

SETTLEMENT AGREEMENT

Made as of the 23rd day of October, 2009

Between

PETER GRAY

- and -

GREAT-WEST LIFE CO INC. and
CANADA LIFE FINANCIAL CORPORATION

RECITALS

A. WHEREAS the Action has been commenced by the Plaintiff in Manitoba Court of Queen's Bench alleging that the Defendants did not satisfy their statutory, common law and fiduciary obligations to the Plaintiff and Class Members to notify Class Members of the Consideration to which they were entitled as a result of the Transaction or to provide that Consideration to Class Members;

B. WHEREAS the Defendants do not admit, through the execution of this Settlement Agreement or otherwise, any allegation of unlawful conduct contained in the Action;

C. WHEREAS the Plaintiff and Class Counsel have reviewed and fully understand the terms of this Settlement Agreement and, based on their analyses of the facts and law applicable to the Plaintiff's claims, and having regard to the burdens and expense in prosecuting the Action, including the risks and uncertainties associated with trials and appeals, the Plaintiff and Class Counsel have concluded that this Settlement Agreement is fair, reasonable and in the best interests of the Plaintiff and the class he seeks to represent;

D. WHEREAS the Plaintiff, Class Counsel and the Defendants agree that neither this Settlement Agreement nor any statement made in the negotiation thereof shall be deemed or construed to be an admission by or evidence against the Defendants or evidence of the truth of any of the Plaintiff's allegations against the Defendants, which allegations the Defendants expressly deny;

E. WHEREAS the Defendants are entering into this Settlement Agreement in order to achieve a final resolution of all claims asserted or which could have been asserted against it in the Action, and to avoid further expense, inconvenience and the distraction of burdensome and protracted litigation;

F. WHEREAS the Parties therefore wish to, and hereby do, subject to the approval of the Court, finally resolve the Action without admission of liability;

G. WHEREAS for the purposes of settlement only and contingent on approvals by the Court as provided for in this Settlement Agreement, the Parties have consented to certification of the

Action as a class proceeding and have consented to a Class and a Common Issue in the Action;
and

H. WHEREAS the Plaintiff asserts that he is an adequate class representative for the Class and will seek to be appointed representative plaintiff in the Action;

NOW THEREFORE, in consideration of the covenants, agreements and releases set forth herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed by the Parties that the Action be settled and dismissed on the merits with prejudice as to the Defendants, without costs as to the Plaintiff, the class he seeks to represent or the Defendants, subject to the approval of the Court, on the following terms and conditions:

SECTION 1 - DEFINITIONS

For the purpose of this Settlement Agreement only, including the Recitals and Schedules hereto:

- (1) *Action* means Manitoba Court of Queen's Bench File No. CI 08-01-57010 (Winnipeg Centre).
- (2) *Address of Record* means, in relation to a Class Member, the address entry maintained by Montreal Trust or Computershare for purposes of mailings relating to the Class Member's shareholdings in CLFC or Lifeco.
- (3) *Advanced Search Process* means secondary direct searches, conducted by individual researchers employed by the Search Firm, of the in-house and proprietary databases of the Search Firm for Missing Class Members that the Search Firm is not able to locate through the Initial Search Process.
- (4) *Approval Hearing* means the hearing of the Plaintiff's motion for the Approval Order.
- (5) *Approval Notice* means the short form (for newspaper publication) and long form of notice agreed upon by the Parties or approved by the Court for the purpose of providing Class Members with detailed information regarding: (i) the certification of the Action as a class

proceeding for settlement purposes; (ii) the Court's approval of this Settlement Agreement; and (iii) the manner in which and time within which Class Members may submit a claim or opt out.

(6) **Approval Order** means the order or judgment issued by the Court, substantially in the form set out in Schedule "A" hereto, for the purpose of: (i) certifying the Action as a class proceeding; (ii) approving this Settlement Agreement; (iii) authorizing the disclosure and use of the Identifying Information in accordance with this Settlement Agreement; and (iv) dismissing the Action with prejudice.

(7) **Authorized Personal Representative** includes an estate trustee or executor, trustee in bankruptcy and holder of a power of attorney for property.

(8) **Certificated Shareholder** means a shareholder of CLFC whose shares were represented by one or more physical share certificates registered in the name of the shareholder.

(9) **CLAC** means The Canada Life Assurance Company, a wholly owned subsidiary of CLFC.

(10) **Claimant** means a person who applies for compensation pursuant to this Settlement Agreement.

(11) **Claim Decision** means the Defendants' decision in relation to a claim for compensation pursuant to this Settlement Agreement.

(12) **Claim Form** means the form approved by the Court by which a Claimant applies for compensation pursuant to this Settlement Agreement.

(13) **Claim or Opt-Out Deadline** means the date four months after the Notice Implementation Date.

(14) **Class or Class Members** means all persons who were registered shareholders of CLFC as of March 26, 2003 to whom the Transaction Notice was not mailed, or to whom the Transaction Notice was mailed but the Letter of Election was not mailed, in either case because mail addressed to the person had previously been returned to Computershare by the relevant public postal authority as undeliverable or because there was no Address of Record in respect of the person, other than (i) those who made an election as contemplated by the Letter of Election and

(ii) CDS & Co. (CDS Clearing and Depository Services Inc.) or CEDE & Co. (The Depository Trust & Clearing Corporation).

(15) *Class Counsel* means Siskinds LLP and Tapper Cuddy LLP.

(16) *Class Counsel Fees* means the fees, disbursements, costs or charges of Class Counsel, including the fees of any experts, consultants or investigators, incurred in connection with prosecuting the Action, as approved by the Court, together with GST and other applicable taxes.

(17) *CLFC* means Canada Life Financial Corporation, a wholly owned subsidiary of Lifeco.

(18) *CLFC Dividends* means any dividends declared by CLFC to which a Class Member is entitled as a result of the Class Member's holdings of common shares of CLFC.

(19) *Common Issue* means: Did either or both Defendants breach any statutory, fiduciary or common law duty owed to the Plaintiff and/or Class Members by failing to take reasonable steps to notify Class Members of their entitlement to the Consideration or to provide the Consideration to Class Members, or by failing to pay any interest or other sums to Class Members with respect to the Consideration, and if so are the Plaintiff and/or Class members entitled to compensation?

(20) *Computershare* means Computershare Trust Company of Canada or Computershare Investor Services Inc.

(21) *Consideration* means any cash, Series E Shares (together with any accrued dividends) or Series F Shares (together with any accrued dividends) to which a shareholder of CLFC was entitled (in the case of a Certificated Shareholder, without regard to the requirement to provide a letter of transmittal and surrender the shareholder's CLFC share certificates) as a result of the Transaction.

(22) *Court* means the Manitoba Court of Queen's Bench.

(23) *Defendants* means Lifeco and CLFC.

(24) *Demutualization* means the conversion of CLAC from a mutual insurance company to a stock life insurance company that occurred on November 4, 1999.

(25) **Effective Date** means the earlier of: (i) the date upon which the period for appeal from the Approval Order, if an appeal lies therefrom, has expired without any appeal being taken, namely, 30 days after the issuance of the Approval Order; or (ii) if an appeal has been taken from the Approval Order, the date upon which such appeal is concluded by way of a Final order or judgment.

(26) **Electronic Database** means the electronic database referred to in section 3.1(2).

(27) **Final** when used in relation to:

(a) this Settlement Agreement, means that the Effective Date has passed; or

(b) a court order or judgment, means that all rights of appeal from such order or judgment, if any appeal lies, have expired, or have been exhausted and the ultimate court of appeal to which an appeal (if any) was taken has upheld the order or judgment.

(28) **Identifying Information** means the name, address, social insurance number (or equivalent) and date of birth of a Missing Class Member.

(29) **Initial Mailing** means the mailing of the Approval Notice to Class Members.

(30) **Initial Search Process** means reasonable electronic searches, conducted by the Search Firm of its in-house and proprietary databases, to update the Missing Class Members' address information for the purpose of locating Missing Class Members, to the extent that they have not been located through other means.

(31) **Letter of Election** means the document dated May 6, 2003 enclosing the document entitled "Letter of Election Form for Holders of Ownership Statements Representing Common Shares of Canada Life Financial Corporation" or, for Certificated Shareholders, the document entitled "Letter of Election and Transmittal Form to Accompany Certificates Representing Common Shares of Canada Life Financial Corporation."

(32) **Level 1 Settlement Benefits** means the Settlement Benefits payable to Class Members who are not entitled to Level 2 Settlement Benefits.

(33) **Level 2 Settlement Benefits** means the Settlement Benefits payable to a Class Member:

- (a) in relation to whom CLAC, at the time it provided addresses to Montreal Trust to establish Addresses of Record, had either a documented change of address request or an application form or similar document specifying a new address, and therefore had a more current address than that which it provided to Montreal Trust;
- (b) in relation to whom CLFC or Computershare, at the date of the mailing of the Transaction Notice, had either a documented change of address request or an application form or similar document specifying a new address, and therefore had a more current address than that reflected in the Address of Record, but failed to send the Transaction Notice to the more current address; or
- (c) who was entitled to shares of CLFC as a consequence of Demutualization and in relation to whom CLAC did not provide a current address to Montreal Trust at the time it provided addresses to Montreal Trust to establish Addresses of Record because mail addressed to the person had previously been returned to CLAC by the relevant public postal authority as undeliverable or because the records of CLAC disclosed no address for the person, and in relation to whom, at any time after Demutualization, CLAC or one of the Defendants had either a documented change of address request or an application form or similar document specifying a new address, and therefore had a more current address, but did not advise Montreal Trust or Computershare of the more current address,

with the result that the Transaction Notice was not mailed to the Class Member, or the Transaction Notice was mailed but the Letter of Election was not mailed to the Class Member.

(34) **Lifeco** means Great-West Lifeco Inc.

(35) **Mailing Firm** means the firm or firms retained by the Parties to conduct the Initial Mailing and subsequent mailings to Class Members in relation to this Settlement Agreement.

(36) **Missing Class Member** means any Class Member who has not received as of the date of this Settlement Agreement all of the Consideration to which the Class Member was entitled as at the date of the Transaction.

(37) **Montreal Trust** means Montreal Trust Company of Canada.

(38) **Notice Implementation Date** means a date agreed by the Parties or approved by the Court as the Notice Implementation Date for purposes of this Settlement Agreement, which date shall be determined so as to be as proximate as possible to the Initial Mailing while permitting the Approval Notice to specify the Claim and Opt Out Deadline.

(39) **Opt-Out Form** means the form approved by the Court which must be completed and timely submitted to Class Counsel by a Class Member in order for the Class Member to exclude himself, herself, or itself from the Class.

(40) **Parties** means the Plaintiff and the Defendants.

(41) **Plaintiff** means Peter Gray.

(42) **Plan of Notice** means the plan attached hereto as Schedule "B", or such other plan as may be approved by the Court, for the purpose of disseminating the Pre-Approval Notice and the Approval Notice.

(43) **Policyholder Guide** means the Policyholder Guide to Demutualization dated July 8, 1999.

(44) **Pre-Approval Motion** means the motion brought by the Plaintiff before the Court for the Pre-Approval Order.

(45) **Pre-Approval Notice** means the notice to the Class of the Approval Hearing substantially in the form set out in Schedule "C" hereto, as may be amended and approved by the Court.

(46) **Pre-Approval Order** means an order, substantially in the form set out in Schedule "D" hereto, setting the date for the Approval Hearing and authorizing publication of the Pre-Approval Notice.

(47) *Previously Located Class Member* means any Class Member who is not a Missing Class Member.

(48) *Quebec Action* means Quebec Superior Court File No. 200 06-000118-094 (District of Quebec) between Claude Émilien Tremblay (requérant) and Lifeco and CLFC (intimées).

(49) *Referee* means a suitable person nominated by the Parties and appointed by the Court to review Claim Decisions.

(50) *Released Claims or Released Claim* means any and all manner of claims, demands, actions, suits, causes of action, whether class, individual or otherwise in nature, whether personal or subrogated, damages whenever incurred, and liabilities of any nature whatsoever, including interest, costs, expenses, penalties, Class Counsel Fees and lawyers' fees, known or unknown, suspected or unsuspected, in law, under statute or in equity, that the Releasers, or any of them, whether directly, indirectly, derivatively, or in any other capacity, ever had, now have, or hereafter can, shall, or may have as against the Releasees, relating in any way to the Consideration or the CLFC Dividends (including for greater certainty, in the case of a Missing Class Member who has not made a timely claim for Settlement Benefits, any claim to or rights in the Consideration or the CLFC Dividends), the failure of the Defendants to provide the Transaction Notice or to take reasonable steps to provide the Consideration or the CLFC Dividends to Class Members, or any conduct alleged (or which could have been alleged) in the Action, including, without limitation, any such claims which have been asserted or could have been asserted, whether in Canada, the United Kingdom, Ireland, the United States of America or elsewhere, as a result of the failure of the Defendants to provide the Transaction Notice or to take reasonable steps to provide the Consideration or the CLFC Dividends to Class Members, excepting only a claim for enforcement of this Settlement Agreement.

(51) *Releasees* means, jointly and severally, individually and collectively, the Defendants and all of their present and former, direct and indirect, parents, subsidiaries, divisions, affiliates, partners, insurers, and all other persons, partnerships or corporations with whom any of the former have been, or are now, affiliated, and their respective past, present and future officers, directors, employees, agents, shareholders, attorneys, trustees, servants and representatives; and the predecessors, successors, purchasers, heirs, executors, administrators and assigns of each of the foregoing.