



RELEASE

Great-West Life and Canada Life agree to business combination

Combined organization to be Canada's largest insurer

Winnipeg and Toronto, February 17, 2003 – Great-West Lifeco Inc. today announced it has entered into a definitive agreement with Canada Life Financial Corporation to acquire 100 per cent of the outstanding common shares of Canada Life.

The Board of Directors of Canada Life will recommend that Canada Life shareholders approve the transaction, which is valued at \$44.50 per Canada Life common share, representing an aggregate transaction value of \$7.3 billion.

"This strategically motivated transaction will add another well-known financial brand and a powerful new distribution channel to our group of companies," said Raymond L. McFeetors, President and CEO of Great-West and London Life.

"As a result of this transaction, Great-West will emerge from the final stage of industry consolidation with a pre-eminent position in the Canadian life insurance industry and a significantly enhanced business in the United States," McFeetors said. "We are bringing together outstanding companies with high caliber people who are focused on high quality service."

David A. Nield, Chairman and CEO of Canada Life said "The Board of Canada Life is very pleased that it has been able to negotiate a friendly transaction with an outstanding Canadian company. This combination creates a winning scenario for shareholders and policyholders."

"Canada Life has a proud history. We see great value in the brand and are committed to maintaining it," McFeetors said. "We have great respect for the staff and management of Canada Life and look forward to working with them."

The transaction provides Great-West with a leading market share in all key segments in Canada, driven by three complementary distribution channels with unmatched breadth and scale.

In the United States, Great-West Life & Annuity will integrate the operations of Canada Life, thereby providing more distribution opportunities and strong earnings' accretion.

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In Europe, where London Life and sister company Investors Group already operate, Great-West acquires significantly enhanced group and individual businesses in high-growth markets.

The terms of the agreement allow Canada Life shareholders to elect from one of the following alternatives (subject to pro ration) per Canada Life share:

- \$44.50 in cash (maximum cash to be paid limited to \$4.4 billion)
- 1.1849 common shares of Great-West Lifeco (maximum number of shares to be issued limited to 56.0 million)
- 1.78 Great-West Lifeco 4.80% non-cumulative 10-year soft retractable preferred shares (maximum number of shares to be issued limited to 24.0 million)
- 1.78 Great-West Lifeco 5.90% non-cumulative perpetual preferred shares (maximum number of shares to be issued limited to 8.0 million)
- A combination of these alternatives, subject to pro ration and maximum amounts noted.

To support the transaction, Power Financial Corporation has committed to invest \$800 million to purchase 21.302 million common shares of Lifeco from treasury via private placement. Investors Group Inc. has also agreed to invest \$100 million by purchasing 2.662 million Lifeco common shares from treasury.

The transaction will be effected by way of a capital reorganization. Details will be contained in a circular to be mailed to Canada Life common shareholders shortly, and they will be asked to vote on the transaction at a meeting of shareholders. The transaction is also subject to approval by regulatory authorities (including insurance and competition) in Canada, the U.S., the U.K., Ireland, Germany and Europe, as well as in other jurisdictions where the companies operate. The transaction is expected to close in the third quarter of 2003.

Analyst Call

An analyst call with senior executives of Great-West Life will be held today at 8:15 AM. EST. The news media may listen to the call (no questions) by calling 1-800-769-8320 (passwords: "Raymond McFeetors" and "Monday").

News Conference

A news media conference with Ray McFeetors and David Nield to discuss the transaction will be held today at 10:00 A.M. EST at News Theatre, 98 The Esplanade, in Toronto. Interested participants can listen to the conference by dialing 1-800-814-3911 at least 10 minutes prior to the scheduled start to ensure connection. The conference will also be Web cast at www.startcast.com/shows/65/A0001 (video and audio) or www.startcast.com/shows/65/A0002 (audio only).

About Great-West Lifeco

Great-West Lifeco Inc. (TSX:GWO) is a financial services holding company with interests in the life insurance, health insurance, retirement savings, and reinsurance businesses, primarily in Canada and the United States. Lifeco's subsidiaries – The Great-West Life Assurance Company and London Life Insurance Company in Canada and Great-West Life & Annuity Insurance Company in the United States – serve the financial security needs of more than 13 million people. Lifeco and its companies have \$96 billion in assets under administration. Great-West Lifeco is a member of the Power Financial Corporation group of companies.

This news release does not constitute an offer to sell or the solicitation of an offer to buy shares of Canada Life Financial Corporation or Great-West Lifeco Inc.

Forward-looking statements

This release may contain forward-looking statements about future operations, financial results, objectives and strategies of the Company. Forward-looking statements are typically identified by the words "believe", "expect", "anticipate", "intend", "estimate" and other similar expressions.

These statements are necessarily based on estimates and assumptions that are inherently subject to risks and uncertainties, many of which are beyond the Company's control. Actual results may differ materially due to a variety of factors, including legislative or regulatory developments, competition, technological change, global capital market activity, interest rates and general economic and political conditions in Canada, North America or internationally.

Readers are urged to consider these and other such factors carefully and not place undue emphasis on the Company's forward-looking statements.

Unless otherwise required by securities laws, the Company does not intend or have any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

For information and interview arrangements on MONDAY contact:

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