



February 20, 2018

Ms. Shelly Schueller
Department of Employee Trust Funds
801 W. Badger Road
P.O. Box 7931
Madison, WI 53707-7931

Re: USCM Lawsuit

Dear Shelly:

At the request of the Department of Employee Trust Funds, I've provided an explanation as to why Great-West/Empower did not inform ETF of the USCM lawsuit.

As a financial services company with a broad national presence, Great-West is periodically named in lawsuits, none of which has material adverse effect on Great-West or its ability to discharge its responsibilities under the ETF contract. The USCM lawsuit was one such proceeding. It was a contract dispute involving a joint marketing arrangement between USCM and Great-West under which those parties marketed retirement plans to USCM member cities and other political subdivisions across the country. This was solely a contract dispute between the parties to the lawsuit that did not involve the ETF contract. In late January, an \$8 million jury verdict was entered in favor of USCM. Importantly, the trial court judge has not yet entered a final judgment based on some concerns Great-West raised during the trial which the judge is still considering.

As specific to ETF, the matter did not have the potential to cause a material adverse effect on ETF or GWL&A, and as such, was not reported proactively to ETF. The recent jury finding, which in any event is not a final judgment, does not change our assessment in that regard.

Empower Retirement has a process in place to ensure proper notification is provided to ETF if our ability to perform under the contract is affected by any litigation, proceeding, inquiry or investigation. Should you wish to discuss further, please feel free to contact Emily Lockwood or myself directly.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Dwyer".

Rob Dwyer
Vice President, Government Markets

CC: Emily Lockwood, State Director, Empower Retirement

Robert J. Dwyer
Vice President
Government Markets

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Securities offered through GWFS Equities, Inc. and/or other broker dealers.

Insurance products offered by Great-West Life & Annuity Insurance Company, Corporate Office: Greenwood Village, CO; or in New York, by Great-West Life & Annuity Insurance Company of New York, Home Office: White Plains, NY.