



GREAT-WEST
FINANCIAL

Bright tomorrows begin today.

2012 REPORT

Partnership. Integrity. Commitment.



CORPORATE HEADQUARTERS

8515 E. Orchard Road, Greenwood Village, Colorado 80111
303.737.3000 • www.greatwest.com



CORPORATE PROFILE

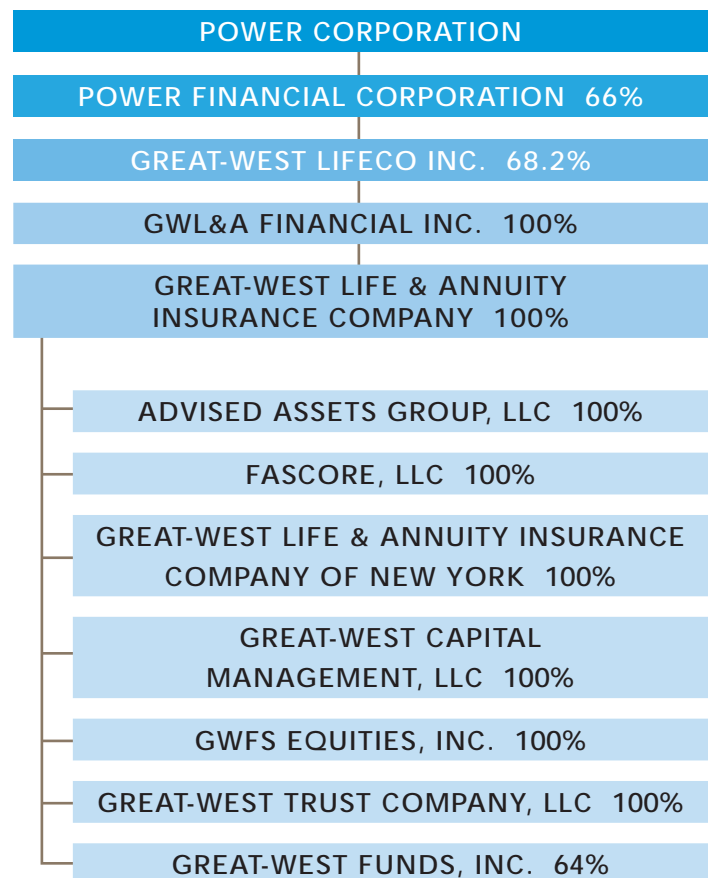
Great-West Financial® offers a wide range of life insurance, retirement and investment products and services. Our 3,300 employees serve individuals, businesses and other private and public organizations throughout the United States, Puerto Rico, Guam and the U.S. Virgin Islands.

Headquartered in metro Denver with more than 50 offices around the country, Great-West Financial distributes products and services through its sales and service professionals and brokers, consultants, advisors, third-party administrators and financial institutions.

Great-West Financial provides a variety of retirement plan products and investment options as well as education, enrollment and communication services to employer-sponsored defined contribution and associated defined benefit plans. In addition, it offers fund management, investment and advisory services as well as comprehensive administrative and record-keeping services for plan providers. Great-West Financial also offers individual retirement accounts, life insurance, annuities, business-owned life insurance and executive benefits products.

With more than a century of financial strength and stability, Great-West Financial has strong ratings from major rating agencies. For current ratings and more information, visit www.greatwest.com.

Great-West Life & Annuity Insurance Company (Great-West Financial) is an indirect, wholly owned subsidiary of Great-West Lifeco Inc. (Lifeco) and “A Member of the Power Financial Corporation Group of Companies”®. Lifeco is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Its subsidiaries make it the sixth largest company by market value in the North American life insurance sector.



Great-West Financial® refers to products and services provided by Great-West Life & Annuity Insurance Company (GWLA), Corporate Headquarters: Greenwood Village, CO, its subsidiaries and affiliates. Insurance products and related services are sold in New York exclusively by Great-West Life & Annuity Insurance Company of New York, Home Office: White Plains, NY, a subsidiary of GWLA. “A Member of the Power Financial Corporation Group of Companies” is a registered mark of Power Corporation of Canada.

PRESIDENT'S MESSAGE



Building on our strategy to grow as a leading financial services firm, we took a key step in 2012 by introducing a single brand identity, Great-West Financial®, across all lines of business. The clarity of one brand with our focused and well-positioned message is helping increase name recognition and creating stronger brand equity in all our markets.

We enjoyed sound results. Diverse products, expanded partnerships and enhanced tools all contributed to solid growth in 2012. Overall sales were \$9.7 billion, up 12% over the same period last year. 401(k) plan sales increased 14%, business-owned life insurance sales were up 20% and single premium life insurance sales jumped 56% year over year.

Our aggressive five-year strategic plan advanced as we implemented its nine business initiatives. These projects include strategies to increase sales, improve retention and boost assets under management.

We launched two retail retirement income products, securing selling agreements with five distribution partners. Individual Retirement Account sales grew 50% as part of an effort to provide enhanced distribution education services to terminated group plan participants. Our initiative to increase participant account balances garnered \$916 million in roll-ins to existing plans.

New tools equipped 401(k) sales employees to increase their productivity and enhance their effectiveness with advisors, third-party administrators and prospects. In an independent survey of advisors, Great-West Financial was voted No. 1 in the best wholesalers category and in best value for price, according to Plan Adviser magazine.

The U.S. Conference of Mayors, representing 4,000 municipalities, selected Great-West Financial as its preferred retirement plan provider. This creates a high-potential channel for new government market business. We also launched a group variable annuity product that American Funds distributes for our institutional business.

To enhance clients' experience and ultimately increase retention, we re-engineered service functions. We rolled out a new client relationship management system, which provides a 360-degree view of our clients and advances the client experience.

We also introduced a suite of services that fill retirement readiness needs for plan sponsors and participants. The suite includes fiduciary services and a plan report card for sponsors. It also includes the Retirement Income Control Panel online calculator and estimates of monthly retirement income on quarterly statements for participants.

Full implementation of our systems architecture plan for administering our retail bank and executive benefits markets brings flexibility, enhanced reporting, streamlined processes and cost efficiencies – positioning us for future success in these markets.

Our managed accounts program assets were up 28% to \$6.2 billion. The Great-West Lifetime Funds grew 89% in 2012 to \$3.7 billion in assets, becoming the 14th largest target date fund offering in the United States.

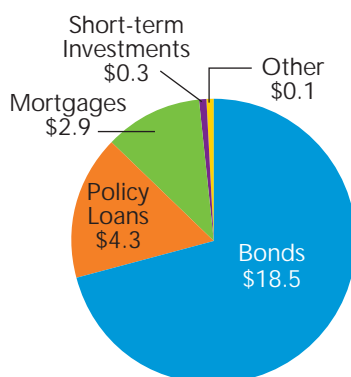
Great-West Financial's promising future is due in large part to our employees and Board of Directors, who embody our company's values of partnership, integrity and commitment. James Balog and Philip Ryan stepped down from our board in 2012, and Jerome Selitto and Gregory Tretiak were elected in July. On behalf of the board, we appreciate our employees' dedication to our customers and thank our clients, advisors, consultants and business colleagues for their continuing support.

Sincerely,

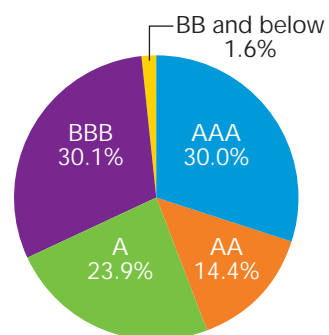
MITCHELL T.G. GRAYE,
President and Chief Executive Officer

FINANCIAL INFORMATION

BALANCE SHEET <i>Dollars in Millions</i>	2012	2011
ASSETS		
Bonds	18,555.9	16,737.3
Mortgages	2,881.2	2,513.1
Policy loans	4,260.2	4,219.8
Short-term investments	266.3	332.8
Other investments	146.8	192.2
TOTAL INVESTED ASSETS	26,110.4	23,995.2
Cash	11.4	7.6
Receivables	978.7	979.1
Assets of discontinued operations*	33.1	39.6
Other assets	1,079.5	859.5
TOTAL GENERAL ACCOUNT	28,213.1	25,881.0
Separate account assets	24,605.5	22,331.4
TOTAL ASSETS	52,818.6	48,212.4
LIABILITIES		
Policyholder	24,250.3	22,597.4
General	1,793.4	1,329.9
Liabilities of discontinued operations*	33.1	39.6
Separate account	24,605.5	22,331.4
TOTAL LIABILITIES	50,682.3	46,298.3
Stockholder's equity	2,136.3	1,914.1
TOTAL LIABILITIES AND EQUITY	52,818.6	48,212.4

INVESTED ASSETS
(Dollars in Billions)

PORTFOLIO QUALITY





FINANCIAL INFORMATION

STATEMENT OF INCOME <i>Dollars in Millions</i>	2012	2011	2010
REVENUES			
Premiums	422.2	523.2	805.6
Fee income	535.8	486.8	448.0
Net investment income	1,191.5	1,158.5	1,174.7
Net realized gains (losses)	116.7	24.5	(24.5)
TOTAL REVENUES	2,266.2	2,193.0	2,403.8
BENEFITS AND EXPENSES			
Policy benefits	682.1	645.6	628.9
Increase in future policy benefits	(66.7)	18.8	320.2
Interest paid or credited to contractholders	519.5	529.3	518.9
Provision for policyholders' share of earnings on participating business	(0.6)	2.9	2.2
Policyholder dividends	64.0	67.3	70.2
Operating expenses	694.5	633.1	597.7
TOTAL BENEFITS AND EXPENSES	1,892.8	1,897.0	2,138.1
Income from continuing operations before income taxes	373.4	296.0	265.7
Income tax expense	135.3	93.8	68.6
INCOME FROM CONTINUING OPERATIONS	238.1	202.2	197.1
Loss from discontinued operations*	-	-	(1.6)
NET INCOME	238.1	202.2	195.5

*Great-West Financial® completed the sale of its healthcare division in 2008 to focus on expanding its financial services business. The financial information presented here reflects the discontinuation of the healthcare business.

TOTAL ASSETS ADMINISTERED

\$201.5 billion

INDIVIDUAL ACCOUNTS

540,000

RECORDKEEPING ACCOUNTS

4.7 million

RETURN ON COMMON EQUITY

11.8%

EMPLOYEES

3,300

OFFICES

More than 50 locations across the country

DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Raymond L. McFeetors ^{(1) (3) (4) (6)}

Chairman of the Board,
Great-West Life & Annuity Insurance Company
Chairman of the Boards of Great-West Lifeco Inc.,
The Great-West Life Assurance Company, London
Life Insurance Company, and The Canada Life
Assurance Company

John Bernbach ^{(4) (5)}

Chief Operating Officer, Engine USA

André Desmarais ^{(1) (3) (4) (6)}

Deputy Chairman, President and Co-CEO,
Power Corporation of Canada
Co-Chairman, Power Financial Corporation

Paul Desmarais, Jr. ^{(1) (3) (4) (6)}

Chairman and Co-CEO, Power Corporation of Canada
Co-Chairman, Power Financial Corporation

Mitchell T.G. Graye ^{(1) (3)}

President and CEO,
Great-West Life & Annuity Insurance Company

Alain Louvel ^{(2) (5)}

Corporate Director

Jerry E.A. Nickerson ⁽²⁾

Chairman of the Board, H.B. Nickerson & Sons Limited

R. Jeffrey Orr ^{(1) (3) (4) (6)}

President and CEO, Power Financial Corporation

Michel Plessis-Bélair

Vice Chairman, Power Corporation of Canada

Henri-Paul Rousseau ^{(1) (3)}

Vice Chairman, Power Corporation of Canada

Raymond Royer ⁽²⁾

Corporate Director

T. Timothy Ryan, Jr. ^{(1) (3)}

Global Head of Regulatory Strategy and Policy,
JPMorgan Chase and Co.

Jerome J. Selitto ^{(1) (3)}

Corporate Director

Gregory D. Tretiak ^{(1) (2) (3)}

Executive Vice President and CFO,
Power Corporation of Canada

Brian E. Walsh ^{(1) (3) (4) (6)}

Chairman and Chief Investment Officer,
Saguenay Strathmore Capital, LLC

(1) Member of the Executive Committee

(2) Member of the Audit Committee

(3) Member of the Investment and Credit Committee

(4) Member of the Governance and Nominating Committee

(5) Member of the Conduct Review Committee

(6) Member of the Compensation Committee

EXECUTIVE OFFICERS

Mitchell T.G. Graye

President and CEO

Charles P. Nelson

President, Great-West Retirement Services

Robert K. Shaw

Executive Vice President, Individual Markets

S. Mark Corbett

Executive Vice President and Chief Investment Officer

Joseph S. Greene

Senior Vice President and Chief Marketing Officer

Scot A. Miller

Senior Vice President and Chief Information Officer

Richard G. Schultz

Senior Vice President, General Counsel and Secretary

James H. Van Harmelen

Senior Vice President and Corporate Controller