



Commercial Court File No. 97-BK-000543

**SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE R.A. BLAIR

)
)

WEDNESDAY THE 4TH DAY
OF SEPTEMBER, 2002



**IN THE MATTER OF
CONFEDERATION LIFE INSURANCE COMPANY**

**AND IN THE MATTER OF THE
*INSURANCE COMPANIES ACT, S.C. 1991, AS AMENDED***

**AND IN THE MATTER OF THE
*WINDING-UP ACT, R.S.C. 1985, C.W-11, AS AMENDED***

BETWEEN:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

ORDER

THIS MOTION made by KPMG Inc., the Liquidator (the “Liquidator”) of Confederation Life Insurance Company (“Confed”), was heard this day at 361 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated the 22 day of August, 2002 (the “Report”), filed, and upon hearing the submissions of counsel for the Liquidator:

1. **THIS COURT ORDERS** that the service made of the Notice of Motion and supporting materials herein is good and sufficient notice of this motion, that this motion is properly returnable

today, and that any further service or notice of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS** that the hearing of the motion for directions (the “Post-Liquidation Interest Motion”) regarding whether Ordinary Creditors (as defined in the Report) are entitled to receive post-liquidation interest in priority to the claims of holders of the subordinated indebtedness (the “Sub Debt Holders”) issued by Confed is returnable on October 31, 2002 at 10:00 a.m.

3. **THIS COURT DECLARES** that the following parties have an interest in or may be affected by the Post-Liquidation Interest Motion:

- (a) the Ordinary Creditors;
- (b) Sub Debt Holders; and
- (c) ComputerShare Trust Company of Canada, on behalf of Montreal Trust Company of Canada, the Trustee under the Sub Debt issues (the “Trustee”).

4. **THIS COURT ORDERS** that the following representative counsel are hereby appointed to appear and represent the interests of the following classes at the Post-Liquidation Interest Motion, and in connection with any proposed settlement of the issues raised by the Post-Liquidation Interest Motion including appearing and making submissions to the Court on any application for approval any such settlement:

- (a) James H. Grout, to represent the interests of the Ordinary Creditors; and
- (b) Derrick C. Tay, to represent the interests of the Sub Debt Holders.

5. **THIS COURT ORDERS** that in discharging their duties hereunder, the representative counsel:

- (a) may consult with identifiable members of the class represented by such representative counsel but shall not be obliged to follow the instructions of, or provide opinions to, individual members of such class;
- (b) shall act in the best interests of the represented class as a whole and take such necessary and appropriate steps and actions as such representative counsel shall deem fit from time to time;
- (c) may seek the advice and direction of this Court from time to time in connection with their appointment hereunder, upon notice to the Liquidator and other parties on the service list, unless otherwise ordered by the Court; and
- (d) shall incur no liability to any party other than in respect of their own negligence or wilful misconduct.

6. **THIS COURT ORDERS** that, notwithstanding the appointment of Derrick C. Tay as representative counsel for the Sub Debt Holders, Mr. Tay shall be entitled to continue to act as counsel to the Trustee in connection with the discharge of the Trustee's duties with respect to the Sub Debt.

7. **THIS COURT ORDERS** that the remuneration, costs and expenses of the representative counsel be treated as part of the costs and expenses of the liquidation of Confed and that the

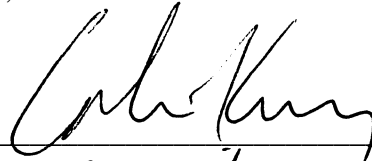
representative counsel may be required to have their accounts assessed on a solicitor and client basis by the Court from time to time.

8. **THIS COURT ORDERS** that notice of the Post-Liquidation Interest Motion may be made on the persons listed on the Service List (as defined in the Report), the representative counsel, the Trustee and on the Identified Sub Debt Holders (as defined in the Report) by depositing a copy of the materials filed by the Liquidator in support of the Post-Liquidation Interest Motion with a courier for delivery on or before September 16, 2002, where the Liquidator has a mailing address for such persons, or by sending such materials via facsimile, where the Liquidator does not have a mailing address for such persons.

9. **THIS COURT ORDERS** that notice of the Post-Liquidation Interest Motion may be made to any and all other interested parties by a notice, substantially in the form annexed hereto as Schedule "A", being published on one occasion on or before September 16, 2002 in (i) *The Globe & Mail - National Edition*; (ii) *The National Post*; (iii) *The Luxemburger Wort*; (iv) the European edition of *The Financial Times of London*; (v) *The Wall Street Journal*; (vi) *The Atlanta Journal/The Atlanta Constitution*; and (vii) *La Presse*, and that such publication shall be good and sufficient service of notice of the Post-Liquidation Interest Motion on any and all such other parties, and that further service of the Post-Liquidation Interest Motion and service of the Report filed in support thereof and this Order or supporting materials be and the same is hereby dispensed with.

10. **THIS COURT ORDERS** that any parties wishing to attend and make submissions on the hearing of the Post-Liquidation Interest Motion must:

- (a) serve a Notice of Intention to Appear on Goodmans LLP, counsel for the Liquidator (“Goodmans”), and file such Notice with the Court by no later than October 1, 2002;
- (b) serve on Goodmans and counsel for all parties appearing on the Post-Liquidation Interest Motion any evidentiary material on which they intend to rely and file a copy of such materials with the Court no later than October 15, 2002; and
- (c) serve on Goodmans and counsel for all parties appearing on the Post-Liquidation Interest Motion a factum and book of authorities and file a copy of such materials with the Court no later than October 22, 2002.



Registrar

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ENTERED AT/INSCRIT À TORONTO
ON/BOOK NO:
LE/DANS LE REGISTRE NO:
SEP 04 2002
PER/PAR: NB

Schedule "A"

**COMMERCIAL LIST COURT FILE NO. 97-BK-000543
IN THE MATTER OF THE WINDING-UP OF
CONFEDERATION LIFE INSURANCE COMPANY
("CONFED")**

Take notice that on, October 31, 2002 KPMG Inc., the liquidator (the "Liquidator") of Confed will bring a motion (the "Motion") before the Ontario Superior Court of Justice (the "Court") for an order for advice and directions regarding whether Ordinary Creditors are entitled to receive post-liquidation interest in priority to the claims of holders of the subordinated indebtedness (the "Sub Debt") issued by Confed. The Sub Debt consists of two series of subordinated bonds issued by Confed: the one, issued in January 1993, was an issue of Luxembourg Francs 1,000,000,000 due March 28, 2000 and bearing interest at 8 3/8%; the other, issued in March 1993, was an issue of £100,000,000 due March 3, 2003 and bearing interest at 9 7/8%.

Pursuant to an Order of the Court dated ●, 2002, the following representative counsel were appointed to appear and represent the interests of the following classes, respectively, on the Motion and in connection with any proposed settlement of the issues raised by the Motion:

(a) James H. Grout of Thornton Grout Finnigan LLP in Toronto, to represent the interests of the Ordinary Creditors, being the unsecured creditors and other claimants of Confed, wherever located; and

(b) Derrick C. Tay of Ogilvy Renault in Toronto, to represent the interests of holders of Sub Debt, wherever located.

If you have any questions or want a copy of the Motion Record in support of the Motion, please contact Goodmans LLP, counsel for the Liquidator ("Goodmans"), in writing as set out below. You may also view the material on the Confed website, www.confederationlife.com.

If you or counsel on your behalf wish to attend and make submissions at the Motion, you or your counsel must:

(a) serve a Notice of Intention to Appear on Goodmans and file such Notice with the Court by no later than October 1, 2002;

(b) serve on Goodmans and counsel for all parties appearing on the Motion, any evidentiary material on which you intend to rely and file a copy of such material with the Court by no later than October 15, 2002; and

(c) serve on Goodmans and counsel for all parties appearing on the Motion, a factum and book of authorities and file a copy of such materials with the Court no later than October 22, 2002.

Service on Goodmans shall be made as follows:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, Ontario, Canada
M5B 2M6
Fax No. (416) 979-1234
Attention: Gale Rubenstein

A form of Notice of Intention to Appear and a list of all parties appearing on the Motion is available from Goodmans at the above address.

By Order of the Court dated ●, 2002.

**[KPMG Inc.
Liquidator]**

THE ATTORNEY GENERAL OF CANADA
Applicant

and

CONFEDERATION LIFE INSURANCE COMPANY
Respondent

Commercial List Court File No: 97-BK-000543

SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST

Proceeding commenced at Toronto

ORDER

Goodmans LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5H 2M6

Gale Rubenstein\LSUC #17088E
Tel: 416.979.2211
Fax: 416.979.1234

Solicitors for KPMG Inc., the Liquidator of
Confederation Life Insurance Company

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CONFEDERATION LIFE INSURANCE COMPANY, IN LIQUIDATION WEBSITE LEGAL DISCLAIMER

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This Site is not an official reporter, and the Liquidator does not guarantee that all information is error free, complete, or accurate. The Site does not purport to provide complete records of all litigation and legal documentation pertaining to Confederation Life Insurance Company, in Liquidation. The Site contains no legal advice and nothing herein shall be taken, implied or construed as an offer to provide, or a provision of, legal advice. The Liquidator may change, modify, suspend, or discontinue the Site at any time without notice.

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