

*Readers are referred to the cautionary note regarding Forward-Looking Information and Non-IFRS Financial Measures at the end of this release. Not for distribution to U.S. newswire services or for dissemination in the U.S.*

**Great-West Lifeco announces acquisition of Irish Life Group  
for \$1.75 billion (€1.3 billion) and  
\$1.25 billion subscription receipts offering for common stock**

***Irish Life is the market leader in life insurance,  
pensions and investment management in Ireland***

- Transformational to Canada Life in Ireland, significant to Canada Life's group in Europe and material to Great-West Lifeco on a global basis
- Canada Life (Ireland) to be combined with Irish Life under the Irish Life brand, the premier financial brand in Ireland
- Provides continuity to more than one million Irish Life and Canada Life customers in Ireland
- Affirms a long-term commitment to Ireland, where the Canada Life business has operated since 1903
- Consistent with Great-West Lifeco's global business strategy of developing significant market positions in sectors where the Company participates

*Winnipeg February 19, 2013 . . .* Great-West Lifeco Inc. today announced that it has reached an agreement with the Government of Ireland to acquire, through its subsidiary Canada Life Limited, all of the shares of Irish Life Group Limited for C\$1.75 billion (€1.3 billion).

The Irish Life name will be retained, and the life and pensions operations of Great-West Lifeco's Irish subsidiary Canada Life (Ireland) will be combined with the operations of Irish Life. Established in 1939, Irish Life is the largest life and pensions group and investment manager in Ireland, with more than one million customers and €37 billion (C\$50 billion) of assets under management.\*

"This transaction affirms our long-term commitment to Ireland, where Canada Life has operated since 1903. Customers of both companies will have continuity of their products and customer service," said Allen Loney, President and Chief Executive Officer of Great-West Lifeco. "The acquisition of Irish Life is transformational for our companies in Ireland. It allows us to achieve – with a single transaction – the leading position in life insurance, pensions and investment management, and is consistent with Great-West Lifeco's global business strategy of developing significant market positions in the sectors where the Company participates."

"There is a good culture fit," Loney said, noting that Irish Life has a strong brand with a broad product offering and wide, multi-channel distribution, similar to Great-West Lifeco's operations in Canada. Irish Life employs a similar and consistent strategy to Great-West Lifeco in that it aims to maximize shareholder returns in a low-risk and capital efficient manner.

\* Assets as at December 31<sup>st</sup> 2012

.../2

"This transaction reflects a major vote of confidence in Ireland and Irish Life," said Kevin Murphy, Chief Executive of Irish Life. "It is very good for the Irish economy, our clients, brokers and employees. Canada Life is a well respected and long standing business in Ireland. Combining our businesses will help ensure that Irish Life remains the leading brand in the Irish financial services market. It will provide us with a new platform for growth and innovation in the future. It will also provide our customers with the knowledge that we are part of Great-West Lifeco, the strongest financial parent in the Irish market, and the Power Financial Corporation group of companies, which has a long and successful track record in financial services."

### **Transaction Highlights**

The acquisition represents a compelling in-market merger delivering a significant position in Ireland. Irish Life is a significant player in Ireland with an iconic, well-trusted brand. It has maintained resilient financial performance through challenging markets, testimony to the strength of Irish Life's broad product footprint and wide, multi-channel distribution. The majority of Irish Life's assets are unit-linked, where the investment risk is principally borne by clients.

The transaction is expected to close in July of 2013, and is subject to customary regulatory approvals, including approvals from the European Commission under the EU Merger Regulation, and certain closing conditions.

Once the transaction has closed, the businesses will be fully integrated over an 18-month period. This process is expected to result in pre-tax cost savings of €40 million annually, through efficiencies related to computer systems, relocating Canada Life (Ireland) to Irish Life's Dublin headquarters and other operational efficiencies. It is anticipated that any job losses at the two companies will be achieved on a voluntary basis. The companies are committed to ensuring that all staff will continue to be treated fairly.

The proposed transaction represents compelling value for Great-West Lifeco shareholders, and is expected to add approximately C\$215 million or 10% to Great-West Lifeco's consensus earnings\*\* in 2014, the first full year of ownership. This would be accretive to Great-West Lifeco's earnings by adding approximately 10 cents or 4% to Great-West Lifeco's consensus 2014 earnings per share. This is supported by an in-force book of business that has persisted through recent challenges, anticipated pre-tax cost savings of C\$54 million and including the impact of issuing C\$1.25 billion in common shares. The implied transaction multiple on a 2014 earnings basis is 8.2x \*\*\*and on Irish Life's June 30, 2012 book value is 1.3x.

### **Transaction Funding**

Funding for the transaction will come from the net proceeds of the issuance of approximately \$1.25 billion subscription receipts by way of a \$650 million public bought deal offering as well as concurrent private placements of subscription receipts to Power Financial Corporation (\$550 million) and IGM Financial Inc. (\$50 million). The balance of the funding will come from a euro-denominated debt issuance and internal cash resources.

Irish Life Assurance PLC has outstanding €200 million unsecured subordinated perpetual capital notes with a fixed coupon to February 2017, at which point the notes are callable. The notes will remain outstanding following completion of this transaction and qualify as MCCR capital. \*\*\*\*

The acquisition funding structure will ensure that Great-West Lifeco maintains its strong liquidity position and investment grade credit ratings, combined with a targeted MCCR ratio above 210% at transaction close.

*\*\*Based on Institutional Brokers' Estimate System (IBES) consensus earnings estimates*

*\*\*\*Includes fully-realized run- rate cost savings, before integration costs*

*\*\*\*\*Minimum Continuing Capital and Surplus Requirements for The Great-West Life Assurance Company*

### **Subscription Receipt Offering**

Great-West Lifeco has agreed to sell, on a bought deal basis, an aggregate of 25,300,000 subscription receipts at a price of \$25.70 per subscription receipt for gross proceeds of approximately \$650 million. The subscription receipts will be offered through a syndicate of investment dealers led by BMO Capital Markets. In addition to and concurrently with the closing of the public offering, Power Financial Corporation has agreed to purchase from Lifeco in a private placement 21,410,000 subscription receipts at the public offering price for gross proceeds of approximately \$550 million and IGM Financial Inc. has agreed to purchase from Lifeco in a private placement 1,950,000 subscription receipts at the public offering price for gross proceeds of approximately \$50 million. In aggregate, the public and private offerings will result in gross proceeds to Lifeco of approximately \$1.25 billion. BMO Capital Markets is acting as agent to Great-West Lifeco on the private placements. Each subscription receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, upon closing of the acquisition, one common share of Great-West Lifeco plus an amount equal to the dividends Great-West Lifeco declares on the common shares, if any, for record dates which occur during the period from and including the closing date of the offering to but excluding the date the acquisition closes, net of any applicable withholding taxes.

The net proceeds from the sale of the subscription receipts will be held by an escrow agent pending the fulfillment or waiver of all other outstanding conditions precedent to closing the acquisition, including, among other things, receipt of all regulatory and government approvals required to finalize the acquisition. In the event such approvals and conditions are not satisfied prior to October 31, 2013 or if the acquisition agreement is terminated prior to such time, or Great-West Lifeco advises the underwriters or discloses to the public that it does not intend to proceed with the acquisition of Irish Life, the holders of the subscription receipts will be entitled to receive an amount equal to the full subscription price thereof plus their pro rata share of the interest or other income earned or deemed to be earned on the proceeds of the offering, net of any applicable withholding taxes.

The subscription receipts will be offered in all provinces and territories of Canada by way of a short form prospectus. The offering is subject to the receipt of all necessary regulatory and stock exchange approvals, including approval of the TSX. Closing of the offering is expected to occur on or about March 12, 2013, with completion of each of the public offering and private placements being conditional upon the closing of the other.

The subscription receipts have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the subscription receipts in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful.

### **About Irish Life**

Irish Life is Ireland's largest life, pensions and investment management business with over one million customers and €37bn of assets under management. Founded in 1939, it operates almost exclusively in Ireland and employs just over 2,000 people.

Irish Life is the number one player in the life and pensions market in Ireland. It has a very strong reputation for service excellence and product innovation. It has three main business divisions:

- Retail Life markets a range of life insurance, pension and investment products to individuals and small business owners. It distributes through independent brokers, bank branches and direct. In 2012 it concluded an exclusive distribution deal with AIB, Ireland's largest retail bank.

- Corporate Business markets group risk and group defined contribution pension solutions to companies through pension advisory consultants and independent brokers. Ireland's positive demographic profile and the shift towards defined contribution pensions are two very positive dynamics for this business.
- Irish Life Investment Managers (ILIM) is the leader in its market. Total assets under management at end 2012 were €37bn of which approximately 60% were managed on behalf of institutional clients and 40% linked to the core insurance business. It has a particularly strong reputation for indexed asset management and fixed income/Liability Driven Investments type solutions.

In addition to the core life, pension and investment businesses Irish Life also has the following subsidiaries; Cornmarket (100%) – Ireland's largest independent broker which specializes in affinity arrangements for public service employees; IPSI (100%) – an outsource provider of life administration services to international life companies.

It has also invested in the following joint ventures; Allianz (30%) – Ireland's 3<sup>rd</sup> largest non-life / general insurance business; and Glo Health (49%) – the newest entrant to Ireland's private health market.

### **About Canada Life (Ireland)**

Canada Life is one of Ireland's leading life, pension and investment providers, with over 150,000 customers. Established in Ireland in 1903, the Canada Life Group has grown to be a modern and dynamic international financial services business.

The Canada Life Group -- which employs more than 600 people in Ireland and is already the largest Canadian employer in Ireland -- serves as a hub for the company's expanding presence in Europe. Its products are distributed through a network of over 1,500 independent brokers as well as more than 100 sales associates nationwide.

The company's German business, Canada Life Europe, headquartered in Ireland, is recognised as one of the leading international providers of pension products in Germany.

Setanta Asset Management, its primary investment manager, manages funds for Irish, German and Canadian clients with a consistent strong fund performance record.

Also based in Dublin are Canada Life's European Information Services Division, providing the main data centre for its European businesses and the European headquarters of Canada Life Reinsurance, its international reinsurance business.

### **Great-West Lifeco**

Great-West Lifeco Inc. (TSX:GWO) is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Great-West Lifeco 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. Great-West Lifeco and its companies have \$546 billion in assets\* under administration and are members of the Power Financial Corporation group of companies.

*\*Assets as of December 31, 2012*

### **Conference call and audio webcast**

A conference call and audio webcast with senior executives to discuss the transaction will be held today, February 19, 2013 at 9:00 a.m. ET. The call and webcast can be accessed through [www.greatwestlifeco.com](http://www.greatwestlifeco.com) or by phone in listen-only mode (**passcode**: 9890810#) by calling the following numbers:

- Participants in the Toronto area: **416-641-6150**
- Participants from North America: **1-800-952-5114**
- Participants from Overseas Dial international access code first, then **800-6578-9818**
- A slide presentation will be accessible on Great-West Lifeco's website in advance of the conference call, along with a printer-friendly version of the slide presentation, at [www.greatwestlifeco.com](http://www.greatwestlifeco.com).

### **Conference call and audio webcast archive**

The call will be archived and can be accessed later as follows:

- By calling 1-800-408-3053 or 905-694-9451 in Toronto, or dial international access code first then, 800-3366-3052 for overseas callers, passcode 8198900# from approximately 11:30 a.m. ET on February 19, 2013 to 11:59 p.m. on February 28, 2013; and
- From the [www.greatwestlifeco.com](http://www.greatwestlifeco.com) website from approximately 11:00 a.m. ET on February 19, 2013 to February 18, 2014.

### **Cautionary Note Regarding Forward-Looking Information**

This release contains some forward-looking statements about Great-West Lifeco, 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” and similar expressions or negative versions thereof. 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 action by Great-West Lifeco, including statements with respect to the expected benefits of acquisitions or divestitures, are also forward-looking statements. Forward-looking statements are based on expectations and projections about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about Great-West Lifeco, economic factors and the financial services industry generally, including the insurance and mutual fund industries. Material factors or assumptions that were applied in formulating the forward-looking information contained herein include the assumption that the business and economic conditions affecting Great-West Lifeco’s and Irish Life’s respective operations will continue substantially in their current state, including, without limitations, with respect to industry conditions, general levels of economic activity, market prices for products provided, business competition, continuity and availability of personnel and third party service providers, local and international laws and regulations, foreign exchange rates and interest rates, inflation, taxes, and that there will be no unplanned material changes to Great-West Lifeco’s or Irish Life’s facilities, customer and employee relations and credit arrangements.

This release contains statistical data, market research and industry forecasts that were obtained from Irish Life publications and statements, industry and governmental publications, studies and reports or are based on estimates derived from same and Great-West Lifeco’s knowledge of, and experience in, the markets in which its subsidiaries operate. Actual outcomes may vary materially from those forecast in such publications, studies or reports, and the prospect for material variation can be expected to increase as the length of the forecast period increases and as the length of time since the date of the original publication increases. While Great-West Lifeco believes this data to be reliable, Great-West Lifeco has not independently verified any of the data from Irish Life and third party sources referred to in the presentation or ascertained the underlying assumptions relied upon by such sources. Accordingly, Great-West Lifeco does not guarantee, and takes no responsibility for, the accuracy, currency and completeness of this information.

They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements 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, taxes, 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, changes in accounting policies and the effect of applying future accounting policy changes, unexpected judicial or regulatory proceedings, catastrophic events, and Great-West Lifeco’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, including factors set out under “Risk Management and Control Practices” and “Summary of Critical Accounting Estimates” in Great-West Lifeco’s 2012 Annual Management’s Discussion and Analysis and any listed in other filings with securities regulators, which are 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, Great-West Lifeco does not intend to update any forward-looking statements whether as a result of new information, future events or otherwise.

**Cautionary Note Regarding Non-International Financial Reporting Standards (“IFRS”) Financial Measures**

This release may contain some non-IFRS financial measures. Terms by which non-IFRS financial measures are identified include but are not limited to “operating earnings”, “constant currency basis”, “premiums and deposits”, “sales”, and other similar expressions. Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

This document does not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland. No offer of shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) in general, or in particular pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (as amended). This document has not been approved or reviewed by or registered with the Central Bank of Ireland. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or otherwise.

This document does not constitute an offer to sell or an invitation to subscribe for, or a solicitation of an offer to subscribe or buy any securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the securities referred to herein.

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