



8515 East Orchard Road
Greenwood Village, CO 80111
(303) 737-3000
Mailing Address:
PO Box 1080, Denver CO 80201
www.greatwest.com

October 10, 2008

Message from Mitchell Graye, President and Chief Executive Officer

With the continuing turmoil in financial markets in the United States and around the world, we realize that you have questions regarding the potential impact on Great-West Life & Annuity Insurance Company (GWL&A) as well as on our parent company, Great-West Lifeco Inc. It is important to note that over a long period of time, our companies have maintained prudent and conservative investment policies and practices with respect to the management of our consolidated assets. Our balance sheets continue to be very strong, and we are well capitalized.

Great-West Lifeco issued news releases on [September 18](#) and [September 26](#) detailing holdings in certain issuers where the possibility of credit losses exists.

GWL&A's general account investments are as reported in December 31, 2007 state insurance department filings. General account investments support the general liabilities of the company, including obligations under life insurance policies and certain guaranteed annuity investment options. As reported, GWL&A and its subsidiaries hold U.S. \$218 million par value of long-term fixed income securities in the following financial institutions:

Issuer Name	Par Value Amount \$
AIG	
AMERICAN GENERAL INSTIT CAP A	3,000,000
AMERICAN GENERAL INSTIT CAP B	8,500,000
FHLMC (Freddie Mac)	
GLOBAL NOTES	71,500,000
GLOBAL REFERENCE NOTES	2,000,000
TAX CREDIT NOTES	17,981,187
FNMA (Fannie Mae)	
None	0
Goldman Sachs	
GOLDMAN SACHS CAPITAL I	10,000,000
Lehman	
OMX TIMBER FIN INVESTS LLC II	39,400,000
Merrill Lynch	
WORLD FINANCIAL PROPERTIES	41,345,460
Morgan Stanley	
None	0
Wachovia	
OMX TIMBER FIN INVESTS LLC I	23,800,000
Washington Mutual	
None	0
	<u>217,526,647</u>

The Company had no credit default swaps at December 31, 2007. Note that the aggregate value of these investments represents less than one percent of GWL&A's consolidated general account assets, which were approximately \$22.2 billion at December

31, 2007. In addition, GWL&A has a high-quality bond portfolio, with 98.2 percent rated investment grade at December 31, 2007.

As you know, the financial services sector in the United States has been severely impacted by problems tied to mortgage and housing markets. This has led to a severe credit and liquidity crisis.

In response, the government has implemented a number of initiatives to restore stability and provide liquidity to financial institutions and financial markets. Furthermore, governments throughout the world are taking steps to provide significant support to financial institutions in their markets and to restore liquidity.

Our expectation is that in time, the U.S. and global economies will recover.

We appreciate your business and look forward to continuing to serve your needs.

A handwritten signature in black ink, appearing to read 'Mitchell T.G. Graye', with a stylized flourish at the end.

Mitchell T.G. Graye
President and Chief Executive Officer