F&G Investor Update

Spring 2023

Note: Spring 2023 Investor Update refreshed per 8-K filed July 13, 2023

Disclaimer & Forward-Looking Statements

This presentation contains forward-looking statements that are subject to known and unknown risks and uncertainties, many of which are beyond our control. Some of the forward-looking statements can be identified by the use of terms such as “believes”, “expects”, “may”, “will”, “could”, “seeks”, “intends”, “plans”, “estimates”, “anticipates” or other comparable terms. Statements that are not historical facts, including statements regarding our expectations, hopes, intentions or strategies regarding the future are forward-looking statements. Forward-looking statements are based on management's beliefs, as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The risks and uncertainties which forward-looking statements are subject to include, but are not limited to: general economic conditions and other factors, including prevailing interest and unemployment rate levels and stock and credit market performance; natural disasters, public health crises, international tensions and conflicts, geopolitical events, terrorist acts, labor strikes, political crisis, accidents and other events; concentration in certain states for distribution of our products; the impact of interest rate fluctuations; equity market volatility or disruption; the impact of credit risk of our counterparties; changes in our assumptions and estimates regarding amortization of our deferred acquisition costs, deferred sales inducements and value of business acquired balances; regulatory changes or actions, including those relating to regulation of financial services affecting (among other things) underwriting of insurance products and regulation of the sale, underwriting and pricing of products and minimum capitalization and statutory reserve requirements for insurance companies, or the ability of our insurance subsidiaries to make cash distributions to us; and other factors discussed in “Risk Factors” and other sections of the Company’s Form 10-K and other filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

Generally Accepted Accounting Principles (GAAP) is the term used to refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in the preparation of financial statements. In addition to reporting financial results in accordance with GAAP, this presentation includes non-GAAP financial measures, which the Company believes are useful to help investors better understand its financial performance, competitive position and prospects for the future. Management believes these non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. 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. The presentation of this financial information is not intended to be considered in isolation of or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. By disclosing these non-GAAP financial measures, the Company believes it offers investors a greater understanding of, and an enhanced level of transparency into, the means by which the Company's management operates the Company. Any non-GAAP measures should be considered in context with the GAAP financial presentation and should not be considered in isolation or as a substitute for GAAP net earnings, net earnings attributable to common shareholders, or any other measures derived in accordance with GAAP as measures of operating performance or liquidity. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are provided within.

On January 1, 2023, F&G has adopted Accounting Standard Update 2018-12, "Targeted Improvements to the Accounting for Long-Duration Contracts" (LDTI), as issued by the Financial Accounting Standards Board. This update significantly amends the accounting and disclosure requirements for long-duration insurance contracts. Adoption of this guidance is reflected in F&G's consolidated financial statements using the full retrospective transition method effective January 1, 2023 with changes applied as of January 1, 2021, also referred to as the transition date. Prior periods are presented on a comparable basis to reflect impacts under the LDTI accounting standard. In addition, F&G has subsequently filed an 8-K on July 13, 2023 with supplemental disclosures reflecting a refinement of its methodology for calculating the market related liability adjustment included in its non-GAAP financial measure of adjusted net earnings ("ANE"). The change also impacted other non-GAAP financial measures that derive from ANE, including adjusted net earnings per diluted share, adjusted return on average equity excluding AOCI and adjusted return on assets. We have restated all time periods in this updated Spring 2023 investor presentation for this change.

First Quarter Financial Highlights

($M) - except per share data and ROA in bps	Full Year		Quarterly	
	2021	2022	1Q22	1Q23
Total gross sales	$9,592	$11,254	$2,589	$3,281
Net retained sales	$8,723	$9,006	$2,353	$2,209
Assets under management (AUM)	$36,494	$43,568	$38,601	$45,422
Average assets under management (AAUM)	$31,938	$40,069	$37,459	$44,393
Net earnings (loss)[1]	$1,232	$635	$239	($195)
Net earnings (loss) per diluted share[1]	$11.73	$5.52	$2.28	($1.56)
Adjusted net earnings	$640	$353	$80	$61
Adjusted return on assets	2.00%	0.88%	0.85%	0.55%
Adjusted net earnings per diluted share	$ 6.10	$ 3.07	$ 0.76	$ 0.49
Weighted average diluted shares	105	115	105	125
Common shares outstanding	105	126	105	126
Book value excluding AOCI per share[2]	$ 40.01	$ 41.45	$ 42.31	$ 39.94

1Q23 Highlights (comparisons to PY)

- **Record total gross sales** of $3.3B for the first quarter, an increase of 27% over prior year, reflect higher rate environment and consumers seeking principal protection
- **Record ending assets under management** of $45B at March 31, 2022
- **Consistent economics over time despite short-term volatility in earnings**
- **Strong balance sheet with financial flexibility**

[1]Excludes discontinued operations
[2]Accumulated other comprehensive income (AOCI)

About F&G Snapshot

Our Product Lines

- **Fixed Deferred Annuities**
  - Fixed indexed annuity (FIA)
  - Multi-year guaranteed annuity (MYGA)
- **Pension Risk Transfer** (PRT)
- **Life Insurance**
  - Indexed universal life (IUL)
- **Funding Agreements**
  - Funding agreement backed notes (FABN)
  - Federal Home Loan Bank (FHLB)

Five Distinct Distribution Channels

- **Retail Channels**
  - Independent insurance agents (IMOs)
  - Broker Dealer
  - Banks
- **Institutional Channels**
  - Pension risk transfer
  - Funding agreements

Background

- Founded in 1959 as a life insurance company
- Listed on the New York Stock Exchange (NYSE: FG) eff. 12/1/2022
- Fidelity National Financial (NYSE: FNF) retains ~85% ownership
- Headquartered in Des Moines, IA; nearly 950 employees
- Ranking as a Top Workplaces company for 5 consecutive years

Financial Strength Ratings

A.M. Best	S&P Global	Fitch Ratings	Moody's
A-	**A-**	**A-**	**Baa1**
Positive	Stable	Stable	Positive

Compelling Investment Case for F&G

Targeting Large and Growing Markets

F&G is a nationwide leader in the large markets we play in, and demographic trends will provide tailwinds to give us significant room to continue growing – including untapped Middle Market demand for Life coverage and the opportunity to migrate consumers from CDs to fixed annuities

Superior Ecosystem

Our long-standing relationships with multiple distribution channels, durable investment edge, and track record of attracting top talent give us a sustainable competitive advantage

Track Record of Success

We have delivered consistent top line growth and return on assets across varying market cycles, and we expect to continue to outperform the rest of the market, especially in a rising rate environment

Driving Margin Expansion and Improved Returns

F&G is pursuing strategies to grow earnings, while generating significant positive net cash flow and diversifying into “capital light” flow reinsurance and accretive owned distribution to generate higher ROE’s

How F&G Makes Money – Retained Sales

Gross Sales	Assets Under Management	Product Margin, Net of Expenses	Spread-Based Earnings
1	2	3	4
Client deposits premium with F&G	F&G invests in high quality and well diversified portfolio	F&G's yield outpaces cost of funds and expenses	F&G's AAUM growth drives earnings
Spectrum of client needs met (accumulation, income & wealth transfer), with no principal loss	F&G's strategic partnership with Blackstone provides a competitive advantage	Product margin is difference between portfolio earned yield and cost of funds	F&G expects steady and growing earnings over time, excluding short-term mark-to-market effects

How F&G Makes Money – Flow Reinsurance

Gross Sales	Flow Reinsurance	Capital "Light", Enhanced Returns	Fee-Based Earnings
1	2	3	4
Client deposits premium with F&G	**F&G expands flow relationships given high market demand**	**F&G onboards new business at lower marginal cost of capital**	**F&G enhances cash flow, diversifies earnings & increases ROE**
Spectrum of client needs met (accumulation, income & wealth transfer), with no principal loss	F&G continues to expand flow relationships through new partners &/or adding new products	Lower capital requirement on ceded new business, while allocating capital to highest returning retained business	F&G receives stream of ceding commissions and expense allowances on ceded new business

How F&G Makes Money – Owned Distribution

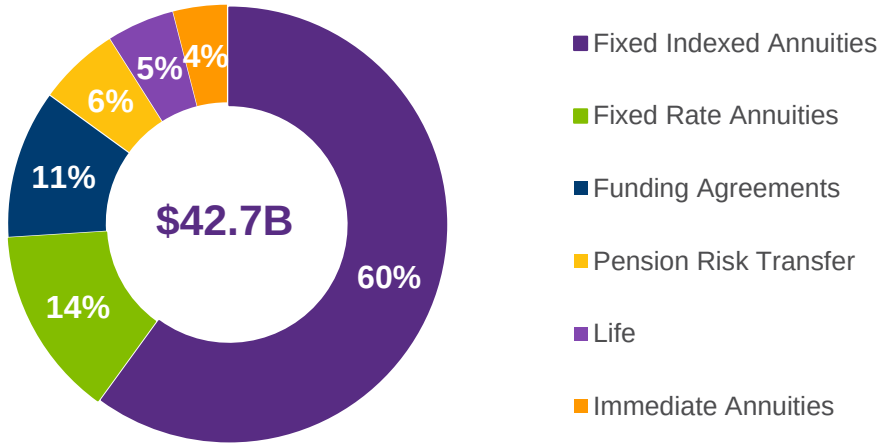
Investment in Owned Distribution	Dividend Income Stream	Capital "Light", Greater Margin Potential	Higher Multiple Earnings
1	2	3	4
F&G takes equity stake in independent agent distribution	**F&G earns dividend stream on "capital light" distribution**	**F&G generates higher margins at lower marginal cost of capital**	**F&G diversifies earnings through accretive owned distribution**
F&G's deep distribution relationships, long-term focus and product expertise provide 'win win'	F&G receives dividend income stream from ownership stake as share of earnings	Partnership grants access to higher margins and preferred shelf space within capital "light" distribution	F&G expects at-scale distribution to trade at higher multiple relative to Life & Annuity

We Have A Clean & Profitable Inforce Book

Our inforce liabilities are surrender charge protected and our asset and liability cash flows are well matched; our inforce book does not contain typical problematic legacy business

- Our liability profile drives our investment strategy
  - Total net reserves of $42.7B, with 88% not at risk of withdrawal as either surrender protected or nonsurrenderable
  - Fixed annuities comprise 74% of total net reserves, of which 91% are surrender protected
- New business and inforce are actively managed to maintain pricing targets
- Asset and liability cash flows are well matched

GAAP Net Reserves[1]



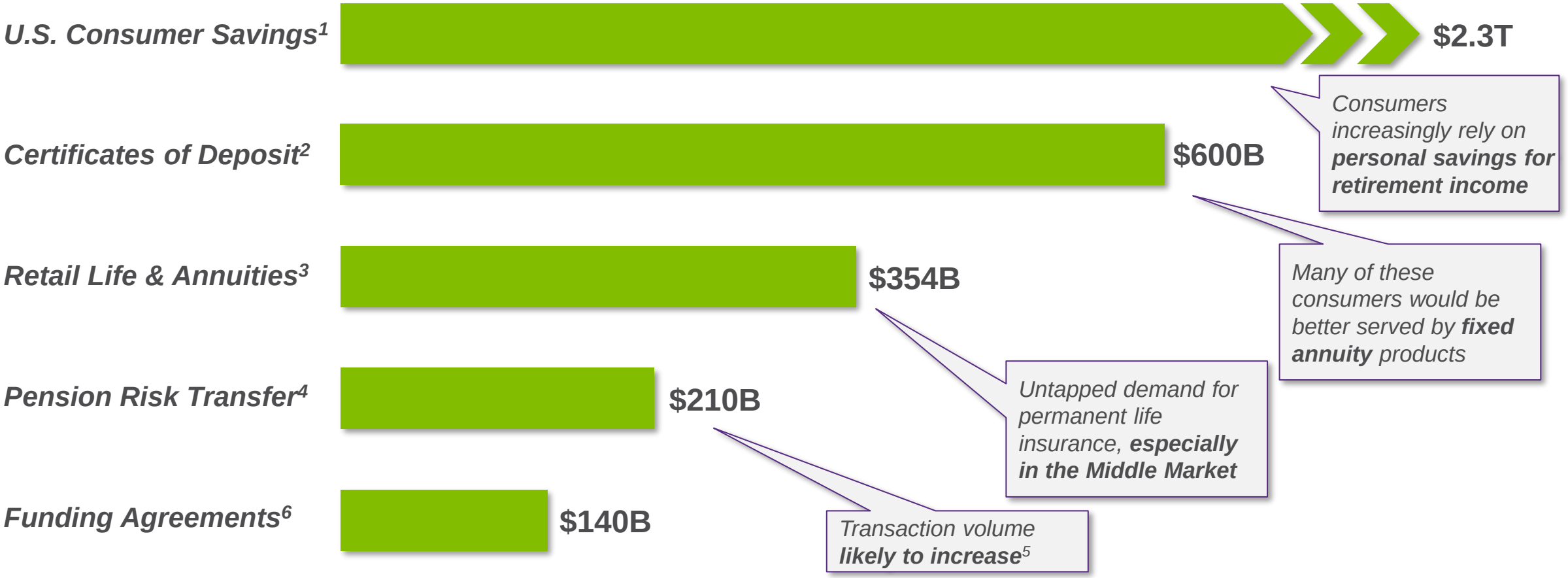
Fixed Annuity Metrics[1]

Weighted average time remaining in surrender charge period	6 Years
% Surrender protected	91%
Average remaining surrender charge (% of account value)	7%
% Subject to market value adjustment (MVA)	72%
Average cost of options/interest credited	2.4%
Distance to guaranteed minimum crediting rates	139 bps

[1]As of March 31, 2023

We Are Playing In High Growth Markets …

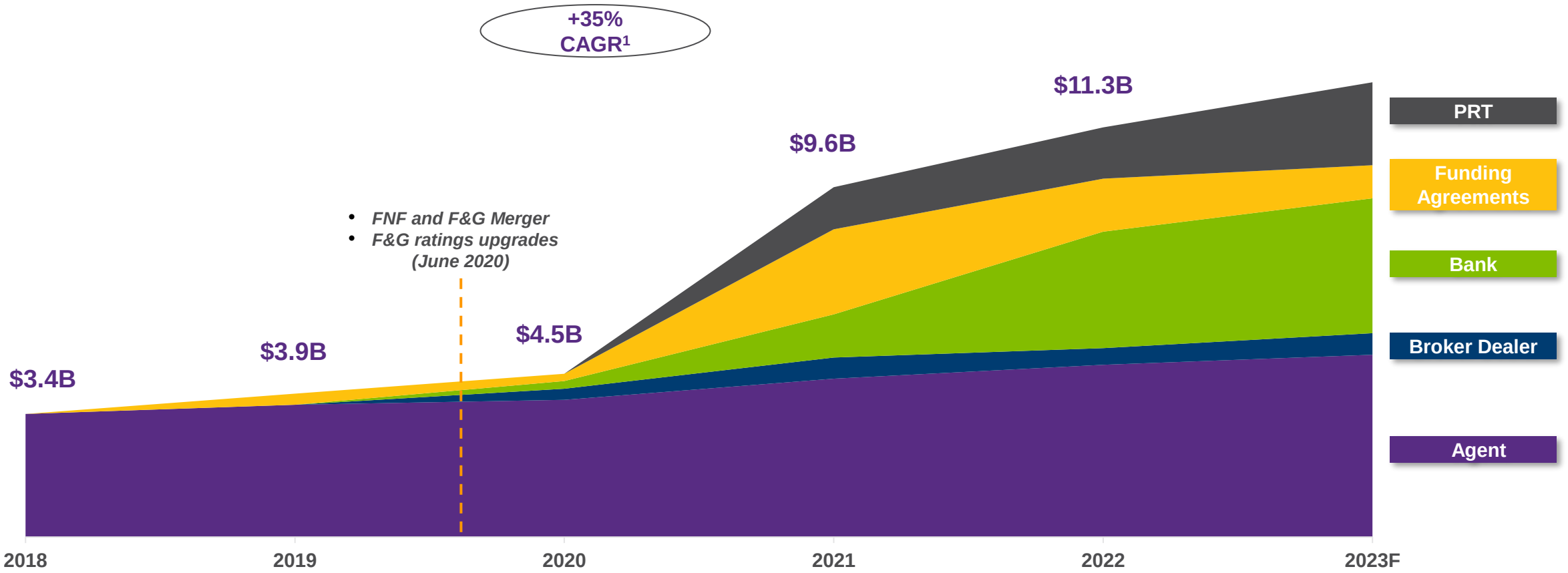
The U.S. retirement and middle markets are growing and we are both well-established and well-positioned for continued growth in our retail and institutional channels



[1]2021 personal savings in the U.S. per Statista Research Department, May 10, 2022
[2]2018 USD held in CD Accounts <$100K per Federal Reserve Bank of St. Louis
[3]2020 direct written premiums for Individual Life and Individual Annuities per Conning, Inc.
[4]Value of U.S. pension risk transfer (PRT) assets held with all current PRT writers per LIMRA 2Q22 Pension Risk Transfer Survey
[5]U.S. Pension Risk Transfer Market Posts Record-Breaking 2021 per Pensions & Investments, Source Legal & General, February 8, 2022
[6]Outstanding value of Funding Agreement Backed Securities per Conning, Inc., Source: Federal Reserve, June 30, 2021

… And We're Winning …

Annual Total Gross Sales by Distribution Channel ($B)



[1]CAGR reflects 2018-2022 annual periods

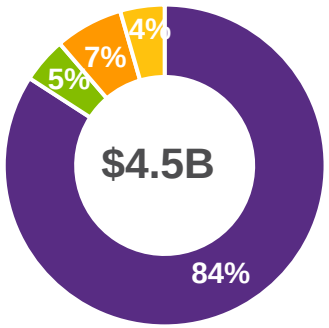
… While Significantly Diversifying Our Business

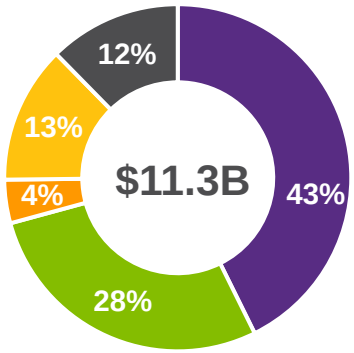
FY2020 Sales

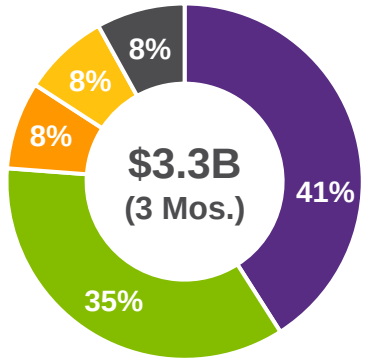
FY2022 Sales

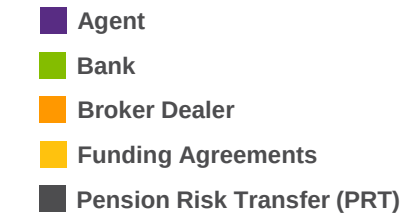
1Q23 Sales

Channel

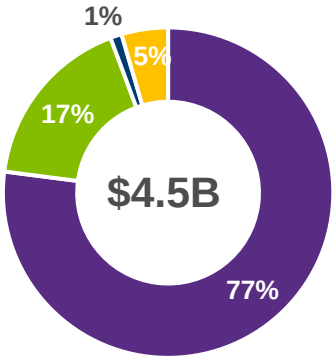


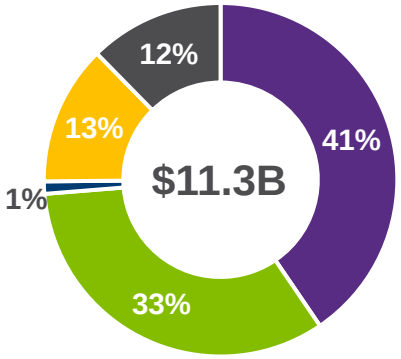


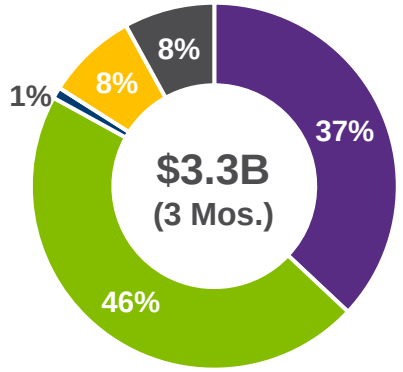




Product









Note: Reflects Total Gross Sales

Our High Quality, Diversified Portfolio Is Well-Positioned

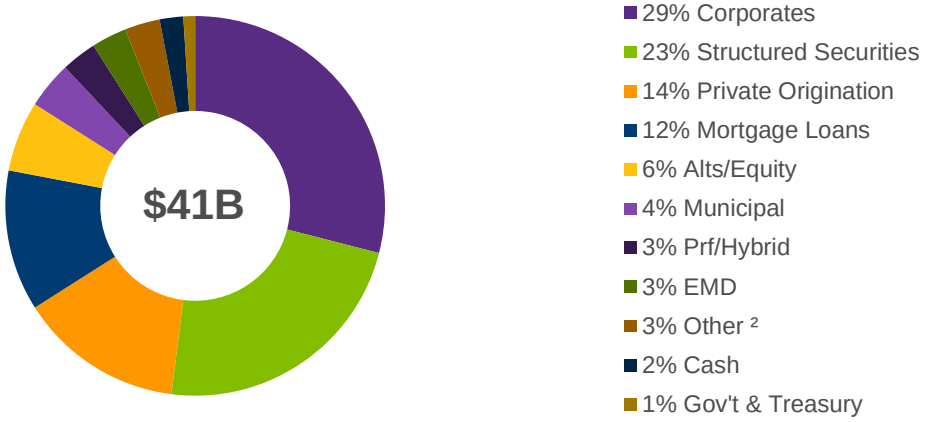
Portfolio remains conservatively positioned & well-matched to liability profile

- Fixed income portfolio is 95% investment grade
- Asset / liability duration well-balanced
- Floating rate exposure offers upside in a rising short-term rate environment; also, a meaningful portion of our floating rate assets have LIBOR floors, limiting impact from falling short-term rates

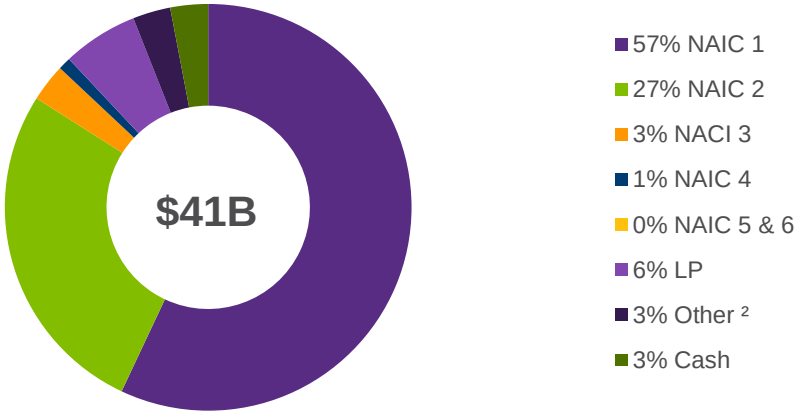
Credit quality in portfolio remains strong and impairment history demonstrates the portfolio is performing as expected

- Modest average credit-related impairments of 5 bps over the last 3 years, below our pricing assumption

Investment Portfolio by Asset Class[1]



Investment Portfolio by NAIC Designation[1]



[1]GAAP Fair Values as of March 31, 2023 (ex. portion of deferred annuities to Kubera Somerset and Aspida Re)
[2]Other consists of ICOLI, FHLB stock, LIHTC, options, REO, and common stocks

Our Investment Portfolio Key Attributes

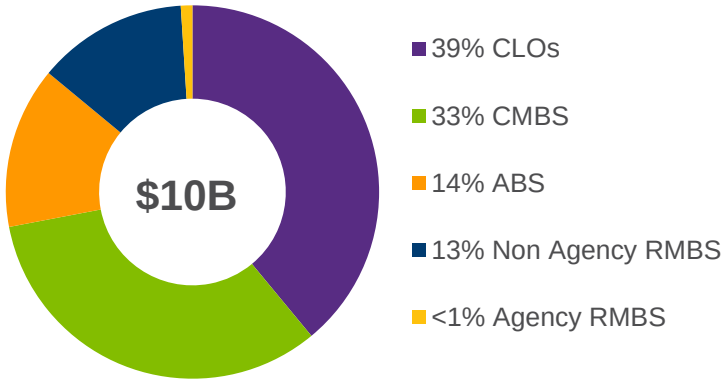
Investment Rationale

- **Core fixed income:** Focus remains high grade public and private securities with strong risk adjusted returns
- **Structured credit:** Provides access to well diversified, high-quality assets across CLOs, CMBS and ABS
- **Mortgage loans:** Superior loss-adjusted performance relative to similar rated corporates
- **Direct Origination:** Diversified private credit exposure to a wide spectrum of underlying collateral

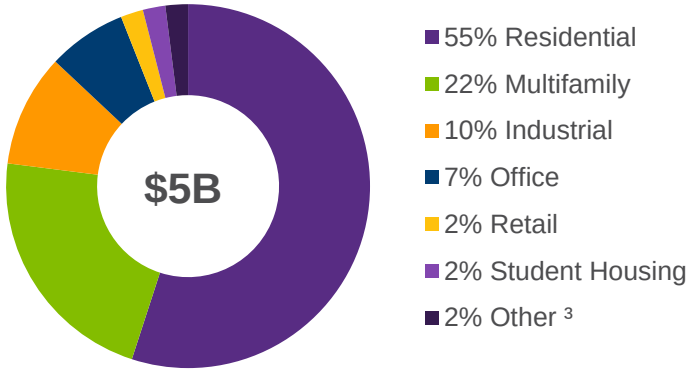
Fixed Income[1,2] (ex Structured, Mtg. Loan & Private Origination)



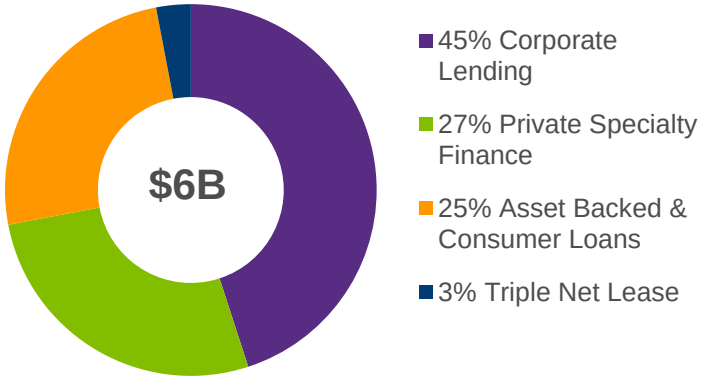
Structured Credit Portfolio[1,2]



Mortgage Loan Portfolio[1,2]



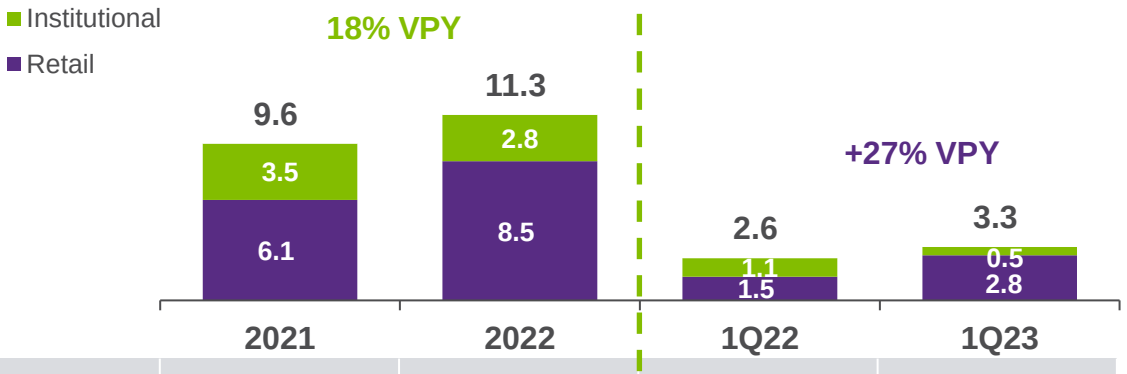
Private Origination Portfolio[1,2]



[1]GAAP Fair Values as of March 31, 2023 (ex. portion of deferred annuities to Kubera Somerset and Aspida Re)
[2]Excludes $4B of alternatives/equity, FHLB, call options and cash
[3]Other consists of data center, mixed use and hotel properties

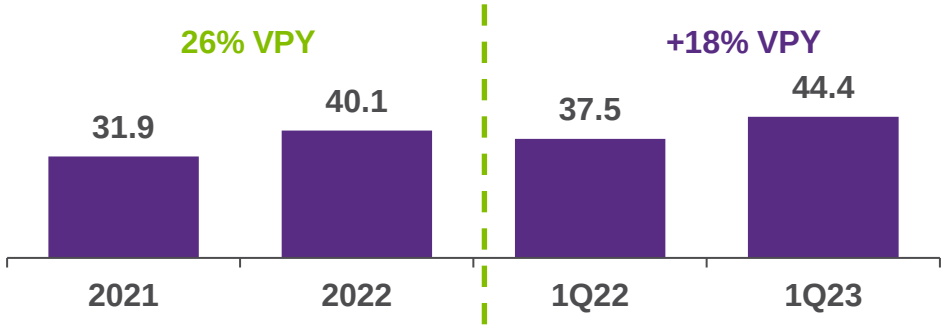
F&G's Track Record of Disciplined & Profitable Growth

Total Gross Sales ($B)



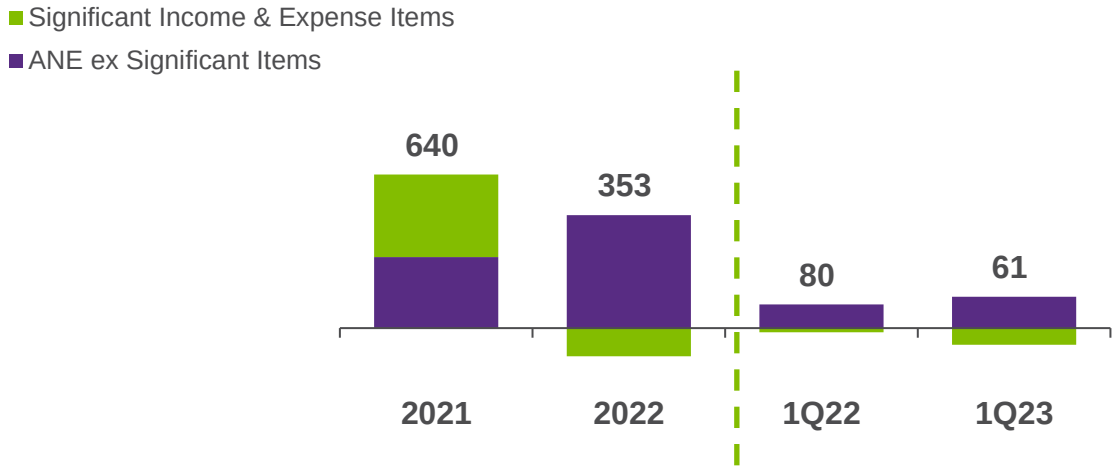
	2021	2022	1Q22	1Q23
Net Sales	8.7	9.0	2.4	2.2

Average Assets Under Management (AAUM) ($B)



	2021	2022	1Q22	1Q23
Ending AUM	36.5	43.6	38.6	45.4

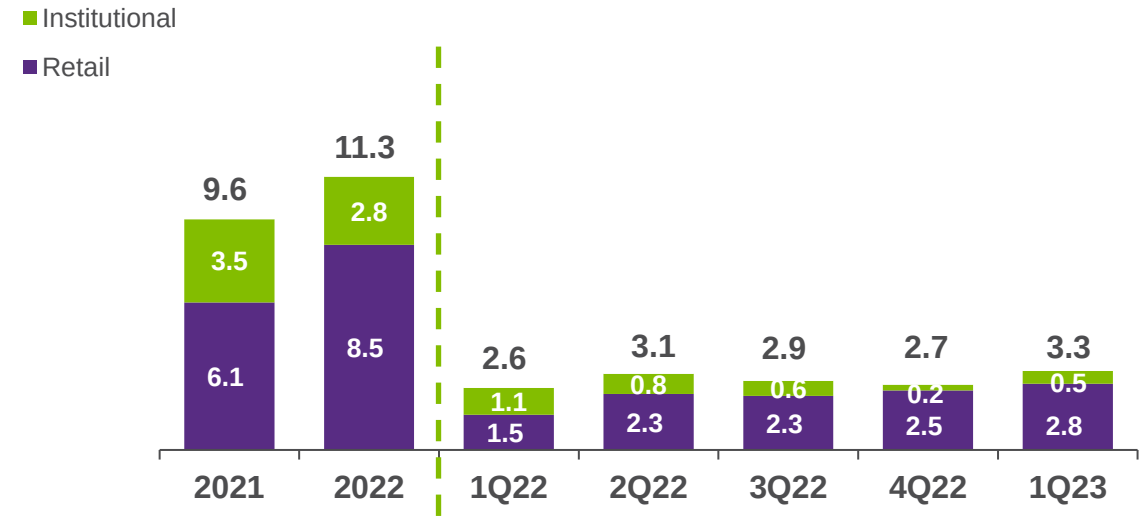
Adjusted Net Earnings ($M)



	2021	2022	1Q22	1Q23
Return on Assets (ROA) – (YTD in bps)	200	88	85	55
Adjusted Net Earnings	640	353	80	61
Alts Short-term MTM (Actual) – ($M)	497	202	102	99
Alts Long-term Return (Expected) – ($M)	236	419	100	132
All Other Significant Income & Expense Items	83	99	(20)	(37)

Our Proven Track Record: Sales

Gross Sales Growth ($B)



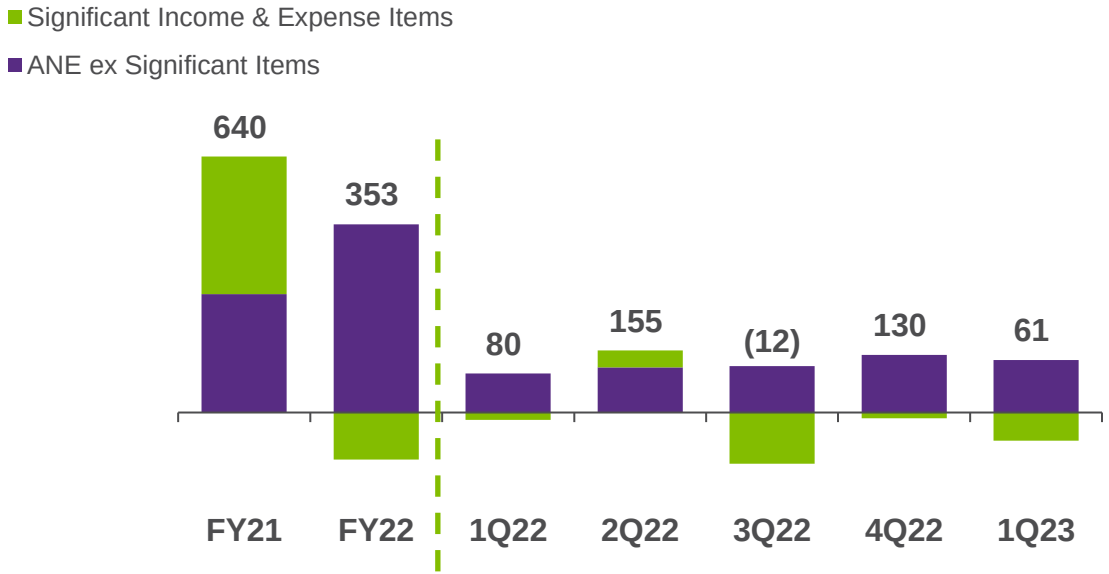
	2021	2022	1Q22	2Q22	3Q22	4Q22	1Q23
Net Sales	8.7	9.0	2.4	2.5	2.2	1.9	2.2
AUM	36.5	43.6	38.6	40.3	42.0	43.6	45.4

Gross sales reflect diversified growth strategy; sales volumes effectively managed within profitability & capital targets

- Record Retail gross sales in 1Q23 reflect increased demand for our products due to higher interest rates and ongoing market volatility
- Net sales reflect third party flow reinsurance; increased from 50% to 75% of multiyear guaranteed annuity sales in September, 2022
- Solid start to Institutional sales with a robust pension risk transfer pipeline, including $200M transaction in April (not included in 1Q23)
- **Ending assets under management at $45.4B, driven primarily by net new business flows**

Our Proven Track Record: Adjusted Net Earnings

Adjusted Net Earnings (ANE) ($M)



	FY21	FY22	1Q22	2Q22	3Q22	4Q22	1Q23
Net Earnings (Loss)[1]	1,232	635	239	385	187	(176)	(195)
AUM	36.5	43.6	38.6	40.3	42.0	43.6	45.4
AAUM ($B)	31.9	40.1	37.5	39.3	41.1	42.6	44.4
Adj. ROA (bps)	200	88	85	123	76	88	55
Adj. ROE	18%	7%	16%	14%	9%	7%	7%

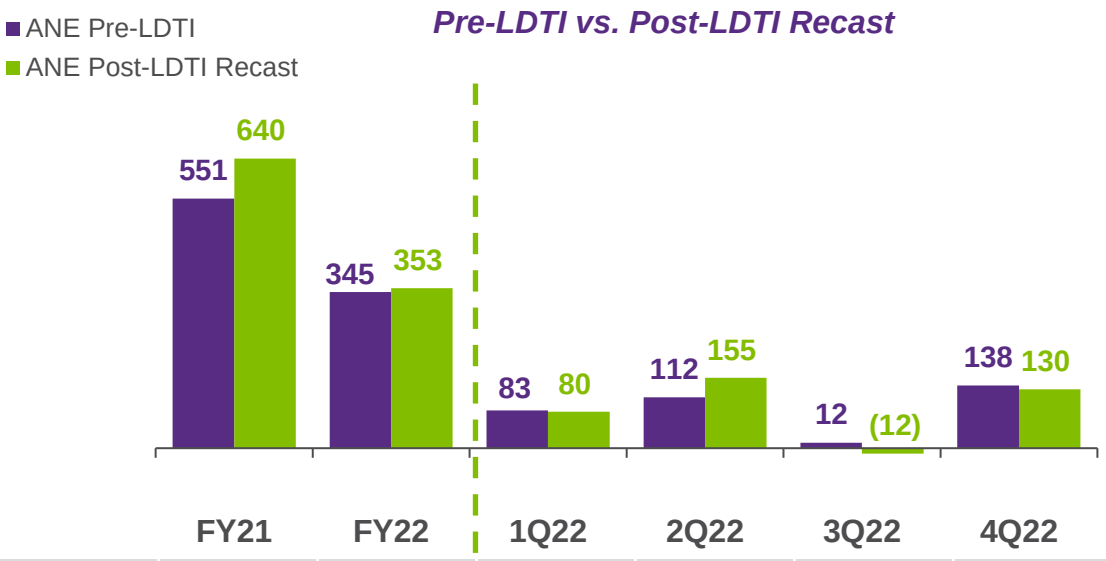
[1]Excluding discontinued operations

F&G expects steady and growing earnings over time, excluding significant income and expense items

- Results reflect the new long duration targeted improvements (LDTI) accounting change, effective January 1, 2023; prior periods have been restated on a comparable basis
- We expect quarterly fluctuations in adjusted net earnings from alternatives investment portfolio short-term mark-to-market movement and market risk benefit reserve changes, although underlying economics have not changed

LDTI Spotlight: Recast for Adjusted Net Earnings (Loss)

Adjusted Net Earnings (Loss) ($M)[1]



	FY21	FY22	1Q22	2Q22	3Q22	4Q22
Variance	89	8	(3)	43	(24)	(8)

Consistent earnings, over time, following LDTI implementation

- Cumulative earnings of nearly ~$1.0B
- Average ANE of ~$100M+ per quarter
- Average ROA of ~100+ bps per quarter

- **Cumulative ANE FY21-22 (8 quarters):**
  - **$993M Post-LDTI Recast**
  - **$896 Pre-LDTI**
- **ANE quarterly average (8 quarters):**
  - **$124M Post-LDTI Recast**
  - **$112M Pre-LDTI**

[1]See discussion of significant income and expense items in the Appendix

LDTI Spotlight: Recast for Historic ANE Comparison

($M) - except per share data	Pre-LDTI		Post-LDTI Recast		LDTI Adoption Change	
Period ended December 31	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Interest and investment income	$1,852	$1,655	$1,852	$1,655	$0	$0
Cost of funds	($906)	($955)	($794)	($948)	$112	$7
Product margin	$946	$700	$1,058	$707	$112	$7
Expenses (operating, interest & taxes)	($395)	($355)	($418)	($354)	($23)	$1
Adjusted net earnings (ANE)	**$551**	**$345**	**$640**	**$353**	**$89**	**$8**
			+16%	**+2%**		
ANE per diluted share	$5.25	$3.00	$6.10	$3.07	$0.85	$0.07
Book value excluding AOCI per share[1]	$35.72	$36.66	$40.01	$41.45	$4.29	$4.79

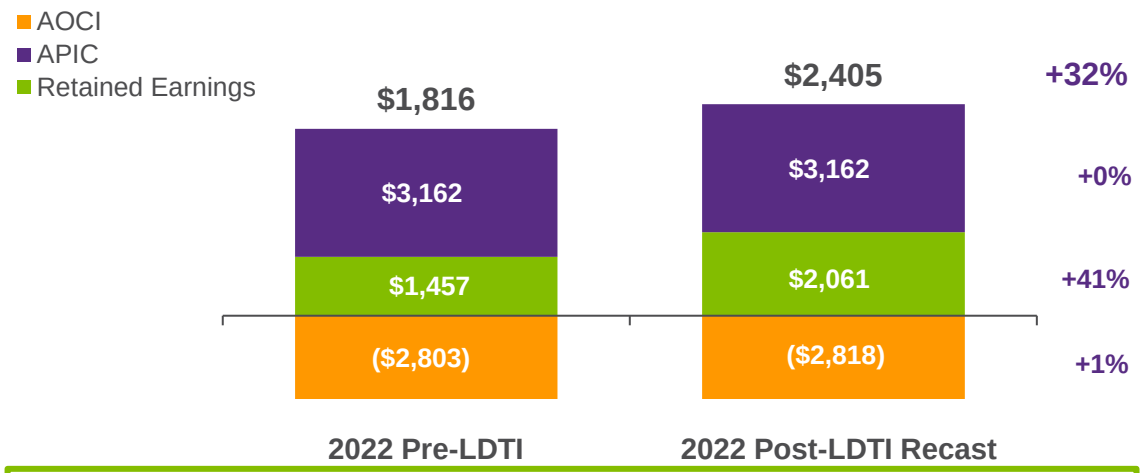
[1]Accumulated other comprehensive income (AOCI)

Reflects recast 2021 and 2022 adjusted net earnings for the retrospective LDTI update

- The most significant effects of new accounting standard on F&G's adjusted net earnings are related to cost of funds:
  - Adoption of constant actuarial intangibles amortization, which will now show a more predictable trend and grow with the inforce book over time
  - New market risk benefit (MRB) reserve change, which replaces the prior SOP 03-1 reserve change for guaranteed minimum withdrawal or death benefits
  - We expect future quarterly fluctuations in market risk benefit actual experience that differs from expectations, and with less amortization offset
- These effects reflect timing differences when sources of actual earnings emerge, although from an economic perspective, the underlying product profitability is unchanged
- No impact to statutory results, insurance company cash flows, or regulatory capital

LDTI Spotlight: Recast for Historic Equity Comparison

Total Equity, including AOCI[1]



	2022 Pre-LDTI	2022 Post-LDTI Recast	
Total Equity (ex. AOCI[1])	4,619	5,223	+13%
BVPS (ex. AOCI[1])	$36.66	$41.45	+13%

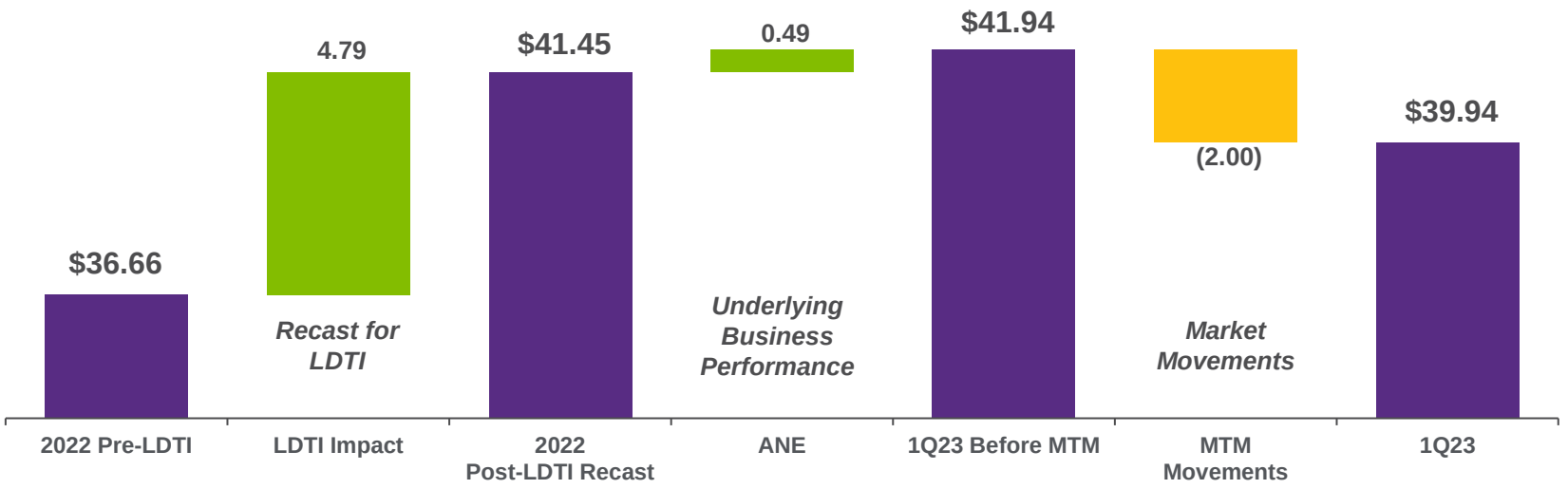
Reflects recast of 2022 equity, and equity excluding AOCI, for the retrospective LDTI update

- **GAAP equity** of $2.4B per LDTI recast vs. $1.8B pre-LDTI as of December 31, 2022
- **GAAP equity excluding AOCI** of $5.2B, or $41.45 per share, per LDTI recast vs. pre-LDTI of $4.6B, or $36.66 per share, as of December 31, 2022
- **Retained earnings** increase of $0.6B, from $1.5B to $2.1B reflects three primary updates:
  - $0.5B increase for changes in the MRB reserve and elimination of former SOP-03-1 reserve, and
  - $0.2B increase for the migration to a constant actuarial intangibles amortization methodology; partially offset by
  - ($0.1B) decrease for other items

[1]Accumulated other comprehensive income (AOCI) and Additional paid-in-capital (APIC)

Book Value Per Share Rollforward

BVPS ex. AOCI[1,2] – 12/31/2022 to 3/31/2023



- **Reflects recast of historic 2022 for the retrospective LDTI update**
- Underlying business fundamentals deliver BVPS growth, before mark-to-market movement
- Mark-to-market movements are point in time

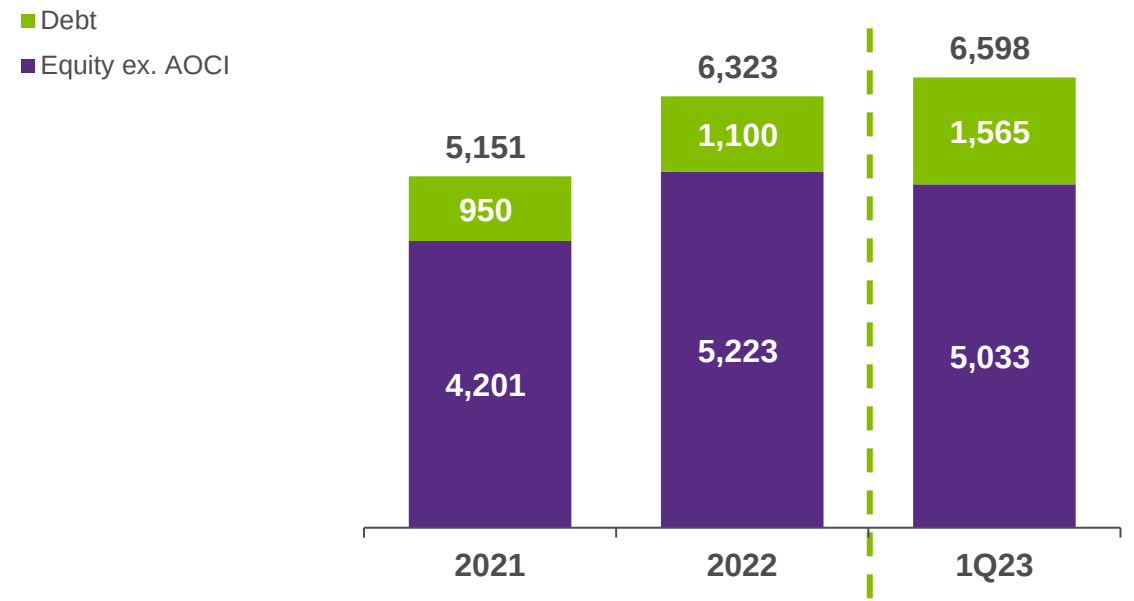
Equity ex. AOCI[1] ($M):

4,619	604	**5,223**	61	**$5,284**	(251)	**5,033**

[1]Accumulated other comprehensive income (AOCI)
[2]Based on 126 million shares outstanding

Stable and Strong Capital Profile

GAAP Capitalization ex AOCI[1] ($M)



	2021	2022	1Q23
Adj. Debt to Capital %	18%	17%	24%

Solid F&G capitalization; debt-to-capitalization ratio in line with long term target of 25%

- **1Q23 capital markets highlights, as planned:**
  - $500M issuance of 7.40% senior unsecured notes due 2028 in January to support growth and future liquidity needs
  - Revolving credit facility upsized by $115M, from $550M to $665M in February; $515 million was drawn at March 31
  - New 3-year, $25M share repurchase program authorized on March 21

[1]Accumulated other comprehensive income (AOCI)

Our Strong Capitalization Supports Growth & Distributable Cash

F&G's board of directors has approved an initial common dividend program of approximately $100M per year, commencing in 2023, as well as the initiation of a 3-year $25 million share repurchase program as announced on March 21, 2023

- F&G's capital allocation priorities will be focused on deploying capital to best maximize shareholder value through both continued investment in our business and generation of distributable cash for return of capital to shareholders
- F&G will have flexibility to adjust the level of retained sales as a "lever" to support net cash from operations with sustained asset growth

Net Cash from Operations

Investing for Growth

Reinvest in the Business

Capital and other investments to support the growth strategy and maintain adequate capital buffer

Return to Shareholders

Common Dividend Payout

Upon board approval, common dividend with potential targeted increases over time

Share Repurchase

Efficient means of returning cash to shareholders when shares trade at discount to intrinsic value

- **Maintain efficient capital structure**
- **Target long-term debt-to-total capitalization excl. AOCI of approximately 25%**
- **Maintain solvency and capital targets in line with ratings**

Appendix – Investments

Investment Portfolio Stress Testing

Stress Testing Scenarios and Methodology

- Recession and Stagflation scenarios are modeled by F&G and Blackstone investments and risk teams
  - Moderate Recession: Based on characteristics from recessions in 1990/1991 (1st Gulf War), 2001 (dot-com and 9/11) and 2020 (COVID-19)
  - Severe Recession: Based on characteristics from the Great Recession (2007-2009)
  - Stagflation: Introduced to provide perspective to risks potentially emerging from current macroeconomic trends
- Methodology: Used cumulative historical credit migration, defaults and recoveries assuming instantaneous shock with no management actions
  - Top-down losses and credit migration applied to corporates, muni's, preferred stock and alternatives
  - Bottom up, collateral level loss modeling for CLO's, CMBS and RMBS; applied Global Financial Crisis (GFC) collateral level constant default rates (CDRs) and severity to post-GFC (2.0/3.0) structures which feature higher levels of subordination and tighter collateral eligibility requirements

Stress Test: Results With No Management Actions

Stress Test Scenario Results by Asset Class

Before Stress Test, excess capital at 350% RBC is > $500M

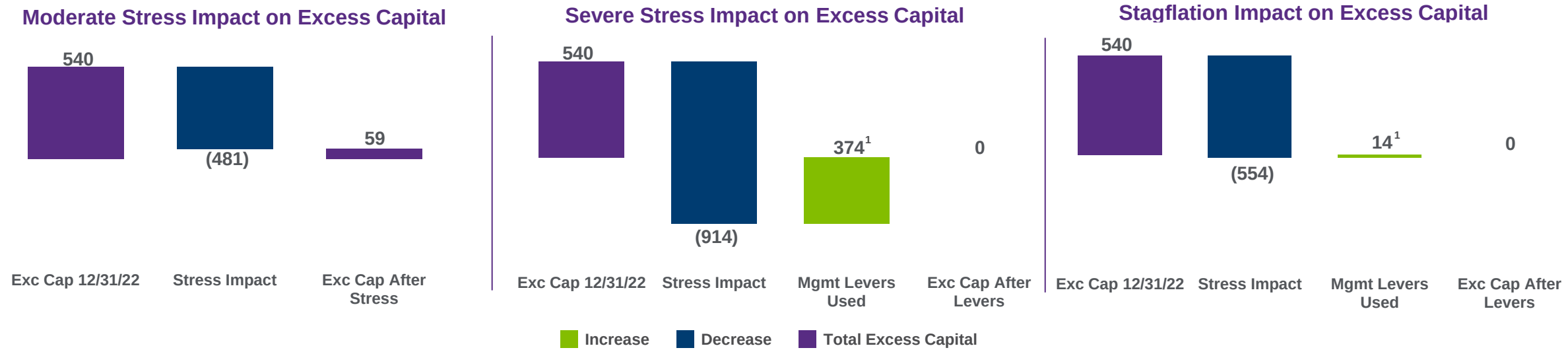
		Moderate Recession		Severe Recession		Stagflation	
	4Q'22 Portfolio Allocation	Stat Loss ($M)	Loss % per Asset Class	Stat Loss ($M)	Loss % per Asset Class	Stat Loss ($M)	Loss % per Asset Class
Corporates & Municipals (OTTI)	40%	(51)	-0.3%	(102)	-0.6%	(51)	-0.3%
Structured Assets (CLO/ABS) (OTTI)	29%	(29)	-0.3%	(39)	-0.3%	(29)	-0.3%
Commercial Mortgages (CML/CMBS) (OTTI)	14%	(18)	-0.3%	(42)	-0.8%	(18)	-0.3%
Residential Mortgages (RML/RMBS) (OTTI)	9%	(16)	-0.4%	(32)	-0.9%	(16)	-0.4%
Subtotal Fixed Income[1]	92%	(114)	-0.3%	(215)	-0.6%	(114)	-0.3%
Alternative MTM	6%	(352)	-14.7%	(573)	-23.9%	(447)	-18.6%
Preferred Stock MTM	2%	(54)	-7.1%	(111)	-14.6%	(54)	-7.1%
Subtotal Equity	8%	(406)	-12.9%	(683)	-21.6%	(501)	-15.9%
Total		(520)	-1.3%	(898)	-2.3%	(615)	-1.5%
Incremental Req Capital Impacts (Credit Drift @350)		39		(16)		63	
Total Impact on Excess Capital		(481)		(914)		(552)	

- Impact of default losses and credit drift are mitigated by reduced required capital from lower alternative asset market value and improved covariance benefit
- Mark-to-market (MTM) impact on alternatives is **unrealized** and would be expected to recover over time, consistent with historical and recent experience
- The stress scenarios assume an instantaneous shock on 12/31/2022 investment portfolio, with no additional earnings on the underlying inforce block

[1]Reflects fixed income other than temporary impairment (OTTI)

Stress Test: Management Actions To Mitigate Impact

Capital Position Before & After Stress & Management Actions ($M)



Base modeling assumed no management actions; however active portfolio management affords many opportunities to mitigate loss and credit drift impact

- Alts & Preferred Stock MTM losses are considered temporary (unrealized) and expect to normalize over time
- Management levers provide near term benefit of >$500M:
  - +$350M revolver capacity utilization ($150M FG + $200M FNF)
  - +$200M increased reinsurance activity, reducing retained by $3B
  - +$150M reduced new business by $1B for 1 year
- After Moderate Stress, excess capital remains at $59M; no management actions required to maintain positive excess capital
- After Severe Stress and Stagflation, $500M+ management actions are more than sufficient to return to positive excess capital

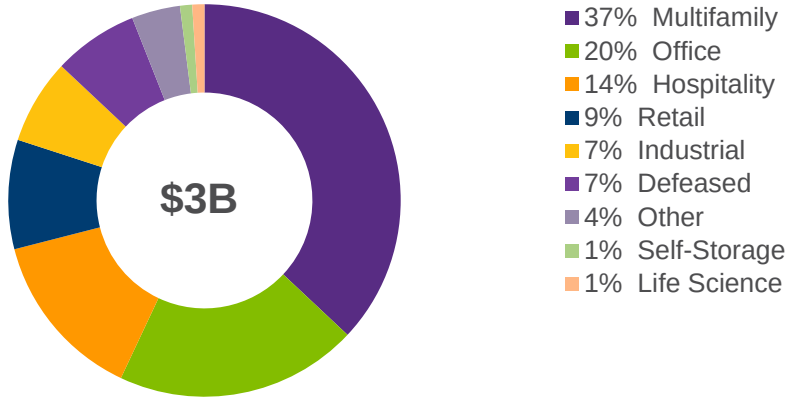
[1]Reflects utilization of a portion of the $500M+ available management levers

Structured Credit – Why We Like It

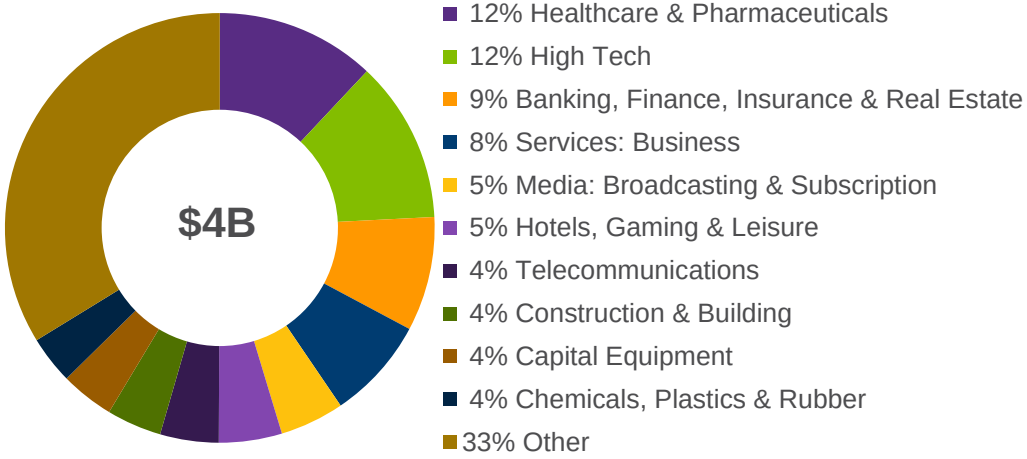
Investment Rationale

- **Collateralized loan obligation (CLO)** portfolio well diversified across industry, issuer and manager; focus on investment grade with ample par subordination
- **Commercial mortgage-backed securities (CMBS)** focus on seasoned CMBS which allow for visibility into credit performance, built-in appreciation and contractual amortization which reduces risk exposure; target more stable property types, such as multi-family, to create a defensive portfolio
- **Asset Backed Securities (ABS)** focus on high quality, directly originated specialty finance assets diversified by collateral type

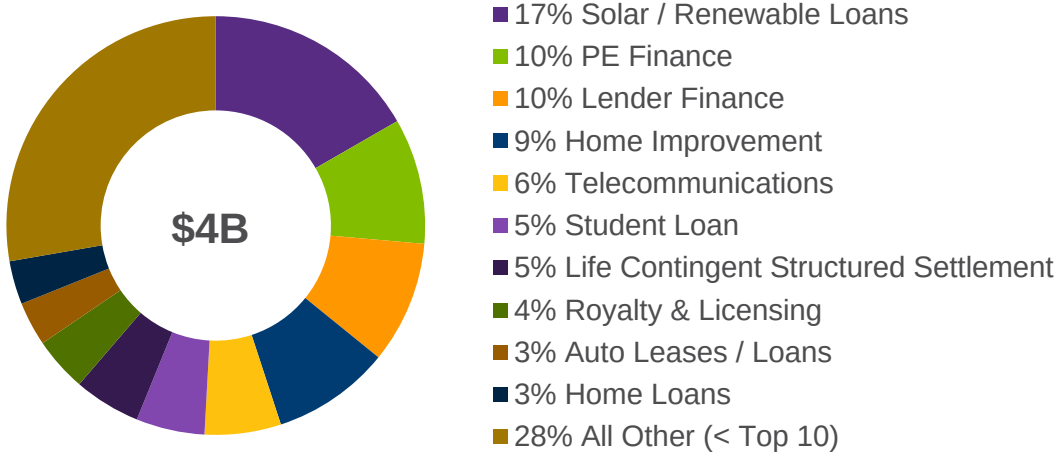
CMBS by Property Type[1]



CLO Top 10 Industries[2]



ABS Top 10 Collateral[1]



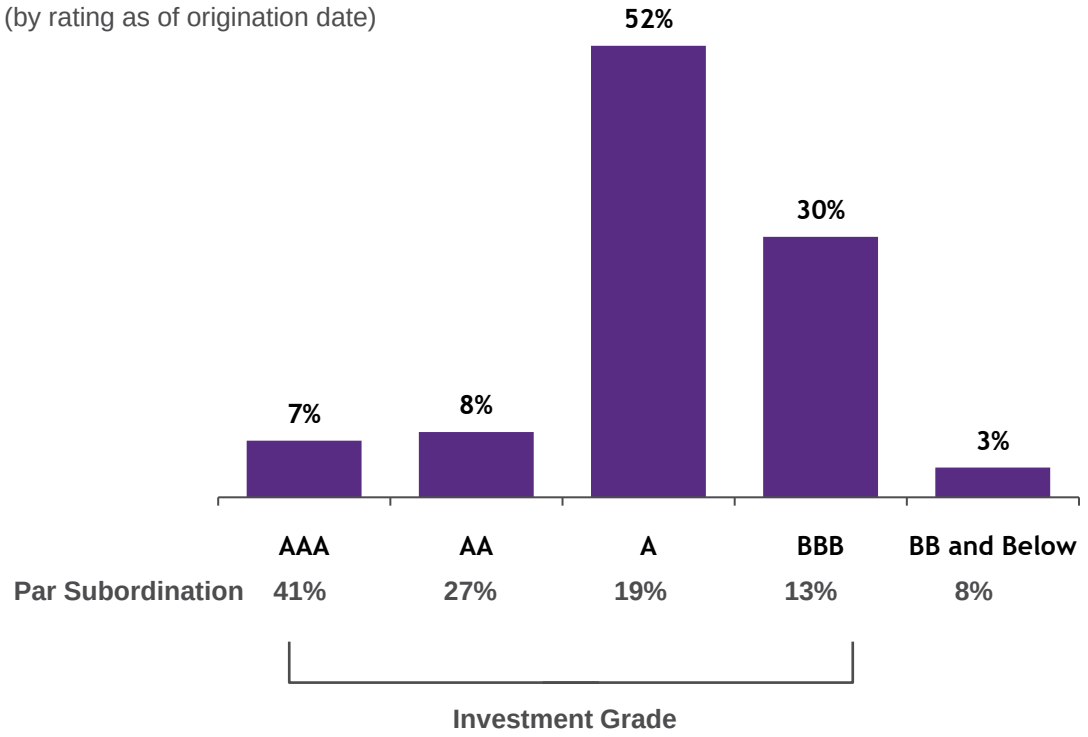
[1]GAAP Fair Values as of March 31, 2023 (ex. portion of deferred annuities to Kubera Somerset and Aspida Re)
[2]Par values as of March 31, 2023 (ex. portion of deferred annuities to Kubera Somerset and Aspida Re)

F&G CLO Portfolio Overview

- **Highly diversified portfolio with ample par subordination**
- **Blackstone's broad & deep understanding of the asset class, and ability to do loan level underwriting, distinguishes F&G's portfolio from its peers**

F&G CLO Portfolio Composition

(by rating as of origination date)



Market Value
$3.6B[1]
CLO exposure

Credit Quality
97%
investment grade

Structural Protection
19%
par subordination[1]

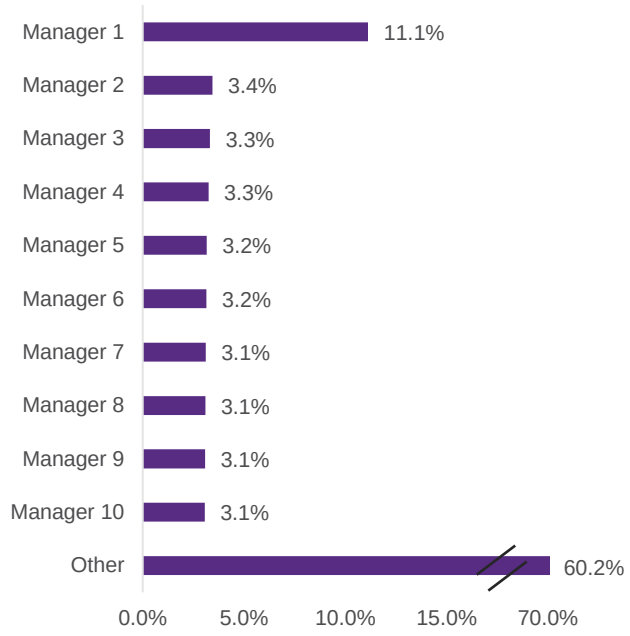
Capital Efficiency
1.44
NAIC rating

Note: As of March 31, 2023
[1]Reflects the weighted average par subordination of the CLO portfolio

F&G CLO Overview: Look Through Analysis

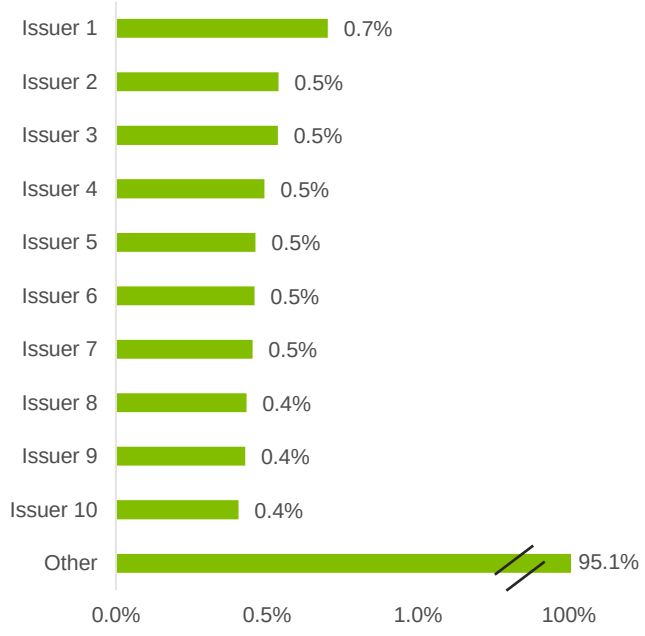
- **Portfolio focused on high quality CLO securities backed by highly diversified pool of loans**

CLO Managers



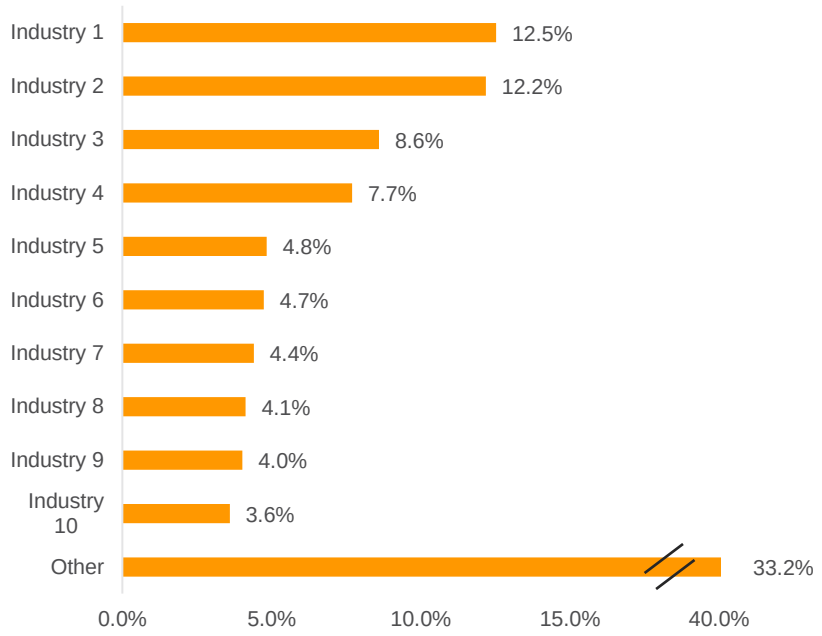
93
CLO managers

Companies



1,862
companies

Industries



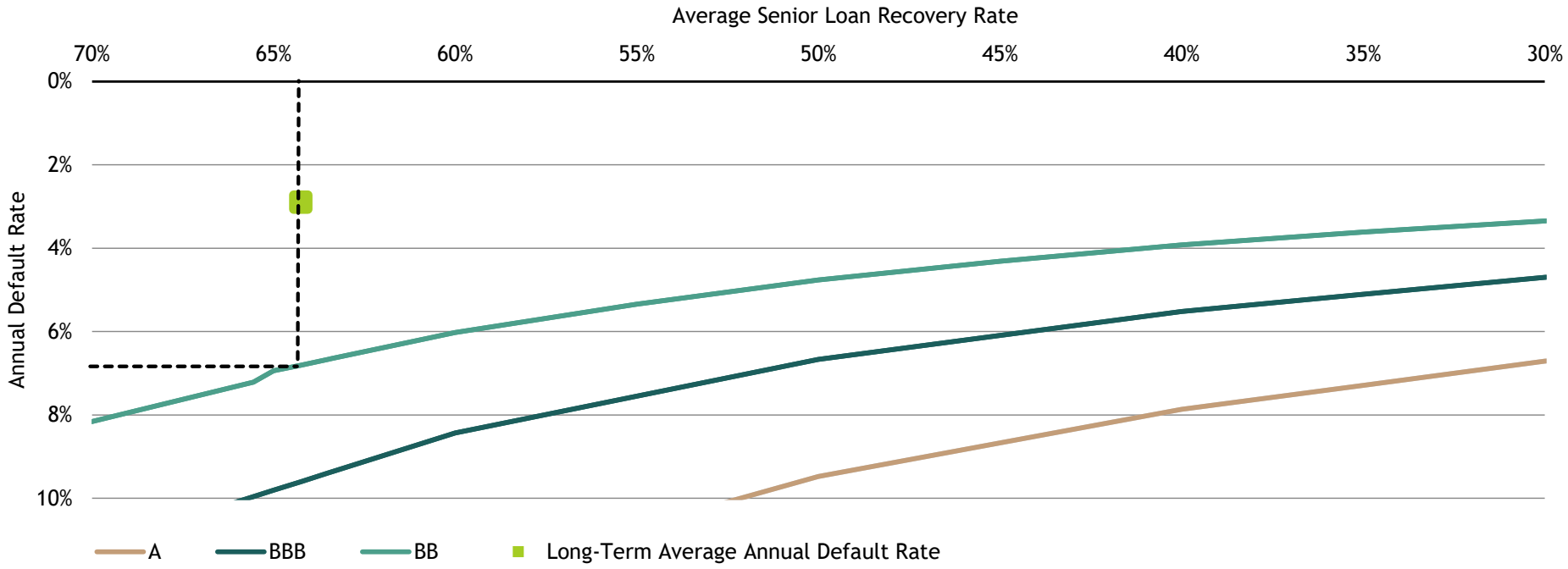
50
industries

Note: As of March 31, 2023

U.S. CLO Impairment Frontier

- **CLO debt is well insulated from higher defaults and lower recovery rates**
  - BBB CLOs can withstand an annualized default of 10% (that would have to occur every year) assuming a 64% average long-term loan recovery rate

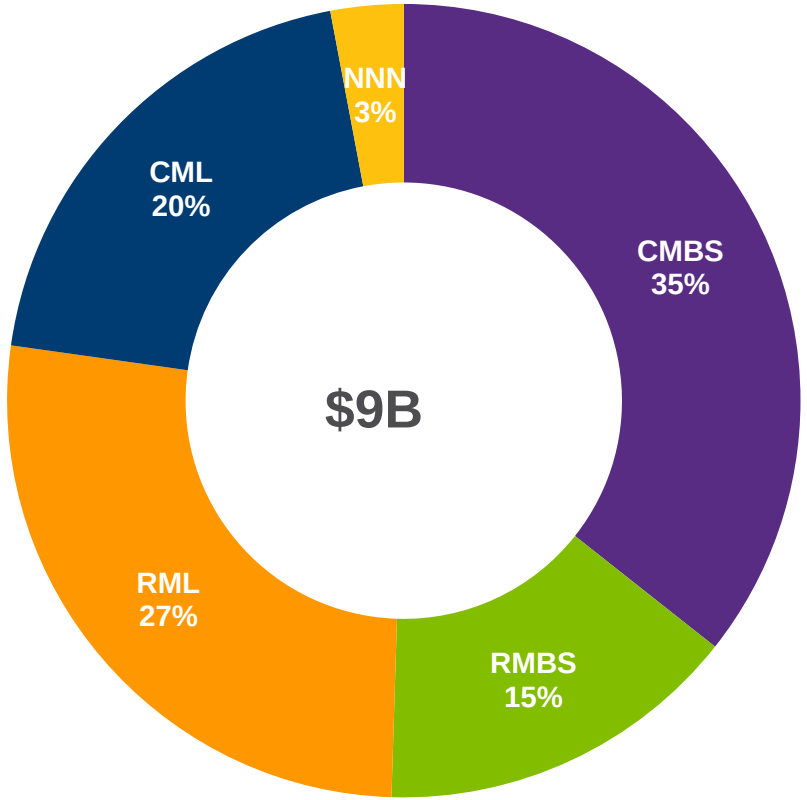
U.S. CLO Impairment Frontier (First-loss scenarios among CLO tranches)



Note: Reflects Blackstone Credit's views and beliefs as March 31, 2023. Source: U.S. J.P. Morgan as of March 31, 2023 for average recovery rate and annual loan default rate; CLO impairment frontiers generated from Intex model and include key assumptions as follows: Interest rates based on current Intex curve, annual prepayment rate of 20%, Recovery lag = 12 months, CLO redeemed at AAA payoff date in standard CLO run, reinvestment price = 99.75, reinvestment rate = 3 month Libor + 325 bps, no reinvestment post Reinvestment Period. Please note: the historical data point shown is calculated using annual default and recovery rates from J.P. Morgan Leveraged Loan Index and represents the average default rates and weighted average recovery rates from 1990-2023 for the long-term average time period. Average recovery rate is representative of first-lien loans as of March 31, 2023

Portfolio Spotlight: Real Estate Debt

- **BREDS (Blackstone Real Estate Debt Strategies) has assembled a high-quality portfolio with diversified exposure across asset classes and properties**



Market Value
$9.0B
Real estate exposure

Duration
4.0
years

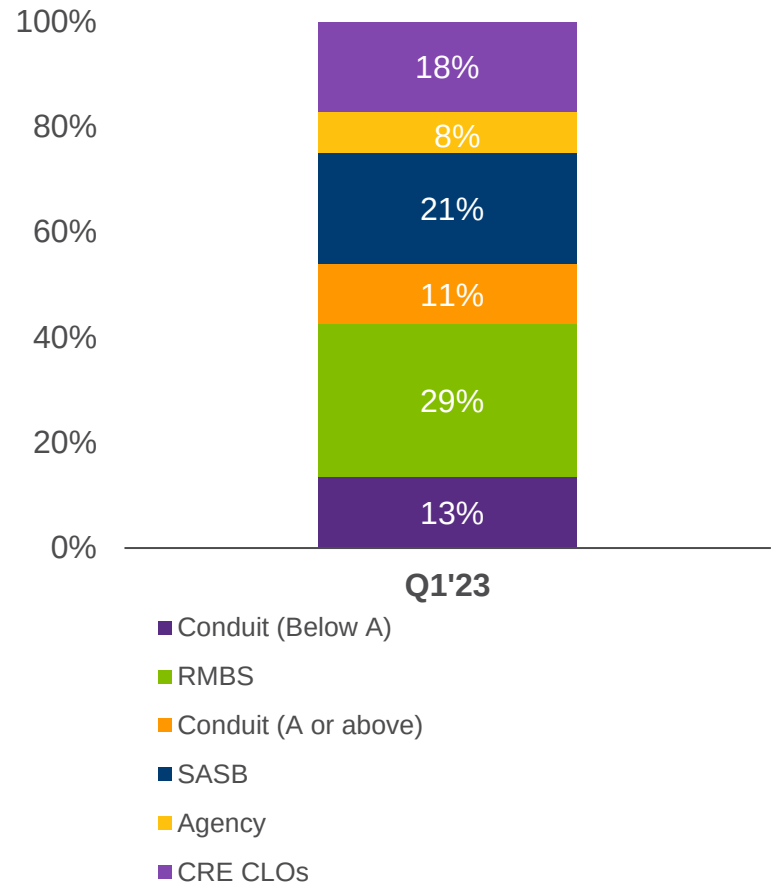
Weighted Average Life
5.7
years

Quality
1.3
NAIC rating

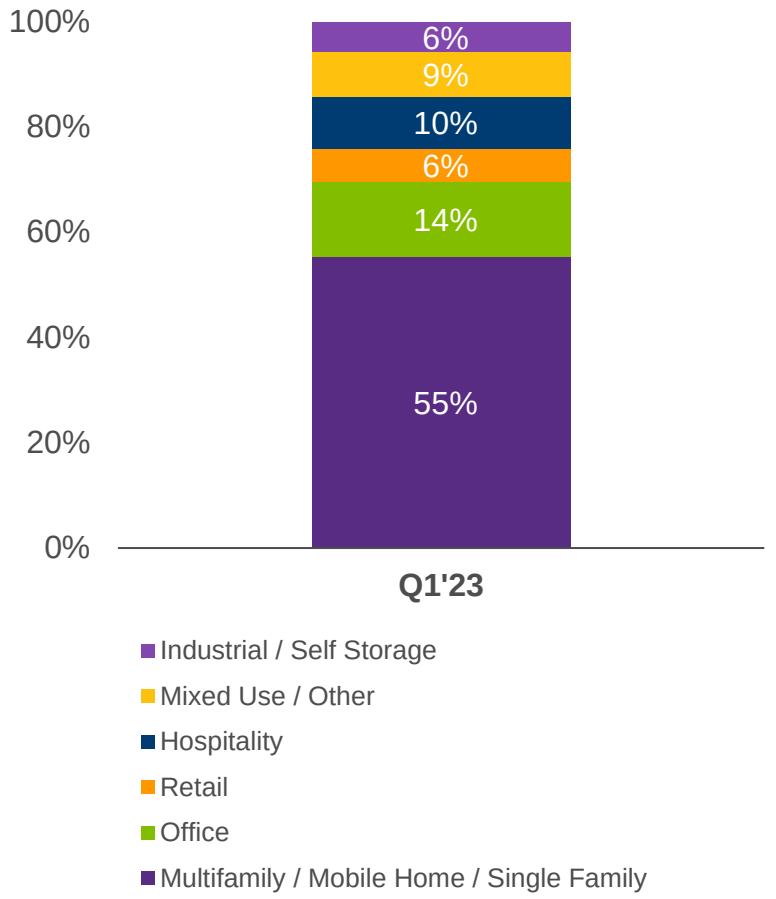
Note: As of March 31, 2023

Portfolio Spotlight: CMBS & RMBS

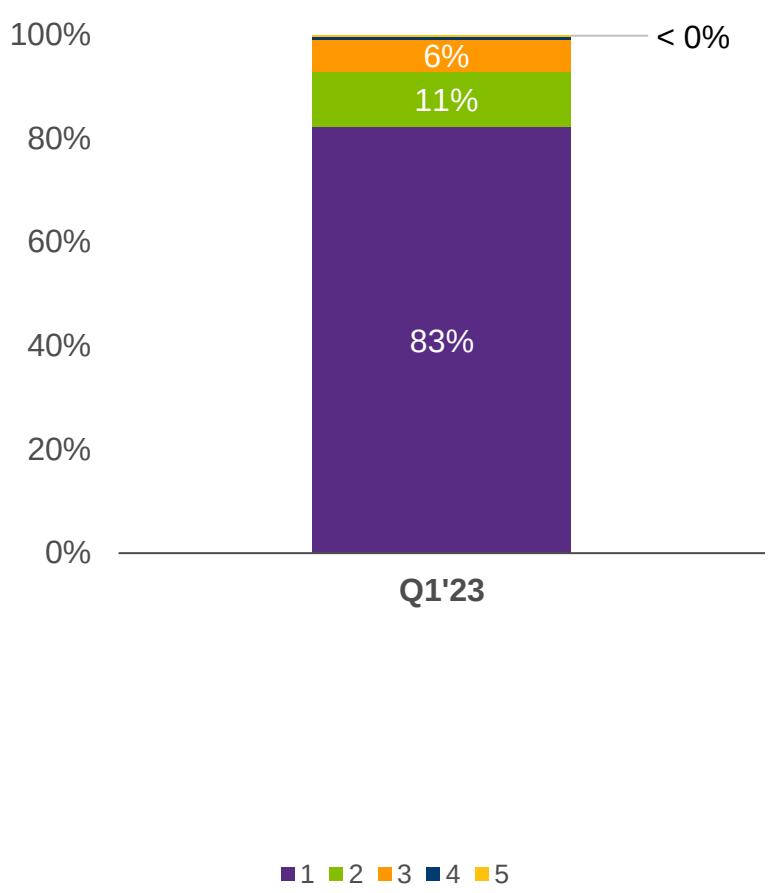
By Asset Type



By Property Type



By NAIC Rating

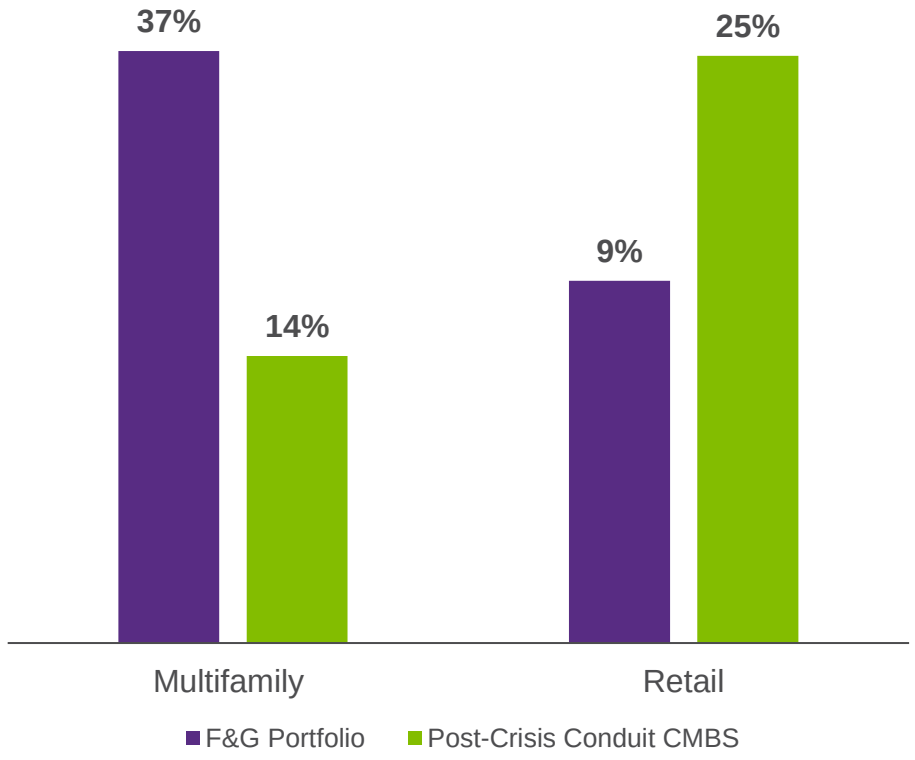


Note: As of March 31, 2023

CMBS Portfolio Overview

- **Prudent asset selection has led to more multifamily exposure and less retail vs. Conduit CMBS market averages**

Portfolio Construction Comparison[1]



Market Value
$3.2B
CMBS exposure

Credit Quality
87%
Investment grade (NRSRO)

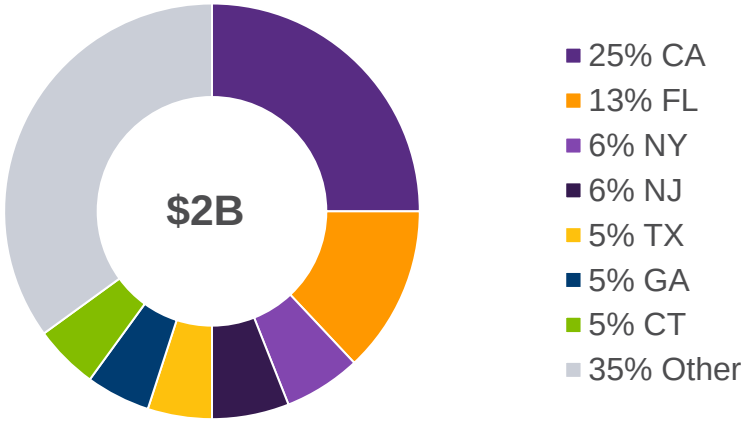
Credit focus
64%
Loan-to-value

Quality
1.3
NAIC rating

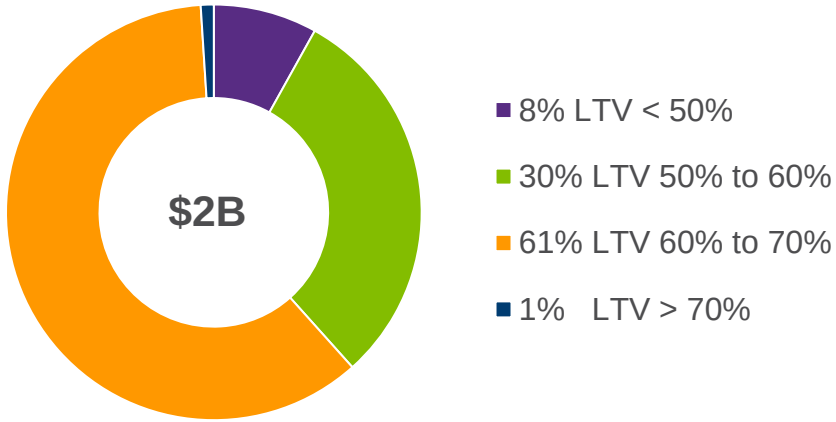
Note: As of March 31, 2023
[1]BAML Conduit Data as of March 31, 2023

Portfolio Spotlight: Commercial Mortgage Loans

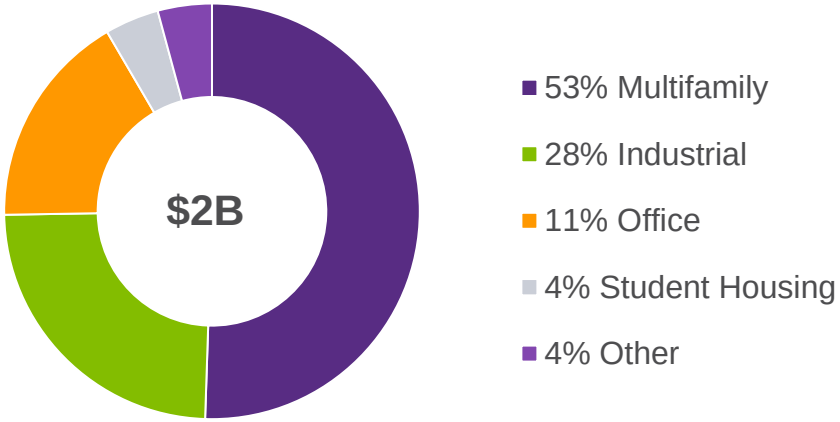
By State



By Loan-To-Value %



By Underlying Property Type



Note: Par Values as of March 31, 2023

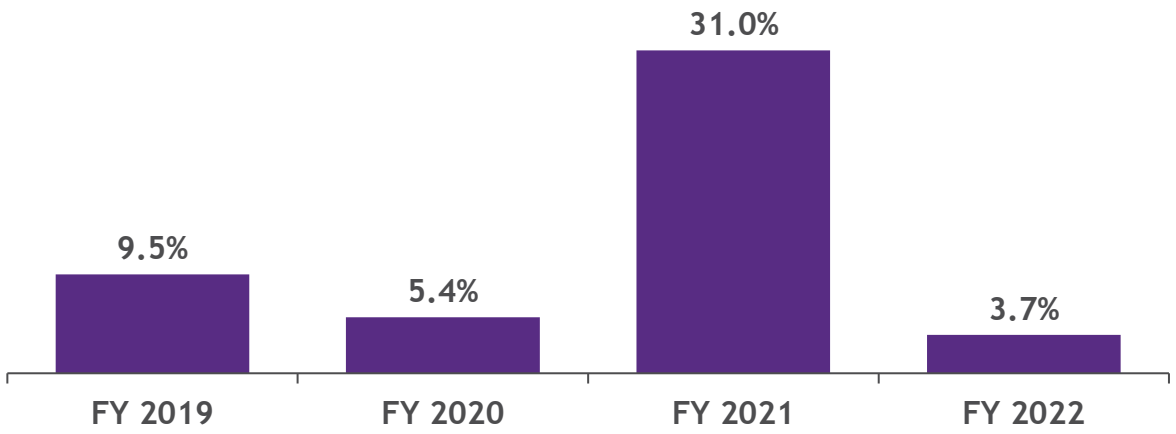
Investment Rationale

Our CML portfolio is low risk, low leverage and well diversified

- All first mortgage loans, with average loan-to-value of ~60%
- 53 holdings, with average loan size of $36M

Portfolio Spotlight: Alternatives

Historical Performance



- Commitments to Blackstone and non-Blackstone alternatives total $4.2B
  - Funded ~$2.1B or approximately 6% of total portfolio
- The portfolio is well-diversified by underlying asset type, vintage year and geography

Note: GAAP Fair Values as of December 31, 2022

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Epidemic / Pandemic. Certain countries have been susceptible to epidemics, most recently COVID-19, which may be designated as pandemics by world health authorities. The outbreak of such epidemics, together with any resulting restrictions on travel or quarantines imposed, has had and will continue to have a negative impact on the economy and business activity globally (including in the countries in which the Funds invest), and thereby is expected to adversely affect the performance of the Funds' Investments. Furthermore, the rapid development of epidemics could preclude prediction as to their ultimate adverse impact on economic and market conditions, and, as a result, presents material uncertainty and risk with respect to the Funds and the performance of their Investments.

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Estimates / Targets. Any estimates, targets, forecasts, or similar predictions or returns set forth herein are based on assumptions and assessments made by Blackstone that it considers reasonable under the circumstances as of the date hereof. They are necessarily speculative, hypothetical, and inherently uncertain in nature, and it can be expected that some or all of the assumptions underlying such estimates, targets, forecasts, or similar predictions or returns contained herein will not materialize and/or that actual events and consequences thereof will vary materially from the assumptions upon which such estimates, targets, forecasts, or similar predictions or returns have been based. Among the assumptions to be made by Blackstone in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities Blackstone is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. Inclusion of estimates, targets, forecasts, or similar predictions or returns herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of such information, and neither Blackstone nor a Fund is under any obligation to revise such returns after the date provided to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such returns are later shown to be incorrect. None of Blackstone, a Fund, their affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions. Investors and clients are cautioned not to place undue reliance on these forward-looking statements. Recipients of the Materials are encouraged to contact Fund representatives to discuss the procedures and methodologies used to make the estimates, targets, forecasts, and/or similar predictions or returns and other information contained herein.

Forward-Looking Statements. Certain information contained in the Materials constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology or the negatives thereof. These may include financial estimates and their underlying assumptions, statements about plans, objectives and expectations with respect to future operations, and statements regarding future performance. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. Blackstone believes these factors include but are not limited to those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the most recent fiscal year ended December 31 of that year and any such updated factors included in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Materials and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Highly Competitive Market for Investment Opportunities. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There can be no assurance that a Fund will be able to locate, consummate and exit investments that satisfy its objectives or realize upon their values or that a Fund will be able to fully invest its committed capital. There is no guarantee that investment opportunities will be allocated to a Fund and/or that the activities of Blackstone's other funds will not adversely affect the interests of such Fund.

Illiquidity and Variable Valuation. A Fund is intended for long-term investment by investors that can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. There is no organized secondary market for investors' interests in any Fund nor is there an organized market for which to sell a Fund's underlying investments, and none is expected to develop. Withdrawal and transfer of interests in a Fund are subject to various restrictions, and similar restrictions will apply in respect of the Fund's underlying investments. Further, the valuation of a Fund's investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors and from prices at which such investments may ultimately be sold.

Images. The Materials contain select images of certain investments that are provided for illustrative purposes only and may not be representative of an entire asset or portfolio or of a Fund's entire portfolio. Such images may be digital renderings of investments rather than actual photos.

Blackstone Related Important Disclosures (continued)

Index Comparison. The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses and it may not be possible to invest in the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to a Fund's performance, but rather is disclosed to allow for comparison of a Fund's performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

Leverage; Borrowings Under a Subscription Facility. A Fund may use leverage, and a Fund may utilize borrowings from Blackstone Inc. or under its subscription-based credit facility in advance of or in lieu of receiving investors' capital contributions. The use of leverage or borrowings magnifies investment, market and certain other risks and may be significant. A Fund's performance will be affected by the availability and terms of any leverage as such leverage will enhance returns from investments to the extent such returns exceed the costs of borrowings by such Fund. The leveraged capital structure of such assets will increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of such assets or industry. In the event an investment cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the investment, which may adversely affect the returns of such Fund. In the case of borrowings used in advance of or in lieu of receiving investors' capital contributions, such use will result in higher or lower reported returns than if investors' capital had been contributed at the inception of an investment because calculations of returns to investors are based on the payment date of investors' capital contributions. In addition, because a Fund will pay all expenses, including interest, associated with the use of leverage or borrowings, investors will indirectly bear such costs.

Material, Non-Public Information. In connection with other activities of Blackstone, certain Blackstone personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, including on a Fund's behalf. As such, a Fund may not be able to initiate a transaction or sell an investment. In addition, policies and procedures maintained by Blackstone to deter the inappropriate sharing of material non-public information may limit the ability of Blackstone personnel to share information with personnel in Blackstone's other business groups, which may ultimately reduce the positive synergies expected to be realized by a Fund as part of the broader Blackstone investment platform.

No Assurance of Investment Return. Prospective investors should be aware that an investment in a Fund is speculative and involves a high degree of risk. There can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met (or that the returns will be commensurate with the risks of investing in the type of transactions described herein). The portfolio companies in which a Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks. A Fund's performance may be volatile. An investment should only be considered by sophisticated investors who can afford to lose all or a substantial amount of their investment. A Fund's fees and expenses may offset or exceed its profits.

No Operating History. Prospective investors should note that the Fund has not yet commenced operations and therefore has no operating history upon which prospective investors may evaluate its performance. Past activities of investment vehicles managed or sponsored by Blackstone provide no assurance of future success. Moreover, the prior investment results of the existing Funds are provided for illustrative purposes only and not to imply that such results will be obtained in the future.

Non-GAAP Measures. Non-GAAP measures (including, but not limited to, time weighted gross and net returns, including income and appreciation, across all time periods) are estimates based on information available to Blackstone as of the date cited, including information received from third parties. There may not be uniform methods for calculating such measures and such methods are subject to change over time. Blackstone believes that such non-GAAP measures constitute useful methods to convey information to current and prospective investors that Blackstone believes is relevant and meaningful in understanding and/or evaluating the fund or investment in question. However, such non-GAAP measures should not be considered to be more relevant or accurate than GAAP methodologies and should not be viewed as alternatives to GAAP methodologies. In addition, third party information used to calculate such non-GAAP measures is believed to be reliable, but no representations are made as to the accuracy or completeness thereof and none of Blackstone, its funds, nor any of their affiliates take any responsibility for any such information.

Opinions. Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

Reliance on Key Management Personnel. The success of a Fund will depend, in large part, upon the skill and expertise of certain Blackstone professionals. In the event of the death, disability or departure of any key Blackstone professionals, the business and the performance of a Fund may be adversely affected. Some Blackstone professionals may have other responsibilities, including senior management responsibilities, throughout Blackstone and, therefore, conflicts are expected to arise in the allocation of such personnel's time (including as a result of such personnel deriving financial benefit from these other activities, including fees and performance-based compensation).

Russian Invasion of Ukraine. On February 24, 2022, Russian troops began a full-scale invasion of Ukraine and, as of the date of this Material, the countries remain in active armed conflict. Around the same time, the United States, the United Kingdom, the European Union, and several other nations announced a broad array of new or expanded sanctions, export controls, and other measures against Russia, Russia-backed separatist regions in Ukraine, and certain banks, companies, government officials, and other individuals in Russia and Belarus. The ongoing conflict and the rapidly evolving measures in response could be expected to have a negative impact on the economy and business activity globally (including in the countries in which the Fund invests), and therefore could adversely affect the performance of the Fund's investments. The severity and duration of the conflict and its impact on global economic and market conditions are impossible to predict, and as a result, could present material uncertainty and risk with respect to the Fund and the performance of its investments and operations, and the ability of the Fund to achieve its investment objectives. Similar risks will exist to the extent that any portfolio entities, service providers, vendors or certain other parties have material operations or assets in Russia, Ukraine, Belarus, or the immediate surrounding areas.

Blackstone Related Important Disclosures (continued)

Target Allocations. There can be no assurance that a Fund will achieve its objectives or avoid substantial losses. Allocation strategies and targets depend on a variety of factors, including prevailing market conditions, investment availability and Blackstone's allocation procedures. There is no guarantee that such strategies and targets will be achieved and any particular investment may not meet the target criteria.

Third-Party Information. Certain information contained in the Materials has been obtained from sources outside Blackstone, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and none of Blackstone, its funds, nor any of their affiliates takes any responsibility for, and has not independently verified, any such information.

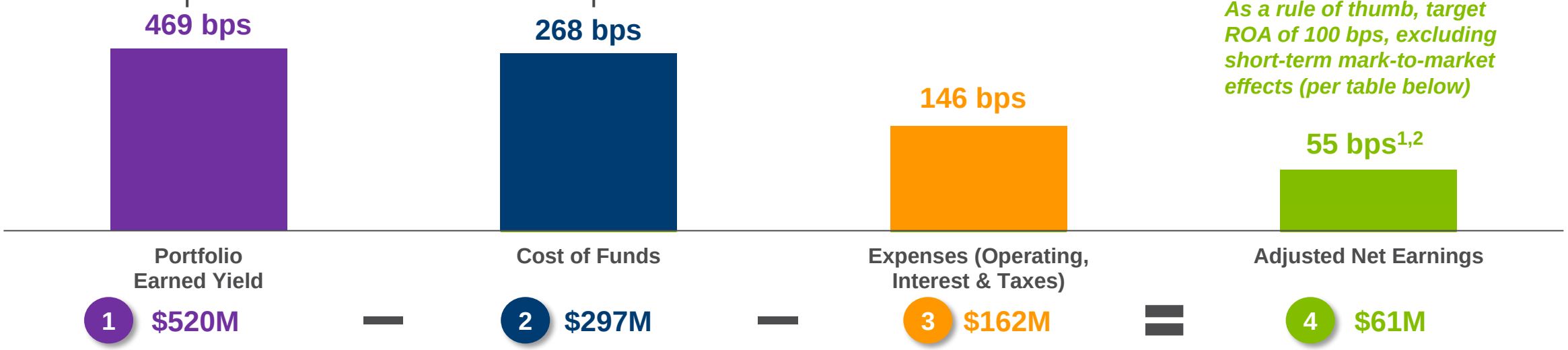
Trends. There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

Appendix – Finance

Scalable Return on Asset Model – 1Q23 YTD Illustrated

1 Unique Investment Capabilities + **2** Attractively Priced Liabilities + **3** Scalable Operating Platform = **4** Strong Earnings Growth Potential

Overall Product Margin[3]: 2.01%



As a rule of thumb, target ROA of 100 bps, excluding short-term mark-to-market effects (per table below)

Adjusted Net Earnings ($M) and ROA (bps) - Significant Items			
Alts Short-term MTM (Actual)	$99M	90 bps	In ANE
All Other Significant Income & Expense Items	($37M)	(33) bps	In ANE
Alts Long-term Return (Expected)	$132M	119 bps	Not in ANE

[1]See discussion of significant income and expense items in the Appendix
[2]Adjusted return on assets (ROA) in bps as reported, including short-term mark-to-market effects.
[3]Overall Product margin = portfolio earned yield – cost of funds

ANE Results – Significant Income and Expense Items[1]

	Significant Income and Expense Items Reflected in ANE	Alternatives Long-term Expected Return Not Reflected in ANE	Weighted Average Diluted Shares Outstanding
Three months ended			
March 31, 2023			
Adjusted net earnings of $61 million for the three months ended March 31, 2023 included $99 million of investment income from alternative investments, partially offset by $37 million tax valuation allowance. Alternative investments investment income based on management's long-term expected return of approximately 10% was $132 million.	$62	$132	125
December 31, 2022			
Adjusted net earnings of $130 million for the three months ended December 31, 2022 included $41 million of investment income from alternative investments and $58 million one-time tax benefit from carryback of capital losses. Alternative investments investment income based on management's long-term expected return of approximately 10% was $113 million.	$99	$113	125
September 30, 2022			
Adjusted net loss of $12 million for the three months ended September 30, 2022 included $11 million of investment loss from alternative investments and $11 million of other net expense items. Alternative investments investment income based on management's long-term expected return of approximately 10% was $106 million.	($22)	$106	125
June 30, 2022			
Adjusted net earnings of $155 million for the three months ended June 30, 2022 included $70 million of investment income from alternative investments, $66 million gain from actuarial assumption updates, and $6 million of CLO redemption gains and other income. Alternative investments investment income based on management's long-term expected return of approximately 10% was $100 million.	$142	$100	107
March 31, 2022			
Adjusted net earnings of $80 million for the three months ended March 31, 2022 included $102 million of investment income from alternative investments, $18 million income of CLO redemption gains and other investment income, partially offset by $38 million tax valuation allowance expense. Alternative investments investment income based on management's long-term expected return of approximately 10% was $100 million.	$82	$100	105
Year ended			
December 31, 2022			
Adjusted net earnings of $353 million for the year ended December 31, 2022 included $202 million of investment income from alternative investments, $66 million gain from actuarial assumption updates, $20 million net, tax benefits and $13 million net, CLO redemption gains and other income and expense items. Alternative investments investment income based on management's long-term expected return of approximately 10% was $419 million.	$301	$419	115
December 31, 2021			
Adjusted net earnings of $640 million for the year ended December 31, 2021 included $497 million investment income from alternative investments, $73 million of CLO redemption gains and other income and $10 million of other items. Alternative investments investment income based on management's long-term expected return of approximately 10% was $236 million.	$580	$236	105

[1]Refer to "Non-GAAP Financial Measures Definitions"

Non-GAAP Measure Reconciliations

Reconciliation from Net Earnings to Adjusted Net Earnings (Loss) (a) (b)

(Dollars in millions)	Three months ended					Year ended	
	March 31, 2022	June 30, 2022	September 30, 2022	Decembr 31, 2022	March 31, 2023	December 31, 2021	December 31, 2022
Net earnings (loss) from continuing operations	$239	$385	$187	($176)	($195)	$1,232	$635
Non-GAAP adjustments [a]:							
Recognized (gains) and losses, net							
Net realized and unrealized (gains) losses on fixed maturity available-for-sale securities, equity securities and other invested assets	105	161	70	110	48	(56)	446
Change in allowance for expected credit losses	—	7	6	11	8	(5)	24
Change in fair value of reinsurance related embedded derivatives	(122)	(141)	(94)	5	19	(34)	(352)
Change in fair value of other derivatives and embedded derivatives	—	(4)	(7)	10	(1)	(14)	(1)
Recognized (gains) losses, net	(17)	23	(25)	136	74	(109)	117
Market related liability adjustments	(190)	(324)	(237)	217	244	(233)	(534)
Purchase price amortization	6	5	5	5	5	26	21
Transaction costs and other non-recurring items [c]	—	4	4	2	2	(430)	10
Income taxes on non-GAAP adjustments	42	62	54	(54)	(69)	154	104
Adjusted net earnings (loss) (a)	$80	$155	($12)	$130	$61	$640	$353

[a] Refer to "Non-GAAP Financial Measures Definitions"
[b] Refer to Adjusted Net Earnings – Significant Income and Expense Items
[c] For the year ended December 31, 2021, reflects a one-time favorable adjustment to benefits and other changes in policy reserves resulting from an actuarial system conversion at September 31, 2021, which reflects modeling enhancement and other refinements of $435M

Non-GAAP Measures and Definitions

DEFINITIONS

The following represents the definitions of non-GAAP measures used by F&G.

Adjusted Net Earnings

Adjusted net earnings is a non-GAAP economic measure we use to evaluate financial performance each period. Adjusted net earnings is calculated by adjusting net earnings (loss) from continuing operations to eliminate:

i. Recognized (gains) and losses, net: the impact of net investment gains/losses, including changes in allowance for expected credit losses and other than temporary impairment ("OTTI") losses, recognized in operations; and the effect of changes in fair value of the reinsurance related embedded derivative;

ii. Market related liability adjustments: the impacts related to changes in the fair value, including both realized and unrealized gains and losses, of index product related derivatives and embedded derivatives, net of hedging cost; the impact of initial pension risk transfer deferred profit liability losses, including amortization from previously deferred pension risk transfer deferred profit liability losses; and the changes in the fair value of market risk benefits by deferring current period changes and amortizing that amount over the life of the market risk benefit;

iii. Purchase price amortization: the impacts related to the amortization of certain intangibles (internally developed software, trademarks and value of distribution asset ("VODA")) recognized as a result of acquisition activities;

iv. Transaction costs: the impacts related to acquisition, integration and merger related items;

v. Other "non-recurring," "infrequent" or "unusual items": Management excludes certain items determined to be "non-recurring," "infrequent" or "unusual" from adjusted net earnings when incurred if it is determined these expenses are not a reflection of the core business and when the nature of the item is such that it is not reasonably likely to recur within two years and/or there was not a similar item in the preceding two years;

vi. Income taxes: the income tax impact related to the above mentioned adjustments is measured using an effective tax rate, as appropriate by tax jurisdiction.

While these adjustments are an integral part of the overall performance of F&G, market conditions and/or the non-operating nature of these items can overshadow the underlying performance of the core business. Accordingly, management considers this to be a useful measure internally and to investors and analysts in analyzing the trends of our operations. Adjusted net earnings should not be used as a substitute for net earnings (loss). However, we believe the adjustments made to net earnings (loss) in order to derive adjusted net earnings provide an understanding of our overall results of operations.

Non-GAAP Measures and Definitions (continued)

Adjusted Net Earnings per Common Share

Adjusted net earnings per common share is calculated as adjusted net earnings divided by the weighted-average common shares outstanding. Management considers this non-GAAP financial measure to be useful internally and for investors and analysts to assess the level of return driven by the Company that is available to common shareholders.

Adjusted Net Earnings per Diluted Share

Adjusted net earnings per diluted share is calculated as adjusted net earnings divided by the weighted-average diluted shares outstanding. Management considers this non-GAAP financial measure to be useful internally and for investors and analysts to assess the level of return driven by the Company that is available to common shareholders.

Adjusted Return on Assets (ROA)

Adjusted return on assets is calculated by dividing annualized adjusted net earnings by year-to-date AAUM. Return on assets is comprised of net investment income, less cost of funds, and less expenses (including operating expenses, interest expense and income taxes) consistent with our adjusted net earnings definition and related adjustments. Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing financial performance and profitability earned on AAUM.

Adjusted Return on Average Equity excluding AOCI (Adj. ROE)

Adjusted return on average equity is calculated by dividing annualized adjusted earnings (loss), by total average equity excluding AOCI. Average equity excluding AOCI for the twelve months rolling period is the average of 5 points throughout the period. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, changes in instrument-specific credit risk for market risk benefits and discount rate assumption changes for the future policy benefits, management considers this non-GAAP financial measure to be a useful internally and for investors and analysts to assess the level return driven by the Company's adjusted earnings (loss).

Non-GAAP Measures and Definitions (continued)

Assets Under Management (AUM)

AUM uses the following components:

i. total invested assets at amortized cost, excluding derivatives, net of reinsurance qualifying for risk transfer in accordance with GAAP;
ii. related party loans and investments;
iii. accrued investment income;
iv. the net payable/receivable for the purchase/sale of investments, and
v. cash and cash equivalents excluding derivative collateral at end of the period

Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the rate of return on assets available for reinvestment.

Average Assets Under Management (AAUM)

AAUM is calculated as AUM at the beginning of the period and the end of each month in the period, divided by the total number of months in the period plus one. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the rate of return on assets available for reinvestment.

Book Value per Share (including and excluding AOCI)

Book value per share including and excluding AOCI is calculated as total equity (or total equity excluding AOCI) divided by the total number of shares of common stock outstanding. Management considers this to be a useful measure internally and for investors and analysts to assess the capital position of the Company.

Non-GAAP Measures and Definitions (continued)

Return on Average Equity excluding AOCI

Return on average equity excluding AOCI is calculated by dividing the rolling four quarters net earnings (loss), by total average equity excluding AOCI. Average equity excluding AOCI for the twelve months rolling period is the average of 5 points throughout the period. Since AOCI fluctuates from quarter to quarter due to unrealized changes in the fair value of available for sale investments, changes in instrument-specific credit risk for market risk benefits and discount rate assumption changes for the future policy benefits, management considers this non-GAAP financial measure to be useful internally and for investors and analysts to assess the level of return driven by the Company that is available to common shareholders.

Sales

Annuity, IUL, funding agreement and non-life contingent PRT 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. Sales from these products are recorded as deposit liabilities (i.e. contractholder funds) within the Company's consolidated financial statements in accordance with GAAP. Life contingent PRT sales are recorded as premiums in revenues within the consolidated financial statements. 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.

Total Capitalization excluding AOCI

Total Capitalization excluding AOCI is based on Total Equity and the aggregate principal amount of debt and Total 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, changes in instrument-specific credit risk for market risk benefits and discount rate assumption changes for the future policy benefits, management considers this non-GAAP financial measure to provide useful supplemental information internally and to investors and analysts to help assess the capital position of the Company.

Total Debt-to-Capitalization excluding AOCI

Debt-to-capital ratio excluding AOCI is computed by dividing total aggregate principal amount of debt by total capitalization (total debt plus total equity excluding AOCI). Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing its capital position.

Non-GAAP Measures and Definitions (continued)

Total Equity excluding AOCI

Total equity excluding AOCI is based on total 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, changes in instrument-specific credit risk for market risk benefits and discount rate assumption changes for the future policy benefits, management considers this non-GAAP financial measure to provide useful supplemental information internally and to investors and analysts assessing the level of earned equity on total equity.

Yield on AAUM

Yield on AAUM is calculated by dividing annualized net investment income by AAUM. Management considers this non-GAAP financial measure to be useful internally and to investors and analysts when assessing the level of return earned on AAUM.