

# GREAT-WEST LIFECO INC.

## RELEASE

Readers are referred to the cautionary note regarding Forward-Looking Information and Non-GAAP Financial Measures at the end of this Release.

TSX:GWO

### **Great-West Lifeco raises dividend 6.4% and reports full year 2007 results**

*Winnipeg, February 14, 2008 ...* Great-West Lifeco Inc. (Lifeco) has reported net income attributable to common shareholders of \$537 million for the three months ended December 31, 2007, up 9% compared to net income of \$491 million reported a year ago. On a per share basis, this represents \$0.601 per common share for the three months ended December 31, 2007 compared to \$0.550 per common share for 2006. The strength of the Canadian dollar reduced net income reported by the Company in the quarter by approximately \$0.043 per common share, or \$38 million. On a constant currency basis, net income attributable to common shareholders increased 17% over 2006.

For the twelve months ended December 31, 2007 adjusted net income attributable to common shareholders was \$2,153 million compared to \$1,875 million reported a year ago. On a per share basis, this represents \$2.413 per common share for the twelve months ended December 31, 2007, an increase of 15% compared to \$2.104 per common share for 2006. Adjusted net income excludes a \$97 million after-tax provision for certain Canadian retirement plans that was recorded in the third quarter of 2007. Net income attributable to common shareholders after this provision was \$2,056 million or \$2.304 per common share for the twelve months ended December 31, 2007. On a constant currency basis, adjusted net income attributable to common shareholders increased 16% over 2006.

Results for the year were strong across all three of Lifeco's business segments, Canada, United States and Europe.

#### **Highlights**

- Quarterly dividends declared were \$0.2925 per common share, an increase of 6.4%, payable March 31, 2008. Dividends paid on common shares for the twelve months ended December 31, 2007 were 14% higher than a year ago.
- The acquisition of Putnam Investments, LLC closed on August 3, 2007. Lifeco results include the results of Putnam from that date. Putnam contributed approximately \$0.029 per common share to net income for the quarter, and approximately \$0.046 per common share since the closing of the transaction.
- Announced on February 14, 2008, a \$13 billion reinsurance transaction with Standard Life Assurance Limited.
- Announced on November 26, 2007 that the U.S. Healthcare business would be sold to CIGNA.
- Lifeco continues to benefit from a high quality asset portfolio in the face of significant uncertainty in global credit markets.
- Adjusted return on common shareholders' equity was 21.6% for the twelve months ended December 31, 2007.

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100 Osborne Street North, Winnipeg, MB Canada R3C 3A5

A member of the Power Financial Corporation group of companies.

Consolidated net income for Lifeco is comprised of the net income of The Great-West Life Assurance Company (Great-West Life), Canada Life Financial Corporation (CLFC), London Life Insurance Company (London Life), Great-West Life & Annuity Insurance Company (GWL&A), and Putnam Investments, LLC (Putnam), together with Lifeco's corporate results.

## **CANADA**

Net income attributable to common shareholders for the fourth quarter of 2007 was \$246 million compared to \$223 million in 2006, an increase of 10%.

For the twelve months ended December 31, 2007, net income attributable to common shareholders was up 9% to \$973 million from \$893 million for the twelve months ended December 31, 2006. Individual Insurance & Investment Products earnings at \$637 million were up 9% while Group Insurance earnings of \$384 million were up 15%.

Total sales for the twelve months ended December 31, 2007 were \$9.4 billion compared to \$8.4 billion in 2006, an increase of 12%.

Total assets under administration at December 31, 2007 were \$101.0 billion, compared to \$96.6 billion at December 31, 2006.

## **UNITED STATES**

Net income attributable to common shareholders for the fourth quarter of 2007 increased 10% to \$141 million from \$128 million for the fourth quarter of 2006. For the twelve months ended December 31, 2007, net income attributable to common shareholders was up 11% to \$569 million from \$511 million for the twelve months ended December 31, 2006.

Net income for the quarter includes \$43 million in 2007 and \$50 million in 2006 in connection with Lifeco's U.S. healthcare business, which has been designated as discontinued operations. For the twelve months ended December 31, the amounts included were \$203 million in 2007 and \$191 million in 2006.

In the quarter, the strength of the Canadian dollar reduced net income by \$0.026 per common share, or \$23 million. On a constant currency basis, net income increased by 27% in the quarter, and 18% for the year.

Total sales for the twelve months ended December 31, 2007 were \$21.0 billion compared to \$3.4 billion in 2006. Putnam's asset management business is included from August 3, 2007.

Total assets under administration at December 31, 2007 were \$231.7 billion compared to \$48.2 billion at December 31, 2006. Included in assets under administration were \$184 billion of mutual fund and institutional account assets managed by Putnam.

## **EUROPE**

Net income attributable to common shareholders for the fourth quarter of 2007 of \$150 million was comparable to \$150 million for the fourth quarter of 2006. In the quarter, the strength of the Canadian dollar reduced net income by \$0.017 per common share, or \$15 million. On a constant currency basis, net income increased by 10% in the quarter and 25% for the year. For the twelve months ended December 31, 2007, net income attributable to common shareholders was up 26% to \$611 million from \$486 million for the twelve months ended December 31, 2006.

Total sales for the twelve months ended December 31, 2007 were \$6.1 billion compared to \$5.8 billion in 2006, an increase of 4%.

Total assets under administration at December 31, 2007 were \$61.8 billion, compared to \$67.8 billion at December 31, 2006.

## **CORPORATE**

Corporate net income for Lifeco attributable to common shareholders was nil for the fourth quarter of 2007 and a charge of \$97 million for the twelve months ended December 31, 2007 compared to a charge of \$10 million for the fourth quarter and a charge of \$15 million for the full year 2006. The 2007 results include a \$97 million after tax provision for certain Canadian retirement plans.

## **QUARTERLY DIVIDENDS**

At its meeting today, the Board of Directors approved a quarterly dividend of \$0.2925 per share on the common shares of the Company payable March 31, 2008 to shareholders of record at the close of business March 3, 2008.

In addition, the Directors approved quarterly dividends on:

- Series D First Preferred Shares of \$0.293750 per share;
- Series E First Preferred Shares of \$0.30 per share;
- Series F First Preferred Shares of \$0.36875 per share;
- Series G First Preferred Shares of \$0.325 per share;
- Series H First Preferred Shares of \$0.30313 per share; and
- Series I First Preferred Shares of \$0.28125 per share;

all payable March 31, 2008 to shareholders of record at the close of business March 3, 2008.

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

## **GREAT-WEST LIFE CO**

Great-West Lifeco Inc. (TSX:GWO) is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses. The Company has operations in Canada, the United States, Europe and Asia through The Great-West Life Assurance Company, London Life Insurance Company, The Canada Life Assurance Company, Great-West Life & Annuity Insurance Company and Putnam Investments, LLC. Lifeco and its companies have over \$394 billion in assets under administration. Great-West Lifeco is a member 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” or negative versions thereof and similar expressions. 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 Company action is also a forward-looking statement. 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 and taxes, as well as 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, 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 listed in other filings with securities regulators, including factors set out under “Risk Management and Control Practices” in the Company's 2007 Annual Management's Discussion and Analysis, which, along with other filings, is available for review at [www.sedar.com](http://www.sedar.com). The reader is also cautioned to consider these and other factors carefully and to not place undue reliance on forward-looking statements. Other than as specifically required by applicable law, the Company has no intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

### ***Cautionary note regarding Non-GAAP Financial Measures***

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

***Further information***

Selected financial information is attached.

Great-West Lifeco's fourth quarter analyst teleconference will be held Thursday, February 14 at 3:30 p.m. (Eastern). The call can be accessed through [www.greatwestlifeco.com](http://www.greatwestlifeco.com) or by phone at:

- Participants in the Toronto area: 416-406-6419
- Participants from North America: 1-888-575-8232
- Participants from Overseas: Dial international access code first, then 800-9559-6849

A replay of the call will be available from February 14 until February 21, 2008, and can be accessed by calling 1-800-408-3053 or 416-695-5800 in Toronto (passcode: 3250823#).

Additional information relating to Lifeco, including the 2007 audited financial statements, Management's Discussion and Analysis (MD&A), Annual Information Form (AIF), and CEO/CFO certificates will be filed on SEDAR at [www.sedar.com](http://www.sedar.com).

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# GREAT-WEST LIFECO INC.

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

|   | For the three months<br>ended December 31 |          |          | For the twelve months<br>ended December 31 |            |          |
|---|---|----------|----------|--|------------|----------|
|   | 2007                                      | 2006     | % Change | 2007                                       | 2006       | % Change |
| Premiums:   |   |          |          |  |            |          |
| Life insurance, guaranteed annuities<br>and insured health products | \$ 5,764                                  | \$ 5,997 | -4%      | \$ 18,753                                  | \$ 17,752  | 6%       |
| Self-funded premium equivalents (ASO contracts)                     | 570                                       | 546      | 4%       | 2,233                                      | 2,145      | 4%       |
| Segregated funds deposits:  |   |          |          |  |            |          |
| Individual products   | 1,935                                     | 2,415    | -20%     | 9,183                                      | 8,420      | 9%       |
| Group products  | 1,460                                     | 1,399    | 4%       | 5,788                                      | 5,240      | 10%      |
| Proprietary mutual funds deposits <sup>(1)</sup>                    | 9,531                                     | 178      | -        | 15,964                                     | 629        | -        |
| Total premiums and deposits   | 19,260                                    | 10,535   | 83%      | 51,921                                     | 34,186     | 52%      |
| Fee and other income  | 861                                       | 503      | 71%      | 2,703                                      | 1,894      | 43%      |
| Paid or credited to policyholders                                   | 6,858                                     | 6,447    | 6%       | 19,224                                     | 19,660     | -2%      |
| Net income - common shareholders before adjustments                 | 537                                       | 491      | 9%       | 2,153                                      | 1,875      | 15%      |
| Adjustments after tax <sup>(2)</sup>                                | -   | -        | -        | 97   | -          | -        |
| Net income - common shareholders                                    | 537                                       | 491      | 9%       | 2,056                                      | 1,875      | 10%      |
| <b>Per common share</b>   |   |          |          |  |            |          |
| Basic earnings before adjustments                                   | \$ 0.601                                  | \$ 0.550 | 9%       | \$ 2.413                                   | \$ 2.104   | 15%      |
| Adjustments after tax <sup>(2)</sup>                                | -   | -        | -        | 0.109                                      | -          | -        |
| Basic earnings  | 0.601                                     | 0.550    | 9%       | 2.304                                      | 2.104      | 10%      |
| Dividends paid  | 0.275                                     | 0.240    | 15%      | 1.060                                      | 0.9275     | 14%      |
| Book value  |   |          |          | 10.98                                      | 11.24      | -2%      |
| <b>Return on common shareholders' equity:</b>                       |   |          |          |  |            |          |
| Net income before adjustments <sup>(2)</sup>                        |   |          |          | 21.6%                                      | 20.1%      |          |
| Net income  |   |          |          | 20.7%                                      | 20.1%      |          |
| <b>At December 31</b>   |   |          |          |  |            |          |
| Total assets  |   |          |          | \$ 118,388                                 | \$ 120,528 | -2%      |
| Segregated funds net assets   |   |          |          | 89,181                                     | 90,146     | -1%      |
| Proprietary mutual funds net assets                                 |   |          |          | 186,594                                    | 1,907      | -        |
| Total assets under administration                                   |   |          |          | \$ 394,163                                 | \$ 212,581 | 85%      |
| Share capital and surplus   |   |          |          | \$ 10,908                                  | \$ 11,114  | -2%      |

(1) Includes Putnam Investments, LLC mutual funds deposits.

(2) During 2007, net income attributable to common shareholders was reduced by \$97 after-tax as a result of a provision for certain Canadian retirement plans. Net income, basic earnings per common share and return on common shareholders' equity are presented before adjustments, as a non-GAAP financial measure of earnings performance.

# GREAT-WEST LIFECO INC.

## SUMMARY OF CONSOLIDATED OPERATIONS *(unaudited)*

*(in \$ millions except per share amounts)*

|   | For the three months<br>ended December 31 |                 | For the years ended<br>December 31 |                 |
|---|---|-----------------|------------------------------------|-----------------|
|   | 2007                                      | 2006            | 2007                               | 2006            |
| <b>Income</b>   |   |                 |                                    |                 |
| Premium income  | \$ 5,764                                  | \$ 5,997        | \$ 18,753                          | \$ 17,752       |
| Net investment income   |   |                 |                                    |                 |
| Regular net investment income   | 1,304                                     | 1,473           | 5,565                              | 5,836           |
| Changes in fair value on held for trading assets                              | 821                                       | -               | (1,098)                            | -               |
| Total net investment income   | 2,125                                     | 1,473           | 4,467                              | 5,836           |
| Fee and other income  | 861                                       | 503             | 2,703                              | 1,894           |
|   | <u>8,750</u>                              | <u>7,973</u>    | <u>25,923</u>                      | <u>25,482</u>   |
| <b>Benefits and expenses</b>  |   |                 |                                    |                 |
| Policyholder benefits   | 4,208                                     | 4,431           | 16,186                             | 14,742          |
| Policyholder dividends and experience refunds                                 | 343                                       | 260             | 1,137                              | 1,124           |
| Change in actuarial liabilities   | 2,307                                     | 1,756           | 1,901                              | 3,794           |
| Total paid or credited to policyholders                                       | <u>6,858</u>                              | <u>6,447</u>    | <u>19,224</u>                      | <u>19,660</u>   |
| Commissions   | 374                                       | 364             | 1,366                              | 1,254           |
| Operating expenses  | 647                                       | 461             | 2,260                              | 1,693           |
| Premium taxes   | 57  | 61              | 225                                | 235             |
| Financing charges   | 84  | 50              | 269                                | 202             |
| Amortization of finite life intangible assets                                 | 8   | 4               | 32                                 | 18              |
| <b>Net income from continuing operations before income taxes</b>              | <u>722</u>                                | <u>586</u>      | <u>2,547</u>                       | <u>2,420</u>    |
| Income taxes - current  | 344                                       | 98              | 696                                | 459             |
| Income taxes - future   | (164)                                     | 3               | (216)                              | 63              |
| <b>Net income from continuing operations before non-controlling interests</b> | <u>542</u>                                | <u>485</u>      | <u>2,067</u>                       | <u>1,898</u>    |
| Non-controlling interests   | 35  | 30              | 159                                | 162             |
| <b>Net income from continuing operations</b>                                  | <u>507</u>                                | <u>455</u>      | <u>1,908</u>                       | <u>1,736</u>    |
| <b>Net income from discontinued operations</b>                                | <u>43</u>                                 | <u>50</u>       | <u>203</u>                         | <u>191</u>      |
| <b>Net income</b>   | <u>550</u>                                | <u>505</u>      | <u>2,111</u>                       | <u>1,927</u>    |
| Perpetual preferred share dividends   | 13  | 14              | 55                                 | 52              |
| <b>Net income - common shareholders</b>                                       | <u>\$ 537</u>                             | <u>\$ 491</u>   | <u>\$ 2,056</u>                    | <u>\$ 1,875</u> |
| <b>Earnings per common share</b>  |   |                 |                                    |                 |
| Basic   | <u>\$ 0.601</u>                           | <u>\$ 0.550</u> | <u>\$ 2.304</u>                    | <u>\$ 2.104</u> |
| Diluted   | <u>\$ 0.597</u>                           | <u>\$ 0.547</u> | <u>\$ 2.287</u>                    | <u>\$ 2.089</u> |
| Average number of shares outstanding  |   |                 |                                    |                 |
| Basic   | 892,860,429                               | 891,050,178     | 892,227,627                        | 891,050,178     |
| Diluted   | 899,198,601                               | 897,725,841     | 898,930,293                        | 897,725,841     |

# GREAT-WEST LIFECO<sup>INC.</sup>

## CONSOLIDATED BALANCE SHEETS *(unaudited)*

*(in \$ millions)*

|  | December 31,<br>2007 | December 31,<br>2006 |
|--|----------------------|----------------------|
| <b>Assets</b>  |                      |                      |
| Bonds  | \$ 65,069            | \$ 64,946            |
| Mortgage loans   | 15,869               | 15,334               |
| Stocks   | 6,543                | 4,766                |
| Real estate  | 2,547                | 2,216                |
| Loans to policyholders                                 | 6,317                | 6,776                |
| Cash and cash equivalents                              | 3,650                | 3,059                |
| Funds held by ceding insurers                          | 1,512                | 12,371               |
| Assets of operations held for sale                     | 697                  | 866                  |
| Goodwill   | 6,295                | 5,393                |
| Intangible assets                                      | 3,917                | 1,570                |
| Other assets   | 5,972                | 3,231                |
| <b>Total assets</b>                                    | <b>\$ 118,388</b>    | <b>\$ 120,528</b>    |
| <b>Liabilities</b>                                     |                      |                      |
| Policy liabilities                                     |                      |                      |
| Actuarial liabilities                                  | \$ 87,681            | \$ 89,379            |
| Provision for claims                                   | 1,315                | 1,179                |
| Provision for policyholder dividends                   | 600                  | 568                  |
| Provision for experience rating refunds                | 310                  | 437                  |
| Policyholder funds                                     | 2,160                | 2,084                |
|  | 92,066               | 93,647               |
| Debentures and other debt instruments                  | 5,241                | 1,980                |
| Funds held under reinsurance contracts                 | 164                  | 1,822                |
| Other liabilities                                      | 5,211                | 3,918                |
| Liabilities of operations for sale                     | 428                  | 599                  |
| Repurchase agreements                                  | 344                  | 974                  |
| Deferred net realized gains                            | 179                  | 2,825                |
|  | 103,633              | 105,765              |
| Preferred shares                                       | 786                  | 756                  |
| Capital trust securities and debentures                | 639                  | 646                  |
| Non-controlling interests                              |                      |                      |
| Participating account surplus in subsidiaries          | 2,103                | 1,884                |
| Preferred shares issued by subsidiaries                | 157                  | 209                  |
| Perpetual preferred shares issued by subsidiaries      | 152                  | 154                  |
| Non-controlling interests in capital stock and surplus | 10                   | -                    |
| <b>Share capital and surplus</b>                       |                      |                      |
| Share capital  |                      |                      |
| Perpetual preferred shares                             | 1,099                | 1,099                |
| Common shares  | 4,709                | 4,676                |
| Accumulated surplus                                    | 6,599                | 5,858                |
| Accumulated other comprehensive income                 | (1,533)              | (547)                |
| Contributed surplus                                    | 34                   | 28                   |
|  | 10,908               | 11,114               |
| <b>Total liabilities, share capital and surplus</b>    | <b>\$ 118,388</b>    | <b>\$ 120,528</b>    |



GREAT-WEST  
**LIFECO** INC.

**Segmented Information** *(unaudited)*  
**Consolidated Operations**  
For the three months ended December 31, 2007

|  | Canada        | United States | Europe        | Lifeco Corporate | Total         |
|--|---------------|---------------|---------------|------------------|---------------|
| <b>Income:</b>                                     |               |               |               |                  |               |
| Premium income                                     | \$ 3,452      | \$ 436        | \$ 1,876      | \$ -             | \$ 5,764      |
| Net investment income                              |               |               |               |                  |               |
| Regular net investment income                      | 681           | 310           | 311           | 2                | 1,304         |
| Changes in fair value on held for trading assets   | 235           | 32            | 554           | -                | 821           |
| Total net investment income                        | 916           | 342           | 865           | 2                | 2,125         |
| Fee and other income                               | 266           | 414           | 181           | -                | 861           |
| <b>Total income</b>                                | <b>4,634</b>  | <b>1,192</b>  | <b>2,922</b>  | <b>2</b>         | <b>8,750</b>  |
| <b>Benefits and expenses:</b>                      |               |               |               |                  |               |
| Paid or credited to policyholders                  | 3,691         | 669           | 2,498         | -                | 6,858         |
| Other  | 556           | 398           | 207           | 1                | 1,162         |
| Amortization of finite life intangible assets      | 4             | 3             | 1             | -                | 8             |
| <b>Net operating income before income taxes</b>    | <b>383</b>    | <b>122</b>    | <b>216</b>    | <b>1</b>         | <b>722</b>    |
| Income taxes                                       | 90            | 29            | 60            | 1                | 180           |
| <b>Net income before non-controlling interests</b> | <b>293</b>    | <b>93</b>     | <b>156</b>    | <b>-</b>         | <b>542</b>    |
| Non-controlling interests                          | 37            | (5)           | 3             | -                | 35            |
| <b>Net income from continuing operations</b>       | <b>256</b>    | <b>98</b>     | <b>153</b>    | <b>\$ -</b>      | <b>507</b>    |
| <b>Net income from discontinued operations</b>     | <b>-</b>      | <b>43</b>     | <b>-</b>      | <b>-</b>         | <b>43</b>     |
| <b>Net Income</b>                                  | <b>256</b>    | <b>141</b>    | <b>153</b>    | <b>-</b>         | <b>550</b>    |
| Perpetual preferred share dividends                | 10            | -             | 3             | -                | 13            |
| <b>Net income - common shareholders</b>            | <b>\$ 246</b> | <b>\$ 141</b> | <b>\$ 150</b> | <b>\$ -</b>      | <b>\$ 537</b> |

# GREAT-WEST LIFECO<sup>INC.</sup>

For the three months ended December 31, 2006

|  | Canada        | United States | Europe        | Lifeco Corporate | Total         |
|--|---------------|---------------|---------------|------------------|---------------|
| <b>Income:</b>                                     |               |               |               |                  |               |
| Premium income                                     | \$ 3,375      | \$ 466        | \$ 2,156      | \$ -             | \$ 5,997      |
| Net investment income                              | 724           | 361           | 397           | (9)              | 1,473         |
| Fee and other income                               | 236           | 109           | 158           | -                | 503           |
| <b>Total income</b>                                | <b>4,335</b>  | <b>936</b>    | <b>2,711</b>  | <b>(9)</b>       | <b>7,973</b>  |
| <b>Benefits and expenses:</b>                      |               |               |               |                  |               |
| Paid or credited to policyholders                  | 3,472         | 664           | 2,311         | -                | 6,447         |
| Other  | 548           | 159           | 228           | 1                | 936           |
| Amortization of finite life intangible assets      | 3             | -             | 1             | -                | 4             |
| <b>Net operating income before income taxes</b>    | <b>312</b>    | <b>113</b>    | <b>171</b>    | <b>(10)</b>      | <b>586</b>    |
| Income taxes                                       | 55            | 30            | 16            | -                | 101           |
| <b>Net income before non-controlling interests</b> | <b>257</b>    | <b>83</b>     | <b>155</b>    | <b>(10)</b>      | <b>485</b>    |
| Non-controlling interests                          | 24            | 5             | 1             | -                | 30            |
| <b>Net income from continuing operations</b>       | <b>233</b>    | <b>78</b>     | <b>154</b>    | <b>(10)</b>      | <b>455</b>    |
| <b>Net income from discontinued operations</b>     | <b>-</b>      | <b>50</b>     | <b>-</b>      | <b>-</b>         | <b>50</b>     |
| <b>Net income</b>                                  | <b>233</b>    | <b>128</b>    | <b>154</b>    | <b>(10)</b>      | <b>505</b>    |
| Perpetual preferred share dividends                | 10            | -             | 4             | -                | 14            |
| <b>Net income - common shareholders</b>            | <b>\$ 223</b> | <b>\$ 128</b> | <b>\$ 150</b> | <b>\$ (10)</b>   | <b>\$ 491</b> |

GREAT-WEST  
**LIFECO** INC.

For the year ended December 31, 2007

|  | Canada        | United States | Europe        | Lifeco Corporate | Total           |
|--|---------------|---------------|---------------|------------------|-----------------|
| <b>Income:</b>                                     |               |               |               |                  |                 |
| Premium income                                     | \$ 8,916      | \$ 1,910      | \$ 7,927      | \$ -             | \$ 18,753       |
| Net investment income                              |               |               |               |                  |                 |
| Regular net investment income                      | 2,546         | 1,337         | 1,663         | 19               | 5,565           |
| Changes in fair value on held for trading assets   | (421)         | (58)          | (619)         | -                | (1,098)         |
| Total net investment income                        | 2,125         | 1,279         | 1,044         | 19               | 4,467           |
| Fee and other income                               | 1,029         | 1,001         | 673           | -                | 2,703           |
| <b>Total income</b>                                | <b>12,070</b> | <b>4,190</b>  | <b>9,644</b>  | <b>19</b>        | <b>25,923</b>   |
| <b>Benefits and expenses:</b>                      |               |               |               |                  |                 |
| Paid or credited to policyholders                  | 8,498         | 2,631         | 8,095         | -                | 19,224          |
| Other  | 2,163         | 1,027         | 768           | 162              | 4,120           |
| Amortization of finite life intangible assets      | 14            | 14            | 4             | -                | 32              |
| <b>Net operating income before income taxes</b>    | <b>1,395</b>  | <b>518</b>    | <b>777</b>    | <b>(143)</b>     | <b>2,547</b>    |
| Income taxes                                       | 252           | 138           | 136           | (46)             | 480             |
| <b>Net income before non-controlling interests</b> | <b>1,143</b>  | <b>380</b>    | <b>641</b>    | <b>(97)</b>      | <b>2,067</b>    |
| Non-controlling interests                          | 128           | 14            | 17            | -                | 159             |
| <b>Net income from continuing operations</b>       | <b>1,015</b>  | <b>366</b>    | <b>624</b>    | <b>(97)</b>      | <b>1,908</b>    |
| <b>Net income from discontinued operations</b>     | <b>-</b>      | <b>203</b>    | <b>-</b>      | <b>-</b>         | <b>203</b>      |
| <b>Net Income</b>                                  | <b>1,015</b>  | <b>569</b>    | <b>624</b>    | <b>(97)</b>      | <b>2,111</b>    |
| Perpetual preferred share dividends                | 42            | -             | 13            | -                | 55              |
| <b>Net income - common shareholders</b>            | <b>\$ 973</b> | <b>\$ 569</b> | <b>\$ 611</b> | <b>\$ (97)</b>   | <b>\$ 2,056</b> |

GREAT-WEST  
**LIFECO** INC.

For the year ended December 31, 2006

|  | Canada        | United States | Europe        | Lifeco Corporate | Total           |
|--|---------------|---------------|---------------|------------------|-----------------|
| <b>Income:</b>                                     |               |               |               |                  |                 |
| Premium income                                     | \$ 8,149      | \$ 2,380      | \$ 7,223      | \$ -             | \$ 17,752       |
| Net investment income                              | 2,789         | 1,319         | 1,710         | 18               | 5,836           |
| Fee and other income                               | 895           | 388           | 611           | -                | 1,894           |
| <b>Total income</b>                                | <b>11,833</b> | <b>4,087</b>  | <b>9,544</b>  | <b>18</b>        | <b>25,482</b>   |
| <b>Benefits and expenses:</b>                      |               |               |               |                  |                 |
| Paid or credited to policyholders                  | 8,231         | 3,147         | 8,282         | -                | 19,660          |
| Other  | 2,204         | 490           | 686           | 4                | 3,384           |
| Amortization of finite life intangible assets      | 14            | -             | 4             | -                | 18              |
| <b>Net operating income before income taxes</b>    | <b>1,384</b>  | <b>450</b>    | <b>572</b>    | <b>14</b>        | <b>2,420</b>    |
| Income taxes                                       | 317           | 117           | 59            | 29               | 522             |
| <b>Net income before non-controlling interests</b> | <b>1,067</b>  | <b>333</b>    | <b>513</b>    | <b>(15)</b>      | <b>1,898</b>    |
| Non-controlling interests                          | 132           | 13            | 17            | -                | 162             |
| <b>Net income from continuing operations</b>       | <b>935</b>    | <b>320</b>    | <b>496</b>    | <b>(15)</b>      | <b>1,736</b>    |
| <b>Net income from discontinued operations</b>     | <b>-</b>      | <b>191</b>    | <b>-</b>      | <b>-</b>         | <b>191</b>      |
| <b>Net income</b>                                  | <b>935</b>    | <b>511</b>    | <b>496</b>    | <b>(15)</b>      | <b>1,927</b>    |
| Perpetual preferred share dividends                | 42            | -             | 10            | -                | 52              |
| <b>Net income - common shareholders</b>            | <b>\$ 893</b> | <b>\$ 511</b> | <b>\$ 486</b> | <b>\$ (15)</b>   | <b>\$ 1,875</b> |