



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