

IN THE MATTER OF
THE SECURITIES LEGISLATION OF ALBERTA, SASKATCHEWAN, MANITOBA,
ONTARIO, Québec, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND
LABRADOR, THE YUKON TERRITORY, THE NORTHWEST TERRITORIES AND THE
NUNAVUT TERRITORY

AND

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

AND

IN THE MATTER OF
GREAT-WEST LIFECO INC. AND
CANADA LIFE FINANCIAL CORPORATION

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, the Yukon Territory, the Northwest Territories and the Nunavut Territory (collectively, the "Jurisdictions") has received an application from Great-West Lifeco Inc. ("Lifeco") and Canada Life Financial Corporation ("CLFC") (collectively, the "Filer") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") that the trades of securities contemplated by the proposed securities exchange transaction (the "Transaction") involving Lifeco and CLFC to be effected by way of a reorganization of CLFC's capital structure shall be exempt from the dealer registration and prospectus requirements of the Legislation (collectively the "Registration and Prospectus Requirements");

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 same meaning set out in National Instrument 14-101 Definitions or in Québec Commission Notice 14-101;

AND WHEREAS the Filer has represented to the Decision Makers that:

1. Lifeco and CLFC entered into a transaction agreement made as of February 14, 2003 (the "Transaction Agreement") providing for the Transaction to be effected by way of a reorganization of CLFC's capital structure involving the change of the common shares of CLFC ("CLFC Common Shares") into a new class of exchangeable shares of CLFC (the "Exchangeable Shares") and the automatic transfer of the Exchangeable Shares to Lifeco for a combination of up to 24,000,000 4.80% Non-Cumulative First Preferred Shares, Series E of Lifeco ("Lifeco Series

E Shares"), up to 8,000,000 5.90% Non-Cumulative First Preferred Shares, Series F of Lifeco ("Lifeco Series F Shares" and together with the Lifeco Series E shares, the "Lifeco Preferred Shares") and up to 55,958,505 common shares of Lifeco ("Lifeco Common Shares") to be issued by Lifeco, as well as cash, through a series of transactions to holders of CLFC Common Shares ("CLFC Shareholders") all as more particularly described in paragraphs 6 and 7 below.

2. Lifeco is a company incorporated under the *Canada Business Corporations Act* (the "CBCA") and is a reporting issuer or equivalent under the Legislation. To its knowledge, Lifeco is not in default of any applicable requirement of the Legislation. Lifeco is eligible to use a short form prospectus pursuant to National Instrument 44-101 in each Jurisdiction. Lifeco is a "qualifying issuer" as defined in Multilateral Instrument 45-102 Resale of Securities ("MI 45-102"). Lifeco's registered office is located at 100 Osborne Street North, Winnipeg, Manitoba R3C 3A5.

3. The authorized share capital of Lifeco consists of an unlimited number of Lifeco Common Shares, an unlimited number of first preferred shares, issuable in series ("First Preferred Shares"), an unlimited number of Class A preferred shares, issuable in series ("Class A Preferred Shares"), and an unlimited number of second preferred shares, issuable in series. As at February 17, 2003, there were outstanding, (a) 366,218,412 Lifeco Common Shares; (b) 4,000,000 First Preferred Shares, Series C; (c) 8,000,000 First Preferred Shares, Series D; and (d) 5,192,242 Class A Preferred Shares, Series 1. The Lifeco Common Shares, First Preferred Shares, Series C, First Preferred Shares, Series D and Class A Preferred Shares, Series 1 are traded on the Toronto Stock Exchange (the "TSX").

4. CLFC is an insurance company incorporated under the *Insurance Companies Act* (Canada) (the "ICA") and is a reporting issuer or equivalent under the Legislation. To its knowledge, CLFC is not in default of any applicable requirement of the Legislation. CLFC is eligible to use a short-form prospectus pursuant to National Instrument 44-101 in each Jurisdiction. CLFC's registered office is located at 330 University Avenue, Toronto, Ontario M5G 1R8.

5. The authorized share capital of CLFC consists of an unlimited number of CLFC Common Shares and an unlimited number of non-voting preferred shares, issuable in series ("CLFC Preferred Shares"). As of February 14, 2003, there were no more than 160,400,000 CLFC Common Shares and 6,000,000 CLFC Preferred Shares issued and outstanding. The CLFC Preferred Shares are currently listed and posted for trading on the TSX and the CLFC Common Shares are currently listed and posted for trading on the TSX and the New York Stock Exchange.

6. The reorganization of CLFC's capital structure will consist of the following:

(a) an amendment to the by-laws of CLFC to create the Exchangeable Shares, which will rank junior to the CLFC Preferred Shares and equal to the CLFC Common Shares and have the following principal conditions:

(i) each Exchangeable Share, other than those held by CLFC Shareholders who validly exercise their Dissent Right (defined below) and do not subsequently cease to be entitled to exercise such Dissent Right ("Dissenting Shareholders"), will be

automatically transferred to Lifeco at the Closing Date (defined below) in exchange for any of \$44.50 in cash, 1.78 Lifeco Series E Shares, 1.78 Lifeco Series F Shares, 1.1849 Lifeco Common Shares or a combination of the foregoing (subject in each case to election and proration based on a specified maximum number of shares and amount of cash to be issued or paid) and subject to customary anti-dilution provisions (the "Elected Consideration"),

(ii) each Exchangeable Share held by a Dissenting Shareholder will be automatically transferred to Lifeco at the Closing Date for the right to receive an amount equal to the fair value in cash of such Exchangeable Share from Lifeco in accordance with the dissent rights agreement dated March 22, 2003 between CLFC, Lifeco and each Dissenting Shareholder (the "Dissent Rights Agreement"), and

(iii) the Exchangeable Shares will become convertible at the option of the holder thereof into CLFC Common Shares; and

(b) an amendment to the by-laws of CLFC to change the CLFC Common Shares, other than those beneficially owned by Lifeco or its subsidiaries that have not been allocated to a segregated or other investment fund established and maintained by any of such subsidiaries, into Exchangeable Shares at the Closing Date on the basis of one Exchangeable Share for each CLFC Common Share.

7. Lifeco and CLFC have entered into the Dissent Rights Agreement to provide CLFC Shareholders with a dissent right (the "Dissent Right") substantially similar to the dissent right provided by section 190 of the CBCA, except that any payment in respect of Exchangeable Shares will be made by Lifeco in cash only and the notice of dissent will be required to be delivered not later than 2:00 p.m. (Toronto time) on the business day before the CLFC Meeting (defined below).

8. At the Closing Date, the reorganization of CLFC's capital structure will be implemented through the occurrence of the following steps in the following order:

(a) each CLFC Common Share, except those beneficially owned by Lifeco or any of its subsidiaries that have not been allocated to a segregated or other investment fund established and maintained by any of such subsidiaries, will be changed into one Exchangeable Share;

(b) each Exchangeable Share will be transferred automatically to Lifeco, in exchange for: (i) in the case of each Exchangeable Share not held by a Dissenting Shareholder, the Elected Consideration; and (ii) in the case of each Exchangeable Share held by a Dissenting Shareholder, the right provided in the Dissent Rights Agreement; and

(c) Lifeco may, at its option, convert the Exchangeable Shares acquired by it as contemplated above into CLFC Common Shares on a share-for-share basis in accordance with the share conditions of the Exchangeable Shares.

9. Steps 8(a) and (b) will occur automatically, without any further action being taken by holders of the CLFC Common Shares, on the later of (a) July 10, 2003; (b) 12 business days after all conditions to the completion of the Transaction have been satisfied or waived; or (c) such earlier or later date as may be agreed to by CLFC and Lifeco (the "Closing Date").

10. No fractional Lifeco Common Shares or Lifeco Preferred Shares will be issued pursuant to the Transaction. In lieu of fractional shares, each holder of CLFC Common Shares who would otherwise be entitled to receive a fraction of a Lifeco Common Share or a Lifeco Preferred Share shall be paid an amount in cash equal to such holder's proportionate share of the proceeds (after deducting fees and expenses) received from aggregating all such fractional interests and selling them in the open market.

11. In the event shareholders receive an amount of Lifeco Common Shares or any series of Lifeco Preferred Shares numbering less than 100 shares, they will be entitled to elect to have those shares sold on their behalf and receive a cash payment equal to such shareholder's proportionate share of the proceeds (after deducting fees and expenses) received on the sale of such shares. The shares will be sold on the TSX as soon as possible following the Closing Date, but in any event no later than three business days following the Closing Date.

12. Options to purchase CLFC Common Shares ("CLFC Options") have been granted to eligible persons pursuant to the Canada Life Financial Corporation Stock Option Plan (the "CLFC Stock Option Plan"). As of the close of business on February 14, 2003, there are no more than 3,100,000 CLFC Common Shares issuable upon the exercise of outstanding CLFC Options.

13. The Transaction Agreement contemplates that, subject to the satisfaction of Lifeco regarding the truth of certain matters relating to holders of the CLFC Options or the receipt of a comfort letter from the Department of Finance to the satisfaction of Lifeco and subject to the receipt of the approval of the TSX, CLFC will amend the terms of the CLFC Stock Option Plan to, among other things, provide (i) that each unexercised CLFC Option outstanding at the Closing Date will be exchanged for an option to acquire, at the exercise price under the CLFC Option, that number of Lifeco Common Shares as is equal to the product of the number of CLFC Common Shares that were issuable on exercise of such CLFC Option immediately prior to the Closing Date multiplied by 1.1849 and rounded down to the nearest whole number of Lifeco Common Shares (a "New CLFC Option") and (ii) each New CLFC Option will automatically expire 45 days after the Closing Date. Lifeco has agreed under the terms of the Transaction Agreement to issue the appropriate number of Lifeco Common Shares on the exercise of the New CLFC Options. The foregoing exchange of CLFC Options set out above will be made upon consent of each optionholder and in compliance with the rules and regulations of the TSX.

14. The Transaction has been voted on and approved by holders of CLFC Common Shares at a special meeting held on May 5, 2003 (the "CLFC Meeting"). Under the ICA, the Transaction required the favourable vote of at least 66 2/3% of the votes cast by the holders of the CLFC

Common Shares voting at the CLFC Meeting. The CLFC Meeting was held in accordance with the ICA.

15. In connection with the CLFC Meeting, CLFC prepared and delivered to the CLFC Shareholders, a management information circular dated March 22, 2003 (the "CLFC Circular"). In addition to containing a detailed description of the Transaction, the CLFC Circular contains prospectus-level disclosure of the business and affairs of each of CLFC and Lifeco.

16. After the Transaction was approved at the CLFC Meeting, CLFC mailed a Letter of Election and Transmittal Form to shareholders whose CLFC Common Shares are represented by physical share certificates or a Letter of Election Form to shareholders whose CLFC Common Shares are registered in the name of the holder and in respect of which no physical share certificate has been issued and the holder has not transferred his or her CLFC Common Shares to a broker, custodian, nominee or other intermediary. The Letter of Election and Transmittal Form and Letter of Election Form enable such shareholders to choose the form(s) of consideration they wish to receive by completing the applicable form.

17. The steps under the Transaction, the amendment to the CLFC Option Plan, the exchange of CLFC Options to New CLFC Options and the exercises of the New CLFC Options, if any, involve or may involve a number of trades of securities (collectively, the "Trades") and there may be no registration or prospectus exemption available under the Legislation for certain of the Trades.

18. A holder of CLFC Common Shares will make one fundamental investment decision at the time when such holder votes in respect of the Transaction and/or determines whether to dissent in respect thereof. As a result of this decision, a holder of CLFC Common Shares will ultimately receive cash, Lifeco Common Shares and/or Lifeco Preferred Shares in exchange for the Exchangeable Shares held by such holder or in payment in cash of the fair value of the CLFC Common Shares formerly held by such holder.

19. The contemplated changes in respect of the CLFC Options have been proposed in order to not disadvantage certain holders of CLFC Options from a tax perspective.

20. Lifeco has applied to list the Lifeco Common Shares and Lifeco Preferred Shares to be issued or made issuable pursuant to the Transaction and the amendment to the CLFC Option Plan (on the exercise of the New CLFC Options) on the TSX.

AND WHEREAS pursuant to 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 Registration and Prospectus Requirements shall not apply to the Trades provided that the first trade in any

security acquired pursuant to this Decision in a Jurisdiction shall be deemed to be a distribution or primary distribution to the public under the Legislation of such Jurisdiction (the "Applicable Legislation") unless in respect of a first trade of Lifeco Common Shares or Lifeco Preferred Shares:

(a) except in Qu_顛c,

- (i) Lifeco is and has been a reporting issuer in any of Alberta, British Columbia, Manitoba, Nova Scotia, Ontario or Saskatchewan for the 4 months immediately preceding the trade,
- (ii) the trade is not a control distribution,
- (iii) no unusual effort is made to prepare the market or to create demand for the securities that are the subject of the trade,
- (iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and
- (v) if the selling shareholder is an insider or officer of Lifeco, the selling shareholder has no reasonable grounds to believe that Lifeco is in default of securities legislation

(b) in Qu_顛c,

- (i) Lifeco is and has been a reporting issuer in Qu_顛c for the 12 months immediately preceding the trade,
- (ii) no unusual effort is made to prepare the market or to create demand for the securities that are the subject of the trade,
- (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade, and
- (iv) if the selling shareholder is an insider or officer of Lifeco, the selling shareholder has no reasonable grounds to believe that Lifeco is in default of securities legislation.

June 18, 2003.

"Chris Besko"
Deputy Director - Legal