



Commercial List Court File No. 97-BK-000543

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



THE HONOURABLE MR.
JUSTICE R.A. BLAIR

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THURSDAY, THE 28TH DAY
OF NOVEMBER, 2002

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

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

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

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 393 University Avenue, Toronto, Ontario.

ON READING the Report of the Liquidator dated November 20, 2002, filed, and upon hearing the submissions of counsel for the Liquidator, of James H. Grout, representative

counsel for the ordinary creditors of Confed (the “Ordinary Creditors”), of Derrick C. Tay, representative counsel for the holders of the subordinated indebtedness (the “Sub Debt”) of Confed (the “Sub Debt Holders”), (collectively, the “Representative Counsel”) of Chase Manhattan Bank, of Parbold Overseas Ltd., and of UBS AG, no other party appearing;

1. **THIS COURT ORDERS** that the settlement reached between the Representative Counsel providing that any monies remaining in the estate after Ordinary Creditors have received payment of 100% on their allowed claims (the “Settlement”) be paid in accordance with the following formula:

- (a) the first \$55 million to be paid to Sub Debt Holders on account of the principal amount outstanding on the Sub Debt on a *pro rata, pari passu* basis in accordance with their interests in the Sub Debt;
- (b) the next \$20 million to be paid to the Ordinary Creditors on a *pro rata, pari passu* basis on account of interest on their allowed claims from August 12, 1994, being the commencement of the liquidation; and
- (c) distributions of any amounts in excess of \$75 million be paid 80% to the Sub Debt Holders and 20% to the Ordinary Creditors, both on the basis set out in (a) and (b) above.

2. **THIS COURT ORDERS** that a global claim for the Sub Debt of \$267,299,686 be allowed.

3. **THIS COURT ORDERS** that the Liquidator is authorized to make a distribution of \$75 million, to be allocated between the Ordinary Creditors and the Sub Debt Holders in accordance with the Settlement.

Calvin King

Registrar

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

DEC 0 2 2002

PER/PAR:

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**THE ATTORNEY GENERAL OF
CANADA**

and

**CONFEDERATION LIFE INSURANCE
COMPANY**

Commercial List Court File No: 97-BK-000543

Applicant

Respondent

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

Proceeding commenced at Toronto

ORDER

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Confederation Life Insurance Company

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