

ONTARIO
SUPERIOR COURT OF JUSTICE

THE HONOURABLE)
)
MR. JUSTICE CULLITY) **TUESDAY, THE 16TH DAY**
) **OF MARCH, 2010**

BETWEEN:

SUNNYBROOK HEALTH SCIENCES CENTRE

Applicant

- and -

**MARIAN LORENZ, AL HARRISON, MARY SILVA AND
CIBC MELLON TRUST COMPANY**

Respondents

Proceeding under the *Class Proceedings Act, 1992, S.O. 1992, c.6*

**Application under Rules 14.05(3)(a), (b), (d), (f), (g) and (h)
of the *Rules of Civil Procedure***

ORDER

THIS MOTION to approve settlement of the within Application was heard on Thursday February 11, 2010 in the presence of counsel for the Applicant, counsel for the representative class Respondents and counsel for CIBC Mellon Trust Company (the "Trustee"), no one appearing for the Public Guardian and Trustee or The Children's Lawyer, although duly served, and no objectors appearing.

ON READING the Notice of Application dated March 6, 2009, the Amended Notice of Application dated April 29, 2009, the Further Amended Notice of Application dated

December 1, 2009, the Affidavits of Marilyn Reddick sworn April 14, 2009 and November 27, 2009, the Affidavit of Dr. Al Harrison sworn April 28, 2009, the Affidavit of Marian Lorenz sworn April 28, 2009, the Affidavits of Nicolas Roux sworn April 28, 2009 and December 1, 2009, the Affidavit of Mary Silva sworn April 28, 2009, the Affidavit of Nicole Brown sworn April 29, 2009, the December 3, 2009 Order certifying the Respondent Class as defined therein ("Certification Order"), the February 5, 2010 letter from the Public Guardian and Trustee, the Supplementary Affidavit of Nicolas Roux sworn February 8, 2010 confirming that notice was given in accordance with the Certification Order and that no member of the Respondent Class has opted out, the February 9, 2010 Notice of Motion requesting settlement approval and the February 10, 2010 letter from The Children's Lawyer, and on hearing submissions of counsel for the Applicant, counsel for the representative class Respondents and counsel for CIBC Mellon Trust Company,

1. **THIS COURT ORDERS** that defined terms used in this Order shall have the meaning ascribed to them in the surplus sharing agreement dated March 3, 2009 ("Surplus Sharing Agreement") attached hereto as Schedule "A", unless otherwise indicated.
2. **THIS COURT ACKNOWLEDGES** that Marian Lorenz, appointed by this Court on December 3, 2009 as representative under section 10.1 of Ontario Regulation 909 under the *Pension Benefits Act*, has consented on behalf of all former members of the Superannuation Plan for Employees of Sunnybrook Hospital (the "Plan") in receipt of a pension payable from the pension fund who have neither consented nor objected to the settlement, and that such consent is attached hereto as Schedule "B".

3. **THIS COURT ORDERS AND DECLARES** that within the meaning of subsections 10(2) and 10(3) of Ontario Regulation 909 under the *Pension Benefits Act*, the following persons have consented to withdrawal of surplus from the Plan and the fund held in trust pursuant to the Plan ("Trust") in accordance with the Surplus Sharing Agreement: (a) All persons who are entitled to receive benefits under the Plan; (b) All members of the Plan; and (c) All persons in respect of whom the administrator of the Plan has purchased a pension, deferred pension or ancillary benefit, other than those persons who requested that the administrator do so.
4. **THIS COURT ORDERS** that the representative class Respondents have the authority and power to implement the Surplus Sharing Agreement on behalf of the Respondent Class as defined in the December 3, 2009 Certification Order.
5. **THIS COURT ORDERS** that settlement of this Application on the terms set forth in the Surplus Sharing Agreement attached hereto as Schedule "A" is and shall be approved pursuant to subsection 29(3) of the *Class Proceedings Act, 1992*, and declares that the Surplus Sharing Agreement is fair, reasonable, and in the best interests of the Respondent Class.
6. **THIS COURT ORDERS** that the Surplus Sharing Agreement is valid and binding on the Respondent Class defined in the Certification Order and the Applicant.
7. **THIS COURT DECLARES** that an amendment to the Plan substantially in the form attached hereto as Schedule "C" providing for payments of Distributable Surplus and Permitted Expenses pursuant to the Surplus Sharing Agreement, is and shall be considered valid and binding on the Respondent Class and the Applicant.

8. **THIS COURT ORDERS AND DECLARES** that within the meaning of paragraph 79(1)(b) of the *Pension Benefits Act*:

- (a) The Plan provides for the withdrawal of surplus by the Applicant in accordance with the Surplus Sharing Agreement while the Plan continues in existence; and
- (b) The Applicant is entitled to withdraw surplus from the Plan and Trust in accordance with the Surplus Sharing Agreement.

9. **THIS COURT ORDERS AND DECLARES** that:

- (a) Withdrawal of surplus from the Plan and Trust by the Applicant in accordance with the Surplus Sharing Agreement; and
- (b) Payment of surplus to the Applicant and the Surplus Sharing Group in accordance with the Surplus Sharing Agreement,

are lawful and permissible under the terms of the Plan and Trust, at common law, in equity and otherwise, subject to consent being obtained from the Superintendent of Financial Services pursuant to subsection 78(1) of the *Pension Benefits Act*.


10. **THIS COURT ORDERS** that as soon as practicable after consent is obtained from the Superintendent of Financial Services pursuant to subsection 78(1) of the *Pension Benefits Act* and filed with this Honourable Court, there shall be paid from the Plan and Trust, in accordance with the Surplus Sharing Agreement,

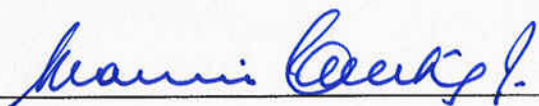
- (a) To the Applicant, the amount identified in the Surplus Sharing Agreement as the Sunnybrook Portion of surplus; and

(b) To the Surplus Sharing Group as defined in the Surplus Sharing Agreement, for their exclusive benefit, the amount identified in the Surplus Sharing Agreement as the Member Portion of surplus,

and the Applicant, the Trustee, and their respective directors, officers, employees and agents are hereby authorized and directed to effect such payments.

11. **THIS COURT ORDERS** that upon making the payments required by this Order, the Trustee shall be released from any and all liability in respect of each such payment.
12. **THIS COURT ORDERS** that the Applicant, the Respondents and the Trustee shall have Permitted Expenses paid from the Plan and the Trust in accordance with the terms of the Surplus Sharing Agreement, and declares that such costs are fair and reasonable in the circumstances.
13. **THIS COURT ORDERS** that should the Superintendent of Financial Services fail to consent pursuant to the *Pension Benefits Act*, this Order shall be null and void and without prejudice to the rights and powers of the parties.

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AS DOCUMENT NO.:
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Schedule "A"

SURPLUS SHARING AGREEMENT

THIS AGREEMENT is made as of the 3rd day of March, 2009.

BETWEEN:

SUNNYBROOK HEALTH SCIENCES CENTRE,
a body corporate incorporated
under the laws of the Province of Ontario

("Sunnybrook")

- and -

**MARIAN LORENZ, AL HARRISON and
MARY SILVA**

(members of the Committee)

- and -

KOSKIE MINSKY LLP on
behalf of the persons listed in Schedule "A"
hereto and such other persons who are entitled
to join the Surplus Sharing Group, who have
retained Koskie Minsky LLP to execute this Agreement
on their behalf

(the "KM Represented Consenters")

WHEREAS:

- A. Sunnybrook established and is the sponsor and administrator of the Superannuation Plan for Employees of Sunnybrook Hospital (the "Plan").
- B. The value of the assets of the Plan exceeds the value of the liabilities of the Plan.
- C. In August 2004, Sunnybrook resolved to develop a proposal to share a portion of the surplus of the Plan between Sunnybrook and the Surplus Sharing Group (as defined below).
- D. Certain Members (as defined below) have formed the Committee to negotiate the surplus sharing proposal with Sunnybrook.
- E. The PBA and PBR provide that the Superintendent shall not consent to the payment of any surplus to an employer out of a continuing pension plan unless a certain reserve is

retained in the pension fund of such continuing pension plan as surplus and the consent of the requisite number of members and persons entitled to receive benefits under the pension plan has been obtained.

NOW THEREFORE IN CONSIDERATION of the mutual covenants and agreements set forth in this Agreement and other valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

1. Definitions

1.1 In this Agreement, the following terms have these meanings:

"Actuarial Surplus" means the amount by which the value of the assets of the Plan exceeds the value of the liabilities of the Plan as at the Valuation Date, calculated as set out in Section 3.1.

"Applicable Law" means the *Pension Benefits Act*, R.S.O. 1990, c.P.8, (the "PBA") the *Pension Benefits Regulations*, R.R.O. 1990 Reg. 909 (the "PBR") and the *Income Tax Act*, R.S.C. 1985 c. 1 (5th Supp.) and the regulations thereunder (the "Income Tax Act").

"Consenter Plan" means the pension plan as described in Section 7.1.

"Court Proceedings" has the meaning given in Section 11.1.

"Distributable Surplus" has the meaning given in Section 3.2.

"Final Approval Date" means the date on which all applicable appeal periods expire or the final disposition of an appeal (if any) in respect of (a) the court approval referred to in Section 11 and (b) the consent of the Superintendent referred to in Section 12.

"Fund Rate of Return" means the rate of return of the pension fund of the Plan, net of all expenses, as invested in accordance with the Statement of Investment Policies and Procedures of the Plan, as amended from time to time. The Fund Rate of Return may be positive or negative.

"Individual Surplus Allocation" means the individual allocation of the Member Portion to which an individual member of the Surplus Sharing Group is entitled pursuant to Section 4.3.

"Liabilities" means the pension benefit liabilities under the Plan as of the Valuation Date, as determined on the actuarial basis outlined in Schedule B.

"Member" shall have the meaning assigned to it by the Plan and shall include any other persons entitled to a payment from the Plan at the relevant time.

"Member Committee" or **"Committee"** means those individuals recognized by Sunnybrook as representing the Members for the purposes of negotiating and implementing this Agreement.

"Member Portion" has the meaning given in Section 4.1.

"Members' Actuary" means Eekler Ltd. or any actuary subsequently appointed by the Members.

"Minimum Surplus Allocation" means \$10,000.

"Non-Consenters" has the meaning given in Section 7.1.

"Plan" means the Superannuation Plan for Employees of Sunnybrook Hospital.

"Plan Actuary" means Mercer or any actuary subsequently appointed by Sunnybrook.

"Permitted Expenses" means:

- (a) all reasonable fees and expenses (including, but not limited to, fees and disbursements of Borden Ladner Gervais LLP, Koskie Minsky LLP, the Plan Actuary, the Members' Actuary, the trustee of the Plan and the Consenter Plan, and the trustees' counsel) of Sunnybrook or the Member Committee associated with the development and implementation of the term sheet and this Agreement including, without limiting the generality of the foregoing, such fees and expenses relating to the creation and administration of the Consenter Plan (if applicable) and the transfer of assets and liabilities from the Plan to the Consenter Plan (if applicable), and the cost of premiums and deductibles associated with securing errors and omissions insurance for members of the Member Committee;
- (b) the costs, fees and expenses associated with any dispute resolution mechanisms; and
- (c) a reasonable estimate of the fees, expenses and disbursements described in paragraphs (a) and (b) above that are incurred but are unpaid or that will be incurred to complete the implementation of this Agreement, provided by Sunnybrook and the Members prior to the distribution of the Distributable Surplus,

in each case, if incurred on or after April 1, 2006. For greater certainty, all Permitted Expenses are deemed to be reasonable expenses incurred by Hospital in the course of due administration of the Plan. Sunnybrook and the Member Committee shall agree on a reasonable process for verifying the reasonableness and appropriateness of Permitted Expenses, such as may be required for any court or other proceeding.

"Pro Rata Surplus Allocation" means the Member Portion, together with interest pursuant to Section 4.2, as allocated among the members of the Surplus Sharing Group in proportion to their liabilities calculated pursuant to Schedule F.

"Representatives" has the meaning given in Section 11.2(a).

"Sunnybrook Portion" has the meaning given in Section 4.1.

"Superintendent" means the Ontario Superintendent of Financial Services.

"Surplus Sharing Group" means the persons, other than Sunnybrook, who are entitled to share the Distributable Surplus and shall consist of the following groups of persons who were living as of the Valuation Date:

- (a) Members, including Members who were disabled and qualified for benefits under Sunnybrook's disability plan, who were accruing benefits under the Plan as at the Valuation Date ("Active Members");
- (b) Members who were entitled to deferred vested pension payments from the Plan as at the Valuation Date ("Deferred Vested Members");
- (c) Members who were entitled to receive or were receiving periodic pension payments from the Plan as at the Valuation Date, including, for greater certainty, the persons entitled to receive or receiving an annuity from Sun Life or Manulife in connection with a pension benefit under the Plan (the "Pensioners");
- (d) persons entitled to receive or receiving periodic pension payments under the Plan as of the Valuation Date, by reason of the death of a Member before the Valuation Date (the "Spouses"); and
- (e) all other persons entitled to receive benefits under the Plan as at the Valuation Date (the "Other Beneficiaries"),

except that, if a Consenter Plan is established, the Surplus Sharing Group shall not include the Non-Consenters.

For greater certainty, a person who falls within more than one of the above categories is entitled to only one share of the Member Portion calculated on the total service of such person without duplication, except where such person is entitled to a share of the Member Portion as a member of the Surplus Sharing Group in his or her personal capacity and also in his or her capacity as the spouse or beneficiary of another member of the Surplus Sharing Group.

The entitlement of Members of the Surplus Sharing Group who died on or after the Valuation Date is as outlined in Section 5.6.

"Valuation Date" means August 16, 2004.

2. Execution of Agreement

- 2.1 The execution of this Agreement by the Committee and Koskie Minsky LLP on behalf of the KM Represented Consenters shall evidence the irrevocable consent of each of the KM Represented Consenters to the terms and conditions of this Agreement and the

consent of the KM Represented Consenters to the payment of Permitted Expenses and the distribution of the Distributable Surplus (as hereinafter defined) under the PBA and PBR, in accordance with the written authorization and retainer previously given to Koskie Minsky LLP by such KM Represented Consenter with respect to the distribution of surplus from the Plan.

3. Calculation of Surplus

- 3.1 The Plan Actuary shall prepare a valuation report, effective as of the Valuation Date, and determine the Actuarial Surplus, subject to the review and approval of the Members' Actuary. For the purpose of calculating the Actuarial Surplus, the value of the assets of the Plan shall be calculated on the basis of the market value of the investments held by the pension fund of the Plan plus any cash balance and accrued or receivable items minus any payable items, and the value of the liabilities of the Plan shall be the greater of the going concern and solvency liabilities of the Plan as at the Valuation Date calculated in accordance with the actuarial principles attached as Schedule B.
- 3.2 The Plan Actuary shall also calculate the "Distributable Surplus", which shall be an amount equal to the Actuarial Surplus less the following amounts:
- (a) the cost of providing permanent annual pension indexing, effective on the January 1st coincident with or next following the Final Approval Date, equal to 100% of the Consumer Price Index to Members in respect of past and future service, which cost shall be determined as at the Final Approval Date, or earlier date as required by regulators, in the manner set out in Schedule C, discounted to the Valuation Date using the Fund Rate of Return;
 - (b) the amount of the minimum reserve required to be retained in a continuing plan by the PBA and the PBR, or required by the Superintendent; and
 - (c) the amount of the Permitted Expenses, determined as at the Final Approval Date, discounted to the Valuation Date using the Fund Rate of Return.
- 3.3 The Plan Actuary shall prepare the valuation report described in Section 3.1 and the calculations described in Section 3.2 in accordance with this Agreement, generally accepted actuarial principles and the requirements of Applicable Law.
- 3.4 The Plan Actuary shall prepare the initial draft of the valuation report described in Section 3.1 by March 10, 2009. The Members' Actuary shall review the initial draft report within 30 days of receiving the report. The final report shall be prepared by the Plan Actuary within 15 days of the completion of the Members' Actuary's review.

4. Allocation of Distributable Surplus

- 4.1** 50% of the Distributable Surplus will be distributed to the Surplus Sharing Group (the "Member Portion") and 50% of the Distributable Surplus will be distributed to Sunnybrook (the "Sunnybrook Portion"), in each case with interest thereon as provided in Section 4.2.
- 4.2** The Member Portion and the Sunnybrook Portion shall be credited with interest from the Valuation Date to the date of payment. Such interest shall be calculated in accordance with the Fund Rate of Return from the Valuation Date until the end of the month in which the Final Approval Date occurs, and 6.0% per annum, compounded monthly, thereafter until payment. For the purpose of this Agreement, any reference to the payment of any part of the Distributable Surplus shall mean the payment of such part together with interest credited thereto pursuant to this Section 4.2 unless otherwise expressly stated.
- 4.3** Each member of the Surplus Sharing Group shall be entitled to a share (the "Individual Surplus Allocation") of the Member Portion, together with interest pursuant to Section 4.2, equal to the greater of:
- (a)** the Minimum Surplus Allocation; and
 - (b)** the Pro Rata Surplus Allocation for the given member of the Surplus Sharing Group.

The calculations required by this Section 4.3 shall be made by the Plan Actuary and the Members' Actuary on a date fixed by Sunnybrook that is no more than 90 days before the date on which the Individual Surplus Allocations are paid to the members of the Surplus Sharing Group. For greater certainty, the sum of all Individual Surplus Allocations shall not exceed the total value of the Member Portion, together with interest pursuant to Section 4.2.

5. Payments

- 5.1** The Member Portion shall be distributed to the members of the Surplus Sharing Group as soon as practical after the Final Approval Date after all necessary calculations have been made and, in any event, no later than 90 days after the Final Approval Date.
- 5.2** The Sunnybrook Portion shall be paid to Sunnybrook in cash by the trustee of the Plan or the Consenter Plan (as the case may be) as soon as practical after the Final Approval Date and shall be paid at the same time as the Member Portion is distributed to the Surplus Sharing Group, unless otherwise required by the Superintendent. To facilitate the timely payment of the Sunnybrook Portion, as soon as practicable after the end of each calendar month following the commencement of payments to the members of the Surplus Sharing Group of their individual shares of the Member Portion, an amount equal to the aggregate of the individual shares of the Member Portion paid to the members of the Surplus

Sharing Group in that calendar month shall be paid out of the Sunnybrook Portion to Sunnybrook provided that such payments to Sunnybrook are permitted by the Superintendent, or in such other manner as required by the Superintendent. Any balance of the Sunnybrook Portion remaining on the final payment of the Member Portion, or provision for such payment including, but not limited to, any part of the Sunnybrook Portion that the Superintendent did not permit to be distributed to Sunnybrook in respect of a payment from the Member Portion in a calendar month, shall be paid to Sunnybrook in cash as soon as practicable following the final payment or provision for payment of the Member Portion.

- 5.3 An amount equal to 15% of the Sunnybrook Portion will be allocated towards a Sunnybrook capital project, or endowment or legacy fund for initiatives such as patient safety or other issues important to the Members, Sunnybrook and the community, in each case to be chosen by Sunnybrook, in Sunnybrook's sole discretion. Should the decision be to direct funds to an endowment or legacy fund, these funds will be paid directly to Sunnybrook Health Sciences Centre Foundation where the endowment or legacy fund will be established. Any amount of Sunnybrook's Portion that is paid to Sunnybrook is to be directed towards a capital project and the Plan shall be prominently recognized as a source of funding for said capital project, chosen by Sunnybrook in Sunnybrook's sole discretion, which capital project need not be the same capital project referred to in the preceding sentence.
- 5.4 If, for any reason, any share of the Member Portion has not been distributed to a member of the Surplus Sharing Group within one year of the Final Approval Date, the remaining assets of the Member Portion shall be paid, at the sole discretion of Sunnybrook after consultation with the Committee, to an insurer selected by Sunnybrook, or to a bank account in the name of the member in trust for the benefit of that member, or to the Public Trustee, Sunnybrook, or any person approved by the Superintendent and, subject to applicable law, for the benefit of such member. In such event, the Member Portion shall be deemed to have been finally distributed to the Surplus Sharing Group, even though not actually paid to such members of the Surplus Sharing Group, upon the payment of the remaining assets of the Member Portion in the aforesaid manner.
- 5.5 Sunnybrook may, as a condition of paying an Individual Surplus Allocation to a member of the Surplus Sharing Group, require such member to provide such information or proof as may reasonably be required by Sunnybrook, in its capacity as administrator of the Plan and the Consenter Plan, as the case may be, to pay such individual share.
- 5.6 Should a Member of the Surplus Sharing Group die or have died after the Valuation Date, the share that would have been payable to such member shall instead be payable (i) to their surviving spouse, if the surviving spouse is entitled to a survivor pension under the Plan as a result of the death, or (ii) if there is no such surviving spouse, to the beneficiary of the member named under the Plan, if such beneficiary is entitled to death benefits under the Plan following the death of such member, or (iii) if there is no such surviving spouse and no such beneficiary, to the estate of the member, provided that legal documentation establishing the status of each such person is provided to the satisfaction of Sunnybrook and the Committee.

6. Options of Payment to the Surplus Sharing Group

6.1 Individual Surplus Allocations shall be paid out in one or more of the following manners:

- (a) as a cash payment, less applicable withholding tax;
- (b) as a transfer to a non-locked-in RRSP, provided that the Member certifies to Sunnybrook that he or she has sufficient contribution room to allow such payment;
- (c) on a tax sheltered basis through a combination of a refund of contributions with interest and provision for loss of past indexing, provided that Sunnybrook has the necessary historical membership data or the Member is able to establish the basis for such a refund to the satisfaction of Sunnybrook, in its sole discretion; or
- (d) as a combination of two or more of (a), (b) and (c).

6.2 The payment and tax sheltering options available to any member of the Surplus Sharing Group as described in Section 6.1 above are subject to and limited by:

- (a) the extent to which historical membership data is available;
- (b) any reasonable administrative limits;
- (c) any limits under the Income Tax Act, without giving rise to a past service pension adjustment; and
- (d) Applicable Law.

6.3 For greater certainty, if any of the payments or tax sheltering options is limited by the foregoing, the remaining balance of the Individual Surplus Allocation shall be paid as a cash payment, less applicable withholding tax.

6.4 For greater certainty, the expenses related to calculating and providing the options described in Section 6.1 shall form part of the Permitted Expenses.

6.5 Sunnybrook shall provide notice to each member of the Surplus Sharing Group of his or her available options. Each member of the Surplus Sharing Group shall advise Sunnybrook of his or her selected option within 60 days of receipt of such notice. If a member of the Surplus Sharing Group fails to so advise, or to provide any information required by Sunnybrook in support of any option, he or she will be deemed to have elected to receive his or her entire Individual Surplus Allocation as a lump sum cash payment (less applicable withholding tax).

6.6 The KM Represented Consenters acknowledge that Sunnybrook makes no representation or warranty with respect to the tax implications to the members of the Surplus Sharing Group of any option chosen by them and that Sunnybrook shall not be required to

provide or arrange to provide any tax or other financial advice. Any such option shall be chosen at the sole risk of the relevant member of the Surplus Sharing Group.

7. Consenter Plan

- 7.1 If there are Members or other persons whose consents to the surplus sharing proposal described in the Agreement are required by law, who cannot be located or who do not become parties to the Agreement (the "Non-Consenters"), Sunnybrook may establish a new pension plan (the "Consenter Plan") for the Surplus Sharing Group. If a Consenter Plan is established, the parties will in good faith negotiate the establishment of such a plan on such terms as are consistent with the intent of this Agreement.

8. Plan Amendments

- 8.1 If no Consenter Plan is established pursuant to this Agreement, Sunnybrook shall make such amendments to the Plan and/or the funding documents of the Plan as may be required to permit the following:

- (a) the payment of Permitted Expenses from the surplus in the manner provided in this Agreement;
- (b) the payment of the Sunnybrook Portion and the Member Portion in the manner provided in this Agreement; and
- (c) the provision of permanent annual pension indexing as described in Section 3.2(a);

and such other amendments as may be required to give effect to the provisions of this Agreement.

If a Consenter Plan is established pursuant to this Agreement, the Consenter Plan and its funding documents shall contain such provisions as may be required to effect the terms of the above amendments.

9. Conditions

- 9.1 This agreement is conditional upon the following:

- (a) the approval of the Board of Directors of Sunnybrook;
- (b) Sunnybrook obtaining the court orders described in Section 11;
- (c) any other regulatory approval considered by Sunnybrook to be necessary or desirable, including but not limited to the approval of the Canada Revenue Agency or any successor agency; and
- (d) the consent of the Superintendent described in Section 12.

9.2 These conditions are included for the exclusive benefit of Sunnybrook and may be waived by Sunnybrook at any time. If the conditions are not satisfied or waived, Sunnybrook shall have no further obligation under this Agreement.

9.3 Sunnybrook shall have no further obligation under this Agreement if the Final Approval Date has not occurred by June 30, 2010, or such later date as may be agreed to by the parties.

10. Consent of the Surplus Sharing Group

10.1 Koskie Minsky LLP has delivered to Sunnybrook an affidavit or statutory declaration setting out the names of the members of the Surplus Sharing Group who have retained Koskie Minsky LLP to enter into this Agreement on their behalf as at the date of this Agreement. Koskie Minsky LLP may from time to time provide Sunnybrook with a supplementary affidavit or statutory declaration setting out the names of members of the Surplus Sharing Group who have retained Koskie Minsky LLP to enter into this Agreement on their behalf after the date of this Agreement and shall, at the request of Sunnybrook, for the purposes of the Court Proceedings and application for the consent from the Superintendent pursuant to section 11 herein, provide Sunnybrook with a supplementary affidavit or statutory declaration as of a date after the date of this Agreement and immediately upon Sunnybrook's request, setting out the names of all members of the Surplus Sharing Group who have retained Koskie Minsky LLP in connection with this Agreement. All such subsequently joining members of the Surplus Sharing Group shall be parties to this Agreement as though they were members of the Surplus Sharing Group as at the date it is signed.

11. Court Proceedings

11.1 The parties acknowledge that a class proceeding pursuant to the *Class Proceedings Act, 1992* (Ontario) or such other court proceedings as the parties may agree (the "Court Proceedings") may be instituted by Sunnybrook to obtain court orders to give effect to this Agreement, including, without limitation, the following:

- (a) a declaration that the Plan or the Consenter Plan (as the case may be) and the funding documents relating thereto provide for the payment of the Sunnybrook Portion to Sunnybrook when the Plan or the Consenter Plan (as the case may be) is continuing, and an order authorizing amendments to the Plan and the funding documents relating thereto as provided in Section 8.1;
- (b) a declaration that the transfer of the pension assets from the Plan to the Consenter Plan pursuant to this Agreement is valid (if required);
- (c) a declaration that the Consenters are the only persons (other than Sunnybrook) who have any interest in the Consenter Plan (if required);
- (d) an order appointing the Representatives as provided in Section 11.2 and an order under section 10.1 of the PBR (if required);
- (e) an order for the distribution of Distributable Surplus in the manner provided in this Agreement;

- (f) an order that all the court orders obtained by Sunnybrook in the Court Proceedings shall be null and void if the Superintendent refuses to consent to the payment of Sunnybrook Portion to Sunnybrook, or refuses to consent to the payment of the Member Portion to the Surplus Sharing Group (if such consent is required) in accordance with the terms of this Agreement and all applicable appeal periods have expired or Sunnybrook has exhausted all possible appeals of such decision of the Superintendent; and
- (g) any other court order which may be considered necessary or desirable by Sunnybrook to give effect to this Agreement.
- 11.2 (a) Marian Lorenz, Al Harrison and Mary Silva (collectively the "Representatives") hereby agree to take all reasonable steps necessary pursuant to either the *Class Proceedings Act, 1992 (Ontario)* or such other applicable laws to be appointed as representatives of all members, former members, annuitants and beneficiaries of the Plan or the Consenter Plan (as the case may be) and agree to fulfill the obligations of the Representatives under this Agreement. Sunnybrook consents to the appointment of Marian Lorenz, Al Harrison and Mary Silva as Representatives.
- (b) Upon obtaining the appropriate court order authorizing the Representatives to execute the adherence agreement in substantially the form attached as Schedule D, the Representatives shall execute such adherence agreement in order to become parties to this Agreement in the capacity as representatives. The Representatives will become parties to this Agreement in their capacity as representatives upon execution of such adherence agreement by the Representatives.
- (c) For greater certainty, each of the Representatives shall agree to take all reasonable steps necessary to be appointed pursuant to section 10.1 of the PBR and agrees, if necessary, to provide consent pursuant to subsection 10.1(3) of the PBR or otherwise on behalf of any person referred to in subsection 10.1(2) of the PBR by executing the consent in substantially the form attached as Schedule E if so appointed. Sunnybrook consents to the appointment of each of the Representatives pursuant to section 10.1 of the PBR.
- 11.3 The Committee and the KM Represented Consenters shall support, and Koskie Minsky LLP is authorized by the KM Represented Consenters to consent to, the Court Proceedings and the appointment of the Representatives as set out in Section 11.2. The Representatives, the Committee, and the KM Represented Consenters (through Koskie Minsky LLP) shall consent to and support the issuance of the orders for the purposes set out in Sections 11.1 and 11.2 in the Court Proceedings.
- 11.4 It is a condition of this Agreement that an order binding Sunnybrook and all members of the Surplus Sharing Group be obtained in the Court Proceedings described in Sections 11.1 and 11.2 disposing of or approving settlement of such Court Proceedings on a basis

satisfactory to Sunnybrook in its absolute discretion and that the relevant appeal period with respect to such order has expired.

12. Regulatory Approval

12.1 Upon satisfaction or waiver of the condition described in Section 11.4, Sunnybrook shall apply for, and the Representatives, the Committee, and the KM Represented Consenters shall support Sunnybrook's application for, the consent of the Superintendent to the withdrawal and payment of Permitted Expenses, the withdrawal and payment of the Sunnybrook Portion to Sunnybrook and the withdrawal and payment of the Member Portion to the Surplus Sharing Group (if such consent is required) under the surplus sharing proposal set out in this Agreement. The Representatives, the Committee and the KM Represented Consenters shall execute all documents and do all acts and things as may be reasonably necessary to support Sunnybrook's entitlement to the payment of Sunnybrook Portion and Sunnybrook's application for the Superintendent's consent to this Agreement.

12.2 If the Superintendent refuses to consent to the payment of Permitted Expenses or the payment of Sunnybrook Portion to Sunnybrook or refuses to consent to the payment of the Member Portion to the Surplus Sharing Group (if such consent is required) in accordance with the terms of this Agreement and all applicable appeal periods have expired or Sunnybrook has exhausted all possible appeals of such decision of the Superintendent, any of the parties hereto may terminate this Agreement by giving written notice of such termination to all of the other parties hereto. In the event of such termination or termination for any reason, the parties hereto shall take and support all steps necessary to set aside the amendments to the Plan or the Consenter Plan (as the case may be) which were adopted to implement this Agreement, subject to all applicable laws. Permitted Expenses incurred up to the date of such termination shall be paid from the Plan to the extent permitted by law and each of the parties hereto shall be discharged from any and all further obligations under this Agreement after the payment of such Permitted Expenses.

13. Releases

13.1 Subject to the implementation of this Agreement, including payment of the Sunnybrook Portion to Sunnybrook and the payment of the Member Portion to the Surplus Sharing Group, the Representatives, the Committee and the KM Represented Consenters hereby release and forever discharge Sunnybrook and its agents (including, without limitation, the pension fund trustee and the custodian of assets of the Plan), directors, officers and employees from all demands, actions, causes of action, proceedings and claims whatsoever arising out of (i) any transfers of pension assets and liabilities (including pro rata portions of surplus) from the Plan to the Consenter Plan according to the terms of this Agreement; (ii) the settlement, division and distribution of the Distributable Surplus between Sunnybrook and the Surplus Sharing Group; (iii) the distribution of the Member Portion among the members of the Surplus Sharing Group; (iv) the payment of Sunnybrook Portion to Sunnybrook; (v) any action properly taken to implement this Agreement and any payment made and act done in compliance with this Agreement; and

(vi) the determination of the Surplus Sharing Group. Notwithstanding the foregoing, nothing in such release and discharge shall operate to waive any Member's rights with respect to the ownership of or entitlement to any surplus arising under the Plan following the final distribution of the Distributable Surplus pursuant to this Agreement:

- 13.2 Subject to the implementation of this Agreement, including payment of Sunnybrook Portion to Sunnybrook and the payment of the Member Portion to the Surplus Sharing Group, Sunnybrook hereby releases and forever discharges the Committee and its members from all demands, actions, causes of action, proceedings and claims whatsoever arising from the distribution of the Member Portion among the members of the Surplus Sharing Group and any action properly taken by the Committee and its members to implement this Agreement and any payment made in compliance with this Agreement.

14. Dispute Resolution

- 14.1 If there is any dispute between the parties hereto which relates to actuarial calculations or valuations including, but not limited to, the calculations to be performed under Sections 3, and 6 (an "Actuarial Dispute") and such Actuarial Dispute cannot be resolved between them within 30 days of the Actuarial Dispute arising, or such other period as may be agreed to between the parties thereto, the issue or issues in dispute shall be referred to and settled with final and binding effect by an independent actuary acceptable to the parties to such Actuarial Dispute. Such independent actuary shall use, where applicable, the actuarial assumptions and principles set out in this Agreement, or agreed between the parties to the Actuarial Dispute, in making its determination. If the parties to the Actuarial Dispute are unable to agree upon the independent actuary to be retained to make such determination within 60 days of the Actuarial Dispute arising, or such other period as may be agreed to between the parties thereto, the independent actuary shall be appointed by the President of the Canadian Institute of Actuaries on the application of any of the parties to the Actuarial Dispute. The costs, fees and expenses which are associated with the resolution of the Actuarial Dispute and the appointment of the independent actuary shall be included and paid as Permitted Expenses under Section 3.2.

15. General Provisions

- 15.1 The parties hereto shall fully cooperate with each other in carrying out the terms of this Agreement and shall take all steps necessary to give effect to this Agreement, including, without limitation, steps required to make the amendments to the Plan or establish the Consenter Plan, if applicable, and the funding documents as provided in Section 8.1 and any amendment required by the Superintendent or the Court Proceedings. The parties hereby consent to any reasonable amendments to the Plan or the Consenter Plan (as the case may be) and any of their respective funding documents, including but not limited to any trust agreement relating to the Plan or the Consenter Plan (as the case may be), which may be necessary or desirable to give effect to this Agreement or to obtain the consent from the Superintendent or both.
- 15.2 All legal, actuarial and other advice or opinions obtained by a party to this Agreement shall be treated as privileged and confidential and, subject to applicable laws requiring

disclosure, shall not be required to be disclosed to any other party to this Agreement or any other person, unless the privilege is expressly waived by the party obtaining such advice or opinion.

- 15.3 It is acknowledged that time is critical in implementing this Agreement. Accordingly, all parties shall cooperate with each other whenever necessary or desirable and use their best efforts to give timely effect to the terms of this Agreement. Without limiting the generality of the foregoing, the Representatives, the Committee and the KM Represented Consenters undertake to use their best efforts to ensure that Sunnybrook Portion is distributed to Sunnybrook as soon as practicable.
- 15.4 The division of this Agreement into sections, subsections and paragraphs and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless the context otherwise requires, references to Sections and Schedules refer to Sections and Schedules of this Agreement.
- 15.5 In this Agreement, unless there is something in the subject matter or context inconsistent therewith, words in the singular number shall include the plural and vice versa and words importing the use of a gender shall include all genders.
- 15.6 No provision in this Agreement shall be construed as an admission by any party to this Agreement, of the existence of any liability to any other party to this Agreement with respect to any matter whatsoever.
- 15.7 Unless otherwise agreed to between Sunnybrook and the Committee in writing, this Agreement and the Schedules hereto constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and there are no warranties, representations or agreements between the parties, oral or written, in connection with the subject matter hereof, except as expressly set forth or referred to herein.
- 15.8 No amendment to this Agreement shall be binding on the parties hereto unless executed in writing by all of Sunnybrook, the Committee and the KM Represented Consenters (by Koskle Minsky LLP on their behalf).
- 15.9 No waiver of any provision of this Agreement shall be effective unless it is made in writing and no waiver of any provision shall constitute a waiver of any other provision or a continuing waiver.
- 15.10 The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof and any such invalid or unenforceable provision shall be deemed to be severable from other provisions of this Agreement, except that no such severance shall affect a fundamental term of this Agreement.
- 15.11 All amounts stated herein are in Canadian currency.

15.12 This Agreement shall be binding upon and shall enure to the benefit of each of the parties hereto and their respective successors, assigns, heirs and personal representatives.

15.13 This Agreement shall be governed by and construed according to the laws of the Province of Ontario and the applicable laws of Canada and the parties hereto attorn to the exclusive jurisdiction of the courts of the Province of Ontario. Without limiting the generality of the foregoing, all Court Proceedings contemplated by this Agreement shall be instituted in the Ontario courts pursuant to the applicable laws of the Province of Ontario.

15.14 This Agreement may be executed and delivered by the parties hereto in several counterparts, each of which when so executed and delivered shall be an original and shall together constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date and year first above written.

**SUNNYBROOK HEALTH SCIENCES
CENTRE**

Per: Marilyn Reddick
Name: Marilyn Reddick
Title: Vice President, Human Resources

**MARIAN LORENZ, on her own behalf
and as a member of the Committee**

Marian Lorenz

**AL HARRISON, on his own behalf and
as a member of the Committee**

Al Harrison

**MARY SILVA, on her own behalf and as
a member of the Committee**

M. Silva

**KM REPRESENTED CONSENTERS, by
Koskie Minsky LLP, their solicitors**

[Signature]

Schedule A

KM Represented Consenters

See attached.

MEMBERS, FORMER MEMBERS AND ESTATES
WHO HAVE RETAINED KOSKIE MINSKY LLP

CIBC Pensioners

1. HARRISON	DR. ALAN
2. LORENZ	MARIAN
3. SYED	AMJAD
4. DUNCANSON	MARY
5. SMITH	LILY
6. MCINTOSH	MARGARET A.
7. AYKROYD	RONALD
8. MORGAN	HARVEY
9. TEFFT	GWENDOLYN
10. THORFINNSON	PATRICIA
11. BARKER	CECIL
12. MALKIN	AARON
13. PECCHIA	MARIA
14. ADAMS	EVELYN
15. BADHAM	HAROLD
16. CAMBRIDGE	UNA
17. BOWLER	DENNIS
18. QUINN-HILL	MARJORIE
19. CAMPBELL	GLORIA
20. HUNTER	GERALDINE
21. LAPENNA	CONCETTA
22. CEDULA	STEVE
23. CIANI	MARIA

24. SZCZEPANIK	ULA
25. CRAPPER	MARGARET (Estate of)
26. BABINEAU	JOSEPH A (c/o Antoine Boucher)
27. RICHARDSON	HELEN A.

Manulife Pensioners

28. BRADFORD	NORMAN
29. FERGUSON	ELIZABETH
30. MULLEN	DOROTHY
31. O'REILLY	RUBY HELEN
32. POLLOCK	M ADELE (c/o K.V Pollock)
33. ROSE	EDNA
34. BLAYNEY	DOROTHY J.
35. FERGUSON	MAGGIE F
36. FOSTER	OLIVE
37. GRIFFITHS	GLORIA
38. HAIGHT	MABEL
39. KANE	MARY
40. ROBERTS	EVELYN
41. SHUMSKI	KATHERINE
42. SITKIEWICZ	JAN
43. ASTLEY	RUTH
44. SALENA	JOHN
45. COOPER	GERALD
46. HILL	MAY (Estate of)
47. MARR	KATHLEEN (Estate of)
48. CURRIE-MILLS	CECILIA M.

49. ASENIEKS	SMAIDA
50. WILLIAMSON	DONALD
51. MERCER	JEAN BARNARD
52. MORGAN	HARVEY
53. SPRING	FREDERICK
54. WACHNIAK	STELLA
55. ASPIN	IRENE M. (c/o Alex S Ansell)
56. BELL	JAMES T. (Estate of)
57. MORRISON	JOHN KEMP
58. SHERWOOD	CLARA
59. KLEMENSIEWICZ	WERONIKA (Estate of)
60. MATTHEWS	MARY
61. HOOD	M. RUDOLPHA (Estate of)
62. CAPP	FRANCESCA
63. MCNAMARA	FLORENCE (c/o Donna Johnstone)
64. SUTCLIFFE	PAULINE
65. NORGAARD	HELGA
66. SMITH	ALBC
67. FUGARD	EILEEN (Estate of)
68. LIPSON	JOHN
69. LYON	ELLEN
70. BEREZECKI	STANISLAW
71. FROST	LOIS (Estate of)
72. JORDAN	GEORGE
73. LAVISAS	MARIA
74. MCCROSSAN-BLAY	EVA M.

75. MURRAY	JAMES
76. NOWACZYK	ALICE
77. VISNAKOV	JEVDOKIJA
78. ZVJAGINS	KATRINE
79. FIERRO	TONY
80. FREDERICKSON	MELVIN (Estate of)
81. KUCINSKAS	DOROTHY
82. WRXON	HERBERT (c/o Daisy Gloria Wrixon)
83. RENNER	MARVIN (Estate of)
84. ROYCROFT	DOROTHY
85. BONNICK	JAMES
86. SOLDIUK	LOUISA
87. DAUGHERTY	VIOLET C. (Estate of)
88. GORALSKI	ROMAN
89. MATHIE	MARGARET (Estate of)
90. ROBINSON	MARGARET
91. BRONIEK	LUDWIK
92. BUCHNER	ELIZABETH A (Estate of)
93. WALKER	VETA
94. LOY	WINNIFRED
95. OWENS	FREDERICK (Estate of)
96. JOHNSON	GLADYS
97. WATSON	MARY BARBARA JANE
98. TRUEMAN	CLARENCE (Estate of)
99. LOUGHLIN	LOIS (Estate of)
100. KUSIS	LUDMILA

101. TAIT GEORGE (Estate of)

Sunlife Pensioners

102. HAY AMELIA T (c/o Paul Glabraith)

103. BARNFATHER MARGARET

104. LANE EDITH (c/o Margaret Labatt,)

105. SHEFFIELD DOROTHY

106. HAMILTON HELEN F

107. HODGINS IRIS I

108. TORRANCE ALIDA (Estate of)

109. ANDERSON HAROLD M

110. CLEGHORN PHYLLIS

111. SHEEPWAY FERNE A (c/o: Dorothy Mullen)

112. VASSALLO MARY

113. SAWA KRYSZYNA (c/o Debbie Sawa)

114. WALSH DENIS P (Estate of)

115. MOSS ERIC D (Estate of)

116. NYE JOHN D

117. MCMULLEN MARY A L (c/o Kenneth W Harris)

118. LACERS MAIGA (Estate of)

119. SAKALINIS MARIA J (c/o Ramanus Frank Sakakinis)

120. CLAYTON BETTY A

121. LAMONT DONALD C (Estate of)

122. SAKALINIS MARIA J

123. ROWLAND SUSAN ISOBEL

124. RUMNEY LOLA

125. SHEARS LUCIENNE (c/o Robert Shears)

126.	PICTON	MARJORIE (Estate of)
127.	VEHI	HILDEGARDE M
128.	RITCHIE	MARY
129.	SMITH	MARGARET
130.	BOWMAN	ANNE (Estate of)
131.	BACSO	STEVEN
132.	FRASER	JEAN M
133.	THOMPSON	HELENA M (Estate of)
134.	WALLACE	JANET (c/o Anne Hawken, Scotiatrust)
135.	CURRIE	JOAN (Estate of)
136.	BROOK	LEILA BERNICE (c/o Christina)
137.	FERGUSON	PHYLLIS (Estate of)
138.	SAUNDERS	BARBARA (Estate of)
139.	JOHNSON	WILLIAM O
140.	ZIMNOWODZKI	ANNA
141.	MCRAE	MARY ANN
142.	PECK	RUTH F (Estate of)
143.	PETRUSHEWSKY	MARY (c/o Bohdan petrushewsky)
144.	SEDGWICK	HOWARD P
145.	DERER	TERESA (Estate of)
146.	LAWER	FLORENCE (Estate of)
147.	VAITKUS	MEELI (c/o Peter Vaitkus)
148.	ARTHUR	ANNE L (c/o Mary Graham Strachan)
149.	LOWE	FLORENCE J (Estate of)
150.	PETRIE	DORIS M (c/o John E. Petrie)
151.	SCHUSTER	CHRISTINE

-
- | | | |
|------|-----------|--------------------------------|
| 152. | FURLOTT | MABEL (Estate of) |
| 153. | TIMMS | KENNETH L (Estate of) |
| 154. | READE | THELMA M (Estate of) |
| 155. | SMITH | GEORGE T (Estate of) |
| 156. | WHITTAKER | LILLIAS C (Estate of) |
| 157. | EDNEY | EILEEN (Estate of) |
| 158. | EPNERS | VERA (Estate of) |
| 159. | GOSSNER | RALDA (Estate of) |
| 160. | PADDON | PHYLLIS MAY (Estate of) |
| 161. | MUNRO | MARGARET I L (c/o Robin Munro) |
| 162. | WOLOSKO | CHARLES (Estate of) |

Active Members

- | | |
|----------|------|
| 1. SILVA | MARY |
|----------|------|

Schedule B

Actuarial Principles

The Liabilities shall be equal to the greater of the actuarial liabilities as at the Valuation Date determined on a going concern basis and the actuarial liabilities determined on a solvency basis as at the Valuation Date, using the methods and assumptions below.

Valuation Date

For the purpose of this Schedule B, the Valuation Date shall be August 16, 2004.

Actuarial Valuation Method – Going Concern Basis

The actuarial liabilities will be determined using the aggregate level percentage of payroll method. Under this method, the actuarial liabilities are equal to the actuarial present values of benefits, including ancillary benefits for both accrued and future service, based on projected final average earnings, less the present value of employees' future contributions.

Actuarial Assumptions — Going-Concern Basis

Economic Assumptions

Investment Return

It is assumed that the investment return on the actuarial value of the fund, net of expenses charged to the fund, will average 5.5% per year over the long term. This assumption is based on an expected long-term return on the pension fund less an allowance for investment and administrative expenses of 0.75% and less a margin for adverse deviations.

Expenses

The assumed Investment Return reflects an implicit provision for expenses.

Increases in Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, it is assumed that pensionable earnings will increase at 4.0% per year.

Increases in the YMPE

Since the benefits provided by the Plan depend on the final average Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan, it is necessary to make an assumption about increases in the YMPE. It is assumed that the YMPE will increase at the rate of 3.5% per year.

Increases in the Maximum Pension Permitted under the Income Tax Act

The Income Tax Act stipulates that the maximum pension that can be provided under a registered pension plan will be increased, starting in 2010, in accordance with general increases in the average wage.

It is assumed that the maximum pension payable under the Plan will increase at the rate of 3.5% per year starting in 2010.

Indexation of Pensions in Payment

Pensions in payment are increased each year according to a formula related to increases in the Consumer Price Index (CPI).

It is assumed that the CPI will increase at the rate of 3.0%. Consequently, pensions in payment are assumed to increase annually at the rate of 1.5% for pensions earned before January 1, 1987 and at the rate of 2.25% for pensions earned after January 1, 1987.

Demographic Assumptions

Retirement Age

Because early retirement pensions are reduced in accordance with a formula, the retirement age of Plan members has an impact on the cost of the Plan. It is assumed that 100% of members will retire on their 63rd birthday, or if 63 or over at the Valuation Date, in one year.

Termination of Employment

No terminations have been assumed.

Mortality

The actuarial value of the pension depends on the lifetime of the member. It is assumed that mortality rates, both before and after retirement, will be in accordance with the Static Group Annuity Mortality (GAM) Table for 1994. According to this table, the life expectancy at age 65 is 17.9 years for a man and 21.3 years for a woman.

Disability

There is no allowance for the possibility that Plan members become disabled prior to retirement.

Family Composition

Benefits in case of death, before and after retirement depend on whether the Plan member has an eligible spouse at the time of death. Benefits in case of death before retirement also depend on whether the member has eligible children.

Actual spousal data will be used where available. Where spousal data is not available, it is assumed that 80% of Plan members will have an eligible spouse on death and that the male partner will be 3 years older than the female partner. It is also assumed that no Plan members will have children eligible for benefits upon the death of the member.

Actuarial Valuation Method — Solvency Basis

The solvency actuarial liabilities are equal to the actuarial present values of those benefits that would have been paid had the Plan been wound up on the Valuation Date, including benefits that would be immediately payable if the employer's business were discontinued on the Valuation Date, with all members fully vested in their accrued benefits. As permitted under the PBA and PBR, the solvency actuarial liabilities exclude the actuarial present value of the pension indexing under the Plan provisions in effect at the Valuation Date.

Members under 55 years of age on that date would be entitled to a deferred pension payable from age 65 or such earlier age for which Plan eligibility requirements have been satisfied at the Valuation Date. Members aged 55 and over are considered to be entitled to an immediate pension, reduced in accordance with the Plan rules. Those members whose age plus years of service equal at least 55 at the Valuation Date would be entitled to a deferred pension payable from the age that would produce the greatest value if employment were to have continued for the purpose of determining eligibility for early retirement benefits. For each individual Plan member, accumulated contributions with interest plus 50% of the present value of the pension accumulated after January 1, 1987 are established as a minimum actuarial liability.

Actuarial Assumptions — Solvency Basis

Benefits are assumed to be settled through the purchase of annuities for *all members*. The values of the benefits accrued on the Valuation Date are based on an estimate of the cost of settlement through purchase of annuities.

Assumptions are as follows:

Actuarial Assumptions

Mortality rates:	GAM-1983
Interest rates for benefits to be settled through annuity purchase:	5.0% per year
Inflation rates:	2.44% per year
Final average earnings:	Calculated using the final pensionable earnings and the assumed rate of increase in earnings
Family composition:	Same as for going concern valuation

The accrued benefits are based on the member's final average earnings on the Valuation Date, therefore no salary projection is used. Also, the employment of each member is assumed to have terminated on the Valuation Date, therefore, no assumption is required for future rates of disability and termination of employment.