

**NOTICE**

*Approved  
Hanni Cassels P.  
June 9/06.*

**CLASS ACTION SETTLEMENT THAT AFFECTS YOU**

Dear Sir/Madam:

As you may recall, a class action (the "Proceeding") relating to your health and dental benefits was certified on January 7, 2004 by the Ontario Superior Court of Justice. A notice was sent to you as a Class Member during the month of April, 2004 ("Notice of Certification"), informing you of the certification of the Proceeding.

The Notice of Certification informed you of your ability to opt-out of the Proceeding by filing an Opt Out Coupon by July 14, 2002. Our records indicate that you did not file an Opt Out Coupon and therefore you are still considered to be a Class Member for the purposes of a proposed settlement of the Proceeding. We have calculated there to be approximately 50,000 Class Members.

The Proceeding was contested by the Ontario Government. The legal issues in the case were novel, and the Ontario Government took the position that it had honoured its legal obligations. Success in the litigation was uncertain and the outcome of the trial or appeals may have resulted in no recovery at all. The law firms representing the class spent several days examining witnesses, hundreds of hours reviewing documents, consulting with experts and interviewing Class Members. The trial was scheduled to begin in November, 2006, and following the trial it was anticipated that there would likely be one or more appeals which could easily consume two to three more years. The parties attended a full day pre-trial before a judge of the Ontario Superior Court. No agreement was reached on that day, but during a second day a settlement was reached.

The settlement has yet to receive the approval of the Court. If approval is granted, the terms of the settlement will be binding on Class Members. This means that you would not be able to relitigate the claims against the Ontario Government raised in the Proceeding.

On September 7, 2006 at 10:00 a.m. at 361 University Avenue, Toronto, Ontario, M5G 1T3, the Court will be presented with the terms of the settlement and will determine whether the terms are fair, reasonable, and in the best interests of Class Members ("Settlement Approval Hearing"). The Court will also be asked to approve the fees and expenses of Class Counsel.

**The Terms of the Settlement**

The Ontario Government has paid a total of \$20,000,000 into a fund ("Settlement Fund") that is earning interest and would be used to pay settlement benefits to all the Class Members, together with legal fees, expenses, administration fees and taxes applicable to such interest, fees and expenses. At this time we are unable to calculate the exact amount that you would receive as a payment of the settlement benefit. However, if the settlement, and the fees and expenses of Class Counsel, are approved by the Court, we

anticipate the amount to be around \$325.00 per Class Member. Each Class Member who did not opt out would receive the same amount. The terms of the settlement would not detract from or affect the benefits which you currently receive from the Ontario Government.

The Ontario Government has also agreed to extend to you, no later than November 30, 2007, the benefit of a drug card which would make it easier for you to access your prescription drug coverage. With the drug card you will not have to pay for your prescription drugs (other than any applicable co-insurance or deductible).

The materials that will be used to support the settlement, can be found at [www.retireesclassaction.com](http://www.retireesclassaction.com). These materials include the settlement agreement, a detailed analysis of the risks involved with proceeding with the litigation, statements from Class Members agreeing with the settlement and statements from Class Counsel explaining the reasoning behind the calculation of the settlement benefits.

### **The Settlement Approval Hearing**

You are entitled to appear and make submissions at the Settlement Approval Hearing. However, you are not required to make submissions or take any other action if you wish to participate in the settlement. If you do nothing, you will be included in the settlement (if it is approved) and you will receive your payment. If you wish to comment on or make an objection to the settlement, or the fees and expenses of Class Counsel, you are requested to set out your objections in writing, delivered to Class Counsel (contact information listed below) no later than August 27, 2006. Class Counsel will forward all such submissions to the Court. If you wish to participate in the hearing, either in person, or by counsel, you may do so.

At the Settlement Approval Hearing, Class Counsel will be seeking approval of their fees and expenses. Class Counsel were retained on a contingent basis such that they were only to be paid if they were successful in the litigation. At the outset of this matter Class Counsel was requesting legal fees of 25% of the settlement. However, Class Counsel has agreed to reduce its fees and will be requesting an all-inclusive amount for legal fees, *expenses*, and applicable taxes equivalent to 15% of the Settlement Fund.

### **Payment of Benefits**

If the settlement is approved on September 7, 2006, your settlement benefit will be either mailed directly to you or directly deposited into your bank account if that is the method in which you currently receive your pension from the Ontario Government. You will not be required to fill out any paperwork or to provide any evidence of your entitlement to a settlement benefit. In the event you are receiving this Notice as a survivor spouse of a class member, the settlement benefit will be paid directly to you and notice of the payment will be sent to the estate of the class member if applicable.

If you would like a copy of any of the documents referenced herein, or if you have any questions, please visit [www.retireesbenefits.com](http://www.retireesbenefits.com) or call 1-416-964-1115.



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This Notice has been approved by the Ontario Superior Court.

