GREAT-WEST LIFECO INC.

RELEASE

TSX:GWO

Great-West Lifeco U.S. subsidiary agrees to acquire Prudential's full-service retirement business

- Empower Retirement to acquire Prudential's full-service retirement business for total transaction value of C$4.45 billion (US$3.55 billion)
- Reinforces Empower's position of leadership in U.S. retirement market
- Highly accretive transaction driven by large synergy opportunities creates long-term value for Great-West Lifeco shareholders
- Leverages Empower's strong track record of building scale through M&A and its proven integration capabilities

Winnipeg, July 21, 2021. . . Today, Great-West Lifeco Inc.'s (Lifeco) (TSX:GWO) U.S. subsidiary Empower Retirement (Empower) announced it has reached a definitive agreement to acquire Prudential Financial, Inc.'s (Prudential) full-service retirement business. Subject to regulatory approvals, Empower will acquire this business for a total transaction value of approximately C$4.45 billion (US$3.55 billion).

"Empower's acquisition of Prudential's full-service retirement business will add significant scale and capabilities, further solidifying its leadership position in the world's largest retirement market," said Paul Mahon, President and CEO, Great-West Lifeco. "The Empower team has a strong track record of successful M&A integration and is well-positioned to deliver for stakeholders on this transaction."

Prudential's full-service retirement business covers 4,300 workplace savings plans, approximately four million participants and US$314 billion in assets under administration.[1] The addition of this retirement business increases Empower's base to over 16.6 million participants, 71,000 workplace savings plans and approximately US$1.4 trillion in assets under administration. The deal also strengthens Empower's overall offering for participants and sponsors through additional expertise, an expanded product offering and new capabilities from Prudential.

"Empower and Prudential share a commitment to serving the financial needs of working Americans, their advisors and employers. This transaction will create an even stronger service organization at Empower, fueled by technology and the expertise of our deep talent pool," said Ed Murphy, Empower President and CEO. "We will continue to leverage our scale and resources to challenge the status quo and be uniquely positioned to serve the retirement and wealth management needs of millions of retirement savers in every phase of their financial journey."

Transaction highlights

Empower will acquire Prudential's full-service retirement business for a total transaction value of approximately C$4.45 billion (US$3.55 billion). The value includes approximately C$2.6 billion (US$2.1 billion) of capital to support the business. Lifeco expects to fund the transaction with approximately US$1.15 billion of limited recourse capital notes ("LRCN"), and US$1.0 billion of short-term debt, in addition to existing resources.

Lifeco expects the transaction to be highly and immediately accretive to its earnings as a result of meaningful expected expense and revenue synergy opportunities.

Run-rate annual expense synergies of US$180 million are expected to be phased in over 24 months. Revenue synergies of US$20 million are expected on a run-rate basis by the end of 2023 and are expected to grow to approximately US$50 million by 2025.

Prudential's full-service retirement business is expected to contribute approximately US$325 million after-tax earnings to Empower on a run-rate basis by the end of 2023 (approximately US$245 million[2] after financing costs and foregone investment income), with high cash generation.

EPS accretion of 8-9%[3] is expected on a run-rate basis by the end of 2023.

Empower's contribution to Great-West Lifeco's earnings is expected to grow to 30%[4] by the end of 2023, shifting the overall earnings profile with strong cash generation from this scalable business with high growth potential.

Empower expects to incur one-time integration costs of approximately US$170 million and deal costs of approximately US$55 million; integration is expected to be completed in 24 months. Subject to regulatory approvals, the transaction is expected to close in the first quarter of 2022.

Empower will acquire Prudential's full-service retirement business with both a share purchase and a reinsurance transaction. Great-West Life & Annuity Insurance Company will acquire the shares of Prudential Retirement Life and Annuity Insurance Company and business written by The Prudential Insurance Company of America will be reinsured by Great-West Life & Annuity Insurance Company and Great-West Life & Annuity Insurance Company of New York (for New York business).

Conference call details
To join the conference call/audio webcast on Wednesday, July 21 at 9:00 a.m. ET visit greatwestlifeco.com/news-events/events or phone:

- Toronto area participants: **416-915-3239**
- North American participants: **1-800-319-4610**

A replay is available from July 22 to August 22, 2021 by calling **1-855-669-9658** or **1-604-674-8052** (passcode: **7399**). An archived webcast is available online.

Legal and financial advisors
Eversheds Sutherland served as legal counsel and Goldman Sachs & Co. LLC and Rockefeller Capital Management served as financial advisors to Empower. Debevoise & Plimpton served as legal counsel and Lazard served as exclusive financial advisor to Prudential.

About Empower Retirement
Headquartered in metro Denver, Empower Retirement administers approximately US$1 trillion in assets for more than 12 million retirement plan participants as of March 31, 2021[5]. It is the nation's second-largest retirement plan recordkeeper by total participants.[6] Empower serves all segments of the employer-sponsored retirement plan market: government 457 plans; small, midsize and large corporate 401(k) clients; non-profit 403 (b) entities; Taft-Hartley plans; private-label recordkeeping clients; and IRA customers. Personal Capital, a subsidiary of Empower Retirement, is an industry-leading hybrid wealth manager. For more information please visit empower-retirement.com and connect with us on Facebook, Twitter, LinkedIn and Instagram.

About Prudential
Prudential Financial, Inc., a global financial services leader and premier active global investment manager with more than US$1.5 trillion in assets under management as of March 31, 2021, has operations in the United States, Asia, Europe, and Latin America. Prudential's diverse and talented employees help to make lives better by creating financial opportunity for more people. Prudential's

iconic Rock symbol has stood for strength, stability, expertise and innovation for more than a century. For more information, please visit news.prudential.com.

About Great-West Lifeco Inc.
Great-West Lifeco is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. We operate in Canada, the United States and Europe under the brands Canada Life, Empower Retirement, Putnam Investments, and Irish Life.

At the end of 2020, our companies had approximately 24,500 employees, 205,000 advisor relationships, and thousands of distribution partners – all serving our more than 30 million customer relationships across these regions. Great-West Lifeco and its companies have approximately C$2.1 trillion in consolidated assets under administration as of March 31, 2021 and are members of the Power Corporation group of companies. Great-West Lifeco trades on the Toronto (TSX) Stock Exchange under the ticker symbol GWO. To learn more, visit greatwestlifeco.com.

Cautionary note regarding Forward-Looking Information
This release may contain forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “will”, “may”, "expects", "anticipates", "intends", "plans", "believes", "estimates“, “objective”, “target”, “potential” and other similar expressions or negative versions thereof. These statements include, without limitation, statements about: the U.S. retirement industry; the timing (for completion and integration), cost and expected benefits and performance (including targeted expense and revenue synergies), expected earnings per share (“EPS”) accretion, expected impact on objective or consensus earnings and “run rate” earnings, as well as the timing thereof in each case, of the acquisition of the retirement services business of Prudential and sources, amounts and timing of funding therefor; future expenses and revenues; expected earnings contribution of Prudential and Empower (and expected earnings growth), increased scale and capabilities of Empower, value creation, and other statements concerning Lifeco, Empower’s and the retirement services business of Prudential operations, business, financial condition, expected financial performance, ongoing business strategies or prospects and possible future actions.

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions 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 Lifeco, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. This information has been provided to the reader to give an indication of Lifeco's current expectations concerning the impact of the retirement services business of Prudential acquisition and such statements may not be suitable for other purposes. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. In particular, in calculating the expected earnings per share accretion figures discussed in this release, management has estimated certain after-tax forecast pro forma adjustments to earnings based on the following assumptions: a USD-CAD exchange rate of 1.25; pre-tax expense synergies of US$180 million and pre-tax revenue synergies of US$20 million; incremental financing costs and foregone investment income of C$97 million; and amortization of intangibles. Many of these assumptions are based on factors and events that are not within the control of Lifeco and there is no assurance that they will prove to be correct. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the pandemic health event resulting from the novel coronavirus ("COVID-19") (including the effects of the pandemic and the effects of governments' and other businesses' responses to the pandemic on the economy and Lifeco's financial results, financial condition and operations), achievement or waiver of conditions to closing of the acquisition of the retirement services business of Prudential, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns as well as actual Company earnings being in line with analyst consensus estimates, the ability to integrate the retirement services business of Prudential acquisition, leverage Empower’s and the retirement services business of Prudential and achieve anticipated synergies, and customer behaviour (including customer adoption levels), Lifeco’s, Empower’s and the retirement services business of Prudential reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy and plan lapse rates, participant net contribution rates, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of Lifeco's investment portfolio), business competition, impairments of goodwill and other intangible assets, Lifeco's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, 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, catastrophic events, continuity and availability of personnel and third party service providers, Lifeco's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to Lifeco's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and other general economic, political and market factors in North America and internationally.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in filings with securities regulators, including factors set out in Lifeco's management's discussion and analysis ("MD&A") for the year ended December 31, 2020 ("2020 Annual MD&A") under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" and in Lifeco's annual information form dated February 10, 2021 under "Risk Factors", which, along with other filings, are available for review at www.sedar.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information. Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information 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, "assets under administration", "base earnings (loss)", "base return on equity (ROE), and "return on equity (ROE)". Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results, where no comparable IFRS measure exists. 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. Refer to the "Non-IFRS Financial Measures" section in Lifeco's 2020 Annual MD&A for the appropriate reconciliations of Lifeco's non-IFRS financial measures to measures prescribed by IFRS, where applicable, as well as additional details on each measure.

[1] Assets under administration is a non-IFRS financial measure; see the discussion of this measure in the Company's 2020 Annual MD&A.
[2] Based on unlevered earnings of Prudential's full-service retirement business (run rate end of 2023) less financing costs and foregone investment income, which is converted to Canadian dollars at an exchange rate of 1.25.
[3] Based on (i) Great-West Lifeco's mid-term financial objectives of 8-10% EPS growth per annum, as noted in Great-West Lifeco's news release dated June 8, 2021, (ii) Institutional Brokers Estimate System (IBES) consensus earnings estimates, and (iii) estimated earnings of Prudential's retirement services business after fully reflecting synergies and excluding integration costs on a run-rate basis at the end of 2023.
[4] As of March 31, 2021. Information refers to the business of Great-West Life & Annuity Insurance Company and its subsidiaries, including Great-West Life & Annuity Insurance Company of New York and GWFS Equities, Inc. GWLA's consolidated total assets under administration (AUA) were US$1,065.8B. AUA is a non-GAAP measure and does not reflect the financial stability or strength of a company. GWLA's statutory assets total $74.5B and liabilities total $72.5B. GWLANY statutory assets total US$3.7B and liabilities total US$3.5B.
[5] Based on Empower's contribution as a percentage of Great-West Lifeco's base earnings in 2020 (excluding corporate earnings). Empower's base earnings include on a pro-forma basis estimated fully synergized earnings for MassMutual's acquired retirement business expected for 2022, and Prudential's estimated fully synergized earnings on a run-rate basis expected by year end 2023.
[6] Pensions & Investments 2021 Defined Contribution Survey Ranking as of April 2021.

For more information contact:

Great-West Lifeco Media Relations Liz Kulyk 204-391-8515 media.relations@canadalife.com
Great-West Lifeco Investor Relations Deirdre Neary 647-328-2134 deirdre.neary@canadalife.com