of the Integration Partial Wind Up and to eligible pensioners and deferred vested members only.

As your court-appointed representatives, we support the changes to the Settlement that have been negotiated, which represent the best possible outcome in difficult economic circumstances.

The only change introduced by the Amended Settlement which directly impacts the members of the Prior PWUs is that Canada Life will have the discretion to purchase annuities on your behalf, or to pay your pension from the ongoing portion of the Plan. As a practical matter, this only affects members who did not already settle their basic benefits from the Plan.

A copy of the proposed amendment to the Settlement can be found on our Representative Counsel's website, at <http://www.kmlaw.ca/Case-Central/Overview/?rid=56>.

### **Next Steps**

**The parties will be bringing a motion in Court to amend the Settlement in accordance with an agreed set of terms (the "Amended Settlement") on March 18, 2013 at 10 AM at Osgoode Hall, 130 Queen Street West, Toronto, Ontario. At the hearing, the Court will consider any objections to or comments concerning the proposed amendment to the Settlement. Objections or comments are to be made in writing and should be faxed (416-204-2897), emailed (canadalifecclass@kmlaw.ca) or mailed to Koskie Minsky LLP at the address listed below on or before March 11, 2013. Koskie Minsky LLP will ensure that any objections and/or comments received are filed with the Court in advance of the hearing. Provided a Class member has made written submissions, subject to the Court's discretion, that person shall be entitled to make oral submissions at the hearing to consider the proposed amendment to the Settlement. As the Court will only be considering the amendments to the Settlement, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved by the Court. Do not write directly to the judge.**

Any Class member who wishes to object to the amendments to the Settlement may do so by submitting their objection in writing to Class Counsel at the following address by no later than March 11, 2013:

**Koskie Minsky LLP, Barristers & Solicitors, 20 Queen Street West  
Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action**

If the amendment to the Settlement is approved, the plaintiffs will file an application in the Quebec Superior Court for recognition and enforcement of the Court Approval in Ontario. Following the court processes, the parties will seek the required regulatory approvals.

Assuming all the court and regulatory approvals are obtained, the surplus distribution will proceed.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or [canadalife@kmlaw.ca](mailto:canadalife@kmlaw.ca). For members of the Adason Sub-Class, you may also contact Darrell Brown, counsel for the Adason Sub-Class at 416-979-4050 or via email at [DBrown@sgmlaw.com](mailto:DBrown@sgmlaw.com).

**PLEASE DO NOT CALL JUSTICE PERELL OR THE ONTARIO SUPERIOR COURT OF JUSTICE**