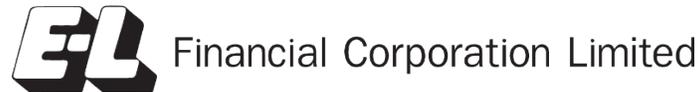


*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer, accountant or other professional advisor. The Offer has not been approved by any securities regulatory authority nor has any securities regulatory authority passed upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.*

*This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of that jurisdiction. However, E-L Financial Corporation Limited may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in such jurisdiction.*

November 9, 2020



**E-L FINANCIAL CORPORATION LIMITED**

**OFFER TO PURCHASE FOR CASH  
UP TO \$100,000,000 IN VALUE OF ITS COMMON SHARES AT A PURCHASE PRICE OF  
NOT LESS THAN \$650.00 AND NOT MORE THAN \$750.00 PER COMMON SHARE**

E-L Financial Corporation Limited (“**E-L Financial**” or the “**Corporation**”) hereby offers, upon the terms and subject to the conditions described herein, to purchase for cancellation a number of common shares of the Corporation validly deposited and not withdrawn (the “**Shares**”) for an aggregate purchase price not exceeding \$100,000,000. The purchase price of any Share taken up by the Corporation will be determined in the manner described below but will be not less than \$650.00 and not more than \$750.00 per Share.

The offer by the Corporation is subject to the terms and conditions set forth in this offer to purchase (the “**Offer to Purchase**”), the accompanying issuer bid circular (the “**Circular**”), and the related letter of transmittal (the “**Letter of Transmittal**”) and notice of guaranteed delivery (the “**Notice of Guaranteed Delivery**”) (which together constitute, and are herein referred to as, the “**Offer**”).

**The Offer commences on November 11, 2020 and expires at 11:59 p.m. (Toronto time) (the “Expiration Time”) on December 16, 2020 or such later time and date to which the Offer may be extended by E-L Financial (such time on such date, the “Expiration Date”).** The Offer is not conditional upon any minimum number of Shares being properly deposited under the Offer. The Offer is, however, subject to other conditions and the Corporation reserves the right, subject to applicable laws, to withdraw, extend or vary the Offer if, at any time prior to the payment of the purchase price of any Shares, certain events occur. See Section 7 of the Offer to Purchase, “*Certain Conditions of the Offer*”.

Holders of Shares (“**Shareholders**”) wishing to tender to the Offer may do so pursuant to: (i) auction tenders in which the tendering Shareholders specify the number of Shares being tendered at a price (the “**Auction Price**”) of not less than \$650.00 and not more than \$750.00 per Share in increments of \$5.00 per Share (the “**Auction Tenders**”), or (ii) purchase price tenders in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price to be determined by the Auction Tenders (the “**Purchase Price Tenders**”).

Promptly following the Expiration Date, the Corporation will determine a single price per Share (the “**Purchase Price**”) (which will be not less than \$650.00 and not more than \$750.00 per Share) that it will pay for Shares validly deposited pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. For the purpose of determining the Purchase Price, Shares deposited pursuant to a Purchase Price Tender will be deemed to have been deposited at a price of \$650.00 per Share (which is the minimum price per Share under the Offer). The Purchase Price will be the lowest price per Share that enables the Corporation to purchase the maximum number of Shares validly deposited and not properly withdrawn pursuant to the Offer having an aggregate purchase price not to exceed \$100,000,000.

If the Purchase Price is determined to be \$650.00 (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 153,846 Shares. If the Purchase Price is determined to be \$750.00 (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 133,333 Shares. If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Shares will be purchased by the Corporation. Shares validly deposited by a Shareholder pursuant to an Auction Tender will not be purchased by the Corporation pursuant to the Offer if the price per Share specified by the Shareholder is greater than the Purchase Price. Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

**Each Shareholder who has properly deposited Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender and who has not withdrawn such shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration and the preferential acceptance of odd lots, each as described herein.**

The Purchase Price will be payable in Canadian dollars; If you are a registered Common Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you exercise the right to elect in your Letter of Transmittal to receive the Consideration per Common Share in respect of your Common Shares in U.S. dollars.

If you are a non-registered Common Shareholder, you will receive the Consideration per Common Share in Canadian dollars unless you contact the intermediary in whose name your Common Shares are registered and request that the intermediary make an election on your behalf. If your intermediary does not make an election on your behalf, you will receive payment in Canadian dollars.

The exchange rate that will be used to convert payments from Canadian dollars into U.S. dollars, will be the rate established by Computershare Trust Company of Canada, in its capacity as foreign exchange service provider to the Corporation, on the date the funds are converted, which rate will be based on the prevailing market rate on the date the funds are converted. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be solely borne by the Common Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

If the aggregate purchase price for Shares validly deposited and not withdrawn pursuant to Auction Tenders at Auction Prices at or below the Purchase Price and Purchase Price Tenders would result in an aggregate purchase price in excess of \$100,000,000, then such deposited shares will be purchased as follows: (i) first, the Corporation will purchase all Shares tendered at or below the Purchase Price by Shareholders who own fewer than 100 Shares (the “**Odd Lot Holders**”) at the Purchase Price; and (ii) second, the Corporation will purchase at the Purchase Price on a pro rata basis according to the number of Shares deposited or deemed to be deposited at a price equal to or less than the Purchase Price by the depositing Shareholders, less the number of Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Shares. All payments to Shareholders will be subject to deduction of applicable withholding taxes. See Section 3 of the Offer to Purchase, “*Number of Shares and Proration of Tenders*”.

Certificates or DRS advices for all Shares not purchased under the Offer (including shares not purchased because of proration), or properly withdrawn before the Expiration Date, will be returned (in the case of certificates representing Shares all of which are not purchased) or replaced with new certificates or DRS advices representing the balance of Shares not purchased (in the case of certificates representing Shares of which less than all are purchased), promptly after the Expiration Date or termination of the Offer or the date of withdrawal of the Shares, without expense to the Shareholder. In the case of Shares tendered through book-entry transfer into the Depositary’s (as defined herein) account at DTC (as defined in the Offer to Purchase) or CDS (as defined in the Offer to Purchase), the Shares will be credited to the appropriate account maintained by the tendering Shareholder at DTC or CDS, as applicable, without expense to the Shareholder.

As of November 6, 2020, there were 3,818,439 Shares issued and outstanding. The Offer would be for approximately 4.0% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$650.00 (which is the minimum price per Share under the Offer) or approximately 3.5% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$750.00 (which is the maximum price per Share under the Offer).

The Shares are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “ELF”. On November 6, 2020, the last full trading day prior to the date of announcement of the Corporation’s intention to make the Offer, the closing price of the Shares on the TSX was \$658.00 per Share.

The board of directors of the Corporation (the “Board of Directors”) has concluded it can rely on the “**liquid market exemption**” specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. To that end, the Board of Directors has obtained a liquidity opinion (the “**Liquidity Opinion**”) from Cormark Securities Inc. (“Cormark”), to the effect that, based on and subject to the qualifications, assumptions and limitations stated in the Liquidity Opinion, a liquid market for the Shares exists as of November 9, 2020, and it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. A copy of the Liquidity Opinion of Cormark is attached hereto as Schedule A.

**The Board of Directors has approved the Offer. However, none of E-L Financial, its Board of Directors, the Dealer Manager (as defined herein) or the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether to deposit Shares under the Offer, and, if so, how many Shares to deposit.**

**Shareholders should carefully consider the income tax consequences to them of having Shares purchased under the Offer. See Section 13 of the Circular, “Income Tax Considerations”.**

Shareholders wishing to deposit all or any portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 5 of the Offer to Purchase, “*Procedure for Depositing Shares*”.

**The Offer expires at 11:59 p.m. (Toronto time) on December 16, 2020 unless extended, varied or withdrawn.**

**NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF E-L FINANCIAL AS TO WHETHER YOU SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THIS OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY E-L FINANCIAL.**

No Canadian, U.S. or foreign securities commission has approved or disapproved of this Offer or passed upon the merits or fairness of this Offer or passed upon the adequacy or accuracy of the information contained in this Offer. Any representation to the contrary is a criminal offense.

**Any questions or requests for information regarding the Offer should be directed to Computershare Trust Company of Canada (the “Depositary”) or Scotia Capital Inc. (the “Dealer Manager”) at the addresses and telephone numbers of the Depositary and the Dealer Manager set forth on the last page of the accompanying Circular.**

**The Dealer Manager for the Offer is:**

**Scotia Capital Inc.**

**Scotia Plaza  
40 King Street West  
64<sup>th</sup> Floor  
Toronto, Ontario  
M5H 1H1**

Telephone: (416) 945-4642  
Email: [david.garg@scotiabank.com](mailto:david.garg@scotiabank.com)

**The Depositary for the Offer is:**

**Computershare Trust Company of Canada**

**100 University Ave, 8th Floor  
Toronto, Ontario,  
M5J 2Y1**

Telephone: 1-514-982-7555  
Fax: 1-888-453-0330  
Email: [corporateactions@computershare.com](mailto:corporateactions@computershare.com)

## FORWARD-LOOKING STATEMENTS

Certain statements in this Offer about the Offer, including the terms and conditions of the Offer, the aggregate amount of Shares to be purchased for cancellation under the Offer, the expected expiration date of the Offer and the anticipated benefits of the Offer, as well as any other future events or developments constitute “**forward-looking statements**” within the meaning of applicable Canadian securities laws. All such statements are made pursuant to the “**safe harbour**” provisions of any applicable Canadian securities legislation. The words “**may**”, “**will**”, “**would**”, “**should**”, “**could**”, “**expects**”, “**plans**”, “**intends**”, “**trends**”, “**indications**”, “**anticipates**”, “**believes**”, “**estimates**”, “**predicts**”, “**likely**” or “**potential**” or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward looking statements. Forward-looking statements are based on estimates and assumptions made by the Corporation in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Corporation believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that the Corporation’s expectations regarding this Offer or future events or developments will be achieved.

By their nature, forward-looking statements require the Corporation to make assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, but are not limited to, market risk including equity risk, hedging risk, interest rate risk, foreign exchange rate risk; liquidity risk; credit risk including counterparty risk; insurance risk including mortality risk, policyholder behaviour risk, expense risk, morbidity risk, product design and pricing risk, underwriting and claims risk, reinsurance risk; operational risk, including legal and regulatory risk, model risk, human resources risk, third party risk, technology, information security and business continuity risk; and business risk and strategic, including risk with respect to competition, risk with respect to financial strength, capital adequacy risk, risk with respect to distribution channels, risk with respect to changes to applicable income tax legislation, risk with respect to litigation, risk with respect to reputation, risk with respect to risk management policies, risk with respect to intellectual property, risk with respect to significant ownership of common shares..

Other factors could also cause the Corporation’s expectations regarding the Offer to differ materially from those expressed or implied by the forward-looking statements, including with respect to the Corporation’s ability to complete the Offer on the timelines anticipated, the Corporation’s expectation that any purchases of Shares pursuant to the Offer will be funded from a combination of cash available to be drawn on E-L Financial’s existing margin loan facility and available cash on hand, the Corporation continuing to have sufficient financial resources and working capital following the completion of the Offer, the Offer not precluding the Corporation from pursuing future business opportunities, the market for the Shares not being materially less liquid after the completion of the Offer than the market that exists at the time of the Offer, satisfaction or waiver of the conditions to the Offer, and the extent to which Shareholders determine to deposit their Shares to the Offer, and the anticipated benefits of the Offer. This should not be considered a complete list of all factors that could affect the Corporation and the Offer. When relying on forward-looking statements to make decisions with respect to tendering to the Offer, readers should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements.

The purpose of the forward-looking statements is to provide the reader with a description of management’s expectations and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this Offer are made as of the date of this Offer, and the Corporation has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this Offer are expressly qualified by this cautionary statement. Further details and descriptions of these and other factors are disclosed in the Offer and in the Corporation’s Annual Information Form for the year ended December 31, 2019 and Management’s Discussion & Analysis for the three and nine months ended September 30, 2020, which are available under the Corporation’s profile at [www.sedar.com](http://www.sedar.com) (“**SEDAR**”).

## NOTICE TO HOLDERS OF CONVERTIBLE SECURITIES

The Offer is made only for Shares and is not made for any securities convertible into or exercisable to acquire Shares, including the Series A Preference Shares (as defined in the Circular) (each, a “**Convertible Security**”). Any

holder of a Convertible Security who wishes to accept the Offer should, to the extent permitted by the terms thereof, fully convert or exercise such Convertible Security in order to tender the resulting Shares in accordance with the terms and conditions of the Offer. Any such conversion or exercise must occur sufficiently in advance of the Expiration Date to assure holders of such Convertible Securities that they will have sufficient time to comply with the procedures for depositing Shares under the Offer. A conversion or exercise of a Convertible Security cannot be revoked even if the Shares received upon exercise thereof and tendered in the Offer are not purchased in the Offer for any reason.

Holders of Convertible Securities that exercise or convert and then tender the Shares received on such exercise or conversion, as applicable, pursuant to the Offer could suffer adverse tax consequences. The tax consequences of such an exercise or conversion **are not described** under Section 13 of the Circular, "*Income Tax Considerations*". Holders of Convertible Securities are urged to seek tax advice from their own tax advisors in this regard.

### **INFORMATION FOR UNITED STATES SHAREHOLDERS**

The Offer is made by E-L Financial, a Canadian issuer, for its own Shares, which are not registered with the Securities Commission under the *United States Securities and Exchange Act of 1934*, as amended. While the Offer is subject to the disclosure requirements of the province of Ontario and the other provinces of Canada, U.S. Shareholders should be aware that these disclosure requirements are different from those of the United States. Financial statements of E-L Financial have been prepared in accordance with International Financial Reporting Standards (IFRS) and are subject to Canadian auditing and auditor independence standards and, therefore, they may not be comparable to financial statements of U.S. companies.

The enforcement by Shareholders of civil liabilities under U.S. federal and state securities laws may be adversely affected by the fact that E-L Financial is incorporated under the *Business Corporations Act* (Ontario) and that a majority of its directors and officers are residents of Canada. In addition, U.S. Shareholders should not assume that courts in Canada or in the countries where such directors and officers reside or in which E-L Financial's assets or the assets of such persons are located (i) would enforce judgments of U.S. courts obtained in actions against E-L Financial or such persons predicated upon civil liability provisions of U.S. federal and state securities laws as may be applicable, or (ii) would enforce, in original actions, any asserted liabilities against E-L Financial, its subsidiaries or such persons predicated upon such laws. Enforcement of any asserted civil liabilities under U.S. securities laws may be further adversely affected by the fact that some or all of the experts named in the Offer may be residents of Canada.

U.S. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under United States and Canadian law. See Section 13 of the Circular, "*Income Tax Considerations*".

### **CURRENCY**

All dollar references in the Offer to Purchase and the Circular are in Canadian dollars except where otherwise indicated.

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## SUMMARY

*This summary is provided for your convenience. It highlights certain material information relating to the Offer, but you should understand that it does not describe all of the details of the Offer to the same extent as described elsewhere herein. The Corporation therefore urges you to read the entire Offer to Purchase, Circular, Letter of Transmittal and Notice of Guaranteed Delivery because they each contain important information. References have been included to certain sections of the Offer where you will find a more complete discussion.*

- Expiration Date** The Offer expires at 11:59 p.m. (Toronto time) on December 16, 2020, or at such later time and date to which the Offer may be extended or varied by the Corporation. See Section 1 of the Offer to Purchase, “*The Offer*”.
- Payment Date** E-L Financial will take up and pay for Shares as soon as reasonably practicable after the Expiration Date and in any event within 10 days after the Expiration Date. See Section 9 of the Offer to Purchase, “*Taking Up and Payment for Deposited Shares*”.
- Currency of Payment** The Purchase Price will be denominated in Canadian dollars and payments of amounts owing to Shareholders whose Shares are taken up will be made in Canadian dollars. However, Shareholders may elect to receive the Purchase Price in United States dollars as described in the Offer. In such case, the risk of any fluctuation in exchange rates, including risks relating to the particular date and time at which funds are converted, will be borne solely by the Shareholder. See Section 2 of the Offer to Purchase, “*Purchase Price*”.
- Methods of Tender** Shareholders wishing to tender to the Offer may do so pursuant to:
- (a) Auction Tenders in which the tendering Shareholders specify the number of Shares being tendered and an Auction Price of not less than \$650.00 and not more than \$750.00 per Share in increments of \$5.00 per Share; or
  - (b) Purchase Price Tenders in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price to be determined by the Auctions Tenders.
- Shareholders may deposit different Shares pursuant to Auction Tenders and Purchase Price Tenders.
- If a Shareholder wishes to deposit Shares in separate lots at a different price for each lot, that Shareholder must complete a separate Letter of Transmittal (and, if applicable, a Notice of Guaranteed Delivery) for each price at which the Shareholder is depositing Shares. A Shareholder may not deposit the same Shares pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price. See Section 5 of the Offer to Purchase, “*Procedure for Depositing Shares*”.
- Purchase Price** The Purchase Price will be determined by the Corporation in the manner described in the Offer but will be not less than \$650.00 and not more than \$750.00 per Share, taking into account the Auction Prices and the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders. The Purchase Price will be the lowest price per Share that enables the Corporation to purchase the maximum number of Shares properly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not to exceed \$100,000,000.

All Shares purchased by the Corporation pursuant to the Offer will be purchased at the same Purchase Price.

The Corporation will return all Shares not purchased under the Offer, including Shares not purchased as a result of proration or invalid tender, promptly after the Expiration Date. Section 2 of the Offer to Purchase, "*Purchase Price*".

**Number of Shares to be Purchased**

E-L Financial will purchase Shares under the Offer up to a maximum aggregate amount of \$100,000,000. Since the Purchase Price will only be determined after the Expiration Date, the number of Shares that will be purchased will not be known until after the Expiration Date.

If the Purchase Price is determined to be \$650.00 (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 153,846 Shares. If the Purchase Price is determined to be \$750.00 (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 133,333 Shares.

**Proration**

If the aggregate purchase price for Shares validly deposited and not withdrawn pursuant to Auction Tenders at Auction Prices at or below the Purchase Price and Purchase Price Tenders would result in an aggregate purchase price in excess of \$100,000,000, then such deposited shares will be purchased as follows: (i) first, the Corporation will purchase all Shares tendered at or below the Purchase Price by Odd Lot Holders at the Purchase Price; and (ii) second, the Corporation will purchase at the Purchase Price on a pro rata basis according to the number of Shares deposited or deemed to be deposited at a price equal to or less than the Purchase Price by the depositing Shareholders, less the number of Shares purchased from Odd Lot Holders (with adjustments to avoid the purchase of fractional Shares).

**Odd Lot Preference**

If a Shareholder beneficially owns fewer than 100 Shares as of the Expiration Date and tenders all such Shares under the Offer, the Corporation will accept for purchase, without proration but otherwise subject to the terms and conditions of the Offer, all such tendered Shares deposited pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender. An Odd Lot Shareholder must complete the appropriate box in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. See Section 3 of the Offer to Purchase, "*Number of Shares and Proration of Tenders*".

**Delivery Procedure**

Each Shareholder wishing to deposit Shares pursuant to the Offer must (a) provide certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal, in accordance with the instructions in such Letter of Transmittal, together with all other documents required by the Letter of Transmittal and must be delivered to, and received by, the Depository at one of the addresses listed in the Letter of Transmittal by the Expiration Date, (b) follow the guaranteed delivery procedure described in Section 5 of the Offer to Purchase, "*Procedure for Depositing Shares*", or (c) transfer Shares pursuant to the procedures for book-entry transfer described in Section 5 of the Offer to Purchase, provided that a confirmation of the book-entry transfer (a "**Book-Entry Confirmation**") of such Shares through CDS Clearing and Depository Services Inc. ("**CDS**") or an Agent's Message transmitted through The Depository Trust Company ("**DTC**") into the Depository's account at CDS or DTC, respectively, is received by the Depository at its office in Toronto, Ontario prior to the Expiration Date.

**A Shareholder who wishes to deposit Shares under the Offer and who holds such Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.**

<b>Brokerage Commissions</b>	Shareholders depositing Shares will not be obligated to pay brokerage fees or commissions to the Corporation or to the Depositary. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their own brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer. See Section 9 of the Offer to Purchase, <i>“Taking Up and Payment for Deposited Shares”</i> .
<b>Conditions to the Offer</b>	The obligation of the Corporation to take up and pay for any Shares deposited under the Offer is subject to the conditions described in Section 7 of the Offer to Purchase, <i>“Certain Conditions of the Offer”</i> .
<b>Convertible Securities</b>	The Offer is made only for Shares and not made for any Convertible Securities. Any holder of a Convertible Security who wishes to accept the Offer should, to the extent permitted by the terms thereof, fully convert or exercise such Convertible Security in order to tender the resulting Shares in accordance with the terms and conditions of the Offer. Any such conversion or exercise must occur sufficiently in advance of the Expiration Date to assure holders of such Convertible Securities that they will have sufficient time to comply with the procedures for tendering Shares in the Offer. A conversion or exercise of a Convertible Security cannot be revoked even if the Shares received upon exercise thereof and tendered in the Offer are not purchased in the Offer for any reason.
<b>Withdrawal Rights</b>	Shares deposited pursuant to the Offer may be withdrawn by the Shareholder (a) at any time prior to the Expiration Date, (b) at any time if the Shares have not been taken up by the Corporation before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares, or (c) at any time if the Shares have been taken up but not paid for by the Corporation within three business days of being taken up.
<b>Position of the Corporation and its Directors</b>	Neither the Corporation nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions whether to deposit Shares under the Offer. See Section 1 of the Offer to Purchase, <i>“The Offer”</i> .
<b>Participation of Insiders in the Offer</b>	To the knowledge of the Corporation and its directors and officers, after reasonable inquiry, no director or officer of the Corporation, no associate or affiliate of a director or officer of the Corporation, no insider of the Corporation (other than a director or officer) and no person or company acting jointly or in concert with the Corporation, has indicated any present intention to deposit any of such person’s or company’s Shares pursuant to the Offer. These intentions may change or Shares may be sold on the TSX depending on the change in circumstance of such individuals. In addition other officers may sell Shares on the TSX during the period of the Offer. See Section 10 of the Circular, <i>“Arrangements Concerning Shares – Acceptance of the Offer”</i> .

<b>Purpose of the Offer</b>	The Corporation believes that the purchase of Shares is in the best interests of the Corporation, and permits the Corporation to return up to \$100,000,000 to Shareholders who elect to tender their shares. See Section 3 of the Circular, “ <i>Purpose and Effect of the Offer</i> ”.
<b>Tax Considerations</b>	<p>For Canadian federal income tax purposes, a Shareholder who sells Shares to E-L Financial under the Offer will be deemed to receive a dividend equal to the excess of the amount paid by E-L Financial over the “<b>paid-up capital</b>” of the Shares for purposes of the Tax Act. E-L Financial estimates that the paid-up capital per Share on the date of take-up under the Offer will be approximately \$18.00 and, accordingly, Shareholders who sell Shares under the Offer are generally expected to realize deemed dividends for purposes of the Tax Act. The treatment of such deemed dividends under the Tax Act is described in Section 13 of the Circular, “<i>Income Tax Considerations</i>”. In view of the deemed dividend tax treatment under the Tax Act of a sale of Shares pursuant to the Offer as opposed to the capital gain or capital loss tax treatment that would generally apply to a sale of shares in the market, Shareholders who wish to sell their Shares should consult their own tax advisors regarding selling their Shares in the market as an alternative to accepting the Offer, in order to receive capital gain (or capital loss) treatment on the disposition of their Shares. The selling price for such market sales may be different from the Purchase Price.</p> <p><b>The deemed dividend tax treatment of a sale of Shares pursuant to the Offer, as well as certain other Canadian federal income tax considerations and certain United States federal income tax considerations, are described in general terms in Section 13 of the Circular, “Income Tax Considerations”. Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer and consult with their own tax advisors in this regard.</b></p>
<b>Liquidity</b>	The Board of Directors has concluded it can rely on the “ <b>liquid market exemption</b> ” specified in Multilateral Instrument 61-101 – <i>Protection of Minority Security Holders in Special Transactions</i> . To that end, the Board of Directors has obtained the Liquidity Opinion from Cormark to the effect that, based on and subject to the qualifications, assumptions and limitations stated in the Liquidity Opinion, a liquid market for the Shares exists as of November 9, 2020, and it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. See Section 3 of the Circular, “ <i>Purpose and Effect of the Offer – Liquidity of Market</i> ” and Schedule A.
<b>Trading Information</b>	On November 6, 2020, the last full trading day prior to the public announcement of the Corporation’s intention to make the Offer, the closing price of the Shares on the TSX was \$658.00 per Share. During the past six months, the closing prices of the Shares on the TSX has ranged from a low of \$641.00 to a high of \$693.90. See Section 5 of the Circular, “ <i>Price Range of Shares</i> ”.
<b>Further Information</b>	For further information regarding the Offer, Shareholders may contact the Depository or the Dealer Manager or consult their own brokers. The address and telephone and facsimile numbers of the Depository and the Dealer Manager are set forth on the back cover of the Offer.

**NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE CORPORATION AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER**

**OTHER THAN AS SET FORTH IN THE OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CORPORATION.**

## OFFER TO PURCHASE

### To the holders of Shares of E-L Financial Corporation Limited:

#### 1. THE OFFER

The Corporation hereby offers, upon the terms and subject to the conditions described in this Offer to Purchase, the accompanying Circular, the related Letter of Transmittal and the Notice of Guaranteed Delivery, to purchase for cancellation a number of Shares having an aggregate purchase price not exceeding \$100,000,000.

The Offer will commence on November 11, 2020, and expire at 11:59 p.m. (Toronto time) (the “**Expiration Time**”) on December 16, 2020 or such later time and date to which the Offer may be extended by E-L Financial (such date, the “**Expiration Date**”).

**THE OFFER IS NOT CONDITIONAL UPON ANY MINIMUM NUMBER OF SHARES BEING DEPOSITED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7 OF THE OFFER TO PURCHASE, “CERTAIN CONDITIONS OF THE OFFER”.**

Each Shareholder who has properly deposited Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender and who has not withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased upon the terms and subject to the conditions of the Offer, including the provisions relating to proration described herein.

E-L Financial will return all Shares not purchased under the Offer (including Shares not purchased because of proration) or properly withdrawn before the Expiration Date.

None of E-L Financial, its Board of Directors, Scotia Capital Inc. (the “**Dealer Manager**”) or Computershare Trust Company of Canada (the “**Depository**”) makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit Shares under the Offer. Shareholders should carefully consider the income tax consequences to them of having Shares purchased under to the Offer. See Section 13 of the Circular, “*Income Tax Considerations*”.

The accompanying Circular and Letter of Transmittal contain important information and should be read carefully before making a decision with respect to the Offer.

#### 2. PURCHASE PRICE

Promptly following the Expiration Date, the Corporation will determine the Purchase Price (which will be not less than \$650.00 and not more than \$750.00 per Share) that it will pay for Shares validly deposited pursuant to the Offer and not withdrawn, taking into account the number of Shares deposited pursuant to Auction Tenders and Purchase Price Tenders and the prices specified by Shareholders depositing Shares pursuant to Auction Tenders. For the purpose of determining the Purchase Price, Shares deposited pursuant to a Purchase Price Tender will be deemed to have been deposited at a price of \$650.00 per Share (which is the minimum price per Share under the Offer). The Purchase Price will be the lowest price per Share that enables the Corporation to purchase the maximum number of Shares validly deposited and not properly withdrawn pursuant to the Offer having an aggregate purchase price not to exceed \$100,000,000.

If no Auction Tenders or Purchase Price Tenders are made pursuant to the Offer, no Shares will be purchased by the Corporation. If the Purchase Price is determined to be \$650.00 (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 153,846 Shares. If the Purchase Price is determined to be \$750.00 (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by the Corporation is 133,333 Shares. Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

All Shares purchased by the Corporation pursuant to the Offer (including Shares tendered at Auction Prices below the Purchase Price) will be purchased at the Purchase Price. E-L Financial will return all Shares not purchased

under the Offer, including Shares not purchased because of proration or invalid tenders, or properly withdrawn before the Expiration Date. All payments to Shareholders will be subject to deduction of applicable withholding taxes.

Each registered Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such Shareholder exercises the applicable election in the Letter of Transmittal to use the Depositary's currency exchange services to convert payment of the Purchase Price of the tendered Shares into United States dollars as described below. There is no additional fee payable by Shareholders who elect to use the Depositary's currency exchange services.

Each non-registered or beneficial Shareholder who has tendered Shares under the Offer will receive payment of the Purchase Price for purchased Shares in Canadian dollars, unless such non-registered Shareholder contacts the intermediary in whose name such Shareholder's shares are registered and requests that the intermediary make an election on its behalf to receive the Purchase Price in United States dollars as described below.

The exchange rate that will be used to convert payments from Canadian dollars into United States dollars will be the rate available from Computershare Trust Company of Canada, in its capacity as foreign exchange service provider, on the date on which the funds are converted, which rate will be based on the prevailing market rate on such date. The risk of any fluctuations in such rates, including risks relating to the particular date and time at which funds are converted, will be borne solely by the Shareholder. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

### **3. NUMBER OF SHARES AND PRORATION OF TENDERS**

As of November 6, 2020, there were 3,818,439 Shares issued and outstanding and, accordingly, the Offer is for a maximum of approximately 4.0% of the total number of issued and outstanding Shares if the Purchase Price is determined to be \$650.00 (which is the minimum price per Share under the Offer). If the Purchase Price is determined to be \$750.00 (which is the maximum price per Share under the Offer), the Offer is for a maximum of approximately 3.5% of the total number of issued and outstanding Shares. The Offer is not conditional upon any minimum number of Shares being properly deposited under the Offer.

If the aggregate purchase price for Shares validly deposited and not withdrawn pursuant to Auction Tenders at Auction Prices at or below the Purchase Price and Purchase Price Tenders would result in an aggregate purchase price in excess of \$100,000,000, then such deposited shares will be purchased as follows: (i) first, the Corporation will purchase all Shares tendered at or below the Purchase Price by Odd Lot Holders (as defined below) at the Purchase Price; and (ii) second, the Corporation will purchase at the Purchase Price on a pro rata basis according to the number of Shares deposited or deemed to be deposited at a price equal to or less than the Purchase Price by the depositing Shareholders, less the number of Shares purchased from Odd Lot Holders. All Auction Tenders and Purchase Price Tenders will be subject to adjustment to avoid the purchase of fractional Shares.

For purposes of the Offer, the term "**Odd Lots**" means all Shares validly tendered at or below the Purchase Price by Shareholders who own, as of the close of business on the Expiration Date, fewer than 100 Shares (the "**Odd Lot Holders**"). As set out above, Odd Lots will be accepted for purchase before any proration. In order to qualify for this preference, an Odd Lot Holder must properly tender, pursuant to an Auction Tender at a price at or below the Purchase Price or pursuant to a Purchase Price Tender, all Shares beneficially owned by such Odd Lot Holder. Partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Shares even if holders have separate share certificates for fewer than 100 Shares or hold fewer than 100 Shares in different accounts. Any Odd Lot Holder wishing to tender all Shares beneficially owned, without proration, must complete the appropriate box on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. Shareholders owning an aggregate of fewer than 100 Shares whose Shares are purchased pursuant to the Offer will not only avoid the payment of brokerage commissions, but will also avoid any odd lot discounts, each of which may be applicable on a sale of their Shares in a transaction on the TSX.

### **4. ANNOUNCEMENT OF RESULTS OF THE OFFER**

The Corporation will publicly announce the results of the Offer, including the Purchase Price, the number of Shares validly tendered to the Offer and the aggregate purchase price of the Shares to be purchased for cancellation pursuant to the Offer, as promptly as practicable after the Expiration Date.

## 5. PROCEDURE FOR DEPOSITING SHARES

### *Proper Deposit of Shares*

Shareholders who wish to accept the Offer may do so by making Auction Tenders or Purchase Price Tenders. A Shareholder who wishes to make an Auction Tender will be required to specify, among other things, the number of Shares that it wishes to sell and the price per Share (not less than \$650.00 and not more than \$750.00 per Share and in increments of \$5.00 per Share) at which it is prepared to sell those Shares. A Shareholder may make an Auction Tender in respect of certain of their Shares and a Purchase Price Tender in respect of other Shares. If a Shareholder wishes to deposit Shares in separate lots at a different price for each lot, that Shareholder must complete a separate Letter of Transmittal (and, if applicable, a Notice of Guaranteed Delivery) for each price at which the Shareholder is depositing Shares. A Shareholder may not deposit the same Shares pursuant to both an Auction Tender and a Purchase Price Tender, or pursuant to an Auction Tender at more than one price.

Odd Lot Holders making an Auction Tender or a Purchase Price Tender will be required to tender all Shares owned by the Shareholder.

A Shareholder who wishes to make a Purchase Price Tender may not specify an Auction Price.

Shares deposited pursuant to an Auction Tender in compliance with the procedures set forth herein will be taken up only if the Auction Price specified in the Auction Tender is equal to or less than the Purchase Price.

Shareholders who tender Shares without making a valid Auction Tender or Purchase Price Tender will be deemed to have made a Purchase Price Tender.

### *Holdings of Shares*

To deposit Shares pursuant to the Offer, holders of Shares must (a) provide certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof), in accordance with the instructions in such Letter of Transmittal, together with all other documents required by the Letter of Transmittal and must be delivered to, and received by, the Depository at one of the addresses listed in the Letter of Transmittal by the Expiration Date, (b) follow the guaranteed delivery procedure described below, or (c) transfer Shares pursuant to the procedures for book-entry transfer described below (and a confirmation of such transfer must be received by the Depository, including either a Book-Entry Confirmation or an Agent's Message (each defined below) if the tendering Shareholder has not delivered a Letter of Transmittal). The term "**Agent's Message**" means a message, transmitted by the Depository Trust Company ("**DTC**") to and received by the Depository and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, which acknowledgment states that such participant has received and agrees to be bound by the Letter of Transmittal and that the Corporation may enforce such Letter of Transmittal against such participant. The term "**Book-Entry Confirmation**" means a confirmation of a book-entry transfer of a Shareholder's Shares into the Depository's account at CDS Clearing and Depository Services Inc. ("**CDS**").

**A non-registered Shareholder who desires to deposit Shares under the Offer should immediately contact such Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.**

**Participants of CDS and DTC should contact such depository to obtain instructions as to the method of depositing Shares under the terms of the Offer. CDS and DTC will each be issuing instructions to participants as to the method of depositing Shares under the terms of the Offer.**

### *Signature Guarantees*

No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the share certificate deposited therewith, and payment is to be made directly to such registered holder, or (b) Shares are deposited for the account of a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program

(STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an “**Eligible Institution**”). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See the appropriate instructions in the Letter of Transmittal.

If a certificate representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates representing Shares not purchased are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or stock power signature guaranteed by an Eligible Institution.

#### ***Book-Entry Transfer Procedures – CDS***

An account with respect to the Shares will be established at CDS for purposes of the Offer. Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through CDS’s on-line tendering system pursuant to which book-entry transfers may be effected (“**CDSX**”) by causing CDS to transfer such Shares into the Depository’s account in accordance with CDS’s procedures for such transfer. Delivery of Shares to the Depository by means of a book-entry transfer through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depository at its Toronto, Ontario office address set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Date. Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depository’s account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depository are considered a valid tender in accordance with the terms of the Offer. Delivery of documents to CDS does not constitute delivery to the Depository.

#### ***Book-Entry Transfer Procedures – DTC***

The Depository intends to establish an account with respect to the Shares at DTC for purposes of the Offer. Any financial institution that is a participant in DTC may make book-entry delivery of the Shares by causing DTC to transfer such Shares into the Depository’s account in accordance with DTC procedures for such transfer. Although delivery of the Shares may be effected under the Offer through book-entry transfer into the Depository’s account at DTC, the Letter of Transmittal (or a manually signed photocopy thereof) with any required signature guarantees, or (in the case of a book-entry transfer) an Agent’s Message in lieu of the Letter of Transmittal and any other required documents must, in any case, be transmitted to and received by the Depository at its Toronto, Ontario office address set forth on the back cover page of this Offer and Circular prior to the Expiration Time in connection with the tender of such Shares. Delivery of documents to DTC does not constitute delivery to the Depository.

Shareholders who are depositing their Shares by book-entry transfer to the Depository’s account at DTC may execute their tender through DTC’s Automated Tender Offer Program (“**ATOP**”) by transmitting their acceptance to DTC in accordance with DTC’s ATOP procedures. DTC will then verify the acceptance, execute a book-entry delivery to the Depository’s account at DTC and send an Agent’s Message to the Depository. Delivery of the Agent’s Message by DTC will satisfy the terms of the Offer in lieu of execution and delivery of a Letter of Transmittal by the participant identified in the Agent’s Message. Accordingly, the Letter of Transmittal need not be completed by a Shareholder tendering through ATOP.

#### ***Method of Delivery***

The method of delivery of certificates representing Shares and all other required documents is at the option and risk of the depositing Shareholder. If certificates representing Shares are to be sent by mail, registered mail that is properly insured is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depository on or prior to such date. Delivery of a share certificate representing Shares will only be made upon actual receipt of such share certificate representing Shares by the Depository.

### ***Procedure for Guaranteed Delivery***

If a Shareholder wishes to deposit Shares pursuant to the Offer and cannot deliver certificates for such Shares, or the book-entry transfer procedures described above cannot be completed, prior to the Expiration Date, or time will not permit all required documents to reach the Depository by the Expiration Date, such Shares may nevertheless be deposited if all of the following conditions are met:

- (a) such deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Corporation through the Depository is received by the Depository, at its Toronto office listed in the Notice of Guaranteed Delivery, by the Expiration Date; and
- (c) the share certificates for all Shares proposed to be taken up in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) or Book-Entry Confirmation in lieu thereof relating to such Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal, are received by the Toronto office of the Depository, before 5:00 p.m. (Toronto time) on or before the second trading day on the TSX after the Expiration Date.

The Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by facsimile or email transmission to the Toronto office of the Depository listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of the share certificates for all Shares proposed to be taken up in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) or Book-Entry Confirmation in lieu thereof relating to such Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently deposited.

### ***Return of Unpurchased Shares***

Certificates for all Shares not purchased under the Offer (including Shares deposited pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-rata, improper tenders, or Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificates representing Shares all of which are not purchased) or replaced with new certificates or DRS advices representing the balance of Shares not purchased (in the case of certificates representing Shares of which less than all are purchased), promptly after the Expiration Time (or termination of the Offer) or the date of withdrawal of the Shares. In the case of Shares tendered through book-entry transfer into the Depository's account at DTC or CDS, the Shares will be credited to the appropriate account maintained by the tendering Shareholder at DTC or CDS, as applicable, without expense to the Shareholder.

### ***Determination of Validity, Rejection and Notice of Defect***

All questions as to the number of tenders to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any Shares will be determined by the Corporation, in its sole discretion, which determination shall be final and binding on all parties. E-L Financial reserves the absolute right to reject any deposits of Shares determined by it not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of or payment for which may, in the opinion of the Corporation's counsel, be unlawful. E-L Financial also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the deposit of any particular Shares and E-L Financial's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No

individual deposit of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as E-L Financial shall determine. **None of E-L Financial, the Depositary and any other person is or will be obligated to give notice of defects or irregularities in deposits, nor shall any of them incur any liability for failure to give any such notice.** The Corporation's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding.

Under no circumstances will interest be paid by the Corporation by reason of any delay in making payment to any person using the guaranteed delivery procedures, including without limitation any delay arising because the Shares to be delivered pursuant to the guaranteed delivery procedures are not so delivered to the Depositary, and therefore payment by the Depositary on account of such Shares is not made until after the date the payment for the deposited Shares taken up pursuant to the Offer is to be made by the Corporation.

### ***Formation of Agreement***

The proper deposit of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Shareholder and the Corporation, effective as of the Expiration Date, upon the terms and subject to the conditions of the Offer.

### ***Further Assurances***

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of E-L Financial, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of any Shares proposed to be taken up by the Corporation. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

## **6. WITHDRAWAL RIGHTS**

Except as otherwise provided in this Section, deposits of Shares pursuant to the Offer will be irrevocable. Shares deposited pursuant to the Offer may be withdrawn by the Shareholder (a) at any time prior to the Expiration Date, (b) at any time if the Shares have not been taken up by the Corporation before actual receipt by the Depositary of a notice of withdrawal in respect of such Shares, or (c) at any time if the Shares have been taken up but not paid for by the Corporation within three business days of being taken up.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depositary prior to 5:00 p.m. (Toronto time) on the applicable date specified above at the place of deposit of the relevant Shares. Any such notice of withdrawal must (i) be signed by or on behalf of the person who signed the Letter of Transmittal that accompanied the Shares being withdrawn or, in the case of Shares tendered by a CDS or DTC participant, be signed by such participant in the same manner as the participant's name as listed on the applicable Book-Entry Confirmation or Agent's Message, or be accompanied by evidence sufficient to the Depositary that the person withdrawing the tender has succeeded to the beneficial ownership of the Shares, and (ii) specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder (if different from that of the person who tendered such Shares) and the number of Shares to be withdrawn. If the certificates for the Shares deposited pursuant to the Offer have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the depositing Shareholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution, except in the case of Shares deposited by an Eligible Institution. If Shares have been deposited pursuant to the procedure for book-entry transfer described in Section 5, the notice of withdrawal must also specify the name and number of the account at DTC or CDS, as applicable, to be credited with the withdrawn Shares, and must otherwise comply with DTC's or CDS' procedures. If a Shareholder has used more than one Letter of Transmittal or has otherwise deposited in more than one group of Shares, such Shareholder may withdraw Shares using either separate notices of withdrawal or a combined notice of withdrawal, so long as the information specified above is included. **A withdrawal of Shares deposited pursuant to the Offer can only be accomplished in accordance with the**

**foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depository of a properly completed and executed notice of withdrawal in writing.**

**A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through a broker, dealer, commercial bank, trust company or other nominee should immediately contact such broker, dealer, commercial bank, trust company or other nominee in order to take the necessary steps to be able to withdraw such Shares under the Offer.** Please be advised that such nominees may have their own deadlines relating to the withdrawal of your Shares that differ from those set out in this Offer to Purchase. We recommend that you contact any such nominee to find out its deadline.

**Participants of CDS and DTC should contact such depository with respect to the withdrawal of Shares under the Offer.**

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Corporation, in its sole discretion, which determination shall be final and binding. None of the Corporation, the Depository and any other person shall be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them shall incur any liability for failure to give any such notice.

Any Shares properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn Shares may be redeposited prior to the Expiration Date by again following the procedures described in the Offer to Purchase, "*Procedure for Depositing Shares*".

If the Corporation extends the period of time during which the Offer is open, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Corporation's rights under the Offer, the Depository may, subject to applicable law, retain on behalf of the Corporation all deposited Shares, and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as described in this Section.

## **7. CERTAIN CONDITIONS OF THE OFFER**

Notwithstanding any other provision of the Offer, the Corporation shall not be required to accept for purchase, to purchase or, subject to any applicable rules or regulations, to pay for any Shares deposited, and may terminate, cancel or amend the Offer or may postpone the payment for Shares deposited, if, at any time before the payment for any such Shares, any of the following events shall have occurred (or shall have been determined by the Corporation to have occurred) which, in the Corporation's sole judgment, acting reasonably, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there shall have been threatened, taken or pending any action, suit or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction (a) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by the Corporation or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (b) seeking material damages or that otherwise, in the sole judgment of the Corporation, acting reasonably, has or may have a material adverse effect on the Shares, or the business, income, assets, liabilities, condition or position (financial or otherwise), properties, operations, results of operations or prospects of the Corporation and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to the Corporation or otherwise make it inadvisable to proceed with the Offer;
- (b) there shall have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Corporation or any of its subsidiaries by or before any court, government or governmental authority or regulatory or administrative agency or any statute, rule or regulation shall become operative or applicable in any jurisdiction that, in the sole judgment of the Corporation, acting reasonably, might directly or

indirectly result in any of the consequences referred to in clauses (a) or (b) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of the Offer or would or might impair the contemplated benefits of the Offer to the Corporation;

- (c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) a natural disaster or the commencement of a war, armed hostilities, act of terrorism or other international or national calamity directly or indirectly involving Canada or the United States, (iv) any limitation (whether or not mandatory) by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of the Corporation, acting reasonably, might affect the extension of credit by banks or other lending institutions, (v) any significant decrease, in the sole judgment of the Corporation, acting reasonably, in the market price of the Shares since the close of business on November 6, 2020 (including, without limitation, a decrease in excess of 10% of the market price of the Shares on the TSX since the close of business on November 6, 2020), (vi) any change in the general political, market, economic or financial conditions that, in the sole judgment of the Corporation, acting reasonably, has or may have a material adverse effect on the Corporation's or its subsidiaries', taken as a whole, business, operations or prospects or the trading in, or value of, the Shares, or (vii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 Index by an amount in excess of 10%, measured from the close of business on November 6, 2020 or (viii) in the case of any of the foregoing existing at the time of the commencement of the Offer, an acceleration or worsening thereof;
- (d) there shall have occurred any change or changes (or any development involving any prospective change or changes) in (i) general, political, market, economic, financial or industry conditions in the United States or Canada, or (ii) the business, earnings, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Corporation or any of its subsidiaries that, in each case, in the sole judgment of the Corporation, acting reasonably, has, have or may have, individually or in the aggregate, material adverse effect with respect to the Corporation and its subsidiaries taken as a whole;
- (e) any take-over bid or tender or exchange offer with respect to some or all of the securities of E-L Financial, or any merger, amalgamation, arrangement, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving E-L Financial or any of its affiliates, other than the Offer, or any solicitation of proxies, other than by management, to seek to control or influence the Board of Directors, shall have been proposed, announced or made by any individual or entity;
- (f) the Corporation shall have determined, in its sole judgment, acting reasonably, that the Purchase Price for a Share exceeds the fair market value of such Share at the time of the acquisition of such Share by the Corporation pursuant to the Offer, determined without reference to the Offer;
- (g) the Corporation shall have concluded, in its sole judgment, acting reasonably, that the Offer or the take up and payment for any or all of the Shares by the Corporation is illegal or not in compliance with applicable law or stock exchange requirements, or that necessary exemptions under applicable securities legislation, including exemptions from the obligation to take up Shares in the event that the Offer is extended in certain circumstances, are not available to the Corporation for the Offer and, if required under any such legislation, the Corporation shall not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer;
- (h) any changes shall have occurred or been proposed to the *Income Tax Act* (Canada) (the "**Tax Act**") or the Internal Revenue Code (United States) (the "**Code**"), to the publicly available administrative policies or assessing practices of the Canada Revenue Agency ("**CRA**") or the Internal Revenue Service ("**IRS**") or to relevant tax jurisprudence that, in the sole judgment of the Corporation, are

detrimental to E-L Financial and its subsidiaries taken as a whole or any one or more Shareholders, or with respect to making the Offer or taking up and paying for Shares deposited under the Offer;

- (i) the Corporation shall have determined that the Corporation would be subject to Part VI.1 tax under the Tax Act in connection with the Offer;
- (j) the completion of the Offer subjects the Corporation to any material tax liability;
- (k) Cormark shall have withdrawn or amended the Liquidity Opinion provided by it in connection with the Offer; or
- (l) the Corporation reasonably determines that the completion of the Offer and the purchase of the Shares may cause the Shares to be delisted from the TSX.

The foregoing conditions are for the sole benefit of the Corporation and may be asserted by the Corporation in its sole discretion, acting reasonably, regardless of the circumstances (including any action or inaction by the Corporation) giving rise to any such conditions, or may be waived by the Corporation, in its sole discretion, in whole or in part at any time. The failure by the Corporation at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Corporation concerning the events described in this Section 7 shall be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by E-L Financial shall be deemed to be effective on the date on which notice of such waiver or withdrawal by the Corporation is delivered or otherwise communicated to the Depositary. E-L Financial, after giving notice to the Depositary of any waiver of a condition or the withdrawal of the Offer, shall immediately make a public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is withdrawn, the Corporation shall not be obligated to take up, accept for purchase or pay for any Shares deposited under the Offer, and the Depositary will return all certificates for deposited Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were deposited.

## **8. EXTENSION AND VARIATION OF THE OFFER**

Subject to applicable law, the Corporation expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified in Section 7 of this Offer to Purchase, "*Certain Conditions of the Offer*" shall have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depositary and by causing the Depositary to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 12 of this Offer to Purchase, "*Notice*". Promptly after giving notice of an extension or variation to the Depositary, but, in the case of an extension, no later than 9:00 a.m. (Toronto time) on the next business day following the last previously scheduled or announced Expiration Date, the Corporation will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable Canadian securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer shall not expire before ten days (except for any variation increasing or decreasing the percentage of Shares to be purchased, the consideration provided for under the Offer or fees payable to the Dealer Manager of the Offer or any soliciting dealer, in which case the Offer shall not expire before ten business days) after the notice of variation has been given to holders of Shares, unless otherwise permitted by applicable law. During any such extension or in the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Corporation in accordance with the terms of the Offer, subject to Section 6 of this Offer to Purchase, "*Withdrawal Rights*". An extension of the Expiration Date or a variation of the Offer does not constitute a waiver by the Corporation of its rights in Section 7 of this Offer to Purchase, "*Certain Conditions of the Offer*".

If the Corporation makes a material change in the terms of the Offer or the information concerning the Offer, the Corporation will extend the time during which the Offer is open to the extent required under applicable Canadian and United States securities legislation.

E-L Financial has filed an exemptive relief application with securities regulatory authorities in Canada to permit E-L Financial to extend the Offer, in circumstances in which all of the terms and conditions of the Offer have either been satisfied or waived by E-L Financial, without first taking up Shares which have been deposited (and not withdrawn) before the Offer was previously scheduled to expire. If such regulatory relief is not obtained, E-L Financial will not be permitted to extend the Offer in the event the Offer is undersubscribed on the original Expiration Date and all conditions of the Offer have been satisfied or waived by E-L Financial without first taking up all Shares validly deposited under the Offer and not withdrawn.

The Corporation also expressly reserves the right, in its sole discretion, (a) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase, "*Certain Conditions of the Offer*", and/or (b) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the aggregate purchase price for Shares that the Corporation may purchase or the range of prices it may pay pursuant to the Offer, subject to compliance with applicable Canadian and United States securities legislation.

Any such extension, delay, termination or variation will be followed as promptly as practicable by a public announcement. Without limiting the manner in which the Corporation may choose to make any public announcement, except as provided by applicable law, the Corporation shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through a widely circulated news wire service.

## **9. TAKING UP AND PAYMENT FOR DEPOSITED SHARES**

Upon the terms and provisions of the Offer (including proration) and subject to and in accordance with applicable securities laws, the Corporation will take up and pay for Shares properly deposited under the Offer in accordance with the terms thereof as soon as practicable after the Expiration Date, but in any event not later than ten days after the Expiration Date, provided that the conditions of the Offer (as the same may be varied) have been satisfied or waived. Any Shares taken up will be paid for as soon as practicable but in any event no later than three business days after they are taken up in accordance with applicable Canadian securities laws.

For the purpose of the Offer, the Corporation will be deemed to have taken up and accepted for payment validly tendered Shares having an aggregate Purchase Price not exceeding \$100,000,000 if, as and when the Corporation gives written notice or other communication confirmed in writing to the Depository to that effect.

The Corporation reserves the right, in its sole discretion, to delay taking up or paying for any Shares or to terminate the Offer and not take up or pay for any Shares upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase by giving written notice thereof or other communication confirmed in writing to the Depository. The Corporation also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable law or as permitted pursuant to the regulatory relief sought by the Corporation, as described above.

In the event of proration of Shares deposited pursuant to the Offer, the Corporation will determine the proration factor and pay for those deposited Shares accepted for payment as soon as practicable after the Expiration Date. However, the Corporation does not expect to be able to announce the final results of any such proration until approximately three business days after the Expiration Date.

Certificates for all Shares not purchased under the Offer (including Shares deposited pursuant to an Auction Tender at prices greater than the Purchase Price, Shares not purchased because of pro-ration or improper tenders and Shares not taken up due to the termination of the Offer), or properly withdrawn before the Expiration Time, will be returned (in the case of certificates representing Shares all of which are not purchased) or replaced with new certificates or DRS advices representing the balance of Shares not purchased (in the case of certificates representing Shares of which less than all are purchased), or in the case of Shares deposited by book-entry transfer, credited to the account maintained with DTC or CDS, as applicable, by the participant who delivered the Shares, promptly after the Expiration

Time (or termination of the Offer) or the date of withdrawal of the Shares, in any case without expense to the Shareholder.

The Corporation will pay for Shares taken up under the Offer by providing the Depositary with sufficient funds (by bank transfer or other means satisfactory to the Depositary) for transmittal to depositing Shareholders. Under no circumstances will interest accrue or be paid by the Corporation or the Depositary on the Purchase Price of the Shares purchased by the Corporation, regardless of any delay in making such payment or otherwise.

Depositing Shareholders will not be obligated to pay brokerage fees or commissions to the Corporation or the Depositary. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer. E-L Financial will pay all fees and expenses of the Depositary in connection with the Offer.

The Depositary will act as agent of persons who have properly deposited Shares in acceptance of the Offer and have not withdrawn them, for the purposes of receiving payment from the Corporation and transmitting payment to such persons. **Receipt by the Depositary from the Corporation of payment for such Shares will be deemed to constitute receipt of payment by persons depositing Shares.** The Depositary will also coordinate with CDS and DTC, as applicable, with respect to Shareholders who have deposited Shares by way of book-entry transfer which are taken up and accepted by the Corporation, to arrange for payment to be made to such Shareholders in accordance with the settlement procedures of CDS and DTC, as applicable, including a currency election if made available by CDS and DTC.

The settlement with each Shareholder who has deposited Shares under the Offer will be effected by the Depositary by forwarding a cheque, representing the cash payment (subject to applicable withholding taxes, if any) for such Shareholder's Shares taken up under the Offer. The cheque will be issued in the name of the person as specified by properly completing the appropriate box in the Letter of Transmittal. Unless the depositing Shareholder instructs the Depositary to hold the cheque for pick-up by checking the appropriate box in the Letter of Transmittal, the cheque will be forwarded by first class mail, postage prepaid, to the payee at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the depositing Shareholder as it appears in the registers maintained in respect of the Shares. Cheques mailed in accordance with this paragraph will be deemed to have been delivered at the time of mailing.

All Shares purchased by the Corporation pursuant to the Offer shall be cancelled.

#### **10. PAYMENT IN THE EVENT OF MAIL SERVICE INTERRUPTION**

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificates for any Shares to be returned will not be mailed if the Corporation determines that delivery by mail may be delayed. Persons entitled to cheques or certificates that are not mailed for this reason may take delivery at the office of the Depositary at which the deposited certificates for the Shares were delivered until the Corporation has determined that delivery by mail will no longer be delayed. E-L Financial will provide notice, in accordance with Section 12 of this Offer to Purchase, of any determination not to mail under this Section 10 as soon as reasonably practicable after such determination is made.

#### **11. LIENS AND DIVIDENDS**

Shares acquired pursuant to the Offer shall be acquired by the Corporation free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer shall be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution whether or not such Shareholder deposits Shares pursuant to the Offer.

## 12. NOTICE

Without limiting any other lawful means of giving notice, any notice to be given by the Corporation or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of Shares at their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, the Corporation will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which the Corporation or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in *The Globe and Mail* or the *National Post* and in *La Presse*.

## 13. OTHER ITEMS

No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of the Corporation other than as contained in the Offer and, if any such information or representation is given or made, it must not be relied upon as having been authorized by the Corporation.

It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the “**specified amount**” in respect of each Share shall be an amount equal to the closing trading price for the Shares on the TSX on the Expiration Date. We will publicly announce the specified amount when we announce the Purchase Price pursuant to the Offer.

**Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 13 of the Circular, “Income Tax Considerations”.**

The Offer and all contracts resulting from the acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

The Corporation, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares. The Offer is not being made to, and deposits of Shares will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. E-L Financial may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Shareholders in any such jurisdiction.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to E-L Financial with respect to the Offer.

The accompanying Circular contains additional information relating to the Offer.

**DATED** this 9<sup>th</sup> day of November, 2020, at Toronto, Ontario.

**E-L Financial Corporation Limited**

(signed) “Scott F. Ewert”

Scott F. Ewert

Vice-President and Chief Financial Officer

## ISSUER BID CIRCULAR

This Circular is being furnished in connection with the Offer by E-L Financial to purchase for cancellation a number of Shares validly deposited for an aggregate purchase price not exceeding \$100,000,000 at a Purchase Price of not less than \$650.00 per Share and not more than \$750.00 per Share. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of its terms and conditions.

### 1. E-L FINANCIAL CORPORATION LIMITED

The Corporation was incorporated on November 13, 1968 by Letters Patent under The Corporations Act (Ontario). The activities of E-L Financial are governed by the *Business Corporations Act* (Ontario).

Supplementary Letters Patent, dated January 17, 1969, created the first series of Preference Shares as Series A Convertible Preference Shares (“**Series A Preference Shares**”).

Supplementary Letters Patent, dated May 12, 1969, made the Common Shares shares without par value.

Articles of Amendment, dated May 23, 1984, deleted the objects of E-L Financial, changed the registered office of the Corporation, changed the number of directors of the Corporation, and added to the charter certain rights and privileges for the Common Shares and Series A Preference Shares of the Corporation.

Articles of Amendment, dated September 22, 2004, created the second series of 4,000,000 Preference Shares as non-cumulative redeemable Series B Preference Shares (“**Series B Preference Shares**”) and provided for the automatic conversion of the Series B Preference Shares into First Preference Shares, Series 1 upon their creation no later than November 30, 2004.

Articles of Amendment, dated November 10, 2004, increased the authorized number of Common Shares from 10,597,267 to an unlimited number; created an unlimited number of First Preference Shares, issuable in series; and designated 4,000,000 First Preference Shares as First Preference Shares, Series 1. The 4,000,000 issued and outstanding Series B Preference Shares were then automatically converted to 4,000,000 issued and outstanding First Preference Shares, Series 1.

Articles of Amendment, dated October 16, 2006, designated 4,000,000 First Preference Shares as First Preference Shares, Series 2.

Articles of Amendment, dated March 30, 2012, designated 4,000,000 First Preference Shares as First Preference Shares, Series 3.

Articles of Amalgamation, dated January 1, 2014, amalgamated E-L Financial with its two wholly owned subsidiaries 1865164 Ontario Limited and 2351406 Ontario Inc.

The head and registered office of E-L Financial is located at 165 University Avenue, 10th Floor, Toronto, Ontario, M5H 3B8, telephone (416) 947-2578.

E-L Financial has one major operating subsidiary, The Empire Life Insurance Company (“**Empire**” or “**Empire Life**”), and since December 31, 2012, E-L Financial has owned in excess of 50% of the issued and outstanding common shares of United Corporations Limited (“**United**”), a public closed-end fund. Each of Empire Life and United is a reporting issuer, trades on the Toronto Stock Exchange (“**TSX**”) and has a profile on SEDAR.

E-L Financial owns 100% of E-L Financial Services Limited (“**ELFS**”), a holding company, which in turn owns 98.3% of Empire. E-L Financial also owns 1.1% of Empire directly. ELFS was incorporated on May 21, 1986 under the *Business Corporations Act* (Ontario). Empire was incorporated by Letters Patent in the Province of Ontario on January 11, 1923. On October 9, 1987, Empire was continued by Letters Patent under the Canadian and British Insurance Companies Act as if it had been incorporated under Section 4.1 of that Act. Empire then was continued under the Insurance Companies Act (Canada) in 1992 when that Act became law.

United is a closed-end investment corporation, incorporated under the Companies Act (Canada) by Letters Patent dated May 6, 1933 and continued under the *Business Corporations Act* (Ontario) by Certificate of Continuance dated September 20, 1977.

The strategy of the Corporation is to accumulate shareholder value through long-term capital appreciation, interest and dividend income from its investments. Its investments include its operating subsidiary, Empire, and other corporate investments, which include direct investments in stocks and fixed income securities and indirect investments in stocks and fixed income securities through pooled funds, closed-end investment companies, and other investment companies. Other than Empire and United, E-L Financial's most significant corporate investments are Economic Investment Trust Limited ("**Economic**"), another public closed-end investment company, and Algoma Central Corporation ("**Algoma**"), a publicly-traded Canadian shipping company. In 2009, E-L Financial acquired additional common shares of Economic and Algoma, increasing its ownership in each to above 20%.

On December 17, 2015 E-L Financial completed the acquisition of 19% of the shares of ELFS, increasing the Corporation's interest in Empire Life to 99.3%.

The Corporation's investment strategy reflects opportunities both inside and outside of Canada.

## **2. AUTHORIZED CAPITAL**

The authorized classes of share capital of E-L Financial at December 31, 2019 consists of 402,733 Preference Shares, issuable in series, an unlimited number of First Preference Shares, issuable in series and an unlimited number of Shares. As at November 6, 2020, there are issued and outstanding 258 Series A Preference Shares, 4,000,000 First Preference Shares, Series 1, 4,000,000 First Preference Shares, Series 2, 4,000,000 First Preference Shares, Series 3 and 3,818,439 Common Shares in the capital stock of the Corporation. The Series A Preference Shares and the Shares are the only voting shares in the Corporation.

The Series A Preference Shares are convertible in perpetuity into Common Shares on a share for share basis and are entitled, when and if declared, to a non-cumulative dividend of \$0.50 per share per annum.

The Series A Preference Shares and Common Shares are each entitled to one vote per share.

The following is a brief description of the attributes of the classes of share capital of E-L Financial. This description does not purport to be complete, and is subject to, and qualified in its entirety by reference to, the Corporation's articles.

### ***Shares***

The First Preference Shares, Series 1 are entitled to fixed non-cumulative preferential cash dividends if, as and when declared by the Board, at a rate equal to \$1.325 per share per annum. After October 17, 2013, the Corporation may redeem for cash the First Preference Shares, Series 1 in whole or in part, at the Corporation's option, for \$25.00 together with all declared and unpaid dividends.

After October 17, 2009, the Corporation may convert all or any part of the outstanding First Preference Shares, Series 1 into that number of Common Shares determined by dividing by the then applicable redemption price, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 1 are non-voting unless there has been a specified default in the payment of dividends.

The First Preference Shares, Series 2 are entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the Board, at a rate equal to \$1.1875 per share per annum. The Corporation may redeem for cash the First Preference Shares, Series 2 in whole or in part, at the Corporation's option for \$25.00 together with all declared and unpaid dividends.

After October 17, 2011, the Corporation may convert all or any part of the outstanding First Preference Shares, Series 2 into that number of Common Shares determined by dividing by the then applicable redemption price, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 2 are non-voting unless there has been a specified default in the payment of dividends.

The First Preference Shares, Series 3 are entitled to fixed non-cumulative preferential cash dividends, if, as and when declared by the Board, at a rate equal to \$1.3750 per share per annum.

On and after April 17, 2017, the Corporation may redeem for cash the First Preference Shares, Series 1 in whole or in part, at the Corporation's option, for: \$25.25 if redeemed after April 17, 2020 and prior to April 17, 2021 and \$25.00 if redeemed thereafter, in each case together with all declared and unpaid dividends.

On and after April 17, 2017, the Corporation may convert all or any part of the outstanding First Preference Shares, Series 3 into that number of Common Shares determined by dividing by the then applicable redemption price, together with all declared and unpaid dividends to the date of conversion, by the greater of \$1.00 and 95% of the weighted average trading price of the Common Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the conversion date.

The First Preference Shares, Series 3 are non-voting unless there has been a specified default in the payment of dividends.

### ***Additional Information***

E-L Financial is subject to the information and reporting requirements of Canadian provincial securities laws and the rules of the TSX, and in accordance therewith files periodic reports and other information with securities regulatory authorities in Canada and the TSX, relating to its business, financial condition and other matters. E-L Financial is required to disclose in such reports certain information, as of particular dates, concerning E-L Financial's directors and officers, their compensation, any stock options granted to them, the principal holders of E-L Financial's securities and any material interest of such persons in transactions with E-L Financial. Such reports, statements and other information may be accessed on the System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).

### **3. PURPOSE AND EFFECT OF THE OFFER**

Since commencement of its NCIB, the Corporation has utilized the NCIB to repurchase its Shares, when doing so has been accretive to management's estimates of intrinsic value of the Shares. E-L Financial believes that the recent trading price of the Shares is not fully reflective of the underlying value of the Corporation or its long term growth prospects and has determined that an acceleration and expansion of the Share repurchases beyond that permitted under the NCIB is in the best interests of the Corporation. The Offer permits the Corporation to return up to \$100,000,000 to Shareholders who elect to tender their shares while at the same time increasing the equity ownership of Shareholders who elect not to tender. The Board of Directors believes that the Offer is an advisable use of the Corporation's financial resources given its cash requirements and borrowing costs. In addition, as the purchase of Shares pursuant to the Offer will reduce the number of outstanding Shares, the Offer will be accretive to any future earnings per Shares that the Corporation may record, although there can be no assurance of such earnings.

After giving effect to the Offer, E-L Financial believes that it will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude the Corporation from pursuing its foreseeable business opportunities or the future growth of the Corporation's business.

### ***Background to the Offer***

Management of the Corporation believes that the recent trading price range of the Shares is below their intrinsic value and that repurchasing a portion of the Shares would be an efficient use of E-L Financial's resources. As E-L Financial had commenced a normal course issuer bid ("**NCIB**") to purchase up to 200,970 Shares on March 9, 2020, and repurchased the full 200,970 Shares under the NCIB prior to the end of May 2020 (see "*Prior Purchases of Shares*" below), management determined that in order to repurchase additional Shares, the Corporation would be required to undertake an issuer bid in accordance with National Instrument 62-104. The Corporation's management engaged Cormark Securities Inc. ("**Cormark**") to provide a liquidity opinion in connection with the Offer and engaged the Dealer Manager to provide capital markets advice in connection with the Offer.

At a meeting of the Board of Directors on November 9, 2020, it was proposed that the Corporation consider repurchasing certain of its Shares beyond what was previously repurchased under the NCIB. The Board of Directors approved the engagement of Cormark and the Dealer Manager in respect of the proposed Offer. The Board of Directors considered the proposed issuer bid and whether it would be in the best interests of the Corporation. In evaluating the Offer and determining that it would be in the best interests of the Corporation, the Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) that the recent trading price range of the Shares is not considered to be fully reflective of the value of the Corporation's business and future prospects and that, consequently, the repurchase of Shares represents an attractive investment and an appropriate and desirable use of available funds;
- (b) the belief that the Offer is a prudent use of the Corporation's financial resources given its business profile and assets, the current market price of the Shares, and its cash requirements and borrowing costs;
- (c) that, after giving effect to the Offer, the Corporation will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude E-L Financial from pursuing its foreseeable business opportunities or the future growth of the Corporation's business;
- (d) the anticipated positive impact that the purchase of Shares could have on the Corporation's earnings and cash flow calculated on a per Share basis, as well as on the return on equity on the Shares;
- (e) that the Offer is an equitable and efficient means of distributing up to \$100,000,000 in cash in the aggregate to Shareholders while providing Shareholders with an option to elect whether to participate in the distribution;
- (f) that the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in the Corporation, should they desire liquidity, in quantities which might not otherwise be available in the market without incurring brokerage fees or commissions (subject to any fees or commissions that non-registered Shareholders may be charged by the nominee holding their Shares on their behalf) which might otherwise be payable on a sale of their Shares on the TSX;
- (g) that, generally, Shareholders that own fewer than 100 Shares, whose Shares are purchased pursuant to the Offer, will not only avoid the payment of any brokerage fees and commissions (subject to any fees or commissions that Non-Registered Shareholders may be charged by the intermediary holding their Shares on their behalf) but also any Odd Lot discounts, each of which may otherwise be applicable on a sale of their Shares in a transaction on the TSX;
- (h) that the deposit of Shares under the Offer is optional, the option is available to all Shareholders, and all Shareholders are free to accept or reject the Offer;
- (i) that Shareholders wishing to tender Shares may do so pursuant to Auction Tenders or Purchase Price Tenders;

- (j) that Shareholders who do not deposit their Shares under the Offer will realize a proportionate increase in their equity interest in E-L Financial to the extent that Shares are purchased by E-L Financial pursuant to the Offer. For example, if the Offer is fully subscribed and Shares are purchased at a Purchase Price equal to the maximum purchase price per Share of \$750.00, the Offer will result in the purchase by E-L Financial of 133,333 Shares and those Shareholders who do not deposit any Shares under the Offer will see a 3.5% proportionate increase in their respective equity interest in E-L Financial based on the number of Shares issued and outstanding as at November 6, 2020. Similarly, if the Offer is fully subscribed and Shares are purchased at a Purchase Price equal to the minimum purchase price per Share of \$650.00, the Offer will result in the purchase by E-L Financial of 153,846 Shares and those Shareholders who do not deposit any Shares under the Offer will see a 4.0% proportionate increase in their respective equity interest in E-L Financial based on the number of Shares issued and outstanding as at November 6, 2020;
- (k) that the Offer is not conditional on any minimum number of Shares being deposited;
- (l) the maximum Purchase Price represents a premium of approximately 14% over the closing price of the Shares of \$658.00 on the TSX on November 6, 2020, the last trading day preceding the date of E-L Financial's announcement of its intention to make the Offer;
- (m) the advice of the Corporation's financial advisor, the Dealer Manager, in respect of the Offer;
- (n) the opinion from Cormark regarding the liquidity of the market for the Shares after completion of the Offer (the "Liquidity Opinion"); and
- (o) the fact that it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see "*Liquidity of Market*" below).

The foregoing summary of the factors considered by the Board of Directors is not, and is not intended to be, exhaustive. In view of the variety of factors and the amount of information considered in connection with its determination to proceed with the Offer, the Board of Directors did not find it practical to, and did not, quantify or otherwise attempt to assign any relative weight to each specific factor considered in reaching its conclusion.

**The Board of Directors, based on careful consideration of the above mentioned reasons, determined that the Offer is in the best interests of the Corporation and authorized and approved the making of the Offer, its final pricing and the Offer and Circular and related documents on November 9, 2020.**

**None of E-L Financial, its Board of Directors, the Dealer Manager, Cormark and the Depositary makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions whether to deposit Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether to deposit Shares under the Offer, and, if so, how many Shares to deposit. See Section 13 of the Circular, "*Income Tax Considerations*".**

Canadian securities laws prohibit the Corporation and its affiliates from acquiring or offering to acquire beneficial ownership of any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Date or termination of the Offer, except, in the case of acquisitions during the period following the Expiration Date, pursuant to certain acquisitions effected in the normal course on a published market or as otherwise permitted by applicable law.

Subject to applicable law, the Corporation may in the future purchase additional Shares on the open market, in private transactions, through issuer bids, including the NCIB, or otherwise. Any such purchases may be on the same terms or on terms that are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by the Corporation will depend on many factors, including the market price of the Shares, the Corporation's business and financial position, the results of the Offer and general economic and market conditions.

Shareholders who do not tender their Shares to the Offer or whose Shares are not accepted because their tenders were at a price above the Purchase Price or due to the preferential acceptance of Odd Lots or pro-ration should be aware that while remaining Shareholders will have a proportionately increased equity interest in the Corporation, the amounts available for future returns of capital to Shareholders, if any, on a per Share basis may be less than the Purchase Price under the Offer.

### ***Liquidity of Market***

As at November 6, 2020, there were 3,818,439 Shares issued and outstanding, of which 1,425,367 Shares comprise the public float, which excludes Shares beneficially owned, or over which control or direction is exercised, by “**related parties**” of the Corporation, as defined under applicable securities laws (which includes directors and senior officers of E-L Financial as well as any person that beneficially owns or exercises control or direction over 10% or more of the issued and outstanding Shares). If the Purchase Price is determined to be \$650.00 (which is the minimum Purchase Price under the Offer), the maximum number of Shares that the Corporation is offering to purchase pursuant to the Offer represents approximately 4.0% (153,846) of the Shares outstanding on November 6, 2020. If the Corporation purchases 153,846 Shares pursuant to the Offer, there will be approximately 3,664,593 Shares outstanding. In addition, if the Corporation purchases 153,846 Shares pursuant to the Offer and none of the “**related parties**” of the Corporation deposit their shares pursuant to the Offer, the “**public float**” will comprise approximately 1,271,521 Shares. If the Purchase Price is determined to be \$750.00 (which is the maximum Purchase Price under the Offer), the maximum number of Shares that the Corporation is offering to purchase pursuant to the Offer represents approximately 3.5% (133,333) of the Shares outstanding on November 6, 2020. If the Corporation purchases the 133,333 Shares pursuant to the Offer, there will be approximately 3,685,106 Shares outstanding. In addition, if the Corporation purchases 133,333 Shares pursuant to the Offer, and none of the “**related parties**” of the Corporation deposit their shares pursuant to the Offer, the “**public float**” will comprise approximately 1,292,034 Shares.

E-L Financial is relying on the “**liquid market exemption**” specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) from the requirement to obtain a formal valuation that would otherwise be applicable to the Offer. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

E-L Financial is relying on the “liquid market exemption” since there is a published market for the Shares (the TSX) and the Board of Directors has obtained the Liquidity Opinion from Cormark. The Liquidity Opinion states that based upon and subject to the qualifications, assumptions and limitations contained therein, it is Cormark’s opinion as of November 9, 2020 that: (a) a liquid market for the Shares exists; and (b) it is reasonable to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of Shares who do not tender their Shares to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. The full text of the Liquidity Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Liquidity Opinion, is attached as Schedule A to this Circular. The summary of the Liquidity Opinion in this Circular is qualified in its entirety by reference to the full text of the Liquidity Opinion. The Liquidity Opinion is not a recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares.

The Board of Directors urges Shareholders to read the Liquidity Opinion in its entirety. See Schedule A to this Circular.

Based on the liquid market test set out above and the Liquidity Opinion of Cormark, the Corporation determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

### **Engagement of Cormark**

E-L Financial engaged Cormark to render the Liquidity Opinion pursuant to an engagement letter dated November 3, 2020 (the “**Engagement Letter**”). The Engagement Letter provides that Cormark is to be paid a fixed fee for the preparation and delivery of the Liquidity Opinion, no part of which is contingent upon the completion or success of the Offer or the conclusions of the Liquidity Opinion and notwithstanding that the Liquidity Opinion may be subsequently amended, supplemented or withdrawn in accordance with the Engagement Letter. In addition,

Cormark is to be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by E-L Financial in certain circumstances.

Credentials of Cormark

Cormark is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions and corporations. Cormark has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing liquidity opinions. The Liquidity Opinion represents the opinion of Cormark and its form and content have been approved for release by a committee of its directors and officers, each of whom is experienced in merger, acquisition, divestiture, liquidity opinion and capital market matters.

Independence of Cormark

None of Cormark or any of its affiliated entities (as such term is defined for purposes of MI 61-101):

- (i) is an “associated entity”, “affiliated entity” or “issuer insider” (as such terms are defined for the purposes of MI 61-101) of the Corporation, any control person of the Corporation or any person that would reasonably be expected to be a control person of the Corporation upon successful completion of the Offer (each an “**Interested Party**”);
- (ii) is an advisor to an Interested Party in respect of the Offer;
- (iii) is a manager or co-manager of a soliciting dealer group formed in respect of the Offer (or a member of such a group performing services beyond the customary soliciting dealer’s function or receives more than the per security or per security holder fees payable to the other members of the group);
- (iv) has a financial incentive in respect of the conclusions reached in the Liquidity Opinion or on the outcome of the Offer;
- (v) has a material financial interest in the completion of the Offer;
- (vi) during the 24 months before Cormark was first contacted by the Corporation in respect of the Offer: (a) had a material involvement in an evaluation, appraisal or review of the financial condition of an Interested Party or any of its affiliated entities; (b) acted as a lead or co-lead underwriter of a distribution of securities of an Interested Party or any of its affiliated entities; or (c) had a material financial interest in a transaction involving an Interested Party or any of its affiliated entities;
- (vii) is the external auditor of an Interested Party; or
- (viii) is a lender of a material amount of indebtedness to an Interested Party or any of its affiliated entities.

Cormark is of the view, and the Board of Directors has determined on the basis of the foregoing, that Cormark is qualified and independent of the Corporation for the purposes of MI 61-101.

#### 4. FINANCIAL STATEMENTS

The audited consolidated financial statements of E-L Financial as at and for the year ended December 31, 2019 have previously been filed and are available on the SEDAR website at [www.sedar.com](http://www.sedar.com). The unaudited interim condensed consolidated financial statements of E-L Financial as at and for the three and nine months ended September 30, 2020 have previously been filed and are available on the SEDAR. Shareholders may obtain copies of the most recent financial statements free of charge upon request to the Chief Financial Officer of E-L Financial at 165 University Avenue, 10<sup>th</sup> Floor, Toronto, Ontario, M5H 3B8, Telephone (416) 947-2578.

## 5. PRICE RANGE OF SHARES

The Shares are listed on the TSX under the symbol “ELF”. The following table sets forth the high and low closing prices per Share and the total trading volume of Shares traded on the TSX, as compiled from published financial sources for each month shown below:

<b>Period</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
May 2020	688.46	650.01	39,853
June 2020	688.11	641.00	11,360
July 2020	693.90	655.10	7,606
August 2020	700.00	668.00	19,804
September 2020	680.00	657.95	16,959
October 2020	679.94	658.00	12,546
November 1 to 6, 2020	662.00	650.00	8,331

On November 6, 2020, the last full trading day prior to the date of the public announcement by E-L Financial of its intention to make the Offer, the closing price of the Shares on the TSX was \$658.00.

Shareholders are urged to obtain current market quotations for the Shares.

## 6. DIVIDEND POLICY

Subject to the solvency restrictions in the *Business Corporations Act* (Ontario), there are no other restrictions in the Corporation’s articles that would prevent it from paying dividends or distributions on the Shares. The Corporation does not currently have a dividend policy. Dividends are payable on the Shares of the Corporation if and when declared by the Board of Directors and will be dependent on the Corporation’s operational results, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

Since November 2018, the following dividends were paid on the Shares:

- October 2018 – \$1.25 per Share
- January 2019 – \$1.25 per Share
- April 2019 – \$1.25 per Share
- July 2019 – \$1.25 per Share
- October 2019 – \$1.25 per Share
- January 2020 – \$1.25 per Share
- April 2020 – \$26.25 per Share
- July 2020 – \$1.25 per Share
- October 2020 – \$1.25 per Share

## 7. PREVIOUS PURCHASES OF SHARES

During the twelve months preceding the date of the Offer, the Corporation has purchased for cancellation an aggregate of 200,970 Shares through the facilities of the TSX pursuant to the NCIB at an average price of \$598.94 per share for total consideration of approximately \$120 million.

The following table sets details concerning each purchase of Shares pursuant to the NCIB during the twelve months preceding the date of the Offer:

<b>Date of Transaction</b>	<b>Number of Shares</b>	<b>Acquisition Price per Share (\$)</b>	<b>Aggregate Gross Payment</b>
March 9, 2020	500	735.00	367,500.00
March 10, 2020	300	716.00	214,799.01
March 11, 2020	1,000	692.41	692,410.00
March 12, 2020	200	633.15	126,630.00

<b>Date of Transaction</b>	<b>Number of Shares</b>	<b>Acquisition Price per Share (\$)</b>	<b>Aggregate Gross Payment</b>
March 13, 2020	100	640.00	64,000.00
March 18, 2020	36,500	600.00	21,900,000.00
March 19, 2020	700	564.98	395,485.02
March 20, 2020	1,000	539.80	539,799.00
March 23, 2020	200	483.00	96,600.00
March 24, 2020	45,837	500.00	22,918,500.00
March 30, 2020	54,095	613.00	33,160,235.00
March 31, 2020	300	604.33	181,299.99
April 15, 2020	700	650.00	455,000.00
May 1, 2020	700	684.64	479,247.02
May 4, 2020	300	664.11	199,233.00
May 6, 2020	500	683.50	341,750.00
May 7, 2020	300	685.00	205,500.00
May 8, 2020	600	680.01	408,004.98
May 15, 2020	46,721	656.00	30,648,976.00
May 21, 2020	8,300	670.00	5,561,000.00
May 26, 2020	2,117	667.00	1,412,039.00

## 8. PREVIOUS DISTRIBUTIONS OF SHARES

During the five years preceding the date of the Offer, there have been no distribution of Shares.

## 9. OWNERSHIP OF E-L FINANCIAL'S SECURITIES

To the knowledge of the Corporation, after reasonable inquiry, the following table indicates, as at November 6, 2020, the number of Shares beneficially owned or over which control or direction is exercised, by each director and executive officer of the Corporation and, after reasonable inquiry, by each insider of the Corporation (other than directors and executive officers) and their respective associates and affiliates, and each associate or affiliate of the Corporation or person or company acting jointly or in concert with the Corporation in connection with the Offer.

### *Directors, Officers and Other Insiders*

<b>Name</b>	<b>Relationship with the Corporation</b>	<b>Number of Shares</b>	<b>Percentage of Outstanding Shares<sup>(2)</sup></b>
James F. Billett	Director	nil	-
Michael J. Cooper	Director	300	0.008%
William J. Corcoran	Director	200	0.005%
Duncan N.R. Jackman	Chairman, President, CEO and Director	4,726	0.124%
The Hon. Henry N.R. Jackman <sup>(1)</sup>	Director	5,687	0.149%
M. Victoria D. Jackman	Director	360	0.009%
R.B. Matthews	Director	200	0.005%
Clive P. Rowe	Director	168	0.004%
Stephen J.R. Smith	Director	nil	-
Mark M. Taylor	Director	418	0.011%
Scott F. Ewert	Vice-President and CFO	nil	-

<u>Name</u>	<u>Relationship with the Corporation</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares<sup>(2)</sup></u>
Richard B. Carty	Vice-President, General Counsel and Corporate Secretary	nil	-
Susan C. Clifford	Treasurer	nil	-

**Notes:**

- (1) Companies, in which The Hon. H.N.R. Jackman has an indirect interest, control, in the aggregate, 2,945,765 or 77.15% of the outstanding Common Shares of E-L Financial. Although The Hon. H.N.R. Jackman is associated with some of these companies, he does not control any of them and, accordingly, does not have beneficial ownership of the Common Shares of E-L Financial held by them.
- (2) As of November 6, 2020, there were 3,818,439 Shares issued and outstanding.

***Principal Shareholders and Other Holders***

To the best knowledge of the Corporation, as at November 6, 2020, the only persons who beneficially owned, or controlled or directed, directly or indirectly, more than 10% of any class or series of the voting securities of the Corporation were the following:

<u>Name</u>	<u>Number of Shares (includes direct or indirect ownership or control)</u>	<u>Percentage of Issued and Outstanding Shares<sup>(1)</sup></u>
Dominion and Anglo Investment Corporation Limited	1,459,193	38.214%
Canadian & Foreign Securities Co. Limited	535,614	14.027%
Economic Investment Trust Limited	386,206	10.114%

**Notes:**

- (1) As of November 6, 2020, there were 3,818,439 Shares issued and outstanding.

**10. ARRANGEMENTS CONCERNING SHARES**

***Acceptance of the Offer***

To the knowledge of the Corporation and its directors and officers, after reasonable inquiry, no director or officer of the Corporation, no associate or affiliate of a director or officer of the Corporation, no associate or affiliate of the Corporation, no insider of the Corporation (other than a director or officer) and no person or company acting jointly or in concert with the Corporation, has indicated any present intention to deposit any of such person's Shares pursuant to the Offer. However, in the event that the circumstances or decisions of any such persons change, they may decide to tender Shares to the Offer or sell their Shares through the facilities of the TSX or otherwise during the period prior to the Expiration Date. In addition, certain officers may sell Shares on the TSX while the Offer is outstanding.

***Effect of Offer on Voting Interests***

If E-L Financial purchases 153,846 Shares pursuant to the Offer (the maximum number of Shares that the Corporation could purchase at the minimum Purchase Price of \$650.00 per Share), the effect of the Offer will be to increase the equity interest of continuing Shareholders by 4.0%, or by a factor of 1.04. If E-L Financial purchases 133,333 Shares pursuant to the Offer (the maximum number of Shares that the Corporation could purchase at the maximum Purchase Price of \$750.00 per Share), the effect of the Offer will be to increase the equity interest of continuing Shareholders by 3.5%, or by a factor of 1.035. A summary of the estimated increase in the Principal Shareholders' respective equity interests is as follows (assuming such persons listed below do not deposit any Shares under the Offer):

***Equity***

<u>Name</u>	<u>Pre-Offer<sup>(1)</sup></u>	<u>Equity Interest Post-Offer<sup>(1)</sup></u>
Dominion and Anglo Investment Corporation Limited	38.214%	39.819%

Name	Pre-Offer <sup>(1)</sup>	Equity Interest Post-Offer <sup>(1)</sup>
Canadian & Foreign Securities Co. Limited	14.027%	14.616%
Economic Investment Trust Limited	10.114%	10.539%

**Notes:**

- (1) Assumes the repurchase of 153,846 Shares by the Corporation pursuant to the Offer, which is the maximum number of Shares the Corporation could repurchase at the minimum purchase price of \$650.00 per Share. The figures disclosed also assume that none of the individuals and entities (or categories of individuals) named above tender any of their Shares under the Offer or trade any of their Shares in the market prior to the Expiry Time of the Offer.

***Commitments To Acquire Shares***

E-L Financial has no agreements, commitments or understandings to purchase Shares other than pursuant to the Offer and the NCIB commenced on March 9, 2020. To the knowledge of the Corporation, after reasonable inquiry, no person or company referred to in this Circular under Section 9 of the Circular, “*Ownership of E-L Financial’s Securities*” has any agreement, commitment or understanding to acquire securities of the Corporation.

***Benefits From The Offer***

Except as described or referred to in the Offer, no person or company named under Section 9 of the Circular, “*Ownership of E-L Financial’s Securities*” will receive any direct or indirect benefit from accepting or refusing to accept the Offer other than the Purchase Price for any Shares purchased by the Corporation in accordance with the terms of the Offer and any benefit available to any Shareholder who does or does not participate in the Offer. See Section 3 of the Circular, “*Purpose and Effect of the Offer*”.

***Contracts, Arrangements or Understandings with Shareholders***

Except as described or referred to in the Offer, there are no contracts, arrangements or understandings, formal or informal, made or proposed to be made between the Corporation and any holder of any securities of the Corporation in relation to the Offer.

**11. MATERIAL CHANGES IN THE AFFAIRS OF THE CORPORATION**

Except as described or referred to herein: (a) the Corporation does not have any current plans or proposals for material changes in the affairs of the Corporation, other than as have been publicly disclosed, (b) there have not been any material changes that have occurred, other than as have been publicly disclosed, and (c) the Corporation is not aware of any material fact concerning the Shares or any other matter not previously publicly disclosed and known to the Corporation that would reasonably be expected to affect the decision of Shareholders to accept or reject the Offer.

From time to time, the Corporation explores potential corporate opportunities and transactions, including the acquisition or disposition of material assets, material contracting arrangements, financings, significant investments and other similar opportunities or transactions. Transactions may also be pursued to improve the Corporation’s capital structure or improve liquidity for the Corporation’s shareholders. Such opportunities or transactions, if completed, may have a significant effect on the price or value of the Corporation’s securities. The Corporation’s general policy is to not publicly disclose the pursuit of a potential strategic opportunity or transaction until a binding definitive agreement has been signed.

**12. PRIOR VALUATIONS AND BONA FIDE OFFERS**

To the knowledge of the directors and officers of the Corporation, no “**prior valuation**” (as defined in MI 61-101) in respect of the Corporation has been made in the 24 months before the date hereof. No *bona fide* prior offer that relates to the Shares or is otherwise relevant to the Offer has been received by the Corporation during the 24 months preceding November 9, 2020 (the date on which the launch of the Offer was publicly announced).

### 13. INCOME TAX CONSIDERATIONS

#### *Certain Canadian Federal Income Tax Considerations*

The Corporation has been advised by McCarthy Tétrault LLP that the following summary describes certain of the principal Canadian federal income tax considerations pursuant to the Tax Act generally applicable, as at the date hereof, to a disposition of Shares pursuant to the Offer.

This summary is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof. This summary assumes that the Proposed Amendments will be enacted in the form currently proposed. No assurances can be given that the Proposed Amendments will be enacted as currently proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is not applicable to a Shareholder: (i) that is a “**financial institution**”, (ii) that is a “**specified financial institution**”, (iii) an interest in which is a “**tax shelter investment**”, or (iv) that reports its “**Canadian tax results**” in a currency other than Canadian dollars, as each of those terms is defined in the Tax Act. This summary is also not applicable to a Shareholder that acquired Shares pursuant to the exercise of an employee stock option and who disposes of such Shares pursuant to the Offer. Such Shareholders should consult their own tax advisors regarding their particular circumstances.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not, and should not be construed as, legal or tax advice to any particular Shareholder and no representations with respect to Canadian federal income tax consequences to any particular Shareholder are made. Accordingly, Shareholders are urged to consult their own tax advisors with respect to their particular circumstances.**

**Having regard to the deemed dividend tax treatment (including Canadian withholding tax for non-residents of Canada) described below on a disposition of Shares pursuant to the Offer as opposed to capital gains (or capital loss) treatment which would generally apply to a disposition in the market, Shareholders who wish to dispose of their Shares and who are not generally exempt from Canadian federal income tax should consult their tax advisors regarding the disposition of their Shares in the market as an alternative to disposing of their Shares pursuant to the Offer, in order that capital gains treatment apply on the disposition of their Shares.**

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Shares must be expressed in Canadian dollars. This summary assumes that at all relevant times the Shares will be listed on a “**designated stock exchange**” as defined in the Tax Act (which currently includes the TSX).

#### *Residents of Canada*

This portion of the summary is applicable to a Shareholder who, at all relevant times for the purposes of the Tax Act (i) is or is deemed to be a resident of Canada, (ii) deals at arm’s length with E-L Financial and is not affiliated with E-L Financial, (iii) is not exempt from tax under Part I of the Tax Act, (iv) has not entered into, with respect to the Shares, a “**derivative forward agreement**” or a “**dividend rental arrangement**”, as such terms are defined in the Tax Act and (v) holds its Shares as capital property (a “**Resident Shareholder**”). Generally, Shares will be considered to be capital property to a Resident Shareholder provided that the Resident Shareholder does not hold the Shares in the course of carrying on a business and has not acquired the Shares in one or more transactions considered to be an adventure or concern in the nature of trade. A Resident Shareholder whose Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have the Shares and every other “**Canadian security**”, as defined in the Tax Act, owned by such Resident Shareholder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

Resident Shareholders are advised to consult their own tax advisors to determine if this election is appropriate in their particular circumstances.

A Resident Shareholder who disposes of Shares pursuant to the Offer will be deemed to receive a taxable dividend equal to the excess, if any, of the amount paid by E-L Financial for the Shares, being the Purchase Price, over their paid-up capital for purposes of the Tax Act. E-L Financial estimates that on the Expiration Date the paid-up capital per Share should be approximately \$18.00 for purposes of the Tax Act. As a result, E-L Financial expects that a Resident Shareholder who disposes of Shares under the Offer will be deemed to receive a taxable dividend. The exact quantum of the deemed dividend cannot be guaranteed.

Any dividend deemed to be received by a Resident Shareholder who is an individual will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received by Canadian resident individuals from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit if E-L Financial validly designates the dividend as an “eligible dividend”. There may be limitations on the ability of a corporation to designate dividends as eligible dividends. E-L Financial intends to designate the maximum amount, as permitted without creating taxes for E-L Financial under the Tax Act, of the deemed dividend as an eligible dividend.

Subject to the application of subsection 55(2) of the Tax Act, as described below, any dividend deemed to be received by a Resident Shareholder that is a corporation will be included in computing such Resident Shareholder’s income as a dividend, and will ordinarily be deductible in computing its taxable income. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay refundable tax under Part IV of the Tax Act.

Under subsection 55(2) of the Tax Act, a Resident Shareholder that is a corporation may be required to treat all or a portion of any deemed dividend that is deductible in computing taxable income as proceeds of disposition and not as a dividend where the Resident Shareholder would have realized a capital gain if it disposed of any Share at fair market value immediately before the disposition of Shares to E-L Financial, the disposition to E-L Financial resulted in a significant reduction in such capital gain and the dividend exceeds the “**safe income**” in respect of the particular Share that could reasonably be considered to contribute to such capital gain. Subsection 55(2) of the Tax Act does not apply to the portion of the taxable dividend subject to tax under Part IV of the Tax Act that is not refunded under the circumstances specified in subsection 55(2) of the Tax Act. The application of subsection 55(2) of the Tax Act involves a number of factual considerations that will differ for each Resident Shareholder and a Resident Shareholder to whom it may be relevant is urged to consult its own tax advisors concerning its application having regard to its particular circumstances.

The amount paid by E-L Financial under the Offer for the Shares less any amount deemed to be received by the Resident Shareholder as a dividend (after the application of subsection 55(2) of the Tax Act, if applicable, in the case of a corporate Resident Shareholder) will be treated as proceeds of disposition of the Shares. The Resident Shareholder will realize a capital gain (or capital loss) on the disposition of the Shares equal to the amount by which the Resident Shareholder’s proceeds of disposition, net of any costs of disposition, exceed (or are less than) the adjusted cost base to the Resident Shareholder of the Shares sold to E-L Financial pursuant to the Offer.

Generally, a Resident Shareholder will be required to include in computing its income for a taxation year one-half of any capital gain (a “**taxable capital gain**”) realized by it in that year. A Resident Shareholder must generally deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Shareholder in that year, and any excess may generally be applied to reduce taxable capital gains realized by the Resident Shareholder in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act.

The amount of a capital loss realized on the disposition of a Share by a Resident Shareholder that is a corporation may, to the extent and under the circumstances specified in the Tax Act, be reduced by the amount of dividends received or deemed to be received on the Shares (including any dividends deemed to be received as a result of the disposition of Shares to E-L Financial under the Offer). Similar rules may apply where Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

A Resident Shareholder who is an individual (including most trusts) and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss denied under the “**superficial loss**”

rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such Resident Shareholder has acquired Shares in the period beginning 30 days before the disposition of Shares pursuant to the Offer and ending 30 days after the disposition of Shares pursuant to the Offer, and such acquired Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period.

A Resident Shareholder that is a corporation or trust and has realized a capital loss on the disposition of Shares pursuant to the Offer could have all or a portion of that loss denied under the “**stop-loss**” rules set out in the Tax Act. In general, these rules apply where such Resident Shareholder or a person affiliated with such Resident Shareholder has acquired Shares in the period beginning 30 days before the disposition of Shares pursuant to the Offer and ending 30 days after the disposition of Shares pursuant to the Offer, and such acquired Shares are owned by such Resident Shareholder or by a person affiliated with such Resident Shareholder at the end of such period.

A Resident Shareholder that is a “**Canadian-controlled private corporation**” (as defined in the Tax Act) throughout the year may be liable to pay an additional refundable tax on its “**aggregate investment income**” for the year, which is defined to include an amount in respect of taxable capital gains (but not dividends, or deemed dividends, that are deductible in computing taxable income).

A Resident Shareholder who is an individual or a trust (other than certain specified trusts), who realizes a capital gain or who is deemed to receive a dividend on the disposition of Shares pursuant to the Offer may be subject to alternative minimum tax under the Tax Act.

### ***Non-Residents of Canada***

This portion of the summary is applicable to a Shareholder who, at all relevant times for purposes of the Tax Act: (i) is not resident or deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, its Shares in connection with carrying on a business in Canada, (iii) has not, either alone or in combination with persons with whom the Shareholder does not deal at arm’s length and partnerships in which the Shareholder or any such non-arm’s length persons hold a membership interest directly or indirectly through one or more partnerships, owned (or had an option to acquire) 25% or more of the issued shares of any class or series of the capital stock of E-L Financial at any time within a 60-month period preceding the disposition of the Shares under the Offer, and whose Shares are not otherwise deemed to be taxable Canadian property, (iv) deals at arm’s length with E-L Financial and is not affiliated with E-L Financial, and (v) is not an insurer that carries on an insurance business in Canada and elsewhere (a “**Non-Resident Shareholder**”).

A Non-Resident Shareholder who disposes of Shares pursuant to the Offer will be deemed to receive a dividend equal to the excess, if any, of the amount paid by E-L Financial for the Shares, being the Purchase Price, over their paid-up capital for Canadian income tax purposes. E-L Financial estimates that on the Expiration Date the paid-up capital per Share should be approximately \$18.00 for purposes of the Tax Act. As a result, E-L Financial expects that Non-Resident Shareholders who disposes of Shares under the Offer will be deemed to receive a dividend. Any such dividend will be subject to Canadian withholding tax at a rate of 25% or such lower rate as may be provided under the terms of an applicable Canadian tax treaty. For example, a dividend received or deemed to be received by a Non-Resident Shareholder that is a resident of the United States for the purposes of the Canada-United States Income Tax Convention (the “**US Treaty**”), is eligible for benefits under the US Treaty, and is the beneficial owner of such dividends will generally be subject to withholding tax at a treaty-reduced rate of 15% (or 5% if the beneficial owner of the dividends is a company that owns at least 10% of the issued and outstanding Shares).

A Non-Resident Shareholder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of a Share pursuant to the Offer.

In view of the deemed dividend tax treatment described above on a sale of Shares pursuant to the Offer and the resulting Canadian withholding tax, Non-Resident Shareholders should consult their own tax advisors regarding selling their Shares in the market as an alternative to selling Shares pursuant to the Offer.

### ***Certain United States Federal Income Tax Considerations***

The following discussion describes certain material U.S. federal income tax consequences of the Offer to Shareholders whose securities are properly tendered and accepted for payment pursuant to the Offer. Those Shareholders that do not participate in the Offer will not incur any U.S. federal income tax liability as a result of the Offer.

This discussion is based upon the provisions of the Code, existing final and temporary regulations promulgated thereunder (the “**Treasury Regulations**”), and current administrative rulings and court decisions, all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the U.S. federal income tax consequences to vary substantially from those described below.

The Corporation has not requested and will not request a ruling from the IRS with respect to any of the U.S. federal income tax consequences described below. The IRS may disagree with and challenge any of the conclusions reached herein.

This discussion applies only to U.S. Holders (as defined below) of Shares that own the Shares as “**capital assets**” within the meaning of Section 1221 of the Code (generally, property held for investment), and does not comment on all aspects of U.S. federal income taxation that may be important to certain Shareholders in light of their particular circumstances, such as Shareholders subject to special tax rules (e.g., banks and other financial institutions, brokers, dealers or traders in securities or commodities, insurance companies, regulated investment companies, real estate investment trusts, traders that elect to mark-to-market their securities, certain expatriates or former long-term residents of the United States, personal holding companies, “**S**” corporations, U.S. expatriates, tax-exempt organizations, tax-qualified retirement plans, persons that own 10% or more of the Corporation’s voting stock, persons who are subject to alternative minimum tax, persons who hold Shares as a position in a “**straddle**” or as part of a “**hedging**”, “**conversion**” or “**integrated**” transaction, persons that have a functional currency other than the U.S. dollar, persons subject to the “applicable financial statements” rules of Section 451 of the Code, controlled foreign corporations, passive foreign investment companies, or persons who acquired Shares through the exercise of employee stock options or otherwise as compensation for services). If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a Shareholder, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships or partners in a partnership holding Shares are urged to consult their own tax advisors regarding the tax consequences of participating in the Offer.

**THIS SUMMARY IS FOR GENERAL INFORMATION ONLY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OFFER. SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO THEM (INCLUDING THE APPLICATION AND EFFECT OF ANY STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS) OF THE OFFER.**

For purposes of this summary, a “**U.S. Holder**” is a beneficial owner of Shares that is: (i) a U.S. citizen or U.S. resident alien as determined for U.S. federal income tax purposes, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, that was created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source, or (iv) a trust that either is subject to the supervision of a court within the United States and has one or more U.S. persons with authority to control all of its substantial decisions or has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

### ***Characterization of the Purchase – Distribution vs. Sale Treatment***

The purchase of Shares from a U.S. Holder pursuant to the Offer generally will be a taxable transaction for U.S. federal income tax purposes. As a consequence of any such purchase, a U.S. Holder will, depending on the U.S. Holder’s particular circumstances, be treated either as having sold its Shares or as having received a distribution in respect of such Shares. The purchase will be treated as a sale if a U.S. Holder satisfies at least one of the three tests discussed below (the “**Section 302 tests**”). The purchase will be treated as a distribution if the U.S. Holder does not satisfy any of the Section 302 tests.

### ***Section 302 Tests – Determination of Sale or Distribution Treatment***

The purchase of Shares pursuant to the Offer will be treated as a sale of the Shares by a U.S. Holder if any one of the following Section 302 tests is satisfied:

- as a result of the purchase, there is a “**complete redemption**” of the U.S. Holder’s equity interest in the Corporation;
- as a result of the purchase, there is a “**substantially disproportionate**” reduction in the U.S. Holder’s equity interest in the Corporation; or
- the receipt of cash by the U.S. Holder is “**not essentially equivalent to a dividend**”. These tests are described more fully below.

For purposes of the Section 302 tests, the constructive ownership rules of Section 318 of the Code generally apply. As a result, a U.S. Holder is treated as owning not only stock of the Corporation actually owned by such U.S. Holder but also stock of the Corporation actually (and in some cases constructively) owned by certain related entities and individuals. Under the constructive ownership rules, a U.S. Holder will be considered to own stock of the Corporation owned, directly or indirectly, by certain members of the U.S. Holder’s family and certain entities (such as corporations, partnerships, trusts and estates) in which the U.S. Holder has an equity interest or (in the case of a U.S. Holder that is itself an entity) which have an equity interest in the U.S. Holder, as well as certain stock of the Corporation which the U.S. Holder has an option to acquire or can acquire by exchange of a convertible security. U.S. Holders should consult their own tax advisors with respect to the operation of these constructive ownership rules.

The purchase of a U.S. Holder’s Shares pursuant to the Offer will result in a “**complete redemption**” of a U.S. Holder’s equity interest in the Corporation for purposes of the Section 302 tests if, immediately after the purchase, the U.S. Holder actually and constructively owns no stock of the Corporation. In applying the “**complete redemption**” test, U.S. Holders may be able to waive the application of constructive ownership through the family attribution rules, provided that such U.S. Holders comply with the provisions of Section 302(c)(2) of the Code and applicable U.S. Treasury Regulations. U.S. Holders wishing to satisfy the “**complete redemption**” test through satisfaction of the special conditions set forth in Section 302(c)(2) of the Code should consult their tax advisors concerning the mechanics and desirability of those conditions.

The purchase of a U.S. Holder’s Shares pursuant to the Offer will be “**substantially disproportionate**” as to a U.S. Holder for purposes of the Section 302 tests if, immediately after the purchase, the percentage of the outstanding voting stock of the Corporation that the U.S. Holder actually and constructively owns is less than 80% of the percentage of the outstanding voting stock of the Corporation that the U.S. Holder actually and constructively owned immediately before the purchase and the U.S. Holder actually and constructively owns less than 50% of the total combined voting power of the Corporation.

The purchase of a U.S. Holder’s Shares pursuant to the Offer will be treated as “**not essentially equivalent to a dividend**” for purposes of the Section 302 tests if it results in a “**meaningful reduction**” in the U.S. Holder’s proportionate interest in the Corporation, given the U.S. Holder’s particular facts and circumstances. The IRS has indicated in a published ruling that even a small reduction in the percentage interest of a shareholder whose relative stock interest in a publicly held corporation is minimal and who exercises no control over corporate affairs should constitute a “**meaningful reduction**”. U.S. Holders who intend to qualify for sale treatment by demonstrating that the proceeds received from the Corporation are “**not essentially equivalent to a dividend**” should consult their tax advisors to determine the possibility of satisfying this test.

The Corporation cannot predict whether any particular U.S. Holder will be subject to sale or distribution treatment.

Each U.S. Holder should be aware that because proration may occur in the Offer, even if all of the Shares actually and constructively owned by a U.S. Holder are tendered pursuant to the Offer and the U.S. Holder does not actually or constructively own any other stock of the Corporation, fewer than all of such Shares may be purchased by the Corporation. Consequently, the Corporation cannot provide assurances that a sufficient number of any particular

U.S. Holder's Shares will be purchased to ensure that the purchase will be treated as a sale, rather than as a distribution, for U.S. federal income tax purposes.

If a U.S. Holder satisfies any of the Section 302 tests, its sale proceeds will be taxable in accordance with the section below titled "*Treatment of a Sale of Shares*."

### ***Treatment of a Distribution in Respect of Shares***

Subject to the passive foreign investment company "PFIC" rules discussed below, if a U.S. Holder does not satisfy any of the Section 302 tests described above, the full amount (including any amount withheld for Canadian taxes) received by the U.S. Holder pursuant to the Offer will be treated as a distribution to the U.S. Holder with respect to the U.S. Holder's Shares. A distribution to a U.S. Holder will be taxable to the U.S. Holder as a foreign source dividend to the extent the Corporation pays the distribution out of its current or accumulated earnings and profits.

A dividend received by a non-corporate U.S. Holder will be taxable at a preferential rate, provided that (1) the shares are readily tradable on an established securities market in the United States or the Corporation is eligible for benefits under a comprehensive United States income tax treaty which the IRS has approved for these purposes, (2) the Corporation is not a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year, (3) such U.S. Holder satisfies a holding period requirement, and (4) certain other requirements are met. The Corporation believes it is eligible for benefits under the United States-Canada income tax treaty.

A dividend received by a corporate U.S. Holder will be taxable at regular rates and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

Distributions in excess of the Corporation's current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in its Shares and thereafter as an amount realized in a sale or exchange of the U.S. Holder's Shares. Such amounts will be taxable in accordance with the section below titled "*Treatment of a Sale of Shares*".

The Corporation does not maintain and will not report calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders are urged to consult their tax advisors as to whether all or any part of the payment received from the Corporation should be treated as a dividend.

### ***Treatment of a Sale of Shares***

Subject to the PFIC rules discussed below, a U.S. Holder that is treated as selling all or a portion of its Shares to the Corporation pursuant to the Offer will recognize U.S. source capital gain or loss in an amount equal to the difference between (x) the sum of the amount of cash received under the Offer and the amount of any Canadian withholding tax withheld in respect of such U.S. Holder and (y) the U.S. Holder's adjusted tax basis in such Shares. The gain or loss recognized generally will be treated as long-term capital gain or loss if the U.S. Holder's holding period in the Shares is greater than one year as of the date of the Corporation's purchase pursuant to the Offer.

Certain U.S. Holders, including individuals, may be eligible for preferential tax rates on long-term capital gains. A U.S. Holder's ability to deduct capital losses is limited. A U.S. Holder must calculate gain or loss separately for each block of Shares (generally, Shares acquired at the same cost in a single transaction). A U.S. Holder may be able to designate which blocks of Shares it wishes to tender and the order in which different blocks will be purchased in the event that less than all of its Shares are tendered. U.S. Holders should consult their tax advisors concerning the mechanics and desirability of that designation.

### ***Foreign Currency Exchanges***

A U.S. Holder that elects to receive its sale proceeds in U.S. dollars will not recognize any foreign currency gain or loss. A U.S. Holder that receives its sale proceeds in Canadian dollars and converts the proceeds into U.S. dollars on the same day as it receives them will not recognize any foreign currency gain or loss. A U.S. Holder that receives its sale proceeds in Canadian dollars and converts the proceeds into U.S. dollars at a later date may

recognize foreign currency gain or loss which will generally be taxed as U.S. source ordinary income or loss and will not be eligible for the preferential tax rates applicable to long-term capital gains.

### ***Foreign Tax Credit***

Subject to various limitations, a U.S. Holder may credit against its United States federal income tax liability on foreign source income any Canadian income tax it pays as a result of the sale. The practical effect of the source limitation is that a U.S. Holder who is treated as selling its Shares may be unable to use the credit unless it has other foreign source income. A U.S. Holder that does not claim the foreign tax credit may instead claim a deduction for any Canadian income tax it pays as a result of the sale, but only for a year in which the U.S. Holder elects to do so with respect to all foreign income taxes. A deduction does not reduce the United States tax liability on a dollar-for-dollar basis as the foreign tax credit does, but the deduction is not subject to the same limitations as the foreign tax credit is and the deduction may reduce a U.S. Holder's federal income tax liability on U.S. source income. The rules relating to the foreign tax credit are complex. Accordingly, U.S. Holders are urged to consult their own tax advisors to determine whether and to what extent they may be entitled to the credit.

### ***Additional Tax on Investment Income***

U.S. Holders who are individuals, estates, or trusts and whose income exceeds certain thresholds will be required to pay (in addition to U.S. federal income tax) a 3.8% tax on net investment income, including dividends and gains from the sale or other taxable disposition of the Shares. U.S. Holders are urged to consult their tax advisors regarding whether this tax will apply to them.

### ***Reporting Requirement for Significant Holders***

A U.S. Holder that is a “**significant holder**” within the meaning of U.S. Treasury Regulation Section 1.302-2(b) that exchanges Shares for cash pursuant to the Offer may be required to comply with the reporting requirements of such regulation.

### ***PFIC Rules***

Generally, a PFIC is a non-U.S. corporation that, in any tax year, receives passive income in an amount equal to 75% or more of its gross income or holds assets for the production of passive income representing 50% or more of the average quarterly value of its assets determined, after taking into account the income and assets of the Corporation and certain subsidiaries pursuant to applicable “look-through rules.” If a corporation is treated as a PFIC with respect to a U.S. Holder for any taxable year, the corporation will continue to be treated as a PFIC with respect to that U.S. Holder in all succeeding taxable years, regardless of whether the corporation continues to meet the PFIC requirements in such years, unless certain elections are made. A company's status as a PFIC must be determined every year based on the income, assets and operations of the company for that year. The Corporation does not expect to be a PFIC for the current year. Because this is a factual determination that must be made annually, however, no assurance can be provided that the Corporation will not be a PFIC in the current or any future year.

If the Corporation is treated as a PFIC in any year in which a U.S. Holder has held its shares, certain adverse consequences could apply to payments made with respect to the Offer, including (1) gain on the disposition of Shares could be treated as ordinary income (taxed at maximum ordinary income rates) and be subject to additional tax in the nature of interest, (2) amounts treated as distributions on the Shares may fail to qualify for preferential rates of taxation, and (3) the U.S. Holder may be subject to additional reporting requirements. U.S. Holders should consult with their tax advisors regarding the effect of these rules on their tender of Shares pursuant to the Offer.

### ***Backup Withholding and Information Reporting***

The proceeds of a sale by a U.S. Holder of Shares pursuant to the Offer may be subject to information reporting to the IRS and to U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder that furnishes a correct taxpayer identification number and makes other required certifications, or that is otherwise exempt from backup withholding and establishes such exempt status.

Backup withholding is not an additional tax. Amounts withheld may be credited against a U.S. Holder's U.S. federal income tax liability, and a U.S. Holder generally may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing an appropriate claim for refund with the IRS and furnishing any required information.

**THIS DISCUSSION IS GENERAL IN NATURE AND DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR SHAREHOLDER IN LIGHT OF THE SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, OR TO CERTAIN TYPES OF SHAREHOLDERS SUBJECT TO SPECIAL TREATMENT UNDER U.S. FEDERAL INCOME TAX LAWS. YOU ARE ADVISED TO CONSULT WITH YOUR OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO YOU OF THE OFFER, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND FOREIGN TAX LAWS.**

#### **14. LEGAL MATTERS AND REGULATORY APPROVALS**

E-L Financial is not aware of any license or regulatory permit that is material to the Corporation's business that might be adversely affected by the Corporation's acquisition of Shares pursuant to the Offer or, except as noted below, of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition of Shares by the Corporation pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be required, the Corporation currently contemplates that such approval will be sought or other action will be taken. E-L Financial cannot predict whether it may determine that it must delay the acceptance for payment of Shares deposited pursuant to the Offer pending the outcome of any such matter.

There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Corporation's business.

The Corporation has filed applications with certain securities regulatory authorities in Canada seeking exemptive relief from the obligation to take up Shares in the event that the Offer is extended in certain circumstances, which are contained in securities legislation of certain provinces and territories of Canada, in connection with the Offer. Obtaining such exemptive relief is a condition of the Offer. See Section 7 of the Offer to Purchase, "*Certain Conditions of the Offer*". Notwithstanding the foregoing, as described elsewhere in the Offer, the Offer is not being made to Shareholders in any jurisdiction in which the making of the Offer would not be in compliance with the laws of such jurisdiction, and no action will be taken by the Corporation in respect of such jurisdiction to qualify the Offer.

#### **15. SOURCE OF FUNDS**

The Corporation expects to fund the purchase of Shares pursuant to the Offer, including all related fees and expenses, from a combination of cash available to be drawn on E-L Financial's existing margin loan facility and available cash on hand.

#### **16. DEALER MANAGER**

Scotia Capital Inc. ("**Scotiabank**") has been retained to serve as Dealer Manager in connection with the Offer.

#### **17. DEPOSITARY**

E-L Financial has appointed Computershare Trust Company of Canada to act as a depositary for, among other things: (a) the receipt of certificates representing Shares and related Letters of Transmittal deposited under the Offer, (b) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth in Section 5 of the Offer to Purchase, "*Procedure for Depositing Shares*", (c) the receipt from the Corporation of cash to be paid in consideration of the Shares acquired by the Corporation under the Offer, as agent for the depositing Shareholders, and (d) the transmittal of such cash to the depositing Shareholders, as agent for the depositing Shareholders, including the conversion of such cash from Canadian dollars to United States dollars for depositing Shareholders who elect to receive payment of the Purchase Price for their Shares in United States dollars. The

Depository may contact Shareholders by mail, telephone or facsimile and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners. The Depository is not an affiliate of the Corporation and the Depository acts as the Corporation's transfer agent and registrar.

## **18. FEES AND EXPENSES**

Scotiabank has been retained by the Corporation to serve as Dealer Manager in connection with the Offer for which it will receive a fixed fee from E-L Financial for its services.

Cormark has been retained by the Corporation to deliver the Liquidity Opinion in connection with the Offer to the Board of Directors for which it will receive a fixed fee from E-L Financial for its services.

E-L Financial has agreed to reimburse Cormark and Scotiabank for certain reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify Cormark and Scotiabank against certain liabilities to which it may become subject as a result of its engagement. None of the fees payable to Cormark are contingent upon the conclusions reached by Cormark in the Liquidity Opinion.

E-L Financial has retained Computershare Trust Company of Canada to act as the Depository in connection with the Offer. The Depository will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial and territorial securities laws.

E-L Financial is expected to incur expenses of approximately \$400,000 in connection with the Offer, which includes filing fees, advisory fees, the fees for the Liquidity Opinion, legal, translation, accounting, depository and printing fees.

## **19. STATUTORY RIGHTS**

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

**APPROVAL AND CERTIFICATE**

November 9, 2020

The board of directors of E-L Financial Corporation Limited has approved the contents of the Offer to Purchase and the accompanying Issuer Bid Circular dated November 9, 2020, and the delivery thereto to Shareholders. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

(Signed) "*Duncan N.R. Jackman*"

Chairman, President and  
Chief Executive Officer

(Signed) "*Scott F. Ewert*"

Vice-President and  
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) "*The Honourable Henry N.R.  
Jackman*"

Director

(Signed) "*Mark M. Taylor*"

Director

**CONSENT OF CORMARK SECURITIES INC.**

TO: The Board of Directors of E-L Financial Corporation Limited

We consent to the inclusion of our liquidity opinion dated November 9, 2020 as Schedule A to the Circular dated November 9, 2020, which schedule is incorporated by reference in the Circular and consent to the inclusion of our name and reference to our liquidity opinion in the sections titled “*Purpose and Effect of the Offer – Liquidity of Market*” and “*Fees and Expenses*” of the Circular.

November 9, 2020

(Signed) “*Cormark Securities Inc.*”

**CONSENT OF MCCARTHY TÉTRAULT LLP**

TO: The Board of Directors of E-L Financial Corporation Limited

We consent to the inclusion of our name statement in the section titled “*Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*” in the Circular dated November 9, 2020.

November 9, 2020

(Signed) “*McCarthy Tétrault LLP*”

**SCHEDULE A**  
**LIQUIDITY OPINION OF CORMARK SECURITIES INC.**

See Attached.

November 9, 2020

**E-L Financial Corporation Limited**  
165 University Avenue, 10<sup>th</sup> Floor  
Toronto, Ontario  
M5H 3B8

**Re: Liquidity Opinion of Cormark Securities Inc.**

To the Board of Directors:

Cormark Securities Inc. (“**Cormark**”, “**we**” or “**us**”) understands that E-L Financial Corporation Limited (the “**Issuer**”) is considering undertaking a substantial issuer bid (the “**Offer**”) to purchase for cash a number of common shares (“**Common Shares**”) of the Issuer for an aggregate purchase price not exceeding \$100,000,000. The purchase price of the Common Shares taken up by the Corporation under the Offer will be determined in the manner described in the Offer to Purchase (defined below) but will be not less than \$650.00 and not more than \$750.00 per Common Share. We understand that the Offer will constitute an “issuer bid” for purposes of National Instrument 62-104 *Take-Over Bids and Issuer Bids* of the Canadian Securities Administrators (“**NI 62-104**”). Cormark understands that the terms and conditions of the Offer will be set forth in an offer to purchase and issuer bid circular to be dated November 9, 2020 and mailed to the holders of the Common Shares in connection with the Offer (the “**Offer to Purchase**”). The terms used herein which are used or defined in the Offer to Purchase and not otherwise defined herein will have the same meaning as used in the Offer to Purchase.

Cormark has been retained by the Issuer to prepare and deliver to the Board of Directors of the Issuer (the “**Board**”) an opinion (the “**Liquidity Opinion**”) as to whether, as of the date hereof, (i) a liquid market (as such term is used in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators (“**MI 61-101**”)) for the Common Shares exists, and (ii) it is reasonable for the Board to conclude that, following the completion of the Offer, there will be a market for holders of the Common Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. We understand that the Board has sought the Liquidity Opinion from Cormark as the basis for relying on an exemption from the requirement to obtain a formal valuation in respect of the Common Shares in accordance with MI 61-101.

**Engagement**

The Board engaged Cormark to render the Liquidity Opinion pursuant to an engagement letter dated November 3, 2020 (the “**Engagement Agreement**”). The Engagement Agreement provides that Cormark is to be paid a fixed fee for the preparation and delivery of the Liquidity Opinion, no part of which is contingent upon the completion or success of the Offer or the conclusions of the Liquidity Opinion and notwithstanding that the Liquidity Opinion may be subsequently amended, supplemented or withdrawn in accordance with the Engagement Letter. In addition, Cormark is to

be reimbursed for its reasonable out-of-pocket expenses and to be indemnified by the Issuer in certain circumstances as set out in the Engagement Agreement. The fees paid to Cormark in connection with the Engagement Agreement are not financially material to us. Cormark consents to: (i) the inclusion of the Liquidity Opinion in its entirety, and a summary thereof in a form acceptable to Cormark, acting reasonably, in the Offer to Purchase to be mailed to holders of Common Shares and to the filing thereof, as necessary, by the Issuer with the securities commissions or similar regulatory authorities in Canada; and (ii) the inclusion of references to the Liquidity Opinion, and a summary thereof in a form acceptable to Cormark, acting reasonably, in any press release issued by the Issuer in respect of the Offer.

### **Credentials of Cormark**

Cormark is an independent Canadian investment dealer providing investment research, equity sales and trading and investment banking services to a broad range of institutions and corporations. Cormark has participated in a significant number of transactions involving public and private companies and has extensive experience in preparing liquidity opinions. The Liquidity Opinion expressed herein represents the opinion of Cormark and its form and content have been approved for release by a committee of its directors and officers, each of whom is experienced in merger, acquisition, divestiture, liquidity opinion and capital market matters.

### **Relationship with Interested Parties**

Neither Cormark nor any of its affiliates is an “issuer insider”, “associated entity” or “affiliated entity” (as those terms are defined in MI 61-101) of the Issuer or any control person of the Issuer, or any person that would reasonably be expected to be a control person of the Issuer upon successful completion of the Offer (collectively, the “**Interested Parties**”).

Neither Cormark nor any of its affiliates has acted as a lead or co-lead underwriter or provided any valuation of financial advisory services to an Interested Party within the past two years or had a material financial interest in any transaction involving an Interested Party. Neither Cormark nor any of its affiliates is a lender of a material amount of indebtedness to any Interested Party.

Neither Cormark nor any of its affiliates has a material financial interest in the completion of the Offer. The fixed fee payable to Cormark pursuant to the Engagement Agreement does not depend in whole or in part on an agreement, arrangement or understanding that gives Cormark a financial incentive in respect of the conclusions reached in the Liquidity Opinion or the outcome of the Offer. Neither Cormark nor any of its affiliates is a manager or co-manager of a soliciting dealer group for the Offer, nor a member of a soliciting dealer group for the Offer where, in its capacity as a soliciting dealer, Cormark or its affiliates performs services beyond the customary soliciting dealer's function or receives more than the per Common Share or per Shareholder fees payable to other members of the group.

There are currently no understandings, agreements or commitments between Cormark or any of its affiliates with any Interested Party with respect to any future business dealings. Cormark acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the Common Shares or other securities of the Issuer, or any of its associates or affiliates and, from time to time, may have executed or may

execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, Cormark conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Issuer or the Offer.

Based on the foregoing, Cormark is independent of the Interested Parties within the meaning of MI 61-101.

### **Scope of Review**

In connection with our Liquidity Opinion, we have reviewed and relied upon or carried out, among other things, the following:

1. information related to the business, operations and financial performance of the Issuer;
2. the most recent draft of the Offer to Purchase (the “**Draft Offer to Purchase**”);
3. the trading activity, volumes, and price history of the Common Shares on the Toronto Stock Exchange (the “**TSX**”) and other alternative trading venues over the past 12 months;
4. the profile of the distribution and ownership of the Common Shares, to the extent publicly disclosed or provided to us by the Issuer;
5. the trading activity and volumes of equity securities of other entities listed and traded on the TSX as we determined necessary in order to provide the Liquidity Opinion;
6. the number of Common Shares proposed to be purchased under the Offer relative to (i) the total number of Common Shares issued and outstanding, *less* (ii) the number of Common Shares beneficially owned, or over which control or direction was exercised, by related parties of the Company and Common Shares that were not freely tradable (the “public float”);
7. the customary difference (the “spread”) between bid and ask prices in trading activity of the Common Shares;
8. public information with respect to the Issuer and the Common Shares;
9. the Issuer’s normal course issuer bid commenced on March 9, 2020, including the historical range of prices paid to repurchase Common Shares and the number of Common Shares repurchased;
10. the definition of “liquid market” as outlined in MI 61-101 and certain other parameters in MI 61-101;
11. certain precedent issuer bids that were considered relevant;

12. discussions with senior management of the Issuer; and
13. such other corporate, industry, and financial market information, investigations and analyses as Cormark considered necessary or appropriate in the circumstances.

### **Assumptions and Limitations**

With the Board's approval and as provided for in the Engagement Agreement, Cormark has relied upon the completeness, accuracy, and fair presentation of all of the financial (including, without limitation, the financial statements of the Issuer) and other information, data, advice, opinions, or representations obtained by it from public sources, senior management of the Issuer, and their consultants and advisors (collectively, the "**Information**"). The Liquidity Opinion is conditional upon such completeness, accuracy, and fair presentation of such Information. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy, or fair presentation of any of the Information.

Senior officers of the Issuer have represented to Cormark in a certificate delivered as of the date hereof, among other things, that: (i) the Information provided orally by, or in the presence of, an officer or employee of the Issuer or in writing by the Issuer, any of its affiliates (as such term is defined in NI 62-104) or any of their respective agents or advisors, for the purpose of preparing the Opinion was at the date provided to Cormark, and is at the date hereof complete, true and correct in all material respects, and did not and does not contain any untrue statement of material fact, and did not and does not omit to state any material fact necessary to make such Information or any statement contained therein, not misleading in light of the circumstances under which the Information was provided to Cormark; and (ii) since the dates on which the Information was provided to Cormark, except as disclosed in writing to Cormark, there has been no material change or change in material facts, financial or otherwise, which might reasonably be considered material to the Liquidity Opinion.

In preparing the Liquidity Opinion, Cormark has made several assumptions, including that the Offer will be completed in accordance with the terms and conditions of, and substantially within the time frames specified in, the Draft Offer to Purchase without any waiver or amendment of any material term or condition thereof, that there will be no significant change in the holdings of the Common Shares other than as a result of the Offer, and that the disclosure provided or incorporated by reference in the Draft Offer to Purchase with respect to the Issuer, its subsidiaries and affiliates and the Offer is accurate in all material respects.

The Liquidity Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at the date hereof and conditions affecting the Issuer and the Common Shares at the date hereof.

The Liquidity Opinion has been provided for the use of the Board in determining the availability of an exemption from the formal valuation requirements of MI 61-101 and may not be used by any other person or relied upon by any other person other than the Board without the express prior written consent of Cormark. The Liquidity Opinion is given as of the date hereof and Cormark disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Liquidity Opinion that may come or be brought to Cormark's attention after the date

hereof. Without limiting the foregoing, if there is any material change in any fact or matter affecting the Liquidity Opinion after the date hereof, Cormark reserves the right to change, modify, or withdraw the Liquidity Opinion.

Cormark believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Liquidity Opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. The Liquidity Opinion is not to be construed as a recommendation to any holder of Common Shares as to whether to tender their Common Shares to the Offer.

For purposes of the Liquidity Opinion, the phrase “liquid market” has the meaning ascribed thereto in paragraph (b) of subsection 1.2(1) of MI 61-101.

### **Conclusion**

Based upon and subject to the foregoing, Cormark is of the opinion that, as of the date hereof: (i) a liquid market for the Common Shares exists; and (ii) it is reasonable to conclude that, following the completion of the Offer, there will be a market for holders of the Common Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

Yours very truly,

**CORMARK SECURITIES INC.**

The Letter of Transmittal, certificates for Shares, any other required documents and, if applicable, the Notice of Guaranteed Delivery, must be sent or delivered by each depositing Shareholder or the depositing Shareholder's investment dealer, stock broker, bank, trust company or other nominee to the Depositary at its address specified below.

**Office of the Depositary, for the Offer:**

**By Hand, Courier or Registered Mail**

**Computershare Trust Company of Canada**

100 University Ave, 8th Floor  
Toronto, Ontario,  
M5J 2Y1

**Attention:** Corporate Actions Dept.

**By Mail (Except Registered Mail)**

**Computershare Trust Company of Canada**

P.O. Box 7021  
31 Adelaide St. E.  
Toronto, ON M5C 3H2

**Attention:** Corporate Actions Dept.

Any questions or requests for assistance regarding the Offer may be directed to the Depositary at the addresses and telephone and facsimile numbers specified above. Shareholders also may contact their investment dealer, stock broker, bank, trust company or other nominee for assistance concerning the Offer. Additional copies of the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depositary. Manually executed photocopies of the Letter of Transmittal will be accepted.

**The Dealer Manager for the Offer is:**

**Scotia Capital Inc.**

Scotia Plaza  
40 King Street West  
64<sup>th</sup> Floor  
Toronto, Ontario  
M5H 1H1

**Telephone:** (416) 945-4642

**Email:** [david.garg@scotiabank.com](mailto:david.garg@scotiabank.com)