

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 canadalife@kmlaw.ca

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