

GWL&A Financial Inc.

Great-West Life & Annuity Insurance Capital, LP II

\$300,000,000 Fixed/Adjustable Rate Enhanced Capital Advantaged Subordinated Debentures due 2046

Cusip: 39136W AA 2

GWL&A Financial Inc., a Delaware corporation (the "Company"), and Great-West Life & Annuity Insurance Capital, LP II, a Delaware limited partnership ("Great-West LP II"), closed on May 19, 2006 the offering of \$300,000,000 aggregate principal amount of Fixed/Adjustable Rate Enhanced Capital Advantaged Subordinated Debentures due 2046 (the "Great-West LP II Debentures") pursuant to a Purchase Agreement dated May 16, 2006, between the Company, Great-West LP II and Lehman Brothers Inc., as representative of the initial purchasers named in Schedule I thereto. The Great-West LP II Debentures are fully, irrevocably and unconditionally guaranteed on a subordinated basis by the Company pursuant to a Guarantee Agreement (the "Guarantee") between the Company and The Bank of New York Trust Company, N.A., as Guarantee Trustee. The proceeds from the sale of the Great-West LP II Debentures were invested by Great-West LP II in the Company's Fixed/Adjustable Rate Junior Subordinated Deferrable Debentures due 2046 (the "GWLAFI Debentures"), issued pursuant to an indenture (the "GWLAFI Indenture") dated May 19, 2006, between the Company and The Bank of New York Trust Company, N.A., as Trustee.

On May 19, 2006, in connection with the closing of the Great-West LP II Debentures offering, the Company and Great-West LP II entered into a Replacement Capital Covenant (the "RCC"), whereby the Company agreed for the benefit of holders of the 6.625% Deferrable Debentures due 2034 that it would redeem, repurchase or defease the Great-West LP II Debentures on or before May 16, 2031 only to the extent the aggregate redemption or repurchase price or amount deposited in trust for the holders of the GWLAFI Debentures (and pledged for the benefit of the holders of the Great-West LP II Debentures) is equal to or less than 100% (or in the case of common stock, 133.33%) of the net proceeds, if any, received by the Company during the 180 days prior to the date of that redemption, repurchase or defeasance from the sale of certain qualified securities and pursuant to the other terms and conditions set forth in the RCC. A copy of the RCC is available from the Company at: 8515 East Orchard Road, Greenwood Village, CO 80111, Attention: Secretary.