

RELEASE

TSX:GWO

Great-West Lifeco subsidiary Empower Retirement announces agreement to acquire Personal Capital

The acquisition is expected to accelerate Lifeco's growth and returns in the U.S. market

Winnipeg, June 29, 2020. . . Great-West Lifeco Inc. (TSX:GWO) ("Lifeco") subsidiary Empower Retirement today announced it has entered into an agreement to acquire Personal Capital for up front consideration of US\$825 million, and deferred consideration of up to US\$175 million subject to achievement of target growth objectives. Empower, the second largest Defined Contribution (DC) record keeper in the U.S. based on the number of participants, is an important growth platform for Lifeco in both the retirement and retail wealth management markets. Personal Capital is a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors. The combination will bring together Empower's leading retirement plan services and integrated financial tools, and Personal Capital's rapidly growing, digitally oriented personal wealth management platform.

The transaction will benefit Lifeco and Empower in many ways including:

- Positions Empower with an additional growth platform, Personal Capital, a rapidly growing U.S. direct to consumer hybrid digital wealth manager;
- Leverages Personal Capital's platform to accelerate growth of Empower's existing DC-focused retail wealth management business; and,
- Enhances Empower's successful Defined Contribution business with the addition of Personal Capital's leading financial planning and financial wellness capabilities.

"This transaction supports Empower's objective of accelerating growth in retail advice and wealth management for participants and is complementary to its objective of scaling its Defined Contribution retirement business both organically and through M&A," said Paul Mahon, President and Chief Executive Officer. "Personal Capital has a highly attractive business model that is achieving high growth. We are excited about adding the Personal Capital platform because of its standalone growth potential as well as its capacity to accelerate Empower's retail and defined contribution growth. The combination of Empower and Personal Capital strengthens our value proposition for customers and supports our objective of increasing value for shareholders."

Personal Capital will continue to operate as a high-growth direct-to-consumer business that is currently profitable prior to new customer acquisition costs and is expected to reach standalone profitability as it achieves scale. Personal Capital will leverage Empower's and Lifeco's scale and infrastructure to enhance the value proposition for its customers, which is expected to drive increased growth and adoption.

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Empower will integrate Personal Capital's technology and capabilities to deliver a suite of state-of-the-art financial wellness tools along with leading digital and human advice to current and future Empower retail clients. This will accelerate Empower's ability to provide clients with advice and wealth management across their total assets including their Defined Contribution savings.

Empower will leverage Personal Capital's platform to provide its 9.7 million plan participants with a singular view of their entire financial picture, creating new opportunities to improve financial wellness. This should increase DC plan sales, managed accounts usage rates, participant engagement, and adoption of additional services.

"Empower and Personal Capital are joining forces to take the next step forward in the evolution of an integrated platform to deliver personalized advice, financial wellness and comprehensive financial planning to millions of individual investors and retirement plan participants," said Edmund F. Murphy III, President and Chief Executive Officer of Empower. "Empower will be able to deploy Personal Capital's market-proven technology and capabilities to support the retirement and financial service needs of its 9.7 million plan participants, while Personal Capital will leverage Empower's scale and infrastructure to accelerate its growth."

This transaction will strengthen Empower Retirement's brand through the association with Personal Capital. After the close of the transaction, Empower Retirement's brand will be unchanged and Personal Capital will be branded as Personal Capital, an Empower Company.

Lifeco remains committed to and has the capital available to support additional M&A opportunities to advance its strategy.

Transaction Details & Transparency of Targets

Under the terms of the agreement, Great-West Lifeco will acquire Personal Capital for US\$825 million on closing and up to US\$175 million in additional consideration to be paid over two years subject to achieving target growth objectives. The upfront consideration is expected to be funded with cash on hand and US\$500 million in debt financing. Empower expects to incur one-time integration expenses of US\$57 million with the integration expected to be completed in 18 months. In addition, Empower expects to incur transaction expenses of US\$28 million. The transaction is expected to close in the second half of 2020, subject to required regulatory approvals, including CFIUS review, and other customary closing conditions. The transaction has been approved by the boards of directors of Great-West Lifeco, Empower Retirement and Personal Capital and Personal Capital stockholders.

Recognizing that Empower's and Personal Capital's respective businesses are at different stages of development and maturity, Great-West Lifeco intends to report on the progress of Empower and Personal Capital in a manner that will allow investors to track separately the progress of Empower's existing DC and retail businesses, and Personal Capital's direct-to-consumer retail business.

Conference Call Details

Lifeco will hold a conference call and audio webcast on the transaction on Monday, June 29 at 9:00 a.m. ET. The call and webcast can be accessed through greatwestlifeco.com/news-events/events or by phone at:

- Participants in the Toronto area: **416-915-3239**
- Participants from North America: **1-800-319-4610**

A replay of the call will be available from June 30 to July 30, 2020 and can be accessed by calling 1-855-669-9658 or 604-674-8052 (passcode: 4807). The archived webcast will be available on greatwestlifeco.com.

Advisors

Sullivan & Cromwell LLP served as legal counsel and Morgan Stanley & Co. LLC and Rockefeller Capital Management served as financial advisors to Great-West Lifeco and Empower Retirement.

About Empower Retirement

Headquartered in metro Denver, Empower Retirement administers US\$656 billion in assets for more than 9.7 million retirement plan participants, as of May 31, 2020¹. It is the nation's second-largest retirement plan record keeper by total participants². 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; private-label recordkeeping clients; and Individual Retirement Account customers. For more information please visit <http://www.empower-retirement.com> and connect with us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [Instagram](#).

About Personal Capital

Personal Capital is a remote-delivery, industry-leading digital wealth management company that helps people transform their financial lives through technology and advisory services. The company's state-of-the-art tools and technology provide investors with a complete financial picture, utilized by over 2.5 million customers. Its registered investment advisors provide expert guidance, and customized strategies, based on a personal understanding of an investor's financial picture and goals. Personal Capital currently manages over US\$12 billion in assets, virtually delivered from offices across the U.S. For more information, please visit <http://www.personalcapital.com> or connect with us on [Facebook](#), [Twitter](#) or [LinkedIn](#).

Advisory services are offered for a fee by Personal Capital Advisors Corporation, a wholly owned subsidiary of Personal Capital Corporation. Personal Capital Advisors Corporation is a registered investment advisor with the Securities and Exchange Commission ("SEC"). SEC registration does not imply a certain level of skill or training. Investing involves risk. Past performance is not a guarantee or indicative of future returns. The value of your investment will fluctuate, and you may gain or lose money.

About Great-West Lifeco Inc.

Great-West Lifeco Inc. 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 2019, our companies had approximately 24,000 employees, 197,000 advisor relationships, and thousands of distribution partners – all serving our more than 31 million customer relationships across these regions. Lifeco and its companies have over \$1.5 trillion in consolidated assets under administration as of March 31, 2020 and are members of the Power Corporation group of companies. Lifeco trades on the Toronto (TSX) Stock Exchange under the ticker symbol GWO. To learn more, visit www.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”, “would”, “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “objective”, “target” and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the timing, cost (including deferred consideration) and expected benefits of the acquisition of Personal Capital and sources of funding therefor, the Company’s, Empower’s and Personal Capital’s operations, business, financial condition, expected financial performance (including revenues, earnings or growth rates), business strategies or prospects and possible future actions, including statements made with respect to expected synergies, growth in Lifeco shareholder value, the expected quantum of one-time integration expenses and the timing thereof, and intended reporting on Empower and Personal Capital. 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 and mutual fund industries. 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. Whether or not actual results differ from forward-looking information contained herein may depend on numerous factors, developments and assumptions, including, without limitation, achievement or waiver of conditions to closing of the acquisition of Personal Capital, the ability to integrate the Personal Capital acquisition, leverage Empower’s and Personal Capital’s businesses and achieve anticipated synergies, customer behaviour (including customer adoption levels), Lifeco’s, Empower’s and Personal Capital’s reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy lapse 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 current pandemic health event resulting from the novel coronavirus (COVID-19), particularly in certain industries that may comprise part of Lifeco’s investment portfolio), business competition and other general economic, political and market factors in North America and internationally. 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. Other important factors and assumptions that could cause actual results to differ materially from those contained in forward-looking statements include customer responses to new products, 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, and the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic, and the effects of governments’ and other businesses’ responses to the COVID-19 pandemic, on the economy and Lifeco’s financial results, financial condition and operations).

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in Lifeco's filings with securities regulators, including factors set out in Lifeco's annual information form dated February 12, 2020 under "Risk Factors" and Lifeco's management's discussion and analysis for the year ended December 31, 2019 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, uncertainties and potential events carefully and not to place undue reliance on forward-looking information. Other than as specifically required by applicable law, Lifeco does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

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¹As of May 31, 2020. 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. Of the total US\$656B assets under administration, US\$16.8B represents the AUA of GWLA of NY. AUA do not reflect the financial stability or strength of a company. GWL&A assets total US\$47.7B and liabilities total US\$46.1B. GWL&A of NY assets total US\$1.59B and liabilities total US\$1.48B.

²Pensions & Investments 2020 Defined Contribution Survey Ranking as of April 2020.