

**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 January 26, 2004)**

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

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**ONTARIO SUPERIOR COURT OF JUSTICE
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- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

NOTICE OF MOTION
(returnable January 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 January 26, 2004 at 9:15 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:
 - (a) allowing claims of ordinary creditors, as set out in Schedule “B” of the Report of the Liquidator; and
 - (b) amending the process for the giving of notice to creditors and claimants of the claims that the Liquidator proposes to admit.
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 and January 31, 2003; 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 January 19, 2004; and
2. such further and other material as counsel may advise and this Honourable Court permit.

January 19, 2004

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street, Suite 2400
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Solicitors for KPMG Inc., the Liquidator of
Confederation Life Insurance Company

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**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

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 January 19, 2004, filed, and upon hearing the submissions of counsel for the Liquidator, and of ●,

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").

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.

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

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

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

JANUARY 19, 2004

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

JANUARY 19, 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:

- (a) allowing certain claims over \$150,000 in accordance with the claims allowance process previously approved by this Court (the “Allowance Process”); and
- (b) amending 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.

4. On August 12, 1994, the Circuit Court for the County of Ingham, State of Michigan ordered that all of Confed's businesses in the U.S., including its U.S. branch, should cease and become known as "Confederation Life Insurance Company (U.S.) in Rehabilitation" ("CLIC (U.S.)"), an estate under the management, direction and control of the Commissioner of Insurance for the State of Michigan as rehabilitator (the "Rehabilitator"). By order dated October 23, 1996 and pursuant to a plan of rehabilitation approved by such order, the Michigan Court ordered that CLIC (U.S.) be wound-up and appointed the Rehabilitator as liquidator of CLIC (U.S.). For ease of reference herein, the term "Rehabilitator" refers to the Rehabilitator both in his capacity as rehabilitator and in his capacity as liquidator of CLIC (U.S.).

III. APPROVAL OF CLAIMS

5. By Order dated January 31, 2003, attached as Schedule "A", this Court modified the Allowance Process to provide that the Liquidator post a list of proposed allowed claims on the Confed website on the first and fifteenth of each month showing the claim number, the claimant's name, the amount claimed and the amount to be allowed. There are fourteen days for objections. If no objections are received, the Liquidator may pay creditors whose claims do not exceed \$150,000. This Court must approve claims in excess of \$150,000.

6. The Liquidator is seeking approval to pay the claims listed on the attached Schedule "B" all of which exceed \$150,000. The claimants are all former officers of Confed. Their claims relate to their employment with Confed. The claims of Messrs. Samji, Grigor and Curtis were posted on the Confed website on November 15, 2003 and no objections were received. The claim of Mr. Douglas was posted on December 1, 2003 and no objections were received. The claim of Mr. Rosenfelder was posted on January 15, 2004 and no objections have been received to date.

7. The Liquidator has previously disallowed the claims of each of the claimants in whole or in part. Where the claims were disallowed in part, the Liquidator was authorized in accordance with the Allowance Process to pay the claimants on the basis of the amounts the Liquidator was prepared to allow without prejudice to the claimants' appeal rights and the claimants were paid such amounts.

8. At the time the Liquidator sought approval from this Court to make distributions on the allowed portions, 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.

9. The claims the Liquidator recommends be allowed relate to one or more of the following:

- (a) the supplementary pension arrangements that Confed provided its senior officers in Canada (the "Supplementary Pension Benefits") in recognition of the limits on the amount of pension income that could be paid from Confed's registered pension plan (the "Registered Plan");
- (b) termination/severance pay or related benefits; and

- (c) excess pension benefits that Confed provided to certain of its employees in the United States which were similar to the Supplementary Pension Benefits in that they recognized and compensated for limits on the amount of pension income that could be paid from the U.S. qualified pension plan (the “U.S. Excess Benefits”).

10. As noted above, the Liquidator previously disallowed, in part or in whole, the claims filed by each of the claimants. The claimants objected to the Liquidator’s determinations. In order to determine whether the issues could be narrowed, the Liquidator engaged in discussions with the individuals or their counsel. The claims of the claimants have now been fully resolved as follows:

- (a) *William D. Douglas* – Mr. Douglas filed a claim in the amount of \$1,770,238 relating to Supplementary Pension Benefits. The Liquidator initially allowed the claim in the amount of \$1,402,000.17, based on an assumed amount regarding the amount paid to Mr. Douglas from the Registered Plan. The Liquidator’s actuaries subsequently received documentation confirming that the actual amount received by Mr. Douglas from the Registered Plan was less than the assumed amount. The Liquidator therefore recommends that the balance of Mr. Douglas’ claim as filed be allowed.
- (b) *Gordon F. Grigor* – Mr. Grigor claimed an aggregate amount of US\$2,927,251 (equivalent to CDN \$4,044,289.98 using the Court-approved exchange rate). The Liquidator initially allowed Mr. Grigor an aggregate claim in the amount of CDN\$340,147.65. Mr. Grigor filed a Notice of Appeal. The main point at issue related to Mr. Grigor’s claim for U.S. Excess Benefits. Mr. Grigor’s initial proof of claim did not contain sufficient documentation to substantiate the amount claimed in respect of U.S. Excess Benefits. Mr. Grigor subsequently provided the Liquidator with further documentation to substantiate this claim. Eckler Partners calculated Mr. Grigor’s U.S. Excess Benefits claim using the same assumptions and methodology it previously used to calculate the claims of all U.S. employees. Mr. Grigor also objected to the Liquidator’s partial disallowance of his

termination/severance claim. Following negotiations, the Liquidator agreed to allow Mr. Grigor an additional claim of US\$982,588 (CDN\$1,357,543.58), which Mr. Grigor agreed to accept in full and final settlement of his claim.

- (c) *Clive J. Curtis* – Mr. Curtis filed a claim in the aggregate amount of US\$539,640.29 (equivalent to CDN\$745,567.02). The Liquidator disallowed the claim in its entirety as the documentation provided by Mr. Curtis did not substantiate the claims being advanced. Mr. Curtis subsequently provided the Liquidator with additional documentation. Based on this additional documentation and a review of additional files provided to the Liquidator by the Rehabilitator, the Liquidator determined that Mr. Curtis was entitled to a stay bonus claim in the amount of US\$33,440 and a U.S. Excess Benefit claim of US\$197,368 for an aggregate claim of US\$230,808 (CDN\$318,884.33). Mr. Curtis has agreed to accept this amount in full and final payment of his claim.
- (d) *Zoolfikar H. H. Samji* – Mr. Samji filed a claim in the aggregate amount of \$949,678 relating to, among other things, Supplementary Pension Benefits and termination/severance. The Liquidator initially allowed Mr. Samji a claim of \$361,726.49. Mr. Samji disputed the Liquidator’s determination. Following negotiations, the Liquidator agreed to allow Mr. Samji an additional claim of \$438,273.51, which Mr. Samji agreed to accept in full and final settlement of his claim. In addition, Mr. Samji agreed that funds in the amount of \$200,000 currently being held in escrow relating to a mortgage granted to Mr. Samji by Confed be released to the estate.
- (e) *Michael Rosenfelder* – Mr. Rosenfelder filed a claim in the aggregate amount of \$1,456,580 relating to, among other things, Supplementary Pension Benefits and termination/severance. The Liquidator initially allowed Mr. Rosenfelder a claim of \$902,210.93. Mr. Rosenfelder disputed the Liquidator’s determination. Following negotiations, the Liquidator agreed to allow Mr. Rosenfelder an additional claim of \$262,500, which Mr. Rosenfelder agreed to accept in full and

final settlement of his claim. As noted above, Mr. Rosenfelder's claim was posted on January 15, 2004. Accordingly, the 14-day period for objections has not expired. The Liquidator is seeking approval for his claim at this time but no payment will be made until after February 1st. If any objection is received that cannot be resolved, the Liquidator will return to this Court for directions.

11. The Liquidator is of the view that the settlements reached with Messrs. Grigor, Curtis, Samji and Rosenfelder are fair and reasonable in the circumstances. In the case of Mr. Douglas, the Liquidator is of the view that the amount claimed should be allowed in full. The Liquidator recommends that this Court approve each of their claims.

IV. PROPOSED AMENDMENT TO THE ALLOWANCE PROCESS

12. As noted above, by Order dated January 31, 2003, this Court modified the Allowance Process to provide that the Liquidator post a list of proposed allowed claims on the Confed website on the first and fifteenth of the month. There are 14 days for objections. If no objections are received the Liquidator may pay creditors whose claims do not exceed \$150,000. Claims in excess of \$150,000 require Court approval before payment.

13. The Liquidator has made significant progress with the Allowance Process and there are very few outstanding claims remaining. The majority of the outstanding claims are employee or supplementary pension-related. There are also some miscellaneous claims where the Liquidator is still engaged in discussions with the claimants or further investigations into the merits. In most cases, the Liquidator has already issued partial disallowances and made payments to the claimants on the allowed portions in accordance with the existing Allowance Process. Where the remaining issues cannot be resolved, the Liquidator anticipates that further proceedings before this Court will be required.

14. The Liquidator has maintained a service list of those parties who have indicated a desire to be provided with notice of proceedings brought in the Confed winding-up proceedings, which list includes certain ordinary creditors, certain holders of subordinated debt issued by

Confed and others who have requested notice of proceedings (the “Service List”). A copy of the Service List is attached hereto as Schedule “C”. The Liquidator serves the Service List with the materials when it seeks Court approval to pay claims over \$150,000.

15. To date, the Liquidator has not received any objections to any of the claims it recommended be allowed in accordance with the Allowance Process. Given the small number of remaining claims, it is not efficient or cost effective to seek Court approval each time an outstanding claim is resolved. The Liquidator, therefore, recommends that the Allowance Process as it relates to claims in excess of \$150,000 be amended as follows:

- (a) the Liquidator will continue to post 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 will include 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 (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](#). 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. The Objecting Party will then have three days to serve a written reply on the Subject Party and the Liquidator. Where an objection is raised and the parties are unable to resolve the objection, the Liquidator will seek further directions from the Court.
- (c) at the same time that new proposed claims are posted, the Liquidator will serve a letter on the Service List, by facsimile or courier, 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 will issue payment to the creditor as soon as practicable. If objections are received and cannot be resolved, the Liquidator will seek further directions from this Court.

16. The Liquidator will report to this Court on its progress in resolving claims, including describing any claims in excess of \$150,000 that have been allowed in the period in question, when it passes its accounts.

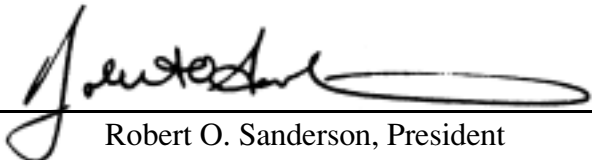
V. RELIEF REQUESTED

17. The Liquidator therefore respectfully requests an order:

- (a) approving payment of the claims described above; and
- (b) amending the Allowance Process as described above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

KPMG INC., the Liquidator of Confederation Life Insurance Company

Per: 
Robert O. Sanderson, President

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

THE HONOURABLE MR.) FRIDAY, THE 31ST DAY
JUSTICE R.A. BLAIR) OF JANUARY, 2003



**IN THE MATTER OF
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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 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.

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SCHEDULE "B"

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

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

SCHEDULE "C"

SERVICE LIST

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

AND TO: Julie Walker
Fidelity Investment Services Limited
Kingswood Place
Beech Gate
Surrey, Tadworth
KT20 6RP
UK

Tel: 44 (0) 1737 837 129
Fax: 44 (0) 1737 836 983
e-mail: julie.walker@ uk.fid-intl.com

AND TO: London and City Management Limited
Russell House, 28/30 Little Russell Street
London WC1A 2HN
U.K.

Attention: Bernard Faber

Tel: 44207 404 3040
Fax: 44207 404 2083
e-mail: bernardf@londonandcity.co.uk

AND TO: Alpha Bank London Limited
66 Cannon Street
London
EC4N 6EP
United Kingdom
**Attention: John Coxon, Senior Manager
Financial Control**

Tel: 44(0) 20 7332 6742
Fax: 44(0) 20 7332 0013
e-mail: johnc@alpha-bank.co.uk

AND TO: Borden Ladner Gervais, LLP
1000 Canterra Tower
400 Third Avenue S.W.
Calgary, Alberta
T2P 4H2

Attention: Patrick T. McCarthy, Q.C.

Tel: 403-232-9500
Fax: 403-266-1395

AND TO: Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, ON
M5H 3Y4

Attention: Roger Jaipargas

Tel: 416 367-6266
Fax: 416 361-7067

AND TO: Modrikamen
Avenue d'Italie, 36A/10
1050 Bruxelles
Belgium

Attention: Mischael Modrikamen

Tel: 32 2 735 5810
Fax: 32 2 732 5865
e-mail: modrikamen@modrikamen.com

THE ATTORNEY GENERAL OF CANADA
Applicant and

CONFEDERATION LIFE INSURANCE COMPANY
Respondent

Commercial List Court File No: 97-BK-000543

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

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CONFEDERATION LIFE INSURANCE COMPANY, IN LIQUIDATION WEBSITE LEGAL DISCLAIMER

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