

VARIABLE ANNUITY-2 SERIES ACCOUNT
GREAT-WEST SMART TRACK® VARIABLE ANNUITY
Individual Flexible Premium Deferred
Variable Annuity Contracts

issued by

Great-West Life & Annuity Insurance Company
8515 E. Orchard Road
Greenwood Village, Colorado 80111
Telephone: (800) 537-2033

STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information is not a prospectus and should be read in conjunction with the Prospectus, dated May 1, 2019, which is available without charge by contacting the Retirement Resource Operations Center, P.O. Box 173920, Denver, Colorado 80217-3920 or at (877) 723-8723.

The date of this Statement of Additional Information is
May 1, 2019

TABLE OF CONTENTS

	<u>Page</u>
GENERAL INFORMATION	1
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY AND VARIABLE ANNUITY-2 SERIES ACCOUNT	1
CALCULATION OF ANNUITY PAYMENTS	1
SERVICES	1
WITHHOLDING	2
FINANCIAL STATEMENTS	2

GENERAL INFORMATION

In order to supplement the description in the Prospectus, the following provides additional information about the Contracts and other matters which may be of interest to you. Terms used in this Statement of Additional Information have the same meanings as are defined in the Prospectus under the heading “Definitions.”

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY AND VARIABLE ANNUITY-2 SERIES ACCOUNT

Great-West Life & Annuity Insurance Company (“Great-West”), the issuer of the Contract, is a Colorado corporation qualified to sell life insurance and annuity contracts in Puerto Rico, U.S. Virgin Islands, Guam, the District of Columbia and all states except New York. Great-West is a wholly-owned subsidiary of GWL&A Financial, Inc., a Delaware holding company. GWL&A Financial, Inc. is an indirect wholly-owned subsidiary of Great-West Lifeco Inc., a Canadian holding company. Great-West Lifeco Inc. is a subsidiary of Power Financial Corporation, a Canadian holding company with substantial interests in the financial services industry. Power Financial Corporation is a subsidiary of Power Corporation of Canada, a Canadian holding and management company. Through a group of private holding companies, The Desmarais Family Residuary Trust, created on October 8, 2013 under the Last Will and Testament of Paul G. Desmarais, has voting control of Power Corporation of Canada.

The assets allocated to the Variable Annuity-2 Series Account (the “Series Account”) are the exclusive property of Great-West. Registration of the Series Account under the Investment Company Act of 1940 does not involve supervision of the management or investment practices or policies of the Series Account or of Great-West by the Securities and Exchange Commission. Great-West may accumulate in the Series Account proceeds from charges under the Contracts and other amounts in excess of the Series Account assets representing reserves and liabilities under the Contract and other variable annuity contracts issued by Great-West. Great-West may from time to time transfer to its general account any of such excess amounts. Under certain remote circumstances, the assets of one Sub-Account may not be insulated from liability associated with another Sub-Account.

On January 24, 2019, Great-West announced that it had entered into an agreement with Protective Life Insurance Company (“Protective”) to sell, via indemnity reinsurance, substantially all of its non-participating individual life insurance and annuity business and group life and health business, including this Contract. Subject to the provision of certain services by Great-West or its affiliates for a transitional period following the closing, Protective will agree to provide administration for the Contract in accordance with their terms and conditions. The transaction is expected to close in the first half of 2019, subject to regulatory approvals and customary closing conditions.

CALCULATION OF ANNUITY PAYMENTS

Variable Annuity Payout Options

Great-West converts the Accumulation Units for each Investment Segment Sub-Account held by you into Annuity Units at their values determined as of the end of the valuation period which contains the Annuity Commencement Date. The number of Annuity Units paid for each Investment Segment Sub-Account is determined by dividing the amount of the first payment by the Annuity Unit value on the first valuation date preceding the date the first payout is due. The number of Annuity Units used to calculate each payout for an Investment Segment Sub-Account remains fixed during the Annuity Payment Period.

The first payment under a variable annuity payout option will be based on the value of each Investment Segment Sub-Account on the first valuation date preceding the Annuity Commencement Date. We will determine it by applying the appropriate rate to the amount applied under the payout option. Payments after the first will vary depending upon the investment experience of the Investment Segment Sub-Accounts. The subsequent amount paid is determined by multiplying (a) by (b) where (a) is the number of Annuity Units to be paid and (b) is the Annuity Unit value on the first valuation date preceding the date the annuity payout is due. The total amount of each variable annuity payout will be the sum of the variable annuity payments for each Investment Segment Sub-Account.

SERVICES

A. Safekeeping of Series Account Assets

The assets of the Series Account are held by Great-West. The assets of the Series Account are kept physically segregated and held separate and apart from the general account of Great-West. Great-West maintains records of all purchases and redemptions of shares of the Portfolios. Additional protection for the assets of the Series Account is afforded by a financial

institution bond that includes fidelity coverage issued to The Great-West LifeCo, Inc. and subsidiary companies in the amount of \$50 million (Canadian) per occurrence and \$100 million (Canadian) aggregate, which covers all officers and employees of Great-West.

B. Independent Registered Public Accounting Firm

Deloitte & Touche LLP, 1601 Wewatta Street, Suite 400, Denver, Colorado 80202, serves as the Company's and the Series Account's independent registered public accounting firm.

The financial statements and financial highlights of each of the investment divisions of the Variable Annuity-2 Series Account of Great-West Life & Annuity Insurance Company included in this Statement of Additional Information have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing in the Registration Statement. The statutory financial statements of Great-West Life & Annuity Insurance Company included in this Statement of Additional Information included in the Registration Statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing in the Registration Statement. Such statutory financial statements have so been included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

C. Principal Underwriter

The offering of the Contracts is made on a continuous basis by GWFS Equities, Inc. ("GWFS"), a wholly-owned subsidiary of Great-West. GWFS is a Delaware corporation registered as a broker/dealer with the SEC, and a member of FINRA. Great-West does not anticipate discontinuing the offering of the Contract, although it reserves the right to do so. The Contract generally will be issued from birth to age 85.

D. Administrative Services

Certain administrative services are provided by GWFS to assist Great-West in processing the Contracts. These services are described in written agreements between GWFS and Great-West.

WITHHOLDING

Annuity payments and other amounts received under the Contract are subject to income tax withholding unless the recipient elects not to have taxes withheld. The amounts withheld will vary among recipients depending on the tax status of the individual and the type of payments from which taxes are withheld.

Notwithstanding the recipient's election, withholding may be required with respect to certain payments to be delivered outside the United States. Moreover, special "backup withholding" rules may require Great-West to disregard the recipient's election if the recipient fails to supply Great-West with a "TIN" or taxpayer identification number (social security number for individuals), or if the Internal Revenue Service notifies Great-West that the TIN provided by the recipient is incorrect.

We may be required to withhold at a rate of 30% under the Foreign Account Tax Compliance Act ("FATCA") on certain distributions to foreign financial institutions and non-financial foreign entities holding accounts on behalf of and/or the assets of U.S. persons unless the foreign entities provide us with certain certifications regarding their status under FATCA on the applicable IRS forms. Prospective purchasers with accounts in foreign financial institutions or non-financial foreign entities are advised to consult with a competent tax advisor regarding the application of FATCA to their purchase situation.

FINANCIAL STATEMENTS

The statutory financial statements of Great-West should be considered only as bearing upon Great-West's ability to meet its obligations under the Contracts, and they should not be considered as bearing on the investment performance of the Series Account. The variable interest of Owners under the Contracts is affected solely by the investment results of the Series Account.

AUDITED FINANCIAL REPORT



Great-West Life & Annuity Insurance Company
(A wholly-owned subsidiary of GWL&A Financial Inc.)

*Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus as of December 31,
2018 and 2017 and
Related Statutory Statements of Operations, Changes in Capital and Surplus and Cash Flows
for Each of the Three Years in the Period Ended December 31, 2018
and Report of Independent Registered Public Accounting Firm*

Index to Financial Statements, Notes, and Schedules

	<u>Page Number</u>
<u>Independent Auditors' Report</u>	<u>2</u>
Statutory Financial Statements at December 31, 2018, and 2017 and for the Years Ended December 31, 2018, 2017, and 2016	
<u>Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus</u>	<u>4</u>
<u>Statutory Statements of Operations</u>	<u>6</u>
<u>Statutory Statements of Changes in Capital and Surplus</u>	<u>7</u>
<u>Statutory Statements of Cash Flows</u>	<u>8</u>
<u>Notes to the Statutory Financial Statements</u>	<u>10</u>
<u>Note 1 - Organization and Significant Accounting Policies</u>	<u>10</u>
<u>Note 2 - Accounting Changes</u>	<u>19</u>
<u>Note 3 - Related Party Transactions</u>	<u>20</u>
<u>Note 4 - Summary of Invested Assets</u>	<u>22</u>
<u>Note 5 - Fair Value Measurements</u>	<u>31</u>
<u>Note 6 - Non-Admitted Assets</u>	<u>35</u>
<u>Note 7 - Premiums Deferred and Uncollected</u>	<u>35</u>
<u>Note 8 - Business Combination and Goodwill</u>	<u>35</u>
<u>Note 9 - Reinsurance</u>	<u>36</u>
<u>Note 10 - Aggregate Reserves</u>	<u>37</u>
<u>Note 11 - Liability for Unpaid Claims and Claim Adjustment Expenses</u>	<u>38</u>
<u>Note 12 - Commercial Paper</u>	<u>39</u>
<u>Note 13 - Separate Accounts</u>	<u>39</u>
<u>Note 14 - Capital and Surplus, Dividend Restrictions, and Other Matters</u>	<u>42</u>
<u>Note 15 - Federal Income Taxes</u>	<u>43</u>
<u>Note 16 - Employee Benefit Plans</u>	<u>49</u>
<u>Note 17 - Share-based Compensation</u>	<u>53</u>
<u>Note 18 - Participating Insurance</u>	<u>56</u>
<u>Note 19 - Concentrations</u>	<u>56</u>
<u>Note 20 - Commitments and Contingencies</u>	<u>56</u>
<u>Note 21 - Subsequent Events</u>	<u>57</u>



Deloitte & Touche LLP
1601 Wewatta Street
Suite 400
Denver, CO 80202-3942
USA
Tel: 1 303 292 5400
Fax: 1 303 312 4000
www.deloitte.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of
Great-West Life & Annuity Insurance Company
Greenwood Village, Colorado

Opinion on the Statutory Financial Statements

We have audited the accompanying statutory statements of admitted assets, liabilities, and capital and surplus of Great-West Life & Annuity Insurance Company (the "Company") (a wholly-owned subsidiary of GWL&A Financial Inc.), as of December 31, 2018 and 2017, the related statutory statements of operations, changes in capital and surplus, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "statutory financial statements"). In our opinion, because of the effects of the matters discussed in the following paragraph, the statutory financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2018 and 2017, or the results of its operations or its cash flows for each of the three years in the period ended December 31, 2018.

As described in Note 1 to the statutory financial statements, the statutory financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Colorado Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Colorado Division of Insurance. The effects on the statutory financial statements of the variances between the statutory-basis of accounting described in Note 1 to the statutory financial statements and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the statutory financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018 in conformity with accounting practices prescribed or permitted by the Colorado Division of Insurance, as described in Note 1 to the statutory financial statements.

Basis for Opinion

These statutory financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's statutory financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

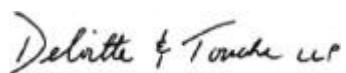
We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing

an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the statutory financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the statutory financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statutory financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of Matter

As discussed in Note 1 to the statutory financial statements, the accompanying statutory financial statements have been prepared from separate records maintained by the Company and may not necessarily be indicative of conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company, as portions of certain expenses represent allocations made from affiliates.

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

Denver, Colorado

March 19, 2019

We have served as the Company's auditor since 1981

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus

December 31, 2018 and 2017

(In Thousands, Except Share Amounts)

	December 31,	
	2018	2017
Admitted assets:		
Cash and invested assets:		
Bonds	\$ 20,654,118	\$ 19,944,862
Common stock	131,883	107,977
Mortgage loans (net of allowances of \$746 and \$746)	4,206,865	3,871,338
Real estate occupied by the company	37,555	36,302
Real estate held for the production of income	1,407	1,466
Contract loans	4,122,637	4,078,669
Cash, cash equivalents and short-term investments	229,003	242,084
Securities lending collateral assets	45,102	—
Other invested assets	606,787	566,187
Total cash and invested assets	<u>30,035,357</u>	<u>28,848,885</u>
Investment income due and accrued	284,303	279,822
Premiums deferred and uncollected	25,795	15,919
Reinsurance recoverable	8,090	7,090
Current federal income taxes recoverable	71,875	16,535
Deferred income taxes	150,497	149,315
Due from parent, subsidiaries and affiliates	50,107	67,355
Cash value of company owned life insurance	272,606	264,798
Other assets	231,965	163,388
Assets from separate accounts	<u>24,654,916</u>	<u>28,197,122</u>
Total admitted assets	<u>\$ 55,785,511</u>	<u>\$ 58,010,229</u>

See notes to statutory financial statements.

Continued

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus

December 31, 2018 and 2017

(In Thousands, Except Share Amounts)

	December 31,	
	2018	2017
Liabilities, capital and surplus:		
Liabilities:		
Aggregate reserves for life policies and contracts	\$ 27,501,121	\$ 26,587,834
Aggregate reserves for accident and health policies	276,762	272,539
Liability for deposit-type contracts	189,895	206,134
Life and accident and health policy and contract claims	123,705	120,537
Provision for policyholders' dividends	31,184	38,872
Liability for premiums received in advance	13,926	12,768
Liability for contract deposit funds	150,981	174,296
Unearned investment income	622	4,483
Asset valuation reserve	204,393	203,546
Interest maintenance reserve	50,674	82,238
Due to parent, subsidiaries and affiliates	41,735	52,081
Commercial paper	98,859	99,886
Payable under securities lending agreements	45,102	—
Repurchase agreements	664,650	—
Other liabilities	410,076	828,393
Liabilities from separate accounts	24,654,907	28,197,113
Total liabilities	<u>54,458,592</u>	<u>56,880,720</u>
Commitments and contingencies (see Note 20)		
Capital and surplus:		
Preferred stock, \$1 par value, 50,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$1 par value; 50,000,000 shares authorized; 7,320,176 shares issued and outstanding	7,320	7,320
Surplus notes	591,699	539,930
Gross paid in and contributed surplus	710,271	706,178
Unassigned funds	17,629	(123,919)
Total capital and surplus	<u>1,326,919</u>	<u>1,129,509</u>
Total liabilities, capital and surplus	<u>\$ 55,785,511</u>	<u>\$ 58,010,229</u>

See notes to statutory financial statements.

Concluded

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Operations
 Years Ended December 31, 2018, 2017 and 2016
 (In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Income:			
Premium income and annuity consideration	\$ 7,592,609	\$ 5,270,518	\$ (397,783)
Net investment income	1,307,387	1,266,963	1,235,841
Amortization of interest maintenance reserve	24,863	22,045	23,253
Commission and expense allowances on reinsurance ceded	5,211	31,582	5,785
Fee income from separate accounts	160,573	160,280	151,744
Reserve adjustment on reinsurance ceded	(1,975,763)	(490,424)	5,627,638
Miscellaneous income	250,272	220,204	154,696
Total income	<u>7,365,152</u>	<u>6,481,168</u>	<u>6,801,174</u>
Expenses:			
Death benefits	380,057	276,519	341,292
Annuity benefits	228,530	203,679	202,093
Disability benefits and benefits under accident and health policies	41,719	44,208	41,580
Surrender benefits	5,895,938	4,992,338	4,330,313
Increase in aggregate reserves for life and accident and health policies and contracts	917,510	915,763	1,139,669
Other benefits	10,528	12,032	11,991
Total benefits	<u>7,474,282</u>	<u>6,444,539</u>	<u>6,066,938</u>
Commissions	196,489	199,814	181,567
Other insurance expenses	488,250	522,610	544,488
Net transfers from separate accounts	(1,112,465)	(944,644)	(101,482)
Total benefit and expenses	<u>7,046,556</u>	<u>6,222,319</u>	<u>6,691,511</u>
Net gain from operations before dividends to policyholders, federal income taxes and realized capital gains (losses)	318,596	258,849	109,663
Dividends to policyholders	31,276	38,782	45,842
Net gain from operations after dividends to policyholders and before federal income taxes and net realized capital gains (losses)	287,320	220,067	63,821
Federal income tax (benefit) expense	(17,604)	50,584	(37,932)
Net gain from operations before net realized capital gains (losses)	304,924	169,483	101,753
Net realized capital gains (losses) less capital gains tax and transfers to interest maintenance reserve	10,576	535	(1,096)
Statutory net income	<u>\$ 315,500</u>	<u>\$ 170,018</u>	<u>\$ 100,657</u>

See notes to statutory financial statements.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Changes in Capital and Surplus

Years Ended December 31, 2018, 2017 and 2016

(In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Capital and surplus, beginning of year	\$ 1,129,509	\$ 1,053,333	\$ 1,114,764
Statutory net income	315,500	170,018	100,657
Dividends to stockholder	(152,295)	(145,301)	(125,691)
Change in net unrealized capital (losses) gains, net of income taxes	(11,491)	(17,021)	(32,223)
Change in minimum pension liability, net of income taxes	3,824	2,459	(1,863)
Change in asset valuation reserve	(846)	(18,503)	6,171
Change in non-admitted assets	28,921	96,814	(47,306)
Change in net deferred income taxes	(40,732)	(110,528)	16,605
Change in liability for reinsurance in unauthorized companies	—	2	—
Capital paid-in	—	27	60
Surplus paid-in	4,093	86,480	22,359
Change in capital and surplus as a result of separate accounts	(208)	(211)	(150)
Change in unrealized foreign exchange capital (losses) gains	(1,125)	(88)	(78)
Change in surplus note	51,769	12,028	28
Net change in capital and surplus for the year	<u>197,410</u>	<u>76,176</u>	<u>(61,431)</u>
Capital and surplus, end of year	<u>\$ 1,326,919</u>	<u>\$ 1,129,509</u>	<u>\$ 1,053,333</u>

See notes to statutory financial statements.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Cash Flows
Years Ended December 31, 2018, 2017 and 2016
(In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Operating activities:			
Premium income, net of reinsurance	\$ 5,352,630	\$ 5,208,527	\$ 5,910,875
Investment income received, net of investment expenses paid	1,136,338	1,111,282	1,080,450
Other miscellaneous expense received (paid)	160,008	(77,825)	(23,874)
Benefit and loss related payments, net of reinsurance	(6,417,233)	(5,393,966)	(4,671,246)
Net transfers to separate accounts	1,097,423	909,388	99,783
Commissions, other expenses and taxes paid	(644,838)	(669,995)	(687,938)
Dividends paid to policyholders	(38,959)	(46,583)	(51,521)
Federal income taxes (paid) received, net	(38,241)	(15,138)	15,711
Net cash provided by operating activities	<u>607,128</u>	<u>1,025,690</u>	<u>1,672,240</u>
Investing activities:			
Proceeds from investments sold, matured or repaid:			
Bonds	3,351,579	5,719,282	7,202,702
Stocks	3,704	14,597	1,539
Mortgage loans	357,545	399,982	365,790
Real estate	—	—	1,457
Other invested assets	25,233	14,614	9,883
Net gains on cash, cash equivalents and short-term investments	—	(1)	13
Miscellaneous proceeds	22,212	—	40,414
Cost of investments acquired:			
Bonds	(3,398,701)	(6,023,940)	(8,434,227)
Stocks	(38,742)	(99)	(19)
Mortgage loans	(697,245)	(844,304)	(688,991)
Real estate	(4,319)	(2,980)	(2,006)
Other invested assets	(36,870)	(31,194)	(3,985)
Miscellaneous applications	(39,654)	(67,286)	(4,708)
Net change in contract loans and premium notes	(1,355)	(12,161)	6,809
Net cash used in investing activities	<u>(456,613)</u>	<u>(833,490)</u>	<u>(1,505,329)</u>
Financing and miscellaneous activities:			
Surplus notes	51,410	12,000	—
Capital and paid in surplus	3,325	84,944	20,306
Deposit-type contract withdrawals, net of deposits	(18,908)	(21,673)	(22,342)
Dividends to stockholder	(152,295)	(145,301)	(125,691)
Funds (repaid) borrowed, net	(1,027)	2,348	4,167
Change in due to/from parent, subsidiaries and affiliates	6,013	1,485	5,987
Employee taxes paid for withheld shares	(78)	(818)	(517)
Other	(51,605)	(70,011)	(38,528)
Net cash used in financing and miscellaneous activities	<u>(163,165)</u>	<u>(137,026)</u>	<u>(156,618)</u>
Net (decrease) increase in cash, cash equivalents and short-term investments and restricted cash	(12,650)	55,174	10,293
Cash, cash equivalents and short-term investments and restricted cash:			
Beginning of year	242,084	186,910	176,617
End of year	<u>\$ 229,434</u>	<u>\$ 242,084</u>	<u>\$ 186,910</u>

The cash, cash equivalents and short-term investments and restricted cash balance at December 31, 2018 includes \$431 of restricted cash which is non-admitted and not included in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus.

See notes to statutory financial statements.

Continued

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Statutory Statements of Cash Flows
Years Ended December 31, 2018, 2017 and 2016
(In Thousands)

	Year Ended December 31,		
	2018	2017	2016
Non-cash investing and financing transactions during the year:			
Share-based compensation expense	\$ 768	\$ 1,563	\$ (2,113)
Assets received from limited partnership investment distributions	—	—	(10)
Fair value of assets acquired in settlement of bonds	28,815	9,659	—

See notes to statutory financial statements.

Concluded

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

1. Organization and Significant Accounting Policies

Great-West Life & Annuity Insurance Company (the “Company” or “GWL&A”) is a direct wholly-owned subsidiary of GWL&A Financial Inc. (“GWL&A Financial”), a holding company. GWL&A Financial is a direct wholly-owned subsidiary of Great-West Lifeco U.S. LLC (“Lifeco U.S.”) and an indirect wholly-owned subsidiary of Great-West Lifeco Inc. (“Lifeco”), a Canadian holding company. The Company offers a wide range of life insurance, retirement and investment products to individuals, businesses and other private and public organizations throughout the United States. The Company is an insurance company domiciled in the State of Colorado, and is subject to regulation by the Colorado Division of Insurance (“Division”).

The Company is authorized to engage in the sale of life insurance, accident and health insurance and annuities. It is qualified to do business in all states in the United States, except New York, and in the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands. The Company is also a licensed reinsurer in New York.

The statutory financial statements have been prepared from the separate records maintained by the Company and may not necessarily be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company.

Accounting policies and use of estimates

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the Division. The Division requires that insurance companies domiciled in the State of Colorado prepare their statutory financial statements in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual (“NAIC SAP”), subject to any deviations prescribed or permitted by the State of Colorado Insurance Commissioner.

The only prescribed deviation that impacts the Company allows the Company to account for certain separate account products at book value instead of fair value. The Division has not permitted the Company to adopt any accounting practices that have an impact on the Company’s statutory financial statements as compared to NAIC SAP or the Division’s prescribed accounting practices. There is no impact to either capital and surplus or net income as a result of the prescribed accounting practice.

Statutory accounting principles vary in some respects from accounting principles generally accepted in the United States of America (“GAAP”). The more significant of these differences are as follows:

- Bonds, including loan-backed and structured securities (collectively referred to as “bonds”), are carried at statutory adjusted carrying value in accordance with the National Association of Insurance Commissioners (“NAIC”) designation of the security. Carrying value is amortized cost, unless the bond is either (a) designated as a six, in which case it is the lower of amortized cost or fair value or (b) required to be carried at fair value due to the structured securities ratings methodology. Under GAAP, bonds are carried at amortized cost for securities classified as held-to-maturity and fair value for securities classified as available-for-sale and held-for-trading.
- Short-term investments include all investments whose remaining maturities, at the time of acquisition, are three months to one year. Under GAAP, short-term investments include securities purchased with investment intent and with initial remaining maturities of one year or less.
- As prescribed by the NAIC, the asset valuation reserve (“AVR”) is computed in accordance with a prescribed formula and represents a provision for possible non-interest related fluctuations in the value of bonds equity securities, mortgage loans, real estate and other invested assets. Changes to the AVR are charged or credited directly to unassigned surplus. This type of reserve is not necessary or required under GAAP.
- As prescribed by the NAIC, the interest maintenance reserve (“IMR”) consists of net accumulated unamortized realized capital gains and losses, net of income taxes, on sales or interest related impairments of bonds and derivative investments attributable to changes in the general level of interest rates. Such gains or losses are initially deferred and then amortized into income over the remaining period to maturity, based on groupings of individual securities sold in five-year bands. An IMR asset is designated as a non-admitted asset and is recorded as a reduction to capital and surplus. Under GAAP, realized gains and losses are recognized in income in the period in which a security is sold.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

- As prescribed by the NAIC, an other-than-temporary impairment (“OTTI”) is recorded (a) if it is probable that the Company will be unable to collect all amounts due according to the contractual terms in effect at the date of acquisition, (b) if the Company has the intent to sell the investment or (c) for non-interest related declines in value and where the Company does not have the intent and ability at the reporting date, to hold the bond until its recovery. Under GAAP, if either (a) management has the intent to sell a bond investment or (b) it is more likely than not the Company will be required to sell a bond investment before its anticipated recovery, a charge is recorded in net realized investment losses equal to the difference between the fair value and cost or amortized cost basis of the security. If management does not intend to sell the security and it is not more likely than not the Company will be required to sell the bond investment before recovery of its amortized cost basis, but the present value of the cash flows expected to be collected (discounted at the effective interest rate implicit in the bond investment prior to impairment) is less than the amortized cost basis of the bond investment (referred to as the credit loss portion), an OTTI is considered to have occurred.

Under GAAP, total OTTI is bifurcated into two components: the amount related to the credit loss, which is recognized in current period earnings through realized capital losses; and the amount attributed to other factors (referred to as the non-credit portion), which is recognized as a separate component in accumulated other comprehensive income (loss). As prescribed by the NAIC, non-interest related OTTI is only bifurcated on loan-backed and structured securities. Factors related to interest and other components do not have a financial statement impact and are disclosed in “Unrealized losses and OTTI” in the notes to the statutory financial statements.

- Derivatives that qualify for hedge accounting are carried at the same valuation method as the underlying hedged asset, while derivatives that do not qualify for hedge accounting are carried at fair value. Under GAAP, all derivatives, regardless of hedge accounting treatment, are recorded on the balance sheet in other assets or other liabilities at fair value. As prescribed by the NAIC, for those derivatives which qualify for hedge accounting, the change in the carrying value or cash flow of the derivative is recorded consistently with how the changes in the carrying value or cash flow of the hedged asset, liability, firm commitment or forecasted transaction are recorded. Under GAAP, if the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded in accumulated other comprehensive income and are recognized in the income statements when the hedged item affects earnings. Changes in fair value resulting from foreign currency translations are recorded in either AOCI or net investment income, consistent with where they are recorded on the underlying hedged asset or liability. Changes in the fair value, including changes resulting from foreign currency translations, of derivatives not eligible for hedge accounting or where hedge accounting is not elected and the over effective portion of cash flow hedges are recognized in investment gains (losses) as a component of net income in the period of the change. Realized foreign currency transactional gains and losses on derivatives subject to hedge accounting are recorded in net investment income, whereas those on derivatives not subject to hedge accounting are recorded in investment gains (losses). As prescribed by the NAIC, upon termination of a derivative that qualifies for hedge accounting, the gain or loss is recognized in income in a manner that is consistent with the hedged item. Alternatively, if the item being hedged is subject to IMR, the gain or loss on the hedging derivative is realized and is subject to IMR upon termination. Under GAAP, gains or losses on terminated contracts that are effective hedges are recorded in earnings in net investment income or other comprehensive income. The gains or losses on terminated contracts where hedge accounting is not elected, or contracts that are not eligible for hedge accounting, are recorded in investment gains (losses).
- The Company enters into dollar repurchase agreements with third party broker-dealers. The Company does not enter into these types of transactions for liquidity purposes, but rather for yield enhancement on its investment portfolio. The dollar repurchase trading strategy involves the sale of securities, with a simultaneous agreement to repurchase similar securities at a future date at an agreed-upon price. Assets to be repurchased are the same, or substantially the same, as the assets transferred, and are accounted for as secured borrowings. Under GAAP, these transactions are recorded as forward settling to be announced (“TBA”) securities that are accounted for as derivative instruments, but hedge accounting is not elected as the Company does not regularly accept delivery of such securities when issued.
- Acquisition costs, such as commissions and other costs incurred in connection with acquiring new business, are charged to operations as incurred, rather than deferred and amortized over the lives of the related contracts as under GAAP.
- Deferred income taxes are recorded using the asset and liability method in which deferred tax assets and liabilities are recorded for expected future tax consequences of events that have been recognized in either the Company’s statutory financial statements or tax returns. Deferred income tax assets are subject to limitations prescribed by statutory accounting

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

principles. The change in deferred income taxes is treated as a component of the change in unassigned funds, whereas under GAAP deferred taxes are included in the determination of net income.

- Certain assets, including various receivables, furniture and equipment and prepaid assets, are designated as non-admitted assets and are recorded as a reduction to capital and surplus, whereas they are recorded as assets under GAAP.
- The excess of the cost of acquiring an entity over the Company's share of the book value of the acquired entity is recorded as goodwill which is admissible subject to limitations and is amortized over the period in which the Company benefits economically, not to exceed ten years. Under GAAP, the excess of the cost of acquiring an entity over the acquisition-date fair value of identifiable assets acquired and liabilities assumed is allocated between goodwill, indefinite-lived intangible assets and definite-lived intangible assets. Goodwill and indefinite-lived intangible assets are not amortized and definite-lived intangible assets are amortized over their estimated useful lives under GAAP.
- Aggregate reserves for life policies and contracts are based on statutory mortality and interest requirements and without consideration of withdrawals, which differ from reserves established under GAAP that are based on assumptions using Company experience for mortality, interest, and withdrawals.
- As prescribed by the NAIC, ceded reserves are limited to the amount of direct reserves. Ceded aggregate reserves and policy and contract claim liabilities are netted against aggregate reserves for life policies and contracts for statutory accounting purposes. Under GAAP, these items are reported as reinsurance recoverable.
- Surplus notes are reflected as a component of capital and surplus, whereas under GAAP they are reflected as a liability.
- The policyholder's share of net income on participating policies that has not been distributed to participating policyholders is included in capital and surplus in the statutory financial statements. For GAAP, these amounts are reported as a liability with a charge to net income.
- Changes in separate account values from cash transactions are recorded as premium income and benefit expenses whereas they do not impact the statement of operations under GAAP and are presented only as increases or decreases to account balances.
- Benefit payments and the related decrease in policy reserves are recorded as expenses for all contracts subjecting the Company to any mortality risk. Under GAAP, such benefit payments for life and annuity contracts without significant mortality risks are recorded as direct reductions to the policy reserve liability.
- Premium receipts and the related increase in policy reserves are recorded as revenues and expenses, respectively, for all contracts subjecting the Company to any mortality risk. Under GAAP, such premium receipts for life and annuity contracts without significant mortality risks are recorded as direct credits to the policy reserve liability.
- Comprehensive income and its components are not presented in the statutory financial statements.
- The Statutory Statement of Cash Flows is presented based on a prescribed format for statutory reporting. For purposes of presenting statutory cash flows, cash includes short-term investments. Under GAAP, the statement of cash flows is typically presented based on the indirect method and cash excludes short-term investments.

The preparation of financial statements in conformity with statutory accounting principles requires the Company's management to make a variety of estimates and assumptions. These estimates and assumptions affect, among other things, the reported amounts of admitted assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenues and expenses. Significant estimates are required to account for items and matters such as, but not limited to, the valuation of investments in the absence of quoted market values, impairment of investments, valuation of policy benefit liabilities and the valuation of deferred tax assets. Actual results could differ from those estimates.

Significant statutory accounting policies***Investments***

Investments are reported as follows:

- In accordance with the NAIC SAP, the adjusted carrying value amounts of certain assets are gross of non-admitted assets. Bonds are carried at statutory adjusted carrying value in accordance with the NAIC designation of the security. Carrying value is amortized cost, unless the bond is either (a) designated as a six, in which case it is the lower of amortized cost or fair value or (b) required to be carried at fair value due to the structured securities ratings methodology. The Company recognizes the acquisition of its public bonds on a trade date basis and its private placement investments on a funding date basis. Bonds containing call provisions are amortized to the call or maturity value/date which produces the lowest asset value.

Premiums and discounts are recognized as a component of net investment income using the effective interest method. Realized gains and losses not subject to IMR, including those from foreign currency translations, are included in net realized capital gains (losses).

The recognition of income on certain investments (e.g. loan-backed securities, including mortgage-backed and asset-backed securities) is dependent upon market conditions, which may result in prepayments and changes in amounts to be earned. Prepayments on all mortgage-backed and asset-backed securities are monitored monthly, and amortization of the premium and/or the accretion of the discount associated with the purchase of such securities are adjusted by such prepayments. Prepayment assumptions are based on the average of recent historical prepayments and are obtained from broker/dealer survey values or internal estimates. These assumptions are consistent with the current interest rate and economic environment. Significant changes in estimated cash flows from the original purchase assumptions are accounted for using the retrospective method.

- Mortgage loans consist primarily of domestic commercial collateralized loans and are carried at their unpaid principal balances adjusted for any unamortized premiums or discounts, allowances for credit losses, and foreign currency translations. Interest income is accrued on the unpaid principal balance for all loans, except for loans on non-accrual status. Premiums and discounts are amortized to net investment income using the effective interest method. Prepayment penalty and origination fees are recognized in net investment income upon receipt.

The Company actively manages its mortgage loan portfolio by completing ongoing comprehensive analysis of factors such as debt service coverage ratios, loan-to-value ratios, payment status, default or legal status, annual collateral property evaluations and general market conditions. On a quarterly basis, the Company reviews the above primary credit quality indicators in its internal risk assessment of loan impairment and credit loss. Management's risk assessment process is subjective and includes the categorization of all loans, based on the above mentioned credit quality indicators, into one of the following categories:

- Performing - generally indicates the loan has standard market risk and is within its original underwriting guidelines.
- Non-performing - generally indicates there is a potential for loss due to the deterioration of financial/monetary default indicators or potential foreclosure. Due to the potential for loss, these loans are evaluated for impairment.

The adequacy of the Company's allowance for credit loss is reviewed quarterly. The determination of the calculation and the adequacy of the mortgage allowance for credit loss and mortgage impairments involve judgments that incorporate qualitative and quantitative Company and industry mortgage performance data. Management's periodic evaluation and assessment of the adequacy of the mortgage allowance for credit loss and the need for mortgage impairments is based on known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the fair value of the underlying collateral, composition of the loan portfolio, current economic conditions, loss experience and other relevant factors. Loans included in the non-performing category and other loans with certain substandard credit quality indicators are individually reviewed to determine if a specific impairment is required. Risk is mitigated primarily through first position collateralization, guarantees, loan covenants and borrower reporting requirements. Since the Company does not originate or hold uncollateralized mortgages, loans are generally not deemed fully uncollectable. Generally, unrecoverable amounts are written off during the final stage of the foreclosure process.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Loan balances are considered past due when payment has not been received based on contractually agreed upon terms. The accrual of interest is discontinued when concerns exist regarding the realization of loan principal or interest. The Company resumes interest accrual on loans when a loan returns to current status or under new terms when loans are restructured or modified.

On a quarterly basis, any loans with terms that were modified during that period are reviewed to determine if the loan modifications constitute a troubled debt restructuring ("TDR"). In evaluating whether a loan modification constitutes a TDR, it must be determined that the modification is a significant concession and the debtor is experiencing financial difficulties.

- Real estate properties held for the production of income are valued at depreciated cost less encumbrances. Properties held for sale are carried at the lower of depreciated cost or fair value less encumbrances and estimated costs to sell the property. Real estate is depreciated on a straight-line basis over the estimated life of the building or term of the lease for tenant improvements.
- Real estate properties occupied by the Company are carried at depreciated cost unless the carrying amount of the asset is deemed to be unrecoverable. The Company includes in both net investment income and other operating expenses an amount for rent relating to real estate properties occupied by the Company. Rent is derived from consideration of the repairs, expenses, taxes, interest and depreciation incurred. The reasonableness of the amount of rent recorded is verified by comparison to rent received from other like properties in the same area.
- Limited partnership interests are included in other invested assets and are accounted for using either net asset value per share ("NAV") as a practical expedient to fair value or the equity method of accounting with changes in these values recognized in unassigned surplus in the period of change. The Company uses NAV as a practical expedient on partnership interests in investment companies where it has a minor equity interest and no significant influence over the entity's operations. The Company uses the equity method when it has a partnership interest that is considered more than minor, although the Company has no significant influence over the entity's operations.
- Common stocks, other than stocks of subsidiaries, are recorded at fair value based on the most recent closing price of the common stock as quoted on its exchange. Related party mutual funds, which are carried at fair value, are also included in common stocks. The net unrealized gain or loss on common stocks is reported as a component of surplus.
- Contract loans are carried at their unpaid balance. Contract loans are fully collateralized by the cash surrender value of the associated insurance policy.
- Short-term investments include all investments whose remaining maturities, at the time of acquisition, are three months to one year. Cash equivalent investments include all investments whose remaining maturities, at the time of acquisition, are three months or less. Both short-term and cash equivalent investments, excluding money market mutual funds, are stated at amortized cost, which approximates fair value. Cash equivalent investments also include highly liquid money market securities that are traded in an active market, and are carried at fair value.
- The Company enters into reverse repurchase agreements with third party broker-dealers for the purpose of enhancing the total return on its investment portfolio. The repurchase trading strategy involves the purchase of securities, with a simultaneous agreement to resell similar securities at a future date at an agreed-upon price. Securities purchased under these agreements are accounted for as secured borrowings, and are reported at amortized cost in cash, cash equivalents and short-term investments. Under these tri-party repurchase agreements, the designated custodian takes possession of the underlying collateral on the Company's behalf, which is required to be cash or government securities. The fair value of the securities is monitored and additional collateral is obtained, where appropriate, to protect against credit exposure. The collateral cannot be sold or re-pledged and has not been recorded on the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus.

The Company enters into dollar repurchase agreements with third party broker-dealers. The Company does not enter into these types of transactions for liquidity purposes, but rather for yield enhancement on its investment portfolio. The dollar repurchase trading strategy involves the sale of securities, with a simultaneous agreement to repurchase similar securities at a future date at an agreed-upon price. Assets to be repurchased are the same, or substantially the same, as the assets transferred, and are accounted for as secured borrowings. Proceeds of the sale are reinvested in other securities and may

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

enhance the current yield and total return. The difference between the sales price and the future repurchase price is recorded as an adjustment to net investment income. During the period between the sale and repurchase, the Company will not be entitled to receive interest and principal payments on the securities sold. Losses may arise from changes in the value of the securities or if the counterparty enters bankruptcy proceedings or becomes insolvent. In such cases, the Company's right to repurchase the security may be restricted. Amounts owed to brokers under these arrangements are included as a liability in repurchase agreements.

The Company participates in a securities lending program in which the Company lends securities that are held as part of its general account investment portfolio to third parties. The Company does not enter into these types of transactions for liquidity purposes, but rather for yield enhancement on its investment portfolio. The borrower can return and the Company can request the loaned securities be returned at any time. The Company maintains ownership of the securities at all times and is entitled to receive from the borrower any payments for interest received on such securities during the loan term. Securities lending transactions are accounted for as secured borrowings. The securities on loan are included within bonds and short-term investments in the accompanying Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus. The securities lending agent indemnifies the Company against borrower risk, meaning that the lending agent agrees contractually to replace securities not returned due to a borrower default. The Company generally requires initial cash collateral in an amount greater than or equal to 102% of the fair value of domestic securities loaned and 105% of foreign securities loaned. Such collateral is used to replace the securities loaned in event of default by the borrower. Some cash collateral is reinvested in short-term repurchase agreements which are also collateralized by U.S. Government or U.S. Government Agency securities. Reinvested cash collateral is reported in securities lending reinvested collateral assets, with a corresponding liability in payable for securities lending. Collateral that cannot be sold or repledged is excluded from the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus.

- The Company's OTTI accounting policy requires that a decline in the value of a bond below its cost or amortized cost basis be assessed to determine if the decline is other-than-temporary. An OTTI is recorded (a) if it is probable that the Company will be unable to collect all amounts due according to the contractual terms in effect at the date of acquisition, (b) if the Company has the intent to sell the investment or (c) for non-interest related declines in value and where the Company does not have the intent and ability at the reporting date, to hold the bond until its recovery. Management considers a wide range of factors, as described below, regarding the bond issuer and uses its best judgment in evaluating the cause of the decline in its estimated fair value and in assessing the prospects for near-term recovery. Inherent in management's evaluation of the bond are assumptions and estimates about the operations and ability to generate future cash flows. While all available information is taken into account, it is difficult to predict the ultimate recoverable amount from a distressed or impaired bond.

Considerations used by the Company in the impairment evaluation process include, but are not limited to, the following:

- The extent to which estimated fair value is below cost;
- Whether the decline in fair value is attributable to specific adverse conditions affecting a particular instrument, its issuer, an industry or geographic area;
- The length of time for which the estimated fair value has been below cost;
- Downgrade of a bond investment by a credit rating agency;
- Deterioration of the financial condition of the issuer;
- The payment structure of the bond investment and the likelihood of the issuer being able to make payments in the future; and
- Whether dividends have been reduced or eliminated or scheduled interest payments have not been made.

For loan-backed and structured securities, if management does not intend to sell the bond and has the intent and ability to hold the bond until recovery of its amortized cost basis, but the present value of the cash flows expected to be collected (discounted at the effective interest rate implicit in the bond prior to impairment) is less than the amortized cost basis of the bond (referred to as the non-interest loss portion), an OTTI is considered to have occurred. In this instance, total OTTI is bifurcated into two components: the amount related to the non-interest loss is recognized in current period earnings through realized capital gains (losses); and the amount attributed to other factors does not have any financial impact and is disclosed only in the notes to the statutory financial statements. The calculation of expected cash flows utilized during the impairment evaluation process are determined using judgment and the best information available to the Company including default rates, credit ratings, collateral characteristics and current levels of subordination.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

For bonds not backed by other loans or assets, if management does not intend to sell the bond and has the intent and ability to hold, but does not expect to recover the entire cost basis, an OTTI is considered to have occurred. A charge is recorded in net realized capital gains (losses) equal to the difference between the fair value and cost or amortized cost basis of the bond. After the recognition of an OTTI, the bond is accounted for as if it had been purchased on the measurement date of the OTTI, with an amortized cost basis equal to the previous amortized cost basis less the OTTI recognized in net income. The difference between the new amortized cost basis and the expected future cash flows is accreted into net investment income. The Company continues to estimate the present value of cash flows expected to be collected over the life of the bond.

Fair value

Certain assets and liabilities are recorded at fair value on the Company's Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus. The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company categorizes its assets and liabilities measured at fair value into a three-level hierarchy, based on the priority of the inputs to the respective valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The Company's assets and liabilities have been categorized based upon the following fair value hierarchy:

- Level 1 inputs which are utilized for separate account assets and liabilities, utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. Financial assets utilizing Level 1 inputs include certain mutual funds.
- Level 2 inputs utilize other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs, which are utilized for general and separate account assets and liabilities, include quoted prices for similar assets and liabilities in active markets and inputs, other than quoted prices, that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities are obtained from pricing services. The inputs used by the pricing services are reviewed at least quarterly or when the pricing vendor issues updates to its pricing methodology. For bond and separate account assets and liabilities, inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, evaluated bids, offers and reference data including market research publications. Additional inputs utilized for assets and liabilities classified as Level 2 are:
 - Derivative instruments - trading activity, swap curves, credit spreads, currency volatility, net present value of cash flows and news sources.
 - Separate account assets and liabilities - various index data and news sources, amortized cost (which approximates fair value), trading activity, swap curves, credit spreads, recovery rates, restructuring, net present value of cash flows and quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 inputs are unobservable and include situations where there is little, if any, market activity for the asset or liability. In general, the prices of Level 3 securities are obtained from single broker quotes and internal pricing models. If the broker's inputs are largely unobservable, the valuation is classified as a Level 3. Broker quotes are validated through an internal analyst review process, which includes validation through known market conditions and other relevant data, as noted below. Internal models are usually cash flow based utilizing characteristics of the underlying collateral of the security such as default rate and other relevant data. Inputs utilized for securities classified as Level 3 are as follows:
 - Corporate debt securities - unadjusted single broker quotes which may be in an illiquid market or otherwise deemed unobservable.

The fair value of certain investments in the separate accounts and limited partnerships are estimated using net asset value per share as a practical expedient, and are excluded from the fair value hierarchy levels in Note 5. These net asset values are based on the fair value of the underlying investments, less liabilities.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Overall, transfers between levels are attributable to a change in the observability of inputs. Assets are transferred to a lower level in the hierarchy when a significant input cannot be corroborated with market observable data. This may occur when market activity decreases and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets are transferred to a higher level in the hierarchy when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity including recent trades, a specific event, or one or more significant input(s) becoming observable. All transfers between levels are recognized at the beginning of the reporting period in which the transfer occurred. There were no transfers during the year.

The policies and procedures utilized to review, account for, and report on the value and level of the Company's securities were determined and implemented by the Finance division. The Investments division is responsible for the processes related to security purchases and sales and provides valuation and leveling input to the Finance division when necessary. Both divisions within the Company have worked in conjunction to establish thorough pricing, review, approval, accounting, and reporting policies and procedures around the securities valuation process.

In some instances, securities are priced using external broker quotes. In most cases, when broker quotes are used as pricing inputs, more than one broker quote is obtained. External broker quotes are reviewed internally by comparing the quotes to similar securities in the public market and/or to vendor pricing, if available. Additionally, external broker quotes are compared to market reported trade activity to ascertain whether the price is reasonable, reflective of the current market prices, and takes into account the characteristics of the Company's securities.

Derivative financial instruments

The Company enters into derivative transactions which include the use of interest rate swaps, interest rate swaptions, cross-currency swaps, foreign currency forwards, U.S. government treasury futures contracts, Eurodollar futures contracts, futures on equity indices and interest rate swap futures. The Company uses these derivative instruments to manage various risks, including interest rate and foreign currency exchange rate risk associated with its invested assets and liabilities. Derivative instruments are not used for speculative reasons. Certain of the Company's over-the-counter ("OTC") derivatives are cleared and settled through a central clearing counterparty while others are bilateral contracts between the Company and a counterparty.

Derivatives are reported as other invested assets or other liabilities. Although some derivatives are executed under a master netting arrangement, the Company does not offset in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus the carrying value of those derivative instruments and the related cash collateral or net derivative receivables and payables executed with the same counterparty under the same master netting arrangement. Derivatives that qualify for hedge accounting treatment are valued using the valuation method (either amortized cost or fair value) consistent with the underlying hedged asset or liability. At inception of a derivative transaction, the hedge relationship and risk management objective is documented and the designation of the derivative is determined based on specific criteria of the transaction. Derivatives where hedge accounting is either not elected, or that are not eligible for hedge accounting, are stated at fair value with changes in fair value recognized in unassigned surplus in the period of change. Investment gains and losses generally result from the termination of derivative contracts prior to expiration and are generally recognized in net income and may be subject to IMR.

The Company uses derivative financial instruments for risk management purposes associated with certain invested assets and policy liabilities. Derivatives are used to (a) hedge the economic effects of interest rate and stock market movements on the Company's guaranteed lifetime withdrawal benefit ("GLWB") liability, (b) hedge the economic effect of a large increase in interest rates on the Company's general account life insurance, group pension liabilities and certain separate account life insurance liabilities, (c) hedge the economic risks of other transactions such as future asset acquisitions or dispositions, the timing of liability pricing, currency risks on non-U.S. dollar denominated assets, and (d) convert floating rate assets or debt obligations to fixed rate assets or debt obligations for asset/liability management purposes.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The Company controls the credit risk of its derivative contracts through credit approvals, limits, monitoring procedures and in many cases, requiring collateral. The Company's exposure is limited to the portion of the fair value of derivative instruments that exceeds the value of the collateral held and not to the notional or contractual amounts of the derivatives.

Derivatives in a net asset position may have cash or securities pledged as collateral to the Company in accordance with the collateral support agreements with the counterparty. This collateral is held in a custodial account for the benefit of the Company. Unrestricted cash collateral is included in other assets and the obligation to return it is included in other liabilities. The cash collateral is reinvested in a government money market fund. Cash collateral pledged by the Company is included in other assets.

The Company may purchase a financial instrument that contains a derivative embedded in the financial instrument. Contracts that do not in their entirety meet the definition of a derivative instrument, may contain "embedded" derivative instruments implicit or explicit terms that affect some or all of the cash flows or the value of other exchanges required by the contract in a manner similar to a derivative instrument. An embedded derivative instrument shall not be separated from the host contract and accounted for separately as a derivative instrument.

Goodwill

Goodwill, resulting from acquisitions of subsidiaries that are reported in common stock and other invested assets, is amortized to unrealized capital gains/(losses) over the period in which the Company benefits economically, not to exceed ten years. Goodwill resulting from assumption reinsurance is reported in goodwill and is amortized to other insurance expenses over the period in which the Company benefits economically, not to exceed ten years. Admissible goodwill is limited in the aggregate to 10% of the Company's adjusted capital and surplus. The Company tests goodwill for impairment annually or more frequently if events or circumstances indicate that there may be justification for conducting an interim test. If the carrying value of goodwill exceeds its fair value, the excess is recognized as impairment and recorded as a realized loss in the period in which the impairment is identified. There were no impairments of goodwill recognized during the years ended December 31, 2018 and 2017.

Cash value of company owned life insurance

The Company is the owner and beneficiary of life insurance policies which are included in Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus at their cash surrender values. At December 31, 2018, the investments underlying variable life insurance policies utilize various fund structures, with underlying investment characteristics of 8% equity and 92% fixed income.

Net investment income

Interest income from bonds is recognized when earned. Interest income on contract loans is recognized in net investment income at the contract interest rate when earned. All investment income due and accrued with amounts that are deemed uncollectible or that are over 90 days past due, including mortgage loans in default ("in process of foreclosure"), is not included in investment income. Amounts over 90 days past due are non-admitted assets and are recorded as a reduction to unassigned surplus. Real estate due and accrued income is excluded from net investment income if its collection is uncertain.

Net realized capital gains (losses)

Realized capital gains and losses are reported as a component of net income and are determined on a specific identification basis. Interest-related gains and losses are primarily subject to IMR, while non-interest related gains and losses are primarily subject to AVR. Realized capital gains and losses also result from the termination of derivative contracts prior to expiration and may be subject to IMR.

Policy reserves

Life insurance and annuity policy reserves with life contingencies are computed on the basis of statutory mortality and interest requirements and without consideration for withdrawals. Annuity contract reserves without life contingencies are computed on the basis of statutory interest requirements.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Policy reserves for life insurance are valued in accordance with the provision of applicable statutory regulations. Life insurance reserves are determined principally using the Commissioner's Reserve Valuation Method, using the statutory mortality and interest requirements, without consideration for withdrawals. Some policies contain a surrender value in excess of the reserve as legally computed. This excess is calculated and recorded on a policy-by-policy basis.

Premium stabilization reserves are calculated for certain policies to reflect the Company's estimate of experience refunds and interest accumulations on these policies. The reserves are invested by the Company. The income earned on these investments is accumulated in this reserve and is used to mitigate future premium rate increases for such policies.

Policy reserves ceded to other insurance companies are recorded as a reduction of the reserve liabilities. The cost of reinsurance related to long-duration contracts is accounted for over the life of the underlying reinsured policies using assumptions consistent with those used to account for the underlying policies.

Policy and contract claims include provisions for reported life and health claims in process of settlement, valued in accordance with the terms of the related policies and contracts, as well as provisions for claims incurred but not reported based primarily on prior experience of the Company. As such, amounts are estimates, and the ultimate liability may differ from the amount recorded. Any changes in estimates will be reflected in the results of operations when additional information becomes known.

The liabilities for health claim reserves are determined using historical run-out rates, expected loss ratios and statistical analysis. The Company provides for significant claim volatility in areas where experience has fluctuated. The liabilities represent estimates of the ultimate net cost of all reported and unreported claims which are unpaid at year-end. Those estimates are subject to considerable variability in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations.

Premium, fee income and expenses

Life insurance premiums are recognized when due. Annuity considerations are recognized as revenue when received. Accident and health premiums are earned ratably over the terms of the related insurance and reinsurance contracts or policies. Life and accident and health insurance premiums received in advance are recorded as a liability and recognized as income when the premiums become earned. Fees from assets under management, assets under administration, shareholder servicing, mortality and expense risk charges, administration and record-keeping services and investment advisory services are recognized when earned in fee income or other income. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

Income taxes

The Company is included in the consolidated federal income tax return of Lifeco U.S. The federal income tax expense reported in the Statutory Statements of Operations represent income taxes provided on income that is currently taxable, excluding tax on net realized capital gains and losses. A net deferred tax asset is included in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus which is recorded using the asset and liability method in which deferred tax assets and liabilities are recorded for expected future tax consequences of events that have been recognized in either the Company's statutory financial statements or tax returns. Deferred income tax assets are subject to limitations prescribed by statutory accounting principles. The change in deferred income taxes is treated as a component of the change in unassigned funds.

2. Accounting Changes

Changes in Accounting Principles

In 2009, the NAIC introduced Principle-Based Reserving ("PBR") as a new method for calculating life insurance policy reserves. In cases where the PBR reserve is higher, it will replace the historic formulaic measure with one that more accurately reflects the risks of highly complex products. PBR is effective for 2017; however, companies are permitted to delay implementation until January 1, 2020. The Company will defer implementation for life and fixed annuity contracts until January 1, 2020 and is currently evaluating impact of adoption of PBR on its statutory financial statements.

In 2018, the Statutory Accounting Principles Working Group adopted, as final, a new SSAP No. 108, *Derivatives Hedging Variable Annuity Guarantees*, and a corresponding Issue Paper No. 159, *Special Accounting for Limited Derivatives*. The new SSAP, which prescribes guidance for derivatives that hedge interest rate risk of variable annuity guarantees, was adopted with

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

an effective date of January 1, 2020, with early adoption permitted as of January 1, 2019. The Company is currently evaluating impact of adoption of this elective guidance on its statutory financial statements.

3. Related Party Transactions

In the normal course of business the Company enters into agreements with related parties whereby it provides and/or receives record-keeping services, investment advisory services, and tax-related services, as well as corporate support services which include general and administrative services, information technology services, sales and service support and marketing services. The following table presents revenue earned, expenses incurred and expense reimbursement from insurance and non-insurance related parties for services provided and/or received pursuant to the service agreements. These amounts, in accordance with the terms of the contracts, are based upon market price, estimated costs incurred or resources expended as determined by number of policies, certificates in-force, administered assets or other similar drivers.

Description	Related party	Year Ended December 31,			Financial statement line
		2018	2017	2016	
Provides corporate support service	Insurance affiliates: Great-West Life & Annuity Insurance Company of New York ("GWL&A NY") ⁽¹⁾ , Great-West Life & Annuity Insurance Company of South Carolina ("GWSC") ⁽¹⁾ , The Canada Life Assurance Company ("CLAC") ⁽²⁾ and Great-West Life Assurance Company ("Great-West Life") ⁽²⁾	\$ (15,522)	\$ (14,610)	\$ (14,895)	Other insurance benefits and expenses
	Non-insurance affiliates: FASCore, LLC ("FASCore") ⁽¹⁾ , Advised Assets Group, LLC ("AAG") ⁽¹⁾ , Great-West Capital Management, LLC ("GWCM") ⁽¹⁾ , Great-West Trust Company, LLC ("GWTC") ⁽¹⁾ , GWFS Equities, Inc. ("GWFS") ⁽¹⁾ , Great-West Financial Retirement Plan Services ("Great-West RPS") ⁽¹⁾ , Emjay, Inc. ⁽¹⁾ , MAM Holding Inc. ⁽²⁾ and Putnam ⁽³⁾	(142,424)	(113,504)	(102,698)	
	Total	(157,946)	(128,114)	(117,593)	
Receives corporate support services	Insurance affiliates: CLAC ⁽¹⁾ and Great-West Life ⁽¹⁾	1,711	1,966	1,999	Other insurance benefits and expenses
	Non-insurance affiliates: Putnam ⁽²⁾ and Great West Global ⁽²⁾	3,381	3,128	5,922	
	Total	5,092	5,094	7,921	
Provides marketing, distribution and administrative services to certain underlying funds and/or mutual funds	Non-insurance affiliate: GWFS ⁽¹⁾	198,976	202,880	203,288	Other income
Provides record-keeping services	Non-insurance affiliates: GWTC ⁽¹⁾	38,200	30,517	21,110	Other income
	Non-insurance related party: Great-West Funds ⁽⁴⁾	65,281	65,743	57,867	
	Total	103,481	96,260	78,977	
Receives record-keeping services	Insurance affiliate: GWL&A NY ⁽¹⁾	(2,551)	(2,423)	(2,096)	Other income
	Non-insurance affiliates: FASCore ⁽¹⁾ and GWTC ⁽¹⁾	(342,803)	(316,923)	(291,945)	
	Total	(345,354)	(319,346)	(294,041)	
Receives custodial services	Non-insurance affiliate: GWTC ⁽¹⁾	(12,410)	(11,854)	(11,125)	Other income
Receives reimbursement from tax sharing indemnification related to state and local tax liabilities	Non-insurance affiliate: Putnam ⁽³⁾	9,140	9,611	12,261	Other income

⁽¹⁾ A wholly-owned subsidiary of GWL&A

⁽²⁾ An indirect wholly-owned subsidiary of Lifeco

⁽³⁾ A wholly-owned subsidiary of Lifeco U.S.

⁽⁴⁾ An open-end management investment company, a related party of GWL&A

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The Company's separate accounts invest in shares of Great-West Funds, Inc. and Putnam Funds, which are affiliates of the Company and shares of other non-affiliated mutual funds and government and corporate bonds. The Company's separate accounts include mutual funds or other investment options that purchase guaranteed interest annuity contracts issued by the Company. During the years ended December 31, 2018, 2017 and 2016, these purchases totaled \$169,857, \$292,774 and \$183,365 respectively. As the general account investment contracts are also included in the separate account balances in the accompanying statutory statements of admitted assets, liabilities, capital and surplus, the Company has included the separate account assets and liabilities of \$284,278 and \$335,311 at December 31, 2018 and 2017, respectively, which is also included in the assets and liabilities of the general account at those dates.

The following table summarizes amounts due from parent and affiliates:

Related party	Indebtedness	Due date	December 31,	
			2018	2017
GWFS ⁽¹⁾	On account	On demand	\$ 34,394	\$ 37,770
CLAC ⁽²⁾	On account	On demand	—	20,063
GWTC ⁽¹⁾	On account	On demand	5,489	4,008
GWCM ⁽¹⁾	On account	On demand	1,367	2,179
AAG ⁽¹⁾	On account	On demand	3,088	994
GWSC ⁽¹⁾	On account	On demand	1,418	878
Putnam ⁽³⁾	On account	On demand	4,027	—
Great-West RPS ⁽¹⁾	On account	On demand	324	595
Other related party receivables	On account	On demand	—	868
Total			<u>\$ 50,107</u>	<u>\$ 67,355</u>

⁽¹⁾ A wholly-owned subsidiary of GWL&A

⁽²⁾ An indirect wholly-owned subsidiary of Lifeco

⁽³⁾ A wholly-owned subsidiary of Lifeco U.S.

The following table summarizes amounts due to parent and affiliates:

Related party	Indebtedness	Due date	December 31,	
			2018	2017
FASCore ⁽¹⁾	On account	On demand	\$ 35,385	\$ 46,371
Putnam ⁽³⁾	On account	On demand	770	3,432
CLAC ⁽²⁾	On account	On demand	4,032	—
Other related party payables	On account	On demand	1,548	2,278
Total			<u>\$ 41,735</u>	<u>\$ 52,081</u>

⁽¹⁾ A wholly-owned subsidiary of GWL&A

⁽²⁾ An indirect wholly-owned subsidiary of Lifeco

⁽³⁾ A wholly-owned subsidiary of Lifeco U.S.

Included in current federal income taxes recoverable at December 31, 2018 and 2017 is \$72,188 and \$17,456, respectively, of income tax receivable from Lifeco U.S. related to the consolidated income tax return filed by Lifeco U.S.

The Company (paid) received cash payments of \$(42,577) and \$171 from its subsidiary, GWSC, in 2018 and 2017, respectively, for the utilization of GWSC's operating loss carryforward amounts under the terms of its tax sharing agreement. Additionally, during the years ended December 31, 2018, 2017 and 2016, the Company received interest income of \$2,527, \$3,044 and \$2,733, respectively, from GWSC relating to the tax sharing agreement.

During the year ended December 31, 2018, the Company received dividends and return of capital of \$106,000 and \$680, respectively, from its subsidiaries, the largest being \$42,000 from AAG. During the year ended December 31, 2017, the Company received dividends and return of capital of \$82,500 and \$1,150, respectively, from its subsidiaries, the largest being \$35,000 from FASCore.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

During the years ended December 31, 2018 and 2017, the Company paid cash dividends to GWL&A Financial in the amounts of \$152,295 and \$145,301, respectively.

The Company and GWL&A NY have an agreement whereby the Company has committed to provide GWL&A NY financial support related to the maintenance of adequate regulatory surplus and liquidity.

4. Summary of Invested Assets

Investments in bonds consist of the following:

	December 31, 2018			
	Book/adjusted carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government	\$ 6,306	\$ 926	\$ 22	\$ 7,210
U.S. states, territories and possessions	1,025,470	91,508	672	1,116,306
Political subdivisions of states and territories	842,211	63,945	2,034	904,122
Special revenue and special assessments	687	4	—	691
Industrial and miscellaneous	12,849,382	237,900	321,254	12,766,028
Parent, subsidiaries and affiliates	15,102	—	—	15,102
Hybrid securities	234,411	77	31,209	203,279
Loan-backed and structured securities	5,680,549	91,517	96,761	5,675,305
Total bonds	<u>\$ 20,654,118</u>	<u>\$ 485,877</u>	<u>\$ 451,952</u>	<u>\$ 20,688,043</u>

	December 31, 2017			
	Book/adjusted carrying value	Gross unrealized gains	Gross unrealized losses	Fair value
U.S. government	\$ 11,547	\$ 1,603	\$ 12	\$ 13,138
U.S. states, territories and possessions	1,054,936	130,027	123	1,184,840
Political subdivisions of states and territories	949,988	89,898	1,486	1,038,400
Special revenue and special assessments	1,993	62	—	2,055
Industrial and miscellaneous	12,536,852	537,262	60,617	13,013,497
Parent, subsidiaries and affiliates	19,912	—	—	19,912
Hybrid securities	236,060	6,354	8,213	234,201
Loan-backed and structured securities	5,133,574	168,214	30,288	5,271,500
Total bonds	<u>\$ 19,944,862</u>	<u>\$ 933,420</u>	<u>\$ 100,739</u>	<u>\$ 20,777,543</u>

The book/adjusted carrying value and estimated fair value of bonds and assets receiving bond treatment, based on estimated cash flows, are shown in the table below. Actual maturities will likely differ from these projections because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	December 31, 2018	
	Book/adjusted carrying value	Fair value
Due in one year or less	\$ 767,254	\$ 777,131
Due after one year through five years	3,834,629	3,863,897
Due after five years through ten years	6,883,504	6,803,249
Due after ten years	3,527,628	3,607,680
Loan-backed and structured securities	5,670,623	5,665,599
Total bonds	<u>\$ 20,683,638</u>	<u>\$ 20,717,556</u>

Loan-backed and structured securities include those issued by U.S. government and U.S. agencies.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The following table summarizes information regarding the sales of securities:

	Years ended December 31,		
	2018	2017	2016
Proceeds from sales	\$ 12,788,008	\$ 17,492,392	\$ 23,931,241
Gross realized gains from sales	32,672	34,506	80,975
Gross realized losses from sales	30,960	56,354	34,646

Unrealized losses on bonds

The following tables summarize gross unrealized investment losses including the non-credit-related portion of OTTI losses, by class of investment:

	December 31, 2018					
	Less than twelve months		Twelve months or longer		Total	
	Fair value	Unrealized loss and OTTI	Fair value	Unrealized loss and OTTI	Fair value	Unrealized loss and OTTI
Bonds:						
U.S. government	\$ 116	\$ 4	\$ 818	\$ 19	\$ 934	\$ 23
U.S. states, territories and possessions	42,429	360	11,365	312	53,794	672
Political subdivisions of states and territories	103,774	1,115	28,604	919	132,378	2,034
Industrial and miscellaneous	6,334,837	235,993	2,763,614	201,312	9,098,451	437,305
Hybrid securities	104,167	13,710	88,517	17,498	192,684	31,208
Loan-backed and structured securities	2,462,938	46,794	1,568,844	53,417	4,031,782	100,211
Total bonds	\$ 9,048,261	\$ 297,976	\$ 4,461,762	\$ 273,477	\$ 13,510,023	\$ 571,453
Total number of securities in an unrealized loss position		815		475		1,290

	December 31, 2017					
	Less than twelve months		Twelve months or longer		Total	
	Fair value	Unrealized loss and OTTI	Fair value	Unrealized loss and OTTI	Fair value	Unrealized loss and OTTI
Bonds:						
U.S. government	\$ 860	\$ 12	\$ —	\$ —	\$ 860	\$ 12
U.S. states, territories and possessions	11,794	125	—	—	11,794	125
Political subdivisions of states and territories	13,114	56	43,949	1,430	57,063	1,486
Industrial and miscellaneous	1,911,630	17,016	1,708,202	74,659	3,619,832	91,675
Hybrid securities	—	—	106,351	8,214	106,351	8,214
Loan-backed and structured securities	1,530,747	12,379	694,016	19,586	2,224,763	31,965
Total bonds	\$ 3,468,145	\$ 29,588	\$ 2,552,518	\$ 103,889	\$ 6,020,663	\$ 133,477
Total number of securities in an unrealized loss position		328		257		585

Bonds - Total unrealized losses and OTTI increased by \$437,983, or 328%, from December 31, 2017 to December 31, 2018. The increase in unrealized losses was across all asset classes and reflects higher interest rates at December 31, 2018 compared to December 31, 2017, resulting in lower valuations of these bonds.

Total unrealized losses greater than twelve months increased by \$169,588 from December 31, 2017 to December 31, 2018. Industrial and miscellaneous account for 74%, or \$201,312, of the unrealized losses and OTTI greater than twelve months at December 31, 2018. The majority of these bonds continue to be designated as investment grade. Management does not have the intent to sell these assets; therefore, an OTTI was not recognized in net income.

Loan-backed and structured securities account for 20%, or \$53,417, of the unrealized losses and OTTI greater than twelve months at December 31, 2018. Of the \$53,417 of unrealized losses and OTTI over twelve months on loan-backed and structured securities, 99% or \$52,708 are on securities which continue to be designated as investment grade. The present value of cash flows expected to be collected is not less than amortized cost and management does not have the intent to sell these assets; therefore, an OTTI was not recognized in net income.

Loan-backed and structured securities

The Company had a concentration in loan-backed and structured securities of 19% and 18% of total invested assets at December 31, 2018 and 2017, respectively.

Derivative financial instruments

Derivative transactions are generally entered into pursuant to International Swaps and Derivatives Association ("ISDA") Master Agreements with approved counterparties that provide for a single net payment to be made by one party to the other on a daily basis, periodic payment dates, or at the due date, expiration, or termination of the agreement.

The ISDA Master Agreements contain provisions that would allow the counterparties to require immediate settlement of all derivative instruments in a net liability position if the Company were to default on any debt obligations over a certain threshold. The aggregate fair value, inclusive of accrued income and expense, of derivative instruments with credit-risk-related contingent features that were in a net liability position was \$36,177 and \$106,038 as of December 31, 2018 and 2017, respectively. The Company had pledged collateral related to these derivatives of \$0 and \$42,750 as of December 31, 2018 and 2017, respectively, in the normal course of business. If the credit-risk-related contingent features were triggered on December 31, 2018 the fair value of assets that could be required to settle the derivatives in a net liability position was \$36,177.

At December 31, 2018 and 2017, the Company had pledged \$30,220 and \$42,750, respectively, of unrestricted cash collateral to counterparties in the normal course of business, while other counterparties had pledged \$71,280 and \$14,332 of unrestricted cash collateral to the Company to satisfy collateral netting arrangements, respectively.

At December 31, 2018 and 2017, the Company had pledged U.S. Treasury bills in the amount of \$8,197 and \$3,215, respectively, with a broker as collateral for futures contracts.

Types of derivative instruments and derivative strategies**Interest rate contracts***Cash flow hedges*

Interest rate swap agreements are used to convert the interest rate on certain debt securities and debt obligations from a floating rate to a fixed rate.

Not designated as hedging instruments

The Company enters into certain transactions in which derivatives are hedging an economic risk but hedge accounting is either not elected or the transactions are not eligible for hedge accounting. These derivative instruments include: exchange-traded interest rate swap futures, OTC interest rate swaptions, OTC interest rate swaps, exchange-traded Eurodollar interest rate futures and treasury interest rate futures. Certain of the Company's OTC derivatives are cleared and settled through a central clearing counterparty while others are bilateral contracts between the Company and a counterparty.

The derivative instruments mentioned above are economic hedges and used to manage risk. These transactions are used to offset changes in liabilities including those in variable annuity products, hedge the economic effect of a large increase in interest rates, manage the potential variability in future interest payments due to a change in credited interest rates and the related change in cash flows due to increased surrenders, and manage interest rate risks of forecasted acquisitions of bonds and forecasted liability pricing.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Foreign currency contracts

Cross-currency swaps and foreign currency forwards are used to manage the foreign currency exchange rate risk associated with investments denominated in other than U.S. dollars. The Company uses cross-currency swaps to convert interest and principal payments on foreign denominated debt instruments into U.S. dollars. Cross-currency swaps may be designated as cash flow hedges; however, some are not eligible for hedge accounting. The Company uses foreign currency forwards to reduce the risk of foreign currency exchange rate changes on proceeds received on sales of foreign denominated debt instruments; however, hedge accounting is not elected.

Equity contracts

The Company uses futures on equity indices to offset changes in GLWB liabilities; however, they are not eligible for hedge accounting.

The following tables summarize derivative financial instruments:

	December 31, 2018		
	Notional amount	Net book/adjusted carrying value ⁽¹⁾	Fair value ⁽²⁾
Hedge designation/derivative type:			
Derivatives designated as hedges:			
Cash flow hedges:			
Interest rate swaps	\$ 22,300	\$ —	\$ 6,248
Cross-currency swaps	886,018	55,808	39,109
Total derivatives designated as hedges	<u>908,318</u>	<u>55,808</u>	<u>45,357</u>
Derivatives not designated as hedges:			
Interest rate swaps	636,500	(13,645)	(12,775)
Futures on equity indices	137,829	5,920	(786)
Interest rate futures	53,000	2,276	37
Interest rate swaptions	194,330	173	173
Cross-currency swaps	573,703	26,208	24,945
Total derivatives not designated as hedges	<u>1,595,362</u>	<u>20,932</u>	<u>11,594</u>
Total cash flow hedges, and derivatives not designated as hedges	<u>\$ 2,503,680</u>	<u>\$ 76,740</u>	<u>\$ 56,951</u>

⁽¹⁾ The book/adjusted carrying value excludes accrued income and expense. The book/adjusted carrying value of all derivatives in an asset position is reported within other invested assets and the book/adjusted carrying value of all derivatives in a liability position is reported within other liabilities in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus.

⁽²⁾ The fair value includes accrued income and expense.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

	December 31, 2017		
	Notional amount	Net book/adjusted carrying value	Fair value
Hedge designation/derivative type:			
Derivatives designated as hedges:			
Cash flow hedges:			
Interest rate swaps	\$ 388,800	\$ —	\$ 28,725
Cross-currency swaps	800,060	4,710	(31,358)
Total cash flow hedges	<u>1,188,860</u>	<u>4,710</u>	<u>(2,633)</u>
Derivatives not designated as hedges:			
Interest rate swaps	519,100	(3,911)	(3,911)
Futures on equity indices	22,074	857	77
Interest rate futures	60,700	2,358	(5)
Interest rate swaptions	164,522	75	75
Cross-currency swaps	612,733	(21,279)	(21,279)
Total derivatives not designated as hedges	<u>1,379,129</u>	<u>(21,900)</u>	<u>(25,043)</u>
Total cash flow hedges and derivatives not designated as hedges	<u>\$ 2,567,989</u>	<u>\$ (17,190)</u>	<u>\$ (27,676)</u>

The following table presents net unrealized gains/(losses) on derivatives not designated as hedging instruments as reported in the Statutory Statements of Changes in Capital and Surplus:

	Net unrealized gain (loss) on derivatives recognized in surplus		
	Year Ended December 31,		
	2018	2017	2016
Derivatives not designated as hedging instruments:			
Interest rate swaps	\$ (8,039)	\$ 130	\$ (4,901)
Interest rate swaptions	198	(54)	196
Futures on equity indices	297	(363)	531
Interest rate futures	159	48	(37)
Cross-currency swaps	32,525	(39,021)	44,541
Total	<u>\$ 25,140</u>	<u>\$ (39,260)</u>	<u>\$ 40,330</u>

Securities Lending

Securities classified as industrial and miscellaneous with a cost or amortized cost of \$47,218 and estimated fair values of \$43,425 were on loan under the program at December 31, 2018. There were no securities on loan at December 31, 2017. The Company received cash of \$45,102 as collateral at December 31, 2018.

The Company's securities lending agreements are open agreements meaning the borrower can return and the Company can recall the loaned securities at any time.

The cash collateral received of \$45,102 was reinvested into short-term repurchase agreements which are collateralized by U.S. government or U.S. government agency securities and mature in less than 30 days.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Dollar Repurchase Agreements

Dollar repurchase agreements with a book/adjusted carrying value of \$688,765 at December 31, 2018, was included with bonds in the Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus. At December 31, 2018, the obligation of \$664,650 to repurchase the agreements at a later date was recorded in repurchase agreements liabilities. The following table summarizes the securities underlying the dollar repurchase agreements at December 31, 2018:

Issuer	December 31, 2018		
	Book/adjusted carrying value	Fair value	Maturity
FHLMC	\$ 66,283	\$ 64,754	1/1/2034
FHLMC	482,628	471,162	1/1/2049
FNMA	35,506	34,925	1/1/2034
FNMA	104,348	101,971	1/1/2049
Total	<u>\$ 688,765</u>	<u>\$ 672,812</u>	

There were no dollar repurchase agreements open at December 31, 2017.

The cash collateral of \$664,791 related to the dollar repurchase agreement program at December 31, 2018 was primarily reinvested into investment grade corporate securities with a book/adjusted carrying value of \$664,791 and fair value of \$657,553, with maturities greater than 3 years.

Reverse Repurchase Agreements

The Company had short-term reverse repurchase agreements with book/adjusted carrying values of \$11,200 and \$23,200 at December 31, 2018 and December 31, 2017, respectively, with maturities of 2 days to 1 week. The fair value of securities acquired under the tri-party agreement and held on the Company's behalf was \$11,424 and \$23,664 at December 31, 2018 and December 31, 2017, respectively.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

Restricted Assets

The following tables summarize collateral pledged by the Company and investments on deposit or in trust accounts controlled by various state insurance departments in accordance with statutory requirements:

December 31, 2018												
Restricted Asset Category:	Gross (Admitted & Non-admitted) Restricted									Percentage		
	Total General Account (G/A)	G/A Supporting S/A Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total	Total From Prior Year	Increase/(Decrease)	Total Non-admitted Restricted	Total Admitted Restricted	Gross (Admitted & Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
Collateral held under security lending arrangements	\$ 45,102	\$ —	\$ —	\$ —	\$ 45,102	\$ —	\$ 45,102	\$ —	\$ 45,102	0.08%	0.08%	
Subject to repurchase agreements	—	—	—	—	—	—	—	—	—	0.00%	0.00%	
Subject to reverse repurchase agreements	11,200	—	—	—	11,200	23,200	(12,000)	—	11,200	0.02%	0.02%	
Subject to dollar repurchase agreements	688,765	—	—	—	688,765	—	688,765	—	688,765	1.23%	1.23%	
On deposit with states	4,443	—	—	—	4,443	4,351	92	—	4,443	0.01%	0.01%	
On deposit with other regulatory bodies	603	—	—	—	603	627	(24)	—	603	0.00%	0.00%	
Pledged as collateral not captured in other categories:												
Futures margin deposits	8,197	—	—	—	8,197	3,388	4,809	—	8,197	0.02%	0.02%	
Other collateral	5,320	—	—	—	5,320	—	5,320	—	5,320	0.01%	0.01%	
Derivative cash collateral	30,220	—	—	—	30,220	42,751	(12,531)	—	30,220	0.05%	0.05%	
Other restricted assets	1,259	—	—	—	1,259	228	1,031	—	1,259	0.00%	0.00%	
Total Restricted Assets	\$ 795,109	\$ —	\$ —	\$ —	\$ 795,109	\$ 74,545	\$ 720,564	\$ —	\$ 795,109	1.42%	1.43%	

December 31, 2017												
Restricted Asset Category:	Gross (Admitted & Non-admitted) Restricted									Percentage		
	Total General Account (G/A)	G/A Supporting S/A Activity	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity	Total	Total From Prior Year	Increase/(Decrease)	Total Non-admitted Restricted	Total Admitted Restricted	Gross (Admitted & Non-admitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets	
Subject to reverse repurchase agreements	\$ 23,200	\$ —	\$ —	\$ —	\$ 23,200	\$ —	\$ 23,200	\$ —	\$ 23,200	0.000%	0.000%	
On deposit with states	4,351	—	—	—	4,351	4,350	1	—	4,351	0.000%	0.000%	
On deposit with other regulatory bodies	627	—	—	—	627	513	114	—	627	0.000%	0.000%	
Other restricted assets	228	—	—	—	228	581	(353)	—	228	0.000%	0.000%	
Pledged as collateral not captured in other categories:												
Futures margin deposits	3,215	—	173	—	3,388	3,570	(182)	—	3,388	0.000%	0.000%	
Derivative cash collateral	42,750	—	1	—	42,751	—	42,751	—	42,751	0.000%	0.000%	
Total Restricted Assets	\$ 74,371	\$ —	\$ 174	\$ —	\$ 74,545	\$ 9,014	\$ 65,531	\$ —	\$ 74,545	0.000%	0.000%	

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

Net Investment Income

The following table summarizes net investment income:

	Years Ended December 31,		
	2018	2017	2016
Bonds	\$ 822,645	\$ 817,282	\$ 787,272
Common stock	221	425	633
Mortgage loans	169,415	164,055	151,505
Real estate	26,557	25,979	25,401
Contract loans	199,507	198,672	198,846
Cash, cash equivalents and short-term investments	4,749	6,556	7,030
Derivative instruments	16,308	16,216	10,029
Other invested assets	125,821	100,134	116,701
Miscellaneous	1,896	4,552	1,761
Gross investment income	<u>1,367,119</u>	<u>1,333,871</u>	<u>1,299,178</u>
Expenses	<u>(59,732)</u>	<u>(66,908)</u>	<u>(63,337)</u>
Net investment income	<u>\$ 1,307,387</u>	<u>\$ 1,266,963</u>	<u>\$ 1,235,841</u>

The amount of interest incurred and charged to investment expense during the years ended December 31, 2018, 2017 and 2016 was \$22,070, \$29,278 and \$31,042, respectively.

The following table summarizes net realized capital gains (losses) on investments net of federal income tax and interest maintenance reserve transfer:

	Year Ended December 31,		
	2018	2017	2016
Net realized capital gains (losses), before federal income tax	\$ 4,905	\$ (19,270)	\$ 46,048
Less: Federal income tax	1,030	(6,745)	16,117
Net realized capital gains (losses), before IMR transfer	<u>3,875</u>	<u>(12,525)</u>	<u>29,931</u>
Net realized capital gains (losses) transferred to IMR, net of federal income tax of (\$1,781), (\$7,032) and \$16,707, respectively	<u>(6,701)</u>	<u>(13,060)</u>	<u>31,027</u>
Net realized capital gains (losses), net of federal income tax expense (benefit) of \$2,811, \$287 and (\$590), respectively, and IMR transfer	<u>\$ 10,576</u>	<u>\$ 535</u>	<u>\$ (1,096)</u>

Concentrations

The Company had the following bond concentrations based on total invested assets:

	Concentration by type	
	December 31,	
	2018	2017
Industrial and miscellaneous	56%	56%
	Concentration by industry	
	December 31,	
	2018	2017
Financial services	14%	13%
Utilities	8%	10%

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

Mortgage Loans

The recorded investment of the commercial mortgage loan portfolio categorized as performing was \$4,207,611 and \$3,872,084 as of December 31, 2018 and 2017, respectively. These mortgages were current as of December 31, 2018 and 2017.

The maximum lending rates for commercial mortgage loans originated during the years ended December 31, 2018 and 2017 were 4.61% and 4.23%, respectively. The minimum lending rates for commercial mortgage loans originated during the years ended December 31, 2018 and 2017 were 3.51% and 3.17%, respectively.

During 2018 and 2017, the maximum percentage of any one loan to the value of security at the time of the loan, exclusive of insured or guaranteed or purchase money mortgages, was 69% and 69%, respectively.

The following table summarizes activity in the commercial mortgage provision allowance for the years ended December 31, 2018 and 2017:

	Year ended December 31,	
	2018	2017
Beginning balance	\$ 745	\$ 2,713
Additions charged to operations	—	157
Direct write-downs charged against the allowances	—	(600)
Recoveries of amounts previously charged off	—	(1,525)
Ending balance	\$ 745	\$ 745

The following tables present concentrations of the total commercial mortgage portfolio:

	Concentration by type	
	December 31,	
	2018	2017
Multi-family	37%	39%
Industrial	29%	25%
Office	17%	17%
Retail	10%	11%
Other	7%	8%
	100%	100%

	Concentration by geographic area	
	December 31,	
	2018	2017
Pacific	35%	36%
East North Central	18%	16%
South Atlantic	14%	13%
Middle Atlantic	10%	11%
Mountain	9%	10%
Other	8%	8%
West South Central	6%	6%
	100%	100%

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

Troubled Debt Restructuring

After being impaired in 2016, a security classified as industrial and miscellaneous was subject to a troubled debt restructuring in August 2017, under which the original security with a recorded investment, after impairments, of \$11,710 was extinguished in exchange for new assets. Cash, equities, receivable and debt in the amounts of \$1,887, \$6,591, \$164 and \$3,068, respectively, were acquired in full satisfaction of the original debt. The new debt has extended the maturity date from December 30, 2017 to August 1, 2022 and the interest rate increased from 7% to 8%. Upon consummation of the troubled debt restructuring, a total realized capital loss of \$7,789 was recorded in the “Net realized capital gains (losses) less capital gains tax and transfers to interest maintenance reserve” line on the Statutory Statements of Operations. There were no payment defaults recognized on previously restructured investments.

5. Fair Value Measurements

The following tables summarize the fair value hierarchy for all financial instruments and invested assets:

Type of financial instrument	Fair Value Measurements at Reporting Date						
	December 31, 2018						
	Aggregate fair value	Admitted assets and liabilities	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total (All Levels)
Assets:							
Bonds	\$ 20,688,043	\$ 20,654,118	\$ —	\$ 20,666,851	\$ 21,192	\$ —	\$ 20,688,043
Common stock	35,635	35,635	35,635	—	—	—	35,635
Mortgage loans	4,176,880	4,206,865	—	4,176,880	—	—	4,176,880
Real estate	137,700	38,962	—	—	137,700	—	137,700
Cash, cash equivalents and short-term investments	228,997	229,003	188,283	40,714	—	—	228,997
Contract loans	4,122,637	4,122,637	—	4,122,637	—	—	4,122,637
Other long-term invested assets	392,232	338,837	—	319,299	31	72,902	392,232
Securities lending collateral assets	45,102	45,102	—	45,102	—	—	45,102
Collateral under derivative counterparty collateral agreements	101,561	101,561	101,561	—	—	—	101,561
Other collateral	9,315	9,315	9,315	—	—	—	9,315
Receivable for securities	9,654	9,654	—	9,654	—	—	9,654
Derivative instruments	114,612	115,922	66	114,546	—	—	114,612
Separate account assets	24,639,265	24,654,916	13,236,266	10,975,973	—	427,026	24,639,265
Total assets	<u>\$ 54,701,633</u>	<u>\$ 54,562,527</u>	<u>\$ 13,571,126</u>	<u>\$ 40,471,656</u>	<u>\$ 158,923</u>	<u>\$ 499,928</u>	<u>\$ 54,701,633</u>
Liabilities:							
Deposit-type contracts	\$ 196,778	\$ 189,895	\$ —	\$ 196,778	\$ —	\$ —	\$ 196,778
Commercial paper	98,859	98,859	—	98,859	—	—	98,859
Payable under securities lending agreements	45,102	45,102	—	45,102	—	—	45,102
Collateral under derivative counterparty collateral agreements	71,280	71,280	71,280	—	—	—	71,280
Other collateral	3,995	3,995	3,995	—	—	—	3,995
Payable for securities	11,096	11,096	—	11,096	—	—	11,096
Derivative instruments	57,660	47,378	814	56,846	—	—	57,660
Dollar repurchase agreements	664,650	664,650	—	664,650	—	—	664,650
Separate account liabilities	251,806	251,806	44	251,762	—	—	251,806
Total liabilities	<u>\$ 1,401,226</u>	<u>\$ 1,384,061</u>	<u>\$ 76,133</u>	<u>\$ 1,325,093</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,401,226</u>

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

Type of financial instrument	Fair Value Measurements at Reporting Date					
	December 31, 2017					
	Aggregate fair value	Admitted assets and liabilities	(Level 1)	(Level 2)	(Level 3)	Total (All Levels)
Assets:						
Bonds	\$ 20,777,543	\$ 19,944,862	\$ —	\$ 20,750,605	\$ 26,938	\$ 20,777,543
Mortgage loans	3,858,883	3,871,338	—	3,858,883	—	3,858,883
Real estate	137,526	37,768	—	—	137,526	137,526
Cash, cash equivalents and short-term investments	242,084	242,084	198,869	43,215	—	242,084
Contract loans	4,078,669	4,078,669	—	4,078,669	—	4,078,669
Other long-term invested assets	412,019	325,181	—	363,198	48,821	412,019
Collateral under derivative counterparty collateral agreements	57,420	57,420	57,420	—	—	57,420
Receivable for securities	23,760	23,135	—	23,760	—	23,760
Derivative instruments	78,431	68,439	98	78,333	—	78,431
Separate account assets	28,222,102	28,197,126	16,058,519	12,163,583	—	28,222,102
Total assets	<u>\$ 57,888,437</u>	<u>\$ 56,846,022</u>	<u>\$ 16,314,906</u>	<u>\$ 41,360,246</u>	<u>\$ 213,285</u>	<u>\$ 57,888,437</u>
Liabilities:						
Deposit-type contracts	\$ 219,909	\$ 206,134	\$ —	\$ 219,909	\$ —	\$ 219,909
Commercial paper	99,886	99,886	—	99,886	—	99,886
Collateral under derivative counterparty collateral agreements	14,332	14,332	14,332	—	—	14,332
Payable for securities	2,364	2,364	—	2,364	—	2,364
Derivative instruments	106,106	88,843	26	106,080	—	106,106
Separate account liabilities	409,275	409,275	9	409,266	—	409,275
Total liabilities	<u>\$ 851,872</u>	<u>\$ 820,834</u>	<u>\$ 14,367</u>	<u>\$ 837,505</u>	<u>\$ —</u>	<u>\$ 851,872</u>

Bonds and common stock

The fair values for bonds and common stock are generally based upon evaluated prices from independent pricing services. In cases where these prices are not readily available, fair values are estimated by the Company. To determine estimated fair value for these instruments, the Company generally utilizes discounted cash flow models with market observable pricing inputs such as spreads, average life, and credit quality. Fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty.

Mortgage loans

Mortgage loan fair value estimates are generally based on discounted cash flows. A discount rate matrix is used where the discount rate valuing a specific mortgage generally corresponds to that mortgage's remaining term and credit quality. Management believes the discount rate used is comparable to the credit, interest rate, term, servicing costs, and risks of loans similar to the portfolio loans that the Company would make today given its internal pricing strategy.

Real estate

The estimated fair value for real estate is based on the unadjusted appraised value which includes factors such as comparable property sales, property income analysis, and capitalization rates.

Cash, cash equivalents, short-term investments, collateral receivable and payable under securities lending agreements, receivable and payable for securities, dollar repurchase agreements and commercial paper

The amortized cost of cash, cash equivalents, short-term investments, collateral receivable and payable under securities lending agreements, receivable and payable for securities, dollar repurchase agreements and commercial paper is a reasonable estimate of fair value due to their short-term nature and the high credit quality of the issuers, counterparties and obligor. Cash equivalent investments also include money market funds that are valued using unadjusted quoted prices in active markets.

Contract loans

The Company believes the fair value of contract loans approximates book value. Contract loans are funds provided to contract holders in return for a claim on the contract. The funds provided are limited to the cash surrender value of the underlying contract. The nature of contract loans is to have a negligible default risk as the loans are fully collateralized by the value of the contract. Contract loans do not have a stated maturity and the balances and accrued interest are repaid either by the contractholder or with proceeds from the contract. Due to the collateralized nature of contract loans and unpredictable timing of repayments, the Company believes the fair value of contract loans approximates carrying value.

Other long-term invested assets

The fair values of other long-term invested assets are based on the specific asset type. Other invested assets that are held as bonds, such as surplus notes, are primarily valued the same as bonds. For low-income housing tax credits, amortized cost approximates fair value.

Limited partnership interests represent the Company's minority ownership interests in pooled investment funds. These funds employ varying investment strategies that primarily make private equity investments across diverse industries and geographical focuses. The net asset value, determined using the partnership financial statement reported capital account adjusted for other relevant information, which may impact the exit value of the investments, is used as a practical expedient to estimate fair value. Distributions by these investments are generated from investment gains, from operating income generated by the underlying investments of the funds and from liquidation of the underlying assets of the funds, which are estimated to be liquidated over the next one to 10 years. In the absence of permitted sales of its ownership interest, the Company will be redeemed out of the partnership interests through distributions.

Collateral under derivative counterparty collateral agreements and other collateral

Included in other assets is cash collateral received from or pledged to counterparties and included in other liabilities is the obligation to return the cash collateral to the counterparties. The carrying value of the collateral is a reasonable estimate of fair value.

Derivative instruments

The estimated fair values of OTC derivatives, primarily consisting of cross-currency swaps, interest rate swaps and interest rate swaptions, are the estimated amount the Company would receive or pay to terminate the agreements at the end of each reporting period, taking into consideration current interest rates and other relevant factors.

Separate account assets

Separate account assets and liabilities primarily include investments in mutual funds, unregistered funds, most of which are not subject to redemption restrictions, bonds, and short-term securities. Mutual funds and unregistered funds are recorded at net asset value, which approximates fair value, on a daily basis. The bond and short-term investments are valued in the same manner, and using the same pricing sources and inputs as the bond and short-term investments of the Company.

Deposit-type contracts

Fair values for liabilities under deposit-type insurance contracts are estimated using discounted liability calculations, adjusted to approximate the effect of current market interest rates for the assets supporting the liabilities.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Fair value hierarchy

The following tables present information about the Company's financial assets and liabilities carried at fair value and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Fair Value Measurements at Reporting Date					
December 31, 2018					
Assets:	(Level 1)	(Level 2)	(Level 3)	Net Asset Value (NAV)	Total (All Levels)
Bonds					
Industrial and miscellaneous	\$ —	\$ —	\$ 1,275	\$ —	\$ 1,275
Common stock					
Mutual funds	30,969	—	—	—	30,969
Industrial and miscellaneous	4,666	—	—	—	4,666
Other invested assets					
Limited partnerships	—	—	—	72,902	72,902
Derivatives					
Interest rate swaps	—	8,964	—	—	8,964
Cross-currency swaps	—	39,705	—	—	39,705
Interest rate swaptions	—	173	—	—	173
Separate account assets ⁽¹⁾	13,212,700	9,887,836	—	427,026	23,527,562
Total assets	\$ 13,248,335	\$ 9,936,678	\$ 1,275	\$ 499,928	\$ 23,686,216
Liabilities:					
Derivatives					
Interest rate swaps	\$ —	21,740	\$ —	\$ —	\$ 21,740
Cross-currency swaps	—	14,760	—	—	14,760
Separate account liabilities ⁽¹⁾	44	251,762	—	—	251,806
Total liabilities	\$ 44	\$ 288,262	\$ —	\$ —	\$ 288,306

⁽¹⁾ Includes only separate account investments which are carried at the fair value of the underlying invested assets or liabilities owned by the separate accounts.

Fair Value Measurements at Reporting Date					
December 31, 2017					
Assets:	(Level 1)	(Level 2)	(Level 3)	Total (All Levels)	
Bonds					
Industrial and miscellaneous	\$ —	\$ —	\$ 1,297	\$ 1,297	
States	—	228	—	228	
Derivatives					
Interest rate swaps	—	9,732	—	9,732	
Cross-currency swaps	—	20,320	—	20,320	
Interest rate swaptions	—	75	—	75	
Separate account assets ⁽¹⁾	16,057,788	11,172,811	—	27,230,599	
Total assets	\$ 16,057,788	\$ 11,203,166	\$ 1,297	\$ 27,262,251	
Liabilities:					
Derivatives					
Interest rate swaps	\$ —	13,643	\$ —	\$ 13,643	
Cross-currency swaps	—	41,599	—	41,599	
Separate account liabilities ⁽¹⁾	9	409,266	—	409,275	
Total liabilities	\$ 9	\$ 464,508	\$ —	\$ 464,517	

⁽¹⁾ Include only separate account investments which are carried at the fair value of the underlying invested assets or liabilities owned by the separate accounts.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

6. Non-Admitted Assets

The following table summarizes the Company's non-admitted assets:

Type	December 31, 2018			December 31, 2017		
	Asset	Non-admitted asset	Admitted asset	Asset	Non-admitted asset	Admitted asset
Common stock	\$ 131,883	\$ —	\$ 131,883	\$ 109,948	\$ 1,971	\$ 107,977
Cash, cash equivalents and short-term investments	229,434	431	229,003	242,084	—	242,084
Other invested assets	607,793	1,006	606,787	569,702	3,515	566,187
Premiums deferred and uncollected	25,904	109	25,795	16,232	313	15,919
Deferred income taxes	340,645	190,148	150,497	382,188	232,873	149,315
Due from parent, subsidiaries and affiliate	94,542	44,435	50,107	110,901	43,546	67,355
Other prepaid assets	28,150	28,150	—	16,478	16,478	—
Capitalized internal use software	58,658	58,658	—	55,279	55,279	—
Furniture, fixtures and equipment	4,949	4,949	—	16,182	5,196	10,986
Reinsurance recoverable	8,468	378	8,090	7,090	—	7,090
Other assets	234,504	2,539	231,965	152,955	553	152,402
Total	\$ 1,764,930	\$ 330,803	\$ 1,434,127	\$ 1,679,039	\$ 359,724	\$ 1,319,315

The following table summarizes the Company's aggregate Statement of Admitted Assets, Liabilities, Capital and Surplus values of all subsidiary, controlled and affiliated entities ("SCA"), except insurance SCA entities as follows:

Type	December 31, 2018			December 31, 2017		
	Asset	Non-admitted asset	Admitted asset	Asset	Non-admitted asset	Admitted asset
Common stock	\$ 13,544	\$ —	\$ 13,544	\$ 15,636	\$ 1,971	\$ 13,665
Other invested assets	143,533	975	142,558	151,318	1,610	149,708
Total	\$ 157,077	\$ 975	\$ 156,102	\$ 166,954	\$ 3,581	\$ 163,373

7. Premiums Deferred and Uncollected

The following table summarizes the Company's ordinary and group life insurance premiums and annuity considerations deferred and uncollected, both gross and net of loading:

Type	December 31, 2018		December 31, 2017	
	Gross	Net of loading	Gross	Net of loading
Ordinary new business	\$ 427	\$ 221	\$ 226	\$ 64
Ordinary renewal business	31,069	25,544	20,681	16,095
Group life	32	30	(260)	(240)
Total	\$ 31,528	\$ 25,795	\$ 20,647	\$ 15,919

8. Business Combination and Goodwill

The Company's goodwill is the result of two types of transactions.

Goodwill that arises as a result of the acquisition of subsidiary limited liability companies is included in other invested assets in the accompanying Statutory Statement of Admitted Assets, Liabilities and Capital. On August 29, 2014, the Company

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

completed the acquisition of all of the voting equity interests in the J.P. Morgan Retirement Plan Services ("RPS") large-market recordkeeping business. This transaction was accounted for as a statutory purchase. Goodwill of \$51,098 was recorded in other invested assets, which will be amortized over 10 years. At December 31, 2018 and 2017, the Company has \$28,955 and \$34,065, respectively, of admitted goodwill related to this acquisition. Goodwill amortization of \$5,110 was recorded for the years ended December 31, 2018, 2017 and 2016.

Acquisition date	Cost of acquired entity	Original amount of admitted goodwill	Admitted goodwill as of December 31, 2018	Amount of goodwill amortized for the year ended December 31, 2018	Admitted goodwill as a % of SCA book/adjusted carrying value, gross of admitted goodwill
August 29, 2014	\$ 64,169	\$ 51,098	\$ 28,955	\$ 5,110	104.4%

In addition, goodwill that arises as a result of the acquisition of various assumption reinsurance agreements is included in goodwill in the accompanying Statutory Statement of Admitted Assets, Liabilities and Capital. At December 31, 2018 and 2017, this goodwill was fully amortized. During each of the years ended December 31, 2018, 2017 and 2016, the Company recorded \$0, \$977 and \$12,929, respectively, of goodwill amortization related to these acquisitions.

9. Reinsurance

In the normal course of its business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding risks to other insurance enterprises under excess coverage and coinsurance contracts. The Company retains an initial maximum of \$3,500 of coverage per individual life. This initial retention limit of \$3,500 may increase due to automatic policy increases in coverage at a maximum rate of \$175 per annum, with an overall maximum increase in coverage of \$1,000.

Ceded reinsurance contracts do not relieve the Company from its obligations to policyholders. The failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographic regions, activities or economic characteristics of the reinsurers to minimize its exposure to significant losses from reinsurer insolvencies.

The Company assumes risk from approximately 40 insurers and reinsurers by participating in yearly renewable term and coinsurance pool agreements. When assuming risk, the Company seeks to generate revenue while maintaining reciprocal working relationships with these partners as they also seek to limit their exposure to loss on any single life.

Maximum capacity to be retained by the Company is dictated at the treaty level and is monitored annually to ensure the total risk retained on any one life is limited to a maximum retention of \$4,500.

The Company did not have any write-offs for uncollectible reinsurance receivables during the years ended December 31, 2018 and 2017 for losses incurred, loss adjustment expenses incurred or premiums earned.

The Company does not have any uncollectible reinsurance, commutation of ceded reinsurance, or certified reinsurer downgraded of status subject to revocation.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

10. Aggregate Reserves

Aggregate reserves are computed in accordance with the Commissioner's Annuity Reserve Valuation Method ("CARVM") and the Commissioner's Reserve Valuation Method ("CRVM"), the standard statutory reserving methodologies.

The significant assumptions used to determine the liability for future life insurance benefits are as follows:

Interest	- Life Insurance	2.25% to 6.00%
	- Annuity Funds	3.00% to 11.25%
	- Disability	2.50% to 6.00%
Mortality	- Life Insurance	Various valuation tables, primarily including 1941, 1958, 1980 and 2001 Commissioners Standard Ordinary ("CSO") tables, and American Experience
	- Annuity Funds	Various annuity valuation tables, primarily including the GA 1951, 71, 83a and 2012 Individual Annuitant Mortality ("IAM"), Group Annuity Reserve ("GAR") 94, 1971 and 1983 Group Annuity Mortality ("GAM"), and Annuity 2000
Morbidity	- Disability	1970 Intercompany DISA Group Disability Tables

The Company waives deduction of deferred fractional premiums upon the death of the insured. When surrender values exceed aggregate reserves, excess cash value reserves are held.

Policies issued at premium corresponding to ages higher than the true ages are valued at the rated-up ages. Policies providing for payment at death during certain periods of an amount less than the full amount of insurance, being policies subject to liens, are valued as if the full amount is payable without any deduction.

For policies issued with, or subsequently subject to, an extra premium payable annually, an extra reserve is held. The extra premium reserve is the unearned gross extra premium payable during the year if the policies are rated for reasons other than medical impairments. For medical impairments, the extra premium reserve is calculated as the excess of the reserve based on rated mortality over that based on standard mortality. All substandard annuities are valued at their true ages.

At December 31, 2018 and 2017, the Company had \$3,904,519 and \$4,354,703, respectively of insurance in force for which the gross premiums are less than the net premiums according to the standard valuation set by the Division.

Tabular interest, tabular interest on funds not involving life contingencies and tabular cost have been determined from the basic data for the calculation of aggregate reserves. Tabular less actual reserves released has been determined from basic data for the calculation of aggregate reserves and the actual reserves released.

The withdrawal characteristics of annuity reserves and deposit liabilities are as follows:

	December 31, 2018				
	General Account	Separate Account with Guarantees	Separate Account Non-guaranteed	Total	Percent of total gross
Subject to discretionary withdrawal:					
With market value adjustment	\$ 850,240	\$ —	\$ —	\$ 850,240	2.8%
At book value less current surrender charges of 5% or more	779,760	—	—	779,760	2.5%
At fair value	—	6,460,894	11,311,267	17,772,161	57.5%
Total with adjustment or at market value	1,630,000	6,460,894	11,311,267	19,402,161	62.8%
At book value without adjustment (minimal or no charge adjustment)	155,150	—	—	155,150	0.5%
Not subject to discretionary withdrawal	11,355,177	—	—	11,355,177	36.7%
Total gross	13,140,327	6,460,894	11,311,267	30,912,488	100.0%
Reinsurance ceded	1,479	—	—	1,479	
Total, net	\$ 13,138,848	\$ 6,460,894	\$ 11,311,267	\$ 30,911,009	

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

	December 31, 2017				
	General Account	Separate Account with Guarantees	Separate Account Non-guaranteed	Total	Percent of total gross
Subject to discretionary withdrawal:					
With market value adjustment	\$ 780,008	\$ —	\$ —	\$ 780,008	2.3%
At book value less current surrender charges of 5% or more	716,402	—	—	716,402	2.1%
At fair value	—	6,914,918	14,390,470	21,305,388	62.4%
Total with adjustment or at market value	1,496,410	6,914,918	14,390,470	22,801,798	66.8%
At book value without adjustment (minimal or no charge adjustment)	159,104	—	—	159,104	0.5%
Not subject to discretionary withdrawal	11,181,649	—	—	11,181,649	32.7%
Total gross	12,837,163	6,914,918	14,390,470	34,142,551	100.0%
Reinsurance ceded	73,007	—	—	73,007	
Total, net	\$ 12,764,156	\$ 6,914,918	\$ 14,390,470	\$ 34,069,544	

The following information is obtained from the applicable exhibit in the Company's December 31, 2018 and 2017 annual statements and related separate account annual statement, both of which are filed with the Division and is provided to reconcile annuity reserves and deposit funds to amounts reported in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus:

	December 31,	
	2018	2017
Life and Accident and Health Annual Statement (net of reinsurance):		
Annuities included in aggregate reserve for life policies and contracts	\$ 12,936,341	\$ 12,544,414
Supplementary contracts with life contingencies and other contracts included in aggregate reserve for life policies and contracts	12,611	13,608
Liability for deposit-type contracts	189,896	206,134
Subtotal - general account	13,138,848	12,764,156
Separate Accounts Annual Statement:		
Annuities included in aggregate reserve for life policies and contracts	17,772,161	21,305,388
Total	\$ 30,911,009	\$ 34,069,544

11. Liability for Unpaid Claims and Claim Adjustment Expenses

Activity in the accident and health liability for unpaid claims and for claim adjustment expenses included in aggregate reserve for life policies and contracts and accident and health policies, excluding unearned premium reserves, is summarized as follows:

	2018	2017
Balance, January 1, net of reinsurance of \$25,283 and \$28,843	\$ 243,517	\$ 240,280
Incurred related to:		
Current year	38,844	53,969
Prior year	6,634	(6,728)
Total incurred	45,478	47,241
Paid related to:		
Current year	(10,375)	(6,896)
Prior year	(31,091)	(37,108)
Total paid	(41,466)	(44,004)
Balance, December 31, net of reinsurance of \$19,082 and \$25,283	\$ 247,529	\$ 243,517

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Reserves for incurred claims and claim adjustment expenses attributable to insured events of prior years has increased (decreased) by \$6,634 and \$(6,728) during the years ended December 31, 2018 and 2017, respectively. The change in both years is the result of ongoing analysis of recent claim development trends.

12. Commercial Paper

The Company has a commercial paper program that is partially supported by a \$50,000 credit facility agreement. The commercial paper has been given a rating of A-1+ by Standard & Poor's Ratings Services and a rating of P-1 by Moody's Investors Service, each being the highest rating available. The Company's issuance of commercial paper is not used to fund daily operations and does not have a significant impact on the Company's liquidity.

The following table provides information regarding the Company's commercial paper program:

	December 31,	
	2018	2017
Face value	\$ 98,859	\$ 99,886
Carrying value	\$ 98,859	\$ 99,886
Interest expense paid	\$ 1,746	\$ 974
Effective interest rate	2.5% - 2.7%	1.4% - 1.7%
Maturity range (days)	16 - 25	19 - 67

13. Separate Accounts

The Company utilizes separate accounts to record and account for assets and liabilities for particular lines of business and/or transactions. The Company reported assets and liabilities from the following product lines into a separate account:

- Individual Annuity Product
- Group Annuity Product
- Variable Life Insurance Product
- Hybrid Ordinary Life Insurance Product
- Individual Indexed-Linked Annuity Product

In accordance with the domiciliary state procedures for approving items within the separate account, the separate account classification of the following items are supported by Colorado Insurance Code Section 10-7-402:

- Individual Annuity
- Group Annuity
- Variable Life Insurance Product

The following items are supported by direct approval by the Commissioner:

- Hybrid Ordinary Life Insurance Product
- Group Annuity - Custom Stable Value Asset Funds
- Variable Life Insurance Product
- Individual Indexed-Linked Annuity Product

The Company's separate accounts invest in shares of Great-West Funds, Inc. and Putnam Funds, open-end management investment companies, which are related parties of the Company, and shares of other non-affiliated mutual funds. and government and corporate bonds.

Some assets within each of the Company's separate accounts are considered legally insulated whereas others are not legally insulated from the general account. The legal insulation of the separate accounts prevents such assets from being generally available to satisfy claims resulting from the general account.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

At December 31, 2018 and 2017, the Company's separate account assets that are legally insulated from the general account claims are \$24,652,973 and \$28,192,883, respectively.

Some separate account liabilities are guaranteed by the general account. In accordance with the guarantees provided, if the investment proceeds are insufficient to cover the rate of return guaranteed for the product, the policyholder proceeds will be remitted by the general account. To compensate the general account for the risk taken, the separate account has paid risk charges of \$11,608, \$12,581, \$12,961, \$12,542 and \$12,171 for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, respectively. No separate account guarantees were paid by the general account for the years ending December 31, 2018, 2017, 2016, 2015 and 2014, respectively.

Separate accounts with guarantees

The Government Guaranteed Funds are separate accounts investing in fixed income securities backed by the credit of the U.S. Government, its agencies or its instrumentalities.

The Stable Asset Funds invest in investment-grade corporate bonds in addition to the above mentioned securities.

The Company also has separate accounts comprised of assets underlying variable universal life policies issued privately to accredited investors. The accounts invest in investment grade fixed income securities.

The Individual Indexed-Linked Annuity Product provides returns based on the performance of one or more indices and invests in fixed income securities. The returns from these securities are invested in derivative instruments which mimic the returns of select indices. There is also a return of premium death benefit guarantee to policyholders.

The Government Guaranteed Funds and Stable Asset Funds have a guaranteed minimum crediting rate of at least 0%. All of the above separate accounts provide a book value guarantee. Some of them also provide a death benefit of the greater of account balance or premium paid.

Distributions to a participant are based on the participant's account balance and are permitted for the purpose of paying a benefit to a participant. Distributions for purposes other than paying a benefit to a participant may be restricted. Participants' distributions are based on the amount of their account balance, whereas, distributions as a result of termination of the group annuity contract are based on net assets attributable to the contract and can be made to the group through (1) transfer of the underlying securities and any remaining cash balance, or (2) transfer of the cash balance after sale of the Fund's securities.

Most guaranteed separate account assets and related liabilities are carried at fair value. Certain separate account assets are carried at book value based on the prescribed deviation from the Division.

Non-guaranteed separate accounts

The non-guaranteed separate accounts include unit investment trusts or series accounts that invest in diversified open-end management investment companies. These separate account assets and related liabilities are carried at fair value.

The investments in shares are valued at the closing net asset value as determined by the appropriate fund/portfolio at the end of each day. The net investment experience of the separate account is credited directly to the policyholder and can be positive or negative. Some of the separate accounts provide an incidental death benefit of the greater of the policyholder's account balance or premium paid and some provide an incidental annual withdrawal benefit for the life of the policyholder. Certain contracts contain provisions relating to a contingent deferred sales charge. In such contracts, charges will be made for total or partial surrender of a participant annuity account in excess of the "free amount" before the retirement date by a deduction from a participant's account. The "free amount" is an amount equal to 10% of the participant account value at December 31 of the calendar year prior to the partial or total surrender.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The following tables provide information regarding the Company's separate accounts:

	Year Ended December 31, 2018		
	Non-indexed guaranteed less than/equal to 4%	Non-guaranteed separate account	Total
Premiums, considerations or deposits	\$ 721,339	\$ 1,900,171	\$ 2,621,510
Reserves			
For accounts with assets at:			
Fair value	\$ 7,286,636	\$ 15,682,027	\$ 22,968,663
Amortized cost	1,107,812	—	1,107,812
Total reserves	<u>\$ 8,394,448</u>	<u>\$ 15,682,027</u>	<u>\$ 24,076,475</u>
By withdrawal characteristics:			
At fair value	\$ 7,286,636	\$ 15,682,027	\$ 22,968,663
At book value without fair value adjustment and with current surrender charge less than 5%	1,107,812	—	1,107,812
Total subject to discretionary withdrawals	<u>\$ 8,394,448</u>	<u>\$ 15,682,027</u>	<u>\$ 24,076,475</u>

	Year Ended December 31, 2017		
	Non-indexed guaranteed less than/equal to 4%	Non-guaranteed separate account	Total
Premiums, considerations or deposits	\$ 560,537	\$ 1,888,820	\$ 2,449,357
Reserves			
For accounts with assets at:			
Fair value	\$ 7,918,332	\$ 18,643,242	\$ 26,561,574
Amortized cost	958,780	—	958,780
Total reserves	<u>\$ 8,877,112</u>	<u>\$ 18,643,242</u>	<u>\$ 27,520,354</u>
By withdrawal characteristics:			
At fair value	\$ 7,918,332	\$ 18,643,242	\$ 26,561,574
At book value without fair value adjustment and with current surrender charge less than 5%	958,780	—	958,780
Total subject to discretionary withdrawals	<u>\$ 8,877,112</u>	<u>\$ 18,643,242</u>	<u>\$ 27,520,354</u>

A reconciliation of the amounts transferred to and from the separate accounts is presented below:

	Year Ended December 31,		
	2018	2017	2016
Transfers as reported in the Summary of Operations of the separate account statement:			
Transfers to separate accounts	\$ 2,621,510	\$ 2,449,357	\$ 2,686,225
Transfers from separate accounts	(5,198,817)	(4,417,525)	(3,561,699)
Net transfers from separate accounts	<u>(2,577,307)</u>	<u>(1,968,168)</u>	<u>(875,474)</u>
Reconciling adjustments:			
Net transfer of reserves to separate accounts	1,464,314	1,023,384	773,253
Miscellaneous other	528	140	739
Net transfers as reported in the Statements of Operations	<u>\$ (1,112,465)</u>	<u>\$ (944,644)</u>	<u>\$ (101,482)</u>

14. Capital and Surplus, Dividend Restrictions, and Other Matters

On November 15, 2004, the Company issued a surplus note in the face amount of \$195,000 to GWL&A Financial. The proceeds were used to redeem a \$175,000 surplus note issued May 4, 1999 and for general corporate purposes. The new surplus note bears interest at the rate of 6.675% and is due November 14, 2034. The carrying amount of the surplus note was \$194,558 and \$194,530 at December 31, 2018 and 2017, respectively. Payments of principal and interest under this surplus note can be made only with prior written approval of the Commissioner of Insurance of the State of Colorado. Such payments are payable only out of surplus funds of the Company and only if at the time of such payment, and after giving effect to the making thereof, the financial condition of the Company is such that its surplus would not fall below two and one-half times the authorized control level as required by the most recent risk-based capital calculations. Subject to the foregoing restrictions on payment of principal and interest, (a) interest is payable on the principal sum of the surplus note semi-annually, in arrears, on May 14 and November 14 of each year, and (b) the surplus note may only be redeemed prior to its stated maturity in connection with (i) a mandatory redemption by the Company in the event of a redemption or acceleration by GWL&A Financial Inc., of its 6.675% junior subordinated deferrable debentures due November 14, 2034, or (ii) an optional redemption by the Company at any time on or after November 15, 2024. Interest paid on the note was \$13,016 for all the years ended December 31, 2018, 2017 and 2016, respectively, bringing total interest paid from inception to December 31, 2018 to \$182,227. The amount of unapproved principal and interest was \$0 at December 31, 2018 and 2017.

On May 19, 2006, the Company issued a surplus note in the face amount and carrying amount of \$333,400 to GWL&A Financial Inc. The proceeds were used for general corporate purposes. Initially, the surplus note bore interest at the rate of 7.203% per annum, and was payable on each May 16 and November 16 until May 16, 2016. After May 16, 2016, the surplus note bears an interest rate of 2.588% plus the then current three-month London Interbank Offering Rate. The carrying amount of the surplus note was \$0 and \$333,400 at December 31, 2018 and 2017. The surplus note became redeemable by the company at the principal amount plus any accrued and unpaid interest after May 16, 2016. On June 15, 2018, this surplus note was redeemed in full. Payments of principal and interest under the surplus note can be made only with prior written approval of the Commissioner of Insurance of the State of Colorado. Such payments are payable out of surplus funds of the Company and only if at the time of such payment, and after giving effect to the making thereof, the financial condition of the Company is such that its surplus would not fall below two and one-half times the authorized control level as required by the most recent risk-based capital calculations. Interest paid on the note was \$6,868, \$12,721 and \$16,137 for the year ended December 31, 2018, 2017 and 2016, respectively, bringing total interest paid from inception to December 31, 2018 to \$262,875. The amount of unapproved principal and interest was \$0 at December 31, 2018 and 2017.

On December 29, 2017, the Company issued a surplus note in the face amount and carrying amount of \$12,000 to GWL&A Financial Inc. The proceeds were used for general corporate purposes. The surplus note bears an interest rate of 3.5% per annum. The note matures of December 29, 2027. Payments of principal and interest under the surplus note can be made only with prior written approval of the Commissioner of Insurance of the State of Colorado. Such payments are payable out of surplus funds of the Company and only if at the time of such payment, and after giving effect to the making thereof, the financial condition of the Company is such that its surplus would not fall below two and one-half times the authorized control level as required by the most recent risk-based capital calculations. Interest paid on the note during 2018, 2017 and 2016 amounted to \$420, \$2 and \$0, respectively, bringing total interest paid from inception to December 31, 2018 to \$422. The amount of unapproved principal and interest was \$0 at December 31, 2018.

On May 17, 2018, the Company issued a surplus note in the face amount and carrying amount of \$346,218 to GWL&A Financial Inc. The proceeds were used to redeem the \$333,400 surplus note issued in 2006 and for general corporate purposes. The surplus note bears an interest rate of 4.881% per annum. The note matures on May 17, 2048. Payments of principal and interest under the surplus note can be made only with prior written approval of the Commissioner of Insurance of the State of Colorado. Such payments are payable out of surplus funds of the Company and only if at the time of such payment, and after giving effect to the making thereof, the financial condition of the Company is such that its surplus would not fall below two and one-half times the authorized control level as required by the most recent risk-based capital calculations. Interest paid on the note during 2018 and 2017 amounted to \$10,515 and \$0, respectively, bringing total interest paid from inception to December 31, 2018 to \$10,515. The amount of unapproved principal and interest was \$0 at December 31, 2018.

In the first quarter of 2018, the Company realized a \$39,921 after tax gain on an interest rate swap that hedged the existing \$333,400 surplus note. The Company adjusted the basis of the hedged item, in this case the surplus note, for the amount of the after tax gain. Further, the Company accounted for the redemption of the \$333,400 surplus note and the issuance of the

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

\$346,218 surplus note in the second quarter as debt modification instead of debt extinguishment. Therefore, the after tax swap gain will be amortized into income over the 30 year life of the new surplus note. Amortization of the gain during 2018, 2017 and 2016 amounted to \$998, \$0 and \$0, respectively bringing the total amortization from inception to December 31, 2018 amounted to \$998, leaving an unamortized balance of \$38,923 in surplus as part of the surplus note amounts.

Interest paid to GWL&A Financial attributable to these surplus notes, was \$30,819, \$25,739 and \$29,153 for the years ended December 31, 2018, 2017 and 2016, respectively.

As an insurance company domiciled in the State of Colorado, the Company is required to maintain a minimum of \$2,000 of capital and surplus. In addition, the maximum amount of dividends which can be paid to stockholders by insurance companies domiciled in the State of Colorado, without prior approval of the Insurance Commissioner, is subject to restrictions relating to statutory capital and surplus and statutory net gain from operations. The Company may pay an amount less than \$132,692 of dividends during the year ended December 31, 2019, without the prior approval of the Colorado Insurance Commissioner. Prior to any payment of dividends, the Company provides notice to the Colorado Insurance Commissioner. Dividends are non-cumulative.

The Company paid cash dividends on common stock during 2018 as follows: \$24,000 on March 30, 2018 (ordinary); \$20,000 on May 1, 2018 (extraordinary); \$55,895 on May 17, 2018 (extraordinary); \$30,000 on September 28, 2018 (extraordinary) and \$22,400 on September 29, 2018 (extraordinary). Dividends during 2017 were paid as follows: \$77,000 on March 15, 2017 (extraordinary); \$60,301 on June 15, 2017 (ordinary); and \$8,000 on September 29, 2017 (ordinary). Dividends are paid as determined by the Board of Directors, subject to the limitations described above.

The portion of unassigned funds (surplus) represented or (reduced) by each of the following items is:

	December 31,	
	2018	2017
Unrealized gains (losses)	\$ 152,801	\$ 165,416
Non-admitted assets	(330,803)	(359,724)
Asset valuation reserve	(204,393)	(203,546)
Provision for reinsurance	(17)	(17)
Separate account business	(1,076)	(868)

Risk-based capital ("RBC") is a regulatory tool for measuring the minimum amount of capital appropriate for a life, accident and health organization to support its overall business operations in consideration of its size and risk profile. The Division requires the Company to maintain minimum capital and surplus equal to the company action level as calculated in the RBC model. The Company exceeds the required amount.

15. Federal Income Taxes

The following table presents the components of the net admitted deferred tax asset (liability):

	December 31, 2018			December 31, 2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax assets	\$ 368,917	\$ 2,793	\$ 371,710	\$ 388,131	\$ 16,580	\$ 404,711	\$ (19,214)	\$ (13,787)	\$ (33,001)
Valuation allowance adjustment	—	—	—	—	—	—	—	—	—
Adjusted gross deferred tax asset	368,917	2,793	371,710	388,131	16,580	404,711	(19,214)	(13,787)	(33,001)
Deferred tax assets non-admitted	(189,578)	(570)	(190,148)	(228,728)	(4,145)	(232,873)	39,150	3,575	42,725
Net admitted deferred tax asset	179,339	2,223	181,562	159,403	12,435	171,838	19,936	(10,212)	9,724
Gross deferred tax liabilities	(31,065)	—	(31,065)	(22,523)	—	(22,523)	(8,542)	—	(8,542)
Net admitted deferred tax asset	\$ 148,274	\$ 2,223	\$ 150,497	\$ 136,880	\$ 12,435	\$ 149,315	\$ 11,394	\$ (10,212)	\$ 1,182

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

The Company admits deferred tax assets pursuant to paragraphs 11.a, 11.b.i, 11.b.ii, and 11.c, in SSAP No. 101. The following table presents the amount of deferred tax asset admitted under each component of SSAP No. 101:

	December 31, 2018			December 31, 2017			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
(a) Federal income taxes paid in prior years recoverable through loss carrybacks	\$ —	\$ 2,224	\$ 2,224	\$ —	\$ 3,884	\$ 3,884	\$ —	\$ (1,660)	\$ (1,660)
(b) Adjusted gross deferred tax assets expected to be realized (excluding the amount of deferred tax assets from (a) above) after application of the threshold limitation (lesser of (i) and (ii) below)	148,274		148,274	136,880	8,551	145,431	11,394	(8,551)	2,843
(i) Adjusted gross deferred tax assets expected to be realized following the balance sheet date	148,274		148,274	136,880	8,551	145,431	11,394	(8,551)	2,843
(ii) Adjusted gross deferred tax assets expected allowed per limitation threshold			175,682			145,431	—	—	30,251
(c) Adjusted gross deferred tax assets (excluding the amount of deferred tax assets from (a) and (b) above) offset by gross deferred tax liabilities	31,065	—	31,065	22,523	—	22,523	8,542	—	8,542
Total deferred tax assets admitted as a result of the application of SSAP No. 101	\$ 179,339	\$ 2,224	\$ 181,563	\$ 159,403	\$ 12,435	\$ 171,838	\$ 19,936	\$ (10,211)	\$ 9,725

The following table presents the threshold limitations utilized in the admissibility of deferred tax assets under paragraph 11.b of SSAP No. 101:

	2018	2017
Ratio percentage used to determine recovery period and threshold limitation amount	867.76%	894.97%
Amount of adjusted capital and surplus used to determine recovery period and threshold limitation	\$ 1,171,212	\$ 969,537

The following table presents the impact of tax planning strategies:

	December 31, 2018		December 31, 2017		Change	
	Ordinary	Capital	Ordinary	Capital	Ordinary	Capital
Adjusted gross deferred tax asset	\$ 368,917	\$ 2,793	\$ 388,131	\$ 16,580	\$ (19,214)	\$ (13,787)
% of adjusted gross deferred tax asset by character attributable to tax planning strategies	—%	—%	—%	—%	—%	—%
Net admitted adjusted gross deferred tax assets	\$ 179,339	\$ 2,224	\$ 159,403	\$ 12,435	\$ 19,936	\$ (10,211)
% of net admitted adjusted gross deferred tax asset by character attributable to tax planning strategies	—%	—%	—%	—%	—%	—%

The Company's tax planning strategies do not include the use of reinsurance.

There are no temporary differences for which deferred tax liabilities are not recognized.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

The components of current income taxes incurred include the following:

	Year Ended December 31,		Change
	2018	2017	
Current income tax	\$ (17,604)	\$ 50,584	\$ (68,188)
Federal income tax on net capital gains	1,030	(6,744)	7,774
Total	\$ (16,574)	\$ 43,840	\$ (60,414)

	Year Ended December 31,		Change
	2017	2016	
Current income tax	\$ 50,584	\$ (37,932)	\$ 88,516
Federal income tax on net capital gains	(6,744)	16,117	(22,861)
Total	\$ 43,840	\$ (21,815)	\$ 65,655

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The tax effects of temporary differences, which give rise to the deferred income tax assets and liabilities are as follows:

	December 31,		Change
	2018	2017	
Deferred income tax assets:			
Ordinary:			
Reserves	\$ 80,303	\$ 65,831	\$ 14,472
Investments	4,374	1,263	3,111
Deferred acquisition costs	76,759	77,369	(610)
Provision for dividends	3,399	4,593	(1,194)
Fixed assets	3,264	2,761	503
Compensation and benefit accrual	20,890	22,065	(1,175)
Receivables - non-admitted	13,991	12,737	1,254
Tax credit carryforward	131,409	168,567	(37,158)
Other	34,527	32,945	1,582
Total ordinary gross deferred tax assets	<u>368,916</u>	<u>388,131</u>	<u>(19,215)</u>
Valuation allowance adjustment	—	—	—
Total adjusted ordinary gross deferred tax assets	<u>368,916</u>	<u>388,131</u>	<u>(19,215)</u>
Non-admitted ordinary deferred tax assets	<u>(189,578)</u>	<u>(228,728)</u>	<u>39,150</u>
Admitted ordinary deferred tax assets	<u>179,338</u>	<u>159,403</u>	<u>19,935</u>
Capital:			
Investments	2,793	16,580	(13,787)
Total capital gross deferred tax assets	<u>2,793</u>	<u>16,580</u>	<u>(13,787)</u>
Valuation allowance adjustment	—	—	—
Total adjusted gross capital deferred tax assets	<u>2,793</u>	<u>16,580</u>	<u>(13,787)</u>
Non-admitted capital deferred tax assets	<u>(569)</u>	<u>(4,145)</u>	<u>3,576</u>
Admitted capital deferred tax assets	<u>2,224</u>	<u>12,435</u>	<u>(10,211)</u>
Total admitted deferred tax assets	<u>\$ 181,562</u>	<u>\$ 171,838</u>	<u>\$ 9,724</u>
Deferred income tax liabilities:			
Ordinary:			
Investments	\$ —	\$ (4,501)	\$ 4,501
Premium receivable	(5,417)	(3,343)	(2,074)
Policyholder Reserves	(17,644)	(10,033)	(7,611)
Experience Refunds	(5,079)	—	(5,079)
Other	(2,925)	(4,646)	1,721
Total ordinary deferred tax liabilities	<u>(31,065)</u>	<u>(22,523)</u>	<u>(8,542)</u>
Net admitted deferred income tax asset	<u>\$ 150,497</u>	<u>\$ 149,315</u>	<u>\$ 1,182</u>

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

The change in deferred income taxes reported in surplus before consideration of non-admitted assets is comprised of the following components:

	December 31,		
	2018	2017	Change
Total deferred income tax assets	\$ 371,710	\$ 404,711	\$ (33,001)
Total deferred income tax liabilities	(31,065)	(22,523)	(8,542)
Net deferred income tax asset	<u>\$ 340,645</u>	<u>\$ 382,188</u>	(41,543)
Tax effect of unrealized capital gains (losses)			(260)
Other surplus			1,071
Change in net deferred income tax			<u>\$ (40,732)</u>

	December 31,		
	2017	2016	Change
Total deferred income tax assets	\$ 404,711	\$ 521,431	\$ (116,720)
Total deferred income tax liabilities	(22,523)	(20,681)	(1,842)
Net deferred income tax asset	<u>\$ 382,188</u>	<u>\$ 500,750</u>	(118,562)
Tax effect of unrealized capital gains (losses)			6,427
Other surplus			1,607
Change in net deferred income tax			<u>\$ (110,528)</u>

The provision for federal income taxes and change in deferred income taxes differ from that which would be obtained by applying the statutory federal income tax rate of 21% and 35% to income before income taxes. The significant items causing this difference are as follows:

	December 31,		
	2018	2017	2016
Income tax expense at statutory rate	\$ 60,337	\$ 77,023	\$ 22,425
Federal tax rate change	—	132,029	—
Earnings from subsidiaries	(22,003)	(28,875)	(35,175)
Swap gain on debt refinancing	8,175	—	—
Dividend received deduction	(6,657)	(7,992)	(7,302)
Tax adjustment for interest maintenance reserve	(5,221)	(7,716)	(8,138)
Prior year adjustment	(4,124)	(1,881)	(2,032)
Tax effect on non-admitted assets	(3,476)	2,291	(1,111)
Tax credits	(2,901)	(908)	(21,212)
Income tax (benefit) on realized capital gain (loss)	1,030	(6,744)	16,117
Tax contingency	(607)	359	(99)
Other	(395)	(3,219)	(1,893)
Total	<u>\$ 24,158</u>	<u>\$ 154,367</u>	<u>\$ (38,420)</u>
	2018	2017	2016
Federal income taxes incurred	\$ (16,574)	\$ 43,839	\$ (21,815)
Change in net deferred income taxes	40,732	110,528	(16,605)
Total income taxes	<u>\$ 24,158</u>	<u>\$ 154,367</u>	<u>\$ (38,420)</u>

On December 22, 2017, H.R. 1, the Tax Cuts and Jobs Act (the “Act”), was enacted. The legislation, which is generally effective for tax years beginning on January 1, 2018, represented significant U.S. tax reform and revised the Internal Revenue Code by, among other items, lowering the federal corporate income tax rate from 35% to 21% and modifying how the U.S.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

taxes multinational entities. Further, the Act changed how tax basis policy reserves, capitalized specified policy acquisition expenses, and the company's share of the dividends received deduction and tax exempt interest are to be calculated.

Shortly after enactment, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 118 ("SAB 118") which provided US GAAP guidance on the accounting for the Act's impact at December 31, 2017. A reporting entity could recognize provisional amounts, where the necessary information was not available, prepared or analyzed (including computations) in reasonable detail or where additional guidance was needed from the taxing authority to determine the appropriate application of the Act. A reporting entity's provisional impact analysis was to be adjusted within the 12 month measurement period provided for under SAB 118. The Statutory Accounting Working Group subsequently provided informal interpretative guidance allowing for statutory accounting conformity with the SAB 118 US GAAP guidance.

The Company's accounting for the income tax effects of the Act is complete as of the period ended December 31, 2018, and no material measurement period adjustments were recognized during the 2018 reporting period.

As of December 31, 2018, the Company had no operating loss carryforwards.

As of December 31, 2018, the Company has Guaranteed Federal Low Income Housing tax credit carryforwards of \$111,328. These credits will begin to expire in 2030.

As of December 31, 2018, the Company has foreign tax credit carryforwards of \$20,082. These credits will begin to expire in 2020.

The following are income taxes incurred in prior years that will be available for recoupment in the event of future net losses:

Year Ended December 31, 2018	\$	4,146
Year Ended December 31, 2017		13,328

The Company has no deposits admitted under Section 6603 of the Internal Revenue Code.

The Company's federal income tax return is consolidated with the following entities (the "U.S. Consolidated Group"):

Great-West Lifeco U.S. LLC
Emjay Corporation
GWFS Equities, Inc.
GWL&A Financial Inc.
Great-West Life & Annuity Insurance Company of South Carolina
Great-West Life & Annuity Insurance Company of New York
Putnam Investments, LLC
Putnam Acquisition Financing, Inc.
Putnam Retail Management, LP
Putnam Retail Management GP, Inc.
Putnam Advisory Company, LLC
Putnam Advisory Holdings, LLC
Putnam Fiduciary Trust Company
Putnam Investor Services, Inc.
PanAgora Holdings, Inc
PanAgora Asset Management, Inc.
Putnam Advisory Holdings II, LLC
FASCore, LLC
Advised Assets Group, LLC
Great-West Trust Company, LLC
Great-West Capital Management, LLC

The Company, GWL&A NY and GWSC ("GWLA Subgroup") are life insurance companies who form a life subgroup under the consolidated return regulations. These regulations determine whether the taxable income or losses of this subgroup may offset or be offset with the taxable income or losses of other non-life entities.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The GWLA Subgroup accounts for income taxes on the modified separate return method on each of their separate company, statutory financial statements. Under this method, current and deferred tax expense or benefit is determined on a standalone basis; however the Company also considers taxable income or losses from other members of the GWLA Subgroup when determining its deferred tax assets and liabilities, and in evaluating the realizability of its deferred tax assets.

The method of settling income tax payables and receivables (“Tax Sharing Agreement”) among the U.S. consolidated group is subject to a written agreement approved by the Board of Directors, whereby settlement is made on a separate return basis (i.e., the amount that would be due to or from a jurisdiction had an actual separate return been filed) except for the current utilization of any net operating losses and other tax attributes by members of the U.S. Consolidated Group, which can lead to receiving a payment when none would be received from the jurisdiction had a real separate tax return been required. The GWLA Subgroup has a policy of settling intercompany balances as soon as practical after the filing of the federal consolidated return or receipt of the income tax refund from the Internal Revenue Service (“I.R.S.”).

The Company determines income tax contingencies in accordance with Statement of Statutory Accounting Principles No. 5R, *Liabilities, Contingencies and Impairments of Assets* (“SSAP No. 5R”) as modified by SSAP 101. As of December 31, 2018 the amount of tax contingencies computed in accordance with SSAP No. 5R is \$0, with the exception of interest and penalties. The Company does not expect a significant increase in tax contingencies within the 12 month period following the balance sheet date.

The Company recognizes accrued interest and penalties related to tax contingencies in current income tax expense. During the years ended December 31, 2018 and 2017, the Company recognized approximately \$607 and \$359 of benefit and expense, respectively, from interest and penalties related to the uncertain tax positions. The Company had \$314 and \$921 accrued for the payment of interest and penalties at December 31, 2018 and 2017, respectively.

The Company files income tax returns in the U.S. federal jurisdiction and various states. With few exceptions, the Company is no longer subject to U.S. federal income tax examinations by the I.R.S. for years 2014 and prior. Tax years 2015 through 2017 are open to federal examination by the I.R.S. The Company does not expect significant increases or decreases to tax contingencies relating to federal, state or local audits.

The Company does not have any outstanding AMT credits as of the filing of the 2017 tax return.

The Company does not have any foreign operations as of the periods ended December 31, 2017 and December 31, 2018 and therefore is not subject to the Repatriation Transition Tax or the tax on Global Intangible Low-Taxed Income.

16. Employee Benefit Plans

Post-Retirement Medical and Supplemental Executive Retirement Plans

The Company sponsors an unfunded Post-Retirement Medical Plan (the “Medical Plan”) that provides health benefits to retired employees who are not Medicare eligible. The Medical Plan is contributory and contains other cost sharing features which may be adjusted annually for the expected general inflation rate. The Company’s policy is to fund the cost of the Medical Plan benefits in amounts determined at the discretion of management.

The Company also provides Supplemental Executive Retirement Plans to certain key executives. These plans provide key executives with certain benefits upon retirement, disability or death based upon total compensation. The Company has purchased individual life insurance policies with respect to employees covered by these plans. The Company is the owner and beneficiary of the insurance contracts.

A December 31 measurement date is used for the employee benefit plans.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

The following tables provide a reconciliation of the changes in the benefit obligations, fair value of plan assets and the underfunded status for the Company's Post-Retirement Medical and Supplemental Executive Retirement plans:

	Post-Retirement Medical Plan		Supplemental Executive Retirement Plan		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
Change in projected benefit obligation:						
Benefit obligation, January 1	\$ 19,329	\$ 19,031	\$ 40,921	\$ 44,501	\$ 60,250	\$ 63,532
Service cost	1,425	1,457	—	(16)	1,425	1,441
Interest cost	703	758	1,357	1,620	2,060	2,378
Actuarial (gain) loss	(1,511)	(1,216)	(2,316)	(1,872)	(3,827)	(3,088)
Regular benefits paid	(407)	(701)	(2,400)	(3,336)	(2,807)	(4,037)
Amendment	—	—	—	24	—	24
Benefit obligation and underfunded status, December 31	\$ 19,539	\$ 19,329	\$ 37,562	\$ 40,921	\$ 57,101	\$ 60,250
Accumulated benefit obligation	\$ 19,539	\$ 19,329	\$ 37,562	\$ 40,921	\$ 57,101	\$ 60,250

	Post-Retirement Medical Plan		Supplemental Executive Retirement Plan		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
Change in plan assets:						
Value of plan assets, January 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employer contributions	407	701	2,400	3,337	2,807	4,038
Regular benefits paid	(407)	(701)	(2,400)	(3,337)	(2,807)	(4,038)
Value of plan assets, December 31	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

The following table presents amounts recognized in the Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus for the Company's Post-Retirement Medical and Supplemental Executive Retirement plans:

	Post-Retirement Medical Plan		Supplemental Executive Retirement Plan		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Amounts recognized in the statutory statements of admitted assets, liabilities, capital and surplus:						
Accrued benefit liability	\$ (20,534)	\$ (18,078)	\$ (40,091)	\$ (40,855)	\$ (60,625)	\$ (58,933)
Liability for pension benefits	995	(1,251)	2,529	(66)	3,524	(1,317)
Total other liabilities	\$ (19,539)	\$ (19,329)	\$ (37,562)	\$ (40,921)	\$ (57,101)	\$ (60,250)
Unassigned surplus (deficit)	\$ 995	\$ (1,251)	\$ 2,529	\$ (66)	\$ 3,524	\$ (1,317)

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The following table presents amounts not yet recognized in the statements of financial position for the Company's Post-Retirement Medical and Supplemental Executive Retirement plans:

	Post-Retirement Medical Plan		Supplemental Executive Retirement Plan		Total	
	December 31,		December 31,		December 31,	
	2018	2017	2018	2017	2018	2017
Unrecognized net actuarial gain (loss)	\$ 5,152	\$ 3,723	\$ 3,428	\$ 1,157	\$ 8,580	\$ 4,880
Unrecognized prior service cost	(4,157)	(4,974)	(899)	(1,223)	(5,056)	(6,197)

The following table presents amounts in unassigned funds recognized as components of net periodic benefit cost for the Company's Post-Retirement Medical and Supplemental Executive Retirement plans:

	Post-Retirement Medical Plan		Supplemental Executive Retirement Plan		Total	
	Year Ended December 31,		Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017	2018	2017
Items not yet recognized as component of net periodic cost on January 1,	\$ (1,251)	\$ (3,021)	\$ (66)	\$ (2,360)	\$ (1,317)	\$ (5,381)
Prior service cost recognized in net periodic cost	817	587	324	501	1,141	1,088
(Gain) loss recognized in net periodic cost	(82)	(33)	(45)	(54)	(127)	(87)
Gain (loss) arising during the year	1,511	1,216	2,316	1,847	3,827	3,063
Items not yet recognized as component of net periodic cost on December 31	\$ 995	\$ (1,251)	\$ 2,529	\$ (66)	\$ 3,524	\$ (1,317)

The following table provides information regarding amounts in unassigned funds that are expected to be recognized as components of net periodic benefit costs during the year ended December 31, 2019:

	Post-Retirement Medical Plan	Supplemental Executive Retirement Plan	Total
Net actuarial gain	\$ 217	\$ 50	\$ 267
Prior service cost	(817)	(300)	(1,117)

The expected benefit payments for the Company's Post-Retirement Medical and Supplemental Executive Retirement plans for the years indicated are as follows:

	2019	2020	2021	2022	2023	2024 through 2028
Post-retirement medical plan	\$ 961	\$ 959	\$ 1,054	\$ 1,123	\$ 1,234	\$ 7,119
Supplemental executive retirement plan	2,347	2,530	2,473	10,206	5,701	9,085

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

The following table presents the components of net periodic cost (benefit):

	Post-Retirement Medical Plan			Supplemental Executive Retirement Plan			Total		
	Year Ended December 31,			Year Ended December 31,			Year Ended December 31,		
	2018	2017	2016	2018	2017	2016	2018	2017	2016
Components of net periodic cost (benefit):									
Service cost	\$ 1,425	\$ 1,457	\$ 1,246	\$ —	\$ (16)	\$ 294	\$ 1,425	\$ 1,441	\$ 1,540
Interest cost	703	758	713	1,356	1,620	1,775	2,059	2,378	2,488
Amortization of unrecognized prior service cost	817	587	150	324	501	501	1,141	1,088	651
Amortization of gain from prior periods	(82)	(33)	(137)	(45)	(54)	(61)	(127)	(87)	(198)
Net periodic cost	\$ 2,863	\$ 2,769	\$ 1,972	\$ 1,635	\$ 2,051	\$ 2,509	\$ 4,498	\$ 4,820	\$ 4,481

The following tables present the assumptions used in determining benefit obligations of the Post-Retirement Medical and the Supplemental Executive Retirement plans at December 31, 2018 and 2017:

	Post-Retirement Medical Plan	
	December 31,	
	2018	2017
Discount rate	4.34%	3.63%
Initial health care cost trend	6.25%	6.50%
Ultimate health care cost trend	5.00%	5.00%
Year ultimate trend is reached	2024	2024

	Supplemental Executive Retirement Plan	
	December 31,	
	2018	2017
Discount rate	4.16%	3.43%
Rate of compensation increase	N/A	4.00%

During 2018, the Company adopted the Society of Actuaries Morality Improvement Scale (MP-2018).

During 2017, the Company adopted the Society of Actuaries Morality Improvement Scale (MP-2017).

The following tables present the weighted average interest rate assumptions used in determining the net periodic benefit/cost of the Post-Retirement Medical and the Supplemental Executive Retirement plans:

	Post-Retirement Medical Plan	
	Year Ended December 31,	
	2018	2017
Discount rate	3.63%	4.05%
Initial health care cost trend	6.50%	6.75%
Ultimate health care cost trend	5.00%	5.00%
Year ultimate trend is reached	2024	2024

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

Supplemental Executive Retirement Plan

	Year Ended December 31,	
	2018	2017
Discount rate	3.43%	3.80%
Rate of compensation increase	4.00%	4.00%

The discount rate has been set based on the rates of return on high-quality fixed-income investments currently available and expected to be available during the period the benefits will be paid. In particular, the yields on bonds rated AA or better on the measurement date have been used to set the discount rate.

The following table presents the impact on the Post-Retirement Medical Plan that one-percentage-point change in assumed health care cost trend rates would have on the following:

	One percentage point increase	One percentage point decrease
Increase (decrease) on total service and interest cost on components	\$ 357	\$ (297)
Increase (decrease) on post-retirement benefit obligations	2,417	(2,075)

Beginning December 31, 2012, the Company began participation in the pension plan sponsored by GWL&A Financial. During 2017, that plan froze all future benefit accruals for pension-eligible participants as of December 31, 2017. The Company's share of net expense for the pension plan was \$3,057, \$0 and \$0 during the years ended December 31, 2018, 2017 and 2016.

In August 2017, the Company filed an application for a compliance statement from the IRS under their Voluntary Correction Program with respect to operational matters under the pension plan. The IRS issued a compliance statement approving the Company's request in November 2018. The corrective measure will result in a payment of approximately \$7 million to the plan in 2019.

The Company offers unfunded, non-qualified deferred compensation plans to a select group of executives, management and highly compensated individuals. Participants defer a portion of their compensation and realize potential market gains / losses or interest on the amount deferred. The programs are not qualified under Section 401 of the Internal Revenue Code. Participant balances, which are included in Amounts withheld or retained by company as agent or trustee in the accompanying statutory financial statements, are \$35,588 and \$33,454 at December 31, 2018 and 2017, respectively.

The Company sponsors a qualified defined contribution benefit plan covering all employees. Under this plan, employees may contribute a percentage of their annual compensation to the plan up to certain maximums, as defined by the plan and by the Internal Revenue Service ("IRS"). Currently, the Company matches a percentage of employee contributions in cash. The Company recognized \$11,935, \$8,713 and \$7,275 in expense related to this plan for the years ended December 31, 2018, 2017 and 2016, respectively.

17. Share-Based Compensation***Equity Awards***

Lifeco, of which the Company is an indirect wholly-owned subsidiary, maintains the Great-West Lifeco Inc. Stock Option Plan (the "Lifeco plan") that provides for the granting of options on its common shares to certain of its officers and employees and those of its subsidiaries, including the Company. Options are granted with exercise prices not less than the average market price of the shares on the five days preceding the date of the grant. The Lifeco plan provides for the granting of options with varying terms and vesting requirements with vesting commencing on the first anniversary of the grant, exercisable within 10 years from the date of grant. Compensation expense is recognized in the Company's financial statements over the vesting period of these stock options using the accelerated method of recognition.

Termination of employment prior to the vesting of the options results in the forfeiture of the unvested options, unless otherwise determined by the Human Resources Committee. At its discretion, the Human Resources Committee may vest the unvested options of retiring option holders, with the options exercisable within five years from the date of retirement. In such event, the Company

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

accelerates the recognition period to the date of retirement for any unrecognized share-based compensation cost related thereto and recognizes it in its earnings at that time.

Liability Awards

The Company maintains a Performance Share Unit Plan (“PSU plan”) for officers and employees of the Company. Under the PSU plan, “performance share units” are granted to certain of its officers and employees of the Company. Each performance unit has a value equal to one share of Lifeco common stock and is subject to adjustment for cash dividends paid to Lifeco stockholders, Company earnings results as well as stock dividends and splits, consolidations and the like that affect shares of Lifeco common stock outstanding.

If the performance share units vest, they are payable in cash equal to the average closing price of Lifeco common stock for the 20 trading days prior to the date following the last day of the three-year performance period. The estimated fair value of the performance unit is based on the average closing price of Lifeco common stock for the 20 trading days prior to the grant. The performance share units generally vest in their entirety at the end of the three years performance period based on continued service. The PSU plan contains a provision that permits all unvested performance share units to become vested upon death or retirement. Changes in the fair value of the performance share units that occur during the vesting period is recognized as compensation cost over that period.

Performance share units are settled in cash and are recorded as liabilities until payout is made. Unlike share-settled awards, which have a fixed grant-date fair value, the fair value of unsettled or unvested liabilities awards is remeasured at the end of each reporting period based on the change in fair value of one share of Lifeco common stock. The liability and corresponding expense are adjusted accordingly until the award is settled.

Compensation Expense Related to Share-Based Compensation

The compensation expense related to share-based compensation was as follows:

	Year Ended December 31,		
	2018	2017	2016
Lifeco Stock Plan	\$ 768	\$ 1,451	\$ 2,113
Performance Share Unit Plan	5,388	7,207	5,318
Total compensation expense	<u>\$ 6,156</u>	<u>\$ 8,658</u>	<u>\$ 7,431</u>
Income tax benefits	\$ 1,243	\$ 2,831	\$ 2,445

During the year ended December 31, 2018, 2017 and 2016, the Company had \$26, \$769 and \$555 respectively, income tax benefits realized from stock options exercised.

The following table presents the total unrecognized compensation expense related to share-based compensation at December 31, 2018 and the expected weighted average period over which these expenses will be recognized:

	Expense	Weighted average period (years)
Lifeco Stock Plan	\$ 819	1.6
Performance Share Unit Plan	8,403	1.4

Equity Award Activity

During the year ended December 31, 2018, Lifeco granted 473,400 stock options to employees of the Company. These stock options vest over five-year periods ending in 2023. Compensation expense of \$448 will be recognized in the Company’s financial statements over the vesting period of these stock options using the accelerated method of recognition.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

The following table summarizes the status of, and changes in, the Lifeco plan options granted to Company employees which are outstanding. The options granted relate to underlying stock traded in Canadian dollars on the Toronto Stock Exchange; therefore, the amounts, which are presented in United States dollars, will fluctuate as a result of exchange rate fluctuations.

	Shares under option	Weighted average		
		Exercise price (Whole dollars)	Remaining contractual term (Years)	Aggregate intrinsic value ⁽¹⁾
Outstanding, January 1, 2018	3,446,975	\$ 24.88		
Granted	473,400	25.15		
Exercised	(114,589)	21.06		
Cancelled and expired	(156,000)	24.54		
Outstanding, December 31, 2018	3,649,786	23.32	5.9	\$ 2,339
Vested and expected to vest, December 31, 2018	3,649,786	23.32	5.9	2,144
Exercisable, December 31, 2018	2,323,353	21.95	4.7	2,144

⁽¹⁾ The aggregate intrinsic value is calculated as the difference between the market price of Lifeco common shares on December 31, 2018 and the exercise price of the option (only if the result is positive) multiplied by the number of options.

The following table presents additional information regarding stock options under the Lifeco plan:

	Year Ended December 31,		
	2018	2017	2016
Weighted average fair value of options granted	\$ 0.95	\$ 2.75	\$ 2.74
Intrinsic value of options exercised ⁽¹⁾	345	2,869	2,102
Fair value of options vested	1,115	2,203	1,605

⁽¹⁾ The intrinsic value of options exercised is calculated as the difference between the market price of Lifeco common shares on the date of exercise and the exercise price of the option multiplied by the number of options exercised.

The fair value of the options granted during the years ended December 31, 2018, 2017 and 2016 was estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year Ended December 31,		
	2018	2017	2016
Dividend yield	4.55%	3.98%	3.99%
Expected volatility	9.01%	13.99%	19.03%
Risk free interest rate	2.03%	1.25%	0.80%
Expected duration (years)	6.0	6.0	6.0

Liability Award Activity

The following table summarizes the status of, and changes in, the Performance Share Unit Plan units granted to Company employees which are outstanding:

	Performance Units
Outstanding, January 1, 2018	681,510
Granted	405,464
Forfeited	(18,397)
Paid	(157,510)
Outstanding, December 31, 2018	911,067
Vested and expected to vest, December 31, 2018	911,067

The cash payment in settlement of the Performance Share Unit Plan units was \$4,104, \$3,398 and \$3,988 for the years ended December 31, 2018, 2017 and 2016, respectively.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

18. Participating Insurance

Individual life insurance premiums paid, net of reinsurance, under individual life insurance participating policies were 1%, 6%, and (2)% of total individual life insurance premiums earned during the years ended December 31, 2018, 2017 and 2016 respectively. The Company accounts for its policyholder dividends based upon the three-factor formula. The Company paid dividends in the amount of \$31,276, \$38,782 and \$45,842 to its policyholders during the years ended December 31, 2018, 2017 and 2016, respectively.

19. Concentrations

No customer accounted for 10% or more of the Company's revenues during the year ended December 31, 2018. In addition, neither Individual Markets nor Empower Retirement is dependent upon a single customer or a few customers. The loss of business from any one, or a few, independent brokers or agents would not have a material adverse effect on the Company or any of its business agents.

20. Commitments and Contingencies

Future Contractual Obligations

The following table summarizes the Company's estimated future contractual obligations:

	Payment due by period						
	2019	2020	2021	2022	2023	Thereafter	Total
Surplus notes - principal ⁽¹⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 553,219	\$ 553,219
Surplus notes - interest ⁽²⁾	30,335	30,335	30,335	30,335	30,335	557,094	708,769
Investment purchase obligations ⁽³⁾	136,396	—	—	—	—	—	136,396
Operating leases ⁽⁴⁾	9,929	7,844	3,717	1,235	1,037	11,743	35,505
Other liabilities ⁽⁵⁾	23,334	26,774	12,695	19,579	6,935	16,204	105,521
Total	\$ 199,994	\$ 64,953	\$ 46,747	\$ 51,149	\$ 38,307	\$ 1,138,260	\$ 1,539,410

⁽¹⁾ **Surplus notes principal** - Represents contractual maturities of principal due to the Company's parent, GWL&A Financial, under the terms of three long-term surplus notes. The amounts shown in this table differ from the amounts included in the Company's Statement of Admitted Assets, Liabilities, Capital and Surplus because the amounts shown above do not consider the discount upon the issuance of one of the surplus notes.

⁽²⁾ **Surplus notes interest** - One long-term surplus note bears interest at a fixed rate through maturity. The second surplus note bore interest initially at a fixed rate but changed during 2016 to be based upon the current three-month London Interbank Offering Rate in addition to a spread. The third long-term surplus note bears interest at a fixed rate through maturity. The interest payments shown in this table are calculated based upon the contractual rates in effect on December 31, 2018 and do not consider the impact of future interest rate changes.

⁽³⁾ **Investment purchase obligations** - The Company makes commitments to fund partnership interests, mortgage loans, and other investments in the normal course of its business. As the timing of the fulfillment of the commitment to fund partnership interests cannot be predicted, such obligations are presented in the less than one year category. The timing of the funding of mortgage loans is based on the expiration date of the commitment. The amounts of these unfunded commitments at December 31, 2018 and 2017 were \$136,396 and \$313,242, of which \$104,286 and \$114,726 were related to cost basis limited partnership interests, respectively. All unfunded commitments at December 31, 2018 were due within one year. At December 31, 2017, \$312,152 is due within one year, and \$1,090 is due within one to three years.

⁽⁴⁾ **Operating leases** - The Company is obligated to make payments under various non-cancelable operating leases, primarily for office space. Contractual provisions exist that could increase the lease obligations presented, including operating expense escalation clauses. Management does not consider the impact of any such clauses to be material to the Company's operating lease obligations. Rent expense for the years ended December 31, 2018, 2017 and 2016 were \$27,768, \$28,244 and \$27,815 respectively.

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements
(In Thousands, Except Share Amounts)

From time to time, the Company enters into agreements or contracts, including capital leases, to purchase goods or services in the normal course of its business. However, these agreements and contracts are not material and are excluded from the table above.

⁽⁵⁾ **Other liabilities** - Other liabilities include those other liabilities which represent contractual obligations not included elsewhere in the table above. If the timing of the payment of any other liabilities was sufficiently uncertain, the amounts were included in the less than one year category. Other liabilities presented in the table above include:

- Expected benefit payments for the Company's post-retirement medical plan and supplemental executive retirement plan through 2027
- Unrecognized tax benefits
- Miscellaneous purchase obligations to acquire goods and services

The Company has a revolving credit facility agreement in the amount of \$50,000 for general corporate purposes. The credit facility expired on March 1, 2018 and was replaced with a revolving credit facility agreement in the amount of \$50,000 with an expiration date of March 1, 2023. Interest accrues at a rate dependent on various conditions and terms of borrowings. The agreement requires, among other things, the Company to maintain a minimum adjusted net worth, of \$1,022,680, as defined in the credit facility agreement (compiled on the unconsolidated statutory accounting basis prescribed by the NAIC), at any time. The Company was in compliance with all covenants at December 31, 2018 and 2017. At December 31, 2018 and 2017 there were no outstanding amounts related to the current and prior credit facilities.

In addition, the Company has other letters of credit with a total amount of \$9,095, renewable annually for an indefinite period of time. At December 31, 2018 and 2017, there were no outstanding amounts related to those letters of credit.

Contingencies

From time to time, the Company may be threatened with, or named as a defendant in, lawsuits, arbitrations, and administrative claims. Any such claims that are decided against the Company could harm the Company's business. The Company is also subject to periodic regulatory audits and inspections which could result in fines or other disciplinary actions. Unfavorable outcomes in such matters may result in a material impact on the Company's financial position, results of operations, or cash flows.

The Company is defending lawsuits relating to the costs and features of certain of its retirement or fund products. Management believes the claims are without merit and will defend these actions. Based on the information known, these actions will not have a material adverse effect on the financial position of the Company.

The Company is involved in other various legal proceedings that arise in the ordinary course of its business. In the opinion of management, after consultation with counsel, the likelihood of loss from the resolution of these proceedings is remote and/or the estimated loss is not expected to have a material effect on the Company's financial position, results of its operations, or cash flows.

The Company and GWL&A NY have an agreement whereby the Company has committed to provide financial support to GWL&A NY related to the maintenance of adequate regulatory surplus and liquidity. The Company is obligated to invest in shares of GWL&A NY in order for GWL&A NY to maintain the capital and surplus at the greater of 1) \$6,000, 2) 200% of GWL&A NY RBC minimum capital requirements if GWL&A NY total assets are less than \$3,000,000 or 3) 175% of GWL&A NY RBC minimum capital requirements if GWL&A NY total assets are \$3,000,000 or more. There is no limitation on the maximum potential future payments under the guarantee. The Company has no liability at December 31, 2018 and 2017 for obligations under the guarantee.

21. Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the Company's statutory financial statements through March 19, 2019, the date on which they were issued.

On January 24, 2019, the Company announced that it had entered into an agreement with Protective Life Insurance Company ("Protective") to sell, via indemnity reinsurance, substantially all of its non-participating individual life insurance and annuity

GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Notes to Statutory Financial Statements

(In Thousands, Except Share Amounts)

business and group life and health business. The transaction is in its initial stage, and is expected to close in the first half of 2019 subject to regulatory and customary closing conditions. On the closing date of the proposed transaction, the Company will transfer to Protective assets equal to the statutory liabilities being reinsured and will receive a ceding commission (subject to post-closing adjustments) from Protective in consideration of the transferred business.

***Variable Annuity-2 Series Account
of Great-West Life & Annuity
Insurance Company***

*Annual Statement for the Year Ended
December 31, 2018 and Report of Independent
Registered Public Accounting Firm*

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	ALGER CAPITAL APPRECIATION PORTFOLIO	ALGER LARGE CAP GROWTH PORTFOLIO	ALGER MID CAP GROWTH PORTFOLIO	ALGER SMALL CAP GROWTH PORTFOLIO	ALGER SMID CAP FOCUS PORTFOLIO	ALPS ALERIAN ENERGY INFRASTRUCTURE PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 1,545,632	\$ 1,140,588	\$ 1,676,623	\$ 371,404	\$ 128,964	\$ 899,607
Investment income due and accrued						
Receivable for investments sold	12		4			
Purchase payments receivable						5,429
Total assets	<u>1,545,644</u>	<u>1,140,588</u>	<u>1,676,627</u>	<u>371,404</u>	<u>128,964</u>	<u>905,036</u>
LIABILITIES:						
Payable for investments purchased						5,429
Redemptions payable	12		4			
Due to Great-West Life & Annuity Insurance Company	292	215	309	54	21	127
Total liabilities	<u>304</u>	<u>215</u>	<u>313</u>	<u>54</u>	<u>21</u>	<u>5,556</u>
NET ASSETS	<u>\$ 1,545,340</u>	<u>\$ 1,140,373</u>	<u>\$ 1,676,314</u>	<u>\$ 371,350</u>	<u>\$ 128,943</u>	<u>\$ 899,480</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 1,545,340	\$ 1,140,373	\$ 1,676,314	\$ 371,350	\$ 128,943	\$ 899,480
Contracts in payout phase						
NET ASSETS	<u>\$ 1,545,340</u>	<u>\$ 1,140,373</u>	<u>\$ 1,676,314</u>	<u>\$ 371,350</u>	<u>\$ 128,943</u>	<u>\$ 899,480</u>
ACCUMULATION UNITS OUTSTANDING	12,346	8,936	20,250	12,005	9,221	95,080
UNIT VALUE (ACCUMULATION)	<u>\$ 125.17</u>	<u>\$ 127.62</u>	<u>\$ 82.78</u>	<u>\$ 30.93</u>	<u>\$ 13.98</u>	<u>\$ 9.46</u>
(1) Cost of investments:	\$ 1,177,814	\$ 1,118,441	\$ 1,459,962	\$ 408,130	\$ 128,747	\$ 1,104,552
Shares of investments:	22,707	22,177	85,761	15,852	67,876	118,838

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	ALPS RED ROCKS LISTED PRIVATE EQUITY PORTFOLIO	AMERICAN CENTURY INVESTMENTS VP INFLATION PROTECTION FUND	AMERICAN CENTURY INVESTMENTS VP MID CAP VALUE FUND	AMERICAN CENTURY INVESTMENTS VP VALUE FUND	AMERICAN FUNDS IS BLUE CHIP INCOME AND GROWTH FUND	AMERICAN FUNDS IS GLOBAL GROWTH AND INCOME FUND
ASSETS:						
Investments at fair value (1)	\$ 2,028,767	\$ 1,535,508	\$ 7,165,839	\$ 8,301,442	\$ 1,571,350	\$ 5,510,243
Investment income due and accrued						
Receivable for investments sold	6,699					
Purchase payments receivable	4,113		13,655	16,288	8,408	
Total assets	<u>2,039,579</u>	<u>1,535,508</u>	<u>7,179,494</u>	<u>8,317,730</u>	<u>1,579,758</u>	<u>5,510,243</u>
LIABILITIES:						
Payable for investments purchased			13,500	16,200	8,408	
Redemptions payable	10,812		155	88		
Due to Great-West Life & Annuity Insurance Company	283	177	943	1,240	213	787
Total liabilities	<u>11,095</u>	<u>177</u>	<u>14,598</u>	<u>17,528</u>	<u>8,621</u>	<u>787</u>
NET ASSETS	<u>\$ 2,028,484</u>	<u>\$ 1,535,331</u>	<u>\$ 7,164,896</u>	<u>\$ 8,300,202</u>	<u>\$ 1,571,137</u>	<u>\$ 5,509,456</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 2,028,484	\$ 1,535,331	\$ 7,164,896	\$ 8,300,202	\$ 1,571,137	\$ 5,509,456
Contracts in payout phase						
NET ASSETS	<u>\$ 2,028,484</u>	<u>\$ 1,535,331</u>	<u>\$ 7,164,896</u>	<u>\$ 8,300,202</u>	<u>\$ 1,571,137</u>	<u>\$ 5,509,456</u>
ACCUMULATION UNITS OUTSTANDING	194,808	153,561	619,269	770,603	168,380	542,519
UNIT VALUE (ACCUMULATION)	<u>\$ 10.41</u>	<u>\$ 10.00</u>	<u>\$ 11.57</u>	<u>\$ 10.77</u>	<u>\$ 9.33</u>	<u>\$ 10.16</u>
(1) Cost of investments:	\$ 2,384,167	\$ 1,602,615	\$ 8,304,966	\$ 9,063,279	\$ 1,779,217	\$ 6,466,392
Shares of investments:	183,267	159,285	391,148	828,487	128,905	430,152

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	AMERICAN FUNDS IS GROWTH FUND	AMERICAN FUNDS IS GROWTH- INCOME FUND	AMERICAN FUNDS IS INTERNATIONAL FUND	AMERICAN FUNDS IS NEW WORLD FUND	BLACKROCK GLOBAL ALLOCATION VI FUND	BLACKROCK HIGH YIELD VI FUND
ASSETS:						
Investments at fair value (1)	\$ 3,931,581	\$ 4,036,411	\$ 4,989,074	\$ 3,489,987	\$ 9,486,792	\$ 8,771,919
Investment income due and accrued Receivable for investments sold						38,855
Purchase payments receivable	2,102	14,725	5,429	8,225	6,317	10,859
Total assets	3,933,683	4,051,136	4,994,503	3,498,212	9,493,109	8,821,633
LIABILITIES:						
Payable for investments purchased	2,102	14,725	5,429	8,225	6,317	9,547
Redemptions payable						1,312
Due to Great-West Life & Annuity Insurance Company	596	639	722	459	1,409	1,202
Total liabilities	2,698	15,364	6,151	8,684	7,726	12,061
NET ASSETS	\$ 3,930,985	\$ 4,035,772	\$ 4,988,352	\$ 3,489,528	\$ 9,485,383	\$ 8,809,572
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 3,930,985	\$ 4,035,772	\$ 4,988,352	\$ 3,489,528	\$ 9,485,383	\$ 8,809,572
Contracts in payout phase						
NET ASSETS	\$ 3,930,985	\$ 4,035,772	\$ 4,988,352	\$ 3,489,528	\$ 9,485,383	\$ 8,809,572
ACCUMULATION UNITS OUTSTANDING	417,300	427,689	491,716	315,925	942,008	835,037
UNIT VALUE (ACCUMULATION)	\$ 9.42	\$ 9.44	\$ 10.14	\$ 11.05	\$ 10.07	\$ 10.55
(1) Cost of investments:	\$ 4,364,819	\$ 4,441,791	\$ 5,865,403	\$ 3,976,831	\$ 10,539,734	\$ 9,401,259
Shares of investments:	57,278	90,767	286,728	168,517	732,571	1,289,988

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	CLEARBRIDGE VARIABLE LARGE CAP GROWTH PORTFOLIO	CLEARBRIDGE VARIABLE MID CAP PORTFOLIO	CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO	COLUMBIA VARIABLE PORTFOLIO - SELECT SMALLER CAP VALUE FUND	COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 1	COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 2
ASSETS:						
Investments at fair value (1)	\$ 4,213,049	\$ 789,674	\$ 3,985,573	\$ 330,704	\$ 3,870,586	\$ 98,201
Investment income due and accrued						
Receivable for investments sold	13,416			5	17	
Purchase payments receivable			5,429			
Total assets	<u>4,226,465</u>	<u>789,674</u>	<u>3,991,002</u>	<u>330,709</u>	<u>3,870,603</u>	<u>98,201</u>
LIABILITIES:						
Payable for investments purchased			4,207			
Redemptions payable	13,416		1,222	5	17	
Due to Great-West Life & Annuity Insurance Company	626	84	556	63	728	18
Total liabilities	<u>14,042</u>	<u>84</u>	<u>5,985</u>	<u>68</u>	<u>745</u>	<u>18</u>
NET ASSETS	<u>\$ 4,212,423</u>	<u>\$ 789,590</u>	<u>\$ 3,985,017</u>	<u>\$ 330,641</u>	<u>\$ 3,869,858</u>	<u>\$ 98,183</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 4,212,423	\$ 789,590	\$ 3,985,017	\$ 330,641	\$ 3,869,858	\$ 98,183
Contracts in payout phase						
NET ASSETS	<u>\$ 4,212,423</u>	<u>\$ 789,590</u>	<u>\$ 3,985,017</u>	<u>\$ 330,641</u>	<u>\$ 3,869,858</u>	<u>\$ 98,183</u>
ACCUMULATION UNITS OUTSTANDING	374,986	85,081	325,859	21,234	167,109	1,948
UNIT VALUE (ACCUMULATION)	<u>\$ 11.23</u>	<u>\$ 9.28</u>	<u>\$ 12.23</u>	<u>\$ 15.57</u>	<u>\$ 23.16</u>	<u>\$ 50.40</u>
(1) Cost of investments:	\$ 4,566,341	\$ 917,445	\$ 4,720,274	\$ 214,047	\$ 4,475,047	\$ 120,428
Shares of investments:	177,168	45,992	174,729	15,892	217,693	6,014

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	COLUMBIA VARIABLE PORTFOLIO - SMALL CAP VALUE FUND	COLUMBIA VARIABLE PORTFOLIO - STRATEGIC INCOME FUND	DELAWARE VIP EMERGING MARKETS SERIES	DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES	DELAWARE VIP REIT SERIES	DELAWARE VIP SMALL CAP VALUE SERIES
ASSETS:						
Investments at fair value (1)	\$ 38,867	\$ 736,559	\$ 4,262,223	\$ 487,708	\$ 1,699,916	\$ 2,913,678
Investment income due and accrued			5,751			
Receivable for investments sold			5,429			
Purchase payments receivable		16,451				5,429
Total assets	<u>38,867</u>	<u>753,010</u>	<u>4,273,403</u>	<u>487,708</u>	<u>1,699,916</u>	<u>2,919,107</u>
LIABILITIES:						
Payable for investments purchased		16,451				5,429
Redemptions payable			11,180			
Due to Great-West Life & Annuity Insurance Company	1	73	566	72	255	402
Total liabilities	<u>1</u>	<u>16,524</u>	<u>11,746</u>	<u>72</u>	<u>255</u>	<u>5,831</u>
NET ASSETS	<u>\$ 38,866</u>	<u>\$ 736,486</u>	<u>\$ 4,261,657</u>	<u>\$ 487,636</u>	<u>\$ 1,699,661</u>	<u>\$ 2,913,276</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 38,866	\$ 736,486	\$ 4,261,657	\$ 487,636	\$ 1,699,661	\$ 2,913,276
Contracts in payout phase						
NET ASSETS	<u>\$ 38,866</u>	<u>\$ 736,486</u>	<u>\$ 4,261,657</u>	<u>\$ 487,636</u>	<u>\$ 1,699,661</u>	<u>\$ 2,913,276</u>
ACCUMULATION UNITS OUTSTANDING	2,272	74,139	373,004	48,586	165,314	262,290
UNIT VALUE (ACCUMULATION)	<u>\$ 17.11</u>	<u>\$ 9.93</u>	<u>\$ 11.43</u>	<u>\$ 10.04</u>	<u>\$ 10.28</u>	<u>\$ 11.11</u>
(1) Cost of investments:	\$ 52,672	\$ 743,208	\$ 4,817,509	\$ 572,565	\$ 1,938,288	\$ 3,567,205
Shares of investments:	2,753	185,065	210,169	45,580	143,817	89,431

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DIMENSIONAL VA INTERNATIONAL SMALL PORTFOLIO	DIMENSIONAL VA INTERNATIONAL VALUE PORTFOLIO	DIMENSIONAL VA US LARGE VALUE PORTFOLIO	DIMENSIONAL VA US TARGETED VALUE PORTFOLIO	DREYFUS IP TECHNOLOGY GROWTH PORTFOLIO	DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.
ASSETS:						
Investments at fair value (1)	\$ 932,923	\$ 1,190,720	\$ 3,033,382	\$ 1,395,967	\$ 419,737	\$ 246,035
Investment income due and accrued						
Receivable for investments sold						
Purchase payments receivable			3,123	1,420		
Total assets	<u>932,923</u>	<u>1,190,720</u>	<u>3,036,505</u>	<u>1,397,387</u>	<u>419,737</u>	<u>246,035</u>
LIABILITIES:						
Payable for investments purchased			3,123	1,420		
Redemptions payable						
Due to Great-West Life & Annuity Insurance Company	125	182	463	253	23	47
Total liabilities	<u>125</u>	<u>182</u>	<u>3,586</u>	<u>1,673</u>	<u>23</u>	<u>47</u>
NET ASSETS	<u>\$ 932,798</u>	<u>\$ 1,190,538</u>	<u>\$ 3,032,919</u>	<u>\$ 1,395,714</u>	<u>\$ 419,714</u>	<u>\$ 245,988</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 932,798	\$ 1,190,538	\$ 3,032,919	\$ 1,395,714	\$ 419,714	\$ 245,988
Contracts in payout phase						
NET ASSETS	<u>\$ 932,798</u>	<u>\$ 1,190,538</u>	<u>\$ 3,032,919</u>	<u>\$ 1,395,714</u>	<u>\$ 419,714</u>	<u>\$ 245,988</u>
ACCUMULATION UNITS OUTSTANDING	114,572	142,185	337,682	166,682	18,586	4,462
UNIT VALUE (ACCUMULATION)	<u>\$ 8.14</u>	<u>\$ 8.37</u>	<u>\$ 8.98</u>	<u>\$ 8.37</u>	<u>\$ 22.58</u>	<u>\$ 55.13</u>
(1) Cost of investments:	\$ 1,177,596	\$ 1,428,728	\$ 3,554,421	\$ 1,668,380	\$ 353,178	\$ 259,953
Shares of investments:	88,935	108,742	134,757	91,479	19,697	8,006

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DREYFUS VIF APPRECIATION PORTFOLIO - INITIAL SHARES	DREYFUS VIF APPRECIATION PORTFOLIO - SERVICE SHARES	DREYFUS VIF GROWTH AND INCOME PORTFOLIO	DREYFUS VIF INTERNATIONAL VALUE PORTFOLIO	DWS CAPITAL GROWTH VIP	DWS CROCI@ U.S. VIP
ASSETS:						
Investments at fair value (1)	\$ 271,927	\$ 440,513	\$ 336,582	\$ 26,618	\$ 1,572,659	\$ 103,067
Investment income due and accrued	864	1,121	790			
Receivable for investments sold			5			
Purchase payments receivable						
Total assets	<u>272,791</u>	<u>441,634</u>	<u>337,377</u>	<u>26,618</u>	<u>1,572,659</u>	<u>103,067</u>
LIABILITIES:						
Payable for investments purchased						
Redemptions payable			5			
Due to Great-West Life & Annuity Insurance Company	53	41	64	1	108	6
Total liabilities	<u>53</u>	<u>41</u>	<u>69</u>	<u>1</u>	<u>108</u>	<u>6</u>
NET ASSETS	<u>\$ 272,738</u>	<u>\$ 441,593</u>	<u>\$ 337,308</u>	<u>\$ 26,617</u>	<u>\$ 1,572,551</u>	<u>\$ 103,061</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 272,738	\$ 441,593	\$ 337,308	\$ 26,617	\$ 1,572,551	\$ 103,061
Contracts in payout phase						
NET ASSETS	<u>\$ 272,738</u>	<u>\$ 441,593</u>	<u>\$ 337,308</u>	<u>\$ 26,617</u>	<u>\$ 1,572,551</u>	<u>\$ 103,061</u>
ACCUMULATION UNITS OUTSTANDING	3,747	29,166	5,650	2,138	83,275	7,558
UNIT VALUE (ACCUMULATION)	<u>\$ 72.79</u>	<u>\$ 15.14</u>	<u>\$ 59.70</u>	<u>\$ 12.45</u>	<u>\$ 18.88</u>	<u>\$ 13.64</u>
(1) Cost of investments:	\$ 287,532	\$ 535,741	\$ 296,133	\$ 30,224	\$ 1,580,249	\$ 122,858
Shares of investments:	7,587	12,412	12,008	2,649	57,904	7,635

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DWS GLOBAL SMALL CAP VIP	DWS SMALL MID CAP VALUE VIP	EATON VANCE VT FLOATING- RATE INCOME FUND	FEDERATED HIGH INCOME BOND FUND II	FIDELITY VIP ASSET MANAGER PORTFOLIO	FIDELITY VIP BALANCED PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 25,065	\$ 198,954	\$ 9,977,383	\$ 929,560	\$ 1,263,593	\$ 20,869,367
Investment income due and accrued			32,732			
Receivable for investments sold					57	
Purchase payments receivable			158,873			115,081
Total assets	<u>25,065</u>	<u>198,954</u>	<u>10,168,988</u>	<u>929,560</u>	<u>1,263,650</u>	<u>20,984,448</u>
LIABILITIES:						
Payable for investments purchased			158,873			115,081
Redemptions payable					57	
Due to Great-West Life & Annuity Insurance Company	2	7	1,033	120	232	10,467
Total liabilities	<u>2</u>	<u>7</u>	<u>159,906</u>	<u>120</u>	<u>289</u>	<u>125,548</u>
NET ASSETS	<u>\$ 25,063</u>	<u>\$ 198,947</u>	<u>\$ 10,009,082</u>	<u>\$ 929,440</u>	<u>\$ 1,263,361</u>	<u>\$ 20,858,900</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 25,063	\$ 198,947	\$ 10,009,082	\$ 929,440	\$ 1,263,361	\$ 20,796,688
Contracts in payout phase						62,212
NET ASSETS	<u>\$ 25,063</u>	<u>\$ 198,947</u>	<u>\$ 10,009,082</u>	<u>\$ 929,440</u>	<u>\$ 1,263,361</u>	<u>\$ 20,858,900</u>
ACCUMULATION UNITS OUTSTANDING	2,148	12,362	957,148	95,041	25,481	2,023,687
UNIT VALUE (ACCUMULATION)	<u>\$ 11.67</u>	<u>\$ 16.09</u>	<u>\$ 10.46</u>	<u>\$ 9.78</u>	<u>\$ 49.58</u>	<u>\$ 10.28</u>
(1) Cost of investments:	\$ 39,008	\$ 259,836	\$ 10,325,315	\$ 993,992	\$ 1,329,347	\$ 23,176,314
Shares of investments:	2,925	16,308	1,118,541	153,901	92,368	1,274,854

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	FIDELITY VIP CONTRAFUND PORTFOLIO	FIDELITY VIP GOVERNMENT MONEY MARKET PORTFOLIO	FIDELITY VIP GROWTH OPPORTUNITIES PORTFOLIO	FIDELITY VIP GROWTH PORTFOLIO	FIDELITY VIP HIGH INCOME PORTFOLIO	FIDELITY VIP INDEX 500 PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 973,671	\$ 437,237	\$ 375,293	\$ 2,062,747	\$ 246,672	\$ 1,201,513
Investment income due and accrued		805				
Receivable for investments sold				198		7
Purchase payments receivable						
Total assets	973,671	438,042	375,293	2,062,945	246,672	1,201,520
LIABILITIES:						
Payable for investments purchased				198		7
Redemptions payable				386		227
Due to Great-West Life & Annuity Insurance Company	177	83	66		47	
Total liabilities	177	83	66	584	47	234
NET ASSETS	\$ 973,494	\$ 437,959	\$ 375,227	\$ 2,062,361	\$ 246,625	\$ 1,201,286
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 973,494	\$ 437,959	\$ 375,227	\$ 2,062,361	\$ 246,625	\$ 1,201,286
Contracts in payout phase						
NET ASSETS	\$ 973,494	\$ 437,959	\$ 375,227	\$ 2,062,361	\$ 246,625	\$ 1,201,286
ACCUMULATION UNITS OUTSTANDING	12,366	29,964	7,241	15,299	4,363	3,516
UNIT VALUE (ACCUMULATION)	\$ 78.72	\$ 14.62	\$ 51.82	\$ 134.80	\$ 56.53	\$ 341.66
(1) Cost of investments:	\$ 808,139	\$ 437,237	\$ 296,484	\$ 1,356,436	\$ 264,967	\$ 729,934
Shares of investments:	30,304	437,237	9,874	32,680	49,632	4,759

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	FIDELITY VIP INTERNATIONAL CAPITAL APPRECIATION PORTFOLIO	FIDELITY VIP INVESTMENT GRADE BOND PORTFOLIO	FIDELITY VIP OVERSEAS PORTFOLIO	FIRST TRUST/DOW JONES DIVIDEND & INCOME ALLOCATION PORTFOLIO	FRANKLIN INCOME VIP FUND	GOLDMAN SACHS VIT LARGE CAP VALUE FUND
ASSETS:						
Investments at fair value (1)	\$ 2,106,911	\$ 170,962	\$ 116,398	\$ 2,510,466	\$ 8,674,724	\$ 132,948
Investment income due and accrued						
Receivable for investments sold	235					
Purchase payments receivable				6,317	6,317	
Total assets	<u>2,107,146</u>	<u>170,962</u>	<u>116,398</u>	<u>2,516,783</u>	<u>8,681,041</u>	<u>132,948</u>
LIABILITIES:						
Payable for investments purchased				6,317	6,317	
Redemptions payable	235					
Due to Great-West Life & Annuity Insurance Company	301	33	22	408	1,318	25
Total liabilities	<u>536</u>	<u>33</u>	<u>22</u>	<u>6,725</u>	<u>7,635</u>	<u>25</u>
NET ASSETS	<u>\$ 2,106,610</u>	<u>\$ 170,929</u>	<u>\$ 116,376</u>	<u>\$ 2,510,058</u>	<u>\$ 8,673,406</u>	<u>\$ 132,923</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 2,106,610	\$ 170,929	\$ 116,376	\$ 2,510,058	\$ 8,673,406	\$ 132,923
Contracts in payout phase						
NET ASSETS	<u>\$ 2,106,610</u>	<u>\$ 170,929</u>	<u>\$ 116,376</u>	<u>\$ 2,510,058</u>	<u>\$ 8,673,406</u>	<u>\$ 132,923</u>
ACCUMULATION UNITS OUTSTANDING	209,092	5,269	3,297	246,767	813,731	7,094
UNIT VALUE (ACCUMULATION)	<u>\$ 10.08</u>	<u>\$ 32.44</u>	<u>\$ 35.30</u>	<u>\$ 10.17</u>	<u>\$ 10.66</u>	<u>\$ 18.74</u>
(1) Cost of investments:	\$ 2,397,657	\$ 177,334	\$ 98,571	\$ 2,667,643	\$ 9,307,530	\$ 181,255
Shares of investments:	143,327	13,854	6,085	195,824	575,247	17,334

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GOLDMAN SACHS VIT MULTI STRATEGY ALTERNATIVES PORTFOLIO	GOLDMAN SACHS VIT STRATEGIC GROWTH FUND	GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND INSTITUTIONAL CLASS	GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND SERVICE CLASS	GREAT-WEST AGGRESSIVE PROFILE FUND	GREAT-WEST ARIEL MID CAP VALUE FUND
ASSETS:						
Investments at fair value (1)	\$ 1,111,535	\$ 40,163	\$ 92,392	\$ 2,258,344	\$ 6,284,899	\$ 964,941
Investment income due and accrued Receivable for investments sold						
Purchase payments receivable	12,633			16,451		1,420
Total assets	1,124,168	40,163	92,392	2,274,795	6,284,899	966,361
LIABILITIES:						
Payable for investments purchased	12,633			16,451		1,420
Redemptions payable						
Due to Great-West Life & Annuity Insurance Company	167	7	17	313	811	126
Total liabilities	12,800	7	17	16,764	811	1,546
NET ASSETS	\$ 1,111,368	\$ 40,156	\$ 92,375	\$ 2,258,031	\$ 6,284,088	\$ 964,815
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 1,111,368	\$ 40,156	\$ 92,375	\$ 2,258,031	\$ 6,284,088	\$ 964,815
Contracts in payout phase						
NET ASSETS	\$ 1,111,368	\$ 40,156	\$ 92,375	\$ 2,258,031	\$ 6,284,088	\$ 964,815
ACCUMULATION UNITS OUTSTANDING	124,853	1,624	3,714	186,448	631,838	89,527
UNIT VALUE (ACCUMULATION)	\$ 8.90	\$ 24.73	\$ 24.87	\$ 12.11	\$ 9.95	\$ 10.78
(1) Cost of investments:	\$ 1,199,715	\$ 56,251	\$ 107,806	\$ 2,871,764	\$ 7,909,970	\$ 1,146,266
Shares of investments:	130,923	4,107	6,147	149,361	1,132,414	656,422

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST BOND INDEX FUND	GREAT-WEST CONSERVATIVE PROFILE FUND CLASS L	GREAT-WEST CONSERVATIVE PROFILE FUND INVESTOR CLASS	GREAT-WEST CORE BOND FUND	GREAT-WEST EMERGING MARKETS EQUITY FUND	GREAT-WEST GLOBAL BOND FUND
ASSETS:						
Investments at fair value (1)	\$ 17,748,174	\$ 5,207,927	\$ 13,280,861	\$ 4,183,863	\$ 686,828	\$ 4,450,954
Investment income due and accrued						
Receivable for investments sold	420	15,079	12,708			
Purchase payments receivable					1,420	
Total assets	<u>17,748,594</u>	<u>5,223,006</u>	<u>13,293,569</u>	<u>4,183,863</u>	<u>688,248</u>	<u>4,450,954</u>
LIABILITIES:						
Payable for investments purchased					1,420	
Redemptions payable	420	15,079	12,708			
Due to Great-West Life & Annuity Insurance Company	12,368	792	1,626	457	104	545
Total liabilities	<u>12,788</u>	<u>15,871</u>	<u>14,334</u>	<u>457</u>	<u>1,524</u>	<u>545</u>
NET ASSETS	<u>\$ 17,735,806</u>	<u>\$ 5,207,135</u>	<u>\$ 13,279,235</u>	<u>\$ 4,183,406</u>	<u>\$ 686,724</u>	<u>\$ 4,450,409</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 17,682,441	\$ 5,207,135	\$ 13,279,235	\$ 4,183,406	\$ 686,724	\$ 4,450,409
Contracts in payout phase	53,365					
NET ASSETS	<u>\$ 17,735,806</u>	<u>\$ 5,207,135</u>	<u>\$ 13,279,235</u>	<u>\$ 4,183,406</u>	<u>\$ 686,724</u>	<u>\$ 4,450,409</u>
ACCUMULATION UNITS OUTSTANDING	1,710,132	527,171	1,335,217	402,052	83,910	449,251
UNIT VALUE (ACCUMULATION)	<u>\$ 10.34</u>	<u>\$ 9.88</u>	<u>\$ 9.95</u>	<u>\$ 10.41</u>	<u>\$ 8.18</u>	<u>\$ 9.91</u>
(1) Cost of investments:	\$ 17,884,085	\$ 5,614,000	\$ 14,459,547	\$ 4,263,913	\$ 710,220	\$ 4,598,156
Shares of investments:	1,307,898	595,873	1,773,146	404,238	88,168	551,543

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST GOVERNMENT MONEY MARKET FUND	GREAT-WEST INFLATION- PROTECTED SECURITIES FUND	GREAT-WEST INTERNATIONAL GROWTH FUND	GREAT-WEST INTERNATIONAL INDEX FUND	GREAT-WEST INTERNATIONAL VALUE FUND	GREAT-WEST INVESCO SMALL CAP VALUE FUND
ASSETS:						
Investments at fair value (1)	\$ 40,838,982	\$ 366,382	\$ 1,808,780	\$ 11,185,245	\$ 4,116,708	\$ 712,372
Investment income due and accrued	6,582					
Receivable for investments sold	98,044					
Purchase payments receivable				1,134	15,603	
Total assets	<u>40,943,608</u>	<u>366,382</u>	<u>1,808,780</u>	<u>11,186,379</u>	<u>4,132,311</u>	<u>712,372</u>
LIABILITIES:						
Payable for investments purchased				1,134	15,565	
Redemptions payable	98,044				38	
Due to Great-West Life & Annuity Insurance Company	3,188	54	272	21,900	454	111
Total liabilities	<u>101,232</u>	<u>54</u>	<u>272</u>	<u>23,034</u>	<u>16,057</u>	<u>111</u>
NET ASSETS	<u>\$ 40,842,376</u>	<u>\$ 366,328</u>	<u>\$ 1,808,508</u>	<u>\$ 11,163,345</u>	<u>\$ 4,116,254</u>	<u>\$ 712,261</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 40,842,376	\$ 366,328	\$ 1,808,508	\$ 11,058,617	\$ 4,116,254	\$ 712,261
Contracts in payout phase				104,728		
NET ASSETS	<u>\$ 40,842,376</u>	<u>\$ 366,328</u>	<u>\$ 1,808,508</u>	<u>\$ 11,163,345</u>	<u>\$ 4,116,254</u>	<u>\$ 712,261</u>
ACCUMULATION UNITS OUTSTANDING	4,101,599	37,056	193,051	1,042,144	363,702	71,915
UNIT VALUE (ACCUMULATION)	<u>\$ 9.96</u>	<u>\$ 9.89</u>	<u>\$ 9.37</u>	<u>\$ 10.61</u>	<u>\$ 11.32</u>	<u>\$ 9.90</u>
(1) Cost of investments:	\$ 40,838,982	\$ 379,571	\$ 2,372,437	\$ 12,649,040	\$ 5,429,528	\$ 904,536
Shares of investments:	40,838,982	38,689	191,608	1,108,548	438,414	79,595

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST LARGE CAP GROWTH FUND	GREAT-WEST LIFETIME 2015 FUND	GREAT-WEST LIFETIME 2020 FUND	GREAT-WEST LIFETIME 2025 FUND	GREAT-WEST LIFETIME 2030 FUND	GREAT-WEST LIFETIME 2035 FUND
ASSETS:						
Investments at fair value (1)	\$ 3,043,952	\$ 1,259,711	\$ 2,485,909	\$ 5,446,205	\$ 2,170,980	\$ 1,755,933
Investment income due and accrued						
Receivable for investments sold	1,573					
Purchase payments receivable			1,134	1,134	1,134	
Total assets	<u>3,045,525</u>	<u>1,259,711</u>	<u>2,487,043</u>	<u>5,447,339</u>	<u>2,172,114</u>	<u>1,755,933</u>
LIABILITIES:						
Payable for investments purchased			1,134	1,134	1,134	
Redemptions payable	1,573					
Due to Great-West Life & Annuity Insurance Company	375	94	305	667	290	137
Total liabilities	<u>1,948</u>	<u>94</u>	<u>1,439</u>	<u>1,801</u>	<u>1,424</u>	<u>137</u>
NET ASSETS	<u>\$ 3,043,577</u>	<u>\$ 1,259,617</u>	<u>\$ 2,485,604</u>	<u>\$ 5,445,538</u>	<u>\$ 2,170,690</u>	<u>\$ 1,755,796</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 3,043,577	\$ 1,259,617	\$ 2,485,604	\$ 5,445,538	\$ 2,170,690	\$ 1,755,796
Contracts in payout phase						
NET ASSETS	<u>\$ 3,043,577</u>	<u>\$ 1,259,617</u>	<u>\$ 2,485,604</u>	<u>\$ 5,445,538</u>	<u>\$ 2,170,690</u>	<u>\$ 1,755,796</u>
ACCUMULATION UNITS OUTSTANDING	232,606	117,565	230,866	495,671	195,743	154,651
UNIT VALUE (ACCUMULATION)	<u>\$ 13.08</u>	<u>\$ 10.71</u>	<u>\$ 10.77</u>	<u>\$ 10.99</u>	<u>\$ 11.09</u>	<u>\$ 11.35</u>
(1) Cost of investments:	\$ 3,830,044	\$ 1,350,888	\$ 2,729,851	\$ 6,014,589	\$ 2,460,609	\$ 1,955,342
Shares of investments:	370,310	99,034	248,591	412,904	214,312	138,045

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST LIFETIME 2040 FUND	GREAT-WEST LIFETIME 2045 FUND	GREAT-WEST LIFETIME 2050 FUND	GREAT-WEST LIFETIME 2055 FUND	GREAT-WEST LOOMIS SAYLES SMALL CAP VALUE FUND	GREAT-WEST MID CAP VALUE FUND
ASSETS:						
Investments at fair value (1)	\$ 444,709	\$ 500,923	\$ 185,699	\$ 1,407,421	\$ 2,108,523	\$ 2,799,805
Investment income due and accrued Receivable for investments sold Purchase payments receivable						
Total assets	444,709	500,923	185,699	1,407,421	2,108,523	2,799,805
LIABILITIES:						
Payable for investments purchased Redemptions payable Due to Great-West Life & Annuity Insurance Company	56	77	29	184	227	444
Total liabilities	56	77	29	184	227	444
NET ASSETS	<u>\$ 444,653</u>	<u>\$ 500,846</u>	<u>\$ 185,670</u>	<u>\$ 1,407,237</u>	<u>\$ 2,108,296</u>	<u>\$ 2,799,361</u>
NET ASSETS REPRESENTED BY:						
Accumulation units Contracts in payout phase	\$ 444,653	\$ 500,846	\$ 185,670	\$ 1,407,237	\$ 2,108,296	\$ 2,799,361
NET ASSETS	<u>\$ 444,653</u>	<u>\$ 500,846</u>	<u>\$ 185,670</u>	<u>\$ 1,407,237</u>	<u>\$ 2,108,296</u>	<u>\$ 2,799,361</u>
ACCUMULATION UNITS OUTSTANDING	39,737	44,559	16,432	125,995	202,438	251,044
UNIT VALUE (ACCUMULATION)	<u>\$ 11.19</u>	<u>\$ 11.24</u>	<u>\$ 11.30</u>	<u>\$ 11.17</u>	<u>\$ 10.41</u>	<u>\$ 11.15</u>
(1) Cost of investments: Shares of investments:	\$ 509,300 44,875	\$ 581,055 39,787	\$ 211,492 18,206	\$ 1,608,742 92,899	\$ 2,537,207 92,682	\$ 3,400,172 267,668

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST MODERATE PROFILE FUND CLASS L	GREAT-WEST MODERATE PROFILE FUND INVESTOR CLASS	GREAT-WEST MODERATELY AGGRESSIVE PROFILE FUND	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND CLASS L	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND INVESTOR CLASS	GREAT-WEST MULTI-SECTOR BOND FUND
ASSETS:						
Investments at fair value (1)	\$ 124,167,838	\$ 75,088,296	\$ 16,280,527	\$ 16,056,185	\$ 19,864,324	\$ 7,537,298
Investment income due and accrued						
Receivable for investments sold	137,939	94,758		44,700	33,605	91
Purchase payments receivable	225,000	56,609				
Total assets	<u>124,530,777</u>	<u>75,239,663</u>	<u>16,280,527</u>	<u>16,100,885</u>	<u>19,897,929</u>	<u>7,537,389</u>
LIABILITIES:						
Payable for investments purchased						
Redemptions payable	362,939	151,367		44,700	33,605	91
Due to Great-West Life & Annuity Insurance Company	19,562	11,227	1,740	2,576	2,832	931
Total liabilities	<u>382,501</u>	<u>162,594</u>	<u>1,740</u>	<u>47,276</u>	<u>36,437</u>	<u>1,022</u>
NET ASSETS	<u>\$ 124,148,276</u>	<u>\$ 75,077,069</u>	<u>\$ 16,278,787</u>	<u>\$ 16,053,609</u>	<u>\$ 19,861,492</u>	<u>\$ 7,536,367</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 124,148,276	\$ 75,077,069	\$ 16,278,787	\$ 16,053,609	\$ 19,861,492	\$ 7,536,367
Contracts in payout phase						
NET ASSETS	<u>\$ 124,148,276</u>	<u>\$ 75,077,069</u>	<u>\$ 16,278,787</u>	<u>\$ 16,053,609</u>	<u>\$ 19,861,492</u>	<u>\$ 7,536,367</u>
ACCUMULATION UNITS OUTSTANDING	12,563,998	7,559,212	1,630,919	1,627,063	2,000,273	689,406
UNIT VALUE (ACCUMULATION)	<u>\$ 9.88</u>	<u>\$ 9.93</u>	<u>\$ 9.98</u>	<u>\$ 9.87</u>	<u>\$ 9.93</u>	<u>\$ 10.93</u>
(1) Cost of investments:	\$ 139,585,933	\$ 88,369,845	\$ 19,318,542	\$ 17,815,051	\$ 22,313,738	\$ 7,888,862
Shares of investments:	13,139,454	12,091,513	2,345,897	1,822,495	2,520,853	597,250

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST PUTNAM EQUITY INCOME FUND	GREAT-WEST PUTNAM HIGH YIELD BOND FUND	GREAT-WEST REAL ESTATE INDEX FUND	GREAT-WEST S&P 500® INDEX FUND	GREAT-WEST S&P MID CAP 400® INDEX FUND	GREAT-WEST S&P SMALL CAP 600® INDEX FUND
ASSETS:						
Investments at fair value (1)	\$ 3,520,030	\$ 1,677,519	\$ 4,218,754	\$ 73,649,859	\$ 21,064,498	\$ 22,718,186
Investment income due and accrued						
Receivable for investments sold		1,225				
Purchase payments receivable			43,945	511,118	102,514	91,941
Total assets	<u>3,520,030</u>	<u>1,678,744</u>	<u>4,262,699</u>	<u>74,160,977</u>	<u>21,167,012</u>	<u>22,810,127</u>
LIABILITIES:						
Payable for investments purchased			43,878	510,831	102,382	91,735
Redemptions payable		1,225	67	287	132	206
Due to Great-West Life & Annuity Insurance Company	503	211	438	73,981	14,078	14,971
Total liabilities	<u>503</u>	<u>1,436</u>	<u>44,383</u>	<u>585,099</u>	<u>116,592</u>	<u>106,912</u>
NET ASSETS	<u>\$ 3,519,527</u>	<u>\$ 1,677,308</u>	<u>\$ 4,218,316</u>	<u>\$ 73,575,878</u>	<u>\$ 21,050,420</u>	<u>\$ 22,703,215</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 3,519,527	\$ 1,677,308	\$ 4,218,316	\$ 73,242,279	\$ 20,991,395	\$ 22,639,951
Contracts in payout phase				333,599	59,025	63,264
NET ASSETS	<u>\$ 3,519,527</u>	<u>\$ 1,677,308</u>	<u>\$ 4,218,316</u>	<u>\$ 73,575,878</u>	<u>\$ 21,050,420</u>	<u>\$ 22,703,215</u>
ACCUMULATION UNITS OUTSTANDING	310,492	150,587	392,396	5,655,796	1,841,606	1,882,759
UNIT VALUE (ACCUMULATION)	<u>\$ 11.34</u>	<u>\$ 11.14</u>	<u>\$ 10.75</u>	<u>\$ 12.95</u>	<u>\$ 11.40</u>	<u>\$ 12.02</u>
(1) Cost of investments:	\$ 4,130,544	\$ 1,871,085	\$ 4,581,381	\$ 81,045,581	\$ 24,794,930	\$ 28,349,703
Shares of investments:	272,448	232,022	395,014	3,810,132	1,529,738	2,105,485

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST SECURE- FOUNDATION@ BALANCED FUND	GREAT-WEST SHORT DURATION BOND FUND	GREAT-WEST SMALL CAP GROWTH FUND	GREAT-WEST T. ROWE PRICE MID CAP GROWTH FUND	GREAT-WEST U.S. GOVERNMENT SECURITIES FUND	INVESCO V.I. CORE EQUITY FUND
ASSETS:						
Investments at fair value (1)	\$ 269,427,589	\$ 7,640,954	\$ 1,119,559	\$ 11,197,534	\$ 1,719,181	\$ 358,259
Investment income due and accrued						
Receivable for investments sold	619,961		1,216			
Purchase payments receivable	172,000			4,204		
Total assets	<u>270,219,550</u>	<u>7,640,954</u>	<u>1,120,775</u>	<u>11,201,738</u>	<u>1,719,181</u>	<u>358,259</u>
LIABILITIES:						
Payable for investments purchased				4,096		
Redemptions payable	791,961		1,216	108		
Due to Great-West Life & Annuity Insurance Company	42,185	682	163	1,492	172	53
Total liabilities	<u>834,146</u>	<u>682</u>	<u>1,379</u>	<u>5,696</u>	<u>172</u>	<u>53</u>
NET ASSETS	<u>\$ 269,385,404</u>	<u>\$ 7,640,272</u>	<u>\$ 1,119,396</u>	<u>\$ 11,196,042</u>	<u>\$ 1,719,009</u>	<u>\$ 358,206</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 269,385,404	\$ 7,640,272	\$ 1,119,396	\$ 11,196,042	\$ 1,719,009	\$ 358,206
Contracts in payout phase						
NET ASSETS	<u>\$ 269,385,404</u>	<u>\$ 7,640,272</u>	<u>\$ 1,119,396</u>	<u>\$ 11,196,042</u>	<u>\$ 1,719,009</u>	<u>\$ 358,206</u>
ACCUMULATION UNITS OUTSTANDING	24,756,742	737,333	88,413	866,140	166,598	31,599
UNIT VALUE (ACCUMULATION)	<u>\$ 10.88</u>	<u>\$ 10.36</u>	<u>\$ 12.66</u>	<u>\$ 12.93</u>	<u>\$ 10.32</u>	<u>\$ 11.34</u>
(1) Cost of investments:	\$ 292,929,707	\$ 7,706,846	\$ 1,513,703	\$ 12,520,406	\$ 1,728,350	\$ 443,822
Shares of investments:	25,086,368	749,848	125,652	466,564	145,941	11,685

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	INVESCO V.I. GLOBAL REAL ESTATE FUND	INVESCO V.I. GROWTH & INCOME FUND	INVESCO V.I. INTERNATIONAL GROWTH FUND	INVESCO V.I. SMALL CAP EQUITY FUND	IVY VIP ENERGY FUND	JANUS HENDERSON VIT BALANCED PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 1,143,488	\$ 3,921,453	\$ 1,748,666	\$ 239,227	\$ 845,022	\$ 32,692,027
Investment income due and accrued						
Receivable for investments sold	30	548	55			
Purchase payments receivable						7,440
Total assets	<u>1,143,518</u>	<u>3,922,001</u>	<u>1,748,721</u>	<u>239,227</u>	<u>845,022</u>	<u>32,699,467</u>
LIABILITIES:						
Payable for investments purchased						7,440
Redemptions payable	30	548	55			
Due to Great-West Life & Annuity Insurance Company	165	513	217	33	126	3,863
Total liabilities	<u>195</u>	<u>1,061</u>	<u>272</u>	<u>33</u>	<u>126</u>	<u>11,303</u>
NET ASSETS	<u>\$ 1,143,323</u>	<u>\$ 3,920,940</u>	<u>\$ 1,748,449</u>	<u>\$ 239,194</u>	<u>\$ 844,896</u>	<u>\$ 32,688,164</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 1,143,323	\$ 3,920,940	\$ 1,748,449	\$ 239,194	\$ 844,896	\$ 32,688,164
Contracts in payout phase						
NET ASSETS	<u>\$ 1,143,323</u>	<u>\$ 3,920,940</u>	<u>\$ 1,748,449</u>	<u>\$ 239,194</u>	<u>\$ 844,896</u>	<u>\$ 32,688,164</u>
ACCUMULATION UNITS OUTSTANDING	107,762	342,196	174,859	23,382	127,280	2,531,850
UNIT VALUE (ACCUMULATION)	<u>\$ 10.61</u>	<u>\$ 11.46</u>	<u>\$ 10.00</u>	<u>\$ 10.23</u>	<u>\$ 6.64</u>	<u>\$ 12.91</u>
(1) Cost of investments:	\$ 1,251,935	\$ 4,830,659	\$ 1,947,918	\$ 283,400	\$ 1,222,712	\$ 33,326,841
Shares of investments:	76,080	224,339	53,789	15,874	218,612	918,573

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	JANUS HENDERSON VIT ENTERPRISE PORTFOLIO	JANUS HENDERSON VIT FLEXIBLE BOND PORTFOLIO	JANUS HENDERSON VIT MID CAP VALUE PORTFOLIO	JANUS HENDERSON VIT OVERSEAS PORTFOLIO INSTITUTIONAL SHARES	JANUS HENDERSON VIT OVERSEAS PORTFOLIO SERVICE SHARES	JPMORGAN INSURANCE TRUST GLOBAL ALLOCATION PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 5,811,956	\$ 3,038,933	\$ 144,253	\$ 121,671	\$ 110,378	\$ 278,432
Investment income due and accrued						
Receivable for investments sold						
Purchase payments receivable	15,950					
Total assets	5,827,906	3,038,933	144,253	121,671	110,378	278,432
LIABILITIES:						
Payable for investments purchased	14,621					
Redemptions payable	1,329					
Due to Great-West Life & Annuity Insurance Company	725	329	9	23	8	46
Total liabilities	16,675	329	9	23	8	46
NET ASSETS	\$ 5,811,231	\$ 3,038,604	\$ 144,244	\$ 121,648	\$ 110,370	\$ 278,386
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 5,811,231	\$ 3,038,604	\$ 144,244	\$ 121,648	\$ 110,370	\$ 278,386
Contracts in payout phase						
NET ASSETS	\$ 5,811,231	\$ 3,038,604	\$ 144,244	\$ 121,648	\$ 110,370	\$ 278,386
ACCUMULATION UNITS OUTSTANDING	442,334	290,027	9,568	6,428	11,620	27,604
UNIT VALUE (ACCUMULATION)	\$ 13.14	\$ 10.48	\$ 15.08	\$ 18.92	\$ 9.50	\$ 10.08
(1) Cost of investments:	\$ 6,102,657	\$ 3,137,620	\$ 185,519	\$ 182,621	\$ 145,617	\$ 299,333
Shares of investments:	92,268	248,482	10,591	4,555	4,305	18,068

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	JPMORGAN INSURANCE TRUST INCOME BUILDER PORTFOLIO	JPMORGAN INSURANCE TRUST SMALL CAP CORE PORTFOLIO	LORD ABBETT SERIES DEVELOPING GROWTH PORTFOLIO	MFS VIT II BLENDED RESEARCH CORE EQUITY PORTFOLIO	MFS VIT II TECHNOLOGY PORTFOLIO	MFS VIT III BLENDED RESEARCH SMALL CAP EQUITY PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 597,892	\$ 263,298	\$ 417,897	\$ 1,703,684	\$ 8,422,738	\$ 972,358
Investment income due and accrued					8,947	
Receivable for investments sold					5,429	4,113
Purchase payments receivable						
Total assets	597,892	263,298	417,897	1,703,684	8,437,114	976,471
LIABILITIES:						
Payable for investments purchased						4,113
Redemptions payable					14,376	
Due to Great-West Life & Annuity Insurance Company	95	41	62	262	1,245	138
Total liabilities	95	41	62	262	15,621	4,251
NET ASSETS	\$ 597,797	\$ 263,257	\$ 417,835	\$ 1,703,422	\$ 8,421,493	\$ 972,220
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 597,797	\$ 263,257	\$ 417,835	\$ 1,703,422	\$ 8,421,493	\$ 972,220
Contracts in payout phase						
NET ASSETS	\$ 597,797	\$ 263,257	\$ 417,835	\$ 1,703,422	\$ 8,421,493	\$ 972,220
ACCUMULATION UNITS OUTSTANDING	59,765	30,691	38,107	150,154	566,823	94,624
UNIT VALUE (ACCUMULATION)	\$ 10.00	\$ 8.58	\$ 10.96	\$ 11.34	\$ 14.86	\$ 10.27
(1) Cost of investments:	\$ 619,978	\$ 319,529	\$ 377,131	\$ 1,945,567	\$ 9,351,828	\$ 1,201,333
Shares of investments:	59,315	12,598	16,736	37,969	512,332	89,044

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	MORGAN STANLEY VIF MID CAP GROWTH PORTFOLIO	NEUBERGER BERMAN AMT SUSTAINABLE EQUITY PORTFOLIO	NVIT EMERGING MARKETS FUND	OPPENHEIMER INTERNATIONAL GROWTH FUND/VA	OPPENHEIMER MAIN STREET SMALL CAP FUND/VA	OPPENHEIMER TOTAL RETURN BOND FUND/VA
ASSETS:						
Investments at fair value (1)	\$ 20,084	\$ 564,275	\$ 91,696	\$ 1,474,826	\$ 2,620,743	\$ 1,095,292
Investment income due and accrued				3,885		
Receivable for investments sold				6,317	6,317	
Purchase payments receivable						
Total assets	<u>20,084</u>	<u>564,275</u>	<u>91,696</u>	<u>1,485,028</u>	<u>2,627,060</u>	<u>1,095,292</u>
LIABILITIES:						
Payable for investments purchased					6,317	
Redemptions payable				10,202		
Due to Great-West Life & Annuity Insurance Company	<u>1</u>	<u>52</u>	<u>17</u>	<u>234</u>	<u>404</u>	<u>179</u>
Total liabilities	<u>1</u>	<u>52</u>	<u>17</u>	<u>10,436</u>	<u>6,721</u>	<u>179</u>
NET ASSETS	<u>\$ 20,083</u>	<u>\$ 564,223</u>	<u>\$ 91,679</u>	<u>\$ 1,474,592</u>	<u>\$ 2,620,339</u>	<u>\$ 1,095,113</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 20,083	\$ 564,223	\$ 91,679	\$ 1,474,592	\$ 2,620,339	\$ 1,095,113
Contracts in payout phase						
NET ASSETS	<u>\$ 20,083</u>	<u>\$ 564,223</u>	<u>\$ 91,679</u>	<u>\$ 1,474,592</u>	<u>\$ 2,620,339</u>	<u>\$ 1,095,113</u>
ACCUMULATION UNITS OUTSTANDING	1,036	37,498	8,440	166,293	251,543	110,478
UNIT VALUE (ACCUMULATION)	<u>\$ 19.39</u>	<u>\$ 15.05</u>	<u>\$ 10.86</u>	<u>\$ 8.87</u>	<u>\$ 10.42</u>	<u>\$ 9.91</u>
(1) Cost of investments:	\$ 20,213	\$ 607,407	\$ 85,138	\$ 1,802,740	\$ 3,276,540	\$ 1,106,142
Shares of investments:	1,927	24,760	8,298	695,673	130,841	148,213

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PIMCO VIT COMMODITY REALRETURN STRATEGY PORTFOLIO	PIMCO VIT LONG TERM US GOVERNMENT PORTFOLIO	PIMCO VIT LOW DURATION PORTFOLIO	PIMCO VIT REAL RETURN PORTFOLIO	PIMCO VIT SHORT TERM PORTFOLIO	PIMCO VIT TOTAL RETURN PORTFOLIO
ASSETS:						
Investments at fair value (1)	\$ 917,559	\$ 1,683,321	\$ 2,700,668	\$ 1,713,280	\$ 6,354,022	\$ 11,983,749
Investment income due and accrued		2,219	6,643	2,699	8,919	27,973
Receivable for investments sold						
Purchase payments receivable					137,442	137,442
Total assets	<u>917,559</u>	<u>1,685,540</u>	<u>2,707,311</u>	<u>1,715,979</u>	<u>6,500,383</u>	<u>12,149,164</u>
LIABILITIES:						
Payable for investments purchased					137,442	137,183
Redemptions payable						259
Due to Great-West Life & Annuity Insurance Company	84	212	292	217	621	1,138
Total liabilities	<u>84</u>	<u>212</u>	<u>292</u>	<u>217</u>	<u>138,063</u>	<u>138,580</u>
NET ASSETS	<u>\$ 917,475</u>	<u>\$ 1,685,328</u>	<u>\$ 2,707,019</u>	<u>\$ 1,715,762</u>	<u>\$ 6,362,320</u>	<u>\$ 12,010,584</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 917,475	\$ 1,685,328	\$ 2,707,019	\$ 1,715,762	\$ 6,362,320	\$ 12,010,584
Contracts in payout phase						
NET ASSETS	<u>\$ 917,475</u>	<u>\$ 1,685,328</u>	<u>\$ 2,707,019</u>	<u>\$ 1,715,762</u>	<u>\$ 6,362,320</u>	<u>\$ 12,010,584</u>
ACCUMULATION UNITS OUTSTANDING	130,981	172,311	267,597	171,976	617,480	1,143,802
UNIT VALUE (ACCUMULATION)	<u>\$ 7.00</u>	<u>\$ 9.78</u>	<u>\$ 10.12</u>	<u>\$ 9.98</u>	<u>\$ 10.30</u>	<u>\$ 10.50</u>
(1) Cost of investments:	\$ 1,105,751	\$ 1,681,520	\$ 2,756,135	\$ 1,770,507	\$ 6,383,388	\$ 12,294,643
Shares of investments:	150,666	144,864	267,923	144,581	617,495	1,143,488

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PUTNAM VT EQUITY INCOME FUND	PUTNAM VT GLOBAL ASSET ALLOCATION FUND	PUTNAM VT GLOBAL EQUITY FUND	PUTNAM VT GROWTH OPPORTUNITIES FUND	PUTNAM VT INCOME FUND	PUTNAM VT INTERNATIONAL EQUITY FUND
ASSETS:						
Investments at fair value (1)	\$ 1,107,657	\$ 4,266,110	\$ 1,490,679	\$ 4,126,023	\$ 4,326,444	\$ 713,259
Investment income due and accrued						
Receivable for investments sold						
Purchase payments receivable				4,204		
Total assets	<u>1,107,657</u>	<u>4,266,110</u>	<u>1,490,679</u>	<u>4,130,227</u>	<u>4,326,444</u>	<u>713,259</u>
LIABILITIES:						
Payable for investments purchased				3,934		
Redemptions payable				270		
Due to Great-West Life & Annuity Insurance Company	159	686	233	543	675	116
Total liabilities	<u>159</u>	<u>686</u>	<u>233</u>	<u>4,747</u>	<u>675</u>	<u>116</u>
NET ASSETS	<u>\$ 1,107,498</u>	<u>\$ 4,265,424</u>	<u>\$ 1,490,446</u>	<u>\$ 4,125,480</u>	<u>\$ 4,325,769</u>	<u>\$ 713,143</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 1,107,498	\$ 4,265,424	\$ 1,490,446	\$ 4,125,480	\$ 4,325,769	\$ 713,143
Contracts in payout phase						
NET ASSETS	<u>\$ 1,107,498</u>	<u>\$ 4,265,424</u>	<u>\$ 1,490,446</u>	<u>\$ 4,125,480</u>	<u>\$ 4,325,769</u>	<u>\$ 713,143</u>
ACCUMULATION UNITS OUTSTANDING	108,281	404,296	148,872	311,154	425,792	82,063
UNIT VALUE (ACCUMULATION)	<u>\$ 10.23</u>	<u>\$ 10.55</u>	<u>\$ 10.01</u>	<u>\$ 13.26</u>	<u>\$ 10.16</u>	<u>\$ 8.69</u>
(1) Cost of investments:	\$ 1,136,272	\$ 4,813,032	\$ 1,581,478	\$ 4,173,880	\$ 4,324,934	\$ 868,381
Shares of investments:	47,909	277,922	88,258	431,141	404,341	58,608

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PUTNAM VT INTERNATIONAL GROWTH FUND	PUTNAM VT INTERNATIONAL VALUE FUND	PUTNAM VT MORTGAGE SECURITIES FUND	PUTNAM VT MULTI-ASSET ABSOLUTE RETURN FUND	PUTNAM VT MULTI-CAP CORE FUND	PUTNAM VT RESEARCH FUND
ASSETS:						
Investments at fair value (1)	\$ 122,826	\$ 98,912	\$ 268,034	\$ 1,105,366	\$ 254,112	\$ 287,300
Investment income due and accrued Receivable for investments sold			4,113			
Purchase payments receivable						
Total assets	<u>122,826</u>	<u>98,912</u>	<u>272,147</u>	<u>1,105,366</u>	<u>254,112</u>	<u>287,300</u>
LIABILITIES:						
Payable for investments purchased			4,113			
Redemptions payable						
Due to Great-West Life & Annuity Insurance Company	13	16	21	173	28	34
Total liabilities	<u>13</u>	<u>16</u>	<u>4,134</u>	<u>173</u>	<u>28</u>	<u>34</u>
NET ASSETS	<u>\$ 122,813</u>	<u>\$ 98,896</u>	<u>\$ 268,013</u>	<u>\$ 1,105,193</u>	<u>\$ 254,084</u>	<u>\$ 287,266</u>
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 122,813	\$ 98,896	\$ 268,013	\$ 1,105,193	\$ 254,084	\$ 287,266
Contracts in payout phase						
NET ASSETS	<u>\$ 122,813</u>	<u>\$ 98,896</u>	<u>\$ 268,013</u>	<u>\$ 1,105,193</u>	<u>\$ 254,084</u>	<u>\$ 287,266</u>
ACCUMULATION UNITS OUTSTANDING	11,490	9,943	26,823	118,425	22,317	24,539
UNIT VALUE (ACCUMULATION)	<u>\$ 10.69</u>	<u>\$ 9.95</u>	<u>\$ 9.99</u>	<u>\$ 9.33</u>	<u>\$ 11.39</u>	<u>\$ 11.71</u>
(1) Cost of investments:	\$ 134,048	\$ 115,182	\$ 274,870	\$ 1,178,818	\$ 286,237	\$ 310,956
Shares of investments:	6,995	10,568	29,198	116,723	15,072	11,271

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PUTNAM VT SMALL CAP GROWTH FUND	PUTNAM VT SMALL CAP VALUE FUND	T. ROWE PRICE BLUE CHIP GROWTH PORTFOLIO	T. ROWE PRICE HEALTH SCIENCES PORTFOLIO	VAN ECK VIP EMERGING MARKETS FUND	VAN ECK VIP GLOBAL HARD ASSETS FUND CLASS S
ASSETS:						
Investments at fair value (1)	\$ 616,093	\$ 639,381	\$ 32,926,595	\$ 9,797,575	\$ 52,019	\$ 564,690
Investment income due and accrued						
Receivable for investments sold						
Purchase payments receivable			48,354	14,971		4,113
Total assets	616,093	639,381	32,974,949	9,812,546	52,019	568,803
LIABILITIES:						
Payable for investments purchased			46,754	14,702		4,113
Redemptions payable			1,600	269		
Due to Great-West Life & Annuity Insurance Company	60	92	4,254	1,352	10	69
Total liabilities	60	92	52,608	16,323	10	4,182
NET ASSETS	\$ 616,033	\$ 639,289	\$ 32,922,341	\$ 9,796,223	\$ 52,009	\$ 564,621
NET ASSETS REPRESENTED BY:						
Accumulation units	\$ 616,033	\$ 639,289	\$ 32,922,341	\$ 9,796,223	\$ 52,009	\$ 564,621
Contracts in payout phase						
NET ASSETS	\$ 616,033	\$ 639,289	\$ 32,922,341	\$ 9,796,223	\$ 52,009	\$ 564,621
ACCUMULATION UNITS OUTSTANDING	53,284	66,608	2,388,085	762,459	1,767	86,483
UNIT VALUE (ACCUMULATION)	\$ 11.56	\$ 9.60	\$ 13.79	\$ 12.85	\$ 29.43	\$ 6.53
(1) Cost of investments:	\$ 808,423	\$ 912,555	\$ 33,675,707	\$ 10,751,431	\$ 57,774	\$ 726,284
Shares of investments:	45,943	72,165	1,110,135	253,692	4,360	34,495

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF ASSETS AND LIABILITIES
DECEMBER 31, 2018

	<u>INVESTMENT DIVISIONS</u>
	<u>VAN ECK VIP GLOBAL HARD ASSETS FUND INITIAL CLASS</u>
ASSETS:	
Investments at fair value (1)	\$ 47,500
Investment income due and accrued	
Receivable for investments sold	
Purchase payments receivable	
	<hr/>
Total assets	47,500
	<hr/>
LIABILITIES:	
Payable for investments purchased	
Redemptions payable	
Due to Great-West Life & Annuity Insurance Company	9
	<hr/>
Total liabilities	9
	<hr/>
NET ASSETS	\$ <u>47,491</u>
NET ASSETS REPRESENTED BY:	
Accumulation units	\$ 47,491
Contracts in payout phase	
	<hr/>
NET ASSETS	\$ <u>47,491</u>
	<hr/>
ACCUMULATION UNITS OUTSTANDING	1,783
	<hr/>
UNIT VALUE (ACCUMULATION)	\$ <u>26.64</u>
	<hr/>
(1) Cost of investments:	\$ 65,557
Shares of investments:	2,791

The accompanying notes are an integral part of these financial statements.

(Concluded)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	ALGER CAPITAL APPRECIATION PORTFOLIO	ALGER LARGE CAP GROWTH PORTFOLIO	ALGER MID CAP GROWTH PORTFOLIO	ALGER SMALL CAP GROWTH PORTFOLIO	ALGER SMID CAP FOCUS PORTFOLIO	ALPS ALERIAN ENERGY INFRASTRUCTURE PORTFOLIO
INVESTMENT INCOME:						
Dividends	\$ 1,431	\$	\$	\$	\$	\$ 18,892
EXPENSES:						
Mortality and expense risk	22,178	15,855	33,532	4,046	1,799	9,637
Administrative charges	2,571	1,842	2,427	302		
Total expenses	24,749	17,697	35,959	4,348	1,799	9,637
NET INVESTMENT INCOME (LOSS)	(23,318)	(17,697)	(35,959)	(4,348)	(1,799)	9,255
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	157,145	54,728	172,104	(15,220)	2,355	(16,305)
Realized gain on distributions	273,961	211,439	346,033	16,263	17,750	
Net realized gain (loss) on investments	431,106	266,167	518,137	1,043	20,105	(16,305)
Change in net unrealized appreciation (depreciation) on investments	(416,752)	(241,257)	(674,572)	7,529	(23,000)	(187,848)
Net realized and unrealized gain (loss) on investments	14,354	24,910	(156,435)	8,572	(2,895)	(204,153)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (8,964)	\$ 7,213	\$ (192,394)	\$ 4,224	\$ (4,694)	\$ (194,898)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	ALPS RED ROCKS LISTED PRIVATE EQUITY PORTFOLIO	AMERICAN CENTURY INVESTMENTS VP INFLATION PROTECTION FUND	AMERICAN CENTURY INVESTMENTS VP MID CAP VALUE FUND	AMERICAN CENTURY INVESTMENTS VP VALUE FUND	AMERICAN FUNDS IS BLUE CHIP INCOME AND GROWTH FUND (1)	AMERICAN FUNDS IS GLOBAL GROWTH AND INCOME FUND
INVESTMENT INCOME:						
Dividends	\$ 123,255	\$ 41,182	\$ 85,899	\$ 117,961	\$ 24,800	\$ 82,396
EXPENSES:						
Mortality and expense risk	20,795	11,256	63,039	84,446	5,425	42,144
Administrative charges						
Total expenses	20,795	11,256	63,039	84,446	5,425	42,144
NET INVESTMENT INCOME (LOSS)	102,460	29,926	22,860	33,515	19,375	40,252
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	28,083	(7,221)	42,207	52,250	(1,593)	8,663
Realized gain on distributions	6,229		329,248	384	12,193	305,459
Net realized gain (loss) on investments	34,312	(7,221)	371,455	52,634	10,600	314,122
Change in net unrealized appreciation (depreciation) on investments	(462,849)	(67,019)	(1,510,974)	(1,044,564)	(207,867)	(1,002,591)
Net realized and unrealized gain (loss) on investments	(428,537)	(74,240)	(1,139,519)	(991,930)	(197,267)	(688,469)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (326,077)	\$ (44,314)	\$ (1,116,659)	\$ (958,415)	\$ (177,892)	\$ (648,217)

(1) For the period May 16, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	AMERICAN FUNDS IS GROWTH FUND (1)	AMERICAN FUNDS IS GROWTH- INCOME FUND (2)	AMERICAN FUNDS IS INTERNATIONAL FUND	AMERICAN FUNDS IS NEW WORLD FUND	BLACKROCK GLOBAL ALLOCATION VI FUND	BLACKROCK HIGH YIELD VI FUND
INVESTMENT INCOME:						
Dividends	\$ 6,967	\$ 43,106	\$ 83,495	\$ 25,081	\$ 88,738	\$ 382,159
EXPENSES:						
Mortality and expense risk	15,203	17,260	50,077	30,516	97,791	71,948
Administrative charges						
Total expenses	15,203	17,260	50,077	30,516	97,791	71,948
NET INVESTMENT INCOME (LOSS)	(8,236)	25,846	33,418	(5,435)	(9,053)	310,211
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(10,601)	(8,421)	107,896	56,565	119,739	5,946
Realized gain on distributions	6,412	15,351	230,629	87,014	448,255	
Net realized gain (loss) on investments	(4,189)	6,930	338,525	143,579	567,994	5,946
Change in net unrealized appreciation (depreciation) on investments	(433,238)	(405,380)	(1,188,998)	(696,096)	(1,421,628)	(661,255)
Net realized and unrealized gain (loss) on investments	(437,427)	(398,450)	(850,473)	(552,517)	(853,634)	(655,309)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (445,663)	\$ (372,604)	\$ (817,055)	\$ (557,952)	\$ (862,687)	\$ (345,098)

(1) For the period July 10, 2018 to December 31, 2018.

(2) For the period May 21, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	CLEARBRIDGE VARIABLE LARGE CAP GROWTH PORTFOLIO	CLEARBRIDGE VARIABLE MID CAP PORTFOLIO	CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO	COLUMBIA VARIABLE PORTFOLIO - SELECT SMALLER CAP VALUE FUND	COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 1	COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 2
INVESTMENT INCOME:						
Dividends	\$ 5,508	\$ 1,602	\$	\$	\$	\$
EXPENSES:						
Mortality and expense risk	33,332	4,495	28,568	5,074	58,629	1,579
Administrative charges				609	6,475	141
Total expenses	<u>33,332</u>	<u>4,495</u>	<u>28,568</u>	<u>5,683</u>	<u>65,104</u>	<u>1,720</u>
NET INVESTMENT INCOME (LOSS)	<u>(27,824)</u>	<u>(2,893)</u>	<u>(28,568)</u>	<u>(5,683)</u>	<u>(65,104)</u>	<u>(1,720)</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	25,999	1,528	43,470	31,460	14,225	(8,779)
Realized gain on distributions	<u>112,988</u>	<u>15,392</u>	<u>444,437</u>		<u>475,897</u>	<u>14,358</u>
Net realized gain (loss) on investments	<u>138,987</u>	<u>16,920</u>	<u>487,907</u>	<u>31,460</u>	<u>490,122</u>	<u>5,579</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(364,611)</u>	<u>(127,159)</u>	<u>(823,046)</u>	<u>(79,105)</u>	<u>(815,170)</u>	<u>(13,154)</u>
Net realized and unrealized gain (loss) on investments	<u>(225,624)</u>	<u>(110,239)</u>	<u>(335,139)</u>	<u>(47,645)</u>	<u>(325,048)</u>	<u>(7,575)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (253,448)</u>	<u>\$ (113,132)</u>	<u>\$ (363,707)</u>	<u>\$ (53,328)</u>	<u>\$ (390,152)</u>	<u>\$ (9,295)</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	COLUMBIA VARIABLE PORTFOLIO - SMALL CAP VALUE FUND	COLUMBIA VARIABLE PORTFOLIO - STRATEGIC INCOME FUND (1)	DELAWARE VIP EMERGING MARKETS SERIES	DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES	DELAWARE VIP REIT SERIES	DELAWARE VIP SMALL CAP VALUE SERIES
INVESTMENT INCOME:						
Dividends	\$ 82	\$ 6,674	\$ 119,609	\$ 9,732	\$ 30,456	\$ 15,198
EXPENSES:						
Mortality and expense risk	124	1,609	36,204	4,561	19,063	28,096
Administrative charges						
Total expenses	124	1,609	36,204	4,561	19,063	28,096
NET INVESTMENT INCOME (LOSS)	(42)	5,065	83,405	5,171	11,393	(12,898)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(5)	(2,299)	169,127	1,770	(29,253)	2,158
Realized gain on distributions	7,027		12,913		50,365	181,776
Net realized gain (loss) on investments	7,022	(2,299)	182,040	1,770	21,112	183,934
Change in net unrealized appreciation (depreciation) on investments	(15,733)	(6,649)	(1,035,821)	(104,077)	(181,480)	(796,387)
Net realized and unrealized gain (loss) on investments	(8,711)	(8,948)	(853,781)	(102,307)	(160,368)	(612,453)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (8,753)	\$ (3,883)	\$ (770,376)	\$ (97,136)	\$ (148,975)	\$ (625,351)

(1) For the period June 4, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DIMENSIONAL VA INTERNATIONAL SMALL PORTFOLIO	DIMENSIONAL VA INTERNATIONAL VALUE PORTFOLIO (1)	DIMENSIONAL VA US LARGE VALUE PORTFOLIO	DIMENSIONAL VA US TARGETED VALUE PORTFOLIO (2)	DREYFUS IP TECHNOLOGY GROWTH PORTFOLIO	DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.
INVESTMENT INCOME:						
Dividends	\$ 17,508	\$ 35,491	\$ 72,328	\$ 10,149	\$	\$ 6,061
EXPENSES:						
Mortality and expense risk	3,254	7,215	18,476	4,553	2,114	4,320
Administrative charges	1,022		1,545			509
Total expenses	4,276	7,215	20,021	4,553	2,114	4,829
NET INVESTMENT INCOME (LOSS)	13,232	28,276	52,307	5,596	(2,114)	1,232
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(1,353)	(4,439)	1,080	(1,205)	10,815	26,578
Realized gain on distributions	45,804	3,672	71,174	59,083	26,552	64,110
Net realized gain (loss) on investments	44,451	(767)	72,254	57,878	37,367	90,688
Change in net unrealized appreciation (depreciation) on investments	(244,486)	(238,008)	(522,261)	(272,413)	(39,401)	(105,852)
Net realized and unrealized gain (loss) on investments	(200,035)	(238,775)	(450,007)	(214,535)	(2,034)	(15,164)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (186,803)	\$ (210,499)	\$ (397,700)	\$ (208,939)	\$ (4,148)	\$ (13,932)

(1) For the period January 30, 2018 to December 31, 2018.

(2) For the period June 15, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DREYFUS VIF APPRECIATION PORTFOLIO - INITIAL SHARES	DREYFUS VIF APPRECIATION PORTFOLIO - SERVICE SHARES	DREYFUS VIF GROWTH AND INCOME PORTFOLIO	DREYFUS VIF INTERNATIONAL VALUE PORTFOLIO	DWS CAPITAL GROWTH VIP	DWS CROCI® U.S. VIP
INVESTMENT INCOME:						
Dividends	\$ 3,833	\$ 4,987	\$ 3,129	\$ 456	\$ 17,404	\$ 2,494
EXPENSES:						
Mortality and expense risk	3,832	3,257	4,924	78	14,908	503
Administrative charges	458		588			
Total expenses	4,290	3,257	5,512	78	14,908	503
NET INVESTMENT INCOME (LOSS)	(457)	1,730	(2,383)	378	2,496	1,991
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	1,727	(914)	28,155	12	407,479	(33)
Realized gain on distributions	37,960	61,817	33,777		334,281	8,145
Net realized gain (loss) on investments	39,687	60,903	61,932	12	741,760	8,112
Change in net unrealized appreciation (depreciation) on investments	(63,461)	(99,291)	(84,500)	(5,917)	(522,407)	(22,971)
Net realized and unrealized gain (loss) on investments	(23,774)	(38,388)	(22,568)	(5,905)	219,353	(14,859)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (24,231)	\$ (36,658)	\$ (24,951)	\$ (5,527)	\$ 221,849	\$ (12,868)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	DWS GLOBAL SMALL CAP VIP	DWS SMALL MID CAP VALUE VIP	EATON VANCE VT FLOATING- RATE INCOME FUND	FEDERATED HIGH INCOME BOND FUND II	FIDELITY VIP ASSET MANAGER PORTFOLIO	FIDELITY VIP BALANCED PORTFOLIO
INVESTMENT INCOME:						
Dividends	\$	\$ 2,306	\$ 242,921	\$ 31,407	\$ 23,173	\$ 249,618
EXPENSES:						
Mortality and expense risk	179	605	50,796	6,397	17,298	119,506
Administrative charges					1,316	
Total expenses	179	605	50,796	6,397	18,614	119,506
NET INVESTMENT INCOME (LOSS)	(179)	1,701	192,125	25,010	4,559	130,112
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(30)	115	(5,401)	(1,263)	2,137	39,098
Realized gain on distributions	4,212	40,772			44,931	571,108
Net realized gain (loss) on investments	4,182	40,887	(5,401)	(1,263)	47,068	610,206
Change in net unrealized appreciation (depreciation) on investments	(10,769)	(82,016)	(340,749)	(65,748)	(141,597)	(2,383,421)
Net realized and unrealized gain (loss) on investments	(6,587)	(41,129)	(346,150)	(67,011)	(94,529)	(1,773,215)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (6,766)	\$ (39,428)	\$ (154,025)	\$ (42,001)	\$ (89,970)	\$ (1,643,103)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	FIDELITY VIP CONTRAFUND PORTFOLIO	FIDELITY VIP GOVERNMENT MONEY MARKET PORTFOLIO	FIDELITY VIP GROWTH OPPORTUNITIES PORTFOLIO	FIDELITY VIP GROWTH PORTFOLIO	FIDELITY VIP HIGH INCOME PORTFOLIO	FIDELITY VIP INDEX 500 PORTFOLIO
INVESTMENT INCOME:						
Dividends	\$ 7,832	\$ 6,807	\$ 466	\$ 5,718	\$ 14,782	\$ 25,023
EXPENSES:						
Mortality and expense risk	14,097	5,177	4,709	30,556	3,573	17,661
Administrative charges	1,053	514	275	3,241	417	1,896
Total expenses	15,150	5,691	4,984	33,797	3,990	19,557
NET INVESTMENT INCOME (LOSS)	(7,318)	1,116	(4,518)	(28,079)	10,792	5,466
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	29,317		30,207	198,807	(3,200)	100,037
Realized gain on distributions	97,343		21,750	339,173		6,684
Net realized gain (loss) on investments	126,660	0	51,957	537,980	(3,200)	106,721
Change in net unrealized appreciation (depreciation) on investments	(199,372)		(11,827)	(522,734)	(19,895)	(184,706)
Net realized and unrealized gain (loss) on investments	(72,712)	0	40,130	15,246	(23,095)	(77,985)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (80,030)	\$ 1,116	\$ 35,612	\$ (12,833)	\$ (12,303)	\$ (72,519)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	FIDELITY VIP INTERNATIONAL CAPITAL APPRECIATION PORTFOLIO	FIDELITY VIP INVESTMENT GRADE BOND PORTFOLIO	FIDELITY VIP OVERSEAS PORTFOLIO	FIRST TRUST/DOW JONES DIVIDEND & INCOME ALLOCATION PORTFOLIO	FRANKLIN INCOME VIP FUND	GOLDMAN SACHS VIT LARGE CAP VALUE FUND
INVESTMENT INCOME:						
Dividends	\$ 12,576	\$ 4,289	\$ 2,130	\$ 38,399	\$ 357,522	\$ 1,918
EXPENSES:						
Mortality and expense risk	14,883	2,213	1,922	23,622	88,531	1,967
Administrative charges		245	201			217
Total expenses	14,883	2,458	2,123	23,622	88,531	2,184
NET INVESTMENT INCOME (LOSS)	(2,307)	1,831	7	14,777	268,991	(266)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(2,822)	(496)	13,687	(8,140)	52,412	(7,598)
Realized gain on distributions	7,834	1,105		4,312		8,219
Net realized gain (loss) on investments	5,012	609	13,687	(3,828)	52,412	621
Change in net unrealized appreciation (depreciation) on investments	(311,319)	(6,029)	(36,783)	(168,115)	(835,388)	(14,810)
Net realized and unrealized gain (loss) on investments	(306,307)	(5,420)	(23,096)	(171,943)	(782,976)	(14,189)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (308,614)	\$ (3,589)	\$ (23,089)	\$ (157,166)	\$ (513,985)	\$ (14,455)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GOLDMAN SACHS VIT MULTI STRATEGY ALTERNATIVES PORTFOLIO	GOLDMAN SACHS VIT STRATEGIC GROWTH FUND	GOLDMAN SACHS VIT STRATEGIC INCOME FUND (1)	GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND INSTITUTIONAL CLASS	GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND SERVICE CLASS	GREAT-WEST AGGRESSIVE PROFILE FUND
INVESTMENT INCOME:						
Dividends	\$ 25,982	\$ 200	\$ 592	\$ 1,284	\$ 24,029	\$ 162,896
EXPENSES:						
Mortality and expense risk	8,224	526	1,084	1,527	20,478	55,503
Administrative charges		40		102		
Total expenses	8,224	566	1,084	1,629	20,478	55,503
NET INVESTMENT INCOME (LOSS)	17,758	(366)	(492)	(345)	3,551	107,393
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(458)	2,179	(6,330)	16,155	12,253	(2,929)
Realized gain on distributions		20,019		15,045	363,367	753,582
Net realized gain (loss) on investments	(458)	22,198	(6,330)	31,200	375,620	750,653
Change in net unrealized appreciation (depreciation) on investments	(86,387)	(23,457)	6,642	(36,322)	(606,525)	(1,623,084)
Net realized and unrealized gain (loss) on investments	(86,845)	(1,259)	312	(5,122)	(230,905)	(872,431)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (69,087)	\$ (1,625)	\$ (180)	\$ (5,467)	\$ (227,354)	\$ (765,038)

(1) For the period January 1, 2018 to April 30, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST ARIEL MID CAP VALUE FUND	GREAT-WEST BOND INDEX FUND	GREAT-WEST CONSERVATIVE PROFILE FUND CLASS L	GREAT-WEST CONSERVATIVE PROFILE FUND INVESTOR CLASS	GREAT-WEST CORE BOND FUND	GREAT-WEST EMERGING MARKETS EQUITY FUND (1)
INVESTMENT INCOME:						
Dividends	\$ 6,995	\$ 215,287	\$ 110,334	\$ 410,275	\$ 85,430	\$ 5,458
EXPENSES:						
Mortality and expense risk	9,697	112,273	52,419	122,321	26,176	1,267
Administrative charges						
Total expenses	9,697	112,273	52,419	122,321	26,176	1,267
NET INVESTMENT INCOME (LOSS)	(2,702)	103,014	57,915	287,954	59,254	4,191
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	5,339	(15,234)	(20,242)	(81,974)	(5,417)	(1,594)
Realized gain on distributions	677		125,750	373,924		
Net realized gain (loss) on investments	6,016	(15,234)	105,508	291,950	(5,417)	(1,594)
Change in net unrealized appreciation (depreciation) on investments	(187,009)	(179,114)	(389,814)	(1,120,717)	(90,726)	(23,392)
Net realized and unrealized gain (loss) on investments	(180,993)	(194,348)	(284,306)	(828,767)	(96,143)	(24,986)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (183,695)	\$ (91,334)	\$ (226,391)	\$ (540,813)	\$ (36,889)	\$ (20,795)

(1) For the period July 10, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST GLOBAL BOND FUND	GREAT-WEST GOVERNMENT MONEY MARKET FUND	GREAT-WEST INFLATION- PROTECTED SECURITIES FUND (1)	GREAT-WEST INTERNATIONAL GROWTH FUND	GREAT-WEST INTERNATIONAL INDEX FUND	GREAT-WEST INTERNATIONAL VALUE FUND
INVESTMENT INCOME:						
Dividends	\$ 99,447	\$ 397,519	\$ 11,613	\$	\$ 231,427	\$ 58,745
EXPENSES:						
Mortality and expense risk	33,540	160,111	865	19,280	67,221	32,319
Administrative charges						
Total expenses	33,540	160,111	865	19,280	67,221	32,319
NET INVESTMENT INCOME (LOSS)	65,907	237,408	10,748	(19,280)	164,206	26,426
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(37,146)		(149)	43,075	70,217	42,703
Realized gain on distributions	16,187			210,671	150,020	837,089
Net realized gain (loss) on investments	(20,959)	0	(149)	253,746	220,237	879,792
Change in net unrealized appreciation (depreciation) on investments	(88,027)		(13,189)	(600,527)	(2,123,823)	(1,658,847)
Net realized and unrealized gain (loss) on investments	(108,986)	0	(13,338)	(346,781)	(1,903,586)	(779,055)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (43,079)	\$ 237,408	\$ (2,590)	\$ (366,061)	\$ (1,739,380)	\$ (752,629)

(1) For the period June 20, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST INVESCO SMALL CAP VALUE FUND	GREAT-WEST LARGE CAP GROWTH FUND	GREAT-WEST LIFETIME 2015 FUND	GREAT-WEST LIFETIME 2020 FUND	GREAT-WEST LIFETIME 2025 FUND	GREAT-WEST LIFETIME 2030 FUND
INVESTMENT INCOME:						
Dividends	\$ 22,929	\$ 7,527	\$ 28,769	\$ 70,772	\$ 116,032	\$ 58,336
EXPENSES:						
Mortality and expense risk	6,991	21,866	7,260	20,792	49,100	16,218
Administrative charges						
Total expenses	6,991	21,866	7,260	20,792	49,100	16,218
NET INVESTMENT INCOME (LOSS)	15,938	(14,339)	21,509	49,980	66,932	42,118
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	1,274	21,514	1,305	5,763	70,468	20,428
Realized gain on distributions	29,358	620,026	47,292	68,559	290,893	81,683
Net realized gain (loss) on investments	30,632	641,540	48,597	74,322	361,361	102,111
Change in net unrealized appreciation (depreciation) on investments	(183,111)	(815,306)	(135,766)	(270,561)	(797,853)	(328,490)
Net realized and unrealized gain (loss) on investments	(152,479)	(173,766)	(87,169)	(196,239)	(436,492)	(226,379)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (136,541)	\$ (188,105)	\$ (65,660)	\$ (146,259)	\$ (369,560)	\$ (184,261)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST LIFETIME 2035 FUND	GREAT-WEST LIFETIME 2040 FUND	GREAT-WEST LIFETIME 2045 FUND	GREAT-WEST LIFETIME 2050 FUND	GREAT-WEST LIFETIME 2055 FUND	GREAT-WEST LOOMIS SAYLES SMALL CAP VALUE FUND
INVESTMENT INCOME:						
Dividends	\$ 33,876	\$ 13,234	\$ 8,301	\$ 4,837	\$ 22,321	\$
EXPENSES:						
Mortality and expense risk	11,159	3,663	3,999	1,472	11,139	16,283
Administrative charges						
Total expenses	11,159	3,663	3,999	1,472	11,139	16,283
NET INVESTMENT INCOME (LOSS)	22,717	9,571	4,302	3,365	11,182	(16,283)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	41,973	32	12,890	10,157	3,106	37
Realized gain on distributions	147,550	18,842	33,535	6,673	93,819	59,747
Net realized gain (loss) on investments	189,523	18,874	46,425	16,830	96,925	59,784
Change in net unrealized appreciation (depreciation) on investments	(371,127)	(64,629)	(105,252)	(38,157)	(264,407)	(472,146)
Net realized and unrealized gain (loss) on investments	(181,604)	(45,755)	(58,827)	(21,327)	(167,482)	(412,362)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (158,887)	\$ (36,184)	\$ (54,525)	\$ (17,962)	\$ (156,300)	\$ (428,645)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST MID CAP VALUE FUND	GREAT-WEST MODERATE PROFILE FUND CLASS L	GREAT-WEST MODERATE PROFILE FUND INVESTOR CLASS	GREAT-WEST MODERATELY AGGRESSIVE PROFILE FUND	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND CLASS L	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND INVESTOR CLASS
INVESTMENT INCOME:						
Dividends	\$ 139,197	\$ 1,786,904	\$ 2,332,140	\$ 468,595	\$ 332,664	\$ 575,250
EXPENSES:						
Mortality and expense risk	30,676	1,008,143	844,875	105,924	138,106	210,140
Administrative charges						
Total expenses	<u>30,676</u>	<u>1,008,143</u>	<u>844,875</u>	<u>105,924</u>	<u>138,106</u>	<u>210,140</u>
NET INVESTMENT INCOME (LOSS)	<u>108,521</u>	<u>778,761</u>	<u>1,487,265</u>	<u>362,671</u>	<u>194,558</u>	<u>365,110</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	9,491	(27,166)	(270,096)	(269,970)	(16,052)	(37,637)
Realized gain on distributions	<u>79,564</u>	<u>5,259,448</u>	<u>5,247,303</u>	<u>1,422,151</u>	<u>610,057</u>	<u>879,365</u>
Net realized gain (loss) on investments	<u>89,055</u>	<u>5,232,282</u>	<u>4,977,207</u>	<u>1,152,181</u>	<u>594,005</u>	<u>841,728</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(624,973)</u>	<u>(15,515,223)</u>	<u>(12,451,521)</u>	<u>(3,050,139)</u>	<u>(1,749,205)</u>	<u>(2,435,645)</u>
Net realized and unrealized gain (loss) on investments	<u>(535,918)</u>	<u>(10,282,941)</u>	<u>(7,474,314)</u>	<u>(1,897,958)</u>	<u>(1,155,200)</u>	<u>(1,593,917)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (427,397)</u>	<u>\$ (9,504,180)</u>	<u>\$ (5,987,049)</u>	<u>\$ (1,535,287)</u>	<u>\$ (960,642)</u>	<u>\$ (1,228,807)</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST MULTI-SECTOR BOND FUND	GREAT-WEST PUTNAM EQUITY INCOME FUND	GREAT-WEST PUTNAM HIGH YIELD BOND FUND	GREAT-WEST REAL ESTATE INDEX FUND	GREAT-WEST S&P 500® INDEX FUND	GREAT-WEST S&P MID CAP 400® INDEX FUND
INVESTMENT INCOME:						
Dividends	\$ 179,838	\$ 46,676	\$ 126,522	\$ 81,975	\$ 545,007	\$ 151,081
EXPENSES:						
Mortality and expense risk	58,048	31,776	14,456	28,830	493,934	159,221
Administrative charges						
Total expenses	58,048	31,776	14,456	28,830	493,934	159,221
NET INVESTMENT INCOME (LOSS)	121,790	14,900	112,066	53,145	51,073	(8,140)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(31,785)	29,390	(13,120)	(73,513)	1,989,709	461,080
Realized gain on distributions	39,031	237,588		80,218	6,355,436	1,411,700
Net realized gain (loss) on investments	7,246	266,978	(13,120)	6,705	8,345,145	1,872,780
Change in net unrealized appreciation (depreciation) on investments	(413,072)	(677,812)	(180,634)	(249,894)	(13,054,464)	(4,680,779)
Net realized and unrealized gain (loss) on investments	(405,826)	(410,834)	(193,754)	(243,189)	(4,709,319)	(2,807,999)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (284,036)	\$ (395,934)	\$ (81,688)	\$ (190,044)	\$ (4,658,246)	\$ (2,816,139)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	GREAT-WEST S&P SMALL CAP 600® INDEX FUND	GREAT-WEST SECURE- FOUNDATION® BALANCED FUND	GREAT-WEST SHORT DURATION BOND FUND	GREAT-WEST SMALL CAP GROWTH FUND	GREAT-WEST T. ROWE PRICE MID CAP GROWTH FUND	GREAT-WEST U.S. GOVERNMENT SECURITIES FUND
INVESTMENT INCOME:						
Dividends	\$ 296,796	\$ 5,799,664	\$ 125,568	\$ 62,500	\$ 9,986	\$ 26,650
EXPENSES:						
Mortality and expense risk	170,987	2,948,432	42,402	8,174	93,888	8,410
Administrative charges						
Total expenses	<u>170,987</u>	<u>2,948,432</u>	<u>42,402</u>	<u>8,174</u>	<u>93,888</u>	<u>8,410</u>
NET INVESTMENT INCOME (LOSS)	<u>125,809</u>	<u>2,851,232</u>	<u>83,166</u>	<u>54,326</u>	<u>(83,902)</u>	<u>18,240</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	899,540	111,830	(11,617)	16,515	486,665	(3,171)
Realized gain on distributions	<u>2,630,068</u>	<u>12,500,120</u>		<u>166,707</u>	<u>638,736</u>	
Net realized gain (loss) on investments	<u>3,529,608</u>	<u>12,611,950</u>	<u>(11,617)</u>	<u>183,222</u>	<u>1,125,401</u>	<u>(3,171)</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(6,192,876)</u>	<u>(34,822,970)</u>	<u>(63,713)</u>	<u>(404,415)</u>	<u>(1,758,616)</u>	<u>(5,873)</u>
Net realized and unrealized gain (loss) on investments	<u>(2,663,268)</u>	<u>(22,211,020)</u>	<u>(75,330)</u>	<u>(221,193)</u>	<u>(633,215)</u>	<u>(9,044)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (2,537,459)</u>	<u>\$ (19,359,788)</u>	<u>\$ 7,836</u>	<u>\$ (166,867)</u>	<u>\$ (717,117)</u>	<u>\$ 9,196</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	INVESCO V.I. CORE EQUITY FUND	INVESCO V.I. GLOBAL REAL ESTATE FUND	INVESCO V.I. GROWTH & INCOME FUND	INVESCO V.I. INTERNATIONAL GROWTH FUND	INVESCO V.I. SMALL CAP EQUITY FUND	IVY VIP ENERGY FUND
INVESTMENT INCOME:						
Dividends	\$	\$ 43,398	\$ 79,065	\$ 33,762	\$	\$
EXPENSES:						
Mortality and expense risk	4,397	11,078	38,892	15,947	2,864	11,521
Administrative charges						
Total expenses	4,397	11,078	38,892	15,947	2,864	11,521
NET INVESTMENT INCOME (LOSS)	(4,397)	32,320	40,173	17,815	(2,864)	(11,521)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(182)	4,003	(29,612)	19,271	536	(27,575)
Realized gain on distributions	26,408	14,471	415,639	13,243	20,337	
Net realized gain (loss) on investments	26,226	18,474	386,027	32,514	20,873	(27,575)
Change in net unrealized appreciation (depreciation) on investments	(64,199)	(133,578)	(1,087,527)	(356,786)	(63,945)	(401,820)
Net realized and unrealized gain (loss) on investments	(37,973)	(115,104)	(701,500)	(324,272)	(43,072)	(429,395)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (42,370)	\$ (82,784)	\$ (661,327)	\$ (306,457)	\$ (45,936)	\$ (440,916)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	JANUS HENDERSON VIT BALANCED PORTFOLIO	JANUS HENDERSON VIT ENTERPRISE PORTFOLIO	JANUS HENDERSON VIT FLEXIBLE BOND PORTFOLIO	JANUS HENDERSON VIT MID CAP VALUE PORTFOLIO	JANUS HENDERSON VIT OVERSEAS PORTFOLIO INSTITUTIONAL SHARES	JANUS HENDERSON VIT OVERSEAS PORTFOLIO SERVICE SHARES
INVESTMENT INCOME:						
Dividends	\$ 414,023	\$ 7,992	\$ 70,827	\$ 1,626	\$ 2,754	\$ 2,149
EXPENSES:						
Mortality and expense risk	207,574	46,607	18,720	805	1,990	732
Administrative charges			19		224	
Total expenses	207,574	46,607	18,739	805	2,214	732
NET INVESTMENT INCOME (LOSS)	206,449	(38,615)	52,088	821	540	1,417
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	317,892	368,937	(13,750)	(3,594)	(14,946)	(108)
Realized gain on distributions	473,412	293,485		17,213		
Net realized gain (loss) on investments	791,304	662,422	(13,750)	13,619	(14,946)	(108)
Change in net unrealized appreciation (depreciation) on investments	(1,996,114)	(728,597)	(73,190)	(37,914)	(10,339)	(21,741)
Net realized and unrealized gain (loss) on investments	(1,204,810)	(66,175)	(86,940)	(24,295)	(25,285)	(21,849)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (998,361)	\$ (104,790)	\$ (34,852)	\$ (23,474)	\$ (24,745)	\$ (20,432)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	JPMORGAN INSURANCE TRUST GLOBAL ALLOCATION PORTFOLIO	JPMORGAN INSURANCE TRUST INCOME BUILDER PORTFOLIO	JPMORGAN INSURANCE TRUST SMALL CAP CORE PORTFOLIO (1)	LORD ABBETT SERIES DEVELOPING GROWTH PORTFOLIO	MFS VIT II BLENDED RESEARCH CORE EQUITY PORTFOLIO	MFS VIT II TECHNOLOGY PORTFOLIO
INVESTMENT INCOME:						
Dividends	\$	\$	\$	\$	\$ 18,438	\$
EXPENSES:						
Mortality and expense risk	3,509	5,211	870	5,258	16,835	73,770
Administrative charges						
Total expenses	3,509	5,211	870	5,258	16,835	73,770
NET INVESTMENT INCOME (LOSS)	(3,509)	(5,211)	(870)	(5,258)	1,603	(73,770)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(7,026)	(11,881)	(413)	8,964	10,251	159,043
Realized gain on distributions	1,153	586		62,390	139,284	511,808
Net realized gain (loss) on investments	(5,873)	(11,295)	(413)	71,354	149,535	670,851
Change in net unrealized appreciation (depreciation) on investments	(20,572)	(20,916)	(56,231)	(47,804)	(336,887)	(1,214,375)
Net realized and unrealized gain (loss) on investments	(26,445)	(32,211)	(56,644)	23,550	(187,352)	(543,524)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (29,954)	\$ (37,422)	\$ (57,514)	\$ 18,292	\$ (185,749)	\$ (617,294)

(1) For the period July 24, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	MFS VIT III BLENDED RESEARCH SMALL CAP EQUITY PORTFOLIO	MORGAN STANLEY VIF MID CAP GROWTH PORTFOLIO	NEUBERGER BERMAN AMT SUSTAINABLE EQUITY PORTFOLIO	NVIT EMERGING MARKETS FUND	OPPENHEIMER INTERNATIONAL GROWTH FUND/VA	OPPENHEIMER MAIN STREET SMALL CAP FUND/VA
INVESTMENT INCOME:						
Dividends	\$ 4,262	\$	\$ 1,257	\$ 429	\$ 5,689	\$ 1,410
EXPENSES:						
Mortality and expense risk	6,697	54	2,854	1,843	12,131	27,944
Administrative charges						
Total expenses	<u>6,697</u>	<u>54</u>	<u>2,854</u>	<u>1,843</u>	<u>12,131</u>	<u>27,944</u>
NET INVESTMENT INCOME (LOSS)	<u>(2,435)</u>	<u>(54)</u>	<u>(1,597)</u>	<u>(1,414)</u>	<u>(6,442)</u>	<u>(26,534)</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(4,205)	10	17,098	5,613	(1,282)	19,341
Realized gain on distributions	<u>89,149</u>	<u>4,608</u>	<u>32,716</u>		<u>18,032</u>	<u>307,775</u>
Net realized gain (loss) on investments	<u>84,944</u>	<u>4,618</u>	<u>49,814</u>	<u>5,613</u>	<u>16,750</u>	<u>327,116</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(229,703)</u>	<u>(2,696)</u>	<u>(96,961)</u>	<u>(30,757)</u>	<u>(341,014)</u>	<u>(718,592)</u>
Net realized and unrealized gain (loss) on investments	<u>(144,759)</u>	<u>1,922</u>	<u>(47,147)</u>	<u>(25,144)</u>	<u>(324,264)</u>	<u>(391,476)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (147,194)</u>	<u>\$ 1,868</u>	<u>\$ (48,744)</u>	<u>\$ (26,558)</u>	<u>\$ (330,706)</u>	<u>\$ (418,010)</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	OPPENHEIMER TOTAL RETURN BOND FUND/VA	PIMCO VIT COMMODITY REALRETURN STRATEGY PORTFOLIO	PIMCO VIT LONG TERM US GOVERNMENT PORTFOLIO	PIMCO VIT LOW DURATION PORTFOLIO	PIMCO VIT REAL RETURN PORTFOLIO	PIMCO VIT SHORT TERM PORTFOLIO
INVESTMENT INCOME:						
Dividends	\$ 22,272	\$ 17,005	\$ 18,459	\$ 42,178	\$ 35,077	\$ 51,094
EXPENSES:						
Mortality and expense risk	8,638	6,053	7,131	16,506	13,390	22,064
Administrative charges						
Total expenses	<u>8,638</u>	<u>6,053</u>	<u>7,131</u>	<u>16,506</u>	<u>13,390</u>	<u>22,064</u>
NET INVESTMENT INCOME (LOSS)	<u>13,634</u>	<u>10,952</u>	<u>11,328</u>	<u>25,672</u>	<u>21,687</u>	<u>29,030</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(4,921)	(27,396)	914	(3,802)	(9,430)	3,234
Realized gain on distributions			<u>5,017</u>			<u>3,857</u>
Net realized gain (loss) on investments	<u>(4,921)</u>	<u>(27,396)</u>	<u>5,931</u>	<u>(3,802)</u>	<u>(9,430)</u>	<u>7,091</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(12,099)</u>	<u>(145,780)</u>	<u>(19,790)</u>	<u>(29,739)</u>	<u>(57,838)</u>	<u>(33,680)</u>
Net realized and unrealized gain (loss) on investments	<u>(17,020)</u>	<u>(173,176)</u>	<u>(13,859)</u>	<u>(33,541)</u>	<u>(67,268)</u>	<u>(26,589)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (3,386)</u>	<u>\$ (162,224)</u>	<u>\$ (2,531)</u>	<u>\$ (7,869)</u>	<u>\$ (45,581)</u>	<u>\$ 2,441</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PIMCO VIT TOTAL RETURN PORTFOLIO	PUTNAM VT EQUITY INCOME FUND	PUTNAM VT GLOBAL ASSET ALLOCATION FUND	PUTNAM VT GLOBAL EQUITY FUND	PUTNAM VT GROWTH OPPORTUNITIES FUND	PUTNAM VT INCOME FUND
INVESTMENT INCOME:						
Dividends	\$ 218,371	\$ 8,871	\$ 79,813	\$ 3,192	\$	\$ 156,947
EXPENSES:						
Mortality and expense risk	70,359	13,692	53,146	14,379	34,750	60,918
Administrative charges						
Total expenses	<u>70,359</u>	<u>13,692</u>	<u>53,146</u>	<u>14,379</u>	<u>34,750</u>	<u>60,918</u>
NET INVESTMENT INCOME (LOSS)	<u>148,012</u>	<u>(4,821)</u>	<u>26,667</u>	<u>(11,187)</u>	<u>(34,750)</u>	<u>96,029</u>
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	(21,523)	13,939	16,627	5,179	125,703	(107,145)
Realized gain on distributions	<u>120,708</u>	<u>56,901</u>	<u>338,115</u>		<u>162,537</u>	
Net realized gain (loss) on investments	<u>99,185</u>	<u>70,840</u>	<u>354,742</u>	<u>5,179</u>	<u>288,240</u>	<u>(107,145)</u>
Change in net unrealized appreciation (depreciation) on investments	<u>(312,202)</u>	<u>(185,737)</u>	<u>(786,781)</u>	<u>(218,493)</u>	<u>(368,045)</u>	<u>(45,820)</u>
Net realized and unrealized gain (loss) on investments	<u>(213,017)</u>	<u>(114,897)</u>	<u>(432,039)</u>	<u>(213,314)</u>	<u>(79,805)</u>	<u>(152,965)</u>
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	<u>\$ (65,005)</u>	<u>\$ (119,718)</u>	<u>\$ (405,372)</u>	<u>\$ (224,501)</u>	<u>\$ (114,555)</u>	<u>\$ (56,936)</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PUTNAM VT INTERNATIONAL EQUITY FUND	PUTNAM VT INTERNATIONAL GROWTH FUND	PUTNAM VT INTERNATIONAL VALUE FUND	PUTNAM VT MORTGAGE SECURITIES FUND	PUTNAM VT MULTI-ASSET ABSOLUTE RETURN FUND	PUTNAM VT MULTI-CAP CORE FUND
INVESTMENT INCOME:						
Dividends	\$ 8,506	\$	\$ 1,507	\$ 7,416	\$ 4,720	\$ 1,192
EXPENSES:						
Mortality and expense risk	8,935	1,217	1,057	1,585	14,377	1,495
Administrative charges						
Total expenses	8,935	1,217	1,057	1,585	14,377	1,495
NET INVESTMENT INCOME (LOSS)	(429)	(1,217)	450	5,831	(9,657)	(303)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	11,897	383	103	(5,598)	3,260	2,839
Realized gain on distributions		12,027			48,794	10,285
Net realized gain (loss) on investments	11,897	12,410	103	(5,598)	52,054	13,124
Change in net unrealized appreciation (depreciation) on investments	(197,536)	(40,517)	(21,249)	(4,734)	(155,408)	(40,220)
Net realized and unrealized gain (loss) on investments	(185,639)	(28,107)	(21,146)	(10,332)	(103,354)	(27,096)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (186,068)	\$ (29,324)	\$ (20,696)	\$ (4,501)	\$ (113,011)	\$ (27,399)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS					
	PUTNAM VT RESEARCH FUND	PUTNAM VT SMALL CAP GROWTH FUND	PUTNAM VT SMALL CAP VALUE FUND	T. ROWE PRICE BLUE CHIP GROWTH PORTFOLIO	T. ROWE PRICE HEALTH SCIENCES PORTFOLIO	VAN ECK VIP EMERGING MARKETS FUND
INVESTMENT INCOME:						
Dividends	\$	\$	\$ 2,348	\$	\$	\$ 825
EXPENSES:						
Mortality and expense risk	2,494	5,214	7,439	271,205	79,604	2,743
Administrative charges						329
Total expenses	2,494	5,214	7,439	271,205	79,604	3,072
NET INVESTMENT INCOME (LOSS)	(2,494)	(5,214)	(5,091)	(271,205)	(79,604)	(2,247)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:						
Net realized gain (loss) on sale of fund shares	11,643	(4,082)	(41,340)	2,021,228	245,399	11,250
Realized gain on distributions		100,707	179,280	1,135,979	585,426	
Net realized gain (loss) on investments	11,643	96,625	137,940	3,157,207	830,825	11,250
Change in net unrealized appreciation (depreciation) on investments	(38,262)	(199,374)	(300,001)	(3,943,663)	(1,145,948)	(62,642)
Net realized and unrealized gain (loss) on investments	(26,619)	(102,749)	(162,061)	(786,456)	(315,123)	(51,392)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (29,113)	\$ (107,963)	\$ (167,152)	\$ (1,057,661)	\$ (394,727)	\$ (53,639)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2018

	INVESTMENT DIVISIONS	
	VAN ECK VIP GLOBAL HARD ASSETS FUND CLASS S	VAN ECK VIP GLOBAL HARD ASSETS FUND INITIAL CLASS
INVESTMENT INCOME:		
Dividends	\$	\$
EXPENSES:		
Mortality and expense risk	4,829	828
Administrative charges		99
Total expenses	4,829	927
NET INVESTMENT INCOME (LOSS)	(4,829)	(927)
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain (loss) on sale of fund shares	15,871	(10,853)
Realized gain on distributions		
Net realized gain (loss) on investments	15,871	(10,853)
Change in net unrealized appreciation (depreciation) on investments	(209,035)	(8,297)
Net realized and unrealized gain (loss) on investments	(193,164)	(19,150)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ (197,993)	\$ (20,077)

The accompanying notes are an integral part of these financial statements.

(Concluded)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	ALGER CAPITAL APPRECIATION PORTFOLIO		ALGER LARGE CAP GROWTH PORTFOLIO		ALGER MID CAP GROWTH PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (23,318)	\$ (21,696)	\$ (17,697)	\$ (15,521)	\$ (35,959)	\$ (33,693)
Net realized gain (loss) on investments	431,106	247,758	266,167	180,760	518,137	133,438
Change in net unrealized appreciation (depreciation) on investments	(416,752)	219,061	(241,257)	92,142	(674,572)	514,808
Increase (decrease) in net assets resulting from operations	(8,964)	445,123	7,213	257,381	(192,394)	614,553
CONTRACT TRANSACTIONS:						
Purchase payments received	3,214	3,066	5,275	7,267	1,160	1,032
Transfers for contract benefits and terminations	(155,888)	(220,118)	(71,959)	(101,372)	(242,849)	(122,844)
Net transfers	(43,744)	(90,212)	57,339	(25,092)	(548,533)	(140,565)
Contract charges	(452)	(25)	(503)	(84)	(418)	(85)
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(196,870)	(307,289)	(9,848)	(119,281)	(790,640)	(262,462)
Total increase (decrease) in net assets	(205,834)	137,834	(2,635)	138,100	(983,034)	352,091
NET ASSETS:						
Beginning of period	1,751,174	1,613,340	1,143,008	1,004,908	2,659,348	2,307,257
End of period	\$ 1,545,340	\$ 1,751,174	\$ 1,140,373	\$ 1,143,008	\$ 1,676,314	\$ 2,659,348
CHANGES IN UNITS OUTSTANDING:						
Units issued	207	260	479	234	304	141
Units redeemed	(1,645)	(2,895)	(578)	(1,253)	(9,230)	(3,427)
Net increase (decrease)	(1,438)	(2,635)	(99)	(1,019)	(8,926)	(3,286)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	ALGER SMALL CAP GROWTH PORTFOLIO		ALGER SMID CAP FOCUS PORTFOLIO		ALPS ALERIAN ENERGY INFRASTRUCTURE PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (4,348)	\$ (3,724)	\$ (1,799)	\$ (1,427)	\$ 9,255	\$ 7,205
Net realized gain (loss) on investments	1,043	(61,202)	20,105	12,855	(16,305)	7,395
Change in net unrealized appreciation (depreciation) on investments	7,529	175,725	(23,000)	25,822	(187,848)	(24,734)
Increase (decrease) in net assets resulting from operations	4,224	110,799	(4,694)	37,250	(194,898)	(10,134)
CONTRACT TRANSACTIONS:						
Purchase payments received	813	645			422,792	496,656
Transfers for contract benefits and terminations	(45,817)	(47,604)		(9,100)	(10,263)	(1,045)
Net transfers	26,467	(169,330)	(7,660)	(5,334)	(21,356)	(94,828)
Contract charges	(162)	(7)				
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(18,699)	(216,296)	(7,660)	(14,434)	391,173	400,783
Total increase (decrease) in net assets	(14,475)	(105,497)	(12,354)	22,816	196,275	390,649
NET ASSETS:						
Beginning of period	385,825	491,322	141,297	118,481	703,205	312,556
End of period	\$ 371,350	\$ 385,825	\$ 128,943	\$ 141,297	\$ 899,480	\$ 703,205
CHANGES IN UNITS OUTSTANDING:						
Units issued	577	112		426	50,544	54,553
Units redeemed	(2,776)	(10,650)	(426)	(1,728)	(15,066)	(20,639)
Net increase (decrease)	(2,199)	(10,538)	(426)	(1,302)	35,478	33,914

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	ALPS RED ROCKS LISTED PRIVATE EQUITY PORTFOLIO		AMERICAN CENTURY INVESTMENTS VP INFLATION PROTECTION FUND		AMERICAN CENTURY INVESTMENTS VP MID CAP VALUE FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 102,460	\$ 24,894	\$ 29,926	\$ 13,018	\$ 22,860	\$ 22,426
Net realized gain (loss) on investments	34,312	11,201	(7,221)	(1,242)	371,455	112,898
Change in net unrealized appreciation (depreciation) on investments	(462,849)	92,439	(67,019)	5,488	(1,510,974)	220,963
Increase (decrease) in net assets resulting from operations	(326,077)	128,534	(44,314)	17,264	(1,116,659)	356,287
CONTRACT TRANSACTIONS:						
Purchase payments received	962,315	857,100	495,686	312,830	2,605,710	2,523,315
Transfers for contract benefits and terminations	(51,179)	(14,385)	(45,659)	(3,408)	(163,842)	(19,326)
Net transfers	36,376	112,681	354,391	203,687	973,535	266,215
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	947,512	955,396	804,418	513,109	3,415,403	2,770,204
Total increase (decrease) in net assets	621,435	1,083,930	760,104	530,373	2,298,744	3,126,491
NET ASSETS:						
Beginning of period	1,407,049	323,119	775,227	244,854	4,866,152	1,739,661
End of period	\$ 2,028,484	\$ 1,407,049	\$ 1,535,331	\$ 775,227	\$ 7,164,896	\$ 4,866,152
CHANGES IN UNITS OUTSTANDING:						
Units issued	91,647	88,469	100,218	60,340	301,435	278,876
Units redeemed	(13,425)	(4,479)	(21,381)	(9,874)	(23,695)	(44,417)
Net increase (decrease)	78,222	83,990	78,837	50,466	277,740	234,459

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	AMERICAN CENTURY INVESTMENTS VP VALUE FUND		AMERICAN FUNDS IS BLUE CHIP INCOME AND GROWTH FUND	AMERICAN FUNDS IS GLOBAL GROWTH AND INCOME FUND		AMERICAN FUNDS IS GROWTH FUND
	2018	2017	2018 (1)	2018	2017 (2)	2018 (3)
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 33,515	\$ 21,551	\$ 19,375	\$ 40,252	\$ 28,750	\$ (8,236)
Net realized gain (loss) on investments	52,634	84,072	10,600	314,122	4,631	(4,189)
Change in net unrealized appreciation (depreciation) on investments	<u>(1,044,564)</u>	<u>205,344</u>	<u>(207,867)</u>	<u>(1,002,591)</u>	<u>46,442</u>	<u>(433,238)</u>
Increase (decrease) in net assets resulting from operations	<u>(958,415)</u>	<u>310,967</u>	<u>(177,892)</u>	<u>(648,217)</u>	<u>79,823</u>	<u>(445,663)</u>
CONTRACT TRANSACTIONS:						
Purchase payments received	3,762,237	4,433,755	1,717,006	3,792,488	1,132,286	4,117,216
Transfers for contract benefits and terminations	(255,752)	(58,184)	(36,895)	(81,286)	(29,945)	(11,849)
Net transfers	(144,091)	(139,494)	68,918	475,171	789,136	271,281
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	<u>3,362,394</u>	<u>4,236,077</u>	<u>1,749,029</u>	<u>4,186,373</u>	<u>1,891,477</u>	<u>4,376,648</u>
Total increase (decrease) in net assets	2,403,979	4,547,044	1,571,137	3,538,156	1,971,300	3,930,985
NET ASSETS:						
Beginning of period	<u>5,896,223</u>	<u>1,349,179</u>	<u>0</u>	<u>1,971,300</u>	<u>0</u>	<u>0</u>
End of period	<u>\$ 8,300,202</u>	<u>\$ 5,896,223</u>	<u>\$ 1,571,137</u>	<u>\$ 5,509,456</u>	<u>\$ 1,971,300</u>	<u>\$ 3,930,985</u>
CHANGES IN UNITS OUTSTANDING:						
Units issued	347,288	456,741	172,054	389,919	178,940	434,560
Units redeemed	<u>(66,184)</u>	<u>(86,788)</u>	<u>(3,674)</u>	<u>(20,357)</u>	<u>(5,983)</u>	<u>(17,260)</u>
Net increase (decrease)	<u>281,104</u>	<u>369,953</u>	<u>168,380</u>	<u>369,562</u>	<u>172,957</u>	<u>417,300</u>

(1) For the period May 16, 2018 to December 31, 2018.

(2) For the period May 11, 2017 to December 31, 2017.

(3) For the period July 10, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	AMERICAN FUNDS IS GROWTH-INCOME FUND	AMERICAN FUNDS IS INTERNATIONAL FUND		AMERICAN FUNDS IS NEW WORLD FUND	
	2018	2018	2017	2018	2017
	(1)				
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 25,846	\$ 33,418	\$ 16,456	\$ (5,435)	\$ 2,581
Net realized gain (loss) on investments	6,930	338,525	40,116	143,579	15,386
Change in net unrealized appreciation (depreciation) on investments	(405,380)	(1,188,998)	339,379	(696,096)	216,184
Increase (decrease) in net assets resulting from operations	(372,604)	(817,055)	395,951	(557,952)	234,151
CONTRACT TRANSACTIONS:					
Purchase payments received	4,347,703	2,601,418	2,045,134	1,780,025	1,114,570
Transfers for contract benefits and terminations	(70,820)	(61,597)	(2,677)	(33,680)	(65,912)
Net transfers	131,493	148,097	140,660	329,378	345,718
Contract charges					
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	4,408,376	2,687,918	2,183,117	2,075,723	1,394,376
Total increase (decrease) in net assets	4,035,772	1,870,863	2,579,068	1,517,771	1,628,527
NET ASSETS:					
Beginning of period	0	3,117,489	538,421	1,971,757	343,230
End of period	\$ 4,035,772	\$ 4,988,352	\$ 3,117,489	\$ 3,489,528	\$ 1,971,757
CHANGES IN UNITS OUTSTANDING:					
Units issued	455,799	317,812	244,372	195,340	135,543
Units redeemed	(28,110)	(89,845)	(40,568)	(30,730)	(17,817)
Net increase (decrease)	427,689	227,967	203,804	164,610	117,726

(1) For the period May 21, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	BLACKROCK GLOBAL ALLOCATION VI FUND		BLACKROCK HIGH YIELD VI FUND		CLEARBRIDGE VARIABLE LARGE CAP GROWTH PORTFOLIO	
	2018	2017	2018	2017	2018	2017 (1)
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (9,053)	\$ 38,644	\$ 310,211	\$ 121,881	\$ (27,824)	\$ (1,289)
Net realized gain (loss) on investments	567,994	84,331	5,946	18,866	138,987	47,770
Change in net unrealized appreciation (depreciation) on investments	(1,421,628)	413,676	(661,255)	10,413	(364,611)	11,319
Increase (decrease) in net assets resulting from operations	(862,687)	536,651	(345,098)	151,160	(253,448)	57,800
CONTRACT TRANSACTIONS:						
Purchase payments received	3,421,556	4,481,299	3,252,366	2,553,353	2,986,529	1,033,620
Transfers for contract benefits and terminations	(200,121)	(109,705)	(245,003)	(217,552)	(43,672)	(5,735)
Net transfers	(740,668)	360,831	1,134,466	932,055	346,511	90,818
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	2,480,767	4,732,425	4,141,829	3,267,856	3,289,368	1,118,703
Total increase (decrease) in net assets	1,618,080	5,269,076	3,796,731	3,419,016	3,035,920	1,176,503
NET ASSETS:						
Beginning of period	7,867,303	2,598,227	5,012,841	1,593,825	1,176,503	0
End of period	\$ 9,485,383	\$ 7,867,303	\$ 8,809,572	\$ 5,012,841	\$ 4,212,423	\$ 1,176,503
CHANGES IN UNITS OUTSTANDING:						
Units issued	341,510	524,447	435,381	352,861	290,322	113,850
Units redeemed	(108,284)	(76,028)	(55,387)	(49,655)	(18,707)	(10,479)
Net increase (decrease)	233,226	448,419	379,994	303,206	271,615	103,371

(1) For the period May 11, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	CLEARBRIDGE VARIABLE MID CAP PORTFOLIO		CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO		COLUMBIA VARIABLE PORTFOLIO - SELECT SMALLER-CAP VALUE FUND	
	2018	2017 (1)	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (2,893)	\$ (218)	\$ (28,568)	\$ (6,258)	\$ (5,683)	\$ (6,645)
Net realized gain (loss) on investments	16,920	4,964	487,907	58,341	31,460	65,601
Change in net unrealized appreciation (depreciation) on investments	(127,159)	(612)	(823,046)	85,575	(79,105)	(14,544)
Increase (decrease) in net assets resulting from operations	(113,132)	4,134	(363,707)	137,658	(53,328)	44,412
CONTRACT TRANSACTIONS:						
Purchase payments received	310,788	132,139	2,187,205	672,422		
Transfers for contract benefits and terminations	(558)		(92,729)	(50,662)	(56,275)	(65,429)
Net transfers	448,285	7,934	1,198,238	(90,203)	1,847	(99,491)
Contract charges					(96)	(16)
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	758,515	140,073	3,292,714	531,557	(54,524)	(164,936)
Total increase (decrease) in net assets	645,383	144,207	2,929,007	669,215	(107,852)	(120,524)
NET ASSETS:						
Beginning of period	144,207	0	1,056,010	386,795	438,493	559,017
End of period	\$ 789,590	\$ 144,207	\$ 3,985,017	\$ 1,056,010	\$ 330,641	\$ 438,493
CHANGES IN UNITS OUTSTANDING:						
Units issued	85,683	14,167	332,331	78,553	105	145
Units redeemed	(14,076)	(693)	(95,061)	(29,105)	(3,077)	(10,026)
Net increase (decrease)	71,607	13,474	237,270	49,448	(2,972)	(9,881)

(1) For the period July 14, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 1		COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 2		COLUMBIA VARIABLE PORTFOLIO - SMALL CAP VALUE FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (65,104)	\$ (62,525)	\$ (1,720)	\$ (1,531)	\$ (42)	\$ (78)
Net realized gain (loss) on investments	490,122	1,222,722	5,579	32,187	7,022	5,299
Change in net unrealized appreciation (depreciation) on investments	(815,170)	99,419	(13,154)	(694)	(15,733)	5,851
Increase (decrease) in net assets resulting from operations	(390,152)	1,259,616	(9,295)	29,962	(8,753)	11,072
CONTRACT TRANSACTIONS:						
Purchase payments received	585	970				
Transfers for contract benefits and terminations	(360,932)	(234,895)	(2,951)	(10,441)		(16,676)
Net transfers	(73,849)	(264,133)	(22,280)	35,442		(109,154)
Contract charges	(1,458)	(109)	(10)			
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(435,654)	(498,167)	(25,241)	25,001	0	(125,830)
Total increase (decrease) in net assets	(825,806)	761,449	(34,536)	54,963	(8,753)	(114,758)
NET ASSETS:						
Beginning of period	4,695,664	3,934,215	132,719	77,756	47,619	162,377
End of period	\$ 3,869,858	\$ 4,695,664	\$ 98,183	\$ 132,719	\$ 38,866	\$ 47,619
CHANGES IN UNITS OUTSTANDING:						
Units issued	3,957	1,795		731		720
Units redeemed	(20,525)	(23,346)	(423)	(218)		(7,234)
Net increase (decrease)	(16,568)	(21,551)	(423)	513	0	(6,514)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	COLUMBIA VARIABLE PORTFOLIO - STRATEGIC INCOME FUND	DELAWARE VIP EMERGING MARKETS SERIES		DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES	
		2018	2017	2018	2017
		(1)			
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 5,065	\$ 83,405	\$ (9,165)	\$ 5,171	\$ (714)
Net realized gain (loss) on investments	(2,299)	182,040	150,717	1,770	6,513
Change in net unrealized appreciation (depreciation) on investments	(6,649)	(1,035,821)	519,135	(104,077)	18,923
Increase (decrease) in net assets resulting from operations	(3,883)	(770,376)	660,687	(97,136)	24,722
CONTRACT TRANSACTIONS:					
Purchase payments received	646,529	1,956,637	1,082,678	252,989	212,899
Transfers for contract benefits and terminations	(13,335)	(147,625)	(99,259)	(23,096)	(2,781)
Net transfers	107,175	118,198	321,281	9,629	85,221
Contract charges					
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	740,369	1,927,210	1,304,700	239,522	295,339
Total increase (decrease) in net assets	736,486	1,156,834	1,965,387	142,386	320,061
NET ASSETS:					
Beginning of period	0	3,104,823	1,139,436	345,250	25,189
End of period	\$ 736,486	\$ 4,261,657	\$ 3,104,823	\$ 487,636	\$ 345,250
CHANGES IN UNITS OUTSTANDING:					
Units issued	80,279	224,353	187,414	22,945	53,640
Units redeemed	(6,140)	(72,916)	(75,184)	(2,262)	(28,201)
Net increase (decrease)	74,139	151,437	112,230	20,683	25,439

(1) For the period June 4, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	DELAWARE VIP REIT SERIES		DELAWARE VIP SMALL CAP VALUE SERIES		DIMENSIONAL VA INTERNATIONAL SMALL PORTFOLIO	
	2018	2017	2018	2017	2018	2017 (1)
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 11,393	\$ 7,023	\$ (12,898)	\$ (3,352)	\$ 13,232	\$ 298
Net realized gain (loss) on investments	21,112	70,885	183,934	60,724	44,451	327
Change in net unrealized appreciation (depreciation) on investments	(181,480)	(70,403)	(796,387)	92,738	(244,486)	(187)
Increase (decrease) in net assets resulting from operations	(148,975)	7,505	(625,351)	150,110	(186,803)	438
CONTRACT TRANSACTIONS:						
Purchase payments received	303,772	1,275,414	1,277,096	885,800	746,199	
Transfers for contract benefits and terminations	(13,662)	(37,570)	(78,489)	(17,615)	(7,289)	
Net transfers	(85,798)	(417,984)	340,396	82,829	361,183	19,070
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	204,312	819,860	1,539,003	951,014	1,100,093	19,070
Total increase (decrease) in net assets	55,337	827,365	913,652	1,101,124	913,290	19,508
NET ASSETS:						
Beginning of period	1,644,324	816,959	1,999,624	898,500	19,508	0
End of period	\$ 1,699,661	\$ 1,644,324	\$ 2,913,276	\$ 1,999,624	\$ 932,798	\$ 19,508
CHANGES IN UNITS OUTSTANDING:						
Units issued	30,626	151,307	140,807	111,345	114,677	1,866
Units redeemed	(10,885)	(62,564)	(19,735)	(26,668)	(1,971)	
Net increase (decrease)	19,741	88,743	121,072	84,677	112,706	1,866

(1) For the period November 22, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	DIMENSIONAL VA INTERNATIONAL VALUE PORTFOLIO	DIMENSIONAL VA US LARGE VALUE PORTFOLIO		DIMENSIONAL VA US TARGETED VALUE PORTFOLIO	DREYFUS IP TECHNOLOGY GROWTH PORTFOLIO	
	2018 (1)	2018	2017 (2)	2018 (3)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 28,276	\$ 52,307	\$ 2,300	\$ 5,596	\$ (2,114)	\$ (1,754)
Net realized gain (loss) on investments	(767)	72,254	5,322	57,878	37,367	26,228
Change in net unrealized appreciation (depreciation) on investments	(238,008)	(522,261)	1,222	(272,413)	(39,401)	115,944
Increase (decrease) in net assets resulting from operations	(210,499)	(397,700)	8,844	(208,939)	(4,148)	140,418
CONTRACT TRANSACTIONS:						
Purchase payments received	655,689	2,093,010		1,325,532		(11,637)
Transfers for contract benefits and terminations	(8,912)	(29,512)	(1,827)	(16,649)	(10,980)	(26,317)
Net transfers	754,260	1,226,712	133,392	295,770	(26,097)	(27,361)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	1,401,037	3,290,210	131,565	1,604,653	(37,077)	(65,315)
Total increase (decrease) in net assets	1,190,538	2,892,510	140,409	1,395,714	(41,225)	75,103
NET ASSETS:						
Beginning of period	0	140,409	0	0	460,939	385,836
End of period	\$ 1,190,538	\$ 3,032,919	\$ 140,409	\$ 1,395,714	\$ 419,714	\$ 460,939
CHANGES IN UNITS OUTSTANDING:						
Units issued	148,493	332,073	13,232	168,551		2,109
Units redeemed	(6,308)	(7,447)	(176)	(1,869)	(1,835)	(5,939)
Net increase (decrease)	142,185	324,626	13,056	166,682	(1,835)	(3,830)

(1) For the period January 30, 2018 to December 31, 2018.

(2) For the period October 20, 2017 to December 31, 2017.

(3) For the period June 15, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.		DREYFUS VIF APPRECIATION PORTFOLIO - INITIAL SHARES		DREYFUS VIF APPRECIATION PORTFOLIO - SERVICE SHARES	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 1,232	\$ (915)	\$ (457)	\$ (143)	\$ 1,730	\$ 2,030
Net realized gain (loss) on investments	90,688	29,402	39,687	35,779	60,903	57,452
Change in net unrealized appreciation (depreciation) on investments	(105,852)	15,951	(63,461)	27,189	(99,291)	46,519
Increase (decrease) in net assets resulting from operations	(13,932)	44,438	(24,231)	62,825	(36,658)	106,001
CONTRACT TRANSACTIONS:						
Purchase payments received						
Transfers for contract benefits and terminations	(90,809)	(27,600)	(1,730)	(9,151)	(25,225)	(13,907)
Net transfers		9,144	(5,906)	5,190		(2,841)
Contract charges	(60)	(4)	(73)	(1)		
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(90,869)	(18,460)	(7,709)	(3,962)	(25,225)	(16,748)
Total increase (decrease) in net assets	(104,801)	25,978	(31,940)	58,863	(61,883)	89,253
NET ASSETS:						
Beginning of period	350,789	324,811	304,678	245,815	503,476	414,223
End of period	\$ 245,988	\$ 350,789	\$ 272,738	\$ 304,678	\$ 441,593	\$ 503,476
CHANGES IN UNITS OUTSTANDING:						
Units issued		210		79		
Units redeemed	(1,537)	(529)	(97)	(130)	(1,352)	(1,042)
Net increase (decrease)	(1,537)	(319)	(97)	(51)	(1,352)	(1,042)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	DREYFUS VIF GROWTH AND INCOME PORTFOLIO		DREYFUS VIF INTERNATIONAL VALUE PORTFOLIO		DWS CAPITAL GROWTH VIP	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (2,383)	\$ (2,303)	\$ 378	\$ 518	\$ 2,496	\$ 977
Net realized gain (loss) on investments	61,932	22,422	12	786	741,760	275,773
Change in net unrealized appreciation (depreciation) on investments	(84,500)	38,746	(5,917)	9,930	(522,407)	430,014
Increase (decrease) in net assets resulting from operations	(24,951)	58,865	(5,527)	11,234	221,849	706,764
CONTRACT TRANSACTIONS:						
Purchase payments received	6,521	3,905				708,484
Transfers for contract benefits and terminations	(25,922)	(27,012)			(24,356)	(90,056)
Net transfers	6,689			(22,891)	(2,105,407)	(190,033)
Contract charges	(181)	(23)				
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(12,893)	(23,130)	0	(22,891)	(2,129,763)	428,395
Total increase (decrease) in net assets	(37,844)	35,735	(5,527)	(11,657)	(1,907,914)	1,135,159
NET ASSETS:						
Beginning of period	375,152	339,417	32,144	43,801	3,480,465	2,345,306
End of period	\$ 337,308	\$ 375,152	\$ 26,617	\$ 32,144	\$ 1,572,551	\$ 3,480,465
CHANGES IN UNITS OUTSTANDING:						
Units issued	865	80				47,567
Units redeemed	(1,121)	(482)		(1,602)	(80,671)	(14,437)
Net increase (decrease)	(256)	(402)	0	(1,602)	(80,671)	33,130

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	DWS CROCI® U.S. VIP		DWS GLOBAL SMALL CAP VIP		DWS SMALL MID CAP VALUE VIP	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 1,991	\$ 770	\$ (179)	\$ (179)	\$ 1,701	\$ 214
Net realized gain (loss) on investments	8,112	(2,878)	4,182	2,691	40,887	5,722
Change in net unrealized appreciation (depreciation) on investments	(22,971)	25,571	(10,769)	2,639	(82,016)	15,841
Increase (decrease) in net assets resulting from operations	(12,868)	23,463	(6,766)	5,151	(39,428)	21,777
CONTRACT TRANSACTIONS:						
Purchase payments received				7,522		
Transfers for contract benefits and terminations	(1,090)	(34,044)	(2,262)	(218)		(8,725)
Net transfers				(31)		(12,716)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(1,090)	(34,044)	(2,262)	7,273	0	(21,441)
Total increase (decrease) in net assets	(13,958)	(10,581)	(9,028)	12,424	(39,428)	336
NET ASSETS:						
Beginning of period	117,019	127,600	34,091	21,667	238,375	238,039
End of period	\$ 103,061	\$ 117,019	\$ 25,063	\$ 34,091	\$ 198,947	\$ 238,375
CHANGES IN UNITS OUTSTANDING:						
Units issued				781		
Units redeemed	(91)	(2,341)	(209)	(24)		(1,198)
Net increase (decrease)	(91)	(2,341)	(209)	757	0	(1,198)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	EATON VANCE VT FLOATING-RATE INCOME FUND		FEDERATED HIGH INCOME BOND FUND II		FIDELITY VIP ASSET MANAGER PORTFOLIO	
	2018	2017	2018	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 192,125	\$ 75,849	\$ 25,010	\$ (711)	\$ 4,559	\$ 7,205
Net realized gain (loss) on investments	(5,401)	6,458	(1,263)	124	47,068	154,493
Change in net unrealized appreciation (depreciation) on investments	(340,749)	(13,331)	(65,748)	1,316	(141,597)	(785)
Increase (decrease) in net assets resulting from operations	(154,025)	68,976	(42,001)	729	(89,970)	160,913
CONTRACT TRANSACTIONS:						
Purchase payments received	7,173,983	1,530,854	610,557	98,650	1,176	3,397
Transfers for contract benefits and terminations	(572,088)	(12,768)	(17,752)	(32)	(48,961)	(78,331)
Net transfers	(593,269)	1,973,567	183,987	95,302	(3,973)	5,477
Contract charges					(542)	(30)
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	6,008,626	3,491,653	776,792	193,920	(52,300)	(69,487)
Total increase (decrease) in net assets	5,854,601	3,560,629	734,791	194,649	(142,270)	91,426
NET ASSETS:						
Beginning of period	4,154,481	593,852	194,649	0	1,405,631	1,314,205
End of period	\$ 10,009,082	\$ 4,154,481	\$ 929,440	\$ 194,649	\$ 1,263,361	\$ 1,405,631
CHANGES IN UNITS OUTSTANDING:						
Units issued	785,652	464,027	87,933	19,653	190	268
Units redeemed	(221,592)	(127,634)	(11,957)	(588)	(1,176)	(1,649)
Net increase (decrease)	564,060	336,393	75,976	19,065	(986)	(1,381)

(1) For the period June 21, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	FIDELITY VIP BALANCED PORTFOLIO		FIDELITY VIP CONTRAFUND PORTFOLIO		FIDELITY VIP GOVERNMENT MONEY MARKET PORTFOLIO	
	2018	2017 (1)	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 130,112	\$ 54,368	\$ (7,318)	\$ (3,888)	\$ 1,116	\$ (3,259)
Net realized gain (loss) on investments	610,206	78,903	126,660	100,959		
Change in net unrealized appreciation (depreciation) on investments	(2,383,421)	76,474	(199,372)	105,374		
Increase (decrease) in net assets resulting from operations	(1,643,103)	209,745	(80,030)	202,445	1,116	(3,259)
CONTRACT TRANSACTIONS:						
Purchase payments received	8,061,967	5,779,761	3,200	3,120		
Transfers for contract benefits and terminations	(167,634)	(50,940)	(55,758)	(126,689)	(97,977)	(117,364)
Net transfers	7,252,796	1,424,644	(20,940)	(26,596)	178,871	(59,392)
Contract charges			(638)	(225)	(474)	(98)
Adjustments to net assets allocated to contracts in payout phase	(8,336)					
Increase (decrease) in net assets resulting from contract transactions	15,138,793	7,153,465	(74,136)	(150,390)	80,420	(176,854)
Total increase (decrease) in net assets	13,495,690	7,363,210	(154,166)	52,055	81,536	(180,113)
NET ASSETS:						
Beginning of period	7,363,210	0	1,127,660	1,075,605	356,423	536,536
End of period	\$ 20,858,900	\$ 7,363,210	\$ 973,494	\$ 1,127,660	\$ 437,959	\$ 356,423
CHANGES IN UNITS OUTSTANDING:						
Units issued	1,475,013	689,562	207	176	18,696	10,081
Units redeemed	(131,642)	(9,246)	(1,079)	(2,140)	(13,151)	(22,110)
Net increase (decrease)	1,343,371	680,316	(872)	(1,964)	5,545	(12,029)

(1) For the period June 13, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	FIDELITY VIP GROWTH OPPORTUNITIES PORTFOLIO		FIDELITY VIP GROWTH PORTFOLIO		FIDELITY VIP HIGH INCOME PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (4,518)	\$ (3,605)	\$ (28,079)	\$ (25,618)	\$ 10,792	\$ 11,632
Net realized gain (loss) on investments	51,957	56,343	537,980	226,797	(3,200)	(6,961)
Change in net unrealized appreciation (depreciation) on investments	(11,827)	42,446	(522,734)	412,283	(19,895)	12,299
Increase (decrease) in net assets resulting from operations	35,612	95,184	(12,833)	613,462	(12,303)	16,970
CONTRACT TRANSACTIONS:						
Purchase payments received			1,030	1,300	44	67
Transfers for contract benefits and terminations	(43,029)	(59,092)	(304,247)	(141,953)	(42,294)	(35,553)
Net transfers	31,646	20,854	10,536	44,221	745	(3,427)
Contract charges	(56)	(4)	(803)	(63)	(119)	1
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(11,439)	(38,242)	(293,484)	(96,495)	(41,624)	(38,912)
Total increase (decrease) in net assets	24,173	56,942	(306,317)	516,967	(53,927)	(21,942)
NET ASSETS:						
Beginning of period	351,054	294,112	2,368,678	1,851,711	300,552	322,494
End of period	\$ 375,227	\$ 351,054	\$ 2,062,361	\$ 2,368,678	\$ 246,625	\$ 300,552
CHANGES IN UNITS OUTSTANDING:						
Units issued	816	513	742	444	188	5
Units redeemed	(1,108)	(1,368)	(2,752)	(1,179)	(889)	(666)
Net increase (decrease)	(292)	(855)	(2,010)	(735)	(701)	(661)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	FIDELITY VIP INDEX 500 PORTFOLIO		FIDELITY VIP INTERNATIONAL CAPITAL APPRECIATION PORTFOLIO		FIDELITY VIP INVESTMENT GRADE BOND PORTFOLIO	
	2018	2017	2018	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 5,466	\$ 5,446	\$ (2,307)	\$ (202)	\$ 1,831	\$ 1,791
Net realized gain (loss) on investments	106,721	63,679	5,012	910	609	855
Change in net unrealized appreciation (depreciation) on investments	(184,706)	170,679	(311,319)	20,573	(6,029)	2,737
Increase (decrease) in net assets resulting from operations	(72,519)	239,804	(308,614)	21,281	(3,589)	5,383
CONTRACT TRANSACTIONS:						
Purchase payments received	78	68	1,607,703	399,485	813	812
Transfers for contract benefits and terminations	(156,087)	(87,812)	(8,524)	(122)	(11,222)	(28,951)
Net transfers	29,300	12,465	354,303	41,098	(20)	29,420
Contract charges	(330)	(9)			(142)	(94)
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(127,039)	(75,288)	1,953,482	440,461	(10,571)	1,187
Total increase (decrease) in net assets	(199,558)	164,516	1,644,868	461,742	(14,160)	6,570
NET ASSETS:						
Beginning of period	1,400,844	1,236,328	461,742	0	185,089	178,519
End of period	\$ 1,201,286	\$ 1,400,844	\$ 2,106,610	\$ 461,742	\$ 170,929	\$ 185,089
CHANGES IN UNITS OUTSTANDING:						
Units issued	84	74	185,821	40,352	24	1,039
Units redeemed	(430)	(306)	(16,218)	(863)	(354)	(986)
Net increase (decrease)	(346)	(232)	169,603	39,489	(330)	53

(1) For the period May 16, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	FIDELITY VIP OVERSEAS PORTFOLIO		FIRST TRUST/DOW JONES DIVIDEND & INCOME ALLOCATION PORTFOLIO		FRANKLIN INCOME VIP FUND	
	2018	2017	2018	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 7	\$ (190)	\$ 14,777	\$ 3,745	\$ 268,991	\$ 130,315
Net realized gain (loss) on investments	13,687	12,543	(3,828)	36,911	52,412	85,470
Change in net unrealized appreciation (depreciation) on investments	(36,783)	36,977	(168,115)	10,938	(835,388)	116,117
Increase (decrease) in net assets resulting from operations	(23,089)	49,330	(157,166)	51,594	(513,985)	331,902
CONTRACT TRANSACTIONS:						
Purchase payments received			2,164,549	630,397	3,294,608	3,705,915
Transfers for contract benefits and terminations	(48,037)	(54,265)	(103,303)	(8,009)	(256,899)	(127,692)
Net transfers	(893)	(177)	(268,315)	200,311	(338,254)	246,133
Contract charges	(74)	19				
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(49,004)	(54,423)	1,792,931	822,699	2,699,455	3,824,356
Total increase (decrease) in net assets	(72,093)	(5,093)	1,635,765	874,293	2,185,470	4,156,258
NET ASSETS:						
Beginning of period	188,469	193,562	874,293	0	6,487,936	2,331,678
End of period	\$ 116,376	\$ 188,469	\$ 2,510,058	\$ 874,293	\$ 8,673,406	\$ 6,487,936
CHANGES IN UNITS OUTSTANDING:						
Units issued	253	18	204,271	84,956	311,344	471,995
Units redeemed	(1,451)	(1,462)	(38,257)	(4,203)	(73,346)	(120,861)
Net increase (decrease)	(1,198)	(1,444)	166,014	80,753	237,998	351,134

(1) For the period May 22, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GOLDMAN SACHS VIT LARGE CAP VALUE FUND		GOLDMAN SACHS VIT MULTI-STRATEGY ALTERNATIVES PORTFOLIO		GOLDMAN SACHS VIT STRATEGIC GROWTH FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (266)	\$ 426	\$ 17,758	\$ 5,069	\$ (366)	\$ (331)
Net realized gain (loss) on investments	621	27,178	(458)	173	22,198	11,828
Change in net unrealized appreciation (depreciation) on investments	(14,810)	(14,176)	(86,387)	(472)	(23,457)	(1,379)
Increase (decrease) in net assets resulting from operations	(14,455)	13,428	(69,087)	4,770	(1,625)	10,118
CONTRACT TRANSACTIONS:						
Purchase payments received	812	814	836,120	253,600		
Transfers for contract benefits and terminations	(22,836)	(7,653)	(6,607)	(1,130)	(472)	(74,483)
Net transfers		(9,839)	16,711	25,292	5,847	11,266
Contract charges	(75)	(2)			(13)	3
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(22,099)	(16,680)	846,224	277,762	5,362	(63,214)
Total increase (decrease) in net assets	(36,554)	(3,252)	777,137	282,532	3,737	(53,096)
NET ASSETS:						
Beginning of period	169,477	172,729	334,231	51,699	36,419	89,515
End of period	\$ 132,923	\$ 169,477	\$ 1,111,368	\$ 334,231	\$ 40,156	\$ 36,419
CHANGES IN UNITS OUTSTANDING:						
Units issued	39	412	91,412	32,802	313	769
Units redeemed	(1,115)	(1,252)	(799)	(4,087)	(134)	(3,939)
Net increase (decrease)	(1,076)	(840)	90,613	28,715	179	(3,170)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GOLDMAN SACHS VIT STRATEGIC INCOME FUND		GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND INSTITUTIONAL CLASS		GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND SERVICE CLASS	
	2018 (1)	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (492)	\$ (300)	\$ (345)	\$ 233	\$ 3,551	\$ 5,682
Net realized gain (loss) on investments	(6,330)	(1,228)	31,200	13,507	375,620	112,172
Change in net unrealized appreciation (depreciation) on investments	6,642	(6,703)	(36,322)	8,215	(606,525)	(8,831)
Increase (decrease) in net assets resulting from operations	(180)	(8,231)	(5,467)	21,955	(227,354)	109,023
CONTRACT TRANSACTIONS:						
Purchase payments received	20,495	224,416	2,036	2,037	1,112,561	725,115
Transfers for contract benefits and terminations	(2,000)	(6,586)	(838)	(778)	(26,637)	(6,503)
Net transfers	(349,774)	110,487	(32,006)	29,622	181,963	209,408
Contract charges			(17)	2		
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(331,279)	328,317	(30,825)	30,883	1,267,887	928,020
Total increase (decrease) in net assets	(331,459)	320,086	(36,292)	52,838	1,040,533	1,037,043
NET ASSETS:						
Beginning of period	331,459	11,373	128,667	75,829	1,217,498	180,455
End of period	\$ 0	\$ 331,459	\$ 92,375	\$ 128,667	\$ 2,258,031	\$ 1,217,498
CHANGES IN UNITS OUTSTANDING:						
Units issued	2,082	37,391	73	1,465	100,255	82,086
Units redeemed	(35,965)	(4,633)	(1,128)	(154)	(7,225)	(5,399)
Net increase (decrease)	(33,883)	32,758	(1,055)	1,311	93,030	76,687

(1) For the period January 1, 2018 to April 30, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	GREAT-WEST AGGRESSIVE PROFILE FUND		GREAT-WEST AGGRESSIVE PROFILE I FUND	GREAT-WEST ARIEL MID CAP VALUE FUND	
	2018	2017 (1)	2017 (2)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 107,393	\$ 76,349	\$ 13,932	\$ (2,702)	\$ 10,263
Net realized gain (loss) on investments	750,653	268,214	(87,351)	6,016	56,734
Change in net unrealized appreciation (depreciation) on investments	(1,623,084)	(1,987)	267,874	(187,009)	(69)
Increase (decrease) in net assets resulting from operations	(765,038)	342,576	194,455	(183,695)	66,928
CONTRACT TRANSACTIONS:					
Purchase payments received	2,242,390	2,144,521	264,214	541,548	298,735
Transfers for contract benefits and terminations	(77,478)	(73,004)	(30,433)	(34,776)	(21,513)
Net transfers	78,724	2,391,397	(2,084,206)	(6,437)	(88,531)
Contract charges					
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	2,243,636	4,462,914	(1,850,425)	500,335	188,691
Total increase (decrease) in net assets	1,478,598	4,805,490	(1,655,970)	316,640	255,619
NET ASSETS:					
Beginning of period	4,805,490	0	1,655,970	648,175	392,556
End of period	\$ 6,284,088	\$ 4,805,490	\$ 0	\$ 964,815	\$ 648,175
CHANGES IN UNITS OUTSTANDING:					
Units issued	218,329	435,106	25,040	49,211	30,022
Units redeemed	(15,040)	(6,557)	(127,985)	(5,653)	(8,705)
Net increase (decrease)	203,289	428,549	(102,945)	43,558	21,317

(1) For the period May 9, 2017 to December 31, 2017.

(2) For the period January 1, 2017 to July 17, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST BOND INDEX FUND		GREAT-WEST CONSERVATIVE PROFILE FUND CLASS L		GREAT-WEST CONSERVATIVE PROFILE FUND INVESTOR CLASS	
	2018	2017	2018	2017 (1)	2018	2017 (2)
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 103,014	\$ 37,789	\$ 57,915	\$ 13,583	\$ 287,954	\$ 102,125
Net realized gain (loss) on investments	(15,234)	1,999	105,508	33,750	291,950	177,691
Change in net unrealized appreciation (depreciation) on investments	(179,114)	126,230	(389,814)	(16,259)	(1,120,717)	(57,969)
Increase (decrease) in net assets resulting from operations	(91,334)	166,018	(226,391)	31,074	(540,813)	221,847
CONTRACT TRANSACTIONS:						
Purchase payments received	4,210,577	5,598,053	2,166,027	1,511,669	5,855,256	1,789,629
Transfers for contract benefits and terminations	(438,980)	(198,557)	(533,188)	(19,642)	(581,648)	(247,346)
Net transfers	1,057,091	2,234,578	1,123,655	1,213,507	(1,813,089)	8,678,933
Contract charges			(57,590)	(1,986)	(60,221)	(23,313)
Adjustments to net assets allocated to contracts in payout phase	5,598	894				
Increase (decrease) in net assets resulting from contract transactions	4,834,286	7,634,968	2,698,904	2,703,548	3,400,298	10,197,903
Total increase (decrease) in net assets	4,742,952	7,800,986	2,472,513	2,734,622	2,859,485	10,419,750
NET ASSETS:						
Beginning of period	12,992,854	5,191,868	2,734,622	0	10,419,750	0
End of period	\$ 17,735,806	\$ 12,992,854	\$ 5,207,135	\$ 2,734,622	\$ 13,279,235	\$ 10,419,750
CHANGES IN UNITS OUTSTANDING:						
Units issued	589,958	802,115	335,324	279,240	762,209	1,069,363
Units redeemed	(107,199)	(58,981)	(72,834)	(14,559)	(432,877)	(63,478)
Net increase (decrease)	482,759	743,134	262,490	264,681	329,332	1,005,885

(1) For the period May 11, 2017 to December 31, 2017.

(2) For the period May 23, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST CONSERVATIVE PROFILE I FUND	GREAT-WEST CORE BOND FUND		GREAT-WEST EMERGING MARKETS EQUITY FUND	GREAT-WEST GLOBAL BOND FUND	
	2017	2018	2017	2018	2018	2017
	(1)			(2)		
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 60,279	\$ 59,254	\$ 16,113	\$ 4,191	\$ 65,907	\$ 18,772
Net realized gain (loss) on investments	146,039	(5,417)	(3,154)	(1,594)	(20,959)	(1,744)
Change in net unrealized appreciation (depreciation) on investments	82,056	(90,726)	27,077	(23,392)	(88,027)	(15,860)
Increase (decrease) in net assets resulting from operations	288,374	(36,889)	40,036	(20,795)	(43,079)	1,168
CONTRACT TRANSACTIONS:						
Purchase payments received	2,975,117	1,760,927	855,241	289,270	1,116,451	1,144,758
Transfers for contract benefits and terminations	(244,859)	(24,038)	(213,368)	(1,103)	(87,308)	(47,446)
Net transfers	(8,103,571)	513,634	352,018	419,352	624,331	220,367
Contract charges	(12,880)					
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(5,386,193)	2,250,523	993,891	707,519	1,653,474	1,317,679
Total increase (decrease) in net assets	(5,097,819)	2,213,634	1,033,927	686,724	1,610,395	1,318,847
NET ASSETS:						
Beginning of period	5,097,819	1,969,772	935,845	0	2,840,014	1,521,167
End of period	\$ 0	\$ 4,183,406	\$ 1,969,772	\$ 686,724	\$ 4,450,409	\$ 2,840,014
CHANGES IN UNITS OUTSTANDING:						
Units issued	430,320	240,162	176,438	86,286	194,084	145,284
Units redeemed	(904,036)	(19,625)	(80,709)	(2,376)	(24,250)	(12,216)
Net increase (decrease)	(473,716)	220,537	95,729	83,910	169,834	133,068

(1) For the period January 1, 2017 to July 17, 2017.

(2) For the period July 10, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	GREAT-WEST GOVERNMENT MONEY MARKET FUND		GREAT-WEST INFLATION- PROTECTED SECURITIES FUND	GREAT-WEST INTERNATIONAL GROWTH FUND	
	2018	2017	2018 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 237,408	\$ (20,947)	\$ 10,748	\$ (19,280)	\$ 5,129
Net realized gain (loss) on investments			(149)	253,746	31,069
Change in net unrealized appreciation (depreciation) on investments			(13,189)	(600,527)	49,463
Increase (decrease) in net assets resulting from operations	<u>237,408</u>	<u>(20,947)</u>	<u>(2,590)</u>	<u>(366,061)</u>	<u>85,661</u>
CONTRACT TRANSACTIONS:					
Purchase payments received	49,655,402	50,360,139	226,277	1,261,661	702,577
Transfers for contract benefits and terminations	(7,087,442)	(2,111,564)	(1,283)	(50,153)	(19,461)
Net transfers	(26,388,419)	(44,576,098)	143,924	(140,502)	188,301
Contract charges					
Adjustments to net assets allocated to contracts in payout phase	<u>8,843</u>	<u>(8,843)</u>			
Increase (decrease) in net assets resulting from contract transactions	<u>16,188,384</u>	<u>3,663,634</u>	<u>368,918</u>	<u>1,071,006</u>	<u>871,417</u>
Total increase (decrease) in net assets	16,425,792	3,642,687	366,328	704,945	957,078
NET ASSETS:					
Beginning of period	<u>24,416,584</u>	<u>20,773,897</u>	<u>0</u>	<u>1,103,563</u>	<u>146,485</u>
End of period	<u>\$ 40,842,376</u>	<u>\$ 24,416,584</u>	<u>\$ 366,328</u>	<u>\$ 1,808,508</u>	<u>\$ 1,103,563</u>
CHANGES IN UNITS OUTSTANDING:					
Units issued	7,407,132	5,522,508	42,183	196,071	85,217
Units redeemed	<u>(5,774,914)</u>	<u>(5,161,708)</u>	<u>(5,127)</u>	<u>(97,893)</u>	<u>(3,452)</u>
Net increase (decrease)	<u>1,632,218</u>	<u>360,800</u>	<u>37,056</u>	<u>98,178</u>	<u>81,765</u>

(1) For the period June 20, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST INTERNATIONAL INDEX FUND		GREAT-WEST INTERNATIONAL VALUE FUND		GREAT-WEST INVESCO SMALL CAP VALUE FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 164,206	\$ 120,086	\$ 26,426	\$ 14,722	\$ 15,938	\$ (1,302)
Net realized gain (loss) on investments	220,237	60,196	879,792	191,533	30,632	30,222
Change in net unrealized appreciation (depreciation) on investments	<u>(2,123,823)</u>	<u>835,780</u>	<u>(1,658,847)</u>	<u>341,677</u>	<u>(183,111)</u>	<u>(14,444)</u>
Increase (decrease) in net assets resulting from operations	<u>(1,739,380)</u>	<u>1,016,062</u>	<u>(752,629)</u>	<u>547,932</u>	<u>(136,541)</u>	<u>14,476</u>
CONTRACT TRANSACTIONS:						
Purchase payments received	4,769,632	2,564,196	1,401,654	1,223,445	490,270	275,358
Transfers for contract benefits and terminations	(316,683)	(97,914)	(123,854)	(40,411)	(11,993)	(16,106)
Net transfers	794,245	1,240,522	224,105	(122,069)	12,502	(90,495)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase	<u>15,951</u>	<u>(4,690)</u>				
Increase (decrease) in net assets resulting from contract transactions	<u>5,263,145</u>	<u>3,702,114</u>	<u>1,501,905</u>	<u>1,060,965</u>	<u>490,779</u>	<u>168,757</u>
Total increase (decrease) in net assets	3,523,765	4,718,176	749,276	1,608,897	354,238	183,233
NET ASSETS:						
Beginning of period	<u>7,639,580</u>	<u>2,921,404</u>	<u>3,366,978</u>	<u>1,758,081</u>	<u>358,023</u>	<u>174,790</u>
End of period	<u>\$ 11,163,345</u>	<u>\$ 7,639,580</u>	<u>\$ 4,116,254</u>	<u>\$ 3,366,978</u>	<u>\$ 712,261</u>	<u>\$ 358,023</u>
CHANGES IN UNITS OUTSTANDING:						
Units issued	579,934	365,611	152,993	158,403	44,500	28,272
Units redeemed	<u>(97,223)</u>	<u>(27,266)</u>	<u>(26,228)</u>	<u>(49,218)</u>	<u>(3,307)</u>	<u>(13,128)</u>
Net increase (decrease)	<u>482,711</u>	<u>338,345</u>	<u>126,765</u>	<u>109,185</u>	<u>41,193</u>	<u>15,144</u>

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST LARGE CAP GROWTH FUND		GREAT-WEST LIFETIME 2015 FUND		GREAT-WEST LIFETIME 2020 FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (14,339)	\$ 1,591	\$ 21,509	\$ 12,101	\$ 49,980	\$ 46,600
Net realized gain (loss) on investments	641,540	66,201	48,597	39,177	74,322	20,422
Change in net unrealized appreciation (depreciation) on investments	(815,306)	32,851	(135,766)	39,483	(270,561)	28,639
Increase (decrease) in net assets resulting from operations	(188,105)	100,643	(65,660)	90,761	(146,259)	95,661
CONTRACT TRANSACTIONS:						
Purchase payments received	1,476,237	299,904	24,999	820,252	518,038	1,750,522
Transfers for contract benefits and terminations	(41,789)	(5,082)	(27,344)	(138,558)	(6,934)	(39,000)
Net transfers	840,498	485,288		(12,030)	177,103	(57,976)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	2,274,946	780,110	(2,345)	669,664	688,207	1,653,546
Total increase (decrease) in net assets	2,086,841	880,753	(68,005)	760,425	541,948	1,749,207
NET ASSETS:						
Beginning of period	956,736	75,983	1,327,622	567,197	1,943,656	194,449
End of period	\$ 3,043,577	\$ 956,736	\$ 1,259,617	\$ 1,327,622	\$ 2,485,604	\$ 1,943,656
CHANGES IN UNITS OUTSTANDING:						
Units issued	204,553	74,995	2,215	78,041	87,882	166,410
Units redeemed	(44,144)	(10,182)	(2,441)	(14,860)	(27,485)	(14,637)
Net increase (decrease)	160,409	64,813	(226)	63,181	60,397	151,773

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST LIFETIME 2025 FUND		GREAT-WEST LIFETIME 2030 FUND		GREAT-WEST LIFETIME 2035 FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 66,932	\$ 52,467	\$ 42,118	\$ 23,479	\$ 22,717	\$ 24,536
Net realized gain (loss) on investments	361,361	206,161	102,111	8,451	189,523	104,061
Change in net unrealized appreciation (depreciation) on investments	(797,853)	204,663	(328,490)	37,549	(371,127)	145,323
Increase (decrease) in net assets resulting from operations	(369,560)	463,291	(184,261)	69,479	(158,887)	273,920
CONTRACT TRANSACTIONS:						
Purchase payments received	807,611	1,729,181	1,452,040	765,921	179,212	347,201
Transfers for contract benefits and terminations	(272,503)	(30,508)	(13,805)	(208)	(204,654)	(1,530)
Net transfers	(237,624)	991,232	(120,677)	124,108	(49,458)	(67,299)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	297,484	2,689,905	1,317,558	889,821	(74,900)	278,372
Total increase (decrease) in net assets	(72,076)	3,153,196	1,133,297	959,300	(233,787)	552,292
NET ASSETS:						
Beginning of period	5,517,614	2,364,418	1,037,393	78,093	1,989,583	1,437,291
End of period	\$ 5,445,538	\$ 5,517,614	\$ 2,170,690	\$ 1,037,393	\$ 1,755,796	\$ 1,989,583
CHANGES IN UNITS OUTSTANDING:						
Units issued	94,088	252,188	124,789	78,815	24,731	42,225
Units redeemed	(67,106)	(9,863)	(15,262)	(18)	(30,511)	(18,033)
Net increase (decrease)	26,982	242,325	109,527	78,797	(5,780)	24,192

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST LIFETIME 2040 FUND		GREAT-WEST LIFETIME 2045 FUND		GREAT-WEST LIFETIME 2050 FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 9,571	\$ 8,361	\$ 4,302	\$ 2,046	\$ 3,365	\$ 2,777
Net realized gain (loss) on investments	18,874	7,747	46,425	18,601	16,830	2,843
Change in net unrealized appreciation (depreciation) on investments	(64,629)	(112)	(105,252)	19,545	(38,157)	11,459
Increase (decrease) in net assets resulting from operations	(36,184)	15,996	(54,525)	40,192	(17,962)	17,079
CONTRACT TRANSACTIONS:						
Purchase payments received	281,219	73,301	299,195	101,390	138,169	62,534
Transfers for contract benefits and terminations	(19,235)	(7,629)	(30,803)	(989)	(12,000)	
Net transfers	22	55,687	(7,802)	(54,955)	(49,152)	(9,294)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	262,006	121,359	260,590	45,446	77,017	53,240
Total increase (decrease) in net assets	225,822	137,355	206,065	85,638	59,055	70,319
NET ASSETS:						
Beginning of period	218,831	81,476	294,781	209,143	126,615	56,296
End of period	\$ 444,653	\$ 218,831	\$ 500,846	\$ 294,781	\$ 185,670	\$ 126,615
CHANGES IN UNITS OUTSTANDING:						
Units issued	23,319	24,355	27,831	9,162	11,933	5,452
Units redeemed	(1,629)	(13,978)	(6,742)	(5,533)	(5,498)	(751)
Net increase (decrease)	21,690	10,377	21,089	3,629	6,435	4,701

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST LIFETIME 2055 FUND		GREAT-WEST LOOMIS SAYLES SMALL CAP VALUE FUND		GREAT-WEST MID CAP VALUE FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 11,182	\$ 6,352	\$ (16,283)	\$ (8,652)	\$ 108,521	\$ 134,626
Net realized gain (loss) on investments	96,925	22,091	59,784	105,523	89,055	90,639
Change in net unrealized appreciation (depreciation) on investments	(264,407)	52,275	(472,146)	6,918	(624,973)	(14,766)
Increase (decrease) in net assets resulting from operations	(156,300)	80,718	(428,645)	103,789	(427,397)	210,499
CONTRACT TRANSACTIONS:						
Purchase payments received	779,733	223,166	359,255	642,079	1,198,627	995,468
Transfers for contract benefits and terminations	(1,777)		(20,213)	(11,641)	(36,964)	(21,492)
Net transfers	89,061	11,550	833,933	(114,777)	52,973	(93,233)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	867,017	234,716	1,172,975	515,661	1,214,636	880,743
Total increase (decrease) in net assets	710,717	315,434	744,330	619,450	787,239	1,091,242
NET ASSETS:						
Beginning of period	696,520	381,086	1,363,966	744,516	2,012,122	920,880
End of period	\$ 1,407,237	\$ 696,520	\$ 2,108,296	\$ 1,363,966	\$ 2,799,361	\$ 2,012,122
CHANGES IN UNITS OUTSTANDING:						
Units issued	71,097	19,654	106,363	68,591	104,975	93,069
Units redeemed	(895)		(2,788)	(20,591)	(10,013)	(19,359)
Net increase (decrease)	70,202	19,654	103,575	48,000	94,962	73,710

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST MODERATE PROFILE FUND CLASS L		GREAT-WEST MODERATE PROFILE FUND INVESTOR CLASS		GREAT-WEST MODERATE PROFILE I FUND	
	2018	2017	2018	2017	2017	
		(1)		(1)	(2)	
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 778,761	\$ 216,448	\$ 1,487,265	\$ 1,005,188	\$ 65,963	
Net realized gain (loss) on investments	5,232,282	894,868	4,977,207	2,824,492	2,575,320	
Change in net unrealized appreciation (depreciation) on investments	(15,515,223)	97,128	(12,451,521)	(830,028)	654,815	
Increase (decrease) in net assets resulting from operations	(9,504,180)	1,208,444	(5,987,049)	2,999,652	3,296,098	
CONTRACT TRANSACTIONS:						
Purchase payments received	98,148,736	30,187,038	15,972,208	8,552,153	22,636,666	
Transfers for contract benefits and terminations	(2,594,615)	(318,264)	(3,473,859)	(695,302)	(705,200)	
Net transfers	1,294,381	6,831,098	(1,749,453)	60,386,891	(59,133,532)	
Contract charges	(1,058,059)	(46,303)	(667,755)	(260,417)	(139,432)	
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	95,790,443	36,653,569	10,081,141	67,983,325	(37,341,498)	
Total increase (decrease) in net assets	86,286,263	37,862,013	4,094,092	70,982,977	(34,045,400)	
NET ASSETS:						
Beginning of period	37,862,013	0	70,982,977	0	34,045,400	
End of period	\$ 124,148,276	\$ 37,862,013	\$ 75,077,069	\$ 70,982,977	\$ 0	
CHANGES IN UNITS OUTSTANDING:						
Units issued	9,684,324	3,714,230	1,717,394	6,862,231	2,329,664	
Units redeemed	(663,996)	(170,560)	(782,248)	(238,165)	(5,459,048)	
Net increase (decrease)	9,020,328	3,543,670	935,146	6,624,066	(3,129,384)	

(1) For the period May 4, 2017 to December 31, 2017.

(2) For the period January 1, 2017 to July 17, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	GREAT-WEST MODERATELY AGGRESSIVE PROFILE FUND		GREAT-WEST MODERATELY AGGRESSIVE PROFILE 1 FUND	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND CLASS L	
	2018	2017 (1)	2017 (2)	2018	2017 (3)
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 362,671	\$ 242,957	\$ 93,841	\$ 194,558	\$ 47,933
Net realized gain (loss) on investments	1,152,181	441,024	23,284	594,005	76,769
Change in net unrealized appreciation (depreciation) on investments	(3,050,139)	12,124	727,416	(1,749,205)	(9,661)
Increase (decrease) in net assets resulting from operations	(1,535,287)	696,105	844,541	(960,642)	115,041
CONTRACT TRANSACTIONS:					
Purchase payments received	6,578,582	1,006,253	594,942	11,892,818	4,694,666
Transfers for contract benefits and terminations	(1,456,321)	(40,516)	(183,530)	(427,552)	(92,886)
Net transfers	(214,189)	11,244,160	(11,150,789)	488,870	485,946
Contract charges				(138,291)	(4,361)
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	4,908,072	12,209,897	(10,739,377)	11,815,845	5,083,365
Total increase (decrease) in net assets	3,372,785	12,906,002	(9,894,836)	10,855,203	5,198,406
NET ASSETS:					
Beginning of period	12,906,002	0	9,894,836	5,198,406	0
End of period	\$ 16,278,787	\$ 12,906,002	\$ 0	\$ 16,053,609	\$ 5,198,406
CHANGES IN UNITS OUTSTANDING:					
Units issued	859,358	1,190,860	65,274	1,229,611	524,469
Units redeemed	(411,805)	(7,494)	(766,398)	(97,723)	(29,294)
Net increase (decrease)	447,553	1,183,366	(701,124)	1,131,888	495,175

(1) For the period May 9, 2017 to December 31, 2017.

(2) For the period January 1, 2017 to July 17, 2017.

(3) For the period May 11, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND INVESTOR CLASS		GREAT-WEST MODERATELY CONSERVATIVE PROFILE 1 FUND	GREAT-WEST MULTI-SECTOR BOND FUND	
	2018	2017 (1)	2017 (2)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 365,110	\$ 219,957	\$ 125,048	\$ 121,790	\$ 45,890
Net realized gain (loss) on investments	841,728	380,455	370,284	7,246	8,571
Change in net unrealized appreciation (depreciation) on investments	(2,435,645)	(13,769)	190,581	(413,072)	115,894
Increase (decrease) in net assets resulting from operations	(1,228,807)	586,643	685,913	(284,036)	170,355
CONTRACT TRANSACTIONS:					
Purchase payments received	3,624,437	2,344,080	7,798,712	2,686,042	2,313,052
Transfers for contract benefits and terminations	(505,599)	(148,039)	(144,224)	(292,803)	(68,730)
Net transfers	(653,890)	16,078,492	(14,988,146)	(257,119)	1,169,576
Contract charges	(169,780)	(66,045)	(34,807)		
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	2,295,168	18,208,488	(7,368,465)	2,136,120	3,413,898
Total increase (decrease) in net assets	1,066,361	18,795,131	(6,682,552)	1,852,084	3,584,253
NET ASSETS:					
Beginning of period	18,795,131	0	6,682,552	5,684,283	2,100,030
End of period	\$ 19,861,492	\$ 18,795,131	\$ 0	\$ 7,536,367	\$ 5,684,283
CHANGES IN UNITS OUTSTANDING:					
Units issued	425,893	1,819,964	806,913	336,524	323,181
Units redeemed	(210,092)	(35,492)	(1,399,006)	(121,457)	(16,653)
Net increase (decrease)	215,801	1,784,472	(592,093)	215,067	306,528

(1) For the period June 1, 2017 to December 31, 2017.

(2) For the period January 1, 2017 to July 17, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST PUTNAM EQUITY INCOME FUND		GREAT-WEST PUTNAM HIGH YIELD BOND FUND		GREAT-WEST REAL ESTATE INDEX FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 14,900	\$ (2,973)	\$ 112,066	\$ 72,630	\$ 53,145	\$ 12,032
Net realized gain (loss) on investments	266,978	112,324	(13,120)	4,814	6,705	38,592
Change in net unrealized appreciation (depreciation) on investments	(677,812)	69,302	(180,634)	(6,417)	(249,894)	28,424
Increase (decrease) in net assets resulting from operations	(395,934)	178,653	(81,688)	71,027	(190,044)	79,048
CONTRACT TRANSACTIONS:						
Purchase payments received	1,742,928	1,274,804	478,956	489,657	1,112,238	1,301,684
Transfers for contract benefits and terminations	(89,867)	(31,915)	(37,640)	(13,841)	(77,895)	(29,110)
Net transfers	320,567	(53,438)	(141,623)	(102,253)	223,003	(336,951)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	1,973,628	1,189,451	299,693	373,563	1,257,346	935,623
Total increase (decrease) in net assets	1,577,694	1,368,104	218,005	444,590	1,067,302	1,014,671
NET ASSETS:						
Beginning of period	1,941,833	573,729	1,459,303	1,014,713	3,151,014	2,136,343
End of period	\$ 3,519,527	\$ 1,941,833	\$ 1,677,308	\$ 1,459,303	\$ 4,218,316	\$ 3,151,014
CHANGES IN UNITS OUTSTANDING:						
Units issued	183,592	138,949	57,110	57,522	177,520	178,895
Units redeemed	(19,696)	(35,990)	(27,961)	(21,087)	(52,862)	(84,165)
Net increase (decrease)	163,896	102,959	29,149	36,435	124,658	94,730

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST S&P 500® INDEX FUND		GREAT-WEST S&P MID CAP 400® INDEX FUND		GREAT-WEST S&P SMALL CAP 600® INDEX FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 51,073	\$ 110,912	\$ (8,140)	\$ 7,543	\$ 125,809	\$ 174,386
Net realized gain (loss) on investments	8,345,145	1,188,043	1,872,780	752,425	3,529,608	1,402,196
Change in net unrealized appreciation (depreciation) on investments	(13,054,464)	4,533,045	(4,680,779)	653,110	(6,192,876)	12,019
Increase (decrease) in net assets resulting from operations	(4,658,246)	5,832,000	(2,816,139)	1,413,078	(2,537,459)	1,588,601
CONTRACT TRANSACTIONS:						
Purchase payments received	29,774,316	18,613,459	10,526,564	7,050,489	10,331,357	7,788,146
Transfers for contract benefits and terminations	(1,632,180)	(507,038)	(416,545)	(133,027)	(340,762)	(127,502)
Net transfers	2,040,770	6,906,852	(867,959)	1,043,596	(2,382,766)	1,090,986
Contract charges						
Adjustments to net assets allocated to contracts in payout phase	39,777	(10,912)	8,456	(1,206)	8,328	(742)
Increase (decrease) in net assets resulting from contract transactions	30,222,683	25,002,361	9,250,516	7,959,852	7,616,157	8,750,888
Total increase (decrease) in net assets	25,564,437	30,834,361	6,434,377	9,372,930	5,078,698	10,339,489
NET ASSETS:						
Beginning of period	48,011,441	17,177,080	14,616,043	5,243,113	17,624,517	7,285,028
End of period	\$ 73,575,878	\$ 48,011,441	\$ 21,050,420	\$ 14,616,043	\$ 22,703,215	\$ 17,624,517
CHANGES IN UNITS OUTSTANDING:						
Units issued	3,182,280	2,258,732	1,030,141	751,026	1,044,387	802,027
Units redeemed	(620,418)	(212,364)	(173,820)	(71,652)	(287,348)	(77,709)
Net increase (decrease)	2,561,862	2,046,368	856,321	679,374	757,039	724,318

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	GREAT-WEST SECUREFOUNDATION® BALANCED FUND		GREAT-WEST SHORT DURATION BOND FUND		GREAT-WEST SMALL CAP GROWTH FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 2,851,232	\$ 1,730,696	\$ 83,166	\$ 19,027	\$ 54,326	\$ (1,171)
Net realized gain (loss) on investments	12,611,950	4,587,499	(11,617)	2,298	183,222	12,740
Change in net unrealized appreciation (depreciation) on investments	(34,822,970)	11,702,100	(63,713)	17,727	(404,415)	9,601
Increase (decrease) in net assets resulting from operations	(19,359,788)	18,020,295	7,836	39,052	(166,867)	21,170
CONTRACT TRANSACTIONS:						
Purchase payments received	86,797,839	69,158,742	2,359,936	1,753,338	958,440	161,060
Transfers for contract benefits and terminations	(10,032,021)	(7,607,854)	(159,040)	(350,423)	(15,223)	(6,218)
Net transfers	4,929,325	6,705,751	540,036	1,145,716	104,227	54,225
Contract charges	(3,150,020)	(1,407,186)				
Adjustments to net assets allocated to contracts in payout phase			9,229	(9,229)		
Increase (decrease) in net assets resulting from contract transactions	78,545,123	66,849,453	2,750,161	2,539,402	1,047,444	209,067
Total increase (decrease) in net assets	59,185,335	84,869,748	2,757,997	2,578,454	880,577	230,237
NET ASSETS:						
Beginning of period	210,200,069	125,330,321	4,882,275	2,303,821	238,819	8,582
End of period	\$ 269,385,404	\$ 210,200,069	\$ 7,640,272	\$ 4,882,275	\$ 1,119,396	\$ 238,819
CHANGES IN UNITS OUTSTANDING:						
Units issued	7,977,663	7,167,070	376,106	347,640	140,821	18,993
Units redeemed	(1,330,264)	(1,082,785)	(99,256)	(105,400)	(70,408)	(1,771)
Net increase (decrease)	6,647,399	6,084,285	276,850	242,240	70,413	17,222

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	GREAT-WEST STOCK INDEX FUND	GREAT-WEST T. ROWE PRICE MID CAP GROWTH FUND		GREAT-WEST U.S. GOVERNMENT SECURITIES FUND	
	2017 (1)	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ 16,603	\$ (83,902)	\$ (14,816)	\$ 18,240	\$ 6,188
Net realized gain (loss) on investments	174,151	1,125,401	377,712	(3,171)	(1,167)
Change in net unrealized appreciation (depreciation) on investments	57,272	(1,758,616)	439,340	(5,873)	4,813
Increase (decrease) in net assets resulting from operations	248,026	(717,117)	802,236	9,196	9,834
CONTRACT TRANSACTIONS:					
Purchase payments received	621,239	6,269,792	3,494,750	673,049	330,499
Transfers for contract benefits and terminations	(23,769)	(252,108)	(44,879)	(19,603)	(11,589)
Net transfers	(2,613,989)	(767,965)	(28,713)	37,208	261,781
Contract charges					
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	(2,016,519)	5,249,719	3,421,158	690,654	580,691
Total increase (decrease) in net assets	(1,768,493)	4,532,602	4,223,394	699,850	590,525
NET ASSETS:					
Beginning of period	1,768,493	6,663,440	2,440,046	1,019,159	428,634
End of period	\$ 0	\$ 11,196,042	\$ 6,663,440	\$ 1,719,009	\$ 1,019,159
CHANGES IN UNITS OUTSTANDING:					
Units issued	140,795	608,955	321,157	85,247	66,649
Units redeemed	(249,870)	(177,817)	(41,168)	(15,441)	(10,048)
Net increase (decrease)	(109,075)	431,138	279,989	69,806	56,601

(1) For the period January 1, 2017 to July 17, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	INVESCO V.I. CORE EQUITY FUND		INVESCO V.I. GLOBAL REAL ESTATE FUND		INVESCO V.I. GROWTH & INCOME FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (4,397)	\$ (1,084)	\$ 32,320	\$ 16,233	\$ 40,173	\$ 15,341
Net realized gain (loss) on investments	26,226	16,773	18,474	10,583	386,027	126,753
Change in net unrealized appreciation (depreciation) on investments	(64,199)	26,858	(133,578)	43,879	(1,087,527)	202,535
Increase (decrease) in net assets resulting from operations	(42,370)	42,547	(82,784)	70,695	(661,327)	344,629
CONTRACT TRANSACTIONS:						
Purchase payments received			398,475	506,753	1,372,921	1,511,317
Transfers for contract benefits and terminations	(2,123)	(21,635)	(40,495)	(16,433)	(269,231)	(44,754)
Net transfers			(649)	(150,731)	(101,710)	(420,323)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(2,123)	(21,635)	357,331	339,589	1,001,980	1,046,240
Total increase (decrease) in net assets	(44,493)	20,912	274,547	410,284	340,653	1,390,869
NET ASSETS:						
Beginning of period	402,699	381,787	868,776	458,492	3,580,287	2,189,418
End of period	\$ 358,206	\$ 402,699	\$ 1,143,323	\$ 868,776	\$ 3,920,940	\$ 3,580,287
CHANGES IN UNITS OUTSTANDING:						
Units issued			41,795	55,024	125,052	163,242
Units redeemed	(115)	(1,832)	(7,438)	(19,602)	(35,232)	(52,146)
Net increase (decrease)	(115)	(1,832)	34,357	35,422	89,820	111,096

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	INVESCO V.I. INTERNATIONAL GROWTH FUND		INVESCO V.I. SMALL CAP EQUITY FUND		IVY VIP ENERGY FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 17,815	\$ 6,529	\$ (2,864)	\$ (2,494)	\$ (11,521)	\$ 1,236
Net realized gain (loss) on investments	32,514	31,562	20,873	13,609	(27,575)	(13,428)
Change in net unrealized appreciation (depreciation) on investments	(356,786)	181,561	(63,945)	19,495	(401,820)	(5,266)
Increase (decrease) in net assets resulting from operations	(306,457)	219,652	(45,936)	30,610	(440,916)	(17,458)
CONTRACT TRANSACTIONS:						
Purchase payments received	491,909	702,495		32,584	523,849	603,927
Transfers for contract benefits and terminations	(55,923)	(7,068)	(1,435)	(7,000)	(21,090)	(7,151)
Net transfers	21,255	(170,721)		87,424	(202,673)	(72,524)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	457,241	524,706	(1,435)	113,008	300,086	524,252
Total increase (decrease) in net assets	150,784	744,358	(47,371)	143,618	(140,830)	506,794
NET ASSETS:						
Beginning of period	1,597,665	853,307	286,565	142,947	985,726	478,932
End of period	\$ 1,748,449	\$ 1,597,665	\$ 239,194	\$ 286,565	\$ 844,896	\$ 985,726
CHANGES IN UNITS OUTSTANDING:						
Units issued	55,514	82,155		12,101	108,016	82,316
Units redeemed	(11,731)	(24,765)	(133)	(2,275)	(76,407)	(26,744)
Net increase (decrease)	43,783	57,390	(133)	9,826	31,609	55,572

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	JANUS HENDERSON VIT BALANCED PORTFOLIO		JANUS HENDERSON VIT ENTERPRISE PORTFOLIO		JANUS HENDERSON VIT FLEXIBLE BOND PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 206,449	\$ 80,593	\$ (38,615)	\$ (3,875)	\$ 52,088	\$ 45,953
Net realized gain (loss) on investments	791,304	113,232	662,422	192,772	(13,750)	(11,455)
Change in net unrealized appreciation (depreciation) on investments	(1,996,114)	1,328,770	(728,597)	424,006	(73,190)	32,666
Increase (decrease) in net assets resulting from operations	(998,361)	1,522,595	(104,790)	612,903	(34,852)	67,164
CONTRACT TRANSACTIONS:						
Purchase payments received	10,697,285	7,544,801	2,727,096	1,705,704	1,040,078	508,657
Transfers for contract benefits and terminations	(690,354)	(315,585)	(86,872)	(40,949)	(162,939)	(19,129)
Net transfers	7,806,236	3,101,890	(908,688)	501,660	334,779	(829,836)
Contract charges					(24)	1
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	17,813,167	10,331,106	1,731,536	2,166,415	1,211,894	(340,307)
Total increase (decrease) in net assets	16,814,806	11,853,701	1,626,746	2,779,318	1,177,042	(273,143)
NET ASSETS:						
Beginning of period	15,873,358	4,019,657	4,184,485	1,405,167	1,861,562	2,134,705
End of period	\$ 32,688,164	\$ 15,873,358	\$ 5,811,231	\$ 4,184,485	\$ 3,038,604	\$ 1,861,562
CHANGES IN UNITS OUTSTANDING:						
Units issued	1,457,782	1,019,574	243,458	192,898	150,886	84,240
Units redeemed	(181,973)	(86,420)	(111,763)	(11,973)	(28,817)	(106,300)
Net increase (decrease)	1,275,809	933,154	131,695	180,925	122,069	(22,060)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	JANUS HENDERSON VIT MID CAP VALUE PORTFOLIO		JANUS HENDERSON VIT OVERSEAS PORTFOLIO INSTITUTIONAL SHARES		JANUS HENDERSON VIT OVERSEAS PORTFOLIO SERVICE SHARES	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 821	\$ 366	\$ 540	\$ 433	\$ 1,417	\$ 1,204
Net realized gain (loss) on investments	13,619	(1,722)	(14,946)	(3,150)	(108)	(24,405)
Change in net unrealized appreciation (depreciation) on investments	(37,914)	35,402	(10,339)	40,062	(21,741)	68,349
Increase (decrease) in net assets resulting from operations	(23,474)	34,046	(24,745)	37,345	(20,432)	45,148
CONTRACT TRANSACTIONS:						
Purchase payments received			2,001	2,001		
Transfers for contract benefits and terminations	(34,383)	(25,297)	(15,147)	(4,983)	(347)	(2,590)
Net transfers		(167,729)	(6,001)	4,435		(91,090)
Contract charges			(46)	14		
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(34,383)	(193,026)	(19,193)	1,467	(347)	(93,680)
Total increase (decrease) in net assets	(57,857)	(158,980)	(43,938)	38,812	(20,779)	(48,532)
NET ASSETS:						
Beginning of period	202,101	361,081	165,586	126,774	131,149	179,681
End of period	\$ 144,244	\$ 202,101	\$ 121,648	\$ 165,586	\$ 110,370	\$ 131,149
CHANGES IN UNITS OUTSTANDING:						
Units issued			88	527		479
Units redeemed	(1,786)	(10,899)	(1,002)	(455)	(37)	(8,832)
Net increase (decrease)	(1,786)	(10,899)	(914)	72	(37)	(8,353)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS							
	JPMORGAN INSURANCE TRUST GLOBAL ALLOCATION PORTFOLIO		JPMORGAN INSURANCE TRUST INCOME BUILDER PORTFOLIO		JPMORGAN INSURANCE TRUST INTREPID MID CAP PORTFOLIO		JPMORGAN INSURANCE TRUST SMALL CAP CORE PORTFOLIO	
	2018	2017 (1)	2018	2017 (2)	2017 (3)	2018 (4)		
INCREASE (DECREASE) IN NET ASSETS:								
OPERATIONS:								
Net investment income (loss)	\$ (3,509)	\$ 112	\$ (5,211)	\$ 4,639	\$ (489)	\$ (870)		
Net realized gain (loss) on investments	(5,873)	473	(11,295)	966	9,945	(413)		
Change in net unrealized appreciation (depreciation) on investments	(20,572)	(329)	(20,916)	(1,170)	(3,904)	(56,231)		
Increase (decrease) in net assets resulting from operations	(29,954)	256	(37,422)	4,435	5,552	(57,514)		
CONTRACT TRANSACTIONS:								
Purchase payments received	531,529	12,686	725,130	142,236	67,169	310,615		
Transfers for contract benefits and terminations	(961)		(2,022)			(2,551)		
Net transfers	(235,170)		(243,265)	8,705	(170,491)	12,707		
Contract charges								
Adjustments to net assets allocated to contracts in payout phase								
Increase (decrease) in net assets resulting from contract transactions	295,398	12,686	479,843	150,941	(103,322)	320,771		
Total increase (decrease) in net assets	265,444	12,942	442,421	155,376	(97,770)	263,257		
NET ASSETS:								
Beginning of period	12,942	0	155,376	0	97,770	0		
End of period	\$ 278,386	\$ 12,942	\$ 597,797	\$ 155,376	\$ 0	\$ 263,257		
CHANGES IN UNITS OUTSTANDING:								
Units issued	48,658	1,188	71,451	14,600	6,440	30,962		
Units redeemed	(22,242)		(26,286)		(16,032)	(271)		
Net increase (decrease)	26,416	1,188	45,165	14,600	(9,592)	30,691		

(1) For the period October 17, 2017 to December 31, 2017.

(2) For the period May 26, 2017 to December 31, 2017.

(3) For the period January 1, 2017 to May 22, 2017.

(4) For the period July 24, 2018 to December 31, 2018.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	LORD ABBETT SERIES DEVELOPING GROWTH PORTFOLIO		MFS VIT II BLENDED RESEARCH CORE EQUITY PORTFOLIO		MFS VIT II TECHNOLOGY PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (5,258)	\$ (3,852)	\$ 1,603	\$ 3,075	\$ (73,770)	\$ (16,274)
Net realized gain (loss) on investments	71,354	4,261	149,535	19,719	670,851	131,928
Change in net unrealized appreciation (depreciation) on investments	(47,804)	85,442	(336,887)	92,882	(1,214,375)	290,227
Increase (decrease) in net assets resulting from operations	18,292	85,851	(185,749)	115,676	(617,294)	405,881
CONTRACT TRANSACTIONS:						
Purchase payments received		139,239	776,879	578,072	4,944,158	2,044,399
Transfers for contract benefits and terminations	(2,036)	(2,677)	(76,101)	(50,078)	(230,941)	(31,338)
Net transfers	(30,568)	7,408	102,590	365,795	60,445	1,466,700
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(32,604)	143,970	803,368	893,789	4,773,662	3,479,761
Total increase (decrease) in net assets	(14,312)	229,821	617,619	1,009,465	4,156,368	3,885,642
NET ASSETS:						
Beginning of period	432,147	202,326	1,085,803	76,338	4,265,125	379,483
End of period	\$ 417,835	\$ 432,147	\$ 1,703,422	\$ 1,085,803	\$ 8,421,493	\$ 4,265,125
CHANGES IN UNITS OUTSTANDING:						
Units issued		19,696	74,873	85,480	835,326	315,716
Units redeemed	(2,688)	(2,677)	(11,785)	(5,680)	(560,486)	(58,558)
Net increase (decrease)	(2,688)	17,019	63,088	79,800	274,840	257,158

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	MFS VIT III BLENDED RESEARCH SMALL CAP EQUITY PORTFOLIO		MORGAN STANLEY VIF MID CAP GROWTH PORTFOLIO		NEUBERGER BERMAN AMT SUSTAINABLE EQUITY PORTFOLIO	
	2018	2017 (1)	2018	2017 (2)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (2,435)	\$ (65)	\$ (54)	\$ (28)	\$ (1,597)	\$ (459)
Net realized gain (loss) on investments	84,944	6,303	4,618	3	49,814	51,708
Change in net unrealized appreciation (depreciation) on investments	(229,703)	728	(2,696)	2,567	(96,961)	29,399
Increase (decrease) in net assets resulting from operations	(147,194)	6,966	1,868	2,542	(48,744)	80,648
CONTRACT TRANSACTIONS:						
Purchase payments received	826,742	80,572	(1)	(1)	212,892	31,236
Transfers for contract benefits and terminations	(15,566)				(3,860)	
Net transfers	183,307	37,393		15,675	17,752	(247,053)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	994,483	117,965	(1)	15,674	226,784	(215,817)
Total increase (decrease) in net assets	847,289	124,931	1,867	18,216	178,040	(135,169)
NET ASSETS:						
Beginning of period	124,931	0	18,216	0	386,183	521,352
End of period	\$ 972,220	\$ 124,931	\$ 20,083	\$ 18,216	\$ 564,223	\$ 386,183
CHANGES IN UNITS OUTSTANDING:						
Units issued	89,885	11,556		1,036	22,084	4,746
Units redeemed	(6,655)	(162)			(4,224)	(14,495)
Net increase (decrease)	83,230	11,394	0	1,036	17,860	(9,749)

(1) For the period May 22, 2017 to December 31, 2017.

(2) For the period May 3, 2017, to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	NVIT EMERGING MARKETS FUND		OPPENHEIMER INTERNATIONAL GROWTH FUND/VA		OPPENHEIMER MAIN STREET SMALL CAP FUND/VA	
	2018	2017	2018	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (1,414)	\$ (681)	\$ (6,442)	\$ (720)	\$ (26,534)	\$ (2,181)
Net realized gain (loss) on investments	5,613	4,858	16,750	1,080	327,116	80,250
Change in net unrealized appreciation (depreciation) on investments	(30,757)	42,396	(341,014)	13,100	(718,592)	49,231
Increase (decrease) in net assets resulting from operations	(26,558)	46,573	(330,706)	13,460	(418,010)	127,300
CONTRACT TRANSACTIONS:						
Purchase payments received			1,392,590	331,072	1,533,877	1,226,957
Transfers for contract benefits and terminations	(23,558)	(16,496)	(16,976)	(379)	(104,415)	(15,919)
Net transfers	(10,317)	1,584	51,218	34,313	(9,447)	(100,769)
Contract charges	(54)	(5)				
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(33,929)	(14,917)	1,426,832	365,006	1,420,015	1,110,269
Total increase (decrease) in net assets	(60,487)	31,656	1,096,126	378,466	1,002,005	1,237,569
NET ASSETS:						
Beginning of period	152,166	120,510	378,466	0	1,618,334	380,765
End of period	\$ 91,679	\$ 152,166	\$ 1,474,592	\$ 378,466	\$ 2,620,339	\$ 1,618,334
CHANGES IN UNITS OUTSTANDING:						
Units issued	70	1,479	135,235	35,655	157,892	130,757
Units redeemed	(2,998)	(2,640)	(2,851)	(1,746)	(41,716)	(27,685)
Net increase (decrease)	(2,928)	(1,161)	132,384	33,909	116,176	103,072

(1) For the period June 13, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	OPPENHEIMER TOTAL RETURN BOND FUND/VA		PIMCO VIT COMMODITY REALRETURN STRATEGY PORTFOLIO		PIMCO VIT LONG TERM US GOVERNMENT PORTFOLIO	
	2018	2017 (1)	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 13,634	\$ (544)	\$ 10,952	\$ 42,049	\$ 11,328	\$ 3,227
Net realized gain (loss) on investments	(4,921)	7	(27,396)	(11,884)	5,931	(7,888)
Change in net unrealized appreciation (depreciation) on investments	(12,099)	1,249	(145,780)	(19,766)	(19,790)	29,483
Increase (decrease) in net assets resulting from operations	(3,386)	712	(162,224)	10,399	(2,531)	24,822
CONTRACT TRANSACTIONS:						
Purchase payments received	499,242	4,359	163,873	199,300	49,800	142,068
Transfers for contract benefits and terminations	(13,147)		(43,446)	(9,388)	(4,901)	(482)
Net transfers	410,517	196,816	459,206	(14,670)	1,200,869	89,370
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	896,612	201,175	579,633	175,242	1,245,768	230,956
Total increase (decrease) in net assets	893,226	201,887	417,409	185,641	1,243,237	255,778
NET ASSETS:						
Beginning of period	201,887	0	500,066	314,425	442,091	186,313
End of period	\$ 1,095,113	\$ 201,887	\$ 917,475	\$ 500,066	\$ 1,685,328	\$ 442,091
CHANGES IN UNITS OUTSTANDING:						
Units issued	103,015	19,859	73,090	29,055	165,614	31,776
Units redeemed	(12,396)		(7,741)	(9,181)	(37,214)	(7,722)
Net increase (decrease)	90,619	19,859	65,349	19,874	128,400	24,054

(1) For the period July 10, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PIMCO VIT LOW DURATION PORTFOLIO		PIMCO VIT REAL RETURN PORTFOLIO		PIMCO VIT SHORT TERM PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 25,672	\$ 9,584	\$ 21,687	\$ 11,656	\$ 29,030	\$ 10,646
Net realized gain (loss) on investments	(3,802)	(5,686)	(9,430)	(2,121)	7,091	2,451
Change in net unrealized appreciation (depreciation) on investments	(29,739)	3,911	(57,838)	11,480	(33,680)	4,632
Increase (decrease) in net assets resulting from operations	(7,869)	7,809	(45,581)	21,015	2,441	17,729
CONTRACT TRANSACTIONS:						
Purchase payments received	789,967	669,206	590,218	583,381	3,802,823	1,580,301
Transfers for contract benefits and terminations	(31,978)	(109,807)	(22,766)	(24,075)	(65,875)	(5,402)
Net transfers	69,898	72,163	80,748	(103,679)	695,263	(139,739)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	827,887	631,562	648,200	455,627	4,432,211	1,435,160
Total increase (decrease) in net assets	820,018	639,371	602,619	476,642	4,434,652	1,452,889
NET ASSETS:						
Beginning of period	1,887,001	1,247,630	1,113,143	636,501	1,927,668	474,779
End of period	\$ 2,707,019	\$ 1,887,001	\$ 1,715,762	\$ 1,113,143	\$ 6,362,320	\$ 1,927,668
CHANGES IN UNITS OUTSTANDING:						
Units issued	100,555	90,056	80,651	78,628	634,027	220,520
Units redeemed	(15,929)	(26,041)	(16,368)	(34,114)	(204,446)	(79,249)
Net increase (decrease)	84,626	64,015	64,283	44,514	429,581	141,271

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PIMCO VIT TOTAL RETURN PORTFOLIO		PUTNAM VT EQUITY INCOME FUND		PUTNAM VT GLOBAL ASSET ALLOCATION FUND	
	2018	2017	2018	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 148,012	\$ 57,182	\$ (4,821)	\$ (8,431)	\$ 26,667	\$ 11,872
Net realized gain (loss) on investments	99,185	19,051	70,840	5,138	354,742	117,694
Change in net unrealized appreciation (depreciation) on investments	(312,202)	99,045	(185,737)	157,122	(786,781)	255,869
Increase (decrease) in net assets resulting from operations	(65,005)	175,278	(119,718)	153,829	(405,372)	385,435
CONTRACT TRANSACTIONS:						
Purchase payments received	4,669,359	2,972,419		42,358	1,227,939	3,522,697
Transfers for contract benefits and terminations	(418,622)	(98,024)	(37,287)	(1,266)	(299,534)	(172,953)
Net transfers	1,054,213	(5,649)	(120,199)	1,189,781	(466,686)	(262,585)
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	5,304,950	2,868,746	(157,486)	1,230,873	461,719	3,087,159
Total increase (decrease) in net assets	5,239,945	3,044,024	(277,204)	1,384,702	56,347	3,472,594
NET ASSETS:						
Beginning of period	6,770,639	3,726,615	1,384,702	0	4,209,077	736,483
End of period	\$ 12,010,584	\$ 6,770,639	\$ 1,107,498	\$ 1,384,702	\$ 4,265,424	\$ 4,209,077
CHANGES IN UNITS OUTSTANDING:						
Units issued	615,955	429,495		138,728	106,860	347,434
Units redeemed	(96,621)	(155,512)	(14,283)	(16,164)	(68,040)	(53,634)
Net increase (decrease)	519,334	273,983	(14,283)	122,564	38,820	293,800

(1) For the period May 15, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS				
	PUTNAM VT GLOBAL EQUITY FUND		PUTNAM VT GROWTH AND INCOME FUND	PUTNAM VT GROWTH OPPORTUNITIES FUND	
	2018	2017	2017 (1)	2018	2017
INCREASE (DECREASE) IN NET ASSETS:					
OPERATIONS:					
Net investment income (loss)	\$ (11,187)	\$ 1,848	\$ 17,438	\$ (34,750)	\$ (13,510)
Net realized gain (loss) on investments	5,179	31,458	87,915	288,240	30,763
Change in net unrealized appreciation (depreciation) on investments	(218,493)	121,030	(69,375)	(368,045)	318,097
Increase (decrease) in net assets resulting from operations	(224,501)	154,336	35,978	(114,555)	335,350
CONTRACT TRANSACTIONS:					
Purchase payments received	567,866	408,081	228,171	1,593,538	985,542
Transfers for contract benefits and terminations	(17,039)	(6,020)	(585)	(109,695)	(25,083)
Net transfers	282,906	(23,978)	(1,010,373)	495,907	308,996
Contract charges					
Adjustments to net assets allocated to contracts in payout phase					
Increase (decrease) in net assets resulting from contract transactions	833,733	378,083	(782,787)	1,979,750	1,269,455
Total increase (decrease) in net assets	609,232	532,419	(746,809)	1,865,195	1,604,805
NET ASSETS:					
Beginning of period	881,214	348,795	746,809	2,260,285	655,480
End of period	\$ 1,490,446	\$ 881,214	\$ 0	\$ 4,125,480	\$ 2,260,285
CHANGES IN UNITS OUTSTANDING:					
Units issued	83,189	76,899	22,914	177,366	124,026
Units redeemed	(10,547)	(38,867)	(95,326)	(38,564)	(15,767)
Net increase (decrease)	72,642	38,032	(72,412)	138,802	108,259

(1) For the period January 1, 2017 to May 15, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PUTNAM VT INCOME FUND		PUTNAM VT INTERNATIONAL EQUITY FUND		PUTNAM VT INTERNATIONAL GROWTH FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 96,029	\$ (13,642)	\$ (429)	\$ (1,308)	\$ (1,217)	\$ 372
Net realized gain (loss) on investments	(107,145)	14,004	11,897	1,171	12,410	(692)
Change in net unrealized appreciation (depreciation) on investments	(45,820)	46,455	(197,536)	42,472	(40,517)	39,212
Increase (decrease) in net assets resulting from operations	(56,936)	46,817	(186,068)	42,335	(29,324)	38,892
CONTRACT TRANSACTIONS:						
Purchase payments received	4,980,879	6,837,336	523,923	206,505		
Transfers for contract benefits and terminations	(103,644)	(6,709)	(48,294)	(3,570)	(1,495)	
Net transfers	(5,623,178)	(1,936,465)	(33,963)	157,929		31
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(745,943)	4,894,162	441,666	360,864	(1,495)	31
Total increase (decrease) in net assets	(802,879)	4,940,979	255,598	403,199	(30,819)	38,923
NET ASSETS:						
Beginning of period	5,128,648	187,669	457,545	54,346	153,632	114,709
End of period	\$ 4,325,769	\$ 5,128,648	\$ 713,143	\$ 457,545	\$ 122,813	\$ 153,632
CHANGES IN UNITS OUTSTANDING:						
Units issued	525,483	682,622	50,586	36,697		1,314
Units redeemed	(600,439)	(201,000)	(10,599)	(872)	(122)	(1,315)
Net increase (decrease)	(74,956)	481,622	39,987	35,825	(122)	(1)

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PUTNAM VT INTERNATIONAL VALUE FUND		PUTNAM VT MORTGAGE SECURITIES FUND		PUTNAM VT MULTI-ASSET ABSOLUTE RETURN FUND	
	2018	2017 (1)	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ 450	\$ (85)	\$ 5,831	\$ 1,126	\$ (9,657)	\$ (14,990)
Net realized gain (loss) on investments	103	41	(5,598)	(909)	52,054	3,064
Change in net unrealized appreciation (depreciation) on investments	(21,249)	4,979	(4,734)	1,361	(155,408)	80,499
Increase (decrease) in net assets resulting from operations	(20,696)	4,935	(4,501)	1,578	(113,011)	68,573
CONTRACT TRANSACTIONS:						
Purchase payments received	47,454	23,551	8,528	54,777		298,976
Transfers for contract benefits and terminations	(134)	(99)	(14,889)	(2,741)		(4,841)
Net transfers	(13)	43,898	5,143	74,011	(148,727)	262,367
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	47,307	67,350	(1,218)	126,047	(148,727)	556,502
Total increase (decrease) in net assets	26,611	72,285	(5,719)	127,625	(261,738)	625,075
NET ASSETS:						
Beginning of period	72,285	0	273,732	146,107	1,366,931	741,856
End of period	\$ 98,896	\$ 72,285	\$ 268,013	\$ 273,732	\$ 1,105,193	\$ 1,366,931
CHANGES IN UNITS OUTSTANDING:						
Units issued	4,053	5,923	13,153	18,628		72,989
Units redeemed	(25)	(8)	(13,290)	(5,933)	(15,039)	(16,050)
Net increase (decrease)	4,028	5,915	(137)	12,695	(15,039)	56,939

(1) For the period March 3, 2017 to December 31, 2017.

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PUTNAM VT MULTI-CAP CORE FUND		PUTNAM VT RESEARCH FUND		PUTNAM VT SMALL CAP GROWTH FUND	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (303)	\$ (73)	\$ (2,494)	\$ (357)	\$ (5,214)	\$ (660)
Net realized gain (loss) on investments	13,124	2,333	11,643	294	96,625	22,766
Change in net unrealized appreciation (depreciation) on investments	(40,220)	6,398	(38,262)	12,021	(199,374)	6,119
Increase (decrease) in net assets resulting from operations	(27,399)	8,658	(29,113)	11,958	(107,963)	28,225
CONTRACT TRANSACTIONS:						
Purchase payments received	222,621	25,970	254,733	59,536	187,006	157,755
Transfers for contract benefits and terminations	(989)		(2,350)		(42,917)	(5,323)
Net transfers	(4,051)	4,626	(49,969)	15,765	54,068	53,533
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	217,581	30,596	202,414	75,301	198,157	205,965
Total increase (decrease) in net assets	190,182	39,254	173,301	87,259	90,194	234,190
NET ASSETS:						
Beginning of period	63,902	24,648	113,965	26,706	525,839	291,649
End of period	\$ 254,084	\$ 63,902	\$ 287,266	\$ 113,965	\$ 616,033	\$ 525,839
CHANGES IN UNITS OUTSTANDING:						
Units issued	20,636	3,900	20,718	6,668	20,990	19,879
Units redeemed	(3,436)	(1,162)	(5,307)	(95)	(5,312)	(1,367)
Net increase (decrease)	17,200	2,738	15,411	6,573	15,678	18,512

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	PUTNAM VT SMALL CAP VALUE FUND		T. ROWE PRICE BLUE CHIP GROWTH PORTFOLIO		T. ROWE PRICE HEALTH SCIENCES PORTFOLIO	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (5,091)	\$ (2,184)	\$ (271,205)	\$ (93,374)	\$ (79,604)	\$ (19,304)
Net realized gain (loss) on investments	137,940	7,264	3,157,207	390,077	830,825	204,397
Change in net unrealized appreciation (depreciation) on investments	(300,001)	24,102	(3,943,663)	2,955,892	(1,145,948)	262,254
Increase (decrease) in net assets resulting from operations	(167,152)	29,182	(1,057,661)	3,252,595	(394,727)	447,347
CONTRACT TRANSACTIONS:						
Purchase payments received	247,714	503,900	13,536,990	9,632,036	4,990,445	2,343,032
Transfers for contract benefits and terminations	(20,693)	(7,107)	(753,255)	(323,593)	(244,490)	(42,460)
Net transfers	901	(37,829)	709,461	2,362,234	681,356	980,798
Contract charges						
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	227,922	458,964	13,493,196	11,670,677	5,427,311	3,281,370
Total increase (decrease) in net assets	60,770	488,146	12,435,535	14,923,272	5,032,584	3,728,717
NET ASSETS:						
Beginning of period	578,519	90,373	20,486,806	5,563,534	4,763,639	1,034,922
End of period	\$ 639,289	\$ 578,519	\$ 32,922,341	\$ 20,486,806	\$ 9,796,223	\$ 4,763,639
CHANGES IN UNITS OUTSTANDING:						
Units issued	27,051	56,534	1,351,403	1,059,364	548,252	295,972
Units redeemed	(7,660)	(16,955)	(397,436)	(102,372)	(125,097)	(15,901)
Net increase (decrease)	19,391	39,579	953,967	956,992	423,155	280,071

The accompanying notes are an integral part of these financial statements.

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

STATEMENT OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	INVESTMENT DIVISIONS					
	VAN ECK VIP EMERGING MARKETS FUND		VAN ECK VIP GLOBAL HARD ASSETS FUND CLASS S		VAN ECK VIP GLOBAL HARD ASSETS FUND INITIAL CLASS	
	2018	2017	2018	2017	2018	2017
INCREASE (DECREASE) IN NET ASSETS:						
OPERATIONS:						
Net investment income (loss)	\$ (2,247)	\$ (2,693)	\$ (4,829)	\$ (4,248)	\$ (927)	\$ (1,084)
Net realized gain (loss) on investments	11,250	571	15,871	(9,639)	(10,853)	(10,234)
Change in net unrealized appreciation (depreciation) on investments	(62,642)	93,251	(209,035)	6,407	(8,297)	4,946
Increase (decrease) in net assets resulting from operations	(53,639)	91,129	(197,993)	(7,480)	(20,077)	(6,372)
CONTRACT TRANSACTIONS:						
Purchase payments received			177,329	391,174		
Transfers for contract benefits and terminations	(89,644)	(14,537)	(15,055)	(2,086)	(1,709)	(3,791)
Net transfers	(118,579)	101,661	(114,851)	(132,534)	(4,052)	4,963
Contract charges	(28)	(1)			(5)	(3)
Adjustments to net assets allocated to contracts in payout phase						
Increase (decrease) in net assets resulting from contract transactions	(208,251)	87,123	47,423	256,554	(5,766)	1,169
Total increase (decrease) in net assets	(261,890)	178,252	(150,570)	249,074	(25,843)	(5,203)
NET ASSETS:						
Beginning of period	313,899	135,647	715,191	466,117	73,334	78,537
End of period	\$ 52,009	\$ 313,899	\$ 564,621	\$ 715,191	\$ 47,491	\$ 73,334
CHANGES IN UNITS OUTSTANDING:						
Units issued	24	4,973	60,393	73,053	705	1,337
Units redeemed	(6,302)	(2,086)	(57,714)	(43,139)	(870)	(1,388)
Net increase (decrease)	(6,278)	2,887	2,679	29,914	(165)	(51)

The accompanying notes are an integral part of these financial statements.

(Concluded)

VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Variable Annuity-2 Series Account (the Series Account), a separate account of Great-West Life & Annuity Insurance Company (the Company) is registered as a unit investment trust under the Investment Company Act of 1940, as amended, and exists in accordance with regulations of the Colorado Division of Insurance. It was established to receive and invest premium payments under individual variable annuity policies issued by the Company. The Series Account consists of numerous investment divisions (Investment Divisions), each being treated as an individual accounting entity for financial reporting purposes, and each investing all of its investible assets in the named underlying mutual fund.

Under applicable insurance law, the assets and liabilities of each of the Investment Divisions of the Series Account are clearly identified and distinguished from the Company's assets and liabilities. The portion of the Series Account's assets applicable to the reserves and other contract liabilities with respect to the Series Account is not chargeable with liabilities arising out of any other business the Company may conduct.

The preparation of financial statements and financial highlights of each of the Investment Divisions in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and financial highlights and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Series Account is an investment company and, therefore, applies specialized accounting guidance in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 "Financial Services – Investment Companies" (ASC Topic 946). The following is a summary of the significant accounting policies of the Series Account.

Security Valuation

Mutual fund investments held by the Investment Divisions are valued at the reported net asset values of such underlying mutual funds, which value their investment securities at fair value.

The Series Account classifies its valuations into three levels based upon the observability of inputs to the valuation of the Series Account's investments. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. Classification is based on the lowest level of input significant to the fair value measurement. The three levels are defined as follows:

Level 1 – Unadjusted quoted prices for identical securities in active markets.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable either directly or indirectly. These may include quoted prices for similar assets in active markets.

Level 3 – Unobservable inputs to the extent observable inputs are not available and may include prices obtained from single broker quotes. Unobservable inputs reflect the reporting entity's own assumptions and would be based on the best information available under the circumstances.

As of December 31, 2018, the only investments of each of the Investment Divisions of the Series Account were in underlying mutual funds that are actively traded, therefore 100% of the investments are valued using Level 1 inputs.

Fund of Funds Structure Risk

Since the Series Account invests directly in underlying funds, all risks associated with the eligible underlying funds apply to the Series Account. To the extent the Series Account invests more of its assets in one underlying fund than another, the Series Account will have greater exposure to the risks of the underlying fund.

Security Transactions and Investment Income

Transactions are recorded on the trade date. Realized gains and losses on sales of investments are determined on the basis of identified cost. Dividend income is recorded on the ex-dividend date and the amounts distributed to the Investment Division for its share of dividends are reinvested in additional full and fractional shares of the related mutual funds.

Contracts in the Payout Phase

Net assets of each Investment Division allocated to contracts in the payout phase are computed according to the 2000 Individual Annuitant Mortality Table. The assumed investment return is 4.5 percent. The mortality risk is fully borne by the Company and may result in additional amounts being transferred into the series annuity account by the Company to cover greater longevity of annuitants than expected. Conversely, if amounts allocated exceed amounts required, transfers may be made to the Company. Any adjustments to these amounts are reflected in Adjustments to net assets allocated to contracts in payout phase on the Statement of Changes in Net Assets of the applicable Investment Divisions.

Federal Income Taxes

The operations of each of the Investment Divisions of the Series Account are included in the federal income tax return of the Company, which is taxed as a life insurance company under the provisions of the Internal Revenue Code (IRC). The Company is included in the consolidated federal tax return of Great-West Lifeco U.S. Inc. Under the current provisions of the IRC, the Company does not expect to incur federal income taxes on the earnings of each of the Investment Divisions of the Series Account to the extent the earnings are credited under the contracts. Based on this, no charge is being made currently to the Series Account for federal income taxes. The Company will periodically review the status of the federal income tax policy in the event of changes in the tax law. A charge may be made in future years for any federal income taxes that would be attributable to the contracts.

Purchase Payments Received

Purchase payments received from contract owners by the Company are credited as accumulation units, and are reported as Contract Transactions on the Statement of Changes in Net Assets of the applicable Investment Divisions.

Net Transfers

Net transfers include transfers between Investment Divisions of the Series Account as well as transfers between other investment options of the Company, not included in the Series Account.

Application of Recent Accounting Pronouncements

In August 2018, the Financial Accounting Standards Board issued ASU No. 2018-13, "Fair-Value Measurement: Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" (ASU No. 2018-13). ASU No. 2018-13 modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. The disclosure changes in ASU 2018-13 are effective for the first interim or annual period beginning after December 15, 2019. Early adoption is permitted for any eliminated or modified disclosures. Eliminated and modified disclosures have been adopted, and there was no impact to the financial statements.

2. PURCHASES AND SALES OF INVESTMENTS

The cost of purchases and proceeds from sales of investments for the year ended December 31, 2018 were as follows:

Investment Division	Purchases	Sales
Alger Capital Appreciation Portfolio	\$ 288,719	\$ 234,856
Alger Large Cap Growth Portfolio	283,522	99,544
Alger Mid Cap Growth Portfolio	363,924	844,476
Alger Small Cap Growth Portfolio	90,827	97,588
Alger SMid Cap Focus Portfolio	17,750	9,451
ALPS Alerian Energy Infrastructure Portfolio	579,556	179,057
ALPS Red Rocks Listed Private Equity Portfolio	1,208,842	152,468
American Century Investments VP Inflation Protection Fund	1,049,843	215,376
American Century Investments VP Mid Cap Value Fund	4,102,831	334,744
American Century Investments VP Value Fund	4,164,374	767,380
American Funds IS Blue Chip Income and Growth Fund	1,822,482	41,672
American Funds IS Global Growth and Income Fund	4,750,928	218,208
American Funds IS Growth Fund	4,468,525	93,105
American Funds IS Growth-Income Fund	4,674,859	224,647
American Funds IS International Fund	4,098,456	1,146,033
American Funds IS New World Fund	2,541,469	383,868
BlackRock Global Allocation VI Fund	4,126,809	1,206,081
BlackRock High Yield VI Fund	4,919,077	466,236
Clearbridge Variable Large Cap Growth Portfolio	3,621,224	246,174
Clearbridge Variable Mid Cap Portfolio	925,574	154,489
Clearbridge Variable Small Cap Growth Portfolio	4,953,283	1,244,244
Columbia Variable Portfolio - Select Smaller-Cap Value Fund	1,925	62,120
Columbia Variable Portfolio - Seligman Global Technology Fund Class 1	498,128	522,801
Columbia Variable Portfolio - Seligman Global Technology Fund Class 2	14,361	26,961
Columbia Variable Portfolio - Small Cap Value Fund	7,109	124
Columbia Variable Portfolio - Strategic Income Fund	808,363	62,856
Delaware VIP Emerging Markets Series	2,866,318	842,427
Delaware VIP International Value Equity Series	274,719	29,981
Delaware VIP REIT Series	403,620	137,443
Delaware VIP Small Cap Value Series	1,963,653	255,519
Dimensional VA International Small Portfolio	1,172,310	13,057
Dimensional VA International Value Portfolio	1,491,255	58,088
Dimensional VA US Large Value Portfolio	3,481,665	67,520
Dimensional VA US Targeted Value Portfolio	1,691,127	21,542
Dreyfus IP Technology Growth Portfolio	26,552	39,184
Dreyfus Sustainable U.S. Equity Portfolio, Inc.	70,175	95,695
Dreyfus VIF Appreciation Portfolio - Initial Shares	41,813	12,002
Dreyfus VIF Appreciation Portfolio - Service Shares	66,804	28,469
Dreyfus VIF Growth and Income Portfolio	96,010	77,488
Dreyfus VIF International Value Portfolio	455	77
DWS Capital Growth VIP	351,685	2,144,696
DWS CROCI® U.S. VIP	10,639	1,591
DWS Global Small Cap VIP	4,212	2,441

Investment Division	Purchases	Sales
DWS Small Mid Cap Value VIP	\$ 43,079	\$ 604
Eaton Vance VT Floating-Rate Income Fund	8,195,152	1,993,586
Federated High Income Bond Fund II	929,736	127,832
Fidelity VIP Asset Manager Portfolio	69,035	71,768
Fidelity VIP Balanced Portfolio	17,361,327	1,511,416
Fidelity VIP Contrafund Portfolio	110,311	94,370
Fidelity VIP Government Money Market Portfolio	277,222	195,643
Fidelity VIP Growth Opportunities Portfolio	67,231	61,409
Fidelity VIP Growth Portfolio	367,021	349,295
Fidelity VIP High Income Portfolio	14,890	45,710
Fidelity VIP Index 500 Portfolio	62,370	177,193
Fidelity VIP International Capital Appreciation Portfolio	2,104,660	145,394
Fidelity VIP Investment Grade Bond Portfolio	6,210	13,834
Fidelity VIP Overseas Portfolio	2,211	51,207
First Trust/Dow Jones Dividend & Income Allocation Portfolio	2,217,341	404,999
Franklin Income VIP Fund	3,722,949	753,747
Goldman Sachs VIT Large Cap Value Fund	10,952	25,092
Goldman Sachs VIT Multi-Strategy Alternatives Portfolio	877,438	13,315
Goldman Sachs VIT Strategic Growth Fund	29,220	4,202
Goldman Sachs VIT Strategic Income Fund	21,087	352,886
Goldman Sachs VIT US Equity Insights Fund Institutional Class	18,369	34,491
Goldman Sachs VIT US Equity Insights Fund Service Class	1,739,284	104,264
Great-West Aggressive Profile Fund	3,318,154	213,079
Great-West Ariel Mid Cap Value Fund	580,765	82,374
Great-West Bond Index Fund	5,914,242	981,535
Great-West Conservative Profile Fund Class L	3,607,657	724,545
Great-West Conservative Profile Fund Investor Class	8,479,661	4,416,665
Great-West Core Bond Fund	2,540,132	230,011
Great-West Emerging Markets Equity Fund	723,769	11,955
Great-West Global Bond Fund	1,982,350	246,444
Great-West Government Money Market Fund	56,886,780	40,467,789
Great-West Inflation-Protected Securities Fund	432,122	52,402
Great-West International Growth Fund	2,490,072	1,227,496
Great-West International Index Fund	6,711,201	1,149,104
Great-West International Value Fund	2,676,911	311,243
Great-West Invesco Small Cap Value Fund	569,410	33,257
Great-West Large Cap Growth Fund	3,341,602	460,669
Great-West Lifetime 2015 Fund	101,061	34,571
Great-West Lifetime 2020 Fund	1,141,042	334,127
Great-West Lifetime 2025 Fund	1,482,938	827,357
Great-West Lifetime 2030 Fund	1,642,890	201,328
Great-West Lifetime 2035 Fund	489,756	394,340
Great-West Lifetime 2040 Fund	313,378	22,913
Great-West Lifetime 2045 Fund	387,471	88,993
Great-West Lifetime 2050 Fund	155,010	67,938
Great-West Lifetime 2055 Fund	994,305	22,148
Great-West Loomis Sayles Small Cap Value Fund	1,276,615	60,053
Great-West Mid Cap Value Fund	1,542,719	139,745
Great-West Moderate Profile Fund Class L	105,063,464	3,218,885
Great-West Moderate Profile Fund Investor Class	23,404,363	6,583,894

Investment Division	Purchases	Sales
Great-West Moderately Aggressive Profile Fund	\$ 11,095,727	\$ 4,401,706
Great-West Moderately Conservative Profile Fund Class L	13,551,816	929,260
Great-West Moderately Conservative Profile Fund Investor	5,881,810	2,340,933
Great-West Multi-Sector Bond Fund	3,770,365	1,472,830
Great-West Putnam Equity Income Fund	2,538,281	311,801
Great-West Putnam High Yield Bond Fund	726,546	314,680
Great-West Real Estate Index Fund	2,007,374	616,407
Great-West S&P 500® Index Fund	44,633,490	8,039,399
Great-West S&P Mid Cap 400® Index Fund	13,537,319	2,890,284
Great-West S&P Small Cap 600® Index Fund	15,867,332	5,502,237
Great-West SecureFoundation® Balanced Fund	101,036,770	7,118,399
Great-West Short Duration Bond Fund	3,809,314	984,781
Great-West Small Cap Growth Fund	2,229,515	960,897
Great-West T. Rowe Price Mid Cap Growth Fund	8,620,709	2,815,103
Great-West U.S. Government Securities Fund	874,176	165,155
Invesco V.I. Core Equity Fund	26,408	6,503
Invesco V.I. Global Real Estate Fund	499,724	95,509
Invesco V.I. Growth & Income Fund	2,000,601	542,545
Invesco V.I. International Growth Fund	632,012	143,615
Invesco V.I. Small Cap Equity Fund	20,337	4,290
Ivy VIP Energy Fund	1,061,232	772,623
Janus Henderson VIT Balanced Portfolio	20,717,020	2,221,285
Janus Henderson VIT Enterprise Portfolio	3,613,839	1,626,950
Janus Henderson VIT Flexible Bond Portfolio	1,585,649	321,434
Janus Henderson VIT Mid Cap Value Portfolio	18,839	35,186
Janus Henderson VIT Overseas Portfolio Institutional Shares	4,659	23,308
Janus Henderson VIT Overseas Portfolio Service Shares	2,149	1,077
JPMorgan Insurance Trust Global Allocation Portfolio	525,331	232,244
JPMorgan Insurance Trust Income Builder Portfolio	746,816	271,517
JPMorgan Insurance Trust Small Cap Core Portfolio	323,165	3,223
Lord Abbett Series Developing Growth Portfolio	62,390	37,839
MFS VIT II Blended Research Core Equity Portfolio	1,067,463	123,047
MFS VIT II Technology Portfolio	13,709,018	8,496,382
MFS VIT III Blended Research Small Cap Equity Portfolio	1,151,353	70,030
Morgan Stanley VIF Mid Cap Growth Portfolio	4,608	54
Neuberger Berman AMT Sustainable Equity Portfolio	350,032	92,090
NVIT Emerging Markets Fund	1,394	36,737
Oppenheimer International Growth Fund/VA	1,468,872	30,248
Oppenheimer Main Street Small Cap Fund/VA	2,170,800	469,285
Oppenheimer Total Return Bond Fund/VA	1,034,427	124,022
PIMCO VIT Commodity RealReturn Strategy Portfolio	645,886	55,252
PIMCO VIT Long Term US Government Portfolio	1,647,283	385,000
PIMCO VIT Low Duration Portfolio	1,016,156	162,406
PIMCO VIT Real Return Portfolio	846,577	176,548
PIMCO VIT Short Term Portfolio	6,427,549	1,961,982
PIMCO VIT Total Return Portfolio	6,414,372	839,998
Putnam VT Equity Income Fund	65,773	171,139
Putnam VT Global Asset Allocation Fund	1,607,809	781,031
Putnam VT Global Equity Fund	852,710	30,014
Putnam VT Growth Opportunities Fund	2,612,214	504,325

Investment Division	Purchases	Sales
Putnam VT Income Fund	\$ 4,748,741	\$ 5,398,482
Putnam VT International Equity Fund	557,185	115,877
Putnam VT International Growth Fund	12,027	2,709
Putnam VT International Value Fund	49,047	1,280
Putnam VT Mortgage Securities Fund	140,437	135,816
Putnam VT Multi-Asset Absolute Return Fund	53,516	163,063
Putnam VT Multi-Cap Core Fund	274,017	46,430
Putnam VT Research Fund	270,277	70,333
Putnam VT Small Cap Growth Fund	364,579	70,898
Putnam VT Small Cap Value Fund	503,513	101,363
T. Rowe Price Blue Chip Growth Portfolio	20,188,077	5,827,249
T. Rowe Price Health Sciences Portfolio	7,648,985	1,714,857
Van Eck VIP Emerging Markets Fund	1,795	212,319
Van Eck VIP Global Hard Assets Fund Class S	515,995	473,370
Van Eck VIP Global Hard Assets Fund Initial Class	25,968	32,661

3. EXPENSES AND RELATED PARTY TRANSACTIONS

Contract Maintenance Charges

The Company deducts from each participant account in the Varifund contract, an annual maintenance charge of \$30 on accounts under \$75,000, which is made directly to contract owner accounts through the redemption of units, for each contract. The maintenance charge, which is recorded as Contract charges in the accompanying Statement of Changes in Net Assets of the applicable Investment Divisions, is waived on certain contracts.

Deductions for Premium Taxes

The Company may deduct from each contribution any applicable premium tax, which currently ranges from 0% to 3.5%. This charge is netted with Purchase payments received on the Statement of Changes in Net Assets of the applicable Investment Divisions.

Charges Incurred for Surrenders

The Company deducts from each participant's account in the Varifund contract, a maximum fee of 6%, in the Varifund Plus contract, a maximum fee of 8% and in the SmartTrack II and SmartTrack II-5 Year contract, a maximum fee of 7% of an amount withdrawn that is deemed to be premium in excess of the free withdrawal amount. This charge is recorded as Transfers for contract benefits and terminations on the Statement of Changes in Net Assets of the applicable Investment Divisions.

Transfer Fees

The Company charges \$25 in the Varifund and Varifund Plus contracts for each transfer between Investment Divisions in excess of 12 transfers in any calendar year. This charge is recorded as Transfers for contract benefits and terminations on the Statement of Changes in Net Assets of the applicable Investment Divisions and may be waived under certain circumstances.

Deductions for Assumption of Mortality and Expense Risks

The Company assumes mortality and expense risks related to the operations of the Series Account. It deducts a daily charge from the unit value of each Investment Division of the Varifund/Varifund Plus contracts equal to an effective annual rate of 1.25% to 1.40%, depending on the contract; a daily charge from the unit value of each Investment Division of the SmartTrack II-5 Year contract equal to an effective annual

rate of 1.20%; a daily charge from the unit value of each Investment Division of the SmartTrack contract equal to an effective annual rate of 0.25% or 0.45%; and a daily charge from the unit value of each Investment Division of the SmartTrack Advisor contract equal to an effective rate of 0.20% to 0.40% and a daily charge from the unit value of each Investment Division of the SmartTrack II contract equal to an effective annual rate of 1.00% or 1.20%, depending on if the death benefit option is chosen. In addition, an effective annual rate of 0.15% of each Investment Division is deducted as daily administration fees for Varifund/Varifund Plus contracts. These charges are recorded as Mortality and expense risk and Administrative charges, respectively, on the Statement of Operations of the applicable Investment Divisions.

Optional GLWB Rider Benefit Fee

The Company deducts a quarterly charge equal to a maximum annual rate of 1.50% from the covered fund value in SmartTrack and SmartTrack II annuity contracts and a quarterly charge equal to a maximum annual rate to 2.25% from the covered value in SmartTrack II-5 Year and SmartTrack Advisor annuity contracts for the guaranteed lifetime withdrawal benefit rider if this option is chosen. Currently, this charge is 1.00% for SmartTrack contracts; 0.65% to 0.90% for SmartTrack II contracts, depending on the type of rider selected; and 0.65% to 1.30% for SmartTrack II-5 Year contracts, depending on the type of rider selected and 0.90% to 1.30% for SmartTrack Advisor contracts, depending on the type of rider selected. This charge is recorded as Contract charges on the Statement of Changes in Net Assets of the applicable Investment Division, if applicable.

Fund Facilitation Fee

The Company deducts from certain Investment Division assets in the SmartTrack Advisor and SmartTrack II-5 Year contracts, a daily charge equal to an effective annual rate of 0.35% for fund facilitation. These fees are recorded as Mortality and expense risk in the Statement of Operations of the applicable Investment Divisions.

Related Party Transactions

Great-West Funds, Inc., funds of which are underlying certain Investment Divisions, is a registered investment company affiliated with the Company. Great-West Capital Management, LLC (GWCM), a wholly owned subsidiary of the Company, serves as investment adviser to Great-West Funds, Inc. Fees are assessed against the average daily net assets of the portfolios of Great-West Funds, Inc. to compensate GWCM for investment advisory services.

4. FINANCIAL HIGHLIGHTS

For each Investment Division, the accumulation units outstanding, net assets, investment income ratio, the range of lowest to highest expense ratio (excluding expenses of the underlying funds), total return and accumulation unit fair values for each year or period ended December 31 are included on the following pages. As the unit fair value for the Investment Divisions of the Series Account is presented as a range of minimum to maximum values, based on the product grouping representing the minimum and maximum expense ratio amounts, some unit values shown on the Statement of Assets and Liabilities which are calculated on an aggregated basis, may not be within the ranges presented. The unit values in the Financial Highlights are calculated based on the net assets and accumulation units outstanding as of December 31 of each year presented and may differ from the unit value reflected on the Statement of Assets and Liabilities due to rounding.

The Expense Ratios represent the annualized contract expenses of the respective Investment Divisions of the Series Account, consisting of mortality and expense charges, for each period indicated. The ratios include only those expenses that result in a direct reduction to unit values. Charges made directly to contract owner accounts through the redemption of units and expenses of the underlying fund have been excluded.

The Total Return amounts represent the total return for the periods indicated, including changes in the value of the underlying fund, and expenses assessed through the reduction of unit values. These returns do not include any expenses assessed through the redemption of units. Investment Divisions with a date notation indicate the effective date that the investment option was available in the Series Account. The total returns are calculated for each 12-month period indicated or from the effective date through the end of the reporting period and are not annualized for periods less than one year. When a new Investment Division is added to the Series Account, the calculation of the total return begins on the day it is added even though it may not have had operations for all or some of the same period. Unit values and returns for bands or Investment Divisions that had no operations activity during the reporting period are not shown. As the total returns for the Investment Divisions of the Series Account are presented as a range of minimum to maximum values, based on the product grouping representing the minimum and maximum expense ratio amounts, some individual contract total returns are not within the ranges presented.

The Investment Income Ratio represents the dividends, excluding distributions of capital gains, received by the Investment Division from the underlying mutual fund divided by average net assets during the period. It is not annualized for periods less than one year. The ratio excludes those expenses, such as mortality and expense charges, that result in direct reductions in the unit values. The recognition of investment income by the Investment Division is affected by the timing of the declaration of dividends by the underlying fund in which the Investment Division invests.

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31					For the year or period ended December 31				
	Units (000s)	Unit Fair Value		Net Assets (000s)		Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
ALGER CAPITAL APPRECIATION PORTFOLIO										
2018	12	\$ 125.01	to \$ 129.59	\$ 1,545		0.08 %	1.25 %	to 1.40 %	(1.50) %	to (1.35) %
2017	14	\$ 126.91	to \$ 131.37	\$ 1,751		0.15 %	1.25 %	to 1.40 %	29.27 %	to 29.46 %
2016	16	\$ 98.18	to \$ 101.47	\$ 1,613		0.18 %	1.25 %	to 1.40 %	(0.89) %	to (0.74) %
2015	19	\$ 99.06	to \$ 102.23	\$ 1,919		0.08 %	1.25 %	to 1.40 %	4.71 %	to 4.87 %
2014	24	\$ 94.60	to \$ 97.48	\$ 2,228		0.09 %	1.25 %	to 1.40 %	12.17 %	to 12.34 %
ALGER LARGE CAP GROWTH PORTFOLIO										
2018	9	\$ 122.02	to \$ 133.40	\$ 1,140		0.00 %	1.25 %	to 1.55 %	0.63 %	to 0.93 %
2017	9	\$ 121.26	to \$ 132.17	\$ 1,143		0.00 %	1.25 %	to 1.55 %	26.50 %	to 26.87 %
2016	10	\$ 95.86	to \$ 104.17	\$ 1,005		0.00 %	1.25 %	to 1.55 %	(2.35) %	to (2.06) %
2015	12	\$ 98.17	to \$ 106.36	\$ 1,229		0.00 %	1.25 %	to 1.55 %	0.15 %	to 0.45 %
2014	15	\$ 98.02	to \$ 105.88	\$ 1,480		0.16 %	1.25 %	to 1.55 %	9.28 %	to 9.61 %
ALGER MID CAP GROWTH PORTFOLIO										
2018	20	\$ 82.02	to \$ 85.25	\$ 1,676		0.00 %	1.25 %	to 1.40 %	(8.74) %	to (8.60) %
2017	29	\$ 89.87	to \$ 93.27	\$ 2,659		0.00 %	1.25 %	to 1.40 %	27.99 %	to 28.18 %
2016	32	\$ 70.22	to \$ 72.76	\$ 2,307		0.00 %	1.25 %	to 1.40 %	(0.43) %	to (0.28) %
2015	36	\$ 70.52	to \$ 72.96	\$ 2,543		0.00 %	1.25 %	to 1.40 %	(2.93) %	to (2.79) %
2014	37	\$ 72.65	to \$ 75.06	\$ 2,720		0.00 %	1.25 %	to 1.40 %	6.51 %	to 6.68 %
ALGER SMALL CAP GROWTH PORTFOLIO										
2018	12	\$ 110.07	to \$ 19.87	\$ 371		0.00 %	0.25 %	to 1.40 %	0.02 %	to 1.18 %
2017	14	\$ 110.05	to \$ 19.63	\$ 386		0.00 %	0.25 %	to 1.40 %	26.95 %	to 28.41 %
2016	25	\$ 86.69	to \$ 15.29	\$ 491		0.00 %	0.25 %	to 1.40 %	4.77 %	to 5.97 %
2015	31	\$ 82.75	to \$ 14.43	\$ 579		0.00 %	0.25 %	to 1.40 %	(4.66) %	to (3.56) %
2014	21	\$ 86.80	to \$ 14.96	\$ 515		0.00 %	0.25 %	to 1.40 %	(0.96) %	to 4.91 %
ALGER SMID CAP FOCUS PORTFOLIO (Effective date 05/16/2014)										
2018	9	\$ 11.95	to \$ 14.25	\$ 129		0.00 %	1.00 %	to 1.20 %	(4.35) %	to (4.16) %
2017	10	\$ 12.49	to \$ 15.28	\$ 141		0.00 %	0.25 %	to 1.20 %	35.29 %	to 36.58 %
2016	11	\$ 9.23	to \$ 11.19	\$ 118		0.00 %	0.25 %	to 1.20 %	2.79 %	to 3.77 %
2015	15	\$ 8.98	to \$ 10.78	\$ 152		0.00 %	0.25 %	to 1.20 %	(10.18) %	to (0.65) %
ALPS ALERIAN ENERGY INFRASTRUCTURE PORTFOLIO (Effective date 04/22/2016)										
2018	95	\$ 9.53	to \$ 8.00	\$ 899		2.04 %	0.20 %	to 1.20 %	(19.93) %	to (19.12) %
2017	60	\$ 11.90	to \$ 9.90	\$ 703		2.25 %	0.20 %	to 1.20 %	(2.02) %	to (1.04) %
2016	26	\$ 12.15	to \$ 12.23	\$ 313		4.17 %	0.25 %	to 1.20 %	21.50 %	to 22.30 %
ALPS RED ROCKS LISTED PRIVATE EQUITY PORTFOLIO (Effective date 12/31/2014)										
2018	195	\$ 10.31	to \$ 10.89	\$ 2,028		6.03 %	0.20 %	to 1.20 %	(13.58) %	to (12.71) %
2017	117	\$ 11.93	to \$ 12.47	\$ 1,407		3.86 %	0.20 %	to 1.20 %	23.48 %	to 24.71 %
2016	33	\$ 9.66	to \$ 10.00	\$ 323		1.27 %	0.25 %	to 1.20 %	6.68 %	to 7.70 %
2015	5	\$ 9.05	to \$ 9.28	\$ 46		0.09 %	0.25 %	to 1.20 %	(9.47) %	to (7.16) %
AMERICAN CENTURY INVESTMENTS VP INFLATION PROTECTION FUND (Effective date 01/09/2012)										
2018	154	\$ 9.93	to \$ 10.03	\$ 1,535		3.04 %	0.20 %	to 1.20 %	(3.98) %	to (3.02) %
2017	75	\$ 10.16	to \$ 10.35	\$ 775		2.79 %	0.20 %	to 1.20 %	2.44 %	to 3.47 %
2016	24	\$ 9.92	to \$ 10.14	\$ 245		1.67 %	0.25 %	to 1.20 %	3.14 %	to 4.13 %
2015	13	\$ 9.62	to \$ 9.74	\$ 123		1.90 %	0.25 %	to 1.20 %	(3.63) %	to (2.71) %
2014	11	\$ 9.98	to \$ 10.01	\$ 110		1.66 %	0.25 %	to 1.20 %	2.04 %	to 3.09 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
AMERICAN CENTURY INVESTMENTS VP MID CAP VALUE FUND (Effective date 01/09/2012)						
2018	619	\$ 13.35 to \$ 9.66	\$ 7,165	1.31 %	0.20 % to 1.20 %	(14.01) % to (13.13) %
2017	342	\$ 15.53 to \$ 11.12	\$ 4,866	1.48 %	0.20 % to 1.20 %	10.14 % to 11.24 %
2016	107	\$ 11.69 to \$ 20.61	\$ 1,740	1.71 %	0.25 % to 1.20 %	21.25 % to 22.41 %
2015	50	\$ 9.64 to \$ 16.84	\$ 771	1.50 %	0.25 % to 1.20 %	(3.59) % to (1.82) %
2014	32	\$ 17.05 to \$ 17.15	\$ 542	1.02 %	0.25 % to 0.45 %	15.67 % to 15.96 %
AMERICAN CENTURY INVESTMENTS VP VALUE FUND (Effective date 05/01/2015)						
2018	771	\$ 10.86 to \$ 9.81	\$ 8,300	1.56 %	0.20 % to 1.20 %	(10.37) % to (9.46) %
2017	489	\$ 12.11 to \$ 10.84	\$ 5,896	1.70 %	0.20 % to 1.20 %	7.28 % to 8.36 %
2016	120	\$ 11.14 to \$ 11.32	\$ 1,349	1.89 %	0.25 % to 1.20 %	18.85 % to 19.98 %
2015	7	\$ 9.37 to \$ 9.39	\$ 62	0.93 %	1.00 % to 1.20 %	(6.26) % to (6.13) %
AMERICAN FUNDS IS BLUE CHIP INCOME AND GROWTH FUND (Effective date 04/30/2018)						
2018	168	\$ 9.32 to \$ 9.38	\$ 1,571	2.72 %	0.20 % to 1.20 %	(6.81) % to (6.18) %
AMERICAN FUNDS IS GLOBAL GROWTH AND INCOME FUND (Effective date 04/28/2017)						
2018	543	\$ 10.13 to \$ 10.30	\$ 5,509	1.99 %	0.20 % to 1.20 %	(10.97) % to (10.07) %
2017	173	\$ 11.38 to \$ 11.45	\$ 1,971	3.24 %	0.20 % to 1.20 %	13.78 % to 14.55 %
AMERICAN FUNDS IS GROWTH FUND (Effective date 04/30/2018)						
2018	417	\$ 9.41 to \$ 9.48	\$ 3,931	0.26 %	0.20 % to 1.20 %	(5.85) % to (5.22) %
AMERICAN FUNDS IS GROWTH-INCOME FUND (Effective date 04/30/2018)						
2018	428	\$ 9.43 to \$ 9.50	\$ 4,036	1.79 %	0.20 % to 1.20 %	(5.66) % to (5.02) %
AMERICAN FUNDS IS INTERNATIONAL FUND (Effective date 05/01/2015)						
2018	492	\$ 10.06 to \$ 11.38	\$ 4,988	1.76 %	0.20 % to 1.20 %	(14.45) % to (13.58) %
2017	264	\$ 11.76 to \$ 13.16	\$ 3,117	1.86 %	0.20 % to 1.20 %	30.33 % to 31.63 %
2016	60	\$ 9.02 to \$ 8.99	\$ 538	1.88 %	0.25 % to 1.20 %	1.99 % to 2.97 %
2015	14	\$ 8.85 to \$ 8.69	\$ 125	1.55 %	1.00 % to 1.20 %	(11.52) % to (13.12) %
AMERICAN FUNDS IS NEW WORLD FUND (Effective date 04/22/2016)						
2018	316	\$ 11.02 to \$ 11.02	\$ 3,490	0.82 %	0.20 % to 1.20 %	(15.28) % to (14.42) %
2017	151	\$ 13.01 to \$ 12.88	\$ 1,972	1.20 %	0.20 % to 1.20 %	27.52 % to 28.80 %
2016	34	\$ 10.20 to \$ 10.27	\$ 343	0.91 %	0.25 % to 1.20 %	2.00 % to 2.66 %
BLACKROCK GLOBAL ALLOCATION VI FUND (Effective date 05/16/2014)						
2018	942	\$ 9.97 to \$ 10.47	\$ 9,485	0.96 %	0.20 % to 1.20 %	(8.69) % to (7.76) %
2017	709	\$ 10.92 to \$ 11.35	\$ 7,867	1.65 %	0.20 % to 1.20 %	12.37 % to 13.48 %
2016	260	\$ 9.72 to \$ 10.31	\$ 2,598	1.90 %	0.25 % to 1.20 %	2.56 % to 3.54 %
2015	100	\$ 9.48 to \$ 9.96	\$ 979	1.30 %	0.25 % to 1.20 %	(5.23) % to (1.25) %
2014	16	\$ 10.03 to \$ 10.09	\$ 162	2.11 %	0.25 % to 1.20 %	0.27 % to 0.87 %
BLACKROCK HIGH YIELD VI FUND (Effective date 05/16/2014)						
2018	835	\$ 10.55 to \$ 10.36	\$ 8,810	5.26 %	0.20 % to 1.20 %	(4.06) % to (3.10) %
2017	455	\$ 10.99 to \$ 10.69	\$ 5,013	4.84 %	0.20 % to 1.20 %	5.83 % to 6.89 %
2016	152	\$ 10.38 to \$ 10.65	\$ 1,594	5.21 %	0.25 % to 1.20 %	11.48 % to 12.54 %
2015	34	\$ 9.31 to \$ 9.46	\$ 318	4.13 %	0.25 % to 1.20 %	(6.89) % to (4.06) %
2014	15	\$ 9.81 to \$ 9.86	\$ 150	2.57 %	0.25 % to 1.00 %	(1.85) % to (1.39) %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
CLEARBRIDGE VARIABLE LARGE CAP GROWTH PORTFOLIO						
(Effective date 04/28/2017)						
2018	375	\$ 11.21 to \$ 11.40	\$ 4,212	0.18 %	0.20 % to 1.20 %	(1.42) % to (0.43) %
2017	103	\$ 11.38 to \$ 11.44	\$ 1,177	0.31 %	0.40 % to 1.20 %	13.75 % to 14.36 %
CLEARBRIDGE VARIABLE MID CAP PORTFOLIO						
(Effective date 04/28/2017)						
2018	85	\$ 9.22 to \$ 9.37	\$ 790	0.27 %	0.20 % to 1.20 %	(13.85) % to (12.97) %
2017	13	\$ 10.70 to \$ 10.75	\$ 144	0.21 %	0.40 % to 1.20 %	6.97 % to 7.54 %
CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO						
(Effective date 05/01/2015)						
2018	326	\$ 12.12 to \$ 12.74	\$ 3,985	0.00 %	0.20 % to 1.20 %	1.97 % to 3.00 %
2017	89	\$ 11.89 to \$ 12.37	\$ 1,056	0.00 %	0.20 % to 1.20 %	22.44 % to 23.67 %
2016	39	\$ 9.71 to \$ 10.10	\$ 387	0.00 %	0.25 % to 1.20 %	4.27 % to 5.28 %
2015	6	\$ 9.31 to \$ 9.60	\$ 53	0.00 %	0.25 % to 1.20 %	(6.89) % to (4.05) %
COLUMBIA VARIABLE PORTFOLIO - SELECT SMALLER-CAP VALUE FUND						
(Effective date 03/11/2011)						
2018	21	\$ 15.57 to \$ 15.57	\$ 331	0.00 %	1.40 % to 1.40 %	(14.04) % to (14.04) %
2017	24	\$ 18.11 to \$ 18.11	\$ 438	0.00 %	1.40 % to 1.40 %	10.52 % to 10.52 %
2016	34	\$ 16.39 to \$ 16.53	\$ 559	0.00 %	1.25 % to 1.40 %	12.08 % to 12.25 %
2015	42	\$ 14.62 to \$ 14.73	\$ 621	0.00 %	1.25 % to 1.40 %	(4.65) % to (4.51) %
2014	43	\$ 15.34 to \$ 15.34	\$ 666	0.00 %	1.40 % to 1.40 %	4.35 % to 4.35 %
COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 1						
(Effective date 03/11/2011)						
2018	167	\$ 23.14 to \$ 23.41	\$ 3,870	0.00 %	1.25 % to 1.40 %	(9.43) % to (9.30) %
2017	184	\$ 25.55 to \$ 25.81	\$ 4,696	0.00 %	1.25 % to 1.40 %	33.34 % to 33.54 %
2016	205	\$ 19.16 to \$ 19.33	\$ 3,934	0.00 %	1.25 % to 1.40 %	17.73 % to 17.91 %
2015	241	\$ 16.27 to \$ 16.39	\$ 3,919	0.00 %	1.25 % to 1.40 %	8.54 % to 8.70 %
2014	268	\$ 14.99 to \$ 15.08	\$ 4,020	0.00 %	1.25 % to 1.40 %	23.68 % to 23.91 %
COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 2						
2018	2	\$ 50.15 to \$ 51.57	\$ 98	0.00 %	1.25 % to 1.40 %	(9.73) % to (9.59) %
2017	2	\$ 55.55 to \$ 57.04	\$ 133	0.00 %	1.25 % to 1.40 %	33.05 % to 33.25 %
2016	2	\$ 41.75 to \$ 42.81	\$ 78	0.00 %	1.25 % to 1.40 %	17.36 % to 17.54 %
2015	3	\$ 35.57 to \$ 36.42	\$ 107	0.00 %	1.25 % to 1.40 %	8.29 % to 8.45 %
2014	1	\$ 32.85 to \$ 33.59	\$ 46	0.00 %	1.25 % to 1.40 %	23.36 % to 23.58 %
COLUMBIA VARIABLE PORTFOLIO - SMALL CAP VALUE FUND						
(Effective date 01/09/2012)						
2018	2	\$ 11.88 to \$ 17.21	\$ 39	0.17 %	0.25 % to 1.00 %	(19.02) % to (18.37) %
2017	2	\$ 14.68 to \$ 21.08	\$ 48	0.21 %	0.25 % to 1.00 %	12.86 % to 13.70 %
2016	9	\$ 13.00 to \$ 18.54	\$ 162	0.33 %	0.25 % to 1.00 %	31.42 % to 32.41 %
2015	13	\$ 9.90 to \$ 14.00	\$ 187	0.57 %	0.25 % to 1.00 %	(7.25) % to (6.55) %
2014	14	\$ 14.90 to \$ 14.98	\$ 202	0.62 %	0.25 % to 0.45 %	2.62 % to 2.74 %
COLUMBIA VARIABLE PORTFOLIO - STRATEGIC INCOME FUND						
(Effective date 04/30/2018)						
2018	74	\$ 9.90 to \$ 9.97	\$ 736	1.69 %	0.20 % to 1.20 %	(0.96) % to (0.29) %
DELAWARE VIP EMERGING MARKETS SERIES						
(Effective date 01/09/2012)						
2018	373	\$ 9.55 to \$ 11.73	\$ 4,262	3.01 %	0.20 % to 1.20 %	(17.04) % to (16.20) %
2017	222	\$ 11.51 to \$ 13.99	\$ 3,105	0.31 %	0.20 % to 1.20 %	38.57 % to 39.95 %
2016	109	\$ 8.31 to \$ 10.83	\$ 1,139	0.85 %	0.25 % to 1.20 %	12.32 % to 13.40 %
2015	66	\$ 7.39 to \$ 9.55	\$ 617	0.57 %	0.25 % to 1.20 %	(15.79) % to (14.99) %
2014	51	\$ 8.80 to \$ 11.23	\$ 563	0.35 %	0.25 % to 1.00 %	(9.18) % to (8.48) %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31					For the year or period ended December 31				
	Units (000s)	Unit Fair Value		Net Assets (000s)		Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES (Effective date 04/22/2016)										
2018	49	\$ 10.01	to \$ 9.99	\$ 488	2.26 %	0.20 %	to 1.20 %	(18.88) %	to (18.07) %	
2017	28	\$ 12.34	to \$ 12.19	\$ 345	0.42 %	0.20 %	to 1.20 %	20.73 %	to 21.94 %	
2016	2	\$ 10.22	to \$ 10.22	\$ 25	0.00 %	1.20 %	to 1.20 %	2.22 %	to 2.22 %	
DELAWARE VIP REIT SERIES (Effective date 01/09/2012)										
2018	165	\$ 11.83	to \$ 9.33	\$ 1,700	1.77 %	0.20 %	to 1.20 %	(8.62) %	to (7.70) %	
2017	146	\$ 12.94	to \$ 10.11	\$ 1,644	1.28 %	0.20 %	to 1.20 %	0.06 %	to 1.07 %	
2016	57	\$ 10.84	to \$ 16.67	\$ 817	0.55 %	0.25 %	to 1.20 %	4.35 %	to 5.35 %	
2015	16	\$ 10.38	to \$ 15.82	\$ 234	0.87 %	0.25 %	to 1.20 %	3.84 %	to 3.26 %	
2014	11	\$ 12.15	to \$ 15.32	\$ 157	1.43 %	0.25 %	to 1.00 %	27.89 %	to 28.85 %	
DELAWARE VIP SMALL CAP VALUE SERIES (Effective date 01/09/2012)										
2018	262	\$ 10.78	to \$ 9.25	\$ 2,913	0.53 %	0.20 %	to 1.20 %	(17.94) %	to (17.11) %	
2017	141	\$ 13.14	to \$ 11.15	\$ 2,000	0.49 %	0.20 %	to 1.20 %	10.43 %	to 11.54 %	
2016	57	\$ 11.90	to \$ 18.95	\$ 899	0.61 %	0.25 %	to 1.20 %	29.52 %	to 30.76 %	
2015	21	\$ 10.15	to \$ 14.49	\$ 301	0.47 %	0.25 %	to 1.00 %	(7.39) %	to (6.70) %	
2014	25	\$ 10.96	to \$ 15.53	\$ 381	0.30 %	0.25 %	to 1.00 %	4.58 %	to 5.36 %	
DIMENSIONAL VA INTERNATIONAL SMALL PORTFOLIO (Effective date 09/29/2017)										
2018	115	\$ 7.90	to \$ 8.34	\$ 933	3.60 %	0.55 %	to 1.55 %	(21.01) %	to (20.21) %	
2017	2	\$ 10.45	to \$ 10.45	\$ 20	2.73 %	0.55 %	to 0.55 %	4.54 %	to 4.54 %	
DIMENSIONAL VA INTERNATIONAL VALUE PORTFOLIO (Effective date 12/29/2017)										
2018	142	\$ 8.16	to \$ 8.67	\$ 1,191	4.44 %	0.55 %	to 1.55 %	(18.37) %	to (17.55) %	
DIMENSIONAL VA US LARGE VALUE PORTFOLIO (Effective date 09/29/2017)										
2018	338	\$ 8.65	to \$ 9.40	\$ 3,033	3.33 %	0.55 %	to 1.55 %	(13.48) %	to (12.60) %	
2017	13	\$ 10.75	to \$ 10.75	\$ 140	1.77 %	0.75 %	to 0.75 %	7.55 %	to 7.55 %	
DIMENSIONAL VA US TARGETED VALUE PORTFOLIO (Effective date 12/29/2017)										
2018	167	\$ 8.28	to \$ 8.72	\$ 1,396	1.44 %	0.55 %	to 1.55 %	(17.17) %	to (16.33) %	
DREYFUS IP TECHNOLOGY GROWTH PORTFOLIO (Effective date 01/09/2012)										
2018	19	\$ 13.99	to \$ 24.37	\$ 420	0.00 %	0.25 %	to 1.20 %	(2.45) %	to (1.52) %	
2017	20	\$ 14.35	to \$ 24.75	\$ 461	0.00 %	0.25 %	to 1.20 %	40.67 %	to 42.00 %	
2016	24	\$ 10.20	to \$ 17.43	\$ 386	0.00 %	0.25 %	to 1.20 %	3.15 %	to 4.12 %	
2015	30	\$ 11.58	to \$ 16.74	\$ 458	0.00 %	0.25 %	to 1.20 %	4.65 %	to 5.65 %	
2014	16	\$ 11.09	to \$ 15.84	\$ 240	0.00 %	0.25 %	to 1.00 %	5.52 %	to 6.31 %	
DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.										
2018	4	\$ 55.08	to \$ 57.21	\$ 246	1.76 %	1.25 %	to 1.40 %	(5.74) %	to (5.60) %	
2017	6	\$ 58.43	to \$ 60.61	\$ 351	1.13 %	1.25 %	to 1.40 %	13.73 %	to 13.91 %	
2016	6	\$ 51.38	to \$ 53.21	\$ 325	1.30 %	1.25 %	to 1.40 %	8.85 %	to 9.01 %	
2015	7	\$ 47.20	to \$ 48.81	\$ 321	1.06 %	1.25 %	to 1.40 %	(4.54) %	to (4.40) %	
2014	8	\$ 49.45	to \$ 51.05	\$ 388	1.12 %	1.25 %	to 1.40 %	11.88 %	to 12.03 %	
DREYFUS VIF APPRECIATION PORTFOLIO - INITIAL SHARES										
2018	4	\$ 72.78	to \$ 75.91	\$ 273	1.26 %	1.25 %	to 1.40 %	(8.15) %	to (7.97) %	
2017	4	\$ 79.24	to \$ 82.48	\$ 305	1.34 %	1.25 %	to 1.40 %	25.57 %	to 25.76 %	
2016	4	\$ 63.11	to \$ 65.59	\$ 246	1.63 %	1.25 %	to 1.40 %	6.41 %	to 6.56 %	
2015	4	\$ 59.31	to \$ 61.55	\$ 265	1.66 %	1.25 %	to 1.40 %	(3.83) %	to (3.68) %	
2014	6	\$ 61.66	to \$ 63.90	\$ 345	1.78 %	1.25 %	to 1.40 %	6.59 %	to 6.75 %	

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
DREYFUS VIF APPRECIATION PORTFOLIO - SERVICE SHARES (Effective date 01/09/2012)						
2018	29	\$ 13.19 to \$ 17.29	\$ 442	1.02 %	0.25 % to 1.20 %	(8.22) % to (7.34) %
2017	31	\$ 14.37 to \$ 18.66	\$ 503	1.09 %	0.25 % to 1.20 %	25.50 % to 26.69 %
2016	32	\$ 11.45 to \$ 14.73	\$ 414	1.37 %	0.25 % to 1.20 %	6.35 % to 7.36 %
2015	36	\$ 10.77 to \$ 13.72	\$ 452	1.44 %	0.25 % to 1.20 %	(3.87) % to (2.96) %
2014	23	\$ 14.05 to \$ 14.14	\$ 318	1.65 %	0.25 % to 0.45 %	7.33 % to 7.61 %
DREYFUS VIF GROWTH AND INCOME PORTFOLIO						
2018	6	\$ 59.69 to \$ 61.95	\$ 337	0.80 %	1.25 % to 1.40 %	(6.02) % to (5.88) %
2017	6	\$ 63.51 to \$ 65.81	\$ 375	0.74 %	1.25 % to 1.40 %	18.05 % to 18.23 %
2016	6	\$ 53.80 to \$ 55.66	\$ 339	1.20 %	1.25 % to 1.40 %	8.51 % to 8.67 %
2015	8	\$ 49.59 to \$ 51.23	\$ 387	0.84 %	1.25 % to 1.40 %	0.17 % to 0.31 %
2014	9	\$ 49.50 to \$ 51.07	\$ 437	0.78 %	1.25 % to 1.40 %	8.55 % to 8.71 %
DREYFUS VIF INTERNATIONAL VALUE PORTFOLIO (Effective date 01/09/2012)						
2018	2	\$ 12.45 to \$ 12.45	\$ 27	1.47 %	0.25 % to 0.25 %	(17.19) % to (17.19) %
2017	2	\$ 15.04 to \$ 15.04	\$ 32	1.33 %	0.25 % to 0.25 %	27.82 % to 27.82 %
2016	4	\$ 11.65 to \$ 11.76	\$ 44	1.65 %	0.25 % to 0.45 %	(2.03) % to (1.83) %
2015	4	\$ 11.89 to \$ 11.98	\$ 48	2.42 %	0.25 % to 0.45 %	(3.41) % to (3.21) %
2014	5	\$ 12.31 to \$ 12.38	\$ 68	1.61 %	0.25 % to 0.45 %	(9.95) % to (9.83) %
DWS CAPITAL GROWTH VIP (Effective date 01/09/2012)						
2018	83	\$ 15.84 to \$ 12.31	\$ 1,573	0.55 %	0.20 % to 1.20 %	(3.05) % to (2.06) %
2017	164	\$ 16.34 to \$ 12.57	\$ 3,480	0.48 %	0.20 % to 1.20 %	24.46 % to 25.71 %
2016	131	\$ 10.02 to \$ 19.05	\$ 2,345	0.30 %	0.25 % to 1.20 %	2.76 % to 3.74 %
2015	39	\$ 12.77 to \$ 18.36	\$ 697	0.34 %	0.25 % to 1.20 %	7.04 % to 8.06 %
2014	23	\$ 11.93 to \$ 16.99	\$ 377	0.24 %	0.25 % to 1.20 %	11.29 % to 12.37 %
DWS CROCI® U.S. VIP (Effective date 01/09/2012)						
2018	8	\$ 10.62 to \$ 14.81	\$ 103	2.16 %	0.25 % to 1.20 %	(11.77) % to (10.94) %
2017	8	\$ 12.03 to \$ 16.62	\$ 117	1.08 %	0.25 % to 1.20 %	21.01 % to 22.15 %
2016	10	\$ 9.95 to \$ 13.61	\$ 128	0.88 %	0.25 % to 1.20 %	(5.76) % to (4.87) %
2015	19	\$ 10.55 to \$ 14.31	\$ 266	1.19 %	0.25 % to 1.20 %	(8.27) % to (7.39) %
2014	41	\$ 11.53 to \$ 15.45	\$ 623	0.86 %	0.25 % to 1.00 %	9.29 % to 10.12 %
DWS GLOBAL SMALL CAP VIP (Effective date 01/09/2012)						
2018	2	\$ 8.57 to \$ 13.91	\$ 25	0.00 %	0.25 % to 1.20 %	(21.70) % to (20.94) %
2017	2	\$ 10.94 to \$ 17.60	\$ 34	0.00 %	0.25 % to 1.20 %	18.19 % to 19.30 %
2016	2	\$ 9.26 to \$ 14.75	\$ 22	0.12 %	0.25 % to 1.20 %	0.12 % to 1.08 %
2015	3	\$ 9.85 to \$ 14.59	\$ 37	0.62 %	0.25 % to 1.00 %	(0.15) % to 0.61 %
2014	3	\$ 9.86 to \$ 14.50	\$ 38	0.71 %	0.25 % to 1.00 %	(5.28) % to (4.61) %
DWS SMALL MID CAP VALUE VIP (Effective date 01/09/2012)						
2018	12	\$ 11.27 to \$ 16.11	\$ 199	0.98 %	0.25 % to 1.00 %	(17.16) % to (16.54) %
2017	12	\$ 13.61 to \$ 19.31	\$ 238	0.35 %	0.25 % to 1.00 %	9.04 % to 9.86 %
2016	14	\$ 12.48 to \$ 17.57	\$ 238	0.23 %	0.25 % to 1.00 %	15.31 % to 16.18 %
2015	14	\$ 10.82 to \$ 15.13	\$ 206	0.00 %	0.25 % to 1.00 %	(3.19) % to (2.46) %
2014	14	\$ 15.42 to \$ 15.51	\$ 218	0.32 %	0.25 % to 0.45 %	4.68 % to 4.87 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
EATON VANCE VT FLOATING-RATE INCOME FUND						
(Effective date 05/02/2016)						
2018	957	\$ 10.53 to \$ 10.29	\$ 10,009	3.82 %	0.20 % to 1.20 %	(1.27) % to (0.27) %
2017	393	\$ 10.66 to \$ 10.32	\$ 4,154	3.06 %	0.20 % to 1.20 %	2.19 % to 3.22 %
2016	57	\$ 10.43 to \$ 10.50	\$ 594	1.51 %	0.25 % to 1.20 %	4.34 % to 4.99 %
FEDERATED HIGH INCOME BOND FUND II						
(Effective date 04/28/2017)						
2018	95	\$ 9.74 to \$ 9.90	\$ 929	5.12 %	0.20 % to 1.20 %	(4.60) % to (3.63) %
2017	19	\$ 10.21 to \$ 10.27	\$ 195	0.00 %	0.20 % to 1.20 %	2.06 % to 2.75 %
FIDELITY VIP ASSET MANAGER PORTFOLIO						
2018	25	\$ 48.81 to \$ 51.01	\$ 1,263	1.68 %	1.25 % to 1.40 %	(6.67) % to (6.53) %
2017	26	\$ 52.30 to \$ 54.58	\$ 1,406	1.87 %	1.25 % to 1.40 %	12.52 % to 12.69 %
2016	28	\$ 46.48 to \$ 48.43	\$ 1,314	1.40 %	1.25 % to 1.40 %	1.64 % to 1.80 %
2015	32	\$ 45.73 to \$ 47.58	\$ 1,488	1.54 %	1.25 % to 1.40 %	(1.25) % to (1.10) %
2014	35	\$ 46.31 to \$ 48.11	\$ 1,664	1.51 %	1.25 % to 1.40 %	4.37 % to 4.52 %
FIDELITY VIP BALANCED PORTFOLIO						
(Effective date 04/28/2017)						
2018	2,024	\$ 10.20 to \$ 10.37	\$ 20,859	1.69 %	0.20 % to 1.20 %	(5.59) % to (4.63) %
2017	680	\$ 10.80 to \$ 10.88	\$ 7,363	2.14 %	0.20 % to 1.20 %	8.05 % to 8.77 %
FIDELITY VIP CONTRAFUND PORTFOLIO						
2018	12	\$ 77.66 to \$ 80.50	\$ 973	0.70 %	1.25 % to 1.40 %	(7.69) % to (7.55) %
2017	13	\$ 84.13 to \$ 87.07	\$ 1,128	0.99 %	1.25 % to 1.40 %	20.19 % to 20.37 %
2016	15	\$ 69.99 to \$ 72.34	\$ 1,076	0.72 %	1.25 % to 1.40 %	6.51 % to 6.67 %
2015	19	\$ 65.72 to \$ 67.82	\$ 1,288	1.03 %	1.25 % to 1.40 %	(0.73) % to (0.58) %
2014	23	\$ 66.20 to \$ 68.21	\$ 1,535	0.96 %	1.25 % to 1.40 %	10.39 % to 10.55 %
FIDELITY VIP GOVERNMENT MONEY MARKET PORTFOLIO						
2018	30	\$ 14.54 to \$ 15.04	\$ 438	1.65 %	1.25 % to 1.40 %	0.23 % to 0.39 %
2017	24	\$ 14.50 to \$ 14.98	\$ 356	0.64 %	1.25 % to 1.40 %	(0.72) % to (0.57) %
2016	36	\$ 14.61 to \$ 15.07	\$ 537	0.20 %	1.25 % to 1.40 %	(1.18) % to (1.04) %
2015	47	\$ 14.78 to \$ 15.23	\$ 702	0.03 %	1.25 % to 1.40 %	(1.37) % to (1.22) %
2014	50	\$ 14.99 to \$ 15.41	\$ 755	0.01 %	1.25 % to 1.40 %	(1.38) % to (1.28) %
FIDELITY VIP GROWTH OPPORTUNITIES PORTFOLIO						
2018	7	\$ 50.85 to \$ 52.71	\$ 375	0.12 %	1.25 % to 1.40 %	10.89 % to 11.06 %
2017	8	\$ 45.86 to \$ 47.46	\$ 351	0.29 %	1.25 % to 1.40 %	32.65 % to 32.85 %
2016	8	\$ 34.57 to \$ 35.73	\$ 294	0.31 %	1.25 % to 1.40 %	(1.06) % to (0.91) %
2015	10	\$ 34.94 to \$ 36.06	\$ 346	0.18 %	1.25 % to 1.40 %	4.14 % to 4.30 %
2014	10	\$ 33.55 to \$ 34.57	\$ 343	0.21 %	1.25 % to 1.40 %	10.65 % to 10.80 %
FIDELITY VIP GROWTH PORTFOLIO						
2018	15	\$ 134.01 to \$ 140.66	\$ 2,062	0.24 %	1.25 % to 1.40 %	(1.56) % to (1.42) %
2017	17	\$ 136.14 to \$ 142.68	\$ 2,369	0.21 %	1.25 % to 1.40 %	33.26 % to 33.46 %
2016	18	\$ 102.16 to \$ 106.91	\$ 1,852	0.04 %	1.25 % to 1.40 %	(0.60) % to (0.45) %
2015	20	\$ 102.77 to \$ 107.39	\$ 2,054	0.25 %	1.25 % to 1.40 %	5.68 % to 5.84 %
2014	24	\$ 97.24 to \$ 101.46	\$ 2,352	0.18 %	1.25 % to 1.40 %	9.75 % to 9.91 %
FIDELITY VIP HIGH INCOME PORTFOLIO						
2018	4	\$ 51.89 to \$ 59.90	\$ 247	5.25 %	1.25 % to 1.55 %	(4.78) % to (4.49) %
2017	5	\$ 54.50 to \$ 62.71	\$ 301	5.10 %	1.25 % to 1.55 %	5.29 % to 5.61 %
2016	6	\$ 51.76 to \$ 59.38	\$ 322	5.09 %	1.25 % to 1.55 %	12.85 % to 13.19 %
2015	7	\$ 45.87 to \$ 52.46	\$ 358	6.54 %	1.25 % to 1.55 %	(5.11) % to (4.83) %
2014	8	\$ 48.34 to \$ 55.12	\$ 411	4.76 %	1.25 % to 1.55 %	(0.39) % to (0.11) %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
FIDELITY VIP INDEX 500 PORTFOLIO						
2018	4	\$ 311.62 to \$ 354.81	\$ 1,201	1.79 %	1.25 % to 1.55 %	(5.97) % to (5.68) %
2017	4	\$ 331.40 to \$ 376.20	\$ 1,401	1.80 %	1.25 % to 1.55 %	19.85 % to 20.21 %
2016	4	\$ 276.52 to \$ 312.96	\$ 1,236	1.41 %	1.25 % to 1.55 %	10.14 % to 10.47 %
2015	5	\$ 251.05 to \$ 283.29	\$ 1,289	1.94 %	1.25 % to 1.55 %	(0.22) % to 0.08 %
2014	5	\$ 251.61 to \$ 283.07	\$ 1,442	1.66 %	1.25 % to 1.55 %	11.82 % to 12.16 %
FIDELITY VIP INTERNATIONAL CAPITAL APPRECIATION PORTFOLIO (Effective date 04/28/2017)						
2018	209	\$ 10.05 to \$ 10.22	\$ 2,107	0.88 %	0.20 % to 1.20 %	(14.03) % to (13.16) %
2017	39	\$ 11.69 to \$ 11.76	\$ 462	0.56 %	0.25 % to 1.2B %	16.90 % to 17.65 %
FIDELITY VIP INVESTMENT GRADE BOND PORTFOLIO						
2018	5	\$ 32.34 to \$ 33.57	\$ 171	2.44 %	1.25 % to 1.40 %	(1.92) % to (1.77) %
2017	6	\$ 32.98 to \$ 34.17	\$ 185	2.32 %	1.25 % to 1.40 %	2.77 % to 2.93 %
2016	6	\$ 32.09 to \$ 33.20	\$ 179	2.06 %	1.25 % to 1.40 %	3.29 % to 3.44 %
2015	7	\$ 31.07 to \$ 32.10	\$ 210	2.40 %	1.25 % to 1.40 %	(1.98) % to (1.83) %
2014	9	\$ 31.69 to \$ 32.70	\$ 276	1.51 %	1.25 % to 1.40 %	4.35 % to 4.54 %
FIDELITY VIP OVERSEAS PORTFOLIO						
2018	3	\$ 35.05 to \$ 36.78	\$ 116	1.40 %	1.25 % to 1.40 %	(16.00) % to (15.87) %
2017	4	\$ 41.73 to \$ 43.71	\$ 188	1.28 %	1.25 % to 1.40 %	28.48 % to 28.67 %
2016	6	\$ 32.48 to \$ 33.97	\$ 194	1.04 %	1.25 % to 1.40 %	(6.38) % to (6.24) %
2015	10	\$ 34.69 to \$ 36.23	\$ 350	1.30 %	1.25 % to 1.40 %	2.18 % to 2.34 %
2014	12	\$ 33.95 to \$ 35.41	\$ 393	1.28 %	1.25 % to 1.40 %	(9.35) % to (9.21) %
FIRST TRUST/DOW JONES DIVIDEND & INCOME ALLOCATION PORTFOLIO (Effective date 04/28/2017)						
2018	247	\$ 10.17 to \$ 10.34	\$ 2,510	1.95 %	0.20 % to 1.20 %	(6.06) % to (5.12) %
2017	81	\$ 10.83 to \$ 10.83	\$ 874	1.36 %	1.20 % to 1.20 %	8.27 % to 8.27 %
FRANKLIN INCOME VIP FUND (Effective date 12/31/2014)						
2018	814	\$ 10.67 to \$ 10.43	\$ 8,673	4.48 %	0.20 % to 1.20 %	(5.57) % to (4.61) %
2017	576	\$ 11.30 to \$ 10.93	\$ 6,488	3.88 %	0.20 % to 1.20 %	8.25 % to 9.33 %
2016	225	\$ 10.32 to \$ 10.25	\$ 2,332	3.61 %	0.25 % to 1.20 %	12.51 % to 13.59 %
2015	66	\$ 9.18 to \$ 9.02	\$ 604	3.36 %	0.25 % to 1.20 %	(8.25) % to (9.79) %
GOLDMAN SACHS VIT LARGE CAP VALUE FUND						
2018	7	\$ 18.69 to \$ 19.28	\$ 133	1.23 %	1.25 % to 1.40 %	(9.74) % to (9.60) %
2017	8	\$ 20.70 to \$ 21.33	\$ 169	1.63 %	1.25 % to 1.40 %	8.34 % to 8.49 %
2016	9	\$ 19.11 to \$ 19.66	\$ 173	1.84 %	1.25 % to 1.40 %	10.03 % to 10.20 %
2015	12	\$ 17.37 to \$ 17.84	\$ 208	1.39 %	1.25 % to 1.40 %	(5.74) % to (5.60) %
2014	13	\$ 18.42 to \$ 18.90	\$ 248	1.33 %	1.25 % to 1.40 %	11.37 % to 11.57 %
GOLDMAN SACHS VIT MULTI-STRATEGY ALTERNATIVES PORTFOLIO (Effective date 12/31/2014)						
2018	125	\$ 8.84 to \$ 9.73	\$ 1,111	3.41 %	0.20 % to 1.20 %	(8.21) % to (7.28) %
2017	34	\$ 9.63 to \$ 10.49	\$ 334	3.91 %	0.20 % to 1.20 %	3.89 % to 4.93 %
2016	6	\$ 9.27 to \$ 9.42	\$ 52	0.95 %	0.25 % to 1.20 %	(0.91) % to 0.03 %
2015	4	\$ 9.35 to \$ 9.42	\$ 37	2.07 %	0.25 % to 1.20 %	(6.46) % to (5.82) %
GOLDMAN SACHS VIT STRATEGIC GROWTH FUND						
2018	2	\$ 24.38 to \$ 25.15	\$ 40	0.48 %	1.25 % to 1.40 %	(2.42) % to (2.27) %
2017	1	\$ 24.99 to \$ 25.74	\$ 36	0.44 %	1.25 % to 1.40 %	28.85 % to 29.04 %
2016	5	\$ 19.39 to \$ 19.39	\$ 90	0.48 %	1.40 % to 1.40 %	0.57 % to 0.57 %
2015	7	\$ 19.29 to \$ 19.80	\$ 141	0.36 %	1.25 % to 1.40 %	1.96 % to 2.11 %
2014	5	\$ 18.91 to \$ 19.39	\$ 99	0.32 %	1.25 % to 1.40 %	12.03 % to 12.21 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31				
	Units (000s)	Unit Fair Value		Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return
GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND INSTITUTIONAL CLASS								
2018	4	\$ 24.59	to \$ 25.39	\$ 92	1.06 %	1.25 %	to 1.40 %	(7.51) % to (7.37) %
2017	5	\$ 26.59	to \$ 27.41	\$ 129	1.54 %	1.25 %	to 1.40 %	22.35 % to 22.53 %
2016	3	\$ 21.73	to \$ 22.37	\$ 76	1.23 %	1.25 %	to 1.40 %	9.20 % to 9.36 %
2015	4	\$ 19.90	to \$ 20.45	\$ 85	1.41 %	1.25 %	to 1.40 %	(1.59) % to (1.44) %
2014	3	\$ 20.22	to \$ 20.75	\$ 68	1.38 %	1.25 %	to 1.40 %	14.76 % to 14.89 %
GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND SERVICE CLASS (Effective date 04/22/2016)								
2018	186	\$ 12.20	to \$ 11.55	\$ 2,258	1.18 %	0.20 %	to 1.20 %	(7.48) % to (6.55) %
2017	93	\$ 13.19	to \$ 12.36	\$ 1,217	1.86 %	0.20 %	to 1.20 %	22.33 % to 23.56 %
2016	17	\$ 10.78	to \$ 10.85	\$ 180	1.39 %	0.25 %	to 1.20 %	7.83 % to 8.53 %
GREAT-WEST AGGRESSIVE PROFILE FUND (Effective date 04/28/2017)								
2018	632	\$ 9.90	to \$ 10.07	\$ 6,284	2.73 %	0.20 %	to 1.20 %	(11.48) % to (10.59) %
2017	429	\$ 11.19	to \$ 11.26	\$ 4,805	2.54 %	0.20 %	to 1.20 %	11.89 % to 12.65 %
GREAT-WEST ARIEL MID CAP VALUE FUND (Effective date 01/09/2012)								
2018	90	\$ 9.62	to \$ 9.81	\$ 965	0.69 %	0.20 %	to 1.20 %	(15.43) % to (14.58) %
2017	46	\$ 11.37	to \$ 22.22	\$ 648	2.88 %	0.25 %	to 1.20 %	13.64 % to 14.72 %
2016	25	\$ 10.01	to \$ 19.37	\$ 393	1.50 %	0.25 %	to 1.20 %	11.70 % to 12.76 %
2015	20	\$ 10.67	to \$ 17.18	\$ 328	1.57 %	0.25 %	to 1.00 %	(7.04) % to (6.33) %
2014	14	\$ 11.48	to \$ 18.34	\$ 249	1.73 %	0.25 %	to 1.00 %	6.79 % to 7.57 %
GREAT-WEST BOND INDEX FUND (Effective date 01/09/2012)								
2018	1,710	\$ 10.08	to \$ 10.22	\$ 17,736	1.37 %	0.20 %	to 1.20 %	(1.60) % to (0.60) %
2017	1,227	\$ 10.51	to \$ 10.29	\$ 12,993	1.06 %	0.20 %	to 1.20 %	1.83 % to 2.85 %
2016	484	\$ 10.06	to \$ 10.83	\$ 5,192	0.98 %	0.25 %	to 1.20 %	0.73 % to 1.69 %
2015	263	\$ 9.99	to \$ 10.65	\$ 2,794	1.64 %	0.25 %	to 1.20 %	(0.08) % to (0.02) %
2014	175	\$ 10.37	to \$ 10.65	\$ 1,857	2.47 %	0.25 %	to 1.00 %	4.64 % to 5.55 %
GREAT-WEST CONSERVATIVE PROFILE FUND CLASS L (Effective date 04/28/2017)								
2018	527	\$ 9.86	to \$ 10.03	\$ 5,207	2.31 %	0.20 %	to 1.20 %	(4.47) % to (3.51) %
2017	265	\$ 10.33	to \$ 10.39	\$ 2,735	1.63 %	0.2B %	to 1.20 %	3.25 % to 3.95 %
GREAT-WEST CONSERVATIVE PROFILE FUND INVESTOR CLASS (Effective date 04/28/2017)								
2018	1,335	\$ 9.89	to \$ 10.06	\$ 13,279	3.14 %	0.20 %	to 1.20 %	(4.31) % to (3.34) %
2017	1,006	\$ 13.03	to \$ 10.41	\$ 10,420	1.50 %	0.20 %	to 1.20 %	15.60 % to 4.10 %
GREAT-WEST CORE BOND FUND (Effective date 01/09/2012)								
2018	402	\$ 10.20	to \$ 10.22	\$ 4,183	2.54 %	0.20 %	to 1.20 %	(2.39) % to (1.41) %
2017	182	\$ 13.03	to \$ 10.37	\$ 1,970	1.65 %	0.20 %	to 1.20 %	15.60 % to 3.69 %
2016	86	\$ 10.18	to \$ 11.14	\$ 936	2.30 %	0.25 %	to 1.20 %	3.45 % to 4.43 %
2015	75	\$ 9.84	to \$ 10.67	\$ 795	2.68 %	0.25 %	to 1.20 %	(1.61) % to (1.41) %
2014	72	\$ 10.76	to \$ 10.82	\$ 781	3.28 %	0.25 %	to 0.45 %	4.77 % to 4.95 %
GREAT-WEST EMERGING MARKETS EQUITY FUND (Effective date 04/30/2018)								
2018	84	\$ 8.18	to \$ 8.23	\$ 687	2.11 %	0.20 %	to 1.20 %	(18.21) % to (17.66) %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31					
	Units (000s)	Unit Fair Value		Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
GREAT-WEST GLOBAL BOND FUND (Effective date 01/09/2012)									
2018	449	\$ 9.45	to \$ 10.13	\$ 4,450	2.72 %	0.20 %	to	1.20 %	(1.47) % to (0.47) %
2017	279	\$ 9.59	to \$ 10.17	\$ 2,840	1.67 %	0.20 %	to	1.20 %	0.74 % to 1.75 %
2016	146	\$ 9.52	to \$ 11.21	\$ 1,521	1.64 %	0.25 %	to	1.20 %	1.75 % to 2.72 %
2015	92	\$ 9.36	to \$ 10.92	\$ 956	4.20 %	0.25 %	to	1.20 %	(5.31) % to (4.43) %
2014	58	\$ 9.91	to \$ 11.42	\$ 659	6.76 %	0.25 %	to	1.00 %	(0.80) % to (0.09) %
GREAT-WEST GOVERNMENT MONEY MARKET FUND (Effective date 01/09/2012)									
2018	4,102	\$ 9.56	to \$ 10.14	\$ 40,842	1.42 %	0.20 %	to	1.20 %	0.18 % to 1.18 %
2017	2,473	\$ 9.55	to \$ 10.02	\$ 24,425	0.41 %	0.20 %	to	1.20 %	(0.79) % to 0.21 %
2016	2,109	\$ 9.62	to \$ 9.88	\$ 20,774	0.00 %	0.25 %	to	1.20 %	(1.19) % to (0.25) %
2015	1,268	\$ 9.74	to \$ 9.90	\$ 12,535	0.00 %	0.25 %	to	1.20 %	(1.20) % to (0.25) %
2014	830	\$ 9.86	to \$ 9.93	\$ 8,231	0.00 %	0.25 %	to	1.20 %	(1.20) % to (0.20) %
GREAT-WEST INFLATION-PROTECTED SECURITIES FUND (Effective date 04/30/2018)									
2018	37	\$ 9.88	to \$ 9.94	\$ 366	6.07 %	0.20 %	to	1.20 %	(1.22) % to (0.56) %
GREAT-WEST INTERNATIONAL GROWTH FUND (Effective date 03/01/2013)									
2018	193	\$ 9.12	to \$ 10.48	\$ 1,809	0.00 %	0.20 %	to	1.20 %	(17.88) % to (17.04) %
2017	95	\$ 11.11	to \$ 12.64	\$ 1,104	1.82 %	0.20 %	to	1.20 %	25.11 % to 26.37 %
2016	13	\$ 8.88	to \$ 13.44	\$ 146	0.21 %	0.25 %	to	1.20 %	(1.48) % to (0.54) %
2015	16	\$ 9.48	to \$ 13.52	\$ 198	1.08 %	0.25 %	to	1.20 %	(1.18) % to (0.25) %
2014	5	\$ 13.55	to \$ 13.55	\$ 65	0.91 %	0.25 %	to	0.25 %	(5.64) % to (5.64) %
GREAT-WEST INTERNATIONAL INDEX FUND (Effective date 01/09/2012)									
2018	1,042	\$ 9.40	to \$ 10.69	\$ 11,163	2.23 %	0.20 %	to	1.20 %	(14.88) % to (14.01) %
2017	559	\$ 11.05	to \$ 12.44	\$ 7,640	2.74 %	0.20 %	to	1.20 %	23.13 % to 24.37 %
2016	221	\$ 8.97	to \$ 13.16	\$ 2,921	2.04 %	0.25 %	to	1.20 %	(0.54) % to 0.40 %
2015	148	\$ 9.21	to \$ 13.11	\$ 1,882	1.15 %	0.25 %	to	1.20 %	(2.27) % to (1.33) %
2014	98	\$ 9.45	to \$ 13.29	\$ 1,294	3.54 %	0.25 %	to	1.00 %	(7.08) % to (6.41) %
GREAT-WEST INTERNATIONAL VALUE FUND (Effective date 01/09/2012)									
2018	364	\$ 11.52	to \$ 10.63	\$ 4,116	1.44 %	0.20 %	to	1.20 %	(16.59) % to (15.74) %
2017	237	\$ 13.81	to \$ 12.62	\$ 3,367	1.17 %	0.20 %	to	1.20 %	24.96 % to 26.21 %
2016	128	\$ 9.92	to \$ 14.83	\$ 1,758	0.76 %	0.25 %	to	1.20 %	2.65 % to 3.63 %
2015	104	\$ 9.66	to \$ 14.32	\$ 1,445	0.96 %	0.25 %	to	1.20 %	(3.38) % to 6.19 %
2014	69	\$ 10.26	to \$ 13.48	\$ 933	1.87 %	0.25 %	to	1.00 %	0.00 % to 0.75 %
GREAT-WEST INVESCO SMALL CAP VALUE FUND (Effective date 12/31/2014)									
2018	72	\$ 10.07	to \$ 9.16	\$ 712	3.75 %	0.20 %	to	1.20 %	(14.89) % to (14.02) %
2017	31	\$ 11.83	to \$ 10.66	\$ 358	0.32 %	0.20 %	to	1.20 %	5.55 % to 6.60 %
2016	16	\$ 11.04	to \$ 11.29	\$ 175	0.08 %	0.25 %	to	1.20 %	22.11 % to 23.27 %
2015	2	\$ 9.18	to \$ 9.16	\$ 15	0.25 %	0.25 %	to	1.20 %	(8.23) % to (8.45) %
GREAT-WEST LARGE CAP GROWTH FUND (Effective date 04/22/2016)									
2018	233	\$ 13.05	to \$ 12.96	\$ 3,044	0.30 %	0.20 %	to	1.20 %	(1.15) % to (0.15) %
2017	72	\$ 13.20	to \$ 13.41	\$ 957	1.25 %	0.25 %	to	1.20 %	28.51 % to 29.73 %
2016	7	\$ 10.27	to \$ 10.34	\$ 76	0.02 %	0.25 %	to	1.20 %	2.73 % to 3.41 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
GREAT-WEST LIFETIME 2015 FUND (Effective date 04/22/2016)						
2018	118	\$ 10.71 to \$ 10.58	\$ 1,260	2.18 %	0.20 % to 1.20 %	(5.56) % to (4.61) %
2017	118	\$ 11.34 to \$ 11.09	\$ 1,328	1.42 %	0.20 % to 1.20 %	9.80 % to 10.90 %
2016	55	\$ 10.33 to \$ 10.40	\$ 567	1.60 %	0.25 % to 1.20 %	3.30 % to 3.98 %
GREAT-WEST LIFETIME 2020 FUND (Effective date 04/29/2016)						
2018	231	\$ 10.85 to \$ 10.64	\$ 2,486	2.85 %	0.20 % to 1.20 %	(6.08) % to (5.13) %
2017	170	\$ 11.55 to \$ 11.20	\$ 1,944	3.93 %	0.40 % to 1.20 %	11.10 % to 11.99 %
2016	19	\$ 10.40 to \$ 10.40	\$ 194	1.69 %	1.20 % to 1.20 %	4.00 % to 4.00 %
GREAT-WEST LIFETIME 2025 FUND (Effective date 04/22/2016)						
2018	496	\$ 10.93 to \$ 10.72	\$ 5,446	2.04 %	0.20 % to 1.20 %	(6.87) % to (5.92) %
2017	469	\$ 11.73 to \$ 11.39	\$ 5,518	2.08 %	0.20 % to 1.20 %	12.78 % to 13.91 %
2016	226	\$ 10.40 to \$ 10.47	\$ 2,364	1.90 %	0.25 % to 1.20 %	4.05 % to 4.73 %
GREAT-WEST LIFETIME 2030 FUND (Effective date 04/29/2016)						
2018	196	\$ 11.13 to \$ 10.79	\$ 2,171	3.37 %	0.20 % to 1.20 %	(7.85) % to (6.93) %
2017	86	\$ 12.08 to \$ 11.59	\$ 1,037	5.02 %	0.20 % to 1.20 %	14.80 % to 15.95 %
2016	7	\$ 10.53 to \$ 10.53	\$ 78	1.20 %	1.20 % to 1.20 %	5.26 % to 5.26 %
GREAT-WEST LIFETIME 2035 FUND (Effective date 04/22/2016)						
2018	155	\$ 11.17 to \$ 10.86	\$ 1,756	1.61 %	0.20 % to 1.20 %	(8.97) % to (8.05) %
2017	160	\$ 12.27 to \$ 11.81	\$ 1,990	1.89 %	0.20 % to 1.20 %	16.95 % to 18.13 %
2016	136	\$ 10.49 to \$ 10.56	\$ 1,437	1.78 %	0.25 % to 1.20 %	4.95 % to 5.64 %
GREAT-WEST LIFETIME 2040 FUND (Effective date 04/29/2016)						
2018	40	\$ 11.31 to \$ 10.86	\$ 445	3.15 %	0.20 % to 1.20 %	(9.85) % to (8.94) %
2017	18	\$ 12.55 to \$ 11.93	\$ 219	6.00 %	0.20 % to 1.20 %	18.11 % to 19.29 %
2016	8	\$ 10.62 to \$ 10.62	\$ 81	1.49 %	1.20 % to 1.20 %	6.23 % to 6.23 %
GREAT-WEST LIFETIME 2045 FUND (Effective date 04/22/2016)						
2018	45	\$ 11.22 to \$ 11.51	\$ 501	2.26 %	0.25 % to 1.20 %	(10.45) % to (9.59) %
2017	23	\$ 12.53 to \$ 12.73	\$ 295	1.86 %	0.25 % to 1.20 %	18.99 % to 20.12 %
2016	20	\$ 10.53 to \$ 10.60	\$ 209	1.71 %	0.25 % to 1.20 %	5.30 % to 5.99 %
GREAT-WEST LIFETIME 2050 FUND (Effective date 04/29/2016)						
2018	16	\$ 11.32 to \$ 10.87	\$ 186	3.72 %	0.20 % to 1.20 %	(10.63) % to (9.72) %
2017	10	\$ 12.67 to \$ 12.67	\$ 127	3.88 %	1.20 % to 1.20 %	19.15 % to 19.15 %
2016	5	\$ 10.63 to \$ 10.63	\$ 56	1.43 %	1.20 % to 1.20 %	6.30 % to 6.30 %
GREAT-WEST LIFETIME 2055 FUND (Effective date 04/22/2016)						
2018	126	\$ 11.20 to \$ 10.86	\$ 1,407	1.86 %	0.20 % to 1.20 %	(10.84) % to (9.93) %
2017	56	\$ 12.56 to \$ 12.76	\$ 697	2.10 %	0.25 % to 1.20 %	19.37 % to 20.50 %
2016	36	\$ 10.52 to \$ 10.59	\$ 381	1.67 %	0.25 % to 1.20 %	5.21 % to 5.90 %
GREAT-WEST LOOMIS SAYLES SMALL CAP VALUE FUND (Effective date 01/09/2012)						
2018	202	\$ 10.25 to \$ 9.16	\$ 2,108	0.00 %	0.20 % to 1.20 %	(17.20) % to (16.36) %
2017	99	\$ 12.38 to \$ 10.95	\$ 1,364	0.08 %	0.20 % to 1.20 %	8.43 % to 9.52 %
2016	51	\$ 11.42 to \$ 19.34	\$ 745	0.08 %	0.25 % to 1.20 %	24.32 % to 25.51 %
2015	12	\$ 9.19 to \$ 15.41	\$ 186	0.23 %	0.25 % to 1.20 %	(8.14) % to (3.71) %
2014	9	\$ 15.91 to \$ 16.00	\$ 147	0.87 %	0.25 % to 0.45 %	4.40 % to 4.58 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31					
	Units (000s)	Unit Fair Value		Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
GREAT-WEST MID CAP VALUE FUND									
(Effective date 12/31/2014)									
2018	251	\$ 11.29	to \$ 10.22	\$ 2,799	5.29 %	0.20 %	to	1.20 %	(13.36) % to (12.48) %
2017	156	\$ 13.03	to \$ 11.68	\$ 2,012	11.02 %	0.20 %	to	1.20 %	15.60 % to 16.75 %
2016	82	\$ 11.14	to \$ 11.25	\$ 921	2.77 %	0.25 %	to	1.20 %	18.86 % to 19.99 %
2015	22	\$ 9.48	to \$ 9.48	\$ 208	6.32 %	1.20 %	to	1.20 %	(5.17) % to (5.17) %
GREAT-WEST MODERATE PROFILE FUND CLASS L									
(Effective date 04/28/2017)									
2018	12,564	\$ 9.87	to \$ 10.04	\$ 124,148	2.08 %	0.20 %	to	1.20 %	(7.58) % to (6.65) %
2017	3,544	\$ 10.68	to \$ 10.76	\$ 37,862	1.94 %	0.20 %	to	1.20 %	6.84 % to 7.56 %
GREAT-WEST MODERATE PROFILE FUND INVESTOR CLASS									
(Effective date 04/28/2017)									
2018	7,559	\$ 9.91	to \$ 10.08	\$ 75,077	3.05 %	0.20 %	to	1.20 %	(7.41) % to (6.48) %
2017	6,624	\$ 10.71	to \$ 10.78	\$ 70,983	2.15 %	0.20 %	to	1.20 %	7.09 % to 7.82 %
GREAT-WEST MODERATELY AGGRESSIVE PROFILE FUND									
(Effective date 04/28/2017)									
2018	1,631	\$ 9.91	to \$ 10.08	\$ 16,279	2.87 %	0.20 %	to	1.20 %	(8.74) % to (7.81) %
2017	1,183	\$ 10.86	to \$ 10.93	\$ 12,906	2.52 %	0.20 %	to	1.20 %	8.61 % to 9.34 %
GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND CLASS L									
(Effective date 04/28/2017)									
2018	1,627	\$ 9.86	to \$ 10.03	\$ 16,054	2.76 %	0.20 %	to	1.20 %	(6.02) % to (5.06) %
2017	495	\$ 10.49	to \$ 10.56	\$ 5,198	2.38 %	0.20 %	to	1.20 %	4.94 % to 5.64 %
GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND INVESTOR CLASS									
(Effective date 04/28/2017)									
2018	2,000	\$ 9.90	to \$ 10.07	\$ 19,861	2.86 %	0.20 %	to	1.20 %	(5.86) % to (4.92) %
2017	1,784	\$ 10.52	to \$ 10.59	\$ 18,795	1.79 %	0.20 %	to	1.20 %	5.21 % to 5.92 %
GREAT-WEST MULTI-SECTOR BOND FUND									
(Effective date 01/09/2012)									
2018	689	\$ 10.45	to \$ 10.26	\$ 7,536	2.59 %	0.20 %	to	1.20 %	(4.27) % to (3.30) %
2017	474	\$ 10.92	to \$ 10.61	\$ 5,684	1.73 %	0.20 %	to	1.20 %	5.00 % to 6.06 %
2016	168	\$ 10.40	to \$ 13.19	\$ 2,100	2.57 %	0.25 %	to	1.20 %	10.07 % to 11.11 %
2015	132	\$ 9.45	to \$ 11.87	\$ 1,549	2.36 %	0.25 %	to	1.20 %	(5.52) % to (6.78) %
2014	109	\$ 10.31	to \$ 12.74	\$ 1,370	4.52 %	0.25 %	to	1.00 %	2.38 % to 3.24 %
GREAT-WEST PUTNAM EQUITY INCOME FUND									
(Effective date 05/01/2013)									
2018	310	\$ 10.98	to \$ 10.78	\$ 3,520	1.51 %	0.20 %	to	1.20 %	(9.90) % to (8.99) %
2017	147	\$ 12.19	to \$ 11.85	\$ 1,942	0.47 %	0.20 %	to	1.20 %	17.31 % to 18.49 %
2016	44	\$ 10.39	to \$ 14.28	\$ 574	0.28 %	0.25 %	to	1.20 %	11.78 % to 12.85 %
2015	24	\$ 11.23	to \$ 12.66	\$ 295	1.53 %	0.25 %	to	1.00 %	(4.50) % to (3.77) %
2014	17	\$ 11.75	to \$ 13.15	\$ 221	2.22 %	0.25 %	to	1.00 %	11.16 % to 12.11 %
GREAT-WEST PUTNAM HIGH YIELD BOND FUND									
(Effective date 01/09/2012)									
2018	151	\$ 10.55	to \$ 10.20	\$ 1,677	7.87 %	0.20 %	to	1.20 %	(5.08) % to (4.12) %
2017	121	\$ 11.11	to \$ 10.64	\$ 1,459	6.30 %	0.20 %	to	1.20 %	5.36 % to 6.41 %
2016	85	\$ 10.55	to \$ 13.62	\$ 1,015	6.81 %	0.25 %	to	1.20 %	14.17 % to 15.25 %
2015	44	\$ 9.66	to \$ 11.82	\$ 503	5.70 %	0.25 %	to	1.00 %	(5.64) % to (4.92) %
2014	46	\$ 10.23	to \$ 12.43	\$ 564	5.25 %	0.25 %	to	1.00 %	1.09 % to 1.80 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
GREAT-WEST REAL ESTATE INDEX FUND (Effective date 05/01/2013)						
2018	392	\$ 12.46 to \$ 9.77	\$ 4,218	2.13 %	0.20 % to 1.20 %	(6.00) % to (5.04) %
2017	268	\$ 13.25 to \$ 10.29	\$ 3,151	0.99 %	0.20 % to 1.20 %	1.88 % to 2.89 %
2016	173	\$ 10.88 to \$ 12.63	\$ 2,136	2.25 %	0.25 % to 1.20 %	4.56 % to 5.56 %
2015	75	\$ 10.41 to \$ 11.97	\$ 899	2.12 %	0.25 % to 1.20 %	4.07 % to 3.42 %
2014	46	\$ 12.17 to \$ 11.57	\$ 534	2.68 %	0.25 % to 1.00 %	29.47 % to 30.59 %
GREAT-WEST S&P 500® INDEX FUND (Effective date 01/09/2012)						
2018	5,656	\$ 14.58 to \$ 11.48	\$ 73,576	0.85 %	0.20 % to 1.20 %	(6.03) % to (5.08) %
2017	3,094	\$ 15.52 to \$ 12.09	\$ 48,011	0.99 %	0.20 % to 1.20 %	19.74 % to 20.93 %
2016	1,048	\$ 10.59 to \$ 18.64	\$ 17,177	1.10 %	0.25 % to 1.20 %	9.94 % to 10.99 %
2015	559	\$ 11.79 to \$ 16.80	\$ 9,167	1.28 %	0.25 % to 1.20 %	(0.46) % to 0.50 %
2014	430	\$ 11.87 to \$ 16.72	\$ 7,142	2.16 %	0.25 % to 1.00 %	11.88 % to 12.74 %
GREAT-WEST S&P MID CAP 400® INDEX FUND (Effective date 01/09/2012)						
2018	1,842	\$ 12.76 to \$ 10.19	\$ 21,050	0.76 %	0.20 % to 1.20 %	(12.63) % to (11.74) %
2017	985	\$ 14.60 to \$ 11.54	\$ 14,616	0.73 %	0.20 % to 1.20 %	14.27 % to 15.41 %
2016	306	\$ 10.91 to \$ 19.19	\$ 5,243	0.72 %	0.25 % to 1.20 %	18.54 % to 19.67 %
2015	135	\$ 10.78 to \$ 16.04	\$ 2,031	1.01 %	0.25 % to 1.20 %	(3.94) % to (3.02) %
2014	94	\$ 11.25 to \$ 16.54	\$ 1,509	1.81 %	0.25 % to 1.00 %	8.17 % to 8.96 %
GREAT-WEST S&P SMALL CAP 600® INDEX FUND (Effective date 01/09/2012)						
2018	1,883	\$ 13.11 to \$ 10.22	\$ 22,703	1.26 %	0.20 % to 1.20 %	(10.08) % to (9.17) %
2017	1,126	\$ 14.58 to \$ 11.25	\$ 17,625	2.06 %	0.20 % to 1.20 %	11.41 % to 12.52 %
2016	401	\$ 11.46 to \$ 20.40	\$ 7,285	1.37 %	0.25 % to 1.20 %	24.24 % to 25.43 %
2015	126	\$ 10.53 to \$ 16.27	\$ 1,953	1.15 %	0.25 % to 1.20 %	(3.70) % to (2.78) %
2014	105	\$ 10.97 to \$ 16.73	\$ 1,733	1.38 %	0.25 % to 1.00 %	4.18 % to 4.89 %
GREAT-WEST SECUREFOUNDATION® BALANCED FUND (Effective date 01/09/2012)						
2018	24,757	\$ 11.65 to \$ 10.60	\$ 269,385	2.29 %	0.20 % to 1.20 %	(6.67) % to (5.72) %
2017	18,109	\$ 11.42 to \$ 11.24	\$ 210,200	2.19 %	0.20 % to 1.20 %	11.30 % to 12.41 %
2016	12,025	\$ 10.26 to \$ 14.37	\$ 125,330	2.84 %	0.25 % to 1.20 %	7.07 % to 8.09 %
2015	3,672	\$ 9.58 to \$ 13.30	\$ 35,883	2.60 %	0.25 % to 1.20 %	(4.21) % to (1.12) %
2014	104	\$ 10.69 to \$ 13.45	\$ 1,117	2.33 %	0.25 % to 1.20 %	4.60 % to 5.66 %
GREAT-WEST SHORT DURATION BOND FUND (Effective date 01/09/2012)						
2018	737	\$ 9.97 to \$ 10.22	\$ 7,640	1.97 %	0.20 % to 1.20 %	(0.58) % to 0.42 %
2017	464	\$ 10.03 to \$ 10.18	\$ 4,892	1.09 %	0.20 % to 1.20 %	0.75 % to 1.76 %
2016	218	\$ 9.96 to \$ 10.82	\$ 2,304	1.53 %	0.25 % to 1.20 %	0.49 % to 1.45 %
2015	148	\$ 9.91 to \$ 10.67	\$ 1,560	1.18 %	0.25 % to 1.20 %	(0.67) % to 0.28 %
2014	139	\$ 9.97 to \$ 10.64	\$ 1,474	1.60 %	0.25 % to 1.20 %	(0.20) % to 0.76 %
GREAT-WEST SMALL CAP GROWTH FUND (Effective date 04/22/2016)						
2018	88	\$ 12.70 to \$ 11.74	\$ 1,119	8.19 %	0.20 % to 1.20 %	(4.15) % to (3.18) %
2017	18	\$ 13.25 to \$ 13.46	\$ 239	0.00 %	0.25 % to 1.20 %	20.05 % to 21.19 %
2016	1	\$ 11.03 to \$ 11.03	\$ 9	0.00 %	1.20 % to 1.20 %	10.33 % to 10.33 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
GREAT-WEST T. ROWE PRICE MID CAP GROWTH FUND (Effective date 01/09/2012)						
2018	866	\$ 15.29 to \$ 12.11	\$ 11,196	0.10 %	0.20 % to 1.20 %	(3.50) % to (2.52) %
2017	435	\$ 15.84 to \$ 12.42	\$ 6,663	0.31 %	0.20 % to 1.20 %	22.96 % to 24.18 %
2016	155	\$ 10.12 to \$ 19.16	\$ 2,440	0.06 %	0.25 % to 1.20 %	4.91 % to 5.92 %
2015	82	\$ 9.65 to \$ 18.09	\$ 1,375	0.02 %	0.25 % to 1.20 %	(3.52) % to 6.25 %
2014	46	\$ 11.70 to \$ 17.03	\$ 766	0.83 %	0.25 % to 1.00 %	11.64 % to 12.48 %
GREAT-WEST U.S. GOVERNMENT SECURITIES FUND (Effective date 01/09/2012)						
2018	167	\$ 10.03 to \$ 10.23	\$ 1,719	1.99 %	0.20 % to 1.20 %	(0.74) % to 0.26 %
2017	97	\$ 10.11 to \$ 10.20	\$ 1,019	1.21 %	0.20 % to 1.20 %	1.00 % to 2.01 %
2016	40	\$ 10.01 to \$ 10.75	\$ 429	1.80 %	0.25 % to 1.20 %	0.02 % to 0.97 %
2015	29	\$ 10.01 to \$ 10.64	\$ 312	2.09 %	0.25 % to 1.20 %	0.05 % to 0.55 %
2014	23	\$ 10.52 to \$ 10.59	\$ 242	2.52 %	0.25 % to 0.45 %	4.99 % to 5.27 %
INVESCO V.I. CORE EQUITY FUND (Effective date 01/09/2012)						
2018	32	\$ 9.88 to \$ 15.98	\$ 358	0.00 %	0.25 % to 1.20 %	(10.70) % to (9.84) %
2017	32	\$ 11.06 to \$ 17.73	\$ 403	0.80 %	0.25 % to 1.20 %	11.54 % to 12.60 %
2016	34	\$ 9.92 to \$ 15.74	\$ 382	0.50 %	0.25 % to 1.20 %	8.70 % to 9.74 %
2015	33	\$ 10.26 to \$ 14.35	\$ 356	0.97 %	0.25 % to 1.20 %	(7.12) % to (6.24) %
2014	13	\$ 11.07 to \$ 15.30	\$ 164	0.30 %	0.25 % to 1.00 %	6.75 % to 7.59 %
INVESCO V.I. GLOBAL REAL ESTATE FUND (Effective date 01/09/2012)						
2018	108	\$ 10.81 to \$ 10.52	\$ 1,143	4.09 %	0.20 % to 1.20 %	(7.46) % to (6.52) %
2017	73	\$ 11.68 to \$ 11.25	\$ 869	3.35 %	0.20 % to 1.20 %	11.39 % to 12.50 %
2016	38	\$ 9.74 to \$ 14.81	\$ 458	1.51 %	0.25 % to 1.20 %	0.61 % to 1.56 %
2015	24	\$ 9.68 to \$ 14.58	\$ 312	3.15 %	0.25 % to 1.20 %	(3.21) % to (1.99) %
2014	17	\$ 10.75 to \$ 14.88	\$ 256	1.47 %	0.25 % to 1.00 %	13.04 % to 14.11 %
INVESCO V.I. GROWTH & INCOME FUND (Effective date 01/09/2012)						
2018	342	\$ 10.44 to \$ 9.81	\$ 3,921	1.91 %	0.20 % to 1.20 %	(14.63) % to (13.77) %
2017	252	\$ 12.23 to \$ 11.38	\$ 3,580	1.26 %	0.20 % to 1.20 %	12.68 % to 13.81 %
2016	141	\$ 10.85 to \$ 18.75	\$ 2,189	0.87 %	0.25 % to 1.20 %	18.00 % to 19.13 %
2015	85	\$ 10.95 to \$ 15.74	\$ 1,295	2.40 %	0.25 % to 1.00 %	(4.28) % to (3.55) %
2014	65	\$ 11.44 to \$ 16.32	\$ 1,053	1.62 %	0.25 % to 1.00 %	8.85 % to 9.68 %
INVESCO V.I. INTERNATIONAL GROWTH FUND (Effective date 01/09/2012)						
2018	175	\$ 9.14 to \$ 10.36	\$ 1,748	1.94 %	0.20 % to 1.20 %	(16.22) % to (15.37) %
2017	131	\$ 10.91 to \$ 12.25	\$ 1,598	1.27 %	0.20 % to 1.20 %	21.27 % to 22.48 %
2016	74	\$ 8.99 to \$ 12.96	\$ 853	1.23 %	0.25 % to 1.20 %	(1.89) % to (0.95) %
2015	53	\$ 9.70 to \$ 13.09	\$ 647	1.34 %	0.25 % to 1.20 %	(3.78) % to (2.86) %
2014	45	\$ 10.08 to \$ 13.47	\$ 585	1.56 %	0.25 % to 1.20 %	(1.18) % to (0.15) %
INVESCO V.I. SMALL CAP EQUITY FUND (Effective date 01/09/2012)						
2018	23	\$ 9.14 to \$ 15.63	\$ 239	0.00 %	0.25 % to 1.20 %	(16.29) % to (15.49) %
2017	24	\$ 10.92 to \$ 18.49	\$ 287	0.00 %	0.25 % to 1.20 %	12.38 % to 13.44 %
2016	14	\$ 9.72 to \$ 16.30	\$ 143	0.00 %	0.25 % to 1.20 %	10.50 % to 11.56 %
2015	4	\$ 10.01 to \$ 14.61	\$ 40	0.00 %	0.25 % to 1.00 %	(6.68) % to (5.97) %
2014	1	\$ 15.54 to \$ 15.54	\$ 11	0.00 %	0.25 % to 0.25 %	1.83 % to 1.83 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
IVY VIP ENERGY FUND						
(Effective date 04/22/2016)						
2018	127	\$ 6.69 to \$ 5.73	\$ 845	0.00 %	0.20 % to 1.20 %	(34.92) % to (34.27) %
2017	96	\$ 10.29 to \$ 8.72	\$ 986	1.16 %	0.20 % to 1.20 %	(13.68) % to (12.82) %
2016	40	\$ 11.92 to \$ 12.00	\$ 479	0.06 %	0.25 % to 1.20 %	19.19 % to 19.97 %
JANUS HENDERSON VIT BALANCED PORTFOLIO						
(Effective date 01/09/2012)						
2018	2,532	\$ 13.12 to \$ 11.82	\$ 32,688	1.79 %	0.20 % to 1.20 %	(0.78) % to 0.23 %
2017	1,256	\$ 13.23 to \$ 11.79	\$ 15,873	1.64 %	0.20 % to 1.20 %	16.73 % to 17.90 %
2016	323	\$ 10.09 to \$ 15.05	\$ 4,020	2.37 %	0.25 % to 1.20 %	3.08 % to 4.06 %
2015	149	\$ 10.99 to \$ 14.47	\$ 1,977	1.84 %	0.25 % to 1.20 %	(0.79) % to 0.16 %
2014	57	\$ 11.08 to \$ 14.44	\$ 796	1.56 %	0.25 % to 1.20 %	6.95 % to 7.92 %
JANUS HENDERSON VIT ENTERPRISE PORTFOLIO						
(Effective date 05/01/2015)						
2018	442	\$ 13.23 to \$ 12.57	\$ 5,811	0.14 %	0.20 % to 1.20 %	(1.86) % to (0.86) %
2017	311	\$ 13.48 to \$ 12.68	\$ 4,184	0.47 %	0.20 % to 1.20 %	25.58 % to 26.83 %
2016	130	\$ 10.67 to \$ 10.91	\$ 1,405	0.04 %	0.25 % to 1.20 %	10.76 % to 11.82 %
2015	10	\$ 9.69 to \$ 9.75	\$ 100	0.46 %	0.25 % to 1.20 %	(3.07) % to (2.46) %
JANUS HENDERSON VIT FLEXIBLE BOND PORTFOLIO						
2018	290	\$ 21.97 to \$ 10.16	\$ 3,039	2.87 %	0.20 % to 1.40 %	(2.66) % to (1.48) %
2017	168	\$ 22.57 to \$ 10.31	\$ 1,862	2.49 %	0.20 % to 1.40 %	1.92 % to 3.15 %
2016	190	\$ 22.15 to \$ 11.38	\$ 2,135	2.80 %	0.25 % to 1.40 %	0.81 % to 1.97 %
2015	92	\$ 21.97 to \$ 11.16	\$ 1,037	2.01 %	0.25 % to 1.40 %	(1.45) % to (0.31) %
2014	73	\$ 22.30 to \$ 11.20	\$ 829	1.76 %	0.25 % to 1.40 %	3.24 % to 0.72 %
JANUS HENDERSON VIT MID CAP VALUE PORTFOLIO						
(Effective date 01/09/2012)						
2018	10	\$ 11.84 to \$ 16.35	\$ 144	0.87 %	0.25 % to 1.20 %	(14.85) % to (14.04) %
2017	11	\$ 13.91 to \$ 19.02	\$ 202	0.49 %	0.25 % to 1.20 %	12.29 % to 13.35 %
2016	22	\$ 12.39 to \$ 16.78	\$ 361	0.90 %	0.25 % to 1.20 %	17.35 % to 18.47 %
2015	24	\$ 10.56 to \$ 14.16	\$ 331	0.99 %	0.25 % to 1.20 %	(4.83) % to (3.93) %
2014	31	\$ 11.12 to \$ 14.74	\$ 449	3.70 %	0.25 % to 1.00 %	7.34 % to 8.14 %
JANUS HENDERSON VIT OVERSEAS PORTFOLIO INSTITUTIONAL SHARES						
2018	6	\$ 18.88 to \$ 19.50	\$ 122	1.74 %	1.25 % to 1.40 %	(16.13) % to (16.00) %
2017	7	\$ 22.51 to \$ 23.22	\$ 166	1.67 %	1.25 % to 1.40 %	29.30 % to 29.50 %
2016	7	\$ 17.41 to \$ 17.93	\$ 127	4.69 %	1.25 % to 1.40 %	(7.75) % to (7.61) %
2015	8	\$ 18.88 to \$ 19.41	\$ 142	0.59 %	1.25 % to 1.40 %	(9.86) % to (9.73) %
2014	9	\$ 20.94 to \$ 21.50	\$ 183	5.46 %	1.25 % to 1.40 %	(13.11) % to (12.96) %
JANUS HENDERSON VIT OVERSEAS PORTFOLIO SERVICE SHARES						
(Effective date 01/09/2012)						
2018	12	\$ 7.95 to \$ 10.43	\$ 110	1.67 %	0.25 % to 1.20 %	(16.15) % to (15.35) %
2017	12	\$ 9.49 to \$ 12.32	\$ 131	1.24 %	0.25 % to 1.20 %	29.25 % to 30.48 %
2016	20	\$ 7.34 to \$ 9.44	\$ 180	4.87 %	0.25 % to 1.20 %	(7.82) % to (6.94) %
2015	23	\$ 7.96 to \$ 10.14	\$ 222	0.54 %	0.25 % to 1.20 %	(9.89) % to (9.03) %
2014	16	\$ 11.15 to \$ 11.15	\$ 180	7.31 %	0.25 % to 0.25 %	(12.34) % to (12.34) %
JPMORGAN INSURANCE TRUST GLOBAL ALLOCATION PORTFOLIO						
(Effective date 04/28/2017)						
2018	28	\$ 10.08 to \$ 10.08	\$ 278	0.00 %	1.20 % to 1.20 %	(7.43) % to (7.43) %
2017	1	\$ 10.89 to \$ 10.89	\$ 13	1.12 %	1.20 % to 1.20 %	8.95 % to 8.95 %
JPMORGAN INSURANCE TRUST INCOME BUILDER PORTFOLIO						
(Effective date 04/28/2017)						
2018	60	\$ 10.00 to \$ 10.16	\$ 598	0.00 %	0.25 % to 1.20 %	(6.05) % to (5.16) %
2017	15	\$ 10.64 to \$ 10.66	\$ 155	5.97 %	1.00 % to 1.20 %	6.41 % to 6.58 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31					For the year or period ended December 31				
	Units (000s)	Unit Fair Value		Net Assets (000s)		Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
JPMORGAN INSURANCE TRUST SMALL CAP CORE PORTFOLIO (Effective date 04/30/2018)										
2018	31	\$ 8.58	to \$ 8.63	\$ 263		0.00 %	0.20 %	to 1.20 %	(14.25) %	to (13.67) %
LORD ABBETT SERIES DEVELOPING GROWTH PORTFOLIO (Effective date 05/16/2014)										
2018	38	\$ 10.38	to \$ 13.67	\$ 418		0.00 %	0.25 %	to 1.20 %	3.62 %	to 4.62 %
2017	41	\$ 10.02	to \$ 13.07	\$ 432		0.00 %	0.25 %	to 1.20 %	28.37 %	to 29.60 %
2016	24	\$ 7.80	to \$ 10.08	\$ 202		0.00 %	0.25 %	to 1.20 %	(3.76) %	to (2.84) %
2015	16	\$ 10.22	to \$ 10.38	\$ 167		0.00 %	0.25 %	to 1.20 %	(9.30) %	to (8.44) %
2014	3	\$ 11.27	to \$ 11.33	\$ 34		0.00 %	0.25 %	to 1.20 %	12.66 %	to 13.33 %
MFS VIT II BLENDED RESEARCH CORE EQUITY PORTFOLIO (Effective date 04/22/2016)										
2018	150	\$ 11.37	to \$ 11.04	\$ 1,703		1.22 %	0.20 %	to 1.20 %	(9.10) %	to (8.18) %
2017	87	\$ 12.51	to \$ 12.02	\$ 1,086		1.55 %	0.20 %	to 1.20 %	19.05 %	to 20.23 %
2016	7	\$ 10.51	to \$ 10.51	\$ 76		0.00 %	1.20 %	to 1.20 %	5.06 %	to 5.06 %
MFS VIT II TECHNOLOGY PORTFOLIO (Effective date 04/22/2016)										
2018	567	\$ 14.93	to \$ 14.02	\$ 8,421		0.00 %	0.20 %	to 1.20 %	0.31 %	to 1.32 %
2017	292	\$ 14.89	to \$ 13.84	\$ 4,265		0.00 %	0.20 %	to 1.20 %	37.00 %	to 38.37 %
2016	35	\$ 10.87	to \$ 10.94	\$ 379		0.00 %	0.25 %	to 1.20 %	8.68 %	to 9.39 %
MFS VIT III BLENDED RESEARCH SMALL CAP EQUITY PORTFOLIO (Effective date 04/28/2017)										
2018	95	\$ 10.25	to \$ 10.42	\$ 972		0.65 %	0.20 %	to 1.20 %	(6.49) %	to (5.55) %
2017	11	\$ 10.96	to \$ 11.02	\$ 125		0.58 %	0.40 %	to 1.20 %	9.62 %	to 10.21 %
MORGAN STANLEY VIF MID CAP GROWTH PORTFOLIO (Effective date 01/09/2012)										
2018	1	\$ 19.39	to \$ 19.39	\$ 20		0.00 %	0.25 %	to 0.25 %	10.25 %	to 10.25 %
2017	1	\$ 17.59	to \$ 17.59	\$ 18		0.00 %	0.25 %	to 0.25 %	38.25 %	to 38.25 %
NEUBERGER BERMAN AMT SUSTAINABLE EQUITY PORTFOLIO (Effective date 01/09/2012)										
2018	37	\$ 11.33	to \$ 19.71	\$ 564		0.24 %	0.25 %	to 1.20 %	(7.07) %	to (6.18) %
2017	20	\$ 12.19	to \$ 21.00	\$ 386		0.25 %	0.25 %	to 1.20 %	16.71 %	to 17.82 %
2016	29	\$ 12.21	to \$ 17.83	\$ 521		0.49 %	0.25 %	to 1.00 %	8.56 %	to 9.37 %
2015	28	\$ 11.25	to \$ 16.30	\$ 453		0.30 %	0.25 %	to 1.00 %	(1.60) %	to (0.84) %
2014	27	\$ 16.34	to \$ 16.44	\$ 448		0.11 %	0.25 %	to 0.45 %	9.59 %	to 9.82 %
NVIT EMERGING MARKETS FUND (Effective date 08/05/2016)										
2018	8	\$ 10.86	to \$ 10.90	\$ 92		0.33 %	1.25 %	to 1.40 %	(18.86) %	to (18.74) %
2017	11	\$ 13.38	to \$ 13.41	\$ 152		0.91 %	1.25 %	to 1.40 %	39.15 %	to 39.35 %
2016	13	\$ 9.62	to \$ 9.62	\$ 121		0.81 %	1.25 %	to 1.40 %	(3.82) %	to (3.76) %
OPPENHEIMER INTERNATIONAL GROWTH FUND/VA (Effective date 04/28/2017)										
2018	166	\$ 8.86	to \$ 9.01	\$ 1,475		0.54 %	0.20 %	to 1.20 %	(20.51) %	to (19.71) %
2017	34	\$ 11.15	to \$ 11.22	\$ 378		0.06 %	0.25 %	to 1.20 %	11.49 %	to 12.21 %
OPPENHEIMER MAIN STREET SMALL CAP FUND/VA (Effective date 05/16/2014)										
2018	252	\$ 12.11	to \$ 10.15	\$ 2,620		0.06 %	0.20 %	to 1.20 %	(11.61) %	to (10.71) %
2017	135	\$ 13.70	to \$ 11.37	\$ 1,618		0.71 %	0.20 %	to 1.20 %	12.55 %	to 13.68 %
2016	32	\$ 10.37	to \$ 12.48	\$ 381		0.24 %	0.25 %	to 1.20 %	16.26 %	to 17.37 %
2015	15	\$ 8.92	to \$ 10.63	\$ 156		0.56 %	0.25 %	to 1.20 %	(10.84) %	to (6.33) %
2014	2	\$ 11.30	to \$ 11.35	\$ 19		0.00 %	0.25 %	to 1.00 %	12.97 %	to 13.50 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31					For the year or period ended December 31				
	Units (000s)	Unit Fair Value		Net Assets (000s)		Investment Income Ratio	Expense Ratio (lowest to highest)		Total Return	
OPPENHEIMER TOTAL RETURN BOND FUND/VA (Effective date 04/28/2017)										
2018	110	\$ 9.91	to \$ 9.91	\$ 1,095		3.10 %	1.20 %	to	1.20 %	(2.50) % to (2.50) %
2017	20	\$ 10.17	to \$ 10.17	\$ 202		0.00 %	1.20 %	to	1.20 %	1.66 % to 1.66 %
PIMCO VIT COMMODITY REALRETURN STRATEGY PORTFOLIO (Effective date 01/09/2012)										
2018	131	\$ 5.52	to \$ 8.72	\$ 917		1.95 %	0.20 %	to	1.20 %	(15.23) % to (14.37) %
2017	66	\$ 6.52	to \$ 10.18	\$ 500		10.80 %	0.20 %	to	1.20 %	0.82 % to 1.84 %
2016	46	\$ 6.46	to \$ 6.02	\$ 314		1.05 %	0.25 %	to	1.20 %	13.50 % to 14.58 %
2015	24	\$ 5.70	to \$ 5.26	\$ 128		3.39 %	0.25 %	to	1.20 %	(26.54) % to (25.84) %
2014	14	\$ 7.77	to \$ 7.09	\$ 102		0.25 %	0.25 %	to	1.00 %	(19.48) % to (18.79) %
PIMCO VIT LONG TERM US GOVERNMENT PORTFOLIO (Effective date 04/22/2016)										
2018	172	\$ 9.70	to \$ 10.57	\$ 1,685		2.30 %	0.20 %	to	1.20 %	(3.65) % to (2.67) %
2017	44	\$ 10.06	to \$ 10.22	\$ 442		2.08 %	0.25 %	to	1.20 %	7.56 % to 8.56 %
2016	20	\$ 9.36	to \$ 9.42	\$ 186		0.98 %	0.25 %	to	1.20 %	(6.44) % to (5.82) %
PIMCO VIT LOW DURATION PORTFOLIO (Effective date 01/09/2012)										
2018	268	\$ 9.77	to \$ 10.11	\$ 2,707		1.85 %	0.20 %	to	1.20 %	(0.95) % to 0.05 %
2017	183	\$ 9.87	to \$ 10.10	\$ 1,887		1.22 %	0.20 %	to	1.20 %	0.04 % to 1.04 %
2016	119	\$ 9.86	to \$ 10.62	\$ 1,248		1.37 %	0.25 %	to	1.20 %	0.10 % to 1.05 %
2015	80	\$ 9.85	to \$ 10.51	\$ 833		3.42 %	0.25 %	to	1.20 %	(0.99) % to (0.04) %
2014	63	\$ 9.95	to \$ 10.52	\$ 664		1.07 %	0.25 %	to	1.20 %	(0.40) % to 0.57 %
PIMCO VIT REAL RETURN PORTFOLIO (Effective date 01/09/2012)										
2018	172	\$ 9.77	to \$ 10.08	\$ 1,716		2.34 %	0.20 %	to	1.20 %	(3.48) % to (2.51) %
2017	108	\$ 10.12	to \$ 10.33	\$ 1,113		2.27 %	0.20 %	to	1.20 %	2.32 % to 3.35 %
2016	63	\$ 9.89	to \$ 10.17	\$ 637		2.26 %	0.25 %	to	1.20 %	3.84 % to 4.83 %
2015	23	\$ 9.52	to \$ 9.70	\$ 218		4.33 %	0.25 %	to	1.20 %	(3.96) % to (3.05) %
2014	18	\$ 9.95	to \$ 10.01	\$ 178		1.66 %	0.25 %	to	0.45 %	2.58 % to 2.77 %
PIMCO VIT SHORT TERM PORTFOLIO (Effective date 04/22/2016)										
2018	617	\$ 10.25	to \$ 10.33	\$ 6,362		2.11 %	0.20 %	to	1.20 %	0.21 % to 1.22 %
2017	188	\$ 10.23	to \$ 10.21	\$ 1,928		1.55 %	0.20 %	to	1.20 %	1.09 % to 2.10 %
2016	47	\$ 10.12	to \$ 10.19	\$ 475		0.68 %	0.25 %	to	1.20 %	1.23 % to 1.90 %
PIMCO VIT TOTAL RETURN PORTFOLIO (Effective date 01/09/2012)										
2018	1,144	\$ 10.19	to \$ 10.37	\$ 12,011		2.49 %	0.20 %	to	1.20 %	(1.82) % to (0.82) %
2017	624	\$ 10.38	to \$ 10.46	\$ 6,771		1.89 %	0.20 %	to	1.20 %	3.56 % to 4.60 %
2016	350	\$ 10.02	to \$ 11.31	\$ 3,727		1.89 %	0.25 %	to	1.20 %	1.37 % to 2.32 %
2015	187	\$ 10.12	to \$ 11.06	\$ 2,043		5.15 %	0.25 %	to	1.20 %	(0.84) % to 0.10 %
2014	160	\$ 10.23	to \$ 11.04	\$ 1,753		2.15 %	0.25 %	to	1.00 %	3.13 % to 3.86 %
PUTNAM VT EQUITY INCOME FUND (Effective date 04/28/2017)										
2018	108	\$ 10.20	to \$ 10.37	\$ 1,107		0.69 %	0.25 %	to	1.20 %	(9.59) % to (8.72) %
2017	123	\$ 11.29	to \$ 11.36	\$ 1,385		0.00 %	0.25 %	to	1.20 %	12.86 % to 13.58 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
PUTNAM VT GLOBAL ASSET ALLOCATION FUND						
(Effective date 12/31/2014)						
2018	404	\$ 10.90 to \$ 10.65	\$ 4,265	1.78 %	0.20 % to 1.20 %	(8.37) % to (7.45) %
2017	365	\$ 11.89 to \$ 11.51	\$ 4,209	1.54 %	0.20 % to 1.20 %	13.96 % to 15.11 %
2016	72	\$ 10.07 to \$ 10.25	\$ 736	1.71 %	0.25 % to 1.20 %	5.44 % to 6.45 %
2015	39	\$ 9.90 to \$ 9.63	\$ 385	0.41 %	0.25 % to 1.20 %	(1.02) % to (3.75) %
PUTNAM VT GLOBAL EQUITY FUND						
(Effective date 12/31/2014)						
2018	149	\$ 9.97 to \$ 11.20	\$ 1,490	0.26 %	0.20 % to 1.20 %	(13.49) % to (12.61) %
2017	76	\$ 11.52 to \$ 12.81	\$ 881	1.35 %	0.20 % to 1.20 %	26.85 % to 28.12 %
2016	38	\$ 9.08 to \$ 9.22	\$ 349	0.81 %	0.25 % to 1.20 %	(0.12) % to 0.82 %
2015	7	\$ 9.09 to \$ 9.14	\$ 69	0.00 %	0.25 % to 1.20 %	(9.06) % to (8.60) %
PUTNAM VT GROWTH OPPORTUNITIES FUND						
(Effective date 12/31/2014)						
2018	311	\$ 13.75 to \$ 13.35	\$ 4,125	0.00 %	0.20 % to 1.20 %	1.15 % to 2.17 %
2017	172	\$ 13.59 to \$ 13.06	\$ 2,260	0.06 %	0.20 % to 1.20 %	29.35 % to 30.64 %
2016	64	\$ 10.05 to \$ 10.34	\$ 655	0.28 %	0.25 % to 1.20 %	5.24 % to 6.25 %
2015	12	\$ 9.98 to \$ 9.73	\$ 121	0.00 %	0.25 % to 1.20 %	(0.18) % to (2.71) %
PUTNAM VT INCOME FUND						
(Effective date 05/01/2015)						
2018	426	\$ 10.14 to \$ 10.54	\$ 4,326	3.01 %	0.20 % to 1.20 %	(1.00) % to 0.00 %
2017	501	\$ 10.24 to \$ 10.54	\$ 5,129	0.43 %	0.20 % to 1.20 %	4.34 % to 5.38 %
2016	19	\$ 9.81 to \$ 9.81	\$ 188	0.00 %	0.25 % to 1.20 %	0.78 % to 1.74 %
PUTNAM VT INTERNATIONAL EQUITY FUND						
(Effective date 05/01/2015)						
2018	82	\$ 8.69 to \$ 8.69	\$ 713	1.15 %	1.20 % to 1.20 %	(20.08) % to (20.08) %
2017	42	\$ 10.87 to \$ 10.87	\$ 458	0.64 %	1.20 % to 1.20 %	25.07 % to 25.07 %
2016	6	\$ 8.69 to \$ 8.69	\$ 54	0.00 %	1.20 % to 1.20 %	(3.61) % to (3.61) %
PUTNAM VT INTERNATIONAL GROWTH FUND						
(Effective date 01/09/2012)						
2018	11	\$ 9.12 to \$ 13.97	\$ 123	0.00 %	0.25 % to 1.20 %	(19.62) % to (18.84) %
2017	12	\$ 11.34 to \$ 17.22	\$ 154	1.08 %	0.25 % to 1.20 %	33.44 % to 34.70 %
2016	12	\$ 8.50 to \$ 12.78	\$ 115	0.94 %	0.25 % to 1.20 %	(7.83) % to (6.95) %
2015	10	\$ 9.57 to \$ 13.74	\$ 120	0.00 %	0.25 % to 1.20 %	(0.08) % to 0.87 %
2014	3	\$ 9.58 to \$ 13.62	\$ 35	0.03 %	0.25 % to 1.20 %	(7.26) % to (6.39) %
PUTNAM VT INTERNATIONAL VALUE FUND						
(Effective date 04/22/2016)						
2018	10	\$ 9.95 to \$ 9.95	\$ 99	1.72 %	1.20 % to 1.20 %	(18.60) % to (18.60) %
2017	6	\$ 12.22 to \$ 12.44	\$ 72	0.73 %	0.20 % to 1.20 %	23.21 % to 24.45 %
PUTNAM VT MORTGAGE SECURITIES FUND						
(Effective date 01/09/2012)						
2018	27	\$ 9.63 to \$ 10.06	\$ 268	2.67 %	0.20 % to 1.20 %	(2.10) % to (1.10) %
2017	27	\$ 9.84 to \$ 10.18	\$ 274	0.77 %	0.20 % to 1.20 %	0.75 % to 1.76 %
2016	14	\$ 9.77 to \$ 10.41	\$ 146	2.14 %	0.25 % to 1.20 %	(0.99) % to (0.05) %
2015	5	\$ 10.06 to \$ 10.41	\$ 53	1.19 %	0.25 % to 1.20 %	(1.84) % to (0.90) %
2014	3	\$ 10.50 to \$ 10.50	\$ 30	2.02 %	0.25 % to 0.25 %	3.96 % to 3.96 %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
PUTNAM VT MULTI-ASSET ABSOLUTE RETURN FUND (Effective date 05/01/2015)						
2018	118	\$ 9.31 to \$ 9.69	\$ 1,105	0.38 %	0.25 % to 1.20 %	(8.95) % to (8.07) %
2017	133	\$ 10.22 to \$ 10.54	\$ 1,367	0.00 %	0.25 % to 1.20 %	5.71 % to 6.71 %
2016	77	\$ 9.67 to \$ 9.88	\$ 742	1.48 %	0.25 % to 1.20 %	(0.49) % to 0.45 %
2015	13	\$ 9.72 to \$ 9.83	\$ 123	0.00 %	0.25 % to 1.20 %	(2.79) % to (1.69) %
PUTNAM VT MULTI-CAP CORE FUND (Effective date 05/01/2015)						
2018	22	\$ 11.48 to \$ 11.30	\$ 254	0.57 %	0.20 % to 1.20 %	(8.74) % to (7.81) %
2017	5	\$ 12.58 to \$ 12.26	\$ 64	0.51 %	0.20 % to 1.20 %	21.39 % to 22.61 %
2016	2	\$ 10.36 to \$ 10.36	\$ 25	0.49 %	1.20 % to 1.20 %	10.72 % to 10.72 %
PUTNAM VT RESEARCH FUND (Effective date 12/31/2014)						
2018	25	\$ 12.14 to \$ 11.71	\$ 287	0.00 %	0.20 % to 1.20 %	(5.85) % to (4.91) %
2017	9	\$ 12.37 to \$ 12.82	\$ 114	0.37 %	0.25 % to 1.20 %	21.88 % to 23.03 %
2016	3	\$ 10.15 to \$ 10.42	\$ 27	1.37 %	0.25 % to 1.20 %	8.76 % to 9.80 %
2015	2	\$ 9.73 to \$ 9.49	\$ 22	0.00 %	0.25 % to 1.20 %	(2.72) % to (5.11) %
PUTNAM VT SMALL CAP GROWTH FUND (Effective date 01/09/2012)						
2018	53	\$ 9.51 to \$ 9.26	\$ 616	0.00 %	0.20 % to 1.20 %	(14.87) % to (14.01) %
2017	38	\$ 11.17 to \$ 10.77	\$ 526	0.37 %	0.20 % to 1.20 %	6.64 % to 7.71 %
2016	19	\$ 10.48 to \$ 16.86	\$ 292	0.65 %	0.25 % to 1.20 %	14.15 % to 15.23 %
2015	11	\$ 10.22 to \$ 14.63	\$ 162	0.26 %	0.25 % to 1.00 %	(8.53) % to (7.84) %
2014	8	\$ 15.78 to \$ 15.87	\$ 133	0.32 %	0.25 % to 0.45 %	6.55 % to 6.72 %
PUTNAM VT SMALL CAP VALUE FUND (Effective date 12/31/2014)						
2018	67	\$ 9.70 to \$ 8.60	\$ 639	0.35 %	0.20 % to 1.20 %	(20.89) % to (20.09) %
2017	47	\$ 12.27 to \$ 10.77	\$ 579	0.44 %	0.20 % to 1.20 %	6.59 % to 7.66 %
2016	8	\$ 11.51 to \$ 11.87	\$ 90	0.45 %	0.25 % to 1.20 %	25.99 % to 27.16 %
2015	0 *	\$ 9.48 to \$ 9.34	\$ 3	0.00 %	0.25 % to 1.00 %	(5.18) % to (6.64) %
T. ROWE PRICE BLUE CHIP GROWTH PORTFOLIO (Effective date 05/16/2014)						
2018	2,388	\$ 16.36 to \$ 13.75	\$ 32,922	0.00 %	0.20 % to 1.20 %	0.44 % to 1.45 %
2017	1,434	\$ 16.29 to \$ 13.56	\$ 20,487	0.00 %	0.20 % to 1.20 %	34.21 % to 35.55 %
2016	477	\$ 9.86 to \$ 12.45	\$ 5,564	0.00 %	0.25 % to 1.20 %	(0.65) % to 0.28 %
2015	195	\$ 9.93 to \$ 12.41	\$ 2,394	0.00 %	0.25 % to 1.20 %	(0.73) % to 10.53 %
2014	47	\$ 11.16 to \$ 11.23	\$ 525	0.00 %	0.25 % to 1.20 %	11.64 % to 12.30 %
T. ROWE PRICE HEALTH SCIENCES PORTFOLIO (Effective date 01/09/2012)						
2018	762	\$ 17.14 to \$ 12.79	\$ 9,796	0.00 %	0.20 % to 1.20 %	(0.35) % to 0.66 %
2017	339	\$ 17.21 to \$ 12.71	\$ 4,764	0.00 %	0.20 % to 1.20 %	25.80 % to 27.05 %
2016	59	\$ 9.58 to \$ 24.71	\$ 1,035	0.00 %	0.25 % to 1.20 %	(4.20) % to (10.94) %
2015	40	\$ 15.50 to \$ 27.74	\$ 1,069	0.00 %	0.25 % to 1.20 %	11.12 % to 12.19 %
2014	36	\$ 13.95 to \$ 24.73	\$ 871	0.00 %	0.25 % to 1.20 %	29.65 % to 30.92 %
VAN ECK VIP EMERGING MARKETS FUND						
2018	2	\$ 29.44 to \$ 29.44	\$ 52	0.38 %	1.40 % to 1.40 %	(24.55) % to (24.55) %
2017	8	\$ 39.02 to \$ 39.02	\$ 314	0.27 %	1.40 % to 1.40 %	48.94 % to 48.94 %
2016	5	\$ 26.20 to \$ 27.05	\$ 136	0.44 %	1.25 % to 1.40 %	(1.28) % to (1.14) %
2015	5	\$ 26.54 to \$ 26.54	\$ 140	0.55 %	1.40 % to 1.40 %	(15.19) % to (15.19) %
2014	7	\$ 31.29 to \$ 31.29	\$ 208	0.52 %	1.40 % to 1.40 %	(1.79) % to (1.79) %

(Continued)

**VARIABLE ANNUITY-2 SERIES ACCOUNT OF
GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY**

FINANCIAL HIGHLIGHTS

INVESTMENT DIVISIONS	At December 31			For the year or period ended December 31		
	Units (000s)	Unit Fair Value	Net Assets (000s)	Investment Income Ratio	Expense Ratio (lowest to highest)	Total Return
VAN ECK VIP GLOBAL HARD ASSETS FUND CLASS S (Effective date 01/09/2012)						
2018	86	\$ 4.94 to \$ 6.99	\$ 565	0.00 %	0.20 % to 1.20 %	(29.29) % to (28.56) %
2017	84	\$ 6.98 to \$ 9.78	\$ 715	0.00 %	0.20 % to 1.20 %	(3.14) % to (2.17) %
2016	54	\$ 7.21 to \$ 8.28	\$ 466	0.14 %	0.25 % to 1.20 %	41.70 % to 43.05 %
2015	13	\$ 5.09 to \$ 5.79	\$ 70	0.02 %	0.25 % to 1.20 %	(34.42) % to (33.78) %
2014	7	\$ 7.77 to \$ 8.74	\$ 58	0.00 %	0.25 % to 1.00 %	(20.23) % to (19.60) %
VAN ECK VIP GLOBAL HARD ASSETS FUND INITIAL CLASS						
2018	2	\$ 26.63 to \$ 26.63	\$ 47	0.00 %	1.40 % to 1.40 %	(29.28) % to (29.28) %
2017	2	\$ 37.65 to \$ 37.65	\$ 73	0.00 %	1.40 % to 1.40 %	(3.06) % to (3.06) %
2016	2	\$ 38.84 to \$ 40.47	\$ 79	0.29 %	1.25 % to 1.40 %	41.72 % to 41.93 %
2015	2	\$ 27.41 to \$ 27.41	\$ 47	0.04 %	1.40 % to 1.40 %	(34.37) % to (34.37) %
2014	4	\$ 41.76 to \$ 41.76	\$ 156	0.09 %	1.40 % to 1.40 %	(20.24) % to (20.24) %

* The Investment Division has units and/or assets that round to less than \$1,000 or 1,000 units.

(Concluded)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Contract Owners of Variable Annuity-2 Series Account and the Board of Directors of Great-West Life & Annuity Insurance Company

Opinion on the Financial Statements

We have audited the accompanying statements of assets and liabilities of the investment divisions listed in Appendix A of the Variable Annuity-2 Series Account of Great-West Life & Annuity Insurance Company (the "Series Account") as of December 31, 2018, the related statements of operations and changes in net assets for the periods indicated in Appendix A, and the related notes. In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the investment divisions constituting the Series Account as of December 31, 2018, the results of their operations and the changes in their net assets for each of the periods indicated in Appendix A, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Series Account's management. Our responsibility is to express an opinion on the Series Account's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Series Account in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Series Account is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Series Account's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018, by correspondence with mutual fund companies; when replies were not received from mutual fund companies, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado

April 8, 2019

We have served as the auditor of one or more Great-West investment company separate accounts since 1981.

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

Investment division	Statement of assets and liabilities	Statement of operations	Statements of changes in net assets
ALGER CAPITAL APPRECIATION PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALGER LARGE CAP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALGER MID CAP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALGER SMALL CAP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALGER SMID CAP FOCUS PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALPS ALERIAN ENERGY INFRASTRUCTURE PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
ALPS RED ROCKS LISTED PRIVATE EQUITY PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
AMERICAN CENTURY INVESTMENTS VP INFLATION PROTECTION FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
AMERICAN CENTURY INVESTMENTS VP MID CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
AMERICAN CENTURY INVESTMENTS VP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
AMERICAN FUNDS IS BLUE CHIP INCOME AND GROWTH FUND	December 31, 2018	For the period May 16, 2018 to December 31, 2018	For the period May 16, 2018 to December 31, 2018
AMERICAN FUNDS IS GLOBAL GROWTH AND INCOME FUND	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 11, 2017 to December 31, 2017
AMERICAN FUNDS IS GROWTH FUND	December 31, 2018	For the period July 10, 2018 to December 31, 2018	For the period July 10, 2018 to December 31, 2018
AMERICAN FUNDS IS GROWTH-INCOME FUND	December 31, 2018	For the period May 21, 2018 to December 31, 2018	For the period May 21, 2018 to December 31, 2018
AMERICAN FUNDS IS INTERNATIONAL FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
AMERICAN FUNDS IS NEW WORLD FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

BLACKROCK GLOBAL ALLOCATION VI FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
BLACKROCK HIGH YIELD VI FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
CLEARBRIDGE VARIABLE LARGE CAP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 11, 2017 to December 31, 2017
CLEARBRIDGE VARIABLE MID CAP PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period July 14, 2017 to December 31, 2017
CLEARBRIDGE VARIABLE SMALL CAP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
COLUMBIA VARIABLE PORTFOLIO - SELECT SMALLER-CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 1	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
COLUMBIA VARIABLE PORTFOLIO - SELIGMAN GLOBAL TECHNOLOGY FUND - CLASS 2	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
COLUMBIA VARIABLE PORTFOLIO - SMALL CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
COLUMBIA VARIABLE PORTFOLIO - STRATEGIC INCOME FUND	December 31, 2018	For the period June 4, 2018 to December 31, 2018	For the period June 4, 2018 to December 31, 2018
DELAWARE VIP EMERGING MARKETS SERIES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DELAWARE VIP INTERNATIONAL VALUE EQUITY SERIES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DELAWARE VIP REIT SERIES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DELAWARE VIP SMALL CAP VALUE SERIES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DIMENSIONAL VA INTERNATIONAL SMALL PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period November 22, 2017 to December 31, 2017
DIMENSIONAL VA INTERNATIONAL VALUE PORTFOLIO	December 31, 2018	For the period January 30, 2018 to December 31, 2018	For the period January 30, 2018 to December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

DIMENSIONAL VA US LARGE VALUE PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period October 20, 2017 to December 31, 2017
DIMENSIONAL VA US TARGETED VALUE PORTFOLIO	December 31, 2018	For the period June 15, 2018 to December 31, 2018	For the period June 15, 2018 to December 31, 2018
DREYFUS IP TECHNOLOGY GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DREYFUS SUSTAINABLE U.S. EQUITY PORTFOLIO, INC.	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DREYFUS VIF APPRECIATION PORTFOLIO - INITIAL SHARES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DREYFUS VIF APPRECIATION PORTFOLIO - SERVICE SHARES	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DREYFUS VIF GROWTH AND INCOME PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DREYFUS VIF INTERNATIONAL VALUE PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DWS CAPITAL GROWTH VIP	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DWS CROCI® U.S. VIP	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DWS GLOBAL SMALL CAP VIP	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
DWS SMALL MID CAP VALUE VIP	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
EATON VANCE VT FLOATING-RATE INCOME FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FEDERATED HIGH INCOME BOND FUND II	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period June 21, 2017 to December 31, 2017
FIDELITY VIP ASSET MANAGER PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP BALANCED PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period June 13, 2017 to December 31, 2017
FIDELITY VIP CONTRAFUND PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP GOVERNMENT MONEY MARKET PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

FIDELITY VIP GROWTH OPPORTUNITIES PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP GROWTH PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP HIGH INCOME PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP INDEX 500 PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP INTERNATIONAL CAPITAL APPRECIATION PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 16, 2017 to December 31, 2017
FIDELITY VIP INVESTMENT GRADE BOND PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIDELITY VIP OVERSEAS PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
FIRST TRUST/DOW JONES DIVIDEND & INCOME ALLOCATION PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 22, 2017 to December 31, 2017
FRANKLIN INCOME VIP FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GOLDMAN SACHS VIT LARGE CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GOLDMAN SACHS VIT MULTI-STRATEGY ALTERNATIVES PORTFOLIO	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GOLDMAN SACHS VIT STRATEGIC GROWTH FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GOLDMAN SACHS VIT STRATEGIC INCOME FUND	N/A	For the period January 1, 2018 to April 30, 2018	For the period January 1, 2018 to April 30, 2018 and for the year ended December 31, 2017
GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND INSTITUTIONAL CLASS	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GOLDMAN SACHS VIT US EQUITY INSIGHTS FUND SERVICE CLASS	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST AGGRESSIVE PROFILE FUND	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 9, 2017 to December 31, 2017
GREAT-WEST AGGRESSIVE PROFILE I FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST ARIEL MID CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST BOND INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

GREAT-WEST CONSERVATIVE PROFILE FUND CLASS L	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 11, 2017 to December 31, 2017
GREAT-WEST CONSERVATIVE PROFILE FUND INVESTOR CLASS	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 23, 2017 to December 31, 2017
GREAT-WEST CONSERVATIVE PROFILE I FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST CORE BOND FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST EMERGING MARKETS EQUITY FUND	December 31, 2018	For the period July 10, 2018 to December 31, 2018	For the period July 10, 2018 to December 31, 2018
GREAT-WEST GLOBAL BOND FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST GOVERNMENT MONEY MARKET FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST INFLATION-PROTECTED SECURITIES FUND	December 31, 2018	For the period June 20, 2018 to December 31, 2018	For the period June 20, 2018 to December 31, 2018
GREAT-WEST INTERNATIONAL GROWTH FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST INTERNATIONAL INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST INTERNATIONAL VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST INVESCO SMALL CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LARGE CAP GROWTH FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2015 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2020 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2025 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2030 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2035 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2040 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

GREAT-WEST LIFETIME 2045 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2050 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LIFETIME 2055 FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST LOOMIS SAYLES SMALL CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST MID CAP VALUE FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST MODERATE PROFILE FUND CLASS L	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 4, 2017 to December 31, 2017
GREAT-WEST MODERATE PROFILE FUND INVESTOR CLASS	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 4, 2017 to December 31, 2017
GREAT-WEST MODERATE PROFILE I FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST MODERATELY AGGRESSIVE PROFILE FUND	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 9, 2017 to December 31, 2017
GREAT-WEST MODERATELY AGGRESSIVE PROFILE I FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND CLASS L	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period May 11, 2017 to December 31, 2017
GREAT-WEST MODERATELY CONSERVATIVE PROFILE FUND INVESTOR CLASS	December 31, 2018	For the year ended December 31, 2018	For the year ended December 31, 2018 and for the period June 1, 2017 to December 31, 2017
GREAT-WEST MODERATELY CONSERVATIVE PROFILE I FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST MULTI-SECTOR BOND FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST PUTNAM EQUITY INCOME FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST PUTNAM HIGH YIELD BOND FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST REAL ESTATE INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018

VARIABLE ANNUITY-2 SERIES ACCOUNT OF GREAT-WEST LIFE & ANNUITY INSURANCE COMPANY

Report of Independent Registered Public Accounting Firm

APPENDIX A

GREAT-WEST S&P 500® INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST S&P MID CAP 400® INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST S&P SMALL CAP 600® INDEX FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST SECUREFOUNDATION® BALANCED FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST SHORT DURATION BOND FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST SMALL CAP GROWTH FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST STOCK INDEX FUND	N/A	N/A	For the period January 1, 2017 to July 17, 2017
GREAT-WEST T. ROWE PRICE MID CAP GROWTH FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018
GREAT-WEST U.S. GOVERNMENT SECURITIES FUND	December 31, 2018	For the year ended December 31, 2018	For each of the two years in the period ended December 31, 2018