



**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
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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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FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
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	<u>23,072</u>	<u>22,627</u>	<u>21,813</u>	<u>21,076</u>	<u>21,025</u>
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	<u>\$ 28,965</u>	<u>\$ 28,402</u>	<u>\$ 27,897</u>	<u>\$ 26,952</u>	<u>\$ 27,035</u>
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	<u>26,718</u>	<u>26,289</u>	<u>25,989</u>	<u>25,200</u>	<u>25,101</u>
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	<u>2,247</u>	<u>2,113</u>	<u>1,908</u>	<u>1,752</u>	<u>1,934</u>
Total liabilities and shareholders' equity	<u>\$ 28,965</u>	<u>\$ 28,402</u>	<u>\$ 27,897</u>	<u>\$ 26,952</u>	<u>\$ 27,035</u>

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
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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, 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

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, 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.

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).

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

(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

	<u>September 30, 2017</u>	<u>June 30, 2017</u>	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>September 30, 2016</u>
	(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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(unaudited)

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, 2017	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.

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
Total before coinsurance ceded	<u>598</u>	<u>597</u>	<u>2,450</u>	<u>2,400</u>
Coinsurance ceded	—	—	2	1
Net after coinsurance ceded	<u>\$ 598</u>	<u>\$ 597</u>	<u>\$ 2,448</u>	<u>\$ 2,399</u>

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				\$ 16,819	100%

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%
Current Cap	(Dollars in millions)				
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>

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES

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(unaudited)

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

FIDELITY & GUARANTY LIFE AND SUBSIDIARIES
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(unaudited)

(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%

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
<u>Investments managed by related parties:</u>			
Fortress Investment Group collateralized loan obligations	Fixed maturities, available-for-sale	\$ 173	\$ 175
	<i>Total investments managed by related parties</i>	<u>\$ 173</u>	<u>\$ 175</u>
<u>Direct investment in related parties:</u>			
HGI energy loan	Related party loans	\$ 72	\$ 71
Salus preferred equity	Equity securities, available-for-sale	1	2
Spectrum Brands, Inc.	Fixed maturities, available-for-sale	2	2
	<i>Total direct investment in related parties</i>	<u>\$ 75</u>	<u>\$ 75</u>
<u>Assets above included in FSRCI Funds withheld portfolio:</u>			
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
	<i>Total assets included in FSRCI Funds withheld portfolio</i>	<u>\$ 85</u>	<u>\$ 85</u>

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)

Parent Company/Principal Reinsurers	Reinsurance Recoverable (a)	Financial Strength Rating		
		AM Best	S&P	Moody's
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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Common stock and Dividend Information:
 New York Stock Exchange symbol: "FGL"

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

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