

NOTICE OF HEARING FOR APPROVAL OF PROPOSED SETTLEMENT OF CLASS ACTION

Joseph Michael O'Neill v. General Motors of Canada Limited

Court File No. CV-10-40251500CP

**PLEASE READ THIS NOTICE CAREFULLY
AS IT MAY AFFECT YOUR LEGAL RIGHTS**

This Notice is published by order of the Ontario Superior Court of Justice

In May 2010 a class action was commenced against General Motors of Canada Limited (“GMCL”) on behalf of former salaried and executive employees who retired between January 1, 1995 and October 20, 2011. The class action concerns reductions that GMCL made to the retirement benefits of Class Members.

The parties have reached an agreement to settle the class action. The proposed settlement is subject to court approval. A public hearing will take place on August 7, 2014 at 10:00 a.m., 130 Queen Street West, Toronto, ON, Courtroom 5, at which time the Court will consider whether the settlement is fair, reasonable and in the best interest of the class.

This notice describes the proposed settlement in greater detail, including who it applies to, the details of the settlement, the process by which Class Members will be compensated if the settlement is approved, and the manner in which Class Members can participate in the settlement approval process.

1. WHO DOES THE SETTLEMENT APPLY TO?

The settlement applies to all persons who are members of the class as described in the court order certifying this case as a class action. The class includes:

- a) all salaried and executive retirees of GMCL who retired from GMCL between January 1, 1995 and October 20, 2011, and
- b) all surviving spouses and dependent children beneficiaries of any deceased persons described in (a),¹

¹ For greater clarity, this means: in respect of people described in paragraph (a) who died prior to October 20, 2011, all surviving spouses of such deceased people, and where there is no surviving spouse or

The class does not include:

- i. former employees of Canadian Automotive Manufacturing Inc. (“CAMI”) who became employees of GMCL as a result of the amalgamation of CAMI and GMCL effective January 1, 2011;
- ii. retirees of divested units Electro-Motive Canada Co (“EMC”, formerly London Diesel); General Dynamics Land Systems – Canada Corporation (“GDLS”, formerly GM Defense); Peregrine Oshawa Inc. (and its successor Automotive Component Systems of Canada, Inc (“ACSYS”); or Peregrine Windsor Inc. (and its successor Lear Corporation Canada Ltd.) where post-retirement benefits are not provided by GMCL; and
- iii. Any persons who opted-out of the class action by sending in an “opt-out” form post-marked on or before January 21, 2012

2. WHAT IS THE CLASS ACTION ABOUT?

The class action concerns changes that GMCL made to post-retirement benefits for its salaried and executive employees, which were announced beginning in late 2007.

The changes included:

- reductions to health benefits, starting in 2008 for such things as drug costs, out-of-province medical coverage, dental benefits, semi-private hospital coverage and long-term care costs;
- introduction of monthly health care insurance contributions;
- reductions to Basic Life Insurance benefits and Supplemental Group Life Insurance (“SGLI”); and
- reductions to the Canadian Executive Retirement Program.

The class action alleges that, by reducing and eliminating the post-retirement benefits, GMCL (i) had breached its contractual and fiduciary obligations to provide Post-Retirement Benefits to the Class, (ii) was unjustly enriched and (iii) had made negligent misrepresentations regarding the provision of Basic Group Life Insurance and that Class Members have suffered financial damages.

This case was “certified” (i.e. permitted by the Court to proceed) as a class proceeding in October 2011. Many of the issues in the lawsuit were subsequently determined in a motion for partial summary judgment, which was decided by the Ontario Superior Court

where the surviving spouse died prior to October 20, 2011, all dependent children of such deceased people described in paragraph (a), in all cases such surviving spouses and dependents being persons eligible under GMCL’s benefit plans without regard to the changes to eligibility requirements under GMCL’s benefit plans effective January 1, 2009.

of Justice in July 2013. At that time, the Court ruled mostly in favour of the plaintiff and determined that most (but not all) of the Class Members were entitled to recovery. In particular, the Court ruled that Class Members who continued to work after the reductions to benefits were announced (i.e. in late 2007 for health benefits, and in late 2009 for life insurance benefits) were not entitled to recover. The Court also ruled that GMCL was within its rights to reduce or eliminate benefits granted pursuant to the Canadian Supplemental Executive Retirement Program (“CSERP”) and the Canadian Executive Retirement Program (“CERP”).

A copy of the Court’s decision can be obtained at <http://canlii.ca/t/fzppr> or from class counsel.

Subsequently, GMCL appealed those portions of the Court’s judgment that it lost and the plaintiff brought a cross-appeal seeking to overturn those parts of the judgment that the Class Members did not succeed on. The agreement to settle the class action occurred shortly before the appeal was scheduled to be heard by the Ontario Court of Appeal in June 2014.

3. WHAT ARE THE DETAILS OF THE PROPOSED SETTLEMENT?

The detailed terms of the settlement are set out in the settlement agreement between the parties. A copy of it can be found at www.genmo.ca or www.sgmlaw.com or can be obtained by contacting Class Counsel.

In addition, there will be meetings held in Oshawa, St. Catherines, London, Windsor and Montreal at which time the proposed settlement will be presented to Class Members. Details about the time and place for the meetings will be posted at www.genmo.ca.

In brief, there are three principal components to the settlement.

A. REINSTATEMENT OF HEALTH BENEFITS FOR ALL CLASS MEMBERS.

The settlement provides that, as of September 1, 2014, most of the health benefits that GMCL reduced will be reinstated for all Class Members, and that they will now be treated the same as those persons who retired on or before December 31, 1994. Class Members will still be required to make healthcare contributions, which may increase in the future, and Class Members will still be subject to the restriction on over-the-counter medications which applies to GMCL retirees who retired on or before December 31, 1994. A complete description of the new health benefits that Class Members will receive under the settlement can be found at www.genmo.ca or www.sgmlaw.com or can be obtained by contacting Class Counsel.

B. REINSTATEMENT OF THE MAJORITY OF BASIC LIFE INSURANCE BENEFITS FOR ALL CLASS MEMBERS AND SUPPLEMENTAL GROUP LIFE INSURANCE BENEFITS ("SGLI") FOR CLASS MEMBERS WHO WERE EXECUTIVES

The settlement provides that 2/3 of the reduced basic life insurance benefits (and SGLI for executives) will be reinstated.

For example, if prior to the reduction in basic life insurance benefits, you were entitled to a total of \$80,000, and after the reduction was implemented you were advised that your life insurance benefit was reduced to \$20,000, your new entitlement, under the settlement will be as follows:

$$\begin{array}{r} \$20,000 - \text{reduced life insurance benefit.} \\ + \quad \$40,000 - \quad (2/3 \text{ of } \$60,000 - \text{ being the difference between the} \\ \quad \text{original life insurance benefit and the reduced life insurance benefit)} \\ \hline = \quad \$60,000 \end{array}$$

The settlement does not restore the CSERP/CERP benefits for executives, although it does restore the SGLI benefit at the same level (2/3) as the basic group life insurance benefit.

Any disputes regarding the settlement will be subject to arbitration.

C. SETTLEMENT FUND

GMCL will pay \$10 million into a fund set up by the Representative Plaintiff and Class Counsel for Class Members to compensate them for the loss of life insurance benefits and health benefits between July 1, 2008 and August 31, 2014.

The money will be distributed from the fund as follows:

First, to the beneficiaries of Class Members who died (or die) between January 1, 2010 and August 31, 2014 and have received (or receive) reduced life insurance benefits from GMCL.

Second, the remaining funds will be distributed to Class Members to compensate them for health benefits lost between July 1, 2008 and August 31, 2014.

Further detail about the proposed formula for distributing the settlement fund can be found at <http://www.genmo.ca> and www.sgmlaw.com.

GMCL is not responsible for the distribution or administration of the fund.

4. WHAT IS THE EFFECT OF THE SETTLEMENT?

The settlement entirely resolves the issues in the class action.

The settlement represents a compromise of the disputed issues in the litigation. It provides for greater benefits than that ordered by the Court on the summary judgment motion, because it extends the benefits of the successful resolution of this matter to *all* Class Members, including those persons who continued to work after the reductions to the benefits were announced even though they were excluded in the Court's decision. However, in some respects, the settlement provides for lesser benefits, including discounted life insurance benefits and the requirement that Class Members make monthly contributions to their health benefit plan.

The settlement takes into account a variety of factors including the risks inherent in continuing the litigation and the time that would be required to finally resolve the matter. It provides a benefit to all parties of a timely and final resolution of this lawsuit.

5. THE SETTLEMENT APPROVAL HEARING

A settlement hearing will take place at 10:00 a.m. on August 7, 2014 at 130 Queen Street West, Toronto, Courtroom 5. At that time, the Court will determine whether the settlement is fair and reasonable and in the best interest of the class. If the settlement is approved, all Class Members who have not opted out of the class action will be bound by the settlement.

Class Members and members of the public may attend the hearing. Class Members are entitled, but not obligated, to express their opinions about the settlement and whether or not it should be approved. If you wish to make a submission to the Court, you must deliver it in writing to Class Counsel, at the address below, no later than Friday, August 1, 2014 so that it can be brought to the attention of the Court.

6. CLASS COUNSEL FEES

GMCL has agreed to pay \$2 million in respect of legal fees, disbursements, taxes and administration costs associated with the settlement. This payment is separate and apart from the settlement fund and will not reduce any amount that you are entitled to receive under the settlement fund.

This payment must be approved by the Court. In the event that the settlement is approved, Class Counsel will then request that the Court approve the fees.

7. OTHER MATTERS

The plaintiff has been granted indemnification and funding from the Class Proceedings Fund ("CPF"). The CPF was established by the Law Foundation of Ontario to provide financial support to class action plaintiffs for disbursements (including faxes, filing fees,

expert reports, etc). The CPF is entitled by law to receive a levy in the amount of 10% in any awards or settlements in favour of the plaintiff, together with a return of any funded disbursements.

8. TO CONTACT CLASS COUNSEL

For further information about the class proceeding lawsuit you may contact:

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