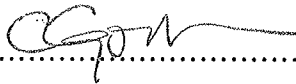


TAB B

This is **Exhibit "B"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012

A handwritten signature in cursive script, appearing to read 'CGW', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

Desi Skokleva

From: GALWAY, JEFF <JEFF.GALWAY@blakes.com>
Sent: February-23-12 2:21 PM
To: Mark Zigler
Cc: Clio M. Godkewitsch; Anthony Guindon; dwilliams@harrisonpensa.com; jforeman@harrisonpensa.com; McSweeney, Ian; Rienzo, Douglas
Subject: Kidd Harvey
Attachments: Memo re Surplus Changes.pdf; clsurplustracking (5).xls

Dear Mark:

Canada Life has recently received from Mercer an update as at December 31, 2011 of the estimated actuarial surplus available for distribution under the settlement. As you will see from the attached memorandum prepared by Canada Life, two factors-the estimated cost of buying the annuities (due primarily to declining interest rates) and the annuity purchase take up rate vs. commuted value transfer elections-have significantly impacted the most recent estimate of the Integration PWU surplus (net of expenses). The actual cost of buying the annuities will not be known until Canada Life has received annuity purchase quotes. After you have had an opportunity to review the attached memorandum, please call us to discuss.

Jeff



Blake, Cassels & Graydon LLP | Toronto

Tel: 416-863-2400 Fax: 416-863-2653

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This email communication is CONFIDENTIAL AND LEGALLY PRIVILEGED. If you are not the intended recipient, please notify me at the telephone number shown above or by return email and delete this communication and any copy immediately. Thank you.

L'information paraissant dans ce message électronique est CONFIDENTIELLE. Si ce message vous est parvenu par erreur, veuillez immédiatement m'en aviser par téléphone ou par courriel et en détruire toute copie. Merci.

**Canada Life Canadian Employees Pension Plan
Partial Wind-Up Surplus Update**

The following table shows the estimated surplus of the Integration PWU and the 3 Prior PWUs as of June 30, 2010, December 31, 2010, June 30, 2011 and December 31, 2011 as calculated by Mercer. The total estimated surplus for all 4 partial wind-ups has decreased from \$71.0 million as of June 30, 2010 to \$34.0 million as of December 31, 2011. However, as can be seen from the table below, it is only the estimate of the Integration PWU surplus that has decreased (from \$62.2 million as of June 30, 2010 to \$23.7 million as of December 31, 2011).

SURPLUS (\$ millions)

	June 30, 2010	December 31, 2010	June 30, 2011	December 31, 2011
Integration PWU	\$62.2	\$63.8	\$54.0	\$23.7
Pelican PWU	\$2.5	\$2.9	\$2.9	\$2.9
Indago PWU	\$1.2	\$1.3	\$1.3	\$1.2
Adason PWU	\$5.1	\$6.4	\$6.1	\$6.2
Total	\$71.0	\$74.5	\$64.3	\$34.0

As of June 30, 2011, Integration partial wind-up members had not yet chosen their payment option with respect to their basic benefits, that is, they had not elected the transfer option or the guaranteed pension option. Therefore for each estimate of Integration PWU surplus up until that date, assumptions were made by Mercer relating not only to applicable interest and inflation rates, but also as to which election members would choose for the payment of their benefit entitlement (transfer value or a guaranteed pension). With respect to the guaranteed pension option, the estimated costs of purchasing annuities were based on the preliminary guidance from the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting on the estimated costs of purchasing annuities.

For the December 31, 2011 estimate of the Integration PWU surplus, the *actual* elections made by the members to that date (1419 of 2149 Integration pwu members had made elections) were used to determine the cost of settling the basic benefit entitlement, and the estimated surplus value remaining. For those members who had not yet elected an option as at that date, the assumptions that were applied in the June 30, 2011 estimate re which option members would elect were used.

Note that if the assumption regarding which option members will choose is altered such that all Integration PWU members who have not yet made an election are deemed to have elected the guaranteed pension option (the required default option communicated in member information packages), then the estimate of the Integration Partial wind-Up surplus as of December 31, 2011 is reduced from \$23.7 million to approximately \$8 million.

The interest rate and inflation assumptions used to calculate the estimated costs of purchasing annuities are shown in the following table.

Indexed annuities interest assumptions	June 30, 2010	December 31, 2010	June 30, 2011	December 31, 2011
During deferred period	4.0%	4.5%	4.2%	3.35
After deferred period	3.65%	3.5%	3.5%	2.5%
Inflation assumption	2.2%	2.4%	2.5%	2.0%

The attached table shows the change in Integration PWU surplus due to various factors for each six-month period from January 1, 2010 to December 31, 2011. The most significant factors in the recent change in the Integration PWU surplus estimate are the change in the interest rate used to calculate the cost of annuities, and the high annuity take-up rate.


Canada Life Canadian Employees Pension Plan

Integration PWU Surplus Estimates
Assuming 3 Prior PWUs are Declared

	Surplus Estimate in \$ million				
	Period				Total Period
	January 1, 2010 June 30, 2010	July 1, 2010 December 31, 2010	January 1, 2011 June 30, 2011	July 1, 2011 December 31, 2011	January 1, 2010 December 31, 2011
Surplus at beginning of period	\$70.7	\$62.2	\$63.8	\$54.0	\$70.7
Changes in surplus during period due to:					
Investment income less interest required on reserves actual experience-January 1, 2011 valuation	\$0.2	\$8.2	\$0.9 (\$2.0)	\$1.8	\$11.1 (\$2.0)
change in interest/inflation assumptions re annuity purchase	(\$6.2)	(\$5.3)	(\$7.5)	(\$28.5)	(\$47.5)
effect of election of guaranteed pensions				(\$10.2)	(\$10.2)
asset allocation refinement				\$5.9	\$5.9
ongoing expenses allocated to Integration PWU	(\$0.7)	(\$0.9)	(\$0.9)	(\$1.7)	(\$4.2)
other	(\$1.8)	(\$0.4)	(\$0.3)	\$2.4	(\$0.1)
Surplus at end of period	\$62.2	\$63.8	\$54.0	\$23.7	\$23.7

TAB C

This is **Exhibit "C"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012

A handwritten signature in black ink, appearing to be 'GJN', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO MEMBERS OF THE INTEGRATION PARTIAL WINDUP

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

This announcement is approved by the Court and intended for all Members of the Integration Partial Wind Up Sub-Class included in the Canada Life Class Action Settlement, approved by the Ontario Superior Court of Justice by order dated January 27, 2012.

The purpose of this message is to provide an important update regarding the Settlement. Canada Life and Class Counsel have recently been informed by the external actuarial advisors to Canada Life that certain prevailing conditions in the financial and annuity markets, in concert with greater than assumed rates of election by Class Members of certain benefit settlement options, have adversely impacted the valuation of the Integration Partial Wind Up Surplus ("Integration PWU Surplus"). Specifically, the estimated value of the Integration PWU Surplus has 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). An explanation of the principal factors leading to this decrease in the estimated Integration PWU Surplus is set out below.

Before reading any further, please be reassured that this decrease in the Integration PWU Surplus in no way affects your basic pension benefit entitlements under the Plan. The pension benefits that you have earned under the Plan, or the monthly benefits that you are currently receiving, are unaffected. Indexing of pensions under the Plan terms is also unaffected. This notice only relates to the Integration PWU Surplus and the financial benefits under the Canada Life Class Action Settlement.

Pension surplus is the excess value of the assets in a pension fund related to a pension plan over the value of the liabilities, both calculated in a manner prescribed by pension laws. The amount of the Integration PWU Surplus at any given time is actuarially determined under set guidelines and depends on a number of factors. Until all the basic benefits of the Integration PWU members have been settled (through a lump-sum transfer from the Plan or the purchase of an annuity), the surplus can only be estimated and may not be precisely determined. The actual amount of surplus may yet vary from the estimate based on the actual cost of purchasing annuities.

The decrease in the estimated Integration PWU Surplus over the six month period noted above is largely attributable to a change in prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of purchasing annuities. As interest rates decrease, the cost of buying annuities to satisfy the benefit entitlements of the PWU members increases appreciably. A secondary but also significant contributing factor is a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed. The combined effect of low interest rates and the higher annuity take-up rate is to appreciably increase the cost of settling the basic benefits, hence reducing the amount of the estimated Integration PWU Surplus. We note that the Integration PWU assets were mostly

immunized, and there has been no decrease in the value of assets. In fact, the assets have increased in value, but not by an amount sufficient to offset the increase in liabilities.

The decline in interest rates is a function of the current economic climate. The result is that annuity rates are at historically low levels. While changes in the surplus were expected, levels this low were not anticipated at the time of entering into the Surplus Sharing Agreement.

The effect of this decrease in estimated surplus is that there is currently significantly less surplus than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March, 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements and the actual versus estimated cost of purchasing annuities) and accordingly, the amount of surplus to be distributed on the distribution date was never guaranteed, nor could it have been guaranteed. **This does not, however, impact your basic pension entitlement whatsoever.**

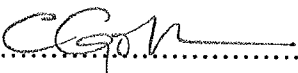
The parties are working together, under the supervision of Justice Perell of the Ontario Superior Court of Justice, to consider options to address the current situation, including possibly delaying the purchase of the annuities for a limited period of time and hence delaying the distribution of surplus shares to Integration PWU and eligible inactive Plan members. While there is no guarantee, if the parties are able to reach agreement to delay the purchase of annuities for a fixed period of time, there is a chance that interest rates will rise during the delay period thereby, depending on other factors, potentially increasing the amount of surplus available for distribution under the Settlement. There is also a risk, however, that interest rates could decline further, and along with them the amount of Integration PWU Surplus available for distribution. We will keep you informed of any developments.

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

TAB D

This is **Exhibit "D"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012


.....

A Commissioner for taking affidavits, etc.

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO PENSIONERS AND DEFERRED/VESTED MEMBERS

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

This announcement is approved by the Court and intended for all Pensioners, Deferred/Vested, and Quebec Cash-Out Members (together with the spouses, estates, heirs, beneficiaries and representatives of those who have died) included in the Canada Life Class Action Settlement, approved by the Ontario Superior Court of Justice by order dated January 27, 2012.

The purpose of this message is to provide an important update regarding the Settlement. Canada Life and Class Counsel have recently been informed by the external actuarial advisors to Canada Life that certain prevailing conditions in the financial and annuity markets, in concert with greater than assumed rates of election by Class Members of certain benefit settlement options, have adversely impacted the valuation of the Integration Partial Wind Up Surplus ("Integration PWU Surplus"). Specifically, the estimated value of the Integration PWU Surplus has 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).

Before reading any further, please be reassured that this decrease in the Integration PWU Surplus in no way affects your basic pension benefit entitlements under the Plan. The pension benefits that you have earned under the Plan, or the monthly benefits that you are currently receiving, are unaffected. Indexing of pensions under the Plan terms is also unaffected. This notice only relates to the Integration PWU Surplus and the financial benefits under the Canada Life Class Action Settlement.

Pension surplus is the excess value of the assets in a pension fund related to a pension plan over the value of the liabilities, both calculated in a manner prescribed by pension laws. The amount of the Integration PWU Surplus at any given time is actuarially determined under set guidelines and depends on a number of factors. Until all the basic benefits of the Integration PWU members have been settled (through a lump-sum transfer from the Plan or the purchase of an annuity), the surplus can only be estimated and may not be precisely determined. The actual amount of surplus may yet vary from the estimate based on the actual cost of purchasing annuities.

The decrease in the estimated Integration PWU Surplus over the six month period noted above is largely attributable to a change in prescribed actuarial assumptions arising from a drop in interest rates, which operate to significantly increase the cost of purchasing annuities. As interest rates decrease, the cost of buying annuities to satisfy the benefit entitlements of the PWU members increases appreciably. A secondary but also significant contributing factor is a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed. The combined effect of low interest rates and the higher annuity take-up rate is to appreciably increase the cost of settling the basic benefits, hence reducing the amount of the estimated Integration PWU Surplus. We note that the Integration PWU assets were mostly

immunized, and there has been no decrease in the value of assets. In fact, the assets have increased in value, but not by an amount sufficient to offset the increase in liabilities.

The decline in interest rates is a function of the current economic climate. The result is that annuity rates are at historically low levels. While changes in the surplus were expected, levels this low were not anticipated at the time of entering into the Surplus Sharing Agreement.

The effect of this decrease in estimated surplus is that there is currently significantly less surplus than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March, 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements and the actual versus estimated cost of purchasing annuities) and accordingly, the amount of surplus to be distributed on the distribution date was never guaranteed, nor could it have been guaranteed. **This does not, however, impact your basic pension entitlement whatsoever.**

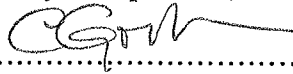
The parties are working together, under the supervision of Justice Perell of the Ontario Superior Court of Justice, to consider options to address the current situation, including possibly delaying the purchase of the annuities for a limited period of time and hence delaying the distribution of surplus shares to eligible Pensioners, Deferred/Vested Members, and Quebec Cash-Out Members of the Class. While there is no guarantee, if the parties are able to reach agreement to delay the purchase of annuities for a fixed period of time, there is a chance that interest rates will rise during the delay period thereby, depending on other factors, potentially increasing the amount of surplus available for distribution under the Settlement. There is also a risk, however, that interest rates could decline further, and along with them the amount of Integration PWU Surplus available for distribution. We will keep you informed of any developments.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifecclass@kmlaw.ca

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

TAB E

This is **Exhibit "E"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012

A handwritten signature in black ink, appearing to be 'CGM', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.

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 announcement is approved by the Court and intended for all Members of the Prior Partial Wind Ups, including the Indago Sub-Class, Adason Sub-Class and Pelican Sub-Class, included in the Canada Life Class Action Settlement, approved by the Ontario Superior Court of Justice by order dated January 27, 2012.

The purpose of this message is to provide an important update regarding the Settlement. Canada Life and Class Counsel have recently been informed by the external actuarial advisors to Canada Life that certain prevailing conditions in the financial and annuity markets, in concert with greater than assumed rates of election by Class Members of certain benefit settlement options, have adversely impacted the valuation of the Integration Partial Wind Up Surplus ("Integration PWU Surplus"). Specifically, the estimated value of the Integration PWU Surplus has 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 decrease in the estimated Integration PWU Surplus over the six month period noted above is largely attributable to a change in prescribed actuarial assumptions arising from a drop in interest rates, combined with a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed.

Before reading any further, please be reassured that this decrease in the Integration PWU Surplus in no way affects your basic pension benefit entitlements under the Plan. The pension benefits that you have earned under the Plan, or the monthly benefits that you are currently receiving, are unaffected.

The surpluses related to the Indago, Adason and Pelican Partial Wind Ups have **not** been similarly affected. Members of the Prior Partial Wind Ups 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 Partial Wind Ups was less than in the Integration Partial Wind Up. Consequently, the impact of lower interest rates on the level of surplus of the Prior Partial Wind Ups 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 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.

The effect of the reduction in the estimated Integration PWU Surplus is that there may be a delay in implementing the Settlement, including the distribution of surplus shares to members of the

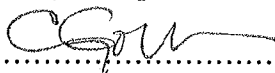
Prior Partial Wind Ups. The parties are working together, under the supervision of Justice Perell of the Ontario Superior Court of Justice, to consider options to address the current situation. We will keep you informed of any developments.

If you have any questions, please contact Representative Counsel, Koskie Minsky LLP, at 1-800-286-2266 or canadalifecclass@kmlaw.ca

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

TAB F

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sworn before me, this 20th
day of September, 2012

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A Commissioner for taking affidavits, etc.

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN (the "Plan")

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO ACTIVE EMPLOYEES

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

This announcement is approved by the Court and intended for all "active" Members of the Class included in the Canada Life Class Action Settlement, approved by the Ontario Superior Court of Justice by order dated January 27, 2012, which includes all active members of the Plan as of June 30, 2005 plus any new members up to October 28, 2011 (together with the spouses, estates, heirs, beneficiaries and representatives of those who have died).

Please note that your pension entitlements under the Plan are unaffected by the circumstances described in this notice.

The purpose of this message is to provide an important update regarding the Settlement. Canada Life and Class Counsel have recently been informed by the external actuarial advisors to Canada Life that certain prevailing conditions in the financial and annuity markets, in concert with greater than assumed rates of election by Class Members of certain benefit settlement options, have adversely impacted the valuation of the Integration Partial Wind Up Surplus ("Integration PWU Surplus"). Specifically, the estimated value of the Integration PWU Surplus has 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 decrease in the estimated Integration PWU Surplus over the six month period noted above is largely attributable to a change in prescribed actuarial assumptions arising from a drop in interest rates, as well as a higher take-up rate of the guaranteed pension option among members of the Integration PWU than what was assumed. The combined effect of low interest rates and the higher annuity take-up rate is to appreciably increase the cost of settling the basic benefits, hence reducing the estimated amount of the Integration PWU Surplus.

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.

The effect of the reduction in the Integration PWU Surplus is that there may be a delay in implementing the Settlement, however, including a delay in the provision of contribution holidays to eligible active members. The parties are working together, under the supervision of Justice Perell of the Ontario Superior Court of Justice, to consider options to address the current situation. We will keep you informed of any developments.

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.

TAB G

This is **Exhibit "G"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012

A handwritten signature in cursive script, appearing to read 'Gou', is written over a horizontal dotted line.

A Commissioner for taking affidavits, etc.



July 11, 2012

VIA EMAIL

Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3

Attention: Mark Zigler

Re: David Kidd et al. v. The Canada Life Assurance Company et al.
Court File No.: 05-CV-287556CP

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

Jeff Galway
Dir: 416-863-3859
jeff.galway@blakes.com

Dear Mark:

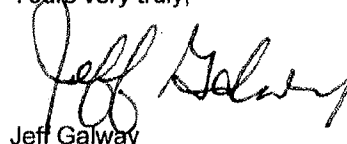
As we have previously discussed, in mid-May of this year Mercer approached seven annuity providers, which were the principal players in this field in Canada (which included Canada Life), and asked each of them to quote on providing annuities for those Partial Wind Up members of the class that have elected a deferred or immediate pension.

Mercer has now advised Canada Life that it has been told by all seven of these annuity providers that they were not prepared to quote on this business. In terms of the reasons given as to why no one was prepared to quote, they include the complicated indexing provisions in the Canada Life Plan, the number of deferred members and the deferral periods, the unavailability of assets to back the liabilities and the size of the request.

Given the circumstances, we should discuss the mechanics for transferring the liabilities for these Partial Wind Up members to the on-going portion of the Plan. Relevant to this discussion and to the timing of any transfer is a May 2012 educational note recently released by the Canadian Institute of Actuaries entitled "Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates Between December 31, 2011 and December 30, 2012" (copy attached). Note in particular the discussion on page 9 under the heading "Indexed Pensions".

Can you call me to discuss next steps.

Yours very truly,



Jeff Galway

JWGA:lcq
Encl.

c: Clio Godkewitsch/Anthony Guindon – Koskie Minsky LLP
Jonathan Foreman – Harrison Pensa LLP
John Field – Hicks Morley Hamilton Stewart Storie LLP
Ian McSweeney/Doug Rienzo – Osler, Hoskin & Harcourt LLP
Darrell Brown – Sack Goldblatt Mitchell LLP

NEW YORK CHICAGO LONDON BAHRAIN AL-KHOBAR* BEIJING SHANGHAI* blakes.com

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* Associated Office

Educational Note

Assumptions for Hypothetical Wind-Up and Solvency Valuations with Effective Dates Between December 31, 2011, and December 30, 2012

Committee on Pension Plan Financial Reporting

May 2012

Document 212032

*Ce document est disponible en français
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Members should be familiar with educational notes. Educational notes describe but do not recommend practice in illustrative situations. They do not constitute Standards of Practice and are, therefore, not binding. They are, however, intended to illustrate the application (but not necessarily the only application) of the Standards of Practice, so there should be no conflict between them. They are intended to assist actuaries in applying Standards of Practice in respect of specific matters. Responsibility for the manner of application of Standards of Practice in specific circumstances remains that of the members in the pension practice area.

Seeing Beyond Risk

Canadian
Institute of
ActuariesInstitut
canadien
des actuaires

Voir au-delà du risque

Memorandum

To: All Pension Actuaries

From: Phil Rivard, Chair
Practice Council
Gavin Benjamin, Chair
Committee on Pension Plan Financial Reporting

Date: May 24, 2012

Subject: Educational Note—Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates between December 31, 2011, and December 30, 2012

This educational note provides guidance on assumptions to be used for hypothetical wind-up and solvency valuations for 2012. It confirms the initial guidance for 2012 assumptions that was provided in an announcement issued on February 6, 2012.

The Committee on Pension Plan Financial Reporting (PPFRC) would like to express its gratitude to BMO Assurance, The Co-Operators, Desjardins Financial Security, Great-West Life, Industrial Alliance, Manulife, Standard Life, and Sun Life for providing the committee with data.

In an educational note provided in 2010, the PPFRC included additional draft guidance on the assumptions to be used for hypothetical wind-up and solvency valuations for very large plans and plans with benefits indexed to the Consumer Price Index in situations where an alternative settlement method was being hypothesized. Comments were invited from pension actuaries and other interested parties. Subsequently, the Actuarial Standards Board established a designated group (DG) to review the practice-specific standards with respect to the selection of assumptions for hypothetical wind-up and solvency valuations. The DG has completed its review and concluded that significant changes to the standards are not appropriate at this time. Consequently, the PPFRC has resumed the process of developing additional guidance relating to the selection of assumptions for hypothetical wind-up and solvency valuations for very large and/or indexed plans in situations where an alternative settlement method is being hypothesized.

The PPFRC is also conducting further research regarding the pricing of indexed annuities and the effect on annuity pricing of the duration of the obligations being purchased.

360 Albert Street, Suite 1740, Ottawa ON K1R 7X7

T 613.236.8196 F 613.233.4552

secretariat@actuaries.ca / secretariat@actuaire.ca

actuaries.ca / actuaire.ca

The PPFRC expects to issue additional and/or revised guidance as soon as practical following the completion of the above activities.

In accordance with the Institute's Policy on Due Process for the Approval of Guidance Material other than Standards of Practice, this educational note has been prepared by the PPFRC and has received final approval for distribution by the Practice Council effective May 24, 2012.

As outlined in subsection 1220 of the Standards of Practice, "*The actuary should be familiar with relevant Educational Notes and other designated educational material.*" That subsection explains further that a "practice which the Educational Notes describe for a situation is not necessarily the only accepted practice for that situation and is not necessarily accepted actuarial practice for a different situation." As well, "Educational Notes are intended to illustrate the application (but not necessarily the only application) of the standards, so there should be no conflict between them."

If you have any questions or comments regarding this educational note, please contact Gavin Benjamin at his CIA Online Directory address, gavin.benjamin@towerswatson.com.

PR, GB

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1. INTRODUCTION

According to paragraph 3330.16 of the Standards of Practice, the assumptions used for actual and hypothetical wind-up valuations would

- in respect of benefit entitlements that are assumed to be settled by purchase of annuities, reflect single premium annuity rates,

- in respect of benefit entitlements that are assumed to be settled by lump sum transfer, reflect the standards in section 3500 respecting commuted values, and

- in respect of benefit entitlements that are assumed to be settled in some other manner, reflect the manner in which such benefits would be settled.

This document has been prepared by the Committee on Pension Plan Financial Reporting (PPFRC) and is intended to provide actuaries with guidance in selecting appropriate assumptions for hypothetical wind-up and solvency valuations in respect of benefit entitlements that are assumed to be settled by purchase of annuities or by lump sum transfer with effective dates on or after December 31, 2011, and prior to or on December 30, 2012. For greater clarity, this document does not provide detailed guidance on selecting appropriate assumptions for hypothetical wind-up and solvency valuations in respect of benefit entitlements that are assumed to be settled in a manner other than the purchase of annuities or lump sum transfer.

This educational note confirms the initial guidance for 2012 assumptions that was provided in an announcement issued on February 6, 2012.

2. SETTLEMENT METHODS

To comply with paragraph 3330.16 of the Standards of Practice, the actuary would make an assumption for each class of plan members as to the portion of liabilities settled by annuity purchase, commuted value transfer or other manner of settlement. Typically, classes of plan members would include at least

- active members not eligible for retirement,

- active members eligible for retirement,

- retired members and surviving spouses, and

- deferred vested members.

In determining the appropriate assumption for the method of settlement, the actuary would consider

- any legislative requirements to offer specific settlement options to various classes of members,

- the settlement provisions of the plan and, in particular, the options to be provided to members upon plan wind-up,

- the benefit provisions of the plan, for example,

where a plan has generous ancillary benefits, an election to receive a commuted value transfer may be affected by the maximum transfer limits imposed under section 8517 of the Income Tax Act (Canada) Regulations, or

where a plan has inflexible retirement options and few optional forms of payment, a member may prefer to elect a commuted value transfer to increase flexibility in payment terms,

the postulated scenario upon which the hypothetical wind-up is based,

past experience of the plan, when relevant, and

any experience from actual wind-ups of comparable plans of which the actuary may be aware.

All requirements of the Standards of Practice with respect to the development and reporting of assumptions would apply to this assumption.

3. BENEFITS ASSUMED TO BE SETTLED BY LUMP SUM TRANSFER

For hypothetical wind-up valuations, of which solvency valuations are a subset, paragraph 3240.05 of the Standards of Practice states, "*For a hypothetical wind-up valuation, the actuary should assume that the wind-up date, the calculation date and the settlement date are coincident.*"

Accordingly, the wind-up liabilities for benefits expected to be settled through the payment of a lump sum transfer would be determined in accordance with section 3500 of the Standards of Practice, applying the assumptions consistent with the particular valuation date.

4. BENEFITS ASSUMED TO BE SETTLED BY PURCHASE OF NON-INDEXED GROUP ANNUITIES

Methodology

The PPFRC began collecting data from insurers on a quarterly basis in 2009. Six insurers agreed to provide quotes, on a confidential basis, on illustrative blocks of business. The insurers that agreed to provide this information are Desjardins Financial Security, Great-West Life, Industrial Alliance, Manulife, Standard Life, and Sun Life Financial. In late 2011, two additional insurers, BMO Assurance and The Co-Operators, agreed to provide quotes on the same basis.

The PPFRC prepared data for two illustrative blocks of business for non-indexed pensions that were then provided to the insurers. One illustrative block is intended to be representative of a large purchase (i.e., with a total premium greater than \$15 million) and the other illustrative block is intended to be representative of a small purchase (i.e., with a total premium less than \$15 million).

The characteristics of the illustrative blocks of business, as follows, are:

Large Purchase (approximately \$39 million total premium)**Retirees**

• Number	229
• Average age	66
• Average monthly lifetime pension	\$700
• Number with bridge pension payable to age 65	44
• Average monthly bridge pension	\$322

Deferred vested

• Number	95
• Average age	46
• Average monthly lifetime pension at age 65	\$642

Small Purchase (approximately \$6.4 million total premium)**Retirees**

• Number	24
• Average age	66
• Average monthly lifetime pension	\$710
• Number with bridge pension payable to age 65	5
• Average monthly bridge pension	\$412

Deferred vested

• Number	37
• Average age	46
• Average monthly lifetime pension at age 65	\$678

Based on current interest rate levels and assuming that the pensions are not indexed, the durations of the illustrative blocks are as shown here.

	Large Purchase	Small Purchase
Retirees	10.9	10.7
Deferred vested	24.4	24.5
Combined	13.5	17.4

Using these data, the insurers indicated that they would provide realistic quotes (i.e., as though the quotes truly represent blocks of business on which they are bidding) as of the agreed-upon dates. Based on the quotes, the PPFRC then calculated the implicit discount rate underlying each quote.

The insurers indicated that it would not be appropriate, for competitive reasons, for the PPFRC to disclose the individual discount rates underlying the insurer quotes, including the discount rate associated with the most competitive quote. Also, the insurers indicated that, in their view, it is not appropriate to rely solely on the most competitive illustrative quote for purposes of establishing group annuity purchase discount rate assumptions because the capacity at which group annuities can be transacted at the best illustrative price might be limited. For example, a particular insurer may not be transacting actual

sales at a particular date, even though illustrative quotes are provided at that date, if the insurer has met its capacity limit.

After lengthy discussions, the PPFRC and the insurers agreed that, for purposes of providing guidance on group annuity purchase discount rates, it would usually be appropriate to reference the average of the discount rates for the three most competitive quotes. In reaching this conclusion, the PPFRC considers the magnitude of the spread between the illustrative quotes (which data are confidential).

The guidance contained in this educational note is partially based on quotes provided by the eight insurance companies on illustrative group annuity business using pricing conditions at December 31, 2011. These data were collected on the same basis as the illustrative quotes as of December 31, 2010 (as described in the May 2011 educational note), and are consistent with the methodology adopted as of each quarter end in 2011. Consistent with the analysis performed at previous quarter ends, the illustrative quote information was supplemented with data on the pricing of actual group annuity purchases during the fourth quarter of 2011 provided by certain actuarial consulting firms.

Analysis

The results of the illustrative non-indexed quotations at December 31, 2011, based on the UP94 generational mortality tables (with the AA improvement scale), are summarized below and compared to the previous illustrative quote information provided by the insurers as at September 30, 2011.

AVERAGE OF THE THREE MOST COMPETITIVE QUOTES (USING UP94 GENERATIONAL MORTALITY TABLES)				
	Large Purchase		Small Purchase	
	30/09/2011	31/12/2011	30/09/2011	31/12/2011
Retirees				
• Discount rate	3.57%	3.28%	3.56%	3.36%
• Spread over CANSIM V39062	+ 0.89%	+ 0.87%	+ 0.88%	+ 0.95%
Deferred vesteds				
• Discount rate	3.59%	3.46%	3.52%	3.50%
• Spread over CANSIM V39062	+ 0.91%	+ 1.05%	+ 0.84%	+ 1.09%

The illustrative quotes suggest that an appropriate discount rate for estimating the cost of purchasing a non-indexed group annuity for immediate pensions be determined as the unadjusted yield on Government of Canada (GoC) long-term bonds (CANSIM V39062) increased arithmetically by approximately 90 basis points (bps), in conjunction with the UP94 generational mortality tables.

The pricing information for *actual* group annuity purchases during the fourth quarter of 2011 was also considered. In particular, the data on the actual purchases of non-indexed annuities during the month of December 2011 that were available to the PPFRC produced an average spread of approximately 90 bps above the prevailing unadjusted yield on GoC long-term bonds (CANSIM series V39062).

While the illustrative quotes do indicate differences in the pricing for immediate and deferred annuities, some of the insurers provide their quotes on the basis that the immediate and deferred annuities are comingled in the same purchase. As a result, and based on both the illustrative quotes and the actual group annuity data, the PPFRRC has concluded that there is not sufficient evidence at this time to differentiate the guidance on pricing of group annuities for large and small annuity purchases, and immediate and deferred annuities.

Guidance for Non-indexed Pensions

Based on the analysis described above, the PPFRRC has concluded that an appropriate discount rate for estimating the cost of purchasing a non-indexed group annuity would be determined as the unadjusted yield on GoC long-term bonds (CANSIM V39062) increased arithmetically by 90 bps, in conjunction with the UP94 generational mortality tables. This guidance applies to both immediate and deferred pensions and also applies regardless of the overall size of a group annuity purchase.

Example

As at December 31, 2011, the unadjusted CANSIM V39062 rate was 2.41%. This rate would form the basis for developing an appropriate underlying discount rate for valuations of non-indexed group annuities with effective dates of December 31, 2011, and January 1, 2012, to be used in conjunction with the UP94 generational mortality tables. Prior to rounding, an applicable underlying discount rate would then be determined as $2.41\% + 0.90\% = 3.31\%$.

Each actuary would use discretion in determining whether to round discount rates to the nearest multiple of five, 10, or 25 basis points. Consistency in the application of such rounding would be maintained.

5. INDEXED PENSIONS

As in prior years, data regarding the pricing of annuities indexed to the Consumer Price Index (CPI) are extremely limited. None of the data obtained regarding actual annuity purchases during the fourth quarter of 2011 pertain to indexed annuities. In most cases, the contributing insurers did provide illustrative quote data for the sample blocks on a CPI-indexed basis. It may be noted that the premiums quoted for the illustrative quotes on this and prior occasions are substantially higher than the guidance provided by prior educational notes.

The PPFRRC intends to conduct further research in 2012 regarding the pricing of indexed annuities. The analysis will include confirmation as to whether the insurers would be willing to actually transact on the basis reflected in the illustrative annuity quotes. This research may result in the revision of future guidance for estimating the cost of purchasing indexed annuities.

Accordingly, an acceptable proxy for estimating the cost of purchasing a group annuity where pensions are fully indexed to the rate of change in the CPI would be the unadjusted yield on GoC real-return long-term bonds (CANSIM series V39057) in conjunction with the UP94 generational mortality tables. This guidance applies to both immediate and deferred pensions and also applies regardless of the overall size of a group annuity purchase. As at December 31, 2011, the unadjusted CANSIM V39057 rate was 0.45%.

In situations where pensions are partially indexed, indexed to a measure other than the CPI, or contain a deferred component, the actuary would make appropriate provisions for such situations consistent with the guidance provided in this educational note and other relevant educational notes.

6. INDIVIDUAL ANNUITY PRICING

The PPFRC observes that, particularly during a period of capital market turbulence, the pricing of individual and group annuities can differ for reasons such as:

- there is a greater risk of anti-selection for individual annuities,
- the size of the average monthly pension is usually larger for individual annuities,
- individual annuities may have less complex ancillary features,
- the ability to find appropriate fixed-income investments to back the annuity obligation may be a lesser issue for individual annuities due to the relatively small premium size, particularly during a period in which many fixed-income instruments are highly illiquid, and
- the group annuity pricing is underwritten at the time of the quote, while individual annuity pricing for a particular quote may be “automated”.

As a result of these factors, the pricing of individual and group annuities can differ significantly, as occurred in late 2008 and early 2009. Where an actuary considers that a plan’s hypothetical wind-up or solvency obligations could be settled by the purchase of individual annuities, yields based on relevant individual annuity quotations could be reflected in establishing the annuity purchase discount rate assumption.

7. LARGE PLANS

As noted in prior educational notes, due to capacity constraints within the Canadian group annuity market, it is possible that large plans would not be able to purchase annuities upon plan wind-up. While the capacity of the group annuity market is not clearly known, it is the PPFRC’s understanding that during the past few years total transactions in the Canadian group annuity market were less than \$1.5 billion annually. Also, as discussed above, the availability of CPI-indexed annuities of any size may be severely limited.

It may be possible to market a large annuity as a series of smaller annuities over a reasonable period of time, thereby enabling a plan with greater annuity liabilities to access the annuity market anyway. However, this approach may not be suitable, or even possible, in every instance. For example, it may not be possible to settle groups representing annuity liabilities exceeding approximately \$500 million over a reasonable period of time, even through a series of smaller annuities. Further, large plans with inflationary increases tied to an external index (i.e., CPI related) would likely have difficulty in settling liabilities successfully through a group annuity purchase.

It is very difficult to predict how the benefits of members in receipt of a pension would be settled for large plans with, effectively, no access to group annuity markets. In the absence of any practical experience, the actuary would make a reasonable hypothesis for the manner in which the benefits may be settled. In making such hypothesis, the actuary

would consider relevant legislative requirements and regulatory guidance. Based on this hypothesis, the actuary would then develop appropriate assumptions.

Note that, in most circumstances where a plan wind-up is hypothesized, the principles underlying the determination of annuity prices would continue to apply. For example, if it is hypothesized that liabilities are to be settled through an establishment of a replicating portfolio, an actuary would be guided by the underlying philosophy used by insurance companies in pricing group annuities (i.e., that high-quality fixed-income assets with characteristics similar to the liabilities are used to “immunize” the purchase, with further adjustments for expenses and possibly margins for adverse deviations).

8. MORTALITY

Whether or not the actuary is considering a settlement mechanism other than the purchase of annuities, the mortality experience of pensioners can be a factor in developing an appropriate basis. The determinant is whether future pensioner mortality would be expected to be materially higher or lower than average either due to credible and persistent experience or to occupational or demographic factors.

There is evidence that insurers may consider demonstrable substandard mortality experience submitted when establishing the pricing basis for specific group annuities. Insurers also increasingly appear to be considering occupational or pension size data in establishing mortality assumptions for specific group annuities.

The actuary would consider an adjustment to regular annuity purchase assumptions where there is demonstrated substandard or super-standard mortality or where an insurer might be expected to assume significantly shorter or longer than normal longevity based on occupational or demographic factors. In such cases, the actuary would be expected to make provisions for future improvements in mortality in a manner consistent with the mortality improvements inherent in the assumed annuity purchase basis.

9. WIND-UP EXPENSES

Unless the actuary is satisfied that the expenses of wind-up are not to be charged to the pension fund, the actuary would make an assumption regarding these expenses and the assumption would be explicit. Expenses normally include such items as fees related to preparation of the actuarial wind-up report, fees imposed by a pension supervisory authority, legal fees, costs related to the purchase of annuities, and administrative costs related to the settlement of benefits. Actuaries may refer to the educational note Expenses in Funding Valuations for Pension Plans for further guidance.

10. RETROACTIVE APPLICATION

If an actuary has already prepared a funding valuation report with an effective date on or after December 31, 2011, before the publication of this guidance, the actuary would consider paragraphs 1820.33 through 1820.36 of the Standards of Practice to determine whether it is necessary to withdraw or amend the report.

11. FUTURE GUIDANCE

The PPFRC intends to continue monitoring group annuity pricing on a quarterly basis. Actuaries may use the spreads indicated above for valuations with effective dates on and

after December 31, 2011, up to December 30, 2012, pending any further guidance or other evidence of change in annuity pricing.

Given the volatility in group annuity pricing which has occurred in the past few years, it is entirely possible that revised guidance could become necessary during the year and, if that occurs, there will necessarily be some delay (such as 60 to 90 days) between the effective date of data collection and the publication of revised guidance. When reporting results of a valuation, within a period of 60 to 90 days of the effective date of the valuation, the actuary may wish to alert users of the report to the possibility that revisions could be needed in the event of new guidance being published.

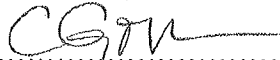
Moreover, actuaries may wish to be mindful of the volatility in group annuity prices when communicating advice related to future hypothetical wind-up and solvency valuations.

The PPFRC is currently developing guidance and/or conducting research with respect to alternative settlement methods, the pricing of indexed annuities, and the effect of liability duration on annuity pricing.

Responsibility for the manner of application of Pension-specific Standards of Practice in specific circumstances remains that of the member in the pension practice area.

TAB H

This is **Exhibit "H"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012


.....

A Commissioner for taking affidavits, etc.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON M5L 1A9 Canada
Tel: 416-863-2400 Fax: 416-863-2653

September 12, 2012

VIA E-MAIL

Jeff Galway
Dir: 416-863-3859
jeff.galway@blakes.com

Koskie Minsky LLP
20 Queen Street West
Suite 900, Box 52
Toronto, ON M5H 3R3
Attention: Mark Zigler

RE: David Kidd et al. v. The Canada Life Assurance Company et al.
Court File No.: 05-CV-287556CP

Dear Mark:

As we have previously discussed, in mid-May of this year, Mercer approached seven annuity providers which were the principal players in this field in Canada and asked each of them to quote on providing annuities for those Integration partial wind up members of the class that have elected a deferred or immediate pension. Mercer subsequently advised Canada Life that it was told by all seven of these annuity providers that they were not prepared to quote on this business. In terms of the reasons given as to why no one was prepared to quote, they included the complicated indexing provisions of the Canada Life Plan, the number of deferred members and the deferral periods and the unavailability of assets to back the liabilities.

Given that annuities are not available for purchase, Canada Life has decided that the prudent course is to transfer the Integration partial wind up class members who elected to receive an immediate or deferred pension to the on-going portion of the Plan and to effect this transfer as soon as possible. As we have advised you, Canada Life is of the view that this is in the best interests of the partial wind-up members in part because as the CIA Guidelines presently stand, the cost to transfer members into the Plan is significantly less than what the actual cost to purchase annuities would likely be if they were available for purchase.

This transfer will be done pursuant to FSCO Policy W100-233. In accordance with this Policy, Canada Life will provide a revised statement to affected Integration partial wind up members who have made (or who have been deemed to have made) an election to receive an immediate or deferred pension in the form of an annuity advising that in the circumstances the Company has decided to transfer their assets and liabilities into the on-going portion of the Plan.

In terms of the report required to be filed with FSCO documenting the transfer of the assets and liabilities of affected Integration partial wind up members to the on-going Plan, this transfer will be made effective as of August 31, 2012. Once the transfer has been completed, subject to receiving the requisite outstanding approvals under the Surplus Sharing Agreement (SSA), any surplus allocable to the Integration partial wind

Blakes

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up (and the three proposed prior partial wind ups) will then be distributed in accordance with the terms of the SSA and Judgment of Perell J. dated January 27, 2012.

Yours very truly,

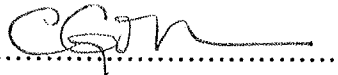

Jeff Garway

JWGA:lq

c: Clio Godkewitsch/Anthony Guindon – Koskie Minsky LLP
Jonathan Foreman – Harrison Pensa LLP
John Field – Hicks Morley Hamilton Stewart Storie LLP
Ian McSweeney/Doug Rienzo – Osler, Hoskin & Harcourt LLP
Darrell Brown – Sack Goldblatt Mitchell LLP

TAB I

This is **Exhibit "I"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012


.....

A Commissioner for taking affidavits, etc.



Benedict O. Ukonga, FSA, FCIA, CFA
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September 12, 2012

Ms Amy Metzger
Counsel - Litigation
The Canada Life Assurance Company
255 Dufferin Avenue
London, Ontario
N6A 4K1

Privileged & Confidential
Prepared for the Advice of Counsel

Subject: Estimate of the financial position on a solvency basis of the portions of the Canada Life Registered Plan affected by the 2005 partial wind-up and the potential Indago, Adason and Pelican partial wind-ups

Dear Amy:

As requested, this letter provides an estimate of the financial position of the portion of the Canada Life Canadian Employees Pension Plan (the "Canada Life RPP" or the "Plan") affected by the June 30, 2005 partial plan wind-up (the "2005 PWU group") and the portions of the Plan affected by the potential Indago, Adason and Pelican partial wind-ups on a solvency basis as at August 31, 2012.

Similar to our previous updates, we have estimated the financial position of the 2005 PWU group under two scenarios:

- Scenario 1: assuming that terminations of Indago, Adason Property Management and Pelican Foods employees who were members of the Plan (the "Historical Potential PWU groups") do **not** trigger separate partial wind-ups of the Plan; and
- Scenario 2: assuming that separate partial wind-ups of the Plan are triggered by the terminations of Indago, Adason Property Management and Pelican Foods employees who were members of the Plan.

The estimated financial positions of the Historical Potential PWU groups are only shown under scenario 2.



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 September 13, 2012
 Ms Amy Metzger
 The Canada Life Assurance Company

Please note the following:

- The liabilities of the 2005 PWU group and the historical potential wind-up groups have been calculated based on market conditions at August 31, 2012. The assumptions used are summarized in Appendix A. They also reflect our current understanding of the provisions of the Canada Life Registered Plan.
- Under Scenario 2, the liabilities of the Indago, Adason and Pelican Foods employees include the estimated liabilities for additional benefits that would arise if partial wind-ups of the Plan were declared in respect of each of these groups.
- For the 2005 PWU group, the cumulative pending expense payments have been updated from June 30, 2012 to August 31, 2012 by increasing the amount at June 30, 2012 with the expenses for this group for July and August 2012 (provided by Canada Life). For the historical potential partial wind-up groups, we have left the cumulative pending expense payments unchanged from the amounts at June 30, 2012. We do not expect these amounts to have materially changed as at August 31, 2012 from their respective amounts at June 30, 2012.

As mentioned in our earlier estimates, these cumulative pending expense payments are being held as "payables" against the assets allocated to the respective groups¹. Appendix B provides further information on these cumulative pending expense payments:

The cumulative pending expense payments are as follows:

Group	Cumulative pending expense payments
June 2005 partial wind-up group	\$14.2 million
Indago	\$0.0 million
Pelican	\$0.1 million
Adason Property Management	\$0.4 million

¹ Plan assets were segmented before pending expense payments were deducted, therefore, cumulative pending expense payments are being held as payables against the respective groups' allocated assets.



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 Ms Amy Metzger
 The Canada Life Assurance Company

Estimated Financial Position as at August 31, 2012

Under Scenario 1, assuming partial wind-ups are not declared as a result of the terminations of Indago, Adason Property Management and Pelican Foods employees who were members of the Plan, the estimated financial position of the 2005 PWU group at August 31, 2012 is as follows. For comparison purposes, we show the estimated financial position at June 30, 2012 (and based on the new CIA annuity purchase guidance, which became effective June 30, 2012).

Estimated financial position for 2005 PWU group (\$ million)	August 31, 2012	June 30, 2012
Assets	\$312.7	\$311.6
Pending asset transfer	\$6.9	\$6.7
Liabilities	(\$286.5)	(\$285.8)
Pending expense payments	(\$14.2)	(\$14.0)
Surplus	\$18.9	\$18.5
Provision for future termination expenses	(\$12.7)	(\$12.7)
Surplus net of termination expenses	\$6.2	\$5.8

The provision for future termination expenses for the 2005 PWU group, of \$12.7 million, is an estimate of the future administrative, communications, actuarial, legal and other fees related to the partial wind-up that was provided by Canada Life.



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 Ms Amy Metzger
 The Canada Life Assurance Company

A reconciliation of the change in the estimated financial position from June 30, 2012 to August 31, 2012 is as follows:

(millions)	
Estimated surplus at June 30, 2012	\$5.8
Investment return on assets allocated to the partial wind-up group	\$2.2
Interest on liabilities at 2.7%	(\$1.3)
Impact of election of commuted values	\$1.3
Change in estimated costs of purchasing annuities	(\$1.8)
Increase in pending expense payments	(\$0.2)
All other factors	\$0.2
Estimated surplus at August 31, 2012	\$6.2

Impact of potential partial wind-up declarations in respect of Indago, Adason and Pelican

Under Scenario 2, assuming that terminations of employees of Indago, Adason Property Management and Pelican Foods are declared to be separate partial wind-ups of the Plan, the estimated financial position of the different groups within the Plan (excluding Crown DC account balances) as at August 31, 2012 are as follows:



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 Ms Amy Metzger
 The Canada Life Assurance Company

Estimated financial position at August 31, 2012 (\$ million)	2005 PWU group	Indago	Adason	Pelican
Assets	\$316.5 ²	\$1.5	\$12.2	\$4.3
Liabilities	(\$286.5)	(\$0.2)	(\$5.2)	(\$1.1)
Pending expense payments	(\$14.2)	\$0.0	(\$0.4)	(\$0.1)
Surplus	\$15.8	\$1.3	\$6.6	\$3.1
Termination expenses	(\$12.7)	(\$0.2)	(\$0.4)	(\$0.2)
Surplus net of termination expenses	\$3.1	\$1.1	\$6.2	\$2.9

A reconciliation of the estimated financial position from June 30, 2012 for Indago, Adason and Pelican to the estimated financial position at August 31, 2012 shown in this letter is presented below:

(\$ millions)	Indago	Adason	Pelican Foods
Estimated surplus at June 30, 2012	\$1.1	\$6.1	\$2.9
Investment return on allocated assets	\$0.0	\$0.2	\$0.1
Interest on liabilities	\$0.0	(\$0.0)	\$0.0
Increase in provision for future termination expenses	(\$0.0)	(\$0.0)	(\$0.0)
Changes in estimated costs of purchasing annuities	\$0.0	\$0.0	\$0.0
All other factors	(\$0.0)	(\$0.1)	(\$0.1)
Estimated surplus at August 31, 2012	\$1.1	\$6.2	\$2.9

² Reflects pending asset transfer as a result of data changes made



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September 13, 2012
Ms Amy Metzger
The Canada Life Assurance Company

Membership data, assumptions, and methodology

For the purpose of preparing the above estimates:

- We have used membership data as at August 31, 2012 for the 2005 PWU and as at December 31, 2011 for the Indago, Adason and Pelican potential partial wind-up groups.
- For the 2005 PWU group, we have reflected members' actual elections for the settlement of their basic benefits.
 - For members who elected a lump sum transfer, we have reflected the payment of their commuted values. We have reflected lump sum payments that the Company has indicated will be made up to September 14, 2012;
 - For members who elected an immediate or deferred pension, we have reflected the estimated cost of settling their benefits through the purchase of deferred or immediate annuities;
 - For members whose settlement elections have not been received, we have assumed these members would elect, or be deemed to elect, an immediate or deferred pension. We have estimated the cost of settling their benefits through the purchase of deferred or immediate annuities.

In addition, under scenario 2, we have assumed all Indago, Adason, and Pelican Foods employees with remaining benefit entitlements³ would elect, or be deemed to elect, to have their benefits settled through the purchase of immediate or deferred annuities.

- The calculations were prepared based on our current understanding of the provisions of the Canada Life Registered Plan;
- We have used the economic assumptions (specifically interest rate and inflation) consistent with the economic conditions at August 31, 2012;

The assumptions used in our calculations are summarized in Appendix A;

³ This excludes members who have already received a lump sum transfer (at their initial termination dates) but are entitled to additional benefits as a result of a partial wind-up being declared



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September 13, 2012
Ms Amy Metzger
The Canada Life Assurance Company

- We have relied on the August 31, 2012 market value of assets provided to us by Canada Life;
- The estimated financial positions are expressed on a solvency basis;
- The estimated cost of purchasing annuities is based on the Canadian Institute of Actuaries' Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2011 and December 30, 2012 effective June 30, 2012;

We note that in Canada, there is very limited data available in the market regarding the pricing of annuities indexed to inflation. The market for these annuities is also virtually non-existent. As a result, it is possible, maybe even likely, that the actual cost of purchasing these annuities will exceed (potentially materially) the estimates shown in this letter.

If you have any questions regarding the above, we would be glad to discuss them with you in more detail at your convenience. As always, you can reach me at (416) 868 7385.

Sincerely,

A handwritten signature in black ink, appearing to read "BUKONGA", written over a horizontal line.

Benedict O. Ukonga, FSA, FCIA, CFA
Principal

Copy:
Wally Robinson: Great-West Life | London Life | Canada Life
Doug Johnson, Joseph Tang, James Dalton: Mercer



Appendix A: Key Assumptions

	August 31, 2012	June 30, 2012
Benefits assumed to be settled through annuity purchase		
Nominal interest rate	<u>Immediate retirement</u> Indexed: 2.36% per year Non-indexed: 3.04% per year <u>Deferred retirement</u> Indexed: 3.04% during the deferral period, 2.36% after commencement Non-indexed: 3.04% per year	<u>Immediate retirement</u> Indexed: 2.35% per year Non-indexed: 3.05% per year <u>Deferred retirement</u> Indexed: 3.05% during the deferral period, 2.35% after commencement Non-indexed: 3.05% per year
Mortality rate	UP 94 with generational mortality improvements (sex distinct)	UP 94 with generational mortality improvements (sex distinct)
Inflation	1.95% per year	1.90% per year
Post retirement indexing	We have assumed that the life insurance company would price the annuities as if they were fully indexed for inflation.	We have assumed that the life insurance company would price the annuities as if they were fully indexed for inflation.
Provision for future wind-up expenses:	June 2005 PWU	\$12.7 million
	Indago	\$0.0 million
	Adason	\$0.4 million
	Pelican	\$0.1 million
Member settlement elections	All remaining members of the 2005 PWU group, and remaining Indago, Adason and Pelican members are assumed 100% immediate or deferred annuities	All remaining partial-windup members assumed 100% immediate or deferred annuities
Basis	Solvency	Solvency



Appendix B

Reconciliation of the assets allocated to the 2005 PWU group (under scenario 1 and before pending expenses)

Reconciliation from June 30, 2012 to August 31, 2012

	2005 PWU group
June 30, 2012	\$311,648,000
PLUS	
Members' contributions	\$0
Company's contributions	\$0
Investment income	\$2,182,000
	<u>\$2,182,000</u>
LESS	
Pension and lump sums paid	\$1,123,000
	<u>\$1,123,000</u>
August 31, 2012	<u>\$312,707,000</u>

Pending Expense Reimbursements⁴

(millions)	2005 PWU group	Indago	Adason	Pelican
June 30, 2012	\$14.0	\$0.0	\$0.4	\$0.1
Estimated plan Expenses – July and August 2012	\$0.2	\$0.0	\$0.0	\$0.0
August 31, 2012	\$14.2	\$0.0	\$0.4	\$0.1

⁴ Cumulative pending expenses as provided by Canada Life

TAB J

This is **Exhibit "J"** referred to in the
affidavit of **Anthony Guindon**
sworn before me, this 20th
day of September, 2012



.....

A Commissioner for taking affidavits, etc.

**KOSKIE
MINSKY_{LLP}**
BARRISTERS & SOLICITORS

September 13, 2012

Mark Zigler
Direct Dial: 416-595-2090
Direct Fax: 416-204-2877
mzigler@kmlaw.ca

Via E-mail

Jeff Galway
Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
199 Bay Street
Suite 4000, Commerce Court West
Toronto ON
M5L 1A9

Dear Jeff:

Re: *David Kidd et al. v. The Canada Life Assurance Company et al.*
Court File No: 05-CV-287556CP
Our File No. 04/0157

We acknowledge receipt of your letter of yesterday's date, as well as the updated surplus calculation. As we advised you during our conference call on Friday, September 7, 2012, the transfer of assets related to the Integration partial windup class members who elected to receive an immediate or deferred pension to the on-going portion of the Plan is not contemplated by the Surplus Sharing Agreement (the "SSA"), and any unilateral steps by your client without securing both Court approval or our clients' consent to such action would constitute a violation of section 7(e) of the SSA, as well as the Judgment approving the settlement of this action.

The parties to the SSA are under an obligation to cooperate in good faith in the implementation of the SSA, and section 12(h) the SSA requires that any amendment to the SSA be mutually agreed to in writing. Section 12(c) further specifies that, in the event of a dispute between the parties over the implementation or interpretation of the SSA, the parties are to seek the assistance of the Superior Court to resolve such dispute. Finally, as you know, the Superior Court retains supervisory jurisdiction over the implementation of the SSA, pursuant to section 26(7) of the *Class Proceedings Act, 1992*.

Our clients remain ready and willing to negotiate a mutually agreeable resolution to the present impasse, and we are of the view that the assistance of the Court should be sought to resolve this dispute, in accordance with the section 12(c) of the SSA. However, we have firm instructions from our clients to oppose any and all steps by your client to unilaterally alter the SSA, which may include seeking an order of the Court pursuant to section 26(7) of the CPA to stay the implementation of the SSA, pending a negotiated resolution of this dispute. Furthermore, our

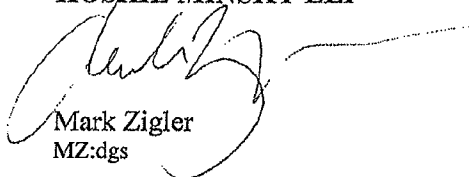
**KOSKIE
MINSKY** LLP
BARRISTERS & SOLICITORS

Page 2

clients will hold Canada Life liable for any adverse consequences flowing from any unilateral steps taken by your client that are not in conformity with the SSA.

Yours truly,

KOSKIE MINSKY LLP



Mark Zigler
MZ:dgs

c Ian MacSweeney and Douglas Rienzo (*Osler, Hoskin & Harcourt LLP*)
 David Williams and Jonathan Foreman (*Harrison Pensa LLP*)
 Darrell Brown (*Sack Goldblatt Mitchell LLP*)
 Clio Godkewitsch and Anthony Guindon (*Koskie Minsky LLP*)
 Client Committee

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TAB 3

Court File No. 05-CV-287556CP

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

**DAVID KIDD, ALEXANDER HARVEY,
JEAN PAUL MARENTETTE, GARRY C. YIP, LOUIE NUSPL, SUSAN
HENDERSON and LIN YEOMANS**

Plaintiff

- and -

**THE CANADA LIFE ASSURANCE COMPANY,
A.P. SYMONS, D. ALLEN LONEY and JAMES R. GRANT**

Defendant

**AFFIDAVIT OF MARCUS ROBERTSON
(sworn September 20, 2012)**

**I, MARCUS ROBERTSON, of the Village of Bath, in the Province of Ontario,
MAKE OATH AND SAY:**

1. I am a fellow of the Canadian Institute of Actuaries, a former partner in the firm of Robertson, Eadie and Associates, and was retained by the Plaintiffs in the within proceeding to provide actuarial advice to the Plaintiffs and Class Counsel. As such, I have personal knowledge of the matters to which I depose hereinafter. Where my knowledge is based upon information and belief, I have stated the source of my knowledge, and verily believe the same to be true.

2. I have been asked by Class Counsel to swear this Affidavit in support of the motion by the Representative Plaintiffs of the Integration Partial Wind Up Sub-Class for a declaration that a proposed transfer of members of the Integration Partial Wind Up Sub-Class who elected an immediate or deferred annuity to the ongoing portion of the Canada Life Canadian Employees' Pension Plan (the "Plan") by Canada Life constitutes a violation of the Surplus Sharing Agreement between the parties (the "SSA").

3. As I acted as the actuarial advisor to Class Counsel and the Plaintiffs in the context of the negotiation of the SSA, I am familiar with its terms. Class counsel as asked me to describe the annuity purchase process contemplated by the SSA, provide an overview of the reasons for the decline in the Integration Partial Wind Up surplus in this case, and to discuss whether or not the \$1,000 minimum guaranteed payment to members of the Integration Partial Wind Up Sub-Class and eligible members of the Non-Partial Wind-up Sub-Class under the SSA remains capable of implementation, from an actuarial perspective, given the reduction of distributable surplus to approximately \$3.1 million.

4. In preparing my affidavit, I have relied upon the following documents prepared by Canada Life's actuaries ("Mercer"), and provided to me by Class Counsel:

- (a) Report on the Actuarial Valuation for Funding Purposes as at December 31, 2008; and,
- (b) Letter from Benedict O. Ukonga (Mercer) to Amy Metzger (Canada Life) dated September 12, 2012, regarding the estimate at August 31, 2012 of the financial position on a solvency basis of the portions of the Canada Life Registered Plan affected by the 2005 partial wind-up and the potential Indago, Adason and Pelican partial wind-ups.

The Partial Wind Ups Generally and the Proposed Annuity Purchase

5. In very general terms, pension surplus represents the excess value of the assets held in a pension fund over the value of the pension plan's liabilities, both calculated in a manner prescribed by regulation. The estimated amount of surplus (if any) in a pension plan at any given time is actuarially determined and depends upon a number of factors. One of the most important factors in determining whether or not a pension plan is in surplus is prevailing interest rates.

6. In the context of a partial plan wind-up, the value of a plan's surplus is determined in the context of settling pension plan members' basic pension entitlements. Under the *Pension Benefits Act* (the "PBA"), if a pension plan member has not yet

retired or is not eligible for early retirement, the plan member is required to be provided with the right to elect one of three options for the settlement of his or her basic pension benefits: 1) the transfer of the commuted value of his or her basic pension benefit to a prescribed locked-in retirement vehicle; 2) the purchase of a deferred annuity from an insurance company; or, 3) the transfer of the commuted value of his or her basic pension benefit to another registered pension plan, provided the administrator of the proposed receiving plan consents to the transfer.

7. For retired pension plan members in receipt of a pension, basic pension benefits in pay have historically been settled through the purchase of an immediate annuity from an insurance company.

8. The pension surplus in respect of a partial wind-up is the amount of assets left once the foregoing basic pension benefits have been settled.

9. At the time the Integration Partial Wind Up was declared by Canada Life, a pension plan administrator who declared a partial wind-up was required to transfer the member's basic pension entitlements from the pension plan in accordance with the options described in paragraph 6 and 7 above. These basic requirements were described by the Financial Services Commission of Ontario ("FSCO"), in Policy W100-231, a copy of which is attached hereto as Exhibit "A."

10. In accordance with this policy and general regulatory requirements, the terms of the SSA were drafted in accordance with the requirement to provide Plan members affected by the Integration Partial Wind Up with their portability options.

11. More recently, FSCO changed its policy with respect to the settlement of basic benefits for pension plan members affected by a partial plan wind-up, as a result of a decision of the Financial Services Tribunal. In this policy, Policy W100-232, dated September 30, 2010, FSCO indicated that:

[a]s a result of the December 2, 2009 Financial Services Tribunal decision respecting an Imperial Oil Limited pension plan, FSCO will no longer require administrators to purchase annuities for members affected by a partial wind up who are entitled to an immediate or a deferred pension. Instead, the administrator may transfer the assets relating to these pension benefits to the on-going portion of the pension plan.

12. A copy of Policy W100-232 is attached hereto as Exhibit "B."

13. It is notable that Policy W100-232 pre-dates the execution of the SSA, which was made effective as of September 1, 2011. While the parties could theoretically have negotiated a provision in the SSA that members of the Integration Partial Wind Up would have their benefits transferred to the ongoing portion of the Plan, they did not do so. Instead, the application provision of the SSA, section 7(e), provided the following:

The Parties agree that PWU Group Members shall be given their portability rights under section 73(2) of the *Pension Benefits Act* (Ontario) or under a similar provision in the pension standards legislation applicable to them. Canada Life will arrange for an annuity to be purchased for any PWU Group Member who elects to receive (or is deemed to have elected) a deferred or immediate pension, and the pension provided via such annuity, including indexation (if any), shall be determined in accordance with the terms of the Plan. Any annuities purchased for pensioners or other Plan or New Plan members or former members in conjunction with the Partial Wind Ups shall be insured annuities, and, subject to such reasonable administrative limits as may be imposed by Canada Life, annuities shall only be purchased for an amount that on the date of purchase is within the Assuris limits. The Parties agree that any annuities will be purchased following a competitive bidding process, which may include as potential annuity providers Canada Life and/or any of its affiliates.

14. Based upon the information that was provided to Class Counsel, I understand that Canada Life was unable to obtain any quotes from insurance companies in respect of the required annuity purchase.

15. From the standpoint of individuals who elected or are deemed to have elected the purchase of a deferred or immediate annuity, there would likely be little impact on the member in terms of the actual value of the pension received during retirement, whether the pension was paid from the ongoing Plan, or by an insurance company through an

annuity contract. The main differences relate to the nature of the risk and benefit security associated with a particular form of basic benefit settlement, as:

- (a) A pension paid from the ongoing Plan relies upon the, *inter alia*, the value of the assets in the underlying Plan fund, and the solvency of the Plan sponsor, to guarantee the benefit; whereas,
- (b) A pension paid through an annuity contract is secured through the contract with the insurance company providing the annuity, and is, depending upon the amount of the monthly pension being paid through the annuity, guaranteed by an insurance industry organization called Assuris.

Reasons for the Decline in the Integration Partial Wind Up Surplus

16. The most significant reason for the decline in the Integration Partial Wind Up Surplus relates to a dramatic increase in the cost of settling the basic pension benefits of the members of the Integration Partial Wind Up.

17. With any pension plan wind up (full or partial), the estimated surplus at the effective date of the wind-up and the actual surplus existing at the completion of the wind up can differ, for several reasons, including 1) data changes (membership data must be confirmed as part of the wind up process), 2) member elections (as noted above, some members have the option of accepting lump sum settlements of their entitlements or having their entitlement purchased from an insurance company, 3) investment returns that are different from the returns assumed at the effective date of the wind up, and 4) differences between the estimated and actual costs of purchasing annuities.

18. In this case, the partial wind up was declared by Canada Life effective June 30, 2005 and basic pension benefits of employees affected by this partial wind-up have not yet been settled.

19. In various correspondences and reports prepared by the Plan's actuary since the effective date of the partial wind-up, the actuary has identified changes in the estimated

surplus and the sources of those changes. I have not attempted to aggregate the figures presented by the Plan's actuary, but instead provide general comments regarding the changes in estimated surplus over time.

20. The changes in estimated surplus that were due to changes in membership data were not material.

21. The effect of individual member elections has been to reduce the estimated amount of surplus. More members than were expected elected pension purchases and annuity purchase prices have been greater than commuted values available for transfer.

22. Regarding investment performance, it is my understanding that Canada Life took steps to partially "immunize" the assets associated with the Integration Partial Wind Up, by moving a significant portion of the assets from equity investments to fixed income investments.

23. In this case, the asset values in respect of the Integration Partial Wind Up have not declined, and in fact, the value of the underlying assets has somewhat increased.

24. There have been, however, significant increases since December 31, 2008 in liabilities related to affected members who elected purchased pensions, and these increases are largely related to the discount rates used by the Plan's actuary. In the following paragraph, I discuss guidance provide to actuaries by the Canadian Institute of Actuaries ("CIA"). For purposes of this document, I limited my comments to guidance related to valuing fully indexed pensions. Similar comments would apply to the valuation of non-indexed pensions, although the discount rates were necessarily different.

25. The CIA has, for several years, provided guidance regarding actuarial bases (discount rates and mortality assumptions) to be used when estimating the cost of purchasing annuities for actuarial valuation purposes. In my experience, actuaries generally follow the CIA's guidance, unless they can support the use of a different basis. For reports on this Plan, the actuary has followed CIA's guidance consistently.

26. For ongoing pension plans, actuaries typically use the guidance when performing solvency and hypothetical wind-up valuations. For pension plans that are being wound up, whether in whole or in part, actuaries use the guidance to estimate the cost of purchasing annuities from insurance companies for members for whom pensions will be purchased in order to complete the full or partial wind-up. The actual cost of the pensions being purchased is determined by the insurance companies that sell annuities.

27. Of the two assumptions covered by the CIA's guidance, the discount rate assumption has the greatest impact. I have not estimated the effect of changes in the discount rates on the estimated purchase prices of pensions and, consequently, the estimated surplus on the partial wind-up of the Plan, but note that these effects have been described in various correspondences and reports prepared by Mercer over the past several years. While I didn't confirm that Mercer's estimates were accurate, they seemed reasonable, given the discount rates that the actuary was using.

28. For actuarial valuations with effective dates between January 1, 2005 and December 31, 2007, the CIA offered no guidance to actuaries with respect to pensions that are indexed in relation to changes in the Consumer Price Index ("CPI"), indicating that it (the CIA) did not have sufficient information to provide "any direct guidance on the appropriate basis to be used to value such annuities."

29. For actuarial valuations with effective dates on or after January 1, 2008, the CIA has consistently recommended, for plans the size of the Plan, that actuaries use the yield on Government of Canada real-return long-term bonds for pensions that are fully indexed to changes in the CPI. Although indexed pensions under this Plan are not necessarily fully indexed to changes in the CPI, the Plan's actuary has made that assumption and I agree with his assumption.

30. The following table illustrates the yields on Government of Canada real-return long-term bonds (CANSIM series V39057) at various dates since December 31, 2007.

Date	Yield on GoC Real-Return Long-Term Bonds
December 31, 2007	1.91%
December 31, 2008	2.10%
December 31, 2009	1.53%
December 31, 2010	1.11%
December 31, 2011	0.45%
June 30, 2012	0.44%
August 31, 2012	0.40%
September 18, 2012	0.39%

31. These rates are measured and reported on a daily basis. In 2012, the yields have ranged from 0.30% (June 1st and June 4th) and 0.62% (March 19th).

Minimum Guaranteed Benefits Under the SSA

32. Under the terms of the SSA, the Integration Partial Wind Up surplus is to be divided as follows:

- (a) 57.22% to members of the Integration Partial Wind Up group;
- (b) 12.44% to eligible inactive members of the Non-Partial Wind Up group;
and,
- (c) 30.34% to Canada Life.

33. Utilizing the most recent estimate provided by Mercer of the Integration Partial Wind Up surplus, the allocation of surplus as between these three groups is approximately as follows:

- (a) Integration Partial Wind Up Group: \$1.77 million;
- (b) Eligible inactive Non Partial Wind Up Group: \$0.39 million; and,
- (c) Canada Life: \$0.94 million.

34. The SSA provides certain minimum guaranteed surplus payments to certain members of the Class. These are set out at sections 7(g) and 8(d) of the SSA, which provide as follows:

7(g) The minimum surplus allocation to each Eligible PWU Group Member shall be \$1,000.

8(d) The Inactive Eligible Non-PWU Group Surplus Allocation shall be allocated under the Plan among Inactive Eligible Non-PWU Group Members (or their surviving spouse, beneficiary, or estate described in paragraph 8(f) below, if applicable) *pro rata* to the wind up liabilities of such Inactive Eligible Non-PWU Group Members as of June 30, 2005 (or the date immediately preceding death or cash out, for those individuals whose liabilities under the Plan were reduced or paid out due to death or cash out between April 12, 2005 and June 30, 2005), subject to a minimum allocation of \$1,000 and having regard to applicable regulatory requirements.

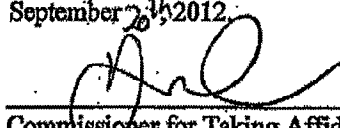
35. Based upon the most recent report filed with FSCO by Canada Life, as at December 31, 2008, it was reported that there were 2,146 individuals of the Integration Partial Wind Up Group, and 1,560 individuals in the eligible inactive Non Partial Wind Up Group.

36. Given the available surplus, as estimated at August 31, 2012 by Mercer, the surplus available for distribution would be insufficient to meet the minimum payments guaranteed by sections 7(g) and 8(d) of the SSA, as:

- (a) \$1.77 million, distributed *pro rata* amongst the members of the Integration Partial Wind Up Group, only nets individual surplus allocations of approximately \$825.00 per group member; and,
- (b) \$0.39 million, distributed *pro rata* amongst the members of the eligible inactive Non Partial Wind Up Group, only nets individual surplus allocations of approximately \$250.00 per group member.

37. I make this Affidavit in good faith and for no other or improper purpose.

SWORN BEFORE ME at the Town of
Picton, in the Province of Ontario, on
September 20th, 2012.



Commissioner for Taking Affidavits

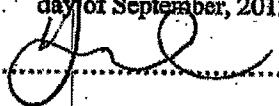


Marcus Robertson

Kenneth Gregory Menlove
Barrister, Solicitor &
Notary Public
Province of Ontario

TAB A

This is Exhibit "A" referred to in the
affidavit of Marcus Robertson
sworn before me, this 20th
day of September, 2012


.....
A Commissioner for taking affidavits, etc.

Kenneth Gregory Menlove
Barrister, Solicitor &
Notary Public
Province of Ontario

Financial Services Commission of Ontario
Commission des services financiers de l'Ontario



SECTION:	Wind Up
INDEX NO.:	W100-231
TITLE:	Distribution of Benefits on Partial Wind Up - PBA s. 72(1) and 73(2) - Regulation 909 s. 28(2)
APPROVED BY:	Superintendent of Financial Services
PUBLISHED:	FSCO website (March 2007)
EFFECTIVE DATE:	March 30, 2007 [No longer applicable - replaced by W100-232 - September 2010]
REPLACES:	W100-230

This policy replaces W100-230 ("Individual Statement at Wind Up") as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.

This policy addresses the distribution of the benefits provided under the terms of the pension plan on partial wind up. In this policy, the term "benefits" does not include any benefits arising from the distribution of surplus on partial wind up. On full wind up of a pension plan, all assets of the pension plan must be distributed. Similarly, on partial wind up, the administrator must distribute all assets in the wound up portion of the pension plan.

The distribution of surplus on partial wind up is addressed in policies S900-901 ("Allocation of Surplus to Members, Former Members and Other Persons on Wind Up") and S900-910 ("Distribution of Surplus to Employer on Partial Wind Up").

Options for Receipt of Benefits

On the partial wind up of a pension plan, several options are provided under the PBA for the distribution of benefits to members, former members and other persons who are entitled to receive benefits from the pension plan as a result of partial wind up.

Active members included in the partial wind up may elect to:

- Transfer the commuted value of the pension benefit, as provided in section 73(2) of the PBA;
- Receive the lump sum cash payment under any of sections 39(4), 50, 63(2), 63(3) and 63(4) of the PBA, subject to the terms of the pension plan; or
- Receive an immediate or deferred pension.

Index No.: W100-231 / Page 2 of 2

Former members and other persons who are included in the partial wind up and are not in receipt of pension payments on the partial wind up date continue to be entitled to a deferred pension commencing at the normal retirement date, or such earlier date as provided under the terms of the pension plan, PBA and Regulation. In addition, section 73(2) of the PBA provides that such persons are entitled to the transfer rights under section 42(1) and that section 42(3) does not apply to limit these transfer rights.

Generally, all persons included in the partial wind up who are in receipt of a pension will continue to receive their pension on the same basis as before the partial wind up. The pension amount may be adjusted at the completion of the partial wind up process, such as where the terms of a multi-employer pension plan permit the reduction of benefits, or where an employer declares bankruptcy and the partial windup has not been fully funded.

If a member who is entitled to make an election does not do so within the prescribed time, or such longer period as the administrator may allow, the member shall be deemed to have elected a deferred or immediate pension.

All immediate and deferred pensions in the wound up portion of the pension plan must be provided through the purchase of life annuities from an insurance company licensed in Canada to provide such annuities.

Provision of Individual Statements

The administrator of the pension plan must prepare individual statements, as required by section 72(1) of the PBA. The statements must set out the entitlements and the options available to each member, former member and other person who is entitled to receive benefits or a refund from the pension plan as a result of the partial wind up.

The statements required under section 72(1) of the PBA must contain the information specified in section 28(2) of the Regulation. In respect of former members and other persons who are currently in receipt of or will be receiving a pension, the statement should include full information on the insurance company from which the annuity has been or will be purchased, as well as the name of a contact person there. Where this contact information is not available at the time that the statement is issued, the statement should indicate when and how the information will be provided.

The statements required under section 72(1) of the PBA must be given to the persons who are entitled to receive payment from the pension plan as a result of the partial wind up within 60 days after the administrator receives notice that the Superintendent of Financial Services (Superintendent) has approved the wind up report. Where the Superintendent has approved payment of benefits under section 70(3) of the PBA, the statements must be given to the persons affected by the approval within 60 days after the administrator receives notice of the section 70(3) approval.

Distribution of Benefits

Once the Superintendent has approved the wind up report, the distribution of benefits by transfer, cash payment or annuity purchase, as elected by all persons entitled to benefit payments under the wound up portion of the pension plan, should proceed as quickly as possible.

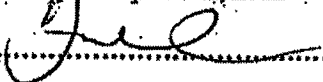
Where the wound up portion of the pension plan is in a deficit position that requires additional funding under section 75 of the PBA, sections 29(7) and 29(8) of the Regulation may place limits on the distribution of benefits from the pension plan. See also policy W100-440 ("Restrictions on Payments in Deficit Situations").

Where the wound up portion of the pension plan is in a surplus position, provision of benefits must be completed before or concurrently with the distribution of surplus from the wound up portion of the pension plan.

The split, either notional or actual, between the wound up and on-going portions of the pension plan must be maintained until all assets of the wound up portion are distributed. When that asset distribution is completed, only the on-going portion of the pension plan will remain.

TAB B

This is Exhibit "B" referred to in the
affidavit of Marcus Robertson
sworn before me, this 20th
day of September, 2012



A Commissioner for taking affidavits, etc.

Kenneth Gregory Menlove
Barrister, Solicitor &
Notary Public
Province of Ontario

Financial Services Commission of Ontario
Commission des services financiers de l'Ontario



SECTION:	Wind Up
INDEX NO.:	W100-232
TITLE:	Distribution of Benefits on Partial Wind Up - PBA ss. 72(1) and 73(2) - Regulation 909 s. 28(2)
APPROVED BY:	Superintendent of Financial Services
PUBLISHED:	FSCO website (September 2010)
EFFECTIVE DATE:	September 30, 2010
REPLACES:	W100-231

This policy replaces W100-231 ("Distribution of Benefits on Partial Wind Up") as of the effective date of this policy.

Note: Where this policy conflicts with the Financial Services Commission of Ontario Act, 1997, S.O. 1997, c. 28 (FSCO Act), Pension Benefits Act, R.S.O. 1990, c. P.8 (PBA) or Regulation 909, R.R.O. 1990 (Regulation), the FSCO Act, PBA or Regulation govern.

Note: The electronic version of this policy, including direct access to all linked references, is available on FSCO's website at www.fSCO.gov.on.ca. All pension policies can be accessed from the Pensions section of the website through the Pension Policies link.

This policy addresses the distribution of the benefits provided under the terms of the pension plan on partial wind up. In this policy, the term "benefits" does not include any benefits arising from the distribution of surplus on partial wind up. On full wind up of a pension plan, all assets of the pension plan must be distributed. Similarly, on partial wind up, the administrator must distribute all assets related to the wound up portion of the pension plan.

The distribution of surplus on partial wind up is addressed in policies S900-901 (Allocation of Surplus to Members, Former Members and Other Persons on Wind Up) and S900-910 (Distribution of Surplus to Employer on Partial Wind Up).

Options for Receipt of Benefits

On the partial wind up of a pension plan, several options are provided under the PBA for the distribution of benefits to members, former members and other persons who are entitled to receive benefits from the pension plan as a result of partial wind up.

Active members included in the partial wind up may elect to:

- Transfer the commuted value of the pension benefit, as provided in section 73(2) of the PBA. The transfer rights under section 42(1) entitle a member or former member with a deferred pension under the pension plan to transfer the commuted value of the deferred pension:
 - a) to a pension fund related to another pension plan, if the administrator of the other pension plan agrees to accept it;
 - b) into a prescribed retirement savings arrangement; or
 - c) for the purchase of a life annuity for the member or former member, through a life insurance company licensed in Canada; or
- Receive an immediate or deferred pension.

In addition, active members who are eligible will receive lump sum cash payments:

- Provided for under sections 39(4), 63(3) and 63(4) of the PBA; or
- Provided for under sections 50 and 63(2) of the PBA, if the terms of the pension plan provides for it.

Former members and other persons who are included in the partial wind up and are not in receipt of pension payments on the partial wind up date continue to be entitled to a deferred pension commencing at the normal retirement date, or such earlier date as provided under the terms of the pension plan, PBA and Regulation. In addition, section 73(2) of the PBA provides that persons entitled to a deferred pension but not in receipt of a pension are entitled to the transfer rights under section 42(1) and that section 42(3) does not apply to limit these transfer rights.

Members already in receipt of a pension and included in the partial wind up will continue to receive their pension from the plan if the administrator decides not to purchase annuities in respect of their benefits. If the administrator decides to purchase annuities for these individuals, their pension will be paid from the applicable insurance company.

If a member who is entitled to make an election does not do so within the prescribed time, or such longer period as the administrator may allow, the member shall be deemed to have elected a deferred or, if eligible, an immediate pension.

As a result of the December 2, 2009 Financial Services Tribunal decision respecting an Imperial Oil Limited pension plan, FSCO will no longer require administrators to purchase annuities for members affected by a partial wind up who are entitled to an immediate or a deferred pension. Instead, the administrator may transfer the assets relating to these pension benefits to the on-going portion of the pension plan. For more information regarding this, see policy W100-233 – (Distribution of Benefits on Partial Wind Up Where Immediate or Deferred Pensions are Not Purchased).

Provision of Individual Statements

The administrator of the pension plan must prepare individual statements, as required by section 72(1) of the PBA. The statements must set out the information specified in section 28(2) of the Regulation including the options available to each member, former member and other person who is entitled to receive benefits or a refund from the pension plan as a result of the partial wind up.

In respect of former members and other persons for whom the administrator has purchased or intends to purchase an annuity from an insurance company licensed in Canada, the statement should also include information (name and address) of the insurance company from which the annuity has been or will be purchased, as well as the name and contact information of a contact person there. Where this contact information is not available at the time that the statement is issued, the statement should indicate when and how the information will be provided.

Index No.: W100-232 / Page 3 of 3

Where the plan administrator chooses not to purchase annuities for the immediate and deferred pensions relating to the partial wind up, additional information and communication as described in policy W100-233 must be provided to members affected by the partial wind up.

The statements required under section 72(1) of the PBA must be given to the persons who are entitled to receive payment from the pension plan as a result of the partial wind up within 60 days after the administrator receives notice that the Superintendent of Financial Services (Superintendent) has approved the wind up report. Where the Superintendent has approved payment of benefits under section 70(3) of the PBA, the statements must be given to the persons affected by the approval within 60 days after the administrator receives notice of the section 70(3) approval.

Distribution of Benefits

The timing of distribution of benefits relating to a partial wind up depends on whether the partial wind up is in a surplus or a deficit position.

Where the partial wind up is fully funded and the Superintendent has approved the partial wind up report, the plan administrator must make payment in accordance with the elections or deemed elections within 60 days after the later of the day in which the administrator receives the applicable person's election or deemed election; and the day on which the administrator receives notice that the Superintendent has approved the report. The provision of benefits must be completed before or concurrently with the distribution of any surplus remaining in the wound up portion of the pension plan.

Where the wound up portion of the pension plan is in a deficit position that requires additional funding under section 75 of the PBA, sections 29(7) and 29(8) of the Regulation may place limits on the distribution of benefits from the pension plan. For example, section 29(8) provides that a life annuity purchase cannot occur until the required funding under section 75 of the PBA has been made. Similarly, the transfer of the assets and liabilities in respect of the immediate and deferred pensions to the on-going portion of the pension plan can only take place once the requirements of section 75 have been met.

Where the plan administrator has chosen not to purchase life annuities for the immediate and deferred pensions of the wound up portion of the pension plan, the transfer of the assets and liabilities in respect of these pensions to the on-going portion of the pension plan shall proceed once all section 75 funding requirements have been met. See also policies W100-102 (Filing Requirements and Procedure on Full or Partial Wind Up of a Pension Plan) and W100-440 (Restrictions on Payments in Deficit Situations).

The split, either notional or actual, between the wound up and on-going portions of the pension plan must be maintained until all assets of the wound up portion are distributed.

DAVID KIDD, et al
Plaintiffs

THE CANADA LIFE ASSURANCE
COMPANY, et al.
Defendants

Court File No: 05-CV-287556CP

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

**MOTION RECORD OF THE PLAINTIFFS,
DAVID KIDD, ALEXANDER HARVEY AND
JEAN PAUL MARENTETTE**

(Motion returnable September 27, 2012)

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Lawyers for the Plaintiffs, Garry C. Yip and Louie Nusp

This is EXHIBIT "C" referred to in the
Affidavit of Jonathan Foreman
sworn before me this 8 day of March 2013.



A Commissioner, etc.

**Bradley James Adams, a Commissioner,
etc., Province of Ontario,
while a Student-at-Law.
Expires August 27, 2015.**

DAVID KIDD, et al.
Plaintiffs

THE CANADA LIFE ASSURANCE
COMPANY, et al.
Defendants

Court File No: 05-CV-287556CP

Sept 27, 2012

This motion for a declaration has been
submitted on the following terms that shall be
incorporated into a court order: with FSCO

1. Canada Life may proceed to file the transfer
request concerning the transfer of the integration PNU
assets and liabilities, to the ongoing plan, ~~in~~

2. The Representative Plaintiffs ~~shall~~ not object to
to any such plan and transfer of assets and
liabilities, ~~in the foregoing~~ ^{as set out in} paragraph 4 below;

3. If the parties do not reach an agreement
on the implementation of the surplus sharing
agreement within 45 days from today, the
court shall appoint a mediator to assist the
parties in reaching an agreement; and

4. If no agreement is reached about implementing
the surplus sharing agreement, the Representative
Plaintiffs reserve the right to take such action
as they may be advised.

P. Bell, J.

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

MOTION RECORD OF THE PLAINTIFFS,
DAVID KIDD, ALEXANDER HARVEY AND
JEAN PAUL MARENTETTE

(Motion returnable September 27, 2012)

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Fax: (416) 591-7333

Lawyers for the Plaintiffs, Garry C. Yip and Louie Nussli

This is EXHIBIT "D" referred to in the
Affidavit of Jonathan Foreman
sworn before me this 8 day of March 2013.

A handwritten signature in black ink, appearing to read 'B. Adams', written over a horizontal line.

A Commissioner, etc.

**Bradley James Adams, a Commissioner,
etc., Province of Ontario,
while a Student-at-Law.
Expires August 27, 2015.**

THE CANADA LIFE CANADIAN EMPLOYEES PENSION PLAN
FINANCIAL SERVICES COMMISSION OF ONTARIO AND CANADA REVENUE AGENCY
REGISTRATION NO. 0354563

SURPLUS SHARING AGREEMENT – AMENDMENT #2

Made as of the 1st day of February, 2013

A M O N G:

DAVID KIDD, ALEXANDER HARVEY and JEAN PAUL MARENTETTE (hereinafter the “**Plaintiffs**”)

-and-

WILBERT ANTLER, ED BARRETT, ALEXANDER HARVEY, DAVID KIDD, BRIAN LYNCH, JIM MARTIN, GARY NUMMELIN, and SHRIRAM MULGUND in their collective capacity as, and on behalf of, the Executive Committee of CLPENS (hereinafter the “**CLPENS Executive**”)

-and-

LIN YEOMANS, SHAUNA MURRAY and HEINZ SPUDIK in their capacity as the members of the Pelican Pension Committee (hereinafter the “**Pelican Committee**”)

-and-

JOCK FLEMING and SUSAN HENDERSON in their capacity as the members of the Indago Pension Committee (hereinafter the “**Indago Committee**”)

-and-

GARRY C. YIP and LOUIE NUSPL in their capacity as the members of the Adason Pension Committee (hereinafter the “**Adason Committee**”)

- and -

THE CANADA LIFE ASSURANCE COMPANY

- and –

Those individuals in the Class (as defined herein) who have retained Members’ Counsel to execute this Agreement on their behalf (hereinafter the “**Represented Participants**”, by their counsel)

- 2 -

- and -

Those individuals in the Class who have not retained Members' Counsel to execute this Agreement but who have provided their individual consents to this Agreement, as undersigned (hereinafter the "**Non-Represented Participants**")

(collectively, the "**Parties**" and individually a "**Party**")

WHEREAS the Parties entered into a Surplus Sharing Agreement (the "**Agreement**") as of September 1, 2011;

AND WHEREAS the Agreement may be amended by written agreement of the "MOU Parties" as defined therein, being the Plaintiffs, the CLPENS Executive, the Pelican Committee, the Indago Committee, the Adason Committee, and Canada Life;

AND WHEREAS the MOU Parties amended the Agreement as of January 1, 2012 to clarify what is included in the "Settlement Expenses" (as defined therein) that can be paid out of surplus pursuant to the Agreement;

AND WHEREAS the MOU Parties wish to amend the Agreement again, as set out below (the "**Amendment**");

AND WHEREAS the MOU Parties have instructed their counsel to execute this amendment to the Agreement on their behalf;

NOW, THEREFORE, IN CONSIDERATION OF their mutual covenants, and for other good and valuable consideration, the MOU Parties agree as follows:

1. Capitalized terms used in this Amendment shall have the meaning set out in the Agreement.
2. In the ninth recital to the Agreement, the concluding words "(the "Settlement")" are deleted.
3. Paragraph 1(e)(vi) of the Agreement (definition of "Agreement") is amended by adding the words ", as amended from time to time" at the end of the paragraph.
4. Paragraph 1(e)(liii) of the Agreement is deleted and replaced with the following:

(liii) "**Settlement**" means the terms agreed to by the Parties in settlement of the claims advanced in the Amended Statement of Claim, in addition to all claims relating to the Indago PWU, the Pelican PWU, and the Adason PWU, under an agreement based on the framework and terms of the Integration MOU and the Adason MOU, all as reflected in this Agreement, as amended.

5. Paragraph 1(e) of the Agreement is amended by adding the following paragraphs in the appropriate alphabetical position, with the existing paragraphs (including paragraph (lii) as amended above) re-numbered accordingly:

(xxxiii) **“IPWG”** means those Eligible PWU Group Members who were included in the Integration PWU.

...

(liv) **“Segregated Portion”** has the meaning set out in paragraph 7(e) of this Agreement.

6. In order to provide for additional flexibility in respect of the Quebec court proceedings contemplated under the Agreement, paragraph 6(c)(vii) of the Agreement is amended by adding the following to the end of that paragraph:

The provisions in this paragraph 6(c)(vii) related to Québec court proceedings are for the sole benefit of Canada Life, and may be waived by Canada Life in part or in whole in its sole discretion.

7. In order to increase the surplus allocable to the Integration PWU, Canada Life shall waive a portion of the Settlement Expenses which would otherwise be payable to it under the Agreement, and also waive a portion of the interest accruing on the Plan expenses which it has incurred but for which it has not yet been reimbursed. Accordingly, paragraph 7(a) of the Agreement is amended by adding the following to the beginning of that paragraph:

Notwithstanding the provisions of paragraph 2(a)(iii), Canada Life shall waive its entitlement to reimbursement of a portion of its Settlement Expenses in the amount of \$500,000; in addition, notwithstanding the provisions of paragraphs 2(a)(i) and 10(e), Canada Life shall waive entitlement to reimbursement of an amount equal to the amount of interest that would accrue under such paragraphs from August 31, 2012 to December 31, 2013; and the foregoing amounts shall be added to the Final Partial Wind Up Surplus allocable to the Integration PWU, prior to the division described in this paragraph 7(a).

8. In order to increase the surplus payable to those Eligible PWU Group Members who were included in the Integration PWU (*i.e.*, the “IPWG”), as well as the amount of surplus payable to the Inactive Eligible Non-PWU Group Members, the CLPENS Executive shall waive its entitlement to reimbursement of the future legal fees (but not disbursements) approved by the Ontario Superior Court of Justice on January 27, 2012, which fees would otherwise be payable to it under the Agreement, and direct the resulting amount of increased surplus to those groups. Accordingly, paragraph 7(d) of the Agreement is amended by adding the following to the end of that paragraph:

Notwithstanding the provisions of paragraph 2(a)(iii), the CLPENS Executive shall waive its entitlement to reimbursement of a portion of its Settlement Expenses in the amount of \$250,000, less any Settlement Expenses that consist of disbursements incurred by its legal counsel after January 27, 2012 up to the Settlement Approval Date. Such amount shall be divided in the ratio set out in paragraph 7(c) – 57.22:12.44 – and the larger portion shall be added to that portion of the Eligible PWU Group Surplus Allocation that is payable to the

IPWG. The smaller portion shall be added to the Inactive Eligible Non-PWU Group Surplus Allocation.

9. In order to reflect recent events related to annuity markets, paragraph 7(e) of the Agreement is deleted and replaced with the following:

Portability – All PWU Group Members

The Parties agree that PWU Group Members shall be given their portability rights under section 73(2) of the *Pension Benefits Act* (Ontario) or under a similar provision in the pension standards legislation applicable to them.

Integration PWU members – Transfer to Ongoing Portion of Plan

For any member of the Integration PWU who elected to receive (or was deemed to have elected) a deferred or immediate pension, their portability rights have been satisfied by Canada Life transferring assets equal to such members' liabilities to the ongoing portion of the Plan effective August 31, 2012.

Integration PWU members – Segregation of Assets and Liabilities

The assets and related liabilities referred to in the previous sentence shall be notionally segregated (the “**Segregated Portion**”) until the completion of the second surplus distribution (if any) contemplated in paragraph 11.1 below (or until it is determined that such a surplus distribution will not be occurring). Canada Life shall not purchase annuities for any member of the Integration PWU in satisfaction of his or her Plan benefits before December 31, 2014 without the consent of the Plaintiffs and the CLPENS Executive, which consent shall not be unreasonably withheld.

Prior PWU members – Annuity Purchase or Transfer to Ongoing Plan

For any individual included in a Prior PWU who elects to receive (or is deemed to have elected) a deferred or immediate pension, Canada Life will either arrange for an annuity to be purchased, or will arrange for the pension to be provided from the ongoing portion of the Plan, as Canada Life may decide in its sole discretion. If an annuity is purchased for an individual included in a Prior PWU, the pension provided via such annuity, including indexation (if any), shall be determined in accordance with the terms of the Plan. Any annuities purchased for an individual included in a Prior PWU shall be insured annuities, and, subject to such reasonable administrative limits as may be imposed by Canada Life, shall only be purchased for an amount that on the date of purchase is within the Assuris limits. The Parties agree that any such annuities will be purchased following a competitive bidding process, which may include as potential annuity providers Canada Life and/or any of its affiliates.

10. Canada Life has agreed to fund certain payments under the Agreement, if necessary, related to the minimum surplus amounts that are payable to Eligible PWU Group Members. Accordingly, paragraph 7(g) is amended by adding the following to the end of that paragraph:

For Eligible PWU Group Members who were included in a Prior PWU, in order to make the minimum \$1,000 payment to any individual who otherwise would receive less than that amount, surplus payments to the rest of the individuals in the Prior PWU in question will be reduced on a proportionate basis. Should there not be sufficient surplus allocable to the Prior PWU in order for all

Eligible PWU Group Members included in that Prior PWU to receive at least \$1,000, Canada Life will pay the individuals the additional amount needed such that each individual receives \$1,000.

For members of the IPWG, in order to make the minimum \$1,000 payment to any individual who otherwise would receive less than that amount, surplus payments to the rest of the individuals in the IPWG will not be reduced; instead, Canada Life will pay the individual the additional amount needed such that he or she receives \$1,000.

11. Canada Life has agreed to fund certain payments under the Agreement, if necessary, related to the minimum surplus amounts that are payable to Inactive Eligible Non-PWU Group Members. Accordingly, paragraph 8(d) is amended by adding the following to the end of that paragraph:

In order to make the minimum \$1,000 payment to any Inactive Eligible Non-PWU Group Member (or to the surviving spouse, beneficiary, or estate if applicable) who otherwise would receive less than that amount, surplus payments to the rest of the Inactive Eligible Non-PWU Group Members will be reduced on a proportionate basis. Should the Inactive Eligible Non-PWU Group Surplus Allocation not be sufficient in order for all Inactive Eligible Non-PWU Group Members (or the surviving spouse, beneficiary, or estate if applicable) to receive at least \$1,000, Canada Life will pay the individuals (or estates) the additional amount needed such that each individual (or estate) receives \$1,000. For certainty, if the Inactive Eligible Non-PWU Group Member had named multiple beneficiaries, and surplus is payable to them, the \$1,000 payment will be divided among the beneficiaries.

12. The MOU Parties have agreed that the assets and liabilities transferred to the ongoing portion of the Plan in respect of members of the Integration PWU who elected to receive (or were deemed to have elected) a deferred or immediate pension shall be notionally segregated (*i.e.*, the "Segregated Portion"), and have agreed that should surplus arise in that Segregated Portion as of December 31, 2014, and provided certain other conditions are satisfied, then a portion of such surplus shall be distributed to the IPWG and to Inactive Eligible Non-PWU Group Members. Accordingly, a new paragraph 11.1 is added to the Agreement as set out below.

11.1. SEGREGATED PORTION – POTENTIAL SECOND SURPLUS DISTRIBUTION

- (a) Canada Life's Plan actuaries will determine whether a surplus exists in the Segregated Portion as at December 31, 2014, either on a going concern or wind-up basis, as set out in paragraph 11.1(b). If the going concern or wind-up calculation (or both) disclose no surplus, then no further action will be required and the Segregated Portion need no longer be notionally segregated.
- (b) For purposes of the calculation of surplus under paragraph 11.1(a), the calculation of the liabilities on a going concern basis will be based on the following:
 - (i) Assumptions and methods consistent with acceptable actuarial standards and economic conditions as at December 31, 2014, and not necessarily the same assumptions and methods used for the December 31, 2011 funding valuation of the Plan;

and the calculation of the liabilities on a wind-up basis will be based on the following:

- (ii) Annuity purchase and/or commuted value assumptions applicable as at December 31, 2014;
- (iii) Accepted actuarial standards of practice as at December 31, 2014.

For certainty, no smoothing of assets and/or liabilities will be used in calculating either the going concern or wind-up financial position of the Segregated Portion, and no excludable benefits will be excluded in calculating the liabilities. The Plan actuaries' determination of the surplus position of the Segregated Portion shall be set out in a report certified by them (which will not be a full valuation report of the Plan for funding purposes), and shall be final and binding.

- (c) If the certified report prepared by Canada Life's Plan actuaries identifies a surplus in the Segregated Portion as at December 31, 2014, then, subject to the limit set out in paragraph 11.1(e) below, the surplus in the Segregated Portion calculated on either a going concern or wind-up basis, whichever is less, shall be distributed to the IPWG and to Inactive Eligible Non-PWU Group Members subject to the following adjustments:
 - (i) 10% of such surplus shall be deducted off the top; and
 - (ii) The remaining surplus will be reduced to take into account any contributions and other payments (such as special payments), together with interest at the fund rate of return, that are made by Canada Life into the Plan after August 31, 2012 and that are notionally allocated to the Segregated Portion, all as calculated by Canada Life's Plan actuaries, before determining the amount, if any, of surplus to be distributed.
- (d) 57.22% of the surplus remaining after the adjustments described in paragraph 11.1(c), net of any allocation made pursuant to paragraph 11.1(h), will be paid to the IPWG, and 12.44% will be paid to the Inactive Eligible Non-PWU Group Members, allocated to individuals as set out in paragraphs 11.1(g) and 11.1(i).
- (e) The total of the amounts distributed under paragraph 11.1(d) above and paragraph 11.1(h) below shall not exceed \$15,000,000.
- (f) Any payment of surplus under the second distribution to Plan members subject to Quebec jurisdiction will not be made; instead, the surplus share otherwise payable to such members will remain in the Plan, and Canada Life will pay such amount directly to the Quebec members. In addition, notwithstanding the foregoing provisions of this paragraph 11.1(f), Canada Life reserves the right in its sole discretion to leave the surplus share otherwise payable to all other individuals eligible to participate in the second distribution in the Plan, and to pay amounts otherwise payable to such individuals directly to them.

Individual Surplus Allocation – IPWG

- (g) The amount of surplus calculated as set out above in this paragraph 11.1 that is payable to IPWG members shall be allocated to individual members as follows.

Step 1: Calculate the share of surplus each IPWG member would have received in the first distribution under this Agreement, if surplus were equal to the sum of the following amounts:

- (i) The amount of the Eligible PWU Group Surplus Allocation allocable to the IPWG under the first surplus distribution; plus
- (ii) The cost to Canada Life of funding the minimum \$1,000 payment to the IPWG under the first distribution (as set out in paragraph 7(g) above); plus
- (iii) The amount of surplus to be distributed to the IPWG from the Segregated Portion (as calculated above, including the limit under paragraph 11.1(e)).

Surplus in Step 1 shall be allocated to members *pro rata* to the liabilities set out in the Partial Wind Up Report as at the effective date of the Integration PWU, excluding any statutory grow-in benefits, subject to a minimum distribution of \$1,000, with any top-up required to make the minimum \$1,000 surplus payment effected through a reduction of the surplus otherwise payable to other members of the IPWG.

Step 2: The amount payable to each member of the IPWG under the second distribution equals the amount calculated in Step 1, less the amount paid or payable to the individual in the first distribution of surplus under this Agreement.

Step 3: If the amount payable to any member of the IPWG as determined in Step 2 is less than \$100, the member's payment shall be reduced to zero. The amount of surplus to be distributed to the IPWG from the Segregated Portion (including amounts that would otherwise have been payable to members whose allocation under Step 2 was less than \$100) will be distributed to those IPWG members (if any) whose allocation under Step 2 was greater than \$100, *pro rata* to the liabilities set out in the Partial Wind Up Report as at the effective date of the Integration PWU, excluding any statutory grow-in benefits.

Quebec Members Who Would Have Been IPWG Members -- Surplus Allocation

- (h) A portion of the surplus that is payable to IPWG members as set out in paragraph 11.1(d) above shall be allocated to:
- (i) those Inactive Eligible Non-PWU Group Members who otherwise would have been included in the Integration PWU, but for the fact that they were employed in a Canadian jurisdiction that at the relevant time did not recognize partial pension plan wind ups in its pension legislation; and to
 - (ii) any former members of the Plan who otherwise would have been included in the Integration PWU, but for the fact that

they were employed in a Canadian jurisdiction that at the relevant time did not recognize partial plan wind ups in its pension legislation, who were not inactive members of the Plan on April 12, 2005 and who are not Opt-Outs

so that each such individual receives a total amount of surplus under this paragraph 11.1 which, after taking into account the amount (if any) they receive under paragraph 11.1(i), is equal to the amount they would have received had they been treated as IPWG members.

Individual Surplus Allocation -- Inactive Eligible Non-PWU Group Members

- (i) The amount of surplus calculated as set out above in this paragraph 11.1 that is payable to Inactive Eligible Non-PWU Group Members shall be allocated to individual members as follows.

Step 1: The share of surplus each Inactive Eligible Non-PWU Group Member would have received in the first distribution under this Agreement, if surplus were equal to sum of the following amounts, shall be determined:

- (i) The amount of the Inactive Eligible Non-PWU Group Surplus Allocation under the first surplus distribution; plus
- (ii) The amount of surplus to be distributed to the Inactive Eligible Non-PWU Group Members from the Segregated Portion (as calculated above, including the limit under paragraph 11.1(e)).

Surplus in Step 1 shall be allocated to members *pro rata* to the wind up liabilities of such Inactive Eligible Non-PWU Group Members as of June 30, 2005 (or the date immediately preceding death or cash out, for those individuals whose liabilities under the Plan were reduced or paid out due to death or cash out between April 12, 2005 and June 30, 2005), subject to a minimum distribution of \$1,000, with any top-up required to make the minimum \$1,000 surplus payment effected through a reduction of the surplus otherwise payable to other Inactive Eligible Non-PWU Group Members.

Step 2: The amount payable to each Inactive Eligible Non-PWU Group Member under the second distribution equals the amount allocated in Step 1, less the amount paid or payable to the individual in the first distribution of surplus under this Agreement.

Step 3: If the amount payable to any Inactive Eligible Non-PWU Group Member as determined in Step 2 is less than \$100, the member's payment shall be reduced to zero. The amount of surplus to be distributed to the Inactive Eligible Non-PWU Group Members from the Segregated Portion (including amounts that would otherwise have been payable to members whose allocation under Step 2 was less than \$100) will be distributed to those Inactive Eligible Non-PWU Group Members (if any) whose allocation under Step 2 was greater than \$100, *pro rata* to the wind up liabilities of such Inactive Eligible Non-PWU Group Members as of June 30, 2005 (or the date immediately preceding death or cash out, for those individuals whose liabilities under the Plan were reduced or paid out due to death or cash out between April 12, 2005 and June 30, 2005).

- (j) Should any IPWG member or Inactive Eligible Non-PWU Group Member die before receiving a payment of surplus under this paragraph 11.1, the amount of surplus that would have been payable to such individual will instead be payable as follows:
 - (i) Where the individual is survived by a spouse or former spouse who at the time of the individual's death is entitled to a pension or other death benefit under the Plan, the surplus shall be paid to that spouse or former spouse;
 - (ii) If there is no such spouse or former spouse, if the individual designated a beneficiary or beneficiaries under the Plan, the surplus shall be paid to that beneficiary or those beneficiaries; or
 - (iii) If there is no such spouse or former spouse, and no beneficiary had been designated by the individual, surplus shall be paid to the individual's estate.
 - (k) Any distribution of surplus under this paragraph 11.1 may be combined with the first distribution of surplus contemplated under this Agreement, as Canada Life may determine appropriate in its sole discretion.
 - (l) Individuals included in the Prior PWUs will not share in any second surplus distribution as contemplated in this paragraph 11.1.
 - (m) Any second surplus distribution as contemplated in this paragraph 11.1 will be subject to applicable regulatory approvals, if any.
13. This Amendment shall be subject to the approval of the Ontario Superior Court of Justice pursuant to section 29 of the Ontario *Class Proceedings Act, 1992*. Unless and until the Ontario Superior Court of Justice approves this Amendment, it shall be of no force or effect.
14. This Amendment to the Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
15. The Parties have required that this Amendment to the Agreement and all deeds and documents relating to this Agreement be drawn up in the English language. Les Parties aux présentes ont exigé que le présent contrat et tous autres contrats et documents afférents aux présentes soient rédigés en langue anglaise.

Executed as of the date first written above.

CLPENS EXECUTIVE, by their counsel



Koskie Minsky LLP

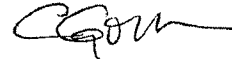
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PLAINTIFFS, by their counsel



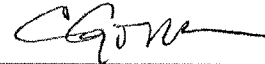
Koskie Minsky LLP

PELICAN COMMITTEE, by their counsel



Koskie Minsky LLP

INDAGO COMMITTEE, by their counsel



Koskie Minsky LLP

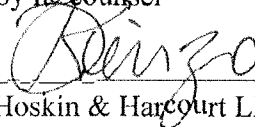
ADASON COMMITTEE, by their counsel



Sack Goldblatt Mitchell LLP

**THE CANADA LIFE ASSURANCE
COMPANY**, by its counsel

By:



Osler, Hoskin & Harcourt LLP

This is EXHIBIT "E" referred to in the
Affidavit of Jonathan Foreman
sworn before me this 8 day of March 2013.

A handwritten signature in black ink, appearing to read 'Ba', followed by a horizontal line.

A Commissioner, etc.

Bradley James Adams, a Commissioner,
etc., Province of Ontario,
while a Student-at-Law.
Expires August 27, 2015.

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

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO MEMBERS OF THE INTEGRATION PARTIAL WINDUP

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 members of the Integration Partial Wind Up Sub-Class included in the Canada Life Class Action Settlement (the “Integration 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 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.

The effect of this decrease in estimated surplus is that there will be substantially less surplus to distribute than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements) and accordingly, the amount of surplus to be distributed was never guaranteed, nor can it be guaranteed at this time.

The decrease in estimated surplus does not, however, impact your basic pension entitlement whatsoever.

With the assistance of Class Counsel, we have been working to find ways to address this situation. 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.

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 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.

Purchase of Annuities

The Settlement required Canada Life to purchase annuities for all members of the Integration PWU Group who did not elect to transfer a lump sum amount out of the Plan in satisfaction of their earned pension benefits. In the Spring of 2012 Canada Life approached seven Canadian insurance companies to solicit bids to provide these annuities, but none of the insurance companies chose to provide bids. Because this term of the Settlement therefore could not be implemented, Canada Life instead transferred the assets and liabilities related to these members of the Integration PWU Group to the ongoing portion of the Plan. For these members, their pensions will therefore be paid from the Plan, and not through an annuity purchased from an insurance company as originally contemplated under the Settlement.

Those members of the Integration PWU Group who had not elected to transfer a lump sum amount out of the Plan in satisfaction of their earned pension benefits received a letter from Mercer in January 2013, informing them that their pension would be paid from the ongoing Plan instead of through an annuity issued by an insurance company. In order to comply with regulatory requirements, these members were given a second opportunity to elect the lump sum transfer option instead.

Amount of Surplus

The economic factors contributing to the initial decrease in surplus reported to you in Spring, 2012 have persisted. As a result, the net *estimated* Integration PWU Surplus available for distribution as at August 31, 2012 was **\$2.6 million**.

Under the Amended Settlement, the parties have agreed to augment the surplus available for distribution as follows:

- Canada Life will waive its right to receive interest on its expense reimbursement from the Plan, in respect of the period from August 31, 2012 to December 31, 2013, and the amount otherwise payable to it will be added to the Integration PWU Surplus. It is

estimated that this will increase the Integration PWU Surplus by approximately **\$800,000**;

- Canada Life will waive reimbursement of a portion of its legal fees in the amount of **\$500,000**, and will apply this amount to the Integration PWU Surplus;
- In addition, Class Counsel will forego the legal fees that were approved by the Court for work to be completed after the settlement in January 2012, estimated at **\$200,000**, and this amount will be paid solely to the benefit of the Integration PWU members and to the Pensioners and Deferred Vested Members.

Under the Settlement, Class Members will receive at least the promised \$1000 minimum lump-sum payment. In accordance with the current Settlement, if any member of the Integration PWU Group, or any Pensioner or Deferred Vested Member, would be receiving less than \$1000 in surplus, the surplus shares for individuals receiving more than \$1000 would be reduced and a portion of their surplus would be re-allocated to those who would otherwise receive less than \$1000, to bring everyone up to \$1000. Under the Amended Settlement, however, Canada Life will make any top-up payments required to bring the surplus share for members of the Integration PWU Group up to that \$1000 level, if such a member would otherwise be receiving less than \$1000 (estimated cost to Canada Life of **\$1,200,000**).

While these aspects of the Amended Settlement are intended to increase the amount of Integration PWU Surplus ultimately available for distribution, it is important to note that the amount of surplus to be distributed cannot be guaranteed.

Possible Second Surplus Distribution

The Settlement provided for a one-time payment of surplus shares to members of the Integration Partial Wind Up, to Pensioners and Deferred Vested Members, and to members affected by the Prior Partial Wind-Ups. Under the Amended Settlement, the parties have now agreed that a second surplus distribution may also occur in the future, as further described below.

Under the Amended Settlement, there may be a second distribution of surplus to members of the Integration PWU Group and to eligible Pensioners and Deferred Vested members if a surplus exists as at December 31, 2014 (the “2014 Gross Surplus”) related to the assets and liabilities transferred to the ongoing portion of the Plan in respect of the Integration PWU Group members who do not elect to transfer their benefits out of the Plan. If the certified actuarial report of the Plan actuary discloses such a surplus, then a portion of such surplus, calculated in accordance with the terms of the Amended Settlement, will be distributed to the Integration PWU Group and eligible Pensioners and Deferred Vested Members subject to the following calculations and limits:

- 10% of the 2014 Gross Surplus shall be deducted off the top and remain in the Plan as a cushion;
- The 2014 Gross Surplus will be reduced to take into account any contributions and other payments (together with interest at the Plan rate of return) made by Canada Life into the

Plan after August 31, 2012 and that are notionally allocated to the assets and liabilities related to the Integration PWU Group members;

- 69.66% of the net Surplus will be paid to the Integration PWU Group and eligible Pensioners and Deferred Vested members, in accordance with the percentages set out in the Settlement;
- The total amount of all surplus payments to the Integration PWU Group and to eligible Pensioners and Deferred Vested Members under the possible second distribution will be capped at \$15 million;
- The amounts distributed to members of the Integration PWU Group and to eligible Pensioners and Deferred Vested Members will be calculated in accordance with the formula set out in the Amended Settlement, which takes into consideration amounts paid under the initial surplus distribution;
- In order to avoid distributing numerous small amounts, the threshold for surplus payments under the possible second distribution is \$100: if, based on the formula under the Amended Settlement, any individual would be receiving \$100 or less, no payment will be made to that individual and the individual's surplus share will instead be shared with the remaining members (if any) who are receiving \$100 or more.

The drop in the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties. The Amended Settlement gives effect to intentions under the original Settlement based on the much lower surplus, but gives hope for a future distribution of surplus if the underlying economic assumptions improve. We recommend the Amended Settlement as fair and reasonable, and in the best interests of the Class as a whole.

The Settlement for PWU members of the Pelican, Adason and Indago groups, and the contribution holidays for active Plan members, are not changing under the Amended 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>.

Next Steps

As stated above, the parties are bringing a motion for approval of the Amended Settlement on March 18, 2013, at 10:00 a.m. 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 canadalifecclass@kmlaw.ca

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

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

IMPORTANT INFORMATION ABOUT THE CLASS PROCEEDINGS

NOTICE TO PENSIONERS AND DEFERRED/VESTED 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 Pensioners, Deferred/Vested, and Quebec Cash-Out Members (or the spouses, estates, heirs, beneficiaries and representatives of those who have died) included in the Canada Life Class Action Settlement, 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 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 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.

The effect of this decrease in estimated surplus is that there will be substantially less surplus to distribute than the amount used to calculate the surplus share estimates communicated in the Member Information Packages sent out in March 2011. The surplus estimate in connection with the Integration PWU was always, however, a variable amount (dependent on factors such as interest rate movements) and accordingly, the amount of surplus to be distributed was never guaranteed, nor can it be guaranteed at this time.

The decrease in estimated surplus does not, however, impact your basic pension entitlement whatsoever.

With the assistance of Class Counsel, we have been working to find ways to address this situation. 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.

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 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.

Amount of Surplus

The economic factors contributing to the initial decrease in surplus reported to you in Spring, 2012 have persisted. As a result, the net *estimated* Integration PWU Surplus available for distribution as at August 31, 2012 was **\$2.6 million**.

Under the Amended Settlement, the parties have agreed to augment the surplus available for distribution as follows:

- Canada Life will waive its right to receive interest on its expense reimbursement from the Plan, in respect of the period from August 31, 2012 to December 31, 2013, and the amount otherwise payable to it will be added to the Integration PWU Surplus. It is estimated that this will increase the Integration PWU Surplus by approximately **\$800,000**;
- Canada Life will waive reimbursement of a portion of its legal fees in the amount of **\$500,000**, and will apply this amount to the Integration PWU Surplus;
- In addition, Class Counsel will forego the legal fees that were approved by the Court for work to be completed after the settlement in January 2012, estimated at **\$200,000**, and this amount will be paid solely to the benefit of the Integration PWU members and to the Pensioners and Deferred Vested Members.

Under the Settlement, Class Members will receive at least the promised \$1000 minimum lump-sum payment. In accordance with the current Settlement, if any member of the Integration PWU Group, or any Pensioner or Deferred Vested Member, would be receiving less than \$1000 in surplus, the surplus shares for individuals receiving more than \$1000 would be reduced and a portion of their surplus would be re-allocated to those who would otherwise receive less than \$1000, to bring everyone up to \$1000. Under the Amended Settlement, however, Canada Life will make any top-up payments required to bring the surplus share for members of the Integration PWU Group up to that \$1000 level, if such a member would otherwise be receiving less than \$1000 (estimated cost to Canada Life of **\$1,200,000**).

While these aspects of the Amended Settlement are intended to increase the amount of Integration PWU Surplus ultimately available for distribution, it is important to note that the amount of surplus to be distributed cannot be guaranteed.

Possible Second Surplus Distribution

The Settlement provided for a one-time payment of surplus shares to members of the Integration Partial Wind Up, to Pensioners and Deferred Vested Members, to Quebec Cash-Out Members, and to members affected by the Prior Partial Wind-Ups. Under the Amended Settlement, the parties have now agreed that a second surplus distribution may also occur in the future, as further described below.

Under the Amended Settlement, there may be a second distribution of surplus to members of the Integration PWU Group, to eligible Pensioners and Deferred Vested members, and to Quebec Cash-Out Members, if a surplus exists as at December 31, 2014 (the “2014 Gross Surplus”) related to the assets and liabilities transferred to the ongoing portion of the Plan in respect of the Integration PWU Group members who do not elect to transfer their benefits out of the Plan. If the certified actuarial report of the Plan actuary discloses such a surplus, then a portion of such surplus, calculated in accordance with the terms of the Amended Settlement, will be distributed to these groups subject to the following calculations and limits:

- 10% of the 2014 Gross Surplus shall be deducted off the top and remain in the Plan as a cushion;
- The 2014 Gross Surplus will be reduced to take into account any contributions and other payments (together with interest at the Plan rate of return) made by Canada Life into the Plan after August 31, 2012 and that are notionally allocated to the assets and liabilities related to the Integration PWU Group members;
- 69.66% of the net Surplus will be paid to the Integration PWU Group, to eligible Pensioners and Deferred Vested members, and to Quebec Cash-Out Members, in accordance with the percentages set out in the Settlement;
- The total amount of all surplus payments to the Integration PWU Group, to eligible Pensioners and Deferred Vested Members, and to Quebec Cash-Out Members under the possible second distribution will be capped at \$15 million;
- The amounts distributed to members of the Integration PWU Group, to eligible Pensioners and Deferred Vested Members, and to Quebec Cash-Out Members will be calculated in accordance with the formula set out in the Amended Settlement, which takes into consideration amounts paid under the initial surplus distribution;
- In order to avoid distributing numerous small amounts, the threshold for surplus payments under the possible second distribution is \$100: if, based on the formula under the Amended Settlement, any individual would be receiving \$100 or less, no payment will be made to that individual and the individual’s surplus share will instead be shared with the remaining members (if any) who are receiving \$100 or more.

The drop in the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties. The Amended Settlement gives effect to intentions under the original Settlement based on the much lower surplus, but gives hope for a future distribution of surplus if the underlying economic assumptions improve. We recommend the Amended Settlement as fair and reasonable, and in the best interests of the Class as a whole.

The Settlement for members of the Pelican, Adason and Indago groups, and the contribution holidays for active Plan members, are not changing under the Amended 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>.

Next Steps

As stated above, the parties are bringing a motion for approval of the Amended Settlement on March 18, 2013, at 10:00 a.m. 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 canadalifeclass@kmlaw.ca

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

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 (canadalifeclass@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 canadalifeclass@kmlaw.ca

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

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 canadalifeclasse@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.

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

This is EXHIBIT "F" referred to in the
Affidavit of Jonathan Foreman
sworn before me this 8 day of March 2013.



A Commissioner, etc.

Bradley James Adams, a Commissioner,
etc., Province of Ontario,
while a Student-at-Law.
Expires August 27, 2015.

Clio M. Godkewitsch

From: Clio M. Godkewitsch
Sent: March-07-13 1:49 PM
To: 'anne_carey@rogers.com'
Cc: Canada Life Main Pension Class Action
Subject: RE: Canada Life Class Action

Ms. Carey,

We acknowledge receipt of your email below. We will bring your objection to the Court's attention. Should you wish to make submissions to the Court regarding the fairness of the proposed amendments to the Surplus Sharing Agreement, you may attend as Osgoode Hall on March 18, 2013 at 10 a.m. As noted in the Notice to the Class, your right to make submissions at the hearing will be subject to the Court's discretion, and the Court will only be considering amendments to the Settlement. As such, objections must be limited to the substance of the proposed amendments, and should not address the Settlement itself, which has already been approved.

Clio

From: anne_carey@rogers.com [mailto:anne_carey@rogers.com]
Sent: February-21-13 6:36 PM
To: Clio M. Godkewitsch
Cc: Canada Life Main Pension Class Action; clpens@rogers.com; Mark Zigler; Anthony Guindon; jan_durst@rogers.com
Subject: Re: Canada Life Class Action

Thank you for your response.

Interest Rates have been at historic lows since 2003 when GWL laid off 3K plus Canada Lifers, and every single piece of communication since then in respect of our surplus, never once mention, highlighted, referenced or pointed out to the reality that you have outlined below. On the contrary, it has been communicated several times the amount of approx. \$38K I would be receiving.

I am not an actuary, however, it appears to me that someone...made a grossly incompetent forecast on the uptake numbers of CLA pensions remaining with CLA - resulting in this situation - which - from my perspective has very little if anything to do with low interests. We are dealing with one of Canadas largest Insurers, surely they know going back to 2007 the ultimately long term effect of these said interest rates.

Regardless, I am not agreeing to this amendment, and if push comes to shove, that \$1K piddly amount I shall be directing towards a private Civil Action.

In the meantime, myself and few others are soliciting Media assistance in bringing this to the attention of any and all other poor joe-blows like ourselves, who have been taken on.

Great Waste of Life - that is exactly the words used back in 2003 - by other employees of companies taken over by them - how true.

Anne Carey

-- On Thu, 2/21/13, Clio M. Godkewitsch <cgodkewitsch@kmlaw.ca> wrote:

From: Clio M. Godkewitsch <cgodkewitsch@kmlaw.ca>
 Subject: Canada Life Class Action
 To: anne_carey@rogers.com
 Cc: "Canada Life Main Pension Class Action" <canadalifecclass@koskieminsky.com>, clpens@rogers.com, "Mark Zigler" <mzigler@kmlaw.ca>, "Anthony Guindon" <aguindon@kmlaw.ca>, jan_durst@rogers.com
 Date: Thursday, February 21, 2013, 8:31 PM

Dear. Ms. Carey,

Your email has been forwarded to me for response.

There are no meetings with Class Members scheduled to take place before the Court hearing on March 18, however we are always accessible to respond to questions, and will do so throughout this process.

The settlement has already been approved by the Court and that decision cannot be reversed. The original settlement – which members had the opportunity to consent to - was incapable of being implemented for the reasons described in the letters to Class members. Amending the settlement in the proposed manner makes it possible to give effect to the agreement, as well as provide some hope for a future surplus distribution. Canada Life did not believe that the agreement was incapable of being implemented, and was prepared to go ahead in any event, but we were able to negotiate some terms that would secure at least the minimum payments for members, and create an opportunity for another distribution if economic circumstances improve.

We appreciate the significant frustration among the Class. No action against the Plan actuaries is under consideration or has any chance of success. It is important to note that the decline in surplus is NOT as a result mismanagement of pension assets. In fact, the assets have grown over the period of this litigation. However, the liabilities – i.e. the cost of paying pensions to all the members of the Integration Partial Wind Up group – have also increased in the same period, to the extent that they have eaten away at the surplus. This is primarily because of low interest rates: when interest rates are low, it costs more to buy an annuity to pay for a pension. Prevailing interest rates are not within the control of the parties, nor did anyone envision that they would decline to historically low levels. This is not a case where someone is at fault, rather it is the unfortunate consequence of poor economic circumstances.

We realize this is cold comfort, but we cannot change the facts. Please be reassured that your Court-appointed representatives, who are also members of the Integration Partial Wind Up Group like you and are affected precisely the same way, have acted in the best interests of all Class members at every step of the process, and are committed to seeing this through to conclusion.

Clio

From: anne_carey@rogers.com <anne_carey@rogers.com>
 Subject:
 To: "clpens@rogers.com" <clpens@rogers.com>
 Cc: "jan_durst@rogers.com" <jan_durst@rogers.com>
 Date: Monday, February 18, 2013, 8:59 PM

When are we having a meeting to discuss this criminal handling of our Surplus? Why are the group members not having a vote on this amendment? Has anyone thought of going to the media? Bring another against the company actuaries? Any "reasonable" man or woman would agree we were all led down the garden path on this one.....Yours very truly and taking action.....Anne Carey

Clio M. Godkewitsch

Koskie Minsky LLP
Barristers & Solicitors
20 Queen Street West
Suite 900, Box 52
Toronto, ON
M5H 3R3

Tel: 416.595.2120
Fax: 416.204.2827

www.kmlaw.ca

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Uma Ratnam

From: Anthony Guindon
Sent: February-21-13 2:36 PM
To: 'Henry_Rachfalowski@manulife.com'
Subject: Canada Life

Dear Mr. Rachfalowski,

We acknowledge receipt of your email dated February 20, 2013. We will bring your objection to the Court's attention. Should you wish to make submission to the Court regarding the fairness of the proposed amendments to the Surplus Sharing Agreement, you may attend at the motion at Osgoode Hall on March 18, 2013, at 10 a.m. As is noted in the Notice to the Class, your right to make such submissions at the hearing will be subject to the Court's discretion, and the Court will only be considering the amendment to the Settlement. As such, objections must be limited to the substance of the proposed amendments to the Settlement, and should not address the Settlement itself, which has already been approved by the Court.

Regards,

ANTHONY GUINDON
Koskie Minsky LLP
900-20 Queen Street West
Toronto, Ontario
M5H 3R3
Tel: 416-595-2118
Fax: 416-204-2826
email: aguindon@kmlaw.ca

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Uma Ratnam

From: Henry Rachfalowski <Henry_Rachfalowski@manulife.com>
Sent: February-20-13 4:53 PM
To: Canada Life Main Pension Class Action
Subject: Changes to Settlement

To Whom it May Concern,

I am opposed to the changes proposed in the undated Notice to Members of the Integration Partial Windup (February 2013 on your website). I believe that all fees and expenses should be revisited and I believe that the distribution of any funds should be done on a pro-rata basis.

Henry A. Rachfalowski
Vice President & Senior Managing Director, Canadian Credit
Manulife Financial
200 Bloor Street East, NT4, B15
Toronto ON M4W 1E5
Bus: 416-852-3773
Fax: 416-852-6333
Exec. Assistant: Deborah Halls (416) 852-4098 x 224098

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Uma Ratnam

From: Canada Life Main Pension Class Action
Sent: February-22-13 2:30 PM
To: 'oktruong@yahoo.ca'
Subject: CL - Oanh Emily Truong

Dear Oanh,

Thank you for your email. In terms of your question regarding the potential second surplus distribution, we are not in a position to estimate whether there will in fact be a sufficient surplus to generate a second distribution, nor the amount of such a surplus. The amendment simply specifies that any second distribution will be capped at a maximum of \$15 million. While we hope such a distribution will take place, much will depend upon the future economic conditions.

We will bring your objection to the Court's attention. Should you wish to make submission to the Court regarding the fairness of the proposed amendments to the Surplus Sharing Agreement, you may attend at the motion at Osgoode Hall on March 18, 2013, at 10 a.m. As is noted in the Notice to the Class, your right to make such submissions at the hearing will be subject to the Court's discretion, and the Court will only be considering the amendment to the Settlement. As such, objections must be limited to the substance of the proposed amendments to the Settlement, and should not address the Settlement itself, which has already been approved by the Court.

Regards,

Communications Department
 Koskie Minsky LLP | Barristers & Solicitors
 Toll-Free Hotline 1-800-286-2266 / Fax 416-204-2897
 E-mail canadalifeclass@kmlaw.ca
<http://www.kmlaw.ca/canadalifeclass>

If you no longer wish to receive our email messages, please email us at canadalifeclass@kmlaw.ca

--- On Thu, 2/21/13, Oanh Truong <oktruong@yahoo.ca> wrote:

From: Oanh Truong <oktruong@yahoo.ca>
 Subject: Re: Recent Developments
 To: "Pension Group" <clpens@rogers.com>
 Date: Thursday, February 21, 2013, 12:04 PM

Dear Sirs, Madams,

Thank you for letting me know.

I understand the difficult economic time, interest rate can effect the surplus. However, it should not be a main reason to reduce the PWU substantially. It is Employee's pension plan, our surplus. We already give up already so much. In my opinion, no matter what we should receive closed to estimated.

My concern is the possible second distribution. Is it going to be 15 millions??

I am going to object to the amendments.

Hopefully the issue will be resolved fairly, reasonable.

Sincerely ,

Oanh Emily Truong
416 251 4052
416 816 9955
Oktruong@yahoo.ca

On 2013-02-20, at 12:32 PM, "Pension Group" <clpens@rogers.com> wrote:

In case anyone has not received the February 2013 letter from Koskie Minsky LLP, this is to let you know that their website has been updated to reflect the most Recent Developments concerning the Surplus Settlement. Copies of the letters sent to affected groups are available here.

Uma Ratnam

From: Paul Ludzki <pludzki@sympatico.ca>
Sent: March-06-13 10:01 PM
To: Canada Life Main Pension Class Action
Subject: Letter of Objection to Canada Life Class Action Settlement Amendments
Attachments: CLA Settlement Objection.doc; ATT1818002.txt

My Letter of Objection to the amended settlement in the Canada Life class action proceedings is attached.

To Counsel for the Canada Life ex-employees and to the Ontario Superior Court

Re: Canada Life Employees Pension Plan – Class Action Proceedings and Amended Settlement Proposal

I object to the amended settlement on the grounds that it violates the principle of natural justice. It rewards Canada Life (Great West Life) for a decade of resistance to paying the employees their share of the pension surplus, and it penalizes the employees for spending all that time negotiating and eventually agreeing to a dramatically different settlement than what we are presented with now.

The numbers speak for themselves. During the ten years that have passed since Great West Life spent \$7.4 Billion dollars to buy Canada Life, Great West Life recorded an annual profit of around \$2 Billion per year (more, in most years). All this time the company held on to the estimated \$100 Million pension surplus, resisting ex-employees' claim to it, knowing that the employees are losing years of opportunity to enjoy their share of the money while the company merrily goes along making money regardless of what happens to the pension surplus. Finally a settlement is reached, on the basis of which the ex-employees are given an estimated payout which sounds significant, so we agree to the settlement. However the settlement is engineered so that the wealthy insurance company doesn't simply pay the settlement amount to the employees, but rather it is "required" to ask other insurance companies to provide annuities to the plaintiffs. Lo and behold, these other insurance companies decline to do so, and Great West/Canada Life, after counting another \$2+ billion dollar profit in the ensuing year, is able to plead poverty and an inability to pay out even the half of the \$100M surplus it had settled for, instead declaring that it is now only able to pay 3% of the original surplus, on the basis of "a change in the prescribed actuarial assumptions" and the fact that a lot of the ex-employees selected one of the pension options they were offered by the company (which pensions, incidentally, have been frozen for 10 years because of the company's intransigence and preference for legal manoeuvring.)

Great West Life (Canada Life) can easily afford to pay the amounts that were estimated in the original settlement proposal. Hiding the surplus back inside the ongoing pension plan does not change that fact. Neither do "difficult economic circumstances" change that fact. (At \$2+ Billion profit per year, Great West Life is clearly not suffering from difficult economic circumstances.)

The plaintiffs and their lawyers should not accept this settlement and the court should not enforce it. The court should enforce a payout in line with the numbers that were presented to the ex-employees when the settlement was first proposed. Anything less is a violation of the trust and goodwill expressed at the time by the employees, and a perversion of the settlement agreement which only benefits the company.

Paul Ludzki
43 Lawrence Ave. W.,
Toronto, ON M5M 1A3
Canada Life employee 1994-2004

Piche, Amanda

From: dfilipovi@sympatico.ca
Sent: March-07-13 10:24 PM
To: Canada Life Main Pension Class Action
Cc: cipens@rogers.com
Subject: revised * re. Canada Life Pension Plan: Objections/Comments for hearing of March 18, 2013

*** Please use this version instead of the one send earlier today. It corrects a date from Feb. 4/13 to Feb. 14/13 ***

The following letter is entrusted to Koskie Minsky LLP for filing with the Court in advance of the hearing

Objections / Comments to the amendments to the Settlement for consideration by Ontario Superior Court

While the letter of the law may have been adhered to in "managing" the surplus funds from an estimated \$92,994,000 at June 30, 2005 (Line 33 of the Feb. 6/12 document from Ontario Superior Court) to an estimated \$2.6 million at August 31, 2012 (letter of Feb. 14/13 from CLPENS), the Smell Test has been failed, badly.

All the waiving of rights to receive interest (a measly \$800G), waiving reimbursement of legal fees (a meager \$500G), foregoing legal fees (a paltry \$200G) mentioned in the letter of Feb. 14/13 is much too little, much too late – just insulting. The parties responsible for the stewardship of these funds should have been exercising sound action years earlier.

The letter of Feb. 14/13 stated "The drop is the estimated Integration PWU surplus is a regrettable consequence of economic circumstances beyond the control of the parties." This hand-washing of any responsibility and utter lack of accepting accountability is very disappointing.

Based on the atrocious governance of funds by the parties charged with stewardship of the moneys of +2,000 others I cannot believe that the proposed settlement represents the best possible outcome. I therefore wish to formally object to the proposed amendments to the Settlement.

Sincerely,
 David Filipovich
 Canada Life employee 1989 - 2003

Piche, Amanda

From: Fred Taggart <fjtaggart@yahoo.com>
Sent: March-08-13 8:01 AM
To: Canada Life Main Pension Class Action
Subject: Amended Settlement Court Proceedings on March 18, 2013
Attachments: CLA-CLPENS Amendment - Response to Court PDF.pdf

Attached is commentary that I wish to have presented to the Court for consideration in the above matter.

I intend to share this document later today with each member of the CLPENS Executive Committee and then later again more broadly with plan members who may have an interest in these proceedings.

Please confirm receipt of the attached PDF file and please also confirm that this commentary will be presented to the Court prior to March 18, 2013.

Sincerely,

Fred Taggart

4204 Colonial Drive,
Mississauga, ON L5L 4B9

March 8, 2013

The Honourable Justice Perell
Ontario Superior Court of Justice

Background

I am a member of the Canada Life Pension Plan and a former executive at Canada Life. I was employed by Canada Life from 1973 until 2003. My last position at Canada Life was Vice President, Individual Insurance where I was responsible for the individual insurance operations in Canada. Prior to that, I was Vice President, Investments and Pensions and was responsible for Group Pension operations and Individual wealth accumulation products in Canada. I was part of the executive team that lost employment after the acquisition of Canada Life by Great-West Life in 2003. More than 2100 other employees of Canada Life also lost their jobs during this period.

I am also a former member (Oct, 2005 to Oct, 2007) of the CLPENS Executive Committee. I resigned from the Executive Committee in late October, 2007. Since that time, and until now, I did not speak against the settlement and I voted in support of the settlement that was presented in March, 2011.

I am very concerned with the disappearance of surplus from the Pension Plan. I am also concerned with the process that has been followed to get us to the point where individual plan members have to approach the court to be heard.

This proposed amendment is a hugely material change to the original settlement, and the settlement as amended would not have the support of members.

Where did the surplus go?

The original settlement proposed distributing \$62m of surplus. This was down from a reported PWU surplus of \$103m in 2006. The reasons given for the sharp drop were:

- 1) less investment income than anticipated
- 2) a change in actuarial assumptions - now expected that more people will opt for a guaranteed benefit rather than a commuted value

That brought the surplus down to \$72m and, net of expenses the expected distribution was \$62m.

After the settlement was approved by the court, the reported surplus dropped from \$62m to less than \$10m. The reasons given for this second sharp drop were:

- 1) persistent low interest rates which increase the cost of the basic benefits
- 2) a change in actuarial assumptions ... now recognize that even more people opted for a guaranteed benefit rather than a commuted value

It should be noted that both the low interest environment and the number of people opting for a guaranteed benefit were known well before the court date.

As a prelude to this amendment now before the court, we hear that the surplus has dropped to a mere \$2.6m and it may be enhanced slightly with forgiveness of interest charges and by waiving a small portion of the legal fees. The reasons given for this latest drop in surplus are:

- 1) persistent low interest rates which increase the cost of basic benefits
- 2) a much higher take-up rate than anticipated of those opting for a guaranteed benefit rather than a commuted value

We also learn that Canada Life was unable to find a provider of insured annuities for this group of members (those in the Partial Wind-up) despite shopping the opportunity among 7 life insurers in Canada. Instead, Canada Life will be "forced" to keep paying the members from the fund.

Some questions the Court may wish to explore are:

- 1) Why would the number of people opting for a guaranteed benefit rather than a commuted value have any effect on the surplus? These two options are supposed to be actuarially equivalent. Of course they will only be actuarially equivalent if they are valued using the same assumptions.

These two options in fact use widely different assumptions. Canada Life calculates the commuted values as of the member's termination date. Therefore the actuarial assumptions are based on a standard effective in 1993 and uses interest and mortality assumptions that are 10 years and 30 years respectively out of date. Those opting for a commuted value are assumed to earn 6% annually on the money - for each and every year from 2003 onwards. This assumption drives down the commuted value. The mortality assumption is based on mortality tables from 1983 and therefore ignores that people now live longer. By overstating interest rates and

understating how long people will live, the commuted value (i.e. the value of the pension) is significantly understated. The high take-up rate of those opting for a guaranteed benefit should come as a surprise to no-one. Members simply cannot replace the lost income stream with the commuted values offered.

Now let's look at those who opt for guaranteed benefits – how are their pensions valued? The actuarial assumptions used to value those pensions are the very opposite of those used for the commuted values. Not only do they now reflect longer lifespans (as they should) but they also assume that today's historically low interest rates will persist into the future. This increases the "assumed" cost of the benefit and eats into the surplus.

So, again, the question is, why would the value of the pension differ depending on whether the benefit is left in the fund or taken out? Actuarial standards set in 1993 never anticipated that disbursements would be made 20 years later using those standards, or that plan sponsors would conveniently ignore updated standards that are meant to ensure equitable treatment.

One of the ways to ensure that no-one "games" the system is to give plan members a choice of a commuted value or an insured annuity – the understanding being that market competition will always provide a fair cost for an insured annuity. This leads to the next question.

2) Why would no insurance company in Canada want to bid on a block of business that is in the hundreds of millions of dollars? Was the bid structured in such a way as to preclude any reasonable response? Who were the 7 companies that Canada Life approached? Did they include Canada Life itself, sister company London Life, parent company Great-West Life? If annuities are purchased, current pension values are crystallized and members can have comfort that the cost to the fund is both fair and permanent. If instead, those pension costs are simply estimated there is no assurance that the cost to the fund is either fair or permanent.

3) Now that the assets and liabilities have been transferred to the on-going plan, what happens if and when interest rates recover to a historically normal level? Don't the liabilities shrink as rapidly as they ballooned ... thus restoring the healthy surplus that the plan has enjoyed for decades? With a certain set of assumptions, we've seen nearly \$100m disappear in the last 6 years. With a different set of assumptions, might we see the \$100m reappear in the next 6 years?

It is unlikely that we will see a rebound by 31Dec14 as the US Fed is on record to hold interest rates steady until at least mid-2014. However, if it did magically occur, why would the second surplus distribution be capped at \$15m?

It seems to this observer that Canada Life has seen a window of opportunity to move assets and liabilities to the ongoing plan, temporarily value the liabilities at historically low interest levels, distribute a severely diminished surplus to the plan members, and then wait for rising interest rates to restore the healthy surplus that the plan has enjoyed for many years. With a timely decision to make payments from the fund rather than purchasing annuities, Canada Life has locked the members' surplus claims into these tough economic circumstances while insulating their own share and in fact the entire PWU surplus from those same economic circumstances.

The process is unfair

All of this is being done via an amendment to the settlement, with no further information sessions for plan members, no opportunity to ask questions, and no opportunity to vote - yet members are bound by all of the terms and conditions and concessions that they agreed to in the original settlement when they believed they would share in \$62m rather than less than \$5m.

This negotiation process has dragged on for 8 years now. Suddenly, when the surplus has nearly evaporated (and only temporarily so), there is a rush to bring closure to the process. The original settlement was approved by the court on January 27, 2012. Members heard nothing more from CLPENS until May, 2012 when they were informed that the surplus had dropped by more than 80%. Then no further communication until the third week of February, 2013 when we learn the surplus has dropped a further 60%, and a settlement amendment was announced along with a pre-arranged court date. At that time, members had a mere three weeks to attempt to understand what has transpired and to individually comment or object to the court.

What should the Court do?

I respectfully submit that the Court should disallow this amendment. The original settlement terms should be enforced or, if that is not possible, then the original settlement set aside.

When members voted in favour of the settlement, they granted many concessions to Canada Life – forgiveness of expenses withdrawn from the plan in the past, the right to take future expenses from the plan, effective control of future surplus (to fund company contributions holidays). They also signed a release against any future claims against the Plan assets.

None of that would now have the support of plan members.

Respectively submitted,

Fred J Taggart