

Canada Life and TD Bank Financial Group announcement

Nov 8, 2000

TORONTO, Nov. 8 /CNW/ - The Canada Life Assurance Company (CLA) and TD Bank Financial Group (TD) today announced two transactions that will solidify their respective leadership positions in the Canadian group savings business and property and casualty insurance business. One transaction will see CLA acquire TD Canada Trust's group savings business. The other will see Meloche Monnex Inc., TD's property and casualty subsidiary, acquire Canada Life's property and casualty business.

The two transactions are separate but will result in a net cash payment of CDN\$75 million by TD to Canada Life. The transactions are expected to have no material impact on either company's earnings in the first year and are modestly accretive to earnings (cash earnings for TD) thereafter. The amount of goodwill related to both transactions is immaterial, and the transactions have no material affect on either company's capital ratios.

Canada Life is acquiring TD's Canadian group savings business, which comprises assets under administration of \$5.1 billion. TD's group savings business administers defined contribution pension plans, group RSP plans, profit sharing plans and stock plans. The transaction will result in Canada Life becoming the new Canadian market leader, with combined assets under administration exceeding \$10 billion.

Meloche Monnex will complete a share acquisition of Canada Life's property and casualty subsidiary, equivalent to \$150 million in written premiums(x). This solidifies the company's position as the second largest direct response property and casualty insurer in the country, with a total of \$525 million in written premiums and over 420,000 customers.

"This acquisition is an important part of our key strategy - to deliver strong shareholder and customer value through expansion of our core wealth management businesses," said David Nield, Chairman, President and CEO, CLA. "Growing by acquisition and expanding our core products are key factors to our continued success and critical components of our strategic plan." "This acquisition results in a significant increase in customers for our property and casualty business, and we believe it will enable us to deliver superior value," said Ed Clark, President and Chief Operating Officer, TD. "We remain focused on strengthening TD's core retail financial services businesses, and expanding in areas where we see potential for high returns and growth."

It will be business as usual for customers of both TD's group savings and CLA's property and casualty insurance businesses in the near term, with enhanced products and services available as each of the transactions unfolds. Customer service is a core value to both organizations, and plans include smooth transitions for both groups. Canada Life and TD are working closely together to manage this process.

"The transaction firmly establishes Canada Life as the Canadian leader in the group pension business," added Bill Acton, Executive Vice President and Director, Canadian Division, CLA. "This is a powerful combination for our customers -- the best people, products and processes." "We're very pleased with this agreement, which is in line with our growth strategy in the property and casualty insurance business and will see our direct response market share increase to 20 per cent," said Alain Thibault, President and CEO, Meloche Monnex. "We will be well positioned to provide enhanced offerings to customers and at the same time, Meloche Monnex will see continued momentum in its operations across Canada."

Each organization is committed to its employees. For CLA this is an opportunity to expand its operations to London, Ontario, where it will maintain the full complement of active employees on the current group savings team.

With the integration of the two property and casualty businesses, some duplication will occur in head office functions. Both companies are committed to make every effort to minimize the impact for employees.

Both transactions are scheduled to close by November 30, subject, where applicable, to regulatory approvals.

Headquartered in Toronto, Canada, with offices around the world, TD Bank Financial Group offers a full range of financial products and services to approximately 13 million customers worldwide. On February 1, 2000, TD Bank Financial Group announced the completion of its \$8 billion acquisition of CT Financial Services Inc., catapulting it from the fifth largest Canadian bank to a leader in most of its retail businesses. Meloche Monnex, a member of the TD Bank Financial Group, is a leader in the Canadian affinity market and a key provider of home and automobile insurance services to members of professional and University alumni organizations.

The Canada Life Assurance Company, founded in 1847, had total assets under administration in excess of \$58 billion prior to this transaction, and operates across Canada, the United States, Ireland and the United Kingdom, with recent acquisitions and joint ventures in numerous countries. Canada Life Financial, established in 1999, is the holding company for The Canada Life Assurance Company and is traded on the Toronto Stock Exchange under the symbol "CL" and on the New York Stock Exchange under the symbol "CLU".

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