

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

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO ACTIVE EMPLOYEE CLASS MEMBERS

From: David Kidd, Alex Harvey, and Jean-Paul Marentette, Plaintiffs; on notice to all parties

This letter has been approved by the Court and is intended for all individuals who are members of the Active Sub-Class included in the Canada Life Class Action Settlement (the “Active Group”), which settlement was approved by the Ontario Superior Court of Justice by order dated January 27, 2012 (the “Settlement”). The Active Group includes all active members of the Plan as of June 30, 2005 plus any new members up to October 28, 2011 (or the spouses, estates, heirs, beneficiaries and representatives of those who have died).

The purpose of this letter is to provide an update of events related to the Settlement since May 2012, as well as notice of next steps. Please be assured that nothing discussed in this letter affects benefits you have earned under the Plan. This letter describes proposed changes to the Settlement.

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

We also advised you that, as a practical matter, the reduction in the estimated Integration PWU Surplus does not affect your entitlement under the Settlement. In accordance with the Settlement, active Class Members who are eligible to participate in the Settlement will receive a two year “contribution holiday” under the Plan, which means they will not have to make employee contributions to the Plan during that time. Active members who are otherwise eligible for this contribution holiday but who have left employment before the holiday begins, will receive an equivalent cash payment. The contribution holiday will not be funded out of the Integration PWU Surplus, and therefore is not affected by the decrease in the Integration PWU Surplus.

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

None of the changes in the Amended Settlement affect the entitlements of the Active Group under the Settlement.

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

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

Next Steps

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

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

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