

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

**1. Name and Address of Company**

Great-West Lifeco Inc. (the “Corporation”)  
100 Osborne Street North  
Winnipeg, MB R3C 1V3

**2. Date of Material Change**

September 8, 2020

**3. News Release**

On September 8, 2020, the Corporation issued a news release through the facilities of CNW Group Ltd. and filed the news release on the System for Electronic Document Analysis and Retrieval (SEDAR).

**4. Summary of Material Change**

On September 8, 2020, Great-West Life & Annuity Insurance Company (“GWL&A”, which operates primarily as Empower Retirement), an indirect wholly-owned subsidiary of the Corporation, entered into a definitive agreement (the “Definitive Agreement”) with Massachusetts Mutual Life Insurance Company (“MassMutual”), for the acquisition of the retirement services business of MassMutual for a total transaction value of approximately US\$3.35 billion (C\$4.4 billion) (the “Acquisition”).

**5. Full Description of Material Change**

The Acquisition and the MassMutual Retirement Services Business

On September 8, 2020, the Corporation announced that GWL&A had agreed to acquire the retirement services business of MassMutual for a total transaction value of approximately US\$3.35 billion (C\$4.4 billion). The value includes a reinsurance ceding commission of US\$2.35 billion and US\$1.0 billion of required capital to support the business. The Corporation intends to fund the Acquisition with existing cash, short-term debt and approximately US\$1.5 billion of new long-term debt. The MassMutual retirement services business comprises 26,000 plans with approximately 2.5 million participants and US\$167 billion in assets as of June 30, 2020.

The Acquisition is expected to close in the fourth quarter of 2020, and is subject to receipt of regulatory approvals and satisfaction of customary closing conditions. GWL&A expects to incur one-time integration expenses of US\$125 million and deal expenses of US\$55 million. The MassMutual retirement services business is expected to be fully integrated within 18 months following closing.

Through the Acquisition, business written by MassMutual will be reinsured by GWL&A. Concurrently, MassMutual will retrocede business it reinsures from a cedent that MassMutual assumed in a previous transaction. Any New York business will be reinsured by Great-West Life & Annuity Insurance Company of New York (“GWL&ANY”). The Acquisition has been approved by the boards of directors of the Corporation, GWL&A and MassMutual.

In addition, GWL&A and MassMutual intend to enter into a strategic partnership through which digital insurance products offered by Haven Life Insurance Agency, LLC (an affiliate of MassMutual) and MassMutual’s voluntary insurance and lifetime income products will be made available to customers of GWL&A and Personal Capital Corporation, a subsidiary of GWL&A.

### Definitive Agreement

The following is a description of the material terms of the Definitive Agreement dated September 8, 2020, between MassMutual and GWL&A. A copy of the Definitive Agreement has been filed on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

The description below is a summary only and is qualified in its entirety by the full text of the Definitive Agreement. The Definitive Agreement and this summary of its terms are not intended to be, and should not be relied upon as, disclosures of any facts and circumstances relating to the Corporation, MassMutual, any of their respective subsidiaries, or the MassMutual retirement services business.

### *Consideration*

The ceding commission payable to MassMutual by GWL&A and its affiliates will be US\$2.35 billion. GWL&A’s obligation to deliver the ceding commission is backed by a guarantee from the Corporation pursuant to a separate Guarantee Agreement between the Corporation and MassMutual.

### *Conditions to Closing*

GWL&A will not be obligated to complete the Acquisition unless, at or before the closing of the Acquisition, each of the following conditions has been satisfied or, if applicable, waived:

1. Certain fundamental representations of MassMutual shall be true and correct as of the date of the Definitive Agreement and as of closing of the Acquisition, and the other representations of MassMutual shall be true and correct (without giving effect to any exception or qualification in such representations relating to “material,” “materiality,” or “Material Adverse Effect” in such representations) in all respects as of the date of the Definitive Agreement and as of the closing of the Acquisition (except to the extent they refer to another date, in which case they shall be true and correct as of such other date), except where the failure of such other representations to be so true and correct have

not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (as defined in the Definitive Agreement);

2. Each of the covenants and agreements of MassMutual in the Definitive Agreement to be performed or complied with at or prior to the closing of the Acquisition shall have been performed or complied with in all material respects; and
3. The applicable ancillary agreements shall have been executed and delivered by MassMutual or its affiliates, as applicable, on or prior to the closing date of the Acquisition and shall be in full force and effect with respect to MassMutual or its applicable affiliate.

MassMutual will not be obligated to complete the Acquisition unless, at or before the closing of the Acquisition, each of the following conditions has been satisfied or, if applicable, waived:

1. Certain fundamental representations of GWL&A shall be true and correct as of the date of the Definitive Agreement and as of the closing of the Acquisition, and the other representations of GWL&A shall be true and correct (without giving effect to any exception or qualification in such representations relating to “material,” “materiality,” or “Material Adverse Effect” in such representations) in all respects as of the date of the Definitive Agreement and as of the closing of the Acquisition (except to the extent they refer to another date, in which case they shall be true and correct as of such other date), except where the failure of such other representations to be so true and correct have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;
2. Each of the covenants and agreements of GWL&A in the Definitive Agreement to be performed or complied with at or prior to the closing of the Acquisition shall have been performed or complied with in all material respects;
3. The applicable ancillary agreements shall have been executed and delivered by GWL&A or its affiliates, as applicable, on or prior to the closing date of the Acquisition and shall be in full force and effect with respect to GWL&A or its applicable affiliate; and
4. None of the following events have occurred (or, in the case of clause (i), shall be reasonably expected to occur) as of the closing of the Acquisition: (i) GWL&A shall have become insolvent; or (ii) GWL&A’s RBC Ratio (as defined in the Definitive Agreement) shall have fallen below two hundred and fifty percent (250%) and such even has not been cured within 45 days thereafter.

Neither GWL&A nor MassMutual will be obligated to complete the Acquisition unless, at or before the closing of the Acquisition, each of the following conditions has been satisfied or, if applicable, waived:

1. No governmental authority shall have enacted, enforced or entered any law, or pursued an action or entered an order, in each case that is pending or in effect on the closing date, challenging, restraining, enjoining, impeding or otherwise prohibiting the Acquisition or other transactions contemplated by the Definitive Agreement or ancillary agreements;
2. The applicable waiting periods under the Hart-Scott-Rodino Act shall have expired or been terminated; and
3. All required regulatory approvals have been obtained or made, without the imposition of a Burdensome Condition (as defined in the Definitive Agreement), and shall be in full force and effect.

### *Representations and Warranties*

MassMutual has made certain representation and warranties to GWL&A under the Definitive Agreement, including representations and warranties as to: organization and good standing; authority and enforceability; non-contravention; capital structure and ownership of the transferred company; MassMutual's consents and approvals; compliance with laws; permits; litigation and orders; absence of certain changes and events; transferred assets; material contracts; employees and benefit plans; labor matters; intellectual property; data protection; real property; taxes; insurance business; examinations and regulatory filings; reinsurance; brokers or finders; financial information and books and records; retirement plan services; investment assets; material distributors; mutual fund organizations; and the actuarial appraisal.

GWL&A has also made representations and warranties to MassMutual under the Definitive Agreement, including representations and warranties as to: organization and good standing; authority and enforceability; non-contravention; GWL&A's consents and approvals; compliance with laws; permits; purchaser impediments; financial statements and financial capacity; qualification to perform; solvency; investment intent; and brokers or finders.

As is customary, claims by one party against the other party for breaches of representations and warranties must be brought within certain agreed periods, and a party's liability for such breaches is subject to negotiated thresholds and limitations.

### *Covenants*

The parties have provided customary covenants with respect to the Acquisition, including with respect to access to each party's information regarding the acquired business; confidentiality; maintenance and transfer of books and records; management of investment assets; third party consents; employee matters; resignations of directors and officers; intellectual property rights and use of names and marks; tax matters; termination and settlement of intercompany accounts and agreements; further assurances; finalization of

ancillary agreements; transition planning; communications to customers and other third parties; and financing cooperation.

MassMutual has also agreed, prior to the closing of the Acquisition, to conduct the acquired business in the ordinary course of business consistent with past practice, to use commercially reasonable efforts to preserve its business organization intact and maintain existing relations and goodwill with existing customers and other third parties, and refrain from taking certain actions specified in the Definitive Agreement without the prior written consent of GWL&A, subject to certain exceptions.

In addition, MassMutual, GWL&A and their respective affiliates agree to use reasonable best efforts to obtain all necessary regulatory approvals for the consummation of the Acquisition, provided that GWL&A and its affiliates shall not be obligated to take or refrain from taking any action, or to agree to any restriction, condition or requirement, which, individually or in the aggregate, would constitute a Burdensome Condition (as defined in the Definitive Agreement).

For a period following the closing of the Acquisition, each of GWL&A and MassMutual shall refrain from soliciting for employment, hiring, or entering into an agency or consultancy relationship with certain executives or employees, as applicable, of the other party, as specified in the Definitive Agreement, subject to certain exceptions. Additionally, for a period following the closing of the Acquisition, MassMutual and its affiliates shall not directly or indirectly engage in the business of selling, marketing, underwriting, using, reinsuring, record-keeping or administering retirement plans or group annuity contracts or group funding agreements offered or sold to retirement plans, subject to certain exceptions.

#### *Termination*

The Definitive Agreement may be terminated by mutual written consent of GWL&A and MassMutual.

Either MassMutual or GWL&A may terminate the Definitive Agreement (i) if the closing of the Acquisition has not occurred on or before June 8, 2021 (provided that if the only closing condition not satisfied as of such date is the receipt of required regulatory approvals, such date shall be extended to August 8, 2021), or (ii) if a governmental authority issues a final and non-appealable order prohibiting the consummation of the Acquisition or if there is any law that makes consummation of the closing illegal or otherwise prohibited.

Each of GWL&A and MassMutual may additionally terminate the Definitive Agreement if the other party is in breach of its representations, warranties, covenants or agreements that would render the applicable closing condition related to satisfaction thereof incapable of being satisfied on June 8, 2021, and such breach is either not curable or is not cured within the prescribed time periods set forth in Definitive Agreement (provided that the terminating party is not in material breach of its own representations, warranties, covenants

or agreements that would render the applicable closing condition related to satisfaction thereof incapable of being satisfied on such date).

*Key Ancillary Documents*

GWL&A and MassMutual (or certain of their respective affiliates) have agreed to enter into certain agreements in connection with the Acquisition in addition to the Definitive Agreement, including:

- a. A Guarantee Agreement, pursuant to which the Corporation guarantees GWL&A's pre-closing obligations under the Definitive Agreement.
- b. Reinsurance Agreements and Retrocession Agreements, pursuant to which MassMutual will cede and retrocede to GWL&A (or, in the case of New York business, GWL&ANY) the insurance liabilities included in MassMutual's retirement business, including liabilities arising under group annuity contracts, group funding agreements and maturity funding contracts. Under the Reinsurance Agreements, general account liabilities will be ceded on a coinsurance basis, and separate account liabilities will be ceded on a modified coinsurance basis. Under the Retrocession Agreements, general account liabilities will be ceded on a coinsurance with funds withheld basis, and separate account liabilities will be ceded on a modified coinsurance basis.
- c. Trust Agreements, pursuant to which GWL&A or GWL&ANY, as applicable, shall fund a trust account supporting such party's obligations under the respective Reinsurance Agreements. In the ordinary course, assets in the trust accounts will be managed by GWL&A and GWL&ANY, as applicable, valued on a book value basis and may be withdrawn by MassMutual to pay or reimburse MassMutual for undisputed amounts due and not yet recovered from GWL&A or GWL&ANY, as applicable. Upon specified trigger events, the assets in the trust account will be valued at fair market value, and certain provisions of the Trust Agreements will be automatically modified to provide additional protections to MassMutual. GWL&A and GWL&ANY would also enter into Security and Control Agreements granting MassMutual a security interest in the collateral subject to the respective trust accounts.
- d. Administrative Services and Subcontracting Agreements, pursuant to which GWL&A or its applicable affiliate will administer the reinsured business and contracts with customers of the acquired business.
- e. A Transition Services Agreement, pursuant to which MassMutual will provide to GWL&A certain transition services for a period of 18 months following the closing of the Acquisition, which period may be extended in accordance with the terms of Transition Services Agreement.
- f. An Investment Management Agreement, pursuant to which MassMutual will appoint Great-West Capital Management, LLC, a wholly-owned subsidiary of GWL&A, to manage certain assets held in trust or in custody in support of the liabilities ceded on a

coinsurance with funds withheld basis to GWL&A or GWL&ANY, as applicable, under the Retrocession Agreements.

- g. Participation and Servicing Agreements, pursuant to which (i) GWL&A will acquire from MassMutual as part of the reinsurance premium payable under the Reinsurance Agreements participation interests in certain mortgage loans and related documents, and (ii) MassMutual or its affiliates will continue to service and administer such mortgage loans.
- h. A Services Agreement, pursuant to which GWL&A will provide certain services relating to propriety mutual funds of MassMutual that are held by retirement plans for which GWL&A will be providing administrative services as part of the acquired business.

**6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

For further information, please contact:

Sharon Geraghty  
Executive Vice President and General Counsel  
Tel: (416) 552-3430

**9. Date of Report**

September 14, 2020