

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

001-37963

(Commission file number)

ATHENE HOLDING LTD.

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of
incorporation or organization)

98-0630022

(I.R.S. Employer
Identification Number)

**96 Pitts Bay Road
Pembroke, HM08, Bermuda**

(441) 279-8400

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of each class of our common stock outstanding is set forth in the table below, as of April 16, 2018:

Class A common shares	164,709,405	Class M-2 common shares	851,103
Class B common shares	25,483,250	Class M-3 common shares	1,006,110
Class M-1 common shares	3,388,890	Class M-4 common shares	4,376,946

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As used in this Form 10-Q, unless the context otherwise indicates, any reference to “Athene,” “our Company,” “the Company,” “us,” “we” and “our” refer to Athene Holding Ltd. together with its consolidated subsidiaries and any reference to “AHL” refers to Athene Holding Ltd. only.

Forward-Looking Statements

Certain statements in this Quarterly Report on Form 10-Q (report), other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results and the assumptions upon which those statements are based, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act).

You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “seek,” “assume,” “believe,” “may,” “will,” “should,” “could,” “would,” “likely” and other words and terms of similar meaning, including the negative of these or similar words and terms, in connection with any discussion of the timing or nature of future operating or financial performance or other events. However, not all forward-looking statements contain these identifying words. Forward-looking statements appear in a number of places throughout and give our current expectations and projections relating to our financial condition, results of operations, plans, strategies, objectives, future performance, business and other matters.

We caution you that forward-looking statements are not guarantees of future performance and that our actual consolidated results of operations, financial condition and liquidity may differ materially from those made in or suggested by the forward-looking statements contained in this report. There can be no assurance that actual developments will be those anticipated by us. In addition, even if our consolidated results of operations, financial condition and liquidity are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors could cause actual results or conditions to differ materially from those contained or implied by the forward-looking statements, including the risks discussed in *Part II—Item 1A. Risk Factors* included in this report and *Part I—Item 1A. Risk Factors* included in our Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Annual Report). Factors that could cause actual results or conditions to differ from those reflected in the forward-looking statements contained in this report include:

- the accuracy of management’s assumptions and estimates;
- variability in the amount of statutory capital that our insurance and reinsurance subsidiaries have or are required to hold;
- interest rate fluctuations;
- our potential need for additional capital in the future and the potential unavailability of such capital to us on favorable terms or at all;
- changes in relationships with important parties in our product distribution network;
- the activities of our competitors and our ability to grow our retail business in a highly competitive environment;
- the impact of general economic conditions on our ability to sell our products and the fair value of our investments;
- our ability to successfully acquire new companies or businesses and/or integrate such acquisitions into our existing framework;
- downgrades, potential downgrades or other negative actions by rating agencies;
- our dependence on key executives and inability to attract qualified personnel, or the potential loss of Bermudian personnel as a result of Bermuda employment restrictions;
- market and credit risks that could diminish the value of our investments;
- foreign currency fluctuations;
- the impact of changes to the creditworthiness of our reinsurance and derivative counterparties;
- changes in consumer perception regarding the desirability of annuities as retirement savings products;
- potential litigation (including class action litigation), enforcement investigations or regulatory scrutiny against us and our subsidiaries, which we may be required to defend against or respond to;
- the impact of new accounting rules or changes to existing accounting rules on our business;
- interruption or other operational failures in telecommunication and information technology and other operating systems, as well as our ability to maintain the security of those systems;
- the termination by Athene Asset Management LLC (AAM) of its investment management agreements with us and limitations on our ability to terminate such arrangements;
- AAM’s dependence on key executives and inability to attract qualified personnel;
- increased regulation or scrutiny of alternative investment advisers and certain trading methods;
- potential changes to regulations affecting, among other things, transactions with our affiliates, the ability of our subsidiaries to make dividend payments or distributions to us, acquisitions by or of us, minimum capitalization and statutory reserve requirements for insurance companies and fiduciary obligations on parties who distribute our products;
- suspension or revocation of our subsidiaries’ insurance and reinsurance licenses;
- increases in our tax liability resulting from the Base Erosion and Anti-Abuse Tax (BEAT) or unnecessary, inefficient, ineffective or counterproductive efforts undertaken to mitigate the cost of the BEAT;
- improper interpretation or application of Public Law no. 115-97, the Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (Tax Act) or subsequent changes to, clarifications of or guidance under the Tax Act that is counter to our interpretation and has retroactive effect;
- Athene Holding Ltd. (AHL) or its non-U.S. subsidiaries becoming subject to U.S. federal income taxation;
- adverse changes in U.S. tax law;

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- our being subject to U.S. withholding tax under the Foreign Account Tax Compliance Act (FATCA);
- our potential inability to pay dividends or distributions; and
- other risks and factors listed under *Part II—Item 1A. Risk Factors* included in this report, *Part I—Item 1A. Risk Factors* included in our 2017 Annual Report and elsewhere in this report and in our 2017 Annual Report.

We caution you that the important factors referenced above may not be exhaustive. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect or anticipate. In light of these risks, you should not place undue reliance upon any forward-looking statements contained in this report. The forward-looking statements included in this report are made only as of the date hereof. We undertake no obligation, except as may be required by law, to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

GLOSSARY OF SELECTED TERMS

Unless otherwise indicated in this report, the following terms have the meanings set forth below:

Entities

Term or Acronym	Definition
A-A Mortgage	A-A Mortgage Opportunities, LP
AAA	AP Alternative Assets, L.P.
AAA Investor	AAA Guarantor – Athene, L.P.
AADE	Athene Annuity & Life Assurance Company
AAIA	Athene Annuity and Life Company
AAM	Athene Asset Management LLC
AGER	AGER Bermuda Holding Ltd., now known as Athora Holding Ltd. and formerly a consolidated subsidiary
AHL	Athene Holding Ltd.
ALIC	Athene Life Insurance Company
ALR	ALR Aircraft Investment Ireland Limited
ALRe	Athene Life Re Ltd.
AmeriHome	AmeriHome Mortgage Company, LLC
Apollo	Apollo Global Management, LLC
Apollo Group	(1) Apollo, (2) the AAA Investor, (3) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by Apollo or one or more of Apollo’s subsidiaries, (4) BRH Holdings GP, Ltd. and its shareholders and (5) any affiliate of any of the foregoing (except that AHL and its subsidiaries and employees of AHL, its subsidiaries or AAM are not members of the Apollo Group)
Athene USA	Athene USA Corporation
Athora	Athora Holding Ltd., formerly known as AGER Bermuda Holding Ltd. and formerly a consolidated subsidiary
ColInvest Other	AAA Investments (Other), L.P.
ColInvest VI	AAA Investments (Co-Invest VI), L.P.
ColInvest VII	AAA Investments (Co-Invest VII), L.P.
DOL	United States Department of Labor
MidCap	MidCap FinCo Limited
NAIC	National Association of Insurance Commissioners
NCL LLC	NCL Athene, LLC
NYSDFS	New York State Department of Financial Services
Sprint	Apollo Asia Sprint Co-Investment Fund, L.P.
Voya	Voya Financial, Inc.
VIAC	Voya Insurance and Annuity Company
Venerable	Venerable Holdings, Inc.

Certain Terms & Acronyms

Term or Acronym	Definition
ABS	Asset-backed securities
ACL	Authorized control level RBC as defined by the model created by the National Association of Insurance Commissioners
ALM	Asset liability management
ALRe RBC	The risk-based capital ratio of ALRe, when applying the NAIC risk-based capital factors
AUM	Assets under management
Alternative investments	Alternative investments, including investment funds, CLO equity positions and certain other debt instruments considered to be equity-like
Base of earnings	Earnings generated from our results of operations and the underlying profitability drivers of our business
BEAT	Base Erosion and Anti-Abuse Tax
Bermuda capital	The capital of ALRe calculated under U.S. statutory accounting principles, including that for policyholder reserve liabilities which are subjected to U.S. cash flow testing requirements, but excluding certain items that do not exist under our applicable Bermuda requirements, such as interest maintenance reserves
Block reinsurance	A transaction in which the ceding company cedes all or a portion of a block of previously issued annuity contracts through a reinsurance agreement
BMA	Bermuda Monetary Authority
BSCR	Bermuda Solvency Capital Requirement
CAL	Company action level RBC as defined by the model created by the National Association of Insurance Commissioners
Capital ratio	Ratios calculated (1) with respect to our U.S. insurance subsidiaries, by reference to RBC, (2) with respect to ALRe, by reference to BSCR, and (3) with respect to our former German Group Companies, by reference to SCR
CLO	Collateralized loan obligation
CMBS	Commercial mortgage-backed securities
Cost of crediting	The interest credited to the policyholders on our fixed annuities, including, with respect to our fixed indexed annuities, option costs, presented on an annualized basis for interim periods
DAC	Deferred acquisition costs
Deferred annuities	Fixed indexed annuities, annual reset annuities and multi-year guaranteed annuities
DSI	Deferred sales inducement
Excess capital	Capital in excess of the level management believes is needed to support our current operating strategy
FIA	Fixed indexed annuity, which is an insurance contract that earns interest at a crediting rate based on a specified index on a tax-deferred basis
Fixed annuities	FIAs together with fixed rate annuities
Fixed rate annuity	An insurance contract that offers tax-deferred growth and the opportunity to produce a guaranteed stream of retirement income for the lifetime of its policyholder
Flow reinsurance	A transaction in which the ceding company cedes a portion of newly issued policies to the reinsurer
GAAP	Accounting principles generally accepted in the United States of America
GLWB	Guaranteed lifetime withdrawal benefit
GMDB	Guaranteed minimum death benefit
IMA	Investment management agreement
IMO	Independent marketing organization
Invested assets	The sum of (a) total investments on the consolidated balance sheet with AFS securities at amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) consolidated variable interest entities' assets, liabilities and noncontrolling interest and (f) policy loans ceded (which offset the direct policy loans in total investments). Invested assets includes investments supporting assumed funds withheld and modco agreements and excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions)
Investment margin	Investment margin applies to deferred annuities and is the excess of our net investment earned rate over the cost of crediting to our policyholders, presented on an annualized basis for interim periods
Liability outflows	The aggregate of withdrawals on our deferred annuities, maturities of our funding agreements, payments on payout annuities and pension risk benefit payments
LIMRA	Life Insurance and Market Research Association

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Term or Acronym	Definition
MCR	Minimum capital requirements
MMS	Minimum margin of solvency
Modco	Modified coinsurance
MVA	Market value adjustment
MYGA	Multi-year guaranteed annuity
Net investment earned rate	Income from our invested assets divided by the average invested assets for the relevant period, presented on an annualized basis for interim periods
Other liability costs	Other liability costs include DAC, DSI and VOBA amortization and change in GLWB and GMDB reserves for all products, the cost of liabilities on products other than deferred annuities including offsets for premiums, product charges and other revenues
OTTI	Other-than-temporary impairment
Overall tax rate	Tax rate including corporate income taxes, the BEAT and excise taxes
Payout annuities	Annuities with a current cash payment component, which consist primarily of SPIAs, supplemental contracts and structured settlements
Policy loan	A loan to a policyholder under the terms of, and which is secured by, a policyholder's policy
PRT	Pension risk transfer
RBC	Risk-based capital
Reserve liabilities	The sum of (a) interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Reserve liabilities also includes the reserves related to assumed modco agreements in order to appropriately match the costs incurred in the consolidated statements of income with the liabilities. Reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and therefore we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements
Rider reserves	Guaranteed lifetime withdrawal benefits and guaranteed minimum death benefits reserves
RMBS	Residential mortgage-backed securities
RML	Residential mortgage loan
Sales	All money paid into an individual annuity, including money paid into new contracts with initial purchase occurring in the specified period and existing contracts with initial purchase occurring prior to the specified period (excluding internal transfers)
SPIA	Single premium immediate annuity
Surplus assets	Assets in excess of policyholder obligations, determined in accordance with the applicable domiciliary jurisdiction's statutory accounting principles
TAC	Total adjusted capital as defined by the model created by the NAIC
U.S. RBC Ratio	The CAL RBC ratio for AADE, our parent U.S. insurance company
VIE	Variable interest entity
VOBA	Value of business acquired

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Item 1. Financial Statements

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ATHENE HOLDING LTD.
Condensed Consolidated Balance Sheets (Unaudited)

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Assets		
Investments		
Fixed maturity securities, at fair value		
Available-for-sale securities (amortized cost: 2018 – \$57,371 and 2017 – \$58,506)	\$ 58,575	\$ 61,012
Trading securities	2,088	2,196
Equity securities, at fair value	160	790
Mortgage loans, net of allowances (portion at fair value: 2018 – \$41 and 2017 – \$41)	6,139	6,233
Investment funds (portion at fair value: 2018 – \$131 and 2017 – \$145)	647	699
Policy loans	510	530
Funds withheld at interest (portion at fair value: 2018 – \$207 and 2017 – \$312)	7,093	7,085
Derivative assets	2,031	2,551
Real estate (portion held for sale: 2018 – \$0 and 2017 – \$32)	—	624
Short-term investments, at fair value (cost: 2018 – \$235 and 2017 – \$201)	235	201
Other investments (portion at fair value: 2018 – \$39 and 2017 – \$0)	113	133
Total investments	77,591	82,054
Cash and cash equivalents	2,735	4,888
Restricted cash	87	105
Investments in related parties		
Fixed maturity securities, at fair value		
Available-for-sale securities (amortized cost: 2018 – \$501 and 2017 – \$399)	505	406
Trading securities	305	307
Investment funds (portion at fair value: 2018 – \$153 and 2017 – \$30)	1,499	1,310
Short-term investments, at fair value (cost: 2018 – \$123 and 2017 – \$52)	123	52
Other investments	238	238
Accrued investment income (related party: 2018 – \$12 and 2017 – \$10)	620	652
Reinsurance recoverable (portion at fair value: 2018 – \$1,713 and 2017 – \$1,824)	4,834	4,972
Deferred acquisition costs, deferred sales inducements and value of business acquired	3,142	2,930
Other assets	1,067	969
Assets of consolidated variable interest entities		
Investments		
Fixed maturity securities, trading, at fair value – related party	47	48
Equity securities, at fair value – related party	177	240
Investment funds – related party (portion at fair value: 2018 – \$554 and 2017 – \$549)	582	571
Cash and cash equivalents	3	4
Other assets	2	1
Total assets	\$ 93,557	\$ 99,747

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements

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ATHENE HOLDING LTD.
Condensed Consolidated Balance Sheets (Unaudited)

(In millions, except share and per share data)

	March 31, 2018	December 31, 2017
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities (portion at fair value: 2018 – \$8,188 and 2017 – \$8,929)	\$ 67,551	\$ 67,708
Future policy benefits (portion at fair value: 2018 – \$2,305 and 2017 – \$2,428)	13,059	17,507
Other policy claims and benefits	137	211
Dividends payable to policyholders	119	1,025
Long-term debt	992	—
Derivative liabilities	186	134
Payables for collateral on derivatives	1,145	2,323
Funds withheld liability (portion at fair value: 2018 – \$11 and 2017 – \$22)	395	407
Other liabilities (related party: 2018 – \$89 and 2017 – \$64)	1,277	1,222
Liabilities of consolidated variable interest entities	1	2
Total liabilities	84,862	90,539
Commitments and Contingencies (Note 12)		
Equity		
Common stock		
Class A – par value \$0.001 per share; authorized: 2018 and 2017 – 425,000,000 shares; issued and outstanding: 2018 – 164,722,131 and 2017 – 142,386,704 shares	—	—
Class B – par value \$0.001 per share; convertible to Class A; authorized: 2018 and 2017 – 325,000,000 shares; issued and outstanding: 2018 – 25,483,250 and 2017 – 47,422,399 shares	—	—
Class M-1 – par value \$0.001 per share; contingently convertible to Class A; authorized: 2018 and 2017 – 7,109,560 shares; issued and outstanding: 2018 – 3,388,890 and 2017 – 3,388,890 shares	—	—
Class M-2 – par value \$0.001 per share; contingently convertible to Class A; authorized: 2018 and 2017 – 5,000,000 shares; issued and outstanding: 2018 – 851,103 and 2017 – 851,103 shares	—	—
Class M-3 – par value \$0.001 per share; contingently convertible to Class A; authorized: 2018 and 2017 – 7,500,000 shares; issued and outstanding: 2018 – 1,006,110 and 2017 – 1,092,000 shares	—	—
Class M-4 – par value \$0.001 per share; contingently convertible to Class A; authorized: 2018 and 2017 – 7,500,000 shares; issued and outstanding: 2018 – 4,398,646 and 2017 – 4,711,743 shares	—	—
Additional paid-in capital	3,485	3,472
Retained earnings	4,625	4,321
Accumulated other comprehensive income (related party: 2018 – \$4 and 2017 – \$48)	585	1,415
Total shareholders' equity	8,695	9,208
Total liabilities and equity	\$ 93,557	\$ 99,747

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements

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ATHENE HOLDING LTD.
Condensed Consolidated Statements of Income (Unaudited)

(In millions, except per share data)	Three months ended March 31,	
	2018	2017
Revenues		
Premiums	\$ 278	\$ 52
Product charges	96	81
Net investment income (related party investment income: 2018 – \$76 and 2017 – \$56; and related party investment expense: 2018 – \$83 and 2017 – \$78)	855	786
Investment related gains (losses) (related party: 2018 – \$17 and 2017 – \$(11))	(236)	682
Other-than-temporary impairment investment losses		
Other-than-temporary impairment losses	(3)	—
Other-than-temporary impairment losses reclassified to (from) other comprehensive income	—	(1)
Net other-than-temporary impairment losses	(3)	(1)
Other revenues	6	8
Revenues of consolidated variable interest entities		
Net investment income (related party: 2018 – \$10 and 2017 – \$10)	10	10
Investment related gains (losses) (related party: 2018 – \$5 and 2017 – \$1)	5	1
Total revenues	1,011	1,619
Benefits and expenses		
Interest sensitive contract benefits	19	692
Amortization of deferred sales inducements	20	18
Future policy and other policy benefits	401	214
Amortization of deferred acquisition costs and value of business acquired	89	104
Dividends to policyholders	13	32
Policy and other operating expenses (related party: 2018 – \$2 and 2017 – \$4)	142	153
Total benefits and expenses	684	1,213
Income before income taxes	327	406
Income tax expense	59	22
Net income	\$ 268	\$ 384
Earnings per share		
Basic – Classes A, B, M-1, M-2, M-3 and M-4 ¹	\$ 1.36	\$ 2.00
Diluted – Class A	1.36	1.92
Diluted – Class B	1.36	2.00
Diluted – Class M-1	1.36	2.00
Diluted – Class M-2	1.34	0.08
Diluted – Class M-3 ¹	1.33	N/A
Diluted – Class M-4 ¹	0.94	N/A

N/A – Not applicable

¹ Basic and diluted earnings per share for class M-3 and M-4 were not applicable for the period ended March 31, 2017. See Note 8 – Earnings Per Share for further discussion.

See accompanying notes to the unaudited condensed consolidated financial statements

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Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Net income	\$ 268	\$ 384
Other comprehensive income (loss), before tax		
Unrealized investment gains (losses) on available-for-sale securities	(910)	419
Noncredit component of other-than-temporary impairment losses on available-for-sale securities	—	1
Unrealized gains (losses) on hedging instruments	(56)	(5)
Pension adjustments	3	—
Foreign currency translation adjustments	(8)	2
Other comprehensive income (loss), before tax	(971)	417
Income tax expense (benefit) related to other comprehensive income	(183)	111
Other comprehensive income (loss)	(788)	306
Comprehensive income (loss)	\$ (520)	\$ 690

See accompanying notes to the unaudited condensed consolidated financial statements

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ATHENE HOLDING LTD.
Condensed Consolidated Statements of Equity (Unaudited)

<i>(In millions)</i>	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income	Total Athene Holding Ltd. shareholders' equity	Noncontrolling interest	Total equity
Balance at December 31, 2016	\$ —	\$ 3,421	\$ 3,070	\$ 367	\$ 6,858	\$ 1	\$ 6,859
Net income	—	—	384	—	384	—	384
Other comprehensive income	—	—	—	306	306	—	306
Stock-based compensation	—	15	—	—	15	—	15
Retirement or repurchase of shares	—	—	(2)	—	(2)	—	(2)
Other changes in equity of noncontrolling interests	—	—	—	—	—	(1)	(1)
Balance at March 31, 2017	<u>\$ —</u>	<u>\$ 3,436</u>	<u>\$ 3,452</u>	<u>\$ 673</u>	<u>\$ 7,561</u>	<u>\$ —</u>	<u>\$ 7,561</u>
Balance at December 31, 2017	\$ —	\$ 3,472	\$ 4,321	\$ 1,415	\$ 9,208	\$ —	\$ 9,208
Adoption of accounting standards ¹	—	—	39	(42)	(3)	—	(3)
Net income	—	—	268	—	268	—	268
Other comprehensive loss	—	—	—	(788)	(788)	—	(788)
Issuance of shares, net of expenses	—	1	—	—	1	—	1
Stock-based compensation	—	12	—	—	12	—	12
Retirement or repurchase of shares	—	—	(3)	—	(3)	—	(3)
Balance at March 31, 2018	<u>\$ —</u>	<u>\$ 3,485</u>	<u>\$ 4,625</u>	<u>\$ 585</u>	<u>\$ 8,695</u>	<u>\$ —</u>	<u>\$ 8,695</u>

¹ See discussion of adoptions in Note 1 – Business, Basis of Presentation and Significant Accounting Policies.

See accompanying notes to the unaudited condensed consolidated financial statements

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ATHENE HOLDING LTD.
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Cash flows from operating activities		
Net income	\$ 268	\$ 384
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred acquisition costs and value of business acquired	89	104
Amortization of deferred sales inducements	20	18
Accretion of net investment premiums, discounts, and other	(45)	(54)
Stock-based compensation	7	13
Net investment income (related party: 2018 – \$(43) and 2017 – \$(27))	(29)	(30)
Net recognized (gains) losses on investments and derivatives (related party: 2018 – \$(24) and 2017 – \$10)	209	(547)
Policy acquisition costs deferred	(122)	(105)
Changes in operating assets and liabilities:		
Accrued investment income	(27)	(21)
Interest sensitive contract liabilities	(201)	655
Future policy benefits, other policy claims and benefits, dividends payable to policyholders and reinsurance recoverable	333	(18)
Funds withheld assets and liabilities	(7)	(91)
Other assets and liabilities	84	121
Consolidated variable interest entities related:		
Net recognized (gains) losses on investments and derivatives (related party: 2018 – \$(6) and 2017 – \$(1))	(6)	(1)
Other operating activities, net	—	1
Net cash provided by operating activities	573	429
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities		
Available-for-sale securities (related party: 2018 – \$57 and 2017 – \$7)	3,017	2,688
Trading securities (related party: 2018 – \$1 and 2017 – \$14)	31	42
Equity securities (related party: 2018 – \$0 and 2017 – \$22)	2	170
Mortgage loans	396	281
Investment funds (related party: 2018 – \$52 and 2017 – \$23)	83	52
Derivative instruments and other invested assets	551	360
Short-term investments	103	95
Purchases of:		
Fixed maturity securities		
Available-for-sale securities (related party: 2018 – \$(158) and 2017 – \$(25))	(5,914)	(4,274)
Trading securities	(25)	(17)
Equity securities	(9)	(211)
Mortgage loans	(463)	(265)
Investment funds (related party: 2018 – \$(182) and 2017 – \$(71))	(213)	(94)
Derivative instruments and other invested assets	(224)	(189)
Real estate	—	(7)
Short-term investments (related party: 2018 – \$(72) and 2017 – \$(20))	(209)	(93)
Consolidated variable interest entities related:		
Sales, maturities, and repayments of investments (related party: 2018 – \$59 and 2017 – \$0)	59	—
Purchases of investments (related party: 2018 – \$0 and 2017 – \$(21))	—	(21)
Deconsolidation of AGER Bermuda Holding Ltd. and its subsidiaries	(296)	—
Cash settlement of derivatives	(2)	(8)
Other investing activities, net	229	363
Net cash used in investing activities	(2,884)	(1,128)

(Continued)

See accompanying notes to the unaudited condensed consolidated financial statements

[Table of Contents](#)**ATHENE HOLDING LTD.**
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Cash flows from financing activities		
Capital contributions	\$ 1	\$ —
Proceeds from long-term debt	998	—
Deposits on investment-type policies and contracts	1,774	1,925
Withdrawals on investment-type policies and contracts	(1,474)	(1,399)
Payments for coinsurance agreements on investment-type contracts, net	(10)	(10)
Net change in cash collateral posted for derivative transactions	(1,178)	298
Repurchase of common stock	(3)	(2)
Other financing activities, net	31	5
Net cash provided by financing activities	139	817
Effect of exchange rate changes on cash and cash equivalents	—	4
Net (decrease) increase in cash and cash equivalents	(2,172)	122
Cash and cash equivalents at beginning of year ¹	4,997	2,516
Cash and cash equivalents at end of period ¹	\$ 2,825	\$ 2,638

Supplementary information

Non-cash transactions		
Deposits on investment-type policies and contracts through reinsurance agreements	\$ 108	\$ 169
Withdrawals on investment-type policies and contracts through reinsurance agreements	91	182
Investments received from settlements on reinsurance agreements	—	24
Investment in Athora Holding Ltd. received upon deconsolidation	108	—

¹ Includes cash and cash equivalents, restricted cash, and cash and cash equivalents of consolidated variable interest entities.

(Concluded)

See accompanying notes to the unaudited condensed consolidated financial statements

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Significant Accounting Policies

Athene Holding Ltd. (AHL), a Bermuda exempted company, together with its subsidiaries (collectively, Athene, we, our, us, or the Company), is a leading retirement services company that issues, reinsures and acquires retirement savings products in all U.S. states and the District of Columbia.

We conduct business primarily through the following consolidated subsidiaries:

- Our non-U.S. reinsurance subsidiaries, to which AHL's other insurance subsidiaries and third party ceding companies directly and indirectly reinsure a portion of their liabilities, including Athene Life Re Ltd. (ALRe), a Bermuda exempted company; and
- Athene USA Corporation, an Iowa corporation and its subsidiaries (Athene USA).

In addition, we consolidate certain variable interest entities (VIEs), for which we determined we are the primary beneficiary, as discussed in *Note 4 – Variable Interest Entities*.

Basis of Presentation—We have prepared the accompanying condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. The accompanying condensed consolidated financial statements are unaudited and reflect all adjustments, consisting only of normal recurring items, considered necessary for fair statement of the periods presented. All significant intercompany accounts and transactions have been eliminated. Interim operating results are not necessarily indicative of the results expected for the entire year.

The condensed consolidated balance sheet as of December 31, 2017 has been derived from the audited financial statements, but does not include all of the information and footnotes required by GAAP for complete financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements included our Annual Report on Form 10-K for the year ended December 31, 2017. The preparation of financial statements requires the use of management estimates. Actual results may differ from estimates used in preparing the condensed consolidated financial statements.

Deconsolidation – AGER Bermuda Holding Ltd. and its subsidiaries, now known as Athora Holding Ltd. (Athora), was our consolidated subsidiary for the year ended December 31, 2017. In April 2017, in connection with a private offering, Athora entered into subscription agreements with AHL, certain affiliates of Apollo Global Management, LLC (AGM and, together with its subsidiaries, Apollo) and a number of other third-party investors pursuant to which Athora secured commitments from such parties to purchase new common shares in Athora (Athora Offering). In November 2017, the Athora board of directors approved resolutions authorizing the closing of the Athora Offering (Closing) to occur on January 1, 2018 and approving a capital call from all of the Athora investors, excluding us. In connection with the Closing and the issuance of shares in respect of the capital call, each of which occurred on January 1, 2018, our equity interest in Athora was exchanged for common shares of Athora. As a result, on January 1, 2018, we held 10% of the aggregate voting power of and less than 50% of the economic interest in Athora and, as such, it is thereafter held as a related party investment rather than a consolidated subsidiary. We did not recognize a material amount in the condensed consolidated statements of income upon deconsolidation in 2018.

Adopted Accounting Pronouncements

Revenue Recognition (ASU 2017-13, ASU 2016-20, ASU 2016-12, ASU 2016-11, ASU 2016-10, ASU 2016-08, ASU 2015-14 and ASU 2014-09)

These updates are based on the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. These updates replace all general and most industry-specific revenue recognition guidance, excluding insurance contracts, leases, financial instruments and guarantees, which have been scoped out of these updates. Since the guidance does not apply to revenue on contracts accounted for under the financial instruments or insurance contracts standards, only a portion of our revenues are impacted by this guidance. We adopted these updates on a modified retrospective basis effective January 1, 2018. The adoptions did not have a material effect on our consolidated financial statements.

Derivatives and Hedging – Targeted Improvements (ASU 2017-12)

The amendments in this update contain improvements to the financial reporting of hedging relationships that more closely reflect the economic results of an entity's risk management activities in its financial statements. Additionally, the amendments in this update make certain targeted improvements to simplify the application of hedge accounting. We early adopted this update effective January 1, 2018, and the adoption did not have a material effect on our consolidated financial statements.

Gains and Losses from the Derecognition of Nonfinancial Assets (ASU 2017-05)

The amendments in this update clarify the scope of asset derecognition guidance and accounting for partial sales of nonfinancial assets. We adopted this update on a modified retrospective basis effective January 1, 2018. The adoption did not have a material effect on our consolidated financial statements.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Statement of Cash Flows – Restricted Cash (ASU 2016-18)

This update requires amounts generally described as restricted cash or restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the consolidated statements of cash flows. We adopted this update effective January 1, 2018, and have changed the presentation on the consolidated statements of cash flows as required by this update.

Income Taxes – Intra-Entity Transfers (ASU 2016-16)

This update requires the immediate recognition of current and deferred income tax effects of intra-entity transfers of assets, other than inventory. Prior to adoption, recognition of the income tax consequence was not recognized until the asset was sold to an outside party. We adopted this update effective January 1, 2018. Upon adoption, we recognized a cumulative-effect decrease to beginning retained earnings of \$3 million.

Statement of Cash Flows (ASU 2016-15)

This update provides specific guidance to clarify how entities should classify certain cash receipts and cash payments on the statement of cash flows. The update also clarifies the application of the predominance principle when cash receipts and cash payments have aspects of more than one class of cash flows. We adopted this update effective January 1, 2018, and the adoption did not have a material effect on our consolidated financial statements.

Financial Instruments – Recognition and Measurement (ASU 2016-01)

This update changes the accounting for certain equity investments, the presentation of changes in the fair value of liabilities measured under the fair value option due to instrument-specific credit risk, and certain disclosures. For liabilities measured under the fair value option, changes in fair value attributable to instrument-specific credit risk will no longer affect net income, but will be recognized separately in other comprehensive income (OCI). Additionally, this update requires equity investments to be measured at fair value with subsequent changes recognized in net income, except for those accounted for under the equity method or requiring consolidation. Prior to the effective date of this update, changes in fair value related to available-for-sale (AFS) equity securities were recognized in OCI. We adopted this update effective January 1, 2018. Upon adoption, we recognized a cumulative-effect increase to beginning retained earnings of \$42 million and a corresponding decrease to accumulated other comprehensive income (AOCI). Additionally, we combined the presentation of AFS and trading equity securities on the consolidated balance sheets for all periods presented.

Recently Issued Accounting Pronouncements

Leases (ASU 2018-1, ASU 2017-13 and ASU 2016-02)

These updates are intended to increase transparency and comparability for lease transactions. A lessee is required to recognize an asset and a liability for all lease arrangements longer than 12 months. Lessor accounting is largely unchanged. We will be required to adopt these updates on a modified retrospective basis effective January 1, 2019. Early adoption is permitted. We have reviewed our existing lease contracts and our implementation efforts are primarily focused on assessing the financial impact of these updates on our consolidated financial statements.

Intangibles – Simplifying the Test for Goodwill Impairment (ASU 2017-04)

The amendments in this update simplify the subsequent measurement of goodwill by eliminating the comparison of the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill to determine the goodwill impairment loss. With the adoption of this guidance, a goodwill impairment will be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of the goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. We will be required to adopt this update prospectively effective January 1, 2020. Early adoption is permitted. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

Financial Instruments – Credit Losses (ASU 2016-13)

This update is designed to reduce complexity by limiting the number of credit impairment models used for different assets. The model will result in accelerated credit loss recognition on assets held at amortized cost, which includes our commercial and residential mortgage investments. The identification of credit-deteriorated securities will include all assets that have experienced a more-than-insignificant deterioration in credit since origination. Additionally, any changes in the expected cash flows of credit-deteriorated securities will be recognized immediately in the income statement. AFS fixed maturity securities are not in scope of the new credit loss model, but will undergo targeted improvements to the current reporting model including the establishment of a valuation allowance for credit losses versus the current direct write down approach. We will be required to adopt this update effective January 1, 2020. Early adoption is permitted effective January 1, 2019. We are currently evaluating the impact of this guidance on our consolidated financial statements.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

2. Investments

Available-for-sale Securities—The following table represents the amortized cost, gross unrealized gains and losses, fair value and other-than-temporary impairments (OTTI) in AOCI of our AFS investments by asset type. Our AFS investment portfolio includes direct investments in affiliates of Apollo Global Management, LLC (AGM and, together with its subsidiaries, Apollo) where Apollo can exercise significant influence over the affiliates. These investments are presented as investments in related parties on the condensed consolidated balance sheets, and are separately disclosed below.

(In millions)	March 31, 2018				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
Available-for-sale securities					
U.S. government and agencies	\$ 25	\$ —	\$ —	\$ 25	\$ —
U.S. state, municipal and political subdivisions	995	140	(3)	1,132	—
Foreign governments	137	2	(3)	136	—
Corporate	35,489	875	(497)	35,867	1
CLO	5,617	36	(11)	5,642	—
ABS	4,595	44	(32)	4,607	1
CMBS	1,981	32	(34)	1,979	1
RMBS	8,532	666	(11)	9,187	10
Total AFS securities	57,371	1,795	(591)	58,575	13
Available-for-sale securities – related party					
CLO	456	4	—	460	—
ABS	45	—	—	45	—
Total AFS securities – related party	501	4	—	505	—
Total AFS securities, including related party	\$ 57,872	\$ 1,799	\$ (591)	\$ 59,080	\$ 13

(In millions)	December 31, 2017				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	OTTI in AOCI
Fixed maturity securities					
U.S. government and agencies	\$ 63	\$ 1	\$ (2)	\$ 62	\$ —
U.S. state, municipal and political subdivisions	996	171	(2)	1,165	—
Foreign governments	2,575	116	(8)	2,683	—
Corporate	35,173	1,658	(171)	36,660	—
CLO	5,039	53	(8)	5,084	—
ABS	3,945	53	(27)	3,971	1
CMBS	1,994	48	(21)	2,021	1
RMBS	8,721	652	(7)	9,366	11
Total fixed maturity securities	58,506	2,752	(246)	61,012	13
Equity securities ¹	271	7	(1)	277	—
Total AFS securities	58,777	2,759	(247)	61,289	13
Available-for-sale securities – related party					
CLO	353	7	—	360	—
ABS	46	—	—	46	—
Total AFS securities – related party	399	7	—	406	—
Total AFS securities, including related party	\$ 59,176	\$ 2,766	\$ (247)	\$ 61,695	\$ 13

¹ Included in equity securities on the condensed consolidated balance sheets.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

The amortized cost and fair value of fixed maturity AFS securities, including related party, are shown by contractual maturity below:

<i>(In millions)</i>	March 31, 2018	
	Amortized Cost	Fair Value
Due in one year or less	\$ 1,041	\$ 1,042
Due after one year through five years	8,291	8,337
Due after five years through ten years	10,732	10,721
Due after ten years	16,582	17,060
CLO, ABS, CMBS and RMBS	20,725	21,415
Total AFS fixed maturity securities	57,371	58,575
Fixed maturity securities – related party, CLO and ABS	501	505
Total AFS fixed maturity securities, including related party	\$ 57,872	\$ 59,080

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities—The following summarizes the fair value and gross unrealized losses for AFS securities, including related party, aggregated by class of security and length of time the fair value has remained below amortized cost:

<i>(In millions)</i>	March 31, 2018					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Available-for-sale securities						
U.S. government and agencies	\$ 23	\$ —	\$ —	\$ —	\$ 23	\$ —
U.S. state, municipal and political subdivisions	70	(1)	46	(2)	116	(3)
Foreign governments	55	(2)	20	(1)	75	(3)
Corporate	13,298	(296)	2,630	(201)	15,928	(497)
CLO	1,508	(6)	291	(5)	1,799	(11)
ABS	1,166	(13)	541	(19)	1,707	(32)
CMBS	825	(19)	168	(15)	993	(34)
RMBS	561	(8)	138	(3)	699	(11)
Total AFS securities	17,506	(345)	3,834	(246)	21,340	(591)
Available-for-sale securities – related party						
CLO	10	—	—	—	10	—
ABS	41	—	—	—	41	—
Total AFS securities – related party	51	—	—	—	51	—
Total AFS securities, including related party	\$ 17,557	\$ (345)	\$ 3,834	\$ (246)	\$ 21,391	\$ (591)

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions)	December 31, 2017					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
Fixed maturity securities						
U.S. government and agencies	\$ 34	\$ (1)	\$ 9	\$ (1)	\$ 43	\$ (2)
U.S. state, municipal and political subdivisions	50	(1)	39	(1)	89	(2)
Foreign governments	435	(6)	76	(2)	511	(8)
Corporate	3,992	(49)	2,457	(122)	6,449	(171)
CLO	414	(2)	340	(6)	754	(8)
ABS	515	(5)	549	(22)	1,064	(27)
CMBS	460	(8)	179	(13)	639	(21)
RMBS	506	(3)	210	(4)	716	(7)
Total fixed maturity securities	6,406	(75)	3,859	(171)	10,265	(246)
Equity securities ¹	134	(1)	—	—	134	(1)
Total AFS securities	6,540	(76)	3,859	(171)	10,399	(247)
Available-for-sale securities – related party						
CLO	29	—	—	—	29	—
ABS	42	—	—	—	42	—
Total AFS securities – related party	71	—	—	—	71	—
Total AFS securities, including related party	\$ 6,611	\$ (76)	\$ 3,859	\$ (171)	\$ 10,470	\$ (247)

¹ Included in equity securities on the condensed consolidated balance sheets.

As of March 31, 2018, we held 2,662 AFS securities that were in an unrealized loss position. Of this total, 467 were in an unrealized loss position 12 months or more. As of March 31, 2018, we held three related party AFS securities that were in an unrealized loss position. Of this total, none were in an unrealized loss position 12 months or more. The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since acquisition. We did not recognize the unrealized losses in income as we intend to hold these securities and it is not more likely than not we will be required to sell a security before the recovery of its amortized cost.

Other-Than-Temporary Impairments—For the three months ended March 31, 2018, we incurred \$3 million of net OTTI, of which \$2 million related to intent-to-sell impairments. These securities were impaired to fair value as of the impairment date. The remaining net OTTI of \$1 million related to credit impairments where a portion was bifurcated in AOCI. Any credit loss impairments not bifurcated in AOCI are excluded from the rollforward below.

The following table represents a rollforward of the cumulative amounts recognized on the condensed consolidated statements of income for OTTI related to pre-tax credit loss impairments on AFS fixed maturity securities, for which a portion of the securities' total OTTI was recognized in AOCI:

(In millions)	Three months ended March 31,	
	2018	2017
Beginning balance	7	\$ 16
Initial impairments – credit loss OTTI recognized on securities not previously impaired	1	—
Additional impairments – credit loss OTTI recognized on securities previously impaired	—	—
Reduction in impairments from securities sold, matured or repaid	(1)	—
Reduction for credit loss that no longer has a portion of the OTTI loss recognized in AOCI	—	—
Ending balance	\$ 7	\$ 16

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Net Investment Income—Net investment income by asset class consists of the following:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Fixed maturity securities		
AFS securities	\$ 668	\$ 620
Trading securities	44	50
Equity securities	2	3
Mortgage loans	91	85
Investment funds	65	55
Funds withheld at interest	46	36
Other	23	17
Investment revenue	939	866
Investment expenses	(84)	(80)
Net investment income	\$ 855	\$ 786

Investment Related Gains (Losses)—Investment related gains (losses) by asset class consists of the following:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
AFS securities		
Gross realized gains on investment activity	\$ 21	\$ 28
Gross realized losses on investment activity	(6)	(8)
Net realized investment gains on AFS securities	15	20
Net realized investment losses on trading securities	(89)	(14)
Net realized investment gains on equity securities	1	18
Derivative gains (losses)	(184)	654
Other gains	21	4
Investment related gains (losses)	\$ (236)	\$ 682

Proceeds from sales of AFS securities were \$1,637 million and \$1,531 million for the three months ended March 31, 2018 and 2017, respectively.

The following table summarizes the change in unrealized gains and losses on trading and equity securities, including related party, we still held as of the respective period end:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Trading securities	\$ (69)	\$ 11
Trading securities – related party	(2)	(12)
Equity securities	—	15

Purchased Credit Impaired (PCI) Investments—The following table summarizes our PCI investments:

<i>(In millions)</i>	March 31, 2018		December 31, 2017		March 31, 2018		December 31, 2017	
	Fixed maturity securities		Mortgage loans					
Contractually required payments receivable	\$ 9,009	\$ 9,690	\$ 1,131	\$ 1,140				
Less: Cash flows expected to be collected ¹	(7,996)	(8,188)	(1,098)	(1,090)				
Non-accretable difference	\$ 1,013	\$ 1,502	\$ 33	\$ 50				
Cash flows expected to be collected ¹	\$ 7,996	\$ 8,188	\$ 1,098	\$ 1,090				
Less: Amortized cost	(6,084)	(6,168)	(807)	(817)				
Accretable difference	\$ 1,912	\$ 2,020	\$ 291	\$ 273				
Fair value	\$ 6,622	\$ 6,703	\$ 877	\$ 844				
Outstanding balance	7,468	8,026	935	946				

¹ Represents the undiscounted principal and interest cash flows expected.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

During the period, we acquired PCI investments with the following amounts at the time of purchase:

<i>(In millions)</i>	March 31, 2018	
	Fixed maturity securities	Mortgage loans
Contractually required payments receivable	\$ 215	\$ —
Cash flows expected to be collected	197	—
Fair value	166	—

The following table summarizes the activity for the accretable yield on PCI investments:

<i>(In millions)</i>	Three months ended March 31, 2018	
	Fixed maturity securities	Mortgage loans
Beginning balance at January 1	\$ 2,020	\$ 273
Purchases of PCI investments, net of sales	16	(2)
Accretion	(100)	(10)
Net reclassification from (to) non-accretable difference	(24)	30
Ending balance at March 31	\$ 1,912	\$ 291

Mortgage Loans—Mortgage loans, net of allowances, consists of the following:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Commercial mortgage loans	\$ 5,109	\$ 5,223
Commercial mortgage loans under development	24	24
Total commercial mortgage loans	5,133	5,247
Residential mortgage loans	1,006	986
Mortgage loans, net of allowances	\$ 6,139	\$ 6,233

We primarily invest in commercial mortgage loans on income producing properties including hotels, industrial properties and retail and office buildings. We diversify the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. We evaluate mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

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ATHENE HOLDING LTD.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The distribution of commercial mortgage loans, including those under development, net of valuation allowances, by property type and geographic region, is as follows:

	March 31, 2018		December 31, 2017	
	Net Carrying Value	Percentage of Total	Net Carrying Value	Percentage of Total
<i>(In millions, except for percentages)</i>				
Property type				
Office building	\$ 1,389	27.1%	\$ 1,187	22.6%
Retail	1,167	22.7%	1,223	23.3%
Hotels	935	18.2%	928	17.7%
Industrial	789	15.4%	944	18.0%
Apartment	441	8.6%	525	10.0%
Other commercial	412	8.0%	440	8.4%
Total commercial mortgage loans	\$ 5,133	100.0%	\$ 5,247	100.0%
U.S. Region				
East North Central	\$ 654	12.8%	\$ 643	12.3%
East South Central	128	2.5%	144	2.7%
Middle Atlantic	825	16.1%	909	17.3%
Mountain	488	9.5%	492	9.4%
New England	186	3.6%	162	3.1%
Pacific	1,119	21.8%	991	18.9%
South Atlantic	900	17.5%	873	16.6%
West North Central	223	4.3%	233	4.4%
West South Central	610	11.9%	655	12.5%
Total U.S. Region	5,133	100.0%	5,102	97.2%
International Region	—	—%	145	2.8%
Total commercial mortgage loans	\$ 5,133	100.0%	\$ 5,247	100.0%

Our residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties located in the U.S. As of March 31, 2018, California, Florida and New York represented 35.9%, 14.9% and 5.8%, respectively, of the portfolio, and the remaining 43.4% represented all other states, with each individual state comprising less than 5% of the portfolio. As of December 31, 2017, California, Florida and New York represented 34.3%, 15.6% and 6.0%, respectively, of the portfolio, and the remaining 44.1% represented all other states, with each individual state comprising less than 5% of the portfolio.

Mortgage Loan Valuation Allowance—The assessment of mortgage loan impairments and valuation allowances is substantially the same for residential and commercial mortgage loans. The valuation allowance was \$1 million as of March 31, 2018 and \$2 million as of December 31, 2017. We did not record any material activity in the valuation allowance during the three months ended March 31, 2018 or 2017.

Residential mortgage loans – The primary credit quality indicator of residential mortgage loans is loan performance. Nonperforming residential mortgage loans are 90 days or more past due and/or are in non-accrual status. As of March 31, 2018 and December 31, 2017, \$37 million and \$28 million, respectively, of our residential mortgage loans were non-performing.

Commercial mortgage loans – As of March 31, 2018 and December 31, 2017, all of our commercial mortgage loans were less than 30 days past due.

Loan-to-value and debt service coverage ratios are measures we use to assess the risk and quality of commercial mortgage loans other than those under development. Loans under development are not evaluated using these ratios as the properties underlying these loans are generally not yet income-producing and the value of the underlying property significantly fluctuates based on the progress of construction. Therefore, the risk and quality of loans under development are evaluated based on the aging and geographical distribution of such loans as shown above.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

The loan-to-value ratio is expressed as a percentage of the amount of the loan relative to the value of the underlying property. A loan-to-value ratio in excess of 100% indicates the unpaid loan amount exceeds the underlying collateral. The following represents the loan-to-value ratio of the commercial mortgage loan portfolio, excluding those under development, net of valuation allowances:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Less than 50%	\$ 1,769	\$ 1,841
50% to 60%	1,312	1,390
61% to 70%	1,721	1,691
71% to 100%	307	301
Commercial mortgage loans	\$ 5,109	\$ 5,223

The debt service coverage ratio, based upon the most recent financial statements, is expressed as a percentage of a property's net operating income to its debt service payments. A debt service ratio of less than 1.0 indicates a property's operations do not generate enough income to cover debt payments. The following represents the debt service coverage ratio of the commercial mortgage loan portfolio, excluding those under development, net of valuation allowances:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Greater than 1.20x	\$ 4,667	\$ 4,742
1.00x – 1.20x	298	297
Less than 1.00x	144	184
Commercial mortgage loans	\$ 5,109	\$ 5,223

Investment Funds—Our investment fund portfolio consists of funds that employ various strategies and include investments in real estate and other real assets, credit, private equity, natural resources and hedge funds. Investment funds typically meet the definition of VIEs and are discussed further in *Note 4 – Variable Interest Entities*.

3. Derivative Instruments

We use a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See *Note 5 – Fair Value* for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

<i>(In millions)</i>	March 31, 2018			December 31, 2017		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Assets	Liabilities		Assets	Liabilities
Derivatives designated as hedges						
Foreign currency swaps	1,324	\$ 2	\$ 155	928	\$ 1	\$ 99
Interest rate swaps	302	—	—	302	—	—
Total derivatives designated as hedges		2	155		1	99
Derivatives not designated as hedges						
Equity options	31,868	2,019	13	31,460	2,500	19
Futures	5	5	—	1,134	7	—
Total return swaps	56	—	4	114	5	—
Foreign currency swaps	39	2	4	41	21	3
Interest rate swaps	550	—	1	385	—	2
Credit default swaps	10	—	5	10	—	5
Foreign currency forwards	637	3	4	1,139	17	6
Embedded derivatives						
Funds withheld	—	207	11	—	312	22
Interest sensitive contract liabilities	—	—	7,254	—	—	7,436
Total derivatives not designated as hedges		2,236	7,296		2,862	7,493
Total derivatives		\$ 2,238	\$ 7,451		\$ 2,863	\$ 7,592

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Derivatives Designated as Hedges

Foreign currency swaps – We use foreign currency swaps to convert foreign currency denominated cash flows of an investment to U.S. dollars to reduce cash flow fluctuations due to changes in currency exchange rates. Certain of these swaps are designated and accounted for as cash flow hedges, which will expire by December 2045. During the three months ended March 31, 2018 and 2017, we had foreign currency swap losses of \$56 million and \$5 million, respectively, recorded in AOCI. There were no amounts reclassified to income during the three months ended March 31, 2018 and 2017, and as of March 31, 2018, no amounts are expected to be reclassified to income within the next 12 months.

Interest rate swaps – We use interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. Certain of these swaps entered into during the fourth quarter of 2016 are designated as fair value hedges. With an interest rate swap, we agree with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed-upon notional principal amount at specified intervals. As of March 31, 2018 and December 31, 2017, the carrying amount of the hedged interest sensitive contract liabilities was \$279 million and \$293 million, respectively, and the cumulative amount of fair value hedging adjustment included in the hedged interest sensitive contract liabilities included gains of \$17 million and \$12 million, respectively. The gains and losses on derivatives and the related hedged items in fair value hedge relationships are recorded in interest sensitive contract benefits on the condensed consolidated statements of income. The derivatives had losses of \$7 million and \$1 million during the three months ended March 31, 2018 and 2017, respectively, and the related hedged items had gains of \$5 million and \$1 million during the three months ended March 31, 2018 and 2017, respectively.

Derivatives Not Designated as Hedges

Equity options – We use equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, we enter into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Futures – Futures contracts are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. We enter into exchange-traded futures with regulated futures commission clearing brokers who are members of a trading exchange. Under exchange-traded futures contracts, we agree to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts.

Total return swaps – We purchase total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Total rate of return swaps are contracts in which one party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of the underlying asset or index, which includes both the income it generates and any capital gains.

Credit default swaps – Credit default swaps provide a measure of protection against the default of an issuer or allow us to gain credit exposure to an issuer or traded index. We use credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond. These transactions have a lower cost and are generally more liquid relative to the cash market. We receive a periodic premium for these transactions as compensation for accepting credit risk.

Hedging credit risk involves buying protection for existing credit risk. The exposure resulting from the agreements, which is usually the notional amount, is equal to the maximum proceeds that must be paid by a counterparty for a defaulted security. If a credit event occurs on a reference entity, then a counterparty who sold protection is required to pay the buyer the trade notional amount less any recovery value of the security.

Foreign currency forwards – We use foreign currency forward contracts to hedge certain exposures to foreign currency risk. The price is agreed upon at the time of the contract and payment is made at a specified future date.

Embedded derivatives – We have embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on a modco or funds withheld basis and indexed annuity products.

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The following is a summary of the gains (losses) related to derivatives not designated as hedges:

(In millions)	Three months ended March 31,	
	2018	2017
Equity options	\$ (142)	\$ 528
Futures	(5)	(10)
Swaps	2	5
Foreign currency forwards	(7)	1
Embedded derivatives on funds withheld	(32)	130
Amounts recognized in investment related gains (losses)	(184)	654
Embedded derivatives in indexed annuity products ¹	238	(431)
Total gains on derivatives not designated as hedges	\$ 54	\$ 223

¹ Included in interest sensitive contract benefits.

Credit Risk—We may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of our derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

We manage credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, we maintain collateral arrangements and use master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. We have also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength ratings. Additionally, a decrease in our financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of our net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

(In millions)	Gross amount recognized ¹	Gross amounts not offset on the condensed consolidated balance sheets		Net amount	Off-balance sheet securities collateral ³	Net amount after securities collateral
		Financial instruments ²	Collateral received/pledged			
March 31, 2018						
Derivative assets	\$ 2,031	\$ (87)	\$ (1,145)	\$ 799	\$ (769)	\$ 30
Derivative liabilities	(186)	87	98	(1)	—	(1)
December 31, 2017						
Derivative assets	\$ 2,551	\$ (59)	\$ (2,323)	\$ 169	\$ (221)	\$ (52)
Derivative liabilities	(134)	59	63	(12)	—	(12)

¹ The gross amounts of recognized derivative assets and derivative liabilities are reported on the condensed consolidated balance sheets. As of March 31, 2018 and December 31, 2017, amounts not subject to master netting or similar agreements were immaterial.

² Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the condensed consolidated balance sheets.

³ For non-cash collateral received, we do not recognize the collateral on our balance sheet unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

4. Variable Interest Entities

Our investment funds typically meet the definition of a VIE, and in certain cases these investment funds are consolidated in our financial statements because we meet the criteria of the primary beneficiary.

Consolidated VIEs—We consolidate AAA Investments (Co-Invest VI), L.P. (CoInvest VI), AAA Investments (Co-Invest VII), L.P. (CoInvest VII), AAA Investments (Other), L.P. (CoInvest Other), NCL Athene, LLC (NCL LLC), Apollo Asia Sprint Co-Investment Fund, L.P. (Sprint) and ALR Aircraft Investment Ireland Limited (ALR), which are investment funds. We are the only limited partner or Class A member in these investment funds and receive all of the economic benefits and losses, other than management fees and carried interest, as applicable, paid to the general partner in each entity, or a related entity, which are related parties. We do not have any voting rights as limited partner and, as the limited partner or Class A member, do not solely satisfy the power criteria to direct the activities that significantly impact the economics of the VIE. However, the criteria for the primary beneficiary are satisfied by our related party group and, because substantially all of the activities are conducted on our behalf, we consolidate the investment funds.

No arrangement exists requiring us to provide additional funding in excess of our committed capital investment, liquidity, or the funding of losses or an increase to our loss exposure in excess of our investment in the VIEs. We elected the fair value option for certain fixed maturity and equity securities, and investment funds, which are reported in the consolidated variable interest entity sections on the condensed consolidated balance sheets.

CoInvest VI, CoInvest VII and CoInvest Other were formed to make investments, including co-investments alongside private equity funds sponsored by Apollo. We received our interests in CoInvest VI, CoInvest VII and CoInvest Other as part of a contribution agreement in 2012 with AAA Guarantor – Athene, L.P. (AAA Investor) and its subsidiary, Apollo Life Re Ltd., in order to provide a capital base to support future acquisitions.

CoInvest VII holds a significant investment in MidCap FinCo Limited (MidCap), which is included in investment funds of consolidated VIEs on the condensed consolidated balance sheets. We have purchased pools of loans sourced by MidCap and contemporaneously sold subordinated participation interests in the loans to a subsidiary of MidCap. As of March 31, 2018 and December 31, 2017, we had \$14 million due to MidCap under the subordinated participation agreement which is reflected as a secured borrowing in other liabilities on the condensed consolidated balance sheets. In addition, we have advanced amounts under a subordinated debt facility to MidCap and, as of March 31, 2018 and December 31, 2017, the principal balance due was \$245 million, and this is included in other related party investments on the condensed consolidated balance sheets.

NCL LLC was formed to hold the investment in Norwegian Cruise Line Holdings Ltd. (NCLH) shares, which were previously held by CoInvest VI. NCL LLC is subject to the same management fees, selling restrictions with respect to shares of NCLH, and carried interest calculation as CoInvest VI. NCL LLC classifies its NCLH shares as equity securities. We are the primary beneficiary and consolidate NCL LLC, as substantially all of its activities are conducted on our behalf.

We have a 100% limited partnership interest in Sprint, an entity formed to make a co-investment alongside private equity funds sponsored by Apollo. The underlying investment is a structured credit facility on a nearly complete skyscraper in Southeast Asia. We are the primary beneficiary and consolidate Sprint, as substantially all of its activities are conducted on our behalf.

During the first quarter of 2018, we invested in profit participating notes of ALR. ALR was formed to invest in a joint venture that provides airplane lease financing to a major commercial airline. We are the only investor in the profit participating notes and, as substantially all of the activities of ALR are conducted on our behalf, we are the primary beneficiary and consolidate ALR.

Trading securities – related party – Trading securities represents investments in fixed maturity securities with changes in fair value recognized in investment related gains (losses) within revenues of consolidated variable interest entities on the condensed consolidated statements of income. The change in unrealized gains and losses on trading securities we still held as of the respective period end resulted in no unrealized gains or losses during the three months ended March 31, 2018 and 2017. Trading securities held by CoInvest VI and CoInvest VII are related party investments because Apollo affiliates exercise significant influence over the operations of these investees.

Equity securities – related party – Changes in fair value of equity securities are recognized in investment related gains (losses) within revenues of consolidated variable interest entities on the condensed consolidated statements of income. Prior period unrealized changes in fair value of equity securities designated as AFS were recognized in OCI. The change in unrealized gains and losses on equity securities we still held as of the respective period end resulted in unrealized losses of \$25 million and \$4 million for the three months ended March 31, 2018 and 2017, respectively. Equity securities held by CoInvest VI, CoInvest VII, CoInvest Other and NCL LLC are related party investments because Apollo affiliates exercise significant influence over the operations of these investees.

Investment funds – related party – Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures that meet the definition of VIEs; however, our consolidated VIEs are not considered the primary beneficiary of these investment funds. Changes in fair value for certain of these investment funds are included in investment related gains (losses) within revenues of consolidated variable interest entities on the condensed consolidated statements of income. Investment funds held by CoInvest VII, CoInvest Other and Sprint are related party investments as they are sponsored or managed by Apollo affiliates.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Fair Value—See Note 5 – *Fair Value* for a description of the levels of our fair value hierarchy and our process for determining the level we assign our assets and liabilities carried at fair value.

The following represents the hierarchy for assets and liabilities of our consolidated VIEs measured at fair value on a recurring basis:

(In millions)	March 31, 2018				
	Total	NAV ¹	Level 1	Level 2	Level 3
Assets of consolidated variable interest entities					
Investments					
Fixed maturity securities, trading	\$ 47	\$ —	\$ —	\$ —	\$ 47
Equity securities	177	—	149	—	28
Investment funds	554	534	—	—	20
Cash and cash equivalents	3	—	3	—	—
Total assets of consolidated VIEs measured at fair value	\$ 781	\$ 534	\$ 152	\$ —	\$ 95

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

(In millions)	December 31, 2017				
	Total	NAV ¹	Level 1	Level 2	Level 3
Assets of consolidated variable interest entities					
Investments					
Fixed maturity securities, trading	\$ 48	\$ —	\$ —	\$ —	\$ 48
Equity securities	240	—	212	—	28
Investment funds	549	528	—	—	21
Cash and cash equivalents	4	—	4	—	—
Total assets of consolidated VIEs measured at fair value	\$ 841	\$ 528	\$ 216	\$ —	\$ 97

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

Fair Value Valuation Methods – See Note 5 – *Fair Value* for the valuation methods used to determine the fair value of trading securities, equity securities, investment funds and cash and cash equivalents.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Level 3 Financial Instruments – The following is a reconciliation for all VIE Level 3 assets and liabilities measured at fair value on a recurring basis:

<i>(In millions)</i>	Three months ended March 31, 2018						
	Beginning Balance	Total realized and unrealized gains (losses) included in income	Purchases	Sales	Transfers in (out)	Ending Balance	Total gains (losses) included in earnings ¹
Assets of consolidated variable interest entities							
Fixed maturity securities							
Trading securities	\$ 48	\$ —	\$ —	\$ (1)	\$ —	\$ 47	\$ —
Equity securities	28	—	—	—	—	28	—
Investment funds	21	1	—	(2)	—	20	1
Total Level 3 assets of consolidated VIEs	\$ 97	\$ 1	\$ —	\$ (3)	\$ —	\$ 95	\$ 1

¹ Related to instruments held at end of period.

<i>(In millions)</i>	Three months ended March 31, 2017						
	Beginning Balance	Total realized and unrealized gains (losses) included in income	Purchases	Sales	Transfers in (out)	Ending Balance	Total gains (losses) included in earnings ¹
Assets of consolidated variable interest entities							
Fixed maturity securities							
Trading securities	\$ 50	\$ —	\$ —	\$ —	\$ —	\$ 50	\$ —
Equity securities	43	(11)	—	—	—	32	(11)
Investment funds	38	—	—	—	—	38	—
Total Level 3 assets of consolidated VIEs	\$ 131	\$ (11)	\$ —	\$ —	\$ —	\$ 120	\$ (11)

¹ Related to instruments held at end of period.

There were no transfers between Level 1 or Level 2 during the three months ended March 31, 2018 and 2017.

Significant Unobservable Inputs – For certain Level 3 trading securities and investment funds, the valuations have significant unobservable inputs, which may include, but are not limited to, comparable multiples and weighted average cost of capital rates applied in the valuation models. These inputs in isolation can cause significant increases or decreases in fair value. For example, the comparable multiples may be multiplied by the underlying investment’s earnings before interest, tax, depreciation and amortization or by some other applicable financial metric to establish the total enterprise value of the underlying investments. A comparable multiple consistent with the implied trading multiple of public industry peers or relevant recent private transactions are used when available.

For other Level 3 trading securities, valuations are performed using a discounted cash flow model. For a discounted cash flow model, the significant input is the discount rate applied to present value the projected cash flows. An increase in the discount rate can significantly lower the fair value; a decrease in the discount rate can significantly increase the fair value. The discount rate may be determined by considering the weighted average cost of capital calculation of companies in similar industries with comparable debt to equity ratios.

Fair Value Option – The following represents the gains (losses) recorded for instruments within the consolidated VIEs for which we have elected the fair value option:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Equity securities	\$ (9)	\$ (4)
Investment funds	6	5
Total gains (losses)	\$ (3)	\$ 1

Fair Value of Financial Instruments Not Held at Fair Value – Assets of consolidated variable interest entities includes \$28 million and \$22 million of investment funds accounted for under the equity method and not carried at fair value as of March 31, 2018 and December 31, 2017, respectively; however, the carrying amount approximates fair value.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Non-Consolidated Securities and Investment Funds

Fixed Maturity Securities – We invest in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle, which are included in fixed maturity securities on the condensed consolidated balance sheets. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, we are a debt investor within these entities and, as such, hold a variable interest; however, due to the debt holders' lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination by the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which we hold the residual tranche are not consolidated because we do not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, we are not under common control, as defined by GAAP, with the related party, nor are substantially all of the activities conducted on our behalf; therefore, we are not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments and are held at fair value on the balance sheet and classified as AFS or trading.

Investment funds – Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Our risk of loss associated with our non-consolidated investments is limited and depends on the investment, including any unfunded commitments, as follows: (1) investment funds accounted for under the equity method are limited to our capital contributions, net of return of capital; (2) investment funds under the fair value option are limited to the fair value; (3) AFS securities and other investments are limited to amortized cost; and (4) trading securities are limited to carrying value.

The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

<i>(In millions)</i>	March 31, 2018		December 31, 2017	
	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment funds	\$ 647	\$ 1,104	\$ 699	\$ 1,036
Investment in related parties – investment funds	1,499	2,665	1,310	2,598
Assets of consolidated variable interest entities – investment funds	582	606	571	594
Investment in fixed maturity securities	21,971	21,281	21,022	20,278
Investment in related parties – fixed maturity securities	810	806	713	792
Total non-consolidated investments	<u>\$ 25,509</u>	<u>\$ 26,462</u>	<u>\$ 24,315</u>	<u>\$ 25,298</u>

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The following summarizes our investment funds, including related party investment funds and investment funds owned by consolidated VIEs:

<i>(In millions, except for percentages and years)</i>	March 31, 2018			December 31, 2017		
	Carrying value	Percent of total	Remaining life in years	Carrying value	Percent of total	Remaining life in years
Investment funds						
Private equity	\$ 240	37.1%	0 – 6	\$ 271	38.8%	0 – 7
Real estate and other real assets	174	26.9%	1 – 7	161	23.0%	1 – 7
Natural resources	4	0.6%	1 – 1	4	0.6%	1 – 1
Hedge funds	56	8.7%	0 – 2	61	8.7%	0 – 3
Credit funds	173	26.7%	0 – 4	202	28.9%	0 – 5
Total investment funds	647	100.0%		699	100.0%	
Investment funds – related parties						
Private equity – A-A Mortgage ¹	418	27.9%	5 – 5	403	30.8%	5 – 5
Private equity – other	283	18.9%	0 – 6	180	13.7%	0 – 10
Real estate and other real assets	322	21.5%	0 – 6	297	22.7%	0 – 7
Natural resources	98	6.5%	4 – 5	74	5.6%	4 – 6
Hedge funds	99	6.6%	11 – 11	93	7.1%	9 – 9
Credit funds	279	18.6%	1 – 4	263	20.1%	2 – 4
Total investment funds – related parties	1,499	100.0%		1,310	100.0%	
Investment funds owned by consolidated VIEs						
Private equity – MidCap ²	534	91.8%	N/A	528	92.5%	N/A
Credit funds	20	3.4%	0 – 3	21	3.7%	0 – 3
Real estate and other real assets	28	4.8%	1 – 2	22	3.8%	2 – 3
Total investment funds owned by consolidated VIEs	582	100.0%		571	100.0%	
Total investment funds including related parties and funds owned by consolidated VIEs	\$ 2,728			\$ 2,580		

¹ *A-A Mortgage Opportunities, LP (A-A Mortgage) is a platform to originate residential mortgage loans and mortgage servicing rights. Our total investment in A-A Mortgage, including amounts loaned to Aris Mortgage Holding Company LLC (Aris Holdco), a 100% equity investment of A-A Mortgage, was \$541 million and \$455 million as of March 31, 2018 and December 31, 2017, respectively.*

² *Our total investment in MidCap, including amounts advanced under credit facilities, totaled \$772 million and \$766 million as of March 31, 2018 and December 31, 2017, respectively.*

Summarized Ownership of Investment Funds—The following table presents the carrying value by ownership percentage of equity method investment funds, including related party investment funds and investment funds owned by consolidated VIEs:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Ownership Percentage		
100%	\$ 15	\$ 35
50% – 99%	579	520
3% – 49%	1,296	1,301
Equity method investment funds	\$ 1,890	\$ 1,856

The following table presents the carrying value by ownership percentage of investment funds where we elected the fair value option, including related party investment funds and investment funds owned by consolidated VIEs:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Ownership Percentage		
3% – 49%	\$ 690	\$ 590
Less than 3%	148	134
Fair value option investment funds	\$ 838	\$ 724

5. Fair Value

Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. We determine fair value based on the following fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets,
- Observable inputs other than quoted market prices, and
- Observable inputs derived principally from market data through correlation or other means.

Level 3 – Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing or other similar techniques.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the instrument's fair value measurement.

We use a number of valuation sources to determine fair values. Valuation sources can include quoted market prices; third-party commercial pricing services; third-party brokers; industry-standard, vendor modeling software that uses market observable inputs; and other internal modeling techniques based on projected cash flows. We periodically review the assumptions and inputs of third-party commercial pricing services through internal valuation price variance reviews, comparisons to internal pricing models, back testing to recent trades, or monitoring trading volumes.

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The following represents the hierarchy for our assets and liabilities measured at fair value on a recurring basis:

(In millions)	March 31, 2018				
	Total	NAV ¹	Level 1	Level 2	Level 3
Assets					
Fixed maturity securities					
AFS securities					
U.S. government and agencies	\$ 25	\$ —	\$ 23	\$ 2	\$ —
U.S. state, municipal and political subdivisions	1,132	—	—	1,132	—
Foreign governments	136	—	—	136	—
Corporate	35,867	—	—	35,186	681
CLO	5,642	—	—	5,475	167
ABS	4,607	—	—	3,313	1,294
CMBS	1,979	—	—	1,916	63
RMBS	9,187	—	—	9,149	38
Total AFS securities	58,575	—	23	56,309	2,243
Trading securities					
U.S. government and agencies	3	—	3	—	—
U.S. state, municipal and political subdivisions	130	—	—	113	17
Corporate	1,399	—	—	1,399	—
CLO	27	—	—	26	1
ABS	94	—	—	94	—
CMBS	50	—	—	50	—
RMBS	385	—	—	64	321
Total trading securities	2,088	—	3	1,746	339
Equity securities	160	—	11	149	—
Mortgage loans	41	—	—	—	41
Investment funds	131	106	—	—	25
Funds withheld at interest – embedded derivative	207	—	—	—	207
Derivative assets	2,031	—	5	2,026	—
Short-term investments	235	—	48	187	—
Other investments	39	—	—	39	—
Cash and cash equivalents	2,735	—	2,735	—	—
Restricted cash	87	—	87	—	—
Investments in related parties					
Fixed maturity securities					
AFS securities					
CLO	460	—	—	398	62
ABS	45	—	—	45	—
Total AFS securities – related party	505	—	—	443	62
Trading securities					
CLO	134	—	—	43	91
ABS	171	—	—	—	171
Total trading securities – related party	305	—	—	43	262
Investment funds	153	42	—	—	111
Short-term investments	123	—	—	123	—
Reinsurance recoverable	1,713	—	—	—	1,713
Total assets measured at fair value	\$ 69,128	\$ 148	\$ 2,912	\$ 61,065	\$ 5,003

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(In millions)	March 31, 2018				
	Total	NAV ¹	Level 1	Level 2	Level 3
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 7,254	\$ —	\$ —	\$ —	\$ 7,254
Universal life benefits	934	—	—	—	934
Future policy benefits					
AmerUs Closed Block	1,541	—	—	—	1,541
ILICO Closed Block and life benefits	764	—	—	—	764
Derivative liabilities	186	—	—	181	5
Funds withheld liability – embedded derivative	11	—	—	11	—
Total liabilities measured at fair value	\$ 10,690	\$ —	\$ —	\$ 192	\$ 10,498

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

(Concluded)

(In millions)	December 31, 2017				
	Total	NAV ¹	Level 1	Level 2	Level 3
Assets					
Fixed maturity securities					
AFS securities					
U.S. government and agencies	\$ 62	\$ —	\$ 26	\$ 36	\$ —
U.S. state, municipal and political subdivisions	1,165	—	—	1,165	—
Foreign governments	2,683	—	—	2,683	—
Corporate	36,660	—	—	36,082	578
CLO	5,084	—	—	5,020	64
ABS	3,971	—	—	2,510	1,461
CMBS	2,021	—	—	1,884	137
RMBS	9,366	—	—	9,065	301
Total AFS securities	61,012	—	26	58,445	2,541
Trading securities					
U.S. government and agencies	3	—	3	—	—
U.S. state, municipal and political subdivisions	138	—	—	121	17
Corporate	1,475	—	—	1,475	—
CLO	27	—	—	10	17
ABS	94	—	—	17	77
CMBS	51	—	—	51	—
RMBS	408	—	—	66	342
Total trading securities	2,196	—	3	1,740	453

(Continued)

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ATHENE HOLDING LTD.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions)	December 31, 2017				
	Total	NAV ¹	Level 1	Level 2	Level 3
Equity securities	790	—	18	764	8
Mortgage loans	41	—	—	—	41
Investment funds	145	104	—	—	41
Funds withheld at interest – embedded derivative	312	—	—	—	312
Derivative assets	2,551	—	7	2,544	—
Short-term investments	201	—	40	161	—
Cash and cash equivalents	4,888	—	4,888	—	—
Restricted cash	105	—	105	—	—
Investments in related parties					
Fixed maturity securities					
AFS securities					
CLO	360	—	—	360	—
ABS	46	—	—	46	—
Total AFS securities – related party	406	—	—	406	—
Trading securities					
CLO	132	—	—	27	105
ABS	175	—	—	175	—
Total trading securities – related party	307	—	—	202	105
Investment funds	30	30	—	—	—
Short-term investments	52	—	—	52	—
Reinsurance recoverable	1,824	—	—	—	1,824
Total assets measured at fair value	\$ 74,860	\$ 134	\$ 5,087	\$ 64,314	\$ 5,325
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 7,436	\$ —	\$ —	\$ —	\$ 7,436
Universal life benefits	1,005	—	—	—	1,005
Unit-linked contracts	488	—	—	488	—
Future policy benefits					
AmerUs Closed Block	1,625	—	—	—	1,625
ILICO Closed Block and life benefits	803	—	—	—	803
Derivative liabilities	134	—	—	129	5
Funds withheld liability – embedded derivative	22	—	—	22	—
Total liabilities measured at fair value	\$ 11,513	\$ —	\$ —	\$ 639	\$ 10,874

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

(Concluded)

See Note 4 – Variable Interest Entities for fair value disclosures associated with consolidated VIEs.

Fair Value Valuation Methods—We used the following valuation methods and assumptions to estimate fair value:

Fixed maturity – AFS and trading securities – We obtain the fair value for most marketable securities without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes U.S. and non-U.S. corporate bonds, U.S. agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

We value privately placed fixed maturity securities based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, we use a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. We also consider additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and our evaluation of the borrower's ability to compete in its relevant market. Privately placed fixed maturity securities are classified as Level 2 or 3.

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Equity securities – Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, we value based on other sources, such as commercial pricing services or brokers and are classified as Level 2 or 3.

Mortgage loans – Mortgage loans for which we have elected the fair value option or those held for sale are carried at fair value. We estimate fair value on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Funds withheld (embedded derivative) – We estimate the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under the combined coinsurance, modco and coinsurance funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held in trust supporting the reinsurance agreements.

Derivatives – Derivative contracts can be exchange traded or over-the-counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. We consider and incorporate counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. We also evaluate and include our own nonperformance risk in valuing derivatives. The majority of our derivatives trade in liquid markets; therefore, we can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Cash and cash equivalents – including restricted cash – The carrying amount for cash equals fair value. We estimate the fair value for cash equivalents based on quoted market prices. These assets are classified as Level 1.

Interest sensitive contract liabilities (embedded derivative) – Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

Unit-linked contracts – Unit-linked contracts are valued based on the fair value of the investments supporting the contract. The underlying investments are trading securities comprised primarily of mutual funds. The valuations of these are based on quoted market prices for similar assets and are classified as Level 2, resulting in a corresponding classification for the unit-linked contracts.

AmerUs Closed Block – We elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital. Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ILICO Closed Block – We elected the fair value option for the ILICO Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and non-performance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits – We elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic Financial Group Limited (together with its subsidiaries, Global Atlantic). We use a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. These universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Fair Value Option—The following represents the gains (losses) recorded for instruments for which we have elected the fair value option:

(In millions)	Three months ended March 31,	
	2018	2017
Trading securities	\$ (89)	\$ (14)
Equity securities	—	16
Investment funds, including related party investment funds	(4)	7
Future policy benefits	84	4
Total gains (losses)	\$ (9)	\$ 13

Gains and losses on trading and equity securities are recorded in investment related gains (losses) on the condensed consolidated statements of income. Prior period unrealized gains and losses on equity securities designated as AFS were recorded in OCI. For fair value option mortgage loans, we record interest income in net investment income and subsequent changes in fair value in investment related gains (losses) on the condensed consolidated statements of income. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the condensed consolidated statements of income. We record the change in fair value of future policy benefits to future policy and other policy benefits on the condensed consolidated statements of income.

The following summarizes information for fair value option mortgage loans:

(In millions)	March 31, 2018	December 31, 2017
Unpaid principal balance	\$ 40	\$ 40
Mark to fair value	1	1
Fair value	\$ 41	\$ 41

There were no fair value option mortgage loans 90 days or more past due as of March 31, 2018 and December 31, 2017.

Transfers Between Levels—Transfers into Level 3 generally represent securities that were valued using pricing sources which, due to changing market conditions, were less observable than in prior periods as indicated by the increased volatility, which was reflected in vendor prices obtained for individual securities. Additionally, changes in pricing sources also led to securities transferring into Level 3.

Transfers out of Level 3 generally represent securities that were valued using pricing sources which, due to changing market conditions, were more observable than in prior periods as indicated by decreased volatility, which was reflected in vendor prices obtained for individual securities. Additionally, changes in pricing sources also led to securities transferring into Level 2.

Transfers into or out of any level are assumed to occur at the end of the period. For the three months ended March 31, 2018 and 2017, there were no transfers between Level 1 and Level 2.

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Notes to Condensed Consolidated Financial Statements (Unaudited)

Level 3 Financial Instruments—The following is a reconciliation for all Level 3 assets and liabilities measured at fair value on a recurring basis:

(In millions)	Three months ended March 31, 2018							
	Beginning Balance	Total realized and unrealized gains (losses)		Purchases, issuances, sales and settlements, net	Transfers		Ending Balance	Total gains (losses) included in earnings ¹
		Included in income	Included in OCI		In	(Out)		
Assets								
Fixed maturity securities								
AFS securities								
Corporate	\$ 578	\$ 4	\$ (4)	\$ 58	\$ 53	\$ (8)	\$ 681	\$ —
CLO	64	—	2	131	—	(30)	167	—
ABS	1,461	2	(7)	(104)	—	(58)	1,294	—
CMBS	137	—	(1)	—	—	(73)	63	—
RMBS	301	1	(5)	23	7	(289)	38	—
Trading securities								
U.S. state, municipal and political subdivisions	17	—	—	—	—	—	17	—
CLO	17	—	—	1	—	(17)	1	—
ABS	77	—	—	—	—	(77)	—	(3)
RMBS	342	(21)	—	—	—	—	321	—
Equity securities	8	—	—	(8)	—	—	—	—
Mortgage loans	41	—	—	—	—	—	41	—
Investment funds	41	(9)	—	(7)	—	—	25	—
Funds withheld at interest – embedded derivative	312	(105)	—	—	—	—	207	—
Investments in related parties								
Fixed maturity securities								
AFS securities								
CLO	—	—	—	62	—	—	62	—
Trading securities								
CLO	105	1	—	(1)	18	(32)	91	(1)
ABS	—	—	—	—	171	—	171	—
Investment funds	—	3	—	108	—	—	111	3
Reinsurance recoverable	1,824	(111)	—	—	—	—	1,713	—
Total Level 3 assets	\$ 5,325	\$ (235)	\$ (15)	\$ 263	\$ 249	\$ (584)	\$ 5,003	\$ (1)
Liabilities								
Interest sensitive contract liabilities								
Embedded derivative	\$ (7,436)	\$ 238	\$ —	\$ (56)	\$ —	\$ —	\$ (7,254)	\$ —
Universal life benefits	(1,005)	71	—	—	—	—	(934)	—
Future policy benefits								
AmerUs Closed Block	(1,625)	84	—	—	—	—	(1,541)	—
ILICO Closed Block and life benefits	(803)	39	—	—	—	—	(764)	—
Derivative liabilities	(5)	—	—	—	—	—	(5)	—
Total Level 3 liabilities	\$ (10,874)	\$ 432	\$ —	\$ (56)	\$ —	\$ —	\$ (10,498)	\$ —

¹ Related to instruments held at end of period.

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2017									
(In millions)	Beginning balance	Total realized and unrealized gains (losses)		Purchases, issuances, sales and settlements, net	Transfers		Ending balance	Total gains (losses) included in earnings ¹	
		Included in income	Included in OCI		In	Out			
Assets									
Fixed maturity securities									
AFS securities									
U.S. state, municipal and political subdivisions	\$ 5	\$ 16	\$ (1)	\$ (20)	\$ —	\$ —	\$ —	\$ —	
Foreign governments	14	—	—	(1)	—	—	13	—	
Corporate	370	1	6	92	21	—	490	—	
CLO	158	—	4	3	29	(94)	100	—	
ABS	1,160	4	14	75	—	(31)	1,222	—	
CMBS	152	39	—	—	—	(44)	147	—	
RMBS	17	—	1	—	50	(8)	60	—	
Trading securities									
U.S. state, municipal and political subdivisions	17	—	—	—	—	—	17	—	
CLO	43	(1)	—	(15)	—	—	27	1	
RMBS	96	(5)	—	2	—	(11)	82	(1)	
Equity securities	5	—	—	—	—	—	5	—	
Mortgage loans	44	—	—	—	—	—	44	—	
Funds withheld at interest – embedded derivative	140	72	—	—	—	—	212	—	
Investments in related parties									
Fixed maturity securities									
AFS securities									
ABS	56	—	1	(2)	—	(55)	—	—	
Trading securities									
CLO	195	(12)	—	(14)	—	(38)	131	(12)	
Short-term investments	—	—	—	20	—	—	20	—	
Reinsurance recoverable	1,692	46	—	—	—	—	1,738	—	
Total Level 3 assets	\$ 4,164	\$ 160	\$ 25	\$ 140	\$ 100	\$ (281)	\$ 4,308	\$ (12)	
Liabilities									
Interest sensitive contract liabilities									
Embedded derivative	\$ (5,283)	\$ (431)	\$ —	\$ (79)	\$ —	\$ —	\$ (5,793)	\$ —	
Universal life benefits	(883)	(27)	—	—	—	—	(910)	—	
Future policy benefits									
AmerUs Closed Block	(1,606)	4	—	—	—	—	(1,602)	—	
ILICO Closed Block and life benefits	(794)	(19)	—	—	—	—	(813)	—	
Derivative liabilities	(7)	—	—	—	—	—	(7)	—	
Total Level 3 liabilities	\$ (8,573)	\$ (473)	\$ —	\$ (79)	\$ —	\$ —	\$ (9,125)	\$ —	

¹ Related to instruments held at end of period.

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ATHENE HOLDING LTD.
Notes to Condensed Consolidated Financial Statements (Unaudited)

The following represents the gross components of purchases, issuances, sales and settlements, net, shown above:

(In millions)	Three months ended March 31, 2018					Purchases, issuances, sales and settlements, net
	Purchases	Issuances	Sales	Settlements		
Assets						
Fixed maturity securities						
AFS securities						
Corporate	\$ 68	\$ —	\$ (5)	\$ (5)	\$ 58	
CLO	131	—	—	—	131	
ABS	40	—	(20)	(124)	(104)	
RMBS	31	—	—	(8)	23	
Trading securities						
CLO	13	—	—	(12)	1	
Equity securities	—	—	(8)	—	(8)	
Investment funds	—	—	—	(7)	(7)	
Investments in related parties						
Fixed maturity securities						
AFS securities						
CLO	62	—	—	—	62	
Trading securities						
CLO	—	—	(1)	—	(1)	
Investment funds	108	—	—	—	108	
Total Level 3 assets	\$ 453	\$ —	\$ (34)	\$ (156)	\$ 263	
Liabilities						
Interest sensitive contract liabilities						
Embedded derivative	\$ —	\$ (126)	\$ —	\$ 70	\$ (56)	
Total Level 3 liabilities	\$ —	\$ (126)	\$ —	\$ 70	\$ (56)	

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ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions)	Three months ended March 31, 2017					Purchases, issuances, sales and settlements, net
	Purchases	Issuances	Sales	Settlements		
Assets						
Fixed maturity securities						
AFS securities						
U.S. state, municipal and political subdivisions	\$ —	\$ —	\$ —	\$ (20)	\$ (20)	
Foreign governments	—	—	—	(1)	(1)	
Corporate	94	—	—	(2)	92	
CLO	13	—	(2)	(8)	3	
ABS	103	—	—	(28)	75	
Trading securities						
CLO	—	—	(15)	—	(15)	
RMBS	2	—	—	—	2	
Investments in related parties						
Fixed maturity securities						
AFS securities, ABS	5	—	—	(7)	(2)	
Trading securities, CLO	—	—	(14)	—	(14)	
Short-term investments	20	—	—	—	20	
Total Level 3 assets	\$ 237	\$ —	\$ (31)	\$ (66)	\$ 140	
Liabilities						
Interest sensitive contract liabilities						
Embedded derivative	\$ —	\$ (110)	\$ —	\$ 31	\$ (79)	
Total Level 3 liabilities	\$ —	\$ (110)	\$ —	\$ 31	\$ (79)	

Significant Unobservable Inputs—Significant unobservable inputs occur when we could not obtain or corroborate the quantitative detail of the inputs. This applies to fixed maturity securities, equity securities, mortgage loans and certain derivatives, as well as embedded derivatives in liabilities. Additional significant unobservable inputs are described below.

Fixed maturity securities – For certain fixed maturity securities, internal models are used to calculate the fair value. We use a discounted cash flow approach. The discount rate is the significant unobservable input due to the determined credit spread being internally developed, illiquid, or as a result of other adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. As of March 31, 2018, discounts ranged from 3% to 9%, and as of December 31, 2017, discounts ranged from 2% to 6%. This excludes assets for which significant unobservable inputs are not developed internally, primarily consisting of broker quotes.

Interest sensitive contract liabilities – embedded derivative – Significant unobservable inputs we use in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Non-performance risk – For contracts we issue, we use the credit spread from the U.S. treasury curve based on our public credit rating as of the valuation date. This represents our credit risk for use in the estimate of the fair value of embedded derivatives. For contracts reinsured through funds withheld reinsurance, the cedant company holds collateral against its exposure; therefore, immaterial non-performance risk is ascribed to these contracts.
2. Option budget – We assume future hedge costs in the derivative's fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – We regularly review the lapse and withdrawal assumptions (surrender rate). These are based on our initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

The following summarizes the unobservable inputs for the embedded derivatives of fixed indexed annuities:

(In millions, except for percentages)	Fair value	Valuation technique	March 31, 2018		
			Unobservable inputs	Input/range of inputs	Impact of an increase in the input on fair value
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	\$ 7,254	Option budget method	Non-performance risk	0.5% – 1.3%	Decrease
			Option budget	0.8% – 3.7%	Increase
			Surrender rate	1.6% – 20.7%	Decrease

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ATHENE HOLDING LTD.
Notes to Condensed Consolidated Financial Statements (Unaudited)

<i>(In millions, except for percentages)</i>	December 31, 2017				
	Fair value	Valuation technique	Unobservable inputs	Input/range of inputs	Impact of an increase in the input on fair value
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	\$ 7,436	Option budget method	Non-performance risk	0.2% – 1.2%	Decrease
			Option budget	0.7% – 3.7%	Increase
			Surrender rate	1.5% – 19.4%	Decrease

Fair Value of Financial Instruments Not Carried at Fair Value—The following represents our financial instruments not carried at fair value on the condensed consolidated balance sheets:

<i>(In millions)</i>	March 31, 2018					
	Carrying Value	Fair Value	NAV ¹	Level 1	Level 2	Level 3
Assets						
Mortgage loans	\$ 6,098	\$ 6,275	\$ —	\$ —	\$ —	\$ 6,275
Investment funds	516	516	516	—	—	—
Policy loans	510	510	—	—	510	—
Funds withheld at interest	6,886	6,886	—	—	—	6,886
Other investments	74	74	—	—	—	74
Investments in related parties						
Investment funds	1,346	1,346	1,346	—	—	—
Other investments	238	258	—	—	—	258
Total assets not carried at fair value	\$ 15,668	\$ 15,865	\$ 1,862	\$ —	\$ 510	\$ 13,493
Liabilities						
Interest sensitive contract liabilities	\$ 31,878	\$ 30,892	\$ —	\$ —	\$ —	\$ 30,892
Long-term debt	992	962	—	—	962	—
Funds withheld liability	384	384	—	—	384	—
Total liabilities not carried at fair value	\$ 33,254	\$ 32,238	\$ —	\$ —	\$ 1,346	\$ 30,892

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

<i>(In millions)</i>	December 31, 2017					
	Carrying Value	Fair Value	NAV ¹	Level 1	Level 2	Level 3
Assets						
Mortgage loans	\$ 6,192	\$ 6,342	\$ —	\$ —	\$ —	\$ 6,342
Investment funds	554	554	554	—	—	—
Policy loans	530	530	—	—	530	—
Funds withheld at interest	6,773	6,773	—	—	—	6,773
Other investments	133	133	—	—	58	75
Investments in related parties						
Investment funds	1,280	1,280	1,280	—	—	—
Other investments	238	259	—	—	—	259
Total assets not carried at fair value	\$ 15,700	\$ 15,871	\$ 1,834	\$ —	\$ 588	\$ 13,449
Liabilities						
Interest sensitive contract liabilities	\$ 31,586	\$ 31,656	\$ —	\$ —	\$ —	\$ 31,656
Funds withheld liability	385	385	—	—	385	—
Total liabilities not carried at fair value	\$ 31,971	\$ 32,041	\$ —	\$ —	\$ 385	\$ 31,656

¹ Investments measured at NAV as a practical expedient in determining fair value have not been classified in the fair value hierarchy.

We estimate the fair value for financial instruments not carried at fair value using the same methods and assumptions as those we carry at fair value. The financial instruments presented above are reported at carrying value on the condensed consolidated balance sheets; however, in the case of policy loans, funds withheld at interest and liability, and other investments, the carrying amount approximates fair value.

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

Investment in related parties – Other investments – The fair value of related party other investments is determined using a discounted cash flow model using discount rates for similar investments.

Interest sensitive contract liabilities – The carrying and fair value of interest sensitive contract liabilities above includes fixed indexed and traditional fixed annuities without mortality or morbidity risks, funding agreements and payout annuities without life contingencies. The embedded derivatives within fixed indexed annuities without mortality or morbidity risks are excluded, as they are carried at fair value. The valuation of these investment contracts is based on discounted cash flow methodologies using significant unobservable inputs. The estimated fair value is determined using current market risk-free interest rates, adding a spread to reflect our nonperformance risk and subtracting a risk margin to reflect uncertainty inherent in the projected cash flows.

Long-term debt – We obtain the fair value of long-term debt from commercial pricing services. These are classified as Level 2. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data.

6. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of deferred acquisition costs (DAC), deferred sales inducements (DSI) and value of business acquired (VOBA):

<i>(In millions)</i>	DAC	DSI	VOBA	Total
Balance at December 31, 2017	\$ 1,354	\$ 520	\$ 1,056	\$ 2,930
Additions	122	46	—	168
Amortization	(37)	(20)	(52)	(109)
Impact of unrealized investment (gains) losses	52	22	79	153
Balance at March 31, 2018	\$ 1,491	\$ 568	\$ 1,083	\$ 3,142
<i>(In millions)</i>	DAC	DSI	VOBA	Total
Balance at December 31, 2016	\$ 1,142	\$ 462	\$ 1,336	\$ 2,940
Additions	105	37	—	142
Amortization	(58)	(18)	(46)	(122)
Impact of unrealized investment (gains) losses	(27)	(13)	(45)	(85)
Balance at March 31, 2017	\$ 1,162	\$ 468	\$ 1,245	\$ 2,875

7. Debt

Senior Notes—In the first quarter of 2018, AHL issued \$1 billion of unsecured senior notes due in January 2028. The senior notes have a 4.125% coupon rate, payable semi-annually. The senior notes are callable at any time prior to October 12, 2027 by AHL, at a price equal to the greater of (1) 100% of the principal and any accrued and unpaid interest and (2) an amount equal to the sum of the present values of remaining scheduled payments, discounted from the scheduled payment date to the redemption date at the Treasury Rate (as defined in the prospectus supplement relating to the senior notes, dated January 9, 2018) plus 25 basis points, and any accrued and unpaid interest. Additionally, if our transaction with Voya Financial Inc. (Voya), as described further in *Note 12 – Commitments and Contingencies*, does not close, AHL will be required to redeem the senior notes at 101% of the principal and any accrued and unpaid interest. Interest expense on long-term debt was \$9 million for the three months ended March 31, 2018.

Short-term Debt—In the second quarter of 2018, we borrowed \$183 million from the Federal Home Loan Bank (FHLB) of Des Moines through their variable rate short-term federal funds program. The borrowing matures on August 24, 2018 and carries an interest rate of 2.16%, with interest due at maturity. In connection with such borrowing, the FHLB requires the borrower to purchase member stock and post sufficient collateral to secure the borrowing. To satisfy these requirements, we purchased an additional \$7 million of FHLB stock; however, we were not required to post additional collateral. See *Note 12 – Commitments and Contingencies* for further discussion regarding existing collateral posting with the FHLB.

8. Earnings Per Share

The following represents our basic and diluted earnings per share (EPS) calculations:

(In millions, except share and per share data)	Three months ended March 31, 2018					
	Class A	Class B	Class M-1	Class M-2	Class M-3	Class M-4
Net income	\$ 202	\$ 56	\$ 5	\$ 1	\$ 1	\$ 3
Basic weighted average shares outstanding	148,693,902	41,096,937	3,388,890	841,011	1,049,157	2,065,204
Dilutive effect of stock compensation plans	258,203	—	—	8,976	20,572	929,228
Diluted weighted average shares outstanding	148,952,105	41,096,937	3,388,890	849,987	1,069,729	2,994,432
Earnings per share¹						
Basic	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36
Diluted	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.34	\$ 1.33	\$ 0.94

¹ Calculated using whole figures.

(In millions, except share and per share data)	Three months ended March 31, 2017					
	Class A	Class B	Class M-1	Class M-2 ²	Class M-3	Class M-4
Net income	\$ 156	\$ 221	\$ 7	\$ —	\$ —	\$ —
Basic weighted average shares outstanding	78,246,213	110,772,123	3,452,402	42,267	—	—
Dilutive effect of stock compensation plans	3,051,380	—	—	971,427	—	—
Diluted weighted average shares outstanding	81,297,593	110,772,123	3,452,402	1,013,694	—	—
Earnings per share¹						
Basic	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	N/A	N/A
Diluted	\$ 1.92	\$ 2.00	\$ 2.00	\$ 0.08	N/A	N/A

N/A – Not applicable

¹ Calculated using whole figures.

² Net income allocated to Class M-2 common shares rounded to \$0 million for the three months ended March 31, 2017. However, earnings per share is calculated using whole figures.

We use the two-class method for allocating net income to each class of our common stock. Our Class M shares do not become eligible to participate in dividends until a return of investment (ROI) condition has been met for each class. Once eligible, each class of our common stock has equal dividend rights. The ROI condition was met for Class M-2 on March 28, 2017, and for Class M-3 and Class M-4 on April 20, 2017. For purposes of calculating basic weighted average shares outstanding and the allocation of basic income, shares are deemed to be participating in earnings for only the portion of the period after the condition is met. For purposes of calculating diluted weighted average shares outstanding, shares are deemed dilutive as of the beginning of the period.

Dilutive shares are calculated using the treasury stock method. For Class A shares, this method takes into account shares that can be settled into Class A shares, net of a conversion price. The diluted EPS calculations for Class A shares excluded the following shares, restricted stock units (RSUs) and options:

	Three months ended March 31,	
	2018	2017
Antidilutive shares, RSUs and options excluded from diluted EPS calculation	35,212,154	91,666,275
Shares, RSUs and options excluded from diluted EPS calculation as a performance condition had not been met	279,992	2,763,613
Total shares, RSUs and options excluded from diluted EPS calculation	35,492,146	94,429,888

Note: Shares, RSUs and options are as of period end.

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9. Accumulated Other Comprehensive Income

The following is a detail of AOCI and changes in AOCI. Prior period balances include equity securities that were classified as AFS securities prior to the adoption of ASU 2016-01.

<i>(In millions)</i>	March 31, 2018	December 31, 2017
AFS securities	\$ 1,228	\$ 2,577
DAC, DSI, VOBA, future policy benefits and dividends payable to policyholders adjustments on AFS securities	(349)	(744)
Noncredit component of OTTI losses on AFS securities	(13)	(13)
Hedging instruments	(151)	(95)
Pension adjustments	(2)	(5)
Foreign currency translation adjustments	—	8
Accumulated other comprehensive income, before taxes	713	1,728
Deferred income taxes	(128)	(313)
Accumulated other comprehensive income	\$ 585	\$ 1,415

Changes in AOCI are presented below:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Unrealized investment gains (losses) on AFS securities		
Unrealized investment gains (losses) on AFS securities	\$ (1,282)	\$ 516
Change in DAC, DSI, VOBA, future policy benefits and dividends payable to policyholders adjustment	391	(82)
Less: Reclassification adjustment for gains (losses) realized in net income ¹	19	15
Less: Income tax expense (benefit)	(163)	113
Net unrealized investment gains (losses) on AFS securities	(747)	306
Noncredit component of OTTI losses on AFS securities		
Noncredit component of OTTI losses on AFS securities	(1)	1
Less: Reclassification adjustment for losses realized in net income ¹	(1)	—
Net noncredit component of OTTI losses on AFS securities	—	1
Unrealized gains (losses) on hedging instruments		
Unrealized gains (losses) on hedging instruments	(56)	(5)
Less: Income tax benefit	(20)	(2)
Net unrealized gains (losses) on hedging instruments	(36)	(3)
Pension adjustments	3	—
Foreign currency translation adjustments	(8)	2
Change in AOCI from other comprehensive income (loss)	(788)	306
Adoption of ASU 2016-01	(42)	—
Change in AOCI	\$ (830)	\$ 306

¹ Recognized in investment related gains (losses) on the condensed consolidated statements of income.

10. Income Taxes

Our effective tax rates were 18% and 5% for the three months ended March 31, 2018, and 2017, respectively. Our effective tax rates may vary period to period depending upon the relationship of income and loss subject to tax compared to consolidated income and loss before income taxes. With the enactment of Public Law no. 115-97, an Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018 (Tax Act), the U.S. statutory tax rate declined to 21% from 35%; however, the Base Erosion and Anti-Abuse Tax (BEAT) was established, which may subject payments to our non-U.S. reinsurance subsidiaries to a tax of 5%, which would increase to 10% in 2019. The income tax expense for the three months ended March 31, 2018 assumes that we have taken steps so that the BEAT is not applicable to such payments and thereby assumes that more income is subject to U.S. income tax.

The Internal Revenue Service is currently auditing the 2013 consolidated tax return filed by Athene USA, and is also conducting a limited scope audit of the 2015 consolidated tax return filed by Athene Annuity & Life Assurance Company (AADE). No material proposed adjustments have been issued with respect to either exam. See discussion of ongoing tax examinations relating to Aviva USA Corporation (Aviva USA) in *Note 12 – Commitments and Contingencies*.

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Under current Bermuda law, we are not required to pay any taxes in Bermuda on either income or capital gains. We have received an undertaking from the Bermuda Minister of Finance that, in the event of any such taxes being imposed, we will be exempted from taxation until the year 2035.

11. Related Parties

Athene Asset Management

Investment related expenses – Substantially all of our investments are managed by Athene Asset Management LLC (AAM), a subsidiary of AGM. AAM provides direct investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services for our investment portfolio, including investment compliance, tax, legal and risk management support. As of March 31, 2018, AAM directly managed \$62,051 million of our investment portfolio assets, of which 90% are designated one or two (the two highest designations) by the National Association of Insurance Commissioners (NAIC).

For the services it renders, AAM earns a fee on all assets managed in accounts owned by or related to us, including sub-advised assets and certain other limited exceptions. Additionally, AAM recharges the sub-advisory fees it incurs with respect to our sub-advised assets to us. Historically, AAM generally earned an annual fee of 0.40% of assets under management. In the second quarter of 2017, following shareholder approval of an amendment to our bye-laws, we entered into the Fifth Amended and Restated Fee Agreement (Revised Fee Agreement), retroactive to January 1, 2017. The Revised Fee Agreement amended certain fee arrangements we previously had in place with AAM to provide for, among other things, an annual fee of 0.30% (reduced from 0.40%) on all assets that Apollo manages in accounts owned by us in the U.S. and Bermuda or in accounts supporting reinsurance ceded to our U.S. and Bermuda subsidiaries by third-party insurers (North American Accounts) in excess of \$65,846 million (the level of assets in the North American Accounts as of December 31, 2016). The fee to be paid by us to AAM on the first \$65,846 million of assets in the North American Accounts remains 0.40% per year, subject to certain discounts and exceptions.

For certain assets which require specialized sourcing and underwriting capabilities, AAM has chosen to mandate sub-advisors rather than building out in-house capabilities. AAM has entered into Master Sub-Advisory Agreements (MSAAs) with certain Apollo affiliates to sub-advise AAM with respect to a portion of our assets, with the fees recharged to us, in addition to the gross fee paid to AAM as described above. The MSAAs cover services rendered by Apollo-affiliated sub-advisors relating to the following investments:

<i>(In millions, except for percentages)</i>	March 31, 2018	December 31, 2017
Fixed maturity securities		
AFS securities		
Foreign governments	\$ 121	\$ 152
Corporate	3,178	2,934
CLO	5,859	5,166
ABS	643	681
CMBS	845	872
Trading securities	121	121
Mortgage loans	2,419	2,232
Investment funds	26	26
Funds withheld at interest	1,726	1,737
Other investments	74	75
Total assets sub-advised by Apollo affiliates	\$ 15,012	\$ 13,996
Percent of assets sub-advised by Apollo affiliates to total AAM-managed assets	19%	18%

During the second quarter of 2017, AAM and certain other Apollo affiliates entered into addendums to the MSAAs currently in effect, pursuant to which, with limited exceptions, Apollo will earn 0.40% per year on all assets in the North American Accounts explicitly sub-advised by Apollo up to \$10,000 million, 0.35% per year on all assets in such accounts explicitly sub-advised by Apollo in excess of \$10,000 million up to \$12,441 million (the level of fee-paying sub-advised assets in the North American Accounts at December 31, 2016), 0.40% per year on all assets in such accounts explicitly sub-advised by Apollo in excess of \$12,441 million up to \$16,000 million, and 0.35% per year on all assets in such accounts explicitly sub-advised by Apollo in excess of \$16,000 million. The addendums were retroactive to January 1, 2017.

The following summarizes the asset management fees and sub-advisory fees we have incurred related to AAM and other Apollo affiliates:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Asset management fees	\$ 70	\$ 62
Sub-advisory fees	13	16

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The management and sub-advisory fees are included within net investment income on the condensed consolidated statements of income. As of March 31, 2018 and December 31, 2017, the management fees payable was \$50 million and \$28 million, respectively, and the sub-advisory fees payable was \$17 million and \$13 million, respectively. Both the management and sub-advisory fees payables are included in other liabilities on the condensed consolidated balance sheets.

The investment management agreements with AAM have no stated term and any party can terminate upon notice. However, our bye-laws provide that we will not exercise our termination rights under the agreements until October 31, 2018 or any annual anniversary thereafter (each such date, an IMA Termination Election Date) and any termination thereon requires the approval of two-thirds of our Independent Directors (as defined in the bye-laws) and prior written notice thereof to Apollo of at least 30 days. If the Independent Directors make such election and such notice is timely delivered, the termination will be effective on the second anniversary of the applicable IMA Termination Election Date (an IMA Termination Effective Date). Notwithstanding the foregoing, (1) the Independent Directors may only elect to terminate an investment management agreement or advisory agreement on an IMA Termination Election Date if two-thirds of the Independent Directors determine in their sole discretion acting in good faith that either (i) there has been unsatisfactory long-term performance materially detrimental to us by Apollo or (ii) the fees being charged by Apollo are unfair and excessive compared to a comparable asset manager (provided, that in either case such Independent Directors must deliver notice of any such determination to Apollo and Apollo shall have until the applicable IMA Termination Effective Date to address such concerns, and provided, further, that in the case of such a determination that the fees being charged by Apollo are unfair and excessive, Apollo has the right to lower its fees to match the fees of such comparable asset manager) and (2) upon the determination by two-thirds of the Independent Directors, we may also terminate an investment management agreement or advisory agreement with Apollo as a result of either (i) a material violation of law relating to Apollo's advisory business, or (ii) Apollo's gross negligence, willful misconduct or reckless disregard of its obligations under the relevant agreement, and in either case (i) or (ii), the delivery of at least 30 days' prior written notice to Apollo of such termination and such termination will be effective at the end of such 30-day period.

We have a management investment committee, which includes members of our senior management and reports to the risk committee of our board of directors. The committee focuses on strategic decisions involving our investment portfolio, such as approving investment limits, new asset classes and our allocation strategy, reviewing large asset transactions, as well as monitoring our credit risk, and the management of our assets and liabilities.

A significant voting interest in the Company is held by shareholders who are members of the Apollo Group, as defined in our bye-laws. Also, James Belardi, our Chief Executive Officer, is also an employee of AAM, receives substantial remuneration from acting as Chief Executive Officer of AAM, and owns a 5% profits interest in AAM. Additionally, five of the thirteen members of our board of directors are employees of or consultants to Apollo (including Mr. Belardi). In order to protect against potential conflicts of interest resulting from transactions into which we have entered and will continue to enter into with the Apollo Group, our bye-laws require us to maintain a conflicts committee comprised solely of three of our directors who are not officers or employees of any member of the Apollo Group. The conflicts committee reviews and approves material transactions between us and the Apollo Group, subject to certain exceptions.

Other related party transactions—We have a loan purchase agreement with AmeriHome Mortgage Company, LLC (AmeriHome), an investee of A-A Mortgage, an equity method investee. The agreement allows us to purchase residential mortgage loans which they have purchased from correspondent sellers and pooled for sale in the secondary market. AmeriHome retains the servicing rights to the sold loans. We purchased \$44 million and \$1 million of residential mortgage loans under this agreement during the three months ended March 31, 2018 and 2017, respectively. Additionally, we have made loans to Aris Holdco, which owns 100% of the equity interests in AmeriHome, in the principal amount of \$123 million and \$52 million as of March 31, 2018 and December 31, 2017, respectively, and these are included in related party short-term investments on the condensed consolidated balance sheets.

On January 1, 2018, in order to align our interests with those of Athora, in connection with the Closing, we entered into a cooperation agreement with Athora, pursuant to which, among other things, (1) we will have the right to reinsure approximately 20% of the spread business written or reinsured by any insurance or reinsurance company owned or acquired by Athora, (2) Athora's insurance subsidiaries will be required to purchase certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, (3) we will provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the United Kingdom) and (4) Athora will provide us and our subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the United Kingdom. Additionally, as of March 31, 2018, we had \$178 million of funding agreements outstanding to Athora, which were issued to Athora prior to Closing.

ATHENE HOLDING LTD.

Notes to Condensed Consolidated Financial Statements (Unaudited)

12. Commitments and Contingencies

Contingent Commitments—We had commitments to make investments, primarily capital contributions to investment funds, inclusive of the equity and financing transactions described below, of \$2,366 million and \$2,358 million as of March 31, 2018 and December 31, 2017, respectively. We expect most of our current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

In December 2017, we entered into a transaction with Voya, pursuant to which we agreed to reinsure approximately \$19 billion of fixed annuities. Additionally, a consortium of investors, led by affiliates of Apollo, and certain other investors, agreed to purchase Voya Insurance and Annuity Company (VIAC), including its closed block variable annuity segment, and create a newly formed standalone entity, Venerable Holdings, Inc. (Venerable) that will be the holding company of VIAC. We committed to make a \$75 million minority equity investment in VA Capital Company LLC, the holding company of Venerable, and provide financing to Venerable of \$150 million, in each case, subject to certain closing adjustments. These transactions are expected to close in the second or third quarter of 2018, subject to regulatory approval and customary closing conditions.

Funding Agreements—We are a member of the FHLB and, through membership, we have issued funding agreements to the FHLB in exchange for cash advances. As of March 31, 2018 and December 31, 2017, we had \$616 million and \$573 million, respectively, of funding agreements outstanding with the FHLB. We are required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

We have a funding agreement backed notes (FABN) program, which allows Athene Global Funding, a special-purpose, unaffiliated statutory trust to offer up to \$5 billion of its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from us. Funding agreements outstanding under this program had a carrying value of \$2,996 million as of March 31, 2018 and December 31, 2017.

Pledged Assets and Funds in Trust (Restricted Assets)—The total restricted assets included on the condensed consolidated balance sheets are as follows:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Fixed maturity securities, AFS securities	\$ 1,537	\$ 1,572
Equity securities	—	36
Mortgage loans	858	914
Investment funds	15	20
Short-term investments	7	10
Other investments	35	—
Restricted cash	87	105
Total restricted assets	\$ 2,539	\$ 2,657

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements, and the FHLB funding agreements described above.

Litigation, Claims and Assessments

Griffiths Matter – On July 27, 2015, John Griffiths, on behalf of himself and others similarly situated, filed a putative class action complaint against us in the United States District Court for the District of Massachusetts. An amended complaint was filed on December 18, 2015. The complaint asserts claims against AHL, AAIA and Athene London Assignment Corporation (Athene London), in addition to an Aviva defendant. AHL is a named defendant due to its purchase of Aviva USA, and AAIA and Athene London are named as successors to Aviva Life Insurance Company and Aviva London Assignment Corporation, respectively. The complaint alleges a putative class of all persons who are the beneficial owners of assets which were used to purchase structured settlement annuities that Aviva Life Insurance Company, Aviva London Assignment Corporation, and Aviva International Insurance Limited (collectively, the Aviva Entities) or their predecessors, as applicable, delivered to purchasers on or after April 1, 2003 that were backed by a capital maintenance agreement issued by Aviva International Insurance Limited or its predecessor (the CMA). The complaint alleges that the Aviva Entities sold structured settlement annuities to the public on the basis that such products were backed by the CMA, which was alleged to be a source of great financial strength. The complaint further alleges that the Aviva Entities used the CMA to enhance the sales volume and raise the price of the annuities. The complaint claims that, as a result of Aviva USA's sale to AHL, the CMA terminated. According to the complaint, no notice of this termination was provided to the owners of the structured settlement annuities. The complaint alleges that the termination of the CMA gave rise to claims for breach of contract, breach of fiduciary duty, promissory estoppel, and unjust enrichment. AHL and plaintiff recently agreed to a term sheet settlement on a class wide basis. Terms of the settlement, which is subject to court approval, include: (1) AHL entering into a capital maintenance agreement with Athene London requiring AHL to provide capital to Athene London upon a missed structured settlement payment that is not timely cured and (2) AHL paying a monetary amount that is immaterial to us.

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Internal Revenue Service (IRS) Matters – The IRS completed its examinations of the 2006 through 2010 Aviva USA tax years with Aviva USA agreeing to all proposed adjustments with two exceptions: (1) AAIA’s treatment of call options used to hedge fixed indexed annuity (FIA) liabilities for the tax years 2008–2010 and (2) the disallowance of offsetting tax deductions taken by AAIA and taxable income reported by the non-life subgroup with respect to unpaid independent marketing organization commissions. The first adjustment to which Aviva USA did not agree would disallow deductions of \$191 million, \$154 million and \$76 million for 2008, 2009 and 2010, respectively. The second adjustment to which Aviva USA did not agree would increase non-life net operating losses and decrease AAIA net operating losses by \$16 million in each of 2009 and 2010. Taxes, penalties and interest with respect to these two issues for the years under audit are subject to indemnification by Aviva plc under the Stock Purchase Agreement (SPA) between Aviva plc and AHL, dated December 21, 2012 assuming the SPA requirements are satisfied. Athene USA was unable to negotiate a favorable settlement of this issue with the IRS, and is contesting the adjustment in federal court. If the IRS position is upheld in federal court, Athene USA expects that it would owe tax of \$120 million, plus interest, for tax years ending on or before October 2, 2013, which are subject to indemnification by Aviva plc as described above.

The IRS also recently completed its examination of the 2011 through 2012 Aviva USA tax years, proposing adjustments that would increase taxable income by approximately \$16 million in the aggregate for these two tax years. Athene USA agreed to all adjustments that were proposed with respect to those tax years except for adjustments relating to the same two issues that were not agreed to during the prior examination as discussed above. The first adjustment to which Athene USA did not agree would disallow deductions of \$16 million in 2011 and increase deductions by \$12 million in 2012. The second adjustment to which Athene USA did not agree would increase non-life net operating losses and decrease AAIA net operating losses by \$15 million in 2011 and \$12 million in 2012. Taxes, penalties and interest with respect to these two tax years are subject to indemnification by Aviva plc under the SPA, assuming the SPA requirements are satisfied. The treatment of FIA hedges is a recurring issue as to the timing of the related deductions and could affect the current income tax incurred in periods after October 2, 2013, which are not subject to indemnification by Aviva plc. Given that the disallowance of a deduction in one period results in an increased deduction in a future period, we do not expect that there will be any material impact to our financial condition resulting from this issue.

Corporate-owned Life Insurance (COLI) Matter – In 2000 and 2001, two insurance companies which were subsequently merged into AAIA purchased from American General Life Insurance Company (American General) broad based variable COLI policies that, as of March 31, 2018, had an asset value of \$354 million, and is included in other assets on the condensed consolidated balance sheets. In January 2012, the COLI policy administrator delivered to AAIA a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, AAIA filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties’ agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants’ motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and on April 3, 2018, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair AAIA’s ability to access the value of guarantees associated with the policies. The value of the guarantees included within the asset value reflected above is \$171 million as of March 31, 2018.

Holzer Matter – On September 12, 2016, Jack Holzer and Mary Bruesh-Holzer filed suit in Jackson County, Missouri against several defendants, including AADE, as successor-in-interest to Business Men’s Assurance Company of America. Mr. Holzer allegedly sustained injuries due to asbestos exposure from 1966–1973 while working in an office building in Kansas City, Missouri, then owned by Business Men’s Assurance Company of America. Plaintiffs asserted strict liability and negligence claims against AADE. On February 26, 2018, an agreement was reached that resulted in the settlement of this matter. The settlement had no impact on our financial condition, results of operations or cash flows.

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Regulatory Matter – Our U.S. insurance subsidiaries have experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business acquired in connection with our acquisition of Aviva USA and reinsured to affiliates of Global Atlantic by the third-party administrator (TPA) retained by such Global Atlantic affiliates to provide services on such policies, as well as on certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted to and are being administered by the same TPA. On April 5, 2017, we received notification from the New York State Department of Financial Services (NYSDFS) that it planned to undertake a market conduct examination of Athene Life Insurance Company of New York (ALICNY) for the period of January 1, 2012 through March 31, 2017 (NYSDFS Market Conduct Examination), and on May 31, 2017, we received notification from the Texas Department of Insurance that it intended to undertake an enforcement proceeding, in each case, relating to the treatment of policyholders subject to our reinsurance agreements with affiliates of Global Atlantic and the conversion of such annuity policies, including the administration of such blocks by such TPA. On November 15, 2017, we received notification from the NYSDFS that its examination of ALICNY had resulted in the identification of a significant number of asserted violations of New York insurance law associated with the life block reinsured to affiliates of Global Atlantic, who have also been overseeing policyholder administration and the TPA servicing the policies in the block, with a significant number of such violations not subject to dispute by the relevant affiliates of Global Atlantic or by us. On January 30, 2018, we received a draft report regarding the NYSDFS Market Conduct Examination from the NYSDFS, which identified in more detail the violations asserted in the November 15, 2017 letter as well as certain other violations. We believe we are nearing a resolution of the NYDFS Market Conduct Examination, but there are no assurances that a definitive agreement will be finalized and executed by the parties. We currently expect that the resolution will not have a material impact on our financial condition, results of operations or cash flows. To the extent we are unable to reach a final agreement with the NYSDFS, it is possible that we may incur fines or penalties which could have a material adverse effect on our financial condition, results of operations or cash flows. In addition to the foregoing, we have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. It is possible that other jurisdictions may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. Other than as described above, we are not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

13. Segment Information

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other.

Retirement Services—Retirement Services is comprised of our United States and Bermuda operations, which issue and reinsure retirement savings products and institutional products. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure multi-year guaranteed annuities, fixed indexed annuities, traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our institutional operations, including funding agreements and pension risk transfer (PRT) obligations, are included in our Retirement Services segment.

Corporate and Other—Corporate and Other includes certain other operations related to our corporate activities, including corporate allocated expenses, merger and acquisition costs, debt costs, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In Corporate and Other, we also hold capital in excess of the level of capital we hold in Retirement Services to support our operating strategy. Prior to the deconsolidation of Athora on January 1, 2018, Corporate and Other included our German operations, which were primarily comprised of participating long-duration savings products. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* for discussion on the deconsolidation of our German operations in 2018.

Financial Measures—Segment adjusted operating income is an internal measure used by the chief operating decision maker to evaluate and assess the results of our segments.

Operating revenue is a component of adjusted operating income and excludes market volatility and adjustments for other non-operating activity. Our operating revenue equals our total revenue, adjusted to eliminate the impact of the following non-operating adjustments:

- Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets;
- Investment gains (losses), net of offsets;
- VIE expenses and noncontrolling interest; and
- Other adjustments to revenues.

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The table below reconciles segment adjusted operating revenues to total revenues presented on the condensed consolidated statements of income:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Adjusted operating revenue by segment		
Retirement Services	\$ 1,257	\$ 888
Corporate and Other	27	68
Total segment adjusted operating revenues	1,284	956
Non-operating adjustments		
Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets	(158)	536
Investment gains (losses), net of offsets	(106)	125
Other adjustments to revenues	(9)	2
Total non-operating adjustments	(273)	663
Total revenues	\$ 1,011	\$ 1,619

Adjusted operating income is an internal measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation and certain other expenses. Our adjusted operating income equals net income adjusted to eliminate the impact of the following non-operating adjustments:

- Investment gains (losses), net of offsets;
- Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets;
- Integration, restructuring and other non-operating expenses;
- Stock-based compensation, excluding the long-term incentive plan (LTIP); and
- Income tax (expense) benefit – non-operating.

The table below reconciles segment adjusted operating income to net income on the condensed consolidated statements of income:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Adjusted operating income (loss) by segment		
Retirement Services	\$ 235	\$ 275
Corporate and other	2	(9)
Total segment adjusted operating income	237	266
Non-operating adjustments		
Investment gains (losses), net of offsets	(33)	57
Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets	95	94
Integration, restructuring and other non-operating expenses	(8)	(9)
Stock-based compensation, excluding LTIP	(3)	(10)
Income tax (expense) benefit – non-operating	(20)	(14)
Total non-operating adjustments	31	118
Net income	\$ 268	\$ 384

The following represents total assets by segment:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
	Total assets by segment	
Retirement Services	\$ 90,115	\$ 91,335
Corporate and Other	3,442	8,412
Total assets	\$ 93,557	\$ 99,747

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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Overview

We are a leading retirement services company that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. We generate attractive financial results for our policyholders and shareholders by combining our two core competencies of (1) sourcing long-term, generally illiquid liabilities and (2) investing in a high quality investment portfolio, which takes advantage of the illiquid nature of our liabilities. Our steady and significant base of earnings generates capital that we opportunistically invest across our business to source attractively-priced liabilities and capitalize on opportunities. Our differentiated investment strategy benefits from our strategic relationship with Apollo and its indirect subsidiary, AAM. AAM provides a full suite of services for our investment portfolio, including direct investment management, asset allocation, mergers and acquisition asset diligence and certain operational support services, including investment compliance, tax, legal and risk management support. Our relationship with Apollo and AAM also provides us with access to Apollo's investment professionals around the world, as well as Apollo's global asset management infrastructure that supports a broad array of asset classes. We are led by a highly skilled management team with extensive industry experience. We are based in Bermuda with our U.S. subsidiaries' headquarters located in Iowa.

We began operating in 2009 when the burdens of the financial crisis and resulting capital demands caused many companies to exit the retirement market, creating the need for a well-capitalized company with an experienced management team to fill the void. Taking advantage of this market dislocation, we have been able to acquire substantial blocks of long-duration liabilities and reinvest the related investments to produce profitable returns. We have established a significant base of earnings and, as of March 31, 2018, have an expected annual investment margin of 2-3% over the 8.3 year weighted-average life of our deferred annuities, which make up a substantial portion of our reserve liabilities. As of March 31, 2018, the weighted-average life of all products, which includes deferred annuities, payout annuities, PRT obligations, funding agreements and other products, was 9.2 years.

We are diligent in setting our return targets based on market conditions and risks inherent to our products offered and acquisitions or block reinsurance transactions. Specific return targets are established with due consideration to the facts and circumstances surrounding each growth opportunity and may be higher or lower than those that we target more generally. Factors that we consider in establishing return targets for a given growth opportunity include, but are not limited to, the certainty of the return profile, the strategic nature of the opportunity, the size and scale of the opportunity, the alignment and fit of the opportunity with our existing business, the opportunity for risk diversification and the existence of increased opportunities for higher returns or growth. If market conditions or risks inherent to a product or transaction create return profiles that are not acceptable to us, we generally will not sacrifice our profitability merely to facilitate growth.

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other. Retirement Services is comprised of our U.S. and Bermuda operations which issue and reinsure retirement savings products and institutional products. Corporate and Other includes certain other operations related to our corporate activities and previously included our former German operations, which were primarily comprised of participating long-duration savings products.

Our consolidated annualized ROE for the three months ended March 31, 2018 and the year ended December 31, 2017 was 12.0% and 18.0%, respectively, and our consolidated annualized adjusted operating ROE was 12.1% and 15.8%, respectively. As a result of our focus on issuing, reinsuring and acquiring attractively-priced liabilities, our differentiated investment strategy and our significant scale, for the three months ended March 31, 2018 and the year ended December 31, 2017, in our Retirement Services segment, we generated an annualized investment margin on deferred annuities of 2.76% and 2.82%, respectively, and annualized adjusted operating ROE of 17.3% and 22.5%, respectively. We currently maintain what we believe to be high capital ratios for our rating and, as of March 31, 2018, hold approximately \$2.0 billion of excess capital, and view this excess as strategic capital available to reinvest into organic and inorganic growth opportunities.

Our organic channels, including retail, flow reinsurance and institutional products, provided deposits of \$2.1 billion and \$1.9 billion for the three months ended March 31, 2018 and 2017, respectively. Withdrawals on our deferred annuities, maturities of our funding agreements, payments on payout annuities and pension risk benefit payments (collectively, liability outflows), in the aggregate, were \$1.8 billion and \$1.7 billion for the three months ended March 31, 2018 and 2017, respectively. We believe that our improving credit profile, our current product offerings and product design capabilities and our growing reputation as both a seasoned funding agreement issuer and a reliable PRT counterparty will continue to enable us to grow our existing organic channels and allow us to source additional volumes of profitably underwritten liabilities in various market environments. Our inorganic channels, including acquisitions and block reinsurance, have contributed significantly to our growth. We believe our internal acquisitions team, with support from Apollo, has an industry-leading ability to source, underwrite and expeditiously close transactions, which makes us a competitive counterparty for acquisition or block reinsurance transactions.

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We plan to grow organically by expanding our retail, flow reinsurance and institutional distribution channels. We believe that we have the right people, infrastructure and scale to position us for continued growth. Within our retail channel, we had fixed annuity sales of \$1.3 billion and \$1.1 billion for the three months ended March 31, 2018 and 2017, respectively. We aim to grow our retail channel in the United States by deepening our relationships with our approximately 70 IMOs and more than 36,000 independent agents. Our strong financial position and capital efficient products allow us to be a dependable partner with IMOs and consistently write new business. We work with our IMOs to develop customized, and at times exclusive, products that help drive sales. We expect our retail channel to continue to benefit from our improving credit profile and recent product launches. We believe this should support growth in sales at our desired cost of crediting through increased volumes via current IMOs and access to new distribution channels, including small to mid-sized banks and regional broker-dealers. We are implementing the necessary technology platform, hiring and training a specialized sales force, and have created products to capture new potential distribution opportunities. In our flow reinsurance channel, we target reinsurance business consistent with our preferred liability characteristics and, as such, flow reinsurance provides another opportunistic channel for us to source long-term liabilities with attractive crediting rates. We generated deposits through our flow reinsurance channel of \$204 million and \$166 million for the three months ended March 31, 2018 and 2017, respectively. As we continue to source additional reinsurance partners, we expect to further diversify our flow reinsurance channel and expect that our improving credit profile will help us attract additional reinsurance partners. Within our institutional channel, we generated deposits of \$566 million and \$650 million for the three months ended March 31, 2018 and 2017, respectively. Our ability to issue funding agreements, namely those issued through our FABN program, has benefited from our public company status and improving credit profile, allowing us to generate deposits in the aggregate principal amount of \$300 million and \$650 million for the three months ended March 31, 2018 and 2017, respectively. In addition, growth in our institutional channel was attributed to continued success in the PRT channel during the quarter. During the three months ended March 31, 2018, we closed one transaction and issued group annuity contracts in the aggregate principal amount of \$266 million. We expect to grow our institutional channel by continuing to engage in opportunistic issuances of funding agreements and by continuing to engage in PRT transactions.

In December 2017, we entered into a transaction with Voya, pursuant to which we agreed to reinsure approximately \$19 billion of fixed and fixed indexed annuity liabilities. Additionally, a consortium of investors, led by affiliates of Apollo, and certain other investors, agreed to purchase VIAC, including its closed block variable annuity segment, and create a newly formed standalone entity, Venerable, that will be the holding company of VIAC. We committed to make a \$75 million minority equity investment in VA Capital Company LLC, the holding company of Venerable, and provide financing to Venerable of \$150 million, in each case, subject to certain closing adjustments. These transactions are expected to close in the second or third quarter of 2018, subject to regulatory approval and customary closing conditions. Our results of operations will not reflect the impacts of these transactions until the close of the transaction.

Acquisition Summary Included in Results of Operations

On January 1, 2018, in connection with the closing of the Athora Offering, our equity interest in the Athora was exchanged for common shares of Athora. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the condensed consolidated financial statements for further details of the deconsolidation of our German operations. The deconsolidation of Athora decreased our total assets by \$6.3 billion and our invested assets by \$6.0 billion. The impact of this deconsolidation has an effect on the comparability of our historical results and therefore historical discussions of changes between periods are not necessarily indicative of future results. To enhance the comparability of our March 31, 2018 and 2017 results, we highlight the financial results applicable to the deconsolidation of Athora where meaningful. As of January 1, 2018, our investment in Athora is reflected as an alternative investment.

Industry Trends and Competition

Market Conditions

While the U.S. Federal Reserve has continued its process of policy rate normalization, longer dated interest Treasury yields have risen, but not in step with shorter term rates, and as a consequence, the yield curve has flattened notably over the past twelve months. Whether signaling low long-term inflation expectations, or a coming curve inversion, or simply due to supply dynamics in the global search for asset yield, the level of longer dated Treasury yields affects the yield we earn on invested assets. The appreciable rise in such longer dated yields to date in 2018 has benefited such yields on new purchases. While current economic fundamentals appear strong, uncertainty about future fiscal policy, changes in tax policy, the scope of potential deregulation, and levels of global trade, along with uncertainty about the Federal Reserve's ability to manage its normalization process and the impact on inflation and wage growth, may trigger continued volatility across financial markets. Volatility as seen recently in the equity markets, may adversely affect the hedging costs of our liability policy hedging program. Credit market volatility, during which time credit spreads may widen, benefits our investment purchases but may negatively affect the valuations of our in-force investment portfolio.

A volatile market environment may affect our ability to produce liability products that are profitable, have the desired risk profile to the company, and be desired by consumers. As a company with strong retirement, investment management and insurance capabilities, we expect that over the long term, market conditions resulting in higher Treasury yields and credit spreads will enhance the attractiveness of our portfolio of annuity products. We continue to monitor the behavior of our customers and other factors which react to market conditions, including mortality rates, morbidity rates, annuitization rates and lapse rates, in order to best serve our customers and generate strong profitability to our shareholders.

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Interest Rate Environment

As a retirement services company focused on issuing and reinsuring fixed annuities, we are affected by the monetary policy of the Federal Reserve in the United States as well as other central banks around the world. In spite of the Federal Reserve increasing federal funds rates again in March of 2018, interest rates in the United States remain lower than historical levels. The lower interest rates in part are due to a number of actions taken in recent years by the Federal Reserve in an effort to stimulate economic activity. Any future increases in federal funds rates are uncertain and will depend on the economic outlook.

Our investment portfolio consists predominantly of fixed maturity investments. See *–Consolidated Investment Portfolio*. If prevailing interest rates were to rise, we believe the yield on our new investment purchases may also rise and our investment income from floating rate investments would increase, while the value of our existing investments may decline. If prevailing interest rates were to decline, it is likely that the yield on our new investment purchases may decline and our investment income from floating rate investments would decrease, while the value of our existing investments may increase. We address interest rate risk through managing the duration of the liabilities we source with assets we acquire and through asset liability management (ALM) modeling. We endeavor to limit reinvestment risk related to cash flows by managing our asset portfolio to ensure it provides adequate cash flows to meet our expected policyholder benefit cash flows to within tolerable risk management limits. Our strategy is to achieve sustainable yields that allow us to maintain an attractive investment margin. As part of our investment strategy, we purchase floating rate investments, which we expect will perform well in a rising interest rate environment. Our investment portfolio includes \$17.1 billion of floating rate investments, or approximately 22% of our total invested assets as of March 31, 2018. The percentage of floating rate investments decreased from December 31, 2017, due to a refinement in our definition to only include short duration securities that are directly tied or linked to an index. As part of our reinvestment strategy for the investment portfolios of companies we acquire or blocks we reinsure, we generally seek to reinvest assets at yields higher than the related assets being liquidated for reinvestment. We continuously seek to optimize our investment portfolio to achieve favorable returns over the long term.

If prevailing interest rates were to rise, we believe our products would be more attractive to consumers and our sales would likely increase. In periods of prolonged low interest rates, the investment margin earned on deferred annuities may be negatively impacted by reduced investment income to the extent that we are unable to adequately reduce policyholder crediting rates due to policyholder guarantees in the form of minimum crediting rates or otherwise due to market conditions. As of March 31, 2018, most of our products were fixed annuities with approximately 34% of our FIAs at the minimum guarantees and approximately 47% of our fixed rate annuities at the minimum crediting rates. As of March 31, 2018, minimum guarantees on all of our deferred annuities, including those with crediting rates already at their minimum guarantees, were, on average, 90 to 100 basis points below the crediting rates on such deferred annuities, allowing us room to reduce rates before reaching the minimum guarantees. Our remaining liabilities are associated with immediate annuities, pension risk transfer obligations, funding agreements or life contracts for which we have little to no discretionary ability to change the rates of interest payable to the respective policyholder. A significant majority of our products have crediting rates that we may reset annually upon renewal following the expiration of the current guaranteed period. While we have the contractual ability to lower these crediting rates to the guaranteed minimum levels, our willingness to do so may be limited by competitive pressures.

See *Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risks* in our 2017 Annual Report, which includes a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

Demographics

Over the next four decades, the retirement-age population is expected to experience unprecedented growth. Technological advances and improvements in healthcare are projected to continue to contribute to increasing average life expectancy, and aging individuals must be prepared to fund retirement periods that will last longer than ever before. Further, many working households in the United States do not have adequate retirement savings. As a tool for addressing the unmet need for retirement planning, we believe that many Americans have begun to look to tax-efficient savings products with low-risk or guaranteed return features and potential equity market upside. Our tax-efficient savings products are well positioned to meet this increasing customer demand.

We believe that our strong presence in the FIA market and strength of our relationships with IMOs position us to effectively serve consumers' demand in the rapidly growing retirement savings market. We expect that our retail channel will continue to benefit from our improving credit profile and recent product launches. We believe this should help us to grow sales at our desired cost of crediting through increased volumes via current IMOs and access to new distribution channels, including small to mid-sized banks and regional broker-dealers. We also believe that our improving credit profile has enabled and will continue to enable us to increase penetration in our existing organic channels, such as flow reinsurance and funding agreements, while also helping us to increase our presence in the PRT market.

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Competition

We operate in highly competitive markets. We face a variety of large and small industry participants, including diversified financial institutions and insurance and reinsurance companies. These companies compete in one form or another for the growing pool of retirement assets driven by a number of external factors such as the continued aging of the population and the reduction in safety nets provided by governments and private employers. In the markets in which we operate, scale and the ability to provide value-added services and build long-term relationships are important factors to compete effectively. We believe that our leading presence in the retirement market, diverse range of capabilities and broad distribution network uniquely position us to effectively serve consumers' increasing demand for retirement solutions, particularly in the FIA market.

It is unclear at this time what impact, if any, the Tax Act will have on the competitive environment of the markets in which we compete. If U.S.-based competitors use some or all of their tax savings to offset reductions in product pricing, we could see increased price competition, which would place downward pressure on our return targets and on volumes within each of our distribution channels. See *Regulatory Developments—Tax Reform* below.

According to LIMRA, total fixed annuity market sales in the United States were \$107.9 billion for the year ended December 31, 2017, an 8.1% decrease from the same time period in 2016. This decrease was driven by a decrease in traditional fixed rate deferred annuities of \$4.5 billion, or 11.6% over prior year, and a decrease in FIA products of \$3.3 billion, or 5.4% over prior year. In the total fixed annuity market, for the year ended December 31, 2017 (the most recent period for which specific market share data is available), we were the 5th largest company based on sales with a 5.0% market share and \$5.4 billion in sales. For the year ended December 31, 2016, our market share was 4.5% with sales of \$5.3 billion.

Despite the decline experienced recently, over the longer-term FIAs have been one of the fastest growing annuity products, having grown from \$27.3 billion in 2005 to \$57.6 billion in sales for the year ended December 31, 2017. According to LIMRA, for the year ended December 31, 2017 (the most recent period for which specific market share data is available), we were the 2nd largest provider of FIAs in terms of sales, and our market share for the same period was 8.4% with sales of \$4.9 billion. For the year ended December 31, 2016, our market share was 7.4% with sales of \$4.5 billion.

Regulatory Developments

We continue to face material uncertainty regarding the ultimate impacts of tax reform to our business and regarding the substance, timing, and applicability of the DOL fiduciary rule.

Tax Reform

On December 22, 2017, President Trump signed the Tax Act into law, which introduced significant changes to the Internal Revenue Code. While our expectations may be subject to change as we continue to evaluate the impact of the Tax Act on our business, we expect the following notable impacts:

- *Overall tax rate*—Although the Tax Act reduces corporate income tax rates to 21% beginning in 2018, it also imposes a new minimum tax, referred to as the BEAT, which taxes modified taxable income at a rate of 5% beginning in 2018, increasing to 10% in 2019 and 12.5% in 2026. In general, modified taxable income is calculated by adding back to a taxpayer's regular taxable income the amount of certain "base erosion tax benefits" with respect to payments to foreign affiliates, as well as the "base erosion percentage" of any net operating loss deductions. The BEAT applies only to the extent it exceeds a taxpayer's regular corporate income tax liability (determined without regard to certain tax credits). The BEAT is expected to apply to our U.S. subsidiaries with respect to payments to our non-U.S. reinsurance subsidiaries. The BEAT does not apply to premium paid to ALRe directly by unaffiliated ceding companies or investment income earned on our non-U.S. reinsurance subsidiaries' surplus assets, which together currently represent approximately 20–25% of our pre-tax adjusted operating income. In addition to the BEAT, the 1% excise tax that we have historically paid will continue to apply to premiums paid to our Bermuda subsidiaries that are not subject to U.S. taxation, to the extent that any such premiums are paid.

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Within the context of affiliated modco arrangements, which is how much of our internal reinsurance is structured, it is our belief that the BEAT was generally intended to require the add back of the net amount paid or accrued by our U.S. subsidiaries to our non-U.S. reinsurance subsidiaries for premiums, investment income, reserve changes, other consideration and expenses (net basis). However, there is significant uncertainty regarding the computation of the BEAT in the context of affiliated modco arrangements, including whether the BEAT applies on a net basis or instead requires the add back of the gross amount paid or accrued, without reduction for claims or other expenses. In light of this uncertainty, we have begun to take actions that would allow us to mitigate the potential effect of the BEAT on our results of operations should the BEAT require the add back of the gross amounts in this manner. Our overall tax rate will depend on the ultimate interpretation of the Tax Act and the actions that we take. We currently expect that, beginning in 2019, our overall tax rate will be between 12–16%, on average, of each of pre-tax income and pre-tax adjusted operating income; however, we may experience significant fluctuations in the overall tax rate as a percentage of pre-tax income from period-to-period, with certain periods falling outside of our expected range. Until there is more clarity regarding the computation of the BEAT in the context of modco arrangements, and until we execute additional actions to mitigate its impact, we currently expect that our 2018 annual financial results will reflect an overall tax rate of between 14–15%, on average, of each of pre-tax income and pre-tax adjusted operating income, with our overall tax rate as a percentage of pre-tax income experiencing great volatility from period-to-period, as discussed above.

The estimated future overall tax rates presented above incorporate various assumptions and actual results may vary. See *Item 1A. Risk Factors—Our business, financial condition, liquidity, results of operations and cash flows depend on the accuracy of our management's assumptions and estimates, and we could face significant losses if these assumptions and estimates differ significantly from actual results—BEAT Mitigating Actions* and *Item 1A. Risk Factors—Risks Relating to Taxation—The BEAT may significantly increase our tax liability and our efforts to mitigate the cost of the BEAT may be unnecessary, inefficient, ineffective, or counterproductive*, each included in *Part II* of this report.

- *Risk-based capital*—Depending on the reaction of the NAIC to the passage of the Tax Act, the change in the corporate income tax rate from 35% to 21% could result in a reduction of our RBC ratios. At present, the NAIC RBC calculations employ the statutory corporate tax rate of 35% in calculating several aspects of RBC. If the NAIC RBC calculations simply employ the new statutory corporate tax rate of 21% with no other adjustments, our RBC ratios, along with those of other fixed annuity writers and life insurers in general, are expected to decrease. If such were the case as of March 31, 2018, we estimate the decrease to our overall NAIC RBC ratios would have been approximately 10–15%. Our capital ratios under the various rating agency models are not expected to be materially impacted by the change in tax rate, and those models are an important consideration in determining the appropriate levels of capital to run our business. Our initial assessment of the level of capital that we deem appropriate to run our business has not been impacted materially by the change in tax rate.
- *Target returns*—Historically, we have generally targeted mid-teen returns for sources of organic growth and mid-teen or higher returns for sources of inorganic growth. The Tax Act may alter the way that we price our products or otherwise impact targeted returns on organic production, and may further affect the returns that we target for sources of inorganic growth, in each case, potentially resulting in a decrease of our targeted returns on a temporary or permanent basis. In addition, we expect that the Tax Act will cause a reduction of the returns that we realize on our in-force business.
- *Controlled Foreign Corporation*—As discussed more fully at *Part II—Item 1A. Risk Factors—Risks Relating to Taxation—U.S. persons who own our Class A common shares may be subject to U.S. federal income taxation at ordinary income rates on our undistributed earnings and profits*, adoption of the Tax Act resulted in certain changes affecting the determination as to whether an entity constitutes a Controlled Foreign Corporation (CFC). Being treated as a CFC could have adverse tax consequences to certain of our shareholders. To reduce the likelihood of such a result, we have restructured certain of our subsidiaries so that Athene USA, our U.S. holding company subsidiary, is now a wholly owned subsidiary of ALRe.

Other provisions of the Tax Act could significantly increase the tax liability of our U.S. subsidiaries in future tax periods by accelerating items of income or deferring deductions. Although the acceleration of an item of income or deferral of a deduction in one tax period allows a taxpayer to recognize less taxable income in a future period, there can be no assurance that we will be able to utilize any resulting deferred tax assets in future tax periods.

The foregoing represents our current expectations of certain of the effects of the Tax Act and may be subject to change as additional guidance is made available and as we continue to evaluate the effect of this legislation on our business. See *Part II—Item 1A. Risk Factors—Risks Relating to Taxation* for further information on how the Tax Act could impact us.

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U.S. Department of Labor (DOL) Fiduciary Rule

On April 6, 2016, the DOL issued the fiduciary rule which imposes upon third parties who sell annuities within Employee Retirement Income Security Act of 1974 (as amended, ERISA) plans or to individual retirement account (IRA) holders a fiduciary duty to retirement investors. The DOL delayed the applicability date of the fiduciary rule to June 9, 2017 and the full compliance date to July 1, 2019. On March 15, 2018, the U.S. Court of Appeals for the Fifth Circuit issued an opinion vacating, in their entirety, the DOL fiduciary rule and its associated package of new and amended prohibited transaction exemptions. In late April, the American Association of Retired Persons (AARP) and top legal officials in California, New York and Oregon filed a petition in the Fifth Circuit Court of Appeals asking for the court's permission to intervene in the lawsuit to appeal the opinion. The Fifth Circuit ruling is scheduled to take effect on May 7, 2018 absent any petition for rehearing or motion to stay by the DOL or an approval of the request to intervene. We will continue to abide by the fiduciary rule unless and until the Fifth Circuit's ruling becomes effective.

The U.S. Securities and Exchange Commission (SEC) has indicated that it will work with the DOL to propose rules creating a uniform standard of conduct applicable to broker-dealers and investment advisers, which, if adopted, may affect the distribution of our products. On April 18, 2018, the SEC released three new proposed rules addressing a uniform best interest standard of conduct with the public comment period ending 90 days after publication of the documents in the Federal Register. In addition, the NAIC is working to propose changes to the Suitability in Annuity Transactions Model Regulation (SAT) to include best interest. Should the SEC or NAIC rules, if adopted, not align, the distribution of our products could be further complicated.

Key Operating and Non-GAAP Measures

In addition to our results presented in accordance with GAAP, our results of operations include certain non-GAAP measures commonly used in our industry. Management believes the use of these non-GAAP measures, together with the relevant GAAP measures, provides information that may enhance an investor's understanding of our results of operations and the underlying profitability drivers of our business. The majority of these non-GAAP measures are intended to remove from the results of operations the impact of market volatility (other than with respect to alternative investments) as well as integration, restructuring and certain other expenses which are not part of our underlying profitability drivers or likely to re-occur in the foreseeable future, as such items fluctuate from period to period in a manner inconsistent with these drivers. These measures should be considered supplementary to our results in accordance with GAAP and should not be viewed as a substitute for the GAAP measures. See *Non-GAAP Measure Reconciliations* for the appropriate reconciliations to the GAAP measures.

Adjusted Operating Income

Adjusted operating income is a non-GAAP measure used to evaluate our financial performance excluding market volatility and expenses related to integration, restructuring, stock compensation, and other expenses. Our adjusted operating income equals net income adjusted to eliminate the impact of the following (collectively, the "non-operating adjustments"):

- **Investment Gains (Losses), Net of Offsets**—Investment gains (losses), net of offsets, consist of the realized gains and losses on the sale of AFS securities, the change in assumed modco and funds withheld reinsurance embedded derivatives, unrealized gains and losses, impairments, and other investment gains and losses. Unrealized, impairments and other investment gains and losses are comprised of the fair value adjustments of trading securities (other than CLOs) and investments held under the fair value option, derivative gains and losses not hedging FIA index credits, and the net OTTI impacts recognized in operations net of the change in AmerUs Closed Block fair value reserve related to the corresponding change in fair value of investments and the change in unit-linked reserves related to the corresponding trading securities. Investment gains and losses are net of offsets related to DAC, DSI, and VOBA amortization and changes to guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefits (GMDB) reserves (together, GLWB and GMDB reserves represent rider reserves) as well as the MVAs associated with surrenders or terminations of contracts.
- **Change in Fair Values of Derivatives and Embedded Derivatives – FIAs, Net of Offsets**—Impacts related to the fair value accounting for derivatives hedging the FIA index credits and the related embedded derivative liability fluctuate from period to period. The index reserve is measured at fair value for the current period and all periods beyond the current policyholder index term. However, the FIA hedging derivatives are purchased to hedge only the current index period. Upon policyholder renewal at the end of the period, new FIA hedging derivatives are purchased to align with the new term. The difference in duration between the FIA hedging derivatives and the index credit reserves creates a timing difference in earnings. This timing difference of the FIA hedging derivatives and index credit reserves is included as a non-operating adjustment, net of offsets related to DAC, DSI, and VOBA amortization and changes to rider reserves.

We primarily hedge with options that align with the index terms of our FIA products (typically 1-2 years). From an economic basis, we believe this is suitable because policyholder accounts are credited with index performance at the end of each index term. However, because the "value of an embedded derivative" in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.

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- **Integration, Restructuring, and Other Non-operating Expenses**—Integration, restructuring, and other non-operating expenses consist of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses which are not part of our core operations or likely to re-occur in the foreseeable future.
- **Stock Compensation Expense**—Stock compensation expenses associated with our share incentive plans, excluding our long term incentive plan, are not part of our core operating expenses and fluctuate from time to time due to the structure of our plans.
- **Bargain Purchase Gain**—Bargain purchase gains associated with acquisitions are adjustments to net income as they are not consistent with our core operations.
- **Income Taxes (Expense) Benefit – Non-operating**—The non-operating income tax expense is comprised of the appropriate jurisdiction's tax rate applied to the non-operating adjustments that are subject to income tax.

We consider these non-operating adjustments to be meaningful adjustments to net income for the reasons discussed in greater detail above. Accordingly, we believe using a measure which excludes the impact of these items is effective in analyzing the trends in our results of operations. Together with net income, we believe adjusted operating income, provides a meaningful financial metric that helps investors understand our underlying results and profitability. Adjusted operating income should not be used as a substitute for net income.

Adjusted ROE, Adjusted Operating ROE and Adjusted Net Income

Adjusted ROE, adjusted operating ROE and adjusted net income are non-GAAP measures used to evaluate our financial performance excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. Adjusted ROE is calculated as adjusted net income, divided by adjusted shareholders' equity. Adjusted shareholders' equity is calculated as the ending shareholders' equity excluding AOCI and funds withheld and modco reinsurance unrealized gains and losses. Adjusted operating ROE is calculated as the adjusted operating income, divided by adjusted shareholders' equity. Adjusted net income is calculated as net income excluding funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. These adjustments fluctuate period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our AFS securities. Once we have reinvested acquired blocks of businesses, we typically buy and hold AFS investments to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current adjusted operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI and funds withheld and modco reinsurance unrealized gains and losses are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted ROE, adjusted operating ROE and adjusted net income should not be used as a substitute for ROE and net income. However, we believe the adjustments to equity are significant to gaining an understanding of our overall results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations***Adjusted Operating Earnings Per Share, Weighted Average Shares Outstanding – Adjusted Operating and Adjusted Book Value Per Share***

Adjusted operating earnings per share, weighted average shares outstanding – adjusted operating and adjusted book value per share are non-GAAP measures used to evaluate our financial performance and financial condition. The non-GAAP measures adjust the number of shares included in the corresponding GAAP measures to reflect the conversion or settlement of all shares and other stock-based awards outstanding. We believe using these measures represents an economic view of our share counts and provides a simplified and consistent view of our outstanding shares. Adjusted operating earnings per share is calculated as the adjusted operating income, over the weighted average shares outstanding – adjusted operating. Adjusted book value per share is calculated as the adjusted shareholders' equity divided by the adjusted operating common shares outstanding. Our Class B common shares are economically equivalent to Class A common shares and can be converted to Class A common shares on a one-for-one basis at any time. Our Class M common shares are in the legal form of shares but economically function as options as they are convertible into Class A shares after vesting and payment of the conversion price. In calculating Class A diluted earnings per share on a GAAP basis, we are required to apply sequencing rules to determine the dilutive impacts, if any, of our Class B common shares, Class M common shares and any other stock-based awards. To the extent our Class B common shares, Class M common shares and/or any other stock-based awards are not dilutive they are excluded. Weighted average shares outstanding – adjusted operating and adjusted operating common shares outstanding assume conversion or settlement of all outstanding items that are able to be converted to or settled in Class A common shares, including the impacts of Class B common shares on a one-for-one basis, the impacts of all Class M common shares net of the conversion price and any other stock-based awards, but excluding any awards for which the exercise or conversion price exceeds the market value of our Class A common shares on the applicable measurement date. For certain historical periods, Class M shares were not included due to issuance restrictions which were contingent upon our IPO. Adjusted operating earnings per share, weighted average shares outstanding – adjusted operating and adjusted book value per share should not be used as a substitute for basic earnings per share – Class A common shares, basic weighted average shares outstanding – Class A or book value per share. However, we believe the adjustments to the shares and equity are significant to gaining an understanding of our overall results of operations and financial condition.

Adjusted Debt to Capital Ratio

Adjusted debt to capital ratio is a non-GAAP measure used to evaluate our financial condition excluding the impacts of AOCI and funds withheld and modco reinsurance unrealized gains and losses, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt excluding consolidated VIEs divided by adjusted shareholders' equity. Adjusted debt to capital ratio should not be used as a substitute for the debt to capital ratio. However, we believe the adjustments to shareholders' equity are significant to gaining an understanding of our overall results of operations and financial condition.

Retirement Services Net Investment Earned Rate, Cost of Crediting and Investment Margin on Deferred Annuities

Investment margin is a key measurement of the financial health of our Retirement Services core deferred annuities. Investment margin on our deferred annuities is generated from the excess of our net investment earned rate over the cost of crediting to our policyholders. Net investment earned rate is a key measure of investment returns and cost of crediting is a key measure of the policyholder benefits on our deferred annuities.

Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our invested assets divided by the average invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized. The adjustments to arrive at our net investment earned rate add alternative investment gains and losses, gains and losses related to trading securities for CLOs, net VIE impacts (revenues, expenses and noncontrolling interest) and the change in reinsurance embedded derivatives. We include the income and assets supporting our assumed reinsurance by evaluating the underlying investments of the funds withheld at interest receivables and we include the net investment income from those underlying investments which does not correspond to the GAAP presentation of reinsurance embedded derivatives. We exclude the income and assets supporting business that we have exited through ceded reinsurance including funds withheld agreements. We believe the adjustments for reinsurance provide a net investment earned rate on the assets for which we have economic exposure.

Cost of crediting is the interest credited to the policyholders on our fixed strategies as well as the option costs on the indexed annuity strategies. With respect to FIAs, the cost of providing index credits includes the expenses incurred to fund the annual index credits, and where applicable, minimum guaranteed interest credited. The interest credited on fixed strategies and option costs on indexed annuity strategies are divided by the average account value of our deferred annuities. Our average account values are averaged over the number of quarters in the relevant period to obtain our cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

Net investment earned rate, cost of crediting and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our core deferred annuities business. Deferred annuities include our fixed rate annuities and FIAs, which account for approximately 82% of our Retirement Services reserve liabilities as of March 31, 2018. We believe measures like net investment earned rate, cost of crediting and investment margin on deferred annuities are effective in analyzing the trends of our core business operations, profitability and pricing discipline. While we believe net investment earned rate, cost of crediting and investment margin on deferred annuities are meaningful financial metrics and enhance our understanding of the underlying profitability drivers of our business, they should not be used as a substitute for net investment income and interest sensitive contract benefits presented under GAAP.

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Invested Assets

In managing our business we analyze invested assets, which do not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Invested assets represent the investments that directly back our policyholder liabilities as well as surplus assets. Invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets includes (a) total investments on the consolidated balance sheets with AFS securities at cost or amortized cost, excluding derivatives, (b) cash and cash equivalents and restricted cash, (c) investments in related parties, (d) accrued investment income, (e) the consolidated VIE assets, liabilities and noncontrolling interest, (f) net investment payables and receivables and (g) policy loans ceded (which offset the direct policy loans in total investments). Invested assets also excludes assets associated with funds withheld liabilities related to business exited through reinsurance agreements and derivative collateral (offsetting the related cash positions). We include the underlying investments supporting our assumed funds withheld and modco agreements in our invested assets calculation in order to match the assets with the income received. We believe the adjustments for reinsurance provide a view of the assets for which we have economic exposure. Our invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period.

Reserve Liabilities

In managing our business we also analyze reserve liabilities, which does not correspond to total liabilities as disclosed in our consolidated financial statements and notes thereto. Reserve liabilities represents our policyholder liability obligations net of reinsurance and is used to analyze the costs of our liabilities. Reserve liabilities includes (a) the interest sensitive contract liabilities, (b) future policy benefits, (c) dividends payable to policyholders, and (d) other policy claims and benefits, offset by reinsurance recoverable, excluding policy loans ceded. Reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of the liabilities are passed to such reinsurers and therefore we have no net economic exposure to such liabilities, assuming our reinsurance counterparties perform under our agreements. The majority of our ceded reinsurance is a result of reinsuring large blocks of life business following acquisitions. For such transactions, GAAP requires the ceded liabilities and related reinsurance recoverables to continue to be recorded in our consolidated financial statements despite the transfer of economic risk to the counterparty in connection with the reinsurance transaction.

Sales

Sales statistics do not correspond to revenues under GAAP, but are used as relevant measures to understand our business performance as it relates to deposits generated during a specific period of time. Our sales statistics include deposits for fixed rate annuities and FIAs and align with the LIMRA definition of all money paid into an individual annuity, including money paid into new contracts with initial purchase occurring in the specified period and existing contracts with initial purchase occurring prior to the specified period (excluding internal transfers).

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Consolidated Results of Operations

The following summarizes the consolidated results of operations:

<i>(In millions, except percentages)</i>	Three months ended March 31,	
	2018	2017
Revenues	\$ 1,011	\$ 1,619
Benefits and expenses	684	1,213
Income before income taxes	327	406
Income tax expense (benefit)	59	22
Net income	\$ 268	\$ 384
Adjusted operating income by segment		
Retirement Services	\$ 235	\$ 275
Corporate and Other	2	(9)
Adjusted operating income	237	266
Non-operating adjustments		
Realized gains (losses) on sale of AFS securities	17	11
Unrealized, impairments, and other investment gains (losses)	6	3
Assumed modco and funds withheld reinsurance embedded derivatives	(78)	68
Offsets to investment gains (losses)	22	(25)
Investment gains (losses), net of offsets	(33)	57
Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets	95	94
Integration, restructuring and other non-operating expenses	(8)	(9)
Stock compensation expense	(3)	(10)
Income tax (expense) benefit – non-operating	(20)	(14)
Total non-operating adjustments	31	118
Net income	\$ 268	\$ 384
ROE	12.0%	21.3%
Adjusted ROE	16.5%	20.7%
Adjusted operating ROE	12.1%	16.1%

We operate our core business strategies out of one reportable segment, Retirement Services. In addition to Retirement Services, we report certain other operations in Corporate and Other. See *Results of Operations by Segment* for further detail on the results of the segments.

Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

In this section, references to 2018 refer to the three months ended March 31, 2018 and references to 2017 refer to the three months ended March 31, 2017.

Net Income

Net income decreased by \$116 million, or 30%, to \$268 million in 2018 from \$384 million in 2017. ROE and adjusted ROE decreased to 12.0% and 16.5%, respectively, from 21.3% and 20.7% in 2017, respectively. The decrease in net income was driven by a \$29 million decrease in adjusted operating income and an unfavorable change in investment gain and losses related to the assumed reinsurance embedded derivative. The change in the assumed reinsurance embedded derivative impacts were unfavorable primarily driven by the increase in U.S. treasury rates compared to credit spread tightening in 2017.

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Adjusted Operating Income

Adjusted operating income decreased by \$29 million, or 11%, to \$237 million in 2018 from \$266 million in the prior period. Adjusted operating ROE was 12.1%, down from 16.1% in 2017. The decrease in adjusted operating income was primarily driven by higher other liability costs, an increase in cost of crediting, and higher income tax expense partially offset by an increase in investment income. Other liability costs increased primarily due to higher rider reserves and DAC amortization related to unfavorable equity market performance compared to 2017, as well as growth in the deferred annuity block of business. Cost of crediting was higher due to growth in our deferred annuity block of business which was partially offset by rate actions on business that renewed in 2017, which reduced the crediting rate from the prior period. The increase in investment income was primarily due to growth in our Retirement Services invested assets of \$8.9 billion over 2017, increased floating rate investment income due to higher short-term interest rates and strong performance in alternative investments. The increase in alternative investment income was primarily driven by higher income in one of our hedge funds.

Our consolidated net investment earned rate was 4.60% in 2018, an increase from 4.48% in 2017, primarily attributed to strong performance from our alternative investment portfolio, an increase in floating rate investment income and the deconsolidation of our former German subsidiaries. Our alternative investment net investment earned rate was 10.38%, an increase from 8.06% in 2017, primarily attributable to higher hedge fund income.

Revenues

Total revenue decreased by \$608 million to \$1.0 billion in 2018 from \$1.6 billion in 2017. The decrease was driven by unfavorable changes in investment related gains and losses, partially offset by an increase in premiums and higher net investment income.

Investment related gains and losses decreased by \$918 million to \$(236) million in 2018 from \$682 million in the prior period, primarily due to the change in fair value of FIA hedging derivatives, the change in assumed reinsurance embedded derivatives and the unfavorable change in unrealized gains and losses on trading securities. The change in fair value of FIA hedging derivatives decreased by \$665 million driven by the performance of the indices upon which our call options are based. The majority of our call options are based on the S&P 500 index which experienced a 1.2% decrease in 2018, compared to a 5.5% increase in 2017. The assumed reinsurance embedded derivatives decreased by \$177 million driven by a change in the underlying assets related to the increase in U.S. treasury rates as well as the prior year benefiting from credit spreads tightening. The change in unrealized gains and losses on trading securities was comprised of an unfavorable decrease in AmerUs Closed Block assets of \$64 million related to higher unrealized losses in the first quarter of 2018 due to the increase in U.S. treasury rates.

Premiums increased by \$226 million to \$278 million in 2018 from \$52 million in the prior period, driven by PRT premiums from the first quarter 2018.

Net investment income increased by \$69 million to \$855 million in 2018 from \$786 million in 2017, primarily driven by an increase in fixed and other investment income and an increase in alternative investment income. The increase in fixed and other investment income was driven by earnings from growth in our investment portfolio attributed to a strong increase in deposits over the prior twelve months and higher short-term interest rates resulting in higher floating rate investment income, partially offset by the deconsolidation of our former German subsidiaries and the prior year benefiting from proceeds on the recovery of a bond previously written down. The increase in alternative investment income was primarily due to higher income in one of our hedge funds, partially offset by lower credit fund income.

Benefits and Expenses

Total benefits and expenses decreased by \$529 million to \$684 million in 2018 from \$1.2 billion in 2017. The decrease was driven by a favorable change in interest sensitive contract benefits, a decrease in dividends payable to policyholders, a decrease in DAC, DSI and VOBA amortization and lower policy and other operating expenses, partially offset by an increase in future policy and other policy benefits.

Interest sensitive contract benefits decreased by \$673 million to \$19 million in 2018 from \$692 million in 2017, primarily due to the change in FIA fair value embedded derivatives. The change in FIA fair value embedded derivatives decreased by \$667 million primarily driven by the performance of the equity indices to which our FIA policies are linked, primarily the S&P 500 index, which experienced a 1.2% decrease in 2018, compared to a 5.5% increase in 2017. Additionally, the FIA fair value embedded derivatives were impacted by a favorable change in discount rates used in our embedded derivative calculations as the current quarter experienced an increase in discount rates compared to 2017, which experienced a decrease in discount rates.

Dividends to policyholders decreased by \$19 million to \$13 million in 2018 from \$32 million in the prior year, primarily attributed to the deconsolidation of our former German subsidiaries.

DAC, DSI and VOBA amortization decreased by \$13 million to \$109 million in 2018 from \$122 million in the prior period, primarily due to unfavorable investment related gains and losses, partially offset by growth in the DAC asset balance related to block growth and unfavorable impacts related to unfavorable equity market performance compared to 2017.

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Future policy and other policy benefits increased by \$187 million to \$401 million in 2018 from \$214 million in 2017, primarily attributable to the increase in policyholder obligations from the PRT transaction in the first quarter 2018 as well as an unfavorable change in the rider reserves, partially offset by a decrease in the change in AmerUs Closed Block fair value liability and \$52 million related to the deconsolidation of our former German subsidiaries. The unfavorable change in rider reserves of \$32 million was primarily driven by growth in the block of business and unfavorable impacts related to the equity market performance compared to 2017 resulting in decreased index credits to policyholder accounts, which increased the amount needed to fund the rider reserve. The favorable change in the AmerUs Closed Block fair value liability of \$78 million was primarily driven by the increase in unrealized losses on the underlying investments driven by higher unrealized losses in 2018 due to the increase in U.S. treasury rates.

Taxes

Income tax expense increased by \$37 million to \$59 million in 2018 from \$22 million in 2017. With the enactment of the Tax Act, the U.S. statutory tax rate declined to 21% from 35%; however, the BEAT was established, which may subject payments to our non-U.S. reinsurance subsidiaries to a tax of 5%, which would increase to 10% in 2019. The income tax expense for 2018 assumes that we have taken steps so that the BEAT is not applicable to such payments and thereby assumes that more income is subject to U.S. income tax.

Our effective tax rates were 18% in 2018 and 5% in 2017. Our effective tax rates may vary period to period depending upon the relationship of income and loss subject to tax compared to consolidated income and loss before income taxes.

Results of Operations by Segment

The following summarizes our adjusted operating income by segment:

	Three months ended March 31,	
	2018	2017
<i>(In millions, except percentages)</i>		
Adjusted operating income by segment		
Retirement Services	\$ 235	\$ 275
Corporate and Other	2	(9)
Adjusted operating income	<u>\$ 237</u>	<u>\$ 266</u>
Retirement Services adjusted operating ROE	17.3%	24.1%

Retirement Services

Retirement Services is comprised of our United States and Bermuda operations which issue and reinsure retirement savings products and institutional products. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure MYGAs, FIAs, traditional one year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our institutional operations, including funding agreements and PRT obligations, are included in our Retirement Services segment.

Three Months Ended March 31, 2018 Compared to the Three Months Ended March 31, 2017

Adjusted Operating Income

Adjusted operating income decreased by \$40 million, or 15%, to \$235 million in 2018, from \$275 million in 2017. Adjusted operating ROE was 17.3%, down from 24.1% in the prior period. The decrease in adjusted operating income was primarily driven by an increase in other liability costs, cost of crediting and income tax expense, partially offset by higher net investment earnings.

Net investment earnings increased \$86 million driven primarily by earnings from growth in invested assets of \$8.9 billion attributed to a strong increase in deposits over the prior twelve months and increased floating rate investment income of \$21 million due to higher short-term interest rates, partially offset by the prior year benefiting \$14 million from proceeds on the recovery of a bond previously written down and \$10 million related to an elevated level of cash from sizable deposits in the fourth quarter of 2017.

Other liability costs increased \$79 million driven by unfavorable impacts related to equity market performance resulting in an unfavorable \$14 million impact compared to approximately \$40 million favorable impact in the prior year, as well as growth in our deferred annuity block of business, partially offset by lower excise taxes in 2018.

Cost of crediting increased \$12 million driven by growth in our deferred annuity block of business which was partially offset by rate actions on business that renewed in 2017, which reduced the crediting rate from the prior period.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations*Investment Margin on Deferred Annuities*

	Three months ended March 31,	
	2018	2017
Net investment earned rate	4.63%	4.76%
Cost of crediting	1.87%	1.91%
Investment margin on deferred annuities	2.76%	2.85%

Investment margin on deferred annuities decreased by 9 basis points to 2.76% in 2018, from 2.85% in 2017. The decrease in the investment margin on deferred annuities was driven by the decrease in net investment earned rate of 13 basis points, partially offset by a favorable decrease in cost of crediting of 4 basis points.

Net investment earned rate decreased due to the decrease in fixed and other net investment earned rate. The fixed and other net investment earned rate decreased in 2018, to 4.32% from 4.52% in 2017 primarily attributed to 2017 benefiting from proceeds from a bond previously written down and an elevated level of cash from sizable deposits in the fourth quarter of 2017, partially offset by higher floating rate investment income in the quarter. The alternative investments net investments earned rate increased in 2018 to 12.34% from 10.59% in 2017, reflecting higher income in one of our hedge funds, partially offset by lower credit fund income.

Cost of crediting on deferred annuities decreased by 4 basis points to 1.87% in 2018, from 1.91% in 2017. The decrease in cost of crediting was driven by rate actions on business that renewed in 2017. We continue to focus on pricing discipline, managing interest rates credited to policyholders and managing the cost of options to fund the annual index credits on our FIA products.

Corporate and Other

Corporate and Other includes certain other operations related to our corporate activities, including corporate allocated expenses, merger and acquisition costs, debt costs, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In Corporate and Other, we also hold capital in excess of the level of capital we hold in Retirement Services to support our operating strategy. Prior to the deconsolidation of Athora on January 1, 2018, Corporate and Other included our German operations, which were primarily comprised of participating long-duration savings products.

Adjusted Operating Income (Loss)

Adjusted operating income (loss) increased by \$11 million to \$2 million in 2018, from \$(9) million in 2017. The increase in adjusted operating income, excluding Germany, was mainly driven by higher fixed and other investment income primarily related to the increase in excess capital and higher alternative investment income, partially offset by debt costs from our inaugural debt issuance in January. Our former German operations, which deconsolidated on January 1, 2018, had an operating loss of \$3 million in 2017.

Consolidated Investment Portfolio

We had consolidated investments, including related parties, of \$80.3 billion and \$84.4 billion as of March 31, 2018 and December 31, 2017, respectively. Our investment strategy seeks to achieve sustainable risk-adjusted returns through disciplined managing of investment characteristics with our long-duration liabilities and the diversification of risk. The investment strategies utilized by our investment managers focus primarily on a buy and hold asset allocation strategy that may be adjusted periodically in response to changing market conditions and the nature of our liability profile. The majority of our investment portfolio is managed by AAM, an indirect subsidiary of Apollo founded for the express purpose of managing our portfolio. AAM provides a full suite of services for our investment portfolio, including direct investment management, asset allocation, mergers and acquisition asset diligence, and certain operational support services, including investment compliance, tax, legal and risk management support. Our relationship with AAM and Apollo allows us to take advantage of our generally illiquid liability profile by identifying investment opportunities with an emphasis on earning incremental yield by taking liquidity and complexity risk rather than assuming solely credit risk. The deep experience of the AAM investment team and Apollo's credit portfolio managers assists us in sourcing and underwriting complex asset classes. AAM has selected a diverse array of corporate bonds and more structured, but highly rated asset classes. We also maintain holdings in floating rate and less rate-sensitive instruments, including CLOs, non-agency RMBS and various types of structured products. In addition to our fixed income portfolio, we opportunistically allocate 5-10% of our portfolio to alternative investments where we primarily focus on fixed income-like, cash flow-based investments.

Our invested assets, which are those which directly back our policyholder liabilities as well as surplus assets (as previously discussed in *Key Operating and Non-GAAP Measures*), were \$78.7 billion and \$82.3 billion as of March 31, 2018 and December 31, 2017, respectively. AAM manages, directly and indirectly, \$77.1 billion of investments, which in the aggregate constitute the vast majority of our investment portfolio as of March 31, 2018, comprising a diversified portfolio of fixed maturity and other securities. Through our relationship with Apollo, AAM has identified unique investment opportunities for us. AAM's knowledge of our funding structure and regulatory requirements allows it to design customized strategies and investments for our portfolio.

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Our asset portfolio is managed within the limits and constraints set forth in our Investment and Credit Risk Policy. Under this policy, we set limits on investments in our portfolio by asset class, such as corporate bonds, emerging markets securities, municipal bonds, non-agency RMBS, CMBS, CLOs, commercial mortgage whole loans and mezzanine loans and investment funds. We also set credit risk limits for exposure to a single issuer that vary based on the issuer’s ratings. In addition, our investment portfolio is constrained by its scenario-based capital ratio limit and its stressed liquidity limit.

The following table presents the carrying values of our total investments and investments in related parties:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Fixed maturity securities, at fair value				
AFS securities	\$ 58,575	73.1%	\$ 61,012	72.3%
Trading securities	2,088	2.6%	2,196	2.6%
Equity securities	160	0.2%	790	0.9%
Mortgage loans, net of allowances	6,139	7.7%	6,233	7.4%
Investment funds	647	0.8%	699	0.8%
Policy loans	510	0.6%	530	0.6%
Funds withheld at interest	7,093	8.8%	7,085	8.4%
Derivative assets	2,031	2.5%	2,551	3.0%
Real estate	—	—%	624	0.7%
Short-term investments	235	0.3%	201	0.2%
Other investments	113	0.1%	133	0.2%
Total investments	77,591	96.7%	82,054	97.1%
Investment in related parties				
Fixed maturity securities, at fair value				
AFS securities	505	0.6%	406	0.5%
Trading securities	305	0.4%	307	0.4%
Investment funds	1,499	1.9%	1,310	1.6%
Short-term investments	123	0.1%	52	0.1%
Other investments	238	0.3%	238	0.3%
Total related party investments	2,670	3.3%	2,313	2.9%
Total investments, including related party	\$ 80,261	100.0%	\$ 84,367	100.0%

The decrease in our total investments, including related party, as of March 31, 2018 of \$4.1 billion compared to December 31, 2017 was mainly driven by the deconsolidation of \$5.9 billion related to our former German operations, the change in unrealized gains and losses on AFS securities and a decrease in derivative assets. Unrealized gains and losses on AFS securities decreased \$1.3 billion attributed to the increase in U.S. treasury rates and credit spreads widening. Derivative assets decreased by \$520 million primarily attributed to the decrease in equity markets as the S&P 500 index decreased by 1.2% in the quarter. These were partially offset by the deployment of cash, strong growth in deposits of \$2.1 billion less liability outflows of \$1.8 billion and the reinvestment of earnings.

Our investment portfolio consists largely of high quality fixed maturity securities, loans and short-term investments, as well as additional opportunistic holdings in investment funds and other instruments, including a small amount of equity holdings. Fixed maturity securities and loans include publicly issued corporate bonds, government and other sovereign bonds, privately placed corporate bonds and loans, mortgage loans, CMBS, RMBS, CLOs, and other asset-backed securities (ABS).

While the substantial majority of our investment portfolio has been allocated to corporate bonds and structured credit products, a key component of our investment strategy is the opportunistic acquisition of investment funds with attractive risk and return profiles. Our investment fund portfolio consists of funds that employ various strategies including real estate and other real asset funds, credit funds, private equity funds and hedge funds. We have a strong preference for assets that have some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that have less downside risk. We acquired certain investment funds from AAA Investor (which are classified as private equity investments and consolidated VIEs) as a one-time capital contribution by our largest shareholder in advance of the Aviva USA acquisition. With respect to investment fund portfolios that we received in these transactions, we actively reinvest these investments in our preferred credit-oriented strategies over time as we liquidate these holdings.

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We hold derivatives for economic hedging purposes to reduce our exposure to the cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk, and to a lesser extent, foreign exchange risk. Our primary use of derivative instruments relates to providing the income needed to fund the annual indexed credits on our FIA products. We primarily use fixed indexed options to economically hedge FIA products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specific market index.

With respect to derivative positions, we transact with highly rated counterparties, and do not expect the counterparties to fail to meet their obligations under the contracts. We generally use industry standard agreements and annexes with bilateral collateral provisions to further reduce counterparty credit exposure.

AFS Securities

We invest with the intent to hold investments to maturity. In selecting investments we attempt to source investments that match our future cash flow needs. However, we may sell any of our investments in advance of maturity in order to timely satisfy our liabilities as they become due or in order to respond to a change in the credit profile or other characteristics of the particular investment.

AFS fixed maturity securities are carried at fair value on our condensed consolidated balance sheets. Changes in fair value for our AFS portfolio, net of related DAC, DSI and VOBA amortization and the change in rider reserves, are charged or credited to other comprehensive income, net of tax. Declines in fair value that are other than temporary are recorded as realized losses in the condensed consolidated statements of income, net of any applicable non-credit component of the loss, which is recorded as an adjustment to other comprehensive income.

The distribution of our AFS securities, including related parties, by type is as follows:

<i>(In millions, except percentages)</i>	March 31, 2018				
	Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	Percent of Total
AFS securities					
U.S. government and agencies	\$ 25	\$ —	\$ —	\$ 25	0.0%
U.S. state, municipal and political subdivisions	995	140	(3)	1,132	1.9%
Foreign governments	137	2	(3)	136	0.2%
Corporate	35,489	875	(497)	35,867	60.7%
CLO	5,617	36	(11)	5,642	9.5%
ABS	4,595	44	(32)	4,607	7.8%
CMBS	1,981	32	(34)	1,979	3.3%
RMBS	8,532	666	(11)	9,187	15.7%
Total AFS securities	57,371	1,795	(591)	58,575	99.1%
AFS securities – related party					
CLO	456	4	—	460	0.8%
ABS	45	—	—	45	0.1%
Total AFS securities – related party	501	4	—	505	0.9%
Total AFS securities, including related party	\$ 57,872	\$ 1,799	\$ (591)	\$ 59,080	100.0%

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<i>(In millions, except percentages)</i>	December 31, 2017				
	Cost or Amortized Cost	Unrealized Gain	Unrealized Loss	Fair Value	Percent of Total
Fixed maturity securities					
U.S. government and agencies	\$ 63	\$ 1	\$ (2)	\$ 62	0.1%
U.S. state, municipal and political subdivisions	996	171	(2)	1,165	1.9%
Foreign governments	2,575	116	(8)	2,683	4.3%
Corporate	35,173	1,658	(171)	36,660	59.5%
CLO	5,039	53	(8)	5,084	8.2%
ABS	3,945	53	(27)	3,971	6.4%
CMBS	1,994	48	(21)	2,021	3.3%
RMBS	8,721	652	(7)	9,366	15.2%
Total fixed maturity securities	58,506	2,752	(246)	61,012	98.9%
Equity securities	271	7	(1)	277	0.4%
Total AFS securities	58,777	2,759	(247)	61,289	99.3%
Fixed maturity securities – related party					
CLO	353	7	—	360	0.6%
ABS	46	—	—	46	0.1%
Total AFS securities – related party	399	7	—	406	0.7%
Total AFS securities, including related party	\$ 59,176	\$ 2,766	\$ (247)	\$ 61,695	100.0%

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Fixed Maturity Securities

We maintain a diversified AFS portfolio of corporate fixed maturity securities across industries and issuers, and a diversified portfolio of structured securities. The composition of our AFS fixed maturity securities, including related parties, is as follows:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
Corporate				
Industrial other ¹	\$ 11,533	19.5%	\$ 12,026	19.6%
Financial	11,475	19.4%	11,824	19.3%
Utilities	8,400	14.2%	8,296	13.5%
Communication	2,447	4.2%	2,607	4.2%
Transportation	2,012	3.4%	1,907	3.1%
Total corporate	35,867	60.7%	36,660	59.7%
Other government-related securities				
U.S. state, municipal and political subdivisions	1,132	1.9%	1,165	1.9%
Foreign governments	136	0.3%	2,683	4.4%
U.S. government and agencies	25	0.0%	62	0.1%
Total non-structured securities	37,160	62.9%	40,570	66.1%
Structured securities				
CLO	6,102	10.3%	5,444	8.9%
ABS	4,652	7.9%	4,017	6.5%
CMBS	1,979	3.3%	2,021	3.3%
RMBS				
Agency	81	0.1%	87	0.1%
Non-agency	9,106	15.5%	9,279	15.1%
Total structured securities	21,920	37.1%	20,848	33.9%
Total fixed maturity securities, including related party	\$ 59,080	100.0%	\$ 61,418	100.0%

¹ Includes securities within various industry segments including capital goods, basic industry, consumer cyclical, consumer non-cyclical, industrial and technology.

The fair value of our total fixed maturity securities, including related parties, was \$59.1 billion and \$61.4 billion as of March 31, 2018 and December 31, 2017, respectively. The decrease was mainly driven by the deconsolidation of \$5.9 billion related to our former German operations and the change in unrealized gains and losses on AFS securities. Unrealized gains and losses on AFS securities decreased \$1.3 billion attributed to the increase in U.S. treasury rates and credit spreads widening. These were partially offset by the deployment of cash, strong growth in deposits of \$2.1 billion less liability outflows of \$1.8 billion and the reinvestment of earnings.

The Securities Valuation Office (SVO) of the NAIC is responsible for the credit quality assessment and valuation of securities owned by state regulated insurance companies. Insurance companies report ownership of securities to the SVO when such securities are eligible for filing on the relevant schedule of the NAIC Financial Statement Blank. The SVO conducts credit analysis on these securities for the purpose of assigning an NAIC designation and/or unit price. With important exceptions discussed below, if a security has been rated by an Nationally Recognized Statistical Rating Organization (NRSRO), the SVO utilizes that rating and assigns an NAIC designation based upon the following system:

NAIC designation	NRSRO equivalent rating
1	AAA/AA/A
2	BBB
3	BB
4	B
5	CCC
6	CC and lower

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The NRSRO ratings methodology is focused on the likelihood of recovery of all contractual payments, including principal at par, regardless of an investor’s carrying value. In effect, the NRSRO rating assumes that the holder is the original purchaser at par. In contrast, the SVO’s loan-backed and structured securities (LBaSS) methodology is focused on determining the risk associated with the recovery of the amortized cost of each security. Because the NAIC’s methodology explicitly considers amortized cost and the likelihood of recovery of our investment, we view the NAIC’s methodology as the most appropriate way to view our fixed maturity portfolio for purposes of evaluating credit quality since a large portion of our holdings were purchased and are carried at significant discounts to par.

Specific to LBaSS, the SVO has developed a ratings process and provides instruction on both modeled and non-modeled LBaSS. The modeled LBaSS process is specific to the non-agency RMBS and CMBS asset classes. In order to establish ratings at the individual security level, the SVO obtains loan-level analysis of each RMBS and CMBS using a selected vendor’s proprietary financial model. The SVO ensures that the vendor has extensive internal quality-control processes in place and the SVO conducts its own quality-control checks of the selected vendor’s valuation process. The SVO has retained the services of Blackrock to model non-agency RMBS and CMBS owned by U.S. insurers for all years presented herein. Blackrock provides five prices (breakpoints), based on each U.S. insurer’s statutory book value price, to utilize in determining the NAIC designation for each modeled LBaSS. For non-modeled LBaSS (including ABS and CLOs) with the initial designation of NAIC 1 or NAIC 6, the designation remains the same through the life of the security. For non-modeled LBaSS with the initial designation of NAIC 2 through NAIC 5, the selected vendors are not utilized and the NAIC designations are set using a standardized table of breakpoints provided by the SVO for application to the insurer’s statutory book value price. The NAIC designation determines the associated level of RBC that an insurer is required to hold for modeled LBaSS owned by the insurer. In general, under both the modeled and non-modeled LBaSS processes, the larger the discount to par value, the stronger the NAIC designation the LBaSS will have.

A summary of our AFS fixed maturity securities, including related parties, by NAIC designation (with our German operations applying NRSRO ratings to map to NAIC designations) is as follows:

<i>(In millions, except percentages)</i>	March 31, 2018			December 31, 2017		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
NAIC designation						
1	\$ 28,792	\$ 29,740	50.4%	\$ 30,906	\$ 32,447	52.8%
2	25,451	25,744	43.6%	24,147	25,082	40.9%
Total investment grade	54,243	55,484	94.0%	55,053	57,529	93.7%
3	2,913	2,910	4.9%	2,978	3,040	5.0%
4	633	608	1.0%	789	765	1.2%
5	76	69	0.1%	70	66	0.1%
6	7	9	0.0%	15	18	0.0%
Total below investment grade	3,629	3,596	6.0%	3,852	3,889	6.3%
Total fixed maturity securities, including related party	\$ 57,872	\$ 59,080	100.0%	\$ 58,905	\$ 61,418	100.0%

Substantially all of our AFS fixed maturity portfolio, 94.0% and 93.7% as of March 31, 2018 and December 31, 2017, respectively, was invested in assets considered investment grade with a NAIC designation of 1 or 2.

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A summary of our AFS fixed maturity securities, including related parties, by NRSRO ratings is set forth below:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NRSRO rating agency designation				
AAA/AA/A	\$ 19,353	32.7%	\$ 21,448	34.9%
BBB	23,989	40.6%	23,572	38.4%
Non-rated ¹	6,488	11.0%	6,592	10.7%
Total investment grade	49,830	84.3%	51,612	84.0%
BB	2,981	5.1%	3,091	5.0%
B	1,016	1.7%	1,198	2.0%
CCC	3,202	5.4%	2,696	4.4%
CC and lower	1,591	2.7%	2,302	3.8%
Non-rated ¹	460	0.8%	519	0.8%
Total below investment grade	9,250	15.7%	9,806	16.0%
Total fixed maturity securities, including related party	\$ 59,080	100.0%	\$ 61,418	100.0%

¹ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security’s respective NAIC designation.

Consistent with the NAIC Process and Procedures Manual, an NRSRO rating was assigned based on the following criteria: (a) the equivalent S&P rating where the security is rated by one NRSRO; (b) the equivalent S&P rating of the lowest NRSRO when the security is rated by two NRSROs; and (c) the equivalent S&P rating of the second lowest NRSRO if the security is rated by three or more NRSROs. If the lowest two NRSRO ratings are equal, then such rating will be the assigned rating. NRSRO ratings available for the periods presented were S&P, Fitch, Moody’s Investor Service (Moody’s), DBRS, and Kroll Bond Rating Agency, Inc. (KBRA).

The portion of our AFS fixed maturity portfolio that was considered below investment grade based on NRSRO ratings was 15.7% and 16.0% as of March 31, 2018 and December 31, 2017, respectively. The primary driver of the difference in the percentage of securities considered below investment grade by NRSROs as compared to the securities considered below investment grade by the NAIC relates to the difference in methodologies between the NRSRO and NAIC for RMBS due to investments acquired at a discount to par value, as discussed above.

As of March 31, 2018 and December 31, 2017, the non-rated securities shown above were comprised of 45% and 44%, respectively, of corporate private placement securities for which we have not sought individual ratings from the NRSROs and 43% and 42%, respectively, of RMBS, many of which were acquired at a significant discount to par. We rely on internal analysis of credit risk and designations assigned by the NAIC. As of each of March 31, 2018 and December 31, 2017, 93% of the non-rated securities were designated NAIC 1 or 2.

Asset-backed Securities – We invest in ABS which are securitized by pools of assets such as consumer loans, automobile loans, student loans, insurance-linked securities, operating cash flows of corporations and cash flows from various types of business equipment. These holdings were \$4.7 billion and \$4.0 billion as of March 31, 2018 and December 31, 2017, respectively. As of March 31, 2018 and December 31, 2017, our ABS portfolio included \$4.4 billion (94% of the total) and \$3.8 billion (94% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while \$4.2 billion (90% of the total) and \$3.6 billion (89% of the total), respectively, of securities were considered investment grade based on NRSRO ratings.

Collateralized Loan Obligations – We also invest in CLOs which pay principal and interest from cash flows received from underlying corporate loans. These holdings were \$6.1 billion and \$5.4 billion as of March 31, 2018 and December 31, 2017, respectively. As of March 31, 2018 and December 31, 2017, our CLO portfolio included \$5.4 billion (89% of the total) and \$4.6 billion (85% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while \$5.7 billion (93% of the total) and \$4.8 billion (88% of the total), respectively, of securities were considered investment grade based on NRSRO ratings.

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Commercial Mortgage-backed Securities – A portion of our fixed maturity AFS portfolio is invested in CMBS. CMBS are constructed from pools of commercial mortgages. These holdings were \$2.0 billion as of each of March 31, 2018 and December 31, 2017. As of March 31, 2018 and December 31, 2017, our CMBS portfolio included \$1.9 billion (96% of the total) and \$1.9 billion (95% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while \$1.4 billion (68% of the total) and \$1.4 billion (70% of the total), respectively, of securities were considered investment grade based on NRSRO ratings.

Residential Mortgage-backed Securities – As part of our core investment strategy, a portion of our fixed maturity AFS portfolio is invested in RMBS. RMBS are securities constructed from pools of residential mortgages and backed by payments from those pools. These holdings were \$9.2 billion and \$9.4 billion as of March 31, 2018 and December 31, 2017, respectively. Excluding limitations on access to lending and other extraordinary economic conditions, prepayments of principal on the underlying loans can be expected to accelerate with decreases in market interest rates and diminish with increases in interest rates. Our investments in RMBS are primarily non-agency RMBS having a significant focus on assets with attractive entry prices, which are generally considered investment grade based on NAIC designations, given the likelihood that we ultimately receive principal and interest distributions in an amount at least equal to our amortized cost.

A summary of our AFS RMBS portfolio by NAIC designations and NRSRO quality ratings is as follows:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Fair Value	Percent of Total	Fair Value	Percent of Total
NAIC designation				
1	\$ 8,460	92.1%	\$ 8,714	93.0%
2	422	4.6%	360	3.8%
Total investment grade	8,882	96.7%	9,074	96.8%
3	198	2.2%	213	2.3%
4	102	1.1%	73	0.8%
5	5	0.0%	6	0.1%
Total below investment grade	305	3.3%	292	3.2%
Total RMBS	\$ 9,187	100.0%	\$ 9,366	100.0%
NRSRO rating agency designation				
AAA/AA/A	\$ 353	3.8%	\$ 335	3.6%
BBB	385	4.2%	347	3.7%
Non-rated ¹	2,886	31.4%	2,866	30.6%
Total investment grade	3,624	39.4%	3,548	37.9%
BB	371	4.0%	415	4.4%
B	364	4.0%	417	4.5%
CCC	3,110	33.9%	2,580	27.5%
CC and lower	1,587	17.3%	2,298	24.5%
Non-rated ¹	131	1.4%	108	1.2%
Total below investment grade	5,563	60.6%	5,818	62.1%
Total RMBS	\$ 9,187	100.0%	\$ 9,366	100.0%

¹ Securities denoted as non-rated by the NRSRO were classified as investment or non-investment grade according to the security’s respective NAIC designations.

A significant majority of our RMBS portfolio, 96.7% and 96.8% as of March 31, 2018 and December 31, 2017, respectively, was invested in assets considered to be investment grade based upon an application of the NAIC’s methodology to our holdings of RMBS. The NAIC’s methodology with respect to RMBS gives explicit effect to the amortized cost at which an insurance company carries each such investment. Because we invested in RMBS after the stresses related to U.S. housing had caused significant downward pressure on prices of RMBS, we carry most of our investments in RMBS at significant discounts to par value, which resulted in an investment grade NAIC designation. In contrast, our understanding is that in setting ratings, NRSROs focus on the likelihood of recovery of all contractual payments including principal at par value. As a result of a fundamental difference in approach, as of March 31, 2018 and December 31, 2017, NRSROs characterized 39.4% and 37.9%, respectively, of our RMBS as investment grade.

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Unrealized Losses

Our investments in fixed maturity securities, including related parties, are reported at fair value with changes in fair value recorded in other comprehensive income. Certain of our fixed maturity securities, including related parties, have experienced declines in fair value that we consider temporary in nature. As of March 31, 2018, our fixed maturity securities, including related party, had a fair value of \$59.1 billion, which was 2.1% above amortized cost of \$57.9 billion. As of December 31, 2017, our fixed maturity securities, including related party, had a fair value of \$61.4 billion, which was 4.3% above amortized cost of \$58.9 billion. These investments are held to support our product liabilities and we currently have the intent and ability to hold these securities until sale or maturity, and believe the securities will recover the amortized cost basis prior to sale or maturity.

The following tables reflect the unrealized losses on the AFS fixed maturity portfolio, including related parties, by NAIC designations:

<i>(In millions, except percentages)</i>	March 31, 2018					
	Amortized Cost of Securities with Unrealized Loss	Gross Unrealized Loss	Fair Value of Securities with Unrealized Loss	Fair Value to Amortized Cost Ratio	Fair Value of Total AFS Fixed Maturity Securities	Percent of Loss to Total AFS Fair Value NAIC Designation
NAIC designation						
1	\$ 8,903	\$ (204)	\$ 8,699	97.7%	\$ 29,740	(0.7)%
2	11,121	(289)	10,832	97.4%	25,744	(1.1)%
Total investment grade	20,024	(493)	19,531	97.5%	55,484	(0.9)%
3	1,483	(47)	1,436	96.8%	2,910	(1.6)%
4	409	(43)	366	89.5%	608	(7.1)%
5	66	(8)	58	87.9%	69	(11.6)%
6	—	—	—	—%	9	—%
Total below investment grade	1,958	(98)	1,860	95.0%	3,596	(2.7)%
Total	\$ 21,982	\$ (591)	\$ 21,391	97.3%	\$ 59,080	(1.0)%

<i>(In millions, except percentages)</i>	December 31, 2017					
	Amortized Cost of Securities with Unrealized Loss	Gross Unrealized Loss	Fair Value of Securities with Unrealized Loss	Fair Value to Amortized Cost Ratio	Fair Value of Total AFS Fixed Maturity Securities	Percent of Loss to Total AFS Fair Value NAIC Designation
NAIC designation						
1	\$ 4,901	\$ (100)	\$ 4,801	98.0%	\$ 32,447	(0.3)%
2	4,284	(82)	4,202	98.1%	25,082	(0.3)%
Total investment grade	9,185	(182)	9,003	98.0%	57,529	(0.3)%
3	881	(19)	862	97.8%	3,040	(0.6)%
4	451	(40)	411	91.1%	765	(5.2)%
5	60	(5)	55	91.7%	66	(7.6)%
6	5	—	5	100.0%	18	—%
Total below investment grade	1,397	(64)	1,333	95.4%	3,889	(1.6)%
Total	\$ 10,582	\$ (246)	\$ 10,336	97.7%	\$ 61,418	(0.4)%

The gross unrealized losses on AFS fixed maturity securities, including related party, were \$591 million and \$246 million as of March 31, 2018 and December 31, 2017, respectively. The increase in unrealized losses was driven by the increase in U.S. treasury rates and credit spreads widening during three months ended March 31, 2018.

As of March 31, 2018 and December 31, 2017, we held \$4.5 billion and \$4.4 billion, respectively, in energy sector fixed maturity securities, or 8% and 7% of the total fixed maturity securities, including related parties, respectively. The gross unrealized capital losses on these securities were \$75 million and \$33 million, or 13% and 13% of the total unrealized losses, respectively.

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Other-Than-Temporary Impairments

For our OTTI policy and the identification of securities that could potentially have impairments, see *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* and *Note 2 – Investments* to the condensed consolidated financial statements, as well as *Critical Accounting Estimates and Judgments*.

During the three months ended March 31, 2018, we recorded \$3 million of OTTI losses comprised of \$2 million related to corporate fixed maturities and \$1 million related to RMBS. Of the OTTI losses recognized during three months ended March 31, 2018, there were no OTTI losses related to the energy sector. During the three months ended March 31, 2017, we recorded \$1 million of OTTI losses, all of which related to ABS. Of the OTTI losses recognized during 2017, there were no OTTI losses related to the energy sector. The annualized OTTI losses we have experienced for the three months ended March 31, 2018 and 2017, translate into 2 basis points and 1 basis point, respectively, of average invested assets.

International Exposure

A portion of our fixed maturity securities is invested in securities with international exposure. As of March 31, 2018 and December 31, 2017, 30% and 33% of the carrying value of our fixed maturity securities, including related parties, was comprised of securities of issuers based outside of the United States and debt securities of foreign governments. These securities are either denominated in U.S. dollars or do not expose us to significant foreign currency risk as a result of foreign currency swap arrangements.

The following table presents our international exposure in our fixed maturity securities portfolio, including related parties, by country or region:

<i>(In millions, except percentages)</i>	March 31, 2018			December 31, 2017		
	Amortized Cost	Fair Value	Percent of Total	Amortized Cost	Fair Value	Percent of Total
Country of risk						
Ireland	\$ 537	\$ 530	3.0%	\$ 498	\$ 511	2.6%
Italy	37	39	0.2%	59	64	0.3%
Spain	32	35	0.2%	209	225	1.1%
Portugal	—	—	—%	1	1	0.0%
Total Ireland, Italy, Greece, Spain and Portugal ¹	606	604	3.4%	767	801	4.0%
Other Europe	5,713	5,805	32.6%	8,087	8,395	42.0%
Total Europe	6,319	6,409	36.0%	8,854	9,196	46.0%
Non-U.S. North America	8,814	8,888	49.9%	8,048	8,220	41.2%
Australia & New Zealand	1,586	1,586	8.9%	1,443	1,481	7.4%
Central & South America	398	408	2.3%	481	508	2.6%
Africa & Middle East	190	189	1.1%	193	196	1.0%
Asia/Pacific	333	329	1.8%	321	327	1.6%
Supranational	—	—	—%	39	41	0.2%
Total	\$ 17,640	\$ 17,809	100.0%	\$ 19,379	\$ 19,969	100.0%

¹ As of each of the respective periods, we had no holdings in Greece.

Approximately 91.5% and 90.9% of these securities are investment grade by NAIC designation as of March 31, 2018 and December 31, 2017, respectively. As of March 31, 2018, 10% of our fixed maturity securities, including related parties, were invested in CLOs of Cayman Islands issuers (for which underlying investments are largely loans to U.S. issuers) and 20% were invested in securities of non-U.S. issuers.

Portugal, Ireland, Italy, Greece and Spain continue to represent credit risk as economic conditions in these countries continue to be volatile, especially within the financial and banking sectors. We had \$604 million and \$801 million as of March 31, 2018 and December 31, 2017, respectively, of exposure in these countries.

As of March 31, 2018, we held United Kingdom and Channel Islands fixed maturity securities of \$2.0 billion, or 3.4% of the total fixed maturities including related parties. As of March 31, 2018, these securities were in an unrealized gain position of \$11 million. Our investment managers analyze each holding for credit risk by economic and other factors of each country and industry.

Trading Securities

Trading securities, including related parties, were \$2.4 billion and \$2.5 billion as of March 31, 2018 and December 31, 2017, respectively. Trading securities are primarily comprised of AmerUs Closed Block securities for which we have elected the fair value option valuation, CLO equity tranche securities, structured securities with embedded derivatives, and investments which support various reinsurance arrangements.

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Mortgage Loans

The following is a summary of our mortgage loan portfolio by collateral type:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Net Carrying Value	Percent of Total	Net Carrying Value	Percent of Total
Property type				
Office building	\$ 1,389	22.6%	\$ 1,187	19.0%
Retail	1,167	19.0%	1,223	19.6%
Hotels	935	15.2%	928	14.9%
Industrial	789	12.9%	944	15.2%
Apartment	441	7.2%	525	8.4%
Other commercial ¹	412	6.7%	440	7.1%
Total net commercial mortgage loans	5,133	83.6%	5,247	84.2%
Residential loans	1,006	16.4%	986	15.8%
Total mortgage loans, net of allowances	\$ 6,139	100.0%	\$ 6,233	100.0%

¹ Other commercial loans include investments in nursing homes, other healthcare institutions, parking garages, storage facilities and other commercial properties.

We invest a portion of our investment portfolio in mortgage loans, which are generally comprised of high quality commercial first lien and mezzanine real estate loans. Our mortgage loan holdings were \$6.1 billion and \$6.2 billion as of March 31, 2018 and December 31, 2017, respectively. This included \$1.8 billion of mezzanine mortgage loans for both of the respective periods. We have acquired mortgage loans through acquisitions and reinsurance arrangements, as well as through an active program to invest in new mortgage loans. We invest in mortgage loans on income producing properties including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Loan-to-value ratios at the time of loan approval are generally 75% or less.

Our mortgage loans are primarily stated at unpaid principal balance, adjusted for any unamortized premium or discount, and net of valuation allowances. Interest income is accrued on the principal amount of the loan based on the loan’s contractual interest rate. Amortization of premiums and discounts is recorded using the effective interest method. Interest income, amortization of premiums and discounts, and prepayment fees are reported in net investment income.

It is our policy to cease to accrue interest on loans that are over 90 days delinquent. For loans less than 90 days delinquent, interest is accrued unless it is determined that the accrued interest is not collectible. If a loan becomes over 90 days delinquent, it is our general policy to initiate foreclosure proceedings unless a workout arrangement to bring the loan current is in place. As of March 31, 2018, we had \$37 million of mortgage loans that were 90 days past due and \$8 million in the process of foreclosure. As of December 31, 2017, we had \$28 million of mortgage loans that were 90 days past due and \$1 million in the process of foreclosure.

See *Note 2 – Investments* to the condensed consolidated financial statements for information regarding valuation allowance for collection loss, impairments, loan-to-value, and debt service coverage.

As of March 31, 2018 and December 31, 2017, we had not recorded any new specific loan valuation allowances and we recorded \$0 million and \$3 million, respectively, of OTTI through net income. We have established a general and specific loan valuation allowance in the aggregate amount of \$1 million and \$2 million as of March 31, 2018 and December 31, 2017, respectively, attributable to loans acquired in connection with the acquisition of Aviva USA.

Investment Funds and Variable Interest Entities

Our investment funds investment strategy primarily focuses on funds with core holdings of credit assets, real assets, real estate, preferred equity and income producing assets. Our investment strategy focuses on sourcing assets with some or all of the following characteristics, among others: (1) investments that constitute a direct investment or an investment in a fund with a high degree of co-investment; (2) investments with credit- or debt-like characteristics (for example, a stipulated maturity and par value), or alternatively, investments with reduced volatility when compared to pure equity; or (3) investments that have less downside risk. A portion of our current investment funds and VIE holdings are comprised of certain investment funds contributed by the AAA Investor (AAA Contribution) as further described in *Note 4 – Variable Interest Entities* to the condensed consolidated financial statements. At the time of the AAA Contribution, the contributed assets largely consisted of co-investments with Apollo private equity funds. However, the attributes of the contributed assets have changed significantly since the initial transaction primarily due to the initial public offering of two underlying fund investment holdings. As of March 31, 2018, the assets consisted of \$149 million of publicly-traded equity securities, a substantial portion of which is in the process of being liquidated. These public equity securities have resulted in volatility in our statement of income in recent periods.

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Our investment funds generally meet the definition of a VIE, and in certain cases these investment funds are consolidated in our financial statements because we meet the criteria of the primary beneficiary. See *Note 4 – Variable Interest Entities* to the condensed consolidated financial statements for further discussion on our investment funds that meet the criteria for consolidation and the accounting treatment for them.

The following table illustrates our consolidated VIE positions:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Assets of consolidated VIEs				
Investments				
Fixed maturity securities				
Trading securities	\$ 47	5.8%	\$ 48	5.5%
Equity securities	177	21.8%	240	27.8%
Investment funds	582	71.8%	571	66.1%
Cash and cash equivalents	3	0.4%	4	0.5%
Other assets	2	0.2%	1	0.1%
Total assets of consolidated VIEs	\$ 811	100.0%	\$ 864	100.0%
Liabilities of consolidated VIEs				
Other liabilities	\$ 1	100.0%	\$ 2	100.0%
Total liabilities of consolidated VIEs	\$ 1	100.0%	\$ 2	100.0%

The assets of consolidated VIEs were \$811 million and \$864 million as of March 31, 2018 and December 31, 2017, respectively. The liabilities of consolidated VIEs were \$1 million and \$2 million as of March 31, 2018 and December 31, 2017, respectively.

The following table illustrates our investment funds, including related party positions of our non-consolidated VIEs and investment funds owned by consolidated VIEs:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
Investment funds				
Private equity	\$ 240	8.8%	\$ 271	10.5%
Real estate and other real assets	174	6.4%	161	6.2%
Natural resources	4	0.1%	4	0.2%
Hedge funds	56	2.1%	61	2.4%
Credit funds	173	6.3%	202	7.8%
Total investment funds	647	23.7%	699	27.1%
Investment funds – related parties				
Private equity – A-A Mortgage	418	15.3%	403	15.6%
Private equity	283	10.4%	180	7.0%
Real estate and other real assets	322	11.8%	297	11.5%
Natural resources	98	3.6%	74	2.9%
Hedge funds	99	3.6%	93	3.6%
Credit funds	279	10.3%	263	10.2%
Total investment funds – related parties	1,499	55.0%	1,310	50.8%
Investment funds owned by consolidated VIEs				
Private equity – MidCap	534	19.6%	528	20.4%
Credit funds	20	0.7%	21	0.8%
Real estate and other real assets	28	1.0%	22	0.9%
Total investment funds owned by consolidated VIEs	582	21.3%	571	22.1%
Total investment funds, including related parties and VIEs	\$ 2,728	100.0%	\$ 2,580	100.0%

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Overall, the total investment funds, including related party and consolidated VIEs, were \$2.7 billion and \$2.6 billion as of March 31, 2018 and December 31, 2017, respectively. See *Note 4 – Variable Interest Entities* to the condensed consolidated financial statements for further discussion regarding how we account for our investment funds. Our investment fund portfolio is subject to a number of market related risks including interest rate and equity market risk. Interest rate risk represents the potential for changes in the investment fund’s net asset values resulting from changes in the general level of interest rates. Equity market risk represents potential for changes in the investment fund’s net asset values resulting from changes in equity markets or from other external factors which influence equity markets. We actively monitor our exposure to the risks inherent in these investments which could materially and adversely affect our results of operations and financial condition. The interest rate and equity market risks expose us to potential volatility in our earnings period-over-period related to these investment funds.

Funds Withheld at Interest

Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which we act as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company. As of March 31, 2018, the ceding companies holding the assets pursuant to such reinsurance agreements had a financial strength rating of A- or better.

The funds withheld at interest is comprised of the host contract and an embedded derivative. We are subject to the investment performance on the withheld assets with the total return directly impacting the host contract and the embedded derivative. Interest accrues at a risk free rate on the host receivable and is recorded as net investment income in the condensed consolidated statements of income. The change in the embedded derivative in our reinsurance agreements, which is similar to a total return swap on the income generated by the underlying assets held by the ceding companies, is recorded in investment related gains (losses). Although we do not directly control the underlying investments in the funds withheld at interest, in each instance the ceding company has hired AAM to manage the withheld assets in accordance with our investment guidelines.

The following summarizes the underlying investment composition of the funds withheld at interest:

	March 31, 2018		December 31, 2017	
	Carrying Value	Percent of Total	Carrying Value	Percent of Total
<i>(In millions, except percentages)</i>				
Fixed maturity securities				
U.S. state, municipal and political subdivisions	\$ 111	1.6%	\$ 117	1.6%
Corporate	2,164	30.5%	2,095	29.6%
CLO	618	8.7%	669	9.4%
ABS	938	13.2%	886	12.5%
CMBS	287	4.0%	290	4.1%
RMBS	1,515	21.4%	1,551	21.9%
Equity securities	28	0.4%	28	0.4%
Mortgage loans	788	11.1%	792	11.2%
Investment funds	454	6.4%	376	5.3%
Derivative assets	56	0.8%	78	1.1%
Short-term investments	35	0.5%	16	0.2%
Cash and cash equivalents	65	0.9%	132	1.9%
Other assets and liabilities	34	0.5%	55	0.8%
Total funds withheld at interest	\$ 7,093	100.0%	\$ 7,085	100.0%

As of each of March 31, 2018 and December 31, 2017, we held \$7.1 billion of funds withheld at interest receivables. Approximately 94.9% and 94.2% of the fixed maturity securities within the funds withheld at interest are investment grade by NAIC designation as of March 31, 2018 and December 31, 2017, respectively.

Derivative Instruments

We hold derivative instruments for economic hedging purposes to reduce our exposure to cash flow variability of assets and liabilities, equity market risk, interest rate risk, credit risk and foreign exchange risk. The types of derivatives we may use include interest rate swaps, foreign currency swaps and forward contracts, total return swaps, credit default swaps, variance swaps, futures and fixed indexed options.

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A presentation of our derivative instruments along with a discussion of the business strategy involved with our derivatives is included in *Note 3 – Derivative Instruments* to the condensed consolidated financial statements. This includes:

- a comprehensive description of the derivatives instruments as well as the strategies to manage risk;
- the notional amounts and estimated fair value by derivative instruments; and
- impacts on the condensed consolidated statement of net income.

As part of our risk management strategies, management continually evaluates our derivative instrument holdings and the effectiveness of such holdings in addressing risks identified in our operations.

Invested Assets

The following summarizes our invested assets:

	March 31, 2018		December 31, 2017			
	Invested Asset Value ¹	Percent of Total	U.S. and Bermuda Invested Asset Value	Germany Invested Asset Value	Invested Asset Value ¹	Percent of Total
<i>(In millions, except percentages)</i>						
Corporate	\$ 38,896	49.4%	\$ 37,059	\$ 1,536	\$ 38,595	46.9%
CLO	6,241	7.9%	5,914	—	5,914	7.2%
Credit	45,137	57.3%	42,973	1,536	44,509	54.1%
RMBS	10,288	13.1%	10,532	—	10,532	12.8%
Mortgage loans	6,925	8.8%	6,858	165	7,023	8.5%
CMBS	2,311	2.9%	2,322	—	2,322	2.8%
Real estate held for investment	—	—%	—	625	625	0.8%
Real estate	19,524	24.8%	19,712	790	20,502	24.9%
ABS	5,852	7.5%	4,824	—	4,824	5.9%
Alternative investments	3,615	4.6%	3,692	137	3,829	4.6%
State, municipal, political subdivisions and foreign government	1,309	1.7%	1,347	2,411	3,758	4.5%
Unit-linked assets	—	—%	—	407	407	0.5%
Equity securities	194	0.2%	192	128	320	0.4%
Short-term investments	339	0.4%	228	—	228	0.3%
U.S. government and agencies	32	0.0%	29	35	64	0.1%
Other investments	11,341	14.4%	10,312	3,118	13,430	16.3%
Cash and equivalents	1,732	2.2%	2,504	296	2,800	3.4%
Policy loans and other	989	1.3%	761	296	1,057	1.3%
Total invested assets	\$ 78,723	100.0%	\$ 76,262	\$ 6,036	\$ 82,298	100.0%

¹ See *Key Operating and Non-GAAP Measures for the definition of invested assets*.

Our total invested assets were \$78.7 billion and \$82.3 billion as of March 31, 2018 and December 31, 2017, respectively. As of March 31, 2018, our total invested assets were mainly comprised of 49.4% of corporate securities, 31.4% of structured securities, 8.8% of mortgage loans and 4.6% of alternative investments. Corporate securities within our U.S. and Bermuda portfolio included \$9.9 billion of private placements, which represented 13% of our total invested assets. The decrease in total invested assets as of March 31, 2018 from December 31, 2017 was primarily driven by the deconsolidation of our former Germany operations, partially offset by the strong growth in deposits over liability outflows and reinvestment of earnings.

In managing our business we utilize invested assets as presented in the above table. Invested assets do not correspond to the total investments, including related parties, on our condensed consolidated balance sheets, as discussed previously in *Key Operating and Non-GAAP Measures*. Invested assets represent the investments that directly back our policyholder liabilities and surplus assets. We believe this view of our portfolio provides a view of the assets for which we have economic exposure. We adjust the presentation for funds withheld and modco transactions to include or exclude the underlying investments based upon the contractual transfer of economic exposure to such underlying investments. We also deconsolidate any VIEs in order to show the net investment in the funds, which therefore are included in the alternative investments line above.

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Invested assets is utilized by management to evaluate our investment portfolio. Invested asset figures are used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Invested assets is also used in our risk management processes for asset purchases, product design and underwriting, stress scenarios, liquidity, and ALM.

Alternative Investments

The following summarizes our alternative investments:

<i>(In millions, except percentages)</i>	March 31, 2018		December 31, 2017	
	Invested Asset Value	Percent of Total	Invested Asset Value	Percent of Total
Credit funds	\$ 720	19.9%	\$ 784	20.4%
Private equity – MidCap	534	14.8%	528	13.8%
Private equity – A-A Mortgage (AmeriHome)	514	14.2%	496	12.9%
Private equity – other	619	17.1%	554	14.5%
Mortgage and real assets	678	18.8%	643	16.8%
Hedge funds	184	5.1%	467	12.2%
Public equities	124	3.4%	171	4.5%
Natural resources and other real assets	242	6.7%	186	4.9%
Total alternative investments	\$ 3,615	100.0%	\$ 3,829	100.0%

Alternative investments were \$3.6 billion and \$3.8 billion as of March 31, 2018 and December 31, 2017, respectively, representing 4.6% of our total invested assets portfolio as of each of March 31, 2018 and December 31, 2017.

Alternative investments do not correspond to total investment funds, including related parties and VIEs, on our condensed consolidated balance sheets. As discussed above in the invested assets section, we adjust the GAAP presentation for funds withheld and modco and de-consolidate VIEs. We also include CLO equity tranche securities in alternative investments due to their underlying characteristics and equity-like features.

Through our relationship with Apollo and AAM, we have indirectly invested in companies that meet the key characteristics we look for in alternative investments. Two of our largest alternative investments are in asset originators, MidCap and AmeriHome, both of which, from time to time, provide us with access to assets for our investment portfolio.

MidCap

Our equity investment in MidCap is held indirectly through an investment fund, AAA Investment (Co Invest VII), L.P. (CoInvest VII), of which MidCap constitutes substantially all the fund’s investments. MidCap is a commercial finance company that provides various financial products to middle-market businesses in multiple industries, primarily located in the U.S. MidCap primarily originates and invests in commercial and industrial loans, including senior secured corporate loans, working capital loans collateralized mainly by accounts receivable and inventory, senior secured loans collateralized by portfolios of commercial and consumer loans and related products and secured loans to highly capitalized pharmaceutical and medical device companies, and commercial real estate loans, including multifamily independent-living properties, assisted living, skilled nursing and medical office properties, warehouse, office building, hotel and other commercial use properties and multifamily properties. MidCap originates and acquires loans using borrowings under financing arrangements that it has in place with numerous financial institutions. MidCap’s earnings are primarily driven by the difference between the interest earned on its loan portfolio and the interest accrued under its outstanding borrowings. As a result, MidCap is primarily exposed to the credit risk of its loan counterparties and prepayment risk. Additionally, financial results are influenced by related levels of middle-market business investment and interest rates.

Our alternative investment in CoInvest VII is substantially comprised of its investment in MidCap, which was \$534 million and \$528 million as of March 31, 2018 and December 31, 2017, respectively. Our investment in CoInvest VII largely reflects any contributions to and distributions from CoInvest VII and the fair value of MidCap. CoInvest VII returned a net investment earned rate of 11.79% and 11.74% for the three months ended March 31, 2018 and 2017, respectively. Alternative investment income from CoInvest VII was \$16 million and \$16 million for the three months ended March 31, 2018 and 2017, respectively.

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AmeriHome

Our equity investment in AmeriHome is held indirectly through an investment fund, A-A Mortgage Opportunities, LP (A-A Mortgage), of which AmeriHome is currently the fund’s only investment. AmeriHome is a mortgage origination platform and an aggregator of mortgage servicing rights. AmeriHome acquires mortgage loans from retail originators and re-sells the loans to the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association and other investors. AmeriHome retains the mortgage servicing rights on the loans that it sells and employs a subservicer to perform servicing operations, including payment collection. AmeriHome’s earnings are primarily driven by two sources: gains or losses on sale of mortgage loans and the difference between the fee that it charges for mortgage servicing and the fee charged by the subservicer. As a result, AmeriHome’s financial results are influenced by interest rates and related housing demand. AmeriHome is primarily exposed to credit risk related to the accuracy of the representations and warranties in the loans that AmeriHome acquires and prepayment risk, which prematurely terminates fees related to mortgage servicing.

Our alternative investment in A-A Mortgage was \$514 million and \$496 million as of March 31, 2018 and December 31, 2017, respectively. Our investment in A-A Mortgage represents our proportionate share of its net asset value, which largely reflects any contributions to and distributions from A-A Mortgage and the fair value of AmeriHome. A-A Mortgage returned a net investment earned rate of 13.75% and 10.11% for the three months ended March 31, 2018 and 2017, respectively. Alternative investment income from A-A Mortgage was \$18 million and \$11 million for the three months ended March 31, 2018 and 2017, respectively. The increase in alternative investment income of \$7 million over 2017 was driven by increases in its overall balance sheet size, origination volumes and retained mortgage servicing rights.

Non-GAAP Measure Reconciliations

The reconciliations to the nearest GAAP measure for adjusted operating income is included in the *Consolidated Results of Operations* section.

The reconciliation of shareholders’ equity to adjusted shareholders’ equity included in the adjusted book value per share, adjusted debt to capital ratio, adjusted ROE and adjusted operating ROE is as follows:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Total shareholders’ equity	\$ 8,695	\$ 9,208
Less: AOCI	585	1,415
Less: Reinsurance unrealized gains and losses	107	161
Total adjusted shareholders’ equity	<u>\$ 8,003</u>	<u>\$ 7,632</u>
Segment adjusted shareholders’ equity		
Retirement Services	\$ 5,552	\$ 5,304
Corporate and Other	2,451	2,328
Total adjusted shareholders’ equity	<u>\$ 8,003</u>	<u>\$ 7,632</u>

The reconciliation of net income to adjusted net income included in adjusted ROE is as follows:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Net income	\$ 268	\$ 384
Reinsurance unrealized gains and losses	54	(43)
Adjusted net income	<u>\$ 322</u>	<u>\$ 341</u>

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The reconciliation of net investment income to net investment earnings and earned rate is as follows:

	Three months ended March 31,			
	2018		2017	
	Dollar	Rate	Dollar	Rate
<i>(In millions, except percentages)</i>				
GAAP net investment income	\$ 855	4.41 %	\$ 786	4.32 %
Reinsurance embedded derivative impacts	45	0.22 %	45	0.25 %
Net VIE earnings	15	0.08 %	11	0.06 %
Alternative income gain (loss)	1	0.01 %	(13)	(0.07)%
Held for trading amortization	(23)	(0.12)%	(15)	(0.08)%
Total adjustments to arrive at net investment earnings/earned rate	38	0.19 %	28	0.16 %
Total net investment earnings/earned rate	\$ 893	4.60 %	\$ 814	4.48 %
Retirement Services	\$ 866	4.63 %	\$ 780	4.76 %
Corporate and Other	27	3.76 %	34	1.88 %
Total net investment earnings/earned rate	\$ 893	4.60 %	\$ 814	4.48 %
Retirement Services average invested assets	\$ 74,735		\$ 65,576	
Corporate and Other average invested assets	2,844		7,123	
Consolidated average invested assets	\$ 77,579		\$ 72,699	

The reconciliation of interest sensitive contract benefits to Retirement Services' cost of crediting on deferred annuities, and the respective rates, is as follows:

	Three months ended March 31,			
	2018		2017	
	Dollar	Rate	Dollar	Rate
<i>(In millions, except percentages)</i>				
GAAP interest sensitive contract benefits	\$ 19	0.13 %	\$ 692	5.02 %
Interest credited other than deferred annuities	(40)	(0.27)%	(26)	(0.19)%
FIA option costs	174	1.18 %	145	1.04 %
Product charges (strategy fees)	(22)	(0.15)%	(17)	(0.12)%
Reinsurance embedded derivative impacts	3	0.02 %	9	0.07 %
Change in fair value of embedded derivatives – FIAs	133	0.90 %	(534)	(3.87)%
Negative VOBA amortization	10	0.07 %	12	0.09 %
Unit-linked change in reserves	—	— %	(18)	(0.13)%
Other changes in interest sensitive contract liabilities	(2)	(0.01)%	—	— %
Total adjustments to arrive at cost of crediting on deferred annuities	256	1.74 %	(429)	(3.11)%
Retirement Services cost of crediting on deferred annuities	\$ 275	1.87 %	\$ 263	1.91 %
Average account value	\$ 58,993		\$ 55,154	

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The reconciliation of total investments, including related parties, to invested assets is as follows:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Total investments, including related parties	\$ 80,261	\$ 84,367
Derivative assets	(2,031)	(2,551)
Cash and cash equivalents (including restricted cash)	2,822	4,993
Accrued investment income	620	652
Payables for collateral on derivatives	(1,145)	(2,323)
Reinsurance funds withheld and modified coinsurance	(467)	(579)
VIE assets, liabilities and noncontrolling interest	810	862
AFS unrealized (gain) loss	(1,332)	(2,794)
Ceded policy loans	(286)	(296)
Net investment receivables (payables)	(529)	(33)
Total adjustments to arrive at invested assets	(1,538)	(2,069)
Total invested assets	\$ 78,723	\$ 82,298

The reconciliation of total investment funds, including related parties and VIEs, to alternative investments within invested assets is as follows:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Investment funds, including related parties and VIEs	\$ 2,728	\$ 2,580
CLO equities included in trading securities	163	182
Financial Credit Investment special-purpose vehicle included in trading securities related party	—	287
Investment funds within funds withheld at interest	454	416
Royalties, other assets included in other investments and other assets	74	76
Net assets of the VIE, excluding investment funds	196	288
Total adjustments to arrive at alternative investments	887	1,249
Alternative investments	\$ 3,615	\$ 3,829

The reconciliation of total liabilities to reserve liabilities is as follows:

<i>(In millions)</i>	March 31, 2018	December 31, 2017
Total liabilities	\$ 84,862	\$ 90,539
Long-term debt	(992)	—
Derivative liabilities	(186)	(134)
Payables for collateral on derivatives	(1,145)	(2,323)
Funds withheld liability	(395)	(407)
Other liabilities	(1,277)	(1,222)
Liabilities of consolidated VIEs	(1)	(2)
Reinsurance ceded receivables	(4,834)	(4,972)
Policy loans ceded	(286)	(296)
Total adjustments to arrive at reserve liabilities	(9,116)	(9,356)
Total reserve liabilities	\$ 75,746	\$ 81,183

Liquidity and Capital Resources

There are two forms of liquidity relevant to our business, funding liquidity and balance sheet liquidity. Funding liquidity relates to the ability to fund operations. Balance sheet liquidity relates to our ability to liquidate or rebalance our balance sheet without incurring significant costs from fees, bid-offer spreads, or market impact. We manage our liquidity position by matching projected cash demands with adequate sources of cash and other liquid assets. Our principal sources of liquidity, in the ordinary course of business, are operating cash flows and holdings of cash, cash equivalents and other readily marketable assets.

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Our investment portfolio is structured to ensure a strong liquidity position over time in order to permit timely payment of policy and contract benefits without requiring asset sales at inopportune times or at depressed prices. In general, liquid assets include cash and cash equivalents, highly rated corporate bonds, unaffiliated preferred stock and unaffiliated public common stock, all of which generally have liquid markets with a large number of buyers. The carrying value of these assets as of March 31, 2018 was \$48.8 billion. Although our investment portfolio does contain assets that are generally considered illiquid for liquidity monitoring purposes (primarily mortgage loans, policy loans, real estate, investment funds, and affiliated common stock), there is some ability to raise cash from these assets if needed. In periods of economic downturn we may maintain higher cash balances than required to manage our liquidity risk and to take advantage of market dislocations as they arise. We have access to additional liquidity through our \$1.0 billion revolving credit facility, which is undrawn as of the date hereof and has a remaining term of approximately three years. On January 3, 2018, we filed a registration statement on Form S-3 ASR (Shelf Registration Statement), which, subject to market conditions and other factors, provides us with access to the capital markets and on January 12, 2018, we issued \$1.0 billion of senior unsecured notes under our Shelf Registration Statement. In addition, through our membership in the FHLB, we are eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity.

We proactively manage our liquidity position to meet cash needs while minimizing adverse impacts on investment returns. We analyze our cash-flow liquidity over the upcoming 12 months by modeling potential demands on liquidity under a variety of scenarios, taking into account the provisions of our policies and contracts in force, our cash flow position, and the volume of cash and readily marketable securities in our portfolio. By policy, we maintain sufficient liquidity not only to meet our cash-flow requirements over the succeeding 12-month period in a moderately severe scenario (for example, a recessionary environment), but also to have excess liquidity available to invest into potential investment opportunities created from market dislocations. We also monitor our liquidity profile under more severe scenarios.

We perform a number of stress tests and analyses to assess our ability to meet our cash flow requirements, as well as the ability of our reinsurance and insurance subsidiaries to meet their collateral obligations. Among these analyses, we manage to the following ALM limits:

- our projected net cumulative cash flows, including both new business and target levels of new investments under a “plan scenario” and a “moderately severe scenario” event, are non-negative over a rolling 12-month horizon;
- we hold enough cash, cash equivalents and other discounted liquid limit assets to cover 12 months of AHL's and Athene USA's projected obligations, including debt servicing costs
 - minimum of 50% of expenses and 100% of debt servicing to be held in cash and cash equivalents at AHL operating accounts
 - minimum of 50% of any required AHL – Athene USA inter-company loan commitments to be held in cash and cash equivalents by AHL
 - dividends required from ALRe must be available under moderate and substantial stress
 - for purposes of administering this test, liquid limit assets are discounted by 25% and include public corporate bonds rated A- or above, liquid ABS (defined as prime auto, auto floorplan, Tier 1 subprime auto, auto lease, prime credit cards, equipment lease or utility stranded assets) and RMBS with weighted average lives less than three years rated A- or above; or CMBS with weighted average lives less than three years rated AAA- or above
- we seek to maintain sufficient capital and surplus at ALRe to meet collateral calls from modco and third-party reinsurance contracts under a substantial stress event, such as the failure of a major financial institution (Lehman event).

Insurance Subsidiaries' Liquidity

The primary cash flow sources for our insurance subsidiaries include retirement services product inflows (premiums), investment income, principal repayments on our investments, and net transfers from separate accounts and financial product deposits. Uses of cash include investment purchases, payments to policyholders for surrenders and withdrawals, policy acquisition costs, and general operating costs.

Our policyholder obligations are generally long-term in nature. However, one liquidity risk is an extraordinary level of early policyholder withdrawals. We include provisions within our annuity policies, such as surrender charges and MVAs, which are intended to protect us from early withdrawals. As of each of March 31, 2018 and December 31, 2017, approximately 86% of our deferred annuity liabilities were subject to penalty upon surrender. In addition, as of each of March 31, 2018 and December 31, 2017, approximately 72% of policies contained MVAs that also have the effect of limiting early withdrawals if interest rates increase. Our funding agreements, PRT obligations and payout annuities are generally non-surrenderable.

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Cash Flows

Our cash flows were as follows:

<i>(In millions)</i>	Three months ended March 31,	
	2018	2017
Net income	\$ 268	\$ 384
Non-cash revenues and expenses	305	45
Net cash provided by operating activities	573	429
Sales, maturities, and repayment of investments	4,242	3,688
Purchases and acquisitions of investments	(7,057)	(5,171)
Other investing activities	(69)	355
Net cash used in investing activities	(2,884)	(1,128)
Deposits on investment-type policies and contracts	1,774	1,925
Withdrawals on investment-type policies and contracts	(1,474)	(1,399)
Net change in cash collateral posted for derivative transactions	(1,178)	298
Net proceeds and repayment of debt	998	—
Other financing activities	19	(7)
Net cash provided by financing activities	139	817
Effect of exchange rate changes on cash and cash equivalents	—	4
Net (decrease) increase in cash and cash equivalents ¹	\$ (2,172)	\$ 122

¹ Includes cash and cash equivalents, restricted cash, and cash and cash equivalents of consolidated variable interest entities.

Cash flows from operating activities

The primary cash inflows from operating activities include net investment income, annuity considerations and insurance premiums. The primary cash outflows from operating activities are comprised of benefit payments, interest credited to policyholders, and operating expenses. Our operating activities generated cash flows totaling \$573 million and \$429 million for the three months ended March 31, 2018 and 2017, respectively. The increase in cash provided by operating activities for the three months ended March 31, 2018 compared to 2017 was primarily driven by an increase in premiums due to \$266 million of PRT premiums and an increase in net investment income reflecting an increase in our investment portfolio attributed to the strong growth in deposits.

Cash flows from investing activities

The primary cash inflows from investing activities are the sales, maturities and repayments of investments. The primary cash outflows from investing activities are the purchases and acquisitions of new investments. Our investing activities used cash flows totaling \$2.9 billion and \$1.1 billion for the three months ended March 31, 2018 and 2017, respectively. The change in cash used in investing activities for the three months ended March 31, 2018 compared to 2017 was primarily attributed to the purchase of investments related to the increase in deposits over liability outflows, the investment of proceeds from our debt issuance and the reinvestment of earnings.

Cash flows from financing activities

The primary cash inflows from financing activities are deposits on our investment-type policies, changes of cash collateral posted for derivative transactions, capital contributions and proceeds from borrowing activities. The primary cash outflows from financing activities are withdrawals on our investment-type policies, changes of cash collateral posted for derivative transactions and repayments from borrowing activities. Our financing activities provided cash flows totaling \$139 million and \$817 million for the three months ended March 31, 2018 and 2017, respectively. The change in cash provided from financing activities for the three months ended March 31, 2018 was primarily attributed to the change in cash collateral posted for derivative transactions, partially offset by proceeds from the issuance of debt.

Holding Company Liquidity

AHL is a holding company whose primary liquidity needs include the cash-flow requirements relating to its corporate activities, including its day-to-day operations and strategic transactions, such as acquisitions. The primary source of AHL’s cash flow is dividends from its subsidiaries, which are expected to be adequate to fund cash flow requirements based on current estimates of future obligations.

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The ability of AHL's insurance subsidiaries to pay dividends is limited by applicable laws and regulations of the jurisdictions where the subsidiaries are domiciled, as well as agreements entered into with regulators. These laws and regulations require, among other things, the insurance subsidiaries to maintain minimum solvency requirements and limit the amount of dividends these subsidiaries can pay.

Subject to these limitations and prior notification to the appropriate regulatory agency, the U.S. insurance subsidiaries are permitted to pay ordinary dividends based on calculations specified under insurance laws of the relevant state of domicile. Any distributions above the amount permitted by statute in any twelve month period are considered to be extraordinary dividends, and the approval of the appropriate regulator is required prior to payment. In addition, dividends from U.S. insurance subsidiaries to AHL would result in a 30% withholding tax. AHL does not currently plan on having the U.S. subsidiaries pay any dividends to AHL. As a result, dividends from ALRe are projected to be the primary source of AHL's liquidity.

Under the Bermuda Insurance Act, ALRe is prohibited from paying a dividend in an amount exceeding 25% of the prior year's statutory capital and surplus, unless at least two members of ALRe's board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause ALRe to fail to meet its relevant margins. In certain instances, ALRe would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA in accordance with the Bermuda Insurance Act, and further subject to ALRe meeting its relevant margins, ALRe is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of its total statutory capital. Distributions in excess of this amount require the approval of the BMA.

The maximum distribution permitted by law or contract is not necessarily indicative of our actual ability to pay such distributions, which may be further restricted by business and other considerations, such as the potential imposition of withholding tax and the impact of such distributions on surplus, which could affect our ratings or competitive position and the amount of premiums that can be written. Specifically, the level of capital needed to maintain desired financial strength ratings from rating agencies, including S&P, A.M. Best and Fitch, is of particular concern when determining the amount of capital available for distributions. AHL believes its insurance subsidiaries have sufficient statutory capital and surplus, combined with additional capital available to be provided by AHL, to meet their financial strength ratings objectives. Finally state insurance laws and regulations require that the statutory surplus of our insurance subsidiaries following any dividend or distribution must be reasonable in relation to their outstanding liabilities and adequate for the insurance subsidiaries' financial needs.

Other Sources of Funding

If needed, we may seek to secure additional funding at the holding company level by means other than dividends from subsidiaries, such as by drawing on our undrawn \$1.0 billion credit facility or by pursuing future issuances of debt or equity securities to third-party investors. However, such additional funding may not be available on terms favorable to us or at all, depending on our financial condition or results of operations or prevailing market conditions. In addition, certain covenants in our credit facility prohibit us from incurring any debt not expressly permitted thereby, which may limit our ability to pursue future issuances of debt.

Shelf Registration

On January 3, 2018, we filed our Shelf Registration Statement with the United States Securities and Exchange Commission (SEC), which became effective upon filing. Under our Shelf Registration Statement, we have the ability to issue, in indeterminate amounts, debt securities, preferred shares, depositary shares, Class A common shares, warrants and units. On January 12, 2018 we issued \$1.0 billion in aggregate principal amount of 4.125% Senior Notes due January 2028 under our Shelf Registration Statement.

Membership in Federal Home Loan Bank

We are a member of the FHLBDM and the FHLBI. Membership in a FHLB requires the member to purchase FHLB common stock based on a percentage of the dollar amount of advances outstanding, subject to the investment being greater than or equal to a minimum level. We owned a total of \$39 million and \$36 million of FHLB common stock as of March 31, 2018 and December 31, 2017, respectively. In the second quarter of 2018, we purchased an additional \$7 million in FHLB common stock in conjunction with a short-term borrowing.

Through our membership in the FHLBDM and FHLBI, we are eligible to borrow under variable rate short-term federal funds arrangements to provide additional liquidity. The borrowings must be secured by eligible collateral such as mortgage loans, eligible CMBS or RMBS, government or agency securities and guaranteed loans. There were no outstanding borrowings under these arrangements as of March 31, 2018 or December 31, 2017. In the second quarter of 2018, we borrowed \$183 million from the FHLBDM through their variable rate short-term federal funds program.

On August 11, 2016, we provided notice to the FHLBI that Athene Life Insurance Company (ALIC) is withdrawing its membership thereto. The FHLBI confirmed receipt of our request on the following day. Pursuant to the FHLBI's capital plan, ALIC's membership will be withdrawn as of the fifth anniversary of the FHLBI's receipt of our notice. Until such time that ALIC's membership is withdrawn, ALIC continues to have all of the rights and obligations of being a member of the FHLBI, except that with respect to some or all of the FHLBI stock that ALIC owns, we will be entitled to a lower dividend amount, to the extent that the FHLBI declares a dividend. ALIC may continue to borrow from the FHLBI, provided that without the consent of the FHLBI, the transaction must mature or otherwise terminate prior to ALIC's withdrawal of membership.

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We have issued funding agreements to the FHLB in exchange for cash advances. These funding agreements were issued in an investment spread strategy, consistent with other investment spread operations. As of March 31, 2018 and December 31, 2017, we had an aggregate of \$616 million and \$573 million, respectively, of outstanding FHLB funding agreements. See *Note 12 – Commitments and Contingencies* to the condensed consolidated financial statements for details of issued funding agreements and related collateral.

The maximum FHLB indebtedness by a member is determined by the amount of collateral pledged, and cannot exceed a specified percentage of the member’s total statutory assets dependent on the internal credit rating assigned to the member by the FHLB. As of March 31, 2018, the total maximum borrowings under the FHLBDM facility were limited to \$16.5 billion. However, our ability to borrow under the facility is constrained by the availability of assets that qualify as eligible collateral under the facility and by the Iowa Code requirement that we maintain funds equivalent to our legal reserve in certain permitted investments, from which we exclude pledged assets. Considering these limitations, we estimate that, as of March 31, 2018, we had the ability to draw up to a total of approximately \$1.5 billion, inclusive of borrowings then outstanding, but excluding the borrowing occurring during the second quarter of 2018 discussed above. This estimate is based on our internal analysis and assumptions, and may not accurately measure collateral which is ultimately acceptable to the FHLB. Drawing such amounts would have an adverse impact on AAL’s RBC ratio, which may further restrict our ability or willingness to draw up to our estimated capacity.

Capital Resources

As of December 31, 2017 and 2016, our U.S. insurance companies’ TAC, as defined by the NAIC, was \$1.9 billion and \$1.8 billion, respectively, and our ALRe statutory capital as defined by the BMA, was \$7.0 billion and \$6.1 billion, respectively. As of December 31, 2017 and 2016, our U.S. RBC ratio was 490% and 478%, respectively, and our BSCR ratio was 354% and 228%, respectively, all above our internal targets. Each U.S. domestic insurance subsidiary’s state of domicile imposes minimum RBC requirements that were developed by the NAIC. The formulas for determining the amount of RBC specify various weighting factors that are applied to financial balances or various levels of activity based on the perceived degree of risk. Regulatory compliance is determined by a ratio of TAC to ACL. Our TAC was significantly in excess of all regulatory standards and above our internal targets as of March 31, 2018, December 31, 2017 and 2016, respectively. ALRe adheres to BMA regulatory capital requirements to maintain statutory capital and surplus to meet the MMS and maintain minimum economic balance sheet (EBS) capital and surplus to meet the Enhanced Capital Requirement (ECR). Under the EBS framework, ALRe’s assets are recorded at market value and its insurance reserves are determined by reference to nine prescribed scenarios, with the scenario resulting in the highest reserve balance being ultimately required to be selected. The ALRe EBS capital and surplus was \$7.7 billion and \$4.4 billion resulting in a BSCR ratio of 354% and 228% as of December 31, 2017 and 2016, respectively. The MRC ratio to be considered solvent by the BMA is 100%. As of March 31, 2018, December 31, 2017 and 2016, ALRe held the appropriate capital to adhere to these regulatory standards. In evaluating our capital position and the amount of capital needed to support our Retirement Services segment, we review our ALRe capital by applying the NAIC RBC factors. As of December 31, 2017 and 2016, our ALRe RBC ratio was 562% and 529%, respectively, both above our internal targets. We believe that we enjoy a strong capital position in light of our risks and that we are well positioned to meet policyholder and other obligations. We also believe that our strong capital position, as well as our excess capital position, provides us the opportunity to take advantage of market dislocations as they arise. Changes in U.S. tax rates under the Tax Act may impact our RBC ratios. See *Part I—Item 1. Business—Regulation—United States—Tax Reform* in our 2017 Annual Report for further discussion.

Balance Sheet and Other Arrangements

Contractual Obligations

As of March 31, 2018, there have been no significant changes to contractual obligations since December 31, 2017, except for the addition of long-term debt as presented below. See *Part II—Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations* in our 2017 Annual Report.

<i>(In millions)</i>	Payments Due by Period				
	Total	2018	2019-2020	2021-2022	2023 and thereafter
Long-term debt	\$ 1,413	\$ 21	\$ 83	\$ 83	\$ 1,226

Other

In the normal course of business, we invest in various investment funds which are considered VIEs, and we consolidate a VIE when we are considered the primary beneficiary of the entity. For further discussion of our involvement with VIEs, see *Note 4 – Variable Interest Entities* to the condensed consolidated financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Amounts based on such estimates involve numerous assumptions subject to varying and potentially significant degrees of judgment and uncertainty, particularly related to the future performance of the underlying business, and will likely change in the future as additional information becomes available. Critical estimates and assumptions are evaluated on an ongoing basis based on historical developments, market conditions, industry trends and other information that is reasonable under the circumstances. There can be no assurance that actual results will conform to estimates and assumptions and that reported results of operations will not be materially affected by the need to make future accounting adjustments to reflect periodic changes in these estimates and assumptions. Critical accounting estimates are impacted significantly by our methods, judgments and assumptions used in the preparation of the consolidated financial statements and should be read in conjunction with our significant accounting policies described in *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements of our 2017 Annual Report. The most critical accounting estimates and judgments include those used in determining:

- fair value of investments;
- impairment of investments and valuation allowances;
- future policy benefit reserves;
- derivatives valuation, including embedded derivatives;
- deferred acquisition costs, deferred sales inducements and value of business acquired;
- stock-based compensation;
- consolidation of VIEs; and
- valuation allowances on deferred tax assets.

The above critical accounting estimates and judgments are discussed in detail in *Part II—Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations* of our 2017 Annual Report.

See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the condensed consolidated financial statements for adoption of new and future accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

We regularly analyze our exposure to market risks, which reflect potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk and equity price risk. As a result of that analysis, we have determined that we are primarily exposed to credit risk, interest rate risk and to a lesser extent, equity price risk. A description of our market risk exposures, including strategies used to manage our exposure to market risk, may be found under *Part II—Item 7A. Quantitative and Qualitative Disclosures About Market Risk* of the 2017 Annual Report.

There have been no material changes to our market risk exposures from those previously disclosed in the 2017 Annual Report.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and our management necessarily is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation, as of the end of the period covered by this report, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at attaining the level of reasonable assurance noted above.

There were no changes to our internal control over financial reporting as defined in Exchange Act Rule 13a-15(f) during the quarter ended March 31, 2018, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to litigation arising in the ordinary course of our business, including litigation principally relating to our FIA business. We cannot assure you that our insurance coverage will be adequate to cover all liabilities arising out of such claims. The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. There is significant judgment required in assessing both the probability of an adverse outcome and the determination as to whether an exposure can be reasonably estimated. In management's opinion, the ultimate disposition of any current legal proceedings or claims brought against us will not have a material effect on our financial condition, results of operations or cash flows. Litigation is, however, inherently uncertain and an adverse outcome from such litigation could have a material effect on the operating results of a particular reporting period.

From time to time, in the ordinary course of business and like others in the insurance and financial services industries, we receive requests for information from government agencies in connection with such agencies' regulatory or investigatory authority. Such requests can include financial or market conduct examinations, subpoenas or demand letters for documents to assist the government in audits or investigations. We and each of our U.S. insurance subsidiaries review such requests and notices and take appropriate action. We have been subject to certain requests for information and investigations in the past and could be subject to them in the future.

For a description of certain legal proceedings affecting us, see *Note 12 – Commitments and Contingencies – Litigation, Claims and Assessments* to the condensed consolidated financial statements.

Item 1A. Risk Factors

The following should be read in conjunction with, and supplements and amends, the factors that may affect our business or operations described in *Part I—Item 1A. Risk Factors* of our 2017 Annual Report. Other than as described in this Item 1A, there have been no material changes to our risk factors from the risk factors previously disclosed in our 2017 Annual Report.

The following updates and replaces the last paragraph of the similarly named risk factor included in our 2017 Annual Report:

Our business, financial condition, liquidity, results of operations and cash flows depend on the accuracy of our management's assumptions and estimates, and we could face significant losses if these assumptions and estimates differ significantly from actual results

BEAT Mitigating Actions

In light of the possibility of material additional tax cost to our U.S. subsidiaries and the lack of clear guidance regarding the appropriate method by which to compute the BEAT, we are undertaking certain actions and exploring various alternatives intended to mitigate the potential effect of the BEAT on our results of operations in the event it is determined that none of the amounts paid or accrued by our non-U.S. reinsurance subsidiaries to our U.S. subsidiaries are taken into account in the calculation of "base erosion payments" or "base erosion tax benefit." We have made estimates regarding the overall tax rate we expect to experience as a result of undertaking such actions. The determination of each such figure, or range of figures, involves numerous estimates and assumptions regarding the efficacy of such actions in bringing about the desired outcomes and the magnitude of such outcomes to be experienced. To the extent that actual experience differs from the estimates and assumptions inherent in our projections, our future overall tax rate may deviate materially from the estimates provided and our financial condition and results of operations may be materially less favorable than are implied by the projections provided.

The following updates and replaces the third paragraph of the similarly named risk factor included in our 2017 Annual Report:

We rely significantly on third parties for investment services and certain other services related to our policies, and we may be held responsible for obligations that arise from the acts or omissions of third parties under their respective agreements with us if they are deemed to have acted on our behalf.

Our U.S. insurance subsidiaries have experienced increased service and administration complaints related to the conversion and administration of the block of life insurance business acquired in connection with our acquisition of Aviva USA and reinsured to affiliates of Global Atlantic by the TPA retained by such Global Atlantic affiliates to provide services on such policies, as well as on certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted to and are being administered by the same TPA. On April 5, 2017, we received notification from the NYSDFS that it planned to undertake a market conduct examination of ALICNY for the period of January 1, 2012 through March 31, 2017 (NYSDFS Market Conduct Examination), and on May 31, 2017, we received notification from the Texas Department of Insurance that it intended to undertake an enforcement proceeding, in each case, relating to the treatment of policyholders subject to our reinsurance agreements with affiliates of Global Atlantic and the conversion of such annuity policies, including the administration of such blocks by such TPA. On November 15, 2017, we received notification from the NYSDFS that its examination of ALICNY had resulted in the identification of a significant number of asserted violations of New York insurance law associated with the life block reinsured to affiliates of Global Atlantic, who have also been overseeing policyholder administration and the TPA servicing the policies in the block, with a significant number of such violations not subject to dispute by the relevant affiliates of Global Atlantic or by us. On January 30, 2018, we received a draft report regarding the NYSDFS Market Conduct Examination from the NYSDFS, which identified in more detail the violations asserted in the November 15, 2017 letter as well as certain other violations. We believe we are nearing a resolution of the NYDFS Market Conduct Examination, but there are no assurances that a definitive agreement will be finalized and executed by the parties. We currently expect that the resolution will not have a material impact on our financial condition, results of operations or cash flows. To the extent we are unable to reach a final agreement with the NYSDFS, it is possible that we may incur fines or penalties which could have a material adverse effect on our financial condition, results of operations or cash flows. In addition to the foregoing, we have received inquiries, and expect to continue to receive inquiries, from other regulatory authorities regarding the conversion matter. It is possible that other jurisdictions may pursue similar formal examinations, inquiries or enforcement proceedings and that any examinations, inquiries and/or enforcement proceedings may result in fines, administrative penalties and payments to policyholders. Other than as described above, we are not currently able to estimate the amount of any such fines, penalties or payments arising from these matters with reasonable certainty, but it is possible that such amounts may be material.

The following updates and replaces the similarly named section of risk factors included in our 2017 Annual Report:

Risks Relating to Taxation

The BEAT may significantly increase our tax liability and our efforts to mitigate the cost of the BEAT may be unnecessary, inefficient, ineffective, or counterproductive.

The Tax Act introduced a new tax called the BEAT. The BEAT operates as a minimum tax and is generally calculated as a percentage (5% in 2018, 10% in 2019-2025, and 12.5% in 2026 and thereafter) of the "modified taxable income" of an "applicable taxpayer." Modified taxable income is calculated by adding back to a taxpayer's regular taxable income the amount of certain "base erosion tax benefits" with respect to certain payments made to foreign affiliates of the taxpayer, as well as the "base erosion percentage" of any net operating loss deductions. The BEAT applies for a taxable year only to the extent it exceeds a taxpayer's regular corporate income tax liability for such year (determined without regard to certain tax credits).

Certain of our reinsurance agreements require our U.S. subsidiaries to pay or accrue substantial amounts to our non-U.S. reinsurance subsidiaries that would be characterized as "base erosion payments" with respect to which there are "base erosion tax benefits." Accordingly, the BEAT could significantly increase the tax liability of our U.S. subsidiaries and have a material adverse effect on our results of operations.

Moreover, our non-U.S. reinsurance subsidiaries pay or accrue substantial amounts to our U.S. subsidiaries under our reinsurance agreements for increases in policy reserves and to reimburse our U.S. subsidiaries for payments of benefits to our policyholders. It is not clear whether such amounts should be netted against the amounts our U.S. subsidiaries pay or accrue to our non-U.S. reinsurance subsidiaries under our reinsurance agreements for purposes of calculating their "base erosion payments" and "base erosion tax benefits." No assurance can be given that any such amounts will be netted. If the amounts cannot be netted and we do not take action to mitigate or eliminate the BEAT, the tax liability of our U.S. subsidiaries will increase and our results of operations will be materially adversely affected.

In light of the possibility of material additional tax cost to our U.S. subsidiaries due to the lack of clear guidance regarding the application of the BEAT, we have taken steps intended to mitigate the potential effect of the BEAT on our results of operations in the event it is determined that none of the amounts paid or accrued by a non-U.S. reinsurance subsidiary to our U.S. subsidiaries are taken into account in the calculation of "base erosion payments" or "base erosion tax benefit." It is possible that we will be required to take further action before the uncertainty regarding the BEAT is resolved, and accordingly our actions may, in hindsight, prove to have been unnecessary and inefficient.

The application of the BEAT to our reinsurance arrangements could be affected by further legislative action, administrative guidance or court decisions. Any such legislative action, administrative guidance or court decisions may not be available at the time that we are required to determine the amount of federal income tax incurred by our U.S. subsidiaries for subsequent quarters, and they could have retroactive effect. Tax authorities may later disagree with our BEAT calculations, or the interpretations on which those calculations are based, and assess additional taxes, interest and penalties, and the uncertainty regarding the correct interpretation of the BEAT may make such disagreements more likely. We will determine the appropriateness of our tax provision in accordance with GAAP. However, there can be no assurance that this provision will accurately reflect the amount of federal income tax that our U.S. subsidiaries ultimately pay, as that amount could differ materially from our estimate.

In light of the uncertainties described above and the possibility of material additional tax cost to our U.S. subsidiaries, we continue to explore various alternatives intended to mitigate the potential effect of the BEAT on our results of operations. Such actions may have adverse tax consequences to our business, such as subjecting profit from our affiliate reinsurance to a layer of withholding tax up to 30%, which would not be payable under our current structure. There can be no assurances that we will be able to complete these actions as they are conditioned upon factors beyond our control, such as regulatory approval. In addition, it is possible that we will be required to take action before the uncertainty regarding the BEAT is resolved, and accordingly any action we take may, in hindsight, prove to have been unnecessary, inefficient, ineffective or counterproductive.

AHL or its non-U.S. subsidiaries may be subject to U.S. federal income taxation.

AHL and its non-U.S. subsidiaries are incorporated under the laws of non-U.S. jurisdictions, including Bermuda, and currently intend to operate in a manner that will not cause either to be treated as being engaged in a trade or business within the U.S. or subject to current U.S. federal income taxation on their net income. However, because there is considerable uncertainty as to when a foreign corporation is engaged in a trade or business within the United States, as the law is unclear and the determination is highly factual and must be made annually, there can be no assurance that the IRS will not successfully contend that AHL or one of its non-U.S. subsidiaries is engaged in a trade or business in the U.S. In addition, although AHL and its non-U.S. subsidiaries currently intend to operate in a manner that would not cause them to be treated as engaged in a trade or business within the U.S., the recent enactment of the BEAT, the reduction of the federal income tax rate applicable to corporations included in the Tax Act, and other factors may cause the companies to conduct their business differently. If AHL or one of its non-U.S. subsidiaries were considered to be engaged in a trade or business in the U.S., it could be subject to U.S. federal income taxation on a net basis on its income that is effectively connected with such U.S. trade or business (including branch profits tax on the portion of its earnings and profits that is attributable to such income). Any such U.S. federal income taxation could result in substantial tax liabilities and consequently could have a material adverse effect on our financial condition and results of future operations.

U.S. persons who own our Class A common shares may be subject to U.S. federal income taxation at ordinary income rates on our undistributed earnings and profits.

AHL's bye-laws generally limit the voting power of our Class A common shares (and certain other of our voting securities) such that no person owns (or is treated as owning) more than 9.9% of the total voting power of our common shares (with certain exceptions). AHL's bye-laws also currently reduce the voting power of Class B common shares held by certain holders if (A) one or more U.S. persons that own (or are treated as owning) more than 9.9% of the total voting power of our common shares own (or are treated as owning) individually or in the aggregate more than 24.9% of the voting power or the value of our common shares or (B) a U.S. person that is classified as an individual, an estate or a trust for U.S. federal income tax purposes owns (or is treated as owning) more than 9.9% of the total voting power of our common shares. Additionally, AHL's bye-laws require the board of AHL to refer certain decisions with respect to our non-U.S. subsidiaries to our shareholders, and to vote our shares in those subsidiaries accordingly. These provisions were intended to reduce the likelihood that AHL or its non-U.S. subsidiaries will be treated as a CFC, other than for purposes of taking into account related person insurance income (RPII). However, the relevant attribution rules are complex and there is no definitive legal authority on whether the voting provisions included in AHL's organizational documents are effective for purposes of the CFC provisions.

Moreover, the Tax Act eliminated the prohibition on "downward attribution" from non-U.S. persons to U.S. persons under Section 958(b)(4) of the Internal Revenue Code for purposes of determining constructive stock ownership under the CFC rules. As a result, our U.S. subsidiaries are deemed to own all of the stock of AHL's non-U.S. subsidiaries held by AHL for CFC purposes. Accordingly, AHL's non-U.S. subsidiaries are currently treated as CFCs, without regard to whether the provisions of our bye-laws described above are effective for purposes of the CFC provisions. The legislative history under the Tax Act indicates that this change was not intended to cause any of AHL's non-U.S. subsidiaries to be treated as a CFC with respect to a 10% U.S. Shareholder (as defined below) that is not related to our U.S. subsidiaries. However, it is not clear whether the IRS or a court would interpret the change made by the Tax Act in a manner consistent with such indicated intent.

For any taxable year in which AHL or one of its non-U.S. subsidiaries is treated as a CFC, each U.S. person treated as a "10% U.S. Shareholder" with respect to AHL or its non-U.S. subsidiaries that held our common shares directly or indirectly through non-U.S. entities as of the last day in such taxable year that the relevant company was a CFC would generally be required to include in gross income as ordinary income its pro rata share of the relevant company's insurance and reinsurance income and certain other investment income, regardless of whether that income was actually distributed to such U.S. person (with certain adjustments). For tax years beginning on or after January 1, 2018, a "10% U.S. Shareholder" of a non-U.S. corporation includes any U.S. person that owns (or is treated as owning) stock of the non-U.S. corporation possessing 10% or more of the total voting power or total value of such non-U.S. corporation's stock. Any U.S. person that owns (or is treated as owning) 10% or more of the value of AHL should consult with their tax advisor regarding their investment in AHL.

In general, a non-U.S. corporation is a CFC if 10% U.S. Shareholders, in the aggregate, own (or are treated as owning) stock of the non-U.S. corporation possessing more than 50% of the voting power or value of such corporation's stock. However, this threshold is lowered to more than 25% for purposes of taking into account the insurance income of a non-U.S. corporation. Special rules apply for purposes of taking into account any RPII of a non-U.S. corporation, as described below.

In addition, if a U.S. person disposes of shares in a non-U.S. corporation and the U.S. person was a 10% U.S. Shareholder at any time when the corporation was a CFC during the five-year period ending on the date of disposition, any gain from the disposition will generally be treated as a dividend to the extent of the U.S. person's share of the corporation's undistributed earnings and profits that were accumulated during the period or periods that the U.S. person owned the shares while the corporation was a CFC (with certain adjustments). Also, a U.S. person may be required to comply with specified reporting requirements, regardless of the number of shares owned.

Because of the limitations in AHL's bye-laws referred to above, among other factors, we believe it is unlikely that any U.S. person that is treated as owning less than 10% of the total value of AHL would be a 10% U.S. Shareholder of AHL or its non-U.S. subsidiaries. However, because the relevant attribution rules are complex and there is no definitive legal authority on whether the voting provisions included in AHL's organizational documents are effective for purposes of the CFC provisions, there can be no assurance that this will be the case. Further, our ability to obtain information that would permit us to enforce the limitation described above may be limited. We will take reasonable steps to obtain such information, but there can be no assurance that such steps will be adequate or that we will be successful in this regard. Accordingly, we may not be able to fully enforce the limitation described above.

U.S. persons who own our Class A common shares may be subject to U.S. federal income taxation at ordinary income rates on a disproportionate share of our undistributed earnings and profits attributable to RPII.

If any of AHL's non-U.S. subsidiaries is treated as recognizing RPII in a taxable year and is also treated as a CFC for such taxable year, each U.S. person that owns our Class A common shares directly or indirectly through non-U.S. entities as of the last day in such taxable year must generally include in gross income its pro rata share of the RPII, determined as if the RPII were distributed proportionately only to all such U.S. persons, regardless of whether that income is distributed (with certain adjustments). For this purpose, a non-U.S. subsidiary generally will be treated as a CFC if U.S. persons in the aggregate are treated as owning 25% or more of the total voting power or value of the relevant company's stock at any time during the taxable year. We believe that our non-U.S. subsidiaries will be treated as a CFC for this purpose based on the current and expected ownership of our shares.

RPII generally is any income of a non-U.S. corporation attributable to insuring or reinsuring risks of a U.S. person that owns (or is treated as owning) stock of such non-U.S. corporation, or risks of a person that is "related" to such a U.S. person. For this purpose, (1) a person is "related" to another person if such person "controls," or is "controlled" by, such other person, or if both are "controlled" by the same persons, and (2) "control" of a corporation means ownership (or deemed ownership) of stock possessing more than 50% of the total voting power or value of such corporation's stock and "control" of a partnership, trust or estate for U.S. federal income tax purposes means ownership (or deemed ownership) of more than 50% by value of the beneficial interests in such partnership, trust or estate.

Athene and Apollo have considerable overlap in ownership. If it is determined that the same persons "control" both us and Apollo through owning (or being treated as owning) more than 50% of the vote or value of Athene and Apollo, substantially all of the income of AHL's non-U.S. reinsurance subsidiaries might constitute RPII. This would trigger the adverse RPII consequences described above to all U.S. persons that hold our Class A common shares directly or indirectly through non-U.S. entities and would have a material adverse effect on the value of their investment in our Class A common shares.

Existing voting restrictions set forth in AHL's bye-laws are generally intended to prevent a person who owns (or is treated as owning) shares in Apollo from owning (or being treated as owning) any of the voting power of our Class A common shares, thus preventing persons who own (or are treated as owning) both AHL and Apollo from owning (or being treated as owning) more than 50% of the voting power of our stock. However, these restrictions do not prevent members of the Apollo Group from retaining the right to vote on newly acquired Class A common shares, should they choose to do so, nor do they prevent persons who own (or are treated as owning) both AHL and Apollo from owning (or being treated as owning) more than 50% of the value of our stock. AHL's bye-laws also generally provide that no person (nor certain direct or indirect beneficial owners or related persons to such person) who owns our common shares, other than a member of the Apollo Group, may acquire any shares of Apollo or otherwise make any investment that would cause such person, or any other person that is a U.S. person, to own (or be treated as owning) more than 50% of the vote or value of AHL's stock. Any holder of our common shares that violates this provision may be required, at the board's discretion, to sell its common shares or take any other reasonable action that the board deems necessary.

Because of the restrictions described above, among other factors, we believe it is likely that one or more exceptions under the RPII rules will apply such that U.S. persons will not be required to include any RPII in their gross income with respect to AHL's non-U.S. subsidiaries. However, there can be no assurance that this will be the case. Further, our ability to obtain information that would permit us to enforce the restrictions described above may be limited. We will take reasonable steps to obtain such information, but there can be no assurance that such steps will be adequate or that we will be successful in this regard. Accordingly, we may not be able to fully enforce these restrictions.

U.S. persons who dispose of our Class A common shares may be required to treat any gain as ordinary income for U.S. federal income tax purposes and comply with other specified reporting requirements.

If a U.S. person disposes of shares in a non-U.S. corporation that is an insurance company that had RPII and the 25% threshold described above is met at any time when the U.S. person owned any shares in the corporation during the five-year period ending on the date of disposition, any gain from the disposition will generally be treated as a dividend to the extent of the U.S. person's share of the corporation's undistributed earnings and profits that were accumulated during the period that the U.S. person owned the shares (possibly whether or not those earnings and profits are attributable to RPII). In addition, the shareholder will be required to comply with specified reporting requirements, regardless of the amount of shares owned. We believe that these rules should not apply to a disposition of our Class A common shares because AHL is not itself directly engaged in the insurance business. We cannot assure you, however, that the IRS will not successfully assert that these rules apply to a disposition of our Class A common shares.

U.S. tax-exempt organizations that own our Class A common shares may recognize unrelated business taxable income.

A U.S. tax-exempt organization that directly or indirectly owns our Class A common shares generally will recognize unrelated business taxable income and be subject to additional U.S. tax filing obligations to the extent such tax-exempt organization is required to take into account any of our insurance income or RPII pursuant to the CFC and RPII rules described above. U.S. tax-exempt organizations should consult their own tax advisors regarding the risk of recognizing unrelated business taxable income as a result of the ownership of our Class A common shares.

U.S. persons who own our Class A common shares may be subject to adverse tax consequences if AHL is considered a passive foreign investment company for U.S. federal income tax purposes.

If AHL is considered a passive foreign investment company (PFIC) for U.S. federal income tax purposes, a U.S. person who directly or, in certain cases, indirectly owns our Class A common shares could be subject to adverse tax consequences, including a greater tax liability than might otherwise apply, an interest charge on certain taxes that are deemed deferred as a result of AHL's non-U.S. status and additional U.S. tax filing obligations, regardless of the number of shares owned.

We currently do not expect that AHL will be a PFIC for U.S. federal income tax purposes in the current taxable year or the foreseeable future because AHL, through its insurance subsidiaries, intends to qualify for the "active insurance" exception to PFIC treatment. The "active insurance" exception was recently amended by the Tax Act, and we believe that AHL will qualify for the exception as amended. However, there is significant uncertainty regarding how the Tax Act will be interpreted and guidance may not be forthcoming. Therefore, we cannot assure you that AHL will not be treated as a PFIC. If AHL is treated as a PFIC, the adverse tax consequences described above generally would also apply with respect to a U.S. person's indirect ownership interest in any PFICs in which AHL directly or, in certain cases, indirectly, owns an interest.

Changes in U.S. tax law might adversely affect us or our shareholders.

The tax treatment of non-U.S. companies and their U.S. and non-U.S. insurance subsidiaries has been significantly altered by the enactment of the Tax Act. See *Part I—Item 1. Business—Regulation—United States—Tax Reform* in our 2017 Annual Report. In particular, the Tax Act:

- Imposes the BEAT (as described above);
- Amends the calculation of tax reserves for U.S. life insurance companies and requires affected companies to include the resulting change in income over an 8-year period beginning in 2018;
- Amends the treatment of "specified policy acquisition expenses" incurred by U.S. life insurance companies under Section 848 of the Internal Revenue Code;
- Restricts the "active insurance" exception to PFIC treatment to "qualifying insurance corporations;"
- Eliminates the prohibition on "downward attribution" from non-U.S. persons to U.S. persons under Section 958(b)(4) of the Internal Revenue Code for purposes of determining constructive stock ownership under the CFC rules (as described above); and
- Amends the definition of "U.S. Shareholder" to include U.S. persons that own (or are treated as owning) 10% or more of the value of a foreign corporation.

There is significant uncertainty regarding how these and other provisions of the Tax Act will be interpreted, and guidance may not be forthcoming. In addition, it is possible that a "technical corrections" bill may be passed during 2018 that could alter or clarify the Tax Act, likely with retroactive effect. Any changes to, clarifications of, or guidance under the Tax Act could add significant expense and have a material adverse effect on our results of operations.

Finally, the tax treatment of non-U.S. companies and their U.S. and non-U.S. insurance subsidiaries may be the subject of further tax legislation. No prediction can be made as to whether any particular proposed legislation will be enacted or, if enacted, what the specific provisions or the effective date of any such legislation would be, or whether it would have any effect on us. As such, we cannot assure you that future legislative, administrative or judicial developments will not result in an increase in the amount of U.S. tax payable by us or by an investor in our Class A common shares or reduce the attractiveness of our products. If any such developments occur, our business, financial condition and results of operation could be materially and adversely affected and such developments could have a material and adverse effect on your investment in our common shares.

Changes in U.S. tax law might adversely affect demand for our products.

Many of the products that we sell and reinsure benefit from one or more forms of tax-favored status under current U.S. federal and state income tax regimes. For example, we sell and reinsure annuity contracts that allow the policyholders to defer the recognition of taxable income earned within the contract. The changes in U.S. federal tax law made by the Tax Act, or future changes in U.S. federal or state tax law, could reduce or eliminate the attractiveness of such products, which could affect the sale of our products or increase the expected lapse rate with respect to products that have already been sold.

There is U.S. income tax risk associated with reinsurance between U.S. insurance companies and their Bermuda affiliates.

If a reinsurance agreement is entered into among related parties, the IRS is permitted to reallocate or recharacterize income, deductions or certain other items, and to make any other adjustment, to reflect the proper amount, source or character of the taxable income of each of the parties. If the IRS were to successfully challenge our reinsurance arrangements, our financial condition and results of operations could be adversely affected and the price of our Class A common shares could be adversely affected.

We may not be able to use our deferred tax asset attributes or admit them into statutory capital as a result of the Tax Act.

Under the Tax Act, net operating losses generated in 2018 and thereafter may be carried forward indefinitely but may not be carried back to offset taxable income in prior tax periods. Historically, a portion of our admitted deferred tax asset has reflected our ability to carry net operating losses back to prior tax periods. In the future, the amount of deferred tax asset we are able to admit may be reduced due to the elimination of the carry back period. Because the ability to admit deferred tax assets into statutory capital is dependent in part on our ability to carry losses back to prior tax periods, we may not be able to admit into statutory capital a portion of deferred tax assets that are generated in future tax periods.

We may have fewer investable assets and earn less investment income as a result of the Tax Act.

Certain of the changes made by the Tax Act are expected to increase the amount of our current tax expense. Although the increase in current tax expense from these changes may be largely offset by an increase in the amount of our deferred tax assets, we may have fewer investable assets and thus may earn less investment income.

We may become subject to U.S. withholding tax under certain U.S. tax provisions commonly known as FATCA.

Certain U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act (FATCA) impose a 30% withholding tax on certain payments of U.S. source income and the proceeds from the disposition after December 31, 2018, of property of a type that can produce U.S. source interest or dividends, in each case, to certain “foreign financial institutions” and “non-financial foreign entities.” The withholding tax also applies to certain “foreign passthru payments” made by foreign financial institutions after December 31, 2018. The U.S. government has signed an intergovernmental agreement to facilitate the implementation of FATCA with the government of Bermuda (Bermuda IGA). AHL and its foreign subsidiaries intend to comply with the obligations imposed on them under FATCA and the Bermuda IGA, as applicable, to avoid being subject to withholding under FATCA on payments made to them or penalties. However, no assurance can be provided in this regard. We may become subject to withholding tax or penalties if we are unable to comply with FATCA.

If AHL is treated as engaged in a U.S. trade or business in any taxable year, all or a portion of the dividends on our Class A common shares may be treated as U.S. source income and may be subject to withholding and information reporting under FATCA unless a shareholder (and any intermediaries through which the shareholder holds its shares) establishes an exemption from such withholding and information reporting. In addition, any gross proceeds from the sale or other disposition of our Class A common shares after December 31, 2018, might also be subject to withholding and information reporting under FATCA in such circumstances, absent an exemption. As discussed above, we currently intend to limit our U.S. activities so that AHL is not considered to be engaged in a U.S. trade or business, although no assurances can be provided in this regard.

We are subject to the risk that Bermuda tax laws may change and that we may become subject to new Bermuda taxes following the expiration of a current exemption after 2035.

The Bermuda Minister of Finance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended, has given us an assurance that if any legislation is enacted in Bermuda that would impose tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax will not be applicable to us or any of our operations, shares, debentures or other obligations until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by us in respect of real property owned or leased by us in Bermuda. Given the limited duration of the Bermuda Minister of Finance’s assurance, we cannot assure you that we will not be subject to any Bermuda tax after March 31, 2035.

The impact of the OECD's recommendations on base erosion and profit shifting is uncertain and could impose adverse tax consequences on us.

In 2015, the OECD published final recommendations on base erosion and profit shifting (BEPS). These BEPS recommendations propose the development of rules directed at counteracting the effects of tax havens and preferential tax regimes in countries around the world. Beginning with 2017, some countries in which we do business, including Bermuda and the U.S., require certain multinational enterprises, including ours, to report detailed information regarding allocation of revenue, profit, and other information, on a country-by-country basis, which could increase scrutiny by foreign tax authorities.

The BEPS recommendations also include revisions to the definition of a "permanent establishment" and the rules for attributing profit to a permanent establishment. Other recommended actions relate to the goal of ensuring that transfer pricing outcomes are in line with value creation, noting that the current rules may facilitate the transfer of risks or capital away from countries where the economic activity takes place. We expect many countries to change their tax laws in response to this project, and several countries (including the U.S.) have already changed or proposed changes to their tax laws. Changes to tax laws could increase their complexity and the burden and costs of compliance. Additionally, such changes could also result in significant modifications to the existing transfer pricing rules and could potentially have an impact on our taxable profits in various jurisdictions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Securities

Purchases of common stock made by or on behalf of us or our affiliates during the three months ended March 31, 2018 are set forth below:

Period	(a) Total number of shares purchased ¹	(b) Average price paid per share ¹	(c) Total number of shares purchased as part of publicly announced programs ²	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs ²
January 1 – January 31, 2018	28,327	\$ 51.71	—	\$ —
February 1 – February 28, 2018	223	\$ 49.02	—	\$ —
March 1 – March 31, 2018	3,010	\$ 47.86	—	\$ —

¹ Purchases relate to shares withheld (under the terms of employee stock compensation plans) to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying restricted stock awards or units or upon the exercise of stock options.

² As of March 31, 2018, our Board of Directors had not authorized any purchases of common stock in connection with a publicly announced plan or program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

EXHIBIT INDEX

Exhibit No.	Description
4.1	Indenture for Debt Securities, dated as of January 12, 2018, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on January 12, 2018).
4.2	First Supplemental Indenture, dated as of January 12, 2018, by and between Athene Holding Ltd. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on January 12, 2018).
4.3	Form of 4.125% Senior Notes due 2028 (included in Exhibit 4.2)
10.1	Second Amendment to Credit Agreement, dated as of March 14, 2018, by and among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation, Athene Annuity Re Ltd., the lenders party thereto, and Citibank, N.A., as administrative agent.
10.2	Amended and Restated Guaranty, dated as of March 14, 2018, by and among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation, Athene Annuity Re Ltd., and Citibank, N.A., as administrative agent.
10.3	Cooperation Agreement, dated as of January 1, 2018, between AGER Bermuda Holding Ltd. and Athene Holding Ltd. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on January 2, 2018).
12.1	Statement of Ratio of Earnings to Fixed Charges.
31.1	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.

SIGNATURES

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

ATHENE HOLDING LTD.

Date: May 4, 2018

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer
(principal financial officer and duly authorized signatory)

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT, dated as of March 14, 2018 (this "Amendment"), is made by and among ATHENE HOLDING LTD., an exempted company incorporated under the laws of Bermuda ("AHL"), ATHENE LIFE RE LTD., an exempted company incorporated under the laws of Bermuda ("Athene Life Re"), ATHENE USA CORPORATION, an Iowa corporation ("AUSA"), together with AHL and Athene Life Re, collectively, the "Initial Borrowers", ATHENE ANNUITY RE LTD., an exempted company incorporated under the laws of Bermuda ("Athene Annuity Re" and, together with the Initial Borrowers, the "Borrowers" and individually, each a "Borrower"), the Lenders party hereto, and CITIBANK, N.A., as administrative agent for the Lenders under the Amended Credit Agreement defined below (in such capacity, the "Administrative Agent").

RECITALS

WHEREAS, reference is made to (a) that certain Credit Agreement, dated as of January 22, 2016 (as amended by the First Amendment to Credit Agreement dated as of June 29, 2016 and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the Second Amendment Effective Date (as defined below), the "2016 Credit Agreement" and, as amended and supplemented hereby, the "Amended Credit Agreement"; capitalized terms used herein but not otherwise defined shall have the meanings assigned to such terms in the Amended Credit Agreement), by and among the Initial Borrowers, the Lenders from time to time party thereto and the Administrative Agent and (b) that certain Guaranty, dated as of January 22, 2016 by and among the Initial Borrowers and the Administrative Agent (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Guaranty");

WHEREAS, the Initial Borrowers have created Athene Annuity Re, a newly organized reinsurance company under the laws of Bermuda;

WHEREAS, the Initial Borrowers have requested, pursuant to Section 10.01 of the 2016 Credit Agreement, that (i) the 2016 Credit Agreement be amended to join Athene Annuity Re as a borrower thereunder and to make certain other updates thereto and (ii) the Guaranty be amended to join Athene Annuity Re as a guarantor thereunder;

WHEREAS, Athene Annuity Re desires to become a "Borrower" under the Credit Agreement and a "Guarantor" under the Guaranty; and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Required Lenders have agreed to (i) amend the 2016 Credit Agreement to join Athene Annuity Re as a borrower thereunder and to make certain other updates thereto and (ii) amend the Guaranty to join Athene Annuity Re as a guarantor thereunder;

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto hereby agree as follows:

Section 1. Amendment. The Borrowers, the Administrative Agent and the Required Lenders agree that the 2016 Credit Agreement is, effective as of the Second Amendment Effective Date, hereby amended pursuant to Section 10.01 of the 2016 Credit Agreement, to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the Credit Agreement attached as Annex A hereto.

Section 2. Conditions to Effectiveness. This Amendment shall become effective on the date (the "Second Amendment Effective Date") on which the following conditions precedent are satisfied (or waived by the Required Lenders):

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified and each of which shall be in form and substance reasonably satisfactory to the Administrative Agent:

- (i) counterparts of this Amendment that, when taken together, bear the signatures of the Borrowers, the Administrative Agent and the Required Lenders;
- (ii) a Note executed by Athene Annuity Re in favor of each Lender requesting a Note in writing;
- (iii) an amended and restated Guaranty executed by the Borrowers;
- (iv) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrowers as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment, the Amended Credit Agreement and the other Loan Documents;
- (v) such documents and certifications as the Administrative Agent may reasonably require to evidence that the Borrowers are duly organized or formed, validly existing and in good standing in their respective jurisdictions of organization;
- (vi) customary opinions of Sidley Austin LLP and Conyers Dill & Pearman, each counsel to the Borrowers, addressed to the Administrative Agent and each Lender;
- (vii) a certificate signed by a Responsible Officer of each Borrower certifying that the representations and warranties in Section 3 of this Amendment are true and correct;
- (viii) the documentation and other information reasonably requested by the Lenders in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act; and
- (ix) a letter from CT Corporation System, currently located at 111 8th Avenue, New York, New York, 10011, indicating its consent to appointment by Athene Annuity Re as its agent to receive service of process as specified in Section 10.14(e) of the Amended Credit Agreement; and

(b) any reasonable and documented fees required to be paid on or before the Second Amendment Effective Date pursuant to the Loan Documents, including the fees and expenses of Fried, Frank, Harris, Shriver and Jacobson LLP as counsel to the Administrative Agent and the Lenders, shall have been paid.

Section 3. Representations and Warranties. Each of the Borrowers represent and warrant to the Administrative Agent and the Lenders, as of the Second Amendment Effective Date, that:

(a) the representations and warranties of the Borrowers contained in the Amended Credit Agreement, amended and restated Guaranty and each other Loan Document are true and correct in all material respects (except with respect to those representations and warranties which are qualified by materiality or Material Adverse Effect, which are true and correct in all respects) as of the Second Amendment Effective Date with the same effect as if such representations and warranties had been made on and as of such date, except that any such representation or warranty which is expressly made only as of a specified date are only true and correct in all material respects (except that those representations and warranties which are qualified by materiality or Material Adverse Effect shall be true and correct in all respects) as of such date; and

(b) after giving effect to this Amendment, no Default or Event of Default has occurred or is continuing.

Section 4. Force and Effect. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the 2016 Credit Agreement, Guaranty or any of the other Loan Documents, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the 2016 Credit Agreement, Guaranty or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. This Amendment shall apply and be effective only with respect to the provisions of the 2016 Credit Agreement or Guaranty specifically referred to herein (including the attachment hereto). This Amendment shall apply and be effective only for this single instance, and is not intended to waive compliance with any provision of the 2016 Credit Agreement, Guaranty or any other Loan Document for future periods. After the Second Amendment Effective Date, each reference in the 2016 Credit Agreement to “*this Agreement*,” “*hereunder*,” “*hereof*,” “*herein*,” or words of like import, and each reference in the other Loan Documents to the 2016 Credit Agreement (including, without limitation, by means of words like “*thereunder*,” “*thereof*” and words of like import), shall mean and be a reference to the Amended Credit Agreement, and this Amendment and the 2016 Credit Agreement shall be read together and construed as a single instrument. This Amendment shall constitute a “Loan Document” for all purposes of the Amended Credit Agreement and the other Loan Documents.

Section 5. Expenses. As and to the extent provided in Section 10.04 of the Amended Credit Agreement, the Borrowers agree to reimburse the Administrative Agent for

reasonable and documented out-of-pocket expenses incurred by them in connection with this Amendment.

Section 6. Counterparts; Integration. This Amendment may be executed in counterparts (and by different parties hereto in separate counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment, together with the 2016 Credit Agreement and the other Loan Documents, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

Section 7. Severability. If any provision of this Amendment is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 8. Governing Law. This Amendment and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Amendment and the transactions contemplated hereby shall be governed by, and construed in accordance with, the law of the State of New York.

Section 9. Jurisdiction, Waiver of Jury Trial, Etc. The provisions set forth in Section 10.14 and 10.15 of the Amended Credit Agreement apply to this Amendment *mutatis mutandis*.

Section 10. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the undersigned has executed this Amendment as of the date set forth above.

ATHENE HOLDING LTD.

By: /s/ Frank Gillis

Name: Frank Gillis

Title: Executive Vice President

ATHENE LIFE RE LTD.

By: /s/ Adam Laing

Name: Adam Laing

Title: Chief Financial Officer

ATHENE USA CORPORATION

By: /s/ Erin Kuhl

Name: Erin Kuhl

Title: VP, Controller and Treasurer

ATHENE ANNUITY RE LTD.

By: /s/ Natasha Scotland Courcy

Name: Natasha Scotland Courcy

Title: Secretary

CITIBANK, N.A., as Administrative Agent and a Lender

By: /s/ Michael Vondriska

Name: Michael Vondriska

Title: Vice President

Royal Bank of Canada, as a Lender

By: /s/ Brij Grewal

Name: Brij Grewal

Title: Authorized Signatory

SunTrust Bank, as a Lender

By: /s/ Will Jantzen

Name: Will Jantzen

Title: Vice President

BMO Harris Bank N.A., as a Lender

By: /s/ Benjamin Mlot

Name: Benjamin Mlot

Title: Vice President

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ James S. Mintzer

Name: James S. Mintzer

Title: Executive Director

Bank of America, N.A., as a Lender

By: /s/ Derek Miller

Name: Derek Miller

Title: Vice President

Wells Fargo Bank, National Association, as a Lender

By: /s/ Kimberly Shaffer

Name: Kimberly Shaffer

Title: Managing Director

U.S. Bank National Association, as a Lender

By: /s/ Bonnie S. Wiskowski

Name: Bonnie S. Wiskowski

Title: Senior Vice President

BARCLAYS BANK PLC, as a Syndication Agent and a Lender

By: /s/ Nick Guzzardo

Name: Nick Guzzardo

Title: Assistant Vice President

The Royal Bank of Scotland plc, as a Lender

By: /s/ James Ashe

Name: James Ashe

Title: Vice President, Client Management

Credit Suisse AG, Cayman Islands Branch, as a Lender

By: /s/ Doreen Barr

Name: Doreen Barr

Title: Authorized Signatory

By: /s/ Andrew Griffin

Name: Andrew Griffin

Title: Authorized Signatory

Goldman Sachs Bank USA, as a Lender

By: /s/ Chris Lam

Name: Chris Lam

Title: Authorized Signatory

BNP Paribas, as a Lender

By: /s/ Michael Albanese

Name: Michael Albanese

Title: Managing Director

By: /s/ Marguerite L. Lebon

Name: Marguerite L. Lebon

Title: Vice President

Deutsche Bank AG New York Branch, as a Lender

By: /s/ Sanjeev Punjabi

Name: Sanjeev Punjabi

Title: Managing Director

By: /s/ Virginia Cosenza

Name: Virginia Cosenza

Title: Vice President

Annex A

Amended Credit Agreement

[See attached]

CREDIT AGREEMENT

dated as of January 22, 2016

as amended as of June 29, 2016 and as of March 14, 2018

among

ATHENE HOLDING LTD.,

ATHENE LIFE RE LTD.,

~~and~~

ATHENE USA CORPORATION, and

ATHENE ANNUITY RE LTD.,

as Borrowers,

The Lenders FROM TIME TO TIME Party Hereto,

CITIBANK, N.A.,

as Administrative Agent,

BARCLAYS BANK PLC

and

ROYAL BANK OF CANADA,

as Syndication Agents,

and

BMO HARRIS BANK, N.A.,
DEUTSCHE BANK SECURITIES INC.,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Documentation Agents

CITIGROUP GLOBAL MARKETS INC.,
BARCLAYS BANK PLC,
RBC CAPITAL MARKETS,
BMO CAPITAL MARKETS,

**DEUTSCHE BANK SECURITIES INC.
and
WELLS FARGO SECURITIES, LLC,
as Joint Lead Arrangers and Joint Book Managers**

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CREDIT AGREEMENT

This CREDIT AGREEMENT (this “Agreement”) is entered into as of January 22, 2016 among ATHENE HOLDING LTD., an exempted company incorporated under the laws of Bermuda (“AHL”), ATHENE LIFE RE LTD., an exempted company incorporated under the laws of Bermuda (“Athene Life Re”), ~~and~~ ATHENE USA CORPORATION, an Iowa corporation (“AUSA”), ~~and~~ ATHENE ANNUITY RE LTD., an exempted company incorporated under the laws of Bermuda (“Athene Annuity Re” and, together with AHL ~~and~~, Athene Life Re; ~~and~~ AUSA collectively, the “Borrowers” and individually, a “Borrower”), each lender from time to time party hereto (collectively, the “Lenders” and individually, a “Lender”) and CITIBANK, N.A., as Administrative Agent.

The Borrowers have requested that the Lenders provide a revolving credit facility, and the Lenders are willing to do so on the terms and conditions set forth herein. Accordingly, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“Accounting Change” has the meaning specified in Section 1.03(b).

“Act” has the meaning specified in Section 10.18.

“Administrative Agent” means Citibank in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrowers and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in a form acceptable to the Administrative Agent.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Parties” has the meaning specified in Section 10.02(c).

“Agent-Related Persons” means the Administrative Agent, together with its Affiliates (including, in the case of Citibank in its capacity as the Administrative Agent, Citigroup Global Markets Inc.), and the partners, officers, directors, employees, agents and advisors of such Persons and Affiliates.

“Aggregate Commitment Reduction Notice” has the meaning specified in Section 2.04(a).

“Aggregate Commitments” means, as of the date of any determination, the Commitments of all of the Lenders then in effect. As of the date hereof, the Aggregate Commitments equal \$1,000,000,000.

“Agreement” means this Credit Agreement.

“AHL” has the meaning specified in the introductory paragraph hereto.

“AHL Fully-Diluted Voting Equity” has the meaning specified in the definition of “Change of Control”.

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction applicable to the Borrowers or their respective Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Insurance Regulatory Authority” means, with respect to any Regulated Insurance Company, the insurance commission or similar Governmental Authority located in the jurisdiction in which such Regulated Insurance Company is domiciled.

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Commitments represented by such Lender’s Commitment at such time, subject to adjustment as provided in Section 2.12. If the commitment of each Lender to make Loans has been terminated pursuant to Section 8.02 or if the Aggregate Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Applicable Rate” means, from time to time, the following percentages per annum, based upon the Debt Rating as set forth below:

Pricing Level	Debt Rating	Eurodollar Rate+	Base Rate+	Commitment Fee
1	≥ A-	1.125%	0.125%	0.150%
2	BBB+	1.375%	0.375%	0.175%
3	BBB	1.625%	0.625%	0.225%
4	BBB-	2.000%	1.000%	0.300%
5	< BBB-	2.500%	1.500%	0.500%

Initially, the Applicable Rate shall be set at Pricing Level 3. Thereafter, each change in the Applicable Rate resulting from a change in the Debt Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next such change.

“Approved Fund” means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means Citigroup Global Markets Inc., Barclays Bank PLC, RBC Capital Markets¹, BMO Capital Markets, Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, in their capacities as joint lead arrangers and joint book managers.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit D or any other form approved by the Administrative Agent.

[“Athene Annuity Re” has the meaning specified in the introductory paragraph hereto.](#)

“Athene Life Re” has the meaning specified in the introductory paragraph hereto.

“Audited Financial Statements” means the audited consolidated balance sheets of AHL and its Subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, equity and cash flows of AHL and its Subsidiaries for each of the three years in the period ended December 31, 2014, prepared in accordance with GAAP, including the notes thereto, in each case as most recently delivered prior to the date hereof.

“AUSA” has the meaning specified in the introductory paragraph hereto.

“Availability Period” means the period from and including the Effective Date to the earliest of (i) the Commitment Termination Date, (ii) the date of termination of the Aggregate Commitments pursuant to Section 2.04 and (iii) the date of termination of the commitment of each Lender pursuant to Section 8.02.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy”.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate plus 1/2 of 1%, (ii) the rate of interest in effect for such day as publicly announced from time to time by Citibank as its “prime rate” and (iii) the Eurodollar Rate for a term of one month plus 1.00%. The “prime rate” is a rate set by Citibank based upon various factors including Citibank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Citibank shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

¹RBC Capital Markets is a brand name for the capital markets businesses of Royal Bank of Canada and its affiliates.

“Board of Directors” means, with respect to any Person, (i) in the case of any corporation, the board of directors of such Person or any committee thereof duly authorized to act on behalf of such board, (ii) in the case of any limited liability company, the board of managers of such Person or the board of directors or the board of managers of the managing member of such Person, as the case may be, (iii) in the case of any partnership, the board of directors or board of managers of the general partner of such Person and (iv) in any other case, the functional equivalent of the foregoing.

“Borrower” and “Borrowers” have the meanings specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 6.02.

“Borrowing” means a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by the Lenders pursuant to Section 2.01.

“Business Day” means any day that is not a Saturday, Sunday or other day which is a legal holiday under the laws of the State of New York or of Bermuda or is a day on which banking institutions in the State of New York or in Bermuda are authorized or required by Law to close; provided that, when used in connection with a Eurodollar Rate Loan, the term “Business Day” means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

“Capital and Surplus” means, for any Insurance Subsidiary as of any date, the total statutory capital and surplus (or any successor line item description that contains the same information) as shown in its Statutory Statement, or an amount determined in a consistent manner for any date other than one as of which a Statutory Statement was prepared.

“Capital Lease” of any Person means any lease of (or other arrangement conveying the right to use) property (whether real, personal or mixed) by such Person as lessee which would, in accordance with GAAP as in effect as of the date hereof, be required to be accounted for as a capital lease on the balance sheet of such Person.

“Capitalized Lease Obligations” means, as of any date of determination in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (i) the adoption or taking effect of any Law; (ii) any change in any Law or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or (iii) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following events or series of events:

(i) at any time AHL shall cease, directly or indirectly, to own and control legally and beneficially 100% of the issued and outstanding Equity Interests of each of Athene Life Re ~~and~~, AUSA and Athene Annuity Re on a Fully-Diluted Basis; (for the avoidance of doubt, subject to the ability of Athene Life Re, AUSA and Athene Annuity Re to merge, dissolve, liquidate, consolidate or make certain Dispositions, in each case in accordance with the requirements set forth in Section 7.03);

(ii) prior to a Qualifying IPO, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of a greater percentage of the Voting Securities of AHL, calculated on a Fully-Diluted Basis (the “AHL Fully-Diluted Voting Equity”), than that owned by the Sponsor Group; or

(iii) at any time after a Qualifying IPO, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of a greater percentage of the AHL Fully-Diluted Voting Equity than the greater of (x) that percentage owned by the Sponsor Group and (y) 40% of the AHL Fully-Diluted Voting Equity.

“Citibank” means Citibank, N.A. and its successors.

“Code” means the Internal Revenue Code of 1986.

“Commitment” means, as to each Lender, its obligation to make Loans to the Borrowers pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Commitment Termination Date” means January 22, 2021; provided, however, that if such date is not a Business Day, the Commitment Termination Date shall be the next preceding Business Day.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Conflicts Committee” means the Conflicts Committee of AHL organized and acting in accordance with the byelaws of AHL and the Conflicts Committee Provisions.

“Conflicts Committee Provisions” means the relevant provisions of the “Conflicts Committee Charter” and the “Conflicts Committee Procedures” of AHL in each case as in effect on the date hereof or as such charter or procedures may be amended or otherwise modified from time to time; provided that if any amendment or modification thereof is materially adverse to the interests of the Lenders, AHL shall obtain the prior written consent of the Required Lenders before giving effect to such amendment or modification.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Adjusted Capitalization” means, as of any date of determination, the sum of (i) Consolidated Adjusted Debt as of such date plus (ii) Consolidated Net Worth as of such date plus, without duplication, (iii) the Hybrid Securities Allowed Amount as of such date.

“Consolidated Adjusted Debt” means, as of any date of determination, (i) Consolidated Total Debt as of such date minus (ii) Consolidated Operating Debt as of such date.

“Consolidated Debt to Capitalization Ratio” means, as of any date of determination, the ratio of (i) Consolidated Adjusted Debt as of such date to (ii) Consolidated Adjusted Capitalization as of such date.

“Consolidated Net Worth” means, as of any date of determination, the consolidated shareholders’ equity of AHL and its Subsidiaries as of such date determined in accordance with GAAP but excluding (i) any accumulated other comprehensive income balance according to FASB ASC 220 and (ii) any unrealized gains or losses relating to the component of DIG B 36 derivatives associated with funds withheld or modified coinsurance reinsurance treaties, other than investments associated with such treaties which are listed on Schedule BA of the applicable ceding company’s or assuming reinsurer’s Statutory Statement.

“Consolidated Operating Debt” means, as of any date of determination, all Debt of AHL and its Subsidiaries that constitutes Operating Debt, determined on a consolidated basis as of such date.

“Consolidated Total Assets” means at any date the total consolidated assets of AHL and its Subsidiaries, determined on a consolidated basis as of such date.

“Consolidated Total Debt” means, as of any date of determination, all Debt of AHL and its Subsidiaries, determined on a consolidated basis as of such date.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Debt” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (i) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (ii) without duplication, all non-contingent obligations (and, for purposes of Section 7.01 and Section 8.01(e), all contingent) obligations of such Person to reimburse any bank or other Person in respect of amounts paid under letters of credit (both standby and commercial), bankers’ acceptances, bank guaranties and similar instruments;
- (iii) any obligations (contingent or otherwise) of a Borrower or any Material Subsidiary under any Swap Contract other than obligations (contingent or otherwise) existing or arising under any Swap Contract entered into in the ordinary course of business (A) to hedge or mitigate risks to which such Borrower or such Subsidiary is exposed in the conduct of its business or the management of its liabilities and not for speculative purposes, (B) which are income generation

transactions made in accordance with the income generation transaction rules set forth in the Purposes and Procedures Manual of the NAIC Securities Valuation Office, as such rules are in effect at the time of the transaction or (C) to replicate assets that would be admissible on the balance sheet of any insurance company organized under the laws of one of the states of the United States of America in accordance with the replication synthetic asset transaction rules set forth in the Purposes and Procedures Manual of the NAIC Securities Valuation Office, as such rules are in effect at the time of the applicable transaction;

(iv) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable and accrued expenses payable and accruals for payroll, in each case, in the ordinary course of business);

(v) ~~all obligations~~ (A) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business) and (B) Debt of others secured by a Lien on, or payable out of the proceeds of production from, any property or asset of such Person, whether or not such obligation is assumed by such Person; provided that the amount of any such Debt of others that constitutes Debt of such Person solely by reason of this clause (v)(B) shall not for purposes of this Agreement exceed the greater of the fair market value of the properties or assets subject to such Lien and the amount of Debt secured thereby;

(vi) all Capitalized Lease Obligations;

(vii) all obligations of such Person to purchase securities or other property which arise out of or in connection with the sale of the same or substantially similar securities or property or any loans incurred by such Person which are principally secured by securities;

(viii) all obligations of such Person in respect of Disqualified Equity Interests;

(ix) the Debt of any other Person (including any partnership in which such Person is general partner and any unincorporated joint venture in which such Person is a joint venturer) to the extent such Person would by virtue of such Person's ownership interest in such other Person be liable therefor under applicable Law or any agreement or instrument to which it is a party, except to the extent the terms of such Debt and provide that such Person shall not be liable therefor; and

(x) all Guarantees of such Person in respect of any of the foregoing;

provided that, except for purposes of Section 7.01 and Section 8.01(e), "Debt" shall exclude an aggregate amount of obligations in respect of Hybrid Securities up to (but not exceeding) the Hybrid Securities Allowed Amount. The amount of any Limited Recourse Debt of any Person shall be equal to the lesser of (x) the aggregate principal amount of such Limited Recourse Debt for which such Person provides credit support constituting Debt and (y) the fair market value of any assets securing such Debt or to which such Debt is otherwise recourse. The amount of any Swap Contract shall be its Swap Termination Value. For the avoidance of doubt, notes issued by a special purpose trust formed solely to hold Funding Agreements and to issue funding agreement backed notes shall not be deemed to be Debt of AHL or its Subsidiaries for purposes of this Agreement if the obligations under such notes are Non-Recourse Debt with respect to the Borrowers and each of their respective Subsidiaries (other than the Regulated Insurance Company that issued such Funding Agreements to the extent of the obligations under such Funding Agreements).

“Debtor Relief Laws” means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, rehabilitation, insolvency, reorganization, or similar debtor relief Laws of the United States, Bermuda or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Debt Ratings” means, as of any date of determination, the ratings as determined by Fitch and S&P (collectively, the “Debt Ratings”) of AHL’s non-credit-enhanced (except with respect to any Guarantee), senior unsecured long-term debt or, if such ratings are not available, the issuer default rating or issuer credit rating, as applicable, of AHL by Fitch and S&P; provided that: (a) if the respective Debt Ratings issued by the foregoing rating agencies differ by one level, then the Pricing Level for the higher of such Debt Ratings shall apply (with the Debt Ratings for Pricing Level 1 being the highest and the Debt Ratings for Pricing Level 5 being the lowest); (b) if there is a split in Debt Ratings of more than one level, then the Pricing Level that is one level lower than the Pricing Level of the higher Debt Rating shall apply; (c) if AHL has only one Debt Rating, the Pricing Level that is one level lower than that of such Debt Rating shall apply; and (d) if AHL does not have any Debt Rating, Pricing Level 5 shall apply.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans plus (iii) 2.00% per annum; provided, however, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2.00% per annum.

“Defaulting Lender” means at any time, subject to Section 2.12(b), (i) any Lender that has failed for two or more Business Days to comply with its obligations under this Agreement to make a Loan or make any other payment due hereunder (each, a “funding obligation”), unless such Lender has notified the Administrative Agent and the Borrowers in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding have not been satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing), (ii) any Lender that has notified the Administrative Agent or the Borrowers in writing, or has stated publicly, that it does not intend to comply with its funding obligations hereunder, unless such writing or statement states that such position is based on such Lender’s good faith determination that one or more conditions precedent to funding cannot be satisfied (which conditions precedent, together with the applicable default, if any, will be specifically identified in such writing or public statement), (iii) any Lender that has, for three or more Business Days after written request of the Administrative Agent or the Borrowers, failed to confirm in writing to the Administrative Agent and the Borrowers that it will comply with its prospective funding obligations hereunder (provided that such Lender will cease to be a Defaulting Lender pursuant to this clause (iii) upon the Administrative Agent’s and the Borrowers’ receipt of such written confirmation), (iv) any Lender with respect to which a Lender Insolvency Event has occurred and is continuing with respect to such Lender or its Parent Company or (v) any Lender that has become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts

or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any of clauses (i) through (iv) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.12(b)) upon notification of such determination by the Administrative Agent to the Borrowers and the Lenders.

“Designated Special Purpose Subsidiary” means a Subsidiary that is a special or limited purpose entity utilized in connection with transactions to reduce regulatory capital requirements applicable to any Regulated Insurance Company related to (i) NAIC Regulation XXX or AXXX or other similar life reserve requirements promulgated by the Applicable Insurance Regulatory Authority or (ii) closed blocks of policies established in connection with prior demutualization transactions.

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of Equity Interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interest” means any Equity Interest which, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (ii) is redeemable in cash at the option of the holder thereof, in whole or in part, (iii) provides for the scheduled payments of dividends in cash, or (iv) is or becomes on a scheduled date or at the option of the holder thereof convertible into or exchangeable for Debt or any other Equity Interests that would constitute Disqualified Equity Interests, in each case of clauses (i) through (iv), prior to the date that is 91 days after the Commitment Termination Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of any Borrower or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because it may be required to be repurchased by a Borrower or its Subsidiary in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“Dollar” and “\$” mean lawful money of the United States.

“EEA Financial Institution” means (i) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (ii) any entity established in an EEA Member Country which is a parent of an institution described in clause (i) of this definition, or (iii) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (i) or (ii) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Effective Date” means the date on which this Agreement becomes effective in accordance with Section 4.01.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Sections 10.06(b)(iii) and 10.06(b)(v) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

“Embargoed Jurisdiction” means any country or territory that is the subject of a comprehensive embargo under applicable Sanctions, as modified from time to time by relevant Governmental Authorities.

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or binding governmental restrictions, including all common law, relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrowers within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

“ERISA Event” means: (i) a Reportable Event with respect to a Pension Plan; (ii) the failure by any Borrower or ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (iii) the incurrence by any Borrower or ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (iv) a complete or partial withdrawal by any Borrower or ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (v) the filing of a notice of intent to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (vi) the institution by the PBGC of proceedings to terminate a Pension Plan; (vii) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (viii) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (ix) the imposition or incurrence of any material liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Borrower or ERISA Affiliate; (x) the engagement by any Borrower or ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c)

of ERISA; or (xi) the imposition of a lien upon any Borrower pursuant to Section 430(k) of the Code or Section 303(k) of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurodollar Illegality Event” has the meaning specified in Section 3.02.

“Eurodollar Rate” means:

(i) for any Interest Period as to any Eurodollar Rate Loan, (A) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays an average London interbank offered rate administered by the ICE Benchmark Administration (or any other Person which takes over the administration of that rate) (such page currently being LIBOR01 or LIBOR02 page) (the “ICE Rate”) for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period, (B) in the event the rate referenced in the preceding clause (A) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the ICE Rate for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period or (C) in the event the rates referenced in the preceding clauses (A) and (B) are not available, the rate which results from interpolating on a linear basis between (x) the applicable ICE Rate for the longest period (for which that ICE Rate is available) which is less than such Interest Period and (y) the applicable ICE Rate for the shortest period (for which that ICE Rate is available) which exceeds such Interest Period, each determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; and

(ii) when used with respect to clause (iii) of the definition of “Base Rate” only, as of any date of determination, (A) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the ICE Rate for deposits in Dollars being delivered in the London interbank market for a term of one month commencing on such date, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to such date, (B) in the event the rate referenced in the preceding clause (A) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays the ICE Rate for deposits in Dollars being delivered in the London interbank market for a term of one month commencing on such date or (C) in the event the rates referenced in the preceding clauses (A) and (B) are not available, the rate which results from interpolating on a linear basis between (x) the applicable ICE Rate for the longest period (for which that ICE Rate is available) which is less than a term of one month and (y) the applicable ICE Rate for the shortest period (for which that ICE Rate is available) which exceeds a term of one month, each determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to such date; provided that, if such date is not a Business Day, the rate under this clause (ii) for such date shall be the rate determined in accordance with this clause (ii) for the immediately preceding Business Day;

provided that in no case shall the Eurodollar Rate be less than 0.00% per annum.

“Eurodollar Rate Loan” means a Loan that bears interest at a rate based on clause (i) of the definition of “Eurodollar Rate”.

“Event of Default” has the meaning specified in Section 8.01.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by any Borrower under Section 10.13) or (B) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (iii) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e) and (iv) any U.S. federal withholding Taxes imposed pursuant to FATCA.

“Existing Credit Agreement” means the Credit Agreement dated as of September 20, 2013 among AHL, Athene Life Re, AUSA and Citibank, N.A., as administrative agent, as amended or otherwise modified prior to the date of this Agreement.

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any intergovernmental agreement with respect thereto, and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (i) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Citibank on such day on such transactions as determined by the Administrative Agent; provided, however, that if the Federal Funds Rate as set forth above shall be less than 0.00% per annum at any time, the “Federal Funds Rate” for purposes hereof shall be deemed to be 0.00% per annum at such time.

“Federal Reserve Board” means the Board of Governors of the Federal Reserve System of the United States.

“Fee Letters” means the fee letters dated as of November 25, 2015 among AHL, certain of the Arrangers and the Lenders party thereto.

“Financial Officer” means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

“First Amendment” means the [First Amendment to Credit Agreement, dated as of June 29, 2016, by and among the AHL, Athene Life Re, AUSA, the Lenders party thereto and the Administrative Agent](#).

“Fitch” means Fitch Ratings, Inc.

“Foreign Lender” means (i) if the applicable Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (ii) if the applicable Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes.

“Fully-Diluted Basis” means, for purposes of determining the aggregate amount of issued and outstanding Equity Interests of a Person, the issued and outstanding Equity Interests of such Person assuming the conversion and exercise of all outstanding warrants, options or other rights for the purchase or acquisition of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person and all warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests).

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Funding Agreement” means any agreement for a Regulated Insurance Company to accept and accumulate funds and to make one or more payments at future dates in amounts that are not based on mortality or morbidity contingencies of the Person to whom such agreement is issued.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means any nation or government, or state or political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body (including any Applicable Insurance Regulatory Authority), court, administrative tribunal central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supranational bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (i) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Debt or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (A) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation, (B) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Debt or other obligation of the payment or performance of such Debt or other obligation, (C) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor

so as to enable the primary obligor to pay such Debt or other obligation or (~~iv~~D) entered into for the purpose of assuring in any other manner the obligee in respect of such Debt or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (~~ii~~) any Lien on any assets of such Person securing any Debt or other obligation of any other Person, whether or not such Debt or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Debt to obtain any such Lien); provided that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranty” means the amended and restated Guaranty made by the Borrowers in favor of the Administrative Agent and the Lenders, substantially in the form of Exhibit F.

“Hybrid Securities” means, at any time, trust preferred securities, deferrable interest subordinated debt securities, mandatory convertible debt or other hybrid securities issued by any Borrower or any Subsidiary.

“Hybrid Securities Allowed Amount” means, at any date, the lesser of (i) the aggregate Hybrid Securities Amount for all Hybrid Securities and (ii) 15.0% of Consolidated Adjusted Capitalization at such date.

“Hybrid Securities Amount” means, with respect to any Hybrid Security, the principal amount (which principal amount may be a portion of the aggregate principal amount) of such Hybrid Security that is accorded equity treatment by S&P at the time of issuance thereof.

“Indemnified Taxes” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (ii) to the extent not otherwise described in clause (i), Other Taxes.

“Indemnitee” has the meaning specified in Section 10.04(b).

“Ineligible Assignee” means a Person disclosed by the Borrowers (i) on a list of competitors identified to the Administrative Agent (which shall promptly provide the identity of any such competitors to the Lenders) as updated from time to time by the Borrowers and approved by the Administrative Agent (which approval shall not be unreasonably withheld, conditioned or delayed), (ii) on a list of other Persons identified and accepted by the Administrative Agent prior to the Effective Date and (iii) an Affiliate of a Person described in the foregoing clause (ii) if such Affiliate is identified in writing by name by the Borrowers to the Administrative Agent (which shall promptly provide the identity of such Affiliate to the Lenders); provided that, no Person disclosed by the Borrowers to the Administrative Agent after the Effective Date pursuant to clauses (i) and (iii) shall be deemed an “Ineligible Assignee” for any purpose hereunder until the fifth Business Day following such disclosure.

“Information” has the meaning specified in Section 10.07.

“Insurance Business” shall mean one or more aspects of the business of selling, issuing or underwriting insurance or reinsurance.

“Insurance Subsidiary.” means any (i) Regulated Insurance Company and (ii) direct or indirect Subsidiary of such a Subsidiary.

“Interest Payment Date” means (i) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Commitment Termination Date; provided, however, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates, and (ii) as to any Base Rate Loan, the last Business Day of each March, June, September and December and the Commitment Termination Date.

“Interest Period” means as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, three or six months (or twelve months if consented to by all of the Lenders) thereafter, as selected by the applicable Borrower in its Loan Notice; provided that:

(i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Rate Loan, such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(ii) any Interest Period pertaining to a Eurodollar Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Commitment Termination Date.

“IRS” means the United States Internal Revenue Service.

“Judgment Currency” has the meaning specified in Section 10.19.

“Judgment Currency Conversion Date” has the meaning specified in Section 10.19.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lender” has the meaning specified in the introductory paragraph hereto.

“Lender Insolvency Event” means that (i) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors or (ii) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrowers and the Administrative Agent.

“Lien” means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever in the nature of a security interest (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property and any financing lease having substantially the same economic effect as any of the foregoing).

“Limited Recourse Debt” means with respect to any Person, Debt of such Person as to which either (i) the maximum aggregate amount of such Person's liability is limited to an amount less than the amount of such Debt or (ii) as to which the recourse of the creditor holding such Debt for payment of such Debt is limited to the assets securing such Debt.

“Loan” has the meaning specified in Section 2.01.

“Loan Documents” means this Agreement, [the First Amendment](#), [the Second Amendment](#), each Note, the Guaranty and the Fee Letters.

“Loan Notice” means a notice of (i) a Borrowing, (ii) a conversion of Loans from one Type to the other or (iii) a continuation of Eurodollar Rate Loans pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

“Margin Stock” means margin stock within the meaning of Regulation T, Regulation U or Regulation X.

“Market Disruption Event” has the meaning specified in Section 3.03.

“Master Agreement” means any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement or any other master agreement, together with any related schedules.

“Material Adverse Effect” means: (i) a material adverse effect on the operations, business, properties or financial condition of AHL and its Subsidiaries taken as a whole; (ii) a material impairment of the ability of the Borrowers, taken as a whole, to perform their obligations under the Loan Documents; (iii) a material adverse effect on the legality, validity, binding effect or enforceability against any Borrower of any Loan Document to which it is a party; or (iv) a material adverse effect on the rights, remedies and benefits available to, or conferred upon, the Administrative Agent or any Lender under any Loan Documents, taken as a whole.

“Material Insurance Subsidiary” means (i)(A) Athene Annuity & Life Assurance Company, a Delaware corporation and (B) Athene Annuity and Life Company, a stock life insurance company organized under the laws of Iowa, and (ii) any other Insurance Subsidiary (whether existing on or acquired or formed after the Effective Date) organized under the laws of the United States or any political subdivision thereof (a “U.S. Insurance Subsidiary.”) having Capital and Surplus, calculated excluding the value of its investment in any other U.S. Insurance Subsidiary of AHL, equal to 10% or more of the sum total of the Capital and

Surplus of all of AHL's U.S. Insurance Subsidiaries, with the Capital and Surplus of each U.S. Insurance Subsidiary being added to the sum excluding the value of its investment in any other U.S. Insurance Subsidiary of AHL.

“Material Subsidiary” means, subject to Section 6.02, (i) a Subsidiary whose total assets (determined on a consolidated basis in accordance with GAAP for such Subsidiary and its direct and indirect Subsidiaries) are in excess of 10% of the Consolidated Total Assets of AHL and its Subsidiaries (based upon and as of the date of delivery of the most recent consolidated financial statements of AHL furnished pursuant to Section 4.01(a)(viii), Section 6.01(i) or Section 6.01(ii), as applicable), or (ii) any other Subsidiary of AHL that has been designated by AHL to the Administrative Agent as a Material Subsidiary in accordance with Section 6.02(i)(eC) or otherwise (until such designation is revoked in writing by AHL).

“Maximum Rate” has the meaning specified in Section 10.09.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Borrower or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan with respect to which any Borrower or any ERISA Affiliate is a contributing sponsor which has two or more contributing sponsors (including any Borrower or ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“NAIC” means the National Association of Insurance Commissioners.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 10.01 and (ii) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, a Lender that is not a Defaulting Lender.

“Non-Recourse Debt” means with respect to any Person, Debt if, but only if: (i) such Person (A) provides no credit support of any kind for such Debt (including any undertaking, agreement or instrument that would constitute Debt) and (B) is not directly or indirectly liable as a guarantor or otherwise for such Debt; and (ii) no default with respect to such Debt would permit upon notice, lapse of time or both any holder of any other Debt (other than the Loans) of such Person to declare a default on such other Debt or cause the payment thereof to be accelerated or payable prior to its stated maturity.

“Note” means a promissory note made by a Borrower in favor of a Lender evidencing Loans made by such Lender, substantially in the form of Exhibit B.

“Obligation Currency” has the meaning specified in Section 10.19.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Borrower arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person

as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (i) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by any Borrower under any Loan Document and (ii) the obligation of any Borrower to reimburse any amount in respect of any of the foregoing that the Administrative Agent or any Lender, in each case in its sole discretion, may elect to pay or advance on behalf of such Borrower.

“Operating Debt” means, as to any Person at a particular time, without duplication, all of the following to the extent constituting Debt:

(i) if such Person is a Regulated Insurance Company, Debt of such Person borrowed or issued in the ordinary course of business (A) evidenced by, or arising under, surplus notes issued in connection with one or more Regulatory Capital Transactions, (B) owing to a Federal Home Loan Bank (x) under a liquidity facility provided by a Federal Home Loan Bank or (y) in respect of long-term community investment advances and (C) under Funding Agreements;

(ii) if such Person is a Regulated Insurance Company that is a Designated Special Purpose Subsidiary, Debt of such Person incurred in the ordinary course of business in connection with one or more Regulatory Capital Transactions;

(iii) Debt of such Person incurred in the ordinary course of business to the extent such Debt is excluded from financial leverage by both S&P and Moody’s in their evaluation of such Person and is treated as a hybrid capital instrument by both S&P and Moody’s in their evaluation of such Person;

(iv) Debt or other obligations that are consolidated on the balance sheet of such Person solely as a result of the obligor under such Debt being deemed a “Variable Interest Entity” under FASB ASC 810 if such Debt or other obligations are Non-Recourse Debt with respect to the Borrowers and each of their respective Subsidiaries;

(v) to the extent that a reimbursement obligation in respect thereof is not yet due, obligations under letters of credit, bank guarantees and similar instruments (A) issued for the account of any Designated Special Purpose Subsidiary in connection with one or more Regulatory Capital Transactions if such Debt is Non-Recourse Debt with respect to the Borrowers and each of their respective Subsidiaries other than such Designated Special Purpose Subsidiary, (B) issued for the account of an Insurance Subsidiary to support obligations under Reinsurance Agreements or Retrocession Agreements or (C) of any Person issued in the ordinary course of business;

(vi) obligations with respect to Policies, Reinsurance Agreements and Retrocession Agreements; and

(vii) obligations under Permitted Repo and Securities Lending Agreements.

“Operating Lease” means, as applied to any Person, a lease (including leases which may be terminated by the lessee at any time) of any property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease.

“Organizational Documents” of a Person means: (i) if such Person is a corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction) of such Person; (ii) if such Person is a limited liability company, the certificate or articles of formation or organization and operating agreement of such Person; and (iii) if such Person is a partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization of such Person and any agreement, instrument, filing or notice with respect thereto filed in connection with such Person’s formation or organization with the applicable Governmental Authority in the jurisdiction of such Person’s formation or organization and, if applicable, any certificate or articles of formation or organization of such Person.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

“Outstanding Amount” means with respect to the Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

“Parent Company” means, with respect to a Lender, the bank holding company (as defined in Federal Reserve Board Regulation Y), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

“Participant” has the meaning specified in Section 10.06(d).

“Participant Register” has the meaning specified in Section 10.06(d).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by any Borrower or ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permitted Repo and Securities Lending Agreements” means any Debt of the type described in clause (vii) of the definition thereof (i) that is owing by a Person considered to be a “Variable Interest Entity” under FASB ASC 810 the obligations of which are consolidated on the balance sheet of AHL and its Subsidiaries solely as a result of AHL and/or one or more of its Subsidiaries being deemed the primary beneficiary of such Person under FASB ASC 810 and which is Non-Recourse Debt with respect to the Borrowers and each of their respective Subsidiaries, (ii) incurred in the ordinary course of business by a Regulated Insurance Company to fund its short term liquidity requirements, (iii) incurred in the ordinary course of business by a Regulated Insurance Company pursuant to an agreement under which assets that are ineligible to be pledged to secure Debt or a Swap Contract permitted hereunder are transferred to a third-

party in exchange for either (x) assets or (y) funds, the proceeds of which are used to acquire assets, that in either case are eligible to be pledged to secure such Debt or Swap Contract or (iv) to the extent not described in the foregoing clauses (i), (ii) or (iii), in an aggregate outstanding principal amount not exceeding 5.0% of the Consolidated Total Assets of AHL and its Subsidiaries at any time.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of any Borrower or Subsidiary, or any such plan to which any Borrower or Subsidiary is required to contribute on behalf of any of its employees or with respect to which any Borrower or Subsidiary has any liability.

“Platform” has the meaning specified in Section 6.02.

“Policies” means all insurance policies, annuity contracts, guaranteed interest contracts and Funding Agreements (including riders to any such policies or contracts, certificates issued with respect to group life insurance or annuity contracts and any insurance contracts issued in connection with retirement plans or arrangements) and assumption certificates issued or to be issued (or filed pending current review by applicable Governmental Authorities) by any Regulated Insurance Company.

“Public Lender” has the meaning specified in Section 6.02.

“Qualifying IPO” means the registration by AHL of its common Equity Interests (other than pursuant to a registration statement on Form S-8) pursuant to an effective registration statement filed with the SEC in accordance with the Securities Act of 1933, as amended (and the rules and regulations of the SEC promulgated thereunder), or the Securities Exchange Act of 1934, as amended (whether alone or in connection with a secondary public offering), with the Equity Interests so registered being listed on the New York Stock Exchange or the NASDAQ Market; provided that, prior to or after giving effect to such registration, not less than 15% of the common Equity Interests of AHL on a fully-diluted basis are held by Persons who are not Affiliates of AHL.

“Recipient” means the Administrative Agent or any Lender.

“Register” has the meaning specified in Section 10.06(c).

“Regulated Insurance Company” shall mean any Subsidiary of AHL, whether now owned or hereafter formed or acquired, that is authorized or admitted to carry on or transact Insurance Business in any jurisdiction and is regulated by any Applicable Insurance Regulatory Authority.

“Regulation T” means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation U” means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulation X” means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

“Regulatory Capital Transaction” means with respect to a Designated Special Purpose Subsidiary, transactions to reduce regulatory capital requirements applicable to any Regulated Insurance Company related to (i) NAIC Regulation XXX or AXXX or other similar life reserve requirements promulgated by the Applicable Insurance Regulatory Authority or (ii) closed blocks of policies established in connection with prior demutualization transactions.

“Reinsurance Agreement” shall mean any agreement, contract, treaty or other arrangement whereby one or more insurers, as reinsurers, assume liabilities under Policies issued by another insurance company or companies.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, attorneys-in-fact, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Related Party Transactions Policy” means the “Related Party Transactions Policy” of AHL as in effect on the date hereof or as such policy may be amended or otherwise modified from time to time; provided that if any amendment or modification thereof is materially adverse to the interests of the Lenders, AHL shall obtain the prior written consent of the Required Lenders before giving effect to such amendment or modification.

“Removal Effective Date” has the meaning specified in Section 9.06(b).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Required Lenders” means, at any time, Lenders having Commitments or, if the Commitments have been terminated in accordance with the terms of this Agreement, Loans outstanding, representing more than 50% of the Aggregate Commitments or Loans of all Lenders, as applicable. The Commitment and any Loans outstanding of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Resignation Effective Date” has the meaning specified in Section 9.06(a).

“Responsible Officer” means the chief executive officer, president, executive vice president or a Financial Officer of a Borrower. Any document delivered hereunder that is signed by a Responsible Officer of a Borrower shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Borrower.

“Restricted Payment” means (a) any dividend or other distribution (whether in cash, securities or other property) by a Person or any of its Subsidiaries with respect to their respective Equity Interests, or (b) any payment (whether in cash, securities or other property) by a Person or any of its Subsidiaries, including any sinking fund or similar deposit, (i) on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any of their respective Equity Interests, or (ii) on account of any return of capital to such Person’s shareholders, partners or members with respect to their respective Equity Interests (or the equivalent Persons thereof).

“Retrocession Agreement” means any agreement, contract, treaty or other arrangement whereby one or more insurers or reinsurers, as retrocessionaires, assume liabilities of reinsurers under a Reinsurance Agreement or other retrocessionaires under another Retrocession Agreement.

“Sanctioned Person” means, at any time, (i) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union or any European Union member state, (ii) any Person located in, resident in or organized under the laws of an Embargoed Jurisdiction, or (iii) any Person owned or controlled by a Person described in the foregoing clauses (i) or (ii).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (i) the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, or (ii) the United Nations Security Council, or (iii) the European Union or Her Majesty’s Treasury of the United Kingdom.

“S&P” means Standard & Poor’s Financial Services Inc., a Standard & Poor’s Financial Services LLC business.

“SAP” means the accounting procedures and practices prescribed or permitted by the Applicable Insurance Regulatory Authority or the NAIC.

“SEC” means the Securities and Exchange Commission.

“Second Amendment” means [the Second Amendment to Credit Agreement, dated as of March 14, 2018, by and among AHL, Athene Life Re, AUSA, Athene Annuity Re, the Lenders party thereto and the Administrative Agent.](#)

“Securities Regulator” means the SEC or any comparable Governmental Authority in any applicable non-U.S. jurisdiction.

“Sponsor” means Apollo Global Management, LLC, or any investment fund or managed account managed by Apollo Global Management, LLC or any of their respective Affiliates (in each case, other than any operating portfolio companies or AHL or any of its Subsidiaries).

“Sponsor Group” means, collectively, the Sponsor and any employees of or consultants to the Sponsor.

“Statutory Statement” means a statement of the condition and affairs of a Borrower or an Insurance Subsidiary, as applicable, in each case prepared in accordance with SAP, and filed with the Applicable Insurance Regulatory Authority.

“Subsidiary” of a Person means any corporation, partnership, limited liability company, association, joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency, including the power to cause the termination, removal or replacement of a manager or general partner, whether or not such contingency has occurred) are at the time beneficially owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of AHL. For the avoidance of doubt, a special purpose trust formed solely to hold Funding Agreements and to issue funding agreement backed notes shall not be deemed to be a Subsidiary for purposes of this Agreement.

“Swap Contract” means (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, credit derivatives, total return swaps, futures, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or other derivatives or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any Master Agreement, including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (i) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (ii) for any date prior to the date referenced in clause (i), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender), in each case expressed as a negative number to the extent the termination value is payable to or the mark-to-market value is in favor of the applicable Borrower or Material Subsidiary or as a positive number to the extent the termination value is payable to or the market-to-market value is in favor of the applicable counterparty to the applicable Borrower or Material Subsidiary under such Swap Contract.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Threshold Amount” means \$100,000,000.

“Trade Date” means, as to a particular assignment or participation of an interest hereunder to a Person, the date on which the applicable Lender enters into a binding agreement to sell and assign or participate all or a portion of its rights and obligations under this Agreement to such Person.

“Type” means with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“Unaudited Financial Statements” means the unaudited consolidated balance sheet of AHL and its Subsidiaries, and the related consolidated statements of income and comprehensive income and shareholders’ equity, for each interim quarterly period which has ended since the date of the Audited Financial Statements at least 60 days prior to the Effective Date, together with such unaudited financial statements for the three, six or nine- month period, as applicable, ended on the last day of the most recent of such fiscal periods.

“United States” and “U.S.” mean the United States of America.

“Unsubordinated Debt” means (a) Debt of a Subsidiary of AHL (other than a Borrower) owed to a Person other than AHL or any of its Subsidiaries or (b) Debt of a Borrower owed to a Subsidiary that is not a Borrower that, in either case, is not expressly subordinated to the prior payment of the Obligations on terms that have been consented to by the Administrative Agent in its reasonable discretion (such consent

to be unreasonably withheld or delayed, it being understood that the terms of such subordination will permit payments to be made on such Debt if no Default or Event of Default has occurred and is continuing), in each case excluding (i) Obligations and any Guarantees of any Obligations, and (ii) Operating Debt other than Operating Debt incurred under clause (v)(C) of the definition thereof.

“U.S. Borrower” means any Borrower that is a U.S. Person.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(g)(ii)(B)(3).

“Voting Securities” means Equity Interests of any Person having ordinary power to vote in the election of members of the board of directors, managers, trustees or other controlling Persons of such Person (irrespective of whether, at the time, Equity Interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency).

“wholly-owned” means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (i) director’s qualifying shares and (ii) shares issued to foreign nationals to the extent required by applicable Law) are owned by such Person and/or by one or more wholly-owned Subsidiaries of such Person.

“Withholding Agent” means any Borrower and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organizational Document and the Loan Documents) shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and permitted assigns and, in the case of any Governmental Authority, any other Governmental Authority succeeding to its functions, (iii) the words “hereto”, “herein”, “hereof” and “hereunder”, and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect

and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”; and the word “through” means “to and including”.

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) For the avoidance of doubt, in no event shall Athene Life Re or Athene Annuity Re be liable for any obligations of any other Borrower under this Agreement or any other Loan Document except as set forth in the Guaranty.

Section 1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt of AHL and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP (each change, an “Accounting Change”) would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrowers or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such Accounting Change (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP without giving effect to such Accounting Change and (ii) the Borrowers shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such Accounting Change.

Section 1.04 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

Section 1.06 Timing of Payment or Performance. When payment of any obligation is stated to be due or the performance of any covenant, duty or obligation is required on a day which is not a Business Day, the date of such payment (other than as described in the definition of Interest Period) or performance shall extend to the immediately succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

ARTICLE II
THE COMMITMENTS AND LOANS

Section 2.01 Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make loans (each such loan, a "Loan") in Dollars to the Borrowers from time to time, on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Applicable Percentage of the then Aggregate Commitments; provided, however, that after giving effect to any Borrowing, (i) the Outstanding Amount shall not exceed the Aggregate Commitments and (ii) the principal amount of each Lender's outstanding Loans shall not exceed such Lender's Applicable Percentage of the Aggregate Commitments. Within the limits of each Lender's Commitment and the Aggregate Commitments, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.03, and reborrow under this Section 2.01. Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

Section 2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon a Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans; provided, however, that if a Borrower wishes to request Eurodollar Rate Loans having an Interest Period of twelve months in duration as provided in the definition of "Interest Period", the applicable notice must be received by the Administrative Agent not later than 11:00 a.m. four Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested twelve-month Interest Period is acceptable to all of them. Not later than 11:00 a.m., three Business Days before the requested date of such Borrowing, conversion or continuation, the Administrative Agent shall notify the applicable Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by a Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the applicable Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If a Borrower fails to specify a Type of Loan in a Loan Notice or if a Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If a Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Loans, and if no timely notice of

a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans described in the preceding subsection. Each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02, the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the applicable Borrower on the books of Citibank with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the applicable Borrower. Each Lender may, at its option, make any Loan available to any Borrower by causing any foreign or domestic branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of such Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrowers and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrowers and the Lenders of any change in Citibank's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten Interest Periods in effect with respect to Loans.

Section 2.03 Prepayments.

(a) Any Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty; provided that: (i) such notice must be received by the Administrative Agent not later than 11:00 a.m. (A) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (B) on the date of prepayment of Base Rate Loans; (ii) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$1,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (iii) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein; provided that such notice may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Subject to Section 2.12, each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) If for any reason the Outstanding Amount at any time exceeds the Aggregate Commitments then in effect, the Borrowers shall immediately prepay Loans in an aggregate amount equal to such excess.

Section 2.04 Termination or Reduction of Commitments.

(a) Optional. The Borrowers may, upon notice (an “Aggregate Commitment Reduction Notice”) to the Administrative Agent, terminate the Aggregate Commitments, or from time to time permanently reduce the Aggregate Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. three Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$5,000,000 or any whole multiple of \$1,000,000 in excess thereof and (iii) the Borrowers shall not terminate or reduce the Aggregate Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount would exceed the Aggregate Commitments. The Administrative Agent will promptly notify the Lenders of any notice of termination or reduction of the Aggregate Commitments; provided that such notice may state that such notice is conditioned upon the occurrence of one or more events specified therein, in which case such notice may be revoked by the Borrowers (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any reduction of the Aggregate Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Commitments shall be paid on the effective date of such termination.

(b) Mandatory. The Aggregate Commitments shall be automatically and permanently reduced to zero on the Commitment Termination Date.

Section 2.05 Repayment of Loans. The Borrowers shall repay to the Lenders on the Commitment Termination Date the aggregate principal amount of Loans outstanding on such date, together with accrued and unpaid interest thereon and all other Obligations then due and owing.

Section 2.06 Interest.

(a) Subject to the provisions of paragraph (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.

(b) (i) Upon the occurrence and during the continuance of an Event of Default pursuant to Section 8.01(a), to the fullest extent permitted by applicable Laws, such amounts as are then due and payable hereunder and unpaid shall bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate; and

(ii) upon the request of the Required Lenders, upon the occurrence and during the continuance of any Event of Default, to the fullest extent permitted by applicable Laws, all of the Obligations hereunder shall bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate; provided that upon the occurrence of an Event of Default under Section 8.01(f), the Obligations hereunder shall, to the fullest extent permitted by applicable Laws, automatically accrue interest at the Default Rate.

(c) Upon the occurrence and during the continuance of any Event of Default, any Eurodollar Rate Loan will convert to a Base Rate Loan at the end of the Interest Period then in effect for such Eurodollar Rate Loan.

(d) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

Section 2.07 Fees.

(a) Commitment Fee. The Borrowers shall pay to the Administrative Agent for the account of each Lender in accordance with its Applicable Percentage, a commitment fee equal to the Applicable Rate times the actual daily amount by which the Aggregate Commitments exceed the Outstanding Amount. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date, and on the last day of the Availability Period.

(b) Other Fees.

(i) The Borrowers shall pay to the Arrangers party to a Fee Letter for their own respective accounts fees in the amounts and at the times specified in such Fee Letter. All such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Borrowers shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

Section 2.08 Computation of Interest and Fees

All computations of interest for Eurodollar Rate Loans shall be made on the basis of a year of 360 days and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). All other computations of fees and interest shall be made on the basis of a 365 or 366-day year, as the case may be, and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.10(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

Section 2.09 Evidence of Debt. The Borrowings made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Borrowings made by the Lenders and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, each Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type, amount and maturity of its Loans and payments with respect thereto.

Section 2.10 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by a Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) Clawback.

(i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrowers severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by a Borrower, the interest rate applicable to Base Rate Loans. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by a Borrower shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrowers prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Administrative Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so

distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Borrowing set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan or payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan or other funding obligation in any particular place or manner.

Section 2.11 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans and accrued interest thereon greater than its pro-rata share thereof as provided herein, then the Lender receiving such greater proportion shall (i) notify the Administrative Agent of such fact, and (ii) purchase (for cash at face value) participations in the Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing to them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of the Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant.

The Borrowers consent to the foregoing and agree, to the extent they may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrowers rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrowers in the amount of such participation.

Section 2.12 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Termination of Defaulting Lender Commitment. The Borrowers may terminate the unused amount of the Commitment of a Defaulting Lender upon not less than two Business Days' prior notice to the Administrative Agent (which will promptly notify the Lenders thereof), and in such event the provisions of clause (iii) below will apply to all amounts thereafter paid by any Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts), provided that such termination will not be deemed to be a waiver or release of any claim any Borrower, the Administrative Agent, or any Lender may have against such Defaulting Lender, or cause such Defaulting Lender to be a Non-Defaulting Lender.

(ii) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.01.

(iii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrowers may request (if no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrowers, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, if no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans and held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section 2.12(a)(iii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iv) Certain Fees. Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, such Defaulting Lender will not be entitled to any fees accruing during such period pursuant to Section 2.07(a) (without prejudice to the rights of the Non-Defaulting Lenders in respect of such fees).

(b) Defaulting Lender Cure. If the Borrowers and the Administrative Agent agree in writing in their discretion that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, such Lender will, to the extent applicable, purchase at par such portion of outstanding Loans of the other Lenders and/or make such other adjustments as the Administrative Agent may determine to be necessary to cause the principal amount of the outstanding Loans of the Lenders to be on a pro-rata basis in accordance with their respective Commitments, whereupon such Lender will cease to be a Defaulting Lender and will be a Non-Defaulting Lender (and such outstanding principal amount of the Loans of each Lender will automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of a Borrower while such Lender was a Defaulting Lender; and provided further that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY

Section 3.01 Taxes.

(a) Defined Terms. For purposes of this Section 3.01 the term "applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Laws (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Laws and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Borrowers. The Borrowers shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrowers. The Borrowers (other than Athene Life Re [and Athene Annuity Re](#)) shall jointly and severally, ~~and~~ Athene Life Re [shall solely as to itself and Athene Annuity Re](#) shall solely as to itself, indemnify each Recipient, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Borrower to a Governmental Authority pursuant to this Section 3.01, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrowers and the Administrative Agent, at the time or times reasonably requested by the Borrowers or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrowers or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrowers or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrowers or the Administrative Agent as will enable the Borrowers or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 3.01(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that a Borrower is a U.S. Borrower:

(A) any Lender that is a U.S. Person shall deliver to the Borrowers and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments

of interest under any Loan Document, executed copies of IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, IRS Form W-8BEN, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrowers or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrowers and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrowers or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrowers or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender’s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrowers and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 3.01 (including by the payment of additional amounts pursuant to this Section 3.01), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations under any Loan Document.

(j) FATCA Compliance.

(i) Each Lender shall deliver to the Borrowers, on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon a change in circumstances or the reasonable request of the Borrowers), (A) a current and properly completed and executed IRS Form W-8BEN, W-8BEN-E, W-8IMY, W-8ECI, W-8EXP, or W-9, as applicable (or applicable successor form), and (B) such other certifications, consents to reporting, documentation or information as the Borrowers reasonably determine are necessary to enable the Borrowers to comply with their obligations under FATCA (it being understood that each Lender shall be permitted to provide its own forms of certifications, consents to reporting, documentation or information as are reasonably acceptable to the Borrowers). Each Lender hereby consents to the reporting by the Borrowers of any information provided by such Lender to the Borrowers (or otherwise in the possession of the Borrowers or publicly available) regarding such Lender (including information regarding such Lender's "Controlling Persons," within the meaning of FATCA) and information regarding the Loans, in each case, as the Borrowers reasonably determine is required to comply with FATCA. In addition, if a Lender is not a "Financial Institution" within the meaning of FATCA, each Participant in such Lender's rights or obligations under this Agreement shall be treated as a Lender for purposes of this Section 3.01(j)(i). Without limiting Section 9.03 or the other provisions of Article IX, the Administrative Agent shall not be responsible or liable to any Person for the performance or observance of this Section 3.01(j)(i), or for the contents, accuracy or efficacy of any documentation or other information delivered or required to be delivered hereby, nor shall the Administrative Agent have any responsibility to monitor compliance by the Borrowers or the Lenders with any of the foregoing.

(ii) Solely for purposes of this Section 3.01(j), the term “FATCA” shall also include (A) the Agreement Between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Bermuda to Improve International Tax Compliance, and any implementing laws and regulations in respect thereof, (B) the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, and any implementing laws and regulations in respect thereof, and (C) any amendments made to FATCA after the Effective Date.

Section 3.02 Illegality. If any Lender determines that any Change in Law or introduction of any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the legal authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market (each, an “Eurodollar Illegality Event”), then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, (i) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) each Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest at the Base Rate by reference to the Eurodollar Rate component of the Base Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted and any amount payable pursuant to Section 3.05. During any period in which a Eurodollar Illegality Event is in effect, the Borrowers may request, through the Administrative Agent, that the Lenders affected by such Eurodollar Illegality Event confirm that the circumstances giving rise to the Eurodollar Illegality Event continue to be in effect. If, within ten Business Days following such confirmation request, such Lenders have not confirmed the continued effectiveness of such Eurodollar Illegality Event, then such Eurodollar Illegality Event shall no longer be deemed to be in effect; provided, that (A) the Borrowers shall not be permitted to submit any such request more than once in any 30-day period and (B) nothing contained in this Section 3.02 or the failure to provide confirmation of the continued effectiveness of such Eurodollar Illegality Event shall in any way affect the Lenders’ right to provide any additional notices of an Eurodollar Illegality Event as provided in this Section 3.02.

Section 3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (i) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (ii) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Loan, or (iii) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan (each, a "Market Disruption Event"), the Administrative Agent will promptly so notify the Borrowers and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended, and (y) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrowers may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein. During any period in which a Market Disruption Event is in effect, the Borrowers may request, through the Administrative Agent, that the Required Lenders confirm that the circumstances giving rise to the Market Disruption Event continue to be in effect. If, within ten Business Days following such confirmation request, the Required Lenders have not confirmed the continued effectiveness of such Market Disruption Event, then such Market Disruption Event shall no longer be deemed to be in effect; provided, that (A) the Borrowers shall not be permitted to submit any such request more than once in any 30 day period and (B) nothing contained in this Section 3.03 or the failure to provide confirmation of the continued effectiveness of such Market Disruption Event shall in any way affect the Required Lenders' right to provide any additional notices of a Market Disruption Event as provided in this Section 3.03.

Section 3.04 Increased Costs; Reserves on Eurodollar Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e));

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Rate Loans made by such Lender (except any reserve requirement contemplated by Section 3.04(e)),

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan the interest on which is determined by reference to the Eurodollar Rate (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered; provided that as to any Lender seeking

compensation under this Section 3.04(a), such Lender shall only be so compensated to the extent such Lender is then generally seeking such compensation from similarly situated customers under agreements relating to similar credit transactions that include provisions similar to this Section 3.04(a) and the definition of “Change in Law”.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender’s holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender’s capital or on the capital of such Lender’s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender’s holding company could have achieved but for such Change in Law (taking into consideration such Lender’s policies and the policies of such Lender’s holding company with respect to capital adequacy and liquidity), then from time to time the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender’s holding company for any such reduction suffered; provided, that as to any Lender seeking compensation under this Section 3.04(b), such Lender shall only be so compensated to the extent such Lender is then generally seeking such compensation from similarly situated customers under agreements relating to similar credit transactions that include provisions similar to this Section 3.04(b) and the definition of “Change in Law”.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrowers shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender’s right to demand such compensation; provided that a Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions and of such Lender’s intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Rate Loans. The Borrowers shall pay to each Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as “Eurocurrency liabilities”), additional interest on the unpaid principal amount of each Eurodollar Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Borrowers shall have received at least ten days’ prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice ten days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten days from receipt of such notice.

Section 3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(i) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(ii) any failure by a Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrowers; or

(iii) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrowers pursuant to Section 10.13; including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

Section 3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Borrowers, such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts then or thereafter payable pursuant to Section 3.01 or 3.04, as the case may be, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Borrowers may replace such Lender in accordance with Section 10.13 if no Default or Event of Default has occurred and is continuing.

Section 3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

**ARTICLE IV
CONDITIONS PRECEDENT**

Section 4.01 Conditions to Effectiveness. The effectiveness of this Agreement is subject to the satisfaction (or waiver in accordance with Section 10.01) of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified and each of which shall be in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders:

(i) executed counterparts of this Agreement, sufficient in number for distribution to the Administrative Agent, each Lender and the Borrowers (provided that delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of an original executed counterpart of this Agreement);

(ii) a Note executed by the Borrowers in favor of each Lender requesting a Note in writing;

(iii) the Guaranty executed by the Borrowers;

(iv) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Borrowers as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents;

(v) such documents and certifications as the Administrative Agent may reasonably require to evidence that the Borrowers are duly organized or formed, validly existing and in good standing in their respective jurisdictions of organization;

(vi) customary opinions of Sidley Austin LLP and Conyers Dill & Pearman, each counsel to the Borrowers, addressed to the Administrative Agent and each Lender;

(vii) a certificate (which certificate shall be true and correct) signed by a Responsible Officer of each Borrower certifying (A) that the conditions specified in Sections 4.02(a) and 4.02(b) have been satisfied, and (B) that there has been no event or circumstance since December 31, 2014 that has had or would be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect (excluding any event or circumstance disclosed in the financial statements and other reports delivered by or on behalf of AHL to the "Administrative Agent" prior to the date of this Agreement pursuant to the Existing Credit Agreement, unless the disclosure setting forth such event or circumstance was substantially predictive or forward-looking in nature, in which case this exclusion shall not apply);

(viii) (A) the Audited Financial Statements and (B) the Unaudited Financial Statements (it being understood that, with respect to the requirement to deliver financial statements for the fiscal quarter ending March 31, 2015, the Borrowers' delivery of the corresponding financial statements as of, and for the six-month period ending, June 30, 2015 shall be deemed to satisfy such requirement);

(ix) the documentation and other information reasonably requested by the Lenders in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including the PATRIOT Act;

(x) a letter from Corporation Service Company, currently located at 80 State Rd., Albany, New York, 12207, indicating its consent to appointment by each Borrower as its agent to receive service of process as specified in Section 10.14(e) hereof; and

(xi) such other customary assurances, certificates, documents or consents as the Administrative Agent or the Required Lenders may reasonably require.

(b) Any fees required to be paid on or before the Effective Date pursuant to the Loan Documents, including the fees and expenses of Fried, Frank, Harris, Shriver and Jacobson LLP as counsel to the Administrative Agent and the Lenders, shall have been paid.

Without limiting the generality of the provisions of Section 9.03(c), for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the initial Borrowing date specifying its objection thereto.

Section 4.02 Conditions to all Borrowings. The obligation of each Lender to honor a Loan Notice (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans), is subject to the following conditions precedent:

(a) The representations and warranties of the Borrowers contained in Article V or any other Loan Document shall be true and correct in all material respects (except that those representations and warranties which are qualified by materiality or Material Adverse Effect shall be true and correct in all respects) on and as of the date of such Borrowing, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that those representations and warranties which are qualified by materiality or Material Adverse Effect shall be true and correct in all respects) as of such earlier date, and except that for purposes of this Section 4.02, the representations and warranties contained in subsection (a) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (i) and (ii), respectively, of Section 6.01; provided that after the Effective Date the representations and warranties set forth in Section 5.05(b), Section 5.06 or Section 5.13 shall not be required to be true or correct as a condition precedent to any Borrowing.

(b) No Default shall then exist, or would result from such proposed Borrowing or from the application of the proceeds thereof.

(c) The Administrative Agent shall have received a Loan Notice in accordance with the requirements hereof.

Each Loan Notice (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans) submitted by a Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Borrowing.

**ARTICLE V
REPRESENTATIONS AND WARRANTIES**

Each Borrower represents and warrants to the Administrative Agent and the Lenders that:

Section 5.01 Existence, Qualification and Power. Such Borrower and each of its Material Subsidiaries (i) is duly organized or formed, validly existing and, as applicable, in good standing (to the extent such concept is applicable) under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals from all Governmental Authorities to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (iii) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except in each case referred to in clause (i) (other than with respect to the existence of the Borrowers), (ii)(A) or (iii), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 5.02 Authorization; No Contravention. The execution, delivery and performance by such Borrower of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (i) contravene the terms of its Organizational Documents, (ii) conflict with or result in any breach or contravention of, or the creation of any Lien under (A) any Contractual Obligation to which such Borrower is a party or affecting such Borrower or the properties of such Borrower which would reasonably be expected to result in a Material Adverse Effect or (B) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Borrower or any Subsidiary of such Borrower or its property is subject which would reasonably be expected to result in a Material Adverse Effect or (iii) violate any Law the effect of which would reasonably be expected to result in a Material Adverse Effect.

Section 5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Borrower of this Agreement or any other Loan Document to which such Borrower is a party, except for such approvals (or deemed approvals), consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect and except as would not reasonably be expected to result in a Material Adverse Effect.

Section 5.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document to which such Borrower is a party, when delivered hereunder, will have been, duly executed and delivered by such Borrower. This Agreement constitutes, and each other Loan Document to which such Borrower is a party when so delivered will constitute, a legal, valid and binding obligation of such Borrower, enforceable against such Borrower in accordance with its terms except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

Section 5.05 Financial Statements; No Material Adverse Effect.

(a) *Financial Statements.* The Audited Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the consolidated financial position of AHL and its Subsidiaries as of the dates thereof and their consolidated results of operations and cash flows for the period covered thereby in accordance with GAAP consistently applied throughout the periods covered thereby, except as otherwise expressly noted therein. The Unaudited Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby except as otherwise expressly noted therein and fairly present in all material respects the consolidated financial position of AHL and its Subsidiaries as of the dates thereof and their consolidated results of operations for the periods covered thereby in accordance with GAAP, except as otherwise expressly noted therein and subject to the absence of footnotes and to normal year-end audit adjustments.

(b) *No Material Adverse Change.* Since December 31, 2014, there has been no event or circumstance that, either individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect (excluding any event or circumstance disclosed in the financial statements and other reports delivered by or on behalf of AHL to the "Administrative Agent" prior to the date of this Agreement pursuant to the Existing Credit Agreement, unless the disclosure setting forth such event or circumstance was substantially predictive or forward-looking in nature, in which case this exclusion shall not apply). For the avoidance of doubt, the parties hereto acknowledge that the Borrowers shall not be required to make the foregoing representation and warranty set forth in this Section 5.05(b) other than on the Effective Date.

Section 5.06 Litigation. As of the Effective Date there are no actions, suits, proceedings or investigations pending or, to the knowledge of such Borrower, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against such Borrower or any Subsidiary of such Borrower or against any of their properties that (i) either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect or (ii) affect the validity or enforceability of this Agreement or any other Loan Document or any of the transactions contemplated hereby. For the avoidance of doubt, the parties hereto acknowledge that the Borrowers shall not be required to make the foregoing representation and warranty set forth in this Section 5.06 other than on the Effective Date.

Section 5.07 Property.

(a) *Ownership of Properties.* Such Borrower and each Material Subsidiary of such Borrower has good title to, or valid leasehold interests in, all property and assets necessary in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. All such property and assets are free and clear of any Liens, other than Liens permitted by Section 7.02.

(b) *Intellectual Property.* Such Borrower and each Material Subsidiary of such Borrower owns, licenses or possesses the right to use all of the trademarks, trade names, service marks, trade

names, copyrights, patents, franchises, licenses and other intellectual property rights that are necessary for the operation of their respective businesses, as currently conducted, and the use thereof by such Borrower and its Material Subsidiaries does not conflict with the rights of any other Person, except to the extent that such failure to own, license or possess or such conflicts, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. The conduct of the business of such Borrower and each Material Subsidiary of such Borrower as currently conducted does not infringe upon or violate any intellectual property rights held by any other Person, except to the extent that such infringements and violations, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 5.08 Taxes. Such Borrower and each Material Subsidiary of such Borrower has filed (or caused to be filed) all U.S. federal, state and other tax returns and reports required to be filed, and have paid (or caused to be paid) all U.S. federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (i) Taxes which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP or SAP, as the case may be, or (ii) to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 5.09 Subsidiaries. The Subsidiaries listed on Schedule 5.09 constitute all the Subsidiaries of AHL as of the Effective Date. Schedule 5.09 sets forth as of the Effective Date the name and jurisdiction of incorporation of each Subsidiary and, as to each Subsidiary, the percentage of each class of Equity Interests owned, directly or indirectly, by AHL (and, in the case of any Equity Interests in a Subsidiary indirectly owned by AHL, the percentage of each class of Equity Interests of such Subsidiary owned directly by any intervening Subsidiary).

Section 5.10 Disclosure. No written report, financial statement, certificate or other written information furnished (other than projected or pro-forma financial information and general market or industry data) by or on behalf of such Borrower to the Administrative Agent or any Lender for use in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not materially misleading. The projected or pro-forma financial information contained in the materials referenced in the preceding sentence were prepared in good faith based upon assumptions believed to be reasonable at the time made (it being understood that such projected or pro-forma information may vary from actual results and that such variances may be material).

Section 5.11 Compliance with Laws. Such Borrower and each Material Subsidiary of such Borrower is in compliance with the requirements of all Laws (including Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to so comply, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

Section 5.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other U.S. federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the

form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from U.S. federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of such Borrower, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of such Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and no Borrower is aware of any fact, event or circumstance that, either individually or in the aggregate, would reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan, that, when taken together with all such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The Borrowers and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained, except where failure to meet such requirements would not reasonably be expected to constitute or result in a Material Adverse Effect.

(d) To the extent applicable, each ~~Foreign~~foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure to so comply would not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect.

Section 5.13 Environmental Matters. The Borrowers and their respective Subsidiaries are not subject to any claim alleging liability or responsibility for violation of any Environmental Law in connection with their respective businesses, operations and properties, except for claims which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.14 Margin Regulations. No Borrower is engaged and no Borrower will engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Loan hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets of the Borrowers and their Subsidiaries on a consolidated basis subject to Section 7.02 or other restriction on transfer or disposition hereunder will be Margin Stock.

Section 5.15 Investment Company Act. No Borrower is required to register as an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 5.16 Anti-Corruption Laws and Sanctions. Each Borrower has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance by it, its Subsidiaries and, to the extent acting on their behalf, their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and each Borrower and Subsidiary and, to the knowledge of the Borrowers, their respective officers, employees, directors and agents, to the extent are acting on their behalf, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Borrowers or any Subsidiary or, to the knowledge of the Borrowers, any of their respective directors, officers, employees or, to the extent acting in any capacity in connection with the credit facility established hereby, agents is a Sanctioned Person. Each Borrower is in compliance, in all material

respects, with the Uniting And Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act of 2001), to the extent applicable.

**ARTICLE VI
AFFIRMATIVE COVENANTS**

Until the Commitment Termination Date has occurred and all Obligations have been paid in full, each Borrower covenants and agrees with the Lenders that:

Section 6.01 Financial Statements and Statutory Statements. The Borrowers will furnish to the Administrative Agent (which will make available to each Lender):

(i) within 90 days after the end of each fiscal year of AHL (or, in the case of the fiscal year ending December 31, 2015, within 135 days after the end of such fiscal year) (or in any case, if earlier, five days after the date filed with any Securities Regulator), a consolidated balance sheet of AHL and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income, equity and cash flows of AHL and its Subsidiaries for such fiscal year, in each case setting forth in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of PricewaterhouseCoopers LLP or other independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any “going concern” or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial position, results of operations and cash flows of AHL and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(ii) within 45 days after each of the first three fiscal quarters of each fiscal year, a consolidated balance sheet of AHL and its Subsidiaries as at the end of such fiscal quarter and the related consolidated statements of income, equity and, to the extent prepared by AHL in the ordinary course of its business, cash flows of AHL and its Subsidiaries for such fiscal quarter and for the portion of AHL’s fiscal year then ended (provided that in the case of the fiscal quarter ending March 31, 2016, such financial statements will be delivered within 75 days and, in the case of the fiscal quarters ended June 30, 2016 and September 30, 2016, such financial statements will be delivered within 60 days, in each case after the end of such fiscal quarter), in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of AHL as fairly presenting in all material respects the financial position, results of operations and, if applicable, cash flows of AHL and Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of footnotes; provided, that such financial statements for the fiscal quarter ended March 31, 2016 may be delivered by the Borrowers to the Administrative Agent and each Lender no later than June 30, 2016;

(iii) within five Business Days after filing with the Applicable Insurance Regulatory Authority with respect to [each of Athene Life Re and Athene Annuity Re](#) and within 120 days after each fiscal year of each Material Insurance Subsidiary, as applicable, a copy of the annual Statutory Statement of Athene Life Re, [Athene Annuity Re](#) and each Material Insurance Subsidiary certified by one of the respective Financial Officers thereof as presenting fairly in all material respects the financial position of Athene Life Re, [Athene Annuity Re](#) or such Material Insurance Subsidiary,

as applicable, for such year in accordance with SAP; provided that the annual Statutory Statement of Athene Life Re for the fiscal year ended December 31, 2015 may be delivered by the Borrowers to the Administrative Agent no later than June 30, 2016; and

(iv) within five Business Days after filing with the Applicable Insurance Regulatory Authority (if so required), the quarterly Statutory Statement for each Material Insurance Subsidiary for such period, in accordance with SAP; provided that the quarterly Statutory Statement of each Material Insurance Subsidiary for the fiscal quarter ended March 31, 2016 may be delivered by the Borrowers to the Administrative Agent no later than June 30, 2016.

Section 6.02 Certificates; Other Information The Borrowers will deliver to the Administrative Agent (which will make available to each Lender):

(i) concurrently with the delivery of the financial statements referred to in Sections 6.01(i) and 6.01(ii), a duly completed Compliance Certificate signed by a Responsible Officer of AHL (A) certifying as to whether a Default is continuing and, if a Default is continuing, specifying the details thereof, (B) setting forth reasonably detailed calculations of the Consolidated Debt to Capitalization Ratio and Consolidated Net Worth and demonstrating compliance with the covenants set forth in Section 7.09 as of the last day of the period for which such financial statements are delivered and (C) if the aggregate total assets of the Borrowers and the Material Subsidiaries represent less than 75% of the Consolidated Total Assets of AHL and its Subsidiaries (based upon and as of the date of delivery of the most recent consolidated financial statements of AHL furnished pursuant to Section 4.01(a)(viii), Section 6.01(i) or 6.01(ii), as applicable), identifying one or more Subsidiaries that shall thereafter be designated (and the Borrowers shall thereupon so designate such Subsidiaries as) Material Subsidiaries hereunder so that the total assets of all of the Subsidiaries that are not Material Subsidiaries shall not exceed 25% of the Consolidated Total Assets of AHL and its Subsidiaries (based upon and as of the date of delivery of the most recent consolidated financial statements of AHL furnished pursuant to Section 4.01(a)(viii), Section 6.01(i) or 6.01(ii), as applicable) as of the last day of the period for which such financial statements are delivered;

(ii) at any time when securities of AHL are publicly registered, promptly after the same are publicly available, copies of each annual report, proxy or other materials filed by AHL or any Subsidiary with the SEC;

(iii) promptly after the furnishing thereof, copies of any statement or report furnished by any Borrower or any Subsidiary to any holder of debt securities of AHL or any Subsidiary, in each case with respect to Debt with an outstanding principal amount in excess of the Threshold Amount, which request, notice, statement or report states or alleges that, or reserves rights as to whether, a Borrower or any Subsidiary thereof has, or may have, breached the terms of, or that a default has, or may have, occurred under, any indenture, loan or credit or similar agreement and not otherwise required to be furnished pursuant hereto; and

(iv) promptly following any written request therefor (except to the extent prohibited by applicable law, regulatory policy, regulatory restriction or confidentiality agreement or to the extent covered by attorney-client or other legal privilege (as determined in the reasonable good faith judgment of the Borrowers)), such other information regarding the operations, business, properties or financial condition of any Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01(i), 6.01(ii), 6.02(i), 6.02(ii) or 6.02(iii) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (A) on which such documents are delivered in a format acceptable to the Administrative Agent by Email at oploanswebadmin@citigroup.com, or such other email address as the Administrative Agent shall specify in writing to each of the Borrowers, (B) on which such documents are posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR), to the extent any such documents are included in materials filed with the SEC, (C) on which such documents are posted on the applicable Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent), or (D) on which a Borrower posts such documents, or provides a link thereto on such Borrower's or AHL's website on the Internet at the website listed on Schedule 10.02; provided that documents delivered pursuant to the foregoing clauses (B), (C) and (D) ~~(other than if delivered to the Administrative Agent for posting)~~ shall not be deemed to have been delivered unless and until a Borrower has notified the Administrative Agent in writing (including by Email at oploanswebadmin@citigroup.com) of the posting such documents on an Intranet or intranet website to which each Lender and the Administrative Agent have access or to such Borrower's or AHL's website, as applicable.

The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrowers with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining copies of such documents.

The Borrowers hereby acknowledge that (i) the Administrative Agent may, but shall not be obligated to, make available to the Lenders materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on DebtDomain, IntraLinks, SyndTrak, or another similar electronic system (the "Platform") and (ii) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrowers or their Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrowers hereby agree that: (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC", the Borrowers shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or their securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information"; and (z) the Administrative Agent shall treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information".

Section 6.03 Notices. Each Borrower will promptly notify the Administrative Agent and each Lender of:

- (i) the occurrence of any Default;
- (ii) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting any Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws, in each case in which there is a reasonable likelihood of an adverse determination and that, if adversely determined, would reasonably be expected to have a Material Adverse Effect;
- (iii) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, would reasonably be expected to have a Material Adverse Effect;
- (iv) any material change in accounting or financial reporting practices by any Borrower or any Subsidiary other than in accordance with SAP or GAAP;
- (v) any proposed amendment or other modification of the byelaws of AHL or the Conflicts Committee Provisions or the Related Party Transactions Policy that would be materially adverse to the interests of the Lenders; and
- (vi) any public announcement by Fitch or S&P of (1) any change in their rating of AHL's non-credit-enhanced senior unsecured long-term debt, or the issuer default rating or issuer credit rating, as applicable, of AHL, or (2) any such debt, issuer default rating or issuer credit rating being placed on "ratings watch negative", "credit watch negative" or similar status.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the applicable Borrower setting forth the details of the occurrence requiring such notice and stating what action such Borrower has taken and proposes to take with respect thereto.

Section 6.04 Preservation of Existence, Etc.

Each Borrower will, and will cause each Material Subsidiary to: (i) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted or not restricted by Section 7.03; (ii) take all reasonable action to maintain all rights, licenses (including from any Applicable Insurance Regulatory Authority), permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (iii) preserve or renew all of its registered patents, trademarks, trade names and service marks, in each case under this Section 6.04(iii), the non-preservation of which would reasonably be expected to have a Material Adverse Effect.

Section 6.05 Maintenance of Properties. Each Borrower will, and will cause each Material Subsidiary to, (i) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear and casualty and condemnation excepted) and (ii) make all necessary repairs thereto and renewals and replacements thereof, in each case under this Section 6.05, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.06 Maintenance of Insurance. Each Borrower will, and will cause each Material Subsidiary to, maintain with financially sound and reputable insurance companies, insurance with

respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance customary for similarly situated Persons engaged in the same or similar businesses as such Borrower or Subsidiary) as are customarily carried under similar circumstances by such Persons.

Section 6.07 Payment of Obligations. Each Borrower will, and will cause each Material Subsidiary to, pay, discharge or otherwise satisfy before the same shall become delinquent, all of its obligations and liabilities (including Tax liabilities) except (i) if the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by such Borrower or such Subsidiary or (ii) to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

Section 6.08 Compliance with Laws. Each Borrower will, and will cause each Material Subsidiary to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to do so would not reasonably be expected to have a Material Adverse Effect. Notwithstanding anything to the contrary in the foregoing, each of the Borrowers will, directly or through their respective Subsidiaries, maintain in effect and enforce policies and procedures reasonably designed to ensure compliance by the Borrowers, their respective Subsidiaries and, to the extent acting on behalf of a Borrower or Subsidiary, each of their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

Section 6.09 Books and Records. Each Borrower will, and will cause each Material Subsidiary to, maintain proper books of record and account, in which full, true and correct entries are made to permit the preparation of financial statements in conformity with GAAP, SAP or other appropriate generally accepted accounting principles, as the case may be ~~(it being understood that Athene Life Re delivers financial statements in accordance with SAP but does not maintain its books and records in accordance with GAAP).~~

Section 6.10 Inspection Rights. Each Borrower will, and will cause each Material Subsidiary to, permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Borrowers and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuance of an Event of Default, (i) the Administrative Agent and the Lenders shall collectively be limited to exercising such rights no more often than once during any calendar year, (ii) visits by any Lender shall be coordinated with the Borrowers through the Administrative Agent and (iii) any Lender electing to exercise such rights shall notify the Administrative Agent and each other Lender reasonably in advance of such exercise and the Administrative Agent and each other Lender (and their representatives and independent contractors) shall be given a reasonable opportunity to participate therein; provided, further, that during the continuance of an Event of Default the Administrative Agent or any Lender (or any of their respective representatives) may do any of the foregoing under this Section at any time. Such inspection rights are subject to the provisions of Section 10.07 and applicable Law and shall not extend to any information covered by attorney-client or other legal privilege or to the extent the exercise of such inspection rights would result in violation or other breach of any third-party confidentiality agreements. The Administrative Agent and the Lenders shall give such Borrower or such Material Subsidiary the opportunity to participate in any discussions with the such Borrower's or such Material Subsidiary's accountants.

Section 6.11 Use of Proceeds. Subject to Section 7.07, the Borrowers shall use the proceeds of any Borrowing for working capital and any other lawful corporate purposes.

**ARTICLE VII
NEGATIVE COVENANTS**

Until the Commitment Termination Date has occurred and all Obligations have been paid in full, each Borrower covenants and agrees with the Lenders that:

Section 7.01 Indebtedness. No Borrower will, nor will it permit any Material Subsidiary to, create, incur, assume or suffer to exist any Debt, other than the following:

- (i) Debt under the Loan Documents;
- (ii) Debt outstanding on the date hereof and listed on Schedule 7.01 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Debt is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder;
- (iii) Guarantees by (A) any Borrower in respect of Debt of any other Borrower, (B) any Material Subsidiary (other than a Borrower) in respect of Debt of a Borrower or (C) any Material Subsidiary (other than a Borrower) of Debt of any wholly-owned Subsidiary, in each case if such Debt is otherwise permitted hereunder;
- (iv) Consolidated Operating Debt;
- (v) Debt of a Borrower or any Material Subsidiary in respect of Capital Leases and purchase money obligations for fixed or capital assets within the limitations set forth in Section 7.02(viii);
- (vi) Debt of any Person that becomes a Material Subsidiary of a Borrower after the date hereof; provided that (A) such Debt exists at the time such Person becomes a Material Subsidiary and is not created in contemplation of or in connection with such Person becoming a Material Subsidiary and (B) after giving effect to such Person becoming a Material Subsidiary on a pro-forma basis, the Borrowers shall be in compliance with the covenants in Section 7.09;
- (vii) obligations of AHL or any Subsidiary to maintain the capital or solvency of any of its Subsidiaries in accordance with the requirements of or under any agreement with their respective Applicable Insurance Regulatory Authority;
- (viii) Debt of (A) any Borrower owing to any Subsidiary that is not a Borrower if such Debt is expressly subordinated to the prior payment in full of the Obligations on terms reasonably acceptable to the Administrative Agent (provided that such subordination terms shall permit regularly scheduled payments of principal and interest if no Default or Event of Default has occurred and is continuing), (B) any Borrower owing to any other Borrower and (C) any Subsidiary that is not a Borrower owing to any Borrower or Subsidiary thereof;

(ix) obligations and liabilities (whether directly or as a guarantor) of the Material Subsidiaries arising under or in connection with treasury, depository, cash management, custodial, automated clearinghouse or transfer of funds services or arrangements or similar services and arrangements incurred in the ordinary course of business; and

(x) Debt of a Borrower or any Material Subsidiary not otherwise permitted under clauses (i) through (ix) above, provided that both prior to, and after giving effect to, the incurrence of such Debt on a pro forma basis, the Borrowers shall be in compliance with the covenants in Section 7.09;

provided that the sum of (x) the aggregate principal amount of Unsubordinated Debt *plus* (y) the aggregate outstanding amount of Debt and other obligations secured by Liens incurred pursuant to Section 7.02(xxix) shall at no time exceed 5% of the Consolidated Net Worth of AHL as of the last day of the most recently ended fiscal period for which financial statements have been delivered pursuant to Section 4.01(a)(viii), Section 6.01(i) or Section 6.01(ii), as applicable.

Section 7.02 Liens. No Borrower will, nor will it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(i) in the case of any Subsidiary that is not a Borrower or a Material Subsidiary, any Liens other than Liens which encumber the Equity Interests of another Subsidiary;

(ii) Liens existing on the date hereof and listed on Schedule 7.02 and any refinancings, refundings, renewals or extensions thereof, provided that (A) the property covered thereby is not changed and (B) the Debt secured or benefited thereby is not increased except by (1) by the utilization of any existing commitments thereunder, (2) accrued and unpaid interest and premiums thereon and (3) underwriting discounts or other amount paid, and fees, commissions, premiums (including tender premiums) and expenses (including upfront fees, original issue discount or initial yield payments) incurred, in connection with any such refinancing, refunding, renewal or extension;

(iii) Liens for Taxes not yet overdue or which are being contested in good faith and by appropriate proceedings, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(iv) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(v) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation and securing letters of credit, bank guarantees or similar instruments issued supporting such items;

(vi) deposits to secure the performance of bids, tenders, contracts, leases (other than Debt), statutory obligations, bank guarantees or similar instruments, surety and appeal bonds, letters of credit, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(vii) easements, zoning restrictions, rights-of-way, restrictions and other similar encumbrances affecting real property which do not materially interfere with the ordinary conduct of the business of the applicable Person;

(viii) Liens arising pursuant to an order of attachment, distraint or similar legal process in connection with legal proceedings and securing judgments for the payment of money and Liens arising under ERISA or the Code with respect to an employee benefit plan (as defined in

Section 313 of ERISA) not constituting an Event of Default under Section 8.01(h) or Section 8.01(i), respectively;

(ix) Liens on the property of the Borrowers or any Material Subsidiary securing (A) any part of the cost of acquisition, development, construction, alteration, repair or improvement of such property or Debt incurred to finance any of the foregoing (including any sale and leaseback transaction), (B) Capital Leases and (C) any extension, renewal, refinancing or replacement of the Debt or obligations secured by any such Lien referred to in clauses (A) and (B); provided that (x) such Liens do not at any time encumber any property other than the property financed by such Debt and the proceeds and products thereof, accessions thereto, improvements thereon and after-acquired property that is fixed or incorporated into such property (it being understood that individual financings provided to a Borrower or any Subsidiary by any Person may be cross-collateralized to other financings of such type provided by such Person or its Affiliates) and (y) in the case of clause (A) the Debt secured thereby is either Non-Recourse Debt with respect to the Borrowers and each of their respective Subsidiaries or does not exceed the cost of the property being acquired, developed, constructed, altered, repaired or improved or initial financing thereof plus the costs incurred for delivery installation, maintenance programs and items similar to the foregoing and, fees, costs and expenses incurred in connection therewith;

(x) any Lien existing on any property or asset prior to the acquisition thereof by the Borrowers or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (A) such Lien is not created in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of the Borrowers or any Subsidiary other than proceeds and products of the property covered by such Lien, accessions thereto, improvements thereon and after-acquired property that is fixed or incorporated into such property (it being understood that individual financings provided by any Person may be cross-collateralized to other financings of such type provided by such Person or its affiliates) and (C) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof other than by an amount equal to accrued and unpaid interest, premiums (including tender premiums thereon) plus underwriting discounts or other amount paid, and fees, commissions and expenses (including upfront fees, original issue discount or initial yield payments) incurred in connection with any such extension, renewal or replacement and by an amount equal to any existing commitments unutilized thereunder;

(xi) Liens to secure obligations arising under Swap Contracts, to the extent permitted hereunder;

(xii) Liens arising out of deposits or pledges by any Material Subsidiary of cash, securities, portfolio investments or other property into collateral trusts, reinsurance trusts or other collateral or escrow accounts with or for the benefit of ceding companies or insurance regulators of such Material Subsidiary;

(xiii) Liens securing Debt arising under Permitted Repo and Securities Lending Agreements; provided, however, that no such Lien shall extend to or cover any property or assets other than the securities subject thereto;

(xiv) Liens (A) arising from pledges of collateral to any Federal Home Loan Bank to secure obligations under Funding Agreements with Federal Home Loan Banks or Operating Debt described in clause (i)(B) of the definition thereof or (B) in favor of the Federal Home Loan Banks to secure loans made by the Federal Home Loan Banks to the Borrowers or any Material Subsidiary in the ordinary course of business;

(xv) leases, subleases, licenses and sublicenses granted to others and not interfering in any material respect with the business of any Borrower or any Material Subsidiary

and any interest or title of a lessor, sublessor, licensor or sublicensor under any lease, sublease, license or sublicense;

(xvi) Liens arising from Uniform Commercial Code financing statements filed with respect to Operating Leases, and consignments and/or bailments arrangements;

(xvii) Liens arising from pledges or deposits of cash, securities or portfolio investments made by any Material Subsidiary that is a Regulated Insurance Company (A) as a condition to obtaining or maintaining any licenses issued to it by any Applicable Insurance Regulatory Authority or (B) as otherwise required to comply with the requirement of applicable insurance Laws;

(xviii) Liens on assets pledged, deposited into an account or trust or otherwise allocated as a separate account in connection with, and securing or specifically available to satisfy obligations under, a Policy, Reinsurance Agreement or Retrocession Agreement, in an amount reasonable and as required under the terms of such Policy, Reinsurance Agreement or Retrocession Agreement (or the documentation related thereto);

(xix) Liens securing Debt permitted under Section 7.01(ii);

(xx) Liens on assets of any Material Subsidiary that is a Designated Special Purpose Subsidiary to secure its obligations in respect of a Regulatory Capital Transaction incurred in the ordinary course of business; provided that at the time such Liens were created, such Designated Special Purpose Subsidiary was not a Material Subsidiary;

(xxi) rights of setoff or banker's Liens on deposits of cash in favor of banks or other depository institutions maintained in the ordinary course of business, but not securing any Debt for borrowed money;

(xxii) Liens arising in the ordinary course of business on custody, securities or commodities accounts in favor of the entity at which such accounts are maintained, but not securing any Debt for borrowed money other than Debt incurred in connection with or to facilitate the settlement of the purchase or sale of securities in the ordinary course of business;

(xxiii) Liens of a collecting bank arising under Section 4-208 of the Uniform Commercial Code on items in the course of collection in the ordinary course of business;

(xxiv) Liens incurred in connection with the collection or disposition of delinquent accounts receivable in the ordinary course of business;

(xxv) Liens on any cash earnest money deposit made by any Borrower or any Subsidiary in connection with any letter of intent or acquisition agreement;

(xxvi) any Lien in favor of any of the Borrowers securing intercompany obligations;

(xxvii) Liens that are contractual rights of setoff incurred in the ordinary course of business;

(xxviii) Liens securing the Obligations; and

(xxix) Liens on assets of the Borrowers and their Material Subsidiaries not otherwise permitted above, provided that the sum of (x) the aggregate outstanding amount of Debt and other obligations secured by Liens incurred pursuant to this clause (xxix) plus (y) the aggregate principal amount of Unsubordinated Debt shall not exceed 5% of the Consolidated Net Worth of AHL as of the last day of the most recently ended fiscal period for which financial statements have been delivered pursuant to Section 4.01(a)(viii), Section 6.01(i) or Section 6.01(ii), as applicable.

Section 7.03 Fundamental Changes; Dispositions of Equity Interests of Material Subsidiaries. No Borrower will, nor will it permit any Material Subsidiary to, ~~directly or indirectly~~ (x) merge, dissolve, liquidate, consolidate with or into another Person or (y) Dispose of (whether in one transaction or in a series of transactions) (1) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (other than the replacement of assets in its investment portfolio) or (2) all or substantially all of the Equity Interests of any Material Subsidiary, except that, if no Default has occurred and is continuing or would result therefrom:

(i) any Borrower or Material Subsidiary may merge with any one or more other Borrowers or Subsidiaries, provided that (A) when a Borrower is merging with a Subsidiary that is not a Borrower, the Borrower shall be the continuing or surviving Person; and (B) when a Material Subsidiary is merging with another Subsidiary (other than a Borrower), the Material Subsidiary shall be the continuing or surviving Person (or the continuing or surviving Person shall be designated by the Borrowers as a Material Subsidiary);

(ii) any Borrower or Material Subsidiary may merge or consolidate with any Person to consummate an investment not prohibited by this Agreement; provided that (A) in the case of a merger or consolidation ~~involving~~of a Borrower with a Person that is not a Borrower, the Borrower shall be the continuing or surviving Person; and (B) in the case of a merger or consolidation involving a Material Subsidiary (other than a Borrower), the Material Subsidiary shall be the continuing or surviving Person (or the continuing or surviving Person shall be designated by the Borrowers as a Material Subsidiary);

(iii) any Borrower or Material Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or dissolution or otherwise) to any other Borrower or Subsidiary; provided that (A) if the transferor in such a transaction is a Borrower, then the transferee shall be another Borrower, ~~and~~ (B) if the transferor in such a transaction is a Material Subsidiary, then the transferee either (x) shall be a Borrower or (y) shall be (or shall be designated by the Borrowers as) another Material Subsidiary and (C) in the case of the Disposition of Equity Interests of a Subsidiary, such Equity Interests may be Disposed of in accordance with Section 7.03(iv);

(iv) any Borrower or Material Subsidiary may Dispose of the Equity Interests of a Subsidiary to another Subsidiary or to AHL; provided that if the transferor in such a transaction is a Material Subsidiary, then the transferee either (x) shall be a Borrower or (y) shall be (or shall be designated by the Borrowers as) another Material Subsidiary; and

(v) any Material Subsidiary may liquidate or dissolve (and Dispose of its assets in respect of its Equity Interests in connection therewith);

provided that, for the avoidance of doubt, nothing in this Section 7.03 shall be deemed to limit, prohibit or restrict any Borrower or any Material Subsidiary from entering into, amending or modifying any Policy, any

Reinsurance Agreement or any Retrocession Agreement or providing collateral security to the extent permitted by Section 7.02(xviii).

Section 7.04 Restricted Payments. No Borrower will, nor will it permit any Subsidiary to, declare or make any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(i) each Subsidiary may (and may incur an obligation to) declare and make Restricted Payments to any Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made;

(ii) each Borrower and each Subsidiary may (and may incur an obligation to) declare and make Restricted Payments payable solely in common Equity Interests of such Person;

(iii) Athene Life Re ~~and~~, AUSA and Athene Annuity Re may (and may incur an obligation to) declare and make Restricted Payments to (x) AHL, (y) another Borrower or (z) any Subsidiary (including a Borrower) of AHL which is a direct or indirect parent company of Athene Life Re, AUSA and/or Athene Annuity Re, respectively;

(iv) each Borrower and each Subsidiary may (and may incur an obligation to) purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests if after giving effect to such Restricted Payment on a pro-forma basis no Default or Event of Default shall have occurred and be continuing at the time of the declaration of such Restricted Payment;

(v) at any time prior to a Qualifying IPO, AHL may (and may incur an obligation to) declare and make other Restricted Payments after the date hereof in an amount not to exceed \$100,000,000 in the aggregate if after giving effect to any such Restricted Payment on a pro-forma basis no Default or Event of Default shall have occurred and be continuing at the time of the declaration of such Restricted Payment; and

(vi) at any time after a Qualifying IPO, AHL may (and may incur an obligation to) declare and make any Restricted Payment if after giving effect to such Restricted Payment on a pro-forma basis no Default or Event of Default shall have occurred and be continuing at the time of the declaration of such Restricted Payment.

This Section 7.04 shall not prohibit the payment of a Restricted Payment if such Restricted Payment is made within 90 days of the declaration thereof provided such Restricted Payment was not prohibited by this Section 7.04 at the time of its declaration.

Section 7.05 Transactions with Affiliates. No Borrower will, nor will it permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of a Borrower, whether or not in the ordinary course of business, other than any of the following:

(i) with respect to transactions with the Sponsor or any other member of the Sponsor Group, (A) such transactions as have been approved by the Conflicts Committee of AHL in accordance with the Conflicts Committee Provisions, or (b) such transactions as do not require the approval of the Conflicts Committee of AHL under the Conflicts Committee Provisions, but which:

(1) are fair and reasonable to the Borrowers and their Subsidiaries, taking into account the totality of the relationships between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Borrower and their Subsidiaries); or

(2) are entered into on an arm's-length basis; or

(3) are approved by a majority of the disinterested members of the Board of Directors;

(ii) with respect to transactions with Affiliates other than the Sponsor or other members of the Sponsor Group, (A) such transactions as have been approved by a majority of the disinterested members of the Board of Directors, (B) such transactions as have been approved by the audit committee of the Board of Directors of AHL in accordance with the Related Party Transactions Policy, (C) such transactions as do not require the approval of the audit committee of the Board of Directors of AHL as a result of the size of the transaction in accordance with the Related Party Transactions Policy, and (D) such transactions as are deemed to be pre-approved or ratified, and accordingly do not require the approval of the audit committee of the Board of Directors of AHL, in accordance with the Related Party Transactions Policy; and

(iii) transactions between or among any of the Borrowers and/or between and among the Borrowers and/or any Subsidiaries thereof that are not otherwise prohibited hereunder.

Section 7.06 Certain Restrictive Agreements. No Borrower will, nor will it permit any Subsidiary to, enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that, directly or indirectly limits the ability of any Subsidiary to make Restricted Payments to any Borrower or to otherwise transfer property to any Borrower; provided that, the foregoing shall not apply to (i) any limitation entered into in connection with a Regulatory Capital Transaction, (ii) Contractual Obligations with a Governmental Authority, (iii) Contractual Obligations entered into by a joint venture with respect to which AHL or a Subsidiary is a joint venturer, (iv) customary limitations contained in agreements relating to the sale of a Subsidiary or its assets pending such sale, provided such limitations apply only to the Subsidiary or such assets that is to be sold and such sale is permitted hereunder, (v) limitations imposed by any agreement relating to secured Debt permitted by this Agreement, any transaction giving rise to a Lien permitted by this Agreement or any Swap Contract, in each case if such limitations apply only to the property or assets securing or encumbered by such Debt, transaction (or obligation thereunder) or Swap Contract, (vi) limitations contained in or arising under indentures or debt instruments or other debt arrangements incurred or preferred stock issued by a Borrower or any Subsidiary subsequent to the date hereof in compliance with Section 7.01 that are not more restrictive, taken as a whole (as determined in good faith by the Borrowers), than those applicable to the Borrowers and their Subsidiaries in this Agreement on the date hereof, ~~and~~ (vii) Contractual Obligations with respect to any Designated Special Purpose Subsidiary: and (viii) any encumbrance, condition or restriction with respect to a Person or assets pursuant to an agreement in effect on or before the date on which such Person became a Subsidiary or was acquired by, merged into or consolidated with a Borrower

or a Subsidiary or such assets were acquired by the Borrower or any Subsidiary; provided that any such encumbrance or restriction shall not extend to any Person or the assets or property of a Borrower or any other Subsidiary other than the Person and its Subsidiaries or the assets and property so acquired and that, in the case of Indebtedness, was permitted to be incurred pursuant to this Agreement.

Section 7.07 Use of Proceeds. No Borrower will, nor will it permit any Subsidiary to, directly or, to the knowledge of any Borrower, indirectly, use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U or Regulation X of the Federal Reserve Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Debt originally incurred for such purpose, in each case in violation of applicable margin regulations. No Borrower will use (or permit any of its Subsidiaries to use) the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Embargoed Jurisdiction, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

Section 7.08 Change in Nature of Business. No Borrower will engage, directly or indirectly through its respective Subsidiaries, to any material extent in any business other than (i) the Insurance Business, (ii) any business engaged in by a Borrower or its Subsidiaries on or before the Effective Date or (iii) any business reasonably related or incidental thereto or which is financial in nature.

Section 7.09 Financial Covenants.

(a) **Consolidated Net Worth.** The Borrowers shall not permit Consolidated Net Worth, calculated as of the last day of any fiscal quarter, to be less than the sum of (A) \$3,672,200,000 and (B) an amount equal to 50% of the net cash proceeds received from the issuance and sale of Equity Interests of AHL or any Subsidiary after the date of this Agreement (other than the issuance to a Borrower or any Subsidiary).

(b) **Consolidated Debt to Capitalization Ratio.** The Borrowers shall not permit the Consolidated Debt to Capitalization Ratio of AHL and its Subsidiaries to be greater than 35%, in each case as of the last day of any fiscal quarter.

**ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES**

Section 8.01 Events of Default. Any of the following shall constitute an “Event of Default”:

(a) **Non-Payment.** Any Borrower:

i. shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise; or

ii. shall fail to pay any interest on any Loan, any fee or any other amount (other than an amount referred to in clause (a)(i) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five or more Business Days.

(b) **Representations and Warranties.** Any representation or warranty made or deemed made by or on behalf of any Borrower in or pursuant to this Agreement or any other Loan Document or any

amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made.

(c) Specific Covenants. Any Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 6.03(i), 6.04(i) (with respect to such Borrower's existence) and 6.04(ii) or in Article VII.

(d) Other Defaults. Any Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clauses (a), (b) or (c) of this Section or in Section 6.07 of this Agreement in respect of Debt or Swap Contracts in circumstances where the failure to pay or perform the same would not give rise to an Event of Default under clause (e) of this Section) and such failure shall continue unremedied for a period of 30 or more days after notice thereof by the Administrative Agent to the Borrowers.

(e) Cross-Default. Any Borrower or any Material Subsidiary shall (i) fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Debt (other than Debt under the Loan Documents) having an aggregate principal amount of more than the Threshold Amount in each case beyond the applicable grace period with respect thereto, if any; (ii) fail to observe or perform any other agreement or condition relating to any Debt having an aggregate principal amount of more than the Threshold Amount or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Debt (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Debt in an aggregate principal amount of more than the Threshold Amount to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Debt in an aggregate principal amount of more than the Threshold Amount to be made, prior to its stated maturity; provided that this clause (e)(ii) shall not apply to (A) secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt, if such sale or transfer is permitted or not restricted hereunder and such Debt is repaid when required under the documents providing for such Debt or to the mere declaration or exercise of redemption rights which declaration or exercise is at the sole option of the holder of such Debt and (B) any voluntary prepayment, redemption, repurchase, conversion or settlement with respect to any debt security pursuant to its terms or (iii) fail to make when due one or more required payments under one or more Swap Contracts (as a result of the occurrence of an "Early Termination Date" (as defined in such Swap Contract)) arising from an "Event of Default" (as defined in such Swap Contract) with respect to which such Borrower or Material Subsidiary is a "Defaulting Party" (as defined in such Swap Contract), which payments are in an aggregate amount exceeding the Threshold Amount; provided, however, that if any failure to pay or perform described in the foregoing clauses (i), (ii) or (iii) shall be cured by such Borrower or Material Subsidiary (as applicable), or waived by the holders of such Debt, in each case prior to the exercise of any remedies under Section 8.02, then the Event of Default under this Section 8.01(e) by reason of such failure to pay or perform shall be deemed likewise to have been thereupon cured or waived.

(f) Insolvency Proceedings, Etc. The occurrence of any of the following:

i. an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (A) liquidation, reorganization, rehabilitation or other relief in respect of any Borrower or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (B) the appointment of a receiver, rehabilitator, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed or unstayed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered; or

ii. any Borrower or any Material Subsidiary shall (A) voluntarily commence any proceeding or file any petition seeking liquidation, rehabilitation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (B) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (f)(i) of this Section, (C) apply for or consent to the appointment of a receiver, rehabilitator, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Material Subsidiary or for a substantial part of its assets, (D) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (E) make a general assignment for the benefit of creditors or (F) take any corporate action for the purpose of effecting any of the foregoing; provided that, for purposes of clarity, no merger, dissolution, liquidation, consolidation or disposition permitted or not restricted by Section 7.03 (other than a merger, dissolution, liquidation, consolidation or disposition under any Debtor Relief Laws) shall constitute an Event of Default.

(g) Inability to Pay Debts: Attachment. Any Borrower or any Material Subsidiary shall become unable, admit in writing its inability or fail generally to pay its debts as they become due.

(h) Judgments. The entry against any Borrower or any Subsidiary of (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and does not deny coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect, and, in either case, there is a period of 45 consecutive days during which such judgment or order remains unpaid, undischarged, unvacated, unbonded or unstayed pending appeal.

(i) ERISA. The occurrence of an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or would reasonably be expected to have a Material Adverse Effect.

(j) Change of Control. There occurs any Change of Control.

(k) Invalidity of Loan Documents. Any material provision of any Loan Document, at any time after its execution and delivery, ceases to be in full force and effect; or any Borrower or any other Person contests in writing the validity or enforceability of any provision of any Loan Document; or any Borrower denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document, in each case, for any reason other than as expressly permitted hereunder or thereunder or in satisfaction in full of all non-contingent Obligations.

Section 8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

- i. declare the commitment of each Lender to make Loans to be terminated, whereupon such commitments and obligation shall be terminated;
- ii. declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrowers; and
- iii. exercise on behalf of itself and the Lenders, all rights and remedies available to it and the Lenders under the Loan Documents;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code, the obligation of each Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

Section 8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Section 2.12, be applied by the Administrative Agent in the following order:

FIRST, to payment of that portion of the Obligations constituting fees, indemnities and expenses (other than principal and interest but including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

SECOND, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

THIRD, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and other Obligations, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

FOURTH, to payment of that portion of the Obligations constituting unpaid principal of the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them; and

LAST, the balance, if any, after all of the Obligations have been paid in full, to the Borrowers or as otherwise required by Law.

**ARTICLE IX
ADMINISTRATIVE AGENT**

Section 9.01 Appointment and Authority. Each of the Lenders hereby irrevocably appoints Citibank to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except to the extent expressly set forth in Section 9.06, the provisions of this Article IX are solely for the benefit of the Administrative Agent and the Lenders and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Document (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

Section 9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any of the Borrowers or their respective Subsidiaries or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

Section 9.03 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Laws, including for the avoidance of doubt, any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrowers or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary,

under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or the event or events that give or may give rise to any Default unless and until a Borrower or any Lender shall have given notice to the Administrative Agent describing such Default and such event or events.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty, representation or other information made or supplied in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith or the adequacy, accuracy and/or completeness of the information contained therein, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

(d) Nothing in this Agreement or any other Loan Document shall require the Administrative Agent or any of its Related Parties to carry out any "know your customer" or other checks in relation to any Person on behalf of any Lender, and each Lender confirms to the Administrative Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Administrative Agent or any of its Related Parties.

Section 9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless an officer of the Administrative Agent responsible for the transactions contemplated hereby shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

Section 9.06 Resignation and Removal of Administrative Agent

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor Administrative Agent with the consent, so long as no Event of Default has occurred and is continuing, of the Borrowers (such consent not be unreasonably withheld), provided that no Ineligible Assignee may be appointed successor Administrative Agent without the written consent of the Borrowers. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the “Resignation Effective Date”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above with the consent, so long as no Event of Default has occurred and is continuing, of the Borrowers (such consent not be unreasonably withheld). Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) Anything herein to the contrary notwithstanding, if at any time the Required Lenders determine that the Person serving as Administrative Agent is (without taking into account any provision in the definition of “Defaulting Lender” requiring notice from the Administrative Agent or any other party) a Defaulting Lender pursuant to clause (v) of the definition thereof, the Required Lenders (determined after giving effect to Section 10.01) may by written notice to the Borrowers and such Person remove such Person as Administrative Agent and appoint a replacement Administrative Agent hereunder with the consent, so long as no Event of Default has occurred and is continuing, of the Borrowers (such consent not be unreasonably withheld). Such removal will, to the fullest extent permitted by applicable Laws, be effective on the earlier of the date (the “Removal Effective Date”) (i) on which a replacement Administrative Agent is appointed and (ii) which is 30 days after the giving of such notice by the Required Lenders (regardless of whether a replacement Administrative Agent has been appointed).

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent’s resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

Section 9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

Section 9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Arrangers, Book Managers, Syndication Agents or Documentation Agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Lender hereunder.

Section 9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to the Borrowers, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered by intervention in such proceeding or otherwise:

- (i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.07 and 10.04) allowed in such judicial proceeding; and
 - (ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;
- and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.07 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

**ARTICLE X
MISCELLANEOUS**

Section 10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by any Borrower therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrowers and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (x) the Administrative Agent and the Borrowers may, with the consent of the other(s), amend, modify or supplement this Agreement and any other Loan Document to cure any ambiguity, omission, typographical error, mistake, defect or inconsistency if such amendment, modification or supplement does not adversely affect the rights of the Administrative Agent or any Lender, to comply with local law or the advice of local counsel or to cause one or more Loan Documents to be consistent with other Loan Documents and (y) no such amendment, waiver or consent shall:

(i) waive any condition set forth in Section 4.01 without the written consent of each Lender;

(ii) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender (it being understood and agreed that a waiver of any condition precedent set forth in Section 4.02 or of any Default shall not be deemed an extension or increase of the Commitment of any Lender);

(iii) postpone any date fixed by this Agreement or any other Loan Document for any payment or mandatory prepayment of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Aggregate Commitments hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby (other than as a result of waiving an Event of Default in accordance with the terms hereof);

(iv) reduce the principal of, or the rate of interest specified herein on, any Loan or (subject to clause (ii) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; provided, however, that only the consent of the Required Lenders shall be required to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate;

(v) change the definition of "Applicable Percentage", Section 2.10(a), Section 2.11, Section 8.03 or any other provision of this Agreement in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender;

(vi) change any provision of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; or

(vii) release the Guaranty, except as expressly permitted by the Loan Documents, without the written consent of each Lender;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (ii) any Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Anything herein to the contrary notwithstanding, during such period as a Lender is a Defaulting Lender, to the fullest extent permitted by applicable Laws, such Lender will not be entitled to vote in respect of amendments and waivers hereunder and the Commitment and the outstanding Loans of such Lender hereunder will not be taken into account in determining whether the Required Lenders or all of the Lenders, as required, have approved any such amendment or waiver (and the definition of "Required Lenders" will automatically be

deemed modified accordingly for the duration of such period); provided that any such amendment or waiver that would increase or extend the term of the Commitment of such Defaulting Lender, extend the date fixed for the payment of principal or interest owing to such Defaulting Lender hereunder, reduce the principal amount of any obligation owing to such Defaulting Lender, reduce the amount of or the rate or amount of interest on any amount owing to such Defaulting Lender or of any fee payable to such Defaulting Lender hereunder, or alter the terms of this proviso, will require the consent of such Defaulting Lender.

Section 10.02 Notices; Effectiveness; Electronic Communication.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as expressly provided in Section 6.01 and subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Borrower or the Administrative Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Borrowers).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or any Borrower may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefore; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or

communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) *The Platform.* THE PLATFORM IS PROVIDED “AS IS” AND “AS AVAILABLE.” THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any Agent-Related Person (collectively, the “Agent Parties”) have any liability to any Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower’s or the Administrative Agent’s transmission of Borrower Materials through the Internet.

(d) *Change of Address, Etc.* Each of the Borrowers and the Administrative Agent may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Borrowers and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrowers or their securities for purposes of United States Federal or state securities laws.

(e) *Reliance by Administrative Agent and Lenders.* The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic or electronic Loan Notices) purportedly given by or on behalf of the Borrowers even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrowers shall indemnify the Administrative Agent and the Lenders and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrowers. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Borrowers shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; provided, however, that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (ii) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.11), or (iii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Borrowers under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (A) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (B) in addition to the matters set forth in clauses (ii) and (iii) of the preceding proviso and subject to Section 2.11, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section 10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and the Agent-Related Persons (including the reasonable and documented fees and disbursements of one counsel for the Administrative Agent), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all documented out-of-pocket expenses incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans; provided, that pursuant to this clause (ii), the Borrowers shall not be required to reimburse such out-of-pocket expenses of more than one counsel to the Administrative Agent and the Lenders (and one local counsel to the Administrative Agent and the Lenders in any relevant jurisdiction), unless the representation of one or more Lenders by such counsel would be inappropriate due to the existence of an actual conflict of interest, in which case the Borrowers shall also be required to reimburse the fees, charges and disbursements of one additional counsel to all of such affected Lenders taken as a whole.

(b) Indemnification by the Borrowers. Each of the Borrowers (other than Athene Life Re [and Athene Annuity Re](#)) shall, jointly and severally, ~~and~~ Athene Life Re shall, solely as to itself, and Athene Annuity Re shall, solely as to itself, indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including reasonable and documented fees and disbursements of one counsel to the Indemnitees taken as a whole and, solely in the case of a conflict of interest, one additional counsel

to all affected Indemnitees, taken as a whole), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by a Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or the use or proposed use of the proceeds therefrom, or (iii) any other claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by a Borrower against an Indemnitee for a material breach of such Indemnitee's obligations hereunder or under any other Loan Document, if such Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) arise from any action, claim, litigation or proceeding solely among the Indemnitees so long as such action, claim, litigation or proceeding is not attributable to any act or omission by the Borrowers (other than any claims against any Person in its capacity or in fulfilling its role as an agent, Arranger or other similar role hereunder or under the other Loan Documents, but in each case, solely to the extent such indemnification would not be denied pursuant to clause (x) above). Each Indemnitee shall be obligated to refund or return any and all amounts received pursuant to this Section 10.04(b) to the extent such Indemnitee is not entitled to payment thereof in accordance with the terms hereof. This Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) *Reimbursement by Lenders.* To the extent that any Borrower for any reason fails to pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party thereof (but without limiting the obligation of the Borrowers under such subsection), each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), provided that, the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party thereof acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.10(d).

(d) *Waiver of Consequential Damages, Etc.* To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than 10 Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 10.02(e) shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

Section 10.05 Payments Set Aside. To the extent that any payment by or on behalf of any Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (i) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (ii) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (ii) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Section 10.06 Successors and Assigns

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(1) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(2) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if “Trade Date” is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 or other than in \$1,000,000 increments thereabove unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrowers otherwise consent (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) and subsection (b)(v) of this Section and, in addition:

(1) the written consent of the Borrowers (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund and notice thereof is provided to the Administrative Agent and the Borrowers; provided that the Borrowers shall be deemed to have consented to any such assignment unless they shall object thereto by written notice to the Administrative Agent within twenty Business Days after having received notice thereof; and

(2) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to a Borrower or any of the Borrowers’ respective Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of their respective subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), (C) to a natural person or (D) absent the written consent of the Borrowers (which consent may be given or withheld at the Borrowers’ sole discretion), to any Person that was an Ineligible Assignee as of the applicable Trade Date. For the avoidance of doubt, with respect to any assignee that becomes an Ineligible Assignee after the Trade Date applicable to its assignment (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the *proviso* to the definition of “Ineligible Assignee”), (i) such assignee shall not retroactively be disqualified from having become a Lender pursuant to such assignment and (ii) such assignee will become an Ineligible Assignee in accordance with the definition thereof notwithstanding the consummation of such assignment and

the execution by the Borrowers of an Assignment and Assumption with respect to such assignee. Notwithstanding the foregoing, any assignment to an assignee that is or becomes an Ineligible Assignee (including any assignment in violation of clause (b)(v)(D)) shall not be void, but the provisions of paragraph (f) below shall apply.

(vi) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment will be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the written consent of the Borrowers and the Administrative Agent, the applicable pro-rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent and each Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro-rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder becomes effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest will be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural person, a Defaulting Lender or the Borrowers, any of the Borrowers' respective Affiliates or Subsidiaries or an

Ineligible Assignee) (each, a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. For the avoidance of doubt: (i) each Lender shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation; and (ii) with respect to any participant that becomes an Ineligible Assignee after the Trade Date applicable to its participation (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the *proviso* of the definition of “Ineligible Assignee”), such participant shall not retroactively be disqualified from having become a participant pursuant to the applicable participation agreement. Notwithstanding the foregoing, any participation to a participant that becomes an Ineligible Assignee shall be subject to the provisions of paragraph (f) below.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clause (y) of the first proviso to Section 10.01 that affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 (subject to the requirements and limitations therein, including the requirements under Section 3.01 (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation)); provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under subsection (b) of this Section and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after such Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers’ request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.11 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant’s interest in the Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant’s interest in any Commitment or Loan or any of its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided

that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Certain Provisions Pertinent to Ineligible Assignees. If any assignment is made to any Ineligible Assignee without the Borrowers' prior consent in violation of paragraph (b)(v)(D) above, or if any Lender becomes an Ineligible Assignee after the Trade Date of the applicable assignment to such Lender, the Borrowers may, at their sole expense and effort, upon notice to the applicable Ineligible Assignee and the Administrative Agent, (A) terminate the Commitment of such Ineligible Assignee and repay all obligations of the Borrowers owing to such Ineligible Assignee in connection with such Commitment and/or (B) require such Ineligible Assignee to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in this Section 10.06), all of its interest, rights and obligations under this Agreement and related Loan Documents to an Eligible Assignee that shall assume such obligations at a purchase price equal to the lesser of (x) the principal amount thereof and (y) the amount that such Ineligible Assignee paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to such Ineligible Assignee hereunder and under the other Loan Documents; provided that (i) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in 10.06(b) and (ii) such assignment does not conflict with applicable Laws.

Notwithstanding anything to the contrary contained in this Agreement, (i) Ineligible Assignees that are either Lenders or participants of Lenders will not (A) have any inspection rights or the right to receive information, reports or other materials provided to Lenders by the Borrowers, the Administrative Agent or any other Lender, (B) attend or participate in meetings attended by the Lenders and the Administrative Agent or (C) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (ii)(A) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Ineligible Assignee (whether a direct Lender or a participant) will be deemed to have consented in the same proportion as the Lenders that are not Ineligible Assignees consented to such matter, and (B) for purposes of voting on any plan of reorganization or plan of liquidation pursuant to any Debtor Relief Laws ("Plan of Reorganization"), each Ineligible Assignee (whether a direct Lender or a participant) hereby agrees (1) not to vote on such Plan of Reorganization, (2) if such Ineligible Assignee does vote on such Plan of Reorganization notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such Plan of Reorganization in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws) and (3) not to contest any request by any party for a determination by the Bankruptcy Court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

The Administrative Agent shall have the right, and the Borrowers hereby expressly authorize the Administrative Agent, (i) to post the list of Ineligible Assignees provided by the Borrower and any updates thereto from time to time (collectively, the "Ineligible Institution List") on the Platform, including that portion of the Platform that is designated "Public Side Information", and (ii) to provide the Ineligible Institution List to each Lender requesting the same.

Section 10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (i) to its Affiliates and to its and its Affiliates' respective managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (ii) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party hereto, (v) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same (or at least as restrictive) as those of this Section, to (A) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (B) any actual or prospective counterparty (or its managers, administrators, trustees, partners, directors, officers, employees, agents, advisors and other representatives) to any swap, or derivative or other similar transaction under which payments are to be made by reference or to any credit insurance provider in each case relating to any Borrower and its obligations, this Agreement or payments hereunder, (C) any rating agency, or (D) the CUSIP Service Bureau or any similar organization, (vii) with the written consent of the Borrowers or (viii) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent or any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers. For purposes of this Section, "Information" means all information received from the Borrowers or any of their respective Subsidiaries relating to the Borrowers or any of their respective Subsidiaries or any of their respective businesses, including the identity of Ineligible Assignees, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrowers or any of their respective Subsidiaries, provided that, in the case of information received from the Borrowers or any of their respective Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (i) the Information may include material non-public information concerning the Borrowers or a Subsidiary, as the case may be, (ii) it has developed compliance procedures regarding the use of material non-public information and (iii) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

Section 10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrowers, excluding any custodial, trust or special reserve accounts, against any and all of the obligations of the Borrowers, now or hereafter existing under this Agreement or any other Loan Document to such Lender or its Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender exercises any such right of setoff, (x) all amounts so set off will be paid over

immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.12(a) and, pending such payment, will be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders and (y) the Defaulting Lender will provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its Affiliates may have. Each Lender agrees to notify the Borrowers and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

Section 10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrowers. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (i) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 10.10 Counterparts; Integration. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

Section 10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

Section 10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good

faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 10.13 Replacement of Lenders. If the Borrowers are entitled to replace a Lender pursuant to the provisions of Section 3.06 or if any Lender is a Defaulting Lender or Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights (other than its existing rights to payments pursuant to Sections 3.01 and 3.04) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (i) the Borrowers shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);
- (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);
- (iii) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;
- (iv) such assignment does not conflict with applicable Laws;
- (v) no Default or Event of Default shall have occurred and be continuing on the date of such assignment; and
- (vi) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

Section 10.14 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. (i) EACH OF THE BORROWERS IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE ADMINISTRATIVE AGENT AND THE

LENDERS IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS. (ii) EACH OF THE ADMINISTRATIVE AGENT AND THE LENDERS IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OF THE BORROWERS IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN (x) THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF OR (y) THE COURTS OF THE JURISDICTION OF INCORPORATION OR FORMATION OF THE APPLICABLE BORROWER AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE BORROWERS IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS. (iii) EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY ACTION, LITIGATION OR PROCEEDING REFERRED TO IN THIS PARAGRAPH (b) SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. (i) EACH OF THE ADMINISTRATIVE AGENT AND THE LENDERS IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b)(i) OF THIS SECTION. EACH OF THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. (ii) EACH OF THE BORROWERS IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b)(ii) OF THIS SECTION. EACH OF THE BORROWERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH OF THE PARTIES HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) Appointment of Process Agent. (i) Each ~~Borrower~~ of AHL, AUSA and Athene Life Re hereby irrevocably appoints Corporation Service Company, with an address on the date hereof at 80 State Rd., Albany, New York, 12207, its authorized agent to accept and acknowledge service of any and all process which may be served in any suit, action or proceeding of the nature referred to in this Section 10.14 and ~~consents~~ (ii) Athene Annuity Re hereby irrevocably appoints C T Corporation System, with an address on the date hereof at 111 8th Avenue, New York, New York 10011, its authorized agent to receive service of any and all process which may be served in any suit, action or proceeding of the nature referred to in this Section 10.14 and to forward such process to Athene Annuity Re, Corporation Service Company and C T

[Corporation System each consent](#) to process being served in any such suit, action or proceeding upon Corporation Service Company [or C.T. Corporation System, respectively](#), in any manner or by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the Borrower's address referred to in Section 10.02, as the case may be. Each of the Borrowers agrees that such service (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to it. Nothing in this Section 10.14(e) shall affect the right of any Lender to serve process in any manner permitted by Law or limit the right of any Lender to bring proceedings against any Borrower in the courts of any jurisdiction or jurisdictions.

Section 10.15 Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 10.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrowers acknowledge and agree, and acknowledges its Affiliates' understanding, that: (i)(A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders, are arm's-length commercial transactions between the Borrowers and their Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, (B) the Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Borrowers are capable of evaluating, and understand and accept, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii)(A) the Administrative Agent, each of the Arrangers and each of the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrowers or any of their Affiliates, or any other Person and (B) none of the Administrative Agent, any Arranger nor any Lender has any obligation to the Borrowers or any of their Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their Affiliates, and none of the Administrative Agent, any Arranger nor any Lender has any obligation to disclose any of such interests to the Borrowers or their Affiliates. To the fullest extent permitted by law, the Borrowers hereby waive and release any claims that they may have against the Administrative Agent, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 10.17 Electronic Execution of Assignments and Certain Other Documents. The words “execution”, “signed”, “signature”, and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 10.18 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrowers that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrowers in accordance with the Act. The Borrowers shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” and anti-money laundering rules and regulations, including the Act.

Section 10.19 Judgment Currency.

(a) The obligations of the Borrowers hereunder and under the other Loan Documents to make payments in a specified currency (the “Obligation Currency”) shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender of the full amount of the Obligation Currency expressed to be payable to it under this Agreement or another Loan Document. If, for the purpose of obtaining or enforcing judgment against any Borrower in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the “Judgment Currency”) an amount due in the Obligation Currency, the conversion shall be made, at the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the date on which the judgment is given (such Business Day being hereinafter referred to as the “Judgment Currency Conversion Date”).

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, each Borrower covenants and agrees to pay, or cause to be paid, or remit, or cause to be remitted, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining any rate of exchange or currency equivalent for this Section 10.19, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

Section 10.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
 - (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

ATHENE HOLDING LTD.

By:

Name: ~~Zachary E. Jones~~

Title: ~~Senior Vice President, Chief Accounting Officer~~

ATHENE LIFE RE LTD.

By:

Name: ~~Frank L. Gillis~~

Title: ~~Chief Executive Officer~~

~~ATHENE USA CORPORATION~~

By:

Name: ~~Guy Hudson Smith, III~~

Title: ~~President~~

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

CITIBANK, N.A., as Administrative Agent and a Lender

By:
Name:
Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

BARCLAYS BANK PLC, as a Syndication Agent and a Lender

By:
Name:
Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

ROYAL BANK OF CANADA, as a Syndication Agent and a Lender

By:
Name:
Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

[•], as a Documentation Agent and a Lender

By:
Name:
Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

[•], as a Documentation Agent and a Lender

By:

Name:

Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

[•], as a Lender

By:
Name:
Title:

~~[Signature Page to Credit Agreement]~~ SIGNATURE PAGE TO CREDIT AGREEMENT]

AMENDED AND RESTATED GUARANTY

dated as of March 14, 2018

among

**ATHENE HOLDING LTD.,
ATHENE LIFE RE LTD.,
ATHENE USA CORPORATION,
and
ATHENE ANNUITY RE LTD.,
as Guarantors,**

and

**CITIBANK, N.A.,
as Administrative Agent**

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AMENDED AND RESTATED GUARANTY dated as of March 14, 2018 (as amended, restated, amended and restated, modified or supplemented from time to time, this “Agreement”) among ATHENE HOLDING LTD., an exempted company incorporated under the laws of Bermuda (“AHL”), ATHENE USA CORPORATION, an Iowa corporation (“AUSA”), and ATHENE LIFE RE LTD., an exempted company incorporated under the laws of Bermuda (“Athene Life Re” and together with AHL and AUSA, collectively, the “Existing Guarantors”), and ATHENE ANNUITY RE LTD., an exempted company incorporated under the laws of Bermuda (“Athene Annuity Re” and, together with the Existing Guarantors, collectively, the “Guarantors” and, individually, a “Guarantor”), and CITIBANK, N.A., as Administrative Agent for the benefit of the Finance Parties referred to herein.

Each of AHL, AUSA and Athene Life Re is a Borrower under the Credit Agreement dated as of January 22, 2016 (as amended on June 29, 2016, and as further amended, restated, amended and restated, modified or supplemented from time to time prior to the date hereof, the “2016 Credit Agreement”) among AHL, AUSA and Athene Life Re, as borrowers thereunder, the banks and other lending institutions from time to time party thereto (each a “Lender” and, collectively, the “Lenders”), Citibank, N.A., as Administrative Agent, any syndication agents party thereto (together with their respective successor or successors in such capacity, the “Syndication Agents”), and any documentation agents party thereto (together with their respective successor or successors in such capacity, the “Documentation Agents”).

To induce the Lenders to enter into the 2016 Credit Agreement, the Existing Guarantors have previously entered into the Guaranty, dated as of January 22, 2016, among the Existing Guarantors and the Administrative Agent (the “Existing Guaranty”).

On the date hereof, pursuant to the Second Amendment to Credit Agreement (the 2016 Credit Agreement, as so amended and as further amended, restated, amended and restated, modified or supplemented from time to time, and including any agreement extending the maturity of, refinancing or otherwise amending, restating, amending and restating or otherwise modifying or restructuring all or any portion of the obligations of the Borrowers under such agreement or any successor agreement, the “Credit Agreement”), AHL, AUSA and Athene Life Re, the Administrative Agent and the Required Lenders thereunder have agreed to amend the 2016 Credit Agreement in order to join Athene Annuity Re as a borrower thereunder.

To induce the Lenders to enter into the Second Amendment to Credit Agreement, and as a condition precedent to the obligations of the Lenders under the Second Amendment to Credit Agreement, (i) each Existing Guarantor has agreed to amend and restate the Existing Guaranty in its entirety and (ii) Athene Annuity Re has agreed to become a guarantor hereunder.

The Lenders, the Administrative Agent, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to the Credit Agreement, the Syndication Agents, the Documentation Agents, and each Indemnitee and their respective successors and assigns are herein referred to individually as a “Finance Party” and collectively as the “Finance Parties”. References herein to a “Borrower” or “Borrowers” mean a Guarantor or Guarantors in their respective capacities as Borrowers under the Credit Agreement; and references herein to a “Guarantor” or “Guarantors” mean a Guarantor or Guarantors in their respective capacities as guarantors hereunder. As used herein, “Other Loan Parties” means, with respect to any Guarantor, any and all of the Borrowers and Guarantors other than itself.

Accordingly, for this and other valuable consideration, effective concurrently with the effectiveness of the Second Amendment to Credit Agreement, each Existing Guarantor hereby agrees with the Administrative Agent for the benefit of the Finance Parties to amend and restate the Existing Guaranty in its entirety, Athene Annuity Re agrees to become a Guarantor hereunder and each Guarantor hereby agrees with the Administrative Agent for the benefit of the Finance Parties as follows:

**ARTICLE I
DEFINITIONS**

Section 1.01 Credit Agreement Definitions. Terms defined in the introductory statement hereof have the respective meaning set forth therein. Capitalized terms used in this Agreement and not otherwise defined herein have the respective meanings assigned thereto in the Credit Agreement. The rules of construction specified in Section 1.02 of the Credit Agreement shall also apply to this Agreement.

Section 1.02 Additional Defined Terms. As used in this Agreement, the following additional terms have the meanings specified below:

“Athene Insurer” has the meaning specified in Section 2.01(d).

“Athene Annuity Re Guarantee Amount” means (i) with respect to any Loan described in clause (i) of Section 2.01(e), 100% of the amount of the proceeds of such Loan that are directly or indirectly contributed or lent to Athene Annuity Re and (ii) with respect to any Loan described in clause (ii) of Section 2.01(e), an amount equal to the proceeds of such Loan that are directly or indirectly contributed or lent to an Athene Insurer multiplied by the percentage of such Athene Insurer’s Retained Insurance Liabilities that are ceded or retroceded to Athene Annuity Re as of the last day of the full calendar quarter immediately preceding the date of such Loan.

“Athene Life Re Guarantee Amount” means (i) with respect to any Loan described in clause (i) of Section 2.01(d), 100% of the amount of the proceeds of such Loan that are directly or indirectly contributed or lent to Athene Life Re and (ii) with respect to any Loan described in clause (ii) of Section 2.01(d), an amount equal to the proceeds of such Loan that are directly or indirectly contributed or lent to an Athene Insurer multiplied by the percentage of such Athene Insurer’s Retained Insurance Liabilities that are ceded or retroceded to Athene Life Re as of the last day of the full calendar quarter immediately preceding the date of such Loan.

“Borrower Obligation” has the meaning specified in Section 2.01(a).

“Borrower Obligor” has the meaning specified in Section 2.01(a).

“Discharge of Finance Obligations” has the meaning specified in Section 2.04.

“Finance Obligations” means the Obligations under and as defined in the Credit Agreement.

“Fraudulent Transfer Laws” has the meaning specified in Section 2.01(c).

“Guaranteed Obligations” has the meaning specified in Section 2.01(a).

“Insolvency or Liquidation Proceeding” has the meaning specified in Section 2.01(a).

“Insurance Liabilities” has the meaning specified in Section 2.01(d).

“Retained Insurance Liabilities” means the Insurance Liabilities of the applicable Athene Insurer, net of Insurance Liabilities ceded or retroceded directly or indirectly by such Athene Insurer to a party which is not a Subsidiary of AHL, in each case calculated as of the last day of the full calendar quarter immediately preceding the date of the applicable Loan.

“Solvent” means, as to a Person as of any date of determination, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (ii) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

ARTICLE II GUARANTY

Section 2.01 The Guaranty.

(a) Each Guarantor unconditionally guarantees, jointly and severally with the other Guarantors (in the case of Athene Life Re, subject to Section 2.01(d), and in the case of Athene Annuity Re, subject to Section 2.01(e)), as a primary obligor and not merely as a surety: (x) the due and punctual payment of:

(i) all principal of, premium (if any) and interest on any Loan borrowed by any Other Loan Party under, or any Note issued by any Other Loan Party pursuant to, the Credit Agreement or any other Loan Document (including, without limitation, any interest which accrues after the commencement of (A) any voluntary or involuntary case or proceeding under any Debtor Relief Laws with respect to any Other Loan Party, (B) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or similar case or proceeding with respect to any Other Loan Party or any material portion of its respective assets, (C) any liquidation, dissolution, reorganization or winding up of any Other Loan Party whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (D) any assignment for the benefit of creditors or any other marshalling of assets and liabilities of any Other Loan Party (each an “Insolvency or Liquidation Proceeding”), whether or not allowed or allowable as a claim in any such proceeding);

(ii) all fees, expenses, indemnification obligations and other amounts of whatever nature now or hereafter payable by any Other Loan Party pursuant to the Credit Agreement or any other Loan Document (including, without limitation, any amounts which accrue after the commencement of any Insolvency or Liquidation Proceeding with respect to such Other Loan Party, whether or not allowed or allowable as a claim in any such proceeding); and

(iii) all other amounts now or hereafter payable by any Other Loan Party pursuant to any Loan Document and all other obligations or liabilities now existing or hereafter arising or incurred on the part of any Other Loan Party pursuant to any Loan Document (including, without limitation, any amounts which accrue after the commencement of any Insolvency or Liquidation Proceeding with respect to such Other Loan Party, whether or not allowed or allowable as a claim in any such proceeding);

in each case together with all renewals, modifications, consolidations or extensions thereof and whether now or hereafter due, owing or incurred in any manner, whether actual or contingent, whether incurred solely or jointly with any other Person and whether as principal or surety (and including all liabilities in connection with any notes, bills or other instruments accepted by any Finance Party in connection therewith), together in each case with all renewals, modifications, consolidations or extensions thereof; and (y) the due and punctual performance of all covenants, agreements, obligations and liabilities of each Other Loan Party under or pursuant to the Loan Documents (all such monetary and other obligations referred to in clauses (x) and (y) above being herein collectively referred to as the “Guaranteed Obligations”). Notwithstanding the foregoing, to the extent that any Guarantor incurs an obligation referred to in clauses (x) and (y) above solely in its capacity as a Borrower (such obligation, a “Borrower Obligation” and such obligor, a “Borrower Obligor”), the Guaranteed Obligations of the Borrower Obligor in its capacity as a Guarantor hereunder shall not include the obligation of any other Guarantor arising from the guarantee by such other Guarantor of the Borrower Obligation of the Borrower Obligor pursuant to this Section 2.01.

(b) The books and records of the Administrative Agent showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon each Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Obligations.

(c) Anything contained in this Agreement to the contrary notwithstanding, the obligations of each Guarantor hereunder shall be limited to a maximum aggregate amount equal to the greatest amount that would not render such Guarantor’s obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any provisions of applicable state law (collectively, the “Fraudulent Transfer Laws”), in each case after giving effect to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Guarantor (i) in respect of intercompany indebtedness to any Other Loan Party or any of its Affiliates to the extent that such indebtedness would be discharged or would be subject to a right of set-off in an amount equal to the amount paid by such Guarantor hereunder and (ii) under any guaranty of Debt subordinated in right of payment to the Guaranteed Obligations which guaranty contains a limitation as to a maximum amount similar to that set forth in this paragraph pursuant to which the liability of such Guarantor hereunder is included in the liabilities taken into account in determining such maximum amount) and after giving effect as assets of such Guarantor to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation, contribution, reimbursement, indemnity or similar rights of such Guarantor pursuant to (i) applicable Law or (ii) any agreement providing for an equitable allocation among such Guarantor and any Other Loan Party and its Affiliates of obligations arising under guaranties by such parties (including the agreements in Article III of this Agreement). If any Guarantor’s liability hereunder is limited pursuant to this paragraph to an amount that is less than the total amount of the Guaranteed Obligations, then it is understood and agreed that the portion of the Guaranteed Obligations for which such Guarantor is liable hereunder shall be the last portion of the Guaranteed Obligations to be repaid.

(d) Anything contained in this Agreement to the contrary notwithstanding, Athene Life Re shall guarantee only those Obligations of another Borrower that arise under (i) any Loan made to such other Borrower to the extent the proceeds of which are directly or indirectly contributed or lent to Athene Life Re or (ii) any Loan made to such other Borrower to the extent the proceeds of which are directly or indirectly contributed or lent to an insurance company subsidiary of AHL (each, an “Athene Insurer”) that cedes or retrocedes liabilities under Policies issued or assumed by such Athene Insurer (“Insurance Liabilities”) to Athene Life Re; provided, further, that in no event shall the obligations of Athene Life Re pursuant to this guarantee with respect to any Loan made to another Borrower exceed the applicable Athene Life Re Guarantee Amount.

(e) Anything contained in this Agreement to the contrary notwithstanding, Athene Annuity Re shall guarantee only those Obligations of another Borrower that arise under (i) any Loan made to such other Borrower to the extent the proceeds of which are directly or indirectly contributed or lent to Athene Annuity Re or (ii) any Loan made to such other Borrower to the extent the proceeds of which are directly or indirectly contributed or lent to an Athene Insurer that cedes or retrocedes Insurance Liabilities to Athene Annuity Re; provided, further, that in no event shall the obligations of Athene Annuity Re pursuant to this guarantee with respect to any Loan made to another Borrower exceed the applicable Athene Annuity Re Guarantee Amount.

Section 2.02 Guaranty Absolute Each Guarantor guarantees that the Guaranteed Obligations will be paid and performed strictly in accordance with the terms of the Loan Documents, regardless of any Law now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Finance Parties with respect thereto. The obligations of each Guarantor under this Agreement are independent of the Guaranteed Obligations of the Other Loan Parties, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Agreement, irrespective of whether any action is brought against any Other Loan Party or whether any Other Loan Party is joined in any such action or actions. This Agreement is an absolute and unconditional guaranty of payment when due, and not of collection, by each Guarantor, jointly and severally with each other Guarantor (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) of the Guaranteed Obligations in each and every particular. The obligations of each Guarantor hereunder are several from those of the Other Loan Parties and are primary obligations concerning which each Guarantor is the principal obligor. The Finance Parties shall not be required to mitigate damages or take any action to reduce, collect or enforce the Guaranteed Obligations.

The obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including the existence of any claim, set-off or other right which any Guarantor may have at any time against any Other Loan Party, the Administrative Agent, any Finance Party or any other Person, whether in connection herewith or any unrelated transactions. Without limiting the generality of the foregoing, each Guarantor's liability shall extend (subject, in the case of Athene Life Re to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) to all amounts that constitute part of the Guaranteed Obligations and would be owed by any Other Loan Party to any Finance Party under the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any Other Loan Party.

Each Guarantor has irrevocably and unconditionally delivered this Agreement to the Administrative Agent, for the benefit of the Finance Parties, and the failure by any Other Loan Party or any other Person to sign this Agreement or a guaranty similar to this Agreement or otherwise shall not discharge the obligations of any Guarantor hereunder. The irrevocable and unconditional liability of each Guarantor hereunder applies whether it is jointly and severally liable for the entire amount of the Guaranteed Obligations, or only for a pro-rata portion, and without regard to any rights (or the impairment thereof) of subrogation, contribution or reimbursement that such Guarantor may now or hereafter have against any Other Loan Party or any other Person. This Agreement is and shall remain fully enforceable against each Guarantor irrespective of any defenses that any Other Loan Party may have or assert in respect of the Guaranteed Obligations, including, without limitation, failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury, except that a Guarantor may assert the defense of final payment in full of the Guaranteed Obligations.

Section 2.03 Payments.

(f) Payments to be Made Upon Default. If any Borrower or Guarantor fails to pay or perform any Guaranteed Obligation when due in accordance with its terms (whether at stated maturity, by acceleration or otherwise) or if any Default or Event of Default specified in Section 8.01(f) of the Credit Agreement occurs with respect to any Borrower or Guarantor, the Guarantors shall, promptly following demand by the Administrative Agent, pay the aggregate amount of all Guaranteed Obligations (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) to the Administrative Agent.

(g) General Provisions as to Payments. Each payment hereunder shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff, at the Administrative Agent's Office in Dollars and in immediately available funds. Without limiting the foregoing, each Guarantor shall make all payments hereunder in accordance with Section 2.10 of the Credit Agreement. The obligations of the Guarantors under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Agreement.

(h) Application of Payments. All payments received by the Administrative Agent hereunder shall be applied as provided in Section 8.03 of the Credit Agreement.

Section 2.04 Discharge; Reinstatement in Certain Circumstances. Each Guarantor's obligations hereunder shall remain in full force and effect until the latest to occur of (i) payment in full in cash of the principal of and interest (including interest accruing on or after the commencement of and Insolvency or Liquidation Proceeding, whether or not a claim for such interest is, or would be, allowed in such Insolvency or Liquidation Proceeding) and premium, if any, on all Debt outstanding under the Loan Documents and termination of all commitments to lend or otherwise extend credit under the Loan Documents and (ii) payment in full in cash of all other Guaranteed Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (including legal fees and other expenses, costs or charges accruing on or after the commencement of any Insolvency or Liquidation Proceeding, whether or not a claim for such fees, expenses, costs or charges is, or would be, allowed in such Insolvency or Liquidation Proceeding but excluding unasserted contingent indemnification obligations) (the occurrence of all of the foregoing being referred to herein as "Discharge of Finance Obligations"). No payment or payments made by any Other Loan Party or any other Person or received or collected by any Finance Party from any Other Loan Party or any other Person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Guaranteed Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder, it being understood that each Guarantor shall, notwithstanding any such payment or payments, remain liable for the Guaranteed Obligations (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) until the Discharge of Finance Obligations. If at any time any payment by any Other Loan Party or any other Person of any Guaranteed Obligation is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Other Loan Party or other Person or upon or as a result of the appointment of a receiver, intervener or conservator of, or trustee or similar officer for, such Other Loan Party or other Person or any substantial part of its respective property or otherwise, each Guarantor's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time. Each Guarantor party hereto agrees that payment or performance of any of the Guaranteed Obligations or other acts which toll any statute of limitations applicable to the Guaranteed Obligations shall also toll the statute of limitations applicable to each such Guarantor's liability hereunder.

Section 2.05 Waiver by the Guarantors.

(i) General Waivers. Each Guarantor hereby waives presentment to, demand of payment from and protest to the Other Loan Parties of any of the Guaranteed Obligations, and also waives promptness, diligence, notice of acceptance of its guarantee, any other notice with respect to any of the Guaranteed Obligations and this Agreement and any requirement that the Administrative Agent or any other Finance Party protect, secure, perfect or insure any Lien or any property subject thereto. Each Guarantor further waives any right to require that resort be had by the Administrative Agent or any other Finance Party to any security held for payment of the Guaranteed Obligations or to any balance of any deposit, account or credit on the books of the Administrative Agent or any other Finance Party in favor of any Borrower, Guarantor or any other Person. Each Guarantor hereby consents and agrees to each of the following to the fullest extent permitted by Law, and agrees that such Guarantor's obligations under this Agreement shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any rights (including rights to notice) which such Guarantor might otherwise have as a result of or in connection with any of the following:

(i) any renewal, extension, modification, increase, decrease, alteration or rearrangement of all or any part of the Guaranteed Obligations or any instrument executed in connection therewith, or any contract or understanding with any Other Loan Party, the Administrative Agent, any other Finance Party, or any of them, or any other Person, pertaining to the Guaranteed Obligations;

(ii) any adjustment, indulgence, forbearance or compromise that might be granted or given by the Administrative Agent or any other Finance Party to any Other Loan Party or any other Person liable on the Guaranteed Obligations; or the failure of the Administrative Agent or any other Finance Party to assert any claim or demand or to exercise any right or remedy against any Other Loan Party under the provisions of any Loan Document or otherwise; or any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any Other Loan Party under this Agreement;

(iii) the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of any Other Loan Party or any other Person at any time liable for the payment of all or part of the Guaranteed Obligations; or any dissolution of any Other Loan Party, or any change, restructuring or termination of the corporate structure or existence of any Other Loan Party, or any sale, lease or transfer of any or all of the assets of any Other Loan Party, or any change in the shareholders, partners, or members of any Other Loan Party; or any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations;

(iv) the invalidity, illegality or unenforceability of all or any part of the Guaranteed Obligations, or any document or agreement executed in connection with the Guaranteed Obligations, for any reason whatsoever, including the fact that the Guaranteed Obligations, or any part thereof, exceed the amount permitted by Law, the act of creating the Guaranteed Obligations or any part thereof is ultra vires, the officers or representatives executing the documents or otherwise creating the Guaranteed Obligations acted in excess of their authority, the Guaranteed Obligations violate applicable usury laws, any Other Loan Party has valid defenses, claims or offsets (whether at law, in equity or by agreement) which render the Guaranteed Obligations wholly or partially uncollectible from such Other Loan Party, the creation, performance or repayment of the Guaranteed Obligations (or the execution, delivery and performance of any document or instrument representing part of the Guaranteed Obligations or executed in connection with the Guaranteed Obligations or given to secure the repayment of the Guaranteed Obligations) is illegal, uncollectible, legally impossible or unenforceable, or the documents or instruments pertaining to the Guaranteed Obligations have been forged or otherwise are irregular or not genuine or authentic;

(v) any full or partial release of the liability of any Other Loan Party or of any other Person now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the Guaranteed Obligations or any part thereof, it being recognized, acknowledged and agreed by each Guarantor that such Guarantor may be required to pay the Guaranteed Obligations in full (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) without assistance or support of any other Person, and such Guarantor has not been induced to enter into this Agreement on the basis of a contemplation, belief, understanding or agreement that any party other than the Borrowers will be liable to perform the Guaranteed Obligations, or that the Finance Parties will look to any other party to perform the Guaranteed Obligations;

(vi) the taking or accepting of any other security, collateral or guarantee, or other assurance of payment, for all or any part of the Guaranteed Obligations;

(vii) the failure of the Administrative Agent, any other Finance Party or any other Person to exercise diligence or reasonable care in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, property or security;

(viii) any payment by any Other Loan Party to the Administrative Agent or any other Finance Party being held to constitute a preference under Title 11 of the United States Code or any similar Federal, foreign or state Law, or for any reason the Administrative Agent or any other Finance Party being required to refund such payment or pay such amount to any Other Loan Party or someone else;

(ix) any other action taken or omitted to be taken with respect to the Guaranteed Obligations, whether or not such action or omission prejudices any Guarantor or increases the likelihood that any Guarantor will be required to pay the Guaranteed Obligations pursuant to the terms hereof, it being the unambiguous and unequivocal intention of each Guarantor that such Guarantor shall be obligated to pay the Guaranteed Obligations (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether or not contemplated, and whether or not otherwise or particularly described herein, except for the full and final payment and satisfaction of the Guaranteed Obligations in cash;

(x) the fact that all or any of the Guaranteed Obligations cease to exist by operation of Law, including by way of a discharge, limitation or tolling thereof under applicable Debtor Relief Laws;

(xi) the existence of any claim, set-off or other right which any Guarantor may have at any time against any Other Loan Party, the Administrative Agent, any other Finance Party or any other Person, whether in connection herewith or any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim; or

(xii) any other circumstance that might in any manner or to any extent otherwise constitute a defense available to, vary the risk of, or operate as a discharge of, such Guarantor as a matter of Law or equity other than the final payment in full of the Guaranteed Obligations.

All waivers herein contained shall be without prejudice to the right of the Administrative Agent at its option to proceed against any Borrower, any Guarantor or any other Person, whether by separate action or by joinder.

Section 2.06 Agreement to Pay; Subordination of Subrogation Claims. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Finance Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of any Other Loan Party to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor hereby promises to and will forthwith pay, or cause to be paid, to the Administrative Agent or such other Finance Party as designated thereby in cash the amount of (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) such unpaid Guaranteed Obligations. Upon payment by any Guarantor of any sums to the Administrative Agent or any other Finance Party as provided above, all rights of such Guarantor against any Other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall (including, without limitation, any rights of a Guarantor arising under Article III of this Agreement) in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Guaranteed Obligations and Discharge of Finance Obligations. No failure on the part of any Other Loan Party or any other Person to make any payments in respect of any subrogation, contribution, reimbursement, indemnity or similar right (or any other payments required under applicable Law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder. If any amount shall erroneously be paid to any Guarantor on account of such subrogation, contribution, reimbursement, indemnity or similar right, such amount shall be held in trust for the benefit of the Finance Parties and shall forthwith be turned over to the Administrative Agent in the exact form received by such Guarantor (duly endorsed by such Guarantor to the Administrative Agent, if required) to be credited against the payment of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

Section 2.07 Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Other Loan Party under or with respect to the Guaranteed Obligations is stayed upon the insolvency or bankruptcy of such Other Loan Party, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Note or any other agreement or instrument evidencing or securing the Guaranteed Obligations shall nonetheless be payable by the Guarantors hereunder, jointly and severally (but subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)), forthwith on demand by the Administrative Agent.

Section 2.08 No Set-Off. No act or omission of any kind or at any time on the part of any Finance Party in respect of any matter whatsoever shall in any way affect or impair the rights of the Administrative Agent or any other Finance Party to enforce any right, power or benefit under this Agreement, and no set-off, claim, reduction or diminution of any Guaranteed Obligation or any defense of any kind or nature which any Guarantor has or may have against any Other Loan Party or any Finance Party shall be available against the Administrative Agent or any other Finance Party in any suit or action brought by the Administrative Agent or any other Finance Party to enforce any right, power or benefit provided for by this Agreement other than a defense of payment in full of the Guaranteed Obligations; provided that nothing herein shall prevent the assertion by any Guarantor of any such claim by separate suit or compulsory counterclaim. Nothing in this Agreement shall be construed as a waiver by any Guarantor of any rights or claims which it may have against any Finance Party hereunder or otherwise, but any recovery upon such rights and claims shall be had from such Finance Party separately, it being the intent of this Agreement that each Guarantor shall be unconditionally, absolutely and (subject, in the case of Athene Life Re, to Section 2.01(d), and in the case of Athene Annuity Re, to Section 2.01(e)) jointly and severally obligated to perform fully all its obligations, covenants and agreements hereunder for the benefit of each Finance Party.

ARTICLE III INDEMNIFICATION, SUBROGATION AND CONTRIBUTION

Section 3.01 Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable Law (but subject to Section 2.01(d), 2.01(e) and Section 2.06 above), each Guarantor agrees that if a payment shall be made by any other Guarantor under this Agreement, it shall indemnify such other Guarantor for the full amount of such payment and such other Guarantor shall be subrogated to the rights of the person to whom such payment shall have been made to the extent of such payment.

Section 3.02 Contribution and Subrogation. Each Guarantor (a "Contributing Guarantor") agrees (subject to Section 2.01(d), 2.01(e) and Section 2.06 above) that, if a payment shall be made by any other Guarantor under this Agreement to satisfy a claim of any Finance Party and such other Guarantor (the "Claiming Guarantor") shall not have been fully indemnified by any Guarantor as provided in Section 3.01, the Contributing Guarantor shall indemnify the Claiming Guarantor in an amount equal to the amount of such payment or the greater of the book value or the fair market value of such assets, as the case may be, in each case multiplied by a fraction the numerator of which shall be the net worth of the Contributing Guarantor on the date that the obligation(s) supporting such claim were incurred under this Agreement and the denominator of which shall be the aggregate net worth of all the Guarantors on such date. Any Contributing Guarantor making any payment to a Claiming Guarantor pursuant to this Section 3.02 shall be subrogated to the rights of such Claiming Guarantor under Section 3.01 to the extent of such payment, in each case subject to the provisions of Section 2.06.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.01 Representations and Warranties: Certain Agreements. Each Guarantor hereby represents, warrants and covenants (except that, in the case of clause (g) below, only AUSA hereby represents, warrants and covenants) as follows:

(j) All representations and warranties contained in the Credit Agreement that relate to such Guarantor and this Agreement are true and correct.

(k) Such Guarantor agrees to comply with each of the covenants contained in the Credit Agreement that impose or purport to impose restrictions or obligations on such Guarantor.

(l) Such Guarantor acknowledges that any default in the due observance or performance by such Guarantor of any covenant, condition or agreement contained herein may constitute an Event of Default under Section 8.01 of the Credit Agreement.

(m) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

(n) Such Guarantor has, independently and without reliance upon the Administrative Agent or any other Finance Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Such Guarantor has investigated fully the benefits and advantages which will be derived by it from execution of this Agreement, and the Board of Directors (or persons performing similar functions in case of a Guarantor which is not a corporation) of such Guarantor has decided that a direct or an indirect benefit will accrue to such Guarantor by reason of the execution of this Agreement.

(o) (i) This Agreement is not given with actual intent to hinder, delay or defraud any Person to which such Guarantor is or will become, on or after the date hereof, indebted; and (ii) such Guarantor has received at least a reasonably equivalent value in exchange for entering into this Agreement;

(p) (i) AUSA is Solvent on the date hereof and will not cease to be Solvent as a result of entering into this Agreement; (ii) AUSA as of such date is not engaged in a business or transaction, nor is it about to engage in a business or transaction, for which any property remaining with AUSA constitutes an unreasonably small amount of capital; and (iii) AUSA as of such date does not intend to incur debts that will be beyond AUSA's ability to pay as such debts mature.

Section 4.02 Information. Each of the Guarantors assumes full responsibility for being and keeping itself informed of the financial condition and assets of the Other Loan Parties and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or any other Finance Party will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

Section 4.03 Subordination by Guarantors. In addition to the terms of subordination provided for under Section 2.06, each Guarantor hereby subordinates in right of payment all indebtedness of any and all of the Other Loan Parties owing to it, whether originally contracted with such Guarantor or acquired by such Guarantor by assignment, transfer or otherwise, whether now owed or hereafter arising, whether for principal, interest, fees, expenses or otherwise, together with all renewals, extensions, increases or rearrangements thereof, to the prior indefeasible payment in full in cash of the Guaranteed Obligations, whether now owed or hereafter arising, whether for principal, interest (including interest accruing during the pendency of any Insolvency or Liquidation Proceeding, regardless of whether allowed or allowable in such proceeding), fees, expenses or otherwise, together with all renewals, extensions, increases or rearrangements thereof. Notwithstanding the foregoing, until such time as the Administrative Agent shall have exercised any remedy pursuant to Section 8.02 of the Credit Agreement (or the principal amount of the Loans shall have become automatically due and payable pursuant to the proviso thereof), the Guarantors shall be permitted to make payments on any such indebtedness so long as such indebtedness is otherwise permitted pursuant to the Credit Agreement.

**ARTICLE V
SET-OFF**

Section 5.01 Right of Set-Off. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of any Event of Default under the Credit Agreement, each Finance Party (and each of its Affiliates) is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of such rights being hereby expressly waived), to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness at any time held or owing by such Finance Party (including, without limitation, branches, agencies or Affiliates of such Finance Party wherever located) to or for the credit or account of any Guarantor against obligations and liabilities of such Guarantor then due to the Finance Parties hereunder or under the other Loan Documents, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Finance Party subsequent thereto. Each Guarantor hereby agrees that to the extent permitted by law any Person purchasing a participation in a Loan or a Note whether or not acquired pursuant to the arrangements provided for in Section 10.06 of the Credit Agreement, may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Finance Party.

**ARTICLE VI
MISCELLANEOUS**

Section 6.01 Notices.

(q) Notices Generally. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission) and mailed, faxed or delivered, to the address, facsimile number or (subject to paragraph (b) below) electronic mail address specified for notices: (i) in the case of any Guarantor, as specified for such Person in or pursuant to Section 10.02 of the Credit Agreement; (ii) in the case of the Administrative Agent or any Lender, as specified in or pursuant to Section 10.02 of the Credit Agreement; or (iii) in the case of any party, at such other address as shall be designated by such party in a notice to the Administrative Agent and each other party hereto. Notices and other communications hereunder sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient).

(b) Electronic Communications. Notices and other communications to the Finance Parties hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Finance Party if such Finance Party has notified the Administrative Agent that it is incapable of receiving notices by electronic communication. The Administrative Agent may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Section 6.02 Benefit of Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that none of the Guarantors may assign or transfer any of its interests and obligations without prior written consent of the Administrative Agent (and any such purported assignment or transfer without such consent shall be void). Upon the assignment by the Administrative Agent or any Finance Party of all or any portion of its rights and obligations under the Credit Agreement (including all or any portion of its Commitments and the Loans owing to it) or any other Loan Document to any other Person permitted under the Credit Agreement, such other Person shall thereupon become vested with all the benefits in respect thereof granted to such transferor or assignor herein or otherwise.

Section 6.03 No Waivers; Non-Exclusive Remedies. No failure or delay on the part of the Administrative Agent or any other Finance Party to exercise, no course of dealing with respect to, and no delay in exercising any right, power or privilege under this Agreement or any other Loan Document, or other document or agreement contemplated hereby or thereby shall operate as a waiver thereof nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided herein and in the other Loan Documents are cumulative and are not exclusive of any other rights or remedies provided by Law.

Section 6.04 Enforcement. The Finance Parties agree that this Agreement may be enforced only by the action of the Administrative Agent (acting upon the instructions of the Required Lenders if required under the Loan Documents) and that no other Finance Party shall have any right individually to seek to enforce this Agreement, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent for the benefit of the Finance Parties upon the terms of this Agreement; provided, however, that the foregoing shall not prohibit (i) any Lender from exercising setoff rights in accordance with Section 5.01 or (ii) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to the Guarantors under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then in addition to the matters set forth in the preceding proviso and subject to the Credit Agreement, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section 6.05 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by each Guarantor directly affected by such amendment or waiver (it being understood that the addition or release of any Guarantor hereunder shall not constitute an amendment or waiver affecting any Guarantor other than the Guarantor so added or released) and the Administrative Agent (with the consent of the Required Lenders or, to the extent required by Section 10.01 of the Credit Agreement, such other portion of the Lenders as may be specified therein).

Section 6.06 Governing Law; Submission to Jurisdiction.

(a) GOVERNING LAW. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. (i) EACH OF THE GUARANTORS IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY FINANCE PARTY OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE OTHER PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS.

(ii) EACH OF THE PARTIES HERETO (OTHER THAN THE GUARANTORS) IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST ANY OF THE GUARANTORS IN ANY WAY RELATING TO THIS AGREEMENT OR THE TRANSACTIONS RELATING HERETO, IN ANY FORUM OTHER THAN (x) THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF OR (y) THE COURTS OF THE JURISDICTION OF INCORPORATION OR FORMATION OF THE APPLICABLE GUARANTOR AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE GUARANTORS IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURTS. (iii) EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING REFERRED TO IN THIS PARAGRAPH (b) SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(c) WAIVER OF VENUE. (i) EACH OF THE PARTIES HERETO (OTHER THAN THE GUARANTORS) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b)(i) OF THIS SECTION. EACH OF THE PARTIES HERETO (OTHER THAN THE GUARANTORS) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. (ii) EACH OF THE GUARANTORS IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b)(ii) OF THIS SECTION. EACH OF THE GUARANTORS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH OF THE PARTIES HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 6.01. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) Appointment of Process Agent. Each of AHL, AUSA and Athene Life Re hereby irrevocably appoints Corporation Service Company, with an address on the date hereof at 80 State Rd., Albany, New York, 12207, its authorized agent to accept and acknowledge service of any and all process which may be served in any suit, action or proceeding of the nature referred to in this Section 6.06 and (ii) Athene Annuity Re hereby irrevocably appoints C T Corporation System, with an address on the date hereof at 111 8th Avenue, New York, New York 10011, its authorized agent to receive service of any and all process which may be served in any suit, action or proceeding of the nature referred to in this Section 6.06 and to forward such process to Athene Annuity Re. Corporation Service Company and C T Corporation System each consent to process being served in any such suit, action or proceeding upon Corporation Service Company or C T Corporation System, respectively, in any manner or by the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to the Guarantor's address referred to in Section 6.01, as the case may be. Each of the Guarantors agrees that such service (i) shall be deemed in every respect effective service of process upon it in any such suit, action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to it. Nothing in this Section 6.06(e) shall affect the right of any Finance Party to serve process in any manner permitted by Law or limit the right of any Finance Party to bring proceedings against any Guarantor in the courts of any jurisdiction or jurisdictions.

Section 6.07 Limitation of Law; Severability.

(r) All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of Law, and all of the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of Law which may be controlling and be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable Law.

(s) If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by Law: (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Administrative Agent and the other Finance Parties in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provisions in any other jurisdiction.

Section 6.08 Counterparts; Integration; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement and the other Loan Documents constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof and thereof. This Agreement shall become effective with respect to each Guarantor when the Administrative Agent shall have received counterparts hereof signed by itself and such Guarantor. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means (e.g. "pdf" or "tif") shall be effective as delivery of an original executed counterpart of this Agreement.

Section 6.09 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 6.10 Termination. This Agreement shall terminate and have no further force or effect upon the Discharge of Finance Obligations.

Section 6.11 Conflict. To the extent that there is a conflict or inconsistency between any provision hereof, on the one hand, and any provision of the Credit Agreement, on the other hand, the Credit Agreement shall control.

Section 6.12 Effect of Amendment and Restatement. This Agreement amends and restates in its entirety the Existing Guaranty but shall not constitute a novation thereof. The Existing Guarantors hereby reaffirm their duties and obligations under the Existing Guaranty to which they are a party. Each reference to the Guaranty in the Credit Agreement shall be deemed to be a reference to the Existing Guaranty as amended and restated hereby. Each reference to the Guarantors in the Credit Agreement shall be deemed to include the Guarantors party to this Agreement.

[Signature pages follow]

Agreed to and Accepted:

CITIBANK, N.A., as Administrative Agent and a Lender

By: /s/ Michael Vondriska

Name: Michael Vondriska

Title: Vice President

Amended and Restated Guaranty Signature Page

Statement of Ratio of Earnings to Fixed Charges

<i>(In millions, except ratio)</i>	Three months ended March 31,	Years ended December 31,				
	2018	2017	2016	2015	2014	2013
Income before income taxes	\$ 327	\$ 1,535	\$ 716	\$ 590	\$ 524	\$ 986
Less: Undistributed income (loss) from equity investees	50	110	97	43	25	20
Less: Noncontrolling interest	—	—	—	16	15	81
Add: Fixed charges, excluding deferred sales inducements additions and deferred financing costs	42	2,883	1,364	785	1,931	1,131
Add: Amortization of deferred sales inducements	20	63	39	21	4	16
Add: Amortization of deferred financing costs	—	—	2	3	3	—
Earnings available for fixed charges	<u>\$ 339</u>	<u>\$ 4,371</u>	<u>\$ 2,024</u>	<u>\$ 1,340</u>	<u>\$ 2,422</u>	<u>\$ 2,032</u>
Interest expensed and capitalized	\$ 88	\$ 3,043	\$ 1,563	\$ 920	\$ 2,044	\$ 1,167
Deferred financing costs	8	—	—	—	—	8
Estimated interest component of rent expense	—	1	1	1	—	1
Fixed charges	<u>\$ 96</u>	<u>\$ 3,044</u>	<u>\$ 1,564</u>	<u>\$ 921</u>	<u>\$ 2,044</u>	<u>\$ 1,176</u>
Ratio of earnings available for fixed charges to fixed charges	3.53	1.44	1.29	1.45	1.18	1.73

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002

I, James R. Belardi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Athene Holding Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ James R. Belardi

James R. Belardi
Chairman, Chief Executive Officer and Chief Investment Officer
(principal executive officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002

I, Martin P. Klein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Athene Holding Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2018

/s/ Martin P. Klein

Martin P. Klein
Executive Vice President and Chief Financial Officer
(principal financial officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002

I, James R. Belardi, certify that Athene Holding Ltd.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Athene Holding Ltd.

Date: May 4, 2018

/s/ James R. Belardi

James R. Belardi

Chairman, Chief Executive Officer and Chief Investment Officer
(principal executive officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002

I, Martin P. Klein, certify that Athene Holding Ltd.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Athene Holding Ltd.

Date: May 4, 2018

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

(principal financial officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.