

September, 2002

Dear Montreal Trust Pension Plan Member or Former Member:

We are a group of former employees and pensioners of Montreal Trust. We, as well as you, are persons who, on or after December 2, 1993 (the date the first partial wind-up of the Montreal Trust Pension Plan commenced) had a pension or other interest in the Montreal Trust Pension Plan (the "Plan"). As of December 31, 1999, the date of the last Plan actuarial valuation, there was a surplus of funds in our Plan in the amount of approximately \$41.6 million. A pension plan surplus is an actuarial calculation of the funds, at a given date, over and above the amounts required to satisfy future pension obligations to all Plan members and pensioners.

As a result of recent discussions with Montreal Trust, Plan member representatives will be entering into negotiations with Montreal Trust in regards to a proposal to terminate the Plan and share the surplus. Last April we instructed our legal counsel to meet with the Montreal Trust lawyers to discuss a proposal whereby the surplus assets remaining in the pension plan, after making any necessary adjustments for applicable expenses, would be shared equally (50/50) between eligible Plan members and Montreal Trust following wind-up of the Plan.

(By **eligible members** we are referring to:

- current pension plan members with entitlements under the Plan:
 - active members,
 - members transferred to Scotiabank,
 - pensioners and surviving spouses,
 - deferred vested members and
 - suspended members
- as well as former members still living, including:
 - individuals who were subject to a partial wind-up on or after December 2, 1993 and
 - those who terminated employment on or after December 2, 1993 or who were deferred vested members on or after December 2, 1993 and subsequently cashed out their entitlement in the Plan on or after that date).

Montreal Trust has indicated that it is prepared to negotiate a proposal with these terms. However, in order for such a settlement proposal to be finalized, a number of outstanding issues must be resolved before we can put an offer to you, the eligible members, for consideration.

In order for us to be fully informed, we hired professional legal advisors who have considerable expertise in dealing with pension surpluses. We retained the law firm of **Koskie Minsky** in Toronto. They have extensive experience in representing groups such as ours, and have successfully represented employees across Canada in major pension surplus cases, such as those involving the National Hockey League, Dominion Stores, and Confederation Life. The firm also represented the former employees of Eaton's in connection with its insolvency in 1999.

Our legal team at Koskie Minsky are lawyers **Mark Zigler**, **Susan Philpott**, and **Leanne Hull** together with **Susan Ballantyne** (who deals with plan member communications). Koskie Minsky will be working with **Marcel Rivest**, a lawyer in Montreal, as the Plan is

registered in Quebec as well as federally with the Office of the Superintendent of Financial Institutions. Mr. Rivest is an experienced pension lawyer as well, having represented former employees of Credit Foncier (a former subsidiary of Montreal Trust), who successfully negotiated with Montreal Trust a distribution of the Credit Foncier pension plan surplus.

Please note that there will be no obligation on you to directly pay any of the Committee's legal or other fees during any of this process. We have already raised some funds to support our counsel from among our membership, but anticipate that all legal costs will be recovered from any settlement, and we have a preliminary agreement from Montreal Trust to do so as part of the proposed 50/50 sharing of the surplus funds.

Action Required

We believe that this can be a "win-win" situation for both the eligible members and Montreal Trust. If an agreement is reached, both sides could have an equal share of the surplus. However, any agreement will require the approval of appropriate government authorities. We will eventually require extensive support from the eligible members in order to proceed with a surplus withdrawal. While several hundred of you have already joined our group, there are over **3,500 members** who are potentially eligible to participate. **WE NEED YOUR SUPPORT.**

Due to privacy concerns, Montreal Trust is not able to provide the Committee or our legal counsel with any of your personal information (such as mailing address, social insurance number, date of birth) until they have your consent. Accordingly, we have obtained Montreal Trust's agreement to send this first correspondence to you on our behalf. We enclose an "Authorization and Membership Form" (the "Form") which allows Montreal Trust to release your relevant personal information to our lawyers and actuary, enables you to join our members' group, and gives our lawyers and the Committee the authority to represent you in negotiating an agreement. No agreement will be reached, however, without bringing the matter back to all eligible members for consideration. The Form also allows us to contact you personally and to ensure that all communications from either our Committee or Montreal Trust are sent to the correct address.

You will have an opportunity to review any settlement offer before it is final. No settlement can be reached without sufficient eligible member consideration and approval to satisfy applicable federal and provincial legislative requirements. For example, federal law currently requires the consent of at least two-thirds of the eligible member groups. **This proposal will not adversely affect either the security or amount of benefits you now receive or are entitled to under the Plan.** Your support for our initiative can only enhance the pension which you have earned to date.

Once a settlement proposal is finalized, we will send you the particulars. **In the meantime, we request that you complete the enclosed Form and send it to our lawyers in the enclosed, self-addressed, stamped envelope.** By joining the members' group and providing us with your address we will be able to communicate with you directly, so we urge you to please fill out the Form and return it as soon as possible, **even if you have already signed a retainer form and sent in a retainer fee to Koskie Minsky.** For those of you who **have** already paid a retainer fee when our Committee commenced, please note that if a settlement is reached which includes payment of our legal fees, your retainer fee will be returned to you. Once again, we stress that you are not responsible for directly paying the Committee's legal or other expenses during this process.

If you have any questions, you can contact our toll free number at Koskie Minsky which is

1-888-723-4305. You may also visit our website to obtain updates and information from time to time. Go to **www.koskieminsky.com** and click on the Montreal Trust button.

We thank you all for your anticipated support. If you have any further questions, please do not hesitate to contact any of the former employees shown below.

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[Authorization & Membership Form](#)