

**SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

**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***

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

**MOTION RECORD
(Returnable February 26, 2004)**

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Gale Rubenstein\LSUC # 17088E
Tel: 416.597.4148
Fax: 416.979.1234

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

INDEX

<u>DOCUMENT</u>	<u>TAB</u>	<u>PAGE NO.</u>
Notice of Motion (Returnable February 26, 2004)	1	1
Draft Order	A	6
Report of KPMG Inc., Liquidator of Confederation Life Insurance Company dated February 18, 2004	2	10
Order dated January 31, 2003	A	17
Order dated January 26, 2004	B	25

**ONTARIO SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

**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***

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

NOTICE OF MOTION
(returnable February 26, 2004)

KPMG Inc., the liquidator (the "Liquidator") of Confederation Life Insurance Company ("Confed") will make a motion before the Honourable Mr. Justice Blair on February 26, 2004 at 10:00 a.m., or as soon after that time as the motion can be heard, at Osgoode Hall, Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order substantially in the form attached as Schedule "A" hereto; and
2. for such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. the Liquidator is seeking an order allowing a claim in excess of \$1,000,000 in accordance with the claims allowance process previously approved by this Court;
2. Rules 1.04, 2.03 and 3.02 of the *Rules of Civil Procedure*;
3. Sections 75, 76, 87, 88, 89, 90, 91 and 166 of the *Winding-up and Restructuring Act*;
4. the Orders of this Court made herein on August 15, 1994, May 5, 2000, June 20, 2000 January 31, 2003 and January 26, 2004; and
5. such further and other grounds as counsel may advise and this Honourable Court permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Report of the Liquidator dated February 18, 2004; and
2. such further and other material as counsel may advise and this Honourable Court permit.

February 19, 2004

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, Canada M5B 2M6

Gale Rubenstein\LSUC #17088E
Tel: (416) 597-4148
Fax: (416) 979-1234

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

TO: CompCorp
1600 - 1 Queen Street East
Toronto, Ontario
M5C 2X9

Attention: Frank Miller

Tel: (416) 359-2969
Fax: (416) 955-9688

AND TO: Fraser Milner Casgrain
1 First Canadian Place, 41st Floor
Box 100
Toronto, Ontario
M5X 1B2

Attention: Robb Heintzman

Tel: (416) 863-4511
Fax: (416) 863-4592

Solicitors for Confederation Trust Company

AND TO: Osler, Hoskin & Harcourt
1 First Canadian Place
P.O. Box 50, Stn. 1st Can. Place
Toronto, Ontario
M5X 1B8

Attention: Edward A. Sellers

Tel: (416) 362-2111
Fax: (416) 862-6666

Solicitors for The Chase Manhattan Bank

AND TO: Goodman and Carr
2300 - 200 King Street West
Toronto, Ontario
M5H 3W5

Attention: Gary Luftspring

Tel: (416) 595-2326
Fax: (416) 595-0567

Solicitors for the Former Officers and Directors of
Confederation Life Insurance Company

AND TO: Office of the Superintendent of Financial Institutions
121 King Street West, 22nd Floor
Toronto, Ontario
M5H 3T9

Attention: Naren Sheth

Tel: (416) 973-6118
Fax: (416) 952-1662

AND TO: UBS Warburg LLC
299 Park Avenue
New York, New York
U.S.A. 10171-0026

Attention: Soren Reynertson

Tel: (212) 821-3308
Fax: (212) 821-3008

AND TO: Davies, Ward Phillips & Vineberg
1 First Canadian Place, 44th Floor
P.O. Box 63, Stn. 1st Can. Place
Toronto, Ontario
M5X 1B1

Attention: Jay Swartz

Tel: (416) 863-0900
Fax: (416) 863-0871

Solicitors for UBS AG

AND TO: Bodman, Longley & Dahling LLP
110 Miller, Suite 300
Ann Arbor, Michigan 48104

Attention: James Walsh

Tel: (734) 761-3780
Fax: (734) 930-2494

Counsel to the U.S. Rehabilitator

AND TO: M.H. Davidson & Co.
Davidson Kempner Partners
3300 - 885 Third Avenue
New York, New York
U.S.A. 10022-4834

Attention: Michael J. Leffell

Tel: (212) 371-4104
Fax: (212) 371-4318

AND TO: Michael Winschuh
Managing Director
Primeshares (New York)
60 Madison Avenue, 2nd Floor
New York, N.Y. 10010

Tel: (212) 889-1937
Fax: (212) 889-2231

AND TO: Siskind, Cromarty, Ivey & Dowler
680 Waterloo Street
P.O. Box 2520
London, Ontario
N6A 3V8

Attention: C. Scott Ritchie

Tel: (519) 672-2121
Fax: (519) 672-6065

SCHEDULE "A"

Commercial List Court File No. 97-BK-000543

**ONTARIO SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

THE HONOURABLE MR.) THURSDAY, THE 26th DAY
JUSTICE R.A. BLAIR) OF FEBRUARY, 2004

**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***

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

O R D E R

THIS MOTION, brought by KPMG Inc., the liquidator (the "Liquidator") of Confederation Life Insurance Company ("Confed"), was heard this day at Osgoode Hall, Toronto, Ontario.

ON READING the Report of the Liquidator dated February 18, 2004, 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 of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS** that the Liquidator be and is hereby authorized to make distributions from time to time to William H. Alexander on his allowed claim of \$2,250,000.00.

**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
M5B 2M6

Gale Rubenstein\LSUC # 17088E

Tel: (416) 597-4148
Fax: (416) 979-1234

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

G26\4509670.1

**THE ATTORNEY GENERAL OF
CANADA**

and

**CONFEDERATION LIFE INSURANCE
COMPANY**

Commercial List Court File No: 97-BK-000543

Applicant

Respondent

**SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF MOTION

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Gale Rubenstein\LSUC # 17088E

Tel: (416) 597-4148
Fax: (416) 979-1234

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

**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**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**

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

**REPORT OF KPMG INC., THE LIQUIDATOR OF
CONFEDERATION LIFE INSURANCE COMPANY**

FEBRUARY 18, 2004

TABLE OF CONTENTS

	<u>Page</u>
I. NATURE OF THE MOTION.....	1
II. BACKGROUND.....	2
III. APPROVAL OF CLAIM.....	2
A. ALLOWANCE PROCESS	2
B. CLAIM OF WILLIAM ALEXANDER.....	3
IV. RELIEF REQUESTED.....	5

**SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

**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***

B E T W E E N:

THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

**REPORT OF KPMG INC., THE LIQUIDATOR OF
CONFEDERATION LIFE INSURANCE COMPANY**

FEBRUARY 18, 2004

I. NATURE OF THE MOTION

1. This Report is filed in support of a motion by KPMG Inc., the liquidator (the “Liquidator”) of Confederation Life Insurance Company (“Confed”), for an order allowing a claim in excess of \$1,000,000 in accordance with the claims allowance process previously approved by this Court (the “Allowance Process”):

II. BACKGROUND

2. On August 15, 1994, this Court ordered that Confed be wound-up pursuant to the *Winding-up and Restructuring Act*, then the *Winding-up Act*. By further order of the same date, the Court appointed the Superintendent of Financial Institutions provisional liquidator of Confed. The Superintendent of Financial Institutions appointed KPMG Inc. as his agent to assist in the administration of the liquidation.

3. On September 10, 1997, this Court discharged the Superintendent of Financial Institutions as provisional liquidator of Confed and appointed KPMG Inc. as permanent liquidator.

III. APPROVAL OF CLAIM

A. Allowance Process

4. By Orders dated January 31, 2003 and January 26, 2004, copies of which are attached as Schedules “A” and “B”, this Court modified the Allowance Process. Briefly, the Allowance Process is as follows:

- (a) the Liquidator posts a list of proposed allowed claims on the Confed website on the first and fifteenth of each month (or the first business day thereafter if those days fall on a weekend or holiday). The list includes the claim number, the claimant’s name, the amount claimed and the amount to be allowed.
- (b) persons wishing to object to any of the proposed claims have fourteen days from the day that the proposed claim is posted on the website to object to any proposed claims.
- (c) at the same time that new proposed claims are posted, the Liquidator also serves a letter on the service list maintained by the Liquidator (the “Service List”) advising

them of any claims over \$150,000 which have been posted on the website and advising them that there are fourteen days to object in accordance with the procedure described in (b) above.

- (d) if no objections are received within the relevant time period, the Liquidator may pay creditors whose claims do not exceed \$1,000,000. This Court must approve claims in excess of \$1,000,000 before payment is made. If objections are received and cannot be resolved, the Liquidator will seek further directions from this Court.

B. Claim of William Alexander

5. The Liquidator is seeking approval to pay William Alexander an additional amount of \$2,109,988.88. Mr. Alexander is a former officer of Confed. His claim relates to his employment. Mr. Alexander's additional claim was posted on the Confed website on February 1, 2004 and no objections were received.

6. Mr. Alexander filed a proof of claim in the amount of \$3,895,530 relating to, among other things, a claim for supplementary pension benefits and termination/severance pay. The Liquidator partially disallowed Mr. Alexander's claim. The Liquidator was authorized in accordance with the Allowance Process to pay Mr. Alexander on the basis of the amount the Liquidator was prepared to allow without prejudice to Mr. Alexander's appeal rights and Mr. Alexander was paid such amount.

7. At the time the Liquidator sought approval from this Court to make the distribution on the allowed portion of a number of claims, including Mr. Alexander's, the Liquidator advised the Court that if any of the claimants appealed from the partial disallowances and the issues could not be resolved, the Liquidator would seek directions from the Court. The Liquidator also advised the Court that if the issues could be resolved and further payments were to be made, the Liquidator would seek approval from the Court prior to making such payments in accordance with the Allowance Process.

8. As noted above, Mr. Alexander filed a claim in the aggregate amount of \$3,895,530 relating to, among other things, supplementary pension benefits and termination/severance. The Liquidator initially allowed Mr. Alexander's claim in the amount of \$140,011.12, which represented an amount that was clearly not in dispute so that Mr. Alexander could receive payment of such amount pending resolution of the outstanding issues.

9. The most significant dispute regarding Mr. Alexander's claim concerned the quantum of earnings that should be included for purposes of calculating his supplementary pension benefits and termination/severance pay. The dispute arose because Mr. Alexander had been an officer of Confederation Treasury Services Limited ("CTSL") as well as an officer of Confed. Mr. Alexander received certain bonuses referable to his role as President of CTSL, however, it appeared that those amounts were paid, and T4s issued, by Confed. Prior to the commencement of the liquidation proceedings, the inclusion of the CTSL bonuses in Mr. Alexander's earnings for purposes of the supplementary pension benefits had been the matter of dispute between Mr. Alexander and Confed. The issue remained unresolved at the time Confed was ordered wound-up.

10. The amount that the Liquidator originally allowed Mr. Alexander excluded any of his earnings referable to CTSL. Mr. Alexander objected to the Liquidator's partial disallowance. Mr. Alexander subsequently provided the Liquidator with extensive documentation that had not been submitted with his initial proof of claim. The Liquidator and its counsel reviewed both that documentation and Confed's records.

11. Following negotiations, the Liquidator agreed to allow Mr. Alexander an additional claim of \$2,109,988.88, which Mr. Alexander agreed to accept in full and final settlement of his claim.

12. The Liquidator does not propose to comment on the likelihood of success if the issue of Mr. Alexander's earnings were litigated, since, if the proposed allowed claim is not approved, the matter will likely have to be litigated. However, the Liquidator is cognizant that

there is uncertainty and risk associated with this, as with any litigation, and the settlement has been reached after the advice of counsel was taken

13. The Liquidator is of the view that the settlement reached with Mr. Alexander is fair and reasonable in the circumstances. The Liquidator, therefore, recommends that this Court approve Mr. Alexander's claim.

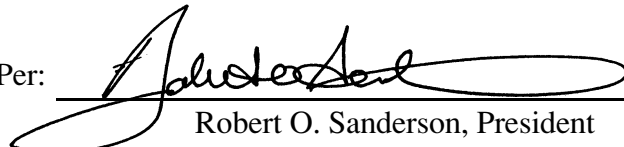
IV. RELIEF REQUESTED

14. The Liquidator therefore respectfully requests an Order approving payment of Mr. Alexander's claim as described above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

KPMG INC., the Liquidator of Confederation Life Insurance Company

Per:


Robert O. Sanderson, President

SCHEDULE "A"

Commercial List Court File No. 97-BK-000543

ONTARIO SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE R.A. BLAIR

)
)

FRIDAY, THE 31ST DAY
OF JANUARY, 2003



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, brought 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 January 24, 2003, filed, and upon hearing the submissions of counsel for the Liquidator, of counsel for Montreal Trust Company of Canada and of Parbold Overseas Investments,

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 of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS** that the process for giving notice to creditors and claimants of the claims the Liquidator proposes to admit as set out in paragraphs 2 through 8 of the Order of this Court dated June 20, 2000 is hereby replaced with the process set out in paragraphs 3 through 9 herein.

3. **THIS COURT ORDERS** that the Liquidator is hereby authorized to mail a letter in substantially the form attached hereto as Schedule "A" to each person who has an allowed claim in the estate of Confed or who has filed a proof of claim that has yet to be allowed, disallowed, or reduced by the Liquidator, notifying such persons of the amendment to the Admission Process.

4. **THIS COURT ORDERS** that the Liquidator is hereby authorized to post a list of the claims which it has determined ought to be admitted (the "Allowed Claims") on the Confed website on the first (1st) and fifteenth (15th) day of each month, or the first business day thereafter if those are not business days, setting out the claim number, the claimant's name, the amount claimed and the amount to be allowed.

5. **THIS COURT ORDERS** that any creditor or claimant wishing to object to any Allowed Claim (an "Objecting Creditor") shall have fourteen (14) days from the day that the Allowed Claim is posted on the website to object to any such claim by sending written notice of

the objection, including the reasons the objection is being made, to the Liquidator via e-mail through a link on the website. If any objections are received, the Liquidator shall send written notice to the creditor whose claim is being objected to (the "Subject Creditor") as soon as practicable by means of prepaid registered mail, facsimile or courier.

6. **THIS COURT ORDERS** that the Subject Creditor shall have six (6) days after receipt of notice of an objection to answer the objection in writing and to serve such answer on the Objecting Creditor and the Liquidator by means of prepaid registered mail, facsimile or courier.

7. **THIS COURT ORDERS** that an Objecting Creditor shall have three (3) days after receipt of an answer from a Subject Creditor to reply in writing and to serve such reply on the Subject Creditor and the Liquidator by means of prepaid registered mail, facsimile or courier.

8. **THIS COURT ORDERS** that where any time period referred to in paragraphs 4 through 7 hereof expires on a day that is a Saturday, Sunday or holiday in the jurisdiction in which the Creditor required to effect service resides, service is to be effected on the next business day thereafter.

9. **THIS COURT ORDERS** that with respect to any Allowed Claim to which no objection is received within fourteen (14) days from the date such was posted on the Confed website, the Liquidator may pay such Allowed Claim as soon as practicable if such Allowed Claim does not exceed \$150,000 and no further objections may be raised to such claim by any creditors or claimants thereafter. If such Allowed Claim exceeds \$150,000, the Liquidator shall

seek approval of the Court with respect to such claim before paying it and no further objections may be raised by any creditors or claimants.

10. **THIS COURT ORDERS** that paragraphs 9 through 14 of the Order of this Court of June 20, 2000 shall continue to apply without modification.

A handwritten signature in black ink, appearing to be "J. L. ...", is written over a horizontal line.

ENTERED AT/INSCRIT À TORONTO
ON/BOOK NO:
LE/DANS LE REGISTRE NO:

JAN 3 1 2003

PER/PAR: *JA*

SCHEDULE "A"

[LETTERHEAD OF CONFEDERATION LIFE INSURANCE COMPANY]

[Date]

To All Ordinary Creditors/Persons who have filed claims with the Liquidator

Re: Confederation Life Insurance Company, in Liquidation

As set out in our previous correspondence to you, the Liquidator will file a Statement of Claimants and Creditors ("the Statement") with the Office of the Superintendent of Financial Institutions in accordance with Part III of the *Winding-up Act* (now the *Winding-up and Restructuring Act*) (the "Act"). The Statement includes those persons from whom the Liquidator called for claims pursuant to the Order of the Court dated October 7, 1999 and who filed claims in response. Inclusion on the Statement with a nil amount indicates that the person's claim has either been disallowed by the Liquidator, is still in the process of being reviewed by the Liquidator or is the subject of a dispute. The Statement has been amended from time to time as further claims have been allowed, disallowed or reduced.

The Liquidator is continuing to review claims filed in response to the call for claims against the estate of Confederation Life. That process is substantially complete but there remain outstanding claims that have yet to be reviewed and adjudicated by the Liquidator. If your claim has not yet been adjudicated, it does not mean that your claim has been or will be disallowed. You will hear from the Liquidator when your claim has been reviewed and a determination of the merits of the claim has been made. You do not need to take any further steps in the meantime.

In the past, you received mailed listings setting out claims that the Liquidator intended to recommend be approved by the Ontario Court (the "Court"). Given the current status of the estate, the Court has approved the following amended process:

1. The Liquidator will no longer mail listings out to creditors. Instead, the Liquidator will post a list of proposed allowed claims on the Confed website (www.confederationlife.com) on the first and fifteenth of each month. Persons wishing to review new allowed claims must therefore review the claims on-line.
2. Persons wishing to object to any of the proposed claims (an "Objecting Party") will have fourteen days from the day that the proposed claim is posted on the website to object to any proposed claims by e-mailing written notice of the objection, including the reasons the objection is being made, to the Liquidator through a link on the website.

3. If objections are received, the Liquidator will send written notice to the subject creditor (the "Subject Party") as soon as practicable. Upon receipt of such notice, the Subject Party will have six days to serve a written answer to the objection on the Objecting Party and the Liquidator.
4. The Objecting Party will then have three days to serve a written reply on the Subject Party and the Liquidator.
5. If no objections are received within the relevant time periods, the Liquidator will seek approval of the Court to pay the claim if it exceeds \$150,000. For claims up to \$150,000, the Liquidator will issue payment to the creditor as soon as practicable. Once the fourteen day time period has expired, no further objections may be made.
6. Where any time period referred to in paragraphs 1 through 4 above expires on a Saturday, Sunday or holiday in the jurisdiction in which the creditor required to effect service resides, service is to be effected on the next business day thereafter.
7. Where an objection has been raised and the parties are unable to resolve the objection, the Liquidator may seek further directions from the Court or may advise the creditors in question to bring a motion to have the contestation heard by the Court. If you object to a claim and the matter is heard by the Court, you may be liable for costs. In addition, security for costs may be sought in advance of the hearing.
8. The above process will not apply to claims being adjudicated by the Court.

The address for service on the Liquidator is as follows:

KPMG Inc., Liquidator of Confederation Life Insurance Company
800 Bay Street
8th Floor
Toronto, Ontario
M5S 3A9

Facsimile No. (416) 323-2253

Attention: I. George Gutfreund

With a copy to:

Goodmans LLP
Barristers and Solicitors
Suite 2400
250 Yonge Street
Toronto, Ont.
M5B 2M6

Facsimile No. (416) 979-1234

Attention: Gale Rubenstein

Please note, the fact that you have received this letter does not mean that your claim has been admitted by the Liquidator.

Yours very truly,

CONFEDERATION LIFE INSURANCE COMPANY by
its Liquidator, KPMG Inc.

I. George Gutfreund
Vice-President, KPMG Inc.

G26\4468384.2

**THE ATTORNEY GENERAL OF
CANADA**

and

**CONFEDERATION LIFE INSURANCE
COMPANY**

Commercial List Court File No: 97-BK-000543

Applicant

Respondent

**SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Gale Rubenstein\LSUC # 17088E

Tel: (416) 979-2211
Fax: (416) 979-1234

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

SCHEDULE "B"

Commercial List Court File No. 97-BK-000543

**ONTARIO SUPERIOR COURT OF JUSTICE
- COMMERCIAL LIST**

THE HONOURABLE MR.) MONDAY, THE 26th DAY
JUSTICE R.A. BLAIR) OF JANUARY, 2004

**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***

B E T W E E N:

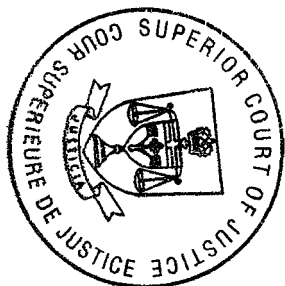
THE ATTORNEY GENERAL OF CANADA

Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent



ORDER

THIS MOTION, brought by KPMG Inc., the liquidator (the "Liquidator") of Confederation Life Insurance Company ("Confed"), was heard this day at Osgoode Hall, Toronto, Ontario.

ON READING the Report of the Liquidator dated January 19, 2004, 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 of the Notice of Motion and supporting materials be and the same is hereby dispensed with.

2. **THIS COURT ORDERS** that the Liquidator be and is hereby authorized to make distributions from time to time to holders of the allowed claims set out in Schedule "A" attached hereto.

3. **THIS COURT ORDERS** that the requirement that Court approval be sought in respect of claims which exceed \$150,000 as set out in paragraph 9 of the Order of this Court dated January 31, 2003 be and it is hereby dispensed with where no objections have been made to such claims in accordance with the process for giving notice to creditors and claimants of the claims that the Liquidator proposes to admit (the "Allowance Process"), provided that the Liquidator shall seek approval of this Court for the admission of claims which exceed \$1,000,000 in accordance with the January 31, 2003 Order of this Court.

4. **THIS COURT ORDERS** that the Allowance Process be further amended to provide that the Liquidator be and is hereby directed to serve a letter, by facsimile or courier, on the service list maintained from time to time by the Liquidator in these proceedings advising them of any claims over \$150,000 which have been posted on the Confed website and advising them that there are fourteen days from the date such claim was posted within which to object in accordance with the Allowance Process.

5. **THIS COURT ORDERS** that, except as set out above, the Allowance Process as set out in the Order of this Court of June 20, 2000 as amended by the Order of this Court of January 31, 2003 shall continue to apply without modification.

ENTERED AT / INSCRIT À TORONTO
ON/BOOK NO:
LE/DANS LE REGISTRE NO:

JAN 26 2004

PER/PAR: 



Registrar

SCHEDULE "A"

Creditor	Amount Claimed	Amount Initially Allowed	Additional Amount to be Allowed	Total Amount Allowed
Curtis, Clive J.	\$745,567.02*	\$0	\$318,884.33	\$318,884.33
Douglas, William D.	1,770,238.00	1,402,000.17	368,237.83	1,770,238.00
Grigor, Gordon F.	4,044,289.98*	340,147.65	1,357,543.58	1,697,691.23
Rosenfelder, Michael	1,456,580	902,210.93	262,500	1,164,710.93
Samji, Zoolfikar H. H.	949,678.00	361,726.49	438,273.51	800,000.00

G26\4501006.1

* Converted to Canadian from U.S. using court-approved exchange rate of 1.3816.

**THE ATTORNEY GENERAL OF
CANADA**

and

**CONFEDERATION LIFE INSURANCE
COMPANY**

Commercial List Court File No: 97-BK-000543

Applicant

Respondent

**SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Gale Rubenstein\LSUC # 17088E

Tel: (416) 597-4148
Fax: (416) 979-1234

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

**ONTARIO SUPERIOR COURT OF JUSTICE
– COMMERCIAL LIST**

Proceeding commenced at Toronto

MOTION RECORD

Goodmans LLP
Barristers & Solicitors
250 Yonge Street
Suite 2400, Box 24
Toronto, Ontario
M5B 2M6

Gale Rubenstein\LSUC # 17088E

Tel: 416.597.4148
Fax: 416.979.1234

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

G26\4509663.1

CONFEDERATION LIFE INSURANCE COMPANY, IN LIQUIDATION WEBSITE LEGAL DISCLAIMER

This website (the "Site") contains legal documents pertaining to the windup of Confederation Life Insurance Company. This Site is presented as a public service for informational purposes only by Confederation Life Insurance Company by its Liquidator, KPMG Inc. (the "Liquidator"). KPMG LLP is not the Liquidator and has no responsibility for the contents of this Site. WARNING: Transmissions to the Site are not protected and no confidentiality will be maintained with respect thereto. Transmissions to the Site are made at the sender's risk.

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.

Based on the fundamental universal condition of the electronic communication process, the Liquidator does not guarantee or warrant the Site will be uninterrupted, without delay, error-free, omission-free, or free of viruses. Therefore, the information is provided "as is" without warranties of any kind, express or implied, including accuracy, timeliness and completeness. In no event shall the Liquidator, its employees, agents, consultants, legal counsel, contractors, or affiliates be liable for any direct, indirect, incidental, special, exemplary, punitive, consequential or other damages whatsoever (including, but not limited to, liability for loss of use, data or profits), without regard to the form of any action, including but not limited to contract, negligence or other tortious actions, arising out of or in connection with the Site, any content on or accessed by use of the Site, or any copying, display or other use hereof.

External links are provided on the Site as aids to help you identify and locate other sources of information that may be of interest, and are not intended to state or imply that the Liquidator endorses, sponsors, is affiliated or associated with or is legally authorized to use any trade name, registered trademark, logo, legal or official seal, or copyrighted symbol that may be reflected in the links. In no event shall the Liquidator, its employees, agents, consultants, legal counsel, contractors, or affiliates accept responsibility for the accuracy of the link, the accuracy or completeness of any information obtained through any link. The Liquidator further warns against reliance on any information contained therein and further disclaims any knowledge or information as to the truth or accuracy of the information contained therein.

The Site is controlled by the Liquidator from its offices within the Province of Ontario, Canada. By accessing the Site, you and the Liquidator agree that all matters relating to access to, or use of the Site shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to the conflicts of laws principals thereof. You and the Liquidator also agree and hereby submit to the exclusive personal jurisdiction and venue of the courts of the Province of Ontario with respect to such matters.