
Section 1: 8-K (8-K)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 3, 2017

FIDELITY & GUARANTY LIFE

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36227
(Commission
File Number)

46-3489149
(IRS Employer
Identification No.)

Two Ruan Center
601 Locust Street, 14th Floor
Des Moines, IA

(Address of principal executive offices)

50309
(Zip Code)

Registrant's telephone number, including area code: (800) 445-6758
Former name or former address, if changed since last report.

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02.**Results of Operations and Financial Condition.**

The following information, including the Exhibit referenced in this Item 2.02, is being furnished pursuant to this Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

On May 3, 2017, Fidelity & Guaranty Life issued a press release announcing its results of operations for the quarter ended March 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Report. In addition, Fidelity & Guaranty Life is including as Exhibit 99.2 to this report the related quarterly financial supplement.

Item 9.01**Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description
99.1	Press Release of Fidelity & Guaranty Life dated May 3, 2017
99.2	Financial Supplement of Fidelity & Guaranty Life dated May 3, 2017

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIDELITY & GUARANTY LIFE

/s/ Eric L. Marhoun

Name: Eric L. Marhoun

Title: Executive Vice President, General Counsel and Secretary

Dated: May 3, 2017

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Section 2: EX-99.1 (EXHIBIT 99.1)

Fidelity & Guaranty Life Reports Fiscal Second Quarter 2017 Results

DES MOINES, Iowa: May 3, 2017 -- Fidelity & Guaranty Life (NYSE: FGL), a leading provider of annuities and life insurance, today announced financial results for the fiscal second quarter of 2017.

- **Reported net income was \$22 million or \$0.38 per diluted share for the second quarter**
- **Adjusted operating income was \$36 million or \$0.62 per diluted share for the second quarter**
- **Total annuity sales were \$732 million; including fixed indexed annuity ("FIA") sales of \$438 million, up 5% over prior year**
- **Indexed universal life ("IUL") sales increased 27% over prior year to \$14 million**
- **Average assets under management increased to \$20.0 billion, up 9% over prior year**

Net income for the fiscal second quarter of 2017 ended on March 31, 2017⁽¹⁾ was \$22 million or \$0.38 per diluted common share. Adjusted operating income for the fiscal second quarter of 2017 was \$36 million, or \$0.62 per diluted share, compared to adjusted operating income of \$43 million, or \$0.73 per diluted share, in the prior year period.

The table below reconciles reported after-tax net income to adjusted operating income ("AOI").

(In millions)

	Three months ended March 31, (Unaudited)		
	2017	2016	Increase (decrease)
Reconciliation from Net Income to AOI⁽²⁾:			
Net income	\$ 22	\$ 9	\$ 13
Effect of investment losses (gains), net of offsets	15	(5)	20
Effect of change in FIA embedded derivative discount rate, net of offsets	(2)	43	(45)
Effect of change in fair value of reinsurance related embedded derivative, net of offsets	8	14	(6)
Tax impact of adjusting items	(7)	(18)	11
Adjusted operating income	<u>\$ 36</u>	<u>\$ 43</u>	<u>\$ (7)</u>

See footnotes at end of release.

The current quarter included net unfavorable items of \$3 million or \$0.05 per diluted share. The prior year quarter included net favorable items of \$10 million or \$0.17 per diluted share. The table below details notable items in both periods.

Current Year Fiscal Quarter

- | | |
|---|---------------|
| - Net unfavorable adjustments related to higher deferred acquisition cost ("DAC") amortization, primarily due to equity market fluctuations | (\$3) million |
| - Higher expense related to merger transaction costs & legacy incentive compensation plans | (\$3) million |
| - Favorable actual to expected mortality within single premium immediate annuity ("SPIA") product line and other annuity reserve movements | \$3 million |

Prior Year Fiscal Quarter

- Favorable performance within SPIA product line	\$5 million
- Net favorable adjustments related to lower DAC amortization, primarily due to equity market fluctuations	\$6 million
- Higher expense related to merger transaction costs	(\$1) million

"Our business momentum continues and we delivered another strong quarter with year-over-year increases in sales, net income, net investment income and assets under management," said Chris Littlefield, President and CEO of FGL. "We are continuing to

explore and negotiate strategic alternatives with other parties in light of our termination of the merger agreement with Anbang and are working to maximize value for our shareholders."

Summary Financial Results (Unaudited)

(In millions, except per share data)	Three months ended March 31,		Six months ended March 31,	
	2017	2016	2017	2016
Fixed indexed annuity sales ⁽²⁾	\$ 438	\$ 418	\$ 989	\$ 855
Total annuity sales ⁽²⁾	\$ 732	\$ 601	\$ 1,380	\$ 1,090
Average assets under management ⁽²⁾	\$ 20,162	\$ 18,465	\$ 19,963	\$ 18,349
Net investment spread - FIA ⁽²⁾	3.05%	2.93%	3.03%	2.94%
Net investment spread - All products ⁽²⁾	2.41%	2.27%	2.35%	2.21%
Net income	\$ 22	\$ 9	\$ 130	\$ 57
Net income per diluted share	\$ 0.38	\$ 0.16	\$ 2.23	\$ 0.98
Adjusted operating income ("AOI") ⁽²⁾	\$ 36	\$ 43	\$ 77	\$ 74
AOI per diluted share ⁽²⁾	\$ 0.62	\$ 0.73	\$ 1.32	\$ 1.26
Weighted average basic shares	58.3	58.3	58.3	58.3
Weighted average diluted shares	58.4	58.6	58.4	58.6
Total common shares outstanding	59.0	59.0	59.0	59.0
Book value per share	\$ 32.34	\$ 25.63	\$ 32.34	\$ 25.63
Book value per share, excluding AOCI ⁽²⁾	\$ 27.41	\$ 24.90	\$ 27.41	\$ 24.90

See footnotes below.

Sales In Line With Expectations

Sales of our core fixed indexed annuity product were \$438 million in the current period, an increase of 5% over the prior year quarter. We continue to maintain a disciplined approach to achieve new business profitability and capital targets. FIA sales levels in recent quarters reflect continued strong and productive partnerships with our independent marketing organizations ("IMO's").

Sales of multi-year guarantee annuities ("MYGA") were \$158 million in the current quarter as compared to \$183 million in the same period last year. During the quarter, we entered into a \$136 million funding agreement with Federal Home Loan Bank, under an investment spread strategy. This funding agreement is reflected as an institutional spread based product and we view this volume as subject to fluctuation period to period. Total annuity sales were \$732 million for the current quarter, an increase of 22% over the prior year quarter.

Indexed universal life sales in the quarter were \$14 million, an increase of 27% compared to \$11 million last year. This increase reflects FGL's efforts to grow our IUL business with expanded distribution.

Investment Portfolio Performance

Overall, the investment portfolio is performing in line with expectations. Net investment income in the current period was \$247 million, an increase of 9% compared to \$227 million for the same period last year. This growth was right in line with the increase in average assets under management ("AAUM"), which were up \$1.6 billion or 9% over the prior year from sales and stable policy owner retention trends.

The average earned yield on the total portfolio in the quarter was 4.90%, consistent with 4.91% in the prior year quarter. Asset purchases during the quarter were \$0.9 billion at an average yield of 5.22%. Asset purchases during the current quarter were primarily in investment grade corporate bonds, structured securities, and also included a modest allocation to private credit strategies with a focus on current income, which helped lift the overall new money rate. The average NAIC rating for the portfolio remains approximately 1.5.

Net investment spread across all product lines increased 14 basis points to 241 basis points, compared to fiscal second quarter 2016. Net investment spread in the current quarter for fixed indexed annuities was consistent with recent performance at 305 basis points.

The current period results included \$21 million of impairments, before DAC amortization and taxes, \$20 million of which was related to a single investment in a bank holding company that was placed into receivership by the FDIC. The impact to net income was \$11 million, after DAC amortization and taxes.

Capital Management Trends

- GAAP book value per share at March 31, 2017 was \$32.34 on a reported basis; book value per share excluding accumulated other comprehensive income (“AOCI”) was \$27.41, an increase of 10% year over year.
- During the quarter, the Company drew down \$5 million of its unsecured revolving credit facility. The remaining amount available under the revolving credit facility is \$45 million.
- As announced on May 1, 2017, the FGL Board of Directors has declared a quarterly dividend of \$0.065 per share. The dividend is payable on June 5, 2017 to shareholders of record as of the close of business on May 22, 2017.

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	March 31, 2017	September 30, 2016
	(Unaudited)	
ASSETS		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost: March 31, 2017 - \$19,501; September 30, 2016 - \$18,521)	\$ 20,052	\$ 19,411
Equity securities, available-for-sale, at fair value (amortized cost: March 31, 2017 - \$682; September 30, 2016 - \$640)	712	683
Derivative investments	351	276
Commercial mortgage loans	579	595
Other invested assets	119	60
Total investments	<u>21,813</u>	<u>21,025</u>
Related party loans	71	71
Cash and cash equivalents	887	864
Accrued investment income	225	214
Reinsurance recoverable	3,426	3,464
Intangibles, net	1,184	1,026
Deferred tax assets, net	87	—
Other assets	204	371
Total assets	<u>\$ 27,897</u>	<u>\$ 27,035</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Contractholder funds		
	\$ 20,052	\$ 19,251
Future policy benefits	3,435	3,467
Funds withheld for reinsurance liabilities	1,134	1,172
Liability for policy and contract claims	60	55
Debt	300	300
Revolving credit facility	105	100
Deferred tax liability, net	—	10
Other liabilities	903	746
Total liabilities	<u>25,989</u>	<u>25,101</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued at March 31, 2017 and September 30, 2016)	\$ —	\$ —
Common stock (\$.01 par value, 500,000,000 shares authorized, 58,991,806 issued and outstanding at March 31, 2017; 58,956,127 shares issued and outstanding at September 30, 2016)	1	1
Additional paid-in capital	715	714
Retained earnings	914	792
Accumulated other comprehensive income	291	439
Treasury stock, at cost (568,847 shares at March 31, 2017; 537,613 shares at September 30, 2016)	(13)	(12)
Total shareholders' equity	<u>1,908</u>	<u>1,934</u>
Total liabilities and shareholders' equity	<u>\$ 27,897</u>	<u>\$ 27,035</u>

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share data)

	Three months ended		Six months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Unaudited)		(Unaudited)	
Revenues:				
Premiums	\$ 3	\$ 16	\$ 14	\$ 31
Net investment income	247	227	487	449
Net investment gains (losses)	81	(42)	132	21
Insurance and investment product fees and other	44	32	82	61
Total revenues	375	233	715	562
Benefits and expenses:				
Benefits and other changes in policy reserves	268	188	288	369
Acquisition and operating expenses, net of deferrals	33	27	61	55
Amortization of intangibles	33	(3)	156	38
Total benefits and expenses	334	212	505	462
Operating income	41	21	210	100
Interest expense	(6)	(6)	(12)	(12)
Income before income taxes	35	15	198	88
Income tax expense	(13)	(6)	(68)	(31)
Net income	\$ 22	\$ 9	\$ 130	\$ 57
Net income per common share:				
Basic	\$ 0.38	\$ 0.16	\$ 2.23	\$ 0.98
Diluted	\$ 0.38	\$ 0.16	\$ 2.23	\$ 0.98
Weighted average common shares used in computing net income per common share:				
Basic	58.3	58.3	58.3	58.3
Diluted	58.4	58.6	58.4	58.6
Cash dividend per common share	\$ 0.065	\$ 0.065	\$ 0.130	\$ 0.130

RECONCILIATION OF BOOK VALUE PER SHARE EXCLUDING AOCI

(In millions, except per share data)	March 31, 2017	September 30, 2016
Reconciliation to total shareholder's equity:		
Total shareholder's equity	\$ 1,908	\$ 1,934
Less: AOCI	291	439
Total shareholder's equity excluding AOCI	<u>\$ 1,617</u>	<u>\$ 1,495</u>
Total shares outstanding	59.0	59.0
Weighted average shares outstanding - basic	58.3	58.3
Weighted average shares outstanding - diluted	58.4	58.6
Book value per share	\$ 32.34	\$ 32.80
Book value per share, excluding AOCI ⁽²⁾	\$ 27.41	\$ 25.36

Footnotes:

- (1) Fidelity & Guaranty Life's fiscal year ends on September 30.
- (2) Non-GAAP financial measure. See the Non-GAAP Measures section below for additional information.

Update On Review Of Strategic Alternatives

On April 17, 2017, FGL announced the termination of the merger agreement with Anbang Insurance Group Co., Ltd. ("Anbang"). In addition, FGL announced that its Board of Directors was continuing to evaluate strategic alternatives to maximize shareholder value and had received interest from a number of parties. FGL does not intend to disclose developments with respect to its process for the evaluation of the strategic alternatives until such time that it determines otherwise in its sole discretion or as required by applicable law. There can be no assurance that FGL's evaluation of strategic alternatives will result in a transaction, or that any transaction, if pursued, will be consummated. FGL's evaluation of strategic alternatives may be terminated at any time with or without notice.

Non-GAAP Measures

Management believes that certain non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. Reconciliations of such measures to the most comparable GAAP measures are included herein.

AOI is calculated by adjusting net income to eliminate (i) the impact of net investment gains including other-than-temporary impairment ("OTTI") losses recognized in operations, but excluding gains and losses on derivatives hedging our indexed annuity policies, (ii) the effect of changes in the interest rates used to discount the FIA embedded derivative liability, and (iii) the effect of change in fair value of the reinsurance related embedded derivative. All adjustments to AOI are net of the corresponding value of business acquired ("VOBA") and DAC impact. The income tax impact related to these adjustments is measured using an effective tax rate of 35%, as appropriate.

While these adjustments are an integral part of the overall performance of FGL, market conditions impacting these items can overshadow the underlying performance of the business. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations. Our non-GAAP measures may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such non-GAAP measures in the same manner as we do.

Net investment spread is the excess of net investment income earned over the sum of interest credited to policyholders and the cost of hedging our risk on FIA policies.

Average assets under management ("AAUM") is the sum of (i) total invested assets at amortized cost, excluding derivatives, (ii) related party loans and investments and (iii) cash and cash equivalents at the end of each month in the period divided by the number of months in the period.

Book value per share excluding AOCI is calculated as total stockholders' equity excluding AOCI divided by the total number of shares of common stock outstanding.

Sales are not derived from any specific GAAP income statement accounts or line items and should not be viewed as a substitute for any financial measure determined in accordance with GAAP. For GAAP purposes annuity sales are recorded as deposit liabilities (i.e. contract holder funds). Management believes that presentation of sales as measured for management purposes enhances the understanding of our business and helps depict longer term trends that may not be apparent in the results of operations due to the timing of sales and revenue recognition.

While management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace GAAP financial results and should be read in conjunction with those GAAP results.

Conference Call and Earnings Release

In light of the ongoing review of strategic alternatives, FGL has elected to discontinue conference calls to discuss quarterly and annual results, pending the outcome of the strategic review. FGL will continue to issue its earnings press releases and quarterly financial supplement.

About Fidelity & Guaranty Life

Fidelity & Guaranty Life, an insurance holding company, helps middle-income Americans prepare for retirement. Through its subsidiaries, the company offers fixed annuity and life insurance products distributed by independent agents through an established network of independent marketing organizations. Fidelity & Guaranty Life, headquartered in Des Moines, Iowa, trades on the New York Stock Exchange under the ticker symbol FGL. For more information, please visit www.fglife.com.

Forward Looking Statements

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: This document contains, and certain oral statements made by our representatives from time to time may contain, forward-looking statements, including as to FGL's evaluation of strategic alternatives and regarding our subsidiaries' ability to pay dividends. Such statements are subject to risks and uncertainties that could cause actual results, events and developments to differ materially from those set forth in, or implied by, such statements. These statements are based on the beliefs and assumptions of FGL's management and the management of FGL's subsidiaries (including target businesses). Generally, forward-looking statements include information concerning possible or assumed future distributions from subsidiaries, other actions, events, results, strategies and expectations and are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans," "seeks," "estimates," "projects," "may," "will," "could," "might," or "continues" or similar expressions. Factors that could cause actual results, events and developments to differ include, without limitation: the accuracy of FGL's assumptions and estimates; FGL's and its insurance subsidiaries' ability to maintain or improve financial strength ratings; FGL's ability to manage its business in a highly regulated industry; regulatory changes or actions; the impact of FGL's reinsurers failing to meet their assumed obligations; restrictions on FGL's ability to use captive reinsurers; the impact of interest rate fluctuations; changes in the federal income tax laws and regulations; litigation (including class action litigation), enforcement investigations or regulatory scrutiny; the performance of third parties; the loss of key personnel; telecommunication, information technology and other operational systems failures; the continued availability of capital; new accounting rules or changes to existing accounting rules; general economic conditions; FGL's ability to protect its intellectual property; the ability to maintain or obtain approval of the Iowa Insurance Department and other regulatory authorities as required for FGL's operations; possible risks and uncertainties arising from FGL's evaluation of strategic alternatives; and other factors discussed in FGL's filings with the SEC including its Form 10-K for the year ended September 30, 2016, and its Form 10-Q for the quarter ended December 31, 2016, which can be found at the SEC's website www.sec.gov.

All forward-looking statements described herein are qualified by these cautionary statements and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. FGL does not undertake any obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operation results, except as required by law.

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Source: Fidelity & Guaranty Life

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Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2



**Investor Supplement
Second Fiscal Quarter 2017
(Fiscal Year Ended September 30)**

The financial statements and financial exhibits included herein are unaudited. These financial statements and exhibits should be read in conjunction with the Company's periodic reports on Form 10-K, Form 10-Q and Form 8-K. The results of operations for interim periods should not be considered indicative of results to be expected for the full year.

Non-GAAP Financial Measures

This document contains non-GAAP financial measures to analyze the Company's operating performance for the periods presented. Because the Company's calculation of these measures may differ from similar measures used by other companies, investors should be careful when comparing the Company's non-GAAP financial measures to those of other companies.

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
Financial Supplement
March 31, 2017

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FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
Consolidated Financial Highlights

	Three Months Ended				Six Months Ended	
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2016
(Dollars in millions)						
Revenues:						
Premiums	\$ 3	\$ 11	\$ 18	\$ 21	\$ 16	\$ 14 \$ 31
Net investment income	247	240	238	236	227	487 449
Net investment gains (losses)	81	51	26	(28)	(42)	132 21
Insurance and investment product fees and other	44	38	34	32	32	82 61
Total revenues	375	340	316	261	233	715 562
Net income	\$ 22	\$ 108	\$ 30	\$ 10	\$ 9	\$ 130 \$ 57
Adjusted Operating Income ("AOI")	\$ 36	\$ 41	\$ 40	\$ 48	\$ 43	77 74
Per Unrestricted Common Shares Amounts:						
Basic:						
Net income	\$ 0.38	\$ 1.85	\$ 0.52	\$ 0.16	\$ 0.16	\$ 2.23 \$ 0.98
AOI	\$ 0.62	\$ 0.70	\$ 0.69	\$ 0.82	\$ 0.74	\$ 1.32 \$ 1.27
Diluted:						
Net income	\$ 0.38	\$ 1.85	\$ 0.52	\$ 0.16	\$ 0.16	\$ 2.23 \$ 0.98
AOI	\$ 0.62	\$ 0.70	\$ 0.69	\$ 0.82	\$ 0.73	\$ 1.32 \$ 1.26
Dividends Paid to Shareholders Per Share	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.130 \$ 0.130
At Period End						
Cash and cash equivalents	\$ 887	\$ 632	\$ 864	\$ 719	\$ 496	\$ 887 \$ 496
Total investments	\$ 21,813	\$ 21,076	\$ 21,025	\$ 20,548	\$ 19,580	\$ 21,813 \$ 19,580
Total assets	\$ 27,897	\$ 26,952	\$ 27,035	\$ 26,338	\$ 25,499	\$ 27,897 \$ 25,499
Contractholder funds	\$ 20,052	\$ 19,486	\$ 19,251	\$ 18,874	\$ 18,295	\$ 20,052 \$ 18,295
Future policy benefits	\$ 3,435	\$ 3,453	\$ 3,467	\$ 3,466	\$ 3,463	\$ 3,435 \$ 3,463
Debt (including revolving credit facility)	\$ 405	\$ 400	\$ 400	\$ 300	\$ 300	\$ 405 \$ 300
Total equity	\$ 1,908	\$ 1,752	\$ 1,934	\$ 1,782	\$ 1,511	\$ 1,908 \$ 1,511
Total equity excluding AOCI	\$ 1,617	\$ 1,599	\$ 1,495	\$ 1,477	\$ 1,468	\$ 1,617 \$ 1,468
Common shares issued and outstanding	58.99	58.98	58.96	58.96	58.96	58.99 58.96
GAAP Book value per share	\$ 32.34	\$ 29.70	\$ 32.80	\$ 30.22	\$ 25.63	\$ 32.34 \$ 25.63
GAAP Book Value per Share excluding AOCI	\$ 27.41	\$ 27.11	\$ 25.36	\$ 25.05	\$ 24.90	27.41 24.90
Debt to total Capitalization excluding AOCI	20.0%	20.0%	21.1%	16.9%	17.0%	20.0% 17.0%
Return on average shareholders' equity excluding AOCI	5.5%	27.9%	8.1%	2.7%	2.5%	17.0% 7.9%
Statutory Book value per share(1)	\$ 26.06	\$ 22.43	\$ 22.39	\$ 21.23	\$ 21.28	26.06 21.28
Statutory Book value per share excluding IMR and AVR(1)	\$ 35.28	\$ 32.18	\$ 32.20	\$ 31.35	\$ 31.43	35.28 31.43

(1) The statutory book value per share and the statutory book value per share excluding interest maintenance reserve ("IMR") and asset valuation reserve ("AVR") are estimates due to the timing of the filing of statutory statements and are prepared consistent with the presentation of the statutory financial statements in the combined annual statement.

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	
ASSETS					
Investments:					
Fixed maturity securities, available-for-sale, at fair value (amortized cost: March 31, 2017 - \$19,501; September 30, 2016 - \$18,521)	\$ 20,052	\$ 19,437	\$ 19,411	\$ 18,972	\$
Equity securities, available-for-sale, at fair value (amortized cost: March 31, 2017 - \$682; September 30, 2016 - \$640)	712	696	683	645	
Derivative investments	351	314	276	216	
Commercial mortgage loans	579	582	595	622	
Other invested assets	119	47	60	93	
Total investments	21,813	21,076	21,025	20,548	
Related party loans	71	71	71	72	
Cash and cash equivalents	887	632	864	719	
Accrued investment income	225	201	214	192	
Reinsurance recoverable	3,426	3,444	3,464	3,476	
Intangibles, net	1,184	1,228	1,026	1,048	
Deferred tax assets, net	87	68	—	84	
Other assets	204	232	371	199	
Total assets	\$ 27,897	\$ 26,952	\$ 27,035	\$ 26,338	\$
LIABILITIES AND SHAREHOLDERS' EQUITY					
Contractholder funds	\$ 20,052	\$ 19,486	\$ 19,251	\$ 18,874	\$
Future policy benefits	3,435	3,453	3,467	3,466	
Funds withheld for reinsurance liabilities	1,134	1,142	1,172	1,190	
Liability for policy and contract claims	60	53	55	45	
Debt	300	300	300	300	
Revolving credit facility	105	100	100	—	
Deferred tax liability, net	—	—	10	—	
Other liabilities	903	666	746	681	
Total liabilities	25,989	25,200	25,101	24,556	
Shareholders' equity:					
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued at March 31, 2017 and September 30, 2016)	\$ —	\$ —	\$ —	\$ —	\$
Common stock (\$.01 par value, 500,000,000 shares authorized, 58,991,806 issued and outstanding at March 31, 2017; 58,956,127 shares issued and outstanding at September 30, 2016)	1	1	1	1	
Additional paid-in capital	715	715	714	723	
Retained earnings	914	896	792	765	
Accumulated other comprehensive income	291	153	439	305	
Treasury stock, at cost (568,847 shares at March 31, 2017; 537,613 shares at September 30, 2016)	(13)	(13)	(12)	(12)	
Total shareholders' equity	1,908	1,752	\$ 1,934	\$ 1,782	\$
Total liabilities and shareholders' equity	\$ 27,897	\$ 26,952	\$ 27,035	\$ 26,338	\$

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
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Quarterly Summary - Most Recent 5 Quarters

	Three Months Ended					Six Months Ended	
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016
(Dollars in millions)							
Revenues:							
Traditional life insurance premiums	\$ —	\$ 10	\$ 11	\$ 10	\$ 11	\$ 9	\$ 21
Life contingent immediate annuity	3	1	7	11	5	5	10
Net investment income	247	240	238	236	227	487	449
Net investment gains (losses)	81	51	26	(28)	(42)	132	21
Surrender charges	9	7	8	5	5	16	10
Cost of insurance fees and other income	35	31	26	27	27	66	51
Total revenues	375	340	316	261	233	715	562
Benefits and expenses:							
Traditional life insurance policy benefits and change in future policy benefits	11	22	18	18	16	33	34
Life contingent immediate annuity benefits and changes in future policy benefits	18	18	25	31	21	36	53
Interest sensitive and index product benefits and changes in future policy benefits	239	(20)	163	167	151	219	282
General expenses	30	25	30	26	25	55	51
Acquisition expenses	81	92	89	88	75	173	148
Deferred acquisition costs ("DAC")	(78)	(89)	(83)	(86)	(73)	(167)	(144)
Amortization of intangibles	33	123	20	(4)	(3)	156	38
Total benefits and expenses	334	171	262	240	212	505	462
Operating income	41	169	54	21	21	210	100
Interest expense	(6)	(6)	(5)	(5)	(6)	(12)	(12)
Income before income taxes	35	163	49	16	15	198	88
Income tax expense	(13)	(55)	(19)	(6)	(6)	(68)	(31)
Net income	\$ 22	\$ 108	\$ 30	\$ 10	\$ 9	\$ 130	\$ 57
Net income per common share:							
Basic	\$ 0.38	\$ 1.85	\$ 0.52	\$ 0.16	\$ 0.16	\$ 2.23	\$ 0.98
Diluted	\$ 0.38	\$ 1.85	\$ 0.52	\$ 0.16	\$ 0.16	\$ 2.23	\$ 0.98
Weighted average common shares used in computing net income per common share:							
Basic	58.33	58.28	58.26	58.31	58.31	58.30	58.26
Diluted	58.38	58.37	58.35	58.66	58.61	58.37	58.57

Reconciliation from Net Income to Adjusted Operating Income ("AOI")

	Three Months Ended					Six Months Ended	
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016
	(Dollars in millions, except per share data)						
Net income	\$ 22	\$ 108	\$ 30	\$ 10	\$ 9	\$ 130	\$ 57
Adjustments to arrive at AOI:							
Effect of investment (gains) losses, net of offsets (a)	15	(1)	5	5	(5)	14	(1)
Effect of change in FIA embedded derivative discount rate, net of offsets (a)	(2)	(92)	(7)	28	43	(94)	33
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (a)	8	(10)	17	26	14	(2)	(6)
Tax impact of adjusting items	(7)	36	(5)	(21)	(18)	29	(9)
AOI	\$ 36	\$ 41	\$ 40	\$ 48	\$ 43	\$ 77	\$ 74
Per diluted common share:							
Net income	\$ 0.38	\$ 1.85	\$ 0.52	\$ 0.16	\$ 0.16	\$ 2.23	\$ 0.98
Adjustments to arrive at AOI:							
Effect of investment (gains) losses, net of offsets (a)	0.26	(0.02)	0.09	0.09	(0.09)	0.24	(0.02)
Effect of change in FIA embedded derivative discount rate, net of offsets (a)	(0.04)	(1.58)	(0.12)	0.48	0.73	(1.62)	0.38
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (a)	0.14	(0.17)	0.29	0.44	0.24	(0.03)	(0.08)
Tax impact of adjusting items	\$ (0.12)	\$ 0.62	\$ (0.09)	\$ (0.35)	\$ (0.31)	\$ 0.50	\$ —
AOI per diluted share	\$ 0.62	\$ 0.70	\$ 0.69	\$ 0.82	\$ 0.73	\$ 1.32	\$ 1.26

(a) amounts are net of offsets related to value of business acquired ("VOBA") and deferred acquisition cost ("DAC") amortization

NON-GAAP FINANCIAL MEASURES

AOI

AOI is a non-GAAP economic measure we use to evaluate financial performance each period. AOI is calculated by adjusting net income to eliminate (i) the impact of net investment gains including other-than-temporary impairment ("OTTI") losses recognized in operations, but excluding gains and losses on derivatives hedging our indexed annuity policies, (ii) the effect of changes in the interest rates used to discount the FIA embedded derivative liability, and (iii) the effect of change in fair value of the reinsurance related embedded derivative. All adjustments to AOI are net of the corresponding VOBA and DAC impact. The income tax impact related to these adjustments is measured using an effective tax rate of 35%, as appropriate. While these adjustments are an integral part of the overall performance of FGL, market conditions impacting these items can overshadow the underlying performance of the business. Accordingly, we believe using a measure which excludes their impact is effective in analyzing the trends of our operations. Our non-GAAP measures may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such non-GAAP measures in the same manner as we do.

Sales

Sales are not derived from any specific GAAP income statement accounts or line items and should not be viewed as a substitute for any financial measure determined in accordance with GAAP. For GAAP purposes annuity sales are recorded as deposit liabilities (i.e. contract holder funds). Management believes that presentation of sales as measured for management purposes enhances the understanding of our business and helps depict longer term trends that may not be apparent in the results of operations due to the timing of sales and revenue recognition.

While management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace GAAP financial results and should be read in conjunction with those GAAP results.

Summary of Adjustments to Arrive at AOI

	Three Months Ended				Six Months Ended		
		December 31,	September 30,				
	March 31, 2017	2016	2016	June 30, 2016	March 31, 2016	March 31, 2017	
	(Dollars in millions)						
Revenue:							
Net investment gains (a)	\$ 28	\$ (12)	\$ 29	\$ 44	\$ 11	\$ 16	\$ (10)
Increase (decrease) in total revenues	28	(12)	29	44	11	16	(10)
Benefits and expenses:							
Benefits and other changes in policy reserves (b)	(1)	(168)	(16)	53	80	(169)	61
Amortization of intangibles	(6)	77	2	(38)	(39)	71	(25)
(Decrease) increase in total benefits and expenses	(7)	(91)	(14)	15	41	(98)	36
Increase (decrease) in pre-tax operating income	21	(103)	15	59	52	(82)	26
(Decrease) increase in income tax expense (benefit) (c)	(7)	36	(5)	(21)	(18)	29	(9)
Increase (decrease) in net income	\$ 14	\$ (67)	\$ 10	\$ 38	\$ 34	\$ (53)	\$ 17

(a) Net investment gains: includes the effects of net investment gains and change in fair value of the reinsurance related embedded derivative.

(b) Benefits and other changes in policy reserves: includes the effects of the change in fair value of the FIA embedded derivative discount rate.

(c) The tax expense (benefit) includes the tax impact of the adjustments in a-b above.

Notable Items Included in Net Income and AOI

Each quarterly reporting period, we identify notable items that explain the trends in our Net Income and AOI. These items are infrequent in nature or involve accounting volatility under general accepted accounting principles. The amounts below are included in disclosures within the Company's earnings releases to explain our Net Income and AOI results. We believe that understanding these items provides further clarity to the financial performance of the business.

	Three Months Ended					Six Months Ended	
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016
	(Dollars in millions)						
Net Income	\$ 22	\$ 108	\$ 30	\$ 10	\$ 9	\$ 130	\$ 57
AOI	\$ 36	\$ 41	\$ 40	\$ 48	\$ 43	\$ 77	\$ 74
Notable Items Included within AOI [(unfavorable)/favorable]							
Legacy incentive compensation (a)	(1)	—	(2)	1	—	(1)	(1)
Project expenses (b)	(2)	—	—	(1)	(1)	(2)	(3)
Single premium immediate annuities ("SPIA") mortality & other reserve adjustments (c)	3	2	—	4	5	5	2
Assumption review & DAC unlocking (d)	(3)	—	5	7	4	(3)	6
Other, including bond prepayment income & tax valuation allowance (e)	—	2	1	2	2	2	3

(a) Change in certain long term incentive compensation costs, including the change in the liability for our FGLH stock compensation plan, which as a liability plan, is settled in cash and accounted for at fair value each reporting period.

(b) Expenses associated with corporate development activities, including mergers & acquisitions.

(c) The release of annuity reserves associated with mortality of annuitants, which varies due to timing, volume and severity of experience, and other reserve adjustments.

(d) Reflects unlocking from updating our DAC amortization models for actual experience and equity market fluctuations. Also, annually in the 4th fiscal quarter, we complete our Annual Assumption Review & DAC Unlocking process by adjusting our valuation assumptions to align with actual experience.

(e) Bond prepayment income, changes in tax valuation, and other allowances related to reinsurance and agent debt, reinsurance settlements and other net favorable activity.

Capitalization/Book Value per Share

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
(Dollars in millions, except per share data)					
Capitalization:					
Debt	\$ 405	\$ 400	\$ 400	\$ 300	\$ 300
Total debt	405	400	400	300	300
Total shareholders' equity	1,908	1,752	1,934	1,782	1,511
Total capitalization	2,313	2,152	2,334	2,082	1,811
AOCI	291	153	439	305	43
Total capitalization excluding AOCI (a)	\$ 2,022	\$ 1,999	\$ 1,895	\$ 1,777	\$ 1,768
Total shareholders' equity	1,908	1,752	1,934	1,782	1,511
AOCI	291	153	439	305	43
Total shareholders' equity excluding AOCI (a)	\$ 1,617	\$ 1,599	\$ 1,495	\$ 1,477	\$ 1,468
Common shares outstanding	58.99	58.98	58.96	58.96	58.96
Book Value per Share: (b)					
GAAP Book value per share including AOCI	\$ 32.34	\$ 29.70	\$ 32.80	\$ 30.22	\$ 25.63
GAAP Book value per share excluding AOCI (a)	\$ 27.41	\$ 27.11	\$ 25.36	\$ 25.05	\$ 24.90
Twelve months ended					
Twelve Month Rolling Average Return on Equity ("ROE")	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Return on Shareholders' Equity (c)					
Return on average shareholders' equity	9.6%	9.4%	6.0%	6.3%	11.3%
Return on average shareholders' equity, excluding AOCI (c)	11.1%	10.5%	6.6%	6.7%	12.3%
Return on Shareholders' Equity - AOI (d)					
Adjusted Operating ROE, excluding AOCI (d)	10.8%	11.5%	11.1%	11.4%	10.0%
Three months ended					
Quarterly Average ROE	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Return on average shareholders' equity	4.8%	23.4%	6.5%	2.4%	2.5%
Return on average shareholders' equity, excluding AOCI (c)	5.5%	27.9%	8.1%	2.7%	2.5%
Adjusted Operating ROE, excluding AOCI (d)	9.0%	10.6%	10.8%	13.1%	11.7%
Debt-to-Capital Ratios: (e)					
Long-term debt/Total capitalization excluding AOCI	20.0%	20.0%	21.1%	16.9%	17.0%

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(a) Total capitalization, total stockholders' equity and book value per share excluding AOCI (a non-GAAP financial measure) are based on stockholders' equity excluding the effect of AOCI. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, we believe these non-GAAP financial measures provide useful supplemental information.

(b) Book value per share including and excluding AOCI is calculated as total stockholders' equity and total stockholders' equity excluding AOCI divided by the total number of shares of common stock outstanding.

(c) Return on Equity, excluding AOCI is a non-GAAP financial measure. It is calculated by dividing net income by total average equity excluding AOCI. Average equity excluding AOCI for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average equity is calculated using the beginning and ending equity, excluding AOCI, for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized.

(d) Adjusted Operating ROE, excluding AOCI is a non-GAAP financial measure. It is calculated by dividing AOI by total average equity excluding AOCI. Average equity excluding AOCI for the twelve months rolling, is the average of 5 points throughout the period and for the quarterly average equity is calculated using the beginning and ending equity, excluding AOCI, for the period. For periods less than a full fiscal year, amounts disclosed in the table are annualized.

(e) Debt-to-capital ratios are computed using total capitalization excluding AOCI. Adjusted debt includes the total senior unsecured debentures and revolving credit facility.

Financial Strength Ratings

	S&P	A.M. Best	Moody's	Fitch
<u>As of Date of Financial Supplement</u>				
Fidelity and Guaranty Life Insurance Company	BBB-	B++	Baa2	BBB
Fidelity and Guaranty Life Insurance Company of New York	BBB-	B++	Not Rated	BBB
Rating Agency Outlook	Credit Watch Developing	Stable	Stable	Rating Watch Evolving

Net Investment Spread Results

(Dollars in millions)

	Three Months Ended		Six Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Yield on average assets under management "AAUM" (at amortized cost)	4.90 %	4.91 %	4.88 %	4.89 %
Less: Interest credited and option cost	(2.49)%	(2.64)%	(2.53)%	(2.68)%
Total net investment spread - All product lines (b)	2.41 %	2.27 %	2.35 %	2.21 %
FIA net investment spread	3.05 %	2.93 %	3.03 %	2.94 %
Investment book yield - bonds purchased during the period (c)	5.22 %	6.10 %	4.97 %	5.75 %
AAUM (a)	\$ 20,162	\$ 18,465	\$ 19,963	\$ 18,349

(a) AAUM is a non-GAAP measure and is the sum of (i) total invested assets at amortized cost, excluding derivatives; and including (ii) related party loans and investments and (iii) cash and cash equivalents at the end of each month in the period divided by the number of months in the period.

(b) Net investment spread is the excess of net investment income earned over the sum of interest credited to policyholders and the cost of hedging our risk on FIA policies.

(c) Investment book yield on bonds purchased during the period excludes yield on short-term treasuries and cash and cash equivalents.

Sales Results by Product

(Dollars in millions)

	Three Months Ended				Six Months Ended		
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	March 31, 2017	March 31, 2016
Fixed index annuities ("FIA")	\$ 438	\$ 551	\$ 482	\$ 495	\$ 418	\$ 989	\$ 855
Fixed rate annuities ("MYGA")	158	97	121	180	183	255	235
Institutional spread based (1)	136	—	—	157	—	136	—
Total Annuity	\$ 732	\$ 648	\$ 603	\$ 832	\$ 601	\$ 1,380	\$ 1,090
Index universal life	14	17	17	15	11	31	24
Total Sales	\$ 746	\$ 665	\$ 620	\$ 847	\$ 612	\$ 1,411	\$ 1,114

(1) Institutional spread based product sales from funding agreement investment contracts issued with the Federal Home Loan Bank and held in our separate account.

Annuity Account Balance Rollforward (a)

(Dollars in millions)

	Three Months Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Account balances at beginning of period:	\$ 15,603	\$ 15,250	\$ 14,935	\$ 14,599	\$ 14,330
Net deposits	603	655	598	687	608
Premium and interest bonuses	12	13	10	11	11
Fixed interest credited and index credits	153	87	81	45	41
Guaranteed product rider fees	(18)	(16)	(12)	(14)	(14)
Surrenders, withdrawals, deaths, etc.	(239)	(386)	(362)	(393)	(377)
Account balance at end of period	<u>\$ 16,114</u>	<u>\$ 15,603</u>	<u>\$ 15,250</u>	<u>\$ 14,935</u>	<u>\$ 14,599</u>

(a) The rollforward reflects the account balance of our fixed index annuities and fixed rate annuities.

Annuity Deposits by Product Type

Product Type	Three Months Ended		Six Months Ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	(Dollars in millions)			
Fixed Index Annuities:				
Index Strategies	\$ 349	\$ 329	\$ 786	\$ 703
Fixed Strategy	94	91	213	170
	<u>443</u>	<u>420</u>	<u>999</u>	<u>873</u>
Fixed Rate Annuities:				
Single-Year Rate Guaranteed	2	2	4	3
Multi-Year Rate Guaranteed	159	187	256	240
Total before coinsurance ceded	<u>604</u>	<u>609</u>	<u>1,259</u>	<u>1,116</u>
Coinsurance ceded	1	1	1	1
Net after coinsurance ceded	<u>\$ 603</u>	<u>\$ 608</u>	<u>\$ 1,258</u>	<u>\$ 1,115</u>

Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Account Values (net of reinsurance) at March 31, 2017:

Product Type	Surrender Charge			Net Account Value	
	Avg. Years at Issue	Avg. Years Remaining	Avg. % Remaining	Dollars in millions	%
Fixed Index Annuities	11	6	8%	\$ 12,770	79%
Single-Year Rate Guaranteed	10	1	1%	606	4%
Multi-Year Rate Guaranteed	5	3	7%	2,738	17%
Total				\$ 16,114	100%

Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	(Dollars in millions)	
<u>SURRENDER CHARGE PERCENTAGES:</u>		
No surrender charge	\$ 596	\$ 1,852
0.0% < 2.0%	52	246
2.0% < 4.0%	75	432
4.0% < 6.0%	454	586
6.0% < 8.0%	1,038	1,456
8.0% < 10.0%	1,091	2,517
10.0% or greater	38	5,681
	<u>\$ 3,344</u>	<u>\$ 12,770</u>

	Fixed and Fixed Index Annuities Account Value	Weighted Average Surrender Charge
	(Dollars in millions)	
<u>SURRENDER CHARGE EXPIRATION BY YEAR:</u>		
Out of Surrender Charge	\$ 2,517	—%
2017	770	4%
2018 - 2019	2,311	5%
2020 - 2021	1,939	8%
2022 - 2023	1,709	8%
Thereafter	6,868	11%
	<u>\$ 16,114</u>	<u>8%</u>

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	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	(Dollars in millions)	
<u>CREDITED RATE (INCLUDING BONUS INTEREST) VS. ULTIMATE MINIMUM GUARANTEED RATE DIFFERENTIAL:</u>		
No differential	\$ 1,134	\$ 1,323
0.0% - 1.0%	306	1,263
1.0% - 2.0%	273	66
2.0% - 3.0%	1,591	13
3.0% - 4.0%	40	—
Allocated to index strategies	—	10,105
	<u>\$ 3,344</u>	<u>\$ 12,770</u>

FIXED INDEX ANNUITIES ACCOUNT VALUE - INDEX STRATEGIES

Monthly Average, Point to Point and Gain Trigger Strategies with Cap

	Minimum Guaranteed Cap				
	1%	2%	3%	5%	6%
	(Dollars in millions)				
Current Cap					
At minimum	\$ —	\$ —	\$ 1,437	\$ 659	\$ —
2-3%	562	—	—	—	—
3-4%	933	—	412	—	—
4-5%	389	—	527	—	—
5-6%	70	1	189	7	—
6-7%	27	2	21	—	5
7% +	60	28	175	—	67
Total:	<u>\$ 2,041</u>	<u>\$ 31</u>	<u>\$ 2,761</u>	<u>\$ 666</u>	<u>\$ 72</u>

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Monthly Point-to-Point with Cap

	<u>Minimum Guaranteed Cap 1%</u>	
	(Dollars in millions)	
Current Cap		
At minimum	\$	1,225
1% to 2%		2,066
2% to 3%		715
3% +		177
Total:	\$	4,183

3 Year Step Forward with Cap

	<u>Minimum Guaranteed</u>		<u>Minimum Guaranteed</u>	
	Cap 2%		Cap 5%	
	(Dollars in millions)			
Current Cap				
At minimum	\$	—	\$	19
2% to 5%		2		—
5% to 7%		7		53
7% to 9%		—		43
9% to 11%		—		17
11% to 13%		—		8
Total:	\$	9	\$	140

There is an additional \$200 million Account Value allocated to strategies not listed above. Of this \$200 million, \$13 million is at the guaranteed rates.

Summary of Invested Assets by Asset Class

(Dollars in millions)	March 31, 2017			September 30, 2016		
	Amortized Cost	Fair Value	Percent	Amortized Cost	Fair Value	Percent
Fixed maturity securities, available-for-sale:						
United States Government full faith and credit	\$ 85	\$ 87	—%	\$ 233	\$ 243	1%
United States Government sponsored entities	136	137	1%	112	115	1%
United States municipalities, states and territories	1,582	1,680	8%	1,515	1,717	8%
Corporate securities:						
Finance, insurance and real estate	5,412	5,671	26%	5,084	5,463	26%
Manufacturing, construction and mining	853	863	4%	847	863	4%
Utilities, energy and related sectors	1,905	1,929	9%	1,811	1,881	9%
Wholesale/retail trade	1,312	1,342	6%	1,205	1,277	6%
Services, media and other	2,139	2,173	10%	1,765	1,856	9%
Hybrid securities	1,349	1,375	6%	1,356	1,386	7%
Non-agency residential mortgage-backed securities	1,117	1,175	6%	1,215	1,247	6%
Commercial mortgage-backed securities	961	951	4%	850	864	4%
Asset-backed securities	2,650	2,669	12%	2,528	2,499	12%
Equity securities	682	712	3%	640	683	3%
Commercial mortgage loans	579	576	3%	595	614	3%
Other (primarily derivatives and loan participations)	337	466	2%	281	334	1%
Total	\$ 21,099	\$ 21,806	100%	20,037	\$ 21,042	100%

Credit Quality of Fixed Maturity Securities at March 31, 2017

NAIC Designation	Fair Value	Percent	Rating Agency Rating	Fair Value	Percent
	(Dollars in millions)			(Dollars in millions)	
1	\$ 10,585	53%	AAA	\$ 1,520	8%
2	8,215	41%	AA	1,828	9%
3	1,007	5%	A	5,255	26%
4	169	1%	BBB	9,147	46%
5	69	—%	BB	992	5%
6	7	—%	B and below	1,310	6%
	\$ 20,052	100%		\$ 20,052	100%

Managed and Direct Related Party Investments

Type	Balance Sheet Classification	March 31, 2017	
		Amortized Cost	Fair Value
<u>Investments managed by related parties:</u>			
Salus collateralized loan obligations	Fixed maturities, available-for-sale	\$ 6	\$ 7
Fortress Investment Group collateralized loan obligations	Fixed maturities, available-for-sale	275	273
Salus participations (a)	Other invested assets	1	—
	<i>Total investments managed by related parties</i>	<u>\$ 282</u>	<u>\$ 280</u>
<u>Direct investment in related parties:</u>			
HGI energy loan	Related party loans	72	71
Salus preferred equity	Equity securities, available-for-sale	1	1
Spectrum Brands, Inc.	Fixed maturities, available-for-sale	2	2
	<i>Total direct investment in related parties</i>	<u>\$ 75</u>	<u>\$ 74</u>
<u>Assets above included in FSRCI Funds withheld portfolio:</u>			
Fortress Investment Group collateralized loan obligations	Fixed maturities, available-for-sale	19	18
HGI energy loan	Related party loans	72	71
Spectrum Brands, Inc.	Fixed maturities, available-for-sale	2	2
Salus preferred equity	Equity securities, available-for-sale	1	1
	<i>Total assets included in FSRCI Funds withheld portfolio</i>	<u>\$ 94</u>	<u>\$ 92</u>

(a) Includes loan participations with 2 different borrowers.

Summary of Residential Mortgage Backed Securities by Collateral Type and NAIC Designation

Collateral Type	March 31, 2017	
	Amortized Cost	Fair Value
	(Dollars in millions)	
Total by collateral type		
Government agency	\$ 136	\$ 137
Prime	186	189
Subprime	284	294
Alt-A	647	692
	<u>\$ 1,253</u>	<u>\$ 1,312</u>
Total by NAIC designation		
1	\$ 1,233	\$ 1,295
2	9	7
3	11	10
4	—	—
5	—	—
	<u>\$ 1,253</u>	<u>\$ 1,312</u>

Top 10 Holdings by Issuers

(Dollars in millions)

Issuer (a):	March 31, 2017	
	Fair Value	Percentage of Total Invested Assets
Wells Fargo & Company	\$ 147	0.7%
Metropolitan Transportation Authority (NY)	116	0.5%
General Electric Company	113	0.5%
JP Morgan Chase & Co.	107	0.5%
Nationwide Mutual Insurance Company	98	0.4%
Entergy Corp	89	0.4%
Goldman Sachs Group, Inc.	88	0.4%
Metlife, Inc.	88	0.4%
Bank of America Corp	85	0.4%
Bank of New York Mellon Corp	84	0.4%

(a) Issuers excluding U.S. Governmental securities and any securities held in our funds withheld portfolio.

Reinsurance Counterparty Risk- Top 5 Reinsurers

(Dollars in millions)

Parent Company/Principal Reinsurers	Reinsurance Recoverable (a)	Financial Strength Rating		
		AM Best	S&P	Moody's
Wilton Reinsurance	\$ 1,540	A	Not Rated	Not Rated
Front Street Re	1,067	Not Rated	Not Rated	Not Rated
Scottish Re	155	Not Rated	Not Rated	Not Rated
Security Life of Denver	145	A	A	A2
London Life	103	A	Not Rated	Not Rated

(a) Reinsurance recoverables do not include unearned ceded premiums that would be recovered in the event of early termination of certain traditional life policies.

Shareholder Information

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515-330-3307

Media Contact:
Sard Verbinen & Co
Jamie Tully or David Millar, 212-687-8080

Common stock and Dividend Information:

New York Stock Exchange symbol: "FGL"

	<u>High</u>	<u>Low</u>	<u>Close</u>	<u>Dividend Declared</u>
FY2017				
First Quarter	\$ 24.25	\$ 21.10	\$ 23.70	\$ 0.065
Second Quarter	\$ 27.95	\$ 23.45	\$ 27.80	\$ 0.065

Transfer Agent

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