

IN THE MATTER OF THE SECURITIES  
LEGISLATION OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN, MANITOBA,  
ONTARIO, QUÉBEC, NEWFOUNDLAND AND LABRADOR AND NOVA SCOTIA

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM FOR  
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
GREAT-WEST LIFECO INC.

AND

IN THE MATTER OF  
THE GREAT-WEST LIFE ASSURANCE COMPANY

AND

IN THE MATTER OF  
GREAT-WEST LIFE CAPITAL TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, Newfoundland and Labrador and Nova Scotia (collectively, the "Jurisdictions") has received an application from Great-West Lifeco Inc. ("Lifeco"), The Great-West Life Assurance Company ("GWL") and Great-West Life Capital Trust (the "Trust", and together with Lifeco and GWL, the "Filers") for a decision under the securities legislation of the Jurisdictions (the "Legislation"), that the requirements contained in the Legislation to:

- (a) file interim financial statements and audited annual financial statements (collectively, "Financial Statements") with the Decision Makers and deliver such statements to the security holders of the Trust;
- (b) make an annual filing ("Annual Filing") with the Decision Makers in lieu of filing an information circular, where applicable;
- (c) file an annual report ("Annual Report") and an information circular with the Decision Maker in Québec and deliver such report or information circular to the security holders of the Trust resident in Québec; and

(d) file an annual information form (an AIF) and management's discussion and analysis (MD&A) of the financial condition and results of operation of the Trust with the Decision Makers in Ontario, Saskatchewan and Québec and send such MD&A to security holders of the Trust, where applicable (collectively, the AIF and MD&A Requirements);

shall not apply to the Trust, subject to certain terms and conditions;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), The Manitoba Securities Commission is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS Lifeco, GWL and the Trust have represented to the Decision Makers that:

Trust

1. The Trust is an open-end trust established under the laws of the Province of Ontario by The Canada Trust Company, as trustee, under an amended and restated declaration of trust dated as of November 29, 2002 (the "Declaration of Trust").
2. The beneficial interests of the Trust are divided into two classes of units, issuable in series of which one series of each class is currently outstanding and designated as Special Trust Securities – Series A (the "Special Trust Securities") and Great-West Life Trust Securities – Series A (the "GREATs Series A"). The Special Trust Securities and the GREATs Series A are collectively referred to herein as the "Trust Securities". The Special Trust Securities are held in their entirety by GWL.
3. The Trust was established solely for the purpose of effecting the Offering (as defined below) and possible future offerings of securities in order to provide GWL with a cost effective means of raising capital for Canadian financial institution regulatory purposes. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.
4. The Trust became a reporting issuer, or the equivalent, in each of the Jurisdictions upon the filing of a final prospectus dated December 17, 2002 in connection with the Offering (the "Prospectus") and the issuance of a final MRRS Decision Document dated December 18, 2002 in relation to the Prospectus.

Lifeco

5. Lifeco was incorporated under the *Canada Business Corporations Act* on November 8, 1979.

6. Lifeco is a reporting issuer or the equivalent under the Legislation and is eligible to use the short form prospectus system in each of the provinces and territories in Canada under National Instrument 44-101 -- Short Form Prospectus Distributions ("NI 44-101") and is not, to its knowledge, in default of any requirement under the Legislation.

7. The authorized share capital of Lifeco consists of (i) an unlimited number of common shares (the "Lifeco Common Shares"); (ii) an unlimited number of First Preferred Shares, issuable in series; (iii) an unlimited number of Class A Preferred Shares, issuable in series; and (iv) an unlimited number of Second Preferred Shares, issuable in series.

## GWL

8. GWL is a Canadian insurance company subject to the *Insurance Companies Act* (Canada) ("ICA").

9. GWL is a reporting issuer or equivalent under the Legislation and is eligible to use the short form prospectus system in each of the provinces and territories in Canada under NI 44-101 and is not, to its knowledge, in default of any requirement under the Legislation.

10. The authorized share capital of GWL consists of an unlimited number of common shares ("GWL Common Shares"), and an unlimited number of preferred shares (including the GWL Preferred Shares Series YY and GWL Preferred Shares Series ZZ, each as defined below), issuable in series.

## GREATs

11. The Trust has distributed GREATs Series A in the Jurisdictions under the Prospectus (the "Offering"). The Prospectus also qualifies certain other related securities for distribution in the Jurisdictions, including the Conversion Right which will allow the Trust to satisfy the Holder Exchange Right and the Automatic Exchange (each as defined below).

12. The Trust has also issued 2,000 Special Trust Securities to GWL in connection with the Offering.

13. The business objective of the Trust is to acquire and hold a 50 year senior debenture, issued by GWL (the "Great-West Life Series A Debenture"), which will generate income for distribution to holders of the Trust Securities.

14. Subject to paragraphs 15 and 16, each GREATs Series A entitles the holder ("GREATs Series A Holders") to receive a fixed cash distribution (a "Distribution") payable by the Trust on the last day of June and December of each year (each such day, a "Distribution Date" and each period from the Distribution Date to but excluding the next Distribution Date a "Distribution Period").

15. GREATs Series A Holders are only entitled to receive Distributions in respect of a particular Distribution Date (each such day, a "Regular Distribution Date") if GWL has declared regular

cash dividends on its preferred shares in the three month period immediately prior to the commencement of the Distribution Period ending on the day preceding that Distribution Date.

16. Under the share exchange agreement (the "Share Exchange Agreement") entered into by Lifeco, GWL, the Trust and Computershare Trust Company of Canada, Lifeco and GWL have agreed, for the benefit of the GREATs Series A Holders, that, in the event the Trust fails, on any Regular Distribution Date, to pay in full Distributions on the GREATs Series A to which such holders are entitled, (i) GWL will not pay dividends of any kind on its preferred shares, and (ii) if GWL does not have any preferred shares outstanding, Lifeco will not pay dividends of any kind on its preferred shares or the Lifeco Common Shares, in each case, until a specific period of time has elapsed, unless the Trust first pays such Distribution (or the unpaid portion thereof) to GREATs Series A Holders ("Dividend Stopper Undertaking").

17. The Trust has a redemption right commencing on December 31, 2007 and on any Distribution Date thereafter, subject to regulatory approval and on not less than 30 nor more than 60 days' prior written notice, to redeem the GREATs Series A at the Early Redemption Price (as such term is defined in the Prospectus), if the GREATs Series A are redeemed prior to December 31, 2012 and at the Redemption Price, if the GREATs Series A are redeemed on or after December 31, 2012.

18. The Trust has an additional redemption right, subject to regulatory approval and on not less than 30 nor more than 90 days' prior written notice, where upon the occurrence of certain regulatory or tax events affecting GWL or the Trust, the Trust may redeem, at any time, all but not less than all of the GREATs Series A at the Early Redemption Price if the GREATs Series A are redeemed prior to December 31, 2012 and at the Redemption Price if the GREATs Series A are redeemed on or after December 31, 2012.

19. Under the terms of the GREATs Series A and the Share Exchange Agreement, the GREATs Series A may be exchanged (the "Holder Exchange Right"), in whole or in part, at any time, at the option of the GREATs Series A Holders, for Non-Cumulative Preferred Shares Series ZZ of GWL ("GWL Preferred Shares Series ZZ"). All of the GREATs Series A will be automatically exchanged (the "Automatic Exchange"), without the consent of the GREATs Series A Holders, for Non-Cumulative Preferred Shares Series YY of GWL ("GWL Preferred Shares Series YY") if: (i) an application for a winding-up order in respect of GWL under the *Winding-up and Restructuring Act* (Canada) (the "Winding-up Act") is filed by the Attorney General of Canada or a winding-up order in respect of GWL under the Winding-up Act is granted by a court; (ii) the Superintendent of Financial Institutions (Canada) (the "Superintendent") advises GWL in writing that the Superintendent has taken control of GWL or its assets under the ICA; (iii) the Superintendent advises GWL in writing that GWL has a net Tier 1 capital ratio of less than 75% or a Minimum Continuing Capital and Surplus Requirements ("MCCSR") ratio of less than 120%; (iv) the board of directors of GWL advises the Superintendent in writing that GWL has a net Tier 1 capital ratio of less than 75% or an MCCSR ratio of less than 120%; or (v) the Superintendent directs GWL, under the ICA, to increase its capital or to provide additional liquidity and GWL elects to cause the exchange as a consequence of the issuance of such direction or GWL does not comply with such direction to the satisfaction of the Superintendent

within the time specified. The GWL Preferred Shares Series ZZ and GWL Preferred Shares Series YY are collectively referred to herein as the "GWL Exchange Shares".

20. The Great-West Life Series A Debenture will be convertible at any time at the option of the holder into GWL Preferred Shares Series ZZ (such right of conversion being referred to herein as the "Conversion Right"), exercisable by the Trust in circumstances in which GREATs Series A Holders exercise the Holder Exchange Right, to enable the Trust to satisfy its obligation to deliver GWL Preferred Shares Series ZZ to GREATs Series A Holders in connection with the Holder Exchange Right.

21. Under the Share Exchange Agreement, GWL has granted to the Trust the right to subscribe (the "Subscription Right") for GWL Exchange Shares of the appropriate series in order to enable the Trust to redeem the GREATs Series A (if any remain outstanding) in circumstances where: (i) the Automatic Exchange is triggered and, for any reason, the Automatic Exchange does not result in the exchange of all outstanding GREATs Series A for GWL Preferred Shares Series YY or (ii) the Holder Exchange Right is exercised and the Trust cannot otherwise satisfy its obligation thereunder under its rights under the Great-West Life Series A Debenture.

22. The Holder Exchange Right will be effected through the conversion by the Trust of the corresponding principal amount of the Great-West Life Series A Debenture into GWL Preferred Shares Series ZZ, or the acquisition by the Trust of such shares through the exercise of the Subscription Right. GREATs Series A Holders exercising the Holder Exchange Right, upon surrendering the GREATs Series A to be exchanged, will receive from the Trust 40 GWL Preferred Shares Series ZZ for each GREATs Series A so exchanged and the GREATs Series A surrendered for exchange will be cancelled.

23. The Automatic Exchange will be effected through the terms of the Share Exchange Agreement. As of the time of the exchange, each GREATs Series A Holder shall be deemed to have exchanged and transferred to GWL all such holder's right, title and interest in and to its GREATs Series A in exchange for 40 GWL Preferred Shares Series YY and: (i) such holder shall cease to be a holder of any GREATs Series A; (ii) all rights of such holder as a securityholder of the Trust will cease; and (iii) such person shall therefrom be deemed to be and shall be for all purposes a holder of GWL Preferred Shares Series YY. If, for any reason, the Automatic Exchange does not result in the exchange of all outstanding GREATs Series A for GWL Preferred Shares Series YY, the Automatic Exchange will be effected through the exercise by the Trust of the Subscription Right under which the Trust will acquire GWL Preferred Shares Series YY and the Trust will subsequently redeem each GREATs Series A not so exchanged for 40 GWL Preferred Shares Series YY and the GREATs Series A so redeemed will be cancelled.

24. The terms of the Share Exchange Agreement and the GWL Exchange Shares provide that the GWL Exchange Shares are exchangeable at the option of the holder into Lifeco Common Shares at certain times and in certain circumstances, except where an event giving rise to the Automatic Exchange in respect of the GREATs Series A has occurred and is continuing.

25. The GWL Exchange Shares are not exchangeable into Lifeco Common Shares until June 30, 2013. In addition, GWL may redeem the GWL Exchange Shares and pay the redemption price

thereof by delivering cash or Lifeco Common Shares to holders of redeemed GWL Exchange Shares. The GWL Exchange Shares are not redeemable into Lifeco Common Shares until December 31, 2007, subject to Superintendent approval and certain other terms and conditions.

26. As set forth in the Declaration of Trust, GREATs Series A are non-voting except in certain limited circumstances and Special Trust Securities entitle the holders to vote.

27. Except to the extent that the Distributions are payable to GREATs Series A Holders and, other than in the event of termination of the Trust (as set forth in the Declaration of Trust), GREATs Series A Holders have no claim or entitlement to the income of the Trust or the assets held by the Trust.

28. In certain circumstances (as described in paragraph 19 above), including at a time when GWL's financial condition is deteriorating or proceedings for the winding-up of GWL have been commenced, the GREATs Series A will be automatically exchanged for GWL Preferred Shares Series YY without the consent of GREATs Series A Holders. As a result, GREATs Series A Holders will have no claim or entitlement to the assets held by the Trust, other than indirectly in their capacity as preferred shareholders of GWL.

29. GREATs Series A Holders may not take any action to terminate the Trust.

30. The Trust has not requested relief for the purposes of filing a short form prospectus under NI 44-101 (including, without limitation, any relief which would allow the Trust to use Lifeco's AIF and GWL's AIF as a current AIF of the Trust) and no such relief is provided by this Decision Document from any of the requirements of NI 44-101.

31. Because of the terms of the Trust, the return to a GREATs Series A Holder depends upon the financial condition of Lifeco and GWL and not that of the Trust.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the requirement contained in the Legislation:

(a) to file Financial Statements with the Decision Makers and deliver such statements to holders of Trust Securities;

(b) to make an Annual Filing, where applicable, with the Decision Makers in lieu of filing an information circular; and

(c) to file an Annual Report and an information circular with the Decision Maker in Qu<sup>北</sup> and deliver such report or information circular to holders of Trust Securities resident in Qu<sup>北</sup>;

shall not apply to the Trust for so long as:

- (i) Lifeco remains a reporting issuer under the Legislation;
- (ii) GWL remains a reporting issuer under the Legislation,
- (iii) Lifeco and GWL file with the Decision Makers, in electronic format under the Trust's SEDAR profile, the documents listed in clauses (a) to (c) above of this Decision, at the same time as they are required under the Legislation to be filed by Lifeco and GWL;
- (iv) the Trust pays all filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clauses (a) to (c) above of this Decision;
- (v) Lifeco and GWL send their Financial Statements to holders of Trust Securities, and their Annual Report to holders of Trust Securities resident in the Province of Qu<sup>北</sup> at the same time and in the same manner as if the holders of Trust Securities were holders of Lifeco Common Shares or GWL Common Shares;
- (vi) all outstanding securities of the Trust are either GREATs Series A or Special Trust Securities;
- (vii) the rights and obligations of holders of additional series of GREATs Series A are the same in all material respects as the rights and obligations of the GREATs Series A Holders at the date hereof; and
- (viii) all issued and outstanding Special Trust Securities continue to be directly or indirectly owned by Lifeco;

and provided that if a material adverse change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

AND THE FURTHER DECISION of the Decision Makers in Ontario, Qu<sup>北</sup> and Saskatchewan is that the AIF and MD&A Requirements shall not apply to the Trust for so long as:

- (I) the conditions set out in clauses (i), (ii), (vi), (vii) and (viii) of the Decision above are complied with;

(II) Lifeco and GWL file their AIF, annual, and interim MD&A with the Decision Makers, in electronic format under the Trust's SEDAR profile at the same time as they are required under the Legislation to be filed by Lifeco and GWL;

(III) the Trust pays all filing fees that would otherwise be payable by the Trust in connection with the filing of the documents referred to in clause (II);

(IV) Lifeco and GWL send their annual and interim MD&A and its AIF, as applicable, to holders of Trust Securities at the same time and in the same manner as if the holders of Trust Securities were holders of Lifeco Common Shares or GWL Common Shares;

and provided that if a material adverse change occurs in the affairs of the Trust, this Decision shall expire 30 days after the date of such change.

DATED this 19<sup>th</sup> day of March, 2003.

*"Don Murray"*  
Chair