
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): November 15, 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 Exhibits 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 November 15, 2017, Fidelity & Guaranty Life (the “Company”) issued a press release announcing its results of operations for the quarter ended September 30, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Report. In addition, the Company 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 November 15, 2017
99.2	Financial Supplement of Fidelity & Guaranty Life dated November 15, 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

Eric L. Marhoun

Executive Vice President, General Counsel and Secretary

Dated: November 15, 2017

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Section 2: EX-99.1 (EXHIBIT 99.1)

Fidelity & Guaranty Life Reports Fiscal Fourth Quarter 2017 Results

DES MOINES, Iowa: November 15, 2017 -- Fidelity & Guaranty Life (NYSE: FGL), a leading provider of annuities and life insurance, today announced financial results for the fiscal fourth quarter of 2017.

- **Reported net income was \$61 million or \$1.06 per diluted share for the fourth quarter, and \$223 million or \$3.83 per diluted share for the full year**
- **Adjusted operating income was \$63 million or \$1.08 per diluted share for the fourth quarter, and \$177 million or \$3.03 per diluted share for the full year**
- **Total annuity sales for the fiscal year increased 1% over prior year to \$2.6 billion and included \$1.9 billion fixed indexed annuity ("FIA") sales, up 2% over prior year**
- **Average assets under management increased to \$20.3 billion, up 8% over prior year**

Net income for the fiscal fourth quarter of 2017 ended on September 30, 2017⁽¹⁾ was \$61 million or \$1.06 per diluted common share. Adjusted operating income for the fiscal fourth quarter of 2017 was \$63 million, or \$1.08 per diluted share, compared to adjusted operating income of \$40 million, or \$0.69 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 September 30, (Unaudited)		
	2017	2016	Increase (decrease)
Reconciliation from Net Income to AOI⁽²⁾:			
Net income	\$ 61	\$ 30	\$ 31
Effect of investment losses (gains), net of offsets	(5)	5	(10)
Effect of change in FIA embedded derivative discount rate, net of offsets	3	(7)	10
Effect of change in fair value of reinsurance related embedded derivative, net of offsets	5	17	(12)
Tax impact of adjusting items	(1)	(5)	4
Adjusted operating income	<u>\$ 63</u>	<u>\$ 40</u>	<u>\$ 23</u>

See footnotes at end of release.

The current quarter included net favorable items of \$19 million or \$0.32 per diluted share. The prior year quarter included net favorable items of \$4 million or \$0.07 per diluted share. The table below details notable items in both periods.

Current Year Fiscal Quarter	
• Net favorable adjustments for lower deferred acquisition cost ("DAC") amortization from unlocking, annual assumption review and equity market fluctuations; AOI also included \$10 million out of period actuarial adjustments	\$21 million
• Lower effective tax rate	\$2 million
• Unfavorable actual to expected mortality within single premium immediate annuity ("SPIA") product line	(\$2) million
• Higher expense related to merger transaction costs	(\$2) million
Prior Year Fiscal Quarter	
• Net favorable adjustments related to lower DAC amortization, primarily due to equity market fluctuations, and bond prepayment income	\$6 million
• Higher expenses related to long-term incentive compensation plans	(\$2) million

"We delivered yet another solid quarter and a strong finish to fiscal 2017 with meaningful increases in net income, adjusted operating income, net investment spread, and assets under management," said Chris Littlefield, President and CEO of FGL. "The core earnings power of our business continued to expand with AOI reaching \$177 million for the full year, up 9% over last year. FIA sales in the current quarter were down due to the continued strong equity market performance as well as uncertainty regarding the Department of Labor rule which has slowed industry-wide sales this year, but FIA sales were up 2% for the full fiscal year,

right in line with our plan. Finally, the regulatory approval processes for the merger with CF Corporation are progressing well. Last week, we received approval from the New York Department of Financial Services and completed the public hearing with the Iowa Insurance Division. We expect to be in a position to close the transaction before the end of the year subject to receipt of approval from Iowa."

Fiscal Year 2017 Summary

FGL reported net income of \$223 million, or \$3.83 per diluted share, for fiscal year 2017, compared to net income of \$97 million, or \$1.66 per diluted share, for fiscal year 2016. The Company reported adjusted operating income of \$177 million, or \$3.03 per diluted share, for fiscal year 2017, compared to adjusted operating income of \$162 million, or \$2.77 per diluted share, for fiscal year 2016. The prior fiscal year included \$17 million benefit from lower DAC amortization primarily due to equity market fluctuations, \$6 million bond prepayment income and \$7 million SPIA and other favorable reserve adjustments, partially offset by \$6 million higher expense related to the pending merger transaction and long-term incentive compensation plans. The current fiscal year includes \$18 million net benefit for lower DAC amortization from unlocking, annual assumption review and equity market fluctuations, \$5 million net favorable SPIA and other reserve adjustments, and \$4 million bond prepayment income and lower tax expense, partially offset by \$11 million higher expense related to the pending merger transaction and legacy incentive compensation plans.

Summary Financial Results (Unaudited)

(In millions, except per share data)	Three months ended September 30,		Year ended September 30,	
	2017	2016	2017	2016
Fixed indexed annuity sales ⁽²⁾	\$ 424	\$ 482	\$ 1,868	\$ 1,832
Total annuity sales ⁽²⁾	\$ 588	\$ 603	\$ 2,550	\$ 2,525
Average assets under management ⁽²⁾	\$ 20,840	\$ 19,381	\$ 20,324	\$ 18,738
Net investment spread - FIA ⁽²⁾	3.00%	2.98%	3.02%	2.97%
Net investment spread - All products ⁽²⁾	2.44%	2.27%	2.42%	2.27%
Net income	\$ 61	\$ 30	\$ 223	\$ 97
Net income per diluted share	\$ 1.06	\$ 0.52	\$ 3.83	\$ 1.66
Adjusted operating income ("AOI") ⁽²⁾	\$ 63	\$ 40	\$ 177	\$ 162
AOI per diluted share ⁽²⁾	\$ 1.08	\$ 0.69	\$ 3.03	\$ 2.77
Weighted average basic shares	58.3	58.3	58.3	58.3
Weighted average diluted shares	58.5	58.4	58.4	58.6
Total common shares outstanding	58.9	59.0	58.9	59.0
Book value per share	\$ 38.13	\$ 32.80	\$ 38.13	\$ 32.80
Book value per share, excluding AOCI ⁽²⁾	\$ 28.92	\$ 25.36	\$ 28.92	\$ 25.36

See footnotes below.

Sales In Line With Expectations

For the fiscal fourth quarter, sales of our core fixed indexed annuity ("FIA") product were \$424 million, a 12% decrease over the prior year quarter. On a sequential basis, FIA sales decreased 7% as compared to the fiscal third quarter of 2017. As expected, FIA sales levels were influenced from an overall industry decline in FIA sales over the past few quarters resulting from strong equity market performance as well as focus by carriers and independent marketing organizations ("IMO's") on the Department of Labor ("DOL") fiduciary rule implementation. FIA sales were \$1.9 billion for the fiscal year, an increase of 2% over the prior year. FIA sales levels in recent quarters reflect strong and productive partnerships with our IMO's, and our continued discipline to achieve new business profitability and capital targets.

Sales of multi-year guarantee annuities ("MYGA") were \$164 million in the current quarter as compared to \$121 million in the same period last year. Total annuity sales were \$588 million for the fourth quarter, a decrease of 2% compared to the fiscal fourth quarter of 2016. For the fiscal year, total annuity sales were \$2.6 billion, a 1% increase over the prior year.

Indexed universal life ("IUL") sales in the quarter were \$6 million compared to \$17 million last year. The decline in IUL sales reflects our focus on quality of new business and pricing discipline to achieve profitability and capital targets. IUL sales were \$46 million for the current fiscal year compared to \$56 million in the prior year.

Investment Portfolio Performance

Overall, the investment portfolio is performing in line with expectations. Net investment income was \$261 million for the quarter, an increase of 10% compared to \$238 million for the same period last year. This growth was driven by increases in average assets under management ("AAUM"), which grew \$1.6 billion or 8% over the prior year from sales and stable policy owner retention trends.

The average earned yield on the total portfolio in the quarter was 5.02%, up 12 basis points from 4.90% in the prior year quarter, driven by higher income on structured securities and a higher allocation to private credit strategies with a focus on current income over the past year. Asset purchases during the quarter were \$0.7 billion at an average yield of 4.95% primarily reflecting purchases in investment grade corporate bonds and structured securities. The average NAIC rating for the portfolio remains approximately 1.5.

Net investment spread across all product lines increased 17 basis points to 244 basis points, compared to fiscal fourth quarter 2016. Net investment spread in the current quarter for fixed indexed annuities was consistent with recent performance at 300 basis points.

Capital Management Trends

- GAAP book value per share at September 30, 2017 was \$38.13 on a reported basis; book value per share excluding accumulated other comprehensive income ("AOCI") was \$28.92, an increase of 14% year over year.
- As announced on November 9, 2017, the FGL Board of Directors has declared a quarterly dividend of \$0.065 per share. The dividend is payable on December 11, 2017 to shareholders of record as of the close of business on November 27, 2017.
- On November 14, 2017, Fidelity & Guaranty Life Holdings, Inc. ("FGLH"), a subsidiary of FGL, received majority consent from holders of its 6.375% senior notes due 2021 to adopt certain amendments to their governing indenture. These amendments principally impact provisions of the indenture that would have been affected by the merger with CF Corp. and do not affect the principal, term or borrowing rate of the notes outstanding. The indenture will be modified and FGLH will pay the consent consideration once all the conditions with respect to the consummation of the merger have been satisfied.

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

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
ASSETS		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (amortized cost: September 30, 2017 - \$20,063; September 30, 2016 - \$18,521)	\$ 21,154	\$ 19,411
Equity securities, available-for-sale, at fair value (amortized cost: September 30, 2017 - \$733; September 30, 2016 - \$640)	773	683
Derivative investments	413	276
Commercial mortgage loans	547	595
Other invested assets	185	60
Total investments	<u>23,072</u>	<u>21,025</u>
Related party loans	71	71
Cash and cash equivalents	885	864
Accrued investment income	231	214
Reinsurance recoverable	3,375	3,464
Intangibles, net	1,129	1,026
Deferred tax assets, net	—	—
Other assets	202	371
Total assets	<u>\$ 28,965</u>	<u>\$ 27,035</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Contractholder funds	\$ 20,792	\$ 19,251
Future policy benefits	3,412	3,467
Funds withheld for reinsurance liabilities	1,083	1,172
Liability for policy and contract claims	67	55
Debt	300	300
Revolving credit facility	105	100
Deferred tax liability, net	62	10
Other liabilities	897	746
Total liabilities	<u>26,718</u>	<u>25,101</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued at September 30, 2017 and September 30, 2016)	\$ —	\$ —
Common stock (\$.01 par value, 500,000,000 shares authorized, 58,933,415 issued and outstanding at September 30, 2017; 58,956,127 shares issued and outstanding at September 30, 2016)	1	1
Additional paid-in capital	716	714
Retained earnings	1,000	792
Accumulated other comprehensive income	543	439
Treasury stock, at cost (568,847 shares at September 30, 2017; 537,613 shares at September 30, 2016)	(13)	(12)
Total shareholders' equity	<u>2,247</u>	<u>1,934</u>
Total liabilities and shareholders' equity	<u>\$ 28,965</u>	<u>\$ 27,035</u>

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three months ended		Year Ended	
	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)	September 30, 2017 (Unaudited)	September 30, 2016
Revenues:				
Premiums	\$ 16	\$ 18	\$ 42	\$ 70
Net investment income	261	238	1,005	923
Net investment gains (losses)	117	26	316	19
Insurance and investment product fees and other	41	34	167	127
Total revenues	435	316	1,530	1,139
Benefits and expenses:				
Benefits and other changes in policy reserves	320	206	843	791
Acquisition and operating expenses, net of deferrals	36	36	137	119
Amortization of intangibles	(14)	20	193	54
Total benefits and expenses	342	262	1,173	964
Operating income	93	54	357	175
Interest expense	(6)	(5)	(24)	(22)
Income before income taxes	87	49	333	153
Income tax expense	(26)	(19)	(110)	(56)
Net income	\$ 61	\$ 30	\$ 223	\$ 97
Net income per common share:				
Basic	\$ 1.06	\$ 0.52	\$ 3.83	\$ 1.67
Diluted	\$ 1.06	\$ 0.52	\$ 3.83	\$ 1.66
Weighted average common shares used in computing net income per common share:				
Basic	58.3	58.3	58.3	58.3
Diluted	58.5	58.4	58.4	58.6
Cash dividend per common share	\$ 0.065	\$ 0.065	\$ 0.260	\$ 0.260

RECONCILIATION OF BOOK VALUE PER SHARE EXCLUDING AOCI

(In millions, except per share data)	September 30, 2017 (Unaudited)	September 30, 2016 (Unaudited)
Reconciliation to total shareholder's equity:		
Total shareholder's equity	\$ 2,247	\$ 1,934
Less: AOCI	543	439
Total shareholder's equity excluding AOCI	<u>\$ 1,704</u>	<u>\$ 1,495</u>
Total shares outstanding	58.9	59.0
Weighted average shares outstanding - basic	58.3	58.3
Weighted average shares outstanding - diluted	58.4	58.6
Book value per share	\$ 38.13	\$ 32.80
Book value per share, excluding AOCI ⁽²⁾	\$ 28.92	\$ 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.

Agreement and Plan of Merger with CF Corporation ("CF Corp.")

On May 24, 2017, FGL and CF Corp. entered into a definitive merger agreement (the "Merger Agreement") pursuant to which CF Corp. will acquire all outstanding shares of FGL (the "Merger") for \$31.10 per share in cash, without interest, plus the assumption of \$405 million of existing debt. The joint press release can be found on FGL's investor relations website at www.fglife.com.

The transaction is expected to close in the calendar fourth quarter of 2017. The Merger is subject to closing conditions, including the approval of the shareholders of CF Corp., the receipt of regulatory approvals from the Iowa Insurance Division, the New York Department of Financial Services, and the Vermont Department of Financial Regulation, and the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). On June 16, 2017, the Federal Trade Commission granted early termination of the waiting period under the HSR Act. CF Corp. shareholders voted to approve the merger on August 8, 2017. Requisite regulatory approval has been obtained from the Vermont Department of Financial Regulation and the New York Department of Financial Services. A public hearing on the proposed merger was held on November 7, 2017 by the Iowa Insurance Division.

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, (iii) the effect of change in fair value of the reinsurance related embedded derivative, and iv) the effect of class action litigation reserves, if any. 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.

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 announced merger with CF Corp., FGL has elected to discontinue conference calls to discuss quarterly and annual results, pending the closing of the transaction. 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 quarters ended December 31, 2016, March 31, 2017 and June 30, 2017, 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
Fourth 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.

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

September 30, 2017

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FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
Financial Supplement - September 30, 2017
(unaudited)

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
Consolidated Financial Highlights

	Three Months Ended				Twelve Months Ended	
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2016
(Dollars in millions, except per share data)						
Revenues:						
Premiums	\$ 16	\$ 12	\$ 3	\$ 11	\$ 18	\$ 42 \$ 70
Net investment income	261	257	247	240	238	1,005 923
Net investment gains (losses)	117	67	81	51	26	316 19
Insurance and investment product fees and other	41	44	44	38	34	167 127
Total revenues	435	380	375	340	316	1,530 1,139
Net income	\$ 61	\$ 32	\$ 22	\$ 108	\$ 30	\$ 223 \$ 97
Adjusted Operating Income ("AOI")	\$ 63	\$ 37	\$ 36	\$ 41	\$ 40	\$ 177 \$ 162
Per Unrestricted Common Shares Amounts:						
Basic:						
Net income	\$ 1.06	\$ 0.54	\$ 0.38	\$ 1.85	\$ 0.52	\$ 3.83 \$ 1.67
AOI	\$ 1.08	\$ 0.63	\$ 0.62	\$ 0.70	\$ 0.69	\$ 3.03 \$ 2.78
Diluted:						
Net income	\$ 1.06	\$ 0.54	\$ 0.38	\$ 1.85	\$ 0.52	\$ 3.83 \$ 1.66
AOI	\$ 1.08	\$ 0.63	\$ 0.62	\$ 0.70	\$ 0.69	\$ 3.03 \$ 2.77
Dividends Paid to Shareholders Per Share	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.065	\$ 0.260 \$ 0.260
At Period End						
Cash and cash equivalents	\$ 885	\$ 799	\$ 887	\$ 632	\$ 864	\$ 885 \$ 864
Total investments	\$ 23,072	\$22,627	\$ 21,813	\$ 21,076	\$ 21,025	\$ 23,072 \$ 21,025
Total assets	\$ 28,965	\$28,402	\$ 27,897	\$ 26,952	\$ 27,035	\$ 28,965 \$ 27,035
Contractholder funds	\$ 20,792	\$20,342	\$ 20,052	\$ 19,486	\$ 19,251	\$ 20,792 \$ 19,251
Future policy benefits	\$ 3,412	\$ 3,423	\$ 3,435	\$ 3,453	\$ 3,467	\$ 3,412 \$ 3,467
Debt (including revolving credit facility)	\$ 405	\$ 405	\$ 405	\$ 400	\$ 400	\$ 405 \$ 400
Total equity	\$ 2,247	\$ 2,113	\$ 1,908	\$ 1,752	\$ 1,934	\$ 2,247 \$ 1,934
Total equity excluding AOCI	\$ 1,704	\$ 1,646	\$ 1,617	\$ 1,599	\$ 1,495	\$ 1,704 \$ 1,495
Common shares issued and outstanding	58.93	58.99	58.99	58.98	58.96	58.93 58.96
GAAP Book value per share	\$ 38.13	\$ 35.82	\$ 32.34	\$ 29.70	\$ 32.80	\$ 38.13 \$ 32.80
GAAP Book Value per Share excluding AOCI	\$ 28.92	\$ 27.90	\$ 27.41	\$ 27.11	\$ 25.36	28.92 25.36
Debt to total Capitalization excluding AOCI	19.2%	19.7%	20.0%	20.0%	21.1%	19.2% 21.1%
Return on average shareholders' equity excluding AOCI	14.6%	7.8%	5.5%	27.9%	8.1%	13.8% 6.6%
Statutory Book value per share(1)	\$ 25.91	\$ 25.18	\$ 26.06	\$ 22.43	\$ 22.39	25.91 22.39
Statutory Book value per share excluding IMR and AVR(1)	\$ 34.99	\$ 34.30	\$ 35.28	\$ 32.18	\$ 32.20	34.99 32.20

(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.

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CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except per share data)

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
ASSETS					
Investments:					
Fixed maturity securities, available-for-sale, at fair value (amortized cost: September 30, 2017 - \$20,063; September 30, 2016 - \$18,521)	\$ 21,154	\$ 20,766	\$ 20,052	\$ 19,437	\$ 19,411
Equity securities, available-for-sale, at fair value (amortized cost: September 30, 2017 - \$733; September 30, 2016 - \$640)	773	774	712	696	683
Derivative investments	413	361	351	314	276
Commercial mortgage loans	547	550	579	582	595
Other invested assets	185	176	119	47	60
Total investments	23,072	22,627	21,813	21,076	21,025
Related party loans	71	71	71	71	71
Cash and cash equivalents	885	799	887	632	864
Accrued investment income	231	204	225	201	214
Reinsurance recoverable	3,375	3,390	3,426	3,444	3,464
Intangibles, net	1,129	1,097	1,184	1,228	1,026
Deferred tax assets, net	—	—	87	68	—
Other assets	202	214	204	232	371
Total assets	\$ 28,965	\$ 28,402	\$ 27,897	\$ 26,952	\$ 27,035
LIABILITIES AND SHAREHOLDERS' EQUITY					
Contractholder funds	\$ 20,792	\$ 20,342	\$ 20,052	\$ 19,486	\$ 19,251
Future policy benefits	3,412	3,423	3,435	3,453	3,467
Funds withheld for reinsurance liabilities	1,083	1,106	1,134	1,142	1,172
Liability for policy and contract claims	67	57	60	53	55
Debt	300	300	300	300	300
Revolving credit facility	105	105	105	100	100
Deferred tax liability, net	62	11	—	—	10
Other liabilities	897	945	903	666	746
Total liabilities	26,718	26,289	25,989	25,200	25,101
Shareholders' equity:					
Preferred stock (\$.01 par value, 50,000,000 shares authorized, no shares issued at September 30, 2017 and September 30, 2016)	—	—	—	—	—
Common stock (\$.01 par value, 500,000,000 shares authorized, 58,933,415 issued and outstanding at September 30, 2017; 58,956,127 shares issued and outstanding at September 30, 2016)	1	1	1	1	1
Additional paid-in capital	716	716	715	715	714
Retained earnings	1,000	942	914	896	792
Accumulated other comprehensive income	543	467	291	153	439
Treasury stock, at cost (568,847 shares at September 30, 2017; 537,613 shares at September 30, 2016)	(13)	(13)	(13)	(13)	(12)
Total shareholders' equity	2,247	2,113	1,908	1,752	1,934
Total liabilities and shareholders' equity	\$ 28,965	\$ 28,402	\$ 27,897	\$ 26,952	\$ 27,035

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Quarterly Summary - Most Recent 5 Quarters

	Three Months Ended				Twelve Months Ended			
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2017	September 30, 2016	

(Dollars in millions, except per share data)

Revenues:								
Traditional life insurance premiums	\$ 10	\$ 7	\$ —	\$ 10	\$ 11	\$ 27	\$ 42	
Life contingent immediate annuity	6	5	3	1	7	15	28	
Net investment income	261	257	247	240	238	1,005	923	
Net investment gains (losses)	117	67	81	51	26	316	19	
Surrender charges	9	9	9	7	8	34	22	
Cost of insurance fees and other income	32	35	35	31	26	133	105	
Total revenues	435	380	375	340	316	1,530	1,139	
Benefits and expenses:								
Traditional life insurance policy benefits and change in future policy benefits	18	21	11	22	18	72	70	
Life contingent immediate annuity benefits and changes in future policy benefits	26	20	18	18	25	82	109	
Interest sensitive and index product benefits and changes in future policy benefits	276	194	239	(20)	163	689	612	
General expenses	30	35	30	25	30	120	107	
Acquisition expenses	65	72	81	92	89	310	325	
Deferred acquisition costs ("DAC")	(59)	(67)	(78)	(89)	(83)	(293)	(313)	
Amortization of intangibles	(14)	51	33	123	20	193	54	
Total benefits and expenses	342	326	334	171	262	1,173	964	
Operating income	93	54	41	169	54	357	175	
Interest expense	(6)	(6)	(6)	(6)	(5)	(24)	(22)	
Income before income taxes	87	48	35	163	49	333	153	
Income tax expense	(26)	(16)	(13)	(55)	(19)	(110)	(56)	
Net income	\$ 61	\$ 32	\$ 22	\$ 108	\$ 30	\$ 223	\$ 97	

Net income per common share:

Basic	\$ 1.06	\$ 0.54	\$ 0.38	\$ 1.85	\$ 0.52	\$ 3.83	\$ 1.67
Diluted	\$ 1.06	\$ 0.54	\$ 0.38	\$ 1.85	\$ 0.52	\$ 3.83	\$ 1.66

Weighted average common shares used in computing net income per common share:

Basic	\$ 58.34	0.06	58.33	58.28	58.26	58.32	58.28
Diluted	\$ 58.48	0.06	58.38	58.37	58.35	58.42	58.58

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

	Three Months Ended				Twelve Months Ended		
	September 30, 2017 (a)	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2017	September 30, 2016
	(Dollars in millions, except per share data)						
Net income	\$ 61	\$ 32	\$ 22	\$ 108	\$ 30	\$ 223	\$ 97
Adjustments to arrive at AOI:							
Effect of investment (gains) losses, net of offsets (b)	(5)	4	15	(1)	5	13	9
Effect of change in FIA embedded derivative discount rate, net of offsets (b)	3	(4)	(2)	(92)	(7)	(95)	54
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (b)	5	8	8	(10)	17	11	37
Tax impact of adjusting items	(1)	(3)	(7)	36	(5)	25	(35)
AOI	\$ 63	\$ 37	\$ 36	\$ 41	\$ 40	\$ 177	\$ 162

Per diluted common share:

Net income	\$ 1.06	\$ 0.54	\$ 0.38	\$ 1.85	\$ 0.52	\$ 3.83	\$ 1.66
Adjustments to arrive at AOI:							
Effect of investment (gains) losses, net of offsets (b)	(0.09)	0.07	0.26	(0.02)	0.09	0.22	0.16
Effect of change in FIA embedded derivative discount rate, net of offsets (b)	0.05	(0.07)	(0.04)	(1.58)	(0.12)	(1.64)	0.92
Effect of change in fair value of reinsurance related embedded derivative, net of offsets (b)	0.09	0.14	0.14	(0.17)	0.29	0.20	0.63
Tax impact of adjusting items	(0.02)	(0.05)	(0.12)	0.62	(0.09)	0.43	(0.60)
AOI per diluted share	\$ 1.09	\$ 0.63	\$ 0.62	\$ 0.70	\$ 0.69	\$ 3.04	\$ 2.77

(a) Net income includes two out-of-period actuarial items ("option budget" and "risk free rate") of approximately \$10 each, which are mostly offsetting with \$0 impact to net income. The "option budget" item also impacted AOI while the "risk free rate" item is included in the AOI adjustments resulting in no net impact to AOI.

(b) Amounts are net of offsets related to value of business acquired ("VOBA") and deferred acquisition cost ("DAC") amortization.

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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				Twelve Months Ended		
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2017	September 30, 2016
(Dollars in millions)							
Revenue:							
Net investment gains (a)	\$ 1	\$ 15	\$ 28	\$ (12)	\$ 29	\$ 32	\$ 63
Increase (decrease) in total revenues	1	15	28	(12)	29	32	63
Benefits and expenses:							
Benefits and other changes in policy reserves (b)	12	(10)	(1)	(168)	(16)	(167)	97
Amortization of intangibles (c)	(10)	3	(6)	77	2	64	(60)
(Decrease) increase in total benefits and expenses	2	(7)	(7)	(91)	(14)	(103)	37
Increase (decrease) in pre-tax operating income	3	8	21	(103)	15	(71)	100
(Decrease) increase in income tax expense (benefit) (d)	(1)	(3)	(7)	36	(5)	25	(35)
Increase (decrease) in net income	\$ 2	\$ 5	\$ 14	\$ (67)	\$ 10	\$ (46)	\$ 65

(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 and the "risk free rate" item of \$26.

(c) Amortization of intangibles includes the impact on DAC and VOBA of the adjustments in a-b above including an (\$11) impact on amortization of the "risk free rate" item noted in (b).

(d) The tax expense (benefit) includes the tax impact of the adjustments in a-c above, including a (\$5) tax impact of the "risk free rate" item and related amortization noted in (b) and (c).

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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				Twelve Months Ended		
	September 30, 2017 (a)	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2017	September 30, 2016
	(Dollars in millions)						
Net income	\$ 61	\$ 32	\$ 22	\$ 108	\$ 30	\$ 223	\$ 97
AOI	\$ 63	\$ 37	\$ 36	\$ 41	\$ 40	\$ 177	\$ 162
Notable Items Included within AOI [(unfavorable)/favorable]							
Legacy incentive compensation (b)	—	(1)	(1)	—	(2)	(2)	(2)
Project expenses (c)	(2)	(5)	(2)	—	—	(9)	(4)
Single premium immediate annuities ("SPIA") mortality & other reserve adjustments (d)	(2)	2	3	2	—	5	7
Assumption review & DAC unlocking (e)	21	—	(3)	—	5	18	17
Other, including bond prepayment income & tax valuation allowance (f)	2	—	—	2	1	4	6

(a) Net income includes two out-of-period actuarial items ("option budget" and "risk free rate") of approximately \$10 each, which are mostly offsetting with \$0 impact to net income. The "option budget" item also impacted AOI while the "risk free rate" item is included in the AOI adjustments resulting in no net impact to AOI.

(b) 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.

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

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

(e) 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. Finally, for the three months ended September 30, 2017, includes \$10 related to the "option budget" item.

(f) 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

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
(Dollars in millions, except per share data)					
Capitalization:					
Debt	\$ 405	\$ 405	\$ 405	\$ 400	\$ 400
Total debt	405	405	405	400	400
Total shareholders' equity	2,247	2,113	1,908	1,752	1,934
Total capitalization	2,652	2,518	2,313	2,152	2,334
AOCI	543	467	291	153	439
Total capitalization excluding AOCI (a)	\$ 2,109	\$ 2,051	\$ 2,022	\$ 1,999	\$ 1,895
Total shareholders' equity	2,247	2,113	1,908	1,752	1,934
AOCI	543	467	291	153	439
Total shareholders' equity excluding AOCI (a)	\$ 1,704	\$ 1,646	\$ 1,617	\$ 1,599	\$ 1,495
Common shares outstanding	58.93	58.99	58.99	58.98	58.96
Book Value per Share: (b)					
GAAP Book value per share including AOCI	\$ 38.13	\$ 35.82	\$ 32.34	\$ 29.70	\$ 32.80
GAAP Book value per share excluding AOCI (a)	\$ 28.92	\$ 27.90	\$ 27.41	\$ 27.11	\$ 25.36
Twelve months ended					
Twelve Month Rolling Average Return on Equity ("ROE")	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Return on Shareholders' Equity (c)					
Return on average shareholders' equity	11.2%	10.1%	9.6%	9.4%	6.0%
Return on average shareholders' equity, excluding AOCI (c)	13.8%	12.3%	11.1%	10.5%	6.6%
Return on Shareholders' Equity - AOI (d)					
Adjusted Operating ROE, excluding AOCI (d)	11.0%	9.8%	10.8%	11.5%	11.1%
Three months ended					
Quarterly Average ROE	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Return on average shareholders' equity	11.2%	6.4%	4.8%	23.4%	6.5%
Return on average shareholders' equity, excluding AOCI (c)	14.6%	7.8%	5.5%	27.9%	8.1%
Adjusted Operating ROE, excluding AOCI (d)	15.0%	9.1%	9.0%	10.6%	10.8%
Debt-to-Capital Ratios: (e)					
Long-term debt/Total capitalization excluding AOCI	19.2%	19.7%	20.0%	20.0%	21.1%

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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 Positive	Under Review with Developing Implications	Stable	Stable

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Net Investment Spread Results

(Dollars in millions)

	Three Months Ended		Twelve Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Yield on average assets under management "AAUM" (at amortized cost)	5.02 %	4.90 %	4.95 %	4.92 %
Less: Interest credited and option cost	(2.58)%	(2.63)%	(2.53)%	(2.65)%
Total net investment spread - All product lines (b)	2.44 %	2.27 %	2.42 %	2.27 %
FIA net investment spread	3.00 %	2.98 %	3.02 %	2.97 %
Investment book yield - bonds purchased during the period (c)	4.95 %	4.83 %	5.06 %	5.35 %
AAUM (a)	\$ 20,840	\$ 19,381	\$ 20,324	\$ 18,738

(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				Twelve Months Ended		
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	September 30, 2016	
Fixed index annuities ("FIA")	\$ 424	\$ 455	\$ 438	\$ 551	\$ 482	1,868	1,832
Fixed rate annuities ("MYGA")	164	127	158	97	121	546	536
Institutional spread based (1)	—	—	136	—	—	136	157
Total Annuity	\$ 588	\$ 582	\$ 732	\$ 648	\$ 603	\$ 2,550	\$ 2,525
Index universal life	6	9	14	17	17	46	56
Total Sales	\$ 594	\$ 591	\$ 746	\$ 665	\$ 620	\$ 2,596	\$ 2,581

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

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Annuity Account Balance Rollforward (a)

(Dollars in millions)

	Three months ended				
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Account balances at beginning of period:	\$ 16,430	\$ 16,114	\$ 15,603	\$ 15,250	\$ 14,935
Net deposits	598	591	603	655	598
Premium and interest bonuses	11	12	12	13	10
Fixed interest credited and index credits	147	154	153	87	81
Guaranteed product rider fees	(17)	(18)	(18)	(16)	(12)
Surrenders, withdrawals, deaths, etc.	(350)	(423)	(239)	(386)	(362)
Account balance at end of period	<u>\$ 16,819</u>	<u>\$ 16,430</u>	<u>\$ 16,114</u>	<u>\$ 15,603</u>	<u>\$ 15,250</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		Twelve Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(Dollars in millions)			
Fixed Index Annuities:				
Index Strategies	\$ 347	\$ 388	\$ 1,503	\$ 1,502
Fixed Strategy	84	98	390	359
	<u>431</u>	<u>486</u>	<u>1,893</u>	<u>1,861</u>
Fixed Rate Annuities:				
Single-Year Rate Guaranteed	2	—	10	4
Multi-Year Rate Guaranteed	165	111	547	535
	<u>598</u>	<u>597</u>	<u>2,450</u>	<u>2,400</u>
Total before coinsurance ceded	598	597	2,450	2,400
Coinsurance ceded	—	—	2	1
Net after coinsurance ceded	<u>\$ 598</u>	<u>\$ 597</u>	<u>\$ 2,448</u>	<u>\$ 2,399</u>

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Surrender Charge Protection and Account Values by Product Type

Annuity Surrender Charges and Account Values (net of reinsurance) at September 30, 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%	\$ 13,285	79%
Single-Year Rate Guaranteed	10	1	1%	592	4%
Multi-Year Rate Guaranteed	5	3	7%	2,942	17%
Total				<u>\$ 16,819</u>	<u>100%</u>

Annuity Liability Characteristics

	Fixed Annuities Account Value	Fixed Index Annuities Account Value
	(Dollars in millions)	
<u>SURRENDER CHARGE PERCENTAGES:</u>		
No surrender charge	\$ 705	\$ 1,932
0.0% < 2.0%	39	319
2.0% < 4.0%	27	314
4.0% < 6.0%	188	606
6.0% < 8.0%	977	1,618
8.0% < 10.0%	1,562	2,432
10.0% or greater	36	6,064
	<u>\$ 3,534</u>	<u>\$ 13,285</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	\$ 2,605	—%
2017	197	5%
2018 - 2019	2,194	5%
2020 - 2021	1,912	7%
2022 - 2023	2,181	8%
Thereafter	7,730	11%
	<u>\$ 16,819</u>	<u>7%</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	\$ 998	\$ 1,330
0.0% - 1.0%	374	1,259
1.0% - 2.0%	308	56
2.0% - 3.0%	1,834	13
3.0% - 4.0%	20	—
Allocated to index strategies	—	10,627
	<u>\$ 3,534</u>	<u>\$ 13,285</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	\$ —	\$ —	\$ 1,465	\$ 613	\$ —
2-3%	693	—	—	—	—
3-4%	1,061	—	389	—	—
4-5%	413	—	482	—	—
5-6%	76	2	121	4	—
6-7%	35	2	18	—	6
7% +	66	35	180	—	66
Total:	<u>\$ 2,344</u>	<u>\$ 39</u>	<u>\$ 2,655</u>	<u>\$ 617</u>	<u>\$ 72</u>

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Monthly Point-to-Point with Cap

	Minimum Guaranteed Cap 1%
	(Dollars in millions)
Current Cap	
At minimum	\$ 1,370
1% to 2%	2,328
2% to 3%	641
3% +	161
Total:	\$ 4,500

3 Year Step Forward with Cap

	Minimum Guaranteed Cap 2%	Minimum Guaranteed Cap 5%
	(Dollars in millions)	
Current Cap		
At minimum	—	\$ 19
2% to 5%	2	—
5% to 7%	9	50
7% to 9%	—	41
9% to 11%	—	18
11% to 13%	—	7
Total:	\$ 11	\$ 135

There is an additional \$251 million Account Value allocated to strategies not listed above. Of this \$251 million, \$13 million is at the guaranteed rates.

Summary of Invested Assets by Asset Class

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(Dollars in millions)	September 30, 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	\$ 105	\$ 107	—%	\$ 233	\$ 243	1%
United States Government sponsored entities	127	128	1%	112	115	1%
United States municipalities, states and territories	1,573	1,726	8%	1,515	1,717	8%
Corporate securities:						
Finance, insurance and real estate	5,400	5,806	25%	5,084	5,463	26%
Manufacturing, construction and mining	980	1,018	4%	847	863	4%
Utilities, energy and related sectors	2,109	2,202	10%	1,811	1,881	9%
Wholesale/retail trade	1,342	1,408	6%	1,205	1,277	6%
Services, media and other	2,196	2,296	10%	1,765	1,856	9%
Hybrid securities	1,388	1,465	6%	1,356	1,386	7%
Non-agency residential mortgage-backed securities	1,017	1,135	5%	1,215	1,247	6%
Commercial mortgage-backed securities	974	978	4%	850	864	4%
Asset-backed securities	2,852	2,885	13%	2,528	2,499	12%
Equity securities	733	773	3%	640	683	3%
Commercial mortgage loans	547	552	2%	595	614	3%
Other (primarily derivatives)	410	595	3%	281	334	1%
Total	\$ 21,753	\$ 23,074	100%	\$ 20,037	\$ 21,042	100%

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Credit Quality of Fixed Maturity Securities at September 30, 2017

NAIC Designation	Fair Value (Dollars in millions)	Percent	Rating Agency Rating	Fair Value (Dollars in millions)	Percent
1	\$ 10,989	52%	AAA	\$ 1,624	8%
2	8,757	41%	AA	1,970	9%
3	1,209	6%	A	5,762	27%
4	139	1%	BBB	9,582	45%
5	57	—%	BB	1,056	5%
6	3	—%	B and below	1,160	6%
	<u>\$ 21,154</u>	<u>100%</u>		<u>\$ 21,154</u>	<u>100%</u>

Managed and Direct Related Party Investments

(Dollars in Millions)

Type	Balance Sheet Classification	September 30, 2017	
		Amortized Cost	Fair Value
Investments managed by related parties:			
Fortress Investment Group collateralized loan obligations	Fixed maturities, available-for-sale	\$ 173	\$ 175
	Total investments managed by related parties	\$ 173	\$ 175
Direct investment in related parties:			
HGI energy loan	Related party loans	\$ 72	\$ 71
Salus preferred equity	Equity securities, available-for-sale	1	2
Spectrum Brands, Inc.	Fixed maturities, available-for-sale	2	2
	Total direct investment in related parties	\$ 75	\$ 75
Assets above included in FSRCI Funds withheld portfolio:			
Fortress Investment Group collateralized loan obligations	Fixed maturities, available-for-sale	\$ 10	\$ 10
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	2
	Total assets included in FSRCI Funds withheld portfolio	\$ 85	\$ 85

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

Collateral Type	September 30, 2017	
	Amortized Cost	Fair Value
	(Dollars in millions)	
Total by collateral type		
Government agency	\$ 127	\$ 128
Prime	157	166
Subprime	260	279
Alt-A	600	690
	<u>\$ 1,144</u>	<u>\$ 1,263</u>
Total by NAIC designation		
1	\$ 1,116	\$ 1,236
2	20	20
3	8	7
4	—	—
5	—	—
	<u>\$ 1,144</u>	<u>\$ 1,263</u>

Top 10 Holdings by Issuers

(Dollars in millions)

Issuer (a):	September 30, 2017	
	Fair Value	Percentage of Total Invested Assets
Wells Fargo & Company	\$ 150	0.7%
Metropolitan Transportation Authority (NY)	121	0.5%
General Electric Company	114	0.5%
JP Morgan Chase & Co.	109	0.5%
Nationwide Mutual Insurance Company	101	0.4%
Entergy Corp	93	0.4%
Goldman Sachs Group, Inc.	91	0.4%
Metlife, Inc.	90	0.4%
Bank of New York Mellon Corp	90	0.4%
Rabobank Nederland	86	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)

<u>Parent Company/Principal Reinsurers</u>	<u>Reinsurance Recoverable (a)</u>	<u>Financial Strength Rating</u>		
		<u>AM Best</u>	<u>S&P</u>	<u>Moody's</u>
Wilton Reinsurance	\$ 1,535	A+	Not Rated	Not Rated
Front Street Re	1,016	Not Rated	Not Rated	Not Rated
Scottish Re	158	Not Rated	Not Rated	Not Rated
Security Life of Denver	147	A	A	A2
London Life	101	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.

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Jamie Tully or David Millar, 212-687-8080

Common stock and Dividend Information:

New York Stock Exchange symbol: "FGL"

	High	Low	Close	Dividend Declared
FY2017				
First Quarter	\$ 24.25	\$ 21.10	\$ 23.70	\$ 0.065
Second Quarter	\$ 27.95	\$ 23.45	\$ 27.80	\$ 0.065
Third Quarter	\$ 31.30	\$ 27.15	\$ 31.05	\$ 0.065
Fourth Quarter	\$ 31.38	\$ 30.95	\$ 31.05	\$ 0.065

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