

Annual Meetings **2015**



Paul Mahon

President & CEO

Annual Meeting Remarks

May 7, 2015

Toronto

GREAT-WEST
LIFECO INC.



Contents

1. Introduction	1
2. Financial performance highlights	1
3. Our diverse operations:	
• Canada	3
• Europe	6
• United States	7
4. Closing	8

Introduction

Members of the Board, policyholders, shareholders and invited guests. Good morning and welcome to our Annual Meetings. We are pleased to hold these meetings here in Toronto -- which is the head office for Canada Life and home to many of our important stakeholders.

We are a financial services company with insurance and risk management at our core, with over 28 million client relationships world-wide. We recognize the critical importance of financial security to our many stakeholders, including clients, shareholders, advisors and staff. This is central to our most important commitment – helping our customers achieve financial security and well-being.

My comments today will highlight three important aspects of our businesses that help us deliver on these commitments:

- **First, Financial Strength and Stability** - as illustrated by Lifeco's 2014 and Q1 2015 financial performance
- **Second, A focus on growth** – both in terms of scale and capabilities, as illustrated by our 2014 operational highlights
- **And third, business diversification** – as represented through our global reach, our multiple brands and distribution channels, and our wide array of products. As part of our distribution channel diversification, I will be introducing three leading Canadian advisors.

Financial performance highlights

Let's begin with a review of Lifeco's financial performance for 2014, a year marked by continued growth, financial strength and stability.

We experienced strong bottom line growth, with 2014 operating earnings our highest ever at \$2.5 billion. This reflected a 24% increase year-over-year, including a \$261 million earnings contribution from Irish Life.

In February of this year, and for the first time since the financial crisis, we announced an increase in the quarterly dividend payable to common shareholders – of 6%.

We experienced strong top line growth, with premiums and deposits increasing by 17% to \$90 billion.

We also expanded our scale and reach, with total assets under administration growing by 40% to approximately \$1.1 trillion. This milestone includes \$207 billion of assets under administration from the acquisition of J.P. Morgan Retirement Plan Services, which is now a part of our Empower Retirement business.

Great-West Lifeco's return on equity was an industry-leading 15.7%, and our capital position remains strong.

Since our last annual meeting, all five rating agencies have maintained our credit ratings with a stable outlook. The ratings you see here are among the highest of insurers world-wide, and were unaffected by the financial crisis.

Earlier this morning we released our Q1 2015 results - Here are some highlights:

- Operating earnings increased by 19% to \$700 million.
- The Board declared a quarterly dividend of \$0.3260 per common share.
- Assets under administration grew a further 11%, to approximately \$1.2 trillion; and
- Return on equity was 16% at the end of the first quarter.

Our financial strength and scale today reflect a strategic focus in North America and Europe, and has leveraged both acquisitions and organic growth.

The acquisition of London Life in 1997 was a major step in Lifeco's growth.

These next few slides show how our scale has evolved since then.

- In 1996, annual earnings were \$259 million, compared to \$2.5 billion at the end of 2014.
- Our market cap was \$3.4 billion, growing to \$37 billion at the end of Q1 this year.
- Annual premiums and deposits were \$9.6 billion, compared to \$90 billion today.
- Assets under administration were \$40.4 billion, compared to \$1.2 trillion today.
- And, back in 1996 our staff numbered 3,000, whereas today we have over 21,000 staff world-wide.

These measures reflect the coming together of great companies over almost two decades.

Our growth story also represents the coming together of great brands. Our oldest brand -- Canada Life -- dates back to 1847: 20 years before Canada's Confederation. And our newest brand, Empower Retirement, looks to the future of retirement readiness for Americans.

Across Great-West Lifeco, these brands and the 21,000 staff who support them are the ties that bind over 280,000 advisor relationships and over 28 million client relationships world-wide.

A key figure in Great-West Lifeco's growth and stability over this period is Bill Lovatt, who retires from the role of Chief Financial Officer after a distinguished 35-year career.

As CFO, Bill was a key contributor to Great-West Lifeco's acquisition planning and execution, beginning with London Life and continuing on for almost two decades. His leadership and insight also helped to guide our companies on a sound and stable path through the financial crisis.

There are two additional career highlights of Bill's I would like to share this morning:

- In 2003, nominated by his peers, Bill was honoured to receive the Certified General Accountant Fellowship designation for his dedication, achievement and professionalism.
- In 2009, the late Honourable Jim Flaherty, then Canada's Minister of Finance, invited Bill to be a member of the Department of Finance Advisory Committee on Financing. This group, including Bill's important contribution, helped set this country on a path towards economic recovery.

Thank you, Bill for 35 years of service and dedication, allowing us to gain from your wisdom and experience. On behalf of the company, I extend our very best wishes for a long and healthy retirement.

Acquisitions build scale and size. They also expand capabilities and provide us with a pool of outstanding talent we can leverage across the organization.

Some recent examples are:

- Garry MacNicholas, recently appointed Chief Financial Officer, who comes from Canada Life;
- Dervla Tomlin, recently appointed Chief Actuary, who joined us from Irish Life;
- and Ed Murphy, President of Empower Retirement, who comes from Putnam Investments.

Each of our segments -- Canada, Europe and the United States -- has scale, diversified businesses that draw on strong teams, strong regional brands and deep market knowledge.

At the same time, each segment faces off against increasing customer expectations, evolving competitive landscapes and changing regulatory environments.

The role of our segment leaders and their teams is to respond to -- and embrace -- these changes.

Canada

In Canada, Dave Johnston, President and Chief Operating Officer, leads our operations.

Canada is one of our most diversified businesses with diversity of products, channels and brands -- Great-West Life, London Life and Canada Life. Under this multi-brand strategy, our products and services impact the lives of more than 12 million people across Canada -- nearly one in three Canadians.

Our Canadian business continued to grow organically in 2014, reflecting the contributions of our staff and advisors.

Canadian net earnings were up 7% in 2014, and Canadian sales grew by 13%.

This growth helped us to maintain and build our leading market positions – in individual insurance, individual savings and retirement, group life and health, and group retirement services.

Our business is about helping improve Canadians' financial, physical and mental well-being. The graphics here highlight just a few of the ways our products and services made a difference in the lives of Canadians during 2014.

The advisors and distribution associates who represent us are key to helping us meet our customers' needs.

It gives me great pleasure at this time to recognize three high-achieving representatives of our leading Canadian-based distribution channels.

Rob Neil is President of Neil and Associates in Grande Prairie, Alberta.

Rob has provided insurance, financial and estate planning services to families, business owners and professionals since 1984.

A member of the Million Dollar Round Table and CALU - the Conference for Advanced Life Underwriting - Rob has consistently placed among Gold Key's top performers. He is also well-known for his volunteerism and support of organizations serving those in need in his community.

Shenglin Xian is President of Shenglin Financial in Toronto.

Shenglin joined London Life in 1991, and quickly established himself as a leading advisor.

Shenglin is passionate about educating clients on how to achieve their financial goals and dreams. He is a member of the Wealth & Estate Planning Group, and is consistently one of London Life's leading advisors.

He is also highly-respected in the Chinese community, as the Founding President of the Henan Association of Canada and President of the Canadian/Chinese Financial Consultants Association.

Mike Lui is President of M.M.K. Lui Financial Group Inc., which he founded in Saint John, New Brunswick.

With over 26 years' experience, Mike focuses on wealth accumulation, distribution and preservation strategies for high net-worth individuals, professionals and business owners.

Since 1989, Mike has consistently qualified as a member of the Million Dollar Round Table. He's a member of CALU, and has served on the Board of his local Advocis chapter.

Mike and his wife also devote their time to helping underprivileged high school students.

Research has shown that Canadians benefit significantly from the guidance and support of advisors. We believe the advice channel will continue to be critically important in providing Canadians with sound financial advice.

We also believe that technology will increasingly be used by our staff, advisors and customers in the delivery of advice and service. That is why we are investing significantly in digital capabilities and services across all of our businesses. We realize these capabilities are critical to meeting customer needs in a highly connected world.

A great example is GroupNet and GroupNet Mobile, where over one million of our group life and health plan members interact and transact with our company. Members submit claims, find providers, and access wellness information at any time, from anywhere.

Leveraging technology is not without its challenges. Last year we launched an initiative to transform the way we process and underwrite new individual insurance business. Although we underestimated the magnitude of this change on the advisors and staff, we remain committed to our vision – delivering a web-based new business process and the fundamental benefits it will bring to our customers and advisors.

On the legislative and regulatory front, a key area of focus has been our contribution to the debate around retirement reform. Research shows that while not perfect, Canada's retirement savings regime is meeting the needs of a majority of Canadians.

There are still opportunities to improve, however, so we are introducing new products and tools to help Canadians achieve their retirement goals.

Two examples are pooled registered pension plans, or PRPPs as they are called, for employees of federally-regulated employers, and voluntary retirement savings plans -- or VRSPs, for Quebec-based businesses.

In Canada, we make a long-term commitment to the well-being of customers, communities, staff and the environment.

Our 2014 Public Accountability Statement -- available here today and on our websites -- highlights many examples of how, as an Imagine Caring Company, we help meet the needs of communities across Canada.

Here are just a few examples:

We were very pleased to be recognized as one of Canada's Top 100 Employers. This recognition affirms our focus on creating engaging workplaces where people can perform at their best.

We're continuing to reduce our environmental footprint. This was recognized by the Carbon Disclosure Project, which included Great-West Lifeco on its climate disclosure leadership index. We are helping foster financial literacy for Canadians, by supporting the Chartered Public Accountants of Canada in delivering free, objective financial education.

We recently announced support for a new initiative that recognizes the connection between the environment and personal health -- Pollution Probe's new Healthy Communities Campaign -- which has an emphasis on children's health.

I would also like to recognize our staff, advisors and distribution associates across Canada. They volunteered their time and talents, and raised more than \$2.1 million for charities through corporate teams and workplace campaigns. This was in addition to the \$11.9 million our companies contributed to communities across Canada in 2014.

Europe

Our European operations bring together diverse insurance and wealth management businesses in United Kingdom, Ireland and Germany. Our European brands -- Canada Life and Irish Life -- are deeply-rooted and well-respected.

Arshil Jamal is President and Chief Operating Officer of our Europe and Reinsurance operations.

In the U.K., Canada Life has been a leading provider of group insurance products and retirement income products, including payout annuities, for many decades.

In 2014, we strengthened our position in this market by acquiring a block of U.K. annuities from Equitable Life.

Canada Life is also a highly-regarded offshore bond provider into the U.K. market, through its offshore companies in the Isle of Man and Dublin.

We recently announced plans to acquire Legal & General International (Ireland) Limited. This will enhance Canada Life's position in this market and we expect it to close in the coming months.

Last year, the U.K. government made significant changes to the retirement income landscape. While payout annuities are still a viable option for consumers, they will now have far greater choice and will look to their advisors for guidance and support.

Canada Life U.K. recently launched new retirement income products that respond to this changing market structure.

Under the CanRetire banner, these Canada Life products stand out in the marketplace by reflecting the company's new and innovative "Can" branding approach.

In Ireland, the integration of Irish Life and Canada Life under the Irish Life brand is nearing completion. The strength of the team we've brought together in Ireland has helped Irish Life achieve great things -- synergies greater than expected, integration costs below target, and growth in market share across the business.

Irish Life marked its 75th anniversary in 2014, presenting a great opportunity to re-launch the Irish Life brand. Featuring the theme of 75, our leadership group worked with creative agencies to build a campaign that promoted 75 facts about Irish people and living in Ireland.

The campaign theme -- "We **know** Irish life, We **are** Irish Life" has resonated with customers, advisors, staff and media, as it speaks to *understanding* -- a core attribute of building *trust*.

The campaign has captured the imagination of Irish consumers and further strengthened the Irish Life brand.

Our German business continues to broaden its product range, launching an expanded and updated suite of protection products in 2014. Our core unitized-with-profits pension product continues to deliver strong long-term returns.

Our Reinsurance business continues to grow in the United States and in select markets in Europe, delivering very strong financial returns in 2014.

United States

Our diverse businesses in the United States are led by Robert Reynolds, President and CEO, Great-West Lifeco U.S. Inc.

Under Bob's leadership, finding strategic business synergies across our U.S. operations has been a key focus. The launch of Empower Retirement is helping us realize this vision.

Empower Retirement, part of Great-West Financial, represents the coming together of the retirement businesses of Great-West Financial, Putnam Investments and the recently acquired J.P. Morgan Retirement Plan Services.

Empower serves over 7 million Americans with more than \$400 billion in plan assets. It is the nation's second largest retirement services provider by participants, in a market that is valued at over \$24 trillion.

Empower symbolizes a new era in helping Americans prepare for a comfortable retirement. Through research, customers told us that they want to have ownership of their retirement goals. The name Empower signifies people taking charge of their retirement planning.

This fresh, straightforward approach to advertising recognizes the unique attributes of the American customer, and helps Empower stand out in the marketplace.

Empower is also setting a new standard for plan participants' online experience. This is driving increasing retirement contribution rates, helping Americans grow their retirement savings.

Through its individual insurance businesses, Great-West Financial also supports the financial security of Americans. This includes individual insurance and annuities sold through financial institutions -- where it is a market leader.

Since Putnam joined our organization, the company has made significant strides towards becoming one of the country's premier asset management firms with global reach.

Over the last six years, Putnam has been recognized repeatedly by Barron's/Lipper for outstanding performance across asset classes. The firm's innovative products and services have in turn experienced a very positive reception in the marketplace, delivering excellent returns to clients and generating solid back-to-back years of net sales.

*Remarks by Paul Mahon
May 7, 2015*

Putnam continues to receive broad accolades for its cutting edge work on customer service, web communications and social media.

Closing

In closing, Great-West Lifeco today encompasses multiple brands and major operations in Canada, Europe and the United States.

We gain strength from our diversity of businesses, geographies, brands and products. We also gain strength from the knowledge and capabilities we share across the organization. Most importantly, we gain strength from our people – staff and advisors – who help us deliver on our commitments.

I extend sincere thanks to our clients and shareholders for continuing to place your trust in us.

Thank you.