



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

THE HONOURABLE MR.) TUESDAY, THE 13TH DAY
)
JUSTICE R.A. BLAIR *ad hoc*) OF DECEMBER, 2005



**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 Toronto, Ontario.

ON READING the Report of the Liquidator dated December 5, 2005 (the “Report”), the affidavit of Robert O. Sanderson sworn December 5, 2005 and the affidavit of Gale Rubenstein sworn December 5, 2005, filed, and upon hearing the submissions of counsel for the Liquidator, counsel for Parbold Overseas Limited, and of James H. Grout as representative counsel;

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 motion and supporting materials be and the same is hereby dispensed with.

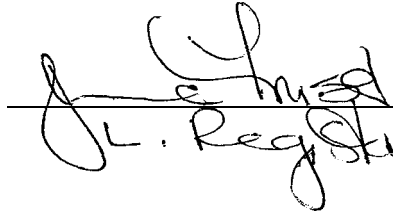
2. **THIS COURT ORDERS** that the accounts of the Liquidator for the period July 1, 2004 to September 30, 2005, as reflected in the financial statements of Confed attached to the Report, be and they are hereby passed and approved as submitted.

3. **THIS COURT ORDERS** that the fees and disbursements of the Liquidator, of its counsel, Goodmans LLP, and of the other professional advisors to the Liquidator for the period July 1, 2004 to September 30, 2005, be and they are hereby passed and approved as submitted.

4. **THIS COURT ORDERS** that the Liquidator be and it is hereby authorized to make a ninth interim distribution in the amount of \$40 million to be allocated and distributed in accordance with the settlement approved by this Court on November 28, 2002 between creditors of Confed whose claims are not subordinated and the holders of subordinated debt ("Sub Debt Holders").

5. **THIS COURT ORDERS** that notice of the fourth distribution to Sub Debt Holders be in the forms annexed hereto as Schedule "A" and be published on one occasion, in English, in the *Financial Times of London* and the *Luxembourg Wort* on or before December 16, 2005.

6. **THIS COURT ORDERS** that the Liquidator be and it is hereby authorized to arrange for the destruction of certain books and records, as described in the Report.



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

DEC 13 2005

PER/PAR.



Schedule "A"

CONFEDERATION LIFE INSURANCE COMPANY

In Liquidation

("Confed")

**Notice to holders of
Luxembourg Francs 1,000,000,000 8 3/8 per cent. Subordinated Bonds
due March 28, 2000 – XS0041260927**

Notice of Fourth Distribution

KPMG Inc., as Liquidator of Confed (the "Liquidator"), hereby gives notice to holders ("Bondholders") of the above-referenced Bonds as follows:

TAKE NOTE THAT:

On January 31, 2003, the Ontario Superior Court of Justice (the "Court") approved the procedures through which Bondholders may receive their proportionate share of distributions if and when made by the Liquidator. The Liquidator expects that a distribution of Can. \$32 million (the "Fourth Distribution") will be available commencing at noon (London time) on December 22, 2005 (the "Fourth Distribution Date"), provided that Bondholders have complied with the procedures described below.

In order to receive their proportionate share of the Fourth Distribution on or after the Fourth Distribution Date:

- a. If a Bondholder holds Bonds in EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, the relevant Paying Agent must have received either (i) the Bonds, or (ii) a confirmation from EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, as the case may be, that it has irrevocably taken all necessary steps to have such Bonds delivered to the relevant Paying Agent in accordance with the arrangements agreed to between it and the Paying Agent;
- b. If a Bondholder does not hold Bonds in EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, the relevant Paying Agent must have received the Bonds.

When received, the Paying Agent will endorse the Bonds appropriately, depending on whether or not Coupon 2 was attached in respect of the First Distribution. Bonds submitted for the Fourth Distribution where Coupon 2 was not attached under the First Distribution will receive a proportionately reduced payment.

Payment will be made in Canadian dollars as follows:

LUF 50,000 with Coupon 2: \$	265.41	LUF 50,000 without Coupon 2: \$	257.21
LUF 250,000 with Coupon 2: \$	1,327.04	LUF 250,000 without Coupon 2: \$	1,286.05

On or after the Fourth Distribution Date, payment will be made by cheque, cash or transfer as directed by the person presenting the Bonds, as soon as reasonably practicable after receipt of the Bonds or confirmation as set out above. Bonds may be returned by first class prepaid mail.

If a Coupon 2 has been detached from a Bond prior to being presented for payment under the First Distribution, the Paying Agent will not honour that detached Coupon unless or until the Liquidator obtains further directions from the Court.

Further and updated information, including sample calculations and endorsement language, may be obtained from the contact below or by viewing the website maintained by the Liquidator:
<http://www.confederationlife.com> .

Paying Agent:

Fortis Banque Luxembourg S.A.
(formerly Banque Générale du Luxembourg S.A.)
Agence Royal-Monterey
27, avenue Monterey
L-2951 Luxembourg

CONFEDERATION LIFE INSURANCE COMPANY

In Liquidation

("Confed")

Notice to holders of £100,000,000 9 7/8 per cent. Subordinated Bonds due March 3, 2003 –XS0041949180

Notice of Fourth Distribution

KPMG Inc. as Liquidator of Confed (the "Liquidator"), hereby gives notice to holders ("Bondholders") of the above-referenced Bonds as follows:

TAKE NOTE THAT:

On January 31, 2003, the Ontario Superior Court of Justice (the "Court") approved the procedures through which Bondholders may receive their proportionate share of distributions if and when made by the Liquidator. The Liquidator expects that a distribution of Can. \$32 million (the "Fourth Distribution") will be available commencing at noon (London time) on December 22, 2005 (the "Fourth Distribution Date"), provided that Bondholders have complied with the procedures described below.

In order to receive their proportionate share of the Fourth Distribution on or after the Fourth Distribution Date:

a. If a Bondholder holds Bonds in EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, the relevant Paying Agent must have received either (i) the Bonds, or (ii) a confirmation from EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, as the case may be, that it has irrevocably taken all necessary steps to have such Bonds delivered to the relevant Paying Agent in accordance with the arrangements agreed to between it and the Paying Agent;

b. If a Bondholder does not hold Bonds in EUROCLEAR BANK S.A./N.V. or CLEARSTREAM BANKING, SOCIETE ANONYME, the relevant Paying Agent must have received the Bonds.

When received, the Paying Agent will endorse the Bonds appropriately, depending on whether or not Coupon 2 was attached in respect of the First Distribution. Bonds submitted for the Fourth Distribution where Coupon 2 was not attached under the First Distribution will receive a proportionately reduced payment.

Payment will be made in Canadian dollars as follows:

£ 1,000 Bond with Coupon 2: \$ 266.92	£ 1,000 Bond without Coupon 2: \$ 255.63
£10,000 Bond with Coupon 2: \$ 2,669.19	£10,000 Bond without Coupon 2: \$ 2,556.30

On or after the Fourth Distribution Date, payment will be made by cheque, cash or transfer as directed by the person presenting the Bonds, as soon as reasonably practicable after receipt of the Bonds or confirmation as set out above. Bonds may be returned by first class prepaid mail.

If a Coupon 2 has been detached from a Bond prior to being presented for payment under the First Distribution, the Paying Agent will not honour that detached Coupon unless or until the Liquidator obtains further directions from the Court.

Further and updated information, including sample calculations and endorsement language, may be obtained from the contacts below or by viewing the website maintained by the Liquidator: <http://www.confederationlife.com> .

Principal Paying Agent:

**Royal Bank of Canada
71 Queen Victoria Street
London EC4V 4DE**

Paying Agents:

**ING Belgium S.A.
(formerly Bank Brussels Lambert)
Cours Saint Martin 60
B-1040 Brussels
Belgium**

and

**Société Générale Bank & Trust
11-13 avenue Emile Reuter
L-2420 Luxembourg**

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

ORDER

GOODMANS LLP
Barristers & Solicitors
250 Yonge Street Suite 2400
Toronto, Ontario M5H 2M6

Graham Smith (LSUC #26377D)

Tel: (416) 597-4161

Fax: (416) 979-1234

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

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- and -

CONFEDERATION LIFE INSURANCE COMPANY

Respondent

**ENDORSEMENT OF
THE HONOURABLE MR. JUSTICE BLAIR**

Date: December 13, 2005

Order to go as asked.

I am satisfied on the basis of the Liquidator's Report and of Mr. Grout's submissions as Representative Counsel mandated to review these in accordance with the parameters earlier established by Justice Houlden, that the accounts of the Liquidator should be passed and approved as submitted. Similarly the fees and disbursements of the Liquidator and its professional advisors appear fair and reasonable and are approved. The financial statements and the Report support the request for the proposed \$40 million distribution in accordance with the earlier approved settlement and it is therefore authorized, as is the form of publication prepared. The documents in question may be destroyed as it appears they are no longer relevant to the proceedings.

R.A. BLAIR J.A. (Ad Hoc)

December 13, 2005

Order to go as asked.

I am satisfied on the basis of the Liquidator's Report and of Mr. Grant's submission as Representative Counsel mandated to review them in accordance with the parameters earlier established by Justice Hall, that the accounts of the Liquidator should be passed and approved as submitted. Similarly the fees & disbursements of the Liquidator & its professional advisors appear fair & reasonable & are approved. The financial statements & the Report support the request for the proposed \$40 million distribution in accordance with the earlier approved settlement, & it is therefore authorized, as is the form of publication proposed. The documents in question may be destroyed as it appears they are no longer relevant to the proceedings.

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Proceeding commenced at Toronto

MOTION RECORD

**GOODMANS LLP
Barristers & Solicitors
250 Yonge Street Suite 2400
Toronto, Ontario M5H 2M6**

Graham Smith (LSUC #26377D)
Tel: (416) 597-4161
Fax: (416) 979-1234

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

GOODMANS\5249273.1

RD Blair J.A. (at h)

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.

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