

Readers are referred to the cautionary notes regarding Forward-Looking Information and Non-IFRS Financial Measures at the end of this release. All figures are expressed in Canadian dollars, except as noted.

Great-West Lifeco reports first quarter 2014 results

Winnipeg, May 8, 2014 ... Great-West Lifeco Inc. (Lifeco) has reported net earnings attributable to common shareholders of \$587 million or \$0.587 per common share for the three months ended March 31, 2014 compared to \$517 million or \$0.544 per common share for the same period in 2013, an increase of 13.5%.

Consolidated assets under administration at March 31, 2014 grew to \$806 billion, up \$48 billion from December 31, 2013.

Highlights – In Quarter

- Lifeco premiums and deposits during the quarter were \$23.9 billion, up 41% from a year ago, including \$2.9 billion from Irish Life Group Limited (Irish Life), reflecting continued strong persistency and growth.
- Total Company sales in the first quarter of 2014 were up 43% compared to the same period in 2013:
 - Canada sales were \$3.2 billion, up 6%.
 - Europe Insurance & Annuities sales were \$3.5 billion, up 265%, including sales of \$2.6 billion from Irish Life.
 - Putnam sales were US\$9.1 billion, up 23%, driven by an increase in mutual fund sales of US\$2.7 billion which were at their highest level since the first quarter of 2003.
 - Great-West Financial sales were US\$2.9 billion, up 16%.
- Irish Life contributed \$52 million of net earnings to Lifeco in the first quarter of 2014 up from \$44 million in the fourth quarter of 2013.
- On April 3, 2014, the Company announced that Great-West Financial reached an agreement to acquire the J.P. Morgan Retirement Plan Services large-market recordkeeping business. The transaction is scheduled to close in the third quarter of 2014, subject to regulatory approval in the U.S.
- The Company maintained a strong ROE of 16.0% based on net earnings. ROE based on adjusted operating earnings was 15.2%, which excludes the impact of Irish Life related restructuring and acquisition costs and certain litigation provisions.
- The Company's capital position remained very strong. The Great-West Life Assurance Company, Lifeco's major operating subsidiary, reported a Minimum Continuing Capital and Surplus Requirements (MCCSR) ratio of 230% at March 31, 2014.
- The Company declared a quarterly common dividend of \$0.3075 per common share payable June 30, 2014.

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OPERATING RESULTS

Consolidated net earnings of Lifeco include the net earnings of The Great-West Life Assurance Company (Great-West Life) and its operating subsidiaries London Life Insurance Company (London Life) and The Canada Life Assurance Company (Canada Life); Great-West Life & Annuity Insurance Company (Great-West Financial), and Putnam Investments, LLC (Putnam), together with Lifeco's Corporate operating results.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Great-West Life, London Life and Canada Life. The three primary business units included in this segment are Individual Insurance, Wealth Management and Group Insurance. The Company provides accumulation, annuity, life, disability and critical illness insurance products to individual and group clients.

Net earnings attributable to common shareholders for the first quarter of 2014 were \$294 million, up 11% compared to \$265 million in the first quarter of 2013.

Total sales in the first quarter of 2014 were \$3.2 billion, compared to \$3.0 billion in the first quarter of 2013. This reflects a 14% increase in Individual Insurance sales and a 12% increase in Wealth Management sales partially offset by lower Group creditor sales.

Total Canada segment assets under administration at March 31, 2014 were \$153 billion, compared to \$149 billion at December 31, 2013.

UNITED STATES

The United States operating results for Lifeco include the results of Great-West Financial, Putnam and the insurance businesses in the United States branches of Great-West Life and Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Great-West Financial provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and record-keeping services, fund management and investment and advisory services. It also provides individual retirement accounts, life insurance and annuity products and executive benefits products. Putnam provides investment management, certain administrative functions, distributions and related services through a broad range of investment products.

Net earnings attributable to common shareholders for the first quarter of 2014 were \$41 million compared to \$71 million in the first quarter of 2013. Great-West Financial reported net earnings of \$94 million in the first quarter compared to \$85 million for the same period last year. Putnam reported a net loss of \$53 million in the first quarter compared to a net loss of \$14 million a year ago.

Great-West Financial sales in the first quarter of 2014 were US\$2.9 billion, up from US\$2.5 billion in the first quarter of 2013 due to positive results from both Retirement Services and Individual Markets. Retirement Services experienced higher sales from the Institutional market's group annuity product and higher transferred assets from plan mergers and participants of existing plans. Individual Markets experienced sales increases in the individual retirement account and the executive benefits markets.

Putnam assets under management as at March 31, 2014 were US\$153.4 billion compared to US\$134.7 billion a year ago, an increase of 14%. Net asset inflows for the first quarter of 2014 were US\$1.1 billion compared to net asset outflows of US\$0.3 billion for the same period in 2013, driven by mutual fund net inflows of US\$2.4 billion, which were their highest level since the first quarter of 2001.

Total United States segment assets under administration at March 31, 2014 were \$453 billion compared to \$421 billion at December 31, 2013.

EUROPE

The Europe segment comprises two distinct business units: Insurance & Annuities and Reinsurance, together with an allocation of Lifeco's corporate results. Insurance & Annuities provides protection and wealth management products including payout annuities, through subsidiaries of Canada Life in the U.K., Isle of Man and Germany, and through Irish Life in Ireland. Reinsurance operates primarily in the U.S., Barbados and Ireland, and is conducted through Canada Life, London Life and their subsidiaries.

Net earnings attributable to common shareholders for the first quarter of 2014 were \$259 million, which includes the impact of \$5 million of restructuring costs related to the Irish Life acquisition. Excluding these costs net earnings were \$264 million for the quarter, including a \$52 million contribution from Irish Life, compared to \$192 million in the first quarter of 2013.

Insurance & Annuities sales for the first quarter of 2014 were \$3.5 billion, including \$2.6 billion related to Irish Life, up 265% as compared to \$961 million a year ago.

Total Europe segment assets under administration at March 31, 2014 were \$200 billion, up from \$188 billion at December 31, 2013.

LIFECO CORPORATE

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

Net earnings in the Lifeco Corporate segment attributable to common shareholders were a net loss of \$7 million in the first quarter of 2014 compared to a net loss of \$11 million in the first quarter of 2013.

QUARTERLY DIVIDENDS

At its meeting today, the Board of Directors approved a quarterly dividend of \$0.3075 per share on the common shares of the Company payable June 30, 2014 to shareholders of record at the close of business June 2, 2014.

For purposes of the Income Tax Act (Canada), and any similar provincial legislation, the dividends referred to above are eligible dividends.

In addition, the Directors approved quarterly dividends on:

- Series F First Preferred Shares of \$0.36875 per share;
- Series G First Preferred Shares of \$0.3250 per share;
- Series H First Preferred Shares of \$0.30313 per share;
- Series I First Preferred Shares of \$0.28125 per share;
- Series L First Preferred Shares of \$0.353125 per share;
- Series M First Preferred Shares of \$0.3625 per share;
- Series N First Preferred Shares of \$0.228125 per share;
- Series P First Preferred Shares of \$0.3375 per share;
- Series Q First Preferred Shares of \$0.321875 per share; and
- Series R First Preferred Shares of \$0.3000 per share

all payable June 30, 2014 to shareholders of record at the close of business June 2, 2014.

GREAT-WEST LIFE CO

Great-West Lifeco Inc. (TSX:GWO) is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Great-West Lifeco has operations in Canada, the United States, Europe and Asia through Great-West Life, London Life, Canada Life, Irish Life, Great-West Financial and Putnam Investments. Great-West Lifeco and its companies have \$806 billion in assets under administration and are members of the Power Financial Corporation group of companies.

Cautionary note regarding Forward-Looking Information

This release contains some forward-looking statements about the Company, 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” and similar expressions or negative versions thereof. 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 actions by the Company, including statements made with respect to the expected benefits of acquisitions and divestitures, are also forward-looking statements. Forward-looking statements are based on expectations and projections about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, 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. Material factors and assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting the Company’s operations will continue substantially in their current state, including, without limitation, with respect to market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse rates, taxes, inflation, information systems, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, continuity and availability of personnel and third party service providers, and the Company’s ability to complete strategic transactions and integrate acquisitions, and that there will be no unplanned material changes to the Company’s facilities, customer and employee relations or credit arrangements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include technological change, investment values, payments required under investment products, reinsurance, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings and catastrophic events. The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company’s 2013 Annual Management Discussion & Analysis (MD&A) under “Risk Management and Control Practices” and “Summary of Critical Accounting Estimates”, which, along with other filings, is available for review at www.sedar.com. The reader is also cautioned to consider these and other factors carefully and not to place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

Cautionary note regarding Non-IFRS Financial Measures

This release contains some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, “operating earnings”, “constant currency basis”, “premiums and deposits”, “sales”, and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

Further information

Selected financial information is attached.

Great-West Lifeco's first quarter conference call and audio webcast will be held May 8, 2014 at 3:30 p.m. (ET). The call and webcast can be accessed through www.greatwestlifeco.com or by phone at:

- Participants in the Toronto area: 416-340-8061
- Participants from North America: 1-866-225-0198
- Participants from Overseas: Dial international access code first, then 800-6578-9898

A replay of the call will be available from May 8, 2014, and can be accessed by calling 1-800-408-3053 or 905-694-9451 in Toronto (passcode: 8898149#). The archived webcast will be available on www.greatwestlifeco.com from May 8, 2014 until May 7, 2015.

Additional information relating to Lifeco, including the most recent interim unaudited condensed consolidated financial statements, interim Management's Discussion and Analysis (MD&A), and CEO/CFO certificates will be filed on SEDAR at www.sedar.com.

For more information contact:

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FINANCIAL HIGHLIGHTS *(unaudited)* *(in Canadian \$ millions except per share amounts)*

	As at or for the three months ended		
	March 31 2014	December 31 2013	March 31 2013*
Premiums and deposits:			
Life insurance, guaranteed annuities and insured health products	\$ 5,267	\$ 5,850	\$ 4,931
Self-funded premium equivalents (Administrative services only contracts)	658	649	644
Segregated funds deposits:			
Individual products	2,946	2,757	1,768
Group products	3,364	1,809	2,006
Proprietary mutual funds and institutional deposits	11,662	11,491	7,642
Total premiums and deposits	23,897	22,556	16,991
Fee and other income	1,059	1,001	798
Paid or credited to policyholders ⁽¹⁾	7,489	5,647	5,560
Operating earnings - common shareholders	587	491	517
Net earnings - common shareholders	587	717	517
Per common share			
Operating earnings	\$ 0.587	\$ 0.491	\$ 0.544
Basic earnings	0.587	0.717	0.544
Dividends paid	0.3075	0.3075	0.3075
Book value	16.05	15.33	12.87
Return on common shareholders' equity:			
Operating earnings	14.5%	15.0%	16.8%
Net earnings	16.0%	16.6%	15.7%
Total assets	\$ 342,860	\$ 325,905	\$ 261,954
Proprietary mutual funds and institutional net assets	199,921	185,243	145,838
Total assets under management	542,781	511,148	407,792
Other assets under administration	263,113	247,139	174,487
Total assets under administration	\$ 805,894	\$ 758,287	\$ 582,279
Total equity	\$ 20,964	\$ 19,999	\$ 17,268

The Company uses operating earnings, a non-International Financial Reporting Standards financial measure, which excludes the impact of certain litigation provisions described in note 33 to the Company's December 31, 2013 consolidated financial statements.

⁽¹⁾ Paid or credited to policyholders includes the impact of changes in fair values of assets supporting insurance and investment contract liabilities.

* Certain comparative figures have been reclassified for presentation adjustments.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian \$ millions except per share amounts)

	For the three months ended		
	March 31 2014	December 31 2013	March 31 2013
Income			
Premium income			
Gross premiums written	\$ 6,111	\$ 6,739	\$ 5,670
Ceded premiums	(844)	(889)	(739)
Total net premiums	5,267	5,850	4,931
Net investment income			
Regular net investment income	1,489	1,430	1,362
Changes in fair value through profit or loss	2,122	(225)	465
Total net investment income	3,611	1,205	1,827
Fee and other income	1,059	1,001	798
	9,937	8,056	7,556
Benefits and expenses			
Policyholder benefits			
Insurance and investment contracts			
Gross	4,801	4,835	5,027
Ceded	(475)	(597)	(374)
Total net policyholder benefits	4,326	4,238	4,653
Policyholder dividends and experience refunds	388	312	375
Changes in insurance and investment contract liabilities	2,775	1,097	532
Total paid or credited to policyholders	7,489	5,647	5,560
Commissions	505	531	432
Operating and administrative expenses	933	929	696
Premium taxes	85	83	74
Financing charges	76	76	67
Amortization of finite life intangible assets	33	33	27
Restructuring and acquisition expenses	5	27	4
Earnings before income taxes	811	730	696
Income taxes	173	128	128
Net earnings before non-controlling interests	638	602	568
Attributable to non-controlling interests	22	(148)	18
Net earnings	616	750	550
Preferred share dividends	29	33	33
Net earnings - common shareholders	\$ 587	\$ 717	\$ 517
Earnings per common share			
Basic	\$ 0.587	\$ 0.717	\$ 0.544
Diluted	\$ 0.587	\$ 0.716	\$ 0.544

CONSOLIDATED BALANCE SHEETS *(unaudited)*
(in Canadian \$ millions)

	March 31 2014	December 31 2013
Assets		
Cash and cash equivalents	\$ 3,196	\$ 2,791
Bonds	95,368	89,914
Mortgage loans	19,882	19,063
Stocks	7,843	8,554
Investment properties	4,481	4,288
Loans to policyholders	7,552	7,332
	<u>138,322</u>	<u>131,942</u>
Funds held by ceding insurers	11,322	10,832
Goodwill	5,831	5,812
Intangible assets	3,548	3,456
Derivative financial instruments	547	593
Owner occupied properties	601	590
Fixed assets	213	211
Reinsurance assets	5,444	5,070
Premiums in course of collection, accounts and interest receivable	3,526	3,068
Other assets	2,398	2,220
Current income taxes	193	165
Deferred tax assets	1,225	1,167
Investments on account of segregated fund policyholders	169,690	160,779
	<u>169,690</u>	<u>160,779</u>
Total assets	<u>\$ 342,860</u>	<u>\$ 325,905</u>
Liabilities		
Insurance contract liabilities	\$ 137,675	\$ 131,174
Investment contract liabilities	851	889
Debentures and other debt instruments	5,778	5,740
Funds held under reinsurance contracts	297	270
Derivative financial instruments	952	744
Accounts payable	1,788	1,583
Other liabilities	3,035	2,807
Current income taxes	825	981
Deferred tax liabilities	842	776
Capital trust debentures	163	163
Investment and insurance contracts on account of segregated fund policyholders	169,690	160,779
	<u>169,690</u>	<u>160,779</u>
Total liabilities	<u>321,896</u>	<u>305,906</u>
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	2,390	2,354
Non-controlling interests in subsidiaries	220	8
Shareholders' equity		
Share capital		
Preferred shares	2,314	2,314
Common shares	7,115	7,112
Accumulated surplus	8,328	8,067
Accumulated other comprehensive income	514	87
Contributed surplus	83	57
	<u>20,964</u>	<u>19,999</u>
Total equity	<u>20,964</u>	<u>19,999</u>
Total liabilities and equity	<u>\$ 342,860</u>	<u>\$ 325,905</u>

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Segmented Information *(unaudited)*

Consolidated Net Earnings

For the three months ended March 31, 2014

	Canada	United States	Europe	Lifeco Corporate	Total
Income:					
Premium income	\$ 2,613	\$ 812	\$ 1,842	\$ -	\$ 5,267
Net investment income					
Regular net investment income	638	357	498	(4)	1,489
Changes in fair value through profit or loss	947	323	852	-	2,122
Total net investment income	1,585	680	1,350	(4)	3,611
Fee and other income	344	419	296	-	1,059
Total income	4,542	1,911	3,488	(4)	9,937
Benefits and expenses:					
Paid or credited to policyholders	3,365	1,298	2,826	-	7,489
Other*	715	494	310	4	1,523
Financing charges	29	35	12	-	76
Amortization of finite life intangible assets	13	15	5	-	33
Restructuring and acquisition expenses	-	-	5	-	5
Earnings before income taxes	420	69	330	(8)	811
Income taxes	105	23	47	(2)	173
Net earnings before non-controlling interests	315	46	283	(6)	638
Non-controlling interests	22	1	(1)	-	22
Net earnings	293	45	284	(6)	616
Preferred share dividends	23	-	6	-	29
Net earnings before capital allocation	270	45	278	(6)	587
Impact of capital allocation	24	(4)	(19)	(1)	-
Net earnings - common shareholders	\$ 294	\$ 41	\$ 259	\$ (7)	\$ 587

*Includes commissions, operating and administrative expenses and premium taxes.

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For the three months ended March 31, 2013

	Canada	United States	Europe	Lifeco Corporate	Total
Income:					
Premium income	\$ 2,515	\$ 629	\$ 1,787	\$ -	\$ 4,931
Net investment income					
Regular net investment income	619	323	427	(7)	1,362
Changes in fair value through profit or loss	56	(6)	415	-	465
Total net investment income	675	317	842	(7)	1,827
Fee and other income	309	337	152	-	798
Total income	3,499	1,283	2,781	(7)	7,556
Benefits and expenses:					
Paid or credited to policyholders	2,456	760	2,344	-	5,560
Other*	653	378	168	3	1,202
Financing charges	29	34	4	-	67
Amortization of finite life intangible assets	12	13	2	-	27
Restructuring and acquisition expenses	-	-	4	-	4
Earnings before income taxes	349	98	259	(10)	696
Income taxes	67	20	43	(2)	128
Net earnings before non-controlling interests	282	78	216	(8)	568
Non-controlling interests	15	3	-	-	18
Net earnings	267	75	216	(8)	550
Preferred share dividends	27	-	6	-	33
Net earnings before capital allocation	240	75	210	(8)	517
Impact of capital allocation	25	(4)	(18)	(3)	-
Net earnings - common shareholders	\$ 265	\$ 71	\$ 192	\$ (11)	\$ 517

* Includes commissions, operating and administrative expenses and premium taxes.