

ANNOUNCEMENT

FROM: CLPENS Executive and David Kidd, Alex Harvey and Jean Paul Marentette

We are pleased to announce that we have entered into a Memorandum of Understanding (the “MOU”) with Canada Life which establishes an agreed upon framework under which a final settlement agreement (the “Settlement Agreement”) can be completed in respect of the current outstanding class action litigation and issues arising from the partial wind-up of the Canada Life Canadian Employees Pension Plan (the “Plan” or “Pension Plan”). Achieving a final settlement is subject to obtaining significant levels of member consent from both the partial wind-up members, and the other inactive remaining Plan members as of the date of the commencement of the litigation on April 12, 2005, as well as from active Plan members at the end of June 2005. It is also subject to court approval and approval of pension regulators, including the Financial Services Commission of Ontario (“FSCO”).

Our lawyers have been through this process many times and tell us that these settlements can sometimes take a number of years to complete. However, by signing the MOU, the parties have committed to a course of action that we are confident will lead to a cooperative settlement and your committee will work diligently to achieve a successful and timely result on behalf of all members.

Please note that under any final settlement partial wind up surplus distributions may be provided from the Plan. All Plan benefits will be fully protected as required by law.

The proposed settlement in the MOU would resolve the surplus claims of members affected by the partial wind-up that occurred between July 10, 2003 and June 30, 2005, and the claims of the remaining members with respect to payment of expenses out of the Pension Plan by Canada Life. The proposed MOU settlement is the result of negotiations between the parties over the last 12 months.

The details of the Settlement Agreement, once completed, will be released to all members once direction is obtained from the Judge of the Ontario Superior Court who is supervising the proceeding. It is anticipated that there will be mailings to affected individuals and information meetings across Canada to explain the Settlement Agreement and to seek appropriate member consents in accordance with the MOU requirements. At that time, members will receive an estimate of their eligible share of any settlement before being asked to provide their consents.

The estimated value of the net partial wind-up surplus available for distribution as at January 1, 2006 (based on the most recent actuarial valuation filed for the Plan with FSCO), is approximately \$100 million. The highlights of the proposed MOU settlement involve the sharing of that surplus between eligible Plan members and Canada Life. Expenses and legal fees of the parties, including the legal fees of class counsel, will be paid “off the top” of the partial wind up surplus in accordance with the MOU, however, all legal fees and expenses must first be approved by the Court. Upon receipt of all required member, court and regulatory approvals, and compliance with the terms of the MOU, net partial wind up surplus available for distribution at that time (“Distributable Partial Wind Up Surplus”, which could be higher or lower than \$100 million) will be shared so that 30.34% will be distributed to Canada Life and 69.66% to the

eligible member group. The eligible member group 69.66% share of Distributable Partial Wind Up Surplus will be divided so that roughly 57.22% of the Distributable Partial Wind Up Surplus is allocated and paid to eligible partial wind-up members and 12.44% is allocated and paid to the eligible inactive remaining Plan members. Please note that the January 1, 2006 Distributable Partial Wind Up Surplus estimate is subject to change and will fluctuate until the actual distribution date due to a number of factors.

The remaining eligible active members who are/were employed by Canada Life as of the end of the partial wind up period on June 30, 2005 or subsequently joined the Plan will receive a 2 year contribution holiday or equivalent payment, payable out of the remaining Pension Plan surplus not affected by the partial wind-up, as well as other protections. The value of this contribution holiday will vary from member to member according to their individual circumstances.

As part of a final settlement, Canada Life is to receive a Court Order confirming, among other things, that it may continue to use surplus for Plan funding purposes and pay the expenses of administering the Pension Plan and fund out of the Plan surplus.

Further details will be released once Settlement Agreement documents are finalized and court approval for a class mailing is obtained.

The CLPENS executive fully supports achieving a final settlement based on the MOU that will make available significant financial benefits and protections to eligible Pension Plan members and former members.

We thank you for your patience to date and trust that we can rely on your cooperation while awaiting the release of further details.

All questions should be directed to class counsel at canadalife@kmlaw.ca or canadalife@harrisonpensa.com. The court process limits the ability for Canada Life to communicate with the potential class members.