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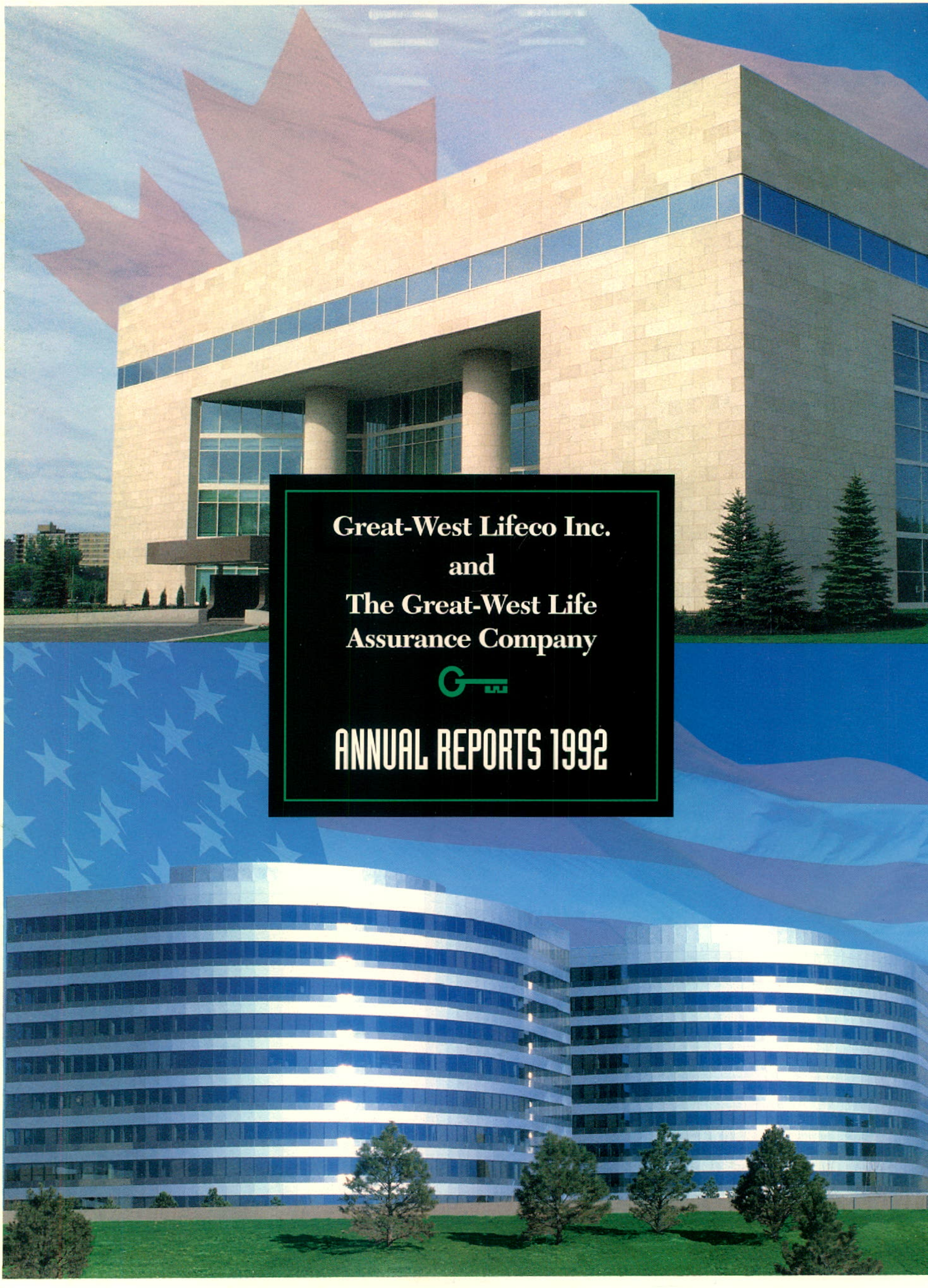

Great-West Lifeco Inc.
and
The Great-West Life Assurance Company

ANNUAL REPORTS 1992

The 1992 Annual Reports

This Report comprises the 7th Annual Report of Great-West Lifeco Inc. and the 101st Annual Report of The Great-West Life Assurance Company.

As Great-West Life is the major asset of Great-West Lifeco, the first section focuses on a review of the operations of Great-West Life and its wholly-owned subsidiary, Great-West Life & Annuity Insurance Company, followed by the financial statements of Great-West Lifeco. Since Great-West Lifeco owns 99.4% of the outstanding common shares of The Great-West Life Assurance Company, management believes, in the interests of disclosure, that it is necessary to consolidate the financial statements of Great-West Life with those of the Corporation. The financial statements on the following pages reflect the results of Great-West Life together with Great-West Lifeco.

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The cover illustration shows the headquarters for The Great-West Life Assurance Company and Great-West Life & Annuity Insurance Company.

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CHAIRMAN'S MESSAGE

The life insurance industry is built on one very human need – the need for security.

For many people and organizations, the uncertain times have made their security seem increasingly fragile. For Great-West Lifeco, this has resulted in a greater demand for the kind of financial strength the Company and its operating subsidiaries represent, and for the security offered by our products and services.

These demands have opened up opportunities for creating new ways to satisfy the needs and expectations of our customers – whether through helping to ensure access to quality health care, by offering a measure of financial independence in retirement, or supporting the growth and expansion of businesses. In this Report, you'll read about what we are doing to make the most of these opportunities.

Through their talent, commitment and innovative spirit, the men and women of your Company have helped to create security for people across North America, for more than a century. On behalf of the Board of Directors, I express sincere appreciation to them for their achievements, and our confidence in their ongoing success.

James W. Burns

James W. Burns
Chairman of the Board

CORPORATE PROFILE

Great-West Lifeco

Great-West Lifeco Inc. was formed in 1986 to hold securities of The Great-West Life Assurance Company.

As of December 31, 1992, Lifeco owned 1,988,109 or 99.4% of the outstanding common shares of Great-West Life. Lifeco is not restricted to investing in Great-West Life common shares, and may make other investments in the future.

Great-West Life

Great-West Life is an international corporation offering a wide range of insurance, retirement and investment products and services for individuals, businesses and organizations. Incorporated in Canada over 100 years ago, Great-West Life has been active in the U.S. market since 1906.

In Canada, Great-West Life is a major carrier of life and health insurance and retirement products in all markets. Great-West Life markets its products in Canada through a network of agents and group representatives, and through marketing agreements with other insurers.

In the United States, the Company's Financial Services Division focuses on providing life insurance products to upper income individuals and on meeting the retirement security needs of employees in the public and not-for-profit sector. Its Employee Benefits organization provides a complete range of products and services for corporations. The Company markets its products in the United States through brokers, group representatives, general agents and through marketing agreements with other insurers.

In 1992, Great-West Life's "AAA" claims-paying rating was reaffirmed by Standard & Poor's, and in 1993, Duff & Phelps rated Great-West Life's claims-paying ability as "AAA". The Company is also rated "Aa2" and "A++" by Moody's Investors Service and the A.M. Best Company respectively.

Great-West Life & Annuity Insurance Company

Great-West Life & Annuity Insurance Company is a wholly-owned subsidiary of Great-West Life, domiciled in the State of Colorado and licensed to do life insurance business in the District of Columbia and all states, except New York. Great-West Life's United States operations are conducted primarily through Great-West Life & Annuity.

Power Financial

Great-West Lifeco Inc. is a subsidiary of Power Financial Corporation. Of the 78,834,284 Lifeco common shares issued and outstanding, Power Financial owned 68,113,239, or 86.4% as of December 31, 1992, unchanged from 1991.

COMPARATIVE HIGHLIGHTS

(in thousands of dollars except earnings per share)

	1992	1991
At December 31		
Life insurance in force (face amount)	**$190,619,730**	$ 167,975,999
Annuities in force (funds held)	**16,741,293**	15,177,321
Health insurance in force (annualized premiums)	**3,950,873**	3,283,676
Total assets under administration	**26,007,244**	22,804,048
Capital stock and surplus	**1,199,473**	868,390
For the Year		
New life insurance	**$ 19,290,731**	$ 16,778,873
New annuities	**2,091,666**	1,590,180
Premiums including self-funded premium equivalents and segregated fund deposits	**6,755,934**	5,624,912
Net investment income	**1,810,142**	1,769,768
Total paid or credited to policyholders including policyholder dividends and experience refunds	**4,395,382**	4,254,348
Earnings per common share	**$ 1.069**	$ 1.473

PRESIDENT'S MESSAGE

Orest T. Dackow

Despite the slow economic recovery in North America, 1992 was a promising year for Great-West Lifeco, both in terms of the encouraging trends in sales and the initiatives undertaken by its operating subsidiaries, The Great-West Life Assurance Company and Great-West Life & Annuity Insurance Company.

Total net income for common shareholders, at $84,274,000, was down significantly from 1991, primarily attributable to a charge of $25,698,000 for costs of restructuring to improve the efficiency of ongoing operations. Excluding this charge, net income attributable to common shareholders was $109,972,000, down 5% from $116,173,000 the year before.

For participating policyholders of Great-West Life, net income before policyholder dividends was $156,191,000, compared with $177,545,000 for 1991. Policyholder dividends were $158,913,000, down 2% from $162,116,000 for 1991.

In spite of continued unfavorable business conditions, a sharp increase in sales results was experienced in 1992, reflecting the implementation of an array of strategic initiatives. Individual and Group life insurance sales increased 15% over 1991, while annuities increased 32% and health insurance 14%.

Earnings were favorably affected by Individual disability income experience in Canada and by strong Group life and health earnings in the United States. This was offset by a sharp deterioration in Individual mortality experience in the United States in the fourth quarter of 1992, and in both Canada and the United States, weakened margins on investment related business and industry association assessments resulting from insurance company failures.

Total assets grew 14%, to $26 billion. Total life insurance in force grew by 13.5%, to $190.6 billion. Total premium income for all lines of business reached $6.7 billion, an increase of 20% from $5.6 billion in 1991.

To strengthen our position in the United States, your Company embarked on a program in the early 1980s to establish separate autonomous United States and Canadian operations. In 1992, we completed the fourth and final transfer of business to Great-West Life & Annuity Insurance Company, a wholly-owned subsidiary of Great-West Life. As a result, our United States activities will now be conducted primarily through this subsidiary, which currently has assets of $14.9 billion.

On June 1, 1992, the Parliament of Canada proclaimed the Insurance Companies Act into law. The new Act provides Great-West Life with greater business powers and significant new opportunities for the provision of financial products and services in the future. The implementation of the new Act required a number of corporate governance changes for Great-West Life, including a revised and expanded role for the Audit Committee of the Board of Directors, and the creation of a Conduct Review Committee of the Board, to ensure compliance with the self-dealing provisions of the new Act.

Great-West Lifeco issued a new preferred share series in 1992, with a value of $200 million. The proceeds have been invested in Lifeco's operating subsidiaries.

The year past has seen more dramatic changes than usual in the way we do business, as we worked to strategically position ourselves in a new and more competitive environment. One factor that has not changed, however, is the talent and dedication of the men and women of your Company. I express my sincere thanks for their creativity, hard work and commitment in bringing quality products and services to our customers across North America.

O. T. Dackow

Orest T. Dackow
President and Chief Executive Officer

"The new Act provides greater powers and significant new opportunities."

MANAGEMENT DISCUSSION AND ANALYSIS

Canadian Operations

Raymond L. McFeetors

President and Chief Executive Officer, Canadian Operations

For the Canadian financial services industry, 1992 was characterized by accelerated change and intense competition. The elimination by new legislation of the traditional four pillars of financial services, changing market demographics and the lingering recession created an environment that was at the same time difficult and promising.

Once again, the need for care in selecting an insurance company was underscored by the failure of one life insurer and the seizure of another by federal regulators. Industry ratings became an increasingly important benchmark for consumers looking beyond price, to the long-term security of the financial products they purchase. In 1992, Great-West Life's "AAA" claims-paying rating was reaffirmed by Standard & Poor's, and in 1993, Duff & Phelps rated Great-West Life's claims-paying ability as "AAA". The Company is also rated "Aa2" and "A++" by Moody's Investors Service and the A.M. Best Company respectively.

For Great-West, the year was encouraging in terms of our overall results. In particular, sales of participating life insurance and Individual annuities were buoyant and a record number of new clients purchased Group insurance products in 1992. The strength of our investment portfolio, combined with aggressive management of non-performing assets, meant that only a small number of loans remained in arrears at year end. Meanwhile, write-downs remained at a very manageable level.

In 1992, significant progress was made on the development of our strategic plans. These plans, which will be finalized in 1993, will ensure that we focus on the markets and product lines which offer the greatest opportunities for profitable growth.

A key strategic theme within those product lines will be to achieve superior customer service and lower costs. In that regard, in 1992, we restructured the administrative processes within our corporate staff functions. This important initiative is being continued within the lines of business in 1993.

The following discussion highlights the 1992 results and initiatives of our business units, summarizes the overall results for Canadian Operations, and offers a few words on the future.

Group Operations

Group sales, at $105 million of new annualized premium, were down 11% from 1991. Revenue premium, which increased 5% to $1.18 billion, was adversely affected by high unemployment, low inflation and declining employer profits. However, Great-West maintained its leading market share position, covering more than 12% of the total Canadian private group insurance market.

Health and dental claims offices handled in excess of 5.9 million claims during the year, and met or exceeded our industry leading turnaround and quality control standards.

We continued to implement plans related to expanding our sales and service to the strategically important small employer market. We have expanded our own distribution capacity, and through a marketing alliance, New York Life agents now sell Great-West Life Group products designed specifically for smaller employers. We also acquired the Group life and health business of New York Life and Citadel Life, thereby expanding our presence in this market.

The computerized link between Great-West and selected dental offices, introduced in 1991, continued to grow and develop. The number of claims adjudicated electronically in 1992 nearly doubled over the previous year. Paperless claim processing at the point of service is becoming a reality.

Major research initiatives were undertaken to allow us to identify and focus on emerging growth industries; monitor the level of client satisfaction; and determine market requirements. These initiatives will enable us to expand our customer base and increase market share.

Individual Operations

Life insurance sales, in terms of new annualized premium, rose in total by 5% during the year. Sales of participating policies, which were up 29%, experienced the most dramatic increase. Term insurance sales rose by 4% in 1992. Participating policies will become an increasingly important focus of our life insurance sales, as we continue to capitalize on the strength of the product and our participating dividend history.

The introduction of a new universal life product for higher income consumers was well-received by agents and customers, with sales results 54% higher than expected. However, total universal life sales declined by 10%.

Sales of disability income insurance (DI) declined by 2% during 1992, as a result of the recessionary business environment.

Great-West's 14 inter-corporate marketing agreements, under which other insurers market our DI products, account for a growing portion of our disability insurance sales. We plan to continue to expand our presence in this market, with the development of a streamlined DI product in 1993.

With respect to our sales force, we improved the quality of management by establishing full-time sales management teams in our field offices. This contributed to a 26% increase in the number of new agents recruited, and a 10% net increase in the number of full-time agents.

Retirement and Investment Services

Contributions to Individual and Group savings plans continued to show steady growth, driven by increasing limits for income tax deductibility, and an aging population with more funds to invest. Individual savings plan premiums of $372 million were up 75% over 1991, while Group savings plan premiums of $223 million increased 9%. Funds administered under these plans increased by 14% during 1992, primarily due to the increased level of contributions made to registered plans.

We introduced a number of product and service enhancements, designed to stimulate the use of investment funds by Individual customers. Investment funds in Individual contracts increased from $82 million to $292 million, and almost 40% of

"A key theme will be to achieve superior service and lower costs."

Canadian Operations

all new investments went to segregated investment funds. Favorable overall returns during the year also contributed to this growth.

Changes in legislation have made Registered Retirement Income Funds (RRIFs) and Life Income Funds (LIFs) alternatives to life annuities for the payout of registered funds. This contributed to a 4% growth in premium for these products, to $41 million, while sales of life annuities declined by 40% to $44 million. As a result of greater emphasis on existing clients, sales of Group RRSP and Pension cases declined by 28% during 1992 to $38 million in annualized premium.

New computer technologies continue to play an important role in streamlining the sale and servicing of business. For example, the automation of some investment instructions has given our Individual clients greater investment flexibility, while reducing the frequency of interventions required by agents and staff for customers to manage their accounts. The introduction of alternative electronic payroll contribution methods has improved the efficiency and timeliness of transactions with many of our Group RRSP and Pension clients.

Investment Operations

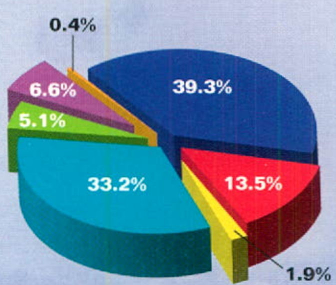
The difficult economic environment, continued financial difficulties for some of Canada's largest companies, and volatile currency and financial markets prevailed in 1992. Despite the slow pace of economic recovery and deterioration in real estate values, Great-West's investment portfolios continue to perform exceptionally well. Net investment income (before taxes and excluding segregated fund income of $127 million) was $751.1 million, down 2.2% from 1991 largely due to falling interest rates. The yield on average invested assets was 10.23%, compared to 11.35% in 1991. Total invested assets, excluding segregated funds, grew to $7.7 billion by December 31, 1992 from $7.5 billion the year before. During 1992, a total of $1.6 billion was invested as follows:

- $841 million or 53% in government and corporate bonds at an average rate of 8.95%,
- $498 million or 31% in equities, policy loans, short-term and other temporary investments, and
- $252 million or 16% in commercial and residential mortgages at an average rate of 9.7%.

We continued to position our investment portfolios to reduce our exposure to volatile real estate markets. The decisions taken in 1990 and 1991 to reduce the size of our real estate and mortgage portfolios and to tighten our mortgage underwriting standards and lending policies served us well this past year. A number of other measures were taken during 1992 to strengthen our investment portfolios, improve the quality of our assets, and reduce the potential for losses in the future. Real estate and mortgage returns also benefited from the portfolio's geographic diversification across Canada.

We also continued to shift the mix of assets in favor of bonds and away from mortgages and real estate. Bonds, as a percentage of the portfolio, increased to 53% from 51% in 1991. Mortgages declined to 33% of the portfolio from 36%

Asset Distribution



	$ millions
Government Bonds	$1,032.1
Other Bonds	3,015.2
Mortgages	2,548.2
Stocks	504.1
Real Estate	392.2
Cash and Certificates of Deposit	28.5
Policy Loans	148.3
Total	$7,668.6

a year earlier. Real estate declined slightly. We took advantage of selective investment opportunities to increase the portfolio weighting of stocks to 7% of invested assets from 6% in 1991. We increased our exposure in provincial government bonds, which provided attractive yields in 1992 as spreads widened over Government of Canada bonds.

The quality of the bond and mortgage portfolios is shown in the accompanying charts. The bond ratings are provided by public rating agencies or by conservative internal ratings. In 1992, 83.3% of the bond portfolio was rated A or higher, and only 3.1% of the portfolio was rated BB or lower. The mortgage portfolio is rated using a comprehensive internal risk rating system. At December 31, 1992, 37.2% of the mortgage portfolio was rated A or higher, 54.2% was rated BBB and 8.6% was BB or lower.

Notwithstanding the economic environment, the number of loans in arrears remained low during 1992. Total bond and mortgage write-downs for 1992 were $19.8 million, compared to $7.5 million in 1991. At year end the aggregate of bonds in default, mortgages in the process of foreclosure or in arrears 90 days or more, and real estate acquired by foreclosure totalled $20.6 million, or 0.3% of total invested assets. This result was largely unchanged from 1991.

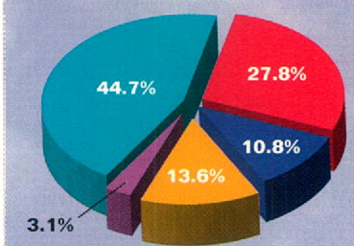
We increased our exposure in the stock market with new acquisitions and the creation of a high yield account portfolio designed to strengthen current investment income, while providing the potential for moderate capital appreciation. The performance of the Canadian stock market during 1992 was disappointing, as investors focused on the weakness of the economic recovery and on the Constitutional uncertainties. Nevertheless, through favorable stock selection our returns outperformed the market. The market value of publicly-traded Canadian common stock increased to $262.4 million at the end of 1992 from $236.7 million at the end of 1991. When other shares and real estate are included, the total market value of equity investments increased to $1,019.9 million at year-end 1992 from $988.2 million in 1991.

We continue to be successful in the investment management of pension fund assets. At year-end 1992 Great-West had $2.1 billion of segregated fund assets in Canada, up from $1.8 billion in 1991. Of this total, $2.0 billion was invested in pooled segregated funds and the remainder was invested in separately managed funds for individual clients. Four of the segregated pooled funds are among the largest of their type in the Canadian pension industry. In addition, through our investment subsidiary, GWL Investment Management Ltd., we act as investment advisors for approximately $400 million in pension assets.

Our *Customized Asset/Liability Management* computer system was implemented in 1992 with respect to the Company's life insurance and annuity business. The CALM system improves our ability to ensure that assets with appropriate characteristics are being acquired in support of the Company's array of financial products. Enhanced cash flow matching and risk management will contribute to higher returns for both policyholders and shareholders.

Bond Portfolio Quality

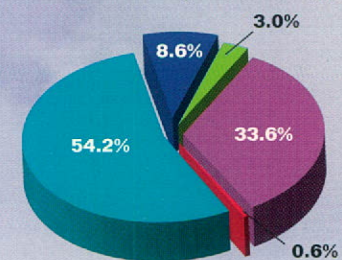
(excludes $148.8 million of short-term investments)



Estimated Rating	*$ millions*
AAA	$ 420.2
AA	1,083.4
A	1,741.3
BBB	531.4
BB or lower	122.2
Total	$3,898.5

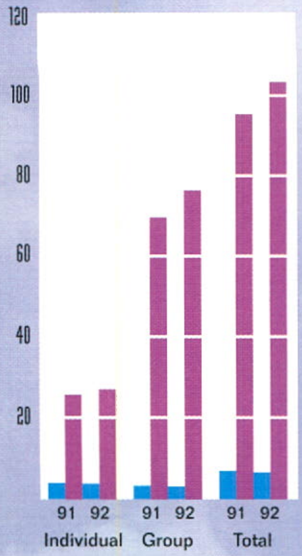
Mortgage Portfolio Quality

(excludes $61.3 million of residential mortgages)



Estimated Rating	*$ millions*
AAA	$ 14.1
AA	74.4
A	836.5
BBB	1,347.0
BB or lower	214.9
Total	$2,486.9

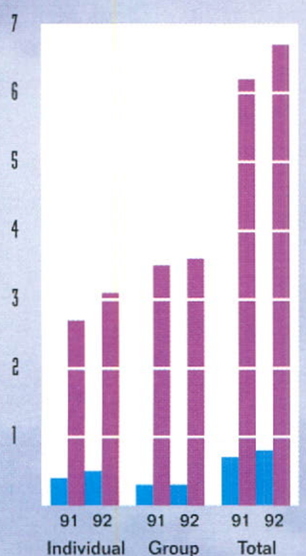
Life Insurance
Face Amount ($ billions)



■ New Sales	1992	1991
Individual	3.5	3.7
Group	2.8	3.0
Total	6.3	6.7

■ Business in Force		
Individual	27.0	25.7
Group	76.4	69.7
Total	103.4	95.4

Annuities
Funds Held ($ billions)



■ New Sales *(revenue premium)*	1992	1991
Individual	0.5	0.4
Group	0.3	0.3
Total	0.8	0.7

■ Business in Force		
Individual	3.1	2.7
Group	3.6	3.5
Total	6.7	6.2

Canadian Operations

We continue to review our long-term strategies, including possible acquisition opportunities. This would broaden our investment alternatives and enhance the diversification of our investment portfolios.

Discussion of Canadian Operating Results

Revenue premium income, which includes premium from both new sales and existing clients, rose in all lines of business in 1992.

Individual insurance revenue premium increased by 7% for participating life products; 6% for non-participating, including term and universal life; and 6% for disability income insurance products.

Expense growth for Individual insurance lines was held to 3% over 1991. Group insurance expense ratios improved in 1992 reflecting the ongoing intensive focus on productivity and lower unit costs. We will continue our efforts to decrease these ratios in order to increase our market share and ensure customer value.

Persistency in Individual lines of business remained within normal limits, while mortality and morbidity loss experience improved over 1991.

Individual annuity premium income of $477 million was up 37% over 1991, while Group annuity premium income of $362 million was 11% higher.

Overall unit costs for Individual and Group annuity lines declined by 5% due to a combination of expense control and business growth. Retention of funds was slightly below recent levels, primarily because of partial withdrawals from registered savings plans in response to the depressed economy.

Morbidity results for Group insurance lines deteriorated in 1992, particularly for the long-term disability products, where earnings volatility continues. Mortality experience in most markets also deteriorated. Overall persistency of business showed improvement, with particularly good results emerging in the small and mid-sized market.

Revenue Premium Income (Canada)

	1992 (000)	1991 (000)
INDIVIDUAL PRODUCTS		
Life Insurance	$ 207,114	$ 194,391
Annuities†	476,665	348,125
Health Insurance	65,008	61,554
Total Premiums	$ 748,787	$ 604,070
GROUP PRODUCTS		
Life Insurance	$ 173,174	$ 169,604
Annuities†	362,256	325,445
Health Insurance°	1,009,487	955,265
Total Premiums	$ 1,544,917	$ 1,450,314

† includes segregated fund deposits of:
Individual $248,635 ($61,116 in 1991)
Group $217,899 ($158,907 in 1991)
° includes self-funded premium equivalents of $ 474,833 ($430,613 in 1991).

The Future

The financial services industry in Canada is undergoing a fundamental transformation, propelled by changes in legislation and market demographics. The profile of the life and health insurance industry will be very different in the years to come. There will be fewer companies, and they will be larger and more efficient. These companies will have identified their core businesses, shed unprofitable lines and rethought their approach to profitable ones. They will be supported by strong balance sheets and knowledgeable employees.

This transformation will ultimately benefit not only the consumer, but also investors and the thousands of people employed in the industry. It will result in a stronger, more competitive and prosperous industry.

Crucial to success will be the ability to distinguish between value and price. While price is for today, value delivers over the long term. Consumers are discovering the importance of this distinction in selecting the institutions to which they will entrust their financial futures.

Expense containment will remain a goal for our business units, in support of our efforts to improve the efficiency and value of the financial products identified through the strategic planning process.

Some long-term initiatives are already emerging from this process. We will continue to increase the size and effectiveness of our Individual distribution systems, in part through aggressive recruitment and training of new agents. We also plan to enhance the efficiency of our agency force through their use of sophisticated marketing software.

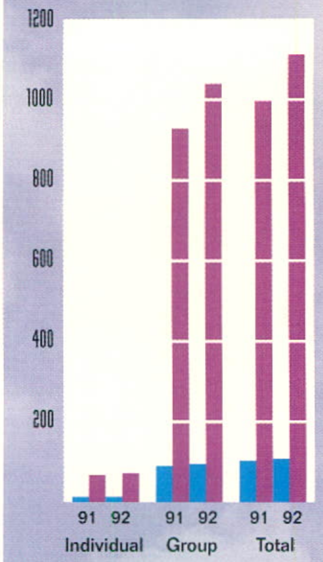
We will continue to focus attention on the small to mid-sized employer Group insurance market through the introduction of a specially designed product; and will continue to introduce proactive and innovative disability care management programs aimed at early intervention to assist in the rehabilitation of claimants receiving Group disability benefits.

There is significant growth potential for investment funds in the 1990s. We will increase the investment fund options available to Individual clients, and continue to improve the information we provide clients and their representatives through both written and electronic means.

We plan to develop a separate business unit for the investment only pension line. This unit will be responsible for the investment of clients' assets, specialized client investment counselling and reporting, and administration of the $2.1 billion of assets in our pooled and separate investment funds.

The Canadian economy ended 1992 on a stronger note and we expect the business environment to continue to strengthen during 1993. Rising sales and higher corporate earnings will result in improvements in the balance sheets of Canadian companies. Despite these improvements, asset quality considerations will remain important in our investment activities during 1993. The quality of our investment portfolios, coupled with continued strong underwriting standards, should continue to result in investment returns that substantially outperform industry medians.

Health Insurance
Annualized Premiums ($ millions)



	1992	1991
New Sales		
Individual	**13**	13
Group	**95**	90
Total	**108**	103
Business in Force		
Individual	**72**	68
Group	**1,040**	929
Total	**1,112**	997

MANAGEMENT DISCUSSION AND ANALYSIS

U.S. Operations

William T. McCallum

President and Chief Executive Officer, United States Operations

In 1973 Great-West Life opened a marketing office in Denver, Colorado. Today, nearly 20 years later, we've realized our goal of establishing an autonomous operating company in the United States – Great-West Life & Annuity Insurance Company. Great-West Life & Annuity now underwrites and administers the Company's $14.9 billion in U.S. business.

Great-West Life & Annuity has established strategic positions in two growth markets. Our Employee Benefits Division, which distributes products to employee groups, is a leader in meeting the benefit needs of small to mid-sized corporations. By combining aggressive internal growth with joint ventures and the acquisition of business from companies exiting our market segment, we have become a major participant in this growing market. Our Financial Services Division, which primarily distributes products to individuals, is a leader in its main market segment – meeting the retirement income needs of employees in the public and not-for-profit sectors.

We are not satisfied with our progress in our third market – Individual life insurance. This market is subject to overcapacity and severe price competition. We are continuing to restructure this operation to improve our financial results.

The oversupply of commercial real estate continued to have an impact on our earnings in 1992. We have been aggressively dealing with this problem since 1988, by following a policy of foreclosure and sale of any non-performing property. With fundamentally profitable businesses and a strong capital position, we have been able to absorb the financial impact of this policy.

While the recession, which lasted into 1992, made it a difficult year for our sales organizations, we were very pleased with our overall results. We were especially pleased to see an improvement in our retention of existing customers. This speaks well of the quality of the relationships that exist between our sales representatives, our producers and our customers, and of the quality of the service provided by our administrative employees.

Our Employee Benefits sales team was able to convert a significant number of Lincoln National Life customers to Great-West, through an agreement announced last year to acquire a block of group business. In addition, our strategy of integrating corporate 401(k) pension plan sales with our traditional life and health activity was very successful in 1992.

The introduction of a new computer illustration program together with a broadened array of investment options, enabled the Financial Services Division to improve penetration of its existing customer base while gaining a number of important new customers.

Employee Benefits

Encouraged by our 1992 results, we continue to make progress toward marketing self-insured medical programs and 401(k) programs on an integrated basis, improving retention by strengthening relationships with producers and providing exceptional levels of customer service.

Total plans sold in 1992 were 2,554, up 9%. This includes sales under our joint venture with The New England, whereby we have provided total plan services to that company since 1988. Sales of 401(k) plans continued to show exceptional growth with 831 sales, a 55% increase. Life and health sales of 1,723 plans benefited from the acquisition of business from Lincoln National Life, but were nevertheless down 4% in a difficult cyclical competitive environment.

New premium of $692 million represented a 16% increase over 1991 totals for Group life and health, while 401(k) premium of $325 million increased 106%. Revenue premium for Group life and health rose 22% to $2.5 billion, while 401(k) premium nearly doubled to $525.4 million. Assets under management reached $1,026 million, a 116% increase.

Profits and profit margins improved in 1992 and exceeded expectations. The Group health insurance industry has historically exhibited a highly cyclical pattern of earnings, and we anticipated the beginning of a downturn in 1992. We are therefore particularly pleased that our results remained strong, a reflection of our business strategy and, in particular, our emphasis on self-insurance of managed health care.

Our integrated marketing approach to 401(k) continues to gain market acceptance. Life and health clients were responsible for over 50% of these sales in 1992. Contemporary products and investment options – including mutual funds provided by other mutual fund companies and a range of quality services, especially employee communications – have also contributed to our success in this highly competitive market. Our financial strength is another decisive factor in the selection of our products. A pattern is also beginning to emerge, of improving client retention among customers who have both our Group life and health and 401(k) products.

Strengthening producer relationships continues to be a key element in our strategy to increase sales and retention. Producers with whom we have multiple case relationships now account for over 70% of our inforce business, a percentage which has been steadily increasing. We attribute much of our progress over the past several years to increased confidence and support on the part of our producers.

We have had an extraordinary 58-year relationship with the American Dental Association, to whom we provide a program of Group term and universal life insurance which we believe to be the largest and most successful of its kind. We were delighted, therefore, with the further confidence the Association has expressed in awarding us additional coverages of disability income, office overhead and hospital indemnity.

Service results for 1992 were mixed. Participant satisfaction ratings for health claim payment continue to improve, accuracy was maintained, but speed of payment declined in some areas as we worked to absorb a large influx of business from Lincoln National. For 401(k) administrative operations, service results were at an acceptable level as we converted to our new computer system and dealt with a large influx of new business. With this behind us, we look forward to reaching a new, higher plateau in customer service and satisfaction.

"We have realized our goal of establishing an autonomous operating company in the U.S. – Great-West Life & Annuity Insurance Company."

U.S. Operations

All elements of our strategy are working together to improve results in the most critical area of client retention. Apart from the direct impact of improved retention on growth, the indirect benefits are of equal importance. Improved retention leads to lower expense rates, improved levels of service and client satisfaction and increased confidence on the part of producers. All these serve to reinforce higher growth and profit margins, and improve value to customers.

While much remains to be done, our results over the past few years mark our emergence as a recognized leader in our industry, not only in terms of market share, but more important, in the recognition of our Company as providing pre-eminent value to producers, plan sponsors and their employees.

Financial Services

We made continued progress in the restructuring of both our Individual and Savings businesses in 1992.

Our plans for Individual Operations called for expense reductions in home office departments and a change to a purely variable cost distribution structure in the field. Home office expenses were reduced by 6% and field expenses by 21% from 1991.

Our assessment of the market for traditional Individual insurance products causes us to maintain conservatism in product pricing and new product development. New premium from Individual annuity and participating insurance remained at 1991 levels, while sales of non-participating universal life insurance declined. Term insurance sales increased by 477% over 1991 with the introduction of a new 10-year term product early last year. Corporate-owned life insurance sales were very favorable, resulting in a 38% increase in total Individual premiums.

In 1992 we continued our transfer of business to Great-West Life & Annuity, by transferring Individual participating business from Great-West Life to Great-West Life & Annuity. The transfer, made as of year end, is the last significant step in the separation of U.S. and Canadian Operations. Consistent with this strategy, most of Great-West Life's new business in the U.S. has been issued by Great-West Life & Annuity, allowing us to compete with other U.S. companies on a more level playing field.

To respond to competitive pressures in our Individual Insurance businesses, and to expand product offerings through our distribution system, we concluded plans to change our managerial distribution to a general agency system. This new system, the Advantage Insurance Network, will move the distribution system to a total variable expense structure and will facilitate the marketing of third-party products through agreements negotiated jointly by the new Network and Great-West Life & Annuity.

Our Savings business, consisting of public/not-for-profit retirement plans and investment only services, had an excellent year in 1992. Considerable progress was made in the areas of new product development, administrative systems development and distribution restructuring. We successfully introduced the Vista Growth and

Income funds, a Guaranteed Government Fund, and a partner fund which consists of three mutual funds managed by Twentieth Century. In addition, we converted our MAXIM® Growth Fund to an Index Fund.

Development of a new administrative system proceeded on time and under budget during 1992. The first scheduled conversion to the new system took place January 1, 1993 for a segment of our inforce business. The success of this conversion gives us a great deal of confidence in the implementation of the new system for the balance of our customers. The system will significantly enhance service to both employers and plan participants, providing electronic and telephone transaction capabilities and account information for the expanded product portfolio.

To market our new products and systems, we developed the *Personal Investment Choice* program, computer illustration software that classifies our investment products according to risk and return. This communication tool assists participants in choosing alternative vehicles for their retirement savings.

Our public employee and not-for-profit clients accounted for a 63% incease in new premium, which can be attributed largely to our focus on increasing contributions and participation levels in our current block of business. Also, in spite of low interest rates, our Savings unit achieved a 2.5% increase in revenue premium.

Guaranteed Investment Certificates, the second component of our Savings business, accounted for $109 million in premium compared with $166 million in 1991. We continue to write this business when acceptable profit margins are available.

Investment Operations

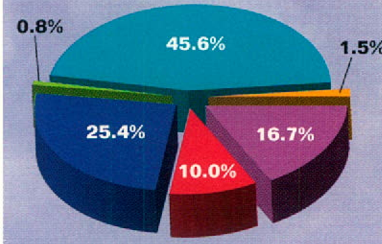
Great-West continues to pursue its conservative and prudent investment philosophy. Spurred by changing economic and regulatory climates, many companies are just now adopting a more conservative posture as their investment policy of choice. The accompanying "flight to quality" has increased the competition for investment-grade bonds and contributed to a reduction in their yield. In spite of this change in the investment environment, Great-West has continued to produce above-average investment returns within our stringent quality parameters.

In 1992, funds available for new U.S. investment and mortgages subject to renewal and rate adjustment totalled $3.2 billion and were placed as follows:

- 19.9% in U.S. federal government bonds at an average rate of 7.24%,
- 42.4% in other bonds at an average rate of 7.53%,
- 13.6% in mortgage renewals at an average rate of 9.02%, and
- 24.1% in policy loans and other short-term investments.

U.S. investment income was $1.06 billion in 1992, an increase of $58 million over 1991. Average invested assets earned an overall net investment yield of 8.17%, compared with 8.74% in 1991. The decrease was primarily the result of the continued drop in interest rates during 1992, combined with the Company's ongoing policy to avoid higher risk investments.

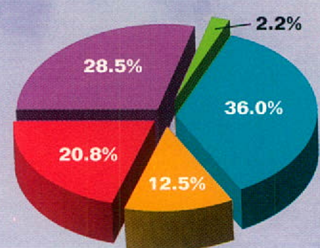
Asset Distribution



	$ millions
Government Bonds	$ 2,409.3
Other Bonds	6,563.7
Mortgages	3,658.4
Real Estate and Stock	226.2
Cash and Certificates of Deposit	108.1
Policy Loans	1,434.4
Total	$14,400.1

Bond Portfolio Quality

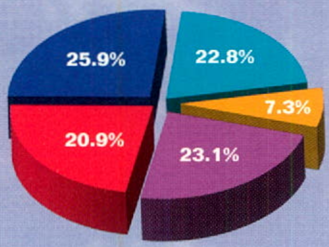
(excludes short-term investments of $565.3 million)



Estimated Rating	*$ millions*
AAA	$ 3,031.5
AA	1,049.1
A	2,402.2
BBB	1,747.0
BB or lower	177.9
Total	$ 8,407.7

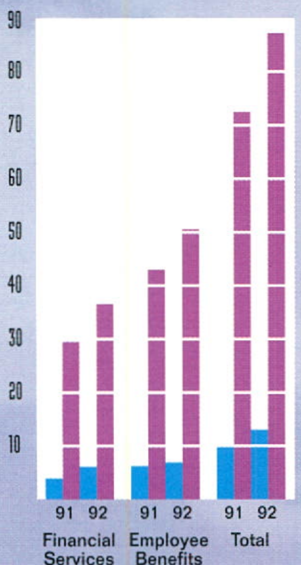
U.S. Operations

Fixed Income Investment Maturities



Estimated Maturities	*$ millions*
1 year or less	$ 2,657.1
Over 1 year - 3 years	3,301.6
Over 3 years - 5 years	2,908.2
Over 5 years - 10 years	2,946.8
Over 10 Years	925.8
Total	$12,739.5

Life Insurance
Face Amount ($ billions)



	1992	1991
New Sales		
Financial Services (*Individual*)	6.1	3.9
Employee Benefits (*Group*)	6.9	6.2
Total	13.0	10.1
Business in Force		
Financial Services (*Individual*)	36.6	29.5
Employee Benefits (*Group*)	50.6	43.0
Total	87.2	72.5

The accompanying chart illustrates bond quality as measured by independent rating agencies, as well as through objective measurement standards.

Great-West identified early on a weakening U.S. commercial real estate market, and took a proactive and timely approach to the aggressive management and reduction of its commercial mortgage exposure. This has decreased the weighting of mortgages as a percent of the total investment portfolio from 41% at year-end 1989 to 25% at year-end 1992. The Company plans to continue these efforts and to concentrate the placement of new investment funds into investment-grade bonds. No new mortgage loans have been originated in the last three years.

At the end of 1992, the aggregate of bonds in default, mortgages in the process of foreclosure or in arrears 90 days or more, and real estate acquired by foreclosure totalled $154.1 million, or 1.1% of total invested assets, compared with $167.2 million, or 1.4% as of year-end 1991. In light of the pervasive problems in the U.S. commercial real estate markets, this decrease reflects the Company's concerted efforts to tightly manage its portfolio and proactively address all troubled loans promptly.

At year end, the estimated average maturity of all U.S. fixed asset investments was 4.2 years, compared to 4.9 years at December 31, 1991. The accompanying chart illustrates the distribution of fixed income asset maturities, including cash.

The United States equity portfolio consists of our Denver home office property, a limited number of private equities, and investment real estate. The total market value of equity holdings at the end of 1992 was $237 million, compared with $202 million at the end of 1991. We are not currently participating in the public equity markets.

Segregated funds administered by the U.S. Division totalled $1.2 billion at the end of 1992, compared to $638 million at the end of 1991.

Discussion of U.S. Operating Results

Revenue premium increased 31% over 1991 levels in the Employee Benefits Division.

Retention, a strategic objective in both our Individual and Savings businesses, remains above relevant industry levels.

Unusually high mortality in the universal life block of business for the last quarter offset earnings in Individual insurance.

Financial Services realized improvement in our competitive cost position, reducing expenses by 8.5% in the insurance and annuity lines of business. Expenses associated with the retirement savings line increased a modest 3%, due to continued investment in new administrative systems. With respect to Employee Benefits, unit cost continued to improve significantly with respect to 401(k) as we rapidly progress toward critical mass, and were maintained at existing competitive levels for Group life and health.

Revenue Premium Income (United States)

	1992 (000)	1991 (000)
FINANCIAL SERVICES		
Life Insurance	**$ 667,879**	$ 588,351
Annuities[†]	**727,382**	653,853
Health Insurance (Individual)	**6,845**	(9,896)
Total Premiums	**$ 1,402,106**	$ 1,232,308
EMPLOYEE BENEFITS		
Life Insurance	**$ 151,062**	$ 111,730
Annuities (401k)[†]	**525,363**	262,757
Health Insurance[°]	**2,383,698**	1,963,733
Total Premiums	**$ 3,060,123**	$ 2,338,220

† includes segregated funds deposits of:
Financial Services $175,431 ($67,086 in 1991)
Employee Benefits $337,278 ($106,730 in 1991)
° includes self-funded premium equivalents of $1,755,939 ($1,449,514 in 1991).

The Future

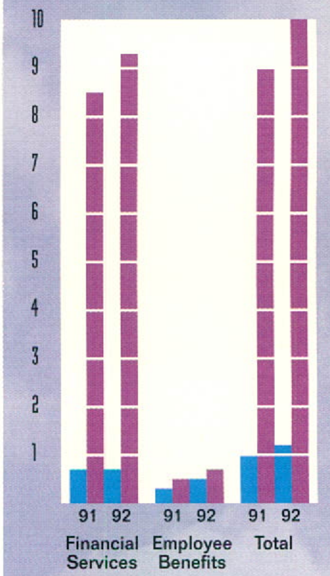
We enter 1993 with both our primary sales divisions in strong competitive positions. We believe the areas of Group life and health insurance and retirement savings plans currently offer above average opportunities for profitable growth, and we continue to refine our strategic plans to take advantage of these opportunities.

In the area of Individual insurance, we will implement the shift to the Advantage Insurance Network, a free-standing general agency format. Not only will this eliminate fixed costs, but our former managers will become independent general agents, able to market a broader array of products than we could profitably offer.

With modest improvement in the national economy and consequent positive job creation, we expect our 1993 results will reflect the beginning of a turn toward lower asset write-downs on our mortgage portfolio. From a high point of over 50%, we will manage our mortgage portfolio down to 25% of assets during 1993. This is a major accomplishment, and we have not sacrificed the quality of our bond portfolio during this transition. The high ratings awarded to Great-West by the independent rating agencies confirm both the quality of our asset portfolios and the strength of our positions in our primary markets.

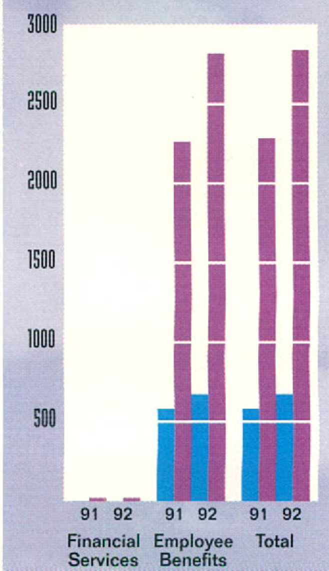
For the Employee Benefits Division, 1993 will be a watershed year. We are encouraged that the stated health care policies of the new administration are market-based, built on a continued public-private partnership and with reliance on managed health care programs as a means to improve the performance and value of our health care system. There are, however, a number of problematic issues yet to be resolved. For example, global budgeting and the related issue of price controls, the role and responsibility of employers, and the related issue of "community rating" versus experience rating.

Annuities
Funds Held ($ billions)



New Sales *(revenue premium)*	1992	1991
Financial Services	**0.7**	0.7
Employee Benefits *(401k)*	**0.5**	0.3
Total	**1.2**	1.0
Business in Force		
Financial Services	**9.3**	8.5
Employee Benefits *(401k)*	**0.7**	0.5
Total	**10.0**	9.0

Health Insurance
Annualized Premiums ($ millions)



New Sales	1992	1991
Financial Services *(Individual)*	**0**	1
Employee Benefits *(Group)*	**672**	580
Total	**672**	581
Business in Force		
Financial Services *(Individual)*	**21**	21
Employee Benefits *(Group)*	**2,818**	2,265
Total	**2,839**	2,286

U.S. Operations

We strongly support the policy of the Health Insurance Association of America (HIAA) which advocates universal health insurance provided largely through an employment-based system, and with necessary financial assistance financed by changes in the current basis of taxation of employee benefits. A pluralistic and competitive managed health care market offers the greatest potential for improving quality and cost of health care for both publicly and privately financed programs, provided that the market provides the appropriate incentives and affords a level playing field for public and private players.

Our industry will continue to play an integral role in the current debate, and beyond that, will be a critical element in the success of a restructured health care system. Great-West's ability to manage health care with increasing effectiveness through our managed care programs, and to administer these programs in a quality and cost-effective manner, places us in a good position to adapt to inevitable change and opportunity.

The health care programs of the future will produce demonstrably superior results, not only in terms of cost, but also in terms of clinical quality, outcomes and client satisfaction. This can only be achieved by developing more effective partnerships with quality health care providers and by implementing programs that are user friendly for all participants in the process. We will be working with Private Healthcare Systems with a heightened sense of urgency to implement initiatives consistent with this vision.

CORPORATE ISSUES

Net Income

The reported net income of the Corporation before deducting minority and other interests was $114.4 million in 1992, compared to $155.1 million in 1991. The reported net income after deducting minority and other interests and preferred shareholder dividends was $84.3 million or $1.069 per common share, compared to $116.2 million or $1.473 per common share in 1991. This represents a 9.0% return on common equity in 1992, compared to 14.0% in 1991.

Before deducting the net after-tax restructuring cost of $25.7 million, reported net income, after deducting minority and other interests, was $110 million or $1.395 per common share. The provision for restructuring provides for the estimated costs of significant changes in business emphasis in both Canada and the United States. As a result of these strategic direction changes the Company is implementing major changes to systems and processes, and is redeploying personnel.

Earnings by line of business continued at recent levels, with increases in the United States employee benefits life and health accounts that were offset by continued decreased margins on investment-related business.

In the United States, Group life results continued to be affected by improved mortality gains. Group health profits continued to increase as a result of reduced exposures to insured risk coverages. Group annuity earnings declined as a result of increased asset write-downs, guaranty association assessments and increased income tax charges. Individual mortality experience deteriorated, particularly in the last quarter of the year.

In Canada, Individual disability claims experience reverted to more favorable long-term levels, resulting in positive financial results. Canadian earnings continued to be depressed by reduced annuity margins and industry association assessments for bankrupt companies. Individual mortality results were slightly positive. Group insurance mortality and morbidity margins declined.

Net investment income increased by 2% in 1992 as a result of asset growth and despite decreasing interest rates. Non-performing assets increased slightly in both Canada and the United States. The amount by which the market value of securities and real estate holdings exceeded the balance sheet values of such holdings declined in 1992, but such decrease had a small impact on 1992 earnings due to the income amortization process. The excess of the market value of bonds and mortgage loans over the balance sheet value of such items would, if realized, be deferred and recognized in income of future years.

Amounts paid or credited to policyholders consist mainly of claim benefits and provisions for future benefits. The increase in commissions and operating expenses occurred primarily in the United States. Operating expenses include all costs incurred in 1992 in connection with the development of computer systems.

Taxes

Premium taxes and current income taxes increased very significantly to $166.7 million in 1992 from $121.4 million in 1991.

However, the utilization of loss carry-forwards and other timing differences reduced the impact of this increase on 1992 income to $109.8 million, an increase of 28% over the 1991 total of $85.5 million. Premium taxes paid to provincial and state governments in 1992 amounted to $42.5 million.

Outlook

Although the economic recovery is proceeding very slowly, Great-West Life continues to reposition its business units in order to benefit from expected improvements in the economy. Great-West Life has advised the Corporation that it continues to be optimistic about future earnings, particularly as a result of the efforts being made to reduce costs and deliver desired customer value.

Cash Flow and Liquidity

Cash and short-term securities totalled $136.6 million at December 31, 1992, compared with $499.2 million at December 31, 1991. Great-West Life's investment portfolio includes short-term assets sufficient to meet short-term liabilities and operating cash requirements. Lines of credit and various forms of financial instruments are also available to satisfy unforeseen liquidity requirements.

Over 80% of policy liabilities are subject to market value adjustments or withdrawal penalties.

Debt securities, mortgages and bonds are continuously monitored as to term and interest rate in order to assure a reasonable match to the cash flow and income requirements of longer-term liabilities.

Corporate Resources

On August 18, 1992, the Corporation issued $200 million of Series A First Preferred Shares. Net proceeds of this issue have been invested in the Corporation's operating subsidiaries.

During the year, Great-West Life transferred, via assumption reinsurance, assets and liabilities totalling $2.7 billion to its wholly-owned subsidiary, Great-West Life & Annuity Insurance Company, which brings the total assets transferred over the last four years to $11.3 billion. This business transfer represents a continuation of the long-term strategy of placing virtually all of the United States insurance operations within a single United States domestic company.

Total capital and surplus of $1.897 billion was 9.1% of total liabilities, compared with $1.645 billion and 8.8% in 1991.

Management of the Corporation's capital resources is a significant issue as it is the Corporation's intention to continue to maintain the surplus ratios in its operating subsidiaries at levels sufficient to provide absolute assurance of benefit payments for policyholders and to continue to have superior credit ratings of its operating subsidiaries.

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

Board of Directors

The accompanying financial statements were approved by the Board of Directors which has overall responsibility for their contents.

Audit Committee

The Board of Directors is assisted in its responsibilities for these financial statements by its Audit Committee. This Committee consists of directors not involved in the daily operations of the Company. The function of this committee is to:

- Review all formal financial statements and recommend them for approval to the Board of Directors.
- Review the systems of internal control and security.
- Recommend the appointment of the external auditors and their fee arrangements to the Board of Directors.
- Review other audit, accounting, financial and security matters as required.

In carrying out the above responsibilities, this Committee meets regularly with management, and with both the Company's external and internal auditors to approve the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged. The Committee is readily accessible to external and internal auditors and to the Valuation Actuary.

Management

The Annual Report was prepared by management. The financial statements were prepared in accordance with generally accepted accounting principles. Some of the assets and liabilities are based on estimates and judgements as their final determination is dependent upon subsequent events. Management believes such estimates are based on careful judgements and have been properly reflected in the financial statements. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the financial statements properly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

Role of the Actuary of The Great-West Life Assurance Company

The Actuary is appointed by the Board of Directors of The Great-West Life Assurance Company, pursuant to Section 165(2)(i) of the Insurance Companies Act (Canada). In the preparation of the annual statement of the Company, the role of the Actuary is to value the actuarial and other policy liabilities of the Company as at the end of each financial year. The Actuary's valuation must be in accordance with generally accepted actuarial practices, with such changes and additions as may be required by the Superintendent of Financial Institutions.

The Actuary must also report to policyholders and shareholders on the valuation. This report must state whether, in the opinion of the Actuary, the annual statement presents fairly the results of the valuation.

External Auditors

Deloitte & Touche have been appointed external auditors of both Great-West Lifeco and The Great-West Life Assurance Company. Deloitte & Touche have examined the financial statements of both companies in accordance with generally accepted auditing standards, performing such tests and other procedures as they consider necessary in order to express the opinion in their Report to the Shareholders. The external auditors have full and free access to the Audit Committee to discuss their audit and related findings as to the integrity of the Corporation's financial reporting and the adequacy of the system of internal control.

Regulatory Authorities

The Office of the Superintendent of Financial Institutions examines the affairs of The Great-West Life Assurance Company. In addition, the United States operations of Great-West Life are periodically examined by the Michigan Insurance Bureau under the auspices of the National Association of Insurance Commissioners. The State of Colorado Division of Insurance examines the business of Great-West Life & Annuity Insurance Company. Periodic reports are filed with insurance regulatory authorities in various jurisdictions and these reports facilitate further review of financial results and enquiry by examination staff.

SUMMARY OF CONSOLIDATED OPERATIONS

(in thousands of dollars except earnings per share)

	1992	1991 *(note 1h)*
Income:		
Premium income	**$ 3,545,903**	$ 3,350,957
Net investment income	**1,810,142**	1,769,768
	5,356,045	5,120,725
Benefits and Expenses:		
Paid or credited to policyholders and beneficiaries including policyholder dividends and experience refunds	**4,395,382**	4,254,348
Commissions and operating expenses	**690,384**	625,762
Premium and other taxes	**54,260**	52,602
Restructuring costs *(note 10)*	**46,050**	–
Income taxes – current	**112,418**	68,758
– deferred	**(56,894)**	(35,835)
	5,241,600	4,965,635
Net income before minority and other interests	**$ 114,445**	$ 155,090
Minority and other interests of The Great-West Life Assurance Company		
Participating policyholders	**(2,722)**	15,429
Preferred shareholder dividends	**26,819**	22,780
Minority interest	**526**	708
	24,623	38,917
Net Income	**$ 89,822**	$ 116,173
Preferred shareholder dividends	**5,548**	–
Net Income – common shareholders	**$ 84,274**	$ 116,173
Earnings per share *(note 1b)*	**$ 1.069**	$ 1.473

CONSOLIDATED BALANCE SHEET

December 31 (in thousands of dollars)

	1992	1991 *(note 1h)*
Assets:		
Bonds *(note 1c)*	**$ 13,020,305**	$ 10,573,254
Mortgage loans *(note 1c)*	**6,206,564**	6,442,867
Stocks *(note 1c)*	**534,257**	476,562
Real estate *(note 1c)*	**588,203**	542,243
Loans to policyholders	**1,582,793**	1,292,974
Cash and certificates of deposit	**136,617**	499,152
Premiums in course of collection	**166,609**	155,454
Interest due and accrued	**356,880**	330,578
Other assets	**108,712**	54,482
General funds assets	**$ 22,700,940**	$ 20,367,566
Segregated funds assets *(note 1d)*	**$ 3,306,304**	$ 2,436,482

Approved by the Board

JW Burns

Director

O. T. Dackow

Director

	1992	1991 *(note 1h)*
Liabilities:		
Policy benefit liabilities		
Policy reserves *(note 1f)*	**$ 18,209,349**	$ 16,413,830
Provision for claims	**1,135,422**	981,854
Provision for 1993 policyholders' dividends	**105,432**	103,762
Provision for experience rating refunds	**155,845**	157,075
	19,606,048	17,656,521
Policyholders' funds	**552,841**	548,247
Mortgages on real estate	**35,579**	60,500
Income taxes payable	**118,720**	73,668
Deferred income taxes *(note 1e)*	**(57,643)**	792
Other liabilities	**328,470**	245,123
Net deferred gains on portfolio investments sold *(note 1c)*	**220,206**	138,142
	20,804,221	18,722,993
Minority and other interests *(note 2)*	**697,246**	776,183
Capital stock and surplus *(note 3)*		
Capital stock *(note 4)*	**772,349**	572,230
Surplus	**403,765**	334,086
Provision for unrealized gain (loss) on translation of net investment in United States operations *(note 1g)*	**23,359**	(37,926)
	1,199,473	868,390
General funds liabilities, capital stock and surplus	**$ 22,700,940**	$ 20,367,566
Segregated funds *(note 1d)*	**$ 3,306,304**	$ 2,436,482

CONSOLIDATED STATEMENT OF SURPLUS

(in thousands of dollars)

	1992	1991
Balance, beginning of year	**$ 334,086**	$ 257,610
Adjustment of subsidiary carrying value *(note 2)*	**28,240**	–
Net income	**84,274**	116,173
Share issue expense	**(3,421)**	(284)
Dividends	**(39,414)**	(39,413)
Balance, end of year	**$ 403,765**	$ 334,086

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars)

	1992	1991 *(note 1h)*
Operations:		
Net income before minority and other interests	$ 114,445	$ 155,090
Non-cash charges		
Increase in policy benefit liabilities	813,138	1,194,577
Increase in policyholders' funds	(10,005)	45,486
Deferred income taxes	(51,218)	(36,082)
Other	158,249	87,545
	1,024,609	1,446,616
Financing Activities:		
Issue of preferred shares	200,000	75,000
Redemption of preferred shares of subsidiary company	(102,000)	–
Purchased and cancelled preferred shares	(28)	(90)
Purchased and cancelled common shares	(15)	–
Share issue expense	(3,421)	(284)
Dividends paid	(72,028)	(62,436)
	22,508	12,190
Investment Activities:		
Bond sales and maturities	6,367,979	8,939,234
Mortgage loan repayments	541,926	438,629
Stock sales	112,993	74,514
Real estate sales	47,836	35,818
Policy loan repayments	231,219	89,872
Investment in bonds	(7,966,175)	(10,460,435)
Investment in mortgage loans	(118,892)	(147,857)
Investment in stocks	(197,112)	(121,879)
Investment in real estate	(25,797)	(22,565)
Policy loan advances	(403,629)	(196,113)
	(1,409,652)	(1,370,782)
Increase (Decrease) in cash and certificates of deposit	(362,535)	88,024
Cash and certificates of deposit beginning of year	499,152	411,128
Cash and certificates of deposit end of year	$ 136,617	$ 499,152

Note 1. Summary of Significant Accounting Practices

(a) The financial statements of Great-West Lifeco Inc. are presented on a consolidated basis and include the accounts of its subsidiary company, The Great-West Life Assurance Company and its wholly-owned subsidiary companies. The accounting policies used in the preparation of these financial statements conform, in all material respects, to generally accepted accounting principles.

(b) Earnings per share are calculated using a weighted monthly average number of shares outstanding. The average number of shares outstanding for 1992 was 78,829,483 (78,825,434 in 1991).

(c) Portfolio Investments:

Investments in bonds and mortgage loans (debt securities) are carried at amortized cost or estimated realizable value if permanently impaired. The difference between the proceeds on the sale of a debt security and its amortized cost is considered to be an adjustment of future portfolio yield, and is deferred and amortized over the period to maturity of the security sold.

Investments in stocks (equity securities) are carried at cost plus a market value adjustment of $19,877,000 ($15,511,000 in 1991), which is a portion of the difference between adjusted book value and year-end market value of all equity securities. Net realized gains and losses are deferred and amortized to income at 15% per annum on a declining balance basis.

Investments in real estate are carried at a written-down value plus a market value adjustment of $58,802,000 ($51,613,000 in 1991), which is a portion of the difference between adjusted book value and market value of all real estate holdings. Net realized gains and losses are deferred and amortized to income at 10% per annum on a declining balance basis.

Carrying values and estimated market values of portfolio investments are as follows:

	1992		1991	
	(000)		*(000)*	
	Balance Sheet Value	Market Value	Balance Sheet Value	Market Value
Bonds	**$ 13,020,305**	**$ 13,586,403**	$ 10,573,254	$ 11,284,146
Mortgage loans	**6,206,564**	**6,435,975**	6,442,867	6,652,440
Stocks	**534,257**	**548,996**	476,562	499,894
Real Estate	**588,203**	**707,580**	542,243	689,949
	$ 20,349,329	**$ 21,278,954**	$ 18,034,926	$ 19,126,429

The balance of deferred gains (losses) on portfolio investments sold is comprised of the following:

	1992	1991
	(000)	*(000)*
Bonds	**$ 197,947**	$ 87,203
Mortgage loans	**10,263**	8,231
Stocks	**99,184**	119,106
Real Estate	**(87,188)**	(76,398)
	$ 220,206	$ 138,142

Investment income of $1,810,142,000 ($1,769,768,000 in 1991) includes:

Amortization of net deferred realized gains (losses) on portfolio investments and of unrealized gains and losses on stocks and real estate:

	1992	1991
	(000)	*(000)*
Bonds	**$ 20,239**	$ 9,719
Mortgage loans	**2,125**	1,716
Stocks	**19,661**	24,337
Real Estate	**(943)**	3,143
	$ 41,082	$ 38,915

Write-downs of assets or provisions for losses:

	1992	1991
	(000)	*(000)*
Bonds	**$ 7,973**	$ 7,555
Mortgage loans	**85,096**	67,030
	$ 93,069	$ 74,585

(d) Segregated fund assets, for which The Great-West Life Assurance Company is the manager or investment advisor, totalled $3,306,304,000 ($2,436,482,000 at December 31, 1991). These funds are predominantly employed to fund pension plan obligations of clients who bear the full investment risk of, and receive all the benefits from, the assets of the funds. Investments held for segregated funds are carried at market value. Segregated funds are presented separately in the Company's financial statement for information purposes and do not form part of the general funds of the Company.

Segregated fund assets are:

	December 31	
	1992	1991
	(000)	*(000)*
Bonds	**$ 1,304,993**	$ 1,068,552
Mortgage loans	**320,727**	298,730
Stocks	**1,356,776**	730,770
Real estate (net of encumbrances)	**242,489**	288,969
Cash and certificates of deposit	**24,559**	31,961
Income due and accrued	**24,706**	21,495
Other	**32,054**	(3,995)
Total Assets	**$ 3,306,304**	$ 2,436,482

(e) Income taxes of The Great-West Life Assurance Company are calculated using the deferred tax method on a present value basis.

(f) Policy reserves of The Great-West Life Assurance Company have been calculated using the policy premium method. Policy reserves represent the amount which, in the judgement of the actuary, is required, together with future premiums and investment income, to provide for future policy benefits and expenses on insurance and annuity policies and are calculated using assumptions considered to be appropriate to the policies in force. Policyholder dividends are included in future policy benefits at the current scale of policyholder dividends. The actuary, in setting the valuation assumptions, has assumed that policyholder dividends will be changed from the current scale to reflect any differing operating experience of the participating account in future years. Also, asset values and projected maturities of assets and liabilities are continuously monitored and appropriately considered in the determination of policy reserves.

(g) The Great-West Life Assurance Company follows the current rate method of foreign currency translation for its net investment in its self-sustaining United States operations. United States assets and liabilities are translated into Canadian dollars at the December 31, 1992 market rate of $1.27 ($1.16 in 1991) and all income and expense items are translated at an average rate of $1.21 ($1.15 in 1991). The provision for unrealized gain of $23,359,000 ($37,926,000 loss in 1991) on foreign currency translation of The Great-West Life Assurance Company's net investment in its United States operations is recorded in the capital stock and surplus section of the Consolidated Balance Sheet.

h) The new Insurance Companies Act was proclaimed on June 1st, 1992. Under this Act, financial statements of The Great-West Life Assurance Company, unless otherwise specified by the Superintendent, are to be prepared in accordance with generally accepted accounting principles.

Accounting practices which were changed in 1992 in order to comply with generally accepted accounting principles were:

1) Policy reserves are now calculated using the policy premium method. This method values future benefits, expenses and premium revenue on the basis of assumptions appropriate for the business.

2) Portfolio investments for health business are accounted for on a consistent basis with portfolio investments of the life business.

These changes had no conversion effect to opening surplus and the overall difference in reported income for 1992 was less than one cent per share.

Note 2. Investment in The Great-West Life Assurance Company

The equity investment of Great-West Lifeco Inc. in The Great-West Life Assurance Company was 99.4% at December 31, 1992 and 1991. The minority and other interests of The Great-West Life Assurance Company are:

	1992	1991
	(000)	*(000)*
(i) participating policyholders' share of undistributed surplus	$ 423,466	$ 419,499
(ii) preferred shareholders:		
Series A	2,210	2,238
Series B	–	100,000
Series C, D and E	174,000	174,000
Series F and G	75,000	75,000
(iii) provision for unrealized gains on translation of United States currency preferred shares	16,500	–
(iv) minority interests in capital stock and surplus	6,070	5,446
	$ 697,246	$ 776,183

(v) Consistent with the change in 1992 to generally accepted accounting principles described in note 1(h), the carrying value of the Company's equity investment in The Great-West Life Assurance Company was increased by $28,240,000 with a corresponding increase in the beginning of year surplus for 1992.

Note 3. Surplus

The Company's total interest in the capital stock and surplus of The Great-West Life Assurance Company is $1,014,624,000 ($893,279,000 in 1991). Of this amount $793,016,000 ($702,421,000 in 1991) was appropriated by The Great-West Life Assurance Company to cover various contingencies as required by the Office of the Superintendent of Financial Institutions.

Note 4. Capital stock

	1992		1991	
	Number	Stated Value *(000)*	Number	Stated Value *(000)*
First Preferred Shares:				
– Authorized – unlimited				
– Issued and outstanding:				
Series A, 7.50% Non-Cumulative First Preferred Shares	8,000,000	$ 200,000	–	–
Common Shares:				
– Authorized - unlimited				
– Issued and outstanding:				
Balance, beginning of year	78,826,385	$ 572,230	78,812,826	$ 572,029
Exchanged for shares of The Great-West Life Assurance Company	8,999	134	13,559	201
Purchased and cancelled under Normal Course Issuer Bid	(1,100)	(15)	–	–
Balance, end of year	78,834,284	$ 572,349	78,826,385	$ 572,230
Total Capital Stock		$ 772,349		$ 572,230

By articles of amendment dated July 9, 1992, the authorized capital of the Company was amended with the addition of an unlimited number of First Preferred Shares and an unlimited number of Second Preferred Shares, both issuable in series.

On August 18, 1992, the Company issued 8,000,000 Series A, 7.50% Non-Cumulative First Preferred Shares for $25.00 per share. The Series A First Preferred Shares are redeemable or convertible to Common Shares of the Company at the option of the Company on or after April 1, 1999 or convertible to Common Shares of the Company at the option of the holder on or after September 30, 1999.

Note 5. Pension Plans

The Great-West Life Assurance Company maintains contributory and non-contributory pension plans for certain of its employees and agents. The plans provide pensions based on length of service and final average earnings.

Actuarial valuation reports were prepared during 1991 for the United States plan. In Canada, the last triennial actuarial valuation was for the year ended December 31, 1989. For 1992 actuarial estimates were made based on the 1989 report.

The estimated present value of accumulated benefits at December 31, 1992 is $241,016,000 ($227,572,000 in 1991). The net assets available to provide for these benefits as of December 31, 1992 is $274,282,000 ($260,368,000 in 1991).

The cumulative difference between the amounts expensed and the funding contributions has been reflected in the balance sheet in Other Assets and amounts to $4,787,000 ($2,972,000 in 1991).

Note 6. Related Party Transactions

Transactions with related parties consist mainly of the provision of insurance benefits to other companies within the Power Corporation of Canada group of companies. In all cases, such transactions are made in the normal course of business and at competitive prices.

Note 7. Company's Effective Income Tax Rate

The Company's effective income tax rate is made up as follows:

	1992	1991
Combined basic Canadian federal and provincial tax rate	**43.7%**	43.0%
Increase (Decrease) in the income tax rate resulting from:		
Adjustment of deferred taxes to a present value basis	**3.4**	.8
Tax exempt dividends on stocks	**(5.8)**	(4.6)
Tax exempt portion of capital gains	**(2.6)**	(2.3)
Lower effective tax rates on income not subject to tax in Canada	**(10.2)**	(15.6)
Investment income tax	**2.7**	2.3
Large corporation tax	**2.0**	1.5
Miscellaneous	**3.7**	4.0
Effective income tax rate applicable to current year	**36.9%**	29.1%
Increase (Decrease) in the income tax rate resulting from prior years' tax adjustments	**(4.2)%**	(11.6)%
Effective income tax rate	**32.7%**	17.5%

Changes to the United States Internal Revenue Code could result in significant increases in income taxes payable by Canadian life insurance companies carrying on business in the United States. The Great-West Life Assurance Company has reflected the impact of these changes in their financial statements. The changes to the Code continue to be unclear.

The Great-West Life Assurance Company has received income tax reassessments for significant amounts from Revenue Canada, for the years 1985 and 1986. The Company and its advisors disagree with Revenue Canada's position in relation to these reassessments. These reassessments are being appealed. It is the opinion of the Company that the financial statements include appropriate provisions for Canadian Income Tax.

Note 8. Financial Instruments

The Great-West Life Assurance Company, in the normal course of managing exposure to fluctuations in interest rates and foreign exchange rates, is a party to various financial instruments which are not reflected in the financial statements.

The financial instruments reported below represent various degrees and types of risks, including credit, interest rate, foreign exchange rate and liquidity risk. In the opinion of management, there are no material commitments or contingencies which represent unusual risks and no material losses are anticipated as a result of these transactions. The amounts reported are expressed in terms of the notional or contractual amounts which are a significant multiple of the actual credit or market exposure.

	1992 (000)	1991 (000)
Interest rate swaps	**$ 559,938**	$ 558,604
Repurchase commitments	**528,113**	411,211
Foreign currency swaps	**308,870**	229,532
Interest rate futures	**154,750**	116,232
Forward rate agreements	**–**	14,500
Totals	**$ 1,551,671**	$ 1,330,079

Note 9. Contingent Liabilities

The Great-West Life Assurance Company has, in the normal course of business, a number of outstanding claims. The contingent liability in respect of these claims is not considered to be of material amount.

Note 10. Restructuring Costs

During 1992, The Great-West Life Assurance Company identified a number of opportunities to restructure for improvements in its operations which have and will result in significant implementation costs. The estimated implementation costs, including severance and other costs paid in 1992 and expected to be paid in 1993, have been charged to operations in 1992 and decreased 1992 earnings by $0.326 per share.

Note 11. Segmented Information

The Company and its subsidiaries offer an array of insurance, retirement and investment products and services for individuals, businesses and organizations in Canada and the United States. These operations represent one segment of the financial services market.

Year ended December 31, 1992 (000)	Holding Company	Insurance Operations	Total	Geographic Distribution Canada	United States
(A) Consolidated Operations:					
Income:					
Premium income	$ –	$ 3,545,903	$ 3,545,903	$ 1,352,321	$ 2,193,582
Net investment income	1,453	1,808,689	1,810,142	751,109	1,059,033
Total income	1,453	5,354,592	5,356,045	2,103,430	3,252,615
Benefits and expenses	476	5,000,764	5,001,240	1,957,796	3,043,444
Policyholder dividends and experience refunds	–	184,836	184,836	73,377	111,459
Net operating income before income taxes	977	168,992	169,969	72,257	97,712
Income taxes	660	54,864	55,524		
Net income before minority and other interests	$ 317	$ 114,128	$ 114,445		
Minority and other interests of The Great-West Life Assurance Company					
Participating policyholders			$ (2,722)		
Preferred shareholder dividends			26,819		
Minority interest			526		
			24,623		
Net income			$ 89,822		
(B) Identifiable Assets:					
General funds			$ 22,700,940	$ 7,911,277	$ 14,789,663
Segregated funds			3,306,304	2,116,032	1,190,272
Total assets under administration			$ 26,007,244	$ 10,027,309	$ 15,979,935

Year ended December 31, 1991 (000)	Holding Company	Insurance Operations	Total	Geographic Distribution Canada	United States
(A) Consolidated Operations:					
Income:					
Premium income	$ –	$ 3,350,957	$ 3,350,957	$ 1,403,759	$ 1,947,198
Net investment income	552	1,769,216	1,769,768	768,117	1,001,651
Total income	552	5,120,173	5,120,725	2,171,876	2,948,849
Benefits and expenses	403	4,703,499	4,703,902	1,965,986	2,737,916
Policyholder dividends and experience refunds	–	228,810	228,810	112,693	116,117
Net operating income before income taxes	149	187,864	188,013	93,197	94,816
Income taxes	76	32,847	32,923		
Net income before minority and other interests	$ 73	$ 155,017	$ 155,090		
Minority and other interests of The Great-West Life Assurance Company					
Participating policyholders			$ 15,429		
Preferred shareholder dividends			22,780		
Minority interest			708		
			38,917		
Net income			$ 116,173		
(B) Identifiable Assets:					
General funds			$ 20,367,566	$ 7,661,571	$ 12,705,995
Segregated funds			2,436,482	1,798,819	637,663
Total assets under administration			$ 22,804,048	$ 9,460,390	$ 13,343,658

Auditors' Report

To the Shareholders,
Great-West Lifeco Inc.

We have audited the consolidated balance sheets of Great-West Lifeco Inc. as at December 31, 1992 and 1991 and the summaries of consolidated operations, the consolidated statements of surplus and the consolidated statements of changes in financial position for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Deloitte & Touche

Chartered Accountants

Winnipeg, Manitoba
January 27, 1993

FIVE YEAR SUMMARY

(in thousands of dollars except earnings per share)

	Compound Growth Rate 1988 - 1992	1992
At December 31		
Life insurance in force (face amount)	8.2%	$ 190,619,730
Annuities in force (funds held)	9.2	16,741,293
Health insurance in force (annualized premiums)	23.3	3,950,873
Total assets under administration	10.9	26,007,244
For the Year		
New insurance	(2.6)	19,290,731
New annuities	4.8	2,091,666
Premiums including self-funded premium equivalents and segregated fund deposits	11.8	6,755,934
Net investment income	7.3	1,810,142
Total paid or credited to policyholders including dividends and experience refunds	3.4	4,395,382
Condensed Summary of Operations		
Income		
Premiums		$ 3,545,903
Net investment income		1,810,142
Total income		5,356,045
Benefits and Expenses		
Total paid or credited to policyholders		4,395,382
Commissions and operating expenses		690,384
Premium taxes		54,260
Restructuring costs		46,050
Net income before taxes		169,969
Income taxes – current		112,418
– deferred		(56,894)
Net income before minority and other interests		$ 114,445
Minority and other interests of The Great-West Life Assurance Company		
Participating policyholders		(2,722)
Preferred shareholder dividends		26,819
Minority interest		526
		$ 24,623
Net income		$ 89,822
Preferred shareholder dividends		5,548
Net income – common shareholders		$ 84,274
Earnings per share		$ 1.069
Return on shareholders' equity		9.0%
Book value per share		$ 12.68
Dividends to shareholders – per share		$ 0.50

1) Certain 1988-1991 comparative figures are reclassified to be consistent with 1992.

1991	1990	1989	1988
(1)	(1)	(1)	(1)
$ 167,975,999	$ 165,117,013	$ 155,492,627	$ 139,182,935
15,177,321	14,084,333	12,886,728	11,777,537
3,283,676	2,945,644	2,414,036	1,708,699
22,804,048	20,903,986	18,890,170	17,224,489
16,778,873	20,935,670	18,992,730	21,435,571
1,590,180	1,889,828	1,682,548	1,735,380
5,624,912	5,487,930	4,648,306	4,312,998
1,769,768	1,636,931	1,491,781	1,366,313
4,254,348	4,459,862	3,956,720	3,840,100
$ 3,350,957	$ 3,643,411	$ 3,191,168	$ 3,124,235
1,769,768	1,636,931	1,491,781	1,366,313
5,120,725	5,280,342	4,682,949	4,490,548
4,254,348	4,459,862	3,956,720	3,840,100
625,762	613,296	529,843	472,388
52,602	31,443	34,186	40,011
–	–	–	–
188,013	175,741	162,200	138,049
68,758	37,351	3,848	12,101
(35,835)	(17,795)	6,739	(1,658)
$ 155,090	$ 156,185	$ 151,613	$ 127,606
15,429	19,416	21,393	17,885
22,780	19,350	19,713	11,550
708	737	1,780	2,593
$ 38,917	$ 39,503	$ 42,886	$ 32,028
$ 116,173	$ 116,682	$ 108,727	$ 95,578
–	–	–	–
$ 116,173	$ 116,682	$ 108,727	$ 95,578
$ 1.473	$ 1.479	$ 1.391	$ 1.234
14.0%	15.5%	16.1%	15.3%
$ 11.02	$ 10.03	$ 9.09	$ 8.21
$ 0.50	$ 0.50	$ 0.50	$ 0.50

GREAT-WEST LIFECO INC.

Board of Directors

James W. Burns, O.C.
Chairman of the Board of the Corporation; Deputy Chairman, Power Corporation of Canada

Dr. Walter Curlook°
Vice-Chairman, Inco Ltd.

Orest T. Dackow
President and Chief Executive Officer of the Corporation

André Desmarais
President and Chief Operating Officer, Power Corporation of Canada

Paul Desmarais, P.C., C.C.
Chairman of the Board and Chief Executive Officer, Power Corporation of Canada

Paul Desmarais, Jr.
Chairman, Power Financial Corporation

Robert G. Graham
Chairman and Chief Executive Officer, Inter-City Products Corporation

Robert Gratton
President and Chief Executive Officer, Power Financial Corporation

Charles H. Hollenberg, M.D., O.C.
President, Ontario Cancer Treatment & Research Foundation

Robert H. Jones
Company Director

Kevin P. Kavanagh
Company Director

A. Frank Knowles, C.A.°
Deputy Chairman, Power Corporation of Canada

J. Blair MacAulay
Partner, Fraser & Beatty

William Mackness
Dean, Faculty of Management, University of Manitoba

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Chairman and President, Moffat Communications Limited

Jerry E.A. Nickerson°
Chairman of the Board, H.B. Nickerson & Sons Limited

The Honourable P. Michael Pitfield, P.C., Q.C.
Vice-Chairman, Power Corporation of Canada

Michel Plessis-Bélair, F.C.A.°
Executive Vice-President and Chief Financial Officer, Power Corporation of Canada

Abraham L. Simkin, Q.C.
Chairman of the Board, President and Chief Executive Officer, CMS Creative Management Services Limited

Guy St-Germain, O.C.
President, Placements Laugerma Inc.

Ross J. Turner
Chairman of the Board, Genstar Investment Corporation

Committee of the Board

Audit Committee

Dr. Walter Curlook
Chairman

Executive Officers

Orest T. Dackow
President and Chief Executive Officer

Jack A. Miller
Vice-President, Finance

D. Craig Lennox
Vice-President, Counsel and Secretary

° *Member of the Audit Committee*

CORPORATE PROFILE

Great-West Life

Great-West Life is an international corporation offering a wide range of insurance, retirement and investment products and services for individuals, businesses and organizations.

Incorporated in Canada over 100 years ago, Great-West Life has been active in the U.S. market since 1906. We have more than 150 marketing, benefit payment and property investment offices across Canada and the United States.

In Canada, Great-West Life is a major insurance carrier in all markets. For individuals, we offer traditional and universal life products, disability income insurance, and a range of retirement saving and income products. For groups of all sizes, along with the traditional life and health coverage, we offer employee assistance programs, the full range of pension and retirement savings plans, and innovative products and services aimed at helping clients administer their group benefit plans more efficiently. Great-West Life markets its products in Canada through a network of agents and group representatives, and through marketing agreements with other insurers.

In the United States, our Financial Services Division focuses on providing life insurance products to upper income individuals and on meeting the retirement security needs of employees in the public and not-for-profit sector. Our Employee Benefits organization provides a complete range of products and services for corporations. Our health insurance business is characterized by an emphasis on managed care and self-funded plans. Great-West Life markets its products in the United States through group representatives, brokers, general agents and through marketing agreements with other insurers.

Business philosophy

Great-West Life is governed by a Statement of Guiding Principles, which forms the basis for its management and relations with employees, clients and shareholders. Our Corporate Mission is "to achieve excellence in providing financial products and services for people, and to do so in a responsible manner". In Management's view, this requires that the Company's relations with clients, staff members and sales representatives, shareholders and the community at large, be characterized by the highest standards of conduct, integrity and respect for the individual.

Financial performance

In 1992, Great-West Life's "AAA" claims-paying rating was reaffirmed by Standard & Poor's, and in 1993, Duff & Phelps rated Great-West Life's claims-paying ability as "AAA". The Company is also rated "Aa2" and "A++" by Moody's Investors Service and the A.M. Best Company respectively.

Great-West Life & Annuity Insurance Company

Great-West Life & Annuity Insurance Company is a wholly-owned subsidiary of Great-West Life, domiciled in the State of Colorado and licensed to do life insurance business in the District of Columbia and all states, except New York. Great-West Life's United States operations are conducted primarily through Great-West Life & Annuity.

Management Discussion and Analysis

Great-West Life is the major asset of Great-West Lifeco Inc., a member of the Power Financial Corporation group of companies. The 1992 Management Discussion & Analysis for Great-West Life is included in the Great-West Lifeco MD&A, on pages 6 to 20.

SUMMARY OF CONSOLIDATED OPERATIONS

(in thousands of dollars except earnings per share)

	1992	1991 *(note 1h)*
Income:		
Life insurance and annuity premiums	**$ 2,311,636**	$ 2,260,427
Accident and health premiums	**1,234,267**	1,090,530
Net investment income	**1,808,689**	1,769,216
	5,354,592	5,120,173
Benefits and Expenses:		
Life and annuity benefits	**2,634,491**	2,123,340
Accident and health benefits	**807,304**	726,744
Interest on funds on deposit	**51,160**	60,222
Increase in policy reserves *(note 1e)*	**717,591**	1,115,232
Policyholder dividends and experience refunds	**184,836**	228,810
Total paid or credited to policyholders	**4,395,382**	4,254,348
Commissions and operating expenses	**689,908**	625,359
Premium taxes	**54,260**	52,602
Restructuring costs *(note 9)*	**46,050**	–
Net operating income before income taxes	**168,992**	187,864
Income taxes – current	**111,772**	68,694
– deferred	**(56,908)**	(35,847)
Net Income	**$ 114,128**	$ 155,017
Summary of Net Income *(note 1f)*		
Attributable to participating policyholders		
Net income before policyholder dividends	**$ 156,191**	$ 177,545
Policyholder dividends	**158,913**	162,116
Net Income – participating policyholders	**$ (2,722)**	$ 15,429
Attributable to shareholders		
Net income before preferred shareholder dividends	**$ 116,850**	$ 139,588
Preferred shareholder dividends	**29,632**	22,780
Net income – common shareholders	**$ 87,218**	$ 116,808
Earnings per common share	**$ 43.60**	$ 58.40

CONSOLIDATED BALANCE SHEET

December 31 (in thousands of dollars)

	1992	1991 *(note 1h)*
Assets:		
Bonds *(note 1b)*	**$ 13,017,917**	$ 10,570,271
Mortgage loans *(note 1b)*	**6,206,564**	6,442,867
Stocks *(note 1b)*	**534,257**	476,562
Real estate *(note 1b)*	**588,203**	542,243
Loans to policyholders	**1,582,793**	1,292,974
Cash and certificates of deposit	**136,424**	498,773
Premiums in course of collection	**166,609**	155,454
Interest due and accrued	**356,880**	330,577
Other assets	**108,278**	82,698
General funds assets	**$ 22,697,925**	$ 20,392,419
Segregated funds assets *(note 1c)*	**$ 3,306,304**	$ 2,436,482

Approved by the Board

J.W. Burns
Director

O.T. Dackow
Director

	1992	1991 *(note 1h)*
Liabilities:		
Policy benefit liabilities		
Policy reserves *(note 1e)*	**$ 18,209,349**	$ 16,413,830
Provision for claims	**1,135,422**	981,854
Provision for 1993 policyholders' dividends	**105,432**	103,762
Provision for experience rating refunds	**155,845**	157,075
	19,606,048	17,656,521
Policyholders' funds	**552,841**	548,247
Mortgages on real estate	**35,579**	60,500
Income taxes payable	**118,475**	73,668
Deferred income taxes *(note 1d)*	**(57,643)**	792
Other liabilities	**377,051**	245,088
Net deferred gains on portfolio investments sold *(note 1b)*	**220,206**	138,142
	20,852,557	18,722,958
Capital stock and surplus		
Capital stock *(note 2)*	**403,210**	353,238
Appropriated surplus *(note 3)*		
– participating policyholders	**87,108**	80,405
– shareholders	**797,759**	706,703
Provision for unrealized gain (loss) on translation of net investment in United States operations *(note 1g)*		
– participating policyholders	**(981)**	(14,387)
– shareholders	**40,098**	(38,156)
Unappropriated surplus		
– participating policyholders	**337,339**	353,481
– shareholders	**180,835**	228,177
	1,845,368	1,669,461
General funds liabilities, capital stock and surplus	**$ 22,697,925**	$ 20,392,419
Segregated funds *(note 1c)*	**$ 3,306,304**	$ 2,436,482

CONSOLIDATED STATEMENT OF SURPLUS

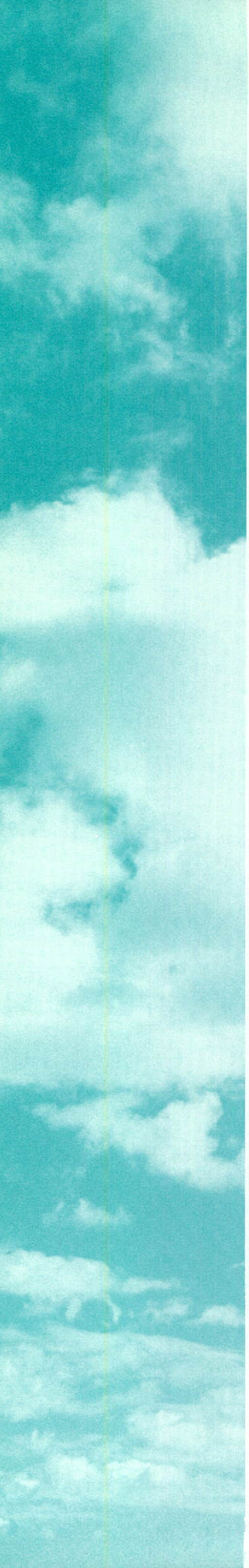
(in thousands of dollars)

	1992			1991
	Participating Policyholders	Shareholders	Total	Total
Appropriated:				
Balance January 1	$ 80,405	$ 706,703	$ 787,108	$ 684,253
Add:				
Increase in special reserves				
Investment valuation reserve	(18,513)	25,579	7,066	(7,620)
Real estate appraisal valuation reserve	–	20,008	20,008	4,095
Reserve for cash value deficiencies and amounts of negative reserves	(20,769)	30,181	9,412	33,725
Reserve for accounting basis differences of United States life insurance subsidiary	52,263	32,442	84,705	98,731
Reserve for miscellaneous assets	(6,278)	(17,154)	(23,432)	(26,076)
	6,703	91,056	97,759	102,855
Balance December 31	$ 87,108	$ 797,759	$ 884,867	$ 787,108
Unappropriated:				
Balance January 1	$ 353,481	$ 228,177	$ 581,658	$ 592,562
January 1 policy reserve conversion to the Policy Premium Method *(note 1h)*	(6,717)	–	(6,717)	–
Add:				
Total net income for year from summary of operations	(2,722)	116,850	114,128	155,017
Deduct:				
Dividends to shareholders				
– preferred shareholders	–	29,632	29,632	22,780
– common shareholders	–	40,900	40,900	40,000
Share issue expense	–	2,604	2,604	286
Changes in special reserves appropriated from surplus	6,703	91,056	97,759	102,855
Balance December 31	$ 337,339	$ 180,835	$ 518,174	$ 581,658

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(in thousands of dollars)

	1992	1991 *(note 1h)*
Operations:		
Net income	**$ 114,128**	$ 155,017
Non-cash charges		
Increase in policy benefit liabilities	**813,138**	1,194,577
Increase in policyholders' funds	**(10,005)**	45,486
Deferred income taxes	**(51,218)**	(36,082)
Other	**204,036**	87,519
	1,070,079	1,446,517
Financing Activities:		
Issue of preferred shares	**150,000**	75,000
Redemption of preferred shares	**(102,000)**	–
Share issue expense	**(2,604)**	(286)
Purchased and cancelled preferred shares	**(28)**	(90)
Dividends paid	**(70,532)**	(62,780)
	(25,164)	11,844
Investment Activities:		
Bond sales and maturities	**6,367,979**	8,939,234
Mortgage loan repayments	**541,926**	438,629
Stock sales	**112,993**	74,514
Real estate sales	**47,836**	35,818
Policy loan repayments	**231,219**	89,872
Investment in bonds	**(7,963,787)**	(10,460,126)
Investment in mortgage loans	**(118,892)**	(147,857)
Investment in stocks	**(197,112)**	(121,879)
Investment in real estate	**(25,797)**	(22,565)
Policy loan advances	**(403,629)**	(196,113)
	(1,407,264)	(1,370,473)
Increase (Decrease) in cash and certificates of deposit	**(362,349)**	87,888
Cash and certificates of deposit beginning of year	**498,773**	410,885
Cash and certificates of deposit end of year	**$ 136,424**	$ 498,773



SEGREGATED FUNDS – CONSOLIDATED STATEMENT OF CHANGES IN ASSETS

(in thousands of dollars)

	1992	1991
Segregated funds assets – January 1	**$ 2,436,482**	$ 2,054,121
Additions (Deductions):		
Policyholders' deposits	**979,259**	396,075
Net investment income	**193,157**	159,737
Net realized capital gains on investments	**43,015**	17,701
Net unrealized capital gains (losses) on investments	**(90,615)**	115,422
Unrealized gains due to change in current exchange rates	**94,025**	1,879
Other	**244**	(16,338)
Policyholders' withdrawals	**(349,263)**	(292,115)
	$ 869,822	$ 382,361
Segregated funds assets – December 31	**$ 3,306,304**	$ 2,436,482

Note 1. Summary of Significant Accounting Practices

These financial statements have been prepared in accordance with the Insurance Companies Act which states that, except as otherwise specified by the Superintendent of Financial Institutions Canada, the financial statements are to be prepared in accordance with generally accepted accounting principles. The significant accounting policies used in the preparation of these financial statements, including the accounting requirements of the Superintendent, are summarized below. These accounting policies conform, in all material respects, to generally accepted accounting principles.

(a) Financial results are reported on a consolidated basis. All significant intercompany balances and transactions are eliminated on consolidation and subsidiary results are conformed with the Company's accounting practices. The principal subsidiaries are:

Great-West Life & Annuity Insurance Company
G.W.L. Properties Ltd.
GWL Properties Inc.
Great-West Realty Investments, Inc.
Gold Circle Insurance Company

(b) Portfolio Investments:

Investments in bonds and mortgage loans (debt securities) are carried at amortized cost or estimated realizable value if permanently impaired. The difference between the proceeds on the sale of a debt security and its amortized cost is considered to be an adjustment of future portfolio yield, and is deferred and amortized over the period to maturity of the security sold.

Investments in stocks (equity securities) are carried at cost plus a market value adjustment of $19,877,000 ($15,511,000 in 1991) which is a portion of the difference between adjusted book value and year-end market value of all equity securities. Net realized gains and losses are deferred and amortized to income at 15% per annum on a declining balance basis.

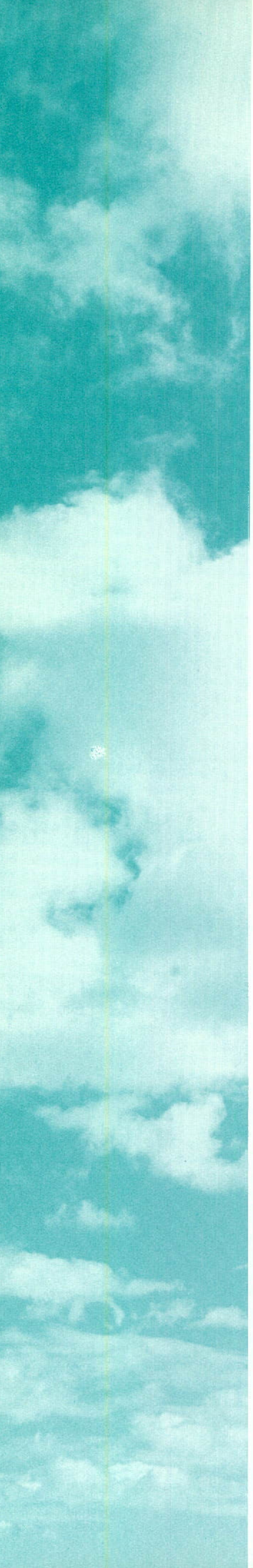
Investments in real estate are carried at a written-down value plus a market value adjustment of $58,802,000 ($51,613,000 in 1991) which is a portion of the difference between adjusted book value and market value of all real estate holdings. Net realized gains and losses are deferred and amortized to income at 10% per annum on a declining balance basis.

Carrying values and estimated market values of portfolio investments are as follows:

	1992		1991	
	(000)		*(000)*	
	Balance Sheet Value	Market Value	Balance Sheet Value	Market Value
Bonds	**$ 13,017,917**	**$ 13,584,015**	$ 10,570,271	$ 11,281,163
Mortgage loans	**6,206,564**	**6,435,975**	6,442,867	6,652,440
Stocks	**534,257**	**548,996**	476,562	499,894
Real Estate	**588,203**	**707,580**	542,243	689,949
	$20,346,941	**$ 21,276,566**	$ 18,031,943	$ 19,123,446

The balance of deferred gains (losses) on portfolio investments sold is comprised of the following:

	1992	1991
	(000)	*(000)*
Bonds	**$ 197,947**	$ 87,203
Mortgage loans	**10,263**	8,231
Stocks	**99,184**	119,106
Real Estate	**(87,188)**	(76,398)
	$ 220,206	$ 138,142



Investment income of $1,808,689,000 ($1,769,216,000 in 1991) includes:

Amortization of net deferred realized gains (losses) on portfolio investments and of unrealized gains and losses on stocks and real estate:

	1992	1991
	(000)	*(000)*
Bonds	**$ 20,239**	$ 9,719
Mortgage loans	**2,125**	1,716
Stocks	**19,661**	24,337
Real Estate	**(943)**	3,143
	$ 41,082	$ 38,915

Write-downs of assets or provisions for losses:

	1992	1991
	(000)	*(000)*
Bonds	**$ 7,973**	$ 7,555
Mortgage loans	**85,096**	67,030
	$ 93,069	$ 74,585

c) Segregated fund assets, for which the Company is the manager or investment advisor totalled $3,306,304,000 ($2,436,482,000 at December 31, 1991). These funds are predominantly employed to fund pension plan obligations of clients who bear the full investment risk of, and receive all the benefits from, the assets of the funds. Investments held for segregated funds are carried at market value. Segregated funds and the Consolidated Statement of Changes in Assets are presented separately in the Company's financial statement for information purposes and do not form part of the general funds of the Company.

Segregated fund assets are:

	December 31	
	1992	1991
	(000)	*(000)*
Bonds	**$ 1,304,993**	$ 1,068,552
Mortgage loans	**320,727**	298,730
Stocks	**1,356,776**	730,770
Real estate (net of encumbrances)	**242,489**	288,969
Cash and certificates of deposit	**24,559**	31,961
Income due and accrued	**24,706**	21,495
Other	**32,054**	(3,995)
Total Assets	**$ 3,306,304**	$ 2,436,482

(d) Income taxes are calculated using the deferred tax method on a present value basis.

(e) Policy reserves have been calculated using the policy premium method. Policy reserves represent the amount which, in the judgement of the actuary, is required, together with future premiums and investment income, to provide for future policy benefits and expenses on insurance and annuity policies and are calculated using assumptions considered to be appropriate to the policies in force. Policyholder dividends are included in future policy benefits at the current scale of policyholder dividends. The actuary, in setting the valuation assumptions, has assumed that policyholder dividends will be changed from the current scale to reflect any differing operating experience of the participating account in future years. Also, asset values and projected maturities of assets and liabilities are continuously monitored and appropriately considered in the determination of policy reserves.

(f) Net income includes earnings of the participating, non-participating and the health insurance accounts. Earnings applicable to shareholders include net earnings of the non-participating and the health accounts and 3.26% (2.56% in 1991), as restricted by law, of the distributions from the participating account.

(g) The Company's net investment in its self-sustaining United States operations is translated using the current rate method. All United States dollar assets and liabilities are translated into Canadian dollars at the December 31, 1992 market rate of $1.27 ($1.16 in 1991) and all income and expense items are translated at an average rate of $1.21 ($1.15 in 1991). The provision for unrealized gains of $39,117,000 ($52,543,000 loss in 1991) on foreign currency translation of the Company's net investment in its United States operations is recorded in the capital stock and surplus section of the Consolidated Balance Sheet.

(h) The new Insurance Companies Act was proclaimed on June 1st, 1992. Under this Act, financial statements, unless otherwise specified by the Superintendent, are to be prepared in accordance with generally accepted accounting principles.

Accounting practices which were changed in 1992 in order to comply with generally accepted accounting principles were:

1) Policy reserves are now calculated using the policy premium method. This method values future benefits, expenses and premium revenue on the basis of assumptions appropriate for the business.
2) Portfolio investments for health business are accounted for on a consistent basis with portfolio investments of the life business.

These changes had a conversion effect of a charge to opening 1992 participating policyholders' surplus of $6,717,000 and no change to shareholders surplus. The overall difference in 1992 reported income, as a result of these changes, was an increase of $4,644,000 for participating policyholders and $524,000 for shareholders or $0.26 per share.

Due to the nominal effect of these changes, previous year amounts have not been restated.

Financial statement presentation has been changed to reflect the separation of segregated funds and the reclassification of certain 1991 items to conform to the current year's presentation.

Note 2. Capital Stock

		1992	1991
		(000)	*(000)*
Authorized			
50,000,000	Preferred Shares		
50,000,000	Common Shares		
Issued and Outstanding			
88,419	Series A, 7.70% Cumulative Preferred Shares	**$ 2,210**	$ 2,238
–	Series B, 7.80% Cumulative Preferred Shares	**–**	100,000
6,965,405	Series C, D and E, 7.125% United States dollar Cumulative Perpetual Preferred Shares	**174,000**	174,000
3,000,000	Series F and G, 7.89% Cumulative Perpetual Preferred Shares	**75,000**	75,000
4,000,000	Series H, 7.50% Non-Cumulative Perpetual Preferred Shares	**100,000**	–
2,000,000	Series I, 7.50% Non-Cumulative Preferred Shares	**50,000**	–
2,000,000	Common Shares	**2,000**	2,000
		$ 403,210	$ 353,238

During 1992, the Company purchased for cancellation 1,100 Series A, 7.70% Cumulative Preferred Shares on the open market in accordance with the stated purchase obligation.

The Series B, 7.80% Cumulative Preferred Shares were redeemed by the Company on December 31, 1992, at a price of $25.50 per share in accordance with the original share conditions and the Notice of Redemption sent to holders in November 1992.

The Series C, D, and E United States dollar Cumulative Perpetual Preferred Shares were issued in 1990 at an initial period dividend rate of 7.125%. Series C, 2,786,162 shares; Series D, 2,786,162 shares; and Series E, 1,393,081 shares have initial periods of 3, 5 and 7 years respectively, and are redeemable at the option of the Company, subject to requisite statutory approval for an amount of $21.535 United States dollars per share on December 31, 1993, December 31, 1995 and December 31, 1997 respectively. Included in the provision for unrealized gain on translation of net investment in United States operations is $16,500,000 relating to these shares.

The Series F and G, 7.89% Cumulative Perpetual Preferred Shares have an initial dividend term expiring December 31, 1996. Subject to the requisite statutory approval, the shares are redeemable at the option of the Company, on or after December 31, 1996.

On September 30, 1992, the Company issued 4,000,000 Series H, 7.50% Non-Cumulative Perpetual Preferred Shares and 2,000,000 Series I, 7.50% Non-Cumulative Preferred Shares, for $25.00 per share to its parent company Great-West Lifeco Inc. The Series H shares are redeemable or convertible to Common Shares of the Company at the option of the Company on or after April 1, 1999 or convertible to Common Shares of the Company at the option of the holder on or after September 30, 1999, subject to the requisite statutory approval. The Series I shares are redeemable at the option of the Company at any time and convertible to Common Shares of the Company at the option of the Company on or after April 1, 1999 or convertible to Common Shares of the Company at the option of the holder on or after September 30, 1999, subject to the requisite statutory approval.

Note 3. Appropriation of Surplus

Appropriations of surplus are required by the Office of the Superintendent of Financial Institutions:

	1992	1991
	(000)	*(000)*
Participating account:		
Investment valuation reserve	$ **15,480**	$ 33,993
Reserve for cash value deficiencies and amounts of negative reserves	**10,348**	31,117
Reserve for accounting basis differences of United States life insurance subsidiary	**52,263**	–
Reserve for miscellaneous assets	**9,017**	15,295
Total	$ **87,108**	$ 80,405
Non-participating and health accounts:		
Investment valuation reserve	$ **101,622**	$ 76,043
Real estate appraisal valuation reserve	**125,635**	105,627
Reserve for cash value deficiencies and amounts of negative reserves	**219,184**	189,003
Reserve for accounting basis differences of United States life insurance subsidiary	**301,395**	268,953
Reserve for miscellaneous assets	**49,923**	67,077
Total	$ **797,759**	$ 706,703

Note 4. Pension Plans

The Company maintains contributory and non-contributory pension plans for certain of its employees and agents. The plans provide pensions based on length of service and final average earnings.

Actuarial valuation reports were prepared during 1991 for the United States plan. In Canada, the last triennial actuarial valuation was for the year ended December 31, 1989. For 1992 actuarial estimates were made based on the 1989 report.

The estimated present value of accumulated benefits at December 31, 1992 is $241,016,000 ($227,572,000 in 1991). The net assets available to provide for these benefits as of December 31, 1992 is $274,282,000 ($260,368,000 in 1991).

The cumulative difference between the amounts expensed and the funding contributions has been reflected in the balance sheet in Other Assets and amounts to $4,787,000 ($2,972,000 in 1991).

Note 5. Related Party Transactions

Transactions with related parties consist mainly of the provision of insurance benefits to other companies within the Power Corporation of Canada group of companies. In all cases, such transactions are made in the normal course of business and at competitive prices.

At December 31, 1992, other liabilities of the Company include a loan of $48,600,000 from its parent company, Great-West Lifeco Inc.

Note 6. Income Taxes

The Company's effective income tax rate is made up as follows:

	1992	1991
Combined basic Canadian federal and provincial tax rate	**43.7%**	43.0%
Increase (Decrease) in the income tax rate resulting from:		
Adjustment of deferred taxes to a present value basis	**3.4**	0.8
Tax exempt dividends on stocks	**(5.9)**	(4.6)
Tax exempt portion of capital gains	**(2.6)**	(2.3)
Lower effective tax rates on income not subject to tax in Canada	**(10.2)**	(15.6)
Investment income tax	**2.7**	2.3
Large corporation tax	**2.0**	1.5
Miscellaneous	**3.6**	4.0
Effective income tax rate applicable to current year	**36.7%**	29.1%
Increase (Decrease) in the income tax rate resulting from prior years' tax adjustments	**(4.2)%**	(11.6)%
Effective income tax rate	**32.5%**	17.5%

Changes to the United States Internal Revenue Code could result in significant increases in income taxes payable by Canadian life insurance companies carrying on business in the United States. The Company has reflected the impact of these changes in the financial statements. The changes to the Code continue to be unclear.

The Company has received income tax reassessments for significant amounts from Revenue Canada, for the years 1985 and 1986. The Company and its advisors disagree with Revenue Canada's position in relation to these reassessments. These reassessments are being appealed. It is the opinion of the Company that the financial statements include appropriate provisions for Canadian Income Tax.

Note 7. Financial Instruments

In the normal course of managing the Company's exposure to fluctuations in interest rates and foreign exchange rates, the Company is a party to various financial instruments which are not reflected in the financial statements.

The financial instruments reported below represent various degrees and types of risks, including credit, interest rate, foreign exchange rate and liquidity risk. In the opinion of management, there are no material commitments or contingencies which represent unusual risks and no material losses are anticipated as a result of these transactions. The amounts reported are expressed in terms of the notional or contractual amounts which are a significant multiple of the actual credit or market exposure.

	1992 *(000)*	1991 *(000)*
Interest rate swaps	**$ 559,938**	$ 558,604
Repurchase commitments	**528,113**	411,211
Foreign currency swaps	**308,870**	229,532
Interest rate futures	**154,750**	116,232
Forward rate agreements	**–**	14,500
Totals	**$ 1,551,671**	$ 1,330,079

Note 8. Contingent Liabilities

The Company has, in the normal course of business, a number of outstanding claims. The contingent liability in respect of these claims is not considered to be of material amount.

Note 9. Restructuring Costs

During 1992, the Company identified a number of opportunities to restructure for improvements in its operations which have and will result in significant implementation costs. The estimated implementation costs, including severance and other costs paid in 1992 and expected to be paid in 1993 are $46,050,000 and have been charged to operations in 1992. This charge decreased 1992 participating policyholder earnings by $4,942,000 after tax and decreased 1992 shareholder earnings by $25,852,000 after tax or $12.93 per share.

Please Note:

The "Shareholders" and "Participating Policyholders" column titles in Note 10 (1992 and 1991) on page 50 should be reversed.

We apologize for any inconvenience.

THE **Great-West Life** ASSURANCE COMPANY

A member of the Power Financial Corporation group of companies

Note 10. Segmented Information

The Company and its subsidiaries offer an array of insurance, retirement and investment products and services for individuals, businesses and organizations in Canada and the United States. These operations represent one segment of the financial services market.

Year ended December 31, 1992 *(000)*	Operations			Geographic Distribution	
	Share-Holders	Participating Policyholders	Total	Canada	United States
(A) Consolidated Operations:					
Income:					
Life insurance and annuity premiums	$152,115	$ 2,159,521	$ 2,311,636	$ 752,658	$ 1,558,978
Accident and health premiums	–	1,234,267	1,234,267	599,663	634,604
Net investment income	327,709	1,480,980	1,808,689	749,656	1,059,032
Total income	479,824	4,874,768	5,354,592	2,101,977	3,252,615
Benefits and expenses	309,274	4,691,490	5,000,764	1,957,320	3,043,444
Policyholder dividends and experience refunds	158,913	25,923	184,836	73,377	111,459
Net operating income before income taxes	11,637	157,355	168,992	$ 71,280	$ 97,712
Income taxes	14,359	40,505	54,864		
Net income	($ 2,722)	$ 116,850	$ 114,128		
(B) Identifiable Assets:					
General funds			$ 22,697,925	$ 7,908,262	$ 14,789,663
Segregated funds			3,306,304	2,116,032	1,190,272
Total assets under administration			$ 26,004,229	$ 10,024,294	$ 15,979,935

Year ended December 31, 1991 *(000)*	Operations			Geographic Distribution	
	Share-holders	Participating Policyholders	Total	Canada	United States
(A) Consolidated Operations:					
Income:					
Life insurance and annuity premiums	$616,969	$ 1,643,458	$ 2,260,427	$ 817,553	$ 1,442,874
Accident and health premiums	–	1,090,530	1,090,530	586,206	504,324
Net investment income	308,970	1,460,246	1,769,216	767,565	1,001,651
Total income	925,939	4,194,234	5,120,173	2,171,324	2,948,849
Benefits and expenses	737,080	3,966,419	4,703,499	1,965,583	2,737,916
Policyholder dividends and experience refunds	162,116	66,694	228,810	112,693	116,117
Net operating income before income taxes	26,743	161,121	187,864	$ 93,048	$ 94,816
Income taxes	11,314	21,533	32,847		
Net income	$ 15,429	$ 139,588	$ 155,017		
(B) Identifiable Assets:					
General funds			$ 20,392,419	$ 7,686,424	$ 12,705,995
Segregated funds			2,436,482	1,798,819	637,663
Total assets under administration			$ 22,828,901	$ 9,485,243	$ 13,343,658

Note 11. Subsequent Event

On January 27, 1993, the Company authorized the issue of 1,000,000 Series J, 7.50% Non Cumulative Perpetual Preferred Shares, for $25.00 per share to its parent company, Great-West Lifeco Inc. The shares are redeemable or convertible under certain conditions.

Appointed Actuary's Report

**To the Policyholders, Shareholders and Directors,
The Great-West Life Assurance Company**

I have valued the policy liabilities in the Company's balance sheet at December 31, 1992 and their increase in its statement of income for the year then ended in accordance with accepted actuarial practice.

As explained in note 1h, the method of valuation for the 1992 accounting period differs from that for the 1991 and prior accounting periods. The resulting changes were nominal for the 1992 accounting period and would be nominal for the 1991 accounting period. Accordingly, results for the 1991 accounting period have not been restated.

In my opinion the valuation is appropriate and the financial statements fairly present its results.

D. E. Morrison

David E. Morrison
Fellow, Canadian Institute of Actuaries
Actuary, The Great-West Life Assurance Company

Winnipeg, Manitoba
January 27, 1993

Auditors' Report

**To the Policyholders, Shareholders and Directors,
The Great-West Life Assurance Company**

We have audited the consolidated balance sheets of The Great-West Life Assurance Company as at December 31, 1992 and 1991 and the summaries of consolidated operations, the consolidated statements of surplus, the consolidated statements of changes in financial position and the segregated funds consolidated statements of changes in assets for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles including the accounting requirements of the Superintendent of Financial Institutions Canada.

Deloitte & Touche

Chartered Accountants

Winnipeg, Manitoba
January 27, 1993

Summary of Participating Policyholder Dividend Policy

Each holder of a Great-West Life participating policy benefits from the surplus of the participating account, at the date of issue, and throughout the life of the participating policy. This surplus was generated entirely from the net financial results of policies issued on a participating basis, both past and present.

The amount of surplus to be distributed at any time will depend upon the consideration of a number of factors including the past and anticipated future net income of the participating account, the growth of the participating account and the need to retain surplus to provide capital to support the participating policies, the need to maintain consistency in distribution from one time period to another and the overall solvency of the Company.

Great-West Life uses the contribution method of dividend determination for classes of participating policies. Premiums are calculated with assumed levels of investment returns, mortality/morbidity costs and expense loadings. To the extent that emerging experience is better than the levels assumed in the premium calculation for a particular class of policies, a contribution to surplus will be made by that class of policies. Distributable surplus for each class of policies is based upon the application to each policy of dividend calculation factors which reflect the contribution to surplus by that class of policies.

A copy of the full text of the Participating Policyholder Dividend Policy as approved by the Board of Directors, is available on request.

Subsidiaries of The Great-West Life Assurance Company

December 31, 1992

Name	Principal Office Address	Carrying Value [2] *(000)*	Voting Share Ownership *(%)*
Great-West Life & Annuity Insurance Company[1]	Englewood, Colorado	$ 976,584	100
Benefits Communication Corp.			
Benefits Corp. Equities, Inc.			
GWL Properties Inc.			
Great-West Realty Investments Inc.			
Employee Benefit Services Inc.			
Great-West Benefit Services Inc.			
G.W.L. Properties Ltd.	Winnipeg, Manitoba	$ 178,870	100
Gold Circle Insurance Company	Winnipeg, Manitoba	$ 2,489	100
Place Bonaventure Inc.	Montreal, Quebec	$ 389	100
GWL Investment Management Ltd.	Winnipeg, Manitoba	$ 53	100

1) Investments in United States subsidiaries have been translated into Canadian dollars at the December 31, 1992 market rate of $1.27.

2) The carrying value of the shares is shown at the Company's equity interest in the subsidiaries.

Board of Directors

James W. Burns, O.C.●◆▼★❑
Chairman of the Board
of the Company;
Deputy Chairman,
Power Corporation of Canada

Dr. Walter Curlook■●▼
Vice-Chairman,
Inco Ltd.

Orest T. Dackow●▼★
President of the Company

André Desmarais
President and
Chief Operating Officer,
Power Corporation of Canada

Paul Desmarais, P.C., C.C.
Chairman of the Board and
Chief Executive Officer,
Power Corporation of Canada

Paul Desmarais, Jr.●◆▼★❑
Chairman,
Power Financial Corporation

Robert G. Graham●◆★❑
Chairman and
Chief Executive Officer,
Inter-City Products Corporation

Robert Gratton●◆▼★❑
President and
Chief Executive Officer,
Power Financial Corporation

N. Berne Hart★❑
Company Director

Charles H. Hollenberg, M.D., O.C.*●▼
President,
Ontario Cancer Treatment &
Research Foundation

Robert H. Jones◆
Company Director

Kevin P. Kavanagh*●▼★
Company Director

A. Frank Knowles, C.A.■◆
Deputy Chairman,
Power Corporation of Canada

J. Blair MacAulay◆▼
Partner, Fraser & Beatty

William Mackness★❑
Dean, Faculty of Management,
University of Manitoba

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Annual General Meetings

Great-West Lifeco Inc.
April 28, 1993, at a location in Winnipeg as specified in the notice of meeting, at 11:45 a.m. or as soon thereafter as the Annual General Meeting of The Great-West Life Assurance Company shall have terminated.

The Great-West Life Assurance Company
April 28, 1993, at 11:00 a.m. at a location in Winnipeg as specified in the notice of meeting.

Great-West Life & Annuity Insurance Company
May 27, 1993, at 11:00 a.m. at 8515 East Orchard Road, Englewood, Colorado, 80111

Inquiries

For financial information about Great-West Lifeco Inc. or The Great-West Life Assurance Company, please contact the Chief Financial Officer, (204) 946-7530.

For copies of Annual or Quarterly Reports, contact the Secretary's Department, (204) 946-7377.

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Great-West Lifeco Inc.

THE
Great-West Life
ASSURANCE COMPANY

Great-West
LIFE & ANNUITY INSURANCE COMPANY

MEMBERS OF THE POWER FINANCIAL CORPORATION GROUP OF COMPANIES

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