

Notice to Class Members Concerning the Class Proceeding
in respect of the Canada Life Canadian Employees Pension Plan (the "Plan")

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

The purpose of this communication is to provide all Class Members with notice of a new amendment (the "Revised Amendment") to the settlement which was originally approved by the Ontario Superior Court of Justice by Order dated January 27, 2012, and to advise of the process for seeking Court approval of the amended settlement terms.

Information sessions regarding the Revised Amendment will be held for Class Members during which questions may be directed to Class Counsel. Further details regarding the rights of Class Members and the upcoming information sessions are provided below.

This is a court-approved notice which follows all previous court-approved notices to Class Members concerning the class proceeding in respect of the Plan. A detailed history of the proceedings is posted on the website of Class Counsel at <http://www.kmlaw.ca/canadalifecclass>.

The Ontario Superior Court Declined to Approve the Previous Amendment to the Surplus Sharing Agreement ("SSA"):

In March 2013, the Ontario Superior Court of Justice declined to approve the previous amendment to the terms of the SSA (which as noted above had been approved by the Court in January, 2012). The previous amendment, which was described in a notice sent to all Class Members earlier this year, was negotiated in response to the fact that the estimated Integration Partial Wind Up surplus was significantly lower than the estimate of the surplus at the time the SSA was originally approved by the court in January, 2012. The Court's reasons for decision may be accessed on Class Counsel's website at <http://www.kmlaw.ca/canadalifecclass>. Canada Life filed an appeal to the Ontario Court of Appeal asking that court to overturn the decision of the lower court and to approve the proposed amendment to the SSA. The appeal was scheduled to be heard on October 9, 2013.

The Plaintiffs Pursued Further Negotiations with Canada Life and Agreement on a Revised Amendment to the SSA Has Been Reached:

After the Court declined to approve the previous amendment to the SSA, Class Counsel sought further negotiations with Canada Life. In September and October of 2013 negotiations commenced and progressed such that new settlement terms were reached. Canada Life adjourned its appeal to the Ontario Court of Appeal to allow the parties time to reach agreement on the wording of the Revised Amendment to the SSA to reflect the agreement reached between the parties. The terms of the Revised Amendment are subject to Court approval.

In negotiating the terms of the Revised Amendment, the plaintiffs and Class Counsel paid close attention to the reasoning of the Ontario Superior Court in its decision declining to approve the previous amendment to the SSA that was considered by the Court in March of this year. In assessing that decision and all other prevailing circumstances, the plaintiffs set out to achieve the following objectives in the negotiations: 1) recover as much of the lost value under the settlement as possible for Class Members; 2) secure a guaranteed recovery for Class Members such that settlement benefits will not be at risk of contingent events and uncertain future economic conditions, and 3) deliver those guaranteed results in a timely way without any further delay.

The plaintiffs and Class Counsel also maintained communication with Class Members who had objected to the proposed amendment considered by the Court in March 2013. The concerns raised by those Class Members were also given due consideration in the formulation of the Revised Amendment terms. The Revised Amendment was negotiated exclusively by the plaintiffs through Class Counsel with Canada Life. After several rounds of hard bargaining a result was achieved which we believe ensures a fair outcome for all Class Members in the circumstances. This outcome is far preferable to continued litigation.

In order to arrive at a settlement which met the stated objectives, Canada Life was asked to pay amounts above and beyond the estimated existing Integration Partial Wind Up surplus. The company has agreed to do so in addition to other concessions it has made, all of which is further described below.

The Revised Amendment Terms:

The terms of the Revised Amendment achieve the stated goals. A copy of the proposed Revised Amendment can be reviewed on the website of class counsel at <http://www.kmlaw.ca/canadalife/class>, the key terms of which are as follows:

- 1) There will be a single distribution of surplus to the Class which will occur immediately following court and regulatory approval.
- 2) Each member of the Integration Partial Wind-Up Sub Class and each member of the Inactive Eligible Non-PWU Sub Class (i.e. pensioners and deferred/vested members) are guaranteed to receive a surplus payment equal to the greater of 56% of the amount that was estimated on their Personal Information Statement in 2011, and \$1000. Canada Life will contribute an amount (estimated to be approximately \$11.3 million) which, when added to the existing amount of surplus, and after taking into account the adjustments set out in paragraphs 3 and 4 below, will provide these guaranteed payments.
- 3) Class Counsel will waive a total of \$1,000,000 in legal fees which were previously approved by the Court, and will not charge any legal fees incurred from January, 2012 to completion of this matter – more than two years of legal work. Those amounts will be applied for the benefit of the Integration Partial Wind-Up Sub Class and each member of the Inactive Eligible Non-PWU Sub Class members exclusively, and will not be shared with Canada Life under the SSA provisions.
- 4) Canada Life will waive its entitlement to reimbursement of a portion of its settlement expenses in the amount of \$500,000, and will also waive entitlement to a portion of the interest on its outstanding expenses (estimated at \$800,000), and these amounts will be added to the Integration Partial Wind-Up Surplus to be distributed.
- 5) In all other material respects, the SSA remains unchanged, including for active Class Members and for members of the Prior Partial Wind Ups in connection with Adason, Pelican and Indago who were not affected by the diminution in the Integration Partial Wind-Up Surplus.

Factors to Consider in Assessing the Revised Amendment Terms:

All Class Members are asked to recognize and respect the fact that litigation of this type is inherently risky and unpredictable. In addition, the difficult and unprecedented nature of the economic and other circumstances which have complicated the implementation of the initial settlement have added an unusual level of risk and uncertainty to the proceedings. The plaintiffs and Class Counsel have an obligation to identify and manage adverse risks in the case for the benefit of Class Members and to seek results which reflect the legal merits of Class Members' claims.

Compromise is necessary in order to secure these settlement benefits on a guaranteed basis and without further risk, and delay. The plaintiffs and Class Counsel consider the terms of the Revised Amendment to be a very strong resolution of the matters in issue and commend them to Class Members and the Court for approval. The Revised Amendment is the result of extensive negotiations in which numerous proposals were exchanged before a final resolution was reached.

If approval of the terms of the Revised Amendment is not granted by the Court, Canada Life will likely seek to enforce the original settlement approved by the Court which would result in the distribution of a much smaller amount of surplus to the Class Members. Alternatively, the parties will be required to resume litigation over an uncertain surplus with uncertain results. The Revised Amendment requires Canada Life to pay real money towards a substantial recovery all on a guaranteed basis without delay, once regulatory approval is received.

Court Approval Hearing:

The motion to approve the terms of the Revised Amendment will be heard on January 10, 2014 at 10:00 a.m. at Osgoode Hall, 130 Queen Street West, Toronto, Ontario.

Class Members' Rights:

The plaintiffs and Class Counsel will be hosting web-based information sessions for Class Members. During these sessions, the plaintiffs and Class Counsel will deliver a presentation and will answer questions from Class Members which can be posted over the internet. Those sessions will be held on the following dates and times:

- 1) November 28, 2013 at 5:00 p.m. E.S.T.
- 2) December 2, 2013 at 5:00 p.m. E.S.T.

For details on how to access the webinars, please visit Class Counsel's website prior to the scheduled dates.

Class Members may also access Class Counsel's website at <http://www.kmlaw.ca/canadalifecclass> to view the formal Revised Amendment, or any other documents in this proceeding, and make inquiries of Class Counsel by phone toll free at 1-800-286-2266 or by e-mail at canadalifecclass@kmlaw.ca.

If Class Members do not support the terms of the Revised Amendment, they may file an objection, which will be communicated to the Court. Class Members who wish to object must do so in writing no later than December 20, 2013 by sending their objection to Class Counsel by fax (416-204-2897), e-mail (canadalifecclass@kmlaw.ca) or by mail to Koskie Minsky LLP at the following address:

Koskie Minsky LLP, Barristers and Solicitors, 20 Queen St. West, Suite 900, Box 52, Toronto, Ontario M5H 3R3 Attn: Canada Life Class Action

Provided a Class Member has made a timely written submission, subject to the Court's discretion, Class Members may also be permitted to make oral submissions at the January 10, 2014 hearing to approve the terms of the Revised Amendment.

All other questions should be directed to Class Counsel.

Please do not contact the Court or the presiding judge directly.