

GREAT-WEST LIFECO INC.



Q2 2012

QUARTERLY INFORMATION

For Analysts and Investors



Cautionary Note regarding Forward-looking Information

This report 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 action by the Company, including statements made by the Company 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 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 made by the Company 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, taxes, 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, changes in accounting policies and the effect of applying future accounting changes including the adoption of IFRS, unexpected judicial or regulatory proceedings, catastrophic events, and the Company'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 under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates", in the Company's 2011 Annual MD&A, and any listed in other filings with securities regulators, which are 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 report 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.



Overview

D. Allen Loney

President & Chief Executive Officer

Great-West Lifeco, Great-West Life, London Life, Canada Life

Quarter Overview

Net earnings of \$491 million in quarter

- Experience gains grew by \$109 million after-tax compared to Q2 2011, driven primarily by yield enhancement
- Management actions and changes in assumptions were \$129 million lower after-tax vs. Q2 2011
 - Interest rate related changes comprised \$92 million or 71% of the total
- Net earnings in Q2 2012 include a favourable settlement of income tax matters of \$47 million. The Q2 2011 results included a release of a legal provision of \$55 million from a settlement of a lawsuit in Putnam

Maintained strong financial and capital position

- Maintained strong ROE of 15.8%
- MCCR remained at 205% for Great-West Life
- Raised \$200 million of 5.15% fixed rate perpetual preferred shares which closed on July 6
- Pro forma the July 6 capital raise, holding company liquidity is \$825 million
- Common shareholder dividend was unchanged at \$0.3075 per share

\$524 billion of assets under administration

- Year-to-date growth of \$22 billion or 4%
- Invested asset exposure to Eurozone peripheral countries continues to decline through both sales and maturities

Quarter Overview – \$97 million Impact of Market Conditions

<i>(C\$MM)</i>	Equity Markets	Interest Rates	Credit Markets	Currency
Net Earnings Impact Q2/12	 (\$14)	 (\$77)	 (\$10)	 \$4
	<ul style="list-style-type: none"> • Impact on fee income from lower average assets 	<ul style="list-style-type: none"> • Strengthened reinvestment risk reserves 	<ul style="list-style-type: none"> • Increase of asset default provisions 	



Lifeco Summary of Results

William W. Lovatt

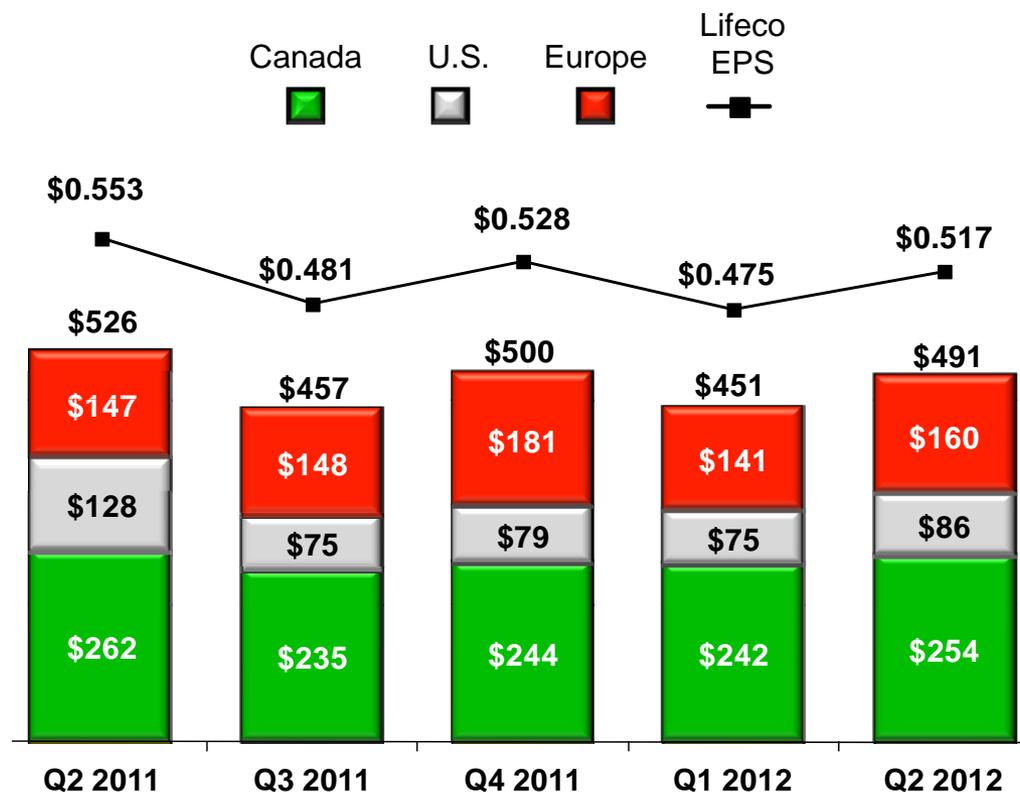
Executive Vice President & Chief Financial Officer

Great-West Lifeco

Great-West Lifeco Operating Earnings

(C\$MM)

Except earnings per share



Note: Consolidated totals include corporate earnings

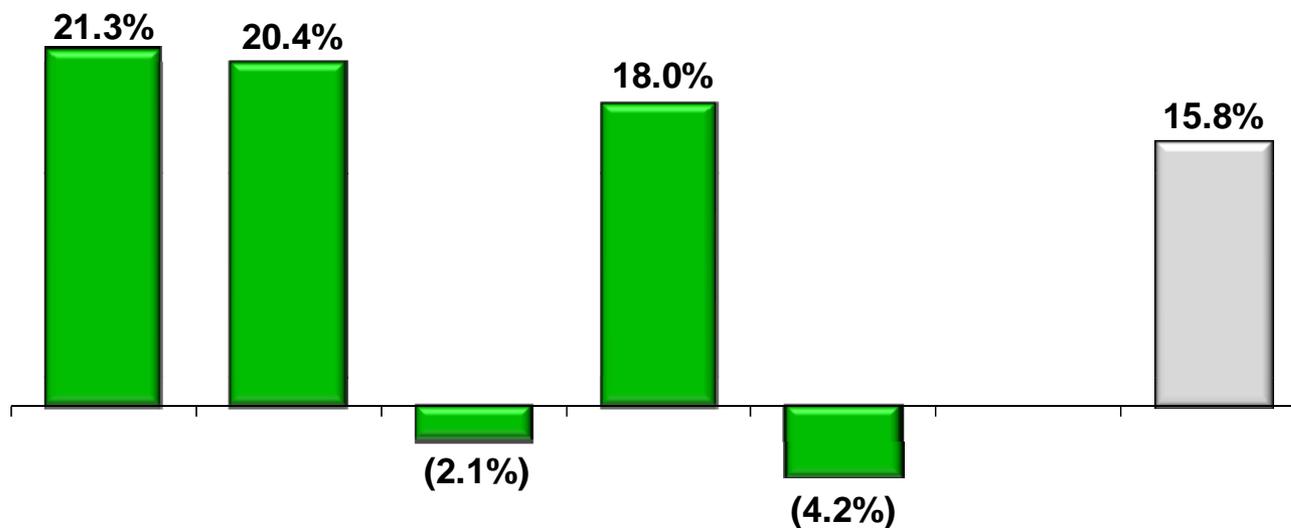
Constant Currency ⁽¹⁾

Earnings	\$526	\$456	\$491	\$449	\$485
Earnings per Share	\$0.553	\$0.480	\$0.517	\$0.473	\$0.510

1) Translated to Canadian dollars at Q2/11 FX rates (\$US = 0.97, £ = 1.58, € = 1.39)

Great-West Lifeco - Return on Equity - Operating Earnings

(Trailing 4 Quarters)



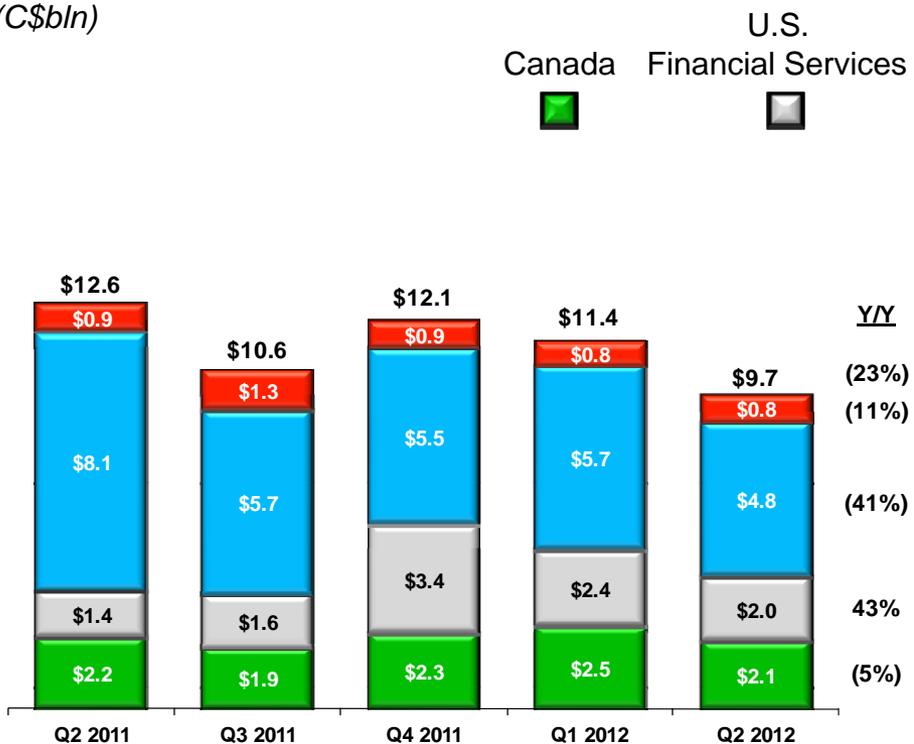
	Canada	U.S. Financial Services ⁽¹⁾	Putnam	Europe	Lifeco Corporate	Lifeco
Average Allocated Equity (C\$bn)	\$4.6	\$1.7	\$1.7	\$3.5	\$0.5	\$12.0

(1) U.S. Financial Services includes U.S. Corporate

Great-West Lifeco

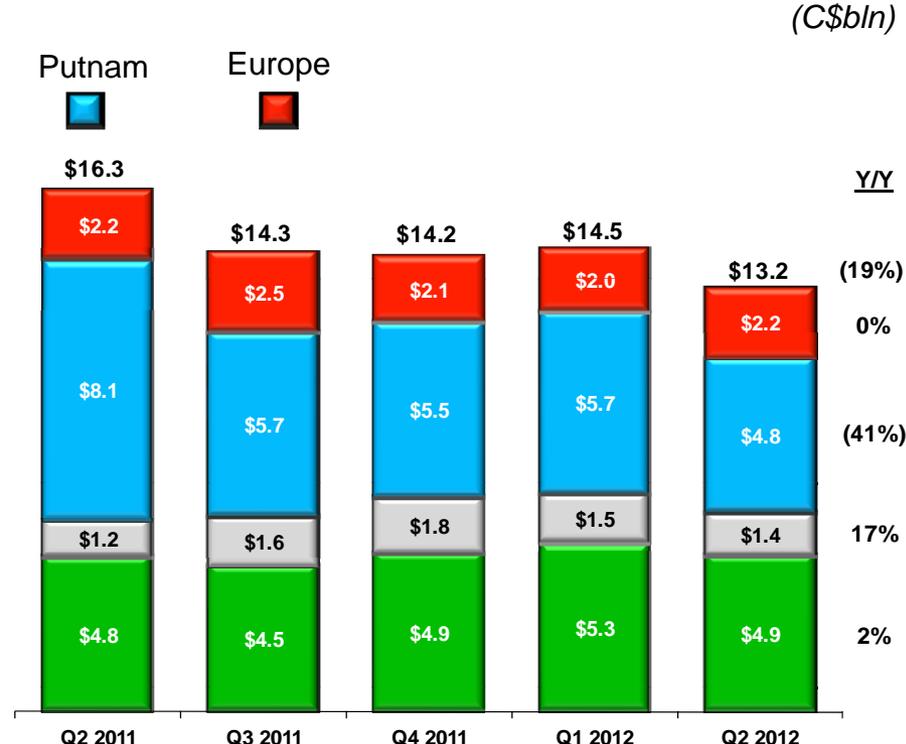
New Annualized Premiums (Sales)

(C\$bln)



Premiums & Deposits

(C\$bln)



Constant Currency

YY

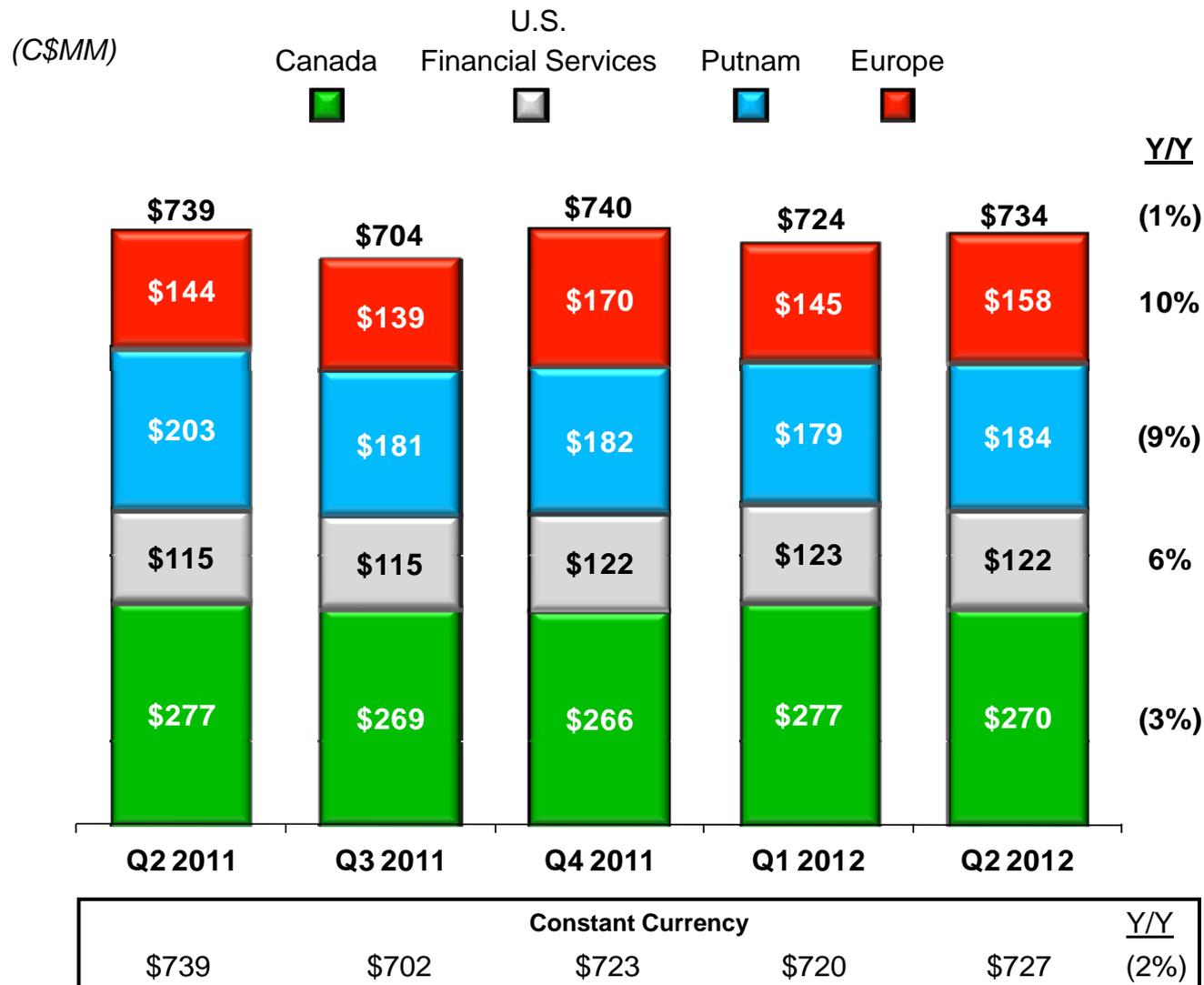
\$12.6 \$10.5 \$11.6 \$11.2 \$9.4 (25%)

Constant Currency

YY

\$16.3 \$14.3 \$13.8 \$14.3 \$12.9 (21%)

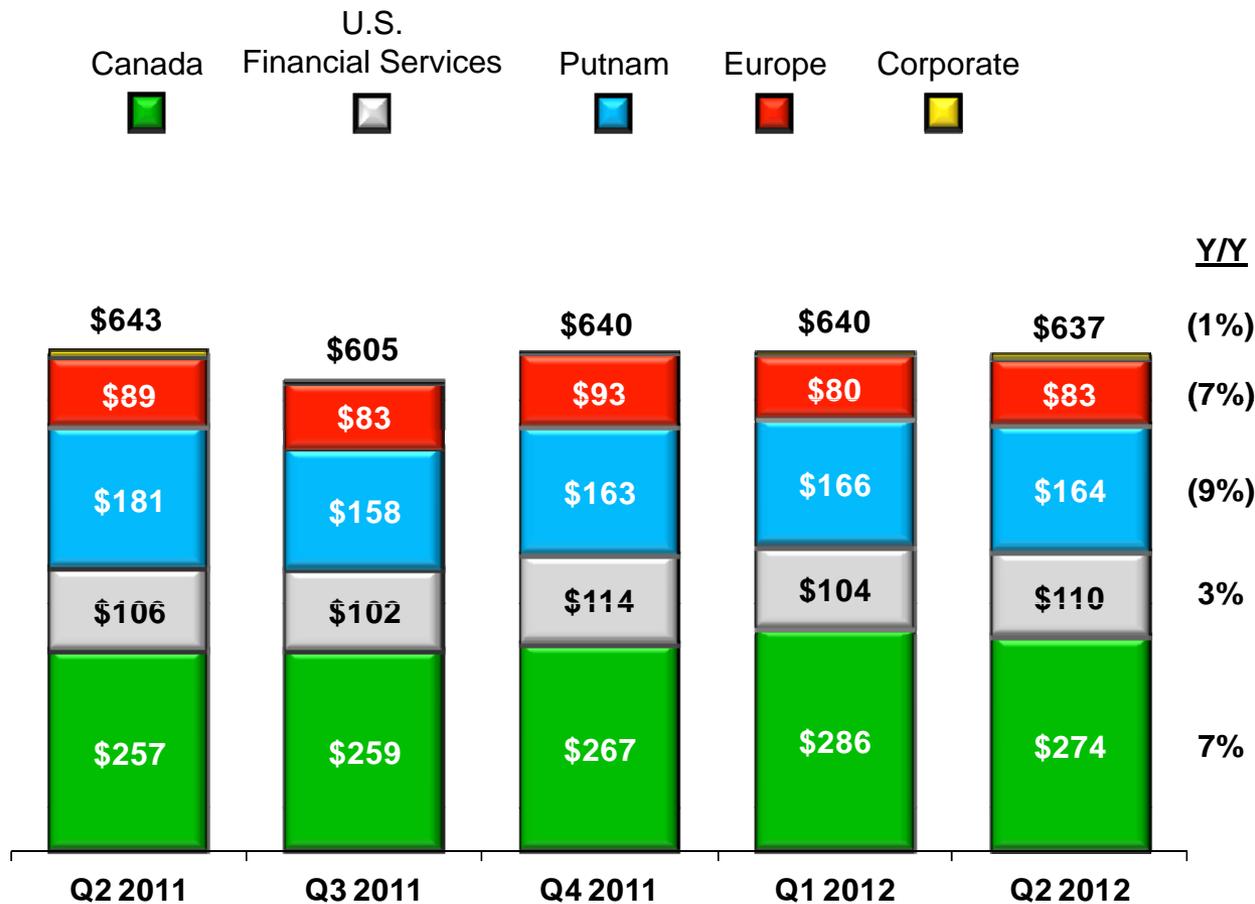
Great-West Lifeco – Fee Income



Note: Consolidated totals include corporate

Great-West Lifeco – Operating Expenses

(C\$MM)



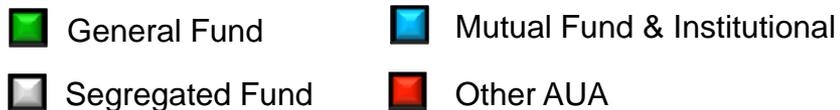
Constant Currency					Y/Y
\$643	\$602	\$620	\$633	\$627	(2%)

Note: Consolidated totals include corporate expenses

Q4 2011 excludes the net impact of two unrelated litigation provisions

Great-West Lifeco – Total Assets under Administration

(C\$bln)



Constant Currency					<u>Y/Y</u>
\$497	\$467	\$483	\$509	\$503	1%



Invested Assets Update

Mark Corbett

Executive Vice President & Chief Investment Officer

Great-West Lifeco

In-Quarter Developments

Credit Markets

- Net market value increases on previously impaired securities, positively impacted shareholders' net earnings by \$3 million.
- Changes in credit ratings in the Company's bond portfolio resulted in a net increase in provisions for future credit losses in insurance contract liabilities, which reduced shareholders' net earnings by \$13 million

Total Credit Impact on Shareholder Net Earnings

(\$ millions)	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Credit (impairments) / recoveries	3	8	5	(5)	3
Credit (downgrades) / upgrades	(13)	5	(30)	(11)	(9)
Total Impact	(10)	13	(25)	(16)	(6)

Total Government & Government Related Bond Holdings

(C\$MM)

	Carrying Value	Amortized Cost	Unrealized Gain/(Loss)	Carrying Value as a % of Lifeco Invested Assets
Canada	14,782	13,170	1,612	
U.K.	10,764	9,574	1,190	
U.S.	7,060	6,583	477	
	<u>32,606</u>	<u>29,327</u>	<u>3,279</u>	25.6%
Ireland	129	134	(5)	
Spain	31	42	(11)	
Italy	38	44	(6)	
Portugal	10	13	(3)	
Greece	-	-	-	
	<u>208</u>	<u>233</u>	<u>(25)</u>	0.2%
Germany	765	714	51	
France	542	528	14	
Netherlands	508	473	35	
Austria	159	154	5	
Finland	70	69	1	
Belgium	10	10	-	
	<u>2,054</u>	<u>1,948</u>	<u>106</u>	1.6%
Supranational	856	759	97	
Norway	106	104	2	
Sweden	55	53	2	
Denmark	41	41	-	
All other (4 countries)	281	266	15	
	<u>1,339</u>	<u>1,223</u>	<u>116</u>	1.0%
Total	<u>36,207</u>	<u>32,731</u>	<u>3,476</u>	28.4%

- Bonds issued by the governments of Canada, U.K. and U.S. represent 25.6% of total invested assets and were in an unrealized gain position of \$3.3 billion at June 30
- Total holdings of bonds issued by governments of Eurozone countries represent only 1.8% of total invested assets
 - Holdings of bonds issued by governments of European peripheral countries represent only 0.2% of total invested assets
 - Holdings of bonds issued by governments of other Eurozone countries represent 1.6% of total invested assets, and are in an unrealized gain position

Total Banks & Other Financial Institutions Bond Holdings

(C\$MM)	Carrying Value			Amortized Cost	Carrying Value as a % of Lifeco Invested Assets
	Banks	Other Financials	Total		
U.S.	1,205	2,961	4,166	3,991	
U.K.	1,893	1,368	3,261	3,468	
Canada	1,427	283	1,710	1,632	
	<u>4,525</u>	<u>4,612</u>	<u>9,137</u>	<u>9,091</u>	7.2%
Spain	231	-	231 ⁽¹⁾	284	
Italy	65	45	110	150	
Ireland	67	-	67 ⁽²⁾	97	
Greece	-	-	-	-	
Portugal	-	-	-	-	
	<u>363</u>	<u>45</u>	<u>408</u>	<u>531</u>	0.3%
Germany	41	47	88	86	
France	388	107	495	549	
Netherlands	346	60	406	420	
Belgium	9	-	9	16	
	<u>784</u>	<u>214</u>	<u>998</u>	<u>1,071</u>	0.8%
Australia	500	48	548	545	
Bermuda	-	10	10	9	
Denmark	35	-	35	44	
Norway	98	-	98	98	
Sweden	134	48	182	172	
Switzerland	127	49	176	175	
	<u>894</u>	<u>155</u>	<u>1,049</u>	<u>1,043</u>	0.8%
Total	<u>6,566</u>	<u>5,026</u>	<u>11,592</u>	<u>11,736</u>	9.1%

- Total holdings of Bonds issued by Eurozone-domiciled financial institutions represent only 1.1% of total invested assets
 - Holdings of Bonds issued by financial institutions in Italy, Ireland, & Spain represent only 0.3% of total invested assets
 - Holdings of Bonds issued by financial institutions in other Eurozone countries represent only 0.8% of total invested assets

1) The \$231 million of financial institution bonds in Spain include \$168 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions

2) Includes \$63 million of an Irish regulated subsidiary of a German Bank

Total Banks & Other Financial Institutions Bond Holdings By Rating

(C\$MM)	Rating (Carrying Value)						% of Lifeco Invested Assets
	AAA	AA	A	BBB	BB & Lower	Total	
U.S.	1	1,474	1,965	706	20	4,166	7.2%
U.K.	203	659	1,257	662	480	3,261	
Canada	65	484	1,024	137	-	1,710	
	269	2,617	4,246	1,505	500	9,137	
Spain	59	-	46	126	-	231	0.3%
Italy	-	-	51	59	-	110	
Ireland	-	-	-	63	4	67	0.3%
Greece	-	-	-	-	-	-	
Portugal	-	-	-	-	-	-	
	59	-	97	248	4	408	
Germany	-	41	47	-	-	88	0.8%
France	71	110	168	146	-	495	
Netherlands	-	196	166	-	44	406	
Belgium	-	-	-	-	9	9	
	71	347	381	146	53	998	
Australia	22	318	153	55	-	548	0.8%
Bermuda	-	-	10	-	-	10	
Denmark	-	-	-	35	-	35	
Norway	15	-	74	9	-	98	
Sweden	-	82	100	-	-	182	
Switzerland	-	-	89	87	-	176	
	37	400	426	186	-	1,049	
Total	436	3,364	5,150	2,085	557	11,592	
% of Lifeco Invested Assets	0.4%	2.7%	4.0%	1.6%	0.4%	9.1%	

- Over 50% of Eurozone financial institution holdings were Covered or Senior

Europe Peripherals Holdings

Covered	155
Senior	23
Subordinated	113
Junior Subordinated	117
	<u>408</u>

Other Eurozone Holdings

Covered	203
Senior	413
Subordinated	209
Junior Subordinated	173
	<u>998</u>

- The \$231 million of financial institution bonds in Spain include \$168 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions
- Includes \$63 million of an Irish regulated subsidiary of a German Bank

Bond Holdings of Government & Financial Institutions in Portugal, Ireland, Italy, Greece and Spain

(C\$mm)	Carrying Value					Total Carrying Value	Amortized Cost	Unrealized Gain/(Loss)
	Portugal	Ireland	Italy	Greece	Spain			
AAA	-	-	-	-	-	-	-	-
AA	-	-	-	-	-	-	-	-
A	-	-	38	-	-	38	44	(6)
BBB	-	129	-	-	31	160	176	(16)
BB& lower	10	-	-	-	-	10	13	(3)
Q2 2012 Total Gov't and Gov't Related	10	129	38	-	31	208	233	(25)
AAA	-	-	-	-	59	59	56	3
AA	-	-	-	-	-	-	-	-
A	-	-	51	-	46	97	110	(13)
BBB	-	63	59	-	126	248	353	(105)
BB& lower	-	4	-	-	-	4	12	(8)
Q2 2012 Total Financial Institutions	-	67⁽²⁾	110	-	231⁽¹⁾	408	531	(123)
Q2 2012 Total	10	196	148	-	262	616	764	(148)
<i>Q1 2012 Total</i>	<i>10</i>	<i>197</i>	<i>165</i>	<i>-</i>	<i>289</i>	<i>661</i>	<i>782</i>	<i>(121)</i>

1) The \$231 million of financial institution bonds in Spain include \$168 million of pound sterling denominated bonds issued by U.K. domiciled, FSA regulated subsidiaries of Spanish financial institutions

2) Includes \$63 million of an Irish regulated subsidiary of a German Bank

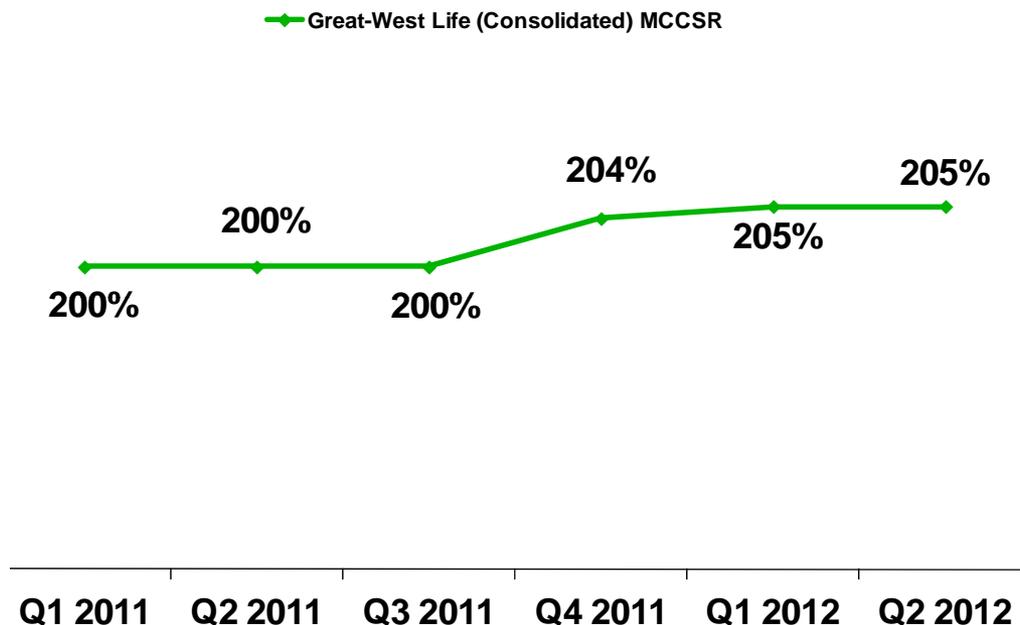
- No direct exposure to Greece
- Provisions of \$43 million
 - \$8 million specific provision against impaired holdings of Irish Banks
 - \$35 million of asset default provision



Capital & Other

Garry MacNicholas
Senior Vice-President, Chief Actuary
Great-West Life

Regulatory Capital Ratios Remain Strong



- Demonstrated low sensitivity to capital markets volatility
- Lifeco's U.S. insurance subsidiary, Great-West Life & Annuity's, RBC ratio was 440% at December 31, 2011
- Regulatory capital ratios do not include \$825 million of available cash at the holding company level, pro forma the \$200 million of perpetual preferred share raise completed on July 6, 2012

Great-West Lifeco – Source of Earnings

- Strong experience gains were driven by yield enhancement activities in Canada and Europe contributing \$134 million pre-tax, in addition to favorable mortality and morbidity experience
- Changes in assumptions include \$99 million pre-tax strengthening of reinvestment risk provisions

(C\$MM)	For the three months ended June 30, 2012					Q2 2011
	Canada	U.S.	Europe	Corp	Total	Total
Expected profit on in-force business	245	84	113	(5)	437	463
Impact of new business	(2)	-	(4)	-	(6)	(3)
Experience gains and losses	80	1	89	(1)	169	29
Management actions and changes in assumptions	(30)	17	(69)	-	(82)	86
Other	-	-	-	-	-	-
Earnings on surplus	33	31	43	1	108	84
Operating Earnings before tax	326	133	172	(5)	626	659
Taxes	(53)	(42)	(7)	-	(102)	(156)
Operating Earnings before non-controlling interests & preferred dividends	273	91	165	(5)	524	503
Non-controlling Interests & Preferred Dividends	(19)	-	(5)	(4)	(28)	(24)
Operating Earnings - Common Shareholders before adj. and Putnam	254	91	160	(9)	496	479
Putnam after-tax	-	(5)	-	-	(5)	47
Net Earnings - Common Shareholders	254	86	160	(9)	491	526

GREAT-WEST
LIFECO INC.

Canada



Paul Mahon
President & Chief Operating Officer
Canada

Canada – Individual Insurance

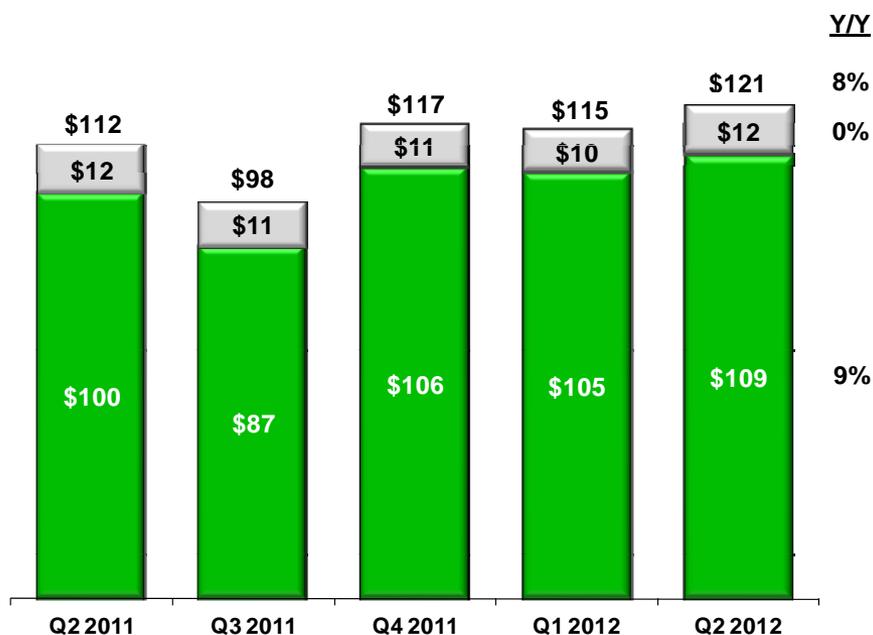
New Annualized Premiums (Sales)

(C\$MM)

Premiums & Deposits

(C\$MM)

Life Living Benefits



Canada – Wealth Management

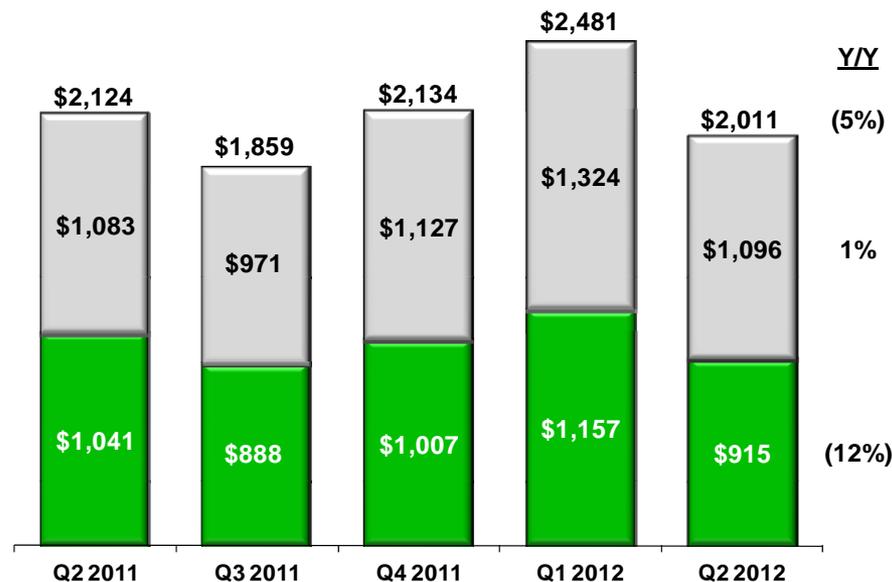
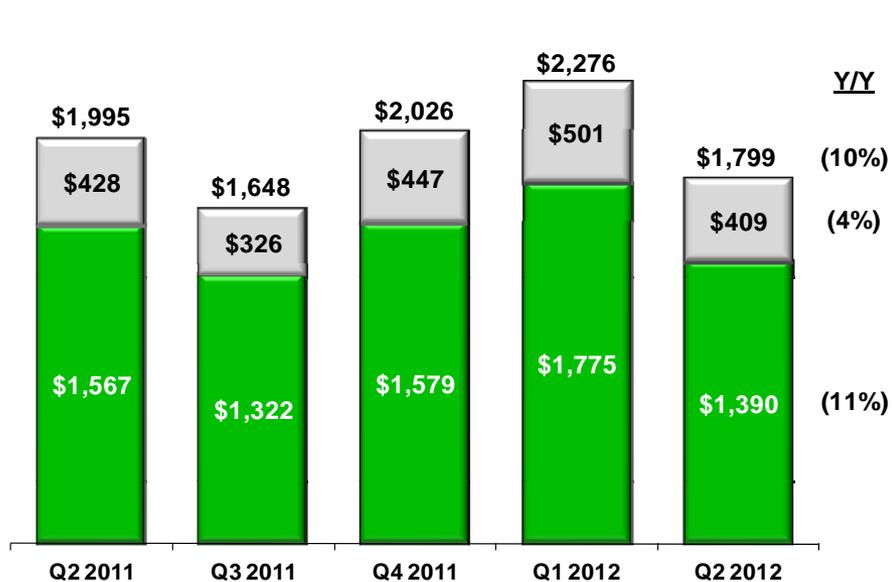
New Annualized Premiums (Sales)

(C\$MM)

Premiums & Deposits

(C\$MM)

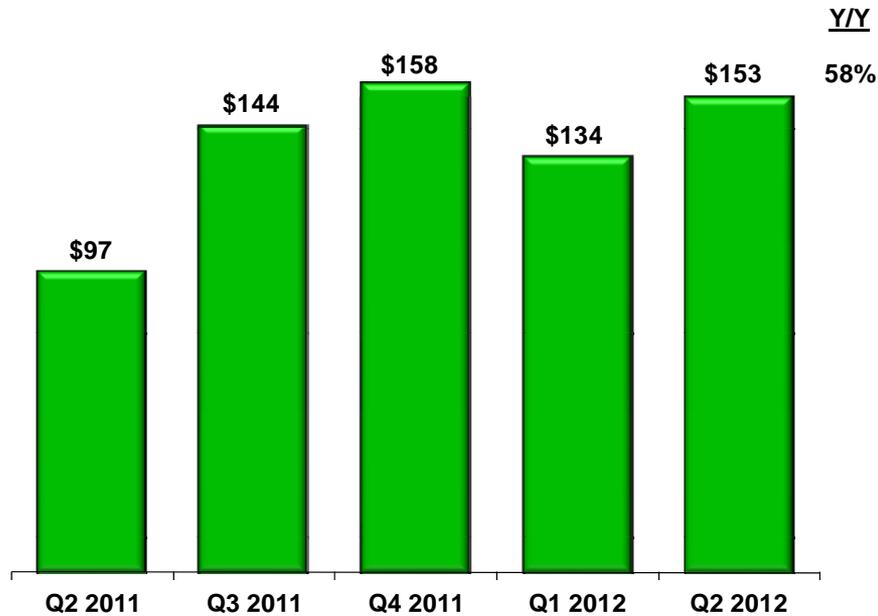
■ Individual Wealth Management ■ Group Retirement Services



Canada – Group Insurance

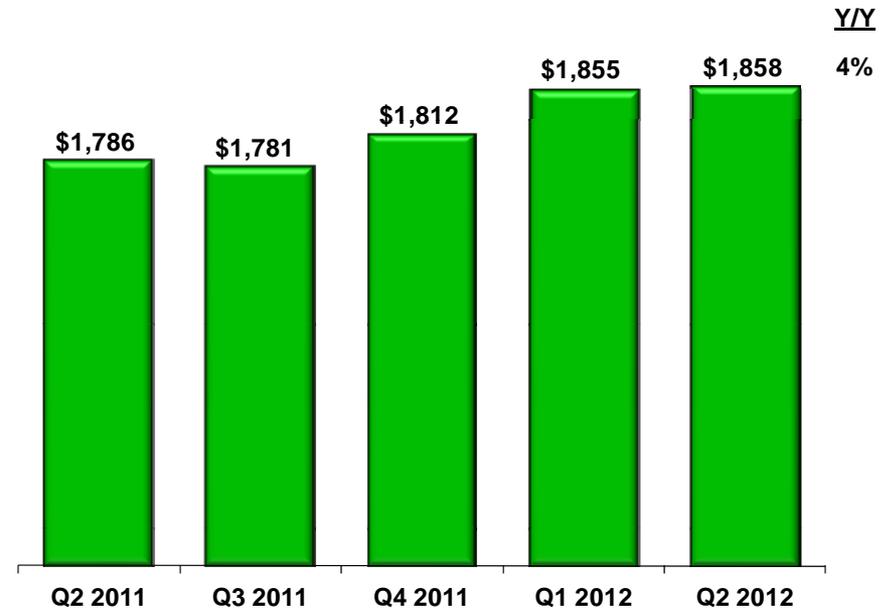
New Annualized Premiums (Sales)

(C\$MM)



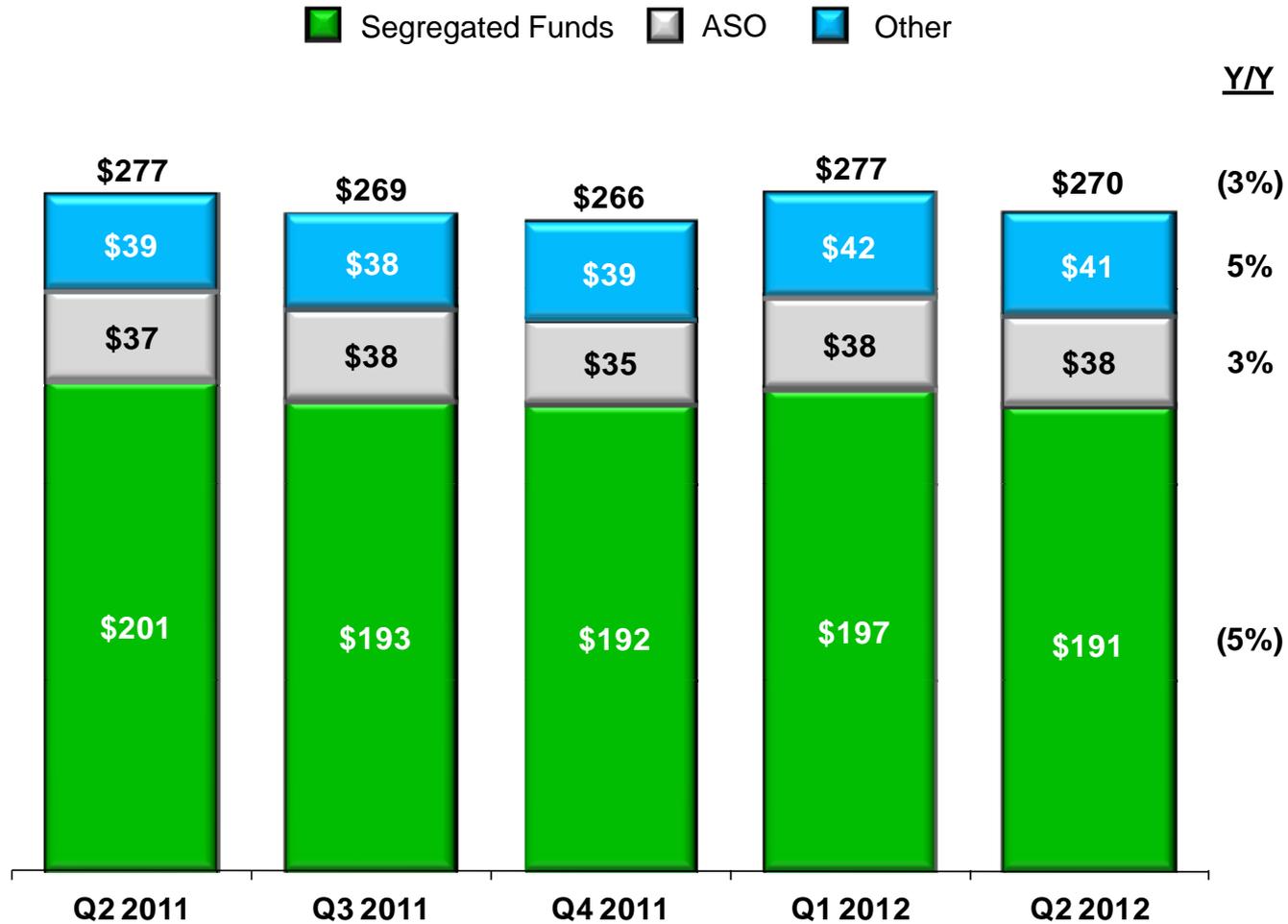
Premiums & Deposits

(C\$MM)



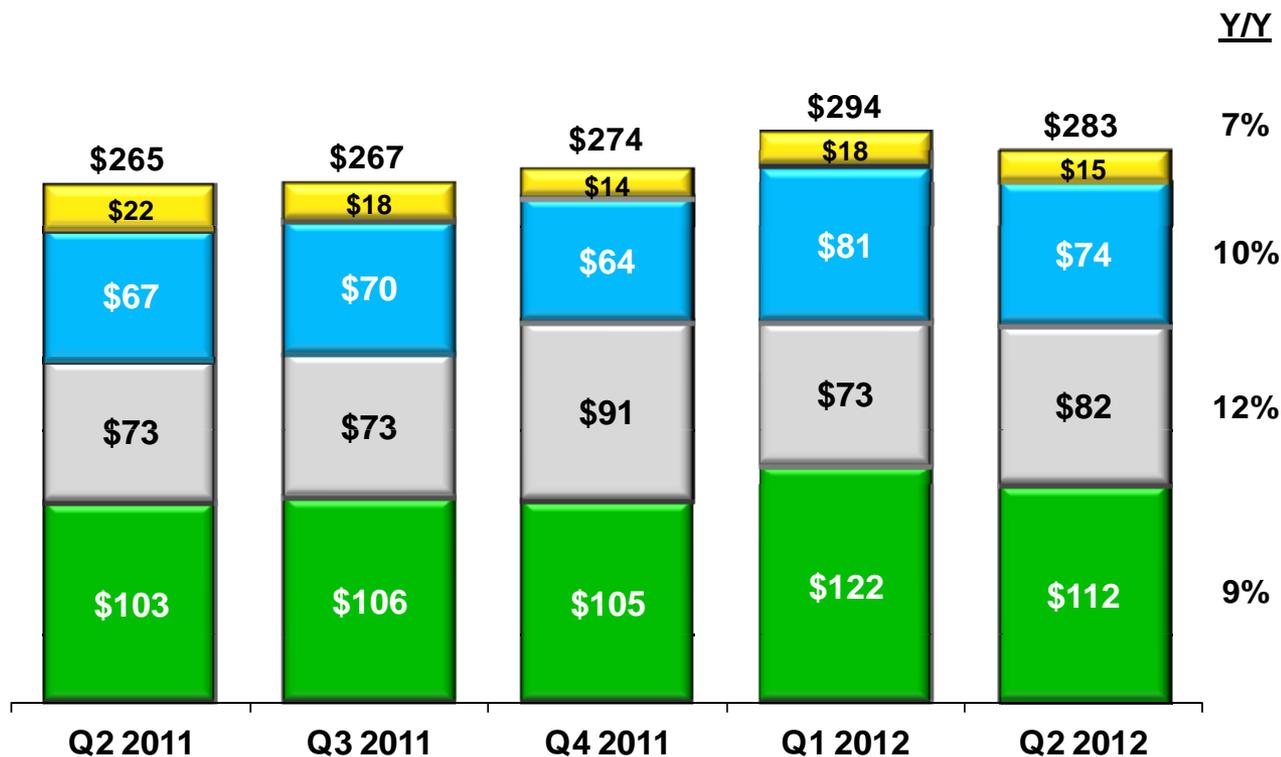
Canada – Fee Income

(C\$MM)



Canada – Expenses

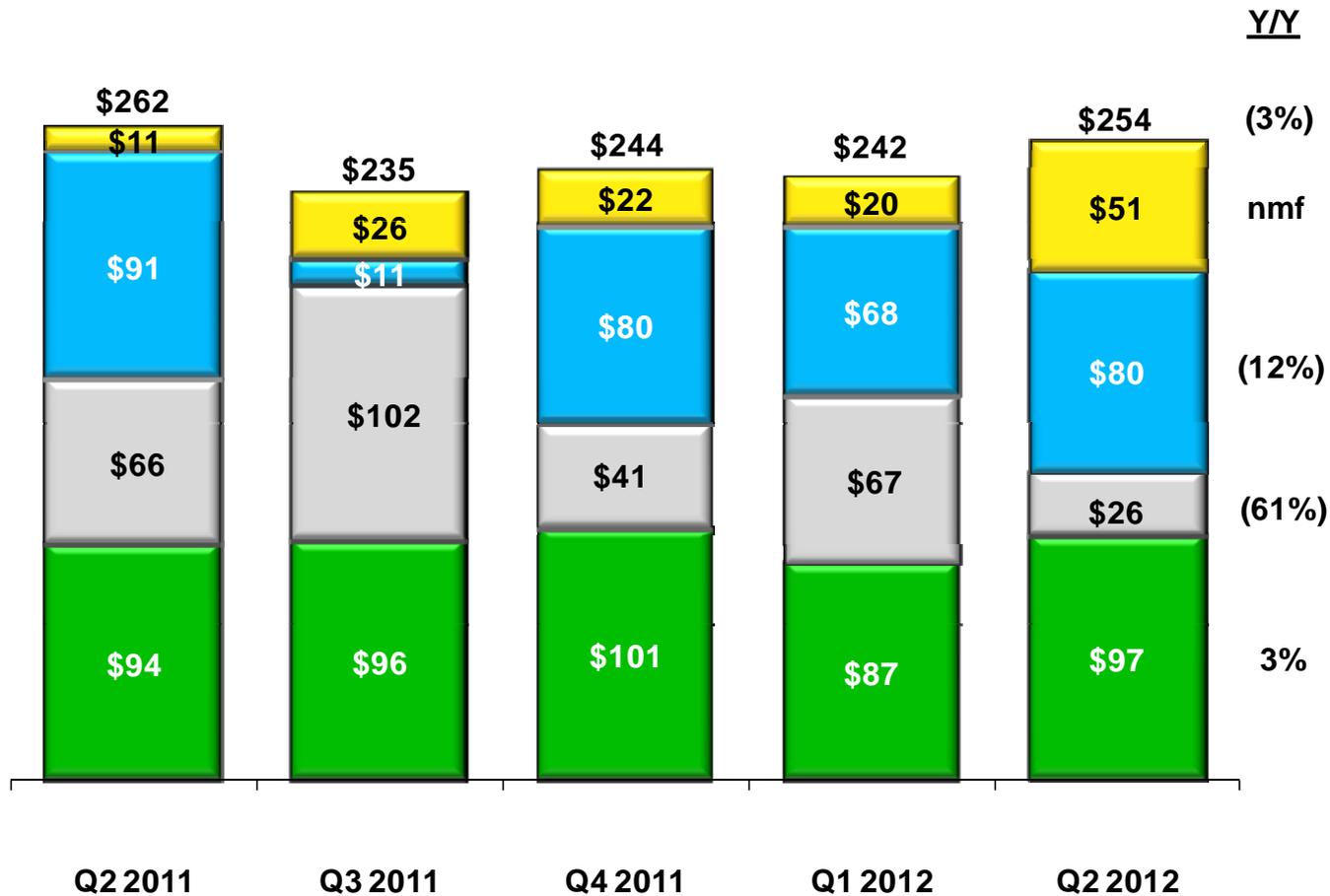
(C\$MM)



Q4 2011 excludes reduction of litigation provision in Participating policyholder account

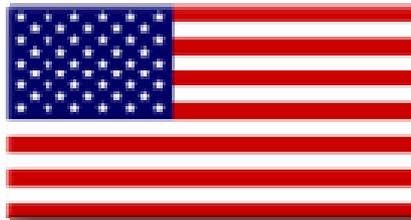
Canada – Operating Earnings

(C\$MM)





U.S. Financial Services



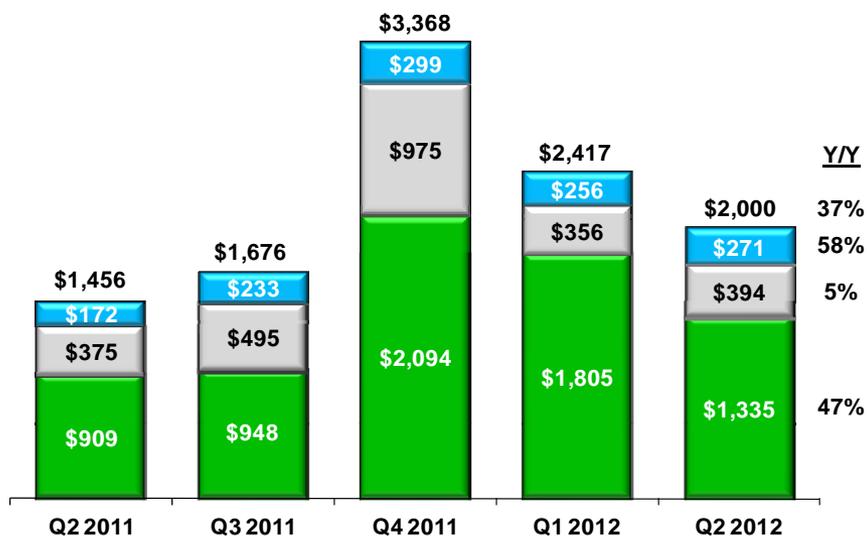
Mitchell T.G. Graye
President & Chief Executive Officer
Great-West Life & Annuity Insurance Company

U.S. Financial Services – Sales and Premiums & Deposits

Sales

(US\$MM)

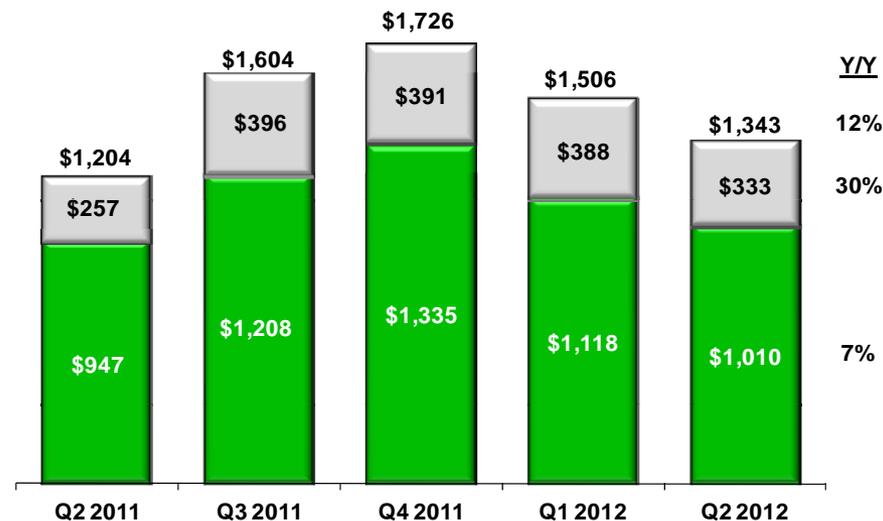
■ 401(k)
 ■ P/NP
 ■ Individual Markets



Premiums & Deposits

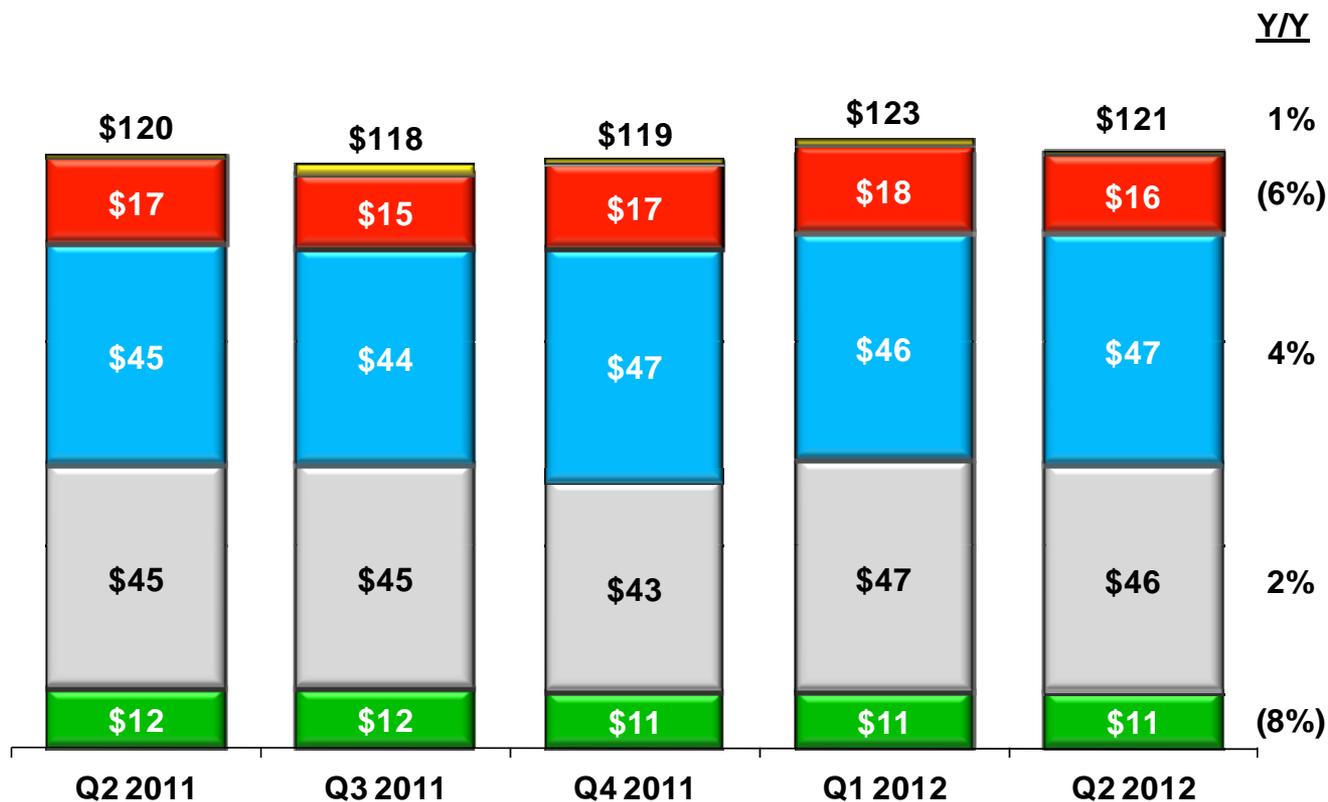
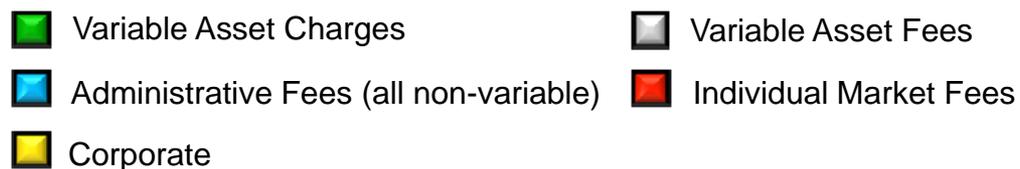
(US\$MM)

■ Retirement Services
 ■ Individual Markets



U.S. Financial Services - Fee Income

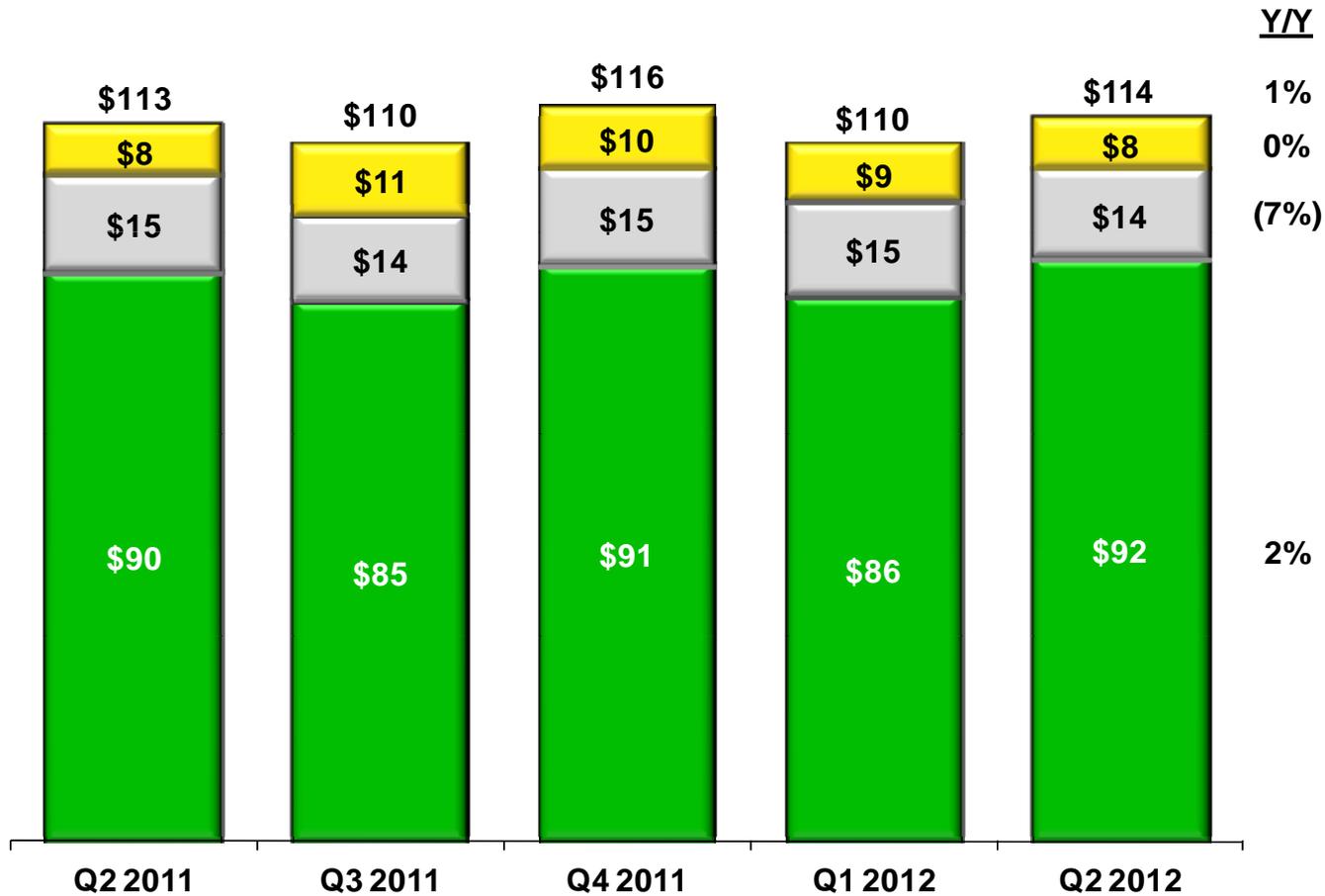
(US\$MM)



U.S. Financial Services - Expenses

(US\$MM)

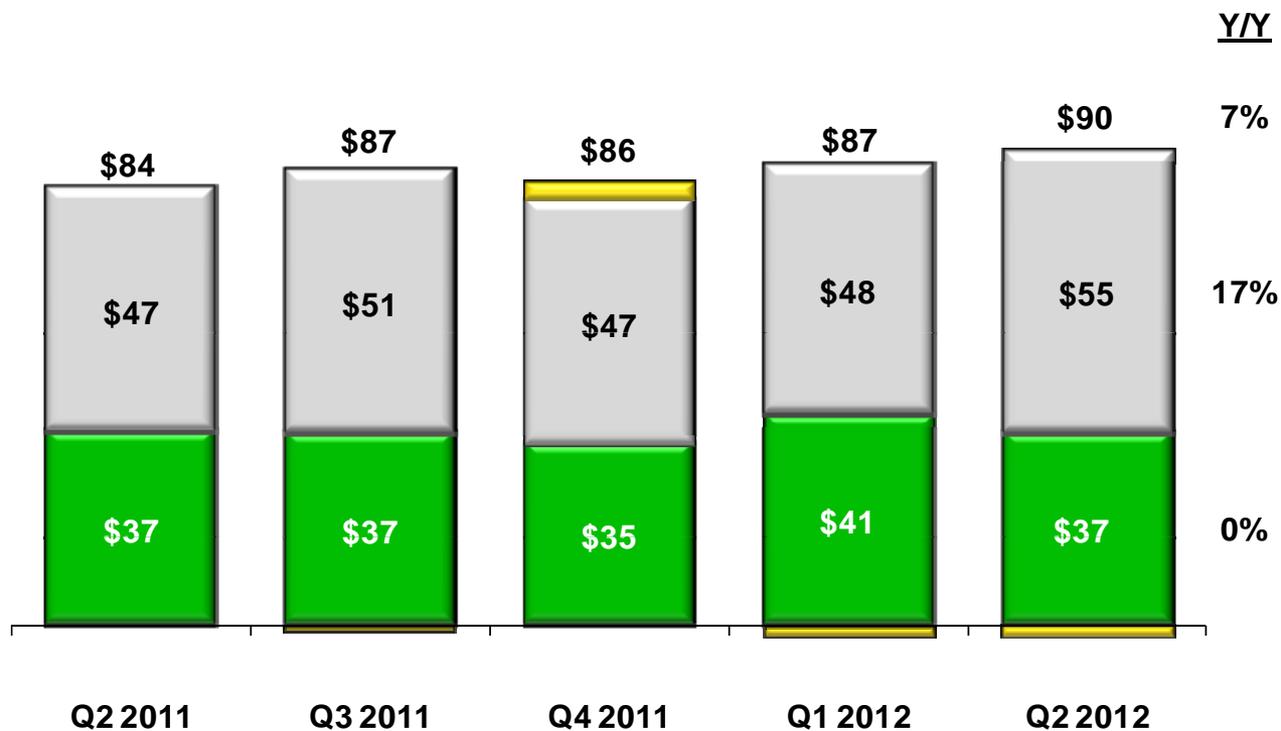
■ Retirement Services
 ■ Individual Markets
 ■ Corp & Investment



U.S. Financial Services - Operating Earnings

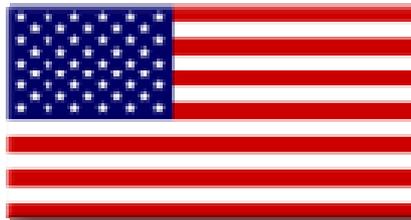
(US\$MM)

■ Retirement Services
 ■ Individual Markets
 ■ Corporate



GREAT-WEST
LIFECO INC.

Putnam Investments



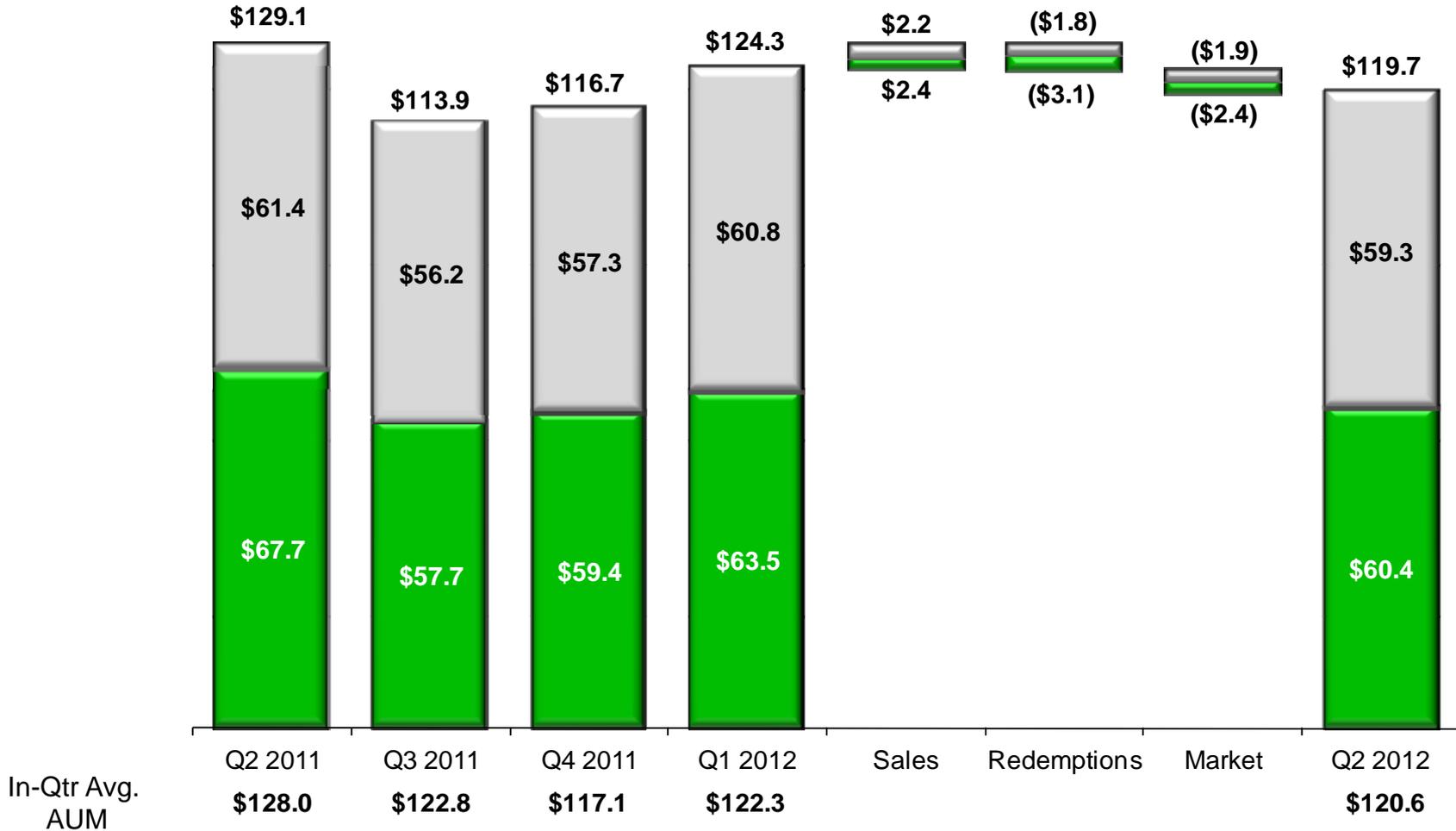
Robert Reynolds
President & Chief Executive Officer
Putnam Investments

Putnam - AUM & Flows

(US\$bn)

■ Mutual Funds

■ Institutional



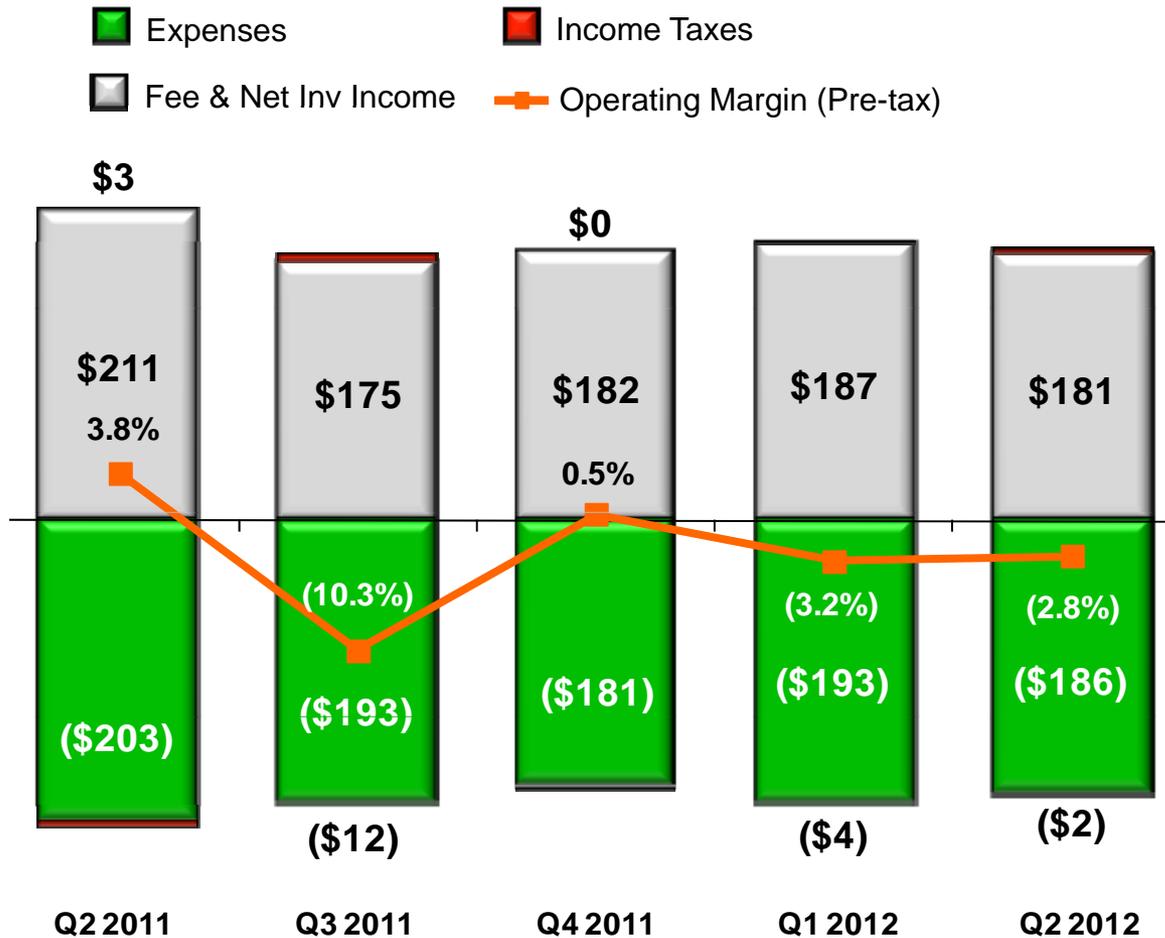
Putnam - Fee Income

(US\$MM)



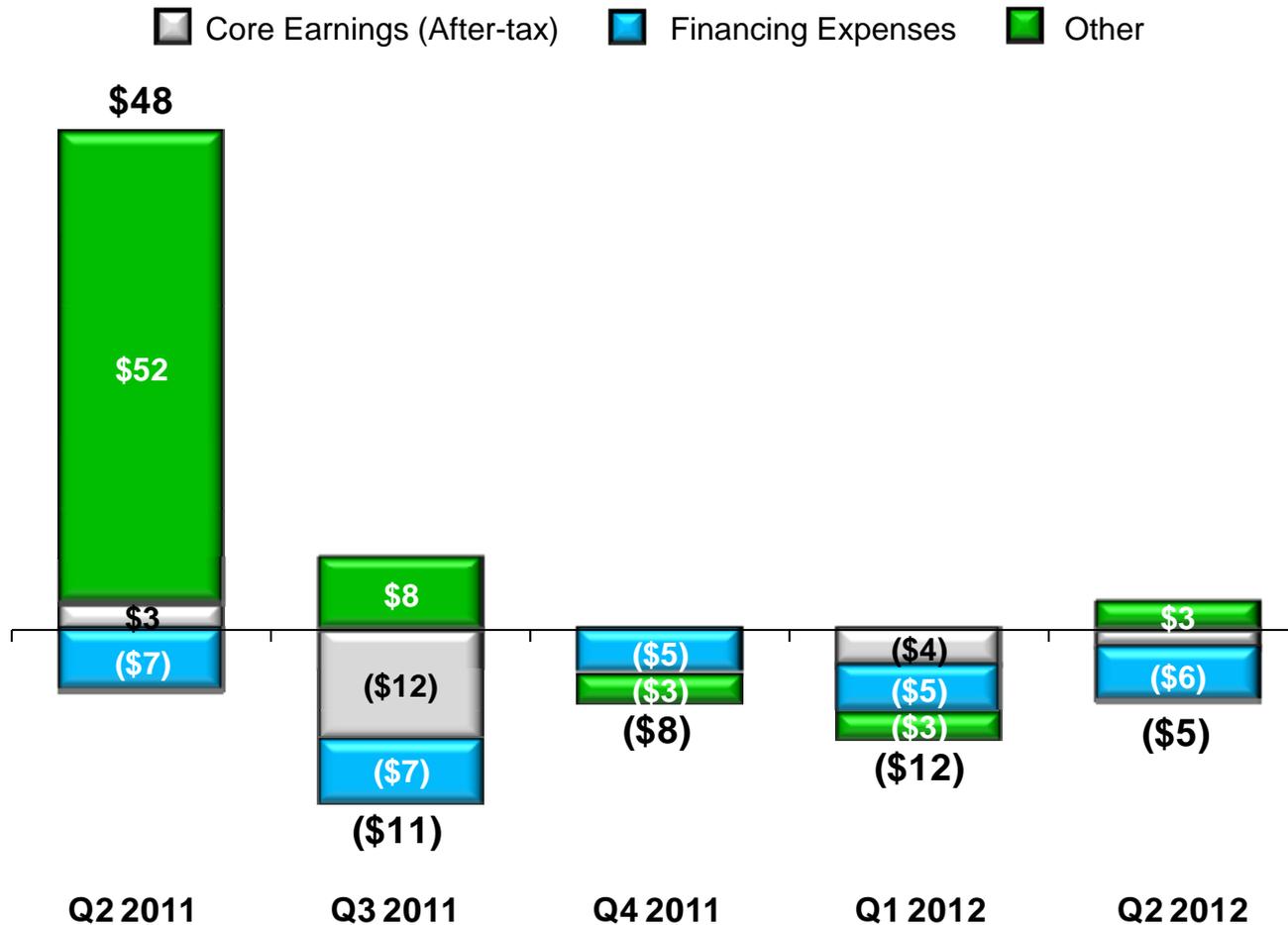
Putnam - Core Earnings

(US\$MM)



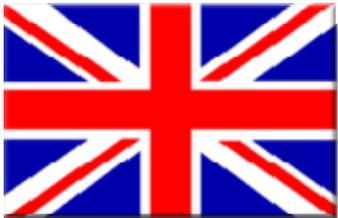
Putnam - Contribution to Lifeco Earnings

(US\$MM)



GREAT-WEST
LIFECO INC.

Europe



Arshil Jamal

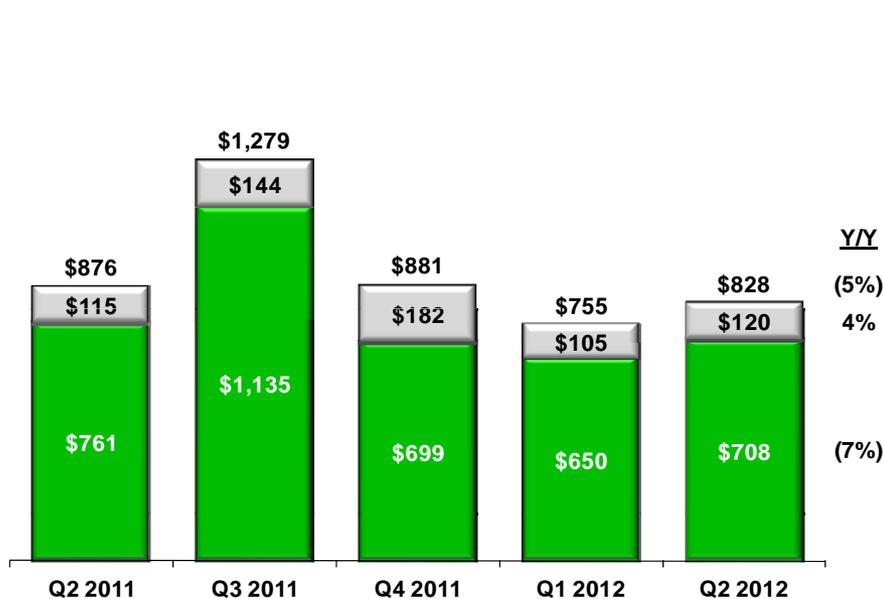
*President & Chief Operating Officer
Canada Life Capital Corporation*

Europe – Sales and Premiums & Deposits

Sales

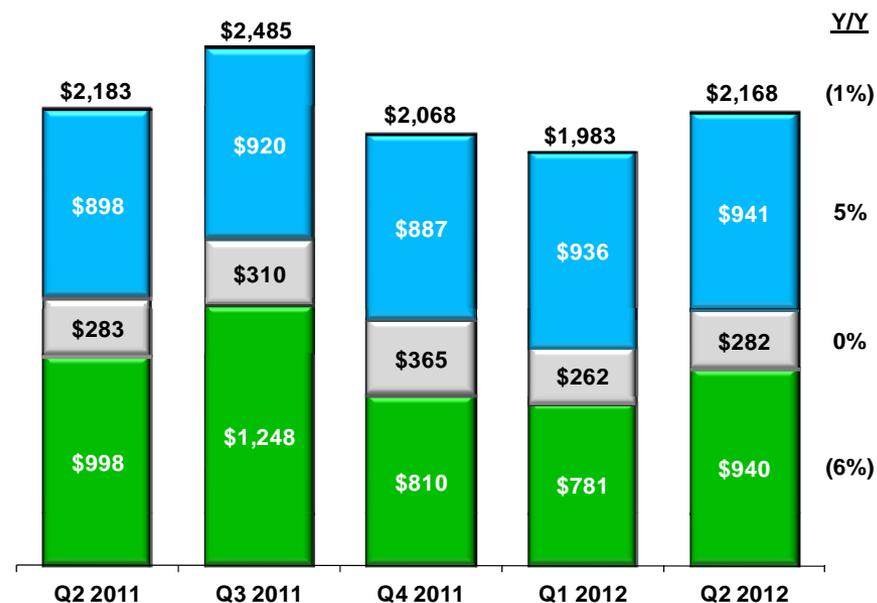
(C\$MM)

■ UK/Isle of Man
 ■ Ireland/Germany
 ■ Reinsurance



Premiums & Deposits

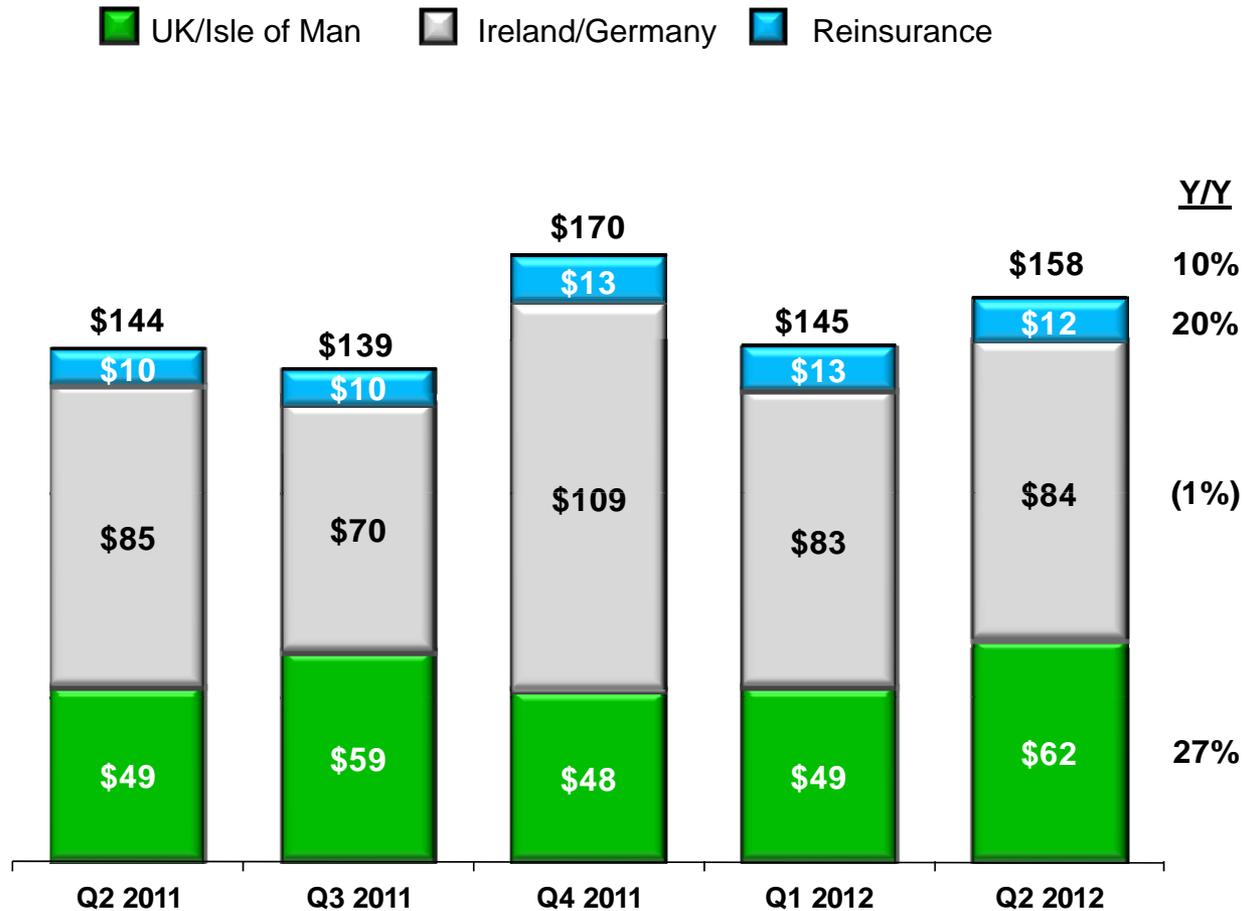
(C\$MM)



Note: Consolidated totals includes corporate

Europe – Fee Income

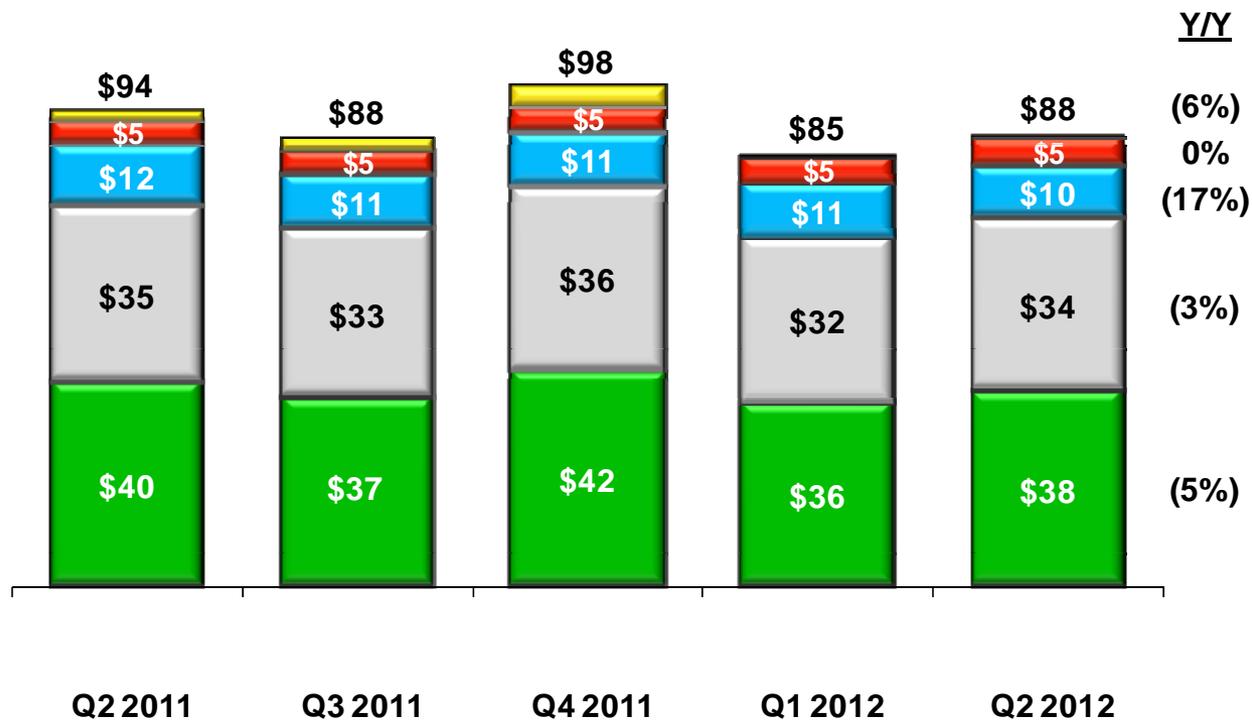
(C\$MM)



Note: Consolidated totals includes corporate

Europe – Expenses

(C\$MM)



Note: Consolidated totals includes corporate

Europe - Consolidated Operating Earnings

(C\$MM)

■ UK/Isle of Man
 ■ Ireland/Germany
 ■ Reinsurance
 ■ Corporate



Q2 2011

Q3 2011

Q4 2011

Q1 2012

Q2 2012

Constant Currency					Y/Y
\$147	\$149	\$176	\$142	\$157	7%

Macro Economic Environment

Equity Markets						
S&P TSX		S&P 500		FTSE		
Close	Average	Close	Average	Close	Average	
Q2 2012	11,597	11,749	1,362	1,350	5,571	5,549
Q1 2012	12,392	12,441	1,408	1,347	5,768	5,818
Q4 2011	11,955	11,938	1,258	1,225	5,572	5,432
Q3 2011	11,624	12,605	1,131	1,226	5,128	5,458
Q2 2011	13,301	13,564	1,321	1,319	5,946	5,915

Macro Economic Environment

	Interest Rates					
	Canada		United States		United Kingdom	
	10 Year Gov't	A Rated Corporate Spread ⁽¹⁾	10 Year Gov't	A Rated Corporate Spread ⁽¹⁾	10 Year Gov't	A Rated Corporate Spread ⁽¹⁾
Q2 2012	1.74%	1.69%	1.65%	1.57%	1.73%	2.11%
Q1 2012	2.11%	1.60%	2.21%	1.69%	2.20%	2.02%
Q4 2011	1.94%	1.84%	1.88%	2.21%	1.98%	2.22%
Q3 2011	2.16%	1.68%	1.92%	2.09%	2.43%	2.01%
Q2 2011	3.11%	1.55%	3.16%	1.45%	3.38%	1.49%

(1) Credit spread over 10 year government benchmark yield for 10 year bonds of A rated corporate issuers

Macro Economic Environment

	Currency					
	Income & Expenses			Balance Sheet		
	US\$	£	€	US\$	£	€
Q2 2012	1.01	1.60	1.30	1.02	1.60	1.29
Q1 2012	1.00	1.57	1.31	1.00	1.60	1.33
Q4 2011	1.02	1.61	1.38	1.02	1.58	1.32
Q3 2011	0.98	1.58	1.38	1.04	1.62	1.40
Q2 2011	0.97	1.58	1.39	0.96	1.55	1.40

GREAT-WEST
LIFECO_{INC.}

Questions
