



ONTARIO COURT (GENERAL DIVISION)
COMMERCIAL LIST

THE HONOURABLE MR.
JUSTICE R.A. BLAIR

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)

THURSDAY, THE 25TH
DAY OF JUNE, 1998



**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, made by KPMG Inc., the liquidator (the “Liquidator”) of Confederation Life Insurance Company, was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Report of the Liquidator dated May 22, 1998, the supplementary Report of the Liquidator dated June 19, 1998, the Affidavit of Service of Carla Clarizia dated May 22, 1998, the Affidavit of Publication of Shirley Harrison dated June 19, 1998, the Affidavit of Fanny Paquette dated June 19, 1998, filed, and upon hearing the

submissions of counsel for the Liquidator, for the Canadian Life and Health Insurance Compensation Corporation, for the Canadian Life and Health Insurance Association, for Richter & Partners Inc., the Trustee in Bankruptcy of Confederation Treasury Services Limited, a bankrupt, and the representative counsel, James H. Grout and Nancy J. Spies, no other party appearing,

1. **THIS COURT ORDERS THAT** the time for publication referred to in paragraph 7 of this Court's Order dated May 19, 1998 be and the same is hereby extended, *nunc pro tunc*, to May 27, 1998.
2. **THIS COURT ORDERS THAT** the service of the Notice of Motion and supporting materials herein has been made in accordance with this Court's Order of May 19, 1998, that such service is good and sufficient service of this motion, that this motion is properly returnable this day, and that any further service of the Notice of Motion and supporting materials be and the same is hereby dispensed with.
3. **THIS COURT ORDERS THAT** the terms in this Order as are defined in the Plan of Compromise or Arrangement (the "Plan") pursuant to the *Companies Creditors Arrangement Act* concerning Confederation Treasury Services Limited, a bankrupt ("CTSL"), a copy of which Plan is attached hereto as Appendix "A", shall have the same meaning as provided in the Plan.
4. **THIS COURT ORDERS AND DECLARES THAT** it approves and authorizes the Liquidator's entry into the Plan in the form appended as Appendix "A".
5. **THIS COURT ORDERS AND DECLARES THAT** it approves and authorizes the Liquidator's taking such other steps, including voting in favour of the Plan, and doing such other things as appear reasonable to the Liquidator to implement the Plan.
6. **THIS COURT ORDERS AND DECLARES THAT** effective upon Plan Implementation:
 - (a) the Liquidator shall indemnify the Trustee and CTSL against any Claims-over brought by Third Parties who are sued, or who are being sued, by the Liquidator or the Vehicle with respect to a Third Party Claim in accordance with section 5.14(d)

of the Plan and that any such Third Party shall be entitled to enforce the indemnity obligation of the Liquidator pursuant to section 5.14(f) of the Plan;

- (b) there shall be no personal liability of the Trustee or Richter & Partners Inc. to such Third Parties in connection with any such Claim-over Judgments and with respect to any cross-claims or counterclaims associated therewith;
- (c) the obligation of the Liquidator herein arising from the indemnification of the Trustee shall constitute costs of administration in the estate of Confed;
- (d) from and after 12:01 a.m. on Plan Implementation Date, the Liquidator, the Rehabilitator and/or the Vehicle shall have carriage of and be responsible for all costs associated with defending any Claims-over against CTSL and/or the Trustee and any cross-claims or counterclaims associated with defending such Claims-over;
- (e) if a Third Party obtains a judgment against CTSL or the Trustee for indemnity on account of costs, expenses and/or solicitor's fees incurred after a judgment has been entered for such Third Party on a claim or claims asserted against that party by the Liquidator, the Third Party obtaining such judgment against CTSL or the Trustee shall be entitled to enforce the indemnity obligation of the Liquidator pursuant to section 5.14(g)(iii) of the Plan as a cost of administration in this Court and such Third Party shall be entitled to a dollar for dollar credit with respect to successful cost claims against CTSL;
- (f) in accordance with section 5.14(d) of the Plan, any final, non-appealable Claim-over Judgment which Third Parties have or to which they may become entitled arising from a Third Party Claim brought by the Liquidator or the Vehicle will be satisfied by a credit against any Third Party Judgment. The credit shall operate to decrease any such Third Party Judgment by the amount of the credit which will result from the application of the formula contained in section 5.14(g)(i) of the Plan, except that the Third Parties shall be at liberty to argue before the Court in the CTSL bankruptcy that a larger entitlement than that resulting from the formula should be permitted;

- (g) execution of any judgment obtained by the Liquidator against a Third Party shall be stayed pending final determination of the credit calculated pursuant to paragraph 6(f) of this Order; and
- (h) the Liquidator is authorized to receive the assignment of Third Party Claims and other Claims assigned to it pursuant to the provisions of section 5.12 of the Plan, however, such claims shall only be pursued in the Province of Ontario. Such assignments are without prejudice to the defences otherwise available to the claims and are further without prejudice to any rights of the Third Parties to contest the validity of such assignments.

A handwritten signature in black ink, appearing to read 'A-K Fedson', written over a horizontal line.

A-K FEDSON
DEPUTY REGISTRAR, ONTARIO COURT (GEN. DIV.)
GREFFIER ADJOINT, COUR DE L'ONTARIO (DIV. GÉN.)

**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**

THE ATTORNEY GENERAL OF CANADA
Applicant

- and -

CONFEDERATION LIFE INSURANCE COMPANY
Respondent

Commercial List File No. 97-BK-000543

**ONTARIO COURT OF JUSTICE
(GENERAL DIVISION)
COMMERCIAL LIST**
Proceeding commenced at Toronto

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Confederation Life Insurance Company

ONTARIO COURT (GENERAL DIVISION)
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE R. A. BLAIR)

THURSDAY, THE 25th
DAY OF JUNE, 1998



IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985 c. C-36

AND IN THE MATTER OF CONFEDERATION TREASURY
SERVICES LIMITED, A BANKRUPT

B E T W E E N

CONFEDERATION FINANCIAL SERVICES (CANADA) LIMITED

Applicant

- and -

CONFEDERATION TREASURY SERVICES LIMITED, A BANKRUPT

Respondent

ORDER

THIS MOTION, made by the Applicant, Confederation Financial Services (Canada) Limited in accordance with the Order of this Court dated May 19, 1998 ("Initial Order") for an order sanctioning the Plan of Compromise and Arrangement concerning Confederation Treasury Services Limited, a bankrupt ("CTSL"), filed May 19, 1998, as amended pursuant to Orders of the Court dated June 12, 1998, and attached as Appendix "B" to the Administrator's Report dated June 23, 1998 (the "Amended Plan"), was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Administrator's Report dated June 23, 1998 reporting upon the results of the Creditors' Meeting and the Administrator's Report dated June 17, 1998 reporting upon the calling of the Creditors' Meeting, filed, on hearing the submissions of counsel for the

Applicant, counsel for the Administrator and other counsel and upon finding the Amended Plan to be fair and reasonable.

1. THIS COURT ORDERS that capitalized terms not otherwise defined in this Order shall have the meanings attributed thereto in the Amended Plan.

SERVICE

2. THIS COURT ORDERS AND DECLARES that there has been good and sufficient service and delivery of the Amended Plan and that the Creditors' Meeting held on June 19, 1998 was duly convened.
3. THIS COURT ORDERS that this motion is properly returnable today and that any further service of a notice of motion or motion record is hereby dispensed with.

SANCTION OF AMENDED PLAN

4. THIS COURT ORDERS AND DECLARES that the Amended Plan is hereby sanctioned and approved pursuant to section 6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36.
5. THIS COURT ORDERS that:
 - (a) except to the extent that the Initial Order has been varied by or is inconsistent with this Order or any further order of this Court, the provisions of the Initial Order shall remain in full force and effect; and
 - (b) all other orders made in these proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such orders are varied by or are inconsistent with this Order or any further order of this Court.
6. THIS COURT ORDERS AND DECLARES that, upon the Plan Implementation Date, the Amended Plan, any payment, compromise or other satisfaction of any Claim under the Amended Plan and all of the transactions effected thereby shall be effective for all purposes and shall enure to the benefit of and be binding upon all Creditors, CTSL, the

Administrator and the Trustee and their heirs, executors, administrators, legal personal representatives, successors and assigns.

PLAN IMPLEMENTATION

7. THIS COURT ORDERS that, upon the filing with this Honourable Court and delivery to the Applicant by the Administrator of a certificate signed by the Administrator attesting to the satisfaction or waiver of all of the conditions set out in section 6.2 of the Amended Plan (the "Conditions Precedent"), the Conditions Precedent shall be deemed to be satisfied or waived and the Plan Implementation Date shall be deemed to be the date of such certificate.

INDENTURE AND RESIDUE CERTIFICATES

8. THIS COURT ORDERS that the form of Indenture in respect of the issue of Residue Certificates attached as Appendix "C" to the Administrator's Report dated June 23, 1998, and the forms of global class A certificates and definitive class A and class B certificates attached as schedules B, C and D to the form of Indenture be and they are hereby approved.
9. THIS COURT ORDERS that the Administrator, acting for and in the name and on behalf of CTSL, be and is hereby authorized to enter into the Indenture and to issue and deliver the Residue Certificates to the Arm's Length Creditors on the Plan Implementation Date in accordance with the provisions of the Amended Plan and the Indenture, substantially in the forms approved in paragraph 8 of this Order, with such variations and amendments as may be, in the view of the Administrator, necessary or desirable to implement the Amended Plan and to issue and deliver the Residue Certificates.
10. THIS COURT ORDERS AND DECLARES that all Residue Certificates to be issued pursuant to the Indenture and the Amended Plan shall, when issued, be validly issued and enforceable as Participation Units, as defined in the Indenture, in amounts distributable by CTSL pursuant to the Amended Plan and the Indenture.

ADDITIONAL PROVISIONS

11. THIS COURT ORDERS that notwithstanding any other provisions of this Order, the Applicant, the Administrator and any Creditor may apply to this Court for directions or to seek relief in respect of any matter arising out of or incidental to the Amended Plan or this Order, including, without limitation, the interpretation of this Order and the Amended Plan, the implementation of the Amended Plan, and for any further order that may be required for implementation of the Amended Plan, on notice to the Administrator, the Liquidator, the Applicant, the Rehabilitator, the Noteholders' Representative and any party likely to be affected by the order sought.
12. THIS COURT ORDERS that this Order shall have full force and effect in all provinces and territories in Canada and abroad and against all Persons against whom it may apply.
13. THIS COURT ORDERS AND DECLARES that it seeks and requests the aid and recognition of any court or administrative body in any province of Canada, any Canadian federal court or administrative body, any federal, state court or administrative body in the United States of America, including without limitation the Circuit Court for the County of Ingham, State of Michigan, and any court or administrative body in the United Kingdom and the Duchy of Luxembourg, or elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

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

G26\EMPEYB\4217405 JUL 03 1998

PER/PAR:

Dexte A. Malien

A-K Fedson

A-K FEDSON
DEPUTY REGISTRAR, ONTARIO COURT (GEN. DIV.)
GREFFIER ADJOINT, COUR DE L'ONTARIO (DIV. GÉN.)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985 c. C-36
AND IN THE MATTER OF CONFEDERATION TREASURY SERVICES LIMITED, A BANKRUPT

CONFEDERATION FINANCIAL SERVICES
(CANADA) LIMITED

- and -

CONFEDERATION TREASURY SERVICES LIMITED,
A BANKRUPT

Applicant

Respondent

Commercial List File No. 98-CL-2854

ONTARIO COURT (GENERAL DIVISION)
COMMERCIAL LIST
Proceeding commenced at Toronto

ORDER

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