

GREAT-WEST
LIFECO INC.

2008 Annual Information Form

DATED February 13, 2009

GREAT-WEST LIFECO INC.
100 Osborne Street North
Winnipeg, Manitoba R3C 3A5

Great-West Lifeco Inc.

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GENERAL

This Annual Information Form ("AIF") is intended to provide material information about Great-West Lifeco Inc. ("Lifeco") and its business.

Unless otherwise indicated, all information in this AIF is presented as at December 31, 2008 and all amounts are expressed in Canadian dollars.

Incorporation by Reference

Lifeco's 2008 Management's Discussion and Analysis dated February 12, 2009 ("MD&A") is hereby incorporated by reference into this AIF and is available for review on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This AIF and the documents incorporated by reference contain some forward-looking statements about Lifeco, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future action by Lifeco, including statements made by Lifeco with respect to the expected benefits of acquisitions or divestitures, are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about Lifeco, economic factors and the financial services industry generally, including the insurance and mutual fund industries. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by Lifeco due to, but not limited to, important factors such as sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates and taxes, as well as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, catastrophic events, and Lifeco's ability to complete strategic transactions and integrate acquisitions. The reader is cautioned that the foregoing list of important factors is not exhaustive, and there may be other factors, including factors set out herein under "Risk Management and Control Practices" in Lifeco's MD&A, which, along with other filings, is available for review on SEDAR at www.sedar.com. The reader is also cautioned to consider these and other factors carefully and to not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, Lifeco has no intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

Cautionary Note Regarding Non-GAAP Financial Measures

This AIF and the documents incorporated by reference contain some non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include, but are not limited to, "earnings before restructuring charges", "adjusted net income", "net income - adjusted", "earnings before adjustments", "constant currency basis", "premiums and deposits", "sales" and other similar expressions. Non-GAAP financial measures are used to provide management and investors with additional measures of performance. However, non-GAAP financial measures do not have standard meanings prescribed by GAAP and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP.

CORPORATE STRUCTURE

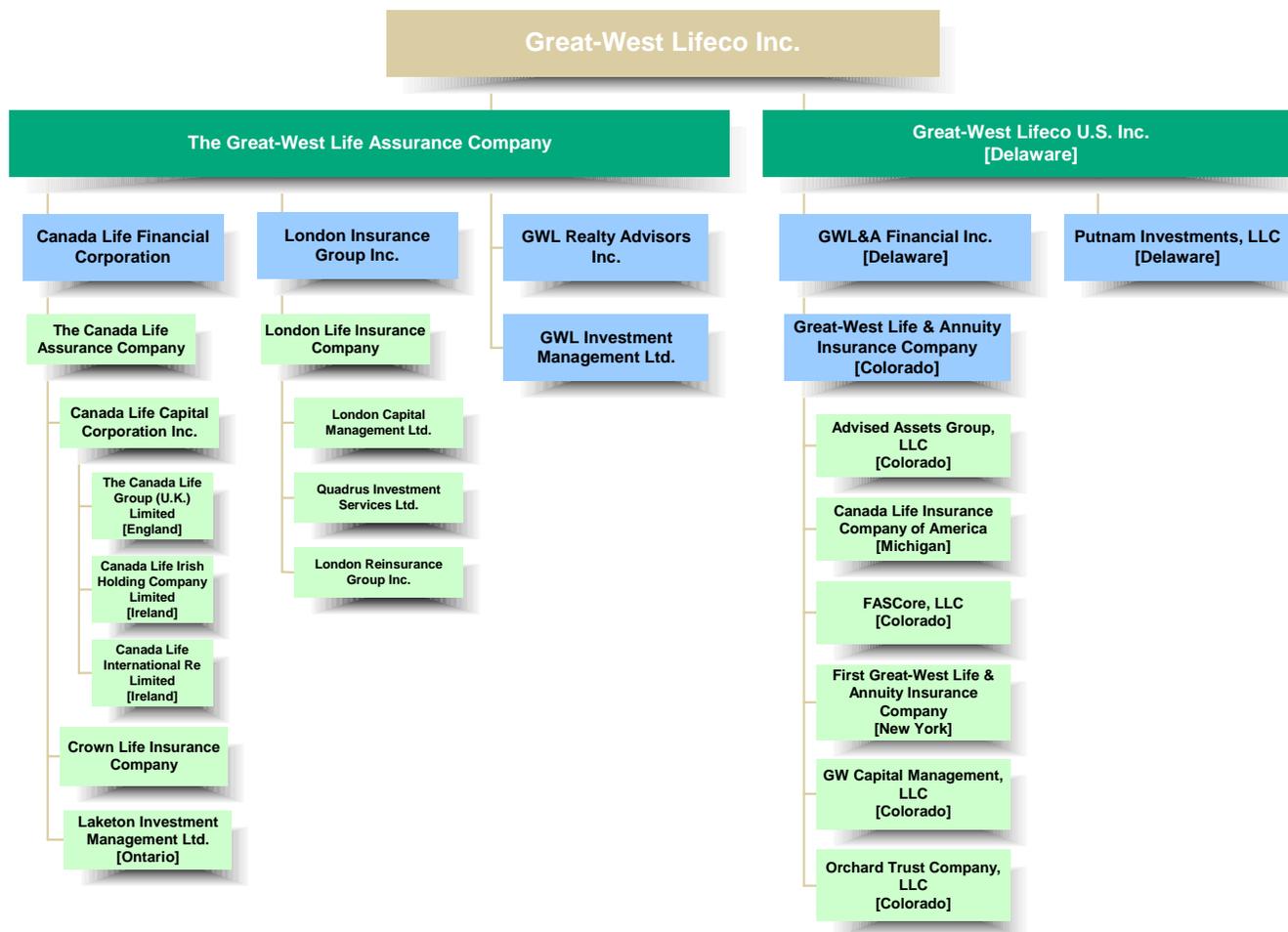
Name and Incorporation

Lifeco was incorporated under the *Canada Business Corporations Act* (the "CBCA") on November 8, 1979 as 94972 Canada Inc. Its name was changed to Great-West Lifeco Inc. and its capital structure was reorganized by Certificate of Amendment dated May 15, 1986. Its articles, as further amended, were restated by Restated Certificate of Incorporation dated August 7, 1997 and were subsequently amended, among other amendments, to create Non-Cumulative First Preferred Shares, Series D, Series E, Series F, Series G, Series H, Series I, Series J

and Series K. The registered office and principal place of business of Lifeco is located at 100 Osborne Street North, Winnipeg, MB, Canada R3C 3A5.

Intercorporate Relationships

The chart shown below depicts the corporate relationships among Lifeco and its insurance and other material subsidiaries at December 31, 2008. Unless otherwise indicated, all such subsidiaries were incorporated or have been continued under the laws of Canada. Lifeco beneficially owns, or exercises control or direction over, 100% of the voting securities of each such subsidiary.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Lifeco has experienced considerable growth over the three year period ending December 31, 2008. Total revenue from continuing operations has grown from \$25,482 million in 2006 to \$33,932 million in 2008. Total assets under management ("AUM") for continuing operations have grown from \$178,686 million at December 31, 2005, to \$338,944 million at December 31, 2008. The growth experienced by Lifeco has been achieved both through organic growth as well as through acquisitions. The significant acquisitions of Lifeco and its subsidiaries are described below.

On October 22, 2008, Lifeco's subsidiary, The Great-West Life Assurance Company ("Great-West"), announced that Fidelity Investments Canada ULC had agreed to transition its Canadian group retirement business to Great-West. That business involves approximately 100 plan sponsors, 470 group retirement plans, 95,000 members and

\$2.2 billion in AUM - the equivalent of 3 years of sales activity - and increases the asset base in capital accumulation plans by approximately 10%. The assets will transition to Great-West in 2009.

On September 24, 2008, Putnam Investments, LLC ("Putnam") entered into a transaction with Federated Investors, Inc. that resulted in the liquidation of Putnam's US\$12.3 billion institutional Prime Money Market Fund. Pursuant to this transaction, shareholders of the Putnam Prime Money Market Fund received shares of the Federated Prime Obligations Fund on a \$1-per-share for \$1-per-share basis.

On April 1, 2008, Lifeco's subsidiary, Great-West Life & Annuity Insurance Company ("GWL&A"), completed the sale of its health care insurance business, Great-West Healthcare, to a subsidiary of CIGNA Corporation. As part of the transaction, GWL&A received consideration of US\$1.5 billion in gross proceeds, and approximately US\$750 million, representing the amount of equity invested in the health care business, was made available for other purposes.

On February 14, 2008, Lifeco's indirect wholly-owned Irish reinsurance subsidiary, Canada Life International Re Limited ("CLIRE"), signed an agreement with Standard Life Assurance Limited ("Standard Life"), a U.K. based provider of life, pension and investment products, to assume by way of indemnity reinsurance, a large block of U.K. payout annuities. The reinsurance transaction, at the date of signing, resulted in revenue premiums of \$12.5 billion with corresponding increases paid or credited to policyholders, policyholder liabilities and funds held by ceding issuers.

In the fourth quarter of 2007, GWL&A completed a transaction with Franklin Templeton Investments whereby Franklin Templeton transitioned its 401(k) recordkeeping business to GWL&A. GWL&A's affiliate FASCore, LLC has been supporting Franklin Templeton's recordkeeping business since 2006. Under the new agreement, GWL&A entered into a direct contractual relationship with each plan sponsor and assumed additional servicing and custodial responsibilities for approximately 340 plans, representing about 64,000 participants.

On August 3, 2007, Lifeco completed its acquisition of Putnam whereby Lifeco acquired the asset management business of Putnam for US\$3 billion, and Lifeco's subsidiaries, Great-West and The Canada Life Assurance Company ("Canada Life"), acquired Putnam's 25% interest in T.H. Lee Partners for approximately US\$350 million. The terms of the transaction resulted in a tax intangible valued at approximately US\$550 million, derived from an election by both parties to the agreement under section 338(h)(10) of the U.S. Internal Revenue Code. In aggregate, these transactions represented a value of approximately US\$3.9 billion. The transaction has allowed Lifeco to achieve a major presence in the mutual fund and institutional asset management industry in the United States. Putnam also has operations in Europe and Asia. As of the date of acquisition, Putnam had approximately US\$187 billion in AUM, comprised of US\$116 billion in retail mutual funds AUM and US\$71 billion in institutional funds AUM.

On July 5, 2007, Canada Life acquired all of the remaining outstanding common shares of Crown Life Insurance Company ("Crown Life") for cash consideration of \$118 million. The acquisition was pursuant to the terms of the 1999 acquisition of the majority of the insurance operations of Crown Life by Canada Life. The acquisition resulted in an increase in invested assets of approximately \$459 million, an increase in other assets of \$24 million, an increase in policyholder liabilities of \$336 million, an increase in other liabilities of \$48 million, and estimated goodwill of \$19 million.

In February 2007, Lifeco's United Kingdom subsidiary, Canada Life Limited ("Canada Life UK"), completed the acquisition of the assets and liabilities of a block of payout annuity business from Equitable Life Assurance Society in the U.K. The transaction resulted in an increase in funds held by ceding insurers and a corresponding increase in policyholder liabilities of \$10.2 billion (£4.5 billion) on the consolidated balance sheet at December 31, 2006.

On December 31, 2006, GWL&A acquired the full service-bundled, defined contribution business from U.S. Bank. The acquired business primarily relates to the administration of 401(k) plans which represent more than \$10.5 billion (US\$9 billion) in retirement plan assets. The acquisition includes the retention of relationship managers and sales and client service specialists.

On November 30, 2006, GWL&A acquired all outstanding common shares of Indiana Healthcare Network, Inc.

On October 2, 2006, GWL&A acquired several parts of the full service-bundled, small and midsized 401(k) as well as some defined benefit plan business from Metropolitan Life Insurance Company and its affiliates (collectively,

"MetLife"). The acquisition includes the associated dedicated distribution group, including wholesalers, relationship managers and sales associates. Under the terms of the agreement, GWL&A assumed the general account business totaling \$1.7 billion (US\$1.5 billion) of policyholder liabilities on a coinsurance basis and the segregated account business on a modified-coinsurance basis with an effective date of October 2, 2006. Arrangements have been made to transfer the policies to GWL&A and the transfer is expected to take place over a three year period. Under the modified-coinsurance agreement, MetLife retains the approximately \$2.6 billion (US\$2.3 billion) of segregated account assets and liabilities but cedes to GWL&A all of the net profits and losses and related net cash flows. In addition, GWL&A acquired approximately \$3.9 billion (US\$3.4 billion) of participant account values for which it will provide administrative services and recordkeeping functions and receive fee income.

Lifeco expects that it will continue to seek external growth opportunities.

For a more detailed description of the recent general development of Lifeco's business, and the outlook for Lifeco's current financial year, see pages 1-77 of the MD&A.

DESCRIPTION OF THE BUSINESS

General

Lifeco is a financial services holding company with interests in the life insurance, health insurance, asset management, investment and retirement savings and reinsurance businesses. Lifeco has operations in Canada, the United States, Europe and Asia through Great-West, London Life Insurance Company ("London Life"), Canada Life, GWL&A, and Putnam. Lifeco and its subsidiaries have approximately \$339 billion in AUM and, at December 31, 2008, had approximately 19,000 employees worldwide. Lifeco currently has no other holdings, and currently carries on no businesses or activities, that are unrelated to its holdings in Great-West, London Life, Canada Life, GWL&A, Putnam and their subsidiaries. However, Lifeco is not restricted to investing in those companies, and may make other investments in the future.

Lifeco, through its operating subsidiaries, provides products and services under a number of brands, including the Canada Life brand, the Freedom 55 brand, and the Putnam Investments and PanAgora brands, all of which were acquired in market transactions. The Freedom 55 brand is one of the most recognizable brands in Canada and Putnam Investments is a well known brand in the United States.

Based on reported results for the twelve months ended December 31, 2008, of \$33.9 billion of total revenue consisting of premium income, net investment income, and fee and other income, approximately \$24.5 billion, or 72%, was denominated in currencies other than Canadian dollars. Similarly, \$413 million, or 30% of the \$1,396 million total net income attributable to shareholders, was denominated in foreign currencies. At December 31, 2008, approximately \$76.9 billion, or 59% of the \$130.1 billion of total general fund assets, were denominated in foreign currencies.

Lifeco's foreign currency denominated operating results were translated to Canadian dollars at prevailing market translation rates.

Canada

In Canada, Great-West and its operating subsidiaries, London Life and Canada Life (owned through holding companies London Insurance Group and Canada Life Financial Corporation ("CLFC"), respectively), offer a broad portfolio of financial and benefit plan solutions for individuals, families, businesses and organizations, through a network of Freedom 55 FinancialTM and Great-West Life financial security advisors, and through a multi-channel network of brokers, advisors and financial institutions.

Through their Individual Insurance & Investment Products business units, Great-West, London Life and Canada Life provide life, disability and critical illness insurance products to individual clients, as well as accumulation products and annuity products for both group and individual clients in Canada. Through its Group Insurance business unit, Great-West and Canada Life provide life, health, critical illness, disability and creditor insurance products to group clients in Canada.

The individual lines of business access the various distribution channels through distinct product labels offered by Great-West, London Life and Canada Life. Unique products and services meet the needs of each distribution channel, allowing Lifeco to maximize opportunities while minimizing channel conflict.

United States

In the U.S., GWL&A is a leader in meeting the retirement income needs of employees in the public/non-profit and corporate sectors. It serves its customers nationwide through a range of financial products and services marketed through brokers, consultants and group representatives, and through other financial institutions. GWL&A provides an array of financial security products, including employer-sponsored defined contribution retirement plans and defined benefit plans for certain market segments. Solid partnerships with government plan sponsors helped Lifeco maintain its position as the largest provider of services to state defined contribution plans, with 15 of 50 state clients as well as the government of Guam. It also provides annuity and life insurance products for individuals, families and corporate executives. Through its FASCore subsidiary, it offers private-label recordkeeping and administrative services for other providers of defined contribution plans.

Putnam provides investment management, certain administrative functions, distribution, and related services through a broad range of investment products, including the Putnam Funds, its own family of mutual funds which are offered to individual and institutional investors. Revenue is derived from the value and composition of AUM, which includes domestic and international equity and debt portfolios; accordingly, fluctuations in financial markets and in the composition of AUM affect revenues and results of operations. Individual retail investors are served through a broad network of distribution relationships with unaffiliated broker-dealers, financial planners, registered investment advisers and other financial institutions that distribute the Putnam Funds to their customers, which, in total, includes more than 150,000 advisors in over 2,000 firms. Institutional investors are supported by Putnam's dedicated account management, product management, and client service professionals and through strategic relationships with several investment management firms outside of the United States.

Europe

In Europe, Canada Life is broadly organized along geographically-defined market segments and offers protection and wealth management products, including payout annuity products, and reinsurance. The Europe segment is comprised of two distinct business units: Insurance & Annuities, which consists of operations in the United Kingdom, Isle of Man, Ireland and Germany; and Reinsurance, which operates primarily in the United States, Barbados and Ireland. Reinsurance products are provided through Canada Life, London Reinsurance Group Inc. and their subsidiaries.

The core products offered in the United Kingdom are payout annuities, savings and group insurance. These products are distributed through independent financial advisors and employee benefit consultants. The Isle of Man operation provides savings and individual protection products that are sold through independent financial advisors in the United Kingdom and in other selected territories. The core products offered in Ireland are individual insurance and savings and pension products. These products are distributed through independent brokers and a direct sales force. The German operation focuses on pension and individual protection products that are distributed through independent brokers.

Canada Life's and London Life's reinsurance business includes both reinsurance and retrocession business transacted directly with clients or through reinsurance brokers. As a retrocessionaire, Canada Life provides reinsurance to other reinsurers to allow those companies to spread their insurance risk. The product portfolio offered by Canada Life includes life, annuity and property and casualty reinsurance, provided on both a proportional and non-proportional basis.

In addition to providing reinsurance products to third parties, Lifeco and its subsidiaries also utilize internal reinsurance transactions between affiliated companies. These transactions are undertaken in order to better manage insurance risks relating to retention, volatility and concentration as well as to facilitate capital management for Lifeco and its subsidiaries and branch operations. These internal reinsurance transactions may produce benefits that are reflected in one or more of Lifeco and its subsidiaries' business segments.

Corporate

The Corporate segment includes various activities not specifically associated with other business units.

For a further description of Lifeco's business, see pages 1-77 of the MD&A.

Risk Factors

Lifeco and its operating subsidiaries are in the business of assessing, assuming and managing risk. The types of risks are many and varied, and are influenced by factors both internal and external to the business operations. These risks, and the control practices used to manage the risks, may be broadly grouped into four categories:

1. Insurance Risks
2. Investment or Market Risks
3. Operational Risks
4. Other Risks

The risk categories above have been ranked in accordance with the extent to which they would be expected to impact the business on an ongoing basis and, accordingly, would require more active management. It must be noted, however, that risks included in the third or fourth categories, such as legal, rating, regulatory or reputational risks, may still represent serious risks notwithstanding the expectation that they may be less likely to be realized.

For a more detailed description of risk factors, see pages 30-40 of the MD&A.

REGULATORY MATTERS

Lifeco's major operating subsidiaries, Great-West, London Life, Canada Life, GWL&A and Putnam, and their respective subsidiaries, are subject to regulation and supervision by governmental authorities in the jurisdictions in which they do business.

Canada

In Canada, Great-West and its two major regulated subsidiaries, Canada Life and London Life (collectively, together with Great-West, the "Canadian Regulated Companies", and each individually, a "Canadian Regulated Company") are each governed by the *Insurance Companies Act* (Canada) (the "ICA"). The ICA is administered, and activities of the Canadian Regulated Companies are supervised, by the Office of the Superintendent of Financial Institutions Canada ("OSFI"). The Canadian Regulated Companies have all the powers and are subject to the restrictions applicable to life insurance companies under the ICA. The Canadian Regulated Companies, directly or through subsidiaries or other arrangements, are permitted under the ICA to offer various financial services, including banking, investment counseling and portfolio management, mutual funds, trust services, real property brokerage and appraisal, information processing and merchant banking services. The ICA contains restrictions on the purchase or other acquisition, issue, transfer and voting rights of the shares of an insurance company.

Each Canadian Regulated Company is required to file annual and other reports relating to its financial condition and is subject to periodic examinations of its affairs by OSFI. The ICA also imposes upon the Canadian Regulated Companies, and their respective subsidiaries, restrictions on transactions with related parties, and sets forth requirements governing reserves for actuarial liabilities and the safekeeping of assets. OSFI supervises the Canadian Regulated Companies on a consolidated basis (including capital adequacy) and has the authority to review both insurance and non-insurance activities, whether inside or outside of Canada, conducted by each of the Canadian Regulated Companies and their respective subsidiaries with supervisory power to bring about corrective action.

Appointed Actuary

In accordance with the ICA, the Board of Directors of each Canadian Regulated Company has appointed a Fellow of the Canadian Institute of Actuaries as its Appointed Actuary. The ICA prescribes that the Appointed Actuary must provide an opinion on the value of the consolidated policy liabilities of the Canadian Regulated Company as at the

end of each period in accordance with generally accepted actuarial practices. The Appointed Actuary's opinion must describe the assumptions and methods used in giving the opinion, and provide an opinion as to whether the amount of policy liabilities makes appropriate provision for all policyholder obligations and whether the valuation of liabilities is fairly presented in the consolidated financial statements. At least once in each financial year, the Appointed Actuary must meet with the Board of Directors, or where the Board of Directors so choose, with the Audit Committee, in order to report, in accordance with generally accepted actuarial practice and any direction that may be made by the Superintendent of Financial Institutions (the "Superintendent"), on the financial position of the Canadian Regulated Company and, where so specified in such a direction, the expected future financial condition of the Canadian Regulated Company. The Appointed Actuary is also required to report to the President and Chief Executive Officer and to the Executive Vice-President and Chief Financial Officer of the Canadian Regulated Company if the Appointed Actuary identifies any matter that, in the Appointed Actuary's opinion, has a material adverse effect on the financial condition of the Canadian Regulated Company and requires rectification.

Investment Restrictions

The Canadian Regulated Companies are obliged to establish and adhere to investment and lending policies, standards and procedures pursuant to the ICA. The ICA also contains restrictions on the overall amount the Canadian Regulated Companies may invest in certain classes of investments, such as real estate and stocks. Additional restrictions (and in some cases, the need for regulatory approvals) limit the type of investment that the Canadian Regulated Companies can make in excess of 10% of the voting rights or 25% of the equity of any entity.

Restrictions on Shareholder Dividends and Capital Transactions

An insurance company is prohibited from declaring or paying any dividend on its shares if there are reasonable grounds for believing that the company is, or the payment of the dividend would cause the company to be, in contravention of any regulation made under the ICA respecting the maintenance of adequate capital and adequate and appropriate forms of liquidity, or any direction made to the company by the Superintendent. Where a Canadian Regulated Company declares a dividend, it must notify the Superintendent thereof at least 15 days prior to the date fixed for its payment. A Canadian Regulated Company is also prohibited from purchasing for cancellation any shares issued by it and from redeeming any of its redeemable shares and from entering into other similar capital transactions, if there are reasonable grounds for believing that the Canadian Regulated Company is, or the payment would cause the Canadian Regulated Company to be, in contravention of any regulation made under the ICA respecting the maintenance of adequate capital and adequate and appropriate forms of liquidity, or any direction made to the Canadian Regulated Company by the Superintendent. Further, a Canadian Regulated Company is prohibited from purchasing for cancellation any shares issued by it and from redeeming any of its redeemable shares and from entering into other similar capital transactions without the prior approval of the Superintendent.

Restrictions on Ownership

Section 411 of the ICA requires that the Canadian Regulated Companies have voting shares carrying at least 35% of the voting rights attached to all of the outstanding shares of the insurance company beneficially owned by persons who are not "Major Shareholders" in respect of the voting shares of the insurance company or who are not entities controlled by a person who is a Major Shareholder in respect of such shares (the "Public Voting Requirement"). The Public Voting Requirement applicable to the Canadian Regulated Companies has been satisfied by Lifeco as discussed under the heading "Capital Structure".

Minimum Continuing Capital and Surplus Requirements ("MCCSR")

Each Canadian Regulated Company has a policy in place to ensure that adequate capital is maintained in the countries in which it has operations. The Canadian Regulated Companies are each subject to the MCCSR established by OSFI, under which a life insurance company is required to maintain a minimum amount of capital. This is calculated by reference to, and varies with, the risk characteristics of each category of on and off-balance sheet assets and liabilities held by the insurance company.

The MCCSR calculation typically requires the application of quantitative factors to specific assets and liabilities, as well as to certain off-balance sheet items, based on the following risk components: (i) asset default and market risks, which include asset default, index linked pass through products, off-balance sheet exposures and segregated fund guarantee risks; (ii) insurance risks, which include mortality/morbidity and lapse risks; and (iii) interest rate

risks, which includes the changes in interest rate environment risk. The total capital required is the sum of the calculated capital requirement for each of the risk components. OSFI compares the total capital required to the amount of available capital, and considers other factors in assessing the capital adequacy of a life insurance company.

The principal elements of available capital include common shares, contributed surplus, retained earnings, a certain portion of actuarial liabilities related to future policyholder termination dividends, participating account surplus, unamortized deferred realized and unrealized gains and losses (on an after-tax basis) on investments not taken into account in the valuation of liabilities, qualifying preferred shares, qualifying innovative capital instruments, qualifying non-controlling interests in subsidiaries arising on consolidation, and qualified subordinated debt. Funds raised by a life insurance company through borrowing or issuing shares are treated as different categories of available capital for MCCSR purposes depending on the characteristics of the instrument.

The amount of available capital is then reduced by an insurance company's goodwill and intangible assets in excess of the allowable limit, controlling interests in non-life financial corporations, non-controlling substantial investments in corporations, a portion of cash value deficiencies and reserves on reinsurance ceded to unregistered reinsurers. The resulting amount of available capital is divided by the capital required to calculate the MCCSR ratio.

While the minimum acceptable MCCSR ratio is 120%, OSFI generally expects life insurance companies to maintain a target MCCSR ratio of 150% or greater. OSFI may agree to an alternative target based on the risk profile of the relevant insurance company, or may direct a company to increase its capital. MCCSR may be adjusted by OSFI in the future as experience develops, the risk profile of Canadian life insurers changes, or to explicitly reflect other risks.

At December 31, 2008, Great-West's MCCSR ratio was 210%, London Life's MCCSR ratio was 253% and Canada Life's MCCSR ratio was 214%.

OSFI has the power under the ICA to assume control of an insurance company if it determines that the amount of capital available to the insurance company is insufficient. In making such a determination, OSFI will consider the company's regulated experience, the mix, quality and concentration of assets of the insurance company, the profile of insurance and the retention limits, among other factors.

Lifeco Regulatory Related Commitments

As a CBCA corporation, Lifeco is not governed by the ICA and its activities are not subject to supervision by OSFI. However, Lifeco has given to OSFI an undertaking to provide, and cause certain of its subsidiaries to provide, certain financial and corporate information to OSFI.

Provincial Insurance Regulation

The Canadian Regulated Companies are subject to provincial regulation and supervision in each province and territory in Canada in which they carry on business. Provincial insurance regulation is concerned primarily with the form of insurance contracts and the sale and marketing of insurance and annuity products, including the licensing and supervision of insurance sales and service representatives. Individual variable insurance and annuity products and the underlying segregated funds to which they relate are subject to guidelines adopted by the Canadian Council of Insurance Regulators and are incorporated by reference in some jurisdictions into provincial insurance regulations. These guidelines govern a number of matters relating to the sale of these products and the administration of the underlying segregated funds. Each of the Canadian Regulated Companies are licensed to transact business in all provinces and territories in Canada.

Provincial Securities Laws

Certain subsidiaries of the Canadian Regulated Companies are Canadian mutual fund dealers, investment dealers, and investment counsel and portfolio management companies, and they, together with the directors, officers and certain of the employees and sales representatives of these subsidiaries, and certain of the products offered by some of these subsidiaries, are subject to regulation and supervision under applicable securities laws in those provinces and territories of Canada in which the respective subsidiaries carry on business. Quadrus Investment Services Ltd. ("Quadrus") is registered under provincial and territorial securities laws as a mutual fund dealer or

broker in all provinces and territories across Canada in addition to being registered as a limited market dealer under the securities laws of Ontario, and is subject to regulation by the provincial and territorial securities regulators as well as by the Mutual Fund Dealers Association of Canada (the "MFDA"), a self-regulatory organization. GWL Investment Management Ltd., London Capital Management Ltd., Laketon Investment Management Ltd., Putnam Investments Inc., PanAgora Asset Management Inc. and Setanta Asset Management Limited are each registered as investment counsel and portfolio management companies in those jurisdictions in which they offer services and are subject to regulation by the provincial securities regulators in those jurisdictions. Setanta Asset Management Limited also provides sub-advisory services to certain of its related affiliates and others, for which services it has received an exemption from securities registration requirements in Manitoba. Laketon Investment Management Ltd. is also registered as a limited market dealer under the securities laws of Ontario.

Each of Lifeco, Great-West and CLFC are "reporting issuers" under applicable provincial securities laws. As such, each of these companies are required to comply with timely and continuous disclosure requirements, including certain requirements under the Canadian Securities Administrators' National Instrument 51-102 (Continuous Disclosure Obligations), National Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), National Instrument 52-110 (Audit Committees) and National Instrument 58-101 (Disclosure of Corporate Governance Practices). These instruments govern a number of matters relating to the disclosure of financial and other information, including the information contained in this AIF. Each of Lifeco, Great-West and CLFC have implemented policies and procedures designed to facilitate compliance with these requirements.

Assuris and Investor Protection Corporation

Assuris is a not-for-profit corporation, funded by the life insurance industry, which protects Canadian policyholders against loss of benefits due to the financial failure of a member company. Details about the extent of Assuris' protection are available at www.assuris.ca or in its brochure, which can be obtained from Great-West, London Life, Canada Life or Assuris from info@assuris.ca or by calling 1-800-268-8099.

The MFDA Investor Protection Corporation ("IPC") is a not-for-profit corporation, funded by its member mutual fund dealers, including Quadrus. The IPC provides eligible clients of member mutual fund dealers with protection, within defined limits, in the event of the insolvency of their mutual fund dealer.

Privacy of Customer Information

Canadian federal and certain provincial laws regulate the disclosure of, and require financial institutions to protect the security and confidentiality of, customer information. These laws also require financial institutions to make available to customers certain information regarding their policies and practices relating to their collection and disclosure of customer information, and relating to their protection of the security and confidentiality of that information.

United States

GWL&A, certain of GWL&A's subsidiaries, and the U.S. Branches of Great-West, London Life, Canada Life, Crown Life, as well as Putnam and its operating subsidiaries (collectively, the "U.S. Regulated Companies") are subject to regulation and supervision by insurance and other governmental authorities in the jurisdictions in which they do business.

Investment Restrictions

Certain of the U.S. Regulated Companies are subject to state insurance laws and regulations (the "Insurer U.S. Regulated Companies") that require diversification of their investment portfolios and limit the amount of investment in certain investment categories such as below investment grade fixed income securities, equity real estate and equity investments. If an Insurer U.S. Regulated Company failed to comply with these laws and regulations, its investments that exceed the regulatory limits may be treated as non-admitted assets for the purposes of measuring statutory surplus and, in some circumstances, the Insurer U.S. Regulated Company may be required to divest itself of the non-qualifying assets. At December 31, 2008, the Insurer U.S. Regulated Companies complied in all material respects with all such laws and regulations.

Regulation of Shareholder Dividends and Other Payments from Insurance Subsidiaries

The U.S. insurance holding company system laws and regulations of various states regulate the amount of dividends that an insurance company may pay to its parent without prior regulatory approval. Colorado and Michigan insurance law requires domestic life insurance companies to seek prior regulatory approval to pay a dividend if the dividend is to be paid from other than a company's earned surplus. In most states, regulatory approval is also required if the distribution (together with other distributions during the previous 12 months) exceeds the greater of 10% of the insurer's surplus as regards policyholders at December 31 of the immediately preceding year, or the net gain from operations of the insurer determined at the end of the previous year. The determination must be made in accordance with statutory accounting principles. In general, following the payment of any dividend, an insurer's policyholder surplus must be reasonable in relation to the insurer's outstanding liabilities and adequate for its financial needs.

Minimum Statutory Surplus and Capital

The Insurer U.S. Regulated Companies are required to have minimum statutory surplus and capital of various amounts, depending on the state in which they are licensed and the types of business they transact.

NAIC IRIS Ratios

There is a set of financial relationships or "tests" that were developed by the National Association of Insurance Commissioners (the "NAIC"), which are known as the NAIC Insurance Regulatory Information System ("IRIS"). IRIS was designed to assist regulatory agencies ("State Regulators") in monitoring the financial condition of insurance companies and to identify at an early stage insurance companies that may require special attention or action by State Regulators. A second set of confidential ratios, called Financial Analysis Solvency Tracking System, is also used for monitoring insurance companies. Insurance companies generally submit data annually to the NAIC, which in turn analyzes the data utilizing prescribed financial data ratios. If the ratios of an insurance company fall outside the usual range, it does not necessarily indicate that the company experienced unfavourable results. A transaction that is favourable (such as one that causes large increases in surplus) or that is immaterial or eliminated at the consolidated level may cause one or more ratios of an insurance company to be outside the acceptable range. Each company's ratios are reviewed annually and are assigned a ranking by a team of examiners and financial analysts at the NAIC for the purpose of identifying companies that require immediate regulatory attention. The rankings are not reported to the companies and are only available to regulators. Generally, if four or more of an insurance company's ratios fall outside the usual ranges, regulators will begin to investigate or monitor the company. Regulators have the authority to impose remedies including increased monitoring, certain business limitations and various degrees of supervision. For the 12 months ended December 31, 2008, the Insurer U.S. Regulated Companies were within the usual ranges for most of the IRIS ratios. The ratios which are outside the usual range were acceptable in number and do not indicate any adverse solvency issues.

Statutory Investment and Other Valuation Reserves

The NAIC rules require life insurance companies to maintain an asset valuation reserve ("AVR"), supplemented by an interest maintenance reserve. These reserves are recorded for purposes of statutory accounting practices, but are not recorded under the provisions of Canadian Generally Accepted Accounting Practices. These reserves affect the determination of statutory surplus, and changes in such reserves may impact the ability of a U.S. insurance subsidiary to pay dividends or other distributions to its parent. The impact of the AVR, which is a provision for potential asset credit defaults, will depend upon future composition of the investment portfolios of the Insurer U.S. Regulated Companies.

State laws require life insurance companies to analyze the adequacy of their reserves annually. The appointed actuary for the Insurer U.S. Regulated Companies must submit an opinion that such reserves, when considered in light of the assets held with respect to those reserves, make adequate provision for the associated contractual obligations and related expenses. If such opinions cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus.

Risk-Based Capital Requirements

State Regulators have adopted the NAIC model law implementing risk-based capital requirements ("RBC Requirements"), which is used as a tool to regulate the solvency of life, health and property and casualty insurance

companies. All states have adopted the NAIC's model law or a substantially similar law. The RBC Requirements calculation, which regulators use to assess the sufficiency of an insurer's capital, measures the risk characteristics of a company's assets, liabilities and certain off-balance sheet items. The RBC Requirements aid State Regulators in monitoring capital adequacy and raise the level of protection that statutory surplus provides for policyholders. The RBC Requirements measure four major areas of risk facing life insurers: (i) the risk of loss from asset defaults and asset fluctuation; (ii) the risk of loss from adverse mortality and morbidity experience; (iii) the risk of loss from mismatching of asset and liability cash flows due to changing interest rates; and (iv) general business risk. Within a given risk category, these factors are higher for those items with greater underlying risk and lower for items with lower underlying risk. Insurers having less statutory surplus than required by the RBC Requirements are subject to varying degrees of regulatory action depending on the level of capital inadequacy. Based on the formula adopted by the NAIC, each of the Insurer U.S. Regulated Companies exceeded the RBC Requirements at December 31, 2008.

State Regulation

The various states in the United States have laws that apply to companies licensed to carry on an insurance business in the jurisdiction and that regulate transactions between insurers and other members of insurance holding company systems. The state of domicile (or port of entry in the case of the U.S. Branch of an alien insurer) of the insurer is the primary regulator of the company. GWL&A is licensed and domiciled in Colorado. Most states have enacted legislation that requires each insurance company that is domiciled therein and that is a member of a holding company system to register with, and be subject to regulation by, the insurance regulatory authority of that state and, annually, to furnish to those authorities certain reports including financial and other information concerning capital structure, ownership, financial condition, the operations of companies within the holding company system, certain intercompany transactions and general business operations that may materially affect the operations, management or financial condition of insurers within the system. These reports are also filed with other insurance departments on request. GWL&A currently has operating insurance subsidiaries domiciled in Michigan and New York. In addition, Great-West Life & Annuity Insurance Company of South Carolina is licensed as a special purpose financial captive.

Under most state holding company laws, transactions within the holding company system to which the domestic insurer is a party must be fair and reasonable and each insurer's policyholder surplus following any such transaction must be both reasonable in relation to its outstanding liabilities and adequate for its needs. Most states, including Colorado, require prior regulatory approval of the change of control of the domestic insurer or an entity that controls the domestic insurer and prior notice or regulatory approval of material intercorporate transfers of assets, including loans, investments and extraordinary dividends, or other affiliate transactions, such as reinsurance and service agreements, to which a domestic insurer is a party. The laws of the states in which the Insurer U.S. Regulated Companies are domiciled contain similar provisions with respect to such subsidiaries and their affiliates. Generally, under such laws, a state insurance authority must approve in advance the direct or indirect acquisition of 10% or more of the voting securities of an insurance company domiciled in the state.

Most U.S. jurisdictions have laws and regulations governing the financial aspects of insurers, including standards of solvency, reserves, reinsurance, capital adequacy and the business conduct of insurers. State Regulators have been established under state laws to serve a protection role generally aimed at benefiting policyholders. State Regulators are granted broad administrative powers, such as the power to approve policy forms, grant and revoke licences to transact business, regulate trade practices, licence agents, require disclosure of financial statements to them and restrict the type and amount of investments the Insurer U.S. Regulated Companies may make. State Regulators regularly make inquiries, hold investigations and administer examinations with respect to an insurer's compliance with applicable insurance laws and regulations.

The Insurer U.S. Regulated Companies are required to file detailed annual statements with State Regulators in each of the states in which they do business, and their business and accounts are subject to examination by those State Regulators at any time. Each Insurer U.S. Regulated Company is also required to file quarterly statements with the State Regulator in the Insurer U.S. Regulated Company's state of domicile and with the State Regulator of many of the states in which the Insurer U.S. Regulated Company does business. State Regulators may periodically examine an insurer's financial condition, adherence to statutory accounting practices and compliance with insurance department rules and regulations.

State Regulators have discretionary authority, as part of their powers to licence life insurance companies, to limit or prohibit the ability of an insurer to issue new policies if, in the State Regulator's judgment, the State Regulator

determines that the insurer is not maintaining minimum statutory surplus or capital or if the further transaction of business would be detrimental to the insurer's policyholders. As part of their routine oversight process, State Regulators conduct detailed market conduct and financial examinations periodically (generally every three to five years) of the books, records, accounts and market conduct of insurance companies domiciled in their states. Market conduct reviews examine, among other things, content of disclosures, illustrations, advertising, sales practices and complaint handling. Financial examinations review, among other things, the financial statements, accounting records, general corporate matters and inter-company matters. Examinations are sometimes conducted in cooperation with State Regulators of two or three other states under guidelines published by the NAIC. GWL&A is subject to periodic examinations by the State of Colorado, its domiciliary State Regulator. The latest published examination reports issued by the Colorado Division of Insurance did not result in any material findings.

In addition, State Regulators, industry groups and rating agencies have developed several initiatives regarding market conduct. For example, the NAIC has adopted the NAIC Life Insurance Illustrations Model Regulation, which applies to group and individual life insurance policies and certificates (other than variable policies and certificates), and the Market Conduct Handbook. At the end of 2008, 38 states had adopted all or major segments of the model. However, the Market Conduct Handbook can be used by all State Regulators in conducting market conduct examinations. The Insurer U.S. Regulated Companies are licensed to transact business in all fifty states, the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands.

Securities Law

GWL&A and certain of its subsidiaries and certain policies and contracts offered by them are subject to various levels of regulation under U.S. federal securities laws administered by the Securities Exchange Commission ("SEC") and under certain state securities laws. Certain separate accounts of GWL&A and its insurance subsidiaries are registered as investment companies under the U.S. Investment Company Act of 1940 as amended (the "Investment Company Act"). Interests in separate accounts under certain variable annuity contracts and variable insurance policies issued by GWL&A and its U.S. insurance subsidiaries are also registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and the Investment Company Act. GWL&A files periodic reports with the SEC under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). Certain of GWL&A's subsidiaries are registered as a broker-dealer under the Exchange Act, are subject to the SEC's net capital rules, and are members of, and subject to regulation by, the Financial Industry Regulatory Authority, Inc. ("FINRA"). GWL&A also has a subsidiary that is registered as a transfer agent under the Exchange Act.

Investment Management

Certain of GWL&A's subsidiaries are investment advisers registered under the U.S. Investment Advisers Act of 1940, as amended (the "Investment Advisers Act"), and, as such, are regulated by and subject to examination by the SEC. Maxim Series Fund, Inc., an open-end management investment registered under the Investment Company Act is advised by one of these subsidiaries, and the shares of the portfolios of Maxim Series Fund, Inc. are registered under the Securities Act and are qualified for sale in certain states in the United States, the District of Columbia and Puerto Rico.

Several of Putnam's subsidiaries are investment advisers registered under the Investment Advisers Act, and, as such, are regulated by and subject to examination by the SEC. Among other things, the Investment Advisers Act and rules promulgated thereunder (i) govern the scope and content of advisory contracts with clients and advisory fees paid to advisers; (ii) impose fiduciary obligations on advisers in connection with their investment activities on behalf of clients, including a requirement to adopt a written code of ethics and associated restrictions on personal securities trading by certain employees of an adviser, and other operational obligations addressing potential conflicts of interest between the adviser and its clients or between different clients; (iii) impose substantial recordkeeping responsibilities regarding purchases and sales of securities for client accounts and other client account activity; and (iv) require the preparation, delivery to clients and filing with the SEC of various disclosure forms and other information about the adviser's client account activity.

Certain of Putnam's registered investment adviser subsidiaries provide investment management and other services to funds (collectively, the "Putnam Funds") registered with the SEC as investment companies under the Investment Company Act. Among other things, the Investment Company Act and rules promulgated thereunder, with respect to each registered investment company, (i) impose numerous and extensive disclosure and reporting requirements, including the preparation of registration statements, annual and semiannual reports to shareholders, proxy statements and other financial reports and shareholder communications; (ii) impose restrictions on investments

made by funds; (iii) govern the pricing, issuance and redemption of shares by funds and the assessment of sales charges and redemption fees; (iv) impose substantial recordkeeping requirements relating to fund transactions; and (v) govern transactions entered into between funds and affiliated parties. Putnam is responsible for ensuring that the Putnam Funds comply with certain of requirements of the Investment Company Act.

The Putnam Funds also are subject to regulation under the Securities Act the Exchange Act and the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). Putnam is generally responsible for the compliance of the Funds with these statutes and the regulations promulgated thereunder, including the following areas of compliance: (i) the maintenance of the registration of the Putnam Funds' shares under the Securities Act and the offering of the shares and other disclosure requirements under the Securities Act; (ii) the compliance with provisions of the Exchange Act relating to the listing of shares of certain closed-end Putnam Funds on the New York Stock Exchange (the "NYSE"), as well as the compliance of such funds with the NYSE's rules for listed companies; and (iii) the requirements under the Sarbanes-Oxley Act and the Investment Company Act that the Putnam Funds maintain financial statements disclosure controls and procedures and file quarterly certifications by their principal executive and principal financial officers as to such disclosure controls and procedures and such officers' responsibility for, and reporting of significant deficiencies and material weaknesses in, internal control over financial reporting.

Shares of the Putnam Funds are also qualified for sale in each of the states in the United States, the District of Columbia, the U.S. Virgin Islands and Puerto Rico, and Putnam is generally responsible for ensuring the compliance of the Putnam Funds with state securities and "blue-sky" laws.

In accordance with rules promulgated under the Advisers Act and the Investment Company Act, Putnam and the Putnam Funds have adopted and implemented written compliance procedures intended to prevent violation of U.S. federal securities laws. The SEC has broad inspection powers under the Investment Advisers Act and Investment Company Act and is empowered to enforce the provisions of those acts and the other federal securities laws against firms and individuals through the imposition of fines and the institution of civil enforcement actions.

Broker-Dealer Compliance

Putnam Retail Management, Limited Partnership ("PRM"), a subsidiary of Putnam, is registered with FINRA as a broker-dealer and serves as the principal underwriter of the Putnam Funds. PRM is therefore subject to regulation by the SEC and under the Exchange Act and by FINRA. Among other things, these regulations (i) prescribe minimum capital requirements; (ii) govern the preparation, filing and distribution of advertising material on behalf of Putnam or the Putnam Funds; (iii) prescribe the content and timing of information delivered to customers prior to and subsequent to executing client transactions, including prospectuses and confirmation statements; (iv) require extensive licensing of individual PRM employees serving in representative or supervisory capacities; and (v) restrict the activities of PRM employees relating to receipt and provision of gifts and entertainment.

PRM also serves as a municipal fund securities dealer with respect to college savings plans sponsored by Putnam and is therefore subject to regulation by the Municipal Securities Rulemaking Board that is generally comparable in scope to the SEC's and FINRA's regulation of its activities with respect to the Putnam Funds.

Transfer Agent and Banking Compliance

Putnam Fiduciary Trust Company ("PFTC"), a subsidiary of Putnam, is registered with the Federal Deposit Insurance Corporation (the "FDIC") as a transfer agent and provides transfer agency services to the Putnam Funds. The Exchange Act and rules promulgated thereunder with regard to transfer agents (i) impose requirements pertaining to the processing of share transactions and the issuance and destruction of share certificates; and (ii) impose substantial recordkeeping requirements regarding activities on behalf of client accounts, including the maintenance of share transfer books. PFTC also administers Putnam's anti-money laundering compliance program and is responsible for compliance with the USA Patriot Act of 2001 (the "Patriot Act"), the Bank Secrecy Act of 1970 (the "Bank Secrecy Act") and related statutes and rules thereunder.

PFTC is also a registered bank under the laws of The Commonwealth of Massachusetts and is insured by the FDIC, and is therefore subject to the FDIC's rules, including rules prescribing filings and reporting of certain information about PFTC's activities and rules relating to minimum capital requirements, the acceptance of deposits and the establishment of customer information security programs.

State Guaranty Funds

All states of the United States, the District of Columbia and Puerto Rico, have insurance guaranty fund laws requiring life insurance companies doing business in the state to participate in a local guaranty association which, like Assuris in Canada, is organized to protect policyholders against loss of benefits in the event of an insolvency or wind-up of a member insurer. The associations may levy assessments for policyholder losses incurred by impaired or insolvent insurance companies. Generally, assessments up to certain prescribed limits are based upon the proportionate share of premiums written by member insurers in the lines of business in which the impaired or insolvent insurer is engaged. Assessments levied against GWL&A in each of the past five years have not been material. A large part of the assessments paid by GWL&A pursuant to these laws may be used as credits for a portion of GWL&A's U.S. premium taxes. While the amount of any future assessments by guaranty funds cannot be predicted with certainty, GWL&A believes, based upon a review of the current significant insolvency proceedings of insurers located in states where GWL&A conducts business, that future guaranty association assessments for insurer insolvencies will not have a material adverse effect on GWL&A liquidity and capital resources.

Employee Retirement Income Security Act of 1974, as amended ("ERISA") Considerations

Fiduciaries of employee benefit plans that are governed by ERISA are subject to regulation by the U.S. Department of Labor. ERISA regulates the activities of a fiduciary of an employee benefit plan covered by that law, including an investment manager or advisor with respect to the plan's assets. Severe penalties are imposed by ERISA on fiduciaries that breach their duties to ERISA-covered plans. GWL&A issues insurance and annuity contracts for investment of employee benefit plans and provides a variety of other services to such plans. GWL&A, in providing these services to employee benefit plans, is not usually a fiduciary to these plans but, in circumstances where its subsidiaries are providing trust or investment management services, they would be acting as a fiduciary. More commonly, GWL&A may be named as a limited fiduciary for the purpose of handling claim appeals for these plans. Additionally, GWL&A's provision of services to employee benefit plans may cause GWL&A and its subsidiaries to be a "party in interest," as such term is defined in ERISA and the Internal Revenue Code of 1986, as amended (the "Code"), with respect to such plans. Unless a statutory or administrative exemption is available, certain transactions between parties in interest and those plans are prohibited by ERISA and the Code.

Putnam serves as an investment adviser to employer-sponsored retirement plans and multiemployer plans subject to collective bargaining agreements, which plans are subject to ERISA. In this capacity, Putnam is subject to ERISA, which imposes fiduciary obligations, regulations governing conflicts of interest and prohibited transactions, reporting and disclosure responsibilities, and bonding requirements.

In addition to its transfer agency and banking compliance responsibilities, PFTC acts as a non-discretionary, directed trustee to certain employee benefit plans, and thus may be a plan fiduciary subject to the regulations under ERISA described above. PFTC also acts as trustee of various types of individual and small employer based retirement accounts and education savings accounts. In that capacity, PFTC is generally responsible for maintaining the applicable account documentation and administering the accounts in compliance with extensive federal income tax requirements under the Internal Revenue Code.

Privacy of Customer Information

U.S. federal and state laws require financial institutions to protect the privacy and security of customer information and to notify customers about their policies and practices relating to the collection, use and disclosure of customer information. U.S. federal and state laws also regulate disclosure of customer information and require notification to the customer in the event of a security breach.

In compliance with the federal Gramm-Leach-Bliley Act, which was signed into law on November 12, 1999, and the Health Insurance Portability and Accountability Act of 1996 and subsequent state regulations protecting the privacy and security of customer information, GWL&A and its subsidiary companies have distributed the required notices of privacy practices.

Each of the major U.S. operating subsidiaries of Putnam and each of the Putnam Funds is subject to rules promulgated under the Gramm-Leach-Bliley Act relating to the privacy and security of customer information as well as state privacy laws. With respect to the Putnam Funds, Putnam is generally responsible for the compliance of the Putnam Funds with the applicable privacy rules, including the maintenance of the funds' privacy policy and the provision of privacy notices.

General Regulation of Insurance at Federal Level

Although in general, the U.S. federal government does not directly regulate the insurance business, federal legislation and administrative policies in several areas, including pension regulation, privacy and security of customer information, age and sex discrimination, investment company regulation, financial services regulation and federal taxation, do affect the insurance business. Additionally, ERISA indirectly regulates insurance business by placing both self-funded and insured employee benefit plans under federal jurisdiction. The Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) also impacts the insurance industry with continuation of coverage requirements that take effect following an individual's loss of health coverage under an employer's plan. Further, various federal laws impose specific requirements upon insurers offering certain health benefits such as maternity coverage or treatment for mastectomies or mental health conditions.

Sarbanes-Oxley

The Sarbanes-Oxley Act was signed into law on July 30, 2002 in the wake of several public company accounting scandals and introduced significant legislative changes to financial reporting practice and corporate governance regulation. The Sarbanes-Oxley Act introduced stringent new rules generally affecting public companies and the accounting firms that audit them. Although GWL&A is not a publicly traded company in the United States, it is subject to certain provisions of the Sarbanes-Oxley Act and applicable regulations promulgated by the SEC due to the fact that GWL&A is required to file periodic reports with the SEC as a result of certain GWL&A annuity products. The Sarbanes-Oxley Act also applies in part to mutual fund companies, which impacts one of GWL&A's non-wholly owned subsidiaries and certain of GWL&A's separate accounts.

Under the Sarbanes-Oxley Act, GWL&A implemented a process whereby the Chief Executive Officer and Chief Financial Officer would provide certifications in the quarterly and annual reports filed with the SEC attesting to the establishment and maintenance of disclosure controls and procedures and their effectiveness, and attesting that the Chief Executive Officer and Chief Financial Officer had disclosed any significant deficiencies or material weaknesses in the design or operation of internal controls over financial reporting or management fraud in the financial reporting process to its audit committee and independent auditors. GWL&A also had to implement procedures to preserve the independence of its external auditor, and implement a confidential and anonymous system for the receipt, retention and treatment of complaints about accounting, internal accounting controls, and auditing matters. GWL&A must also comply with the rapid and current disclosure requirements relating to material changes in financial condition and operations.

As previously indicated, the Putnam Funds are also subject to regulation under the Sarbanes-Oxley Act.

The Patriot Act

Title III of the Patriot Act amended the Money Laundering Control Act of 1986 and the Bank Secrecy Act to expand anti-money laundering and financial transparency laws to apply to financial services companies, including some categories of insurance companies. The Patriot Act, among other things, seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism, money laundering or other illegal activities. To the extent required by applicable laws and regulations, GWL&A and its subsidiaries that are deemed "financial institutions" under the Patriot Act have adopted anti-money laundering programs that include policies, procedures and controls to detect and prevent money laundering, to designate a compliance officer to oversee the program, to provide for on-going employee training, and to ensure periodic independent testing of the program. The U.S. Treasury Department issued final regulations for the insurance industry on November 3, 2005. These regulations require insurance companies to establish and enforce anti-money laundering programs for "covered products" and provide for the monitoring and the reporting to the Department of the Treasury of certain suspicious transactions. For purposes of the final regulations, the term "covered product" is defined to include: a permanent life insurance policy, other than a group life insurance policy; an annuity contract, other than a group annuity contract; and any other insurance product with cash value or investment features.

As previously indicated, PFTC is responsible for Putnam's compliance with the Patriot Act and the Bank Secrecy Act.

United Kingdom

Canada Life UK, Canada Life's major operating subsidiary in the United Kingdom, carries on certain regulated activities in relation to long-term contracts of insurance and, therefore, is required to be authorized and regulated under the Financial Services and Markets Act 2000 ("FSMA 2000") by the Financial Services Authority (the "FSA"). As an FSA regulated company, Canada Life UK is required to conduct its business in accordance with the Prudential and Conduct of Business rules and guidance set out in the FSA Handbook of Rules and Guidance (the "FSA Handbook"), including a set of principles for good regulation contained in the High Level Standards of the FSA Handbook. The FSA maintains a cross-sectoral principles based rather than rules based regulatory regime. Firms authorized under FSMA 2000 are required to conduct their business in accordance with the High Level Principles of the FSA Handbook. They are designed to minimize risk to the FSA's statutory objectives of maintaining confidence in the financial system, promoting public understanding of the financial system, securing the appropriate degree of protection for consumers and the reduction of opportunities for illegal activities arising from the financial system. Insurance companies authorized under FSMA 2000 are required under the Integrated Prudential Sourcebook (the "PRU"), which is also part of the FSA Handbook, to file their accounts and balance sheets and other information with the FSA annually, although certain information must now be filed semi-annually.

The FSA is granted broad powers to supervise insurance companies authorized under FSMA 2000 and, where it determines necessary, to intervene in their affairs and bring about corrective action. The FSA has the ability to fine an insurance company and to vary or cancel its permission to carry on regulated activities in the United Kingdom, to require information or documents and to investigate the business of the insurance company and to require the company to take appropriate action in order to satisfy required threshold conditions for authorization.

Long-Term Assets and Liabilities

In accordance with the FSA Handbook, Canada Life UK must maintain a separate account and records in respect of its long-term insurance business and to apply the assets and liabilities attributable to its long-term insurance business to a long-term insurance fund, separate from the assets and liabilities attributable to its non-life insurance business, if any, or to shareholders. Within its long-term insurance fund, Canada Life UK maintains separate sub-funds in respect of assets and liabilities attributable to its participating insurance business and to its non-participating insurance business, respectively. The FSA regulations set out in the PRU impose restrictions on Canada Life UK from applying assets attributable to its long-term insurance business for any other purpose.

Restrictions on Shareholder Dividends and Capital Transactions

Insurance companies in the United Kingdom, including Canada Life UK, are subject to the provisions of the Companies Act 1985, as amended, governing the payment of dividends, which prevent them from paying dividends from any source other than distributable profits available for that purpose. Dividends can only be paid out of non-participating surplus once that surplus has been transferred from the long-term insurance fund to its shareholders' fund after the requisite valuation. Canada Life UK is also prohibited from transferring to its shareholders' fund any assets maintained in the account for participating policies.

Capital Resource Requirements

Insurance companies in the United Kingdom, including Canada Life UK, are required to satisfy the capital resources requirements set out in the PRU. In addition to the FSA prescribed formulaic capital requirement (Pillar I) the PRU contains an individual capital adequacy framework (Pillar II), which requires Canada Life UK to self-assess what an amount of capital would be appropriate for it to hold, taking into account the various risks that it faces. The FSA reviews this self-assessment and, if necessary, provides input as to the adequacy of the amount determined by Canada Life UK. If an insurance company fails to maintain adequate capital resources, FSMA 2000 enables the FSA to intervene. In addition, the European Directive on the supplementary supervision of insurance undertakings in insurance groups (98/78/EC) (the "Insurance Groups Directive") applies to Canada Life UK. The Insurance Groups Directive includes: (i) a group-wide solvency calculation which is designed to eliminate "double-gearing", or the use of the same capital to cover different risks within an insurance group; (ii) a solvency margin calculation at the level of a parent company of a regulated insurer which is itself either an insurance holding company, a reinsurer or a non-European Economic Area direct insurer and which has a subsidiary direct insurer whose head office is in a member state of the European Economic Area (which is intended to allow supervisory authorities to assess the potential effect of the parent company's capital structure on the solvency of the insurance company); and (iii) the

monitoring of intra-group transactions. As of December 31, 2008, Canada Life UK complied with the capital resources requirements in the United Kingdom.

Financial Services Compensation Scheme

The Financial Services Compensation Scheme was established under FSMA 2000 to protect certain individual policyholders in the United Kingdom against loss of benefits in the event of the inability of an insurance company that carries on insurance business in the United Kingdom to meet its liabilities. Statutory levies are assessed against insurance companies authorized under FSMA 2000 to fund the Financial Services Compensation Scheme. Separate levies are imposed on long-term and general insurance business.

Investment Management

Putnam Investments Limited ("PIL"), a subsidiary of Putnam, which is registered with the SEC as an investment adviser, also conducts investment advisory and distribution activities in the United Kingdom subject to the regulation of the FSA under the FSMA2000. The FSA's regulation of PIL addresses, among other things: (i) fiduciary obligations in connection with its investment and distribution activities on behalf of clients and potential conflicts of interest arising therefrom (e.g., client communications, suitability, client classification, and execution of client transactions and use of soft commissions); and (ii) prudential and organizational requirements, including capital requirements and requirements for management structure and oversight.

Other Jurisdictions

In each of the countries in which subsidiaries or joint ventures of Lifeco operate, local regulatory authorities supervise and monitor their business and/or financial condition. In a number of countries, certain insurance subsidiaries or joint ventures are required to meet specific minimum working and regulatory capital requirements.

In addition, certain subsidiaries of Putnam, including subsidiaries that are also subject to regulation in the United States, are subject to regulation by securities regulators in several countries other than the United States and the United Kingdom, such as Japan and Australia. Applicable regulations generally address (i) the registration and/or qualification of Putnam advisory subsidiaries in each country; (ii) the scope of advisory or selling activity in that country; and (iii) recordkeeping, reporting and disclosure to regulators and clients of activity. Putnam also sponsors investment vehicles domiciled in other jurisdictions, including Ireland and the Cayman Islands, and the offering of interests in these investment vehicles is regulated by the rules of those jurisdictions and other countries in which such interests are offered.

DIVIDENDS

Lifeco does not have a formal dividend policy. The declaration and payment of dividends is at the discretion of the Board of Directors and is dependent on Lifeco's earnings (which are derived from the earnings of its operating subsidiaries), financial condition, capital requirements and other considerations.

In March of 2002, Canada Life Capital Trust (the "CLC Trust"), an open-ended trust sponsored by Canada Life, issued 300,000 Canada Life Trust Securities – Series A and 150,000 Canada Life Trust Securities – Series B (collectively, the "CLiCS"). CLFC has agreed that if (i) the CLC Trust fails, in certain circumstances, to pay distributions on the CLiCS, and (ii) Canada Life does not at that time have sufficient public preferred shares outstanding, then CLFC will not pay dividends on its common shares or on its preferred shares until the 12th month following the Trust's failure to so pay the distributions on the CLiCS. The common shares of CLFC are wholly owned by Great-West.

In December of 2002, Great-West Life Capital Trust (the "GWL Trust"), an open-ended trust sponsored by Great-West, issued 350,000 Great-West Life Trust Securities – Series A (the "GREATs Series A"). Lifeco has agreed that if (i) the Trust fails, in certain circumstances, to pay distributions on the GREATs Series A, and (ii) Great-West does not at that time have sufficient public preferred shares outstanding, then Lifeco will not pay dividends on its common shares or on its preferred shares until the 12th month following the Trust's failure to so pay the distributions on the GREATs Series A.

In June 2007, Great-West Lifeco Finance (Delaware) LP ("Great-West LP") and in June 2008, Great-West Lifeco Finance (Delaware) LP II ("Great-West LP II"), issued \$1,000 million and \$500 million of subordinated debentures respectively (the "Subordinated Debentures"). The Delaware limited partnerships were formed by Lifeco and affiliates of Lifeco under the laws of the State of Delaware. The Subordinated Debentures are fully and unconditionally guaranteed on a subordinated basis by Lifeco.

Great-West LP and Great-West LP II may, on one or more occasions under certain conditions, elect to defer one or more interest payments on the Subordinated Debentures at any time and from time to time for up to five consecutive years and may defer interest payments on the Subordinated Debentures for a total of up to ten consecutive years. During this period of interest deferral, Lifeco can not, and will not permit any of its subsidiaries to declare or pay any dividends or distributions on, or redeem, purchase, acquire, or make a liquidation payment with respect to, any of the capital stock of Lifeco. However, there are no restrictions on the ability of any subsidiary of Lifeco to pay dividends or make any distributions to Lifeco or its other subsidiaries.

The amount of cash dividends paid per share for each of the three most recently completed financial years is as follows:

	Year Ended December 31,		
	2008	2007	2006
Lifeco			
Series D First Preferred	\$1.175	\$1.175	\$1.175
Series E First Preferred	\$1.200	\$1.200	\$1.200
Series F First Preferred	\$1.475	\$1.475	\$1.475
Series G First Preferred	\$1.300	\$1.300	\$1.300
Series H First Preferred	\$1.213	\$1.213	\$1.213
Series I First Preferred	\$1.125	\$1.125	\$0.806
Series J First Preferred	-	-	-
Common Shares	\$1.200	\$1.060	\$0.928

¹ The initial dividend, if declared, will be payable on March 31, 2009.

CAPITAL STRUCTURE

General

The authorized capital of Lifeco consists of an unlimited number of First Preferred Shares, issuable in series (the "Lifeco First Preferred Shares"), an unlimited number of Class A Preferred Shares, issuable in series (the "Lifeco Class A Preferred Shares"), an unlimited number of Second Preferred Shares, issuable in series (the "Lifeco Second Preferred Shares") and an unlimited number of Common Shares (the "Lifeco Common Shares").

There are issued and outstanding 943,882,505 Lifeco Common Shares, 7,938,500 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series D ("Lifeco Series D First Preferred Shares"), 22,282,215 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series E ("Lifeco Series E First Preferred Shares"), 7,957,001 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series F ("Lifeco Series F First Preferred Shares"), 12,000,000 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series G ("Lifeco Series G First Preferred Shares"), 12,000,000 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series H ("Lifeco Series H First Preferred Shares"), 12,000,000 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series I ("Lifeco Series I First Preferred Shares") and 9,200,000 Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series J ("Lifeco Series J First Preferred Shares"). As described below, in certain circumstances the Lifeco Series J First Preferred Shares are convertible into Lifeco First Preferred Shares designated as Non-Cumulative First Preferred Shares, Series K ("Lifeco Series K First Preferred Shares"). Although authorized, no Lifeco Series K First Preferred Shares are issued and outstanding.

Lifeco Common Shares

Each Lifeco Common Share entitles the holder to one vote at all meetings of shareholders (other than meetings exclusively of another class or series of shares), and subject to the rights of holders of Lifeco Class A Preferred Shares, Lifeco First Preferred Shares and Lifeco Second Preferred Shares, to receive any dividend on such share and to participate equally with all other holders of Lifeco Common Shares in the remaining property of Lifeco on dissolution or winding-up. There are no exchange or conversion rights, special liquidation rights, pre-emptive rights or subscription rights attaching to the Lifeco Common Shares.

As the Lifeco First Preferred Shares carry a greater right to vote on a per share basis than the Lifeco Common Shares, the Lifeco Common Shares are "subordinate voting securities". The Lifeco Common Shares represent approximately 89.4% of the aggregate voting rights attached to Lifeco securities. Holders of Lifeco Common Shares would have no right to participate if a bid was made to acquire any of the Lifeco First Preferred Shares.

Lifeco Class A Preferred Shares

The Lifeco Class A Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Lifeco Board of Directors designates. With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Lifeco, whether voluntary or involuntary, or any other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, the Lifeco Class A Preferred Shares of each series rank on a parity with the Lifeco Class A Preferred Shares of every other series and with the Lifeco First Preferred Shares of each series and in priority to the Lifeco Second Preferred Shares, the Lifeco Common Shares and any other shares ranking junior to the Lifeco Class A Preferred Shares. The holders of Lifeco Class A Preferred Shares of any series are not entitled to notice of or to attend or to vote at any meeting of Lifeco or of its shareholders, except as may be required by law or as specifically provided in the provisions attaching to the Lifeco Class A Preferred Shares of such series.

Lifeco First Preferred Shares

The Lifeco First Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Lifeco Board of Directors designates from time to time. With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Lifeco, whether voluntary or involuntary, or any other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, the Lifeco First Preferred Shares of each series rank on a parity with the Lifeco First Preferred Shares of every other series and with the Lifeco Class A Preferred Shares and in priority to the Lifeco Second Preferred Shares, the Lifeco Common Shares and any other shares ranking junior to the Lifeco First Preferred Shares. Subject to the temporary voting rights discussed below, the holders of Lifeco First Preferred Shares of any series are not entitled to notice of or to attend or to vote at any meeting of Lifeco or of its shareholders, except as may be required by law or as specifically provided in the provisions attaching to the Lifeco First Preferred Shares of such series.

Temporary Rights and Obligations

Section 411 of the ICA requires that the Canadian Regulated Companies have voting shares carrying at least 35% of the voting rights attached to all of the outstanding shares of the insurance company beneficially owned by persons who are not "Major Shareholders" in respect of the voting shares of the insurance company or who are not entities controlled by a person who is a Major Shareholder in respect of such shares (the "Public Voting Requirement"). The ICA provides that a person is a Major Shareholder of a company if the aggregate of (i) the shares of any class of voting shares beneficially owned by the person, and (ii) the shares of any class of voting shares beneficially owned by entities controlled by the person, exceeds 20% of all the outstanding shares of that class.

The Public Voting Requirement applicable to Great-West has been satisfied by Lifeco by provisions in Lifeco's articles relating to, among other things, the attachment of voting rights to the Lifeco First Preferred Shares and constraints on the issue and transfer of the Lifeco First Preferred Shares. Such provisions currently apply to the Lifeco First Preferred Shares and will continue to apply until the occurrence of certain events described in Lifeco's articles (such period of time, the "Temporary Period").

The temporary rights and obligations of the holders of Lifeco First Preferred Shares during the Temporary Period are set out below.

Temporary Voting Rights and Restrictions

Holders of Lifeco First Preferred Shares are entitled to receive notice of and to attend all meetings of holders of voting shares of Lifeco during the Temporary Period. Each Lifeco First Preferred Share carries such number of votes calculated, from time to time, in accordance with a formula set out in the articles of Lifeco. The formula provides that the number of votes that can be cast by holders of Lifeco Common Shares and holders of Lifeco First Preferred Shares who (i) do not hold a Significant Interest in the Lifeco Common Shares as a class or in the Lifeco First Preferred Shares as a class, and (ii) are not controlled by a person who holds a Significant Interest in the Lifeco Common Shares as a class or in the Lifeco First Preferred Shares as a class, will equal 35% of the outstanding voting rights attached to all voting shares of Lifeco. Lifeco's articles provide that a person has a Significant Interest in a class of shares where the aggregate of (i) any shares of that class beneficially owned by the person and (ii) any shares of that class beneficially owned by entities controlled by the person, exceeds 10% of all the outstanding shares of that class.

There are restrictions on the voting rights attached to Lifeco First Preferred Shares where a person holds such shares in contravention of the Public Voting Requirement during the Temporary Period. One of these restrictions provides that where Lifeco First Preferred Shares are held by (i) a person who has a Significant Interest in the Lifeco First Preferred Shares as a class, or (ii) an entity controlled by such person owns any Lifeco First Preferred Shares, the voting rights attached to the Lifeco First Preferred Shares of such person or entity may not be exercised.

Temporary Constraint on Issue and Transfer

During the Temporary Period, Lifeco First Preferred Shares may neither be issued, nor registered in the securities register of Lifeco as transferred, where such issue or transfer would result in a person acquiring a Significant Interest in the Lifeco First Preferred Shares as a class.

Lifeco Series D Preferred Shares

The Lifeco Series D First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 4.70% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series D First Preferred Shares on or after March 31, 2009 in whole or in part for \$25.50 cash per share if redeemed during the 12 month period commencing March 31, 2009, for \$25.25 cash per share if redeemed during the 12 month period commencing March 31, 2010, and for \$25.00 cash per share if redeemed on or after March 31, 2011, in each case plus declared and unpaid dividends. The Lifeco Series D First Preferred Shares are convertible at the option of Lifeco on March 31, 2009, and on each dividend payment date thereafter, into that number of Lifeco Common Shares determined by dividing the then applicable redemption price plus declared and unpaid dividends by the greater of \$3.00 and 95% of the weighted average trading price of the Lifeco Common Shares on the Toronto Stock Exchange (the "TSX") for the 20 trading days ending on the last trading day occurring on or before the fourth day immediately prior to the date of conversion. Lifeco also has the right on or after March 31, 2013 to designate a further series of preferred shares of Lifeco and offer the holders of Lifeco Series D First Preferred Shares the option to convert their Lifeco Series D First Preferred Shares into such further series of preferred shares on a share-for-share basis. The Lifeco Series D First Preferred Shares are convertible at the option of the holder on and after March 31, 2014 on the last day of March, June, September and December in each year into that number of Lifeco Common Shares determined by dividing \$25.00 plus declared and unpaid dividends by the greater of \$3.00 and 95% of the weighted average trading price of the Lifeco Common Shares on the TSX for the 20 trading days ending on the last trading day occurring on or before the fourth day immediately prior to the date of conversion. If a holder elects to so convert such Lifeco Series D First Preferred Shares into Lifeco Common Shares, Lifeco may elect prior to such conversion to redeem such shares as described above, arrange for the sale of those Lifeco Series D First Preferred Shares to substitute purchasers, or exercise its right to offer holders the right to convert into another series of preferred shares of Lifeco as described above. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series D First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series D First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series D First Preferred Share plus declared and unpaid dividends before any amount is paid, or

any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series D First Preferred Shares.

Lifeco Series E First Preferred Shares

The Lifeco Series E First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 4.80% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series E First Preferred Shares on or after September 30, 2009 in whole or in part for \$26.00 cash per share if redeemed during the 12 month period commencing September 30, 2009, for \$25.67 cash if redeemed during the 12 month period commencing September 30, 2010, for \$25.33 cash if redeemed during the 12 month period commencing September 30, 2011 and for \$25.00 cash if redeemed on or after September 30, 2012, in each case plus declared and unpaid dividends. The Lifeco Series E First Preferred Shares are convertible at the option of Lifeco on or after September 30, 2009 into that number of Lifeco Common Shares determined by dividing the then applicable redemption price plus declared and unpaid dividends by the greater of \$3.00 and 95% of the weighted average trading price of the Lifeco Common Shares on the TSX for the 20 trading days ending on the last trading day occurring on or before the fourth day immediately prior to the date of conversion. Lifeco also has the right on and after September 30, 2013 to designate a further series of preferred shares of Lifeco and offer the holders of Lifeco Series E First Preferred Shares the option to convert their Lifeco Series E First Preferred Shares into such further series of preferred shares on a share-for-share basis. The Lifeco Series E First Preferred Shares are convertible at the option of the holder on and after September 30, 2013 on the last day of March, June, September and December in each year into that number of Lifeco Common Shares determined by dividing \$25.00, together with all declared and unpaid dividends, by the greater of \$3.00 and 95% of the weighted average trading price of the Lifeco Common Shares on the TSX for the 20 trading days ending on the last trading day occurring on or before the fourth day immediately prior to the date of conversion. If a holder elects to so convert such Lifeco Series E First Preferred Shares into Lifeco Common Shares, Lifeco may elect prior to such conversion to redeem such shares as described above, arrange for the sale of those Lifeco Series E First Preferred Shares to substitute purchasers, or exercise its right to offer holders the right to convert into another series of preferred shares of Lifeco as described above. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series E First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series E First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series E First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series E First Preferred Shares.

Lifeco Series D and Series E First Preferred Shares – Permanence of Capital

The terms and conditions of the Lifeco Series D First Preferred Shares and the Lifeco Series E First Preferred Shares allow the holder to convert those shares to Lifeco Common Shares after a specified period of time. Lifeco, at its option, may redeem the Lifeco Series D First Preferred Shares and the Lifeco Series E First Preferred Shares before the holders are entitled to convert them to Lifeco Common Shares. Preferred shares of this type are commonly referred to as soft-retractable and represent a form of financing with a term that is effectively fixed.

Lifeco Series F First Preferred Shares

The Lifeco Series F First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 5.90% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series F First Preferred Shares on or after September 30, 2008 in whole or in part for \$26.00 cash per share if redeemed during the 12 month period commencing September 30, 2008, for \$25.75 cash if redeemed during the 12 month period commencing September 30, 2009, for \$25.50 cash if redeemed during the 12 month period commencing September 30, 2010, for \$25.25 cash if redeemed during the 12 month period commencing September 30, 2011 and for \$25.00 cash if redeemed on or after September 30, 2012, in each case plus declared and unpaid dividends. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series F First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series F First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series F First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series F First Preferred Shares.

Lifeco Series G First Preferred Shares

The Lifeco Series G First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 5.20% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series G First Preferred Shares on or after December 31, 2009 in whole or in part for \$26.00 cash per share if redeemed during the 12 month period commencing December 31, 2009, for \$25.75 cash per share if redeemed during the 12 month period commencing December 31, 2010, for \$25.50 cash per share if redeemed during the 12 month period commencing December 31, 2011, for \$25.25 cash if redeemed during the 12 month period commencing December 31, 2012, and for \$25.00 cash if redeemed on or after December 31, 2013, in each case plus declared and unpaid dividends. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series G First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series G First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series G First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series G First Preferred Shares.

Lifeco Series H First Preferred Shares

The Lifeco Series H First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 4.85% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series H First Preferred Shares on or after September 30, 2010 in whole or in part for \$26.00 cash per share if redeemed during the 12 month period commencing September 30, 2010, for \$25.75 cash per share if redeemed during the 12 month period commencing September 30, 2011, for \$25.50 cash per share if redeemed during the 12 month period commencing September 30, 2012, for \$25.25 cash if redeemed during the 12 month period commencing September 30, 2013, and for \$25.00 cash if redeemed on or after September 30, 2014, in each case plus declared and unpaid dividends. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series H First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series H First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series H First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series H First Preferred Shares.

Lifeco Series I First Preferred Shares

The Lifeco Series I First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend of 4.50% per annum, payable quarterly. Lifeco has the right to redeem the Lifeco Series I First Preferred Shares on or after June 30, 2011 in whole or in part for \$26.00 cash per share if redeemed during the 12 month period commencing June 30, 2011, for \$25.75 cash per share if redeemed during the 12 month period commencing June 30, 2012, for \$25.50 cash per share if redeemed during the 12 month period commencing June 30, 2013, for \$25.25 cash if redeemed during the 12 month period commencing June 30, 2014, and for \$25.00 cash if redeemed on or after June 30, 2015, in each case plus declared and unpaid dividends. Subject to prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series I First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series I First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series I First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series I First Preferred Shares.

Lifeco Series F, Series G, Series H and Series I First Preferred Shares – Permanence of Capital

The terms and conditions of the Lifeco Series F First Preferred Shares, the Lifeco Series G First Preferred Shares, the Lifeco Series H First Preferred Shares and the Lifeco Series I First Preferred Shares do not allow the holder to convert to Lifeco Common Shares or otherwise cause Lifeco to redeem the shares. Preferred shares of this type are commonly referred to as perpetual and represent a form of financing that does not have a fixed term. Lifeco, at

its option, may redeem the Lifeco Series F First Preferred Shares on or after September 30, 2008, the Lifeco Series G First Preferred Shares on or after December 31, 2009, the Lifeco Series H First Preferred Shares on or after September 30, 2010 and the Lifeco Series I First Preferred Shares on or after June 30, 2011. Lifeco regards the Lifeco Series F First Preferred Shares, the Lifeco Series G First Preferred Shares, the Lifeco Series H First Preferred Shares and the Lifeco Series I First Preferred Shares as comprising part of its core or permanent capital. As such, Lifeco only intends to redeem the Lifeco Series F First Preferred Shares, the Lifeco Series G First Preferred Shares, the Lifeco Series H First Preferred Shares or the Lifeco Series I First Preferred Shares with proceeds raised from new capital instruments issued during the life of such shares, where the new capital instruments represent equal or greater equity benefit. As of November 15, 2005, Lifeco amended a trust indenture dated as of March 21, 2003 for the issuance of 6.67% debentures in the principal amount of \$400 million to provide for an additional event of default pursuant to which Lifeco will be deemed to be in default under the trust indenture if Lifeco redeems any of the Lifeco Series F First Preferred Shares, Lifeco Series G First Preferred Shares, Lifeco Series H First Preferred Shares or the Lifeco Series I First Preferred Shares and does not replace the shares so redeemed with a similar type of share capital.

Lifeco Series J First Preferred Shares

The Lifeco Series J First Preferred Shares rank equally with all other Lifeco First Preferred Shares and have a fixed non-cumulative dividend, payable quarterly, of 6% per annum during the period March 31, 2009 to but excluding December 31, 2013. On December 31, 2013 and on December 31 every five years thereafter the dividend rate will reset so as to equal the then current five-year Government of Canada bond yield plus 3.07%. Lifeco has the right to redeem the Lifeco Series J First Preferred Shares, in whole or in part, on December 31, 2013 and on December 31 every five years thereafter for \$25.00 cash per share plus declared and unpaid dividends. Subject to Lifeco's right of redemption and certain other restrictions on conversion described in Lifeco's articles, each Lifeco Series J First Preferred Share is convertible at the option of the holder on December 31, 2013 and on December 31 every five years thereafter into one Lifeco Series K First Preferred Share, which will carry a floating rate non-cumulative preferential cash dividend, as and when declared by the Board of Directors, in the amount per share determined by multiplying \$25.00 by the sum of the average yield expressed as a percentage per annum on the three-month Government of Canada Treasury Bills, as reported by the Bank of Canada, for the most recent treasury bills auction preceding the 30th day prior to the first day of such quarter plus 3.07%. Subject to the prior satisfaction of the claims of all creditors of Lifeco and of holders of shares of Lifeco ranking in priority to the Lifeco Series J First Preferred Shares, in the event of the liquidation, dissolution or winding-up of Lifeco or other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, whether voluntary or involuntary, the holders of the Lifeco Series J First Preferred Shares are entitled to be paid and to receive an amount equal to \$25.00 per Lifeco Series J First Preferred Share plus declared and unpaid dividends before any amount is paid, or any assets of Lifeco are distributed, to the holders of Lifeco Common Shares or of shares of any other class of Lifeco ranking junior to the Lifeco Series J First Preferred Shares.

Lifeco Series J First Preferred Shares - Permanence of Capital

The terms and conditions of the Lifeco Series J First Preferred Shares allow the holder to convert those shares to Lifeco Series K First Preferred Shares after a specified period of time. Lifeco, at its option, may redeem the Lifeco Series J First Preferred shares before the holders are entitled to convert them to Lifeco Series K First Preferred Shares. Preferred shares of this type are commonly referred to as rate reset.

Lifeco Second Preferred Shares

The Lifeco Second Preferred Shares may be issued in one or more series with such rights, privileges, restrictions and conditions as the Lifeco Board of Directors designates from time to time. With respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Lifeco, whether voluntary or involuntary, or any other distribution of the assets of Lifeco among its shareholders for the purpose of winding-up its affairs, the Lifeco Second Preferred Shares of each series rank on a parity with the Lifeco Second Preferred Shares of every other series and in priority to the Lifeco Common Shares and any other shares ranking junior to the Lifeco Second Preferred Shares. The holders of Lifeco Second Preferred Shares of any series are not entitled to notice of or to attend or to vote at any meeting of Lifeco or of its shareholders except as may be required by law or as specifically provided in the provisions attaching to the Lifeco Second Preferred Shares of such series.

Ratings

The following ratings have been received by Lifeco in connection with its outstanding securities:

	<u>Preferred Shares</u>	<u>Debentures</u>
S&P		
Rating	A-,P-1(low)	A+
Outlook	Stable	Stable
Rank	(5) of 20	(5) of 22
Commentary	Obligor's capacity to meet its financial commitment on the obligation is still strong, but is more susceptible to the adverse effects of changes in circumstances than higher rated categories.	Obligor's capacity to meet its financial commitment on the obligation is still strong, but is more susceptible to the adverse effects of changes in circumstances than higher rated categories.
DBRS		
Rating	Pfd-1(Low)	AA(Low)
Outlook	Stable	Stable
Rank	(3) of 16	(4) of 26
Commentary	Preferred shares are of superior credit quality, and are supported by entities with strong earnings and balance sheet characteristics.	Debentures are of superior credit quality and protection of interest and principal is considered high.
Fitch		
Rating	A	A+
Outlook	Stable	Stable
Rank	(6) of 23	(5) of 23
Commentary	High credit quality. Denotes expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.	High credit quality. Denotes expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
AM Best		
Rating	a-	a+
Outlook	Stable	Stable
Rank	(7) of 22	(5) of 22
Commentary	Strong ability to meet the terms of the obligation.	Strong ability to meet the terms of the obligation.
Moody's		
Rating		
Rank		
Commentary	Moody's does not rate the securities issued by Lifeco. However, it does provide an Insurance Financial Strength rating to Lifeco's major operating subsidiaries.	Moody's does not rate the securities issued by Lifeco. However, it does provide an Insurance Financial Strength rating to Lifeco's major operating subsidiaries.

On February 1, 2007, concurrent with Lifeco's announcement regarding the acquisition of Putnam, Dominion Bond Rating Service placed the ratings of Lifeco "under review with developing implications". On May 16, 2008, Dominion Bond Rating Service confirmed the ratings of Lifeco and its affiliated operating subsidiaries with stable trends. The rating of Lifeco's senior debt was removed from "Under Review with Developing Implications".

Preferred Share Ratings

The preferred share rating is a rating agency's current assessment of the creditworthiness of an obligor with respect to a specific preferred share obligation relative to preferred shares issued by other issuers. The rating reflects the rating agency's assessment of the issuer's capacity and willingness to pay dividends and principal on a timely basis.

Issuer Credit Ratings

The ratings assigned to the debentures issued by Lifeco are generally referred to as issuer credit ratings. An issuer credit rating is a rating agency's current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program. It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation

as well as the currency in which the obligation is denominated. Issuer credit ratings typically take into account the likelihood of payment (the capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation), the nature of the provisions of the obligation, and the protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under laws of bankruptcy and other laws affecting creditor rights.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

MARKET FOR SECURITIES

The Lifeco Common Shares and Lifeco First Preferred Shares, Series D, E, F, G, H, I, and J are listed and posted for trading on the TSX. The following tables provide trading price and volume statistics regarding activity in 2008.

Lifeco Common Shares (TSX:GWO)				
2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$31.04	\$34.95	11,106,794	504,854
February	\$30.84	\$33.20	11,647,161	582,358
March	\$28.40	\$30.96	15,384,263	769,213
April	\$30.37	\$31.87	10,203,701	463,805
May	\$30.76	\$32.30	14,280,568	680,027
June	\$28.88	\$32.00	16,170,620	770,030
July	\$26.25	\$29.83	9,837,133	447,142
August	\$29.78	\$32.15	11,552,019	577,601
September	\$30.44	\$35.29	34,768,506	1,655,643
October	\$25.37	\$32.45	29,041,979	1,320,090
November	\$21.00	\$28.00	13,455,345	672,767
December	\$19.49	\$23.59	21,263,783	1,012,561

Lifeco Series D First Preferred (TSX: GWO.PR.E)				
2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$25.76	\$26.25	79,420	3,610
February	\$25.85	\$26.25	217,498	10,875
March	\$24.56	\$26.05	102,277	5,114
April	\$25.50	\$26.10	119,863	5,448
May	\$25.55	\$26.15	114,447	5,450
June	\$25.41	\$25.75	270,060	12,860
July	\$25.62	\$26.10	67,485	3,068
August	\$25.61	\$26.06	76,993	3,850
September	\$25.36	\$25.84	346,784	16,514
October	\$24.01	\$25.44	129,865	5,903
November	\$24.50	\$25.00	203,843	10,192
December	\$24.60	\$25.05	123,895	6,195

Lifeco Series E First Preferred (TSX: GWO.PR.X)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$26.05	\$26.69	476,193	21,645
February	\$26.55	\$27.30	43,477	2,174
March	\$26.51	\$27.10	44,321	2,216
April	\$26.35	\$26.78	58,663	2,667
May	\$26.30	\$26.89	51,369	2,446
June	\$26.30	\$26.70	57,440	2,735
July	\$26.20	\$26.71	111,811	5,082
August	\$26.35	\$26.65	31,898	1,595
September	\$26.40	\$26.99	872,576	41,551
October	\$25.75	\$26.60	1,352,370	61,471
November	\$24.90	\$26.00	389,995	19,500
December	\$24.66	\$25.20	109,917	5,496

Lifeco Series F First Preferred (TSX: GWO.PR.F)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$25.66	\$26.50	21,908	996
February	\$25.78	\$26.87	65,947	3,297
March	\$25.75	\$26.44	44,347	2,217
April	\$26.11	\$26.81	284,002	12,909
May	\$25.98	\$26.40	73,129	3,482
June	\$25.26	\$26.10	228,067	10,860
July	\$24.50	\$25.17	36,939	1,679
August	\$24.61	\$25.23	23,652	1,183
September	\$24.80	\$25.00	75,499	3,595
October	\$22.40	\$25.00	559,170	25,417
November	\$19.59	\$23.50	53,179	2,659
December	\$18.50	\$20.25	40,486	1,928

Lifeco Series G First Preferred (TSX: GWO.PR.G)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$23.50	\$24.25	174,174	7,917
February	\$24.14	\$24.94	267,377	13,369
March	\$23.00	\$24.74	114,038	5,702
April	\$23.20	\$23.51	137,005	6,228
May	\$23.22	\$23.84	182,377	8,685
June	\$21.25	\$23.39	271,651	12,936
July	\$19.30	\$21.21	190,417	8,655
August	\$21.20	\$22.00	243,616	12,181
September	\$21.00	\$21.94	622,943	29,664
October	\$16.75	\$21.35	366,501	16,659
November	\$14.19	\$20.30	657,510	32,876
December	\$14.98	\$18.16	688,960	32,808

Lifeco Series H First Preferred (TSX: GWO.PR.H)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$22.33	\$22.85	181,769	8,262
February	\$22.66	\$23.75	120,171	6,009
March	\$21.50	\$23.49	99,428	4,971
April	\$21.54	\$22.14	168,634	7,665
May	\$21.93	\$22.80	453,687	21,604
June	\$19.82	\$22.68	431,980	20,570
July	\$18.30	\$20.30	182,507	8,296
August	\$20.09	\$21.40	115,602	5,780
September	\$19.09	\$21.05	489,288	23,299
October	\$15.50	\$19.24	297,770	13,535
November	\$13.50	\$18.68	560,028	28,001
December	\$13.82	\$15.99	643,090	30,623

Lifeco Series I First Preferred (TSX: GWO.PR.I)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	\$20.50	\$21.55	330,077	15,004
February	\$21.25	\$22.25	202,940	10,147
March	\$20.16	\$21.90	294,417	14,721
April	\$20.11	\$20.50	377,211	17,146
May	\$20.41	\$21.28	565,803	26,943
June	\$18.73	\$20.95	379,050	18,050
July	\$17.01	\$18.93	261,420	11,883
August	\$18.58	\$19.44	317,970	15,899
September	\$17.73	\$19.10	151,268	7,203
October	\$15.00	\$17.50	794,011	36,091
November	\$13.00	\$17.39	328,255	16,413
December	\$13.09	\$15.25	663,570	31,599

Lifeco Series J First Preferred (TSX: GWO.PR.J)

2008	Trading Range		Volume Traded	
	Low	High	Total	Average*
January	n/a	n/a	n/a	n/a
February	n/a	n/a	n/a	n/a
March	n/a	n/a	n/a	n/a
April	n/a	n/a	n/a	n/a
May	n/a	n/a	n/a	n/a
June	n/a	n/a	n/a	n/a
July	n/a	n/a	n/a	n/a
August	n/a	n/a	n/a	n/a
September	n/a	n/a	n/a	n/a
October	n/a	n/a	n/a	n/a
November	\$24.25	\$24.25	379,075	189,538
December	\$24.01	\$25.05	282,550	13,455

* Average volume traded is the total volume divided by the number of days the security actually traded during the month.

DIRECTORS AND OFFICERS

Directors

The following information with respect to the Directors is at February 13, 2009.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

Marc A. Bibeau (1)(5) - Beaconsfield, Québec, Canada

May 1, 2008

Mr. Bibeau is President of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties. He has been President of Beauward Shopping Centres Ltd. since 1996, and previously held a number of other positions with that company. Mr. Bibeau is a Director of Great-West, London Life, Canada Life and Crown Life. He graduated from Bishop's University with a Bachelor of Business Administration.

Marcel R. Coutu (1) - Calgary, Alberta, Canada

May 3, 2007

Mr. Coutu is President and Chief Executive Officer of Canadian Oil Sands Limited and Chairman of Syncrude Canada Ltd., Canada's largest oil sands project. He was previously Senior Vice-President and Chief Financial Officer of Gulf Canada Resources Limited, and prior to that held various positions in the areas of corporate finance, investment banking, and mining and oil and gas exploration and development. Mr. Coutu is a Director of Great-West, London Life, Canada Life and Crown Life. Mr. Coutu also serves on the Board of Directors of United Way of Calgary and on the Pension and Compensation Committee of Calgary Exhibition and Stampede Board. He has also held board positions with Gulf Indonesia Resources Limited, TransCanada Power Limited Partnership and TransCanada Gas Processing Limited Partnership. Mr. Coutu is a Director of Brookfield Asset Management Inc. and is a member of the Board of Governors of the Canadian Association of Petroleum Producers, and the Association of Professional Engineers, Geologists and Geophysicists of Alberta.

Orest T. Dackow (2) - Castle Rock, Colorado, United States of America

April 22, 1992

Mr. Dackow served as President and Chief Executive Officer of the Corporation from 1992 to 2000 and as President of Great-West from 1990 to 1995. He is a Director of Great-West, London Life, Canada Life, Crown Life and GWL&A. Mr. Dackow is a fellow of the Canadian Institute of Actuaries, the American Academy of Actuaries, and the Society of Actuaries.

André Desmarais, O.C. (2)(3)(4) - Westmount, Québec, Canada

April 22, 1992

Mr. Desmarais is Co-Chairman of Power Financial Corporation ("Power Financial") and Deputy Chairman, President and Co-Chief Executive Officer of Power Corporation of Canada ("Power"). Prior to joining Power in 1983, he was Special Assistant to the Minister of Justice of Canada and an institutional investment counselor at Richardson Greenshields Securities Ltd. He has held a number of senior positions with Power group companies. Mr. Desmarais is a Director of Great-West, London Life, Canada Life, Crown Life, GWL&A and Putnam. He is also a Director of IGM Financial Inc., Investors Group Inc. and Mackenzie Inc. He is also a Director of Power Financial, Pargesa Holding S.A., in Europe, Power and CITIC Pacific Ltd. in Asia. He was a Director of Bombardier Inc. until 2004. Mr. Desmarais is Honorary Chairman of the Canada China Business Council and is a member of several China-based organizations. Mr. Desmarais is active in cultural, health and other not-for-profit organizations. In 2003, he was named an Officer of the Order of Canada.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

Paul Desmarais, Jr., O.C. (2)(3)(4) - Westmount, Québec, Canada

May 15, 1986

Mr. Desmarais is Co-Chairman of Power Financial and Chairman and Co-Chief Executive Officer of Power. Prior to joining Power in 1981, he was with S.G. Warburg & Co. in London, England, and with Standard Brands Incorporated in New York. He was President and Chief Operating Officer of Power Financial from 1986 until 1989, served as Chairman of the Board of Power Financial from 1990 until 2005, and became Chairman of the Executive Committee of Power Financial in 2005. He is a Director of Great-West, London Life, Canada Life, Crown Life, GWL&A, Putnam, IGM Financial Inc., Investors Group Inc. and Mackenzie Inc. He is also Vice-Chairman of the Board and Executive Director of Pargesa Holding S.A., Vice-Chairman of the Board of Imerys, and a Director of Groupe Bruxelles Lambert, Total S.A., Suez and Lafarge. Mr. Desmarais is a member of the International Council and a Director of the European Institute of Business Administration (INSEAD), Chairman of the Board of Governors of The International Economic Forum of the Americas, Chairman of the International Advisory Committee of École des Hautes Études Commerciales of Montréal and Member of the Global Advisory Council for Merrill Lynch (New York). He is also involved in charitable and community activities. In 2005, he was named an Officer of the Order of Canada and in 2006 he received a Doctorate honoris causa from Université Laval (Canada).

H. David Graves (3) - Winnipeg, Manitoba, Canada

May 3, 2007

Mr. Graves is Chairman and President and Chief Executive Officer of IMRIS Inc., a medical device company. He has been President and Chief Executive Officer of IMRIS Inc. since its formation in May 2005. From 1998 until 2005, he was President and Chief Executive Officer of Centara Corporation, a venture capital firm. Prior to that Mr. Graves was founder and Chief Executive Officer of Broadband Networks Inc., a leading-edge developer of wireless telecommunications systems. Mr. Graves is a Director of Great-West, London Life, Canada Life and Crown Life. He also serves on the board of directors of Manitoba Health Research Council.

V. Peter Harder (5) - Manotick, Ontario, Canada

May 3, 2007

Mr. Harder is President of the Canada China Business Council and Senior Policy Advisor to Fraser Milner Casgrain LLP. He is former Deputy Minister of Foreign Affairs, a position that he held from June of 2003 until March of 2007. Prior to that he served as Deputy Minister in a number of other Government of Canada departments, including Treasury Board, Solicitor General, Citizenship and Immigration, and Industry Canada. Mr. Harder is a Director of Great-West, London Life, Canada Life and Crown Life. He is also a member of the Board of Directors of Telesat, ARISE Technologies, Pinetree Capital, the Canada-China Business Council, the Canada-Eurasia Russia Business Association and the University of Ottawa. Mr. Harder was awarded the Prime Minister's Outstanding Achievement Award for public service leadership in 2000, and in 2002 he was awarded the Queen's Jubilee Award. He also served as the Personal Representative of the Prime Minister to the G8.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

Michael L. Hepher (1)(3) - London, England, United Kingdom

May 4, 2006

Mr. Hepher joined the Board of The Canada Life Group (U.K.) Limited in February 1999 and is Chairman of its Audit Committee. He is a Director of Great-West, London Life, Canada Life and Crown Life. Mr. Hepher is also a Director of Kingfisher plc. Mr. Hepher is a Director of Catlin plc and is Chairman of its Audit Committee. He previously served as a Director and Chairman of the Board of Lane, Clark and Peacock LLP, TeleCity plc and Cardpoint plc and was a Director of Diageo plc, formerly Grand Metropolitan plc, and was Chairman of its Audit Committee from January 1996 to December 1997. He also previously served as a Director of MCI Communications, Washington DC, Lloyds Bank plc and Industrial Estates Ltd., Canada.

Chaviva M. Hošek, O.C. (1)(5) - Toronto, Ontario, Canada

May 1, 2008

Ms. Hošek is President and Chief Executive Officer of The Canadian Institute for Advanced Research, Toronto, a position that she has held since 2001. From 1993 to 2000 she was Senior Policy Advisor to the Prime Minister and Director of Policy and Research, Prime Minister's Office. She previously held the offices of Senior Policy Advisor to the Leader of the Liberal Party of Canada and Director, National Liberal Caucus Research Bureau, and served as MPP - Oakwood and Minister of Housing, Government of Ontario and as a Member of the Policy and Priorities Board of Cabinet and The Premier's Council on Health. Ms. Hošek is a Director of Great-West, London Life, Canada Life and Crown Life. She is also a Director of Maple Leaf Foods Inc. and serves as a director and trustee for a number of non-profit organizations. She was named an Officer of the Order of Canada in 2006.

Daniel Johnson (2)(3) - Montréal, Québec, Canada

April 22, 1999

Mr. Johnson is Of Counsel to McCarthy Tétrault LLP. From the early 1980's to the late 1990's Mr. Johnson served the Province of Québec in various roles. He was the Prime Minister of Québec in 1994 and was the Leader of the Opposition from 1994 to 1998. Mr. Johnson is a Director of Great-West, London Life, Canada Life and Crown Life. He is a Director of IGM Financial Inc., Investors Group Inc. and Mackenzie Inc. Mr. Johnson is also a Director of Bombardier Inc. and of the Bank of Canada and is a Director and Chairman of Victrom Bionique Humaine Inc., and is the Honorary Consul of Sweden in Montreal.

Kevin P. Kavanagh, C.M. (2)(4)(5) - Winnipeg, Manitoba, Canada

May 15, 1986

Mr. Kavanagh served as President and Chief Executive Officer of Lifeco from 1986 to 1992 and as President and Chief Executive Officer of Great-West from 1979 to 1990. He is a Director of Great-West, London Life, Canada Life, Crown Life and GWL&A. He is a Chancellor Emeritus of Brandon University, and has served on various business and cultural boards in Manitoba and Canada.

D. Allen Loney, FIA, FCIA (2) - Toronto, Ontario, Canada

July 30, 2008

Mr. Loney is President and Chief Executive Officer of Lifeco, a position he has held since May, 2008. He has also been President and Chief Executive Officer of Great-West, London Life, Canada Life and Crown Life since May, 2008. He was formerly Vice-President, Capital Management of Lifeco and Executive Vice-President, Chief Actuary/Capital Management of Great-West, London Life, Canada Life and Crown Life. Mr. Loney has been with Great-West since 2003 and with Canada Life since 1971, and is a Director of Great-West, London Life, Canada Life and Crown Life. Mr. Loney is a Fellow of the Canadian Institute of Actuaries, the Institute of Actuaries (UK) and a member of the American Academy of Actuaries. He also serves on the Board of Directors of the Canadian Life and Health Insurance Association.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

The Right Honourable Donald F. Mazankowski, P.C., O.C., A.O.E. (2)(4) - Sherwood Park, Alberta, Canada

January 27,
1994

Mr. Mazankowski was a Member of Parliament for 25 years and held several senior Cabinet positions including Deputy Prime Minister, Minister of Finance, Minister of Agriculture and President of the Queen's Privy Council. He is currently Senior Advisor to Gowling Lafleur Henderson LLP. He is a Director of Great-West, London Life, Canada Life and Crown Life. He is a Director of IGM Financial Inc., Investors Group Inc. and Mackenzie Inc. He is also a Director of Power Financial, Power, Atco Inc., and Canadian Oil Sands Ltd., and is a Director and trustee of Yellow Pages Income Fund.

Raymond L. McFeetors (2)(3)(4) - Winnipeg, Manitoba, Canada

April 28, 1993

Mr. McFeetors is Chairman of the Board of Lifeco, a position he has held since May, 2008. He is also Vice-Chairman of Power Financial. Prior to May, 2008, he was President and Chief Executive Officer of Lifeco, Great-West, London Life, Canada Life, Crown Life and GWL&A. Mr. McFeetors has been with Great-West since 1968, and is a Director and Chairman of the Board of Great-West, London Life, Canada Life, Crown Life and GWL&A. He is a Director of Putnam, IGM Financial Inc., Investors Group Inc. and Mackenzie Inc., and is a Director of Power Financial and Power. Mr. McFeetors is also a Director of a number of national organizations in the health, education, cultural and business sectors. In 2002, he was appointed Honorary Colonel of The Royal Winnipeg Rifles. Mr. McFeetors received an Honorary Doctorate of Laws from the University of Winnipeg in 2007.

Jerry E.A. Nickerson (1)(2) - North Sydney, Nova Scotia, Canada

May 15, 1986

Mr. Nickerson is Chairman of the Board of H.B. Nickerson & Sons Limited, a management and holding company based in North Sydney, Nova Scotia. He is a Director of Great-West, London Life, Canada Life, Crown Life, GWL&A and Putnam. Mr. Nickerson is also a Director of Power Financial and Power. He has also served on the boards of various organizations, federal and provincial Crown Corporations, and other public and private companies.

David A. Nield (3)(4)(5) - Toronto, Ontario, Canada

July 30, 2003

Mr. Nield is a former Chairman and Chief Executive Officer of Canada Life. He is a Director of Great-West, London Life, Canada Life, Crown Life and GWL&A. Mr. Nield is a Past Chairman and Director of the Canadian Life and Health Insurance Association Inc. and is a Trustee of the National Sanitarium Association.

R. Jeffrey Orr (2)(3)(4) - Westmount, Québec, Canada

July 30, 2002

Mr. Orr is President and Chief Executive Officer of Power Financial, a position he has held since May 2005. From May 2001 until May 2005, he was President and Chief Executive Officer of IGM Financial Inc. Previously, he was Chairman and Chief Executive Officer of BMO Nesbitt Burns Inc. and Vice-Chairman, Investment Banking Group, Bank of Montreal. He is a Director of Great-West, London Life, Canada Life, Crown Life, GWL&A and Putnam. Mr. Orr is also a Director of IGM Financial Inc., Investors Group Inc., Mackenzie Inc., Power Financial and Power. He has been active in a number of community and business organizations.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

Michel Plessis-Bélair, FCA - Town of Mount Royal, Québec, Canada

April 15, 1990

Mr. Plessis-Bélair was Executive Vice-President and Chief Financial Officer of Power Financial and Vice-Chairman and Chief Financial Officer of Power until his retirement in January, 2008. He continues to serve as Vice-Chairman of Power. Before joining Power in 1986, he was Executive Vice-President and Director of Société générale de financement du Québec and prior to that he was Senior Vice-President of Marine Industries Ltd. Mr. Plessis-Bélair is a Director of Great-West, London Life, Canada Life, Crown Life and GWL&A. He is a Director of IGM Financial Inc., Investors Group Inc. and Mackenzie Inc. He is also a Director of Power Financial, Pargesa Holding S.A., Groupe Bruxelles Lambert and Power. Mr. Plessis-Bélair is also a Director of Lallemand Inc., Hydro-Québec and l'Université de Montréal.

Philip K. Ryan (2) - Montreal, Quebec, Canada

May 1, 2008

Mr. Ryan is the Executive Vice-President and Chief Financial Officer of Power Financial and Power, positions that he has held since January, 2008. From 1985 until January, 2008 he held a variety of positions with Credit Suisse, a global financial services company domiciled in Switzerland, including Chairman of the Financial Institutions Group (UK), Chief Financial Officer of Credit Suisse Group (Switzerland), Chief Financial Officer of Credit Suisse Asset Management (UK), and Managing Director of CSFB Financial Institutions Divisions (USA/UK). Mr. Ryan is a Director of Great-West, London Life, Canada Life, Crown Life, Putnam, Investors Group Inc. and Mackenzie Inc. He is a graduate of the University of Illinois School of Engineering and of the Indiana University Kelley School of Graduate Business.

Guy St-Germain, C.M. (1)(2) - Outremont, Québec, Canada

April 24, 1991

Mr. St-Germain is President of Placements Laugerma Inc., a private holding company based in Montréal, a position he has held since 1990. He was previously Chairman, Chief Executive Officer and President of Commassur Inc. Mr. St-Germain is a Director of Great-West, London Life, Canada Life and Crown Life. He is also a Director of Power Financial. He graduated in Law from the University of Montréal, has a M.A. (Philosophy, Politics and Economics) from Oxford University and attended l'École des Hautes Études Politiques in Paris.

Emőke J.E. Szathmáry, C.M., Ph.D. - Winnipeg, Manitoba, Canada

May 4, 2006

Dr. Szathmáry is President Emeritus of the University of Manitoba and a Professor in the Department of Anthropology and in the Department of Biochemistry and Medical Genetics. She was previously Provost and Vice-President (Academic) of McMaster University in Hamilton, and prior to that Dean of the Faculty of Social Science of the University of Western Ontario in London. Dr. Szathmáry is a Director of Great-West, London Life, Canada Life and Crown Life. She is also a Director of Power Financial and Power. She also serves on the Board of Directors of the Advanced Foods and Materials Network, CancerCare Manitoba Foundation, the J.W. Dafoe Foundation, and the Canadian Credit Management Foundation. She has received five honorary doctorates and the Lieutenant Governor's Medal for Excellence in Public Administration in Manitoba. Dr. Szathmáry is a Fellow of the Royal Society of Canada, and is a member of the Order of Canada.

Name, Municipality of Residence, Principal Occupation, Major Positions with Lifeco and Lifeco's Affiliates

*Served as
Director From*

Murray J. Taylor - Winnipeg, Manitoba, Canada

May 4, 2006

Mr. Taylor is Co-President and Chief Executive Officer of IGM Financial Inc., one of Canada's largest financial services companies. He is also President and Chief Executive Officer of Investors Group Inc., a position he has held since April 30, 2004. He first joined IGM Financial Inc. in May 2001 as Executive Vice-President and in June 2002 was appointed Executive Vice-President, Financial Services Division. Prior to joining IGM Financial Inc., Mr. Taylor held senior roles with Great-West and London Life, where he was employed for the preceding 25 years. Mr. Taylor is a Director of Great-West, London Life, Canada Life and Crown Life. He is also a Director of IGM Financial Inc., Investors Group Inc. and Mackenzie Inc.

- (1) Member of the Audit Committee.
- (2) Member of the Executive Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance and Nominating Committee.
- (5) Member of the Conduct Review Committee.

The term of office of each of the Lifeco Directors will expire at the close of the next Lifeco annual meeting.

Executive Officers

The following information with respect to Executive Officers is at February 13, 2009.

<i>Name and Place of Residence</i>	<i>Position and Principal Occupation</i>	<i>Dates Position Held if Less than 5 Years</i>
Raymond L. McFeetors Winnipeg, Manitoba, Canada	<ul style="list-style-type: none"> • Chairman of the Board of Lifeco, Great-West, London Life, Canada Life, Crown Life and GWL&A • Vice-Chairman of Power Financial • President and Chief Executive Officer of Lifeco • President and Chief Executive Officer of Great-West • President and Chief Executive Officer of London Life • President and Chief Executive Officer of Canada Life • President and Chief Executive Officer of GWL&A • President and Chief Executive Officer of Crown Life 	<p>May 2008 - Present</p> <p>May 2008 - Present</p> <p>May 2005 - May 2008</p> <p>June 1992 - May 2008</p> <p>November 1997 - May 2008</p> <p>July 2003 - May 2008</p> <p>January 2006 - May 2008</p> <p>July 2007 - May 2008</p>
D. Allen Loney Toronto, Ontario, Canada	<ul style="list-style-type: none"> • President and Chief Executive Officer of Lifeco, Great-West, London Life, Canada Life and Crown Life • Vice-President, Capital Management of Lifeco • Executive Vice-President and Chief Actuary/Capital Management of Great-West, London Life and Canada Life • Senior Vice-President, Capital Management of Great-West and London Life • Senior Vice-President, Capital Management and Actuary of Canada Life • Senior Vice-President, Capital Management and Chief Actuary of Canada Life • Senior Vice-President and Chief Actuary of Canada Life • Executive Vice-President and Chief Actuary/Capital Management of Crown Life 	<p>May 2008 - Present</p> <p>May 2005 - May 2008</p> <p>December 2005 - May 2008</p> <p>August 2004 - December 2005</p> <p>February 2005 - December 2005</p> <p>August 2004 - February 2005</p> <p>November 2002 - August 2004</p> <p>July 2007 - May 2008</p>

<i>Name and Place of Residence</i>	<i>Position and Principal Occupation</i>	<i>Dates Position Held if Less than 5 Years</i>
William L. Acton Toronto, Ontario, Canada	• President and Chief Executive Officer of Canada Life Capital Corporation	May 2008 - Present
	• President and Chief Operating Officer, Europe of Great-West, London Life and Canada Life	December 2005 - May 2008
	• Executive Vice-President, Europe & Reinsurance of Great-West, London Life and Canada Life	July 2003 - December 2005
Andrew D. Brands Toronto, Ontario, Canada	• Vice-President, Associate Counsel, Europe of Lifeco	February 2006 - Present
	• Senior Vice-President and General Counsel, Europe, Reinsurance and Litigation (Canada) of Great-West and London Life	November 2008 - Present
	• Senior Vice-President and General Counsel, Europe & Reinsurance of Great-West and London Life	February 2006 - October 2008
	• Senior Vice-President and General Counsel of Canada Life	November 2002 - October 2008
Mitchell T. G. Graye Greenwood Village, Colorado, USA	• President and Chief Executive Officer, GWL&A	May 2008 - Present
	• President and Chief Executive Officer, U.S. Operations of Great-West, London Life and Canada Life	May 2008 - Present
	• Vice-President, Finance, United States of Lifeco	April 1994 - May 2008
	• Executive Vice-President and Chief Financial Officer of GWL&A	January 1999 - May 2008
	• Executive Vice-President and Chief Financial Officer, U.S. Operations of Great-West	January 1999 - May 2008
	• Executive Vice-President and Chief Financial Officer, U.S. Operations of Canada Life	July 2003 - May 2008
	▪	
Arshil Jamal Toronto, Ontario, Canada	▪ Vice-President, Capital Management of Lifeco	May 2008 - Present
	▪ Senior Vice-President, Chief Actuary/Capital Management of Great-West, London Life, CLFC, Canada Life and Crown Life	May 2008 - Present
	▪ Senior Vice-President, Capital Management of Great-West, London Life, CLFC, Canada Life and Crown Life	July 2007 - May 2008
	▪ Vice-President, Capital Management of Great-West, London Life, CLFC and Canada Life	August 2004 - July 2007
	▪ Vice-President, Corporate Actuarial of CLFC and Canada Life	September 2002 - August 2004
	▪	
William W. Lovatt Winnipeg, Manitoba, Canada	• Executive Vice-President and Chief Financial Officer of Lifeco	May 2008 - Present
	• Vice-President, Finance, Canada of Lifeco	April 1997 - May 2008
	• Executive Vice-President and Chief Financial Officer of Great-West and London Life	N/A
	• Executive Vice-President and Chief Financial Officer of Canada Life	May 2004 - Present
	• Executive Vice-President and Chief Financial Officer of Crown Life	July 2007 - Present

<i>Name and Place of Residence</i>	<i>Position and Principal Occupation</i>	<i>Dates Position Held if Less than 5 Years</i>
Richard G. Schultz Centennial, Colorado, USA	• Vice-President, Associate Counsel, United States of Lifeco	February 2006 - Present
	• Senior Vice-President, General Counsel and Secretary of GWL&A	October 2008 - Present
	• Chief Legal Officer, Corporate and Secretary of GWL&A	July 2006 - October 2008
	• Vice-President, Counsel and Associate Secretary, U.S. Operations of Great-West, London Life and Canada Life	May 2008 - Present
	• Vice-President, Counsel and Associate Secretary of GWL&A	July 2000 - July 2006
	• Chief Legal Officer, Corporate and Secretary, U.S. Operations of Great-West and Canada Life	July 2006 - May 2008
	• Vice President, Counsel and Associate Secretary, U.S. Operations of Great-West and Canada Life	July 1, 2000 - July 2006
Sheila A. Wagar, Q.C. Winnipeg, Manitoba, Canada	• Vice-President, General Counsel and Secretary of Lifeco	February 2006 - Present
	• Senior Vice-President, General Counsel and Secretary of Great-West and London Life	N/A
	• Senior Vice-President and Secretary of Canada Life	N/A
	• Senior Vice-President, General Counsel and Secretary of Crown Life	July 2007 - Present

Unless otherwise indicated, all of the executive officers have been engaged for not less than five years in their present principal occupations or in another executive capacity with the companies identified.

Shareholdings of Directors and Executive Officers

The directors and executive officers of Lifeco, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,565,970 Lifeco Common Shares representing 0.271853% of the outstanding Lifeco Common Shares, 4,000 Lifeco Series D First Preferred Shares representing 0.050387% of the outstanding Lifeco Series D Preferred Shares, 9,667 Lifeco Series E First Preferred Shares representing 0.043384% of the outstanding Lifeco Series E Preferred Shares and 20,288 Lifeco Series F First Preferred Shares representing .0254970% of the outstanding Lifeco Series F Preferred Shares.

In December 2008, Lifeco issued 48,200,000 common shares. Of these shares, 28,920,000 common shares were issued to the public and 19,280,000 common shares were issued to Power Financial or its affiliates other than Lifeco and its subsidiaries at the same price at which they were sold to the public. To the knowledge of the Directors and the executive officers of Lifeco, Power Financial controlled, directly or indirectly, 685,945,452 common shares of Lifeco, or 72.67% of the outstanding Lifeco Common Shares, representing approximately 65% of the voting rights attached to all of the outstanding voting shares of Lifeco, and The Honourable Paul Desmarais had voting control of Power Financial, a subsidiary of Power. Power Financial does not own or control any First Preferred Shares.

Corporate Bankruptcy

Mr. Daniel Johnson, a Director of Lifeco, was a director and chairman of the board of Geneka Biotechnologie Inc. until March 7, 2003, approximately two months prior to the date on which Geneka Biotechnologie Inc. was deemed to have made an assignment in bankruptcy.

LEGAL AND REGULATORY PROCEEDINGS

Lifeco and its subsidiaries are from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is not expected that any of the existing legal actions will have a material adverse effect on the consolidated financial position of Lifeco. Lifeco is also subject to regulatory reviews in the normal course of business.

TRANSFER AGENTS AND REGISTRARS

The registrar and transfer agent of Lifeco is Computershare Investor Services Inc. Securities of Lifeco are transferable at the following locations:

Canadian Offices Computershare Investor Services Inc.
9th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1
6th Floor, 530 8th Avenue S.W., Calgary, Alberta, T2P 3S8
1500 University Street, Suite 700, Montreal, Quebec, H3A 3S8
2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9
Phone: 1-888-284-9137 (toll free in North America), 514-982-8885 (direct dial)

The Lifeco First Preferred Shares, Series G, H, I and J are only transferable at the Toronto Offices of Computershare Investor Services Inc.

Internationally, the Lifeco Common Shares and Lifeco First Preferred Shares, Series E and F are also transferable at the following locations:

United States Office Computershare Trust Company Inc., N.A.
350 Indiana Street, Suite 800
Golden, Colorado 80401
Phone: 1-888-284-9137 (toll free in North America)

United Kingdom Office Computershare Investor Services PLC,
P.O. Box 82, The Pavilions, Bridgwater Road
Bristol BS99 7NH, United Kingdom,
Phone: 0870-702-0164

Ireland Office Computershare Investor Services (Ireland) Limited,
P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate
Dublin 18, Ireland
Phone: 353-1-216-3100

The transfer agent can also be contacted by email at GWO@computershare.com.

MATERIAL CONTRACTS

On June 26, 2008, Great-West Lifeco Finance (Delaware) LP II, a subsidiary of Lifeco, issued \$500 million principal amount of subordinated debentures due June 26, 2068. The subordinated debentures have been guaranteed on a subordinated basis by Lifeco.

On April 1, 2008, Lifeco announced that GWL&A had completed the sale of its health care insurance business, Great-West Healthcare, to a subsidiary of CIGNA Corporation. As part of the transaction, GWL&A has received consideration of US\$1.5 billion in gross proceeds, and approximately US\$750 million, representing the amount of equity invested in the health care business, was made available for other purposes.

On February 14, 2008, CLIRe, an indirect wholly-owned Irish reinsurance subsidiary of Lifeco, signed an agreement with Standard Life to assume by way of indemnity reinsurance, a large block of U.K. payout annuities. The reinsurance transaction, at the date of signing, resulted in revenue premiums of \$12.5 billion with

corresponding increases in paid or credited to policyholders, policyholder liabilities and funds held by ceding issuers.

INTERESTS OF EXPERTS

Deloitte & Touche LLP is the external auditor of Lifeco who prepared the Auditors' Report to Shareholders included with the consolidated annual financial statements of Lifeco for the most recently completed financial year. To the knowledge of Lifeco, Deloitte & Touche LLP is independent in accordance with the rules of professional conduct applicable to it under the Institute of Chartered Accountants of Manitoba.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Audit Committee Charter as approved by the Board of Directors is attached as Appendix A.

Composition of the Audit Committee

The Audit Committee of Lifeco consists of Jerry E.A. Nickerson (Chairman), Marc A. Bibeau, Marcel R. Coutu, Michael L. Hephher, Chaviva M. Hošek and Guy St-Germain. Each audit committee member is independent and financially literate within the meaning of Multilateral Instrument 52-110 (Audit Committees).

Relevant Education and Experience

In addition to their general business background and involvement with other companies, the members of the Lifeco Audit Committee have experience as audit committee members with the Lifeco group of companies, with the exception of Mr. Bibeau and Ms. Hošek, who joined the Audit Committee in 2008. All new members of the Audit Committee participated in a Directors Orientation program which included a session entitled Financial Literacy. This session was developed and presented by Management and Lifeco's external auditor and included information on Lifeco's structure and operating segments, significant accounting policies, materiality, the Auditor's Report and the role of the external auditor. All members of the Audit Committee of Lifeco have experience reviewing financial statements and dealing with related accounting and auditing issues. The following sets out the education and experience of each director relevant to the performance of their responsibilities as members of the Lifeco Audit Committee:

Jerry E. A. Nickerson – Mr. Nickerson is Chairman of the Board of H.B. Nickerson & Sons Limited, a management and holding company based in North Sydney, N.S. He is a Director and Chairman of the Audit Committees of Great-West, London Life, Canada Life, Crown Life, GWL&A and Putnam, and has been a member of the Lifeco Audit Committee since 1986 and Chairman since 1994. Mr. Nickerson is also a Director of Power and Power Financial. He holds a Bachelor of Commerce degree from Dalhousie University.

Marc A. Bibeau – Mr. Bibeau is President of Beauward Shopping Centres Ltd., a privately owned company which develops, leases and operates real estate properties. He has been President of Beauward Shopping Centers Ltd. since 1996, and previously held a number of other positions with that company. He is a Director and member of the Audit Committees of Great-West, London Life, Canada Life and Crown Life. He graduated from Bishop's University with a Bachelor of Business Administration.

Marcel R. Coutu – Mr. Coutu has been President and Chief Executive Officer of Canadian Oil Sands Limited since 2001. He has over 25 years of experience in the resource and energy sector, primarily focused in corporate finance. Mr. Coutu was Senior Vice President and Chief Financial Officer of Gulf Canada from 1999 to 2001. Preceding that position, he was Senior Vice President, International and Vice President, Finance at TransCanada PipeLines where he helped finance their mainline expansion and international projects. He also has five years of experience in the investment banking business, mostly with Burns Fry Limited. He is a Director and member of the Audit Committees of Great-West, London Life, Canada Life and Crown Life. He is also a Director of Brookfield Asset Management and chairs their Audit Committee. Mr. Coutu holds an H.B.Sc. in geology from the University of Waterloo, an MBA from the University of Western Ontario, is a member of the Association of Professional Engineers, Geologists and Geophysicists, and is a certified member of the Institute of Corporate Directors.

Michael L. Hepher – Mr. Hepher joined the Board of Canada Life Group (U.K.) Limited in February 1999 and is Chairman of its Audit Committee. He is also a Director of Kingfisher plc, and a Director of Catlin plc and is Chairman of its Audit Committee. He previously served as a Director and Chairman of the Board of Cardpoint plc, Lane, Clark and Peacock LLP and of TeleCity plc and was a Director of Diageo plc, formerly Grand Metropolitan plc, and was Chairman of its Audit Committee from January 1996 to December 1997. He also previously served as a Director of MCI Communications, Washington DC, Lloyds Bank plc and Industrial Estates Ltd, Canada. He is a Director and member of the Audit Committees of Great-West, London Life, Canada Life and Crown Life. Mr. Hepher is a Fellow of the Institute of Actuaries.

Chaviva M. Hošek – Dr. Hošek is President and Chief Executive Officer of The Canadian Institute for Advanced Research, Toronto, a position that she has held since 2001. From 1993 to 2000 she was Senior Policy Advisor to the Prime Minister and Director of Policy and Research, Prime Minister's Office. She previously held the offices of Senior Policy Advisor to the Leader of the Liberal Party of Canada and Director, National Liberal Caucus Research Bureau. She served as MPP - Oakwood, as Minister of Housing, Government of Ontario and as a Member of the Policy and Priorities Board of Cabinet and Premier's Council on Health. Dr. Hošek is a Director of Maple Leaf Foods Inc. and serves as a director and trustee for a number of non-profit organizations. She is a Director and member of the Audit Committees of Great-West, London Life, Canada Life and Crown Life. Dr. Hošek received her Ph.D. from Harvard University.

Guy St-Germain – Mr. St-Germain is President of Placements Laugerma Inc., a private holding company based in Montréal, a position he has held since 1990. He was previously Chairman, Chief Executive Officer and President of Commassur Inc. and has been a director and member of the audit committees of National Bank of Canada, Provigo Inc., General Electric Canada, ADT Security of Canada and Hudson's Bay Company. Mr. St-Germain is a Director and member of the Audit Committees of Great-West, London Life, Canada Life and Crown Life, and has been a member of the Lifeco Audit Committee since 1999. He is also a director of Power Financial. He holds a law degree from the University of Montreal and a master's degree in philosophy, politics and economics from Oxford University.

Pre-Approval Policy

On February 1, 2005, the Lifeco Audit Committee adopted a Policy Regarding the Pre-Approval of Services provided by the External Auditor (the "Pre-Approval Policy") for the purpose of identifying, mitigating and/or eliminating potential threats to the independence of the external auditor. The Pre-Approval Policy is reviewed and approved by the Lifeco Audit Committee on an annual basis.

The Pre-Approval Policy prohibits Lifeco or any of its subsidiary entities from engaging the external auditor to provide certain specified non-audit services. Pursuant to the Pre-Approval Policy, all non-audit services that are not specifically prohibited may be provided to Lifeco or any of its subsidiary entities by the external auditor if such services have been pre-approved by the Lifeco Audit Committee and the audit committees of each of Power Financial and Power.

External Auditor Service Fees

	Year Ended December 31, 2008	Year Ended December 31, 2007
Audit Fees ¹	16,809,784	13,373,680
Audit-Related Fees ²	3,271,068	2,548,679
Tax Fees ³	1,089,675	955,074
All Other Fees ⁴	2,817,512	1,114,535
Total	23,988,039	17,991,968

1. Audit Fees: These audit fees are for the audits of the financial statements of Lifeco and its subsidiaries and other services normally provided by the external auditor in connection with statutory and regulatory filings. These fees also include amounts for the audits of the financial statements of the segregated funds of Lifeco's insurance subsidiaries, the financial statements of registered or unregistered funds managed by subsidiaries of Lifeco, and the financial statements of partnerships to which Lifeco, its subsidiaries or the segregated funds of Lifeco's insurance subsidiaries are a party.

2. **Audit-Related Fees:** These audit-related fees are for the reviews of securities filings and other services related to capital market transactions of Lifeco and/or its subsidiaries, including information barrier audits. These fees also include amounts for the reviews of interim financial statements of Lifeco and/or its subsidiaries and audits/specified procedures mainly related to regulatory filings, internal controls and benefit plans, and managed properties.
3. **Tax Fees:** These tax fees primarily relate to tax compliance and planning, provision of formal tax opinions and assistance in resolutions of tax disputes for Lifeco and/or its subsidiaries (including segregated funds) in connection with income taxes, property taxes and commodity taxes.
4. **Other Services:** These other fees relate to specific engagements including translation services, consulting on accounting issues and the assessment of the design and implementation of internal accounting controls for Lifeco and/or its subsidiaries.

ADDITIONAL INFORMATION

Additional information relating to Lifeco is available for review on SEDAR at www.sedar.com.

Additional information in respect of Lifeco, including directors and officers remuneration and indebtedness, principal holders of its securities and securities authorized for issuance under the Lifeco Stock Option Plan is contained in Lifeco's Management Proxy Circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is provided in Lifeco's consolidated financial statements and MD&A for its most recently completed financial year.

APPENDIX A**GREAT-WEST LIFECO INC.****AUDIT COMMITTEE CHARTER****1.0 COMPOSITION**

The Audit Committee (the "**Committee**") of Great-West Lifeco Inc. (the "**Corporation**") shall be composed of not less than three directors of the Corporation, all of whom shall be independent and financially literate within the meaning of the Canadian Securities Administrators Multilateral Instrument.

2.0 PROCEDURAL MATTERS

In connection with the discharge of its duties and responsibilities, the Committee shall observe the following procedures:

- (1) **Meetings.** The Committee shall meet at least four times every year, and more often if necessary, to discharge its duties and responsibilities hereunder.
- (2) **Advisors.** The Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay, at the Corporation's expense, the compensation of such advisors.
- (3) **Quorum.** A quorum at any meeting of the Committee shall be two Committee members.
- (4) **Secretary.** The Chairman of the Committee, or any person appointed by the Chairman of the Committee, shall act as secretary of meetings of the Committee.
- (5) **Calling of Meetings.** A meeting of the Committee may be called by the Chairman of the Committee, by the Chairman of the Board of Directors (the "**Board**"), by a Co-President and Chief Executive Officer, by the external auditor of the Corporation, or by any member of the Committee. When a meeting of the Committee is called by anyone other than the Chairman of the Board, the Chairman of the Committee shall so inform the Chairman of the Board.

3.0 DUTIES AND RESPONSIBILITIES

3.1 **Financial Disclosure.** The Committee shall:

- (1) review the Corporation's:
 - (a) interim and annual financial statements;
 - (b) interim and annual management's discussions and analyses;
 - (c) interim and annual earnings press releases;
 - (d) annual information forms;
 - (e) prospectuses; and
 - (f) other documents containing audited or unaudited financial information, at its discretion;

and report thereon to the Board before such documents are approved by the Board and disclosed to the public;

- (2) be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure provided by the financial statements, management's discussions and analyses and earnings press releases, and shall periodically assess the adequacy of those procedures;
- (3) review, at its discretion, any financial information contained in any reports filed by the Corporation with regulatory authorities in connection with the financial condition of the Corporation; and
- (4) review such investments and transactions that could adversely affect the well-being of the Corporation as the external auditor of the Corporation or any officer of the Corporation may bring to the attention of the Committee.

3.2 **External Audit.** The Committee shall:

- (1) review the recommendation of management and recommend to the Board the external auditor to be appointed for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services;
- (2) review and approve the audit plan, the terms of the external auditor's engagement, the appropriateness and reasonableness of proposed audit fees, and any issues relating to the payment of audit fees, and make a recommendation to the Board with respect to the compensation of the external auditor;
- (3) review the independence of the external auditor, including an annual report prepared by the external auditor regarding its independence;
- (4) review the external auditor's engagement to ensure that the external auditor is duly appointed as external auditor of each of the Corporation's subsidiary entities, unless in the opinion of the Corporation, after consulting the external auditor, the total assets of the subsidiary entity are not a material part of the total assets of the Corporation, or unless, in the case of a subsidiary entity that carries on its operations in a country other than Canada, the laws of the country do not permit such appointment;
- (5) review the recommendation of management and the external auditor for the person designated to conduct the audit;
- (6) meet with the external auditor and with management to discuss the audit plan, audit findings, any restrictions on the scope of the external auditor's work, and any problems that the external auditor experiences in performing the audit;
- (7) review with the external auditor and management any changes in Generally Accepted Accounting Principles; the quality and the acceptability of major accounting policies and assumptions; alternative treatments of financial information within Generally Accepted Accounting Principles that have been discussed with management, the ramifications of the use of alternative treatments, and the treatment preferred by the external auditor; the presentation and impact of significant risks and uncertainties that could adversely affect the wellbeing of the Corporation; and key estimates and judgments of management; in each case that may be material to the Corporation's financial reporting;

- (8) have the authority to communicate directly with the external auditor;
- (9) receive reports directly from the external auditor;
- (10) directly oversee the work of the external auditor that is related to the preparation or issue of an auditor's report or other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (11) meet with the external auditor to discuss the annual financial statements (including the report of the external auditor thereon) and the interim financial statements (including the review engagement report of the external auditor thereon);
- (12) review the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition;
- (13) meet with the external auditor to discuss the investments and transactions referred to in subsection 3.1(4) hereof;
- (14) review any management letter containing the recommendations of the external auditor, and the response and follow up by management in relation to any such recommendations;
- (15) review any evaluation of the Corporation's internal control over financial reporting conducted by the external auditor, together with management's response;
- (16) pre-approve (or delegate such pre-approval to one or more of its independent members) in accordance with the pre-approval policy of the Corporation, all engagements for non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor, together with all non-audit services fees, and consider the impact of such engagements and fees on the independence of the external auditor;
- (17) review and approve the Corporation's hiring policy regarding partners, employees and former partners and employees of the present and former external auditor; and
- (18) review all issues and statements related to a change of the external auditor and the steps planned by management for an orderly transition.

3.3 Internal Audit. The Committee shall:

- (1) have the authority to communicate directly with the chief internal auditors;
- (2) review periodically the internal audit mandates of the Corporation;
- (3) review annually the internal audit plan;
- (4) require management to implement and maintain appropriate internal control procedures and review, evaluate and approve those procedures;
- (5) meet with the chief internal auditors and with management to discuss the effectiveness of the internal

control procedures established for the Corporation; and

- (6) review a summary of the chief internal auditors' reports and management's responses and subsequent follow-up to any material risks identified in such reports.

3.4 Compliance. The Committee shall:

- (1) review reports of the chief compliance officers and chief privacy officers;
- (2) meet with the chief compliance officers and chief privacy officers to discuss the effectiveness of existing policies and procedures for compliance with applicable laws and regulations;
- (3) monitor compliance with the Code of Conduct; and
- (4) review periodically the mandate of the chief compliance officers and chief privacy officers of the Corporation.

3.5 Accounting Complaints Handling Procedures. The Committee shall establish procedures for:

- (1) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (2) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

3.6 In-Camera Sessions. The Committee shall periodically meet in-camera alone, and meet separately with each of the external auditor, chief internal auditors and management, as the Committee deems appropriate.

3.7 Subsidiaries.

- (1) With respect to any Material Operating Subsidiary in the corporate ownership chain between the Corporation and any Direct Subsidiary, the Committee shall review the financial statements of that Material Operating Subsidiary.
- (2) With respect to any Direct Subsidiary:
 - (a) the Committee shall rely on the review and approval of the financial statements of the Direct Subsidiary by the audit committee and the board of directors of the Direct Subsidiary, and on reports or opinions of the external auditor on those financial statements;
 - (b) the Committee shall receive a copy of the charter of the Direct Subsidiary's audit committee, together with a memorandum summarizing its meeting processes and structure ("Process Memorandum"); and
 - (c) at each meeting of the Committee, the secretary of the Committee shall table a report from the secretary of the Direct Subsidiary's audit committee confirming that the processes mandated by its charter and Process Memorandum have been followed.

(3) For these purposes:

- (a) "**Material Operating Subsidiary**" means an operating subsidiary whose net income represents 10% or more of the net income of the Corporation; and
- (b) "**Direct Subsidiary**" means the first Material Operating Subsidiary below the Corporation in a corporate ownership chain that has an audit committee which is comprised of a majority of independent directors.

4.0 AUDITOR'S ATTENDANCE AT MEETINGS

The external auditor shall be entitled to receive notice of every meeting of the Committee and, at the expense of the Corporation, to attend and be heard at any meeting of the Committee. If so requested by a member of the Committee, the external auditor shall attend every meeting of the Committee held during the term of office of the external auditor.

5.0 ACCESS TO INFORMATION

The Committee shall have access to any information, documents and records that are necessary in the performance of its duties and the discharge of its responsibilities under this Charter.

6.0 REVIEW OF CHARTER

The Committee shall periodically review this Charter and recommend any changes to the Board as it may deem appropriate.

7.0 REPORTING

The Chairman of the Committee shall report to the Board, at such times and in such manner, as the Board may from time to time require on matters subject to the Committee's review and consideration and shall promptly inform the Chairman of the Board of any significant issues raised by the members of the Committee, the internal auditor, the external auditor or the regulators and shall provide the Chairman of the Board with copies of any written reports or letters provided by the external auditor and the regulators to the Committee.