

March 1, 2019

In the Matter of  
the Securities Legislation of  
Manitoba and Ontario (the Jurisdictions)

and

of the Process for Exemptive Relief Applications  
in Multiple Jurisdictions

and

of Great-West Lifeco Inc. (the Filer)

**Decision**

**Background**

The securities regulatory authority or regulator in each of the Jurisdictions (the “**Decision Makers**”) has received an application from the Filer for a decision under the securities legislation of the Jurisdiction (the “**Legislation**”) that, in connection with the proposed purchase by the Filer of a portion of its outstanding common shares (the “**Shares**”) pursuant to an issuer bid (the “**Offer**”), the Filer be exempt, subject to the conditions set forth herein, from the following requirements in the Legislation (the “**Exemption Sought**”):

- (a) the proportionate take up requirements in Section 2.26 of National Instrument 62-104 *Take-over Bids and Issuer Bids* (“**NI 62-104**”) (collectively, the “**Proportionate Take Up Requirement**”);
- (b) the requirements in Item 8 of Form 62-104F2 to NI 62-104 to provide disclosure of the proportionate take up and payment in the issuer bid circular (the “**Circular**”) (collectively, the “**Proportionate Take Up Disclosure Requirement**”); and
- (c) the requirements in Section 2.32 of NI 62-104 that an issuer bid not be extended if all the terms and conditions of the issuer bid have been complied with or waived unless the Filer first takes up all securities deposited under the issuer bid and not withdrawn (collectively, the “**Extension Take Up Requirement**”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) the Manitoba Securities Commission (the “**MSC**”) is the principal regulator for this application;
- (b) the Filer has provided notice that subsection 4.7(1) of Multilateral Instrument 11-102 – *Passport System* (“**MI 11-102**”) is intended to be relied upon in British Columbia, Alberta, Saskatchewan, Québec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, Yukon and Nunavut; and

- (c) the decision is the decision of the principal regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

### **Interpretation**

Terms defined in National Instrument 14-101 *Definitions* and MI 11-102 have the same meaning if used in this decision, unless otherwise defined herein.

### **Representations**

This decision is based on the following facts represented by the Filer:

1. The Filer is a corporation governed by the *Canada Business Corporations Act*.
2. The head office and registered office of the Filer is located at 100 Osborne Street North, Winnipeg, Manitoba R3C 1V3.
3. The Filer is a reporting issuer in each of the provinces and territories of Canada and the Shares are listed for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “GWO”. The Filer is not in default of any requirement of the securities legislation in the jurisdictions in which it is a reporting issuer.
4. The Filer’s authorized share capital consists of an unlimited number of First Preferred Shares, issuable in series, an unlimited number of Class A Preferred Shares, an unlimited number of Second Preferred Shares and an unlimited number of Shares, of which 987,739,408 Common Shares, 7,740,032 Non-Cumulative First Preferred Shares, Series F, 12,000,000 Non-Cumulative First Preferred Shares, Series G, 12,000,000 Non-Cumulative First Preferred Shares, Series H, 12,000,000 Non-Cumulative First Preferred Shares, Series I, 6,800,000 Non-Cumulative First Preferred Shares, Series L, 6,000,000 Non-Cumulative First Preferred Shares, Series M, 8,524,422 Non-Cumulative 5-Year Rate Reset First Preferred Shares, Series N, 1,475,578 Non-Cumulative Floating Rate First Preferred Shares, Series O, 10,000,000 Non-Cumulative First Preferred Shares, Series P, 8,000,000 Non-Cumulative First Preferred Shares, Series Q, 8,000,000 Non-Cumulative First Preferred Shares, Series R, 8,000,000 Non-Cumulative First Preferred Shares, Series S, and 8,000,000 Non-Cumulative First Preferred Shares, Series T were issued and outstanding as of December 31, 2018.
5. On January 23, 2019, the closing price of the Shares on the TSX was C\$29.32. On the basis of this closing price, on such date the Shares had an aggregate market value of approximately C\$28.96 billion.
6. As at December 31, 2018, Power Financial Corporation (“**PFC**”) directly and indirectly owned 669,568,064 Shares,<sup>1</sup> which in the aggregate represented approximately 67.8% of the issued and outstanding Shares and IGM Financial Inc. (“**IGM**”) indirectly owned 39,737,388 Shares, which in the aggregate represented approximately 4% of the issued and outstanding Shares. IGM is a public company, a majority of the common shares of which are owned, directly or indirectly, by PFC.

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<sup>1</sup> Includes 537,978,310 Shares owned directly by PFC and the following Shares owned by subsidiaries of PFC: 3411893 Canada Inc. owns 28,687,568 Shares, 3439453 Canada Inc. owns 73,237,584 Shares, 4400003 Canada Inc. owns 29,664,602 Shares.

7. The Filer intends to make the Offer pursuant to which it would offer to purchase that number of Shares having an aggregate maximum purchase price to be specified in the Circular (the “**Specified Maximum Dollar Amount**”).
8. Prior to making the Offer, the board of directors of the Filer will have determined that the making of the Offer is in the best interests of the Filer.
9. The purchase price per Share will be determined by the Filer through a modified “Dutch auction” procedure in the manner described below within a range (the “**Price Range**”) to be determined by the Filer.
10. The Specified Maximum Dollar Amount and the Price Range will each be determined prior to commencement of the Offer and specified in the Circular.
11. The Filer expects to fund the purchase of Shares pursuant to the Offer, together with the fees and expenses of the Offer, using available cash on hand in the Filer and its operating subsidiaries. The Offer will not be conditional upon the receipt of financing.
12. A holder of Shares (a “**Shareholder**”, and collectively, the “**Shareholders**”) wishing to tender to the Offer will be able to do so in one of three ways:
  - (a) auction tenders in which the tendering Shareholders specify the number of Shares being tendered at a price per Share (the “**Auction Price**”) within the Price Range (the “**Auction Tenders**”);
  - (b) purchase price tenders in which the tendering Shareholders do not specify a price per Share, but rather agree to have a specified number of Shares purchased at the Purchase Price (as defined below) to be determined by the Auction Tenders (the “**Purchase Price Tenders**”); and
  - (c) proportionate tenders in which the tendering Shareholders agree to sell to the Issuer, at the Purchase Price to be determined by the Auction Tenders, a number of Shares that will result in them maintaining their proportionate equity ownership in the Issuer following completion of the Offer (the “**Proportionate Tenders**”).
13. Shareholders may deposit some of their Shares pursuant to an Auction Tender and deposit different Shares pursuant to a Purchase Price Tender. Shareholders who make an Auction Tender and/or a Purchase Price Tender cannot make a Proportionate Tender. Shareholders may not deposit the same Shares pursuant to more than one method of tender or pursuant to an Auction Tender at more than one price. Shareholders who make a Proportionate Tender may not make an Auction Tender or a Purchase Price Tender.
14. In the necessary course of its business, the Filer has discussed the Offer with PFC but has not discussed the Offer with IGM. PFC has advised the Filer that PFC and its wholly-owned subsidiaries currently intend to participate in the Offer.
15. Any Shareholder who owns fewer than 100 Shares and tenders all of such Shareholder’s Shares pursuant to an Auction Tender at or below the Purchase Price or pursuant to a Purchase Price Tender will be considered to have made an “**Odd Lot Tender**”.

16. The Filer will determine the purchase price payable per Share (the “**Purchase Price**”) based on the Auction Prices and the number of Shares specified in valid Auction Tenders and Purchase Price Tenders (considered for purposes of determining the Purchase Price to have been tendered at the minimum price per Share offered). The Purchase Price will be the lowest price that enables the Filer to purchase that number of Shares tendered pursuant to valid Auction Tenders and Purchase Price Tenders having an aggregate purchase price not to exceed an amount (the “**Auction Tender Limit Amount**”) equal to (i) the Specified Maximum Dollar Amount less (ii) the product of (A) the Specified Maximum Dollar Amount and (B) a fraction, the numerator of which is the aggregate number of Shares owned by Shareholders making valid Proportionate Tenders, and the denominator of which is the aggregate number of Shares outstanding at the time of expiry of the Offer.
17. If the aggregate purchase price for Shares validly tendered pursuant to Auction Tenders at Auction Prices (at or below the Purchase Price) and Purchase Price Tenders is less than or equal to the Auction Tender Limit Amount, the Filer will purchase at the Purchase Price all Shares so deposited pursuant to Auction Tenders at or below the Purchase Price and Purchase Price Tenders.
18. If the aggregate purchase price for Shares validly tendered pursuant to Auction Tenders at Auction Prices (at or below the Purchase Price) and Purchase Price Tenders is greater than the Auction Tender Limit Amount, the Filer will purchase a portion of such Shares determined as follows: (i) the Filer will purchase all such Shares tendered by Shareholders pursuant to Odd Lot Tenders; and (ii) the Filer will purchase on a pro-rata basis that portion of such Shares having an aggregate purchase price, based on the Purchase Price, equal to (A) the Auction Tender Limit Amount, less (B) the aggregate amount paid by the Filer for Shares tendered pursuant to Odd Lot Tenders, in each of the cases set forth in clauses (i) and (ii) of this paragraph, at the Purchase Price.
19. The Filer will purchase at the Purchase Price that portion of the Shares owned by Shareholders making valid Proportionate Tenders that results in tendering Shareholders maintaining their proportionate equity ownership in the Filer following completion of the Offer (the “**Proportionate Take Up**”).
20. The number of Shares that the Filer will purchase pursuant to the Offer and the aggregate purchase price will vary depending on whether the aggregate purchase price payable in respect of Shares required to be purchased pursuant to Auction Tenders (at or below the Purchase Price) and Purchase Price Tenders (the “**Aggregate Tender Purchase Amount**”) is equal to or less than the Auction Tender Limit Amount. If the Aggregate Tender Purchase Amount is equal to the Auction Tender Limit Amount, the Filer will purchase Shares pursuant to the Offer for an aggregate purchase price equal to the Specified Maximum Dollar Amount; if the Aggregate Tender Purchase Amount is less than the Auction Tender Limit Amount, the Filer will purchase proportionately fewer Shares in the aggregate, with a proportionately lower aggregate purchase price.
21. Shareholders will also have the option to structure their tender of Shares pursuant to the Offer (whether such tender is an Auction Tender, a Purchase Price Tender or a Proportionate Tender) as a “**Qualifying Holdco Alternative**” by electing to complete certain corporate reorganization steps with the Filer and then tendering Shares subject to such reorganization (rather than tendering directly to the Filer). Any Shares tendered using the Qualifying Holdco Alternative will also be purchased at the Purchase Price. The

Qualifying Holdco Alternative is analogous to the “holdco alternative” commonly made available in other take-over bids and issuer bids.

22. All Shares purchased by the Filer pursuant to the Offer (including Shares tendered at Auction Prices at or below the Purchase Price) will be purchased at the Purchase Price. Shareholders will receive the Purchase Price in cash. All Auction Tenders, Purchase Price Tenders and Proportionate Tenders will be subject to adjustment to avoid the purchase of fractional Shares. All payments to Shareholders will be subject to deduction of applicable withholding taxes.
23. All Shares tendered to the Offer and not taken up will be returned to the appropriate Shareholders.
24. Until expiry of the Offer, all information about the number of Shares tendered and the prices at which the Shares are tendered will be required to be kept confidential by the depositary and the Filer until the Purchase Price has been determined. In particular, PFC and IGM and their employees and directors (some of whom have roles at the Filer) will not have access to this information.
25. Shareholders who do not accept the Offer will continue to hold the number of Shares owned before the Offer and their proportionate Share ownership will increase following completion of the Offer to the extent the Filer purchases Shares under the Offer.
26. The Filer may elect to extend the bid without first taking up all the Shares deposited and not withdrawn under the Offer if the aggregate purchase price for Shares validly tendered pursuant to Auction Tenders and Purchase Price Tenders is less than the Auction Tender Limit Amount. Under the Extension Take Up Requirement contained in Section 2.32 of NI 62-104, an issuer may not extend an issuer bid if all the terms and conditions of the issuer bid have been complied with or waived unless the issuer first takes up all the securities deposited and not withdrawn under the issuer bid.
27. The Filer intends to rely on the exemption from the formal valuation requirements applicable to issuer bids under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”) set out in subsection 3.4(b) of MI 61-101 (the “**Liquid Market Exemption**”).
28. There will be a “liquid market” for the Shares, as such term is defined in MI 61-101, as of the date of the making of the Offer because the test in section 1.2(1)(a) of MI 61-101 will be satisfied. In addition, an opinion will be voluntarily sought by the Filer confirming that a liquid market exists for the Shares as of the date of the making of the Offer and such opinion will be included in the Circular (the “**Liquidity Opinion**”).
29. Based on the maximum number of Shares that may be purchased under the Offer, the Liquidity Opinion will also provide that as of the date of the Offer it will be reasonable for the Filer’s board of directors to conclude that, following the completion of the Offer in accordance with its terms, there will be a market for holders of the Shares who do not tender to the Offer that is not materially less “liquid”, as such term is defined in MI 61-101, than the market that existed at the time of the making of the Offer.
30. The Filer will disclose in the Circular relating to the Offer the following information:
  - (a) the mechanics for the take up of and payment for Shares as described herein;

- (b) the mechanics for structuring a tender of Shares to the Offer as a Qualifying Holdco Alternative;
- (c) that, by tendering Shares at the lowest price in the Price Range under an Auction Tender or by tendering Shares under a Purchase Price Tender or a Proportionate Tender, a Shareholder can reasonably expect that the Shares so tendered will be purchased at the Purchase Price, subject to proration and other terms of the Offer as specified herein;
- (d) that the Filer has obtained an exemption from the Proportionate Take Up Requirement, the Proportionate Take Up Disclosure Requirement and the Extension Take Up Requirement;
- (e) the manner in which an extension of the Offer will be communicated to Shareholders;
- (f) that Shares deposited pursuant to the Offer may be withdrawn at any time prior to the expiry of the Offer;
- (g) as applicable, the name of each Shareholder that has advised the Filer prior to the commencement of the Offer that it intends to make a Proportionate Tender or intends to elect to use the Qualifying Holdco Alternative;
- (h) the facts supporting the Filer's reliance on the Liquid Market Exemption and the Liquidity Opinion; and
- (i) except to the extent exemptive relief is granted further to this application, the disclosure prescribed by applicable securities laws for issuer bids.

### **Decision**

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemption Sought is granted, provided that:

- (a) The Filer takes up and pays for Shares deposited pursuant to the Offer and not withdrawn, in each case in the manner described above; and
- (b) the Filer is eligible to rely on the Liquid Market Exemption.

“Chris Besko”

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Chris Besko  
Director  
The Manitoba Securities Commission