

**Great-West Lifeco subsidiary Empower Retirement
announces agreement to acquire
retirement services business of MassMutual**

*Transaction aligns with strategy to drive long-term growth in the
U.S. retirement market, and positions Empower as a significant contributor
to Great-West Lifeco's earnings*

Winnipeg, September 8, 2020. . . Great-West Lifeco Inc. (TSX:GWO) (Lifeco or The Company) subsidiary Empower Retirement (Empower) today announced it has reached a definitive agreement to acquire the retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual), strengthening Empower's position as the second largest player in the U.S. retirement market. The transaction expands Empower's reach to more than 12.2 million retirement plan participants and assets to US\$834 billion on behalf of 67,000 plans.¹

Based on the terms of the agreement, and subject to regulatory approvals, Empower will acquire the retirement services business of MassMutual for a total transaction value of approximately US\$3.35 billion (C\$4.4 billion). The value includes a reinsurance ceding commission of US\$2.35 billion and US\$1.0 billion of required capital to support the business. The transaction is expected to close in the fourth quarter of 2020.

The MassMutual retirement services business comprises 26,000 plans with approximately 2.5 million participants and US\$167 billion in assets.² With strong margins and earnings profile, it includes diversified capabilities across all plan types with significant presence in the highly attractive small-medium corporate market segment.

The transaction presents meaningful expense and revenue synergy opportunities and is expected to be highly accretive to Lifeco's earnings.

"This transaction is an excellent strategic fit and directly aligns with Lifeco's long-term plans for growth and scale in the U.S. retirement market," said Paul Mahon, President and CEO, Great-West Lifeco. "It increases our scale advantages and strengthens Empower's position as the second largest player in this growing segment of the U.S. market. It also positions Empower as a growth engine and significant contributor to Great-West Lifeco's value creation objectives."

This transaction increases the synergy potential of Empower's recently announced acquisition of Personal Capital, a hybrid wealth manager, across a larger combined business.

In addition, Empower and MassMutual intend to enter into a strategic partnership through which digital insurance products offered by Haven Life Insurance Agency, LLC³ and MassMutual's voluntary insurance and lifetime income products will be made available to customers of Empower and Personal Capital.

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Transaction highlights

Empower will acquire the retirement services business of MassMutual for a total transaction value of approximately US\$3.35 billion (C\$4.4 billion). The value includes a reinsurance ceding commission of US\$2.35 billion and US\$1.0 billion of required capital to support the business. The Company intends to fund the transaction with existing cash, short-term debt and approximately US\$1.5 billion of new long-term debt.

This transaction is expected to be immediately accretive to Great-West Lifeco earnings based on consensus estimates⁴ and before integration costs. Accretion to earnings per share is expected to be 5% in 2021 and 8% in 2022. On a fully synergized basis following integration in 2022, accretion is expected to be 10%. On this basis the U.S. segment is expected to be 20%+ of Great-West Lifeco's earnings⁵, significantly enhancing the U.S. segment's earnings contribution to Lifeco.

Empower will realize significant cost synergies through the migration of the MassMutual's retirement services business onto Empower's proven recordkeeping platform. Run rate cost synergies are expected to be US\$160 million at the end of integration in 2022. Revenue synergies in 2022 are expected to be US\$30 million and continue to grow beyond 2022.

Empower expects to incur one-time integration expenses of US\$125 million and deal expenses of US\$55 million. The integration is expected to be completed within 18 months following closing.

"With today's announcement, Empower is taking the next step toward addressing the complex and evolving needs of millions of workers and retirees through the combination of expertise, talent and business scale being created," said Edmund F. Murphy, President and Chief Executive Officer of Empower Retirement. "Together, Empower and MassMutual connect a broad spectrum of strength and experience with a shared focus on the customer. We are excited about the opportunity to reach new customers and serve even more Americans on their journey toward creating a secure retirement."

Through this transaction, business written by MassMutual will be reinsured by Great-West Life & Annuity Insurance Company. Concurrently, MassMutual will retrocede business it reinsures from a cedent, which MassMutual assumed in a previous transaction. Any New York business will be reinsured by Great-West Life & Annuity Insurance Company of New York. The transaction has been approved by the boards of directors of Great-West Lifeco, Empower Retirement and MassMutual.

Conference Call Details

Lifeco will hold a conference call and audio webcast on the transaction on Tuesday, September 8 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: **1-800-319-4610**
- Participants from North America: **1-416-915-3239**

A replay of the call will be available from September 9 to October 9, 2020 and can be accessed by calling **1-855-669-9658** or **1-604-674-8052** (passcode: 5220). The archived webcast will be available on greatwestlifeco.com.

Advisors

Eversheds Sutherland served as legal counsel, and Goldman Sachs & Co. LLC and Rockefeller Capital Management served as financial advisors to Empower.

About Empower Retirement

Headquartered in metro Denver, Empower Retirement administers \$667 billion in assets for more than 9.7 million retirement plan participants as of June 30, 2020. 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; private-label recordkeeping clients; and IRA customers. Personal Capital, a subsidiary of Empower Retirement, is an industry-leading hybrid wealth manager that currently manages more than \$13 billion in assets, virtually delivered from offices across the U.S. For more information please visit empower-retirement.com and connect with us on [Facebook](#), [Twitter](#), [LinkedIn](#) and [Instagram](#).

About MassMutual

MassMutual is a leading mutual life insurance company that is run for the benefit of its members and participating policyowners. MassMutual offers a wide range of financial products and services, including life insurance, disability income insurance, long term care insurance, annuities, retirement plans and other employee benefits. For more information, visit www.massmutual.com/about-us.

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 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. Great-West Lifeco and its companies have approximately \$1.7 trillion in consolidated assets under administration as of June 30, 2020 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 (including estimated price to earnings (“P/E”) multiples represented thereby) and expected benefits and performance (including targeted revenue synergies, internal rate of return (“IRR”), expected earnings per share (“EPS”) accretion, expected impact on consensus earnings and “run rate” gross revenue, as well as the timing thereof in each case) of the acquisition of the retirement services business of MassMutual and sources, amounts and timing of funding therefor; future expenses and revenues made on the slide entitled “Meaningful Synergy Opportunities”; and otherwise concerning the Company’s, Empower’s and the retirement services business of MassMutual 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 the Company, economic factors and the financial services industry generally, including the insurance and retirement solutions industries. This information has been provided to the reader to give an indication of the Company’s current expectations concerning the impact of the retirement services business of MassMutual 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. Whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, achievement or waiver of conditions to closing of the acquisition of the retirement services business of MassMutual 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 MassMutual acquisition, leverage Empower's and the retirement services business of MassMutual and achieve anticipated synergies, and customer behaviour (including customer adoption levels), Lifeco's, Empower's and the retirement services business of MassMutual 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 the Company's investment portfolio), business competition and other general economic, political and market factors in North America and internationally, as well as further assumptions noted within this document. 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. Important factors 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, the Company'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, the Company's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic, on the economy and the Company'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 filings with securities regulators, including factors set out in the Company's annual management's discussion and analysis ("MD&A") for the year ended December 31, 2019 under "Risk Management and Control Practices", in the Company's Q2 2020 MD&A and in the Company's annual information form dated February 12, 2020 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 may contain some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include, but are not limited to, "assets under administration" and "assets under management". Non-IFRS financial measures are used to provide management and investors with additional measures of performance to help assess results, including 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 the Company's Q2 2020 MD&A for the appropriate reconciliations of the Company's non-IFRS financial measures to measures prescribed by IFRS, where applicable, as well as additional details on each such measure.

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1. Estimated joint Assets Under Administration of Empower Retirement and MassMutual
2. As of June 30, 2020, Source: MassMutual
3. Haven Life Insurance Agency, LLC is an affiliate of MassMutual.
4. Based on Institutional Brokers Estimate System (IBES) consensus earnings estimates for Great-West Lifeco.
5. Based on the US segment as a percentage of base earnings in 2019.
6. Pensions & Investments 2020 Defined Contribution Survey Ranking as of April 2020