

IN THE MATTER OF THE SECURITIES  
LEGISLATION OF MANITOBA, BRITISH COLUMBIA, NEWFOUNDLAND AND  
LABRADOR, NOVA SCOTIA PRINCE EDWARD ISLAND, NEW BRUNSWICK, YUKON,  
NORTHWEST TERRITORIES AND NUNAVUT

AND

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

AND

IN THE MATTER OF  
GREAT-WEST LIFECO INC., THE GREAT-WEST LIFE ASSURANCE COMPANY

AND

GREAT-WEST LIFE CAPITAL TRUST

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba, British Columbia, Newfoundland and Labrador, Nova Scotia, Prince Edward Island, New Brunswick, Yukon, Northwest Territories and Nunavut (collectively, the "Jurisdictions") has received an application (the "Application") on behalf of Great-West Lifeco Inc. ("Lifeco"), The Great-West Life Assurance Company ("GWL") and Great-West Life Capital Trust (the "Trust") for a decision under the securities legislation of the Jurisdictions (the "Legislation"), that certain trades in securities of Lifeco and GWL are exempt from the registration requirement and prospectus requirement under the Legislation, subject to certain conditions;

AND WHEREAS pursuant to 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:

1. The Trust is an open-end trust established under the laws of the Province of Ontario by The Canada Trust Company ("Trustee"), as trustee, pursuant to a declaration of trust dated November 29, 2002 (the "Declaration of Trust").

2. Following completion of the Offering described below, the authorized capital of the Trust will consist of an unlimited number of: (i) Special Trust Securities (the "Special Trust Securities"); and (ii) 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".

3. The Trust was established solely for the purpose of effecting a public offering of GREATs Series A (the "Offering") 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 by means of: (i) creating and selling the Trust Securities; and (ii) acquiring and holding assets, which, on completion of the Offering, will consist primarily of a 50-year senior debenture issued by GWL (the "Great-West Life Series A Debenture"). The Great-West Life Series A Debenture will generate income for distribution to holders of the Trust Securities. The Trust does not and will not carry on any operating activity other than in connection with the Offering and any future offerings.

4. Subject to regulatory approval, the GREATs Series A will qualify as Tier 1 capital of GWL for the purposes of the capital guidelines issued by the Superintendent of Financial Institutions (the "Superintendent"). The Trust will also issue and sell Special Trust Securities, which are voting securities of the Trust, to GWL in connection with the Offering.

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

6. Lifeco is a reporting issuer or the equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime (or its equivalent) and is not, to its knowledge, in default of any reporting requirement under the Legislation.

7. The authorized share capital of Lifeco consists of an unlimited number of (i) 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.

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

9. GWL is a reporting issuer in or equivalent in each of the provinces and territories of Canada that provides for a reporting issuer regime (or its equivalent) and is not, to its knowledge, in default of any reporting requirement under the Legislation.

10. The authorized share capital of GWL consists of an unlimited number of common shares, and an unlimited number of preferred shares, issuable in series.

11. Pursuant to the terms of the GREATs Series A and a Share Exchange Agreement (the "Share Exchange Agreement") to be entered into among Lifeco, GWL, the Trust and Computershare Trust Company of Canada, acting as exchange trustee, the GREATs Series A may be exchanged (the "Holder Exchange Right"), in whole or in part, at any time, at the option of the holder of GREATs Series A, for newly issued Non-Cumulative Preferred Shares Series ZZ of GWL ("GWL Preferred Shares Series ZZ"). All of the GREATs Series A will be automatically

exchanged, without the consent of the holder, for newly issued Non-Cumulative Preferred Shares Series YY of GWL ("GWL Preferred Shares Series YY") upon the occurrence of certain stated events relating to the solvency of GWL or actions taken by the Superintendent in respect of GWL (the "Automatic Exchange"). The GWL Preferred Shares Series ZZ and GWL Preferred Shares Series YY are collectively referred to herein as the "GWL Exchange Shares".

12. 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 holders of GREATs Series A exercise the Holder Exchange Right, to enable the Trust to satisfy its obligation to deliver GWL Preferred Shares Series ZZ to holders of GREATs Series A in connection with the Holder Exchange Right.

13. Pursuant to the Share Exchange Agreement, GWL will grant 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 following maturity of the Great-West Life Series A Debenture (in which case, the Trust would not have the benefit of the Conversion Right).

14. 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. Holders of GREATs Series A 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 in respect of each GREATs Series A so exchanged and the GREATs Series A surrendered for exchange will be cancelled.

15. The Automatic Exchange will be effected through the terms of the Share Exchange Agreement. As of the time of the exchange, each holder of GREATs Series A shall be deemed to have exchanged and transferred to GWL of 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 pursuant to 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.

16. 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 (the "Lifeco Common Share Exchange Right").

17. 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 entitlement of GWL to require Lifeco to issue Lifeco Common Shares for such purpose being the "GWL Preferred Share Exchange Right"). 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.

18. In addition to qualifying the GREATs Series A for distribution, the (final) prospectus in respect of the Offering (the "Prospectus") will also qualify the Holder Exchange Right, the Automatic Exchange, the Conversion Right, the Subscription Right, the GWL Preferred Share Exchange Right and the Lifeco Common Share Exchange Right (collectively, the "Conversion and Exchange Rights"). Information concerning the Trust, GWL and Lifeco will be included, or incorporated by reference, in the Prospectus.

19. There may be no registration or prospectus exemptions available under the Legislation for certain of the trades contemplated by the Conversion and Exchange Rights (the "Trades").

AND WHEREAS pursuant to the System, this MRRS Decision Document evidences the decision of each of the Decision Makers (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 registration requirement and the prospectus requirement shall not apply to the Trades provided that the first trade in GWL Exchange Shares and Lifeco Common Shares acquired pursuant to the Decision, other than a trade by the Trust or GWL pursuant to the Conversion and Exchange Rights, shall be deemed to be a distribution or a primary distribution to the public under the Legislation of the Jurisdiction in which the trade takes place (the "Applicable Legislation") unless:

(a) Lifeco and GWL have filed and obtained a receipt for the Prospectus under the Applicable Legislation;

(b) Lifeco or GWL, as the case may be, is a reporting issuer or the equivalent under the Applicable Legislation at the time of the trade, to the extent that the Applicable Legislation provides a reporting issuer regime (or the equivalent); and

(c) the trade is not a control distribution as defined in Multilateral Instrument 45-102 Resale of Securities.

DATED this 16<sup>th</sup> day of December, 2002.

"Chris Besko"

Deputy Director - Legal