

THE SECURITIES ACT ) Order No. 3186  
)  
Section 20 and 95(2)(c) ) December 20, 2000

GREAT-WEST LIFECO INC.  
AND  
THE GREAT-WEST LIFE ASSURANCE COMPANY

**WHEREAS:**

(A) Application (the "Application") has been made on behalf of Great-West Lifeco Inc. ("Lifeco") and its subsidiary The Great-West Life Assurance Company ("GWL") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of the *Securities Act*, R.S.M. 1988, c. S50 (as amended) (the "Act") that:

(i) trades made pursuant to the Reorganization (as hereinafter defined) shall be exempt from sections 6 and 37 of the Act; and

(ii) the Purchase for Cancellation (as hereinafter defined) shall be exempt from sections 86, 87, 88, 89, 90 and 91 of the Act (the "Issuer Bid Requirements");

(B) It has been represented to the Commission by Lifeco and GWL that:

1. Lifeco was incorporated under the *Canada Business Corporations Act* on November 8, 1979. The head office and principal place of business of Lifeco is located at 100 Osborne Street North, Winnipeg, Manitoba. Lifeco is a reporting issuer or the equivalent in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

2. Lifeco's Common Shares, Non-cumulative First Preferred Shares, Series "B", Non-cumulative First Preferred Shares, Series "C", Non-cumulative First Preferred Shares, Series "D" and Non-cumulative Class A Preferred Shares, Series I are all listed and posted for trading on the Toronto Stock Exchange.

3. GWL was incorporated on August 28, 1891 by an Act of Parliament and commenced operations in 1892. GWL is governed by the *Insurance Companies Act* (Canada) and its operations are under the supervision of the Office of Superintendent of Financial Institutions. The head office and principal place of business of GWL is located at 100 Osborne Street North, Winnipeg, Manitoba. GWL is a reporting issuer or the equivalent in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland.

4. GWL's Series L Preferred Shares (the "Series L Shares") are listed and posted for trading on the Toronto Stock Exchange and the Canadian Venture Exchange. Lifeco holds all of the issued and outstanding common shares of GWL and 33.8% of the issued and outstanding Series L Shares.

5. GWL's principal United States subsidiary is GWL&A, a company domiciled in the State of Colorado and qualified to do business directly or through its subsidiaries in each State in the United States. GWL&A is an indirect wholly-owned subsidiary of GWL. GWL owns all of the issued and outstanding common shares of GWL&A Financial (Nova Scotia) Co. ("Canholdco"). Canholdco owns all of the issued and outstanding common shares of GWL&A Financial Inc. ("U.S. Holdco"). U.S. Holdco holds all of the issued and outstanding common shares of GWL&A.

6. Lifeco has determined that it is necessary to restructure how it holds its ownership of insurance companies in Canada and the United States. Accordingly, it has been determined, subject to it obtaining the required approvals from applicable regulators and favourable rulings from the tax authorities in both Canada and the U.S., that GWL&A will no longer be an indirect wholly-owned subsidiary of GWL but will become wholly-owned by a newly formed subsidiary of Lifeco.

7. The restructuring (the "Reorganization") will involve the following steps:

(a) Lifeco has incorporated 3837009 Canada Limited ("Newco"), a wholly-owned Canadian resident general purpose subsidiary corporation and Lifeco has subscribed for common shares of Newco in exchange for nominal consideration.

(b) Newco has incorporated 3837017 Canada Limited ("Subnewco"), a wholly-owned Canadian resident general purpose subsidiary corporation and Newco has subscribed for common shares of Subnewco for nominal consideration.

(c) The directors of GWL will pass a resolution to create a new series of the existing class of First Preferred Shares, Series X (the "Series X Preferred Shares"). The Series X Preferred Shares are retractable and redeemable, are non-voting and do not carry a residual right to participate in the earnings of GWL or, upon liquidation of GWL, in its assets.

(d) The directors of GWL will pass a resolution to take effect on December 31, 2000 (the "Transaction Date") to pay a stock dividend equal to one Series X Preferred Share for each GWL Common Share outstanding.

(e) On the Transaction Date, Lifeco will transfer:

(i) 1,209,292 (50.84%) of the outstanding GWL Common Shares to Newco; and

(ii) 100% of the outstanding Series X Preferred Shares to Newco,

in exchange for 100,000 Newco Common Shares.

(f) On the Transaction Date, GWL will transfer the Canholdco Shares to Subnewco in exchange for 100,000 redeemable and retractable preferred shares of Subnewco having an aggregate redemption price equal to the fair market value of the Canholdco Shares.

(g) Subnewco will redeem all of the Subnewco preferred shares owned by GWL and will agree to pay on demand a principal amount equal to the fair market value of the Subnewco preferred shares (the "Subnewco Debt").

(h) On the Transaction Date, GWL will:

(i) purchase for cancellation the 1,209,292 Common Shares held by Newco (the "Purchase for Cancellation");

(ii) redeem the Series X Preferred Shares held by Newco,

in exchange for GWL assigning the Subnewco Debt to Newco.

(i) At 12:01 a.m. on January 1, 2001, Subnewco will be amalgamated into Newco in a vertical short form amalgamation such that the shares of Subnewco will be cancelled and the amalgamated corporation will issue no new shares out of treasury.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED:

**1. THAT**, pursuant to subsection 20(1) of the Act, trades made pursuant to the Reorganization shall be exempt from sections 6 and 37 of the Act.

**2. THAT**, pursuant to paragraph 95(2)(c) of the Act, the Purchase for Cancellation shall be exempt from Sections 86, 87, 88, 89, 90 and 91 of the Act.

**3. THAT** the fee for this order shall be \$1,550.00.

BY ORDER OF THE COMMISSION

Director