

# Press Release:



TSX SYMBOLS:

LFE, LFE.PR.A

## CANADIAN LIFE COMPANIES SPLIT CORP

### Proposed dividend tax reduction to benefit shareholders

**TORONTO, ONTARIO – December 1, 2005 / CCN Matthews** - The Federal government's November 23rd proposal to reduce federal taxes on ordinary dividend income received from Canadian corporations will be very beneficial to shareholders of Canadian Life Companies Split Corp.

Canadian Life Companies Split Corp. is a mutual fund corporation that pays ordinary dividends and capital gains dividends (which also enjoy very favourable after tax treatment). If the proposal is enacted, both Preferred shareholders and Class A shareholders will benefit through the enhanced after tax return they'll receive on dividend payments made in 2006. The top marginal personal tax rate on dividends is expected to decrease by approximately 35% from 31.3% to 20.3% (in Ontario), if fully implemented at both the federal and provincial level. Preferred shareholders will continue to receive their distributions in the form of ordinary dividend income and the Class A shareholders will continue to receive a mix of ordinary dividend income and capital gains dividends.

In addition, Canadian Life Companies Split Corp. investments include some of the highest paying dividend corporations in Canada as outlined below. The proposal will make dividends received from these Canadian corporations much more attractive on an after tax basis and encourage these corporations to raise their dividend payments to shareholders.

The fund's investment objectives are:

#### Preferred Shares:

- i. to provide holders of the Preferred Shares with fixed, cumulative preferential monthly cash dividends in the amount of \$0.04375 per Preferred Share to yield 5.25% per annum on the original issue price; and
- ii. on or about December 1, 2012 (termination date), to pay the holders of the Preferred Shares the original issue price of those shares.

#### Class A Shares:

- i. to provide holders of the Class A Shares with regular monthly cash dividends initially targeted to be \$0.10 per Class A Share to yield 8.0% per annum on the original issue price; and
- ii. on or about December 1, 2012 (termination date), to pay the holders of Class A Shares at least the original issue price of those shares.

Canadian Life Companies Split Corp. invests in a portfolio of four publicly traded Canadian life insurance companies as follows:

Great-West Life

Industrial Alliance

Manulife Financial Corporation

Sun Life Financial Inc.

*Shares held within the Portfolio are expected to range between 10-30% in weight but may vary from time to time.*

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**For further information, please contact Investor Relations:**

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