

This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporation at its head office located at 259 King Street East, Kingston, Ontario K7L 3A8, (613) 548-1890, Attention: Chief Financial Officer, and are also available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

Initial Public Offering

February 5, 2016



THE EMPIRE LIFE INSURANCE COMPANY

\$130,000,000

5,200,000 Non-Cumulative Rate Reset Preferred Shares, Series 1

This prospectus qualifies the distribution (the "**Offering**") of 5,200,000 non-cumulative rate reset preferred shares, series 1 (the "**Series 1 Preferred Shares**") in the capital of The Empire Life Insurance Company ("**Empire Life**" or the "**Corporation**"), a life insurance company amalgamated under the *Insurance Companies Act* (Canada) (the "**ICA**"). The holders of Series 1 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the board of directors of the Corporation (the "**Board of Directors**"), for the initial period commencing on the Closing Date (as defined herein) and ending on and including April 17, 2021 (the "**Initial Fixed Rate Period**"), payable quarterly on the 17th day of each of January, April, July and October in each year (each three-month period ending on the 17th day of each such month, a "**Quarter**"), at an annual rate equal to \$1.4375 per share. The initial dividend, if declared, will be payable April 17, 2016 and will be \$0.2402 per share, based on the anticipated closing date of February 16, 2016. See "Details of the Offering".

For each five-year period after the Initial Fixed Rate Period (each a "**Subsequent Fixed Rate Period**"), the holders of Series 1 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 17th day of each of January, April, July and October in each year, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate (as defined herein) applicable to such Subsequent Fixed Rate Period by \$25.00. The Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period will be determined by the Corporation on the 30th day prior to the first day of such Subsequent Fixed Rate Period and will be equal to the sum of the Government of Canada Yield (as defined herein) on the date on which the Annual Fixed Dividend Rate is determined plus 4.99%. See "Details of the Offering".

Option to Convert Into Series 2 Preferred Shares

The holders of Series 1 Preferred Shares will have the right, at their option, to convert any or all of their shares into an equal number of non-cumulative floating rate preferred shares, series 2 of the Corporation (the “**Series 2 Preferred Shares**”), subject to certain conditions, on April 17, 2021 and on April 17 every fifth year thereafter. The holders of Series 2 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, payable quarterly on the 17th day of January, April, July and October in each year (the initial quarterly dividend period and each subsequent quarterly dividend period, a “**Quarterly Floating Rate Period**”), in a quarterly amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate (as defined herein) by \$25.00. The Floating Quarterly Dividend Rate will be equal to the sum of the T-Bill Rate (as defined herein) plus 4.99% (calculated on the basis of the actual number of days elapsed in the applicable Quarterly Floating Rate Period divided by 365) determined on the 30th day prior to the first day of the applicable Quarterly Floating Rate Period. See “Details of the Offering”.

The Series 1 Preferred Shares will not be redeemable by the Corporation prior to April 17, 2021. On April 17, 2021 and on April 17 every fifth year thereafter, but subject to the provisions of the ICA, including the requirement of obtaining the prior consent of the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”), and subject to certain other restrictions set out in “Description of Share Capital” and “Details of the Offering – Certain Provisions of the Series 1 Preferred Shares as a Series – Restrictions on Dividends and Retirement of Series 1 Preferred Shares”, the Corporation may, at its option, on at least 30 days but not more than 60 days prior written notice, redeem for cash all or any part of the outstanding Series 1 Preferred Shares for \$25.00 per Series 1 Preferred Share, together in each case with an amount equal to the sum (the “**Accrued Amount**”) of (i) all declared and unpaid dividends in respect of completed Quarters preceding the date fixed for redemption; and (ii) an amount equal to the cash dividend in respect of the Quarter in which the redemption occurs, whether declared or not, pro-rated to such date. See “Details of the Offering”.

The Series 1 Preferred Shares and the Series 2 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of holders. See “Risk Factors”.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”. Closing of the Offering is conditional on the Series 1 Preferred Shares and the Series 2 Preferred Shares being listed on the Toronto Stock Exchange (“**TSX**”). The Corporation has received conditional approval to list the Series 1 Preferred Shares and the Series 2 Preferred Shares on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

The head office of the Corporation is located at 259 King Street East, Kingston, Ontario.

An investment in the Series 1 Preferred Shares or on conversion, the Series 2 Preferred Shares, is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under “Risk Factors” before purchasing the Series 1 Preferred Shares or Series 2 Preferred Shares.

Price: \$25.00 per Preferred Share

	Price to the Public ⁽¹⁾	Underwriters’ Fee ⁽²⁾	Net Proceeds to the Corporation ⁽³⁾
Per Preferred Share.....	\$25.00	\$0.75	\$24.25
Total Offering ⁽⁴⁾	\$130,000,000	\$3,900,000	\$126,100,000

(1) The price of the Series 1 Preferred Shares has been determined by negotiation among the Corporation and the Underwriters.
(2) The Underwriters’ fee is \$0.25 for each Series 1 Preferred Share sold to certain institutions and \$0.75 per Series 1 Preferred Shares for all other shares which are sold. The totals set forth in the table represent the Underwriters’ fee and net proceeds to the Corporation assuming no Series 1 Preferred Shares are sold to such institutions.
(3) Before deducting the expenses of the Offering which are estimated to be approximately \$850,000.
(4) The Corporation has granted to the Underwriters an over-allotment option, exercisable in whole or in part at any time for a period of 30 days from the Closing Date (as defined below), to purchase up to an additional 15% of the aggregate number of Series 1 Preferred Shares issued under the Offering, being 780,000 Series 1 Preferred Shares on the same terms as set out above (the “**Over-Allotment Option**”). If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the Corporation”

will be \$149,500,000, \$4,485,000 (assuming no Series 1 Preferred Shares are sold to certain institutions) and \$145,015,000, respectively. This prospectus qualifies the distribution of the Over-Allotment Option and the distribution of the Series 1 Preferred Shares issued and sold by the Corporation upon exercise of the Over-Allotment Option. A purchaser who acquires Series 1 Preferred Shares forming part of the Underwriters' over-allocation position acquires those Series 1 Preferred Shares under this prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

<u>Underwriters' Position</u>	<u>Maximum Size or Number of Series 1 Preferred Shares Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option.....	Up to an additional 15% of the aggregate number of Series 1 Preferred Shares issued under the Offering, being 780,000 Series 1 Preferred Shares	For a period of 30 days following the Closing Date	\$25.00 per Series 1 Preferred Share

The Series 1 Preferred Shares are being offered at a price of \$25.00 per Series 1 Preferred Share. The Series 1 Preferred Shares are being offered by Scotia Capital Inc. ("**Scotia**"), CIBC World Markets Inc. ("**CIBC**"), TD Securities Inc. ("**TD**"), BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., GMP Securities L.P., Manulife Securities Incorporated and Raymond James Ltd. (together, the "**Underwriters**").

The Underwriters, as principals, conditionally offer the Series 1 Preferred Shares, subject to prior sale, if, as and when issued by the Corporation and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement dated January 28, 2016 (the "**Underwriting Agreement**") referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Corporation by McCarthy Tétrault LLP and on behalf of the Underwriters by Torys LLP. See "Plan of Distribution".

In connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time. The Underwriters may offer the Series 1 Preferred Shares at a lower price than stated above. Any such reduction will not affect the proceeds received by the Corporation. See "Plan of Distribution".

Subscriptions will be received subject to rejection or allotment in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The closing of the Offering (the "**Closing**") is expected to occur on or about February 16, 2016, or such later date as the Corporation and the Underwriters may agree, but in any event not later than February 23, 2016 (the "**Closing Date**").

A global certificate representing the Series 1 Preferred Shares to be sold in the Offering will be issued in registered form only to CDS Clearing and Depository Services Inc. ("**CDS**"), or to its nominee, and will be deposited with CDS on the Closing Date. A purchaser of Series 1 Preferred Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Series 1 Preferred Shares are purchased. See "Details Of The Offering – Depository Services".

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ABOUT THIS PROSPECTUS

Prospective investors should rely only on information contained in this prospectus and should not rely on parts of the information contained in this prospectus to the exclusion of others. Neither the Corporation nor the Underwriters has authorized any other person to provide prospective investors with additional or different information. If a prospective investor is provided with different or inconsistent information, the prospective investor should not rely on such information. Neither the Corporation nor the Underwriters is making an offer to sell Series 1 Preferred Shares in any jurisdiction where such an offer or sale is prohibited. Unless otherwise stated, the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of Series 1 Preferred Shares. The Corporation's business, financial condition, results of operations and the information contained in this prospectus may have changed since the date of this prospectus.

GENERAL MATTERS

Unless otherwise noted or the context otherwise indicates, the "Corporation", "Empire Life", "we", "us" and "our" refer to The Empire Life Insurance Company. Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary of Terms" beginning on page 26.

FORWARD-LOOKING STATEMENTS AND INFORMATION

Certain statements in this prospectus and the documents incorporated by reference herein about the Corporation's current and future plans, expectations and intentions, results, market share growth and profitability, strategic objectives or any other future events or developments constitute forward-looking statements and information within the meaning of applicable securities laws. 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 and information. Although management believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because there can be no assurance that they will prove to be correct. By their nature, such forward-looking statements and information are subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed. These risks and uncertainties include, but are not limited to, risk of changes to credit ratings, risk of non-payment of dividends, risks with respect to market value, regulatory risks, liquidity and price risk and other risks specific to the securities. See also "Risk Factors" contained in this prospectus as well as "Risk Factors" in the Non-Offering Prospectus (as defined herein).

Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking statements and information include that the general economy remains stable; assumptions on interest rates, mortality rates and policy liabilities; and capital markets continue to provide access to capital. These factors are not intended to represent a complete list of the factors that could affect the Corporation; however, these factors should be considered carefully, and readers should not place undue reliance on forward-looking statements made in this prospectus or in the documents incorporated by reference herein.

To the extent any forward-looking statements and information in this prospectus and the documents incorporated by reference herein constitutes future-oriented financial information or financial outlooks within the meaning of securities laws, such information is being provided to demonstrate potential benefits and readers are cautioned that this information may not be appropriate for any other purpose. Future-oriented financial information and financial outlooks are, without limitation, based on the assumptions and subject to the risks set out above.

The forward-looking statements and information contained in this prospectus and in the documents incorporated by reference herein are expressly qualified in their entirety by this cautionary statement. When relying on the Corporation's forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors, assumptions and other uncertainties and potential events. Readers are cautioned not to place undue reliance on this forward-looking statements and information, which is given as of the date hereof or the date indicated, and to not use such forward-looking statements and information for anything other than its intended purpose. The Corporation undertakes no obligation to update publicly or revise any forward-

looking statements and information, whether as a result of new information, future events or otherwise, except as required by law.

ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, the Series 1 Preferred Shares, if issued on the date of this prospectus, would be, on such date, a qualified investment under the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a registered disability savings plan, a deferred profit sharing plan and a tax-free savings account (“**TFSA**”). The Series 1 Preferred Shares, will generally not be, a “prohibited investment” for a trust governed by a TFSA, RRSP or RRIF provided that (i) the holder of the TFSA or the annuitant under the RRSP or the RRIF, as the case may be, deals at arm’s length with the Corporation for purposes of the Tax Act and does not have a “significant interest” (as defined in the Tax Act) in the Corporation or (ii) the Series 1 Preferred Shares are “excluded property” (as defined in subsection 207.01(1) of the Tax Act) for the TFSA, RRSP or RRIF. Individuals who hold or intend to hold the Series 1 Preferred Shares in a TFSA, RRSP or RRIF should consult their own tax advisers regarding the application of the foregoing prohibited investment rules in their particular circumstances.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from Empire Life at 259 King Street East, Kingston, Ontario K7L 3A8, Attention: Chief Financial Officer. In addition, copies of the documents incorporated by reference herein may be obtained from the securities commissions or similar authorities in the provinces and territories of Canada through the internet at www.sedar.com.

The following documents, filed with the securities commissions or similar authorities in the provinces and territories of Canada, are specifically incorporated by reference into and form an integral part of this prospectus:

- a) the Corporation’s final non-offering prospectus dated August 5, 2015 (the “**Non-Offering Prospectus**”);
- b) the Corporation’s unaudited interim consolidated financial statements and the notes thereto for the three-month and nine-month periods ended September 30, 2015 (excluding the notice of no auditor review on the cover page thereof);
- c) the Corporation’s management’s discussion and analysis for the three-month and nine-month periods ended September 30, 2015; and
- d) the material change report dated January 27, 2016 in respect of the Offering.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus Distributions* which are filed by the Corporation with the securities commissions or similar authorities in the provinces and territories of Canada subsequent to the date of this prospectus and prior to the termination of this distribution shall be deemed to be incorporated by reference in this prospectus.

Any statement contained in this prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that was required to be stated or that was necessary to make a statement

not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

MARKETING MATERIALS

Any “template version” of “marketing materials” (as such terms are defined in National Instrument 44-101 – Short Form Prospectus Distributions (“**NI 44-101**”)) will be incorporated by reference in the final short form prospectus. However, such “template version” of “marketing materials” will not form part of the final short form prospectus to the extent that the contents of the “template version” of “marketing materials” are modified or superseded by a statement contained in the final short form prospectus. Any “template version” of “marketing materials” filed on SEDAR after the date of the final short form prospectus and before the termination of the distribution under the Offering will be deemed to be incorporated into the final short form prospectus.

THE BUSINESS OF EMPIRE LIFE

Empire Life is a stock life insurance company governed by the ICA, with its corporate head office at 259 King Street East, Kingston, Ontario. Founded in 1923, Empire Life has grown to become the seventh largest life insurance company based on assets in Canada¹, offering a broad range of insurance-based financial products and services to Canadians. Empire Life serves more than 439,000 individual customers (including organizations), more than 7,400 group customers with over 150,000 certificate-holders, and 816 group retirement plans (pension and registered savings plans). Empire Life has relationships with more than 30,000 professional financial advisors through a network of independent financial advisors, managing general agents, national account firms and employee benefit brokers and representatives.

Empire Life has three major product lines: wealth management, which is comprised of segregated fund products, guaranteed interest rate products, and mutual funds; individual insurance, which is comprised of term life insurance, whole life insurance (participating and non-participating), health and disability insurance and universal life insurance; and employee benefits, which is comprised of life, short and long-term disability, extended health, dental, critical illness, and accidental death and dismemberment. Empire Life maintains distinct accounts for capital and surplus for each segment.

Empire Life is an indirect subsidiary of E-L Financial Corporation Limited (“**E-L**”), a publicly traded investment and insurance holding company listed on the TSX with a market capitalization over \$2.5 billion as at September 30, 2015. In 2011, Empire Life established Empire Life Investments Inc. (“**ELII**”), a wholly owned investment management firm which carries on business as an investment management firm and is registered as a portfolio manager, exempt market dealer, and commodity trading manager in Ontario and as an investment fund manager in each of Ontario, Newfoundland and Labrador, and Quebec. Empire Life and its subsidiary, ELII, collectively employ over 830 employees across Canada (560 of whom are at the corporate head office in Kingston).

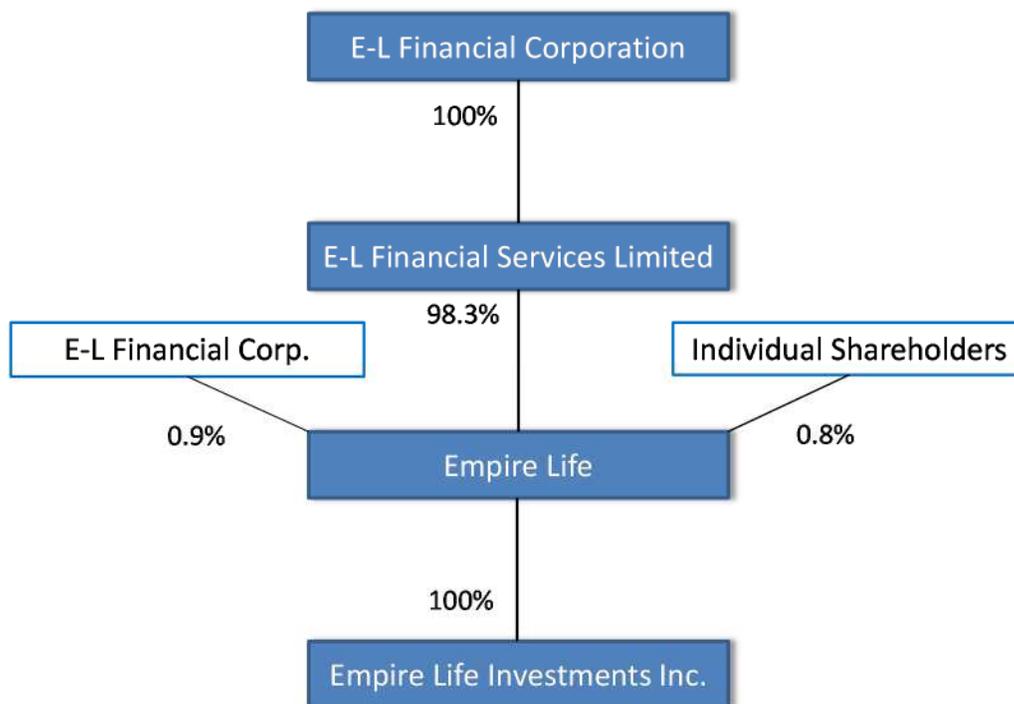
As at September 30, 2015, E-L owned 81% of E-L Financial Services Limited (“**ELFS**”) and Guardian Assurance Limited (“**Guardian**”) owned the remaining 19%. As of the date of this prospectus, E-L owns 100% of ELFS. See “Recent Developments”. ELFS owns 98.3% of the outstanding Empire Life common shares. Of the remaining 1.7% of Empire Life’s common shares, 0.9% are owned directly by E-L and 0.8% are widely held by various shareholders. The common shares of Empire Life are not listed or traded on a public market; however, the remaining 1.7% of Empire Life’s shares not owned by ELFS trade over-the-counter on a very infrequent basis. ELFS carries on no business or activities and has no holdings other than Empire Life.

¹ Source: As of December 31, 2014, based on OSFI filings and publicly available information.

RECENT DEVELOPMENTS

On December 11, 2015, E-L announced that it had agreed to purchase Guardian's 19% share of ELFS (the "**ELFS Transaction**") for a purchase price of approximately book value, or \$200 million. The ELFS Transaction was completed on December 17, 2015. As a result, as of the date of this prospectus, E-L owns 100% of ELFS.

The following chart shows the current Empire Life ownership structure:



Under the terms of a shareholders agreement between E-L and Guardian with respect to ELFS (the "**ELFS Shareholders Agreement**"), Guardian had the right to nominate up to four members of the board of directors of each of ELFS and Empire Life so long as Guardian continued to own at least 10% of the outstanding common shares of ELFS. However, Empire Life understands that Guardian had agreed with E-L that it would only nominate two of the directors to the board of directors of each of ELFS and Empire Life that it is entitled to nominate under the ELFS Shareholders Agreement. These nominees were Andrew S. Birrell and Jonathan Yates.

Following completion of the ELFS Transaction, the ELFS Shareholders Agreement was terminated. As a result, Guardian no longer has the right to appoint nominees to the board of directors of ELFS and Empire Life. Andrew S. Birrell resigned as a member of the board of directors of ELFS and Empire Life effective December 17, 2015. However, Jonathan Yates has agreed to remain on the board of directors of each of ELFS and Empire Life although he is no longer a nominee of Guardian.

DETAILS OF THE OFFERING

Certain Provisions of the Preferred Shares as a Class

The following is a summary of certain provisions attaching to the preferred shares as a class.

Priority

Each series of preferred shares ranks on a parity with every other series of preferred shares with respect to dividends and return of capital. The preferred shares shall be entitled to a preference over the common shares and any other shares ranking junior to the preferred shares with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of Empire Life, whether voluntary or

involuntary, or any other distribution of the assets of Empire Life among its shareholders for the specific purpose of winding up its affairs.

Directors' Right to Issue in One or More Series

The preferred shares may be issued at any time and from time to time in one or more series. Before any shares of a series are issued, the Board of Directors shall fix the number of shares that will form such series, if any, and shall, subject to any limitations set out in the by-laws of Empire Life or in the ICA, determine the designation, rights, privileges, restrictions and conditions to be attached to the preferred shares as the case may be, of such series, the whole subject to the filing with the Superintendent of the particulars of such series, including the rights, privileges, restrictions and conditions determined by the Board of Directors.

Voting Rights of Preferred Shares

Except as hereinafter referred to or as required by law or as specified in the rights, privileges, restrictions and conditions attached from time to time to any series of preferred shares, the holders of such preferred shares as a class shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of Empire Life.

Amendment with Approval of Holders of Preferred Shares

The rights, privileges, restrictions and conditions attached to the preferred shares as a class may be added to, changed or removed but only with the approval of the holders of such class of preferred shares given as hereinafter specified.

Approval of Holders of Preferred Shares

The approval of the holders of a class of preferred shares to add to, change or remove any right, privilege, restriction or condition attaching to such class of preferred shares as a class or in respect of any other matter requiring the consent of the holders of such class of preferred shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of such class of preferred shares or passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of such class of preferred shares duly called for that purpose. Notwithstanding any other condition or provision of any class of preferred shares, the approval of the holders of any class, voting separately as a class or series, is not required on a proposal to amend the by-laws of Empire Life to:

- (i) increase or decrease the maximum number of authorized preferred shares or increase the maximum number of authorized shares of a class of shares having rights or privileges equal or superior to such class of preferred shares;
- (ii) effect the exchange, reclassification or cancellation of all or any part of the preferred shares; or
- (iii) create a new class of shares equal to or superior to the preferred shares.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time required by the ICA as in force at the time of the meeting and those, if any, prescribed by the by-laws or the administrative resolutions of Empire Life with respect to meetings of shareholders. On every poll taken at every meeting of the holders of a class of preferred shares as a class, or at any joint meeting of the holders of two or more series of a class of preferred shares, each holder of such class of preferred shares entitled to vote thereat shall have one vote in respect of each relevant preferred share held.

Certain Provisions of the Series 1 Preferred Shares as a Series

The following is a summary of certain provisions attaching to the Series 1 Preferred Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 1 Preferred Shares.

“Annual Fixed Dividend Rate” means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 4.99%.

“Bloomberg Screen GCAN5YR Page” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

“Fixed Rate Calculation Date” means, for any Subsequent Fixed Rate Period, the 30th day prior to the first day of such Subsequent Fixed Rate Period.

“Government of Canada Yield” on any date means the yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the average of the yields determined by two registered Canadian investment dealers selected by Empire Life, as being the yield to maturity on such date (assuming semi-annual compounding) which a Canadian dollar denominated non-callable Government of Canada bond would carry if issued in Canadian dollars at 100% of its principal amount on such date with a term to maturity of five years.

“Initial Fixed Rate Period” means the period commencing on the Closing Date and ending on and including April 17, 2021.

“Subsequent Fixed Rate Period” means for the initial Subsequent Fixed Rate Period, the period commencing on April 18, 2021 and ending on and including April 17, 2026 and for each succeeding Subsequent Fixed Rate Period, the period commencing on the day immediately following the end of the immediately preceding Subsequent Fixed Rate Period and ending on and including April 17 in the fifth year thereafter.

Issue Price

The Series 1 Preferred Shares will have an issue price of \$25.00 per share.

Dividends

During the Initial Fixed Rate Period, the holders of the Series 1 Preferred Shares will be entitled to receive fixed, quarterly non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, on the 17th day of each of January, April, July and October in each year, at an annual amount equal to \$1.4375 per share (less any applicable withholding tax). The initial dividend, if declared, will be payable April 17, 2016 and will be \$0.2402 per share, based on the anticipated Closing Date of February 16, 2016.

During each Subsequent Fixed Rate Period, the holders of Series 1 Preferred Shares will be entitled to receive fixed, non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, payable quarterly on the 17th day of each of January, April, July and October in each year, in an annual amount per share determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$25.00 (less any applicable withholding tax).

The Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period will be determined by Empire Life on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon Empire Life and upon all holders of Series 1 Preferred Shares. Empire Life will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to the registered holders of the then outstanding Series 1 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 1 Preferred Shares on or before the dividend payment date for a particular quarter, then the entitlement of the holders of the Series 1 Preferred Shares to such dividends, or to any part thereof, for such quarter will be forever extinguished. Payments of dividends and other amounts in respect of the Series 1 Preferred Shares will be made by Empire Life to CDS, or its nominee, as the case may be, as registered holder of the Series 1 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 1 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 1 Preferred Shares for the purposes of receiving payment on the Series 1 Preferred Shares. See “– Depository Services”.

Redemption

The Series 1 Preferred Shares will not be redeemable by Empire Life prior to April 17, 2021. On April 17, 2021 and on April 17 every fifth year thereafter (each a “**Series 1 Conversion Date**”), but subject to the provisions of the ICA, including the requirement of obtaining the prior consent of the Superintendent, and subject to certain other restrictions set out in “Description of Share Capital” and “– Restrictions on Dividends and Retirement of Series 1 Preferred Shares”, Empire Life may, at its option, on at least 30 days but not more than 60 days prior written notice to the registered holders of the Series 1 Preferred Shares, redeem all or any part of the outstanding Series 1 Preferred Shares by payment in cash for each Series 1 Preferred Share so redeemed of an amount equal to \$25.00 per Series 1 Preferred Share, in each case with an amount equal to the Accrued Amount up to but excluding the date fixed for redemption (less any applicable withholding tax).

Notice of any redemption will be given by Empire Life to the registered holders of the Series 1 Preferred Shares at least 30 days but not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 1 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 1 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 1 Preferred Shares. See “Risk Factors”.

Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares

Holders of Series 1 Preferred Shares will have the right, at their option, on the Series 1 Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to Empire Life of evidence of payment of the tax (if any) payable, all or any of their Series 1 Preferred Shares registered in their name into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share. The conversion of Series 1 Preferred Shares may be effected upon written notice given by the registered holders of the Series 1 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 1 Conversion Date.

Empire Life will, at least 30 days and not more than 60 days prior to the applicable Series 1 Conversion Date, give notice in writing to the then registered holders of Series 1 Preferred Shares of the above-mentioned conversion right. On the Fixed Rate Calculation Date, Empire Life will give notice in writing to the then registered holders of the Series 1 Preferred Shares of the Annual Fixed Dividend Rate for the next succeeding Subsequent Fixed Rate Period and the Floating Quarterly Dividend Rate applicable to the Series 2 Preferred Shares for the next succeeding Quarterly Floating Rate Period.

If Empire Life gives notice to the registered holders of the Series 1 Preferred Shares of the redemption on a Series 1 Conversion Date of all the Series 1 Preferred Shares, Empire Life will not be required to give notice as provided hereunder to the registered holders of the Series 1 Preferred Shares of the Annual Fixed Dividend Rate, the Floating Quarterly Dividend Rate or of the conversion right of holders of Series 1 Preferred Shares and the right of any holder of Series 1 Preferred Shares to convert such Series 1 Preferred Shares will cease and terminate in that event.

Holders of Series 1 Preferred Shares will not be entitled to convert their shares into Series 2 Preferred Shares if Empire Life determines that there would remain outstanding on a Series 1 Conversion Date less than 500,000 Series 2 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for

conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares. Empire Life will give notice in writing to all registered holders of Series 1 Preferred Shares of their inability to convert their Series 1 Preferred Shares at least seven days prior to the applicable Series 1 Conversion Date. Furthermore, if Empire Life determines that there would remain outstanding on a Series 1 Conversion Date less than 500,000 Series 1 Preferred Shares, after having taken into account all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares and all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares, then, all, but not part, of the remaining outstanding Series 1 Preferred Shares will automatically be converted into Series 2 Preferred Shares on the basis of one Series 2 Preferred Share for each Series 1 Preferred Share, on the applicable Series 1 Conversion Date and Empire Life will give notice in writing to this effect to the then registered holders of such remaining Series 1 Preferred Shares at least seven days prior to the Series 1 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 1 Preferred Shares into Series 2 Preferred Shares (and upon an automatic conversion), Empire Life reserves the right not to (a) deliver Series 2 Preferred Shares to (i) any person whose address is in, or who Empire Life or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue or delivery would require Empire Life to take any action to comply with the securities, insurance or analogous laws of such jurisdiction or (ii) any person who beneficially owns, or who would own as a result of the conversion, directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, Series 2 Preferred Shares in excess of 10% of the total number of outstanding preferred shares or (b) record in its securities register a transfer or issue of Series 2 Preferred Shares to any person Empire Life or its transfer agent has reason to believe is an Ineligible Government Holder (as defined below) based on a declaration submitted to Empire Life or its transfer agent by or on behalf of such person.

In such circumstances the following procedures will apply: Empire Life or its agent will hold all or the relevant number of Series 1 Preferred Shares, as agent for any such person, and attempt to sell those Series 1 Preferred Shares (to parties other than Empire Life and its affiliates) on behalf of any such person. Such sales, if any, will be made at such times, and at such prices, as Empire Life or its agent in its sole discretion may determine. Empire Life and its agent will not be subject to any liability for failing to sell Series 1 Preferred Shares on behalf of any such person at any particular price on any particular day. The net proceeds received by Empire Life or its agent from the sale of Series 1 Preferred Shares will be divided among such persons in proportion to the number of affected Series 1 Preferred Shares held by each one of them, after deducting the cost of sale and any applicable withholding taxes. Empire Life or its agent will make payment of the aggregate net proceeds to CDS (if the Series 1 Preferred Shares are held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such persons in accordance with the customary practice and procedures of CDS or the registrar and transfer agent, as applicable. See “Description of Share Capital”.

“Ineligible Government Holder” means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in Empire Life’s securities register of a transfer or issue of any share of Empire Life to such person would cause Empire Life to contravene the ICA.

Purchase for Cancellation

Subject to the provisions of the ICA, including the requirement of obtaining the prior consent of the Superintendent, and subject to certain other restrictions set out under “Description of Share Capital” and “Restrictions on Dividends and Retirement of Series 1 Preferred Shares”, Empire Life may at any time or times purchase for cancellation all or any part of the Series 1 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Empire Life, or any other distribution of assets of Empire Life for the purpose of winding up its affairs, the holders of Series 1 Preferred Shares will be entitled to receive \$25.00 for each Series 1 Preferred Share held by them, together with all dividends declared and unpaid to the date of distribution, before any amounts are paid or any assets of Empire Life distributed to holders of any shares

ranking junior to the Series 1 Preferred Shares. After payment of those amounts, the holders of Series 1 Preferred Shares will not be entitled to share in any further distribution of the property or assets of Empire Life.

Voting Rights

Subject to applicable law, holders of the Series 1 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of Empire Life unless and until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “ – Dividends”. In that event, subject to the provisions of the ICA, the holders of the Series 1 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of Empire Life at which directors are to be elected and will be entitled to one vote for each Series 1 Preferred Share held in the election of directors voting together with all other shareholders of Empire Life who are entitled to vote at such meetings, and the holders of the Series 1 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 1 Preferred Shares shall cease upon payment by Empire Life of the whole amount of a dividend on the Series 1 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Series 1 Preferred Shares have again been extinguished, such voting rights shall become effective again and so on from time to time.

Restrictions on Dividends and Retirement of Series 1 Preferred Shares

As long as any of the Series 1 Preferred Shares are outstanding, Empire Life will not, without the approval of the holders of the Series 1 Preferred Shares given as specified under “– Shareholder Approvals”:

- declare, pay or set apart for payment any dividend on the common shares of Empire Life or any other shares ranking junior to the Series 1 Preferred Shares (other than stock dividends in any shares ranking junior to the Series 1 Preferred Shares);
- redeem, purchase or otherwise retire any common shares of Empire Life or any other shares ranking junior to the Series 1 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 1 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 1 Preferred Shares; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares redeem, purchase or otherwise retire any other shares ranking on a parity with the Series 1 Preferred Shares;

unless, in each case, all dividends on the Series 1 Preferred Shares up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series 1 Preferred Shares, have been declared and paid or set apart for payment.

Issue of Additional Class of Preferred Shares and Amendments to the Series 1 Preferred Shares

Although the approval of the holders of the preferred shares voting separately as a class or series is not required on a proposal to amend the by-laws of Empire Life to create a new class of shares equal to or superior to the Series 1 Preferred Shares, Empire Life will not create any such class of shares superior to the Series 1 Preferred Shares without the approval of the holders of the Series 1 Preferred Shares voting together as a class. Empire Life may issue other series of preferred shares ranking on a parity with the Series 1 Preferred Shares without the approval of the holders of the Series 1 Preferred Shares. Empire Life will not without, but may from time to time with, the approval of the holders of the Series 1 Preferred Shares given as specified under “– Shareholder Approvals” and the prior consent of the Superintendent, add, delete or vary any rights, privileges, restrictions and conditions attaching to the Series 1 Preferred Shares.

Shareholder Approvals

Any approval given by the holders of Series 1 Preferred Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed with the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of the holders of the Series 1 Preferred Shares duly called and held, in accordance with the terms and conditions attaching to the Series 1 Preferred Shares and the preferred shares as a class, as if such class provisions referred to authorization by holders of the Series 1 Preferred Shares.

Tax Election

The Series 1 Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 1 Preferred Shares require Empire Life to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares. See “Certain Canadian Federal Income Tax Considerations”.

Depository Services

Except as otherwise provided below, the Series 1 Preferred Shares will be issued in “book-entry only” form and must be purchased, transferred, exchanged or redeemed through participants (“**Participants**”), in the depository service of CDS or its nominee. Each of the Underwriters is a Participant. On the closing of this offering, Empire Life will cause a global certificate or certificates representing the Series 1 Preferred Shares to be delivered to, and registered in the name of, CDS or its nominee. Except as described below, no purchaser of Series 1 Preferred Shares will be entitled to a certificate or other instrument from Empire Life or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a Participant acting on behalf of such purchaser. Each purchaser of Series 1 Preferred Shares will receive a customer confirmation of purchase from the registered dealer from which the Series 1 Preferred Shares are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in the Series 1 Preferred Shares. Reference in this prospectus to a holder of Series 1 Preferred Shares means, unless the context otherwise requires, the owner of the beneficial interest in the Series 1 Preferred Shares.

Neither Empire Life nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Series 1 Preferred Shares held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Series 1 Preferred Shares; or (c) any advice or representation made by or with respect to CDS and those contained in this prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of Participants. The rules governing CDS provide that it acts as the agent and depository for the Participants. As a result, Participants must look solely to CDS and persons, other than Participants, having an interest in the Series 1 Preferred Shares must look solely to Participants for payments made by or on behalf of Empire Life to CDS in respect of the Series 1 Preferred Shares.

If Empire Life determines, or CDS notifies Empire Life in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Series 1 Preferred Shares and Empire Life is unable to locate a qualified successor, or if Empire Life at its option elects, or is required by law, to withdraw the Series 1 Preferred Shares from the book-entry system, then Series 1 Preferred Shares will be issued in fully registered form to holders or their nominees.

Business Days

If any action is required to be taken by Empire Life on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

Certain Provisions of the Series 2 Preferred Shares as a Series

The following is a summary of certain provisions attaching to the Series 2 Preferred Shares as a series.

Definition of Terms

The following definitions are relevant to the Series 2 Preferred Shares.

“Floating Quarterly Dividend Rate” means, for any Quarterly Floating Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the T-Bill Rate on the applicable Floating Rate Calculation Date plus 4.99% (calculated on the basis of the actual number of days elapsed in such Quarterly Floating Rate Period divided by 365).

“Floating Rate Calculation Date” means, for any Quarterly Floating Rate Period, the 30th day prior to the first day of such Quarterly Floating Rate Period.

“Quarterly Commencement Date” means the 18th day of each of January, April, July and October in each year.

“Quarterly Floating Rate Period” means, for the initial Quarterly Floating Rate Period, the period commencing on April 18, 2021 and ending on and including July 17, 2021, and thereafter the period from and including the day immediately following the end of the immediately preceding Quarterly Floating Rate Period to but excluding the next succeeding Quarterly Commencement Date.

“T-Bill Rate” means, for any Quarterly Floating Rate Period, the average yield expressed as a percentage per annum on three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the applicable Floating Rate Calculation Date.

Issue Price

The Series 2 Preferred Shares will have an issue price of \$25.00 per share.

Dividends

The holders of the Series 2 Preferred Shares will be entitled to receive floating rate non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the ICA, payable quarterly on the 17th day in each of January, April, July and October in each year, in a quarterly amount per share determined by multiplying the applicable Floating Quarterly Dividend Rate by \$25.00 (less any applicable withholding tax).

The Floating Quarterly Dividend Rate for each Quarterly Floating Rate Period will be determined by Empire Life on the 30th day prior to the first day of each Quarterly Floating Rate Period. Such determination will, in the absence of manifest error, be final and binding upon Empire Life and upon all holders of Series 2 Preferred Shares. Empire Life will, on the Floating Rate Calculation Date, give written notice of the Floating Quarterly Dividend Rate for the ensuing Quarterly Floating Rate Period to the registered holders of the then outstanding Series 2 Preferred Shares.

If the Board of Directors does not declare the dividends, or any part thereof, on the Series 2 Preferred Shares on or before the dividend payment date for a particular Quarterly Floating Rate Period, then the entitlement of the holders of the Series 2 Preferred Shares to such dividends, or to any part thereof, for such Quarterly Floating Rate Period will be forever extinguished. Payments of dividends and other amounts in respect of the Series 2 Preferred Shares will be made by Empire Life to CDS, or its nominee, as the case may be, as registered holder of the Series 2 Preferred Shares. As long as CDS, or its nominee, is the registered holder of the Series 2 Preferred Shares, CDS, or its nominee, as the case may be, will be considered the sole owner of the Series 2 Preferred Shares for the purposes of receiving payment on the Series 2 Preferred Shares. See “– Depository Services”.

Redemption

Subject to the provisions of the ICA, including the requirement of obtaining the prior consent of the Superintendent, and subject to certain other restrictions set out in “Description of Share Capital” and “– Restrictions

on Dividends and Retirement of Series 2 Preferred Shares”, Empire Life may, at its option, on at least 30 days but not more than 60 days prior written notice to the registered holders of the Series 2 Preferred Shares, redeem all or any part of the outstanding Series 2 Preferred Shares by payment in cash of a per share sum equal to (i) \$25.00 in the case of redemptions on April 17, 2026 and on April 17 every five years thereafter (each a “**Series 2 Conversion Date**”), or (ii) \$25.50 in the case of redemptions on any other date after April 17, 2021 that is not a Series 2 Conversion Date, in each case, with an amount equal to the Accrued Amount up to but excluding the date fixed for redemption (less any applicable withholding tax).

Notice of any redemption will be given by Empire Life to the registered holders of the Series 2 Preferred Shares at least 30 days but not more than 60 days prior to the date fixed for redemption. If less than all of the outstanding Series 2 Preferred Shares are to be redeemed, the shares to be redeemed shall be selected on a pro rata basis disregarding fractions or, if such shares are at such time listed on such exchange, with the consent of the TSX, in such manner as the Board of Directors in its sole discretion may, by resolution, determine.

The Series 2 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of the Series 2 Preferred Shares. See “Risk Factors”.

Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares

Holders of Series 2 Preferred Shares will have the right, at their option, on the Series 2 Conversion Date, to convert, subject to the restrictions on conversion described below and the payment or delivery to Empire Life of evidence of payment of the tax (if any) payable, all or any of their Series 2 Preferred Shares registered in their name into Series 1 Preferred Shares on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share. The conversion of Series 2 Preferred Shares may be effected upon written notice given by the registered holders of the Series 2 Preferred Shares not earlier than the 30th day prior to, but not later than 5:00 p.m. (Toronto time) on the 15th day preceding, a Series 2 Conversion Date.

Empire Life will, at least 30 days and not more than 60 days prior to the applicable Series 2 Conversion Date, give notice in writing to the then registered holders of the Series 2 Preferred Shares of the above-mentioned conversion right. On the Floating Rate Calculation Date, Empire Life will give notice in writing to the then registered holders of the Series 2 Preferred Shares of the Floating Quarterly Dividend Rate for the next succeeding Quarterly Floating Rate Period and, on the Floating Rate Calculation Date immediately prior to each Series 2 Conversion Date, the Annual Fixed Dividend Rate applicable to the Series 1 Preferred Shares for the next succeeding Subsequent Fixed Rate Period.

If Empire Life gives notice to the registered holders of the Series 2 Preferred Shares of the redemption on a Series 2 Conversion Date of all the Series 2 Preferred Shares, Empire Life will not be required to give notice as provided hereunder to the registered holders of the Series 2 Preferred Shares of the Floating Quarterly Dividend Rate, the Annual Fixed Dividend Rate or of the conversion right of holders of Series 2 Preferred Shares and the right of any holder of Series 2 Preferred Shares to convert such Series 2 Preferred Shares will cease and terminate in that event.

Holders of Series 2 Preferred Shares will not be entitled to convert their shares into Series 1 Preferred Shares if Empire Life determines that there would remain outstanding on a Series 2 Conversion Date less than 500,000 Series 1 Preferred Shares, after having taken into account all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares and all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares. Empire Life will give notice in writing to all registered holders of Series 2 Preferred Shares of their inability to convert their Series 2 Preferred Shares at least seven days prior to the applicable Series 2 Conversion Date. Furthermore, if Empire Life determines that there would remain outstanding on a Series 2 Conversion Date less than 500,000 Series 2 Preferred Shares, after having taken into account all Series 2 Preferred Shares tendered for conversion into Series 1 Preferred Shares and all Series 1 Preferred Shares tendered for conversion into Series 2 Preferred Shares, then, all, but not part, of the remaining outstanding Series 2 Preferred Shares will automatically be converted into Series 1 Preferred Shares on the basis of one Series 1 Preferred Share for each Series 2 Preferred Share, on the applicable Series 2 Conversion Date and Empire Life will give notice in writing to this effect to the then registered holders of such remaining Series 2 Preferred Shares at least seven days prior to the Series 2 Conversion Date.

Upon exercise by a registered holder of its right to convert Series 2 Preferred Shares into Series 1 Preferred Shares (and upon an automatic conversion), Empire Life reserves the right not to (a) deliver Series 1 Preferred Shares to (i) any person whose address is in, or who Empire Life or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue or delivery would require Empire Life to take any action to comply with the securities, insurance or analogous laws of such jurisdiction or (ii) any person who beneficially owns, or who would own as a result of the conversion, directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, Series 1 Preferred Shares in excess of 10% of the total number of outstanding preferred shares of Empire Life or (b) record in its securities register a transfer or issue of Series 1 Preferred Shares to any person Empire Life or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to Empire Life or its transfer agent by or on behalf of such person.

In such circumstances the following procedures will apply: Empire Life or its agent will hold all or the relevant number of Series 2 Preferred Shares, as agent for any such person, and attempt to sell those Series 2 Preferred Shares (to parties other than Empire Life and its affiliates) on behalf of any such person. Such sales, if any, will be made at such times, and at such prices, as Empire Life or its agent in its sole discretion may determine. Empire Life and its agent will not be subject to any liability for failing to sell Series 2 Preferred Shares on behalf of any such person at any particular price on any particular day. The net proceeds received by Empire Life or its agent from the sale of Series 2 Preferred Shares will be divided among such persons in proportion to the number of affected Series 2 Preferred Shares held by each one of them, after deducting the cost of sale and any applicable withholding taxes. Empire Life or its agent will make payment of the aggregate net proceeds to CDS (if the Series 2 Preferred Shares are held in the book-entry only system) or to the registrar and transfer agent (in all other cases) for distribution to such persons in accordance with the customary practice and procedures of CDS or the registrar and transfer agent, as applicable. See “Description of Share Capital”.

Purchase for Cancellation

Subject to the provisions of the ICA, including the requirement of obtaining the prior consent of the Superintendent, and subject to certain other restrictions set out under “Description of Share Capital” and “–Restrictions on Dividends and Retirement of Series 2 Preferred Shares”, Empire Life may at any time or times purchase for cancellation all or any part of the Series 2 Preferred Shares outstanding from time to time, by private contract or tender or in the open market, at any price.

Rights on Liquidation

In the event of the liquidation, dissolution or winding-up of Empire Life or any other distribution of assets of Empire Life for the purpose of winding up its affairs, the holders of Series 2 Preferred Shares will be entitled to receive \$25.00 for each Series 2 Preferred Share held by them, together with all dividends declared and unpaid to the date of distribution, before any amounts are paid or any assets of Empire Life distributed to holders of any shares ranking junior to the Series 2 Preferred Shares. After payment of those amounts, the holders of Series 2 Preferred Shares will not be entitled to share in any further distribution of the property or assets of Empire Life.

Voting Rights

Subject to applicable law, holders of the Series 2 Preferred Shares will not be entitled as such to receive notice of or to attend or to vote at any meeting of the shareholders of Empire Life unless and until the first time at which the rights of such holders to any undeclared dividends have been extinguished as described under “–Dividends”. In that event, subject to the provisions of the ICA, the holders of the Series 2 Preferred Shares will be entitled to receive notice of, and to attend, only meetings of shareholders of Empire Life at which directors are to be elected and will be entitled to one vote for each Series 2 Preferred Share held in the election of directors voting together with all other shareholders of Empire Life who are entitled to vote at such meetings, and the holders of the Series 2 Preferred Shares will not be entitled to vote in respect of any other business conducted at such meetings. The voting rights of the holders of the Series 2 Preferred Shares shall cease upon payment by Empire Life of the whole amount of a dividend on the Series 2 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Series 2 Preferred Shares have again been extinguished, such voting rights shall become effective again and so on from time to time.

Restrictions on Dividends and Retirement of Series 2 Preferred Shares

As long as any of the Series 2 Preferred Shares are outstanding, Empire Life will not, without the approval of the holders of the Series 2 Preferred Shares given as specified under “– Shareholder Approvals”:

- declare, pay or set apart for payment any dividend on the common shares of Empire Life or any other shares ranking junior to the Series 2 Preferred Shares (other than stock dividends in any shares ranking junior to the Series 2 Preferred Shares);
- redeem, purchase or otherwise retire any common shares of Empire Life or any other shares ranking junior to the Series 2 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 2 Preferred Shares);
- redeem, purchase or otherwise retire less than all of the Series 2 Preferred Shares; or
- except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares redeem, purchase or otherwise retire any other shares ranking on a parity with the Series 2 Preferred Shares;

unless, in each case, all dividends on the Series 2 Preferred Shares up to and including those payable on the dividend payment date for the last completed period for which dividends shall be payable and in respect of which the rights of the holders have not been extinguished, and all dividends then accrued on all other shares ranking senior to or on a parity with the Series 2 Preferred Shares, have been declared and paid or set apart for payment.

Issue of Additional Class of Preferred Shares and Amendments to the Series 2 Preferred Shares

Although the approval of the holders of the preferred shares voting separately as a class or series is not required on a proposal to amend the by-laws of Empire Life to create a new class of shares equal to or superior to the Series 2 Preferred Shares, Empire Life will not create any such class of shares superior to the Series 2 Preferred Shares without the approval of the holders of the Series 2 Preferred Shares voting together as a class. Empire Life may issue other series of preferred shares ranking on a parity with the Series 2 Preferred Shares without the approval of the holders of the Series 2 Preferred Shares. Empire Life will not without, but may from time to time with, the approval of the holders of the Series 2 Preferred Shares given as specified under “– Shareholder Approvals” and the prior consent of the Superintendent, add, delete or vary any rights, privileges, restrictions and conditions attaching to the Series 2 Preferred Shares.

Shareholder Approvals

Any approval given by the holders of Series 2 Preferred Shares shall be deemed to have been sufficiently given if it shall have been given by a resolution passed with the affirmative vote of not less than 66 2/3% of the votes cast at a meeting of the holders of the Series 2 Preferred Shares duly called and held, in accordance with the terms and conditions attaching to the Series 2 Preferred Shares and the preferred shares as a class, as if such class provisions referred to authorization by holders of the Series 2 Preferred Shares.

Tax Election

The Series 2 Preferred Shares will be “taxable preferred shares” as defined in the Tax Act. The terms of the Series 2 Preferred Shares require Empire Life to make the necessary election under Part VI.1 of the Tax Act so that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 2 Preferred Shares. See “Certain Canadian Federal Income Tax Considerations”.

Depository Services

If issued, the Series 2 Preferred Shares will be in “book-entry only” form unless Empire Life elects otherwise and may be purchased, held and transferred in substantially the same manner as the Series 1 Preferred Shares. See “Details of the Offering – Certain Provisions of the Series 1 Preferred Shares as a Series – Depository Services”.

Business Days

If any action is required to be taken by Empire Life on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

RATINGS

The Series 1 Preferred Shares have been assigned a provisional rating of Pfd-2 with a stable trend by DBRS Limited (“**DBRS**”).

A Pfd-2 rating by DBRS is the second highest of three subcategories within the second highest of six categories used by DBRS for preferred shares. According to the DBRS rating system, preferred shares rated Pfd-2 are of satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as “Pfd-1” rated companies. Each category is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. A rating trend, expressed as “Positive”, “Stable” or “Negative”, provides guidance in respect of DBRS’ opinion regarding the outlook for the rating.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned to the Series 1 Preferred Shares may not reflect the potential impact of all risks on the value of the Series 1 Preferred Shares. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency. Prospective investors should consult the relevant rating organization with respect to the interpretation and implications of the ratings.

Empire Life has paid customary rating fees to DBRS in connection with the above-mentioned ratings and will pay customary rating fees to DBRS in connection with the confirmation of such ratings for purposes of this offering. In addition, Empire Life has made customary payments in respect of certain other services provided to Empire Life by DBRS during the last two years.

CONSOLIDATED CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at September 30, 2015 before and on a pro forma basis after giving effect to the Offering.

This table is presented and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and the notes thereto for the three-month and nine-month periods ended September 30, 2015 incorporated by reference herein.

	(in thousands of dollars)	
As at	September 30, 2015	Pro Forma September 30, 2015 ⁽¹⁾
Subordinated Debt	299,024	299,024
Equity		
Shareholders' equity		
Common shares	985	985
Preferred shares ^{(2), (3)}	0	130,000
Contributed surplus	19,387	19,387
Retained earnings	1,058,940	1,058,940
Accumulated other comprehensive income	915	915
Policyholders' equity		
Retained earnings	47,646	47,646
Accumulated other comprehensive income	5,885	5,885
Total equity^{(2), (3)}	1,133,758	1,263,758
Total capitalization	1,432,782	1,562,782

⁽¹⁾ As adjusted to give effect to the Offering.

⁽²⁾ If the Over-Allotment Option is exercised in full, preferred shares and total equity, after giving effect to the Offering, will be increased to \$149,500 and \$1,283,258, respectively.

⁽³⁾ This figure represents gross proceeds of the Offering.

DESCRIPTION OF SHARE CAPITAL

The Corporation's authorized share capital consists of 2,000,000 common shares with no par value, of which as at January 27, 2016 there are 985,076 issued and outstanding and an unlimited number of preferred shares with no par value, issuable in series.

CONSTRAINTS ON OWNERSHIP OF SHARES

The ICA contains restrictions on the purchase or other acquisition, issue, transfer and voting of the shares of Empire Life. Pursuant to these restrictions, no person is permitted to acquire any shares of Empire Life if the acquisition would cause the person to have a "significant interest" in any class of shares of Empire Life, unless the prior approval of the Minister of Finance is obtained. The restrictions also prohibit any person from becoming a "major shareholder" of Empire Life. In addition, Empire Life is not permitted to record in its securities register any transfer or issue of shares if the transfer or issue would cause the person to breach the ownership restrictions. For these purposes, a person has a significant interest in a class of shares of Empire Life where the aggregate of any shares of that class beneficially owned by that person, any entity controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all the outstanding shares of that class of

shares of Empire Life. A person is a major shareholder if the aggregate of any shares in a class of voting shares held by that person and by any entity controlled by that person exceeds 20% of the outstanding shares of that class, or, for a class of non-voting shares, a holding exceeds 30% of that class. If a person contravenes any of these restrictions, the Minister of Finance may, by order, direct such person to dispose of all or any portion of those shares. In addition, the ICA prohibits life insurance companies, including Empire Life, from recording in its securities register a transfer or issue of any share to Her Majesty in right of Canada or of a province, an agent or agency of Her Majesty, a foreign government or an agent or agency of a foreign government and provides further that no person may exercise the voting rights attached to those shares of an insurance company. The ICA exempts from such constraints certain foreign financial institutions which are controlled by foreign governments and eligible agents provided certain conditions are satisfied.

PRIOR SALES

The Corporation has not issued any Series 1 Preferred Shares, or any securities convertible into or exchangeable for Series 1 Preferred Shares, in the twelve months preceding the date of this prospectus.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement, the Corporation has agreed to sell and the Underwriters have severally agreed to purchase on February 16, 2016, or such later date as may be agreed upon by the Corporation and the Underwriters, but not later than February 23, 2016, 5,200,000 Series 1 Preferred Shares at a price of \$25.00 per Series 1 Preferred Share (the “**Offering Price**”), for aggregate gross consideration of \$130,000,000 payable in cash to the Corporation against delivery of such Series 1 Preferred Shares. The Offering Price of the Series 1 Preferred Shares was determined by negotiation between the Corporation and the Underwriters. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. Such events include, but are not limited to: (i) there has been any inquiry, investigation or other proceeding (whether formal or informal) instituted or threatened, or any order or ruling made, threatened or announced by any Canadian Governmental Authority (as defined in the Underwriting Agreement), any Canadian Securities Regulator (as defined in the Underwriting Agreement) or any other securities regulatory authority, with jurisdiction over Empire Life or any of its subsidiaries (other than an inquiry, investigation, proceeding or ruling based solely upon the activities or alleged activities of the Selling Firms (as defined in the Underwriting Agreement)), or any law or regulation promulgated or changed which, in the reasonable opinion of the Underwriters, operates to prevent or restrict trading in or distribution of the Series 1 Preferred Shares; (ii) there has occurred (A) any material change (whether actual or anticipated, contemplated or proposed by, or threatened), or any development involving a prospective material change, in the business, assets, liabilities (absolute, accrued, contingent or otherwise), capital, operations, management or condition (financial or otherwise) of Empire Life and its subsidiaries considered as a whole, whether or not arising in the ordinary course of business, from that set forth in this prospectus, as amended or supplemented by any prospectus amendment prior to that time; (B) any material fact which has arisen or has been discovered and would have been required under Canadian Securities Laws (as defined in the Underwriting Agreement) to have been stated in this prospectus, had the fact arisen or been discovered on, or prior to, the date of this prospectus, or (C) any change in any material fact (which for the purposes of the Offering is deemed to include disclosure of any previously undisclosed material fact) contained in this prospectus or the occurrence or existence of any event, as a result of which it is necessary to amend or supplement this prospectus, in order that this prospectus will not include any untrue statement of a material fact or omit to state a material fact that is required to be stated or that is necessary in order to make the statements therein not misleading in light of the circumstances existing at the time it is delivered to a purchaser, or in order to comply with Canadian Securities Laws or the Underwriters become aware of an undisclosed material fact which, in the reasonable opinion of the Underwriters, could reasonably be expected to have a significant adverse effect on the market price or value of the Series 1 Preferred Shares or to result in purchasers of a material number of the Series 1 Preferred Shares exercising their right under Canadian Securities Laws to withdraw from or rescind their purchase thereof or sue for damages in respect thereof; (iii) (A) there has developed, occurred or come into effect or existence any occurrence of national or international consequence or any action, governmental law or regulation, inquiry or other occurrence of any nature whatsoever, or (B) there has been any attack on, outbreak or escalation of hostilities or acts of terrorism involving Canada or the United States, any declaration of war by Canada or the United States or any other substantial national or international calamity or emergency, which, in the reasonable opinion of the Underwriters, seriously adversely affects, or involves, or will

seriously adversely affect, or involve, the financial markets or the business, operations or affairs of Empire Life and its subsidiaries taken as a whole and in the reasonable opinion of the Underwriters such event would reasonably be expected to have a significant adverse effect on the market price or value of the Series 1 Preferred Shares; (iv) there has been and remains at the time of closing on the Closing Date any adverse change in the assigned ratings on the Series 1 Preferred Shares by DBRS; or (v) the Corporation is in breach of, default under or non-compliance with any covenant, term or condition of the Underwriting Agreement in any material respect, or any representation or warranty becomes or is false in any material respect. The Underwriters are, however, obligated to take up and pay for all the Series 1 Preferred Shares if any Series 1 Preferred Shares are purchased under the Underwriting Agreement. The Underwriting Agreement provides that the Underwriters will be paid an Underwriters' fee per share equal to \$0.25 with respect to Series 1 Preferred Shares sold to certain institutions and \$0.75 with respect to all other Series 1 Preferred Shares. Assuming no Series 1 Preferred Shares are sold to such institutions, the Underwriters' fee would be \$3,900,000. The Series 1 Preferred Shares are being offered and sold to the public in all of the provinces and territories of Canada pursuant to this prospectus.

The Corporation has granted to the Underwriters the Over-Allotment Option, which is exercisable in whole or in part at any time for a period of 30 days after the Closing Date to purchase up to an additional 15% of the aggregate number of Series 1 Preferred Shares issued under the Offering, being 780,000 Series 1 Preferred Shares, on the same terms as set forth above. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Series 1 Preferred Shares to be delivered upon the exercise of the Over-Allotment Option. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the Corporation will be \$149,500,000, \$4,485,000 (assuming no Series 1 Preferred Shares are sold to certain institutions) and \$145,015,000 (before deducting the expenses of the Offering which are estimated to be approximately \$850,000), respectively. A purchaser who acquires Series 1 Preferred Shares forming part of the Underwriters' over-allocation position acquires such Series 1 Preferred Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Underwriters propose to offer the Series 1 Preferred Shares initially at the Offering Price. After a reasonable effort has been made to sell all of the Series 1 Preferred Shares at the Offering Price, the Underwriters may subsequently reduce and thereafter change, from time to time, the price at which the Series 1 Preferred Shares are offered to an amount not greater than the Offering Price. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Series 1 Preferred Shares is less than the gross proceeds paid by the Underwriters to the Corporation.

The Underwriters may not, throughout the period of distribution, bid for or purchase the Series 1 Preferred Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of the Series 1 Preferred Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. The Corporation has been advised that, in connection with this offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Series 1 Preferred Shares at a higher level than that which might exist in the open market. These transactions may be commenced, interrupted or discontinued at any time.

There is currently no market through which the Series 1 Preferred Shares may be sold and purchasers may not be able to resell Series 1 Preferred Shares purchased under this prospectus. Closing of the Offering is conditional on the Series 1 Preferred Shares and the Series 2 Preferred Shares being listed on the TSX. The Corporation received conditional approval to list the Series 1 Preferred Shares and the Series 2 Preferred Shares on the TSX. Listing will be subject to the Corporation fulfilling all the listing requirements of the TSX.

The Series 1 Preferred Shares will be offered in each of the provinces and territories of Canada through the Underwriters or their affiliates who are registered to offer the Series 1 Preferred Shares for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters.

Each of the Underwriters has represented and agreed that it will not solicit offers to purchase or sell the Series 1 Preferred Shares so as to require registration thereof or filing of a prospectus with respect thereto under the

laws of any jurisdiction including, without limitation, the United States, except as set forth in the Underwriting Agreement.

Neither the Series 1 Preferred Shares nor the Series 2 Preferred Shares have been or will be, registered under the U.S. Securities Act or , or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. person (as defined in Regulation S under the U.S. Securities Act), except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Series 1 Preferred Shares or the Series 2 Preferred Shares in the United States. In addition, until 40 days after the commencement of this offering, an offer or sale of Series 1 Preferred Shares or the Series 2 Preferred Shares within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from the registration requirements of the U.S. Securities Act.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Corporation, and Torys LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser of Series 1 Preferred Shares acquired pursuant to this prospectus and Series 2 Preferred Shares acquired upon the conversion of the Series 1 Preferred Shares so acquired who at all relevant times, within the meaning of the Tax Act, is or is deemed to be resident in Canada, deals at arm's length with the Corporation, is not affiliated with the Corporation, holds the Series 1 Preferred Shares and any Series 2 Preferred Shares as capital property and is not exempt from tax under Part I of the Tax Act (a "**Purchaser**").

Generally, the Series 1 Preferred Shares and the Series 2 Preferred Shares will be capital property to a Purchaser provided the Purchaser does not hold such shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of a trade. Certain Purchasers who might not otherwise be considered to hold Series 1 Preferred Shares or Series 2 Preferred Shares as capital property may, in certain circumstances, be entitled to have them and every other "Canadian security" (as defined in the Tax Act) owned by such Purchaser in the taxation year of the election and all subsequent taxation years, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is not applicable to a Purchaser: (i) that is a "financial institution", as defined in the Tax Act for the purposes of the "mark to market property" rules, (ii) an interest in which would be a "tax shelter investment", as defined in the Tax Act, (iii) that has elected to report its "Canadian tax results", as defined in the Tax Act, in a currency other than Canadian currency, or (iv) that enters into a "derivative forward agreement" (as defined in the Tax Act), in respect of the Series 1 Preferred Shares or the Series 2 Preferred Shares. Such Purchasers should consult their own tax advisers having regard to their particular circumstances. Furthermore, this summary is not applicable to a Purchaser that is a "specified financial institution" (as defined in the Tax Act) that receives or is deemed to receive, alone or together with persons with whom it does not deal at arm's length, in the aggregate dividends in respect of more than 10% of the Series 1 Preferred Shares or the Series 2 Preferred Shares, as the case may be, outstanding at the time the dividend is received. This summary also assumes that all issued and outstanding Series 1 Preferred Shares or Series 2 Preferred Shares are listed on a "designated stock exchange" (as defined in the Tax Act, which includes the TSX) in Canada at such times as dividends (including deemed dividends) are paid or received on such shares.

This summary is based upon the facts set out in this prospectus, the current provisions of the Tax Act in force on the date of this prospectus, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") published in writing by the CRA prior to the date of this prospectus. There can be no assurance that the proposed amendments will be implemented in their current form or at all. This summary is not exhaustive of all possible income tax considerations and, except for the proposed amendments, does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or changes in the administrative policies or

assessing practices of the CRA, nor does it take into account other federal tax legislation or considerations or the tax legislation or considerations of any province, territory or foreign jurisdiction. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Purchaser, and no representations with respect to the income tax consequences to any particular Purchaser are made. Accordingly, prospective Purchasers are urged to consult their own tax advisers for advice with respect to the tax consequences to them of acquiring, holding and disposing of the Series 1 Preferred Shares and Series 2 Preferred Shares, including the application and effect of the income and other tax laws of any foreign jurisdiction or any province, territory or local tax authority.

Dividends

Dividends (including deemed dividends) received on the Series 1 Preferred Shares or the Series 2 Preferred Shares by a Purchaser that is an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations, including the enhanced dividend gross-up and dividend tax credit rules applicable to any dividends designated by the Corporation as "eligible dividends" in accordance with the Tax Act.

Dividends (including deemed dividends) received on the Series 1 Preferred Shares or the Series 2 Preferred Shares by a Purchaser that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series 1 Preferred Shares and the Series 2 Preferred Shares will be "taxable preferred shares" (as defined in the Tax Act). The terms of the Series 1 Preferred Shares and the Series 2 Preferred Shares require the Corporation to make the necessary election under Part VI.1 of the Tax Act so that Purchasers that are corporate shareholders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares and the Series 2 Preferred Shares.

A "private corporation" (as defined in the Tax Act) or any other corporation controlled, whether by reason of a beneficial interest in one or more trusts or otherwise, by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), will generally be liable to pay a 33 $\frac{1}{3}$ % refundable tax under Part IV of the Tax Act on dividends received (or deemed to be received) on the Series 1 Preferred Shares and the Series 2 Preferred Shares to the extent such dividends are deductible in computing its taxable income. The refundable tax will be increased from 33 $\frac{1}{3}$ % to 38 $\frac{1}{3}$ % for dividends received after 2015 pursuant to proposals to amend the Tax Act released on December 7, 2015.

Dispositions

A Purchaser who disposes of or is deemed to dispose of the Series 1 Preferred Shares or the Series 2 Preferred Shares (including on redemption of the shares or other acquisition by the Corporation but not including a conversion) will generally realize a capital gain (or sustain a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to such Purchaser. The amount of any deemed dividend arising on the redemption or acquisition by the Corporation of the Series 1 Preferred Shares or the Series 2 Preferred Shares will generally not be included in computing the proceeds of disposition of a Purchaser for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "Redemption". If the Purchaser is a corporation, any such capital loss may in certain circumstances (including on redemption of the share or other acquisition by the Corporation) be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares, or a share which has been converted into such share, to the extent and under the circumstances prescribed by the Tax Act. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

Generally, one-half of any capital gain, which we refer to as a taxable capital gain, will be included in computing the Purchaser's income as a taxable capital gain. One-half of any capital loss, which we refer to as an allowable capital loss, realized in a taxation year must be deducted from the Purchaser's taxable capital gains

realized in that year in accordance with the rules contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized in a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act. Taxable capital gains of a “Canadian-controlled private corporation” (as defined in the Tax Act) may be subject to an additional refundable tax of 6 $\frac{2}{3}$ %. The refundable tax will be increased from 6 $\frac{2}{3}$ % to 10 $\frac{2}{3}$ % for taxation years that end after 2015, subject to proration for years that begin before 2016, pursuant to proposals to amend the Tax Act released on December 7, 2015.

Redemption

If the Corporation redeems for cash or otherwise acquires the Series 1 Preferred Shares or the Series 2 Preferred Shares, other than by a purchase in the manner in which shares are normally purchased by a member of the public in the open market, the Purchaser will be deemed to have received a dividend equal to the amount, if any, paid by the Corporation, including any redemption premium, in excess of the paid-up capital of such shares at such time as computed for purposes of the Tax Act. See “Dividends”. Generally, the proceeds of disposition for purposes of computing the capital gain or capital loss arising on the disposition of such share will be equal to the amount paid by the Corporation on redemption or acquisition of such share, including any redemption premium, less the amount of the deemed dividend, if any. See “Dispositions”. In the case of a corporate shareholder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

Conversion

The conversion of a Series 1 Preferred Share into a Series 2 Preferred Share and the conversion of a Series 2 Preferred Share into a Series 1 Preferred Share will be deemed not to be a disposition of property and accordingly will not give rise to any capital gain or capital loss. The cost to a Purchaser of a Series 2 Preferred Share or a Series 1 Preferred Share, as the case may be, received on the conversion will be deemed to be equal to the Purchaser’s adjusted cost base of the converted Series 1 Preferred Share or Series 2 Preferred Share, as the case may be, immediately before the conversion. The adjusted cost base of all of the Series 1 Preferred Shares or Series 2 Preferred Shares held by the Purchaser will be determined in accordance with the cost averaging rules in the Tax Act.

Alternative Minimum Tax

A capital gain realized, or a dividend received or deemed to be received, by a Purchaser that is an individual or a trust (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

EARNINGS COVERAGE RATIOS

For the Twelve Months Ended September 30, 2015

The Corporation’s dividend requirements on all of its preferred shares, after giving effect to the issue of Series 1 Preferred Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 26.59%, amounted to \$10,182,000 for the 12 months ended September 30, 2015. The Corporation’s borrowing cost requirements for the 12 months then ended amounted to \$8,956,000. The Corporation’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended September 30, 2015 was \$155,216,000, which is 8.1 times the Corporation’s aggregate dividend and borrowing cost requirements for this period.

For the Twelve Months Ended December 31, 2014

The Corporation’s dividend requirements on all of its preferred shares, after giving effect to the issue of Series 1 Preferred Shares, and adjusted to a before-tax equivalent using an effective income tax rate of 26.52%, amounted to \$10,173,000 for the 12 months ended December 31, 2014. The Corporation’s borrowing cost requirements for the 12 months then ended amounted to \$14,180,000. The Corporation’s profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months ended December 31, 2014 was

\$151,857,000, which is 6.2 times the Corporation's aggregate dividend and borrowing cost requirements for this period.

USE OF PROCEEDS

The estimated net proceeds of the Offering will be approximately \$125,250,000 (or \$144,165,000 if the Over-Allotment Option is exercised in full), after deducting the Underwriter's fee (assuming no Series 1 Preferred Shares are sold to certain institutions) and the Corporation's estimated expenses of the issue. The Corporation will use the net proceeds of the Offering for: (i) regulatory capital purposes; and (ii) general corporate purposes.

It is expected that the Series 1 Preferred Shares will constitute Tier 1 capital of the Corporation for the purposes of the ICA.

RISK FACTORS

You should carefully consider the risks described below, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this prospectus, and all other information contained in this prospectus. The risks and uncertainties described below are those the Corporation currently believe to be material, but they are not the only ones associated with an investment in the Series 1 Preferred Shares or the Series 2 Preferred Shares. If any of the following risks, or any other risks and uncertainties that the Corporation has not yet identified, that the Corporation currently considers not to be material or of which the Corporation is not aware, actually occur or become material risks, the business, prospects, financial condition, results of operations and cash flows of the Corporation, and the value of the securities of the Corporation, may be materially and adversely affected. In addition to the risks described in this prospectus, reference is made to the section entitled "Risk Factors" in the Non-Offering Prospectus.

Risks Relating to the Series 1 Preferred Shares and the Series 2 Preferred Shares

Risk of Changes to Credit Ratings

The value of the Series 1 Preferred Shares and the Series 2 Preferred Shares will be affected by Empire Life's general creditworthiness. Real or anticipated changes in credit ratings on the Series 1 Preferred Shares or the Series 2 Preferred Shares may affect the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares, respectively. No assurance can be given that any credit rating assigned to the Series 1 Preferred Shares or the Series 2 Preferred Shares will not be lowered or withdrawn entirely by the relevant rating agency. In addition, real or anticipated changes in credit ratings could adversely impact the marketability of the insurance and wealth management products offered by Empire Life and could affect the cost at which Empire Life obtains funding, thereby affecting Empire Life's liquidity, business, financial condition or results of operations.

Risk of Non-Payment of Dividends

The Series 1 Preferred Shares and the Series 2 Preferred Shares are non-cumulative and dividends are payable at the discretion of the Board of Directors. See "Earnings Coverage Ratios" which is relevant to an assessment of the risk that Empire Life will be unable to pay dividends on the Series 1 Preferred Shares or the Series 2 Preferred Shares.

Risks With Respect to Market Value

Prevailing yields on similar securities will affect the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares would be expected to decline as prevailing yields for similar securities rise, and would be expected to increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 1 Preferred Shares and the Series 2 Preferred Shares in an analogous manner.

From time to time, the financial markets experience significant price and volume volatility that may affect the market price of the Series 1 Preferred Shares and the Series 2 Preferred Shares for reasons unrelated to the

performance of Empire Life. The continuing volatility in financial markets may adversely affect Empire Life and the market price of the Series 1 Preferred Shares and the Series 2 Preferred Shares. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect Empire Life and the market price of the Series 1 Preferred Shares and the Series 2 Preferred Shares. Additionally, the value of the Series 1 Preferred Shares and the Series 2 Preferred Shares are subject to market value fluctuations based upon factors which influence Empire Life's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity.

Regulatory Risks

Empire Life is subject to extensive regulatory oversight in the jurisdictions in which it does business. These regulations are primarily intended to protect policyholders and beneficiaries first and foremost, not shareholders. Empire Life's business could be adversely affected by changes in applicable law or regulation or the interpretation or enforcement thereof.

The redemption or purchase by Empire Life of the Series 1 Preferred Shares and the Series 2 Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the ICA. See "Constraints on Ownership of Shares".

Liquidity and Price Risk

There is currently no market through which the Series 1 Preferred Shares and the Series 2 Preferred Shares may be sold. No assurance can be given as to whether an active trading market will develop or be maintained for the Series 1 Preferred Shares and the Series 2 Preferred Shares. To the extent that an active trading market for the Series 1 Preferred Shares and the Series 2 Preferred Shares does not develop, the liquidity and trading prices for the Series 1 Preferred Shares and the Series 2 Preferred Shares may be adversely affected. If the Series 1 Preferred Shares and the Series 2 Preferred Shares are traded after their initial issuance, they may trade at a discount from their initial price depending on prevailing interest rates, the market for similar securities, Empire Life's performance and other factors.

Other Risks Specific to the Securities

Neither Series 1 Preferred Shares nor the Series 2 Preferred Shares have a fixed maturity date and are not redeemable at the option of the holders of Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable. The ability of a holder to liquidate its holdings of Series 1 Preferred Shares or Series 2 Preferred Shares, as applicable, may be limited.

Empire Life may choose to redeem the Series 1 Preferred Shares and the Series 2 Preferred Shares from time to time, in accordance with Empire Life's rights described under "Details of the Offering – Certain Provisions of the Series 1 Preferred Shares as a Series" and "Details of the Offering – Certain Provisions of the Series 2 Preferred Shares as a Series", including when prevailing interest rates are lower than yield borne by the Series 1 Preferred Shares and the Series 2 Preferred Shares. If prevailing rates are lower at the time of redemption, a purchaser would not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Series 1 Preferred Shares or the Series 2 Preferred Shares being redeemed. Empire Life's redemption right also may adversely impact a purchaser's ability to sell Series 1 Preferred Shares and Series 2 Preferred Shares as the optional redemption date or period approaches.

The dividend rate in respect of the Series 1 Preferred Shares will reset on April 17, 2021 and on April 17 every five years thereafter. The dividend rate in respect of the Series 2 Preferred Shares will reset quarterly. In each case, the new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

Investments in the Series 2 Preferred Shares, given their floating interest component, entail significant risks not associated with investments in the Series 1 Preferred Shares. The resetting of the applicable rate on a Series 2 Preferred Share may result in a lower yield compared to fixed rate Series 1 Preferred Shares. The applicable rate on a Series 2 Preferred Share will fluctuate in accordance with fluctuations in the T-Bill Rate on which the applicable

rate is based, which in turn may fluctuate and be affected by a number of interrelated factors, including economic, financial and political events over which Empire Life has no control.

An investment in the Series 2 Preferred Shares, or in the Series 1 Preferred Shares, as the case may be, may become an investment in Series 2 Preferred Shares, or in Series 1 Preferred Shares, respectively, without the consent of the holder in the event of an automatic conversion in the circumstances described under “Details of the Offering – Certain Provisions of the Series 1 Preferred Shares as a Series – Conversion of Series 1 Preferred Shares into Series 2 Preferred Shares” and “Details of the Offering – Certain Provisions of the Series 2 Preferred Shares as a Series – Conversion of Series 2 Preferred Shares into Series 1 Preferred Shares”. Upon the automatic conversion of the Series 1 Preferred Shares into Series 2 Preferred Shares, the dividend rate on the Series 2 Preferred Shares will be a floating rate that is adjusted quarterly by reference to the T-Bill Rate which may vary from time to time while, upon the automatic conversion of the Series 2 Preferred Shares into Series 1 Preferred Shares, the dividend rate on the Series 1 Preferred Shares will be, for each five-year period, a fixed rate that is determined by reference to the Government of Canada Yield on the 30th day prior to the first day of each such five-year period. In addition, holders may be prevented from converting their Series 1 Preferred Shares into Series 2 Preferred Shares, and vice versa, in certain circumstances.

LEGAL MATTERS

In connection with the issue and sale of the Series 1 Preferred Shares, certain legal matters will be passed upon, on behalf of the Corporation, by McCarthy Tétrault LLP, and, on behalf of the Underwriters, by Torys LLP. As of the date of this prospectus, the partners and associates of each of McCarthy Tétrault LLP and Torys LLP beneficially own, directly or indirectly, less than 1% of the outstanding securities or other property of the Corporation or any associates or affiliates of the Corporation.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is PricewaterhouseCoopers LLP, 18 York Street, Suite 2600, Toronto, Ontario M5J 0B2. PricewaterhouseCoopers LLP has informed us that it is independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Series 1 Preferred Shares and the Series 2 Preferred Shares is CST Trust Company at its principal office in Toronto, Ontario.

AGENT FOR SERVICE OF PROCESS

Clive P. Rowe and Jonathan J. Yates, each directors of the Corporation, reside outside of Canada.

Each of Clive P. Rowe and Jonathan J. Yates have appointed the following agent for service of process:

Name of Person or Company

The Empire Life Insurance Company,
Legal Department

Name and Address of Agent

The Empire Life Insurance Company
259 King Street East
Kingston, Ontario K7L 3A8

Investors are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase Series 1 Preferred Shares. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and

territories of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limits prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

EXEMPTIONS FROM NATIONAL INSTRUMENT 44-101

The Corporation has been granted exemptive relief from the requirements under subsection 2.1(1) of NI 44-101 that the Corporation shall not file a short form prospectus in the form of Form 44-101F1 of NI 44-101 unless the Corporation is qualified under any of section 2.2 through 2.6 of NI 44-101 to file a prospectus in the form of a short form prospectus and subsection 2.1(2) that the Corporation be qualified under any of sections 2.2 through 2.6 of NI 44-101 to file a prospectus in the form of a short form prospectus, in both cases, in connection with the distribution of Series 1 Preferred Shares. The Corporation obtained the exemption because it did not satisfy the qualification criteria in Section 2.3 of NI 44 101 in order to be able to file a prospectus in the form of a short form prospectus for the Offering solely because the Series 1 Shares are convertible securities.

GLOSSARY OF TERMS

- “**Accrued Amount**” has the meaning ascribed thereto on the cover page.
- “**Board**” and “**Board of Directors**” means the board of directors of Empire Life.
- “**CDS**” means CDS Clearing and Depository Services Inc.
- “**CIBC**” means CIBC World Markets Inc.
- “**Closing**” has the meaning ascribed thereto on the cover page.
- “**Closing Date**” has the meaning ascribed thereto on the cover page.
- “**Corporation**” means The Empire Life Insurance Company, a corporation amalgamated under the laws of Ontario.
- “**CRA**” means the Canada Revenue Agency.
- “**DBRS**” means DBRS Limited.
- “**E-L**” means E-L Financial Corporation Limited, a corporation incorporated under the laws of Ontario.
- “**ELFS**” means E-L Financial Services Limited, a corporation incorporated under the laws of Ontario.
- “**ELFS Shareholders Agreement**” has the meaning ascribed thereto under “Recent Developments”.
- “**ELFS Transaction**” has the meaning ascribed thereto under “Recent Developments”.
- “**ELII**” means Empire Life Investments Inc., a corporation incorporated under the laws of Canada.
- “**Empire Life**” means The Empire Life Insurance Company, a corporation amalgamated under the laws of Ontario.
- “**Guardian**” means Guardian Assurance Limited.
- “**ICA**” means the *Insurance Companies Act* (Canada).
- “**Initial Fixed Rate Period**” has the meaning ascribed thereto on the cover page.
- “**NI 44-101**” means National Instrument 44-101 – *Short Form Prospectus Distributions*.
- “**Non-Offering Prospectus**” means the Empire Life’s final non-offering prospectus dated August 5, 2015.
- “**Offering**” has the meaning ascribed thereto on the cover page.
- “**Offering Price**” has the meaning ascribed thereto under “Plan of Distribution”.
- “**Over-Allotment Option**” has the meaning ascribed thereto on the cover page.
- “**Participants**” has the meaning ascribed thereto under “Details of the Offering - Certain Provisions of the Series 1 Preferred Shares as a Series – Depository Services”.
- “**Purchaser**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.
- “**Quarter**” has the meaning ascribed thereto on the cover page.
- “**Quarterly Floating Rate Period**” has the meaning ascribed thereto on the cover page.

“**RRIF**” means registered retirement income fund.

“**RRSP**” means registered retirement savings plan.

“**Scotia**” means Scotia Capital Inc.

“**Series 1 Conversion Date**” has the meaning ascribed thereto under “Details of the Offering – Certain Provisions of the Series 1 Preferred Shares as a Series – Redemption”.

“**Series 2 Conversion Date**” has the meaning ascribed thereto under “Details of the Offering – Certain Provisions of the Series 2 Preferred Shares as a Series – Redemption”.

“**Series 1 Preferred Shares**” means the non-cumulative rate reset preferred shares, series 1 in the capital of Empire Life.

“**Series 2 Preferred Shares**” means the non-cumulative floating rate reset preferred shares, series 2 in the capital of Empire Life.

“**Subsequent Fixed Rate Period**” has the meaning ascribed thereto on the cover page.

“**Superintendent**” means The Office of the Superintendent of Financial Institutions Canada.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.

“**TD**” means TD Securities Inc.

“**TSX**” means The Toronto Stock Exchange.

“**Underwriters**” means Scotia, CIBC, TD, BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., National Bank Financial Inc., GMP Securities L.P., Manulife Securities Incorporated and Raymond James Ltd.

“**Underwriting Agreement**” means the underwriting agreement dated January 28, 2016 between Empire Life and the Underwriters.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

CERTIFICATE OF THE CORPORATION

Dated February 5, 2016

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

(SIGNED) MARK SYLVIA
President and Chief
Executive Officer

(SIGNED) GARY J MCCABE
Senior Vice-President and
Chief Financial Officer

On behalf of the Board of Directors

(SIGNED) DUNCAN N R JACKMAN
Director

(SIGNED) MARK M TAYLOR
Director

CERTIFICATE OF THE UNDERWRITERS

Dated February 5, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

SCOTIA CAPITAL INC.

By: (SIGNED) DAVID GARG

CIBC WORLD MARKETS INC.

By: (SIGNED) SHANNAN LEVERE

TD SECURITIES INC.

By: (SIGNED) JONATHAN BROER

BMO NESBITT BURNS INC.

By: (SIGNED) TIMOTHY TUTSCH

**RBC DOMINION SECURITIES
INC.**

By: (SIGNED) JOHN BYLAARD

**NATIONAL BANK FINANCIAL
INC.**

By: (SIGNED) JOE KULIC

GMP SECURITIES L.P.

By: (SIGNED) KEVIN SULLIVAN

**MANULIFE SECURITIES
INCORPORATED**

By: (SIGNED) WILLIAM PORTER

RAYMOND JAMES LTD.

By: (SIGNED) SEAN MARTIN



**Empire
Life®**