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

**FORM 10-K**

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 2019**
**or**
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**Commission File Number: 001-37963**

# ATHENE HOLDING LTD.

(Exact name of registrant as specified in its charter)

| **Bermuda** | **98-0630022** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**96 Pitts Bay Road**
**Pembroke, HM 08, Bermuda**
**(441) 279-8400**

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

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbols | Name of each exchange on which registered |
|---|---|---|
| Class A common shares, par value $0.001 per share | ATH | New York Stock Exchange |
| Depositary Shares, each representing a 1/1,000th interest in a 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Share, Series A | ATHPrA | New York Stock Exchange |
| Depositary Shares, each representing a 1/1,000th interest in a 5.625% Fixed Rate Perpetual Non-Cumulative Preference Share, Series B | ATHPrB | New York Stock Exchange |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☑

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 every Interactive Data File required to be submitted 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 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 ☐ 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 ☑

As of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant was approximately $6.4 billion. For purposes of this calculation, we define affiliates as directors, executive officers and shareholders possessing greater than 10% of our aggregate voting power. Class B and Class M common shares are excluded from this calculation.

The number of shares of each class of our common stock outstanding is set forth in the table below, as of January 31, 2020:

| | | | |
|---|---|---|---|
| Class A common shares | 143,296,155 | Class M-2 common shares | 841,011 |
| Class B common shares | 25,381,321 | Class M-3 common shares | 1,000,000 |
| Class M-1 common shares | 3,263,890 | Class M-4 common shares | 3,948,905 |

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III of this Form 10-K incorporates by reference certain information from the registrant's definitive proxy statement for the 2020 Annual General Meeting of Shareholders to be filed by the registrant with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the year ended December 31, 2019.

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*As used in this Annual Report on Form 10-K (report), 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 report 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 (Securities Act) 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 business, financial condition, results of operations, plans, strategies, objectives, future performance and other matters.

We caution you that forward-looking statements are not guarantees of future performance and that our actual consolidated financial condition, results of operations, liquidity and cash flows may differ materially from those made in or suggested by the forward-looking statements contained in this report. 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 *Item 1A. Risk Factors*. 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 and/or foreign currency 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 on 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;
- 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 Apollo Global Management, Inc. (AGM) or any of its subsidiaries (collectively, AGM together with its subsidiaries, Apollo) of its investment management agreements with us and limitations on our ability to terminate such arrangements;
- Apollo's dependence on key executives and inability to attract qualified personnel;
- the accuracy of our estimates regarding the future performance of our investment portfolio;
- 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 AHL, acquisitions by or of us, minimum capitalization and statutory reserve requirements for insurance companies and fiduciary obligations on parties who distribute our products;
- the failure to obtain or maintain licenses and/or other regulatory approvals as required for the operation of our insurance subsidiaries;
- increases in our tax liability resulting from the Base Erosion and Anti-Abuse Tax (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;
- AHL or any of its non-United States (U.S.) subsidiaries becoming subject to U.S. federal income taxation;
- adverse changes in U.S. tax law;
- our being subject to U.S. withholding tax under the Foreign Account Tax Compliance Act (FATCA);
- changes in our ability to pay dividends or make distributions;
- our failure to obtain approval of the share exchange transaction with Apollo by our shareholders or regulators;
- our failure to recognize the benefits expected to be derived from the share exchange transaction with Apollo;
- unexpected difficulties or expenditures related to the share exchange transaction with Apollo;
- the failure to achieve the economic benefits expected to be derived from the ACRA capital raise or future ACRA capital raises; and
- other risks and factors listed under *Item 1A. Risk Factors* and those discussed elsewhere in this report.

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We caution you that the important factors referenced above may not be exhaustive. 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 that this report was filed with the U.S. Securities and Exchange Commission (SEC). 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, L.P. |
| 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, now known as Apollo Insurance Solutions Group LLC |
| AARe | Athene Annuity Re Ltd., a Bermuda reinsurance subsidiary |
| ACRA | Athene Co-Invest Reinsurance Affiliate 1A Ltd., together with its subsidiaries |
| ACRA 1A | Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda reinsurance subsidiary |
| ADIP | Apollo/Athene Dedicated Investment Program |
| AGM | Apollo Global Management, Inc. |
| AHL | Athene Holding Ltd. |
| ALRe | Athene Life Re Ltd., a Bermuda reinsurance subsidiary |
| ALReI | Athene Life Re International Ltd., a Bermuda reinsurance subsidiary |
| AmeriHome | AmeriHome Mortgage Company, LLC |
| Apollo | Apollo Global Management, Inc., together with its subsidiaries |
| 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, (5) any executive officer of AGM whom AGM designates, in a written notice delivered to Athene Holding Ltd., as a member of the Apollo Group for purposes of Athene Holding Ltd.'s bye-laws and (6) any affiliate of any of the foregoing (except that Athene, Athene employees, and ISG employees are not members of the Apollo Group) |
| Athene USA | Athene USA Corporation |
| Athora | Athora Holding Ltd., formerly known as AGER Bermuda Holding Ltd. |
| BMA | Bermuda Monetary Authority |
| CoInvest Other | AAA Investments (Other), L.P. |
| CoInvest VI | AAA Investments (Co-Invest VI), L.P. |
| CoInvest VII | AAA Investments (Co-Invest VII), L.P. |
| DOL | United States Department of Labor |
| ISG | Apollo Insurance Solutions Group LLC, formerly known as Athene Asset Management LLC |
| LIMRA | Life Insurance and Market Research Association |
| MidCap | MidCap FinCo Designated Activity Company |
| NAIC | National Association of Insurance Commissioners |
| NYSDFS | New York State Department of Financial Services |
| RLI | ReliaStar Life Insurance Company |
| Treasury | United States Department of the Treasury |
| Voya | Voya Financial, Inc. |
| VIAC | Voya Insurance and Annuity Company |
| Venerable | Venerable Holdings, Inc., together with its subsidiaries |

**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. |
| 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 |
| BSCR | Bermuda Solvency Capital Requirement |
| CAL | Company action level risk-based capital as defined by the model created by the National Association of Insurance Commissioners |
| CLO | Collateralized loan obligation |
| CMBS | Commercial mortgage-backed securities |
| CML | Commercial mortgage loans |
| Cost of crediting | The interest credited to the policyholders on our fixed annuities, including, with respect to our fixed indexed annuities, option costs, as well as institutional costs related to institutional products, presented on an annualized basis for interim periods |
| Cost of funds | Cost of funds includes liability costs related to cost of crediting on both deferred annuities and institutional products, as well as other liability costs. Cost of funds is computed as the total liability costs divided by the average invested assets for the relevant period. Presented on an annualized basis for interim periods. |
| DAC | Deferred acquisition costs |
| Deferred annuities | Fixed indexed annuities, annual reset annuities, multi-year guaranteed annuities and registered index-linked 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 |
| Gross invested assets | The sum of (a) total investments on the consolidated balance sheet with available-for-sale 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). Net 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). Gross invested assets includes the entire investment balance attributable to ACRA as ACRA is 100% consolidated |
| IMA | Investment management agreement |
| IMO | Independent marketing organization |
| Investment margin on deferred annuities | 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 |

| 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 invested assets | The sum of (a) total investments on the consolidated balance sheet with available-for-sale 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). Net 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). Net invested assets includes our economic ownership of ACRA investments but does not include the investments associated with the noncontrolling interest |
| 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 |
| Net investment spread | Net investment spread measures our investment performance less the total cost of our liabilities, presented on an annualized basis for interim periods |
| Net 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. Net 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. Net 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. Net reserve liabilities is net of the reserve liabilities attributable to the ACRA noncontrolling interest |
| Other liability costs | Other liability costs include DAC, DSI and VOBA amortization, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, as well as offsets for premiums, product charges and other revenues |
| OTTI | Other-than-temporary impairment |
| Payout annuities | Annuities with a current cash payment component, which consist primarily of single premium immediate annuities, 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 |
| 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 |

# PART I

## Item 1. Business

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## Item 1. Business

### 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, which 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 provides us with access to Apollo's investment professionals around the world as well as Apollo's global asset management infrastructure across 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 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. Retirement Services has retail operations, which provide annuity retirement solutions to our policyholders. Retirement Services also has reinsurance operations, which reinsure fixed indexed annuities (FIA), multi-year guaranteed annuities (MYGA), traditional one year guarantee fixed deferred annuities, immediate annuities and institutional products from our reinsurance partners. In addition, our funding agreement activities and our pension risk transfer (PRT) operations are included in our Retirement Services segment. 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. Additionally, prior to 2018, Corporate and Other included our former German operations. In Corporate and Other we also hold strategic capital in excess of the level of capital we hold in Retirement Services to support our operating strategy.

We believe we hold a sufficient amount of capital in our Retirement Services segment to support our core operating strategies and to maintain or improve our current ratings as well as our risk appetite based on our internal capital and risk models. Our excess capital is currently allocated to our Corporate non-reportable segment and may fluctuate depending on the mix of both our assets and our liabilities as well as our growth and investment in our organic and inorganic channels. We view this excess as strategic capital, which we expect to deploy for future growth opportunities. We further expect our excess capital position to contribute to ratings improvements over time. We manage our capital to levels which we believe would remain consistent with our current ratings in a recessionary environment. In addition to the excess capital that we hold, we have untapped debt capacity and uncalled capital commitments at Athene Co-Invest Reinsurance Affiliate 1A Ltd. (ACRA 1A, and together with its subsidiaries, ACRA), each of which may be used to capitalize on future growth opportunities. See –*Capital* for further discussion.

We have developed organic and inorganic channels to address the retirement services market and grow our assets and liabilities. By focusing on the retirement services market, we believe that we will benefit from several demographic and economic trends, including the increasing number of retirees in the U.S. and the lack of tax advantaged alternatives for people trying to save for retirement. To date, most of the products that we have sold or acquired have been fixed annuities, which offer people saving for retirement a product that is tax advantaged, has a minimum guaranteed rate of return or minimum cash value and provides protection against investment loss.

Within our organic channels, we have focused on developing a diverse suite of products that allow us to meet our risk and return profiles, even in today's low rate environment. Our organic channels currently include: (1) retail, from which we provide retirement solutions to our policyholders primarily through independent marketing organizations (IMOs), banks and broker-dealers; (2) flow reinsurance, through which we partner with insurance companies to improve their product offerings and enhance their financial results; and (3) institutional, which includes funding agreements and PRT transactions. Our inorganic channel, comprised of acquisitions and block reinsurance, has contributed significantly to our growth, and we expect that it will continue to be an important source of growth in the future. We believe our internal transactions team, with support from Apollo, has an industry-leading ability to source, underwrite and expeditiously close transactions, which makes us a competitive counterparty for acquisitions and block reinsurance transactions. In conjunction with Apollo, we are able to provide bespoke solutions to insurance companies seeking to restructure their businesses. We are highly selective in the transactions we pursue, ultimately closing only those that are well aligned with our core competencies and pricing discipline.

We intend to maintain a presence within each of our distribution channels. However, we do not have any market share targets across our organization, which we believe provides us flexibility to respond to changing market conditions in one or more channels and to opportunistically grow liabilities that generate our desired levels of profitability. In a rising interest rate environment, we believe we will be able to profitably increase the volumes generated through our organic channels, while more challenging market environments may give rise to increased growth opportunities through our inorganic channel.

**Item 1. Business**

Through our efficient corporate structure and operations, we believe we have built a cost-effective platform to support our growth opportunities. We believe our fixed operating cost structure supports our ability to maintain an attractive financial profile across market environments. Additionally, we believe we have designed our platform to be highly scalable and support growth without significant incremental investment in infrastructure, which allows us to scale our business production up or down to meet demand for our products and services. As a result, we believe we will be able to convert a significant portion of our new business spread into adjusted operating income.

**Relationship with Apollo**

We have a strategic relationship with Apollo which allows us to leverage the scale of its asset management platform. In addition to co-founding the Company, Apollo assists us in identifying and capitalizing on acquisition opportunities that have been critical to our ability to significantly grow our business. We expect our strategic relationship with Apollo to continue for the foreseeable future. For purposes of our bye-laws, the Apollo Group consists of (1) Apollo, (2) the AAA Guarantor – Athene, L.P. (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, (5) any executive officer of AGM whom AGM designates, in a written notice delivered to us, as a member of the Apollo Group for purposes of AHL's Bye-laws (which designation shall remain in effect until such designee ceases to be an executive officer of AGM) and (6) any affiliate of any of the foregoing (except that none of Athene, Athene's employees or employees of Apollo Insurance Solutions Group LLC (ISG, formerly Athene Asset Management LLC (AAM)) are members of the Apollo Group). For avoidance of doubt, for purposes of our bye-laws, any person managed by AGM or by one or more of AGM's subsidiaries pursuant to a managed account agreement (or similar arrangement) without AGM or by one or more of AGM's subsidiaries controlling such person as a general partner or managing member shall not be part of the Apollo Group.

The Apollo Group currently has 45% of, and is expected to continue to have a significant portion of, the total voting power of AHL and six of our fifteen directors are employees of or consultants to Apollo, including our Chairman, Chief Executive Officer and Chief Investment Officer, who is also the Chief Executive Officer of ISG, our investment manager and a subsidiary of AGM. Further, our 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, including the interest held by the Apollo Group). See *Item 1A. Risk Factors–Risks Relating to Investment in Our Class A Common Shares–The interest of the Apollo Group, which currently controls 45% of, and is expected to continue to control a significant portion of, the total voting power of AHL and holds a number of the seats on our board of directors, may conflict with that of other shareholders and could make it more difficult for you and other shareholders to influence significant corporate decisions* and *Item 13. Certain Relationships and Related Transactions, and Director Independence*.

On October 27, 2019, we entered into a transaction agreement (Transaction Agreement) with AGM and certain of its affiliates which collectively comprise the Apollo Operating Group (AOG), pursuant to which we agreed to sell Class A common shares to the AOG in exchange for AOG units and cash (Share Exchange). We also granted to AOG and another AGM affiliate certain other rights, including the right to purchase additional Class A common shares at a later time, subject to certain conditions. Further, in connection with the transaction, certain of our executive officers entered into a voting agreement, pursuant to which such executive officers irrevocably appointed an AGM affiliate as their proxy and attorney-in-fact to vote all of their Class A common shares at any meeting of our shareholders or in connection with any written consent of our shareholders following the closing of the transaction. Completion of the Share Exchange and associated transactions is expected to result in the elimination of our multi-class common share structure and better alignment of Apollo's voting rights with its economic interests. See *Note 14 – Related Parties – Other Related Party Transactions – Apollo Share Exchange and Related Transactions* to the consolidated financial statements for further discussion.

**Item 1. Business**

**Growth Strategy**

The key components of our long-term growth strategy are as follows:

- **Expand Our Organic Distribution Channels.** We plan to grow organically by expanding our retail, flow reinsurance and institutional distribution channels. These organic channels generally allow us to adjust our product mix to originate liabilities that meet our return targets in diverse market environments.

  We expect our retail channel to continue to benefit from our improving credit profile, strong financial position, suite of capital efficient products and product design capabilities. We believe that this should support growth in sales at our desired cost of crediting through increased volumes in each of our existing retail channels, including via expanding our small to mid-sized bank and broker-dealer network. However, we do not seek to achieve volume growth at the expense of profitability. As a result, we respond to adjust our retail pricing more rapidly for changes in asset yields than do many of our peers. In an economic environment characterized by declining asset yields, our products may be less competitive than those of our peers and in the short-term, we may experience reduced sales volumes.

  Within 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 expect our improving credit profile and growing reputation as a valuable reinsurance counterparty will enable us to attract additional flow reinsurance partners. Similar to our retail channel, we do not seek to achieve volume growth at the expense of profitability and therefore tend to respond rapidly to adjust our pricing for changes in asset yields than do many of our peers.

  We expect to grow our institutional channel by continuing to engage in opportunistic issuances of funding agreements and pursuing additional PRT transactions. We believe that our demonstrated ability to create customized solutions for PRT counterparties seeking to reduce or eliminate their exposure to pension obligations will continue to drive the positive momentum that we have seen in this channel. In addition, through the use of reinsurance arrangements, we believe that we will be able to provide similar PRT solutions to the significant PRT market that exists in the United Kingdom (UK), thereby accelerating our growth in this channel. In December 2019, we signed our inaugural UK PRT reinsurance arrangement, pursuant to which we reinsured $818 million in UK PRT obligations.

- **Pursue Attractive Inorganic Growth Opportunities.** We plan to continue leveraging our expertise in sourcing and evaluating inorganic transactions to grow our business profitably. From our founding through December 31, 2019, we have grown to total assets of $146.9 billion, primarily through acquisitions and block reinsurance transactions. We believe that our demonstrated ability to successfully consummate complex transactions, as well as our relationship with Apollo, provides us with distinct advantages relative to other acquisition and block reinsurance counterparty candidates. Furthermore, we have achieved sufficient scale to provide meaningful operational synergies for the businesses and blocks of business that we acquire and reinsure, respectively. Consequently, we believe we are often sought out by companies looking to restructure their businesses.

- **Expand Our Product Offering.** We seek to build products that meet our policyholders' retirement savings objectives, such as accumulation, income and legacy planning. Our products are customized for each of the retail channels through which we distribute, including IMOs, banks and independent broker dealers, and represent innovative solutions that meet the needs of policyholders in each of these channels. We continue to release updated or new products to meet the evolving needs of policyholders. To further provide innovative solutions to policyholders, in 2019 we launched our first registered product, Amplify, an index-linked product that offers policyholders an opportunity to participate in increases in equity market indices to a greater degree than was previously available within our product portfolio, in exchange for limited risk of loss to principal due to decreases in such equity market indices. Unlike more traditional deferred annuities, as a registered product, Amplify will only be distributed through registered financial representatives, broker dealers and banks.

- **Leverage Our Unique Relationship with Apollo.** We intend to continue leveraging our unique relationship with Apollo to source high-quality assets with attractive risk-adjusted returns. Apollo's global scale and reach provide us with broad market access across environments and geographies and allow us to actively source assets that exhibit our preferred risk and return characteristics. For example, through our relationship with Apollo, we have access to, or the ability to partner with, Apollo's portfolio of origination platforms, which provides us assets with higher spreads than those available in the public markets. See *–Investment Management* for more information regarding Apollo's origination platforms.

  Our relationship with Apollo also allows us to offer creative solutions to insurance companies seeking to restructure their businesses and may enable us source additional volumes of attractively-priced liabilities. For example, in December 2017 a consortium of investors, led by affiliates of Apollo, and certain other investors including us, agreed to purchase Voya Insurance and Annuity Company (VIAC), including its closed block variable annuity segment. In connection with this transaction, we reinsured $19 billion of fixed annuities. These transactions provided Voya Financial, Inc. (Voya) with a comprehensive solution to its variable annuity exposure, while providing us with a substantial block of fixed annuities, which are well aligned with our core business, without requiring that we acquire Voya's variable annuity business.

**Item 1. Business**

Finally, our relationship with Apollo has provided us with access to on-demand capital through ACRA. We believe that this capital will be instrumental to executing our growth strategy. See –*Capital* for additional information regarding ACRA.

- **Allocate Assets during Market Dislocations.** As we have done successfully in the past, we plan to fully capitalize on future market dislocations to opportunistically reposition our portfolio to capture incremental yield. For example, regulatory changes in the wake of the financial crisis have made it more expensive for banks and other traditional lenders to hold certain illiquid and complex assets, notwithstanding the fact that these assets may have prudent credit characteristics. The repressed demand for these asset classes has provided opportunities for investors to acquire high-quality assets that offer attractive returns. For example, we see emerging opportunities as banks retreat from direct mortgage lending, structured and asset-backed products, and middle-market commercial loans. We intend to maintain a flexible approach to asset allocation, which will allow us to act quickly on similar opportunities that may arise in the future across a wide variety of asset types.

- **Maintain Risk Management Discipline.** Our risk management strategy is to proactively manage our exposure to risks associated with interest rate duration, credit risk and structural complexity of our invested assets. We address interest rate duration and liquidity risks by managing the duration of the liabilities we source with the assets we acquire through asset liability management (ALM) modeling. We assess credit risk by modeling our liquidity and capital under a range of stress scenarios. We manage the risks related to the structural complexity of our invested assets through Apollo's modeling efforts. The goal of our risk management discipline is to be able to continue to grow and achieve profitable results across various market environments. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* for additional information.

**Products**

We principally offer two product lines: annuities and funding agreements. Our primary product line is annuities and includes fixed, payout and group annuities issued in connection with PRT transactions. We also offer funding agreements, including those issued to institutions and to a special-purpose unaffiliated trust in connection with our funding agreement backed notes (FABN) program. The following summarizes our total premiums and deposits by product:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Annuities | | | |
| Fixed indexed | $ 7,304 | $ 29,973 | $ 5,480 |
| Fixed rate | 3,192 | 5,501 | 873 |
| Payout | 624 | 1,362 | 129 |
| Group annuities – PRT | 6,049 | 2,581 | 2,249 |
| Total annuities products | 17,169 | 39,417 | 8,731 |
| Funding agreements | 1,301 | 650 | 3,054 |
| Life and other (excluding German products) | 37 | 58 | 84 |
| German products | — | — | 203 |
| Gross premiums and deposits, net of ceded | 18,507 | 40,125 | 12,072 |
| Premiums and deposits attributable to ACRA noncontrolling interests | (544) | — | — |
| Net premiums and deposits, net of ceded and noncontrolling interests | $ 17,963 | $ 40,125 | $ 12,072 |

Gross premiums and deposits are comprised of all products deposits, which generally are not included in revenues on the consolidated statements of income, and premiums collected. Gross premiums and deposits include directly written business, flow reinsurance assumed as well as premiums and deposits generated from assumed block reinsurance transactions, net of those ceded through reinsurance. Net premiums and deposits includes premiums and deposits associated with our proportionate share of ACRA premiums and deposits, based on our economic ownership, but does not include the proportionate share associated with the noncontrolling interest. Organic and inorganic deposits do not correspond to the gross premiums and deposits presented above as gross premiums and deposits includes renewal deposits, annuitizations, as well as premiums and deposits from life and other products other than deferred annuities and institutional products, all of which are not included in our organic deposits.

Reserve liabilities represents our policyholder liability obligations, including liabilities assumed through reinsurance and net of liabilities ceded through reinsurance, and therefore does not correspond to interest sensitive contract liabilities, future policy benefits, dividends payable to policyholders and other policy claims and benefits as disclosed on our consolidated balance sheets. Reserve liabilities includes the reserves related to assumed modified coinsurance (modco) and funds withheld agreements to encompass the liabilities for which costs are being recognized in the consolidated statements of income. Reserve liabilities is net of the ceded liabilities to third-party reinsurers as the costs of those 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. Reserve liabilities include our proportionate share of ACRA reserve liabilities, based on our economic ownership, but does not include the proportionate share of reserve liabilities associated with the noncontrolling interest.

The following summarizes our reserve liabilities by product:

| (In millions, except percentages) | December 31, 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| Annuities | | | | | | |
| Fixed indexed | $ | 73,346 | 64.0% | $ | 73,224 | 68.0% |
| Fixed rate | | 19,481 | 17.0% | | 17,802 | 16.5% |
| Group annuities – PRT | | 8,230 | 7.2% | | 4,710 | 4.4% |
| Payout | | 6,383 | 5.6% | | 6,009 | 5.6% |
| Total annuities products | | 107,440 | 93.8% | | 101,745 | 94.5% |
| Funding agreements | | 5,107 | 4.4% | | 3,826 | 3.5% |
| Life and other | | 2,105 | 1.8% | | 2,161 | 2.0% |
| Total reserve liabilities | $ | 114,652 | 100.0% | $ | 107,732 | 100.0% |

***Annuities***

We offer deferred and payout annuities, which are focused on meeting the needs and objectives of people preparing for, approaching or living in retirement. The combination of financial strength, innovative product design and an effective sales strategy enables us to compete successfully in the market and meet the evolving needs of the rapidly growing population of retirees.

*Fixed Indexed Annuities*

The majority of our reserve liabilities are FIAs. An FIA is a type of insurance contract in which the policyholder makes one or more premium deposits which earn interest, on a tax deferred basis, at a crediting rate based on a specified market index. The policyholder is entitled to receive periodic or lump sum payments a specified number of years after the contract is issued. FIAs allow policyholders the possibility of earning interest without significant risk to principal, unless the contract is surrendered during a surrender charge period. A market index tracks the performance of a specific group of stocks or other assets representing a particular segment of the market, or in some cases, an entire market. Our FIAs include a provision for a minimum guaranteed surrender value calculated in accordance with applicable law, as well as death benefits as required by non-forfeiture regulations. We generally buy options on the indices to which the FIAs are tied to hedge the associated market risk. The cost of the option is priced into the overall economics of the product as an option budget.

The value to the policyholder of an FIA contract is equal to the sum of premiums paid, premium bonuses, if any, and index credits based on the change in the relevant market index, subject to a cap (a maximum rate that may be credited), spread (a credited rate determined by deducting a specific rate from the index return) and/or a participation rate (a credited rate equal to a percentage of the index return), less any fees for riders. Caps on our FIA products generally range from 2.0% to 6.0% when measured annually and 0.5% to 2.5% when measured monthly. Participation rates generally range from 25% to 150% of the performance of the applicable market index. Caps, spreads and participation rates can typically be reset no more frequently than annually, and in some instances no more frequently than every two to four years, at the relevant U.S. insurance subsidiary's discretion, subject to stated policy minimums. Certain riders provide a variety of benefits, such as lifetime income or additional liquidity, for a set charge. As this charge is fixed, the policyholder may lose principal if the index credits received do not exceed the amount of such charge.

We generate income on FIA products by earning an investment margin, which is based on the difference between (1) income earned on the investments supporting the liabilities and (2) the interest credited to customers and the cost of providing guarantees (net of rider fees).

*Registered Index-Linked Annuities*

A registered index-linked annuity (RILA) is similar to an FIA in that it offers the policyholder the opportunity for tax-deferred growth based in part on the performance of a market index. Compared to an FIA, a RILA has the potential for higher returns but also has the potential limited risk of loss to principal and related earnings. A RILA provides the ability for the policyholder to participate in the positive performance of certain market indices during a term, limited by a cap or adjusted for a participation rate. Negative performance of the market indices during a term can result in negative policyholder returns. Downside protection is typically provided in the form of either a "buffer" or a "floor" to limit the policyholder's exposure to market loss. A "buffer" is protection from negative exposure up to a certain percentage, typically 10 or 20 percent. A "floor" is protection from negative exposure less than a stated percentage (i.e., the policyholder risks exposure of loss up to the "floor," but is protected against any loss in excess of this amount).

**Item 1. Business**

*Fixed Rate Annuities*

Fixed rate annuities include annual reset annuities and MYGAs. Unlike FIAs, fixed rate annuities earn interest at a set rate (or declared crediting rate), rather than a rate that may vary based on an index. Fixed rate annual reset annuities have a crediting rate that is typically guaranteed for one year. After such period, we have the ability to change the crediting rate at our discretion, generally once annually, to any rate at or above a guaranteed minimum rate. MYGAs are similar to annual reset annuities except that the initial crediting rate is guaranteed for a specified number of years, rather than just one year, before it may be changed at our discretion. After the initial crediting period, MYGAs can generally be reset annually. As of December 31, 2019, crediting rates on outstanding annual reset annuities ranged from 1% to 6% and crediting rates on outstanding MYGAs ranged from 1% to 6%. As of December 31, 2019, 41% of our fixed rate annuities were set at the guaranteed minimum crediting rate.

*Income Riders to Fixed Annuity Products*

We broadly characterize the income riders on our deferred annuities as either guaranteed or participating. Guaranteed income riders provide policyholders with a guaranteed lifetime withdrawal benefit (GLWB), the amount of which is determined based upon the age of the policyholder when the policy is purchased and when the lifetime income is elected. Riders providing GLWB features permit policyholders to elect to receive guaranteed payments for life from their contract without having to annuitize their policies, which provides policyholders with greater flexibility in the future. Participating income riders tend to have lower levels of guaranteed income than guaranteed income riders, but provide policyholders the opportunity to receive greater levels of income if the policies' indexed crediting strategies perform well.

Income riders, particularly on FIAs, have become very popular among policyholders. The Life Insurance and Market Research Association (LIMRA) estimates that 53% of FIA premium for the nine months ended September 30, 2019 (the most recent period that specific market share data is currently available) included an income rider. Much of our in-force block of deferred annuities contains policies with income riders, which were sourced through retail and reinsurance operations as well as acquisitions, such as the substantial block of these policies acquired with Aviva USA Corporation (Aviva USA). Many of our in-force deferred annuities contain policies that provide GLWB. As of December 31, 2019, approximately 42% of our deferred annuities account value have rider benefits and the reserve associated with the rider benefits was 10.9% of the related account value. Of the deferred annuities sourced through our retail and flow reinsurance channels, for the year ended December 31, 2019, 14% contained participating income riders and 12% contained guaranteed income riders.

*Withdrawal Options for Deferred Annuities*

After the first year following the issuance of a deferred annuity, the policyholder is typically permitted to make withdrawals up to 5% or 10% (depending on the contract) of the prior year's value without a surrender charge or market value adjustment (MVA), subject to certain limitations. Withdrawals in excess of the allowable amounts are assessed a surrender charge and MVA if such withdrawals are made during the surrender charge period of the policy. The surrender charge of most of our products is typically between 8% and 18% of the contract value at contract inception and generally decreases by approximately one percentage point per year during the surrender charge period. The surrender charge period of our most popular products ranges from 3 to 20 years. The average surrender charge (excluding the impact of MVAs) is 6% for our deferred annuities as of December 31, 2019.

At maturity, the policyholder may elect to receive proceeds in the form of a single payment or an annuity. If the annuity option is selected, the policyholder will receive a series of payments either over the policyholder's lifetime or over a fixed number of years, depending upon the terms of the contract. Some contracts permit annuitization prior to maturity. In addition to the foregoing rights, a policyholder may also elect to purchase a guaranteed minimum withdrawal benefit rider which provides the policyholder with a guaranteed minimum withdrawal benefit for the life of the contract.

*Payout Annuities*

Payout annuities primarily consist of single premium immediate annuities (SPIA), supplemental contracts and structured settlements. Payout annuities provide a series of periodic payments for a fixed period of time or for the life of the policyholder, based upon the policyholder's election at the time of issuance. The amounts, frequency and length of time of the payments are fixed at the outset of the annuity contract. SPIAs are often purchased by persons at or near retirement age who desire a steady stream of payments over a future period of years. Supplemental contracts are typically created upon the conversion of a death claim or the annuitization of a deferred annuity. Structured settlements generally relate to legal settlements.

*Group Annuities*

PRT transactions usually involve a single premium group annuity contract issued to discharge certain pension plan liabilities. The group annuities that we issue are nonparticipating contracts. The assets supporting the guaranteed benefits for each contract may be held in a separate account. Group annuity benefits may be purchased for current, retired and/or terminated employees and their beneficiaries covered under terminating or continuing pension plans. Both immediate and deferred annuity certificates may be issued pursuant to a single group annuity contract. Immediate annuity certificates cover those retirees and beneficiaries currently receiving payments, whereas deferred annuity certificates cover those participants who have not yet begun receiving benefit payments. Immediate annuity certificates have no cash surrender rights, whereas deferred annuity certificates may include an election to receive a lump sum payment, exercisable by the participant upon either the participant achieving a specified age or the occurrence of a specified event, such as termination of the participant's employment.

A PRT transaction may be structured as a buyout or buy-in transaction. A buyout transaction involves the issuance by an insurer of a group annuity contract to the plan sponsor and individual annuity certificates to each plan participant, resulting in the transfer of the contractual obligation to pay pension benefits from the plan sponsor to the insurer. A buyout transaction may be a full buyout or a partial buyout. A full buyout covers all obligations outstanding under the plan and involves the termination of the plan, whereas, a partial buyout covers benefits for a subset of the plan population with the remaining plan participants continuing with the plan sponsor. A partial buyout may or may not involve a plan termination. A buy-in similarly involves the issuance of a group annuity contract to the plan sponsor, but the plan sponsor retains the contractual obligation to pay pension benefits to the plan participants and receives reimbursement from the insurer for those payments related to plan participants covered by the group annuity contract. The buy-in group annuity contract is considered a plan asset. A PRT transaction structured as a buy-in includes an option to convert to buyout at the election of the plan sponsor. Generally, a buy-in structure is selected when the plan sponsor seeks to eliminate risk but is not yet prepared to terminate the plan or recognize any adverse accounting impact that may accompany a plan termination. A buy-in contract may be surrendered at the election of the plan sponsor, subject to certain conditions, resulting in a refund to the plan sponsor in an amount determined in accordance with the group annuity contract.

We earn income on group annuities based upon the spread between the return on the assets received in connection with the PRT transaction and the cost of the pension obligations assumed. Group annuities expose us to longevity risk, which would be realized if plan participants live longer than assumed in underwriting the transaction, resulting in aggregate payments that exceed our expectations.

***Funding Agreements***

We focus on opportunistically issuing funding agreements at attractive risk-adjusted funding costs to institutional investors. Funding agreements are negotiated privately between an investor and an insurance company. They are designed to provide an agreement holder with a guaranteed return of principal and periodic interest payments, while offering competitive yields and predictable returns. The interest rate can be fixed or floating. If the interest rate is a floating rate, it may be linked to the London Interbank Offered Rate (LIBOR), the federal funds rate or other major index. See *Item 1A. Risk Factors–Risks Relating to Our Business–Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021 may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.*

***Life and Other (Excluding German Products)***

Life and other products include other retail products, including run-off or ceded business, statutory closed blocks and ceded life insurance.

***German Products***

Prior to the deconsolidation of Athora Holding Ltd. (together with its subsidiaries, Athora) as discussed below, German products included annuity, life insurance and unit-linked products. The primary German product type was endowment policies, which were traditional German life insurance policies that included legally guaranteed interest, the right of policyholders to participate in certain portions of results and a death benefit.

*Athora Deconsolidation*

Prior to January 1, 2018, Athora was a wholly-owned subsidiary of AHL. In order to fully capitalize on the opportunity presented by the European market, Athora raised capital as part of a private offering of its equity securities. In April 2017, Athora entered into subscription agreements pursuant to which Athora secured commitments to purchase new common shares in Athora (Athora Offering). On January 1, 2018, the Athora Offering closed and Athora called capital from all of its investors, excluding us. In connection with the closing of Athora Offering, our equity interest in Athora was exchanged for new common shares of Athora and our interest in Athora was reduced. As of December 31, 2019, we held 10% of the aggregate voting power of and 16% of the economic interest in Athora. Our interest in Athora is held as a related party investment rather than as a consolidated subsidiary.

We have a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, we have the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora's reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to 20% of the liabilities ceded from a third party to any of Athora's insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora's liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora's insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary's total assets, (3) we provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides us and our subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK.

**Item 1. Business**

**Distribution Channels**

We have developed four dedicated distribution channels: retail, flow reinsurance, institutional and acquisitions and block reinsurance, which support opportunistic origination across differing market environments. Additionally, we believe these distribution channels enable us to achieve stable asset growth while maintaining attractive returns.

We are diligent in setting our return targets based on market conditions and risks inherent in the products we offer and in the acquisition or block reinsurance transactions we pursue. Generally, we target mid-teen returns for sources of organic growth and mid-teen or higher returns for sources of inorganic growth. However, 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 in a product or transaction create return profiles that are not acceptable to us, we generally will not sacrifice our profitability merely to facilitate growth.

***Retail***

We have built a scalable platform that allows us to originate and rapidly grow our business in deferred annuity products despite today's low interest rate environment. We have developed a suite of retirement savings products, distributed through our network of approximately 50 IMOs; approximately 48,000 independent agents in all 50 states; and our growing network of 13 small and mid-sized banks and 90 regional broker-dealers. We are focused in every aspect of our retail channel on providing high quality products and service to our policyholders and maintaining appropriate financial protection over the life of their policies.

***Flow Reinsurance***

Reinsurance is an arrangement under which an insurance company, the reinsurer, agrees to indemnify another insurance company, the ceding company or cedant, for all or a portion of the insurance risks underwritten by the ceding company. Reinsurance is designed to (1) reduce the net amount at risk on individual risks, thereby enabling the ceding company to increase the volume of business it can underwrite, as well as increase the maximum risk it can underwrite on a single risk, (2) stabilize operating results by reducing volatility in the ceding company's loss experience, (3) assist the ceding company in meeting applicable regulatory requirements and (4) enhance the ceding company's financial strength and surplus position.

Within our flow reinsurance channel, we generally conduct third-party flow reinsurance transactions through our subsidiary, Athene Life Re Ltd. (ALRe). As a fixed annuity reinsurer, ALRe partners with insurance companies to develop solutions to their capital requirements, enhance their presence in the retirement market and improve their financial results. The specific liabilities that ALRe targets to reinsure include FIAs, MYGAs, traditional one-year guarantee fixed deferred annuities, immediate annuities and institutional products. ALRe only targets 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. For various transaction-related reasons, from time to time, our U.S. insurance subsidiaries, in particular Athene Annuity & Life Assurance Company (AADE), will reinsure business from third-party ceding companies. In these instances, the respective U.S. insurance subsidiary will generally retrocede a portion of the reinsured business to Athene Annuity Re Ltd. (AARe) or ALRe.

As of December 31, 2019, we had on-going flow reinsurance and retrocession agreements involving 12 third-party cedants, for a quota share of such cedants' new deposits, including both FIAs and MYGAs.

***Institutional***

*Funding Agreements*

We participate in an FABN program through which we may issue funding agreements to a special-purpose trust that issues marketable medium-term notes. The notes are underwritten and marketed by major investment banks' broker-dealer operations and are sold to institutional investors. The proceeds of the issuance of notes are used by the trust to purchase one or more funding agreements from us with matching interest and maturity payment terms. We are also a member of the Federal Home Loan Bank (FHLB) and we have issued funding agreements to the FHLB in exchange for cash advances. The following represents the aggregate principal amount of funding agreement deposits:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| FABN | $ 1,001 | $ — | $ 2,750 |
| FHLB | 300 | 650 | 250 |
| Total funding agreement deposits | $ 1,301 | $ 650 | $ 3,000 |

As of December 31, 2019, we had funding agreements of $3.7 billion outstanding under our FABN program and $1.2 billion outstanding with the FHLB. As of February 20, 2020, we had $5.4 billion of capacity remaining under our FABN program.

**Item 1. Business**

*Pension Risk Transfer*

Through PRT, we partner with institutions seeking to transfer and thereby reduce their obligation to pay future pension benefits to retirees and deferred participants. We have built an experienced team and continue to enhance our capabilities in this channel by, among other things, expanding into the deferred liability segment, offering a buy-in product and expanding into the UK market by reinsuring the PRT obligations of UK counterparties through our subsidiary Athene Life Re International Ltd. (ALReI). We work with advisors, brokers and consultants to source PRT transactions and design solutions that meet the needs of prospective PRT counterparties. In the U.S., we are focused on medium- and large-sized deals involving retirees and/or deferred participants that are structured as either a buyout or a buy-in transaction. In the UK, we are focused on reinsuring direct writers of medium- and large-sized deals involving retirees and/or deferred participants that are structured as PRT transactions. We entered the PRT channel during 2017 and from our entry through the year ended December 31, 2019, we had closed 16 deals involving more than 168,000 plan participants resulting in the issuance of group annuities and entry into UK PRT reinsurance arrangements in the aggregate principal amount of $10.9 billion.

We believe we have established ourselves as a trusted PRT solutions provider and expect that our experience in crafting customized PRT solutions and our improving credit profile will enable us to continue to source and execute PRT transactions. Our ability to design tailored solutions that meet the needs of our PRT counterparties was highlighted in our landmark transaction with Bristol-Myers Squibb Company (Bristol-Myers), which closed in August of 2019. Pursuant to that transaction, we provided Bristol-Myers with an innovative solution to facilitate the complete termination of its pension plan. This innovative solution involved us agreeing to provide a group annuity contract covering all obligations that remained after certain plan participants exercised their right to receive a lump sum payment in July 2019. The resulting group annuity contract covered $2.6 billion of remaining pension obligations. Further, we demonstrated our ability to deliver upon our value proposition in the UK market through our inaugural UK PRT reinsurance arrangement, pursuant to which we reinsured approximately $818 million in UK PRT obligations.

***Acquisitions and Block Reinsurance***

*Acquisitions*

Acquisitions are an important source of growth in our business. We have a proven ability to acquire businesses in complex transactions at terms favorable to us, manage the liabilities that we acquire and reinvest the associated assets. Through December 31, 2019, we have closed four acquisition transactions in the U.S.: Liberty Life Insurance Corporation (Liberty Life), Investors Insurance Corporation, Presidential Life Corporation and Aviva USA; and one acquisition transaction internationally: Delta Lloyd Deutschland AG (DLD); collectively representing reserve liabilities backed by approximately $65.9 billion in total assets (net of $9.3 billion in assets ceded through reinsurance).

The acquisition of Aviva USA marked a significant milestone in our history. As a result of the acquisition we grew to approximately four times our size immediately prior to the acquisition (as measured by total assets). The acquisition significantly enhanced our retail channel, increased our scale, improved our infrastructure and further demonstrated our integration abilities, in this case having successfully integrated a company with a significantly larger employee headcount and IT and operational footprint.

We plan to continue leveraging our expertise in sourcing and evaluating transactions to profitably grow our business. We believe our demonstrated ability to source transactions, consummate complex transactions and reinvest assets into higher yielding investments as well as our relationship with Apollo and access to capital provide us with distinct advantages relative to other acquisition candidates.

*Block Reinsurance*

Through block reinsurance transactions, we partner with life and annuity companies to decrease their exposure to one or more products or to divest of lower-margin or non-core segments of their businesses. Unlike acquisitions in which we must acquire the assets or stock of a target company, block reinsurance allows us to contractually assume assets and liabilities associated with a certain book of business. In doing so, we contractually assume responsibility for only that portion of the business that we deem desirable, without assuming additional liabilities. The benefit of the block reinsurance structure was highlighted in the transaction with Voya, pursuant to which we reinsured $19 billion in fixed annuities without assuming any of Voya’s variable annuities.

## Item 1. Business

### Investment Management

Investment activities are an integral part of our business and our net investment income is a significant component of our total revenues. Our investment philosophy is to invest a portion of our assets in securities that earn us incremental yield by taking liquidity risk and complexity risk and capitalizing on our long-dated and persistent liability profile to prudently achieve higher net investment earned rates, rather than assuming solely credit risk. A cornerstone of our investment philosophy is that given the operating leverage inherent in our business, modest investment outperformance can translate to outsized return performance. For example, if we generate investment returns that exceed those of our peers by 40 basis points (net of fees), we would expect our return on equity (ROE) to exceed those of our peers by approximately 400 basis points or more, assuming consistent operating leverage of approximately 10 times. Because we have remained disciplined in underwriting attractively priced liabilities, we have the ability to invest in a broad range of high-quality assets to generate attractive earnings.

Our differentiated investment strategy benefits from our strategic relationship with Apollo, which 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. Apollo provides portfolio management services for substantially all of our net invested assets.

We are downside focused and our asset allocations reflect the results of stress testing. Additionally, we establish risk thresholds which in turn define risk tolerance across a wide range of factors, including credit risk, liquidity risk, concentration risk and caps on specific asset classes. We protect against rising interest rates, as our assets are generally shorter in effective duration than our liabilities, resulting in a risk profile that we believe could sustain substantial increases in interest rates over and above what is implied by current futures markets without sustaining net losses.

Apollo's investment team and credit portfolio managers employ their deep experience to assist us in sourcing and underwriting complex asset classes. Apollo 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 interest rate-sensitive investments, including collateralized loan obligations (CLO), non-agency residential mortgage-backed securities (RMBS) and various types of structured products. These asset classes permit us to earn incremental yield by assuming liquidity risk and complexity risk, rather than assuming solely credit risk.

Apollo sources assets for our investment portfolio based upon the unique characteristics of our business, including desired asset allocation and risk tolerance, and with regard to the ever-changing macroeconomic environment in which we operate. In recent years, we and Apollo have recognized that a heightened demand for investment grade marketable securities has placed substantial downward pressure on credit spreads of such securities, which adversely impacts the returns we are able to achieve on new investment purchases. Rather than increase our allocation to higher risk securities to increase yields, we have decided with Apollo to pursue the direct origination of high-quality, predominantly senior secured assets, which possess greater alpha-generating qualities than securities that would otherwise be readily available in public markets.

We believe that a greater focus on direct origination will afford us both quantitative and qualitative advantages, including eliminating the cost of intermediaries, recognizing an illiquidity premium, having direct access to diligence and having greater control over the terms of the investment. Furthermore, we believe that direct origination will often provide us with the flexibility to choose the location of the capital structure in which we invest, affording us the opportunity to select the risk/return profile that we deem optimal. By capitalizing on these advantages, we seek to increase yields on our investment portfolio while maintaining investment discipline and limiting our exposure to assets with sub-optimal risk/return characteristics. Investing in directly originated assets comports well with our investment philosophy of earning incremental spread by taking liquidity and complexity risk, rather than taking excessive credit risk.

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**Item 1. Business**

We and Apollo have made and are continuing to make significant investments in establishing a portfolio of asset origination platforms and investment teams across a variety of asset classes. The asset origination platforms that Apollo currently controls and/or operates and a brief description of each follows.

| | |
|---|---|
| midcap FINANCIAL LLC | 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. |
| AmeriHome mortgage | 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. |
| MERX AVIATION | Merx Aviation is a global aircraft leasing, management and finance company based in New York and Dublin. Merx has an open mandate to invest in aviation assets, with full flexibility across the spectrum of investment scale, duration, asset type, asset age and structure. Merx targets investment opportunities that provide attractive risk-adjusted returns with downside protection from the underlying aircraft metal value and collateral package. Merx sources proprietary deal flow from its extensive aviation relationship network, composed of other lessors, airlines, private equity firms, hedge funds, aircraft asset managers, part-out shops, and original equipment manufacturers. Merx leverages its operational expertise across marketing, technical, legal, finance, and portfolio management functions to ensure performance across its owned and managed portfolio. |
| APOLLO Net Lease Co. | Apollo Net Lease Co. is a net lease origination platform focused on the acquisition of operationally-essential, triple net lease real estate assets located throughout the U.S. and is an indirect subsidiary of AGM. The platform sources, underwrites, structures and actively manages net lease real estate assets diversified by both geography and tenancy on behalf of Athene. Apollo Net Lease Co. provides access to a diverse asset base through its experienced management team and fully integrated origination platform. |
| Haydock Finance | Haydock Finance is an established lender focused on providing lease finance to UK-based small and medium-sized enterprises backed by business-critical hard assets. Collateral includes, among others, commercial vehicles, industrial plant & machinery and agricultural equipment. By nature of the agreements, the portfolio is granular and has a short weighted average life. For distribution, Haydock relies on a panel of approved brokers and direct sales. |
| RRAM REDDING RIDGE ASSET MANAGEMENT | Redding Ridge Asset Management (Redding Ridge) is a registered investment advisor specializing in leveraged loans and global CLO management. Redding Ridge's primary business consists of acting as collateral manager for CLO transactions and related warehouse facilities and as holder of CLO Retention interests in both U.S. and Europe. Redding Ridge was established and seeded by AGM in response to risk retention regulations. The firm is strategically positioned with access to significant CLO management and structuring expertise, industry contacts and investor relationships. Pursuant to various service agreements with AGM, Redding Ridge is supported by top tier credit research, credit risk management, credit trading platform and other corporate / administrative services. |
| PK Air | PK AirFinance is a leading provider and arranger of loans secured by commercial aircraft, aircraft engines and helicopters. PK AirFinance has comprehensive origination, underwriting, and syndication lending capabilities across products and geographies. PK AirFinance's customer base includes airlines, aircraft traders, lessors, investors and financial institutions with product expertise spanning senior secured loans, finance leases, conditional sales, loan participations, pre-delivery payment loans, and bridge loans. PK AirFinance maintains a global footprint with extensive experience in attractive emerging markets that are not core for some traditional banks. PK AirFinance employs a differentiated, asset-focused underwriting approach underpinned by EDGE (data analytics tool) and supplemented by credit underwriting and cash flow analysis. |

**Item 1. Business**

We opportunistically allocate 5–10% of our portfolio to alternative investments where we primarily focus on fixed income-like, cash flow-based investments. Our alternative investment strategy is inherently opportunistic rather than being derived from allocating a fixed percentage of assets to the asset class and the strategy is subject to internal concentration limits. Individual alternative investments are selected based on the investment's risk-reward profile, incremental effect on diversification and potential for attractive returns due to sector and/or market dislocations. We have a strong preference for alternative investments 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 we believe have less downside risk. In general, we target returns for alternative investments of 10% or higher on an internal rate of return basis over the expected lives of such investments.

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, commercial mortgage-backed securities (CMBS), CLO, commercial mortgage whole loans and mezzanine loans and alternative investments. We also set credit risk limits for exposure to a single issuer that vary based on ratings. In addition, our asset portfolio is constrained by its scenario-based capital ratio limit and its stressed liquidity limit.

## Capital

As discussed previously in –*Growth Strategy*, we seek to achieve profitable growth that maximizes shareholder value. Executing on our growth strategy requires that we have access to adequate amounts of capital. Our deployable capital and uses thereof are set forth below.

***Deployable Capital***

Our deployable capital is comprised of capital from three sources: excess equity capital, untapped debt capacity and uncalled capital commitments from ACRA. As of December 31, 2019, we believe that we have over $6.7 billion in total excess equity capital, untapped debt capacity and uncalled ACRA commitments available to be deployed, subject, in the case of debt capacity, to market conditions and general availability.

*Excess Equity Capital*

Capital in excess of the amount required to support our core operating strategies is considered excess equity capital. The amount of capital required to support our core operating strategies is determined based upon internal modeling and analysis of economic risk and also reflects rating agencies capital model inputs and NAIC risk-based capital (RBC) requirements. As of December 31, 2019, this was consistent with an RBC ratio of approximately 370%. As of December 31, 2019, we held approximately $2.0 billion in excess equity capital.

*Debt Capacity*

As of December 31, 2019, our debt to capital ratio was 9.9% and our adjusted debt to capital ratio was 12.1%. Based upon an estimated peer average adjusted debt to capital ratio of approximately 25%, we believe that we have approximately $2.1 billion in untapped debt capacity that could be drawn, assuming favorable market conditions and general availability. Additionally, we expect to repay the $475 million of short-term borrowings in early 2020.

*ACRA*

ACRA 1A was initially formed as a wholly owned subsidiary of ALRe with the objective of raising third-party capital for the purpose of pursuing inorganic transactions, PRT transactions and certain flow reinsurance transactions (collectively, Qualifying Transactions). On September 11, 2019, ALRe entered into a framework agreement (Framework Agreement) with ACRA, in connection with which ACRA received capital commitments from ALRe and certain funds managed by AGM referred to collectively as the Apollo/Athene Dedicated Investment Program (ADIP).

On October 1, 2019, ALRe sold 67% of its economic interests in ACRA to ADIP for $575 million. The shares held by ADIP are non-voting. The shares held by ALRe represent 100% of the voting power and 33% of the economic interests in ACRA. In connection with the sale of ACRA economic interests to ADIP, ALRe entered into a shareholders agreement (Shareholders Agreement) with ACRA and ADIP. The terms of the Shareholders Agreement were approved by the disinterested members of our board of directors, acting under authority granted by our board of directors.

To ensure that ACRA 1A continues to qualify for certain benefits under the income tax treaty between the U.S. and the UK (UK Treaty), the economic ownership interests of ACRA 1A may need to be adjusted. In that event, ALRe may purchase newly issued ACRA 1A shares (True-up Shares) in an amount determined by ACRA 1A. Any such purchase would cause ALRe to hold greater than 33% of the economic interests in ACRA 1A. In addition, if, following any such purchase, it is determined that ALRe's ownership percentage may be reduced without causing ACRA 1A to fail to qualify for UK Treaty benefits, ACRA 1A may redeem all or a portion of the True-up Shares. It is likely that one or more such purchases will be necessary during the 2020 calendar year, and it is possible that one or more such redemptions may be subsequently effected.

**Item 1. Business**

During a commitment period ranging from approximately three to five years, ACRA has the right to participate in substantially all Qualifying Transactions. ALRe may also offer ACRA the right to participate in flow reinsurance transactions with existing third-party counterparties and reinsurance transactions involving new funding agreements from time to time, subject to certain conditions. ACRA's election to participate in Qualifying Transactions is determined by ACRA's Transaction Committee, which is a committee of the board of directors of ACRA comprised of our representatives and those of AGM. If ACRA elects not to participate in a Qualifying Transaction, we will have the right to pursue such Qualifying Transaction without ACRA. ACRA's right to participate in Qualifying Transactions is subject to capital requirements and other terms and conditions.

In connection with each Qualifying Transaction in which ACRA elects to participate (each, a Participating Transaction), ACRA will generally pay ALRe a fee (Wrap Fee) on the reserves of the assumed or acquired business. The Wrap Fee is expected to be approximately 15 bps per year, based on a scale which increases from 10 basis points as the portion of the reserves economically attributed to ADIP increases.

In general, (a) on or about the 10th anniversary of the effective date of any Participating Transaction (other than a flow reinsurance transaction) or (b) on or about the 10th anniversary of the date on which reinsurance is terminated as to new business under any Participating Transaction that is a flow reinsurance transaction (which would occur no later than the end of the commitment period), ALRe or its applicable affiliate has the right (Commutation Right) to terminate ACRA's participation in such Participating Transaction based on a book value pricing mechanism and subject to ADIP's ability to reject the commutation if a minimum return with respect to such Participating Transaction is not achieved. If ALRe does not exercise the Commutation Right with respect to a Participating Transaction, then ACRA's obligation to pay the Wrap Fee in connection with such Participating Transaction will terminate, and, subject to certain exceptions (and the applicable terms and conditions of the Framework Agreement and related transaction documents), ALRe will be required to pay ACRA a fee calculated in the same manner as the Wrap Fee. In addition, if ACRA fails to satisfy minimum aggregate capital requirements, ALRe has the right to recapture or assign to another of our subsidiaries a portion of the business retroceded to ACRA (and/or any of its insurance or reinsurance subsidiaries) to the extent necessary to cure such failure.

As of December 31, 2019, ALRe and ALReI had retroceded to ACRA 100% of approximately $9.8 billion of reserve liabilities. In connection with future Participating Transactions, ACRA will draw from ADIP and from ALRe their respective share of the amount of capital necessary to consummate such Participating Transactions.

ACRA has a board of directors comprised of up to eleven directors (the ACRA Board). ALRe is permitted to nominate seven directors to serve on the ACRA Board: (1) one is the Chairman, (2) one is a representative of AGM, (3) one is our representative, (4) two are representatives of AGM or us and (5) two are independent directors. ADIP and its investors are permitted to nominate the other four directors to serve on the ACRA Board, at least three of which must be independent directors.

The terms of any Participating Transaction may vary from the terms described above upon mutual agreement of us and the ACRA Transaction Committee.

As of December 31, 2019, ADIP had raised approximately $3.2 billion in capital commitments, of which $2.6 billion remained uncalled and was available to deploy into Qualifying Transactions.

***Uses of Capital***

There are two forms of capital deployment: (1) a payment for a business opportunity, such as the payment of a ceding commission to enter into a block reinsurance transaction or the payment of cash to acquire our shares on the open market, and (2) the retention of capital pursuant to the risk based capital framework of the applicable regulatory authority and pursuant to our internal assessment of our capital needs. Currently, we deploy capital in four primary ways: (1) supporting organic growth, (2) supporting inorganic growth, (3) opportunistically repurchasing shares and (4) retaining capital to support financial strength ratings upgrades. We generally seek returns on our capital deployment of mid-teens or higher.

*Organic Growth*

We deploy capital to support the organic growth of our primary business channels, including retail, flow reinsurance and institutional products. Organic growth is generally funded through our ongoing operations by capital generated from profitability and the release of capital in connection with the run-off of historical business. Capital generated through our ongoing operations in excess of that deployed into organic growth results in an incremental increase in our excess equity capital, to the extent not otherwise deployed.

*Inorganic Growth*

We opportunistically deploy capital in connection with block reinsurance and acquisition transactions, which may include corporate carve-outs or whole-company purchases.

**Item 1. Business**

*Share Repurchases*

From time to time, we and our board of directors may determine it appropriate to deploy capital into repurchasing our common shares. Repurchasing undervalued common shares can be one of the most value-generative and lowest risk investments a company can make. We have implemented a share repurchase program that is intended to be opportunistic in nature, whereby repurchase activity is governed by the calculated returns achievable for shareholders based on the publicly traded value of our common shares relative to adjusted book value per share. During the year ended December 31, 2019, we deployed $827 million of capital in connection with the repurchase of our common shares. From the inception of the share repurchase program, we have repurchased 22.4 million common shares for $927 million at an average price-to-adjusted book value multiple of 0.86x.

*Ratings Upgrades*

As of December 31, 2019, each of our significant insurance subsidiaries is rated "A" by the three rating agencies that evaluate the financial strength of such subsidiaries. See *–Financial Strength Ratings* for further discussion regarding our ratings. To achieve our financial strength ratings aspirations, we may choose to retain additional capital above the level required by the rating agencies to support our operating needs. We believe there are numerous benefits to achieving stronger ratings over time, including increased recognition of and confidence in our financial strength by prospective business partners, particularly within product distribution, as well as potential profitability improvements in certain organic channels though lower funding costs.

**Outsourcing**

With regard to our U.S. business, we outsource some portion or all of each of the following functions to third-party service providers:

- hosting of financial systems;
- policy administration of existing policies;
- custody;
- information technology development and maintenance; and
- investment management.

We closely monitor our outsourcing partners and integrate their services into our operations. We believe that outsourcing such functions allows us to focus capital and our employees on our core business operations and perform higher utility functions, such as actuarial, product development and risk management. In addition, we believe an outsourcing model provides predictable pricing and service levels and operational flexibility and further allows us to benefit from technological developments that enhance our capabilities, each in a manner that we would not otherwise be able to achieve without investing more of our own capital.

For our retail annuity business, all aspects of new business, including call centers and in-force administration is handled in-house. For some closed in-force blocks of business we partner with Alliance – One Services, Inc., Concentrix Insurance Administrative Solutions Corporation and Infosys McCamish Systems, LLC to provide policy administration services. For annuities issued in support of PRT transactions, we partner with Conduent Health Administration Inc. and Alight Administration Solutions LLC to provide administration services. For information technology services, we use some providers for managed services or supplemental labor, including Tata Consulting Services Limited and UST Global Inc., and for data center, infrastructure and related services we use a combination of OneNeck (a TDS company) and State Street Global Exchange (US) LLC. for hosting, and UST Global Inc. for managed services. For investment management services, we use Apollo. We believe we have a good relationship with our principal outsource service providers.

**Hedging Program and Derivatives**

We use, and may continue to use, derivatives, including swaps, options, futures and forward contracts, and reinsurance contracts to hedge risks such as current or future changes in the fair value of our assets and liabilities, current or future changes in cash flows, changes in interest rates, equity markets, currency fluctuations and changes in longevity. Our hedging program is focused on hedging our economic risk exposures. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* for additional information regarding the risks to which we are subject and the strategies that we employ to manage those risks.

**Financial Strength Ratings**

Financial strength and credit ratings directly affect our ability to access funding and the related cost of borrowing, the attractiveness of certain of our products to customers, our attractiveness as a reinsurer to potential ceding companies and requirements for derivatives collateral posting. Such ratings are periodically reviewed by the rating agencies.

Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. Financial strength ratings represent the opinions of rating agencies regarding the financial ability of an insurer or reinsurer to meet its obligations under an insurance policy or reinsurance arrangement and generally involve quantitative and qualitative evaluations by rating agencies of a company's financial condition and operating performance. Generally, rating agencies base their financial strength ratings upon information furnished to them by the respective

company and upon their own investigations, studies and assumptions. Financial strength ratings are based upon factors of concern to policyholders, agents, intermediaries and ceding companies and are not directed toward the protection of investors. Credit and financial strength ratings are not recommendations to buy, sell or hold securities and they may be revised or revoked at any time at the sole discretion of the rating organization.

As of December 31, 2019, A.M. Best, Standard & Poor's Rating Services (S&P) and Fitch Ratings (Fitch) had issued credit or financial strength ratings and outlook statements regarding us as follows:

| Company | A.M. Best | S&P | Fitch |
|---|---|---|---|
| Athene Holding Ltd. | | | |
| Issuer Credit Rating/Counterparty Credit Rating/Issuer Default Rating | bbb | BBB+ | BBB+ |
| Outlook | Positive | Stable | Stable |
| Athene Life Re Ltd. | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Life Re International Ltd. | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Annuity & Life Assurance Company | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Annuity & Life Assurance Company of New York | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Annuity and Life Company | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Life Insurance Company of New York | | | |
| Financial Strength Rating | A | Not Rated | Not Rated |
| Outlook | Stable | Not Rated | Not Rated |
| Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Co-Invest Reinsurance Affiliate 1B Ltd. | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |
| Athene Co-Invest Reinsurance Affiliate International Ltd. | | | |
| Financial Strength Rating | A | A | A |
| Outlook | Stable | Stable | Stable |

| Rating Agency | Financial Strength Rating Scale | Senior Unsecured Notes Credit Rating Scale |
|---|---|---|
| A.M. Best[1] | "A++" to "S" | "aaa" to "rs" |
| S&P[2] | "AAA" to "R" | "AAA" to "D" |
| Fitch[3] | "AAA" to "C" | "AAA" to "D" |

[1] *A.M. Best's financial strength rating is an independent opinion of an insurer's or reinsurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. It is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile or, where appropriate, the specific nature and details of a security. The analysis may include comparisons to peers, industry standards and proprietary benchmarks as well as assessments of operating plans, philosophy, management, risk appetite and the implicit or explicit support of a parent or affiliate. A.M. Best's long-term credit ratings reflect its assessment of the ability of an obligor to pay interest and principal in accordance with the terms of the obligation. Ratings from "aa" to "ccc" may be enhanced with a "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a category. A.M. Best's short-term credit rating is an opinion as to the ability of the rated entity to meet its senior financial commitments on obligations maturing in generally less than one year.*

[2] *S&P's insurer financial strength rating is a forward-looking opinion about the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. Generic rating categories range from "AAA" to "D". A "+" or "-" indicates relative strength within a generic category. An S&P credit rating is an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Short-term issuer credit ratings reflect the obligor's creditworthiness over a short-term time horizon.*

[3] *Fitch's financial strength ratings provide an assessment of the financial strength of an insurance organization. The National Insurer Financial Strength Rating is assigned to the insurance company's policyholder obligations, including assumed reinsurance obligations and policyholder obligations, such as guaranteed investment contracts. Within long-term and short-term ratings, a "+" or a "-" may be appended to a rating to denote relative status within major rating categories.*

**Item 1. Business**

In addition to the financial strength ratings, rating agencies use an outlook statement to indicate a medium or long-term trend which, if continued, may lead to a rating change. A positive outlook indicates a rating may be raised and a negative outlook indicates a rating may be lowered. A stable outlook is assigned when ratings are not likely to be changed. Outlooks should not be confused with expected stability of the issuer's financial or economic performance. A rating may have a stable outlook to indicate that the rating is not expected to change, but a stable outlook does not preclude a rating agency from changing a rating at any time without notice.

A.M. Best, S&P and Fitch review their ratings of insurance companies from time to time. There can be no assurance that any particular rating will continue for any given period of time or that it will not be changed or withdrawn entirely if, in the respective rating agency's judgment, circumstances so warrant. While the degree to which ratings adjustments will affect sales and persistency is unknown, we believe if our ratings were to be negatively adjusted for any reason, we could experience a material decline in the sales of our products and the persistency of our existing business. See *Item 1A. Risk Factors–Risks Relating to Our Business–A financial strength rating downgrade, potential downgrade or any other negative action by a rating agency could make our product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital, which could have a material adverse effect on our business* for further discussion about risks associated with financial strength ratings.

**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. As a result, scale and the ability to provide value-added services and build long-term relationships are important factors to compete effectively. See *Item 1A. Risk Factors–Risks Relating to Our Business–We operate in a highly competitive industry that includes a number of competitors, many of which are larger and more well-known than we are, which could limit our ability to achieve our growth strategies and could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects* for further discussion on competitive risks. 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.

We face competition in the FIA market from traditional insurance carriers such as Allianz Life Insurance Company of North America (Allianz), American International Group Companies (AIG) and American Equity Investment Life Insurance Company. Principal competitive factors for FIAs are initial crediting rates, reputation for renewal crediting action, product features, brand recognition, customer service, cost, distribution capabilities and financial strength ratings of the provider. Competition may affect, among other matters, both business growth and the pricing of our products and services. See *Item 7.–Management's Discussion and Analysis of Financial Condition and Results of Operations–Industry Trends and Competition–Competition* for a discussion of our ranking and market share within the FIA market and the fixed annuity market more broadly.

Reinsurance markets are highly competitive, as well as cyclical by product and market. As a reinsurer, ALRe competes on the basis of many factors, including, among other things, financial strength, pricing and other terms and conditions of reinsurance agreements, reputation, service and experience in the types of business underwritten. The impact of these and other factors is generally not consistent across lines of business, domestic and international geographical areas and distribution channels. ALRe's competition includes other insurance and reinsurance companies, such as Reinsurance Group of America, Incorporated and Global Atlantic Financial Group Limited (together with its subsidiaries, Global Atlantic).

We face strong competition within our institutional channel. With respect to funding agreements, namely those issued in connection with our FABN program, we compete with other insurers that have active FABN programs, such as MetLife, Inc. (MetLife) and New York Life Insurance Company. Within the funding agreement market, we compete primarily on the basis of perceived financial strength, interest rates and term. With respect to group annuities, we compete with other insurers that offer such annuities, such as MetLife and Prudential Financial, Inc. Within the PRT market, we compete primarily on the basis of price, underwriting and investment capabilities.

Finally, we face competition in the market for acquisition targets and profitable blocks of insurance. Such competition is likely to intensify as insurance businesses become more attractive acquisition targets for both other insurance companies and financial and other institutions and as the already substantial consolidation in the financial services industry continues. We compete for potential acquisition and block reinsurance opportunities based on a number of factors including perceived financial strength, brand recognition, reputation and the pricing we are able to offer, which, to the extent we determine to finance a transaction, is in turn dependent on our ability to do so on suitable terms. We believe that our demonstrated ability to source and consummate large and complex transactions is a competitive advantage over other similar acquisition candidates.

**Employees**

As of December 31, 2019, we had 1,325 employees located in Bermuda, the United States and Canada. We believe our employee relations are good. None of our employees located in Bermuda, the United States or Canada are subject to collective bargaining agreements and we are not aware of any current efforts to implement such agreements.

**Item 1. Business**

**Regulation**

Our U.S. insurance subsidiaries are licensed to transact insurance business in, and are subject to regulation and supervision by, all 50 states of the United States and the District of Columbia. Our Bermuda reinsurance subsidiaries are subject to regulation and supervision by the Bermuda Monetary Authority (BMA) and compliance with all applicable Bermuda law and Bermuda insurance statutes and regulations, including but not limited to Bermuda's Insurance Act 1978 (Bermuda Insurance Act). Our business is also subject to certain international regulations and frameworks as well as the laws and regulations of various other jurisdictions. A summary of certain of the laws, regulations and frameworks to which we are subject is set forth below.

***United States***

*General*

Each of our U.S. insurance subsidiaries, with the exception of Athene Re USA IV, Inc. (Athene Re IV) discussed further below, is organized and domiciled in one of the following states: Delaware, Iowa, or New York (each, an Athene Domiciliary State) and is also licensed in such state as an insurer. The insurance department of each Athene Domiciliary State regulates the applicable U.S. insurance subsidiary, and each U.S. insurance subsidiary is regulated by each of the insurance regulators in the other states where such company is authorized to transact insurance business. The primary purpose of such regulatory supervision is to protect policyholders rather than holders of any securities, such as the AHL common shares. Generally, insurance products underwritten by our U.S. insurance subsidiaries must be approved by the insurance regulators in each state in which they are sold.

As part of our acquisition of Aviva USA, we acquired a special-purpose insurance company, Athene Re IV, which is a subsidiary of Athene Annuity and Life Company (AAIA). Athene Re IV is domiciled in Vermont and provides reinsurance to AAIA in order to facilitate the reserve financing associated with a closed block of policies resulting from the demutualization of a prior insurance company currently part of AAIA. As part of the acquisition of AAIA, the liabilities associated with such closed block of insurance policies, including any exposure to payments due from such special-purpose insurance company subsidiary, were reinsured to Accordia. We do not write business that requires the use of captive reinsurers.

State insurance authorities have broad administrative powers over our U.S. insurance subsidiaries with respect to all aspects of their insurance business including: (1) licensing to transact business; (2) licensing of producers; (3) prescribing which assets and liabilities are to be considered in determining statutory surplus; (4) regulating premium rates for certain insurance products; (5) approving policy forms and certain related materials; (6) determining whether a reasonable basis exists as to the suitability of the annuity purchase recommendations producers make; (7) regulating unfair trade and claims practices; (8) establishing reserve requirements, solvency standards and minimum capital requirements (MCR); (9) regulating the amount of dividends that may be paid in any year; (10) regulating the availability of reinsurance or other substitute financing solutions, the terms thereof and the ability of an insurer to take credit on its financial statements for insurance ceded to reinsurers or other substitute financing solutions; (11) fixing maximum interest rates on life insurance policy loans, minimum crediting rates on accumulation products and minimum allowable surrender values; (12) regulating the type, amounts and valuations of investments permitted; (13) setting parameters for transactions with affiliates; and (14) regulating other matters.

The rates, forms, terms and conditions of our U.S. insurance subsidiaries' reinsurance agreements with unaffiliated third parties generally are not directly subject to regulation by any state insurance department in the United States. This contrasts with primary insurance where, as discussed above, the policy forms and premium rates are generally regulated by state insurance departments.

From time to time, increased scrutiny has been placed upon the U.S. insurance regulatory framework, and a number of state legislatures have considered or enacted legislative measures that alter, and in many cases increase, state authority to regulate insurance and reinsurance companies. In addition to legislative initiatives of this type, the National Association of Insurance Commissioners (NAIC) and state insurance regulators are regularly involved in a process of reexamining existing laws and regulations and their application to insurance and reinsurance companies.

Furthermore, while the federal government in most contexts currently does not directly regulate the insurance business, federal legislation and administrative policies in a number of areas, such as employee benefits regulation, age, sex and disability-based discrimination, financial services regulation and federal taxation, can significantly affect the insurance business. It is not possible to predict the future impact of changing regulation on our operations. See *Item 1A. Risk Factors–Risks Relating to Insurance and Other Regulatory Matters*.

*NAIC*

The NAIC is an organization, the mandate of which is to benefit state insurance regulatory authorities and consumers by promulgating model insurance laws and regulations for adoption by the states. The NAIC also provides standardized insurance industry accounting and reporting guidance through the NAIC Accounting Manual. However, model insurance laws and regulations are only effective when adopted by the states, and statutory accounting and reporting principles continue to be established by individual state laws, regulations and permitted practices. Changes to the NAIC Accounting Manual or modifications by the various state insurance departments may affect the statutory capital and surplus of our U.S. insurance subsidiaries.

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Some of the NAIC pronouncements, particularly as they affect accounting issues, take effect automatically in the various states without affirmative action by the states. Statutes, regulations and interpretations may be applied with retroactive impact, particularly in areas such as accounting and reserve requirements. Also, regulatory actions with prospective impact can potentially have a significant impact on products that we currently sell. The NAIC continues to work to reform state regulation in various areas, including comprehensive reforms relating to certain reserving practices.

In December 2012, the NAIC approved a new valuation manual containing a principle-based approach to life insurance company reserves. Principle-based reserving is designed to tailor the reserving process to specific products in an effort to create a principle-based modeling approach to reserving rather than the factor-based approach historically employed. Pursuant to the NAIC's Standard Valuation Law (SVL) principle-based reserving became effective prospectively on January 1, 2017 followed by a three-year phase-in period for business issued on or after this date. Delaware and Iowa have each adopted a form of the SVL. New York has enacted legislation to adopt principle-based reserving, which became effective by emergency regulation for life insurers on December 7, 2018 and for all others on January 1, 2020.

*Restrictions on Dividends and Other Distributions*

Current law of two of the Athene Domiciliary States, Delaware and Iowa, permits the payment of dividends or distributions which, together with dividends or distributions paid during the preceding twelve months do not exceed the greater of (a) 10% of the insurer's surplus as regards policyholders as of the immediately preceding year end or (b) the net gain from operations of the insurer for the preceding twelve-month period ending as of the immediately preceding year end. Current law of New York permits the payment of dividends or distributions which, together with dividends or distributions paid during any calendar year, (1) is out of earned surplus and does not exceed the greater of (a) 10% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (b) the net gain from operations of the insurer for the immediately preceding calendar year, not including realized capital gains, not to exceed 30% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (2) do not exceed the lesser of (a) 10% of the insurer's surplus as regards policyholders as of the end of the immediately preceding calendar year or (b) the net gain from operations of the insurer for the immediately preceding calendar year, not including realized capital gains. Any proposed dividend in excess of these amounts is considered an extraordinary dividend or extraordinary distribution and may not be paid until it has been approved, or a 30-day waiting period has passed during which it has not been disapproved, by the Commissioner. Additionally, under current law of the Athene Domiciliary States, AAIA may only pay dividends from the insurer's earned profits on its business, which shall not include contributed capital or contributed surplus, AADE may only pay dividends from that part of its available and accumulated surplus funds which is derived from realized net operating profits on its business and realized capital gains, and ALICNY may only pay dividends pursuant to the "greater of" standard described above from that part of its positive unassigned funds, excluding 85% of the change in net unrealized capital gains or losses less capital gains tax, for the immediately preceding calendar year. The Athene Domiciliary States' insurance laws and regulations also require that each of our U.S. insurance subsidiaries' surplus as regards policyholders following any dividend or distribution be reasonable in relation to such U.S. insurance subsidiary's outstanding liabilities and adequate to meet its financial needs.

*Credit for Reinsurance Ceded*

The ability of a ceding insurer to take reserve and capital credit for the reinsurance purchased from reinsurance companies is a significant component of reinsurance regulation. Typically, a ceding insurer will only enter into a reinsurance agreement if it can obtain credit on its statutory basis financial statements against its reserves (report lower net reserves) and/or toward its MCR (the denominator in its RBC calculation) for the business ceded to the reinsurer. With respect to U.S.-domiciled ceding companies, credit is usually granted when the reinsurer is licensed or accredited in the state where the ceding company is domiciled. States also generally permit ceding insurers to take credit for reinsurance if the reinsurer: (1) is domiciled in a state with a credit for reinsurance law that is substantially similar to the credit for reinsurance law in the ceding insurer's state of domicile, and (2) meets certain financial requirements. Credit for reinsurance purchased from a reinsurer that does not meet the foregoing conditions is generally allowed to the extent that such reinsurer secures its obligations with qualified collateral.

AARe has provided, and may in the future provide, reinsurance to our U.S. insurance subsidiaries in the normal course of business. AAIA has entered into a funds withheld coinsurance agreement with AARe under which it will cede to AARe a 100% quota share of its respective obligations to repay the principal upon maturity or earlier termination and to make periodic interest payments under funding agreements issued by it. AADE has entered into a similar arrangement on a modco basis with ALRe, subject in certain cases to amounts retained by AADE and/or periodic payments based on reserve levels. Our U.S. insurance subsidiaries have similar arrangements with AARe with respect to substantially all of their other core business, under which between 80% and 100% of all such business is ceded to AARe on a modco basis, net of third party reinsurance. None of our Bermuda reinsurance subsidiaries are licensed, accredited or approved in any state in the U.S. and, consequently, each must collateralize its obligations to our U.S. insurance subsidiaries or any third-party cedant in order for any of our U.S. insurance subsidiaries or any third-party cedant to obtain credit against its reserves on its statutory basis financial statements (unless the basis for such reinsurance transaction is modco). AARe and ALRe are both domiciled in Bermuda, which has a regulatory regime deemed to be equivalent to the European Union (EU) Directive (2009/138/EC) (Solvency II).

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) provides that only the state in which a ceding insurer is domiciled may regulate the financial statement credit for reinsurance taken by that ceding insurer; other states are no longer able to require additional collateral from unauthorized reinsurers or otherwise impose their own credit for reinsurance laws on ceding insurers that are licensed, but not domiciled, in such other states.

**Item 1. Business**

Under the amended Credit for Reinsurance Model Law and Regulation, collateral requirements may be reduced from 100% for unauthorized or non-accredited reinsurers meeting certain criteria as to financial strength and reliability that are domiciled in jurisdictions that are found to have strong systems of insurance regulation (each, a "Qualified Jurisdiction"). Pursuant to the Credit for Reinsurance Model Law and Regulation reinsurers are eligible to apply for "certified reinsurer" status and certified reinsurers are permitted to post collateral at reduced levels in the respective state. Delaware and Iowa have adopted the reduced collateral requirements under the Credit for Reinsurance Model Law and Regulation, and New York has adopted the reduced collateral requirements under a predecessor statute.

The NAIC recently completed its five-year re-evaluation of Bermuda and re-approved Bermuda as a "Qualified Jurisdiction" with respect to certain classes of insurers, including Class C and Class E insurers such as our Bermuda reinsurance subsidiaries. The recognition of Bermuda as a Qualified Jurisdiction permits our Bermuda reinsurance subsidiaries to apply for "certified reinsurer" status with the ability (if so certified) to post reduced collateral for coverage provided by our Bermuda reinsurance subsidiaries to ceding insurers in the U.S. (including our U.S. insurance subsidiaries). The amount of collateral required to be posted by an insurer with this designation varies based upon the insurers' credit rating. ALRe has been approved by the Delaware Department of Insurance as a certified reinsurer and is therefore eligible to post reduced collateral equal to 20% of statutory reserves ceded under coinsurance agreements with ceding companies domiciled in the state of Delaware, including AADE, with respect to new reinsurance agreements. ALRe has not been approved as a certified reinsurer in any other jurisdiction.

In June of 2019, the NAIC adopted revisions to the Credit for Reinsurance Model Law and Regulation to allow a ceding insurer to take credit for reinsurance ceded to a qualifying unauthorized reinsurer without collateral if the reinsurer satisfies certain criteria, including being domiciled in a "reciprocal jurisdiction." The NAIC is currently reviewing a new accreditation standard that would require states to adopt the 2019 revisions to the Credit for Reinsurance Model Law and Regulation (including the recognition of all categories of "reciprocal jurisdictions") no later than September 1, 2022. The NAIC has approved Bermuda as a "reciprocal jurisdiction" and as a result, it is expected that as states adopt the 2019 revisions to the Credit for Reinsurance Model Law and Regulation, reinsurers domiciled in Bermuda, such as our Bermuda reinsurance subsidiaries, will receive similar treatment to reinsurers domiciled in covered agreement jurisdictions and will not need to post collateral in order for ceding insurers to take credit for reinsurance ceded to our Bermuda reinsurance subsidiaries.

*Statutory Investment Valuation Reserves*

Life insurance companies domiciled in the U.S. are required to establish an asset valuation reserve (AVR) to stabilize statutory policyholder surplus from fluctuations in the market value of investments. The AVR consists of two components: (1) a "default component" for possible credit-related losses on fixed maturity investments and (2) an "equity component" for possible market-value losses on all types of equity investments, including real estate-related investments. Although future additions to the AVR will reduce the future statutory capital and surplus of our U.S. insurance subsidiaries, we do not believe that the impact under current regulations of such reserve requirements will materially affect our U.S. insurance subsidiaries. Insurers domiciled in the U.S. also are required to establish an interest maintenance reserve (IMR) for net realized capital gains and losses, net of tax, on fixed maturity investments where such gains and losses are attributable to changes in interest rates, as opposed to credit-related causes. The IMR provides a buffer to our statutory capital and surplus in the event we have to sell securities in an unrealized loss position. The IMR is required to be amortized into statutory earnings on a basis reflecting the remaining period to maturity of the fixed maturity securities. These reserves are required by state insurance regulatory authorities to be established as liabilities on a life insurer's statutory financial statements and may also be included in the liabilities assumed by our U.S. insurance subsidiaries pursuant to their reinsurance agreements with U.S.-based life insurer ceding companies.

*Policy and Contract Reserve Adequacy Analysis*

The Athene Domiciliary States and other states have adopted laws and regulations with respect to policy and contract reserve sufficiency. Under applicable insurance laws, our U.S. insurance subsidiaries are each required to annually conduct an analysis of the adequacy of all life insurance and annuity statutory reserves. A qualified actuary appointed by each such subsidiary's board must submit an opinion annually for each such subsidiary which states that the statutory reserves make adequate provision, according to accepted actuarial standards of practice, for the anticipated cash flows resulting from the contractual obligations and related expenses of such subsidiary. The adequacy of the statutory reserves is considered in light of the assets held by such U.S. insurance subsidiary with respect to such reserves and related actuarial items, including, but not limited to, the investment earnings on such assets and the consideration anticipated to be received and retained under the related policies and contracts. At a minimum, such testing is done over a number of economic scenarios prescribed by the states, with the scenarios designed to stress anticipated cash flows for higher and/or lower future levels of interest rates. Our U.S. insurance subsidiaries may find it necessary to increase reserves, which may decrease their statutory surplus, in order to pass additional cash flow testing requirements.

*U.S. Statutory Reports and Regulatory Examinations*

Our U.S. insurance subsidiaries are required to file detailed annual reports, including financial statements, in accordance with prescribed statutory accounting rules, with regulatory officials in the jurisdictions in which they conduct business. In addition, each U.S. insurance subsidiary is required to file quarterly reports prepared on the same basis, though with considerably less detail.

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As part of their routine regulatory oversight process, state insurance departments conduct periodic detailed examinations, generally once every three to five years, of the books, records, accounts and operations of insurance companies that are domiciled in their states. Examinations are generally carried out in cooperation with the insurance departments of other, non-domiciliary states under guidelines promulgated by the NAIC. In May 2019, we completed such an examination for the period from January 1, 2014 through December 31, 2017. This exam was led by the Delaware Department of Insurance in coordination with the Iowa Insurance Division and the New York State Department of Financial Services (NYSDFS). In connection with the exam, the Delaware Department of Insurance conducted an exam of AADE and Athene Life Insurance Company (ALIC), the Iowa Insurance Division conducted an exam of AAIA and Structured Annuity Reinsurance Company (STAR), and the NYSDFS conducted an exam of Athene Annuity & Life Assurance Company of New York (AANY) and ALICNY. The exam resulted in no significant findings.

Vermont insurance laws and regulations applicable to Athene Re IV require it to file financial statements with the Commissioner of the Insurance Division of the Vermont Department of Financial Regulation. Additionally, Athene Re IV is subject to periodic financial examinations by the Insurance Division of the Vermont Department of Financial Regulation.

*Market Conduct Regulation*

State insurance laws and regulations include numerous provisions governing the marketplace activities of insurers, including provisions governing claims settlement practices, the form and content of disclosure to consumers, illustrations, advertising, sales and complaint process practices. State regulatory authorities generally enforce these provisions through periodic market conduct examinations. In addition, our U.S. insurance subsidiaries must file, and in many jurisdictions and for some lines of business, obtain regulatory approval for, rates and forms relating to the insurance written in the jurisdictions in which they operate. Our U.S. insurance subsidiaries are currently undergoing the following market conduct examinations, each in the ordinary course of business: (1) the NYSDFS is conducting a market conduct examination of AANY, (2) the Iowa Insurance Division is conducting a market conduct examination of AAIA, (3) the Maryland Insurance Administration is conducting a market conduct examination of AAIA, (4) the Illinois Department of Insurance is conducting a market conduct examination of AAIA and (5) the Minnesota Department of Commerce is conducting a market conduct examination of AAIA and AADE. The California Department of Insurance is completing a review of the rating and underwriting practices of AAIA, AADE and AANY and the Massachusetts Division of Insurance is completing a limited scope market analysis of AAIA. On January 14, 2020, the Missouri Department of Insurance, Financial Institutions & Professional Registration concluded a market conduct exam of AAIA with no significant findings.

*Capital Requirements*

Regulators of each state have discretionary authority in connection with our U.S. insurance subsidiaries' continued licensing to limit or prohibit sales to policyholders within their respective states if, in their judgment, the regulators determine that such entities have not maintained the required level of minimum surplus or capital or that the further transaction of business would be hazardous to policyholders.

In order to enhance the regulation of insurers' solvency, the NAIC adopted a model law to implement RBC requirements for life, health and property and casualty insurance and reinsurance companies. All states have adopted the NAIC's model law or a substantively similar law. The NAIC Risk-Based Capital for Insurers Model Act requires life insurance companies to submit an annual report (the Risk-Based Capital Report), which compares an insurer's total adjusted capital (TAC) to its authorized control level RBC (ACL), each such term as defined pursuant to applicable state law. A company's RBC is calculated by using a specified formula that applies factors to various risks inherent in the insurer's operations, including risks attributable to its assets, underwriting experience, interest rates and other business expenses. The factors are higher for those items deemed to have greater underlying risk and lower for items deemed to have less underlying risk. Statutory RBC is measured on two bases, ACL and company action level RBC (CAL), with ACL calculated as one-half of CAL. Regulators typically use ACL in assessing companies and reviewing solvency requirements. Companies themselves typically report and are compared using the CAL standard.

The Risk-Based Capital Report is used by regulators to set in motion appropriate regulatory actions relating to insurers that show indications of weak or deteriorating status. RBC is an additional standard for MCR that insurers must meet to avoid being placed in rehabilitation or liquidation by regulators. The annual Risk-Based Capital Report, and the information contained therein, is not intended by the NAIC as a means to rank insurers.

RBC is a method of measuring the level of capital appropriate for an insurance company to support its overall business operations, in light of its size and risk profile. It provides a means of assessing capital adequacy, where the degree of risk taken by the insurer is the primary determinant. The value of an insurer's TAC in relation to its RBC, together with its trend in its TAC, is used as a basis for determining regulatory action that a state insurance regulator may be authorized or required to take with respect to an insurer. The four action levels include:

- CAL: The insurer is required to submit a plan for corrective action when its TAC is equal to or less than 200% of ACL;
- Regulatory Action Level: The insurer is required to submit a plan for corrective action and is subject to examination, analysis and specific corrective action when its TAC is equal to or less than 150% of ACL;
- ACL: Regulators may place the insurer under regulatory control when its TAC is equal to or less than 100% of ACL; and
- Mandatory Control Level: Regulators are required to place the insurer under regulatory control when its TAC is equal to or less than 70% of ACL.

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TAC and RBC are calculated annually by insurers, as of December 31 of each year. As of December 31, 2019, each of our U.S. insurance subsidiaries' TAC was significantly in excess of the levels that would prompt regulatory action under the laws of the Athene Domiciliary States. As of December 31, 2019, the CAL RBC ratio of AADE (U.S. RBC ratio) was 429%. The calculation of RBC requires certain judgments to be made, and, accordingly, our U.S. insurance subsidiaries' current RBC may be greater or less than the RBC calculated as of any date of determination.

*Insurance Regulatory Information System Ratios*

The NAIC has established the Insurance Regulatory Information System (IRIS) to assist state insurance departments in their oversight of the financial condition of insurance companies operating in their respective states. IRIS is a series of financial ratios calculated by the NAIC based on financial information submitted by insurers on an annual basis. Each ratio has an established "usual range" of results. The NAIC shares the IRIS ratios calculated for each insurer with the interested state insurance departments. Generally, an insurance company will be required to explain ratios that fall outside the usual range, and may be subject to regulatory scrutiny and action if one or more of its ratios fall outside the specified ranges. None of our U.S. insurance subsidiaries are currently subject to non-ordinary course regulatory scrutiny based on their IRIS ratios.

*Regulation of Investments*

Each of our U.S. insurance subsidiaries is subject to laws and regulations in each Athene Domiciliary State that require diversification of its investment portfolio and limit the amounts of investments in certain asset categories, such as below-investment grade fixed income securities, real estate-related equity, partnerships, other equity investments, derivatives and alternative investments. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus and, in some instances, could require the divestiture of such non-qualifying investments. Accordingly, the investment laws in the Athene Domiciliary States could prevent our U.S. insurance subsidiaries from pursuing investment opportunities which they believe are beneficial to their shareholders, which could in turn preclude us from realizing our investment objectives.

*Guaranty Associations*

All 50 states and the District of Columbia have insurance guaranty fund laws requiring insurance companies doing business within those jurisdictions to participate in guaranty associations. Guaranty associations are organized to cover, subject to limits, contractual obligations under insurance policies issued by life insurance companies which later become impaired or insolvent. These associations levy assessments, up to prescribed limits, on each member insurer doing business in a particular state on the basis of their proportionate share of the premiums written by all member insurers in the lines of business in which the impaired or insolvent insurer previously engaged. Most states limit assessments in any year to 2% of the insurer's average annual premium for the three years preceding the calendar year in which the impaired insurer became impaired or insolvent. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets, usually over a period of years. Assessments levied against our U.S. insurance subsidiaries by guaranty associations during the year ended December 31, 2019 were not material. While we cannot accurately predict the amount of future assessments or future insolvencies of competitors which would lead to such assessments, we believe that assessments with respect to pending insurance company impairments and insolvencies will not have a material effect on our financial condition, results of operations or cash flows.

*Federal Oversight*

Although the insurance business in the United States is primarily regulated by the states, federal initiatives can affect the businesses of our U.S. insurance subsidiaries in a variety of ways. From time to time, federal measures are proposed which may significantly affect the insurance business. These areas include financial services regulation, securities regulation, derivatives regulation, pension regulation, money laundering, privacy regulation, taxation and the economic and trade sanctions implemented by the Office of Foreign Assets Control (OFAC). OFAC maintains and enforces economic sanctions against certain foreign countries and groups and prohibits U.S. persons from engaging in certain transactions with certain persons or entities. OFAC has imposed civil penalties on persons, including insurance and reinsurance companies, arising from violations of its economic sanctions program. In addition, various forms of direct and indirect federal regulation of insurance have been proposed from time to time, including proposals for the establishment of an optional federal charter for insurance companies.

Title I of the Dodd-Frank Act established the Financial Stability Oversight Council (FSOC) and authorized the FSOC to designate non-bank financial companies as systemically important financial institutions (SIFIs), thereby subjecting them to enhanced prudential standards and supervision by the Board of Governors of the Federal Reserve System (Federal Reserve). The prudential standards for non-bank SIFIs include enhanced RBC requirements, leverage limits, liquidity requirements, single counterparty exposure limits, governance requirements for risk management, stress test requirements, special debt-to-equity limits for certain companies, early remediation procedures, and recovery and resolution planning. There are currently no such non-bank financial companies designated by FSOC as "systemically significant." The Economic Growth, Regulatory Relief and Consumer Protection Act, which became effective May 24, 2018, made limited changes to Title I of the Dodd-Frank Act. In March 2019, the FSOC issued for public comment proposed guidance regarding a revised process for designating non-bank SIFIs. The proposed guidance would substantially change the FSOC's existing procedures, including by shifting to a process that emphasizes the activities-based approach to risk assessment. As a result, there is considerable uncertainty as to the future of federal regulation of non-bank SIFIs and/or systemically important activities.

**Item 1. Business**

The Dodd-Frank Act, which effected the most far-reaching overhaul of financial regulation in the U.S. in decades, established the Federal Insurance Office within the Treasury Department. While he or she does not currently have general supervisory or regulatory authority over the business of insurance, the Director of the Federal Insurance Office performs various functions with respect to insurance, including serving as a non-voting member of the FSOC and making recommendations to the FSOC regarding non-bank financial companies to be designated as SIFIs.

The Dodd-Frank Act also authorizes the Federal Insurance Office to assist the Secretary of the Treasury Department in negotiating covered agreements. A covered agreement is an agreement between the United States and one or more foreign governments, authorities or regulatory entities, regarding prudential measures with respect to insurance or reinsurance. The Federal Insurance Office is further charged with determining, in accordance with the procedures and standards established under the Dodd-Frank Act, whether state laws are preempted by a covered agreement. Pursuant to this authority, in September 2017, the U.S. and the EU signed a covered agreement to address, among other things, reinsurance collateral requirements (EU Covered Agreement) and the United States released a "Statement of the United States on the Covered Agreement with the European Union," (Policy Statement) providing the United States' interpretation of certain provisions in the EU Covered Agreement. The Policy Statement provides that the United States expects that the group capital calculation, which is currently being developed by the NAIC, will satisfy the EU Covered Agreement's group capital assessment requirement. In addition, on December 18, 2018, the the Bilateral Agreement between the U.S. and the UK on Prudential Measures Regarding Insurance and Reinsurance (UK Covered Agreement) was signed in anticipation of the UK's exit from the EU. U.S. state regulators have until September 22, 2022 to adopt reinsurance reforms removing reinsurance collateral requirements for EU and UK reinsurers that meet the prescribed minimum conditions set forth in the applicable EU Covered Agreement or UK Covered Agreement or else state laws imposing such reinsurance collateral requirements may be subject to federal preemption. The NAIC has adopted amendments to the Credit for Reinsurance Model Law and Regulation that would, if adopted by state legislatures, implement the reinsurance collateral provisions of the EU Covered Agreement and UK Covered Agreement. The reinsurance collateral provisions of the EU Covered Agreement and the UK Covered Agreement may increase competition, in particular with respect to pricing for reinsurance transactions, by lowering the cost at which competitors of ALRe are able to provide reinsurance to U.S. insurers. We cannot predict with any certainty what impact the EU Covered Agreement or UK Covered Agreement will have on our business, whether either agreement will be implemented or what the impact of such implementation will be on our business.

*FIAs and other Annuity Products*

In recent years, the SEC and state securities regulators have questioned whether FIAs, such as those sold by our U.S. insurance subsidiaries, should be treated as securities under the federal and state securities laws rather than as insurance products exempted from such laws. On December 17, 2008, the SEC voted to approve Rule 151A, and apply federal securities oversight to FIAs issued on or after January 12, 2011. On July 12, 2010, the District of Columbia Circuit Court of Appeals vacated Rule 151A. Under the Dodd-Frank Act, annuities that meet specific requirements are specifically exempted from being treated as securities by the SEC. We expect that the types of FIAs that our U.S. insurance subsidiaries currently sell will meet applicable requirements for exemption from treatment as securities and therefore will remain exempt from being treated as securities by the SEC and state securities regulators. However, there can be no assurance that federal or state securities laws or state insurance laws and regulations will not be amended or interpreted to impose further requirements on FIAs. Treatment of these products as securities would require additional registration and licensing of these products and the agents selling them, as well as cause our U.S. insurance subsidiaries to seek new or additional marketing relationships for these products, any of which may impose significant restrictions on their ability to conduct business as currently operated.

NYSDFS Insurance Regulation 210: Life Insurance and Annuity Non-Guaranteed Elements establishes standards for the determination and readjustment of non-guaranteed elements (NGEs) that may vary at the insurer's discretion for life insurance policies and annuity contracts delivered or issued in New York. In addition, the regulation establishes guidelines for related disclosure to NYSDFS and policy owners prior to any adverse change in NGEs. The regulation applies to all individual life insurance policies, individual annuity contracts and certain group life insurance and group annuity certificates that contain NGEs. NGEs include premiums, expense charges, cost of insurance rates and interest credits.

*Unclaimed Property Laws*

Each of our U.S. insurance subsidiaries is subject to the laws and regulations of states and other jurisdictions concerning the identification, reporting and escheatment of abandoned or unclaimed money or property. State treasurers, controllers and revenue departments have been scrutinizing escheatment practices of life insurance companies with regard to unclaimed life insurance and annuity death benefits. As with state insurance regulators, state revenue authorities have been looking at how life insurance companies handle unreported deaths, maturity of life insurance and annuity contracts, and contracts that have exceeded limiting age to determine if the companies are appropriately determining when death benefits or other payments under the contracts should be treated as unclaimed property. State treasurers, controllers and revenue departments have audited life insurance companies, required escheatments and imposed interest penalties on amounts escheated for failure to escheat death benefits or other contract benefits when beneficiaries could not be found at the expiration of statutory dormancy periods.

**Item 1. Business**

Several states have enacted new laws or adopted new regulations mandating the use by insurance companies of the U.S. Social Security Administration's Social Security Death Index (Death Master File) or other similar databases to identify deceased persons and to implement more rigorous processes to find beneficiaries. In 2013, prior to our acquisition of Aviva USA, it entered into multi-state settlement agreements with the insurance regulators and treasurers for 48 states in connection with certain of its subsidiaries' use of the Death Master File. As part of the settlement, AAIA and its subsidiary ALICNY agreed to pay a $4 million assessment for examination, compliance and monitoring costs without admitting any liability or wrongdoing, and further agreed to adopt policies and procedures reasonably designed to ensure timely payment of valid claims to beneficiaries in accordance with insurance laws and to timely report and remit unclaimed proceeds to the appropriate states in connection with unpaid property laws. Our U.S. insurance subsidiaries could continue to be subject to risks related to unpaid benefits, the Death Master File, and the procedures required by the prior multi-state settlement as they relate to our annuity business. Furthermore, administrative challenges associated with implementing the procedures described above may make compliance with the multi-state settlement and applicable law difficult and could have a material and adverse effect on our results of operations.

AADE is currently undergoing a multi-state unclaimed property examination led by Verus Financial, on behalf of California, Florida, Georgia, Indiana, Louisiana, North Carolina, Ohio, Pennsylvania, Tennessee and Texas. We do not expect this matter will have a material adverse effect on our business, financial condition, results of operations or cash flows. AADE was also a defendant in a lawsuit filed by the West Virginia Treasurer, State of West Virginia ex rel. John D. Perdue v. Liberty Life Ins. Co., Case No. 12-C-419, pursuant to which the Treasurer alleged that Liberty Life, now known as AADE, failed to adopt reasonable procedures, such as using the Death Master File, to identify deceased insureds with unpaid death benefits and timely escheat those unclaimed benefits to the state. The Treasurer accordingly sought to recover unpaid death benefits, statutory interest and penalties. During September 2019, AADE resolved the matter with the Treasurer for an immaterial amount.

*Regulation of OTC Derivatives*

We use derivatives to mitigate a wide range of risks in connection with our businesses, including options purchased to hedge the derivatives embedded in the FIAs that we have issued, and swaps, futures and/or options may be used to manage the impact of increased benefit exposures from our annuity products that offer guaranteed benefits as well as market exposures. Title VII of the Dodd-Frank Act creates a comprehensive framework for the federal oversight and regulation of the OTC derivatives market and entities, such as us, that participate in the derivatives market and requires U.S. regulators to promulgate rules and regulations implementing its provisions. Regulations have been finalized and implemented in many areas and are being finalized for implementation in others.

Title VII of the Dodd-Frank Act divides the regulatory responsibility for swaps in the United States between the SEC and the Commodity Futures Trading Commission (CFTC). The CFTC regulates swaps and swap entities, and the SEC regulates security-based swaps and security-based swap entities. The CFTC and the SEC have jointly finalized certain regulations under Title VII of the Dodd-Frank Act, including critical rulemakings on the definitions of "swap," "security-based swap," "swap dealer," and "security-based swap dealer." In addition, the CFTC has substantially finalized its required rulemaking under Title VII of the Dodd-Frank Act, including regulations relating to the registration and regulation of swap dealers and swap execution facilities, reporting, recordkeeping, mandatory clearing, mandatory on-facility trade execution and mandatory minimum margin requirements. The SEC has yet to implement its regulatory regime for security-based swaps and market participants transacting in security-based swaps. As a result of this bifurcation and the different pace at which the agencies have promulgated and implemented regulations, different transactions are subject to different levels of regulation.

Title VII of the Dodd-Frank Act and the CFTC rules thereunder require us, in connection with certain swap transactions, to comply with mandatory clearing and on-facility trade execution requirements, and it is anticipated that the types of swaps subject to these requirements will be expanded over time. In addition, regulations promulgated under Title VII of the Dodd-Frank Act require us to comply with mandatory minimum margin requirements for uncleared swaps and, in some instances, uncleared security-based swaps. Derivative clearing requirements and mandatory margin requirements have increased the cost of our risk mitigation and have had other implications as well. For example, increased margin requirements, combined with netting restrictions and restrictions on securities that qualify as eligible collateral are expected to reduce our liquidity and require increased holdings of cash and highly liquid securities with lower yields causing a reduction in income. In addition, the requirement that certain trades be centrally cleared through clearinghouses subjects us to documentation that is significantly more counterparty-favorable and entitles counterparties to unilaterally change terms such as trading limits and the amount of margin required. The ability of such counterparties to take such actions could create trading disruptions and liquidity concerns. Finally, the requirement that certain trades be centrally cleared through clearinghouses concentrates counterparty risk in both clearinghouses and clearing members. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on clearinghouse members during a financial crisis, which could lead clearinghouse members to default. Because clearinghouses are still developing and the related bankruptcy process is untested, it is difficult to anticipate or identify all risks related to the concentration of counterparty risk in clearinghouses and clearing members and the risk of a clearinghouse default.

Title VII of the Dodd-Frank Act and new regulations thereunder and similar regulations adopted by non-U.S. jurisdictions that may indirectly apply to us could significantly increase the cost of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our credit risk exposure. If we reduce our use of derivatives as a result of such regulations, our results of operations may become more volatile and our cash flows may be less predictable which could adversely affect our financial performance. Additionally, we have always been subject to the risk that hedging and other management procedures might prove ineffective in reducing the risks to which insurance policies expose us or that unanticipated policyholder behavior or mortality, combined with adverse market events, could produce economic losses beyond the scope of the risk management techniques employed. Any such losses could be increased by the increased cost of entering into derivatives and the reduced availability of customized derivatives that might result from the implementation of Title VII of the Dodd-Frank Act and other similar regulations.

Notwithstanding the foregoing, the long-term future of Title VII of the Dodd-Frank Act and the related regulations implemented by the CFTC and the SEC and their impact on us remain uncertain and unpredictable, particularly in light of actions taken by the federal government. Two executive orders were issued in 2017 that established core principles for regulating the U.S. financial system and provided a framework for comprehensive change to current financial regulation. Additionally, the executive orders required federal agencies to designate a "Regulatory Reform Officer" and a "Regulatory Reform Task Force" to evaluate existing regulations and make recommendations to repeal, replace or modify regulations that, among others, inhibit job creation, are ineffective or impose costs that exceed benefits. In response to these executive orders, the CFTC announced its project to simplify and modernize the CFTC's rules and regulations regarding derivatives within its jurisdiction. The CFTC has published various white papers that identify areas for regulatory streamlining and clarity and has indicated that staff is working on regulatory revisions to existing rules. While the CFTC has published some final rules reflecting regulatory revisions, it is anticipated that further regulatory revisions will continue to be forthcoming from the CFTC as a result of the on-going project. Additionally, the SEC has adopted certain rules to implement the regulation of security-based swaps; however, at this point it is uncertain when the SEC will adopt the remainder of its proposed rules which will trigger the effectiveness of the security-based swap regulatory scheme. We cannot predict the impact of the executive orders on Title VII of the Dodd-Frank Act, the SEC's security-based swap regulatory scheme or the derivatives regulatory schemes in other jurisdictions on our derivatives activities, if any.

*Consumer Protection Laws and Privacy and Data Security Regulation*

Numerous other federal and state laws also affect our operations, including federal and state consumer protection laws. As part of the Dodd-Frank Act, Congress established the Consumer Financial Protection Bureau (CFPB) to supervise and regulate institutions that provide certain financial products and services to consumers. Although the consumer financial services subject to the CFPB's jurisdiction generally exclude insurance business of the kind in which our U.S. insurance subsidiaries engage, the CFPB does have authority to regulate non-insurance consumer services which are offered by issuers of securities in our U.S. insurance subsidiaries' investment portfolio.

Federal and state laws and regulations require financial institutions, including insurers, to protect the security and confidentiality of nonpublic personal information, including certain health-related and customer information, and to notify customers and other individuals about their policies and practices relating to their collection and disclosure of health-related and customer information and their practices relating to protecting the security and confidentiality of that information. State laws regulate use and disclosure of Social Security numbers and federal and state laws require notice to affected individuals, law enforcement, regulators and others if there is a breach of the security of certain nonpublic personal information, including Social Security numbers. In addition, state laws and regulations restrict the disclosure of the medical record and health status information obtained by insurers.

Federal and state lawmakers and regulatory bodies may be expected to consider additional or more detailed regulation regarding these subjects and the privacy and security of nonpublic personal information. Furthermore, the issues surrounding data security and the safeguarding of consumers' protected information are under increasing regulatory scrutiny by state and federal regulators, particularly in light of the number and severity of recent U.S. companies' data breaches. The Federal Trade Commission, the Federal Bureau of Investigation, the Federal Communications Commission, the NYSDFS and the NAIC have undertaken various studies, reports and actions regarding data security for entities under their respective supervision. Some states have enacted new insurance laws that require certain regulated entities to implement and maintain comprehensive information security programs to safeguard the personal information of insureds and enrollees.

On March 1, 2017, the NYSDFS enacted 23 NYCRR 500, a cybersecurity regulation governing financial companies. This rule requires banks, insurance companies, and other financial services institutions regulated by the NYSDFS, including us, to establish and maintain a cybersecurity program "designed to protect consumers and ensure the safety and soundness of New York State's financial services industry." Since the rule's effective date, we have committed significant time and resources to comply with the rule's requirements. We anticipate that the NYSDFS will continue to examine the cybersecurity programs of financial institutions in the future and such examinations may result in additional regulatory scrutiny, expenditure of resources and possible regulatory actions and reputational harm.

In October 2017, the NAIC adopted a new Insurance Data Security Model Law, which is intended to establish the standards for data security and standards for the investigation and notification of data breaches applicable to insurance licensees in states adopting such law, with provisions that are generally consistent with the NYSDFS cybersecurity regulation discussed above. Under the model law, it is intended that companies that are compliant with the NYSDFS cybersecurity regulation are, in general, in compliance with the model law. As with all NAIC model laws, this model law must be adopted by a state before becoming law in such state. The model law has only been adopted in a few states, which include Delaware. Iowa has not yet adopted a version of the Insurance Data Security Model Law. We anticipate that more states will begin adopting the model law in the near term. The NAIC has also adopted a guidance document that sets forth twelve principles for effective insurance regulation of cybersecurity risks based on similar regulatory guidance adopted by the Securities Industry and Financial Markets Association and the "Roadmap for Cybersecurity Consumer Protections," which describes the protections to which the NAIC believes consumers should be entitled from their insurance companies, agents and other businesses concerning the collection and maintenance of consumers' personal information, as well as what consumers should expect when such information has been involved in a data breach. We expect cybersecurity risk management, prioritization and reporting to continue to be an area of significant regulatory focus by such regulatory bodies and self-regulatory organizations.

**Item 1. Business**

The California Consumer Privacy Act of 2018 (CCPA) was signed in June 2018 and was later amended in September 2018. The CCPA became effective on January 1, 2020. The CCPA imposes stringent data privacy and data protection requirements for the data of California residents, including providing the right to request that a business delete any personal information about the consumer under certain circumstances. We have committed significant time and resources to comply with the rule's requirements. We anticipate that California will continue to examine the cybersecurity programs of businesses in the future and such examinations may result in additional regulatory scrutiny, expenditure of resources and possible regulatory actions and reputational harm. We expect that data privacy will continue to be an area of significant regulatory focus, and it is possible that other jurisdictions consider or enact data privacy regulations.

The Gramm-Leach-Bliley Act of 1999, which implemented fundamental changes in the regulation of the financial services industry in the United States, includes privacy requirements for financial institutions, including obligations to protect and safeguard consumers' nonpublic personal information and records, and limitations on the re-disclosure and re-use of such information.

Our investment in a limited partnership which is in the business of originating residential mortgage loans (RML), as well as our direct investment in any residential or other mortgage loans, may expose us to various environmental and other regulation. For example, to the extent that we hold whole mortgage loans as part of our investment portfolio, we may be responsible for certain tax payments or subject to liabilities under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980. Additionally, we may be subject to regulation by the CFPB as a mortgage holder or property owner. We are currently unable to predict the impact of such regulation on our business.

*Broker-dealers*

Our securities operations, principally conducted by our limited purpose SEC-registered broker-dealer, Athene Securities, LLC, are subject to federal and state securities and related laws, and are regulated principally by the SEC, state securities authorities and the Financial Industry Regulatory Authority (FINRA). Athene Securities, LLC does not hold customer funds or safekeep customer securities or otherwise engage in any securities transactions. Athene Securities, LLC is the principal underwriter for the RILA product that we offer and previously served as the principal underwriter of a block of variable annuity contracts which has been closed to new investors since 2002. The closed block of variable annuity contracts was issued by a predecessor of AAIA. Athene Securities, LLC continues to receive concessions on those variable annuity contracts. Athene Securities, LLC also provides supervisory oversight to Athene employees who are registered representatives.

Athene Securities, LLC and employees or personnel registered with Athene Securities, LLC are subject to the Exchange Act and to regulation and examination by the SEC, FINRA and state securities commissioners. The SEC and other governmental agencies and self-regulatory organizations, as well as state securities commissions in the United States, have the power to conduct administrative proceedings that can result in censure, penalties and fines, disgorgement of profits, restitution to customers, cease-and-desist orders or suspension, termination or limitation of the activities of the regulated entity or its employees.

As a registered broker-dealer and member of various self-regulatory organizations, Athene Securities, LLC is subject to the SEC's net capital rule, which specifies the minimum level of net capital a broker-dealer is required to maintain and requires a minimum part of its assets to be kept in relatively liquid form. These net capital requirements are designed to measure the financial soundness and liquidity of broker-dealers. The net capital rule imposes certain requirements that may have the effect of preventing a broker-dealer from distributing or withdrawing capital and may require that prior notice to the regulators be provided prior to making capital withdrawals. Compliance with net capital requirements could limit operations that require the intensive use of capital, such as trading activities and underwriting, and may limit the ability of our broker-dealer subsidiaries to pay dividends to us.

*Employee Retirement Income Security Act of 1974, as amended (ERISA)*

We also may be subject to regulation by the U.S. Department of Labor (DOL) when providing a variety of products and services to employee benefit plans governed by ERISA. ERISA is a comprehensive federal statute that applies to U.S. employee benefit plans sponsored by private employers and labor unions. Plans subject to ERISA include pension and profit sharing plans and welfare plans, including health, life and disability plans. Among other things, ERISA imposes reporting and disclosure obligations, prescribes standards of conduct that apply to plan fiduciaries and prohibits transactions known as "prohibited transactions," such as conflict-of-interest transactions, self-dealing and certain transactions between a benefit plan and a "party in interest." ERISA also provides for a scheme of civil and criminal penalties and enforcement. Our insurance businesses provide services to employee benefit plans subject to ERISA. We are also subject to ERISA's prohibited transaction rules for transactions with ERISA plans, which may affect our ability to, or the terms upon which we may, enter into transactions with those plans, even in businesses unrelated to those giving rise to "party in interest" status. The applicable provisions of ERISA and the U.S. Internal Revenue Code of 1986, as amended (Internal Revenue Code) are subject to enforcement by the DOL, the Internal Revenue Service (IRS) and the U.S. Pension Benefit Guaranty Corporation. Severe penalties are imposed for breach of duties under ERISA.

In April 2016, the DOL issued regulations expanding the definition of "investment advice" and broadening the circumstances under which distributors and manufacturers of insurance and annuity products could be considered "fiduciaries" and subject to certain standards in providing advice. These regulations were vacated effective June 2018. The DOL has indicated that it has been working with the SEC to develop a new proposed rule defining the term "fiduciary" for purposes of ERISA. Originally, the new proposed rule was expected to be issued in the fall of 2019 but no guidance has yet been issued. If a new fiduciary rule is adopted by the DOL, it is likely to apply to our business.

**Item 1. Business**

*Fiduciary Standards*

In response to Dodd Frank's directive that the SEC propose rules creating a uniform standard of conduct applicable to broker-dealers and investment advisers, the SEC adopted a new rule under the Exchange Act that establishes a standard of conduct for broker-dealers and associated persons of a broker-dealer when they make a recommendation to a retail customer of any securities transaction or investment strategy involving securities. This new rule, called "Regulation Best Interest," enhances the broker-dealer standard of conduct beyond existing suitability obligations, and aligns the standard of conduct with retail customers' reasonable expectations by requiring broker-dealers, among other things, to: act in the best interest of the retail customer at the time the recommendation is made, without placing the financial or other interest of the broker-dealer ahead of the interests of the retail customer; and address conflicts of interest by establishing, maintaining, and enforcing policies and procedures reasonably designed to identify and fully and fairly disclose material facts about conflicts of interest, and in certain identified areas where the SEC has determined that disclosure is insufficient to reasonably address the conflict, to mitigate or, in certain instances, eliminate the conflict. The standard of conduct established by Regulation Best Interest cannot be satisfied through disclosure alone. The standard of conduct draws from key principles underlying fiduciary obligations, including those that apply to investment advisers under the Investment Advisers Act of 1940. Regardless of whether a retail investor chooses a broker-dealer or an investment adviser (or both), the retail investor will be entitled to a recommendation (from a broker-dealer) or advice (from an investment adviser) that is in the best interest of the retail investor and that does not place the interests of the firm or the financial professional ahead of the interests of the retail investor. Regulation Best Interest will become effective on June 30, 2020. Though this regulation does not apply directly to FIA sales, we are currently unable to predict the impact that Regulation Best Interest may have on our business.

The NAIC has adopted a revised Suitability in Annuity Transactions Model Regulation (SAT), which places new responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. Many states, including Athene Domiciliary States, have already enacted laws and/or regulations based on SAT, thus imposing suitability standards with respect to sales of FIAs and variable annuities. The NYSDFS issued a circular letter emphasizing insurers' obligations under laws and regulations based on SAT when replacing a deferred annuity contract with an immediate annuity contract. On July 22, 2018, the NYSDFS issued amendments to its regulation based on SAT to incorporate a "best interest" standard with respect to the suitability of life insurance and annuity sales, which amendments took effect on August 1, 2019 with respect to annuity contracts and will become effective on February 1, 2020 with respect to life insurance policies. Future changes in such laws and regulations, including those that impose a "best interest" standard could adversely impact the way we market and sell our annuity products. The NAIC has also approved amendments to the SAT to incorporate a "best interest" or similar standard with respect to the suitability of annuity sales. The amendments include a requirement for producers to act in the "best interest" of a retail customer when making a recommendation of an annuity. A producer has acted in the best interest of the customer if they have satisfied certain prescribed obligations regarding care, disclosure, conflict of interest and documentation.

The 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. Should the SEC, DOL, NAIC or state-specific rules, once adopted, not align, the distribution of our products could be further complicated.

***Bermuda***

*General*

The Bermuda Insurance Act regulates the insurance business of our Bermuda reinsurance subsidiaries, and provides that no person may carry on any insurance business in or from within Bermuda unless registered as an insurer under such act by the BMA. The BMA is required by the Bermuda Insurance Act to determine whether the applicant is a fit and proper body to be engaged in the insurance business and, in particular, whether it has, or has available to it, adequate knowledge and expertise to operate an insurance business. See *–Fit and Proper Controllers* below.

The continued registration of an insurer is subject to the insurer complying with the terms of its registration and such other conditions as the BMA may impose from time to time. The Bermuda Insurance Act also grants to the BMA powers to supervise, investigate and intervene in the affairs of insurance companies.

The Bermuda Insurance Act imposes on Bermuda insurance companies solvency standards as well as auditing and reporting requirements. Certain significant aspects of the Bermuda insurance regulatory framework are set forth below.

*Classification of Insurers*

The Bermuda Insurance Act distinguishes between insurers carrying on long-term business, insurers carrying on special purpose business and insurers carrying on general business. Long-term business is generally defined as life, annuity and accident and health insurance, while general business broadly includes all types of insurance that are not long-term business (property and casualty business). Special purpose business is fully funded insurance business approved by the BMA to be written by a company registered either as a Special Purpose Insurer or as a Collateralized Insurer. There are five classifications of insurers carrying on long-term business, ranging from Class A insurers (pure captives) to Class E insurers (larger commercial carriers). Class A insurers are subject to the lightest regulation and Class E insurers are subject to the strictest regulation.

**Item 1. Business**

Our Bermuda reinsurance subsidiaries, which are incorporated to carry on long-term business, are each registered as a Class C or Class E insurer. Class C is the license class for long-term insurers and reinsurers with total assets of less than $250 million that are not registrable as a single parent or multi-owner long-term captive insurer or reinsurer. Class E is the license class for long-term insurers and reinsurers with total assets of more than $500 million that are not registrable as a single-parent or multi-owner long-term captive insurer or reinsurer. Our Bermuda reinsurance subsidiaries are not licensed to conduct general business and have not sought authorization as reinsurers in any state or jurisdiction of the U.S. Consequently, in order for ceding companies of our Bermuda reinsurance subsidiaries to receive statutory reserve or RBC credit for the reinsurance provided, reinsurance transactions are typically structured in one of three ways: (1) coinsurance, where the respective Bermuda reinsurance subsidiary's obligation to the applicable ceding company in connection with reinsurance transactions is secured by assets held in trust for the benefit of the applicable ceding company, which may be reduced or eliminated to the extent that the applicable Bermuda reinsurance subsidiary becomes a certified reinsurer or Bermuda becomes a reciprocal jurisdiction, (2) funds withheld, where, although the applicable Bermuda reinsurance subsidiary recognizes the insurance reserve liabilities, the assets to secure such liabilities are held and maintained by the applicable ceding company, or (3) modco, where both the insurance reserves and assets supporting the reserves are retained by the applicable ceding company.

*Cancellation of Insurer's Registration*

The BMA could cancel the registration of one or more of our Bermuda reinsurance subsidiaries at the request of the subsidiary or on grounds specified in the Bermuda Insurance Act. Failure by the Bermuda reinsurance subsidiary to comply with its obligations under the Bermuda Insurance Act and the BMA's belief that the subsidiary has not been carrying on business in accordance with sound insurance principles are examples of such grounds.

*Public Disclosure*

The Bermuda Insurance Act provides the BMA with powers to set standards on public disclosure. Using this power, the BMA requires all commercial insurers and insurance groups, subject to certain exceptions, to prepare and publish a Financial Condition Report on their website.

*Non-insurance Business*

Pursuant to the Bermuda Insurance Act, as Class C and Class E insurers, our Bermuda reinsurance subsidiaries are not permitted to engage in non-insurance business unless such non-insurance business is ancillary to its core business. Non-insurance business means any business other than insurance business and includes carrying on investment business, managing an investment fund as operator, carrying on business as a fund administrator, carrying on banking business, underwriting debt or securities or otherwise engaging in investment banking, engaging in commercial or industrial activities and carrying on the business of management, sales or leasing of real property.

*Annual Financial Statements, Annual Statutory Financial Return and Annual Capital and Solvency Return*

Class C and Class E insurers must file annual statutory financial statements and annual audited financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), International Financial Reporting Standards, accounting principles generally accepted in the UK or accounting principles generally accepted in Canada within four months of the end of each fiscal year, unless such deadline is specifically extended. The Bermuda Insurance Act also prescribes rules for the preparation and substance of statutory financial statements, which include, in statutory form, an insurer information sheet, an auditor's report, a balance sheet, income statement, a statement of capital and surplus and notes thereto. The statutory financial statements include detailed information and analysis regarding premiums, claims, reinsurance and investments of the insurer.

In addition, each year Class C and Class E insurers are required to file with the BMA a capital and solvency return along with its annual statutory financial return. The prescribed form of capital and solvency return is comprised of: the BMA's Bermuda Solvency Capital Requirement (BSCR) model or an approved internal capital model in lieu thereof; a statutory economic balance sheet; the approved actuary's opinion; and several prescribed schedules, including a schedule of fixed income and equity investments by BSCR rating, a schedule of funds held by ceding reinsurers in segregated accounts/trusts by BSCR rating, a schedule of risk management and a schedule of eligible capital, among others. The BSCR is not available for public inspection.

*Minimum Margin of Solvency (MMS), Enhanced Capital Requirement (ECR) and Restrictions on Dividends and Distributions*

Both Class C and Class E insurers must at all times maintain an MMS and an ECR in accordance with the provisions of the Bermuda Insurance Act. The Bermuda Insurance Act mandates certain actions and filings with the BMA if an insurer fails to meet and/or maintain its ECR or MMS including the filing of a written report detailing the circumstances giving rise to the failure and the manner and time within which the insurer intends to rectify the failure.

The MMS that a Class C insurer is required to maintain with respect to its long-term business is the greater of (1) $500,000, (2) 1.5% of assets or (3) 25% of the ECR as reported at the end of the relevant year. The MMS that a Class E insurer is required to maintain with respect to its long-term business is the greater of (1) $8 million, (2) 2% of the first $500 million of assets plus 1.5% of applicable assets above $500 million or (3) 25% of the ECR as reported at the end of the relevant year.

**Item 1. Business**

The BMA has embedded an economic balance sheet (EBS) framework as part of the BSCR that forms the basis for an insurer's ECR. The premise underlying the EBS framework is the idea that assets and liabilities should be valued on a consistent economic basis. Under the Bermuda Regulatory Framework there are two solvency calculations: (1) a Class E Insurer must have total statutory capital and surplus as reported on the insurer's statutory balance sheet greater than the MMS calculated pursuant to the Insurance Account Rules 2016; and (2) under the Insurance (Prudential Standards) (Class C, Class D and Class E Solvency Requirement) Rules 2011 an insurer is required to maintain available statutory economic capital and surplus in an amount that is equal to or exceeds the value of its ECR.

A Class C insurer's ECR is established by reference to the Class C BSCR model, while a Class E insurer's ECR is established by reference to the Class E BSCR model. Each BSCR model provides a method for determining an insurer's capital requirements (statutory economic capital and surplus) by taking into account the risk characteristics of different aspects of the insurer's business. The BSCR formula establishes capital requirements for fourteen categories of risk: fixed income investment risk, equity investment risk, long-term interest rate/liquidity risk, currency risk, concentration risk, credit risk, operational risk and seven categories of long-term insurance risk. For each category, the capital requirement is determined by applying shocks to asset, premium, reserve, creditor, probable maximum loss and operation items, with higher shocks applied to items with greater underlying risk and lower shocks for less risky items.

The Insurance (Prudential Standards) (Class C, Class D, and Class E Solvency Requirement) Amendment Rules 2018 provide updates to certain aspects of the EBS framework and increase the ECR over a 10-year grade-in period commencing January 1, 2019. We do not expect this change to have a material impact on our business.

As of December 31, 2019 and 2018, ALRe's EBS capital and surplus resulted in BSCR ratios, computed as available statutory economic capital and surplus divided by ECR, of 310% and 340%, respectively. While not specifically referred to in the Bermuda Insurance Act, target capital level (TCL) is also an important threshold for statutory capital and surplus. TCL is equal to 120% of ECR as calculated pursuant to the BSCR formula. TCL serves as an early warning tool for the BMA. If an insurer fails to maintain statutory capital at least equal to its TCL, such failure will likely result in increased regulatory oversight by the BMA. A Class C or Class E insurer which at any time fails to meet its applicable ECR shall, upon becoming aware of such failure or upon having reason to believe that such a failure has occurred, immediately notify the BMA in writing. Within 14 days of such notification, such insurer shall file with the BMA a written report containing details of the circumstances leading to the failure and a plan detailing the specific actions to be taken to rectify the failure, and the time within which the insurer intends to rectify the failure. Within 45 days of becoming aware of such failure, or of having reason to believe that such a failure has occurred, such insurer shall furnish the BMA with (1) unaudited statutory economic balance sheets and unaudited interim statutory financial statements prepared in accordance with GAAP covering such period as the BMA may require; (2) an opinion of the approved actuary in relation to total long-term business insurance technical provisions as set out in the statutory economic balance sheet, where applicable; (3) a long-term business solvency certificate in respect of the financial statements; and (4) a capital and solvency return reflecting an ECR prepared using post-failure data where applicable.

Under the Bermuda Insurance Act, an insurer is prohibited from declaring or paying a dividend if in breach of its ECR or MMS or if the declaration or payment of such dividend would cause such a breach. Where an insurer fails to meet its MMS on the last day of any financial year, it is prohibited from declaring or paying any dividends during the next financial year without the approval of the BMA. The Bermuda Insurance Act also prohibits our Bermuda reinsurance subsidiaries from paying a dividend in an amount exceeding 25% of the prior year's total statutory capital and surplus, unless at least two members of the respective Bermuda reinsurance subsidiary's board of directors and its principal representative sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause such Bermuda reinsurance subsidiary to fail to meet its relevant margins. In certain instances, our Bermuda reinsurance subsidiaries 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 the applicable Bermuda reinsurance subsidiary meeting its MMS and ECR, such Bermuda reinsurance subsidiary 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. Further, each of our Bermuda reinsurance subsidiaries must obtain the BMA's prior approval before reducing its total statutory capital as shown in its previous financial year statutory balance sheet by 15% or more. Each of our Bermuda reinsurance subsidiaries is also prohibited from declaring or paying any dividends unless the value of its long-term business assets exceeds its long-term business liabilities, as certified by its approved actuary, by the amount of the dividend and at least the MMS. These restrictions on declaring or paying dividends and distributions under the Bermuda Insurance Act are in addition to those under Bermuda's Companies Act 1981 (the Companies Act) which apply to all Bermuda companies. Under the Companies Act, a company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that: (1) the company is, or would after the payment be, unable to pay its liabilities as they become due, or (2) the realizable value of the company's assets would thereby be less than its liabilities.

*Eligible Capital*

To enable the BMA to better assess the quality of the insurer's capital resources, both Class C and Class E insurers are required to disclose the makeup of its capital in accordance with the '3-tiered capital system.' Under this system, all of the insurer's capital instruments must be classified as either basic or ancillary capital. All capital instruments are further classified into one of three tiers based on their "loss absorbency" characteristics. Highest quality capital will be classified as Tier 1 Capital, lesser quality capital will be classified as either Tier 2 Capital or Tier 3 Capital. Under this regime, up to certain specified percentages of Tier 1, Tier 2 and Tier 3 Capital may be used to support the insurer's MMS, ECR and TCL. The Bermuda Insurance Act requires that Class E insurers have Tier 1 Capital equal to or greater than 50% of the value of its ECR, Tier 2 Capital not greater than Tier 1 Capital and Tier 3 Capital of not more than 17.65% of the aggregate of its Tier 1 Capital and Tier 2 Capital.

The characteristics of the capital instruments that must be satisfied to qualify as Tier 1, 2 and 3 Capital are set forth in the Insurance (Eligible Capital) Rules 2012, and any amendments thereto. Under those rules, Tier 1, 2 and 3 Capital may, until January 1, 2026, include capital instruments with the following characteristics: (1) non-redeemable or settled only with the issuance of an instrument of equal or higher quality upon a breach in the ECR (Tier 1, 2 and 3 Capital); (2) coupon payment on the instrument be cancellable or deferrable indefinitely, upon breach in the ECR (Tier 1 and 2 Capital); or (3) coupon payment on the instrument be cancellable or deferrable indefinitely upon breach in the MMS (Tier 3 Capital).

Where the BMA has previously approved the use of certain instruments for capital purposes, the BMA's consent will need to be obtained if such instruments are to remain eligible for use in satisfying the MMS and the ECR. We do not currently use any such instruments.

*Code of Conduct*

Every Bermuda registered insurer must comply with the Insurance Code of Conduct (Code of Conduct) which prescribes the duties and standards that must be complied with to ensure sound corporate governance, risk management and internal controls are implemented. The BMA will assess an insurer's compliance with the Code of Conduct in a proportionate manner relative to the nature, scale and complexity of its business. Failure to comply with the requirements of the Code of Conduct will be taken into account by the BMA in determining whether an insurer is conducting its business in a sound and prudent manner as prescribed by the Bermuda Insurance Act and may result in the BMA exercising its powers of intervention and investigation (see below) and, in the case of our Bermuda reinsurance subsidiaries, as Class C and Class E insurers, will be a factor in calculating the operational risk charge under each insurer's BSCR or approved internal model.

*Fit and Proper Controllers*

The BMA maintains supervision over the "controllers" of all registered insurers in Bermuda. For these purposes, a "controller" includes (1) the managing director of the registered insurer or its parent company, (2) the chief executive of the registered insurer or of its parent company, (3) a shareholder controller, and (4) any person in accordance with whose directions or instructions the directors of the registered insurer or its parent company are accustomed to act.

The definition of shareholder controller is set out in the Bermuda Insurance Act but generally refers to (1) a person who holds 10% or more of the shares carrying rights to vote at a shareholders' meeting of the registered insurer or its parent company, (2) a person who is entitled to exercise 10% or more of the voting power at any shareholders' meeting of such registered insurer or its parent company or (3) a person who is able to exercise significant influence over the management of the registered insurer or its parent company by virtue of its shareholding or its entitlement to exercise, or control the exercise of, the voting power at any shareholders' meeting.

Under the Bermuda Insurance Act, shareholder controller ownership is defined as follows:

| Actual Shareholder Controller Voting Power | Defined Shareholder Controller Voting Power |
|---|---|
| 10% or more but less than 20% | 10% |
| 20% or more but less than 33% | 20% |
| 33% or more but less than 50% | 33% |
| 50% or more | 50% |

Where the shares of a registered insurer, or the shares of its parent company, are traded on a recognized stock exchange, and such shareholder becomes a 10%, 20%, 33%, or 50% shareholder controller of the insurer, that shareholder shall, within 45 days, notify the BMA in writing that such shareholder has become, or as a result of a disposition ceased to be, a controller of any such category.

Under our bye-laws, we have imposed restrictions on the ownership by holders of our Class A common shares (other than the Apollo Group) controlling more than 9.9% of the voting power associated with our common shares. The voting rights exercisable by shareholders of the Company other than the Apollo Group will be limited so that Control Groups are not deemed to hold more than 9.9% of the total voting power conferred by our shares. In addition, our board of directors retains certain discretion to make adjustments to the aggregate number of votes attaching to the shares of any person or group that they consider fair and reasonable in all the circumstances to ensure that such person or group will not hold more than 9.9% of the total voting power represented by our then outstanding shares. As such, other than the Apollo Group (at the 33% shareholder controller level), no shareholder will be considered, according to the Bermuda Insurance Act, a shareholder controller of AARe or ALRe.

Any person or entity who contravenes the Bermuda Insurance Act by failing to give notice or knowingly becoming a controller of any description before the required 45 days has elapsed is guilty of an offense under Bermuda law and liable to a fine of $25,000 on summary conviction.

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The BMA may file a notice of objection to any person or entity who has become a controller of any category when it appears that such person or entity is not, or is no longer, fit and proper to be a controller of the registered insurer. Before issuing a notice of objection, the BMA is required to serve upon the person or entity concerned a preliminary written notice stating the BMA's intention to issue formal notice of objection. Upon receipt of the preliminary written notice, the person or entity served may, within 28 days, file written representations with the BMA which shall be taken into account by the BMA in making its final determination. Any person or entity who continues to be a controller of any description after having received a notice of objection is guilty of an offense and liable on summary conviction to a fine of $25,000 (and a continuing fine of $500 per day for each day that the offense is continuing) or, if convicted on indictment, to a fine of $100,000 and/or 2 years in prison.

*Notification of Material Changes*

All registered insurers are required to give notice to the BMA of their intention to effect a material change within the meaning of the Bermuda Insurance Act. For the purposes of the Bermuda Insurance Act, the following changes are material: (1) the transfer or acquisition of insurance business, including portfolio transfers or corporate restructurings, pursuant to a court-approved scheme of arrangement under Section 25 of the Bermuda Insurance Act or Section 99 of the Companies Act, (2) the amalgamation with or acquisition of another firm, (3) engaging in unrelated business that is retail business, (4) the acquisition of a controlling interest in an undertaking that is engaged in non-insurance business which offers services and products to persons who are not affiliates of the insurer, (5) outsourcing all or substantially all of the company's actuarial, risk management, compliance or internal audit functions, (6) outsourcing all or a material part of an insurer's underwriting activity, (7) the transfer other than by way of reinsurance of all or substantially all of a line of business, (8) the expansion into a material new line of business, (9) the sale of an insurer and (10) outsourcing of an "officer" role, as such term is defined by the Bermuda Insurance Act.

As registered insurers, our Bermuda reinsurance subsidiaries may not take any steps to give effect to such a material change unless they have first served notice on the BMA that they intend to effect such material change and before the end of 30 days, either the BMA has notified the applicable Bermuda reinsurance subsidiary in writing that the BMA has no objection to such change or that period has lapsed without the BMA having issued a notice of objection.

Before issuing a notice of objection, the BMA is required to serve upon the applicable Bermuda reinsurance subsidiary a preliminary written notice stating the BMA's intention to issue formal notice of objection. Upon receipt of the preliminary written notice, the applicable Bermuda reinsurance subsidiary may, within 28 days, file written representations with the BMA, which the BMA would take into account in making its final determination.

*Supervision, Investigation and Intervention*

The BMA may appoint an inspector with powers to investigate the affairs of an insurer if the BMA believes that an investigation is required in the interests of the insurer's policyholders or potential policyholders. In order to verify or supplement information otherwise provided to the inspector, the BMA may direct an insurer to produce documents or information relating to matters connected with its business.

If it appears to the BMA that there is a risk of an insurer becoming insolvent, or that it is in breach of the Bermuda Insurance Act or any conditions imposed upon its registration, the BMA may, among other things, direct the insurer (1) not to take on any new insurance business, (2) not to vary any insurance contract if the effect would be to increase its liabilities, (3) not to make certain investments, (4) to liquidate certain investments, (5) to maintain or transfer to the custody of a specified bank, certain assets, (6) not to declare or pay any dividends or other distributions or to restrict the making of such payments, (7) to limit its premium income, (8) not to enter into any specified transaction with any specified persons or persons of a specified class, (9) to provide the BMA with such financial information regarding the insurer as the BMA may request, (10) to obtain the opinion of an actuary loss reserve specialist for submission to the BMA, and (11) to remove a controller or officer.

*Exchange Control*

The permission of the BMA is required, pursuant to the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the Class A common shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the BMA has granted a general permission. The BMA, in its notice to the public dated June 1, 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any "Equity Securities" of the company (which includes the Class A common shares) are listed on an "Appointed Stock Exchange" (which includes the New York Stock Exchange (NYSE)).

*Economic Substance Act 2018 (ESA)*

In December 2018, the ESA came into effect in Bermuda. Under the provisions of the ESA, every Bermuda registered entity, other than an entity which is resident for tax purposes in certain jurisdictions outside of Bermuda, that carries on as a business any one or more "relevant activities" referred to in the ESA must satisfy economic substance requirements by maintaining a substantial economic presence in Bermuda. Under the ESA, insurance or holding entity activities (both as defined in the ESA and Economic Substance Regulations 2018) are relevant activities. To the extent that the ESA applies to any of our entities registered in Bermuda, we will be required to demonstrate compliance with economic substance requirements by filing an annual economic substance declaration with the Registrar of Companies in Bermuda.

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Any entity that must satisfy economic substance requirements but fails to do so could face automatic disclosure to competent authorities in the E.U. of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or removal from the list of registered entities in Bermuda.

*Privacy Laws*

The Bermuda Personal Information Protection Act 2016 (PIPA) regulates how any individual, entity or public authority may use personal information. PIPA reflects a set of internationally accepted privacy principles and good business practices for the use of personal information. Although PIPA was passed on July 27, 2016, the sections that are currently in effect are limited to those that relate to the establishment and appointment of the PIPA commissioner (PIPA Commissioner), the hiring of the PIPA Commissioner's staff, and the general authority of the PIPA Commissioner to inform the public about PIPA. Following the PIPA Commissioner's appointment, effective January 20, 2020, we anticipate that his office will communicate with the public on the next steps and proceed with the further implementation of PIPA.

***Europe***

*Corporation Tax Act 2010 (UK Tax Act)*

AHL, ALRe and ACRA 1A are UK tax resident companies and as such are subject to UK corporation tax on their profits. We do not expect taxes paid pursuant to the UK Tax Act to be material to our results of operations. For further discussion regarding our effective tax rates, see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations–Results of Operations–Taxes*. For risks related to UK tax residency, see *Item 1A. Risk Factors–Risks Relating to Taxation–AHL or its non-U.S. subsidiaries may be subject to U.S. federal income taxation*.

*General Data Protection Regulation (GDPR)*

The GDPR went into effect on May 25, 2018. It was enacted by the European Commission to regulate and protect data of individuals located within the EU. As tax residents of the UK, AHL, ALRe and ACRA 1A are likely subject to the territorial scope of the GDPR under Article 3(1). To the extent that AHL, ALRe and/or ACRA 1A is under the territorial scope of the GDPR, the regulation would only apply to the processing of personal data carried out in the context of such entity's UK activities. Currently, the volume of personal data processed in connection with each entity's UK activities is insignificant. We regularly monitor our business activities to ensure we are prepared for compliance, should the GDPR ever apply to our business more broadly.

***Enterprise-Wide***

*Developing International Matters and Group Capital* – In November 2019, the International Association of Insurance Supervisors (IAIS) adopted the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame). ComFrame will be applicable to entities that meet the IAIS's criteria for internationally active insurance groups (IAIGs) and are designated as such. ComFrame establishes international standards for the designation of a group-wide supervisor for each IAIG and for the imposition of a group capital requirement applicable to an IAIG in addition to the current legal entity capital requirements imposed by relevant insurance laws and regulations. The NAIC developed a model law that allows state insurance regulators in the U.S. to be designated as group-wide supervisors for U.S.-based IAIGs. In November 2019, the IAIS adopted a revised version of the risk-based global insurance capital standard (ICS), which is the group capital component of ComFrame. The NAIC is developing a group capital calculation tool using an RBC aggregation methodology for all entities within an insurance holding company system group, including non-U.S. entities, and is seeking effective equivalency of such tool to the ICS for U.S.-based IAIGs. The goal is to provide U.S. regulators with a method to aggregate the available capital and the minimum capital of each entity in a group in a way that applies to all groups regardless of their structure. The NAIC expects to adopt the final group capital calculation tool in 2020. The NAIC has stated that the calculation will be a regulatory tool and will not constitute a requirement or standard. It is not possible to predict what impact any such regulatory tool may have on our business.

We, Apollo and Apollo's other insurance affiliates participated in the NAIC's field testing of the group capital calculation in 2019 and we expect to continue to be included Apollo's calculation in the future. In the event that we or Apollo become an IAIG, we expect to be subject to a group capital calculation consistent with or comparable to international capital standards in that context. It is possible that the development of these international standards will have an impact on our capital position and capital structure in the future.

*Group Supervision* – An insurance group is defined as a group of companies that conducts insurance business. As the regulators of our largest subsidiaries, the BMA or the Iowa Insurance Division may determine that it is appropriate for one of them to act as our group supervisor. It is possible that the group supervisor, if so identified, will determine that our group includes Apollo and Apollo's insurance interests that are otherwise not connected to us for purposes of applying group supervision requirements. Under applicable U.S. state laws, including the Holding Company Act in Iowa, Apollo will likely be included within our group, although the outcome under Bermuda law is uncertain.

**Item 1. Business**

A group supervisor, if and when identified, may perform a number of supervisory functions including (1) coordinating the gathering and dissemination of relevant or essential information for going concerns and emergency situations, including the dissemination of information that is of importance for the supervisory task of other competent authorities, (2) carrying out supervisory reviews and assessments of the insurance group, (3) carrying out assessments of the insurance group's compliance with the rules on solvency, risk concentration, intra-group transactions and good governance procedures, (4) planning and coordinating supervisory activities in respect of the insurance group, both as a going concern and in emergency situations through regular meetings held at least annually (or by other appropriate means) with other competent authorities, (5) coordinating enforcement actions that may need to be taken against the insurance group or any of its members and (6) planning and coordinating meetings of colleges of supervisors (consisting of insurance regulators) in order to facilitate the carrying out of the functions described above.

The group supervisor may create rules for the insurance group, including to make provision for, among other things (1) assessing the financial situation and the solvency position of the insurance group and/or its members and (2) regulating intra-group transactions, risk concentration, governance procedures, risk management and regulatory reporting and disclosure.

We, as part of Apollo's group, expect to become subject to group supervision by the IID in the future. It is unclear whether we will be subject to independent group supervision by either the BMA or the IID with respect to AHL and its subsidiaries separate from Apollo.

*Own Risk and Solvency Assessment (ORSA) Model Act* – We are subject to the ORSA Model Act, which has been enacted by each Athene Domiciliary State, and requires insurance companies to assess the adequacy of their and their group's risk management and current and future solvency position. Under the ORSA Model Act, certain insurers must undertake an internal risk management review at least annually (but also at any time when there are significant changes to the risk profile of the insurer or its insurance group), in accordance with the NAIC's ORSA Guidance Manual, and prepare an ORSA Report assessing the adequacy of the insurer's risk management and capital in light of its current and future business plans. The ORSA Report is required to be filed annually with a company's lead state regulator and made available to other domiciliary regulators within the holding company system. We file the ORSA with the IID as our lead state regulator and concurrently provide the ORSA to the Delaware Department of Insurance and the NYSDFS. We also submit the ORSA to the BMA. Additionally, for the purposes of satisfying the assessment requested in the Schedule of Commercial Insurer's Solvency Self-Assessment, each Bermuda reinsurance subsidiary submits supporting documentation to the BMA regarding specific queries presented in the BMA's BSCR, to supplement the information provided in the ORSA.

*Corporate Governance Annual Disclosure Model Act and Model Regulation (together, the Corporate Governance Model Act)* – In November 2014, the NAIC adopted the Corporate Governance Model Act, which requires an insurer to provide an annual disclosure regarding its corporate governance practices to its lead state and/or domestic regulator. As adopted by the NAIC, the requirements of the Corporate Governance Model Act became effective January 1, 2016, with the first annual disclosure due by June 1, 2016. The Corporate Governance Model Act must be adopted by the individual states for the new requirements to apply, and specifically in Delaware, Iowa and New York for the changes to apply to our U.S. insurance subsidiaries. Both Delaware and Iowa have adopted forms of the Corporate Governance Annual Disclosure Model Act. To date, New York has not adopted the Corporate Governance Model Act, and it is not possible to predict whether New York will adopt the Corporate Governance Model Act in the future; however, the NAIC has made the Corporate Governance Model Act part of its accreditation standards for state solvency regulation, which may motivate New York to adopt the Corporate Governance Model Act.

*Insurance Holding Company Regulation* – Each direct and indirect parent of our U.S. insurance subsidiaries (including AHL) is subject to the insurance holding company laws of each of the Athene Domiciliary States. These laws generally require an insurance holding company and insurers that are members of such holding company system to register with their U.S. insurance regulators and to file certain reports with those authorities, including information concerning their capital structure, ownership, financial condition, certain intercompany transactions and general business operations. Generally, under these laws, transactions between our U.S. insurance subsidiaries and their affiliates, including any reinsurance transactions, must be fair and reasonable and, if material or included within a specified category, require prior notice and approval or non-disapproval by the insurance department of each applicable Athene Domiciliary State.

Most states, including each of the Athene Domiciliary States, have insurance laws that require regulatory approval of a direct or indirect change of control of an insurer, which would include a change of control of its holding company. Laws such as these prevent any person from acquiring direct or indirect control of any of our U.S. insurance subsidiaries or their holding companies unless that person has filed a statement with specified information with the commissioner or director of the insurance department of the applicable Athene Domiciliary State (each, a Commissioner) and has obtained the Commissioner's prior approval. Under most states' statutes, including those of each of the Athene Domiciliary States, acquiring 10% or more of a voting interest in an insurance company or its parent company is presumptively considered a change of control, although such presumption may be rebutted. Accordingly, any person who acquires 10% or more of a voting interest in a direct or indirect parent of any of our U.S. insurance subsidiaries (or AHL) without the prior approval of the Commissioner of the applicable Athene Domiciliary State will be in violation of the applicable Athene Domiciliary State's law and may be subject to injunctive action requiring the disposition or seizure of those securities by the Commissioner or prohibiting the voting of those securities and/or to other actions determined by the Commissioner. Further, a willful violation of these laws is punishable in each Athene Domiciliary State as a criminal offense.

**Item 1. Business**

In addition, the Model Insurance Holding Company System Regulatory Act (Amended Holding Company Model Act) requires any controlling person of a U.S. insurer seeking to divest its controlling interest in the insurance company to file with the relevant insurance Commissioner a confidential notice of the proposed divestiture at least thirty days prior to the cessation of control (unless a person acquiring control from the divesting party has filed notice of the proposed acquisition of control with the Commissioner). After receipt of the notice, the Commissioner must determine whether the parties seeking to divest or to acquire a controlling interest will be required to file for or obtain approval of the transaction. These laws may discourage potential acquisition proposals and may delay, deter or prevent an acquisition of control of a direct or indirect parent of any of our U.S. insurance subsidiaries (including AHL) (in particular through an unsolicited transaction), even if the shareholders of such parent consider such transaction to be desirable. Our bye-laws include limitations on the voting power exercisable by shareholders of the Company other than the Apollo Group so that certain persons or groups (Control Groups) are deemed not to hold more than 9.9% of the total voting power conferred by our shares.

Holding company system regulations currently in effect in New York require prospective acquirers of New York domiciled insurers to provide detailed disclosure with respect to intended changes to the business operations of the insurer, and expressly authorize the NYSDFS to impose additional conditions on such acquisitions. Pursuant to these regulations, the NYSDFS may limit the changes that the acquirer may make to the insurer's business operations for a specified period of time following the acquisition without the NYSDFS' prior approval. In particular, the regulation provides the NYSDFS with the specific authority to require acquirers of New York domiciled life insurers to post assets in a trust account for the benefit of the target company's policyholders. In making such determination, the NYSDFS may consider whether the acquirer is, or is controlled by or under common control with, an investment manager such as Apollo. The NAIC has also published in its Financial Analysis Handbook specific narrative guidance for state insurance examiners to consider in reviewing applications for an acquisition of insurance and reinsurance companies by a private equity firm.

Although Athene Re IV is not subject to insurance holding company laws, the Vermont insurance regulator may use all or a part of the holding company law framework described above in determining whether to approve a proposed change of control.

Each of the Athene Domiciliary States has adopted a form of the Amended Holding Company Model Act, which requires each ultimate controlling party to file an annual enterprise risk report identifying the material risks within the insurance holding company system that could pose enterprise risk to the licensed companies. An enterprise risk is an activity or event involving affiliates of an insurer that could have a material adverse effect on the insurer or the insurer's holding company system.

In December 2014, the NAIC adopted additional amendments to the Amended Holding Company Model Act for consideration by the various states that address the authority of an insurance commissioner to act as the group-wide supervisor for an internationally active insurance group or to acknowledge the authority of another regulatory official, from another jurisdiction, to so act. These changes to the Amended Holding Company Model Act must be enacted by the individual states before they will become effective, and specifically in Delaware, Iowa and New York for the changes to apply to our U.S. insurance subsidiaries. Delaware has adopted a form of these changes to the Amended Holding Company Model Act, and Iowa has adopted similar provisions under a predecessor statute; however, these changes have not yet been adopted by New York and we cannot predict whether New York will do so in the future. However, the NAIC has made these changes to the Amended Holding Company Model Act part of its accreditation standards for state solvency regulation beginning January 1, 2020, which is likely to motivate states, including New York, to adopt these changes to the Amended Holding Company Model Act. It is not possible to predict with any degree of certainty the additional capital requirements, compliance costs or other burdens these changes may impose in the future.

**Available Information**

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Exchange Act are made available, free of charge, on or through the "Investors" portion of our website www.athene.com. Information contained on our website is not part of, nor is it incorporated by reference in, this report or any of our periodic reports. Reports filed with or furnished to the SEC will also be available as soon as reasonably practicable after they are filed with or furnished to the SEC and are available at the SEC's website at www.sec.gov.

## Item 1A. Risk Factors

### Risks Relating to Our Business

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

We make and rely on certain assumptions and estimates regarding many matters related to our business, including interest rates, investment returns, expenses and operating costs, tax assets and liabilities, tax rates, business mix, surrender activity, mortality and contingent liabilities. We also use these assumptions and estimates to make decisions crucial to our business operations, including establishing pricing, target returns and expense structures for our insurance subsidiaries' products and PRT transactions; determining the amount of reserves we are required to hold for our policy liabilities; determining the price we will pay to acquire or reinsure business; determining the hedging strategies we employ to manage risks to our business and operations; and determining the amount of regulatory and rating agency capital that our insurance subsidiaries must hold to support their businesses. The factors influencing these assumptions and estimates cannot be calculated or predicted with certainty, and if our assumptions and estimates differ significantly from actual outcomes and results, our business, financial condition, results of operations, liquidity and cash flows may be materially and adversely affected. Certain of the assumptions relevant to our business are discussed in greater detail below.

- *Insurance Products and Liabilities* – Pricing of our annuity and other insurance products, whether issued by us or acquired through reinsurance or acquisitions, is based upon assumptions about persistency, mortality and the rates at which optional benefits are elected. A factor which may affect persistency for some of our products is the value of guaranteed minimum benefits. An increase in the value of guaranteed minimum benefits could result in our policies remaining in force longer than we have estimated, which could adversely affect our results of operations. This could be caused by extended periods of poor equity market performance and/or low interest rates, developments affecting customer perception and other factors outside our control. Alternatively, our persistency estimates could be negatively affected during periods of rising equity markets or interest rates or by other factors outside our control, which could result in fewer policies remaining in force than estimated. Therefore, our results will vary based on differences between actual and expected withdrawals from our subsidiaries' products.

  If emerging or actual experience deviates from our assumptions, such deviations could have a significant effect on our business, financial condition, results of operations, liquidity and cash flows. For example, a significant portion of our in-force and newly issued products contain riders that offer guaranteed lifetime income or death benefits. These riders expose us to mortality, longevity and policyholder behavior risks. If actual utilization of certain rider benefits is adverse when compared to our estimates used in setting our reserves for future policy benefits, these reserves may prove to be inadequate and we may be required to increase such reserves. More generally, deviations from our pricing expectations could result in our subsidiaries earning less of a spread between the investment income earned on our subsidiaries' assets and the interest credited to such products and other costs incurred in servicing the products, or may require our subsidiaries to make more payments under certain products than our subsidiaries had projected. We have limited experience to date on policyholder behavior for our guaranteed minimum benefit products. As a result, future experience could deviate significantly from our assumptions.

- *Determination of Fair Value* – We hold securities, derivative instruments and other assets and liabilities that must be, or at our election are, measured at fair value. Fair value represents the anticipated amount that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction. The determination of fair value involves the use of various assumptions and estimates, and considerable judgment may be required to estimate fair value. Accordingly, estimates of fair value are not necessarily indicative of the amounts that could be realized in a current or future market exchange. As such, changes in or deviations from the assumptions used in such valuations can significantly affect our financial condition and results of operations. During periods of market disruption, including periods of rapidly changing credit spreads or illiquidity, if trading becomes less frequent or market data becomes less observable, it will likely be difficult to value certain of our investments. Further, rapidly changing credit and equity market conditions could materially impact the valuation of investments as reported within our financial statements, and the period-to-period changes in value could vary significantly. Even if our assumptions and valuations are accurate at the time that they are made, the market value of these investments could subsequently decline, which could materially and adversely impact our financial condition, results of operations or cash flows.

- *Hedging Strategies* – We use, and may in the future use, derivatives and reinsurance contracts to hedge risks related to current or future changes in the fair value of our assets and liabilities; current or future changes in cash flows; changes in interest rates, equity markets and credit spreads; the occurrence of credit defaults; currency fluctuations; and changes in mortality and longevity. We use equity derivatives to hedge the liabilities associated with our FIAs. Our hedging strategies rely on assumptions and projections regarding our assets and liabilities, as well as general market factors and the creditworthiness of our counterparties, any or all of which may prove to be incorrect or inadequate. Accordingly, our hedging activities may not have the desired impact. We may also incur significant losses on hedging transactions.

- *Financial Statements* – The preparation of our consolidated financial statements requires management to make various estimates and assumptions that affect the amounts reported therein. These estimates include, but are not limited to, the fair value of investments; impairment of investments and valuation allowances; the valuation of derivatives, including embedded derivatives; DAC, DSI and VOBA; future policy benefit reserves; valuation allowances on deferred tax assets; and stock-based compensation. The assumptions and estimates required for these calculations involve judgment and by their nature are imprecise and subject to changes and revisions over time. Accordingly, our financial condition and results of operations may be adversely affected if actual results differ from assumptions or if assumptions are materially revised.

***Our investments are subject to market and credit risks that could diminish their value and these risks could be greater during periods of extreme volatility or disruption in the financial and credit markets, which could adversely impact our business, financial condition, results of operations, liquidity and cash flows.***

Our investments and derivative financial instruments are subject to risks of credit defaults and changes in market values. Periods of macroeconomic weakness or recession, heightened volatility or disruption in the financial and credit markets could increase these risks, potentially resulting in other than temporary impairment of assets in our investment portfolio. We are also subject to the risk that cash flows generated from the collateral underlying the structured products we own may differ from our expectations in timing or amount. In addition, many of our classes of investments, but in particular our alternative investments, may produce investment income that fluctuates significantly from period to period. Any event reducing the estimated fair value of these securities, other than on a temporary basis, could have a material and adverse effect on our business, results of operations, financial condition, liquidity and cash flows. If our investment manager, Apollo, fails to react appropriately to difficult market, economic and geopolitical conditions, our investment portfolio could incur material losses. Certain of our investments are more vulnerable to these risks than others, as described more fully below.

- *Fixed maturity and equity securities* – As of December 31, 2019, 76.7% of our net invested assets were invested in fixed maturity securities, equity securities, and short-term investments, including our investments in investment grade and high-yield corporate bonds and structured products, which include RMBS and CLOs. An economic downturn affecting the issuers or underlying collateral of these securities, a ratings downgrade affecting the issuers or guarantors of such securities, or similar trends and issues could cause the estimated fair value of our fixed income securities portfolio and our earnings to decline and the default rates of the fixed income securities in our portfolio to increase.

- *Collateralized loan obligations* – As of December 31, 2019, 8.7% of our net invested assets were invested in CLOs. Control over the CLOs in which we invest is exercised through collateral managers, who may take actions that could adversely affect our interests, and we may not have the right to direct collateral management. There may also be less information available to us regarding the underlying debt instruments held by CLOs than if we had invested directly in the debt of the underlying companies. Additionally, as subordinated interests, the estimated fair values of CLOs tend to be much more sensitive to adverse economic downturns and underlying borrower defaults than those of more senior securities. For example, as the secondary market pricing of the loans underlying CLOs deteriorated during the fourth quarter of 2008, it is our understanding that many investors were forced to raise cash by selling their interests in performing loans which resulted in a forced deleveraging cycle of price declines, compulsory sales and further price declines. While loan prices have recovered from the low levels experienced during the financial crisis, conditions in the large corporate leveraged loan market may deteriorate again, which may cause pricing levels to decline. Furthermore, our investments in CLOs are also subject to liquidity risk as there is a limited market for CLOs. Accordingly, we may suffer unrealized depreciation and could incur realized losses in connection with the sale of our CLO interests.

We have a risk management framework in place to identify, assess and prioritize risks, including the market and credit risks to which our investments are subject. As part of that framework, we test our investment portfolio based on various market scenarios. Under certain stressed market scenarios, unrealized losses on our investment portfolio could lead to material reductions in its carrying value. Under some extreme scenarios, total shareholders' equity could be negative for the period of time prior to any potential market recovery. See *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*.

***Interest rate fluctuations could adversely affect our business, financial condition, results of operations, liquidity and cash flows.***

Interest rate risk is a significant market risk for us. We define interest rate risk as the risk of an economic loss due to changes in interest rates. This risk arises from our holdings in interest rate-sensitive assets (e.g., fixed income assets) and liabilities (e.g., fixed deferred and immediate annuities). Substantial and sustained increases or decreases in market interest rates could materially and adversely affect our business, financial condition, results of operations, liquidity and cash flows, including in the following respects:

- Significant changes in interest rates expose us to the risk of not realizing anticipated spreads between overall net investment earned rates and the crediting rates to our policyholders.

- Changes in interest rates may negatively affect the value of our assets and our ability to realize gains or avoid losses from the sale of those assets. Significant volatility in interest rates may have a larger adverse impact on certain assets in our investment portfolio that are highly structured or have limited liquidity.

**Item 1A. Risk Factors**

- Changes in interest rates may cause changes in prepayment rates on certain fixed income assets within our investment portfolio. For instance, falling interest rates may accelerate the rate of prepayment on mortgage loans, while rising interest rates may decrease such prepayments below the level of our expectations. At the same time, falling interest rates may result in the lengthening of duration for our policies and liabilities due to the guaranteed minimum benefits contained in our products, while rising interest rates could lead to increased policyholder withdrawals and a shortening of duration for our liabilities. In either case, we could experience a mismatch in our assets and liabilities and potentially incur significant economic losses.

- During periods of declining interest rates or a prolonged period of low interest rates, life insurance and annuity products may be relatively more attractive to consumers than other investment opportunities. This may cause our assumptions regarding persistency to prove inaccurate as our customers opt not to surrender or take withdrawals from their products, which may result in us experiencing greater claim costs than we had anticipated and/or cash flow mismatches between assets and liabilities.

- During periods of declining interest rates, we may have to reinvest the cash we receive as interest or return of principal on our investments into lower-yielding high-grade instruments or seek higher-yielding, but higher-risk instruments in an effort to achieve returns comparable with those attained during more stable interest rate environments.

- Certain securitized financial assets are accounted for based on expectations of future cash flows. To the extent future interest rates are lower than we have projected, we will experience slower accretion of discounts on these assets and will have a lower yield on our portfolio.

- An extended period of declining interest rates or a prolonged period of low interest rates may cause us to decrease the crediting rates of our products, thereby reducing their attractiveness.

- In periods of rapidly increasing interest rates, withdrawals from and/or surrenders of annuity contracts may increase as policyholders choose to seek higher investment returns elsewhere. Obtaining cash to satisfy these obligations may require our insurance subsidiaries to liquidate fixed income investments at a time when market prices for those assets are depressed. This may result in realized investment losses.

- An increase in market interest rates could reduce the value of certain of our alternative investments held as collateral under reinsurance agreements and require us to provide additional collateral, thereby reducing our available capital and potentially creating a need for additional capital which may not be available to us on favorable terms, or at all.

***The amount of statutory capital that our insurance and reinsurance subsidiaries have, or that they are required to hold, can vary significantly from time to time and is sensitive to a number of factors outside of our control.***

Our U.S. insurance subsidiaries are subject to state regulations that provide for MCR based on RBC formulas for life insurance companies relating to insurance, business, asset, interest rate and certain other risks. Similarly, our Bermuda reinsurance subsidiaries are subject to MCR imposed by the BMA through the BMA's ECR and MMS.

In any particular year, our subsidiaries' capital ratios and/or statutory surplus amounts may increase or decrease depending on a variety of factors, most of which are outside of our control, including, but not limited to, the following:

- the amount of statutory income or loss generated by our insurance subsidiaries;
- the amount of additional capital our insurance subsidiaries must hold to support their business growth;
- changes in reserve requirements applicable to our insurance subsidiaries;
- changes in market value of certain securities in our investment portfolio;
- recognition of write-downs or other losses on investments held in our investment portfolio;
- changes in the credit ratings of investments held in our investment portfolio;
- changes in the value of certain derivative instruments;
- changes in interest rates;
- credit market volatility;
- changes in policyholder behavior;
- changes in corporate tax rates;
- changes to the RBC formulas and interpretations of the NAIC instructions with respect to RBC calculation methodologies; and
- changes to the ECR, BSCR, or TCL formulas and interpretations of the BMA's instructions with respect to ECR, BSCR, or TCL calculation methodologies.

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Nationally Recognized Statistical Rating Organizations (NRSROs) may also implement changes to their internal models, which differ from the RBC and BSCR capital models, that have the effect of increasing or decreasing the amount of statutory capital our subsidiaries must hold in order to maintain their current ratings. To the extent that one of our insurance subsidiary's solvency or capital ratios is deemed to be insufficient by one or more NRSROs, we may take actions either to increase the capitalization of the insurer or to reduce the capitalization requirements. If we are unable to accomplish such actions, NRSROs may view this as a reason for a ratings downgrade. In addition, as further discussed at *Item 1. Business–Regulation–Enterprise-Wide–Developing International Matters and Group Capital*, the NAIC is in the process of developing a group capital calculation tool using an RBC aggregation methodology for all the entities within an insurance holding company system group, including non-U.S. entities. The NAIC has stated that the calculation will be a regulatory tool and does not constitute a requirement or standard; however, these regulatory developments may increase the amount of capital that we are required to hold and could result in us being subject to increased regulatory requirements.

If a subsidiary's solvency or capital ratios reach certain minimum levels, it could subject us to further examination or corrective action imposed by our insurance regulators. Corrective actions may include limiting our subsidiaries' ability to write additional business, increased regulatory supervision, or seizure or liquidation of the subsidiary's business, each of which could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.

***Interruption or other operational failures in telecommunications, information technology and other operational systems or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on those systems, including as a result of human error, could have a material adverse effect on our business.***

We are highly dependent on automated and information technology systems to record and process our internal transactions and transactions involving our customers, as well as to calculate reserves, value our investment portfolio and complete certain other components of our financial statements. We could experience a failure of one of these systems, our employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner or our employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or modifications to an existing system. Additionally, anyone who is able to circumvent our security measures and penetrate our information technology systems could access, view, misappropriate, alter or delete information in the systems, including personally identifiable customer information and proprietary business information. Information security risks also exist with respect to the use of portable electronic devices, such as laptops, which are particularly vulnerable to loss and theft.

We believe that we have established and implemented appropriate security measures, controls and procedures to safeguard our information technology systems and to prevent unauthorized access to such systems and any data processed or stored in such systems, and we periodically evaluate and test the adequacy of such systems, controls and procedures. In addition, we have established a business continuity plan which is designed to ensure that we are able to maintain all aspects of our key business processes functioning in the midst of certain disruptive events, including any disruptions to or breaches of our information technology systems. Despite the implementation of security and back-up measures, our information technology systems may be vulnerable to physical or electronic intrusions, viruses or other attacks, programming errors and similar disruptions. We may also be subject to disruptions of any of these systems arising from events that are wholly or partially beyond our control (for example, natural disasters, acts of terrorism, epidemics, computer viruses and electrical or telecommunications outages). All of these risks are also applicable where we rely on outside vendors to provide services to us and/or our customers. The failure of any one of these systems for any reason, or errors made by our employees or agents, could in each case cause significant interruptions to our operations, which could harm our reputation, adversely affect our internal control over financial reporting or have a material adverse effect on our business, financial condition and results of operations. We are also subject to data privacy and security laws applicable to our business in relevant jurisdictions. See *Item 1. Business–Regulation–United States–Consumer Protection Laws and Privacy and Data Security Regulation* for more information.

We retain confidential information in our information technology systems and those of our business partners, and we rely on industry standard commercial technologies to maintain the security of those systems. Despite our implementation of network security measures, our servers could be subject to physical and electronic intrusions, and similar disruptions from unauthorized tampering with our computer systems. While we perform penetration tests and have adopted a number of measures to protect the security of customer and company data, and to our knowledge have not experienced a successful cyber-attack that has resulted in any material compromise in the security of our information technology systems, there is no guarantee that such an attack will not occur or be successful in the future. Due to recent heightened tensions between the United States and the Middle East, we, like other financial services firms, have experienced a significant increase in the volume of unsuccessful cyber-attacks. We are sharing information with industry groups and the U.S. Department of Homeland Security and are closely monitoring threat actors in the region.

Any compromise of the security of our information technology systems that results in inappropriate disclosure or use of confidential information, including personally identifiable customer information, could damage the reputation of our brand in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny or significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

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Even in the absence of a compromise in the security of our information technology systems, inappropriate disclosure or use of personally identifiable customer information may occur in the event of a compromise in the security of the information technology systems of our third-party advisors or business partners with whom we share such data. Any such inappropriate disclosure or use could likewise damage the reputation of our brand in the marketplace, deter purchases of our products, subject us to heightened regulatory scrutiny or significant civil and criminal liability and require us to incur significant technical, legal and other expenses.

***We are subject to the credit risk of our counterparties, including ceding companies who reinsure business to ALRe, reinsurers who assume liabilities from our subsidiaries and derivative counterparties.***

Our insurance subsidiaries may cede certain risks to third-party insurance companies through reinsurance. In connection with the acquisitions of our two largest U.S. insurance subsidiaries, we entered into reinsurance agreements with Accordia Life and Annuity Company (Accordia), First Allmerica Financial Life Insurance Company (FAFLIC) and Protective Life Insurance Company (Protective) to effectuate a sale of substantially all of the life insurance business that we received in connection with such acquisitions. Because these agreements involve reinsurance of entire business segments, each covers a much larger volume of business than would a traditional reinsurance agreement, thereby exposing us to a concentration of credit risk with respect to each of these three counterparties.

As of December 31, 2019, we had outstanding obligations, represented by statutory reserves, ceded under the coinsurance agreements with Accordia, which remain unnovated, of $2.2 billion. Accordia maintains a custody account and a trust account under these agreements or related retrocession agreements, with assets equal to or greater than an agreed-upon required statutory balance that, as of December 31, 2019, was $2.1 billion and $616 million, respectively. As of December 31, 2019, we have outstanding obligations, represented by statutory reserves, ceded pursuant to the FAFLIC reinsurance agreements of $1.3 billion. Pursuant to the funds withheld agreement with FAFLIC, we maintain a funds withheld account with an agreed-upon statutory balance that, as of December 31, 2019, was $277 million. Pursuant to the terms of the coinsurance agreements with FAFLIC, FAFLIC maintains trust accounts with agreed-upon required statutory balances that, as of December 31, 2019, were $791 million, in the aggregate. As of December 31, 2019, we had outstanding obligations, represented by statutory reserves, ceded under the coinsurance agreement with Protective, which remain unnovated, of $1.4 billion. As of December 31, 2019, Protective maintained a trust account under this agreement with assets equal to $1.4 billion. We do not have a security interest in the assets in the custody accounts supporting the Accordia and FAFLIC reinsurance agreements. Therefore, in the event of an insolvency of Accordia or FAFLIC, our claims would be subordinated to those of such insurance company's policyholders and the assets in the relevant custody accounts may be available to satisfy the claims of such insurance company's general creditors in addition to our claims.

As with any reinsurance agreement, we remain liable to our policyholders if our counterparties fail to perform. Although each agreement provides that the respective counterparty agrees to indemnify us for losses sustained in connection with their respective performances of each agreement, such indemnification may not be adequate to compensate us for losses actually incurred in the event that the counterparty is either unable or unwilling to perform according to the agreements' terms. In addition to possible losses that could be incurred if our subsidiaries are forced to recapture these blocks, such subsidiaries may also face a substantial shortfall in capital to support the recaptured business, possibly resulting in material declines to the insurer's RBC ratio and/or creditworthiness and potentially expose the insurer to ratings downgrades, regulatory intervention, increased policyholder withdrawals or other negative effects.

ALRe and certain of our U.S. insurance subsidiaries reinsure liabilities from other insurance companies. Changes in the ratings, creditworthiness or market perception of such ceding companies or problems with the administration of policies reinsured to us could cause policyholders to surrender or lapse their policies in unexpected amounts. In addition, to the extent such ceding companies do not perform under their reinsurance agreements with us, we may not achieve the results we intended and could suffer unexpected losses. Our exposure to our subsidiaries' reinsurance counterparties could materially adversely affect our business, financial condition, results of operations and cash flows. In particular, our reinsurance agreement with VIAC exposes us to risks associated with impairments in financial strength or perceived financial strength of VIAC and its parent company Venerable Holdings, Inc (together with its subsidiaries, Venerable), an impairment to either of which may result in the surrender of policies earlier and in quantities greater than expected at the time the transaction was priced. In addition, Venerable will administer the fixed annuity block being reinsured. To the extent that Venerable fails to perform under our reinsurance agreement and associated arrangements, we may not achieve the return targets expected at the time the transaction was priced and our financial position and results of operations may thereby or otherwise be adversely affected.

In addition, we are exposed to credit loss in the event of nonperformance by our counterparties on derivative agreements. We seek to reduce the risk associated with such agreements by entering into such agreements with large, well-established financial institutions. However, there can be no assurance that we will not suffer losses in the event a derivative counterparty fails to perform or fulfill its obligations.

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***Our investment portfolio may be subject to concentration risk, particularly with respect to single issuers, including MidCap and AmeriHome; industries, including financial services; and asset classes, including real estate.***

Concentration risk arises from exposure to significant asset defaults of a single issuer, industry or class of securities, based on economic conditions, geography or as a result of adverse regulatory or court decisions. When an investor's assets are concentrated and that particular asset or class of assets experiences significant defaults, the default of such assets could threaten the investor's financial condition, results of operations and cash flows. Our most significant potential exposures to concentration risk of single issuers are our investments in MidCap, a provider of revolving and term debt facilities to middle market companies in North America and Europe, and in A-A Mortgage Opportunities, L.P. (A-A Mortgage) and its indirect investment in AmeriHome, a mortgage lender and mortgage servicer. As of December 31, 2019, our exposure, including loaned amounts, to MidCap was $886 million, which represented 0.8% of our net invested assets and 6.6% of total Athene Holding Ltd. shareholders' equity. As of December 31, 2019, our exposure to A-A Mortgage was $487 million, which represented 0.4% of our net invested assets and 3.6% of total Athene Holding Ltd. shareholders' equity. Given our significant exposure to these issuers, we are subject to the idiosyncratic risk inherent in their business. For example, AmeriHome relies upon a subservicer to perform servicing operations on the loans for which it has mortgage servicing rights. If the subservicer were to experience financial distress or fail to provide adequate or timely services, AmeriHome may have difficulty finding another subservicer to perform servicing operations and may experience a significant decline in its financial performance. To the extent that we suffer a significant loss on our investment in MidCap or A-A Mortgage, our financial condition and results of operations could be adversely affected.

Our significant single issuer holdings, including MidCap and AmeriHome, are concentrated largely in the financial services industry, specifically in the nonbank lending sector. These businesses largely focus on providing financing to individuals or entities. As a result, we have significant exposure to credit risk, which may be adversely impacted by changes in macroeconomic conditions, regulation and other factors. To the extent that such changes occur and cause a deterioration in the creditworthiness of the counterparties of these investees or adversely affect the securitization market for the loans originated by these entities, we may suffer significant losses on our investments in these entities and our financial condition, results of operations and cash flows could be adversely affected. In addition to the concentration risk arising from our investments in single issuers within the nonbank lending sector of the financial services industry, we have significant exposure to the financial services industry more broadly as a result of the composition of investments in our investment portfolio. As of December 31, 2019, 14% of our net invested assets were invested in issuers within the financial services industry, excluding CLOs. Any macroeconomic, regulatory or other changes having an adverse impact on the financial services industry more broadly, could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

As of December 31, 2019, 25% of our net invested assets were invested in real estate-related assets. Any significant decline in the value of real estate generally or the occurrence of any of the risks described above with respect to our real estate-related investments could materially and adversely affect our financial condition and results of operations.

***A financial strength rating downgrade, potential downgrade or any other negative action by a rating agency could make our product offerings less attractive, inhibit our ability to acquire future business through acquisitions or reinsurance and increase our cost of capital, which could have a material adverse effect on our business.***

Various NRSROs review the financial performance and condition of insurers and reinsurers, including our subsidiaries, and publish their financial strength ratings as indicators of an insurer's ability to meet policyholder obligations. These ratings are important to maintaining public confidence in our insurance subsidiaries' products, our insurance subsidiaries' ability to market their products and our competitive position. Factors that could negatively influence this analysis include:

- changes to our business practices or organizational business plan in a manner that no longer supports our ratings;
- unfavorable financial or market trends;
- a need to increase reserves to support our outstanding insurance obligations;
- our inability to retain our senior management and other key personnel;
- rapid or excessive growth, especially through large reinsurance transactions or acquisitions, beyond the bounds of capital sufficiency or management capabilities as judged by the NRSROs;
- significant losses to our investment portfolio; and
- changes in NRSROs' capital adequacy assessment methodologies in a manner that would adversely affect the financial strength ratings of our insurance subsidiaries.

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Some other factors may also relate to circumstances outside of our control, such as views of the NRSRO and general economic conditions. Any downgrade or other negative action by a NRSRO with respect to the financial strength ratings of our insurance subsidiaries, or an entity we acquire, or our credit ratings, could materially adversely affect us and our ability to compete in many ways, including the following:

- reducing new sales of insurance products;
- harming relationships with or perceptions of distributors, IMOs, sales agents, banks and broker-dealers;
- increasing the number or amount of policy lapses or surrenders and withdrawals of funds, which may result in a mismatch of our overall asset and liability position;
- requiring us to offer higher crediting rates or greater policyholder guarantees on our insurance products in order to remain competitive;
- increase our borrowing costs;
- reducing our level of profitability and capital position generally or hindering our ability to raise new capital; or
- requiring us to collateralize obligations under or result in early or unplanned termination of hedging agreements and harming our ability to enter into new hedging agreements.

In order to improve or maintain their financial strength ratings, our subsidiaries may attempt to implement business strategies to improve their capital ratios. We cannot guarantee any such measures will be successful. We cannot predict what actions NRSROs may take in the future, and failure to improve or maintain current financial strength ratings could materially and adversely affect our business, financial condition, results of operations and cash flows.

***We rely significantly on third parties for various services, 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.***

We rely significantly on third parties to provide various services that are important to our business, including investment, distribution and administrative services. As such, our business may be affected by the performance of those parties. Additionally, our operations are dependent on various technologies, some of which are provided or maintained by certain key outsourcing partners and other parties. See *Item 1. Business–Outsourcing* for certain of the functions that we outsource to third parties.

Many of our subsidiaries' products and services are sold through third-party intermediaries. In particular, our insurance businesses are reliant on such intermediaries to describe and explain these products and services to potential customers, and although we take precautions to avoid this result, such intermediaries may be deemed to have acted on our behalf. If that occurs, the intentional or unintentional misrepresentation of our subsidiaries' products and services in advertising materials or other external communications, or inappropriate activities by an intermediary or personnel employed by an intermediary could result in liability for us and have an adverse effect on our reputation and business prospects, as well as lead to potential regulatory actions or litigation involving or against us. In addition, we rely on third-party administrators (TPAs) to administer a portion of our annuity contracts, as well as our legacy life insurance business. Some of our reinsurers also use TPAs to administer business we reinsure to them. To the extent any of these TPAs do not administer such business appropriately, we have and may in the future experience customer complaints, regulatory intervention and other adverse impacts, which could affect our future growth and profitability. If any of these TPAs or their employees are found to have made material misrepresentations to our policyholders, violated applicable insurance, privacy or other laws and regulations or otherwise engaged in misconduct, we could be held liable for their actions and be subject to regulatory scrutiny, which could adversely affect our reputation, business prospects, financial condition, results of operations and cash flows.

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. The life insurance policies included in this block have been and are currently being administered by AllianceOne, a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide services on such policies. AllianceOne also administers certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues.

As a result of the difficulties experienced with respect to the administration of such policies, we have received notifications from several state regulators, including but not limited to the NYSDFS, the California Department of Insurance and the Texas Department of Insurance, indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the applicable U.S. insurance subsidiary 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 AllianceOne. On June 28, 2018 we entered into a consent order with the NYSDFS resolving that matter in a manner that, when considering the indemnification received from affiliates of Global Atlantic, did not have a material impact 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. In addition to the examinations and proceedings initiated to date, it is possible that other regulators 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. While we do not expect the amount of any such fines, penalties or payments arising from these matters to be material to our financial condition, results of operations or cash flows, it is possible that such amounts could be material.

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Pursuant to the terms of the reinsurance agreements between us and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to us, including for administration issues.

Additionally, past or future misconduct by agents that distribute our subsidiaries' products or employees of our vendors could result in violations of law by us, regulatory sanctions and/or serious reputational or financial harm and the precautions we take to prevent and detect this activity may not be effective in all cases. Although we employ controls and procedures designed to monitor associates' business decisions and to prevent us from taking excessive or inappropriate risks, associates may take such risks regardless of such controls and procedures.

***Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2021 may adversely affect the value of our investment portfolio, our ability to achieve our hedging objectives and our ability to issue funding agreements bearing a floating rate of interest.***

Regulators and law enforcement agencies in the UK and elsewhere have conducted civil and criminal investigations into whether the banks that contribute to the British Bankers' Association (BBA) in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to this alleged manipulation of LIBOR.

Actions by the BBA, regulators or law enforcement agencies will result in changes to the manner in which LIBOR is determined or used and in the establishment of alternative reference rates. On July 27, 2017, the UK Financial Conduct Authority (FCA) announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. The FCA has indicated that it expects that the current member banks will voluntarily sustain LIBOR until the end of 2021, but they have no obligation to do so, and may discontinue their activities at any time. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be enacted in the UK or elsewhere.

The Alternative Reference Rate Committee of the New York office of the Board of Governors of the Federal Reserve (ARRC), and the International Swaps and Derivatives Association, have taken significant steps toward the development of consensus-based fallbacks and alternatives to LIBOR, which appear constructive for end-users, such as life insurers. The fallback proposals are intended to minimize disruptions if LIBOR is no longer usable. In addition, the International Swaps and Derivatives Association is amending its standard documentation to implement fallbacks for certain key interbank offered rates (IBORs). The fallbacks will apply if the relevant IBOR is permanently discontinued, based on defined triggers. There can be no assurance, however, that the alternative rates and fallbacks will be effective at preventing or mitigating disruption as a result of the transition. Should such disruption occur, it may adversely affect, among other things, (1) the trading market for LIBOR-based securities, including those held in our investment portfolio, (2) the market for derivative instruments, including those that we use to achieve our hedging objectives, and (3) our ability to issue funding agreements bearing a floating rate of interest.

To manage the uncertainty surrounding the discontinuation of LIBOR, we have established a six phase plan. Our plan is subject to change as we gain additional information. We have created an Executive Steering Committee composed of senior executives to coordinate and oversee execution of our plan. We expect to complete phase 1 by March 31, 2020. Although we expect that we will be successful at completing all the phases of our plan prior to the discontinuation of LIBOR, we can provide no assurance at this time. Failure to complete all phases of our plan prior to the discontinuation of LIBOR may have a material adverse effect on our business, financial position, results of operations and cash flows. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations–Industry Trends and Competition–Discontinuation of LIBOR* for further discussion.

***Many of our invested assets are relatively illiquid and we may fail to realize profits from these assets for a considerable period of time, or lose some or all of the principal amount we invest in these assets if we are required to sell our invested assets at a loss at inopportune times to cover policyholder withdrawals or to meet our insurance, reinsurance or other obligations.***

We offer certain products that allow policyholders to withdraw their funds under defined circumstances. In order to meet such obligations, we seek to manage our liabilities and configure our investment portfolios to provide and maintain sufficient liquidity to support expected withdrawal demands and contract benefits and maturities. However, in order to provide necessary long-term returns and to achieve our strategic goals, a certain portion of our assets are relatively illiquid. Many of our investments are in securities that are not publicly traded or that otherwise lack liquidity, such as our privately placed fixed maturity securities, below investment grade securities, investments in mortgage loans and alternative investments.

We record our relatively illiquid types of investments at fair value. If we were forced to sell certain of our assets, there can be no assurance that we would be able to sell them for the values at which such assets are recorded and we might be forced to sell them at significantly lower prices. In many cases, we may be prohibited by contract or applicable securities laws from selling such securities for a period of time. When we hold a security or position, it is vulnerable to price and value fluctuations and may experience losses if we are unable to timely sell, hedge or transfer the position. Thus, it may be impossible or costly for us to liquidate positions rapidly in order to meet unexpected withdrawal or recapture obligations. This potential mismatch between the liquidity of our assets and liabilities could have a material and adverse effect on our business, financial condition, results of operations and cash flows.

## Item 1A. Risk Factors

***We may be the target or subject of, and may be required to defend against or respond to, litigation, regulatory investigations or enforcement actions.***

We operate in an industry in which various practices are subject to potential litigation, including class actions, and regulatory scrutiny. We, like other financial services companies, are involved in litigation and arbitration in the ordinary course of business and may be the subject of regulatory proceedings (including investigations and enforcement actions). Plaintiffs may seek large or indeterminate amounts of damages in litigation and regulators may seek large fines in enforcement actions. Given the large or indeterminate amounts sometimes sought, and the inherent unpredictability of litigation and enforcement actions, it is possible that an unfavorable resolution of one or more matters could have a material and adverse effect on our business, financial condition, results of operations and cash flows. See *Item 3. Legal Proceedings* for certain matters to which we are a party. Even if we ultimately prevail in any litigation or receive positive results from investigations, we could incur material legal costs or our reputation could be materially adversely affected.

***Our investments linked to real estate are subject to credit risk, market risk, servicing risk, loss from catastrophic events and other risks, which could diminish the value that we obtain from such investments.***

As of December 31, 2019, 25.4% of our net invested assets were linked to real estate, including 9.6% fixed maturity and equity securities, such as CMBS and RMBS, and 15.8% mortgage loans, including commercial mortgage loans (CML) and RML. Defaults by third parties in the payment or performance of their obligations underlying these assets could reduce our investment income and realized investment gains or result in the recognition of investment losses. For example, the value of our real estate-related assets depends in part on the financial condition of the borrowers, the value of the real properties underlying the mortgages and, for commercial properties, the financial condition of the tenants of the properties underlying those mortgages, as well as general and specific economic trends affecting the overall default rate. An unexpectedly high rate of default on mortgages held by a CMBS or RMBS may limit substantially the ability of the issuer of such security to make payments to holders of such securities, reducing the value of those securities or rendering them worthless. The risk of such defaults is generally higher in the case of mortgage securitizations that include “sub-prime” or “alt-A” mortgages. As of December 31, 2019, 14.4% of our holdings in assets linked to real estate were invested in such “sub-prime” mortgages and “alt-A” mortgages. Changes in laws and other regulatory developments relating to mortgage loans may impact the investments of our portfolio linked to real estate in the future. Additionally, cash flow variability arising from an unexpected acceleration in mortgage prepayment behavior can be significant, and could cause a decline in the estimated fair value of certain “interest only” securities or loans.

The CML we hold, and CML underlying the CMBS that we hold, face both default and delinquency risk. Legislative proposals that would allow or require modifications to the terms of CML, an increase in the delinquency or default rate of our CML portfolio or geographic or sector concentration within our CML portfolio could materially and adversely impact our financial condition and results of operations. Our investments in RML and RMBS also present credit risk. Higher than expected rates of default or loss severities on our RML investments and the RML underlying our RMBS investments may adversely affect the value of such investments. A significant number of the mortgages underlying our RML and RMBS investments are concentrated in certain geographic areas. Any event that adversely affects the economic or real estate market in any of these areas could have a disproportionately adverse effect on our RML and RMBS investments. While we actively monitor our exposure to these and other risks inherent in this strategy, we cannot assure you that our hedging and risk management strategies will be effective. Any failure to manage these risks effectively could materially and adversely affect our financial condition and results of operations. A rise in home prices, concern regarding further changes to government policies designed to alter prepayment behavior, and increased availability of housing-related credit could combine to increase expected or actual prepayment speeds, which would likely lower the valuations of RML and the valuations of RMBS that we carry at a premium to par prices or that are structured as interest only securities and inverse interest only securities. In general, any significant weakness in the broader macro economy or significant problems in a particular real estate market may cause a decline in the value of residential properties securing the mortgages in that market, thereby increasing the risk of delinquency, default and foreclosure. This could, in turn, have a material adverse effect on our credit loss experience. As of December 31, 2019, of the 15.8% mortgage loans, 0.2% were in the process of foreclosure.

Control over the underlying assets in all of our real estate-related investments is exercised through servicers that we do not control. If a servicer is not vigilant in seeing that borrowers make their required periodic payments, borrowers may be less likely to make these payments, resulting in a higher frequency of delinquency and default. If a servicer takes longer to liquidate nonperforming mortgages, our losses related to those loans may be higher than we expected. Any failure by a servicer to service RMLs in which we are invested or which underlie a RMBS in which we are invested in a prudent, commercially reasonable manner could negatively impact the value of our investments in the related RML or RMBS.

Our investments in assets linked to real estate are also subject to loss in the event of catastrophic events, such as earthquakes, hurricanes, floods, tornadoes and fires. We have significant concentrations of real estate investments and collateral underlying investments linked to real estate in areas of the United States prone to catastrophe, including California, sections of the northeastern U.S., the South Atlantic states and the Gulf Coast. While loss experience in the event of a catastrophic event is contingent upon many factors, including the insured status of the underlying property and the seniority of our investment, in the case of structured securities, a catastrophic event impacting one or more of the aforementioned regions may cause some portion of the invested assets invested in assets linked to real estate to become impaired, which may have a material adverse impact on our financial condition and results of operations.

**Item 1A. Risk Factors**

In addition to the credit and market risk that we face in relation to all of our real estate-related investments, certain of these investments may expose us to various environmental, regulatory and other risks. For example, our investment in RML could result in claims being assessed against us as a mortgage holder or property owner, including assignee liability, responsibility for tax payments, environmental hazards and other liabilities, including liabilities under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980. We may continue to be liable under such claims after foreclosing on a property securing a mortgage loan held by us. Additionally, we may be subject to regulation by the CFPB as a mortgage holder or property owner. We are currently unable to predict the impact of such regulation on our business. Any adverse environmental claim or regulatory action against us resulting from our investment in RML could adversely impact our reputation, business, financial condition and results of operations.

***Our investment portfolio may include investments in securities of issuers based outside the U.S., including emerging markets, which may be riskier than securities of U.S. issuers.***

We may invest in securities of issuers organized or based outside the U.S. that may involve heightened risks in comparison to the risks of investing in U.S. securities, including unfavorable changes in currency rates and exchange control regulations, reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions, transfer taxes and custody fees, local economic or political instability and greater market risk in general. In particular, investing in securities of issuers located in emerging market countries involves additional risks, such as exposure to economic structures that are generally less diverse and mature than, and to political systems that can be expected to have less stability than, those of developed countries; national policies that restrict investment by foreigners in certain issuers or industries of that country; the absence of legal structures governing foreign investment and private property; an increased risk of foreclosure on collateral located in such countries; a lack of liquidity due to the small size of markets for securities of issuers located in emerging markets; and price volatility.

As of December 31, 2019, 32% of the carrying value of our available-for-sale (AFS) securities, including related parties, was comprised of securities of issuers based outside of the U.S. and debt securities of foreign governments. Of our total AFS securities, including related parties, as of December 31, 2019, 10% were invested in CLOs of Cayman Islands issuers (for which the underlying assets are largely loans to U.S. issuers) and 22% were invested in other non-U.S. issuers. While we invest in securities of non-U.S. issuers, the currency denominations of such securities usually match the currency denominations of the liabilities that the assets support. When the currency denominations of the assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate currency mismatch risk. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations–Consolidated Investment Portfolio* for further information on international exposure.

***We are subject to significant operating and financial restrictions imposed by our credit agreement and we are also subject to certain operating restrictions imposed by the indenture to which we are a party.***

On December 3, 2019, AHL, ALRe, Athene USA Corporation (Athene USA) and AARe, as borrowers, entered into a credit agreement with a syndicate of banks, including Citibank, N.A., as administrative agent, and the other lenders named therein (Credit Facility). The Credit Facility contains various restrictive covenants which limit, among other things, subject to certain exceptions:

- the ability of material subsidiaries of the borrowers to incur additional indebtedness and make guarantees;
- the ability to create liens on the borrowers' assets and on the equity interests of material subsidiaries;
- the ability of any borrower or any material subsidiary thereof to make fundamental changes;
- the ability of any borrower or any subsidiary thereof to engage in certain transactions with affiliates; and
- the ability to make changes in the nature of the borrowers' business.

These covenants, some of which are financial, may prevent or restrict us from capitalizing on business opportunities, including making additional acquisitions or growing our business. In addition, if AHL undergoes a "change of control" as defined in the Credit Facility, the lenders under the Credit Facility will have the right to terminate the facility and/or accelerate the maturity of all outstanding loans. As of December 31, 2019, no borrowings under the Credit Facility were outstanding. As a result of these restrictions and their effects on us, we may be limited in how we conduct our business and may be unable to raise additional debt financing to compete effectively or to take advantage of new business opportunities.

In addition to the covenants to which we are subject pursuant to our Credit Facility, AHL is also subject to certain limited covenants pursuant to the Indenture, dated January 12, 2018, by and between us and U.S. Bank National Association, as trustee (Base Indenture), as supplemented by the First Supplemental Indenture, dated as of January 12, 2018, by and among us and U.S. Bank National Association, as trustee (together with the Base Indenture, Indenture). The Indenture was entered into in connection with AHL's issuance of its 4.125% Senior Notes due 2028 and contains restrictive covenants which limit, subject to certain exceptions, AHL's and, in certain instances, some or all of its subsidiaries' ability to make fundamental changes, create liens on any capital stock of certain of AHL's subsidiaries, and sell or dispose of the stock of certain of AHL's subsidiaries. These covenants may prevent or restrict takeovers or business combinations that our shareholders might consider in their best interest.

The terms of any future indebtedness we may incur may contain additional restrictive covenants.

## Item 1A. Risk Factors

***We operate in a highly competitive industry that includes a number of competitors, many of which are larger and more well-known than we are, which could limit our ability to achieve our growth strategies and could materially and adversely affect our business, financial condition, results of operations, cash flows and prospects.***

We operate in highly competitive markets and compete with large and small industry participants. These companies compete for an increasing pool of retirement assets, driven primarily by aging of the U.S. population and the reduction in, and concerns about the viability of, financial safety nets historically provided by governments and employers. We face intense competition, including from U.S. and non-U.S. insurance and reinsurance companies, broker-dealers, financial advisors, asset managers and diversified financial institutions, with respect to both the products we offer and the acquisition and block reinsurance transactions we pursue. We compete based on a number of factors including perceived financial strength, credit ratings, brand recognition, reputation, quality of service, performance of our products, product features, scope of distribution and price. A decline in our competitive position as to one or more of these factors could adversely affect our profitability. In addition, we may in the future sacrifice our competitive or market position in order to improve our short-term profitability, particularly in the highly competitive retail markets, which may adversely affect our long-term growth and results of operations. Alternatively, we may sacrifice short-term profitability to maintain market share and long-term growth.

Many of our competitors are large and well-established and some have greater market share or breadth of distribution; offer a broader range of products, services or features; assume a greater level of risk; or have higher financial strength, claims-paying or credit ratings than we do. Our competitors may also have lower operating costs or return on capital requirements than we do which may allow them to price products, reinsurance arrangements or acquisitions more competitively. In recent years, there has been substantial consolidation among companies in the financial services industry due to economic turmoil resulting in increased competition from large, efficient, well-capitalized financial services firms. The competitive pressures arising from consolidation could result in increased pressure on the pricing of certain of our products and services, and could harm our ability to maintain or increase profitability. In addition, if our financial strength and credit ratings remain lower than the ratings of certain of our competitors, we may experience increased surrenders and/or an inability to reach sales targets, which may have a material and adverse effect on our growth, business, financial condition, results of operations, cash flows and prospects.

***If we are unable to attract and retain IMOs, agents, banks and broker-dealers, sales of our products may be adversely affected.***

We distribute our annuity products through a variable cost distribution network, which includes approximately 50 IMOs, approximately 48,000 independent agents, 13 banks and 90 regional broker-dealers. We must attract and retain such marketers, agents and financial institutions to sell our products. In particular, insurance companies compete vigorously for productive agents. We compete with other life insurance companies for marketers, agents and financial institutions primarily on the basis of our financial position, support services, compensation, credit ratings and product features. Such marketers, agents and financial institutions may promote products offered by other life insurance companies that may offer a larger variety of products than we do. Our competitiveness for such marketers, agents and financial institutions also depends upon the long-term relationships we develop with them. There can be no assurance that such relationships will continue in the future. In addition, our growth plans include increasing the distribution of annuity products through small and mid-size banks and regional broker-dealers. If we are unable to attract and retain sufficient marketers and agents to sell our products or if we are not successful in expanding our distribution channels within the bank and broker-dealer markets, our ability to compete and our sales volumes and results of operations could be adversely affected.

***A significant portion of our retail annuities are sold through a proprietary distribution network.***

We distribute annuity products through independent producers affiliated with certain IMOs. A significant portion of our retail annuity production results from sales of product in our BalancedChoice Annuity product series, which contains certain product features that are licensed from a third-party actuarial firm. Only IMOs which are affiliated with the Annexus Group are permitted to distribute the BalancedChoice Annuity product series. If we experienced a disruption in our relationship with the Annexus Group, it could have an adverse effect for a period of time on our annuity sales of this product series.

***Our growth strategy includes acquisitions and block reinsurance transactions, and our ability to consummate these transactions on economically advantageous terms acceptable to us in the future is unknown.***

We have grown and intend to grow our business in the future in part by acquisitions of other insurance companies and businesses, and through block reinsurance, each of which could require additional capital, systems development and skilled personnel. We may experience challenges identifying, financing, consummating and integrating such acquisitions and block reinsurance transactions. While we have reviewed various opportunities and have successfully completed transactions in the past to facilitate our growth, competition exists in the market for profitable blocks of insurance and businesses. Such competition is likely to intensify as insurance businesses become more attractive targets. It is also possible that merger and acquisition transactions will become less frequent, which could also make it more difficult for us to implement our growth strategy as we have done in the past. Thus, in the future, we may not be able to find suitable acquisition or block reinsurance opportunities that are available at attractive valuations, or at all. Even if we do find suitable opportunities, we may not be able to consummate the transactions on commercially acceptable terms. In addition, to the extent we determine to finance an acquisition or block reinsurance transaction, suitable financing arrangements may not be available on acceptable terms, on a timely basis, or at all. Our acquisition and block reinsurance transaction activities may also divert the attention of our management from our business, which may have an adverse effect on our business and results of operations.

**Item 1A. Risk Factors**

***Repurchase agreement programs subject us to potential liquidity and other risks.***

We may engage in repurchase agreement transactions whereby we sell fixed income securities to third parties, primarily major brokerage firms or commercial banks, with a concurrent agreement to repurchase such securities at a determined future date. These repurchase agreements provide us with liquidity and in certain instances also allow us to earn spread income. Under such agreements we may be required to deliver additional securities or cash as margin to the counterparty if the value of the securities sold decreases prior to the repurchase date. If we are required to return significant amounts of cash collateral or post cash or securities as margin on short notice or have inadequate cash on hand as of the repurchase date, we may be forced to sell securities to meet such obligations and may have difficulty doing so in a timely manner or may be forced to sell securities in a volatile or illiquid market for less than we otherwise would have been able to realize under normal market conditions. Rehypothecation of subject securities by the counterparty may also create risk with respect to the counterparty's ability to perform its obligations to tender such securities on the repurchase date. Such facilities may not be available to us on favorable terms or at all in the future.

***Foreign currency fluctuations may reduce our net income and our capital levels, adversely affecting our financial condition.***

We are exposed to foreign currency exchange rate risk through the investments in our investment portfolio that are denominated in currencies other than the U.S. dollar or are issued by entities which primarily conduct their business outside of the U.S. We are also exposed to foreign currency exchange risk through our investment in certain subsidiaries domiciled in foreign jurisdictions, both as a result of our direct investment and as a result of currency mismatches between the assets and liabilities of those subsidiaries. We may employ various strategies (including hedging) to manage our exposure to foreign currency exchange risk. To the extent that these exposures are not fully hedged or the hedges are ineffective, our results or equity may be reduced by fluctuations in foreign currency exchange rates that could materially adversely affect our financial condition and results of operations.

***Our business in Bermuda could be adversely affected by Bermuda employment restrictions.***

As of December 31, 2019, we employed 37 non-Bermudians in our Bermuda office (other than spouses of Bermudians and holders of permanent residents' certificates). We may hire additional non-Bermudians as our business grows. Under Bermuda law, non-Bermudians (other than spouses of Bermudians, holders of permanent residents' certificates, and holders of working residents' certificates) generally may not engage in any gainful occupation in Bermuda without a valid government work permit (with certain exceptions). A work permit is generally granted or renewed upon showing that, after proper public advertisement, no Bermudian, spouse of a Bermudian, or holder of a permanent resident's or working resident's certificate who meets the minimum standards reasonably required by the employer has applied for the job. Work permit terms that are available for request range from three months to five years. We may not be able to use the services of one or more of our non-Bermudian employees if we are not able to obtain, or in certain instances renew, work permits for them, which could have a material adverse effect on our business, financial condition and results of operations.

***The announcement and pendency of the Share Exchange and related transactions could adversely affect our businesses, results of operations and financial condition.***

The announcement and pendency of the Share Exchange and related transactions could cause disruptions in and create uncertainty surrounding our businesses, including affecting our relationships with our existing and future policyholders, reinsurance counterparties, producers, employees and regulators, which could have an adverse effect on our businesses, results of operations and financial condition, and in turn, the price of our Class A common shares, regardless of whether the Share Exchange or other transactions are completed. In addition, we have expended, and continue to expend, significant management resources, in an effort to complete the Share Exchange, which are being diverted from our day-to-day operations.

If the Share Exchange is not completed, the price of our Class A common shares may fall to the extent that the current price of the shares reflects a market assumption that the Share Exchange will be completed. In addition, the failure to complete the Share Exchange may result in us receiving negative publicity or having a negative impression in the investment community and may affect our relationships with our existing and future policyholders, reinsurance counterparties, producers, employees and regulators and other partners in the business community.

***We may be a target of securities class action and derivative lawsuits which could result in substantial costs and may delay or prevent the Share Exchange from being completed.***

Securities class action lawsuits and derivative lawsuits are often brought against companies that have entered into agreements similar to the Transaction Agreement. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our financial condition, results of operations and cash flows. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting consummation of the Share Exchange, then that injunction may delay or prevent the Share Exchange from being completed.

***There is no public market for the AOG units we expect to receive in connection with the Share Exchange; the future performance of the AOG units is not guaranteed and our ability to liquidate the AOG units is limited.***

The outstanding AOG units are privately held and are not traded in any public market. In addition, the value of the AOG units may perform in a manner that materially differs from our current expectations or from our expectations relative to the future performance of our Class A common shares, which we are, in part, exchanging for AOG units. Furthermore, we may only offer to sell the AOG units on a quarterly basis, subject to the terms, conditions and procedures set forth in the relevant transaction agreement. Accordingly, our ability to liquidate a portion of the consideration we expect to receive will be limited.

**Risks Relating to Our Investment Manager**

***We rely on our investment management agreements with Apollo for the management of our investment portfolio. Apollo may terminate these arrangements at any time, and there are limitations on our ability to terminate such arrangements, which may adversely affect our investment results.***

We rely on Apollo to provide us with investment management services pursuant to various investment management agreements (IMAs). Apollo relies in part on its ability to attract and retain key people, and the loss of services of one or more of the members of Apollo or any of its subsidiaries' senior management could delay or prevent Apollo from fully implementing our investment strategy.

*IMA Termination Rights*

Our bye-laws currently provide that we may not, and will cause our subsidiaries not to, terminate any IMA among us or any of our subsidiaries, on the one hand, and the applicable Apollo subsidiary, on the other hand, other than on June 4, 2023 or any two year anniversary of such date (each such date, an IMA Termination Election Date) and any termination on an IMA Termination Election Date requires (i) the approval of two-thirds of our Independent Directors (as defined in the bye-laws) and (ii) prior written notice to the applicable Apollo subsidiary of such termination at least 30 days, but not more than 90 days, prior to an IMA Termination Election Date. If our Independent Directors make such election to terminate and notice of such termination is delivered, the termination will be effective no earlier than the second anniversary of the applicable IMA Termination Election Date (IMA Termination Effective Date). Notwithstanding the foregoing, (A) except as set forth in clause (B) below, our board of directors may only elect to terminate an IMA on an IMA Termination Election Date if two-thirds of our Independent Directors determine, in their sole discretion and acting in good faith, that either (i) there has been unsatisfactory long-term performance materially detrimental to us by the applicable Apollo subsidiary or (ii) the fees being charged by the applicable Apollo subsidiary 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 the applicable Apollo subsidiary and the applicable Apollo subsidiary will 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 the applicable Apollo subsidiary are unfair and excessive, the applicable Apollo subsidiary has the right to lower its fees to match the fees of such comparable asset manager) and (B) upon the determination by two-thirds of our Independent Directors, we or our subsidiaries may also terminate an IMA with the applicable Apollo subsidiary, on a date other than an IMA Termination Effective Date, as a result of either (i) a material violation of law relating to the applicable Apollo subsidiary's advisory business, or (ii) the applicable Apollo subsidiary's gross negligence, willful misconduct or reckless disregard of its obligations under the relevant agreement, in each case of this clause (B), that is materially detrimental to us, and in either case of this clause (B), subject to the delivery of written notice at least 30 days prior to such termination; provided, that in connection with an event described in clause (B)(i) or (B)(ii), the applicable Apollo subsidiary shall have the right to dispute such determination of the Independent Directors within 30 days after receiving notice from us of such determination, in which case the matter will be submitted to binding arbitration and such IMA shall continue to remain in effect during the period of the arbitration (the events described in the foregoing clauses (A) and (B) are referred to in more detail in our bye-laws as "AHL Cause"). For purposes of these provisions of the bye-laws, an "Independent Director" cannot be (x) an officer or employee of ours or any of our subsidiaries or (y) an officer or employee of (1) any member of the Apollo Group described in clauses (i) through (iv) of the definition of "Apollo Group" as set forth in our bye-laws or (2) AGM or any of its subsidiaries (excluding any subsidiary that constitutes any portfolio company (or investment) of (A) an investment fund or other investment vehicle whose general partner, managing member or similar governing person is owned, directly or indirectly, by AGM or by one or more of its subsidiaries or (B) a managed account agreement (or similar arrangement) whereby AGM or one or more of its subsidiaries serves as general partner, managing member or in a similar governing position). The limitations on our ability to terminate the IMAs with the applicable Apollo subsidiary could have a material adverse effect on our financial condition and results of operations.

Our organizational documents give our Independent Directors complete discretion, while acting in good faith, as to whether to determine if an AHL Cause event has occurred with respect to any IMA with the applicable Apollo subsidiary, and therefore our Independent Directors are under no obligation to make, and accordingly may exercise their discretion never to make, such a determination.

The boards of directors of AHL's subsidiaries may terminate an IMA with the applicable Apollo subsidiary relating to the applicable subsidiary if such subsidiary's board of directors determines that such termination is required in the exercise of its fiduciary duties. If our subsidiaries do elect to terminate any such agreement, other than as provided above, we may be in breach of our bye-laws, which could subject us to regulatory scrutiny, expose us to shareholder lawsuits and could have a negative effect on our financial condition and results of operations.

**Item 1A. Risk Factors**

*Termination by Apollo*

Conversely, we may be adversely affected if Apollo elects to terminate an IMA at a time when such agreement remains advantageous to us. We depend upon Apollo to implement our investment strategy. However, Apollo does not face the restrictions described above with regards to its ability to terminate any of its agreements with us and may terminate such agreements at any time. If Apollo chooses to terminate such agreements, there is no assurance that we could find a suitable replacement or that certain of the opportunities made available to us as a result of our relationship with Apollo would be offered by a suitable replacement, and therefore our financial condition and results of operations could be adversely impacted by our failure to retain a satisfactory investment manager.

***Interruption or other operational failures in telecommunications, information technology and other operational systems at Apollo or a failure to maintain the security, integrity, confidentiality or privacy of sensitive data residing on Apollo's systems, including as a result of human error, could have a material adverse effect on our business.***

We are highly dependent on Apollo, as our investment manager, to maintain information technology and other operational systems to record and process its transactions with respect to our investment portfolio, which includes providing information that enables us to value our investment portfolio and may affect our financial statements. Apollo could experience a failure of one of these systems, its employees or agents could fail to monitor and implement enhancements or other modifications to a system in a timely and effective manner or its employees or agents could fail to complete all necessary data reconciliation or other conversion controls when implementing a new software system or modifications to an existing system. Additionally, anyone who is able to circumvent Apollo's security measures and penetrate its information technology systems could access, view, misappropriate, alter or delete information in the systems, including proprietary information relating to our investment portfolio. The maintenance and implementation of these systems at Apollo is not within our control. Should Apollo's systems fail to accurately record information pertaining to our investment portfolio, we may inadvertently include inaccurate information in our financial statements and experience a lapse in our internal control over financial reporting. The failure of any one of these systems at Apollo for any reason, or errors made by its employees or agents, could cause significant interruptions to its operations, which could adversely affect our internal control over financial reporting or have a material adverse effect on our business, financial condition and results of operations.

***The historical performance of Apollo should not be considered as indicative of the future results of our investment portfolio, our future results or any returns expected on our common shares.***

Our investment portfolio's returns have benefited historically from investment opportunities and general market conditions that currently may not exist and may not repeat themselves, and there can be no assurance Apollo will be able to avail itself of profitable investment opportunities in the future. Furthermore, the historical returns of our investments managed by Apollo are not directly linked to returns on our common shares, which are affected by various factors, one of which is the value of our investment portfolio. In addition, Apollo is compensated based on the aggregate value of the assets it manages on our behalf and on the allocation of those assets to certain fee categories, rather than on the investment returns achieved. Accordingly, there can be no guarantee Apollo will be able to achieve any particular return for our investment portfolio in the future.

***The returns that we expect to achieve on our investment portfolio may not be realized.***

We make certain assumptions regarding our future financial performance, including but not limited to, target returns on our organic and inorganic channels and target net spreads. Included within these assumptions are estimates regarding the level of returns to be achieved on our investment portfolio, including assumptions regarding the expected future performance of assets originated by Apollo's asset origination platforms. These returns are subject to market and other factors and we can give no assurance that they will ultimately be achieved. Actual results may differ, perhaps significantly, from our current expectations. To the extent that such differences occur, our future financial performance may be materially and adversely different than that communicated herein and elsewhere.

**Risks Relating to Insurance and Other Regulatory Matters**

***Our industry is highly regulated and we are subject to significant legal restrictions and these restrictions may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.***

*U.S. Laws and Regulations*

Our U.S. subsidiaries are subject to a complex and extensive array of laws and regulations that are administered and enforced by state insurance regulators, state securities administrators, state banking authorities, the SEC, FINRA, the DOL, the IRS and the Office of the Comptroller of the Currency. See *Item 1. Business–Regulation–United States* for a summary of certain of the U.S. state and federal laws and regulations applicable to our business. Failure to comply with these laws and regulations could subject us to administrative penalties imposed by a particular governmental or self-regulatory authority, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, or interruption of our operations, any of which could have a material and adverse effect on our financial position, results of operations and cash flows.

**Item 1A. Risk Factors**

In addition to the foregoing risks, the financial services industry is the focus of increased regulatory scrutiny as various state and federal governmental agencies and self-regulatory organizations conduct inquiries and investigations into the products and practices of the companies within this industry. Governmental authorities in the United States and worldwide have become increasingly interested in potential risks posed by the insurance industry as a whole, and to commercial and financial systems in general, as indicated by the recent adoption of the revised global insurance capital standard by the IAIS, as well as the U.S. group capital calculation being developed by the NAIC. See *Item 1. Business–Regulation–Enterprise-Wide–Developing International Matters and Group Capital* for further discussion. While we cannot predict the exact nature, timing or scope of possible governmental initiatives, there may be increased regulatory intervention in the insurance and financial services industry in the future.

*Bermuda Laws and Regulations*

As a holding company, AHL is not subject to the laws of Bermuda governing insurance companies; however, our Bermuda reinsurance subsidiaries are registered in Bermuda under the Bermuda Insurance Act as Class C and Class E insurers and are subject to the Bermuda Insurance Act and the rules and regulations promulgated thereunder. See *Item 1. Business–Regulation–Bermuda* for a summary of certain of the Bermuda laws and regulations applicable to our business. Failure to comply with these laws and regulations could subject us to monetary penalties and/or restrictions on our business imposed by the BMA, unanticipated costs associated with remedying such failure or other claims, harm to our reputation, interruption of our operations, revocation of our certificate of incorporation or an adverse impact on our financial position or results of operations.

***Our failure to obtain or maintain licenses and/or other regulatory approvals as required for the operations of our insurance subsidiaries may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.***

Each regulator retains the authority to license insurers in its jurisdiction and an insurer generally may not operate in a jurisdiction in which it is not licensed. We have U.S. domiciled insurance subsidiaries that collectively are currently licensed to do business in all 50 states and the District of Columbia. Our ability to retain these licenses depends on our and our subsidiaries' ability to meet requirements established by the NAIC and adopted by each state, such as RBC standards and surplus requirements. Some of the factors influencing these requirements, particularly factors such as changes in equity market levels, the value of certain derivative instruments that do not receive hedge accounting, the value and credit ratings of certain fixed-income and equity securities in our investment portfolio, interest rate changes, changes to the applicable RBC formulas and the interpretation of the NAIC's instructions with respect to RBC calculation methodologies, are out of our control.

In addition, licensing regulations differ as to products and jurisdictions and may be subject to interpretation as to whether certain licenses are required with respect to the manner in which we may sell or service some of our products in certain jurisdictions. The degree of complexity is heightened in the context of products that are issued through our institutional channel, including our PRT products, where one product may cover risks in multiple jurisdictions.

If the factors discussed above adversely affect us or a state regulator interprets a licensing requirement differently than we do and we are unable to meet the requirements above, our subsidiaries could lose their licenses to do business in certain states; be subject to additional regulatory oversight; have their licenses suspended; be subject to rescission requests, fines, administrative penalties or payments to policyholders; or be subject to seizure of assets. A loss or suspension of any of our subsidiaries' licenses or an inability of any of our insurance subsidiaries to be able to sell or service certain of our insurance products in one or more jurisdictions may negatively impact our reputation in the insurance market and result in our subsidiaries' inability to write new business, distribute funds or pursue our investment/overall business strategy.

On January 23, 2019, we received a letter from the NYSDFS, which expressed concerns with our interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities undertaken by our PRT business within New York State. We have been in dialogue with the NYSDFS regarding changes to our PRT business practices that are necessary to comply with New York law. Separately, on September 11, 2019, the NYSDFS issued Insurance Circular Letter No. 10 (2019) to remind all life insurers and insurance producers doing business in New York that an unauthorized life insurer's employees or other representatives may not solicit, negotiate, sell, or service group annuity contracts through in-person meetings, telephone calls, mail, emails, access to web portals or in any other manner from an office or any other location in New York. Also, in 2019, we were notified by the NYSDFS that, in addition to such changes in our business practices, it proposes that we enter into a settlement agreement or consent order to resolve such licensing concerns. Although we do not expect any changes in our business practices implemented as a result of our discussions with the NYSDFS to have a material adverse effect on our ability to write PRT business, it is possible such changes could have a material impact on our future growth prospects within our PRT channel. Further, such settlement agreement or consent order, if entered into, will include fines and penalties. If we are unable to enter into a settlement agreement or consent order, the ultimate resolution of this matter could have a material impact on our results of operations.

The licenses currently held by our insurance subsidiaries are limited in scope with respect to the products that may be sold within the respective jurisdictions. To the extent that our insurance subsidiaries seek to sell products for which we are not currently licensed, such subsidiaries would be required to become licensed in each of the respective jurisdictions in which such products are expected to be sold. There is no assurance that our insurance subsidiaries would be able to obtain the relevant licenses and the subsidiaries' inability to do so may impair our competitive position and reduce our growth prospects, causing our financial position, results of operations and cash flows to fall below our current expectations.

**Item 1A. Risk Factors**

Our Bermuda reinsurance subsidiaries, as Bermuda domiciled insurers, are also required to maintain licenses. Each of our Bermuda reinsurance subsidiaries is licensed as a reinsurer in Bermuda. Bermuda insurance statutes and regulations and policies of the BMA require that our Bermuda reinsurance subsidiaries, among other things, maintain a minimum level of capital and surplus; satisfy solvency standards; restrict dividends, distributions and reductions of capital; obtain prior approval or provide notification to the BMA, as the case may be, of ownership, transfer and disposition of shareholder controller shares; maintain a head office and have certain officers resident in Bermuda; appoint and maintain a principal representative in Bermuda; and provide for the performance of certain periodic examinations of itself and its financial condition. A failure to meet these conditions may result in the suspension or revocation of a Bermuda reinsurance subsidiary's license to do business as a reinsurance company in Bermuda, which would mean that such Bermuda reinsurance subsidiary would not be able to enter into any new reinsurance contracts until the suspension ended or it became licensed in another jurisdiction. Any such suspension or revocation of a Bermuda reinsurance subsidiary's license would negatively impact its and our reputation in the reinsurance marketplace and could have a material adverse effect on our results of operations.

UK law imposes licensing and other regulatory requirements in respect of insurance and reinsurance business carried out in the UK. AHL, ALRe and ACRA 1A are UK tax resident companies but do not have the UK regulatory licenses required to write or carry out insurance business in the UK. Accordingly, their business does not involve transactions with UK domiciled clients and we believe that their operations and governance arrangements are otherwise undertaken to comply with UK regulatory requirements. ALReI is a Bermuda domiciled and regulated reinsurance subsidiary that is not a UK tax resident and does not have the UK regulatory licenses required to write or carry out insurance business in the UK. ALReI assumed reinsurance business from a UK domiciled client in December 2019, and will continue to seek other such opportunities going forward, in accordance with and as permitted under UK law. We believe ALReI's business, operations and governance arrangements are undertaken to comply with UK law. We will continue to monitor developments in UK regulation to seek to cause AHL, ALRe, ACRA 1A and ALReI to comply with UK law and regulation at all times; however, there can be no assurance that the UK regulatory authorities will not interpret the application of the relevant rules in a manner that differs from our interpretation and challenge the existing or future arrangements.

The process of obtaining licenses is time consuming and costly, and we may not be able to become licensed in jurisdictions other than those in which our subsidiaries are currently licensed and/or for products for which we are currently licensed. The modification of the conduct of our business resulting from our and our subsidiaries becoming licensed in certain jurisdictions or for certain products could significantly and negatively affect our business. In addition, our inability to comply with insurance statutes and regulations could significantly and adversely affect our business by limiting our ability to conduct business as well as subjecting us to penalties and fines.

***Changes in the laws and regulations governing the insurance industry or otherwise applicable to our business, may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects.***

Certain of the laws and regulations to which we are subject are summarized in *Item 1. Business–Regulation*. Changes in the laws and regulations relevant to our business may have a material adverse effect on our business, financial condition, results of operations, liquidity, cash flows and prospects. Certain of the risks associated with changes in these laws and regulations are discussed in greater detail below.

The Dodd-Frank Act makes sweeping changes to the regulation of financial services entities, products and markets. Historically, the federal government has not regulated the insurance business, however, the Dodd-Frank Act generally provides for enhanced federal supervision of financial institutions, including insurance companies in certain circumstances, and financial activities that represent a systemic risk to financial stability or the economy. Certain provisions of the Dodd-Frank Act are or may become applicable to us, our competitors or those entities with which we do business, including, but not limited to: the establishment of a comprehensive federal regulatory regime with respect to derivatives; the establishment of consolidated federal regulation and resolution authority over SIFIs; the establishment of the Federal Insurance Office; changes to the regulation of broker-dealers and investment advisors; changes to the regulation of reinsurance; changes to regulations affecting the rights of shareholders; the imposition of additional regulation over credit rating agencies; the imposition of concentration limits on financial institutions that restrict the amount of credit that may be extended to a single person or entity; and mandatory on-facility execution and clearing of certain derivative contracts.

Legislative or regulatory requirements imposed by or promulgated in connection with the Dodd-Frank Act may impact us in many ways, including, but not limited to: placing us at a competitive disadvantage relative to our competition or other financial services entities; changing the competitive landscape of the financial services sector or the insurance industry; making it more expensive for us to conduct our business; requiring the reallocation of significant company resources to government affairs; increasing our legal and compliance related activities and the costs associated therewith as the Dodd-Frank Act may permit the preemption of certain state laws when inconsistent with international agreements, such as the EU Covered Agreement and the UK Covered Agreement; and otherwise having a material adverse effect on the overall business climate as well as our financial condition and results of operations.

Heightened standards of sales conduct as a result of the implementation of SAT or the adoption of other similar proposed rules or regulations could also increase the compliance and regulatory burdens on our representatives, and could lead to increased litigation and regulatory risks, changes to our business model, a decrease in the number of our securities-licensed representatives and a reduction in the products we offer to our clients, any of which could have a material adverse effect on our business, financial condition and results of operations.

**Item 1A. Risk Factors**

In addition, we expect the worldwide demographic trend of population aging will cause policymakers to continue to focus on the framework of U.S. and non-U.S. retirement systems, which may drive additional changes regarding the manner in which individuals plan for and fund their retirement, the extent of government involvement in retirement savings and funding, the regulation of retirement products and services and the oversight of industry participants. Any incremental requirements, costs and risks imposed on us in connection with such current or future legislative or regulatory changes, may constrain our ability to market our products and services to potential customers, and could negatively impact our profitability and make it more difficult for us to pursue our growth strategy.

Although we are subject to regulation in each state in which we conduct business, in many instances the state insurance laws and regulations emanate from the NAIC. State insurance regulators and the NAIC regularly re-examine existing laws and regulations applicable to insurance companies and their products. Any proposed or future legislation or NAIC initiatives, if adopted, may be more restrictive on our ability to conduct business than current regulatory requirements or may result in higher costs or increased statutory capital and reserve requirements. Changes in these laws and regulations or interpretations thereof are often made for the benefit of the consumer and at the expense of the insurer and could have a material adverse effect on our domestic insurance subsidiaries' businesses, financial condition and results of operations. We are also subject to the risk that compliance with any particular regulator's interpretation of a legal or accounting issue may not result in compliance with another regulator's interpretation of the same issue, particularly when compliance is judged in hindsight. There is an additional risk that any particular regulator's interpretation of a legal or accounting issue may change over time to our detriment, or that changes to the overall legal or market environment, even absent any change of interpretation by a particular regulator, may cause us to change our views regarding the actions we need to take from a legal risk management perspective, which could necessitate changes to our practices that may, in some cases, limit our ability to grow and improve profitability.

**Risks Relating to Taxation**

***The BEAT may significantly increase our tax liability.***

The Tax Act introduced a new tax called the BEAT. The BEAT operates as a minimum tax and is generally calculated as a percentage (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 (including any non-U.S. subsidiaries subject to U.S. federal income taxation) 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." However, in certain types of reinsurance transactions, it is not clear whether any amounts paid or accrued by non-U.S. reinsurance entities would be netted against amounts paid or accrued to such entities for purposes of calculating the "base erosion payments" and "base erosion tax benefits."

In light of the possibility of material additional tax cost to our U.S. subsidiaries, and because there are continued uncertainties regarding the computation of BEAT despite the recent release of final regulations implementing the BEAT, we have undertaken certain actions intended to mitigate the potential effect of the BEAT on our results of operations. While not expected, such actions may have adverse consequences to our business. There can be no assurances that our efforts to mitigate the BEAT will be successful, and our consideration of any further actions may be expensive and time consuming. In addition, we have been, and may continue to 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, ineffective or counterproductive.

The application of the BEAT to our reinsurance arrangements could be affected by further legislative action (including possibly a "technical corrections" bill), administrative guidance or court decisions, any of which could have retroactive effect. In addition, tax authorities may 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 establish 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 we ultimately pay, as that amount could differ materially from the estimate. There may be material adverse consequences to our business if tax authorities successfully challenge our BEAT calculations, in light of the uncertainties described above.

In addition, we have made estimates regarding the effective tax rate we expect to experience, which take into account the impacts of federal income tax and the BEAT. The determination of each such figure, or range of figures, involves numerous estimates and assumptions, including estimates and assumptions regarding our BEAT calculations. Such estimates and assumptions may prove incorrect. To the extent that actual experience differs from the estimates and assumptions inherent in our projections, our future effective 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.

**Item 1A. Risk Factors**

***AHL or its non-U.S. subsidiaries may be subject to U.S. federal income taxation in an amount greater than expected.***

AHL and certain of its subsidiaries are incorporated under the laws of non-U.S. jurisdictions, including Bermuda. AHL and its subsidiaries that are treated as foreign corporations under the Internal Revenue Code (the Non-U.S. Subsidiaries, and together with AHL, the Non-U.S. Companies) have historically intended to operate in a manner that will not cause any of the Non-U.S. Companies 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, the 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 some or all of our Non-U.S. Companies to conduct business differently. Further, 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, and therefore there can be no assurance that the IRS will not successfully contend that a Non-U.S. Company is engaged in a trade or business in the U.S.

Any Non-U.S. Company that is considered to be engaged in a trade or business in the U.S. generally will 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) unless otherwise provided under the income tax treaty between the U.S. and Bermuda (Bermuda Treaty) and the UK Treaty. 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, results of operations and cash flows.

AHL and ALRe are UK tax residents and expect to qualify for the benefits of the UK Treaty because AHL's Class A common shares are listed and regularly traded on the NYSE. ACRA is also a UK tax resident and expects to qualify for the benefits of the UK Treaty by reason of satisfying an ownership and base erosion test. Accordingly, AHL, ALRe and ACRA are expected to qualify for exemptions from, or reduced rates of, U.S. tax on certain amounts that are from U.S. sources or connected with a U.S. trade or business, provided that they satisfy all of the requirements of the UK Treaty. However, there can be no assurances that AHL, ALRe and ACRA will continue to qualify for treaty benefits, particularly given the potential implications of the Bermuda Economic Substance Act 2018, or will not have a U.S. permanent establishment to which their income is attributable. If AHL, ALRe or ACRA fails to qualify for treaty benefits or has a U.S. permanent establishment to which its income is attributable, it may incur greater tax costs than expected, which could have a material adverse effect on our financial condition, results of operations and cash flows.

***U.S. persons who own depositary shares representing an interest in our preferred stock or 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 generally 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 ALRe and 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, ALRe or our Non-U.S. Companies 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. In connection with the Share Exchange, our shareholders approved certain amendments to our bye-laws, including to the voting cutback provisions. These amendments will become effective if and when the Share Exchange and related transactions close.

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 the Non-U.S. Subsidiaries for CFC purposes. Further, we believe that other U.S. persons are currently treated as 10% U.S. Shareholders (as defined below) that own more than 25% of the vote (and potentially more than 25% of the value) of ALRe by reason of downward attribution from our direct or indirect shareholders. Accordingly, the Non-U.S. Subsidiaries are currently treated as CFCs and ALRe is believed to be a CFC, at least for purposes of taking into account certain insurance income, 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 in law was not intended to cause a foreign corporation to be treated as a CFC with respect to a 10% U.S. Shareholder that is not related to the U.S. persons receiving such downward attribution. 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.

**Item 1A. Risk Factors**

For any taxable year in which a Non-U.S. Company is treated as a CFC, a "10% U.S. Shareholder" of the Non-U.S. Company that held depositary shares representing an interest in our preferred stock or held our Class A common shares directly or indirectly through non-U.S. entities as of the last day in such taxable year that the company was a CFC would generally be required to include in gross income as ordinary income its pro rata share of the 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). A "10% U.S. Shareholder" of an entity treated as a foreign corporation for U.S. federal income tax purposes is a U.S. person who owns (directly, indirectly through non-U.S. entities or constructively) 10% or more of the total value of all classes of shares of the corporation or 10% or more of the total combined voting power of all classes of voting shares of the corporation. 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 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 owned (directly, indirectly through non-U.S. entities or constructively) 10% or more of the total combined voting power of the voting stock of the corporation 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 any of the Non-U.S. Companies. 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 depositary shares representing an interest in our preferred stock or 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 the Non-U.S. Companies 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 depositary shares representing an interest in our preferred stock or 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. Company generally will be treated as a CFC if U.S. persons in the aggregate are treated as owning (directly or indirectly through non-U.S. entities) 25% or more of the total voting power or value of the Non-U.S. Company's stock at any time during the taxable year. We believe that the Non-U.S. Companies will be treated as CFCs 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 Apollo "controls" us or 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 the Non-U.S. Companies that are engaged in reinsurance might constitute RPII. This would trigger the adverse RPII consequences described above to all U.S. persons that hold our depositary shares representing an interest in our preferred stock or 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 the depositary shares representing an interest in our preferred stock or their investment in our Class A common shares.

**Item 1A. Risk Factors**

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 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 shares that violates this provision may be required, at the board's discretion, to sell its 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 the Non-U.S. Companies. 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 depositary shares representing an interest in our preferred stock or 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 depositary shares representing an interest in our preferred stock or 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 depositary shares representing an interest in our preferred stock or a disposition of our Class A common shares.

***U.S. tax-exempt organizations that own depositary shares representing an interest in our preferred stock or own our Class A common shares may recognize unrelated business taxable income.***

A U.S. tax-exempt organization that directly or indirectly owns depositary shares representing an interest in our preferred stock or 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 depositary shares representing an interest in our preferred stock or ownership of our Class A common shares.

***U.S. persons who own depositary shares representing an interest in our preferred stock or 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 for U.S. federal income tax purposes (PFIC), a U.S. person who directly or, in certain cases, indirectly owns depositary shares representing an interest in our preferred stock or 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 in the current taxable year or the foreseeable future because AHL, through its Non-U.S. Companies that are insurance enterprises (Non-U.S. Insurance Companies), intends to qualify for the "active insurance" exception to PFIC treatment. This exception was amended as part of the Tax Act, and we believe that we qualify for the exception as amended. However, there is significant uncertainty regarding how the exception will be interpreted. The IRS recently proposed regulations providing guidance on the amended exception. The proposed regulations are not effective until adopted in final form.

Under the Internal Revenue Code and the proposed regulations, the active insurance exception is available only if a foreign insurance company is considered to be engaged in the "active conduct" of an insurance business. The proposed regulations state that whether a company is engaged in the "active conduct" of an insurance business is a facts and circumstances test, but then introduce a "bright line" rule providing that the "active conduct" requirement is met if, and only if, the insurance company's "active conduct percentage" is at least 50%. In general, a company's active conduct percentage is determined by dividing the company's aggregate expenses for certain insurance-related services of its officers and employees (and the officers and employees of certain affiliates) by the company's aggregate expenses for such insurance-related services (including those paid to unaffiliated persons). The precise scope of expenses that should be taken into account in calculating the active conduct percentage is unclear.

**Item 1A. Risk Factors**

Our Non-U.S. Insurance Companies generally pay fees to unaffiliated service providers, including affiliates of Apollo, for investment management and other services. Including such fees in the calculation would have the effect of reducing their active conduct percentages. Due to uncertainty in the scope of expenses that should be taken into account, complexity in tracking and allocating expenses, and variations in expenses from year to year, among other uncertainties, no assurances can be provided that the active conduct percentages of our Non-U.S. Insurance Companies will be at least 50% in any given year. Accordingly, if the proposed regulations were finalized in their proposed form, depending on which expenses are included in the fraction, there is risk that one or more of our Non-U.S. Insurance Companies would be considered a PFIC in one or more taxable years, in which case AHL may also be a PFIC in such taxable years.

The IRS has requested comments on several aspects of the proposed regulations. It is uncertain when the proposed regulations will be finalized, and whether the provisions of any final or temporary regulations will vary from the proposed regulations. As a result, 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, including ALRe or ACRA (if they are PFICs).

***Changes in U.S. tax law might adversely affect us or our shareholders, including holders of the depositary shares representing an interest in our preferred stock or holders of our Class A common shares.***

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 depositary shares representing an interest in our preferred stock or an investor in our Class A common shares or reduce the attractiveness of our products. If any such developments occur, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

***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. 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. Decreases in product sales or increases in lapse rates, in either case, brought about by changes in U.S. tax law, may result in a decrease in net invested assets and therefore investment income and may have a material and adverse effect on our business, financial position, results of operations and cash flows.

***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, results of operations and cash flows could be adversely affected.

***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 FATCA impose a 30% withholding tax on certain payments of U.S. source income to certain "foreign financial institutions" and "non-financial foreign entities." The withholding tax may also apply to certain "foreign passthru payments" made by foreign financial institutions at a future date. The U.S. government has signed an intergovernmental agreement to facilitate the implementation of FATCA with the government of Bermuda (Bermuda IGA). The Non-U.S. Companies 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 preferred stock or 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. As discussed above, we have historically intended to limit our U.S. activities so that AHL is not considered to be engaged in a U.S. trade or business. However, the 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 AHL to conduct its business differently. Furthermore, no definitive standards are provided by the Internal Revenue Code, U.S. Treasury regulations or court decisions regarding when a foreign corporation is engaged in the conduct of a U.S. trade or business. Because the law is unclear, and the determination is highly factual and must be made annually, there is no assurance that the IRS will not contend that AHL is engaged in a U.S. trade or business.

**Item 1A. Risk Factors**

***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 Organisation for Economic Co-operation and Development's recommendations on base erosion and profit shifting is uncertain and could impose adverse tax consequences on us.***

In 2015, the Organisation for Economic Co-operation and Development (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.

Several of the areas of tax law on which the BEPS project has focused have led or will lead to changes in the domestic law of individual OECD jurisdictions. These changes include (amongst others) restrictions on interest and other deductions for tax purposes, the introduction of broad anti-hybrid regimes and reform of controlled foreign company rules. Changes are also expected to arise in the application of certain double tax treaties as a result of the implementation and adoption of the OECD's Multilateral Instrument, which may restrict our ability to rely on the terms of relevant double tax treaties in certain circumstances. Further, recent BEPS developments include proposals for new profit allocation and nexus rules and for rules to ensure that the profits of multinational enterprises are subject to a minimum rate of tax.

Changes of law in individual jurisdictions which may arise as a result of the BEPS project may ultimately increase the tax base of our subsidiaries in certain jurisdictions or our worldwide tax exposure. Those changes of law are also potentially relevant to our ability to efficiently fund and realize investments or repatriate income or capital gains from relevant jurisdictions, and could ultimately necessitate some restructuring of our subsidiaries or business operations. The changes of law resulting from the BEPS project also include revisions to the definition of a "permanent establishment" and the rules for attributing profit to a permanent establishment.

Other BEPS-related changes focus on the goal of ensuring that transfer pricing outcomes are in line with value creation. Changes to tax laws resulting from the BEPS project could increase their complexity and the burden and costs of compliance. Additionally, such changes could also result in significant modifications to existing transfer pricing rules and could potentially have an impact on our taxable profits in various jurisdictions.

Since 2017 (and in consequence of the BEPS project), some countries in which we do business, including Bermuda, have required certain multinational enterprises, including ours, to report detailed information regarding allocation of revenue, profit, and other information, on a country-by-country basis. The information we are required to report pursuant to this country-by-country reporting (as well as information we are required to report pursuant to certain other exchange of information regimes (for example, pursuant to the Common Reporting Standard)) could ultimately result in certain tax authorities having greater access to information enabling them to challenge our tax positions in a number of different areas - transfer pricing in particular.

***Our operations may be affected by the introduction of EU mandatory disclosure rules under DAC 6.***

The EU has introduced new mandatory disclosure rules for cross-border arrangements which satisfy certain hallmarks, as part of a new Directive widely referred to as "DAC 6". The scope of the arrangements and hallmarks which may trigger disclosure is very wide, and not limited to aggressive tax planning or indeed (for certain of the hallmarks) to arrangements which have any tax motive. Although first disclosures are not required until August 2020, the rules will apply retrospectively to any arrangements put in place or made available for implementation on or after June 25, 2018. The obligation to file disclosures under DAC 6 will fall on persons acting as intermediaries, which in many cases may require our advisors and other service providers to file disclosures relating to arrangements we are party to, in the first instance. Other intermediaries may have reporting obligations to the extent that they could be reasonably expected to know that they provided aid, assistance or advice with respect to an arrangement to which we are a party.

It is, however, likely that at least some relevant arrangements will need to be disclosed directly by us (whether because we are treated as the relevant intermediary for those purposes, or in certain circumstances because our advisors are exempt from disclosure under professional privilege rules). We intend to operate in compliance with DAC 6 mandatory disclosure rules. Achieving and maintaining compliance is likely to entail some cost to us, and any inadvertent failure to comply with our obligations may lead to fines and penalties, which would have an adverse effect on our results of operations.

## Item 1A. Risk Factors

### Risks Relating to Investment in Our Class A Common Shares

***The interest of the Apollo Group, which currently controls 45% of, and is expected to continue to control a significant portion of, the total voting power of AHL and holds a number of the seats on our board of directors, may conflict with that of other shareholders and could make it more difficult for you and other shareholders to influence significant corporate decisions.***

The Apollo Group currently controls 45% of, and is expected to continue to control a significant portion of, the total voting power of AHL. As a result, the Apollo Group could exercise significant influence over all matters requiring shareholder approval for the foreseeable future, including approval of significant corporate transactions, appointment of members of our management, election of directors, approval of the termination of our IMAs and determination of our corporate policies, which may reduce the market price of our common shares. Until such time that we have converted to a single class common share structure, either pursuant to the Share Exchange or otherwise, even if the Apollo Group reduces its beneficial ownership below its current holdings or we raise additional equity from investors other than members of the Apollo Group, because of its control over 45% of our aggregate voting power for so long as any member of the Apollo Group owns at least one Class B common share, the Apollo Group will continue to be able to assert significant influence over our board of directors and certain corporate actions.

After giving effect to the Share Exchange and other contemplated transactions (including the exercise of Apollo's contingent right to purchase additional shares), it is expected that Apollo, its affiliates and certain of its employees and consultants will beneficially own approximately 35% of the Class A common shares of AHL, in the aggregate. In addition, as part of the Share Exchange and related transactions, we expect to enter into a shareholders agreement with relevant members of the Apollo Group which will provide for, among other things, such members having the right to nominate a number of directors to the board of directors on a proportionate basis to their beneficial ownership of Class A common shares (including any Class A common shares to which a valid proxy has been granted to affiliates of Apollo under a voting agreement).

The interests of our existing shareholders, particularly members of the Apollo Group, may conflict with the interests of our other shareholders. Actions that members of the Apollo Group take as shareholders may not be favorable to our other shareholders. For example, the concentration of voting power held by the Apollo Group, the significant representation on our board of directors by individuals who are employees of the Apollo Group, or the limitations on our ability to terminate any IMA with Apollo could delay, defer or prevent a change of control of us or impede a merger, takeover or other business combination which another shareholder may otherwise view favorably. Members of the Apollo Group may, in their role as shareholders, vote in favor of a merger, takeover or other business combination transaction which our other shareholders might not consider in their best interests, including those transactions in which the Apollo Group may have an interest. In addition, as long as a business combination transaction were deemed to be in our best interests, our current charter and bye-laws would not prevent us from entering into a business combination transaction that provided for the payment of different consideration to holders of the Class B common shares, which are held by the Apollo Group or its affiliates, than to the Class A common shares. As part of the Share Exchange and related transactions, we are proposing certain amendments to our bye-laws, including to eliminate our multi-class common share structure.

Our conflicts committee and our disinterested directors analyze certain of these conflicts to protect against potential harm resulting from conflicts of interest in connection with transactions that we have entered into or will enter into with Apollo or its affiliates. Specifically, our bye-laws require that the conflicts committee (in accordance with its charter and procedures) approve certain material transactions by and between us and Apollo or its affiliates, including entering into material agreements or the imposition of any new fee or increase in the rate at which fees are charged to us, subject to certain exceptions. See *Item 13. Certain Relationships and Related Transactions, and Director Independence*. These conflicts provisions will not, by themselves, prohibit transactions with Apollo or its affiliates. In addition, our conflicts committee may exclusively rely on information provided by Apollo, including with respect to fees charged by Apollo or its affiliates, and with respect to the historical performance or fees of unrelated service providers used for comparison purposes, and may not independently verify the information so provided.

Apollo charges us management fees based on the composition and value of our assets. Substantially all of our net invested assets are managed by Apollo. Our investment policies permit Apollo to invest in securities of issuers with which it is affiliated, including funds managed by Apollo. Apollo may make such investments at its discretion, subject only to the approval of our conflicts committee in certain cases and/or certain regulatory approvals. Accordingly, Apollo may have a conflict of interest in managing our investments, which could increase amounts payable by us for asset management services or cause us to receive a lower return on our investments than if our investment portfolio was managed by another party. Asset management fees are paid based on the amount of our net invested assets regardless of the results of our operations. Therefore, Apollo could be incentivized to exercise its influence to cause us to increase our net invested assets, which may have an adverse impact on our financial condition, results of operations and cash flows.

**Item 1A. Risk Factors**

We have made investments in collective investment vehicles managed by Apollo affiliates, including seed investments in new investment vehicles or investment strategies offered by Apollo which have limited track records, as well as junior and subordinated tranches of structured investment vehicles which may assist Apollo in meeting certain regulatory requirements applicable to Apollo as the sponsor of such vehicles. Such Apollo affiliates may charge us or such vehicles management or other fees, that independently, or when taken together with other fees charged by Apollo, may not be the lowest fee available for similar investment management services offered by unrelated managers. In addition, it is possible that such unrelated managers may perform better than Apollo. Apollo is not obligated to devote any specific amount of time to our affairs, or to the funds in which we are invested and our bye-laws impose restrictions on our right to terminate any IMA or sub-advisory arrangement. Affiliates of Apollo manage and expect to continue to manage other client accounts, some of which have objectives similar to ours, including collective investment vehicles managed by Apollo and in which Apollo may have an equity interest. We will compete with other Apollo clients not only in terms of time spent on management of our portfolio, but also for allocation of assets that do not have significant supply. In addition, there may be different Apollo investment teams investing in the same strategies for different clients, including us. As a result, we may compete with other Apollo clients for the same investment opportunities, potentially disadvantaging us. Apollo may also manage accounts whose asset management fee schedules, investment objectives and policies differ from ours, which may cause Apollo to allocate securities in a manner that may have an adverse effect on our ability to source appropriate assets and meet our strategic objectives.

Under the Seventh Amended and Restated Fee Agreement, dated as of June 10, 2019, between us and AAM (Fee Agreement), Apollo receives higher sub-allocation fees for investing in asset classes with higher alpha generating abilities. There is no assurance that higher returns will be achieved by investing in these asset classes. Accordingly, Apollo is incentivized to increase the amount of investments subject to higher sub-allocation fees, which may result in greater risk to the returns in our investment portfolio. While we believe that we and Apollo have each implemented appropriate risk governance regarding asset allocation, it is possible that such incentives could result in increased holdings of assets with higher alpha generating abilities, and if such investments fail to perform, it could have an adverse impact on our investment results.

From time to time, Apollo may acquire investments on our behalf which are senior or junior to other instruments of the same issuer that are held by, or acquired for, another Apollo client (for example, we may acquire junior debt while another Apollo client may acquire senior debt). In the event such an issuer enters bankruptcy or becomes otherwise insolvent, the client holding securities which are senior in preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the client, and the client holding the investment which is junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its claim against the issuer and may suffer a loss. It is our understanding that Apollo has adopted procedures that are designed to enable it to address such conflicts and to ensure that clients are treated fairly and equitably in these situations. However, given Apollo's fiduciary obligations to the other client, Apollo may be unable to manage our investment in the same manner as would have been possible without the conflict of interest. In such event, we may receive a lower return on such investment than if another Apollo client was not in a different part of the capital structure of the issuer.

Apollo and its affiliates have diverse and expansive private equity, credit and real estate investment platforms, investing in numerous companies across many industries. If Apollo acquires or forms a company with a business strategy competing with ours, additional conflicts may arise between us and Apollo or between us and such company in executing our plans, including with respect to the allocation of investments or the ability to execute on corporate opportunities. Our bye-laws provide that Apollo and its members and affiliates (including certain of our directors) generally have no duty to refrain from engaging, directly or indirectly, in the same or similar business activities or lines of business that we do.

Apollo and its affiliates regularly obtain material non-public information regarding various potential acquisition or trading targets. When Apollo and its affiliates obtain material non-public information regarding a potential acquisition or trading target, Apollo becomes restricted from trading in such acquisition or trading target's outstanding securities. Some of such securities may be potential investment opportunities for us, or may be owned by us and be potential disposition opportunities. The inability of Apollo to purchase or sell such investments on our behalf as a result of these restrictions may result in us acquiring investments that may otherwise underperform the restricted investments that Apollo would have acquired, or incurring losses on investments that Apollo would have sold, on our behalf, had such restrictions not been in place.

James R. Belardi, our Chief Executive Officer, also serves as Chief Executive Officer of ISG and receives compensation from ISG for services he provides. Mr. Belardi also owns a 5% profit interest in ISG (Interest). It is expected that the Interest will be revised such that Mr. Belardi will receive a lesser interest in the equity of ISG and also receive a specified percentage of other fee streams earned by Apollo, potentially comprised of or including the sub-allocation fees. See *Note 14 – Related Parties – Apollo – Current fee structure* to the consolidated financial statements for additional information regarding the sub-allocation fees. Under this arrangement, it is expected that Mr. Belardi would retain the Interest only during employment; and if Mr. Belardi remains employed with ISG through December 31, 2023, then following his employment termination, he would be eligible to receive a one-time payment equal to a multiple of the annual amount historically earned through the Interest. Accordingly, Mr. Belardi's involvement as a member of our board of directors and management team and as an officer and director of ISG may lead to a conflict of interest. Furthermore, certain members of our board of directors also serve on the board of directors of ISG or are employees of Apollo or its affiliates, which could also lead to potential conflicts of interest. See *Item 13. Certain Relationships and Related Transactions, and Director Independence*.

**Item 1A. Risk Factors**

***Our bye-laws contain provisions that could discourage takeovers and business combinations that our shareholders might consider in their best interests, including provisions that prevent a holder of Class A common shares from having a significant stake in Athene.***

Our bye-laws include certain provisions that could have the effect of delaying, deferring, preventing or rendering more difficult a change of control that holders of our Class A common shares might consider in their best interests. For example, our bye-laws prohibit holders of our Class A common shares and certain other classes of our common shares (other than those owned by the Apollo Group) from having more than 9.9% of the total voting power of our common shares. Subject to certain exceptions determined by our board on the basis set forth in our bye-laws, the votes attributable to a holder of Class A common shares above 9.9% of the total voting power of our common shares are redistributed to other holders of Class A common shares pro rata based on the then current voting power of each holder. Such adjustments are likely to result in a shareholder having voting rights in excess of its pro rata share of the voting power of our Class A common shares. Therefore, a shareholder’s voting rights may increase above 5% of the aggregate voting power of the outstanding common shares, thereby possibly resulting in the shareholder becoming a reporting person subject to Schedule 13D or 13G filing requirements under the Exchange Act. These requirements could discourage any potential investment in our Class A common shares. Additionally, in connection with the Share Exchange, we have proposed certain amendments to our bye-laws, including to the voting cutback provisions. In addition, our board is classified into three classes of directors, with directors of each class serving staggered three-year terms. Any change in the number of directors is required by our bye-laws to be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class or from the removal of a director will hold such directorship for a term that coincides with the remaining term of that class. Moreover, our bye-laws require specific advance notice procedures and other protocols for holders of common shares to make shareholder proposals and nominate directors. Among other requirements, a shareholder must meet the minimum requirements for eligible shareholders to submit shareholder proposals under Rule 14a-8 of the Exchange Act, and submit specific information and make specific undertakings in relation to the shareholder proposal or director nomination.

Any or all of these provisions could prevent holders of our Class A common shares from receiving the benefit from any premium to the market price of our Class A common shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of any of these provisions could adversely affect the prevailing market price of our Class A common shares if they were viewed as discouraging takeover attempts in the future.

***Our bye-laws contain provisions that cause a holder of Class A common shares to lose the right to vote the shares if the holder owns an equity interest in Apollo, AP Alternative Assets, L.P. (AAA) or certain other entities.***

Our bye-laws contain provisions that impose restrictions on certain Class A common shares in order to reduce the likelihood that U.S. persons that directly or indirectly own our common shares will experience adverse tax consequences attributable to RPII. These provisions could cause a holder to lose the right to vote its Class A common shares if the holder or one of its affiliates owns (or is treated as owning) any equity interests (or instruments treated as equity interests) in Apollo or AAA, if the holder or one of its affiliates owns (or is treated as owning) any of our Class B common shares or if the holder or one of its affiliates is a member of the Apollo Group. These restrictions do not affect the transferability of Class A common shares and do not apply unless the holder or one of its affiliates meets one of these conditions.

***Holders of our shares may have difficulty effecting service of process on us or enforcing judgments against us in the United States.***

AHL is incorporated pursuant to the laws of Bermuda and is domiciled in Bermuda. In addition, certain of our directors and officers reside outside the United States, and a substantial portion of our assets are located in jurisdictions outside the United States. As such, we have been advised that there is doubt as to whether:

- a holder of our shares would be able to enforce, in the courts of Bermuda, judgments of U.S. courts against us or against persons who reside in Bermuda based upon the civil liability provisions of the U.S. federal securities laws; or
- a holder of our shares would be able to bring an original action in the Bermuda courts to enforce liabilities against us or our directors and officers who reside outside the United States based solely upon U.S. federal securities laws.

Further, we have been advised that there is no treaty in effect between the United States and Bermuda providing for the enforcement of judgments of U.S. courts, and there are grounds upon which Bermuda courts may not enforce judgments of U.S. courts. Because judgments of U.S. courts are not automatically enforceable in Bermuda, it may be difficult for you to recover against us based upon such judgments. Additionally, we have been advised that the United States and Bermuda do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. A Bermuda court may, however, impose civil liability on us or our directors or officers in a suit brought in the Supreme Court of Bermuda provided that the facts alleged constitute or give rise to a cause of action under Bermuda law. Certain remedies available under the laws of U.S. jurisdictions, including certain remedies under the U.S. federal securities laws, would not be allowed in Bermuda courts to the extent that they are contrary to public policy.

**Item 1A. Risk Factors**

***Our choice of forum provisions in our bye-laws may limit your ability to bring suits against us or our directors and officers.***

Our bye-laws currently provide that if any dispute arises concerning the Companies Act or out of or in connection with our bye-laws, including any question regarding the existence and scope of any bye-law and/or whether there has been a breach of the Companies Act or our bye-laws by an officer or director (whether or not such a claim is brought in the name of a shareholder or in the name of the Company), any such dispute shall be subject to the exclusive jurisdiction of the Supreme Court of Bermuda. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that the shareholder believes is favorable for disputes with us or our directors or officers, which may discourage lawsuits against us and our directors and officers. Alternatively, if a court were to find this provision of our bye-laws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, results of operations and cash flows.

***U.S. persons who own our shares may have more difficulty in protecting their interests than U.S. persons who are shareholders of a U.S. corporation.***

The Companies Act, which applies to AHL, differs in certain material respects from laws generally applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant provisions of the Companies Act and our bye-laws which differ in certain respects from provisions of Delaware corporate law. Because the following statements are summaries, they do not discuss all aspects of Bermuda law that may be relevant to us and our shareholders.

*Interested Directors*

Bermuda law provides that we cannot void any transaction we enter into in which a director has an interest, nor can such director be liable to us for any profit realized pursuant to such transaction, provided the nature of the interest is disclosed at the first opportunity at a meeting of directors, or in writing, to the directors. Under Delaware law such transaction would not be voidable if:

- the material facts as to such interested director's relationship or interests were disclosed or were known to the board of directors and the board of directors had in good faith authorized the transaction by the affirmative vote of a majority of the disinterested directors;
- such material facts were disclosed or were known to the shareholders entitled to vote on such transaction and the transaction was specifically approved in good faith by vote of the majority of shares entitled to vote thereon; or
- the transaction was fair to the corporation as of the time it was authorized, approved or ratified.

Under Delaware law, the interested director could be held liable for a transaction in which the director derived an improper personal benefit.

*Shareholders' Suits*

The rights of shareholders under Bermuda law are not as extensive as the rights of shareholders in many U.S. jurisdictions. Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. However, the Bermuda courts ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in the name of the company to remedy a wrong done to the company where an act is alleged to be beyond the corporate power of the company, is illegal or would result in the violation of our memorandum of association or bye-laws. Furthermore, a Bermuda court would consider acts that are alleged to constitute a fraud against the minority shareholders or acts requiring the approval of a greater percentage of our shareholders than actually approved it. The winning party in such an action generally would be able to recover a portion of attorneys' fees incurred in connection with such action. Class actions and derivative actions generally are available to shareholders under Delaware law for, among other things, breach of fiduciary duty, corporate waste and actions not taken in accordance with applicable law. In such actions, the court has discretion to permit the winning party to recover attorneys' fees incurred in connection with such action.

*Indemnification of Directors*

We have entered into indemnification agreements with our directors and officers which provide that we will indemnify our directors and officers or any person appointed to any committee by the board of directors acting in their capacity as such for any loss arising or liability attaching to them by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to us other than in respect of his own fraud or dishonesty. We are also required to indemnify our directors and officers in any proceeding in which they are successful. The indemnification agreements are limited to those payments that are lawful under Bermuda law.

Furthermore, pursuant to our bye-laws, our shareholders have agreed to waive any claim or right of action such shareholder may have, whether individually or by or in right of AHL, against any director or officer of AHL on account of any action taken by such director or officer, or the failure of such director or officer to take any action in the performance of his or her duties with or for AHL or any subsidiary of AHL; provided that such waiver does not extend to any matter in respect of any fraud or dishonesty which may attach to such director or officer.

**Item 1A. Risk Factors**

***AHL is a holding company with limited operations of its own. As a consequence, AHL's ability to pay dividends on its common shares and to make timely payments on its debt obligations will depend on the ability of its subsidiaries to make distributions or other payments to it, which may be restricted by law.***

AHL is a holding company with limited business operations of its own. AHL's primary subsidiaries are insurance and reinsurance companies that own substantially all of our assets and conduct substantially all of our operations. Accordingly, AHL's payment of dividends and ability to make timely payments on its debt obligations is dependent, to a significant extent, on the generation of cash flow by its subsidiaries and their ability to make such cash or other assets available to it, by dividend or otherwise. Dividends or distributions that may be paid by AHL's insurance subsidiaries are limited or restricted by applicable insurance or other laws that are based in part on the prior year's statutory income and surplus, or other sources. See *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations–Liquidity–Holding Company Liquidity*.

AHL's subsidiaries may not be able to, or may not be permitted to, make distributions to enable AHL to meet its obligations and pay dividends. These limitations on AHL's U.S. subsidiaries' abilities to pay dividends to AHL via its Bermuda subsidiaries may negatively impact AHL's financial condition, results of operations and cash flows. If AHL is not able to receive sufficient distributions from its subsidiaries, AHL may be required to raise funds through the incurrence of indebtedness, issuance of equity or sale of assets. AHL's ability to access funds through such methods is subject to market conditions and there can be no assurance that AHL would be able to raise funds on favorable terms or at all.

Each subsidiary is a distinct legal entity and legal and contractual restrictions may also limit AHL's ability to obtain cash from its subsidiaries. In addition to the specific restrictions described above, AHL's subsidiaries, as members of its insurance holding company system, are subject to various statutory and regulatory restrictions on their ability to pay dividends to AHL, as further described in *Item 1. Business–Regulation–United States–Insurance Holding Company Regulation*.

Dividends by AHL are also subject to restrictions included within the Credit Facility and may be subject to restrictions included in any indebtedness or credit agreement that AHL enters into in the future. AHL does not currently anticipate paying any regular cash dividends on its common shares. Any decision to declare and pay dividends in the future will be made at the discretion of AHL's board of directors and will depend on, among other things, AHL's results of operations, financial condition, cash requirements, excess capital position, alternative uses of capital, contractual restrictions and other factors that AHL's board of directors may deem relevant. Therefore, any return on investment in AHL's common stock may be solely dependent upon the appreciation of the price of AHL's common stock on the open market, which may not occur.

***Future sales of common shares by existing shareholders could cause our share price to decline.***

Sales of substantial amounts of our Class A common shares in the public market, or the perception that these sales could occur, could cause the market price of our Class A common shares to decline. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

We have filed registration statements on Form S-8 under the Securities Act to register the Class A common shares to be issued under our 2017 employee stock purchase plan (ESPP) and our equity compensation plans and, as a result, all Class A common shares acquired upon the purchase of shares under our ESPP and the vesting of share awards or the exercise of stock options granted under our equity compensation plans will also be freely tradeable under the Securities Act, subject to the terms of any lock-up agreements, unless purchased by our affiliates. As of December 31, 2019, 7.0 million common shares are reserved for future issuances under our ESPP and equity incentive plans, in the aggregate.

Furthermore, Apollo has the right to require, and subject to the completion of the Share Exchange and the expiration or waiver of any lock-up agreements, will have the right to require, with respect to the shares received in connection therewith, us to register Class A common shares for resale in some circumstances pursuant to the registration rights agreements we have entered or will enter into with Apollo.

In the future, we may issue additional common shares or other equity or debt securities convertible into or exercisable or exchangeable for Class A common shares in connection with a financing, strategic investment, litigation settlement or employee arrangement or otherwise. Any of these issuances could result in substantial dilution to our existing shareholders and could cause the trading price of our Class A common shares to decline.

***Our Chief Executive Officer and President entered into a voting agreement pursuant to which each of them appointed an affiliate of Apollo as his proxy and attorney-in-fact to vote all of his Class A common shares at any meeting of our shareholders following the closing of the Share Exchange.***

In connection with the Share Exchange and related transactions, an affiliate of Apollo (AMH), James Belardi, our Chief Executive Officer, and William Wheeler, our President, entered into a voting agreement, pursuant to which each such shareholder irrevocably appointed AMH as his proxy and attorney-in-fact to vote all of such shareholder's Class A common shares at any meeting of our shareholders occurring following the closing of the Share Exchange and in connection with any written resolution of our shareholders following the closing of the transaction. This means that, subject to certain exceptions, all of the Class A common shares beneficially owned by Messrs. Belardi and Wheeler and entitled to vote (expected to constitute a small amount of the voting power of AHL immediately following the closing of the transaction) will be voted by AMH at any meeting of our shareholders following the closing of the transaction and in connection with any written resolution of our shareholders following the closing of the transaction.

**Item 1A. Risk Factors**

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We own our headquarters for U.S. operations, which is located in West Des Moines, IA and we lease our head office for Bermuda operations, which is located in Pembroke, Bermuda. Our Retirement Services segment includes our Iowa and Bermuda offices. We believe that for the foreseeable future our West Des Moines, Bermuda and other properties will be sufficient for us to conduct our current operations.

**Item 3. 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 such agencies 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 15 – Commitments and Contingencies – Litigation, Claims and Assessments* to the consolidated financial statements.

**Item 4. Mine Safety Disclosures**

Not applicable.

# PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

### Market Information

Our Class A common shares trade on the NYSE under the symbol "ATH". There is no established public trading market for our Class B and Class M common shares and no bid information is available for such shares.

### Shareholders

As of January 31, 2020, there were 143,296,155 Class A common shares outstanding and held of record by 218 shareholders, 25,381,321 Class B common shares outstanding and held of record by 13 shareholders, 3,263,890 Class M-1 common shares outstanding and held of record by five shareholders, 841,011 Class M-2 common shares outstanding and held of record by two shareholders, 1,000,000 Class M-3 common shares are outstanding and held of record by two shareholders, and 3,948,905 Class M-4 common shares outstanding and held of record by 86 shareholders.

### Dividends

We do not currently pay dividends on any of our common shares and we currently intend to retain all available funds and any future earnings for use in the operation of our business. We may, however, pay cash dividends on our common shares in the future. Any future determination to pay dividends will be made at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal and regulatory requirements, restrictions in our debt agreements and other factors our board of directors deems relevant. We currently have preferred stock on which we intend to pay dividends at the rate specified in the applicable certificate of designation, subject to declaration by our board of directors. See *Note 10 – Equity* to the consolidated financial statements for further information.

### Securities Authorized for Issuance under Equity Compensation Plans

See *Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters–Share Incentive Plan Information* for information regarding our equity compensation plans.

### Recent Sales of Unregistered Securities

Previously reported in the Current Report on Form 8-K filed with the SEC on October 28, 2019.

### Issuer Purchases of Securities

Purchases of common stock made by or on behalf of us or our affiliates during the three months ended December 31, 2019 are set forth below:

| Period | (a) Total number of shares purchased[1] | (b) Average price paid per share | (c) Total number of shares purchased as part of publicly announced programs [1,2] | (d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs |
|---|---|---|---|---|
| October 1 – October 31, 2019 | 7,050,056 | $ 40.15 | 7,050,056 | $ 640,157,788 |
| November 1 – November 30, 2019 | 14 | $ 43.89 | — | $ 640,157,788 |
| December 1 – December 31, 2019 | 1,237 | $ 46.96 | — | $ 640,157,788 |

[1] *Differences in amounts between column (a) and (c) relate to shares withheld (under the terms of employee stock-based compensation plans) to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying equity awards or upon the exercise of stock options.*

[2] *On December 10, 2018, we announced that our board of directors had approved an authorization for the repurchase of up to $250 million of our Class A common shares (Previous Authorization). On May 7, 2019, we announced that our board of directors had approved an authorization for the repurchase of up to $350 million of our Class A common shares, inclusive of the remaining shares authorized for repurchase under the Previous Authorization. On June 10, 2019, we announced that our board of directors had approved an additional $120 million authorization for the repurchase our Class A common shares. On August 5, 2019, we announced that our board of directors had approved an additional $350 million authorization for the repurchase of our Class A common shares. On October 28, 2019, we announced that our board of directors had approved an additional $600 million authorization for the repurchase of our Class A common shares. None of the authorizations have a definitive expiration date, but may be terminated at any time at the sole discretion of our board of directors. See Note 10 – Equity to the consolidated financial statements for more information.*

Purchases of depositary shares made by or on behalf of us or our affiliates during the period commencing with the inaugural offering of depositary shares on June 10, 2019 through December 31, 2019 are set forth below:

| Period | (a) Total number of shares purchased[1] | (b) Average price paid per share | | (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] | |
|---|---|---|---|---|---|---|
| June 10 – June 30, 2019 | 130,000 | $ | 25.00 | — | $ | — |
| July 1 – July 31, 2019 | — | $ | — | — | $ | — |
| August 1 – August 31, 2019 | — | $ | — | — | $ | — |
| September 1 – September 30, 2019 | 50,000 | $ | 25.00 | — | $ | — |
| October 1 – October 31, 2019 | — | $ | — | — | $ | — |
| November 1 – November 30, 2019 | — | $ | — | — | $ | — |
| December 1 – December 31, 2019 | — | $ | — | — | $ | — |

[1] *Purchases relate to purchases of depositary shares made by certain executive officers and directors in connection with the public offering of such depositary shares. James Belardi purchased 80,000 depositary shares, each representing a 1/1,000th interest in a 6.35 Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Share, Series A, par value $1.00 and liquidation preference $25,000 (Series A Depositary Shares) and 40,000 depositary shares, each representing a 1/1,000th interest in a 5.625% Fixed Rate Perpetual Non-Cumulative Preference Share, Series B, par value $1.00 and liquidation preference $25,000 (Series B Depositary Shares). Grant Kvalheim, an executive officer, purchased 40,000 Series A Depositary Shares. Marc Beilinson, member of our Board of Directors, purchased 10,000 Series A Depositary Shares and 10,000 Series B Depositary Shares.*

[2] *As of December 31, 2019, our Board of Directors had not authorized any purchases of depositary shares in connection with a publicly announced plan or program.*

**Item 6. Selected Financial Data**

The following tables set forth our selected historical consolidated financial data, which should be read in conjunction with *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Item 8. Financial Statements and Supplementary Data*. The information has been derived from our historical consolidated financial statements. Our historical results are not necessarily indicative of future results.

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions, except percentages and per share data)* | 2019 | 2018[1,3] | 2017 | 2016 | 2015[2] |
| **Consolidated Statements of Income Data** | | | | | |
| Total revenues | $ 16,258 | $ 6,637 | $ 8,788 | $ 4,105 | $ 2,618 |
| Total benefits and expenses | 13,956 | 5,462 | 7,324 | 3,393 | 2,023 |
| Income before income taxes | 2,302 | 1,175 | 1,464 | 712 | 595 |
| Net income | 2,185 | 1,053 | 1,358 | 773 | 595 |
| Net income available to Athene Holding Ltd. common shareholders | 2,136 | 1,053 | 1,358 | 773 | 579 |
| Adjusted operating income available to common shareholders (a non-GAAP measure) | 1,289 | 1,140 | 1,055 | 759 | 760 |
| ROE | 19.7% | 12.1% | 16.9% | 12.6% | 11.7% |
| Adjusted operating ROE (a non-GAAP measure) | 14.1% | 13.9% | 15.1% | 12.6% | 16.2% |
| **Earnings per share[4]** | | | | | |
| Basic | $ 11.44 | $ 5.34 | $ 6.95 | $ 4.14 | $ 3.31 |
| Diluted – Class A common shares | $ 11.41 | $ 5.32 | $ 6.91 | $ 4.04 | $ 3.30 |
| Adjusted operating earnings per common share (a non-GAAP measure) | $ 6.97 | $ 5.82 | $ 5.39 | $ 3.93 | $ 4.34 |
| **Weighted average common shares outstanding** | | | | | |
| Basic[4] | 186.6 | 197.1 | 195.3 | 186.8 | 175.1 |
| Diluted – Class A common shares[4] | 154.3 | 161.1 | 111.0 | 53.5 | 41.3 |
| Adjusted operating common shares (a non-GAAP measure)[5] | 184.8 | 195.9 | 195.9 | 193.4 | 175.2 |
| **Consolidated Balance Sheets Data** | | | | | |
| Investments, including related parties | $ 129,845 | $ 107,632 | $ 84,379 | $ 72,433 | $ 64,525 |
| Investments of consolidated variable interest entities | 705 | 709 | 859 | 901 | 1,565 |
| Total assets | 146,875 | 125,505 | 100,161 | 86,740 | 80,864 |
| Interest sensitive contract liabilities | 102,745 | 96,610 | 68,099 | 61,580 | 57,306 |
| Future policy benefits | 23,330 | 16,704 | 17,557 | 14,562 | 14,533 |
| Long-term debt | 992 | 991 | — | — | — |
| Total liabilities | 132,734 | 117,229 | 90,985 | 79,858 | 75,496 |
| Total AHL shareholders' equity | 13,391 | 8,276 | 9,176 | 6,881 | 5,367 |
| Total adjusted common shareholders' equity (a non-GAAP measure) | 9,445 | 8,823 | 7,566 | 6,452 | 5,589 |
| Book value per common share | $ 76.21 | $ 42.45 | $ 46.60 | $ 35.78 | $ 28.84 |
| Adjusted book value per common share (a non-GAAP measure) | $ 54.02 | $ 45.59 | $ 38.43 | $ 32.85 | $ 30.03 |
| Common shares outstanding[6] | 175.7 | 195.0 | 196.9 | 192.3 | 186.1 |
| Adjusted operating common shares outstanding (a non-GAAP measure)[5] | 174.9 | 193.5 | 196.9 | 196.4 | 186.1 |

[1] *During the year ended December 31, 2018, we entered into various agreements to reinsure blocks of fixed and fixed index annuities. See Note 6 – Reinsurance to the consolidated financial statements for additional information.*

[2] *Reflects the acquisition of our former subsidiary Athora on October 1, 2015.*

[3] *Reflects the deconsolidation of Athora effective January 1, 2018. See Note 1 – Business, Basis of Presentation and Significant Accounting Policies to the consolidated financial statements for additional information.*

[4] *Basic earnings per common share, including basic weighted average common shares outstanding, includes all classes eligible to participate in dividends for each period presented. Diluted earnings per share on Class A common shares, including diluted Class A weighted average common shares outstanding, includes the dilutive impacts, if any, of Class B common shares, Class M common shares and any other stock-based awards. See Note 11 – Earnings Per Share to the consolidated financial statements for additional information regarding basic and diluted earnings per common share.*

[5] *Represents Class A common shares outstanding or weighted average common shares outstanding assuming 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, Class M common shares and any other stock-based awards. For December 31, 2015, Class M common shares were not included due to issuance restrictions which were contingent upon our IPO.*

[6] *Represents common shares vested and outstanding for all classes eligible to participate in dividends for each period presented. See Note 11 – Earnings Per Share to the consolidated financial statements for additional information regarding classes eligible to participate in dividends as of each period.*

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**Item 6. Selected Financial Data**

**Non-GAAP Measures—**In addition to our results presented in accordance with GAAP, we present certain non-GAAP measures we commonly use. 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. 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 *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations–Key Operating and Non-GAAP Measures* for additional discussions regarding non-GAAP measures.

The following are reconciliations of certain GAAP measures appearing in the preceding table, including net income available to AHL common shareholders, basic weighted average common shares outstanding – Class A, and basic earnings per common share – Class A, to their corresponding non-GAAP measures, including adjusted operating income available to common shareholders, weighted average common shares outstanding – adjusted operating, and adjusted operating earnings per common share, respectively:

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions)* | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Net income available to AHL common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 | $ 773 | $ 579 |
| **Non-operating adjustments** | | | | | |
| Investment gains (losses), net of offsets | 994 | (274) | 199 | 47 | (56) |
| Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets | (65) | 242 | 230 | 67 | (30) |
| Integration, restructuring and other non-operating expenses | (70) | (22) | (68) | (22) | (58) |
| Stock compensation expense | (12) | (11) | (33) | (82) | (67) |
| Income tax (expense) benefit – non-operating | — | (22) | (25) | 4 | 30 |
| **Less: Total non-operating adjustments** | 847 | (87) | 303 | 14 | (181) |
| **Adjusted operating income available to common shareholders** | $ 1,289 | $ 1,140 | $ 1,055 | $ 759 | $ 760 |

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions)* | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Basic weighted average common shares outstanding – Class A** | 153.9 | 160.5 | 107.7 | 52.1 | 41.2 |
| Conversion of Class B common shares to Class A common shares | 25.4 | 29.3 | 81.6 | 134.5 | 133.9 |
| Conversion of Class M common shares to Class A common shares | 5.1 | 5.6 | 6.1 | 6.6 | — |
| Effect of other stock compensation plans | 0.4 | 0.5 | 0.5 | 0.2 | 0.1 |
| **Weighted average common shares outstanding – adjusted operating** | 184.8 | 195.9 | 195.9 | 193.4 | 175.2 |

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Basic earnings per share – Class A common shares** | $ 11.44 | $ 5.34 | $ 6.95 | $ 4.14 | $ 3.31 |
| **Non-operating adjustments** | | | | | |
| Investment gains (losses), net of offsets | 5.39 | (1.40) | 1.02 | 0.24 | (0.33) |
| Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets | (0.36) | 1.24 | 1.17 | 0.35 | (0.17) |
| Integration, restructuring and other non-operating expenses | (0.37) | (0.12) | (0.35) | (0.12) | (0.33) |
| Stock compensation expense | (0.07) | (0.05) | (0.17) | (0.42) | (0.38) |
| Income tax (expense) benefit – non-operating | — | (0.11) | (0.13) | 0.02 | 0.17 |
| **Less: Total non-operating adjustments** | 4.59 | (0.44) | 1.54 | 0.07 | (1.04) |
| **Effect of items convertible to or settled in Class A common shares** | (0.12) | (0.04) | 0.02 | 0.14 | 0.01 |
| **Adjusted operating earnings per common share** | $ 6.97 | $ 5.82 | $ 5.39 | $ 3.93 | $ 4.34 |

**Item 6. Selected Financial Data**

The following is a reconciliation of total AHL shareholders' equity to total adjusted AHL common shareholders' equity, which is used in calculating adjusted operating ROE and adjusted book value per common share:

| | December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 | 2016 | 2015 |
| Total AHL shareholders' equity | $ 13,391 | $ 8,276 | $ 9,176 | $ 6,881 | $ 5,367 |
| Less: Preferred stock | 1,172 | — | — | — | — |
| Total AHL common shareholders' equity | 12,219 | 8,276 | 9,176 | 6,881 | 5,367 |
| Less: AOCI | 2,281 | (472) | 1,449 | 366 | (241) |
| Less: Accumulated change in fair value of reinsurance assets | 493 | (75) | 161 | 63 | 19 |
| Total adjusted AHL common shareholders' equity | $ 9,445 | $ 8,823 | $ 7,566 | $ 6,452 | $ 5,589 |

The following is a reconciliation of average AHL shareholders' equity to average adjusted AHL common shareholders' equity, which is used in calculating adjusted operating ROE:

| | December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 | 2016 | 2015 |
| Average AHL shareholders' equity | $ 10,834 | $ 8,726 | $ 8,029 | $ 6,124 | $ 4,959 |
| Less: Average preferred stock | 586 | — | — | — | — |
| Less: Average AOCI | 905 | 489 | 908 | 63 | 203 |
| Less: Average accumulated change in fair value of reinsurance assets | 209 | 43 | 112 | 41 | 58 |
| Average adjusted AHL common shareholders' equity | $ 9,134 | $ 8,194 | $ 7,009 | $ 6,020 | $ 4,698 |

The following is a reconciliation of Class A common shares outstanding to its corresponding non-GAAP measure, adjusted operating common shares outstanding:

| | December 31, | | | | |
|---|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 | 2016 | 2015 |
| Class A common shares outstanding | 142.8 | 162.2 | 142.2 | 77.0 | 50.1 |
| Conversion of Class B common shares to Class A common shares | 25.4 | 25.4 | 47.4 | 111.8 | 136.0 |
| Conversion of Class M common shares to Class A common shares | 5.5 | 4.9 | 6.4 | 6.8 | — |
| Effect of other stock compensation plans | 1.2 | 1.0 | 0.9 | 0.8 | — |
| Adjusted operating common shares outstanding | 174.9 | 193.5 | 196.9 | 196.4 | 186.1 |

The following is a reconciliation of book value per common share to its corresponding non-GAAP measure, adjusted book value per common share:

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Book value per common share | $ 76.21 | $ 42.45 | $ 46.60 | $ 35.78 | $ 28.84 |
| Preferred stock | (6.67) | — | — | — | — |
| AOCI | (12.98) | 2.42 | (7.36) | (1.90) | 1.29 |
| Accumulated change in fair value of reinsurance assets | (2.80) | 0.39 | (0.82) | (0.33) | (0.10) |
| Effect of items convertible to or settled in Class A common shares | 0.26 | 0.33 | 0.01 | (0.70) | — |
| Adjusted book value per common share | $ 54.02 | $ 45.59 | $ 38.43 | $ 32.85 | $ 30.03 |

## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Index to Management's Discussion and Analysis of Financial Condition and Results of Operations


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## Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with *Forward-Looking Statements, Item 1A. Risk Factors, Item 6. Selected Financial Data,* and *Item 8. Financial Statements and Supplementary Data* included within this report.

### 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.

We have established a significant base of earnings and, as of December 31, 2019, have an expected annual net investment spread for our Retirement Services segment, which measures our investment performance less the total cost of our liabilities, of 1–2% over the 9.5 year weighted-average life of our reserve liabilities. The weighted-average life includes deferred annuities, PRT group annuities, funding agreements, payout annuities and other products.

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, prior to January 1, 2018, included our former German operations.

Our consolidated ROE for the year ended December 31, 2019 was 19.7% and our consolidated adjusted operating ROE was 14.1%. For the year ended December 31, 2019, in our Retirement Services segment, we generated an investment margin on deferred annuities of 2.46% and adjusted operating ROE of 17.3%. As of December 31, 2019, our deferred annuities had a weighted-average life of 8.9 years and made up a significant portion of our reserve liabilities.

The following table presents the deposits generated from our organic and inorganic channels:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Retail sales | $ 6,782 | $ 7,542 | $ 5,353 |
| Flow reinsurance | 3,950 | 2,423 | 875 |
| Funding agreements | 1,301 | 650 | 3,000 |
| Pension risk transfer | 6,042 | 2,581 | 2,253 |
| Total organic deposits | 18,075 | 13,196 | 11,481 |
| Inorganic deposits | — | 26,982 | — |
| Gross deposits | 18,075 | 40,178 | 11,481 |
| Deposits attributable to ACRA noncontrolling interest | (544) | — | — |
| Net deposits | $ 17,531 | $ 40,178 | $ 11,481 |

Our organic channels, including retail, flow reinsurance and institutional products, generated deposits of $18.1 billion, $13.2 billion and $11.5 billion for the years ended December 31, 2019, 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 $11.0 billion, $8.9 billion and $5.8 billion for the years ended December 31, 2019, 2018 and 2017, respectively. We believe that our improving credit profile, our current product offerings, and product design capabilities as well as 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. We plan to continue to grow organically by expanding each of 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 $6.8 billion, $7.5 billion and $5.4 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The decrease in our retail channel was driven by rate decreases due to the depressed interest rate environment as well as a decline in sales in the overall annuity market. We aim to grow our retail channel by deepening our relationships with our approximately 50 IMOs; approximately 48,000 independent agents; and our growing network of 13 small and mid-sized banks and 90 regional broker-dealers. Our strong financial position and capital efficient products allow us to be dependable partners with IMOs, banks and broker-dealers, as well as consistently write new business. 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 over time at our desired cost of funds through increased volumes via current IMOs, while also allowing us to continue to expand our bank and broker-dealer channels. We have recently implemented a new technology platform for our retail channel to expand operational capabilities. Additionally, we are focused on hiring and training a specialized sales force and creating 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 $4.0 billion, $2.4 billion and $875 million for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in our flow reinsurance channel over prior year was driven by the addition of new partners in the second half of 2018 and new product launches by our partners. We expect that our improving credit profile and our reputation as a solutions provider will help us continue to source additional reinsurance partners, which will further diversify our flow reinsurance channel.

Within our institutional channel, we generated deposits of $7.3 billion, $3.2 billion and $5.3 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in our institutional channel is driven by higher PRT deposits. We issued funding agreements in the aggregate principal amount of $1.3 billion, $650 million and $3.0 billion for the years ended December 31, 2019, 2018 and 2017, respectively. For the year ended December 31, 2019, we closed five PRT transactions, including our first UK PRT transaction for approximately $818 million, and issued group annuity contracts in the aggregate principal amount of $6.0 billion, compared to $2.6 billion for the year ended December 31, 2018. Since entering the PRT channel in 2017 through December 31, 2019, we have closed 16 deals involving more than 168,000 plan participants resulting in the issuance of group annuities and entry into UK PRT reinsurance arrangements in the aggregate principal amount of $10.9 billion. We expect to grow our institutional channel by continuing to engage in PRT transactions and opportunistic issuances of funding agreements.

Our inorganic channel has contributed significantly to our growth and, in 2018, we generated $27.0 billion of deposits driven by two block reinsurance transactions. On June 1, 2018, we closed on the Voya reinsurance transaction pursuant to which we entered into coinsurance and modco agreements to reinsure a block of fixed and fixed indexed annuities providing $19.1 billion of deposits. On December 7, 2018, we entered into a modified coinsurance agreement with The Lincoln National Life Company (Lincoln), with an effective date of October 1, 2018, to reinsure an 80% quota share of fixed deferred and fixed indexed annuities providing $7.9 billion of deposits. We expect that our inorganic channels will continue to be important sources of profitable growth in the future. We believe our internal transactions team, with support from Apollo, has an industry-leading ability to source, underwrite and expeditiously close transactions. With support from Apollo, we are a solutions provider with a proven track record of closing transactions, which we believe makes us the ideal partner to insurance companies seeking to restructure their business.

Executing our growth strategy requires that we have sufficient capital available to deploy. We believe that we have significant capital available to us to support our growth aspirations. As of December 31, 2019, we estimate that we have $6.7 billion in capital available to deploy, consisting of approximately $2.0 billion in excess capital, $2.1 billion in untapped debt capacity (assuming a peer average adjusted debt to capitalization ratio of 25%) and $2.6 billion in uncalled capital at ACRA, subject, in the case of debt capacity, to favorable market conditions and general availability.

In order to support our growth strategies and capital deployment opportunities, we established ACRA as a long-duration, on-demand capital vehicle. On October 1, 2019, ADIP purchased 67% of the economic interests in ACRA for $575 million. ACRA is expected to participate in qualifying transactions and certain other transactions by drawing two-thirds of the required capital for such transactions from third-party investors. See *Item 1. Business – Capital* for further information on qualifying transactions. This shareholder-friendly, strategic capital solution is expected to allow us the flexibility to simultaneously deploy capital across multiple accretive avenues, while maintaining a strong financial position.

***Deconsolidation Summary***

On January 1, 2018, in connection with the closing of the Athora Offering, our equity interest in Athora was exchanged for common shares of Athora. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements for further details regarding the deconsolidation of our German operations. The deconsolidation of Athora decreased our total assets by $6.3 billion and our net invested assets by $6.0 billion. As of and after January 1, 2018, our interest in Athora is reflected as an alternative investment.

***Strategic Transaction with Apollo***

On October 27, 2019 we entered into a Transaction Agreement with the Apollo which is expected to close in the first quarter of 2020, subject to regulatory approval. Upon close of the transaction, Apollo will acquire an incremental stake in us for approximately $1.55 billion, in exchange for AOG units valued at approximately $1.2 billion, subject to changes in market price at close, and approximately $350 million of cash. Additionally, AHL will convert all classes of common shares to a single common share class, eliminating our current super-voting structure, which we expect will broaden our investor base over time. Upon closing of the Share Exchange, the AOG units will be reflected as an alternative investment and may present future volatility in our results of operations due to changes in the valuation of the AOG units. See *Note 14 – Related Parties* to the consolidated financial statements for further discussion.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Industry Trends and Competition**

***Market Conditions***

Following three separate rate cuts in 2019, the U.S. Federal Reserve kept rates unchanged in its meeting on December 11, 2019, due to perceived easing of downside risk to the economy. While current economic fundamentals appear strong, uncertainty about future fiscal policy, changes in tax policy, the scope of potential deregulation, the imposition of tariffs or other barriers to international trade and levels of global trade, the future path of the Federal Reserve's quantitative tightening or easing, 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, and specifically equity market volatility, which may adversely affect the hedging costs of our liability policy hedging program. Credit market volatility, which may widen credit spreads, generally 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 our desired risk profile, and are desirable to 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 that react to market conditions, including annuitization rates and lapse rates, in order to best serve our customers and generate strong profitability to our shareholders.

***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. The Federal Reserve left the federal funds rate unchanged at the end of the year, following three rate cuts in 2019. The short-term rates on the yield curve have consequently declined, while the medium-to-long-term rates have experienced a marginal increase, resulting in a steepening of the yield curve. The yield curve is currently upward sloping, which has traditionally been seen as an indicator of economic optimism, after phases in 2019 when it was flat or inverted.

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 through ALM modeling. As part of our investment strategy, we purchase floating rate investments, which we expect would perform well in a rising interest rate environment and which we expect would underperform in a declining rate environment. Our investment portfolio includes $20.9 billion of floating rate investments, or 18% of our net invested assets as of December 31, 2019.

If prevailing interest rates were to rise, we believe our products would be more attractive to consumers and our sales would likely increase. If prevailing interest rates were to decline, it is likely that our products would be less attractive to consumers and our sales would likely decrease. In periods of prolonged low interest rates, the net investment spread 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 December 31, 2019, most of our products were fixed annuities with 22% of our FIAs at the minimum guarantees and 41% of our fixed rate annuities at the minimum crediting rates. As of December 31, 2019, minimum guarantees on all of our deferred annuities, including those with crediting rates already at their minimum guarantees, were, on average, 100 to 110 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 and 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 deferred annuity 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 *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*, which includes a discussion regarding interest rate and other significant risks and our strategies for managing these risks.

***Discontinuation of LIBOR***

The FCA has announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. It is expected that a number of private-sector banks currently reporting information used to set LIBOR will stop doing so after 2021 when their current reporting commitment ends, which could either cause LIBOR to stop publication immediately or cause the FCA to determine that the quality of LIBOR has degraded to the degree that LIBOR is no longer representative of its underlying market. With an estimated $200 trillion in notional transactions referencing USD LIBOR in the cash and derivatives markets, including more than $35 trillion extending past 2021, the discontinuation of LIBOR could have a significant impact on the financial markets and represents a material uncertainty to our business.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

To manage the uncertainty surrounding the discontinuation of LIBOR we have established a plan, which involves the following six phases: (1) identify and quantify our exposure to LIBOR; (2) establish a counterparty communication strategy; (3) evaluate the specific risks to our business arising as a result of the transition; (4) identify actions that we can take to mitigate the risks identified in phase 3; (5) monitor market developments regarding the adoption of a replacement rate; and (6) transition to the market consensus rate or rates once such rate or rates emerge and are operational.

The phases of our plan are not discrete and need not occur in chronological order. Our plan is subject to change as we gain additional information. We have created an Executive Steering Committee composed of senior executives to coordinate and oversee the execution of our plan. Currently, we are primarily focused on phase 1 of our plan. We have established function-specific working groups to identify and quantify our exposure to LIBOR. A separate working group exists for each of the following functions: actuarial, finance, derivatives/treasury, investment portfolio, legal and information technology. Each working group is tasked with evaluating the various contracts, transactions and arrangements within its functional area to identify those contracts, transactions and arrangements which involve LIBOR. We expect to complete phase 1 by March 31, 2020.

Thus far, we have identified contracts, other than those related to our product liabilities, with a notional value of approximately $25 billion tied to LIBOR, of which contracts with a notional value of approximately $20 billion are expected to extend beyond 2021. Such exposure primarily arises from our investment portfolio, which accounts for approximately 80% of our current exposure and approximately 84% of the exposure we expect will extend beyond 2021. In addition to the foregoing, we have identified product liabilities with a notional value of approximately $6.9 billion for which interest credited is computed on "excess return" indices (return of index in excess of LIBOR). We anticipate that many of these contracts will extend beyond 2021. We currently hold derivatives with a notional value of approximately $7.3 billion to hedge our exposure to these product liabilities. As these derivatives are primarily purchased to hedge the current crediting period, we expect that substantially all of them will expire before the end of 2021. We will be required to purchase new derivatives in future periods to hedge future crediting periods associated with existing product liabilities, which will expose us to potential basis mismatch to the extent that the reference rate for the product liability is not the same as the reference rate for the derivative instrument.

Once phase 1 is completed, we expect to revisit the scope of our plan and to establish milestones based upon the nature and extent of our exposure to LIBOR. We will also conduct a more thorough analysis of the legal, accounting, tax and other risks associated with the exposure areas that we have identified. Thereafter, we will evaluate methods to mitigate the risk of the transition, including evaluating the adequacy of fallback provisions, if any, included in our existing contracts. Concurrent with phase 1 and throughout the execution of our plan, we will evaluate the new contracts into which we enter for exposure to LIBOR, and for those contracts with LIBOR exposure, we will negotiate adequate fallback provisions or negotiate for the inclusion of an alternative rate.

Although we expect that we will be successful at completing all the phases of our plan prior to the discontinuation of LIBOR, we can provide no assurance at this time. Completion of certain phases of our plan are contingent upon market developments and are therefore not fully within our control. Failure to complete all phases of our plan prior to the discontinuation of LIBOR may have a material adverse effect on our business, financial position, results of operations and cash flows.

***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.

***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.

According to LIMRA, total fixed annuity market sales in the United States were $109.1 billion for the nine months ended September 30, 2019, a 13.9% increase from the same time period in 2018. In the total fixed annuity market, for the nine months ended September 30, 2019 (the most recent period for which specific market share data is available), we were the 5th largest company based on sales of $5.6 billion, translating to a 5.2% market share. For the nine months ended September 30, 2018, we had sales of $5.5 billion, translating to a 5.8% market share.

FIAs have been one of the fastest growing annuity products, having grown from $27.3 billion in sales for the year ended December 31, 2005 to $69.6 billion in sales for the year ended December 31, 2018. FIA sales grew $14.6 billion in the one year period from December 31, 2017 to December 31, 2018. According to LIMRA data, for the nine months ended September 30, 2019 (the most recent period for which specific market share data is available), we were the 2nd largest provider of FIAs based on sales of $5.0 billion, and our market share for the same period was 8.9%. For the nine months ended September 30, 2018, we were the 2nd largest provider of FIAs based on sales of $4.7 billion, translating to a 9.5% market share.

## Key Operating and Non-GAAP Measures

In addition to our results presented in accordance with GAAP, we present certain financial information that includes non-GAAP measures. 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, 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 corresponding GAAP measures. See *Non-GAAP Measure Reconciliations* and *Item 6. Selected Financial Data - Non-GAAP Measures* for the appropriate reconciliations to the corresponding GAAP measures.

***Adjusted Operating Income Available to Common Shareholders***

Adjusted operating income available to common shareholders 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 available to common shareholders equals net income available to AHL common shareholders adjusted to eliminate the impact of the following (collectively, the non-operating adjustments):

- **Investment Gains (Losses), Net of Offsets—**Consists of the realized gains and losses on the sale of AFS securities, the change in fair value of reinsurance assets, 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 other-than-temporary impairment (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 benefit (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—**Consists of impacts related to the fair value accounting for derivatives hedging the FIA index credits and the related embedded derivative liability fluctuations 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 term of an embedded derivative in an FIA contract is longer-dated, there is a duration mismatch which may lead to mismatches for accounting purposes.

- **Integration, Restructuring, and Other Non-operating Expenses—**Consists of restructuring and integration expenses related to acquisitions and block reinsurance costs as well as certain other expenses, which are not predictable or related to our underlying profitability drivers.

- **Stock Compensation Expense—**Consists of stock compensation expenses associated with our share incentive plans, excluding our long-term incentive plan, which are not related to our underlying profitability drivers and fluctuate from time to time due to the structure of our plans.

- **Bargain Purchase Gain—**Consists of adjustments to net income available to AHL common shareholders as they are not related to our underlying profitability drivers.

- **Income Tax (Expense) Benefit – Non-operating—**Consists of the income tax effect of non-operating adjustments and is computed by applying the appropriate jurisdiction's tax rate to the non-operating adjustments that are subject to income tax.

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

***Adjusted Operating ROE***

Adjusted operating ROE is a non-GAAP measure used to evaluate our financial performance excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted AHL common shareholders' equity is calculated as the ending AHL shareholders' equity excluding AOCI, the cumulative change in fair value of funds withheld and modco reinsurance assets and preferred stock. Adjusted operating ROE is calculated as the adjusted operating income available to common shareholders, divided by average adjusted AHL common shareholders' equity. 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. Except with respect to reinvestment activity relating to 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 operating fundamentals or future performance. Accordingly, we believe using measures which exclude AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets are useful in analyzing trends in our operating results. To enhance the ability to analyze these measures across periods, interim periods are annualized. Adjusted operating ROE should not be used as a substitute for ROE. However, we believe the adjustments to net income available to AHL common shareholders and equity are significant to gaining an understanding of our overall financial performance.

***Adjusted Operating Earnings Per Common Share, Weighted Average Common Shares Outstanding – Adjusted Operating and Adjusted Book Value Per Common Share***

Adjusted operating earnings per common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common 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 common share is calculated as the adjusted operating income available to common shareholders, over the weighted average common shares outstanding – adjusted operating. Adjusted book value per common share is calculated as the adjusted AHL common 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, after considering the dilutive effects of the more dilutive securities in the sequence, they are excluded. Weighted average common 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 common share, weighted average common shares outstanding – adjusted operating and adjusted book value per common share should not be used as a substitute for basic earnings per share – Class A common shares, basic weighted average common shares outstanding – Class A or book value per common 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 capital structure excluding the impacts of AOCI and the cumulative change in fair value of funds withheld and modco reinsurance assets, net of DAC, DSI, rider reserve and tax offsets. Adjusted debt to capital ratio is calculated as total debt excluding debt of consolidated variable interest entities (VIEs) divided by adjusted AHL 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 total debt and shareholders' equity are significant to gaining an understanding of our capitalization, debt utilization and debt capacity.

***Retirement Services Net Investment Spread, Investment Margin on Deferred Annuities and Operating Expenses***

Net investment spread is a key measurement of the profitability of our Retirement Services segment. Net investment spread measures our investment performance less the total cost of our liabilities. Net investment earned rate is a key measure of our investment performance, while cost of funds is a key measure of the cost of our policyholder benefits and liabilities. Investment margin on our deferred annuities measures our investment performance less the cost of crediting for our deferred annuities, which make up a significant portion of our reserve liabilities.

Net investment earned rate is a non-GAAP measure we use to evaluate the performance of our net invested assets that does not correspond to GAAP net investment income. Net investment earned rate is computed as the income from our net invested assets divided by the average net 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 fair value of reinsurance assets. We include the income and assets supporting our change in fair value of reinsurance assets 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 change in fair value of reinsurance assets. 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 funds includes liability costs related to cost of crediting on both deferred annuities and institutional products as well as other liability costs. Cost of funds is computed as the total liability costs divided by the average net invested assets for the relevant period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

Cost of crediting includes the costs for both deferred annuities and institutional products. Cost of crediting on deferred annuities 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. Cost of crediting on institutional products is comprised of PRT costs including interest credited, benefit payments and other reserve changes, net of premiums received when issued, as well as funding agreement costs including the interest payments and other reserve changes. Cost of crediting is computed as the cost of crediting for deferred annuities and institutional products divided by the average net invested assets for the relevant periods. Cost of crediting on deferred annuities is computed as the net interest credited on fixed strategies and option costs on indexed annuity strategies divided by the average net account value of our deferred annuities. Cost of crediting on institutional products is computed as the PRT and funding agreement costs divided by the average net institutional reserve liabilities. Our average net invested assets, net account values and net institutional reserve liabilities are averaged over the number of quarters in the relevant period to obtain our associated cost of crediting for such period. To enhance the ability to analyze these measures across periods, interim periods are annualized.

Other liability costs include DAC, DSI and VOBA amortization, change in rider reserves, the cost of liabilities on products other than deferred annuities and institutional products, excise taxes, premiums, product charges and other revenues. We believe a measure like other liability costs is useful in analyzing the trends of our core business operations and profitability. While we believe other liability costs is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total benefits and expenses presented under GAAP.

Net investment earned rate, cost of funds, net investment spread and investment margin on deferred annuities are non-GAAP measures we use to evaluate the profitability of our business. We believe these metrics are useful in analyzing the trends of our business operations, profitability and pricing discipline. While we believe each of these metrics 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, interest sensitive contract benefits or total benefits and expenses presented under GAAP.

Operating expenses excludes integration, restructuring and other non-operating expenses, stock compensation expense, interest expense and policy acquisition expenses. We believe a measure like operating expenses is useful in analyzing the trends of our core business operations and profitability. While we believe operating expenses is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for policy and other operating expenses presented under GAAP.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***Net Invested Assets***

In managing our business, we analyze net invested assets, which does not correspond to total investments, including investments in related parties, as disclosed in our consolidated financial statements and notes thereto. Net invested assets represents the investments that directly back our net reserve liabilities as well as surplus assets. Net invested assets is used in the computation of net investment earned rate, which allows us to analyze the profitability of our investment portfolio. Net 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). Net 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 net 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. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but does not include the proportionate share of investments associated with the noncontrolling interest. Our net invested assets are averaged over the number of quarters in the relevant period to compute our net investment earned rate for such period. While we believe net invested assets is a meaningful financial metric and enhances our understanding of the underlying drivers of our investment portfolio, it should not be used as a substitute for total investments, including related parties, presented under GAAP.

***Net Reserve Liabilities***

In managing our business, we also analyze net reserve liabilities, which does not correspond to total liabilities as disclosed in our consolidated financial statements and notes thereto. Net reserve liabilities represent our policyholder liability obligations net of reinsurance and is used to analyze the costs of our liabilities. Net reserve liabilities include (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. Net reserve liabilities include our proportionate share of ACRA reserve liabilities, based on our economic ownership, but does not include the proportionate share of reserve liabilities associated with the noncontrolling interest. Net 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. While we believe net reserve liabilities is a meaningful financial metric and enhances our understanding of the underlying profitability drivers of our business, it should not be used as a substitute for total liabilities presented under GAAP.

***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). While we believe sales is a meaningful metric and enhances our understanding of our business performance, it should not be used as a substitute for premiums presented under GAAP.

**Consolidated Results of Operations**

The following summarizes the consolidated results of operations:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions, except percentages)* | 2019 | 2018 | 2017 |
| Revenues | $ 16,258 | $ 6,637 | $ 8,788 |
| Benefits and expenses | 13,956 | 5,462 | 7,324 |
| **Income before income taxes** | 2,302 | 1,175 | 1,464 |
| Income tax expense | 117 | 122 | 106 |
| **Net income** | 2,185 | 1,053 | 1,358 |
| Less: Net income attributable to noncontrolling interests | 13 | — | — |
| **Net income attributable to Athene Holding Ltd.** | 2,172 | 1,053 | 1,358 |
| Less: preferred stock dividends | 36 | — | — |
| **Net income available to AHL common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 |
| ROE | 19.7% | 12.1% | 16.9% |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018***

In this section, references to 2019 refer to the year ended December 31, 2019 and references to 2018 refer to the year ended December 31, 2018.

*Net Income Available to AHL Common Shareholders*

Net income available to AHL common shareholders increased by $1.1 billion, or 103%, to $2.1 billion in 2019 from $1.1 billion in 2018. ROE increased to 19.7% in 2019 from 12.1% in 2018. The increase in net income available to AHL common shareholders was driven by an increase in revenues of $9.6 billion, partially offset by an increase in benefits and expenses of $8.5 billion.

*Revenues*

Revenues increased by $9.6 billion to $16.3 billion in 2019 from $6.6 billion in 2018. The increase was driven by an increase in investment related gains and losses, an increase in premiums, higher net investment income and higher product charges.

Investment related gains and losses increased by $6.1 billion to a $4.8 billion gain in 2019 from a $1.3 billion loss in 2018, primarily due to the change in fair value of FIA hedging derivatives, the change in reinsurance embedded derivatives, the change in fair value of trading securities and the change in realized gains on AFS securities. The change in fair value of FIA hedging derivatives increased $3.0 billion driven by the strong 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 increased 28.9% in 2019, compared to a decrease of 6.2% in 2018. The change in change in reinsurance embedded derivatives increased by $2.5 billion primarily driven by the favorable change in the value of the underlying assets related to the decrease in U.S. Treasury rates compared to increases in 2018 as well as credit spreads tightening compared to widening in 2018. The favorable change in fair value of trading securities of $407 million was comprised primarily by an increase in AmerUs Closed Block assets of $265 million related to higher gains resulting from a decrease in U.S. Treasury rates and credit spreads tightening in 2019. The favorable change in realized gains on AFS securities of $108 million was driven by a higher level of sales favorably impacted by the lower interest rate environment.

Premiums increased by $2.9 billion to $6.4 billion in 2019 from $3.5 billion in 2018, driven by higher PRT premiums and an increase in premiums from flow reinsurance, partially offset by the 2018 Voya reinsurance premiums at inception.

Net investment income increased by $518 million to $4.5 billion in 2019 from $4.0 billion in 2018, primarily driven by growth in our investment portfolio attributed to the Voya and Lincoln reinsurance transactions and a strong increase in deposits over the prior twelve months. Additionally, net investment income increased due to higher bond call income and mortgage prepayments as well as higher alternative investment income, partially offset by the run-off of higher yielding assets and the unfavorable impact of the lower interest rate environment on new investment purchases in 2019 and lower RMBS returns.

Product charges increased by $75 million to $524 million in 2019 from $449 million in 2018, primarily driven by growth in the block of business as well as surrender and rider charges related to the addition of the Voya reinsurance liabilities.

*Benefits and Expenses*

Benefits and expenses increased by $8.5 billion to $14.0 billion in 2019 from $5.5 billion in 2018. The increase was driven by an increase in interest sensitive contract benefits, an increase in future policy and other policy benefits, an increase in DAC, DSI and VOBA amortization, and an increase in policy and other operating expenses.

Interest sensitive contract benefits increased by $4.3 billion to $4.6 billion in 2019 from $290 million in 2018, driven by an increase in FIA fair value embedded derivatives of $4.1 billion and growth in the block of business. The change in the FIA fair value embedded derivatives was due to the performance of the equity indices to which our FIA policies are linked, primarily the S&P 500 index, which increased 28.9% in 2019, compared to a decrease of 6.2% in 2018, as well as an unfavorable change in discount rates used in our embedded derivative calculations as the current year experienced a decrease in discount rates compared to 2018, which experienced an increase in discount rates. Additionally, the change in FIA fair value embedded derivatives was due to the unfavorable impact of our annual unlocking of assumptions of $385 million. Unlocking was unfavorably impacted by an increase of $76 million in 2019 compared to a decrease of $309 million in 2018, both of which were mainly attributed to changes in lapse assumptions.

Future policy and other policy benefits increased by $3.3 billion to $7.6 billion in 2019 from $4.3 billion in 2018, primarily attributable to higher PRT obligations, higher benefits for payout annuities with life contingencies due to the Voya reinsurance transaction and an increase in the change in AmerUs Closed Block fair value liability, partially offset by the 2018 Voya reinsurance policyholder obligations at inception and a decrease in the change in rider reserves. The change in the AmerUs Closed Block fair value liability of $285 million was primarily driven by the increase in unrealized gains on the underlying investments related to the change in U.S. Treasury rates compared to the prior year and credit spreads tightening. The change in rider reserve of $91 million was primarily due to the favorable unlocking of assumptions of $273 million and an unfavorable net change in FIA derivatives, partially offset by the favorable change in reinsurance embedded derivatives and growth in the block of business. Unlocking in 2019 was favorable by $61 million related to changes in lapse assumptions, partially offset by changes in the long-term net investment earned rate assumption. The 2018 unlocking impacts were unfavorable by $212 million related to changes in lapse assumptions partially offset by utilization of certain rider benefits.

DAC, DSI and VOBA amortization increased by $804 million to $1.0 billion in 2019 from $228 million in 2018, primarily due to a favorable change in investment related gains and losses as a result of a favorable change in reinsurance embedded derivatives, an unfavorable unlocking of assumptions of $232 million and growth in the block, partially offset by the unfavorable net change in FIA derivatives. Unlocking in 2019 was unfavorable by $150 million, primarily related to changes in the long-term net investment earned rate and lapse assumptions, while the 2018 unlocking impacts were favorable by $82 million related to changes in lapse assumptions.

Policy and other operating expenses increased by $118 million to $744 million in 2019 from $626 million in 2018, primarily driven by growth in our business, higher non-operating expenses related to costs not expected to reoccur and costs related to ACRA.

*Taxes*

Income tax expense decreased by $5 million to $117 million in 2019 from $122 million in 2018.

Our effective tax rates were 5% in 2019 and 10% in 2018. The decrease in our effective tax rate was primarily driven by the emergence of profits in non-taxable jurisdictions related to a favorable change in fair value of reinsurance assets. Our effective tax rates may vary period to period depending primarily upon the relationship of income and loss subject to tax compared to consolidated income and loss before income taxes.

*Noncontrolling Interest*

Noncontrolling interest increased by $13 million to $13 million in 2019 from $0 million in 2018, driven by income related to noncontrolling interests in ACRA following the sale of a 67% interest in ACRA to ADIP on October 1, 2019. There was no significant noncontrolling interest prior to the ACRA sale to ADIP.

*Preferred Stock Dividends*

Preferred stock dividends increased by $36 million to $36 million in 2019 from $0 million in 2018, driven by our issuances of preferred stock in 2019.

***Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017***

In this section, references to 2018 refer to the year ended December 31, 2018 and references to 2017 refer to the year ended December 31, 2017.

*Net Income Available to AHL Common Shareholders*

Net income available to AHL common shareholders decreased by $305 million, or 22%, to $1.1 billion in 2018 from $1.4 billion in 2017. ROE decreased to 12.1% from 16.9% in 2017. The decrease in net income available to AHL common shareholders was driven by a $2.2 billion decrease in total revenues, partially offset by a decrease in benefits and expenses of $1.9 billion.

*Revenues*

Total revenue decreased by $2.2 billion to $6.6 billion in 2018 from $8.8 billion in 2017. The decrease was driven by unfavorable changes in investment related gains and losses and VIE investment related gains and losses, partially offset by an increase in premiums, higher net investment income and higher product charges.

Investment related gains and losses decreased by $3.9 billion to a loss of $1.3 billion in 2018 from a gain of $2.6 billion in 2017, primarily due to the change in fair value of FIA hedging derivatives, the change in reinsurance embedded derivatives, an unfavorable change in gains and losses on trading securities and a $50 million gain on the sale of an equity security during 2017. The change in fair value of FIA hedging derivatives decreased by $2.8 billion driven by the weak 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 6.2% decrease in 2018, compared to a 19.4% increase in 2017. The change in reinsurance embedded derivatives decreased by $639 million primarily driven by a change in the value of the underlying assets related to credit spreads widening and the increase in U.S. treasury rates compared to the prior year, which benefited from credit spreads tightening. Both of these drivers were magnified by growth in the reinsurance block related to the Voya and Lincoln transactions. The unfavorable change in gains and losses on trading securities of $284 million was comprised primarily by a decrease in AmerUs Closed Block assets of $179 million related to higher losses resulting from credit spreads widening and the increase in U.S. treasury rates compared to prior year.

VIE investment related gains and losses decreased by $53 million to a loss of $18 million in 2018 from a gain of $35 million in 2017, primarily due to the decline in market value of public equity positions in one of our funds.

Premiums increased by $936 million to $3.5 billion in 2018 from $2.5 billion in 2017, driven by the Voya reinsurance inception premiums attributed to payout annuities with life contingencies, an increase in premiums from PRT transactions and an increase in premiums from flow reinsurance, partially offset by the deconsolidation of Germany.

Net investment income increased by $735 million to $4.0 billion in 2018 from $3.3 billion in 2017, primarily driven by earnings from growth in our investment portfolio attributed to the Voya and Lincoln reinsurance transactions as well as a strong increase in deposits over the prior twelve months. Additionally, net investment income increased due to higher floating rate investment income of $113 million related to higher short-term interest rates and strong alternative investment income, partially offset by the deconsolidation of our former German operations.

Product charges increased by $109 million to $449 million in 2018 from $340 million in the prior period, primarily driven by higher rider charges related to growth in the block of business and charges related to the addition of the Voya liabilities.

*Benefits and Expenses*

Total benefits and expenses decreased by $1.9 billion to $5.5 billion in 2018 from $7.3 billion in 2017. The decrease was driven by a decrease in interest sensitive contract benefits, a decrease in DAC, DSI and VOBA amortization, a decrease in dividends payable to policyholders 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 $2.6 billion to $290 million in 2018 from $2.9 billion in 2017, primarily due to the change in FIA fair value embedded derivatives, partially offset by growth in the block of business. The change in FIA fair value embedded derivatives decreased by $2.7 billion primarily driven by the weak performance of the equity indices to which our FIA policies are linked, primarily the S&P 500 index, which experienced a 6.2% decrease in 2018, compared to a 19.4% increase in 2017 as well as a favorable change in discount rates used in our embedded derivative calculations as the current period experienced an increase in discount rates compared to 2017, which experienced a decrease in discount rates. Additionally, the FIA fair value embedded derivatives were favorably impacted by $309 million during our annual unlocking of assumptions, which was mainly driven by updating lapse assumptions.

DAC, DSI and VOBA amortization decreased by $179 million to $228 million in 2018 from $407 million in 2017, primarily due to the change in investment related gains and losses, a favorable decrease to our annual unlocking of assumptions of $66 million, and the net change in FIA derivatives, partially offset by an increase in the DAC asset balance related to block growth. Unlocking in 2018 was favorable by $82 million related to changes in lapse assumptions, while 2017 unlocking was favorable by $16 million related to changes to the net investment earned rate and mortality assumptions.

Dividends to policyholders decreased by $81 million to $37 million in 2018 from $118 million in 2017, primarily attributed to the deconsolidation of our former German subsidiaries.

Policy and other operating expenses decreased by $46 million to $626 million in 2018 from $672 million in 2017, primarily driven by $82 million related to the deconsolidation of Germany and lower stock compensation expense of $19 million as well as a decrease in restructuring and acquisition expenses mainly due to 2017 Germany restructuring and higher costs associated with acquisition and block reinsurance opportunities in 2017, partially offset by $41 million of interest expense related to our January 2018 debt issuance.

Future policy and other policy benefits increased by $1.0 billion to $4.3 billion in 2018 from $3.3 billion in 2017, primarily attributable to the Voya reinsurance policyholder obligations at inception related to payout annuities with life contingencies, higher PRT obligations and an increase in rider reserves, partially offset by $247 million related to the deconsolidation of our former German subsidiaries and a decrease in the change in AmerUs Closed Block fair value liability. The increase in rider reserves of $251 million was primarily driven by an increase related to our annual unlocking of assumptions of $163 million, an increase related to the net change in FIA derivatives, growth in the block and unfavorable equity market performance compared to 2017, resulting in decreased index credits to policyholder accounts, which increased the amount needed to fund the rider reserve. Unlocking in 2018 was unfavorable by $212 million related to changes in lapse assumptions partially offset by utilization of certain rider benefits, while 2017 unlocking impacts were unfavorable by $49 million related to changes in the net investment earned rate and mortality assumptions. The favorable change in the AmerUs Closed Block fair value liability of $200 million was primarily driven by the increase in unrealized losses on the underlying investments related to credit spreads widening and the change in U.S. treasury rates compared to prior year.

*Taxes*

Income tax expense increased by $16 million to $122 million in 2018 from $106 million in 2017. The income tax expense for 2018 reflects the restructuring of our internal modco arrangements and implementation of additional reinsurance arrangements common in the insurance industry.

Our effective tax rates were 10% in 2018 and 7% in 2017. The effective tax rate excludes the impacts of an excise tax benefit of $2 million in 2018 and expense of $50 million in 2017, which are included in policy and other operating expenses on the consolidated statements of income. 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.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Results of Operations by Segment**

The following summarizes our adjusted operating income available to common shareholders by segment:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions, except percentages)* | 2019 | 2018 | 2017 |
| **Net income available to AHL common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 |
| **Non-operating adjustments** | | | |
| Realized gains (losses) on sale of AFS securities | 125 | 13 | 137 |
| Unrealized, impairments and other investment gains (losses) | (4) | (18) | (7) |
| Change in fair value of reinsurance assets | 1,411 | (402) | 152 |
| Offsets to investment gains (losses) | (538) | 133 | (83) |
| Investment gains (losses), net of offsets | 994 | (274) | 199 |
| Change in fair values of derivatives and embedded derivatives – FIAs, net of offsets | (65) | 242 | 230 |
| Integration, restructuring and other non-operating expenses | (70) | (22) | (68) |
| Stock compensation expense | (12) | (11) | (33) |
| Income tax (expense) benefit – non-operating | — | (22) | (25) |
| **Less: Total non-operating adjustments** | 847 | (87) | 303 |
| **Adjusted operating income available to common shareholders** | $ 1,289 | $ 1,140 | $ 1,055 |
| **Adjusted operating income (loss) available to common shareholders by segment** | | | |
| Retirement Services | $ 1,322 | $ 1,201 | $ 1,038 |
| Corporate and Other | (33) | (61) | 17 |
| **Adjusted operating income available to common shareholders** | $ 1,289 | $ 1,140 | $ 1,055 |
| Adjusted operating ROE | 14.1% | 13.9% | 15.1% |
| Retirement Services adjusted operating ROE | 17.3% | 18.4% | 21.5% |

***Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018***

*Adjusted Operating Income Available to Common Shareholders*

Adjusted operating income available to common shareholders increased by $149 million, or 13%, to $1.3 billion in 2019 from $1.1 billion in 2018. Adjusted operating ROE was 14.1%, up from 13.9% in 2018. The increase in adjusted operating income available to common shareholders was driven by an increase in our Retirement Services segment of $121 million as well as an increase in Corporate and Other of $28 million.

Our consolidated net investment earned rate was 4.48% in 2019, a decrease from 4.54% in 2018, due to a lower performance of our fixed and other investment portfolio, partially offset by favorable alternative investment returns. Fixed and other net investment earned rate was 4.23% in 2019, a decrease from 4.37% in 2018, primarily driven by run-off of higher yielding assets and the unfavorable impact of the lower interest rate environment on new investment purchases in 2019 and lower RMBS returns, partially offset by higher bond call income and mortgage prepayments. Alternative net investment earned rate was 9.84% in 2019, an increase from 8.51% in 2018, primarily driven by an increase in market value of the equity position in OneMain and the unfavorable 2018 change in market value of an equity position in Caesars Entertainment Corporation (Caesars), partially offset by lower credit fund and MidCap returns.

*Non-operating Adjustments*

Non-operating adjustments increased by $934 million to $847 million in 2019 from $(87) million in 2018. The increase in non-operating adjustments was primarily driven by the favorable change in fair value of reinsurance assets and an increase in gains on the sale of AFS securities, partially offset by the unfavorable net change in FIA derivatives. The change in fair value of reinsurance assets was favorable by $1.8 billion due to a decrease in U.S. Treasury rates, credit spreads tightening, and growth in the reinsurance block from the Voya and Lincoln transactions. Realized gains and losses increased $112 million driven by gains on the sale of AFS securities in 2019. Net FIA derivatives were unfavorable by $307 million due to an unfavorable change in discount rates used in our embedded derivative calculations as the current year experienced a decrease in discount rates compared to an increase in 2018, as well as $261 million of unfavorable unlocking net of offsets, partially offset by the favorable performance of the equity indices to which our FIA policies are linked, primarily the S&P 500 index. Unlocking, net of DAC and rider reserve offsets, was unfavorably impacted by $65 million in 2019 compared to a favorable impact of $196 million in 2018, both of which were mainly attributed to changes in lapse assumptions.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017***

*Adjusted Operating Income Available to Common Shareholders*

Adjusted operating income available to common shareholders increased by $85 million, or 8%, to $1.1 billion in 2018 from $1.1 billion in 2017. Adjusted operating ROE was 13.9%, down from 15.1% in 2017. The increase in adjusted operating income available to common shareholders was primarily driven by an increase in our Retirement Services segment of $163 million, partially offset by a decrease of $78 million in Corporate and Other.

Our consolidated net investment earned rate was 4.54% in 2018, an increase from 4.47% in 2017, primarily due to the performance in our fixed and other investment portfolio. Fixed and other net investment earned rate was 4.37% in 2018, an increase from 4.26% in 2017, driven by higher floating rate investment income in 2018 and the deconsolidation of Germany, which lowered returns in 2017, partially offset by lower new money rates over the past year and lower returns on assets from the Voya and Lincoln reinsurance transactions. Alternative net investment earned rate was 8.51% in 2018, a decrease from 8.72% in 2017, driven by the decline in market value of public equity positions in two of our funds, partially offset by strong MidCap and AmeriHome performance and higher income in one of our hedge funds.

*Non-operating Adjustments*

Non-operating adjustments decreased by $390 million to $(87) million in 2018 from $303 million in 2017. The decrease in non-operating adjustments was primarily driven by the unfavorable change in fair value of reinsurance assets and a decrease in realized gains and losses on the sale of AFS securities, partially offset by lower non-operating expenses. The change in fair value of reinsurance assets was unfavorable by $554 million due to credit spreads widening compared to the prior year, which benefited from credit spreads tightening, and growth in the reinsurance block from the Voya and Lincoln transactions. Realized gains and losses decreased $124 million driven by gains on the sale of equity securities in 2017 and the redeployment of the investment portfolio received in the Voya transaction. Non-operating expenses were favorable compared to prior year as 2017 included higher acquisition and block reinsurance costs, Germany restructuring costs, and higher stock compensation expense due to 2017 vesting performance of shares.

**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 FIAs, MYGAs, 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.

***Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018***

*Adjusted Operating Income Available to Common Shareholders*

Adjusted operating income available to common shareholders increased by $121 million, or 10%, to $1.3 billion in 2019, from $1.2 billion in 2018. Adjusted operating ROE was 17.3%, down from 18.4% in the prior period. The increase in adjusted operating income available to common shareholders was driven by higher net investment earnings, partially offset by higher cost of funds and operating expense attributed to growth in our business. Net investment earnings was higher, primarily driven by $23.3 billion of growth in our average net invested assets attributed to the 2018 Voya and Lincoln reinsurance transactions and strong deposits over the prior twelve months as well as higher bond call income and mortgage prepayments, partially offset by the run-off of higher yielding assets and the unfavorable impact of the lower interest rate environment on new investment purchases in 2019 and lower RMBS returns. Cost of funds was higher primarily due to growth in the block of business, unfavorable rider reserves and DAC amortization related to unfavorable actuarial experience, higher k-factors following unlocking in both 2018 and 2019 and unfavorable unlocking of $35 million, partially offset by favorable impacts from equity market performance and lower gross profits.

*Net Investment Spread*

| | Years ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Net investment earned rate | 4.43% | 4.60% |
| Cost of funds | 2.93% | 2.90% |
| Net investment spread | 1.50% | 1.70% |

Net investment spread, which measures the spread on our investment performance less the total cost of our liabilities, decreased 20 basis points to 1.50% in 2019 from 1.70% in 2018. Net investment earned rate decreased primarily due to the decline in fixed and other net investment earned rate and the decrease in alternative net investment earned rate. The fixed and other net investment earned rate decreased to 4.23% in 2019, from 4.36% in 2018 primarily attributed to run-off of higher yielding assets and the unfavorable impact of the lower interest rate environment on new investment purchases in 2019 and lower RMBS returns, partially offset by higher bond call income and mortgage prepayments. The alternative net investment earned rate decreased to 9.32% in 2019, from 11.15% in 2018, primarily driven by lower credit fund, real asset fund and MidCap returns.

Cost of funds increased by 3 basis points to 2.93% in 2019, from 2.90% in 2018, primarily driven by growth in our institutional channel at a higher rate, unfavorable rider reserves and DAC amortization related to unfavorable actuarial experience, higher k-factors following unlocking in both 2018 and 2019 and unfavorable unlocking, partially offset by favorable impacts from equity market performance and lower gross profits.

*Investment Margin on Deferred Annuities*

| | Years ended December 31, | |
|---|---|---|
| | 2019 | 2018 |
| Net investment earned rate | 4.43% | 4.60% |
| Cost of crediting on deferred annuities | 1.97% | 1.95% |
| Investment margin on deferred annuities | 2.46% | 2.65% |

Investment margin on deferred annuities, which measures our investment performance less the cost of crediting for our deferred annuities, decreased by 19 basis points to 2.46% in 2019, from 2.65% in 2018, driven by a decrease in the net investment earned rate and a slight increase in the cost of crediting on deferred annuities. 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.

***Year Ended December 31, 2018 Compared to the Year Ended December 31, 2017***

*Adjusted Operating Income Available to Common Shareholders*

Adjusted operating income available to common shareholders increased by $163 million, or 16%, to $1.2 billion in 2018, from $1.0 billion in 2017. Adjusted operating ROE was 18.4%, down from 21.5% in 2017. The increase in adjusted operating income available to common shareholders was driven by higher net investment earnings, partially offset by higher cost of funds. Net investment earnings were higher primarily driven by $35.8 billion of growth in our net invested assets delivering attractive spread accretion over prior year primarily attributed to inorganic deposits from the Voya and Lincoln reinsurance transactions, strong organic deposits over the prior twelve months and higher floating rate income of $113 million related to higher short-term interest rates, as well as higher alternative investment income attributed to the strong performance from MidCap and AmeriHome and higher income in one of our hedge funds. Cost of funds was higher primarily due to higher rider reserves and DAC amortization related to unfavorable equity market performance resulting in an unfavorable $21 million impact in 2018 compared to a favorable $152 million impact in 2017, as well as unfavorable unlocking which had an unfavorable $13 million impact compared to a favorable $20 million impact in the prior year. Unlocking in 2018 reflected changes in lapse assumptions partially offset by utilization of certain rider benefits, while 2017 reflected changes in the net investment earned rate and mortality assumptions.

*Net Investment Spread*

| | Years ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Net investment earned rate | 4.60% | 4.70% |
| Cost of funds | 2.90% | 2.76% |
| Net investment spread | 1.70% | 1.94% |

Net investment spread, which measures the spread on our investment performance less the total cost of our liabilities, decreased 24 basis points to 1.70% in 2018, from 1.94% in 2017. Net investment earned rate decreased due to a decline in our fixed and other net investment earned rate, partially offset by an increase in our alternative net investment earned rate. The fixed and other net investment earned rates decreased to 4.36% in 2018 from 4.48% in 2017 primarily attributed to lower returns on the assets from the Voya and Lincoln reinsurance transactions, lower new money rates on purchases compared to maturities over the past year and higher levels of cash during 2018, partially offset by higher floating rate investment income. The alternative net investment earned rate increased to 11.15% in 2018 from 10.01% in 2017, reflecting strong MidCap and AmeriHome performance and higher income in one of our hedge funds.

Cost of funds increased by 14 basis points to 2.90% in 2018, from 2.76% in 2017, primarily driven by growth in our institutional channel at a higher rate, unfavorable rider reserves and DAC amortization related to equity market impacts, an increase in option costs due to higher volatility and short-term interest rates and higher cost of crediting on Voya and Lincoln reinsurance liabilities.

*Investment Margin on Deferred Annuities*

| | Years ended December 31, | |
|---|---|---|
| | 2018 | 2017 |
| Net investment earned rate | 4.60% | 4.70% |
| Cost of crediting on deferred annuities | 1.95% | 1.88% |
| Investment margin on deferred annuities | 2.65% | 2.82% |

Investment margin on deferred annuities, which measures our investment performance less the cost of crediting for our deferred annuities, decreased by 17 basis points to 2.65% in 2018, from 2.82% in 2017, driven by the decrease in net investment earned rate, as well as an increase in cost of crediting on deferred annuities. Cost of crediting on deferred annuities increased by 7 basis points to 1.95% in 2018, from 1.88% in 2017. The increase in cost of crediting was driven by an increase in option costs due to higher volatility and short-term interest rates as well as a higher cost of crediting rate on the Voya reinsurance liabilities.

**Corporate and Other**

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

*Adjusted Operating Income (Loss) Available to Common Shareholders*

Adjusted operating income (loss) available to common shareholders increased by $28 million to $(33) million in 2019, from $(61) million in 2018. The increase in adjusted operating income (loss) available to common shareholders was primarily driven by higher alternative investment income related to an increase in market value of the equity position in OneMain, partially offset by lower earnings from a decrease in excess capital and preferred stock dividends.

Adjusted operating income (loss) available to common shareholders decreased by $78 million to $(61) million in 2018, from $17 million in 2017. The decrease in adjusted operating income (loss) available to common shareholders was mainly driven by lower alternative investment income related to the decline in market value of public equity positions in two of our funds and debt costs from our debt issuance in January 2018. Our former German operations, which deconsolidated on January 1, 2018, had adjusted operating income available to common shareholders of $2 million in 2017.

**Consolidated Investment Portfolio**

We had consolidated investments, including related parties, of $129.8 billion and $107.6 billion as of December 31, 2019 and 2018, respectively. Our investment strategy seeks to achieve sustainable risk-adjusted returns through the disciplined management of our investment portfolio against our long-duration liabilities, coupled with 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. Substantially all of our investment portfolio is managed by Apollo, which provides a full suite of services, 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 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. Apollo's investment team and credit portfolio managers utilize their deep experience to assist us in sourcing and underwriting complex asset classes. Apollo 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 net invested assets, which are those that directly back our reserve liabilities as well as surplus assets, were $117.5 billion and $111.0 billion as of December 31, 2019 and 2018, respectively. Apollo's knowledge of our funding structure and regulatory requirements allows it to design customized strategies and investments for our portfolio. Apollo manages our asset portfolio 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:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| AFS securities, at fair value | $ 71,374 | 55.0% | $ 59,265 | 55.1% |
| Trading securities, at fair value | 2,054 | 1.6% | 1,949 | 1.8% |
| Equity securities, at fair value | 247 | 0.2% | 216 | 0.2% |
| Mortgage loans, net of allowances | 14,306 | 11.0% | 10,340 | 9.6% |
| Investment funds | 731 | 0.6% | 703 | 0.6% |
| Policy loans | 417 | 0.3% | 488 | 0.4% |
| Funds withheld at interest | 15,181 | 11.7% | 15,023 | 14.0% |
| Derivative assets | 2,888 | 2.2% | 1,043 | 1.0% |
| Short-term investments | 596 | 0.5% | 191 | 0.2% |
| Other investments | 158 | 0.1% | 122 | 0.1% |
| Total investments | 107,952 | 83.2% | 89,340 | 83.0% |
| Investments in related parties | | | | |
| AFS securities, at fair value | 3,804 | 2.9% | 1,437 | 1.3% |
| Trading securities, at fair value | 785 | 0.6% | 249 | 0.2% |
| Equity securities, at fair value | 58 | 0.0% | 120 | 0.1% |
| Mortgage loans | 653 | 0.5% | 291 | 0.3% |
| Investment funds | 2,886 | 2.2% | 2,232 | 2.1% |
| Funds withheld at interest | 13,220 | 10.2% | 13,577 | 12.6% |
| Other investments | 487 | 0.4% | 386 | 0.4% |
| Total related party investments | 21,893 | 16.8% | 18,292 | 17.0% |
| **Total investments including related party** | $ 129,845 | 100.0% | $ 107,632 | 100.0% |

The increase in our total investments, including related party, as of December 31, 2019 of $22.2 billion compared to December 31, 2018 was mainly driven by growth from organic deposits of $18.1 billion less liability outflows of $11.0 billion, an increase in unrealized gains on AFS securities of $4.9 billion attributed to the decrease in U.S. Treasury rates and credit spreads tightening, an increase in derivative assets due to favorable equity market performance and 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, and private equity 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 we believe have less downside risk.

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 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 in AFS securities 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.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

AFS securities are carried at fair value on our consolidated balance sheets. Changes in fair value of our AFS securities, 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 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:

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value | Percent of Total |
| AFS securities | | | | | |
| U.S. government and agencies | $ 35 | $ 1 | $ — | $ 36 | 0.0% |
| U.S. state, municipal and political subdivisions | 1,322 | 220 | (1) | 1,541 | 2.1% |
| Foreign governments | 298 | 29 | — | 327 | 0.4% |
| Corporate | 44,106 | 3,332 | (210) | 47,228 | 62.8% |
| CLO | 7,524 | 21 | (196) | 7,349 | 9.8% |
| ABS | 5,018 | 124 | (24) | 5,118 | 6.8% |
| CMBS | 2,304 | 104 | (8) | 2,400 | 3.2% |
| RMBS | 6,872 | 513 | (10) | 7,375 | 9.8% |
| **Total AFS securities** | 67,479 | 4,344 | (449) | 71,374 | 94.9% |
| AFS securities – related party | | | | | |
| Corporate | 18 | 1 | — | 19 | 0.0% |
| CLO | 951 | 3 | (18) | 936 | 1.3% |
| ABS | 2,814 | 37 | (2) | 2,849 | 3.8% |
| **Total AFS securities – related party** | 3,783 | 41 | (20) | 3,804 | 5.1% |
| **Total AFS securities including related party** | $ 71,262 | $ 4,385 | $ (469) | $ 75,178 | 100.0% |

| | December 31, 2018 | | | | |
|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value | Percent of Total |
| AFS securities | | | | | |
| U.S. government and agencies | $ 57 | $ — | $ — | $ 57 | 0.1% |
| U.S. state, municipal and political subdivisions | 1,183 | 117 | (7) | 1,293 | 2.1% |
| Foreign governments | 162 | 2 | (3) | 161 | 0.3% |
| Corporate | 38,018 | 394 | (1,315) | 37,097 | 61.1% |
| CLO | 5,658 | 2 | (299) | 5,361 | 8.8% |
| ABS | 4,915 | 53 | (48) | 4,920 | 8.1% |
| CMBS | 2,390 | 27 | (60) | 2,357 | 3.9% |
| RMBS | 7,642 | 413 | (36) | 8,019 | 13.2% |
| **Total AFS securities** | 60,025 | 1,008 | (1,768) | 59,265 | 97.6% |
| AFS securities – related party | | | | | |
| CLO | 587 | — | (25) | 562 | 0.9% |
| ABS | 875 | 4 | (4) | 875 | 1.5% |
| **Total AFS securities – related party** | 1,462 | 4 | (29) | 1,437 | 2.4% |
| **Total AFS securities including related party** | $ 61,487 | $ 1,012 | $ (1,797) | $ 60,702 | 100.0% |

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 securities, including related parties, is as follows:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Fair Value | Percent of Total | Fair Value | Percent of Total |
| Corporate | | | | |
| Industrial other[1] | $ 14,956 | 19.9% | $ 11,706 | 19.3% |
| Financial | 15,286 | 20.3% | 11,809 | 19.5% |
| Utilities | 11,217 | 14.9% | 9,055 | 14.9% |
| Communication | 2,739 | 3.7% | 2,313 | 3.8% |
| Transportation | 3,049 | 4.1% | 2,214 | 3.6% |
| Total corporate | 47,247 | 62.9% | 37,097 | 61.1% |
| Other government-related securities | | | | |
| U.S. state, municipal and political subdivisions | 1,541 | 2.1% | 1,293 | 2.1% |
| Foreign governments | 327 | 0.4% | 161 | 0.3% |
| U.S. government and agencies | 36 | 0.0% | 57 | 0.1% |
| **Total non-structured securities** | 49,151 | 65.4% | 38,608 | 63.6% |
| Structured securities | | | | |
| CLO | 8,285 | 11.0% | 5,923 | 9.8% |
| ABS | 7,967 | 10.6% | 5,795 | 9.5% |
| CMBS | 2,400 | 3.2% | 2,357 | 3.9% |
| RMBS | | | | |
| Agency | 3 | 0.0% | 59 | 0.1% |
| Non-agency | 7,372 | 9.8% | 7,960 | 13.1% |
| **Total structured securities** | 26,027 | 34.6% | 22,094 | 36.4% |
| **Total AFS securities including related party** | $ 75,178 | 100.0% | $ 60,702 | 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 AFS securities, including related parties, was $75.2 billion and $60.7 billion as of December 31, 2019 and 2018, respectively. The increase was mainly driven by strong growth in deposits over liability outflows, the change in unrealized gains on AFS securities and reinvestment of earnings. The increase in unrealized gains and losses on AFS securities was attributed to the decrease in U.S. Treasury rates and credit spreads tightening.

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. The SVO conducts credit analysis on these securities for the purpose of assigning an NAIC designation and/or unit price. Generally, the process for assigning an NAIC designation varies based upon whether a security is considered "filing exempt" (General Designation Process). Subject to certain exceptions, a security is typically considered "filing exempt" if it has been rated by a Nationally Recognized Statistical Rating Organization (NRSRO). For securities that are not "filing exempt," insurance companies assign temporary designations based upon a subjective evaluation of credit quality. The insurance company must then submit the securities to the SVO within 120 days of acquisition to receive an NAIC designation. For securities considered "filing exempt," the SVO utilizes the NRSRO 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 |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

An important exception to the General Designation Process occurs in the case of certain loan-backed and structured securities (LBaSS). 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 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 such amount, we view the NAIC's methodology as the most appropriate means of evaluating the credit quality of our fixed maturity portfolio since a large portion of our holdings were purchased and are carried at significant discounts to par.

The SVO has developed a designation process and provides instruction on both modeled and non-modeled LBaSS. For modeled LBaSS, the 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, Inc. (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.

Prior to January 1, 2019, certain non-modeled LBaSS (including CLOs and ABS, other than RMBS and CMBS) underwent ratings evaluation by an NAIC credit rating provider (CRP). Such securities were subject to an exemption from the General Designation Process (MFE Exemption) and received NAIC designations through a prescribed process (MFE Process). Pursuant to the MFE Process, CRP ratings were translated to an NAIC designation equivalent. If the translation process resulted in an NAIC designation equivalent of NAIC 1 or NAIC 6, then such designation was considered the final NAIC designation. If the translation process resulted in an NAIC designation equivalent of NAIC 2 through NAIC 5, then the NAIC designation equivalent was used to select the appropriate breakpoint from a pricing matrix and such breakpoint was applied to the amortized cost or fair value (in each instance, as a percentage of par), as applicable, to determine the final NAIC designation. Effective January 1, 2019, the MFE Exemption was eliminated, and as a result, NAIC designations for all non-modeled LBaSS are thereafter determined through the General Designation Process.

The NAIC designation determines the associated level of RBC that an insurer is required to hold for all securities owned by the insurer. In general, under the modeled LBass process and, prior to January 1, 2019, the non-modeled LBaSS processes, the larger the discount to par value at the time of determination, the higher the NAIC designation the LBaSS will have.

A summary of our AFS securities, including related parties, by NAIC designation is as follows:

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost | Fair Value | Percent of Total | Amortized Cost | Fair Value | Percent of Total |
| **NAIC designation** | | | | | | |
| 1 | $ 36,392 | $ 38,667 | 51.4% | $ 31,106 | $ 31,311 | 51.6% |
| 2 | 30,752 | 32,336 | 43.0% | 26,682 | 25,871 | 42.6% |
| Total investment grade | 67,144 | 71,003 | 94.4% | 57,788 | 57,182 | 94.2% |
| 3 | 3,237 | 3,300 | 4.4% | 2,866 | 2,746 | 4.5% |
| 4 | 740 | 740 | 1.0% | 591 | 533 | 0.9% |
| 5 | 102 | 94 | 0.1% | 235 | 232 | 0.4% |
| 6 | 39 | 41 | 0.1% | 7 | 9 | 0.0% |
| Total below investment grade | 4,118 | 4,175 | 5.6% | 3,699 | 3,520 | 5.8% |
| **Total AFS securities including related party** | $ 71,262 | $ 75,178 | 100.0% | $ 61,487 | $ 60,702 | 100.0% |

A significant majority of our AFS portfolio, 94.4% and 94.2% as of December 31, 2019 and 2018, respectively, was invested in assets considered investment grade with a NAIC designation of 1 or 2.

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

| (In millions, except percentages) | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| | Fair Value | Percent of Total | Fair Value | Percent of Total |
| **NRSRO rating agency designation** | | | | |
| AAA/AA/A | $ 28,299 | 37.7% | $ 19,690 | 32.4% |
| BBB | 29,032 | 38.6% | 23,326 | 38.4% |
| Non-rated[1] | 10,014 | 13.3% | 9,624 | 15.9% |
| Total investment grade | 67,345 | 89.6% | 52,640 | 86.7% |
| BB | 3,403 | 4.5% | 2,670 | 4.4% |
| B | 813 | 1.1% | 875 | 1.4% |
| CCC | 1,981 | 2.6% | 2,340 | 3.9% |
| CC and lower | 1,076 | 1.4% | 1,296 | 2.1% |
| Non-rated[1] | 560 | 0.8% | 881 | 1.5% |
| Total below investment grade | 7,833 | 10.4% | 8,062 | 13.3% |
| **Total AFS securities including related party** | $ 75,178 | 100.0% | $ 60,702 | 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. With respect to modeled LBaSS, and prior to January 1, 2019, non-modeled LBaSS, the NAIC designation methodology differs in significant respects from the NRSRO ratings methodology.*

Consistent with the NAIC Process and Procedures Manual, an NRSRO rating was assigned based on the following criteria: (a) the equivalent S&P rating when 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 when 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, DBRS, and Kroll Bond Rating Agency, Inc.

The portion of our AFS portfolio that was considered below investment grade based on NRSRO ratings was 10.4% and 13.3% as of December 31, 2019 and 2018, 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 is the difference in methodologies between the NRSRO and NAIC for RMBS due to investments acquired and/or carried at a discount to par value, as discussed above.

As of December 31, 2019 and 2018, non-rated securities were comprised of 61% and 56%, respectively, of corporate private placement securities for which we have not sought individual ratings from the NRSRO, and 24% and 30%, respectively, were comprised of RMBS, many of which were acquired at a significant discount to par. We rely on internal analysis and designations assigned by the NAIC to evaluate the credit risk of our portfolio. As of December 31, 2019 and 2018, 95% and 92%, respectively, 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. Our ABS holdings were $8.0 billion and $5.8 billion as of December 31, 2019 and 2018, respectively. The increase in our ABS portfolio is mainly due to the acquisition of PK AirFinance securities as well as attractive investments made during the year as new deposits and the Voya and Lincoln investment portfolios were redeployed. As of December 31, 2019 and 2018, our ABS portfolio included $7.4 billion (92% of the total) and $5.4 billion (92% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while $7.4 billion (92% of the total) and $5.2 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 $8.3 billion and $5.9 billion as of December 31, 2019 and 2018, respectively.

A summary of our AFS CLO portfolio, including related parties, by NAIC designations and NRSRO quality ratings is as follows:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Fair Value | Percent of Total | Fair Value | Percent of Total |
| **NAIC designation** | | | | |
| 1 | $ 4,626 | 55.9% | $ 3,005 | 50.7% |
| 2 | 3,499 | 42.2% | 2,498 | 42.2% |
| Total investment grade | 8,125 | 98.1% | 5,503 | 92.9% |
| 3 | 133 | 1.6% | 393 | 6.7% |
| 4 | 20 | 0.2% | 20 | 0.3% |
| 5 | 7 | 0.1% | 7 | 0.1% |
| 6 | — | —% | — | —% |
| Total below investment grade | 160 | 1.9% | 420 | 7.1% |
| **Total AFS CLO including related party** | $ 8,285 | 100.0% | $ 5,923 | 100.0% |
| **NRSRO rating agency designation** | | | | |
| AAA/AA/A | $ 4,626 | 55.9% | $ 2,921 | 49.3% |
| BBB | 3,499 | 42.2% | 2,829 | 47.8% |
| Total investment grade | 8,125 | 98.1% | 5,750 | 97.1% |
| BB | 133 | 1.6% | 146 | 2.4% |
| B | 20 | 0.2% | 27 | 0.5% |
| CCC | 7 | 0.1% | — | —% |
| CC and lower | — | —% | — | —% |
| Total below investment grade | 160 | 1.9% | 173 | 2.9% |
| **Total AFS CLO including related party** | $ 8,285 | 100.0% | $ 5,923 | 100.0% |

As of December 31, 2019 and 2018, a majority of our CLO portfolio, 98.1% and 92.9%, respectively, was invested in assets considered to be investment grade based upon application of the NAIC's methodology. As of December 31, 2019 and 2018, 98.1% and 97.1%, respectively, of our CLO portfolio was considered investment grade based on NRSRO ratings. The increase in our CLO portfolio is mainly due to attractive investments made during the period as new deposits and the Voya and Lincoln investment portfolios were redeployed.

**Commercial Mortgage-backed Securities** – A portion of our AFS portfolio is invested in CMBS, which are constructed from pools of commercial mortgages. These holdings were $2.4 billion and $2.4 billion as of December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, our CMBS portfolio included $2.1 billion (89% of the total) and $2.1 billion (91% of the total), respectively, of securities that are considered investment grade based on NAIC designations, while $1.7 billion (72% of the total) and $1.6 billion (66% of the total), respectively, of securities were considered investment grade based on NRSRO ratings.

**Residential Mortgage-backed Securities** – A portion of our AFS portfolio is invested in RMBS, which are constructed from pools of residential mortgages. These holdings were $7.4 billion and $8.0 billion as of December 31, 2019 and 2018, respectively.

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

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Fair Value | Percent of Total | Fair Value | Percent of Total |
| **NAIC designation** | | | | |
| 1 | $ 6,701 | 90.9% | $ 7,415 | 92.5% |
| 2 | 330 | 4.5% | 269 | 3.3% |
| Total investment grade | 7,031 | 95.4% | 7,684 | 95.8% |
| 3 | 289 | 3.9% | 207 | 2.6% |
| 4 | 52 | 0.7% | 106 | 1.3% |
| 5 | 3 | 0.0% | 22 | 0.3% |
| 6 | — | —% | — | —% |
| Total below investment grade | 344 | 4.6% | 335 | 4.2% |
| **Total AFS RMBS** | $ 7,375 | 100.0% | $ 8,019 | 100.0% |
| **NRSRO rating agency designation** | | | | |
| AAA/AA/A | $ 715 | 9.7% | $ 487 | 6.1% |
| BBB | 606 | 8.2% | 220 | 2.7% |
| Non-rated[1] | 2,428 | 32.9% | 2,932 | 36.6% |
| Total investment grade | 3,749 | 50.8% | 3,639 | 45.4% |
| BB | 281 | 3.8% | 332 | 4.1% |
| B | 232 | 3.2% | 301 | 3.8% |
| CCC | 1,890 | 25.6% | 2,259 | 28.2% |
| CC and lower | 1,074 | 14.6% | 1,292 | 16.1% |
| Non-rated[1] | 149 | 2.0% | 196 | 2.4% |
| Total below investment grade | 3,626 | 49.2% | 4,380 | 54.6% |
| **Total AFS RMBS** | $ 7,375 | 100.0% | $ 8,019 | 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. The NAIC designation methodology differs in significant respects from the NRSRO ratings methodology.*

A significant majority of our RMBS portfolio, 95.4% and 95.8% as of December 31, 2019 and 2018, respectively, was invested in assets considered to be investment grade based upon NAIC designations. 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 results in an investment grade NAIC designation. In contrast, our understanding is that in setting ratings, NRSROs focus on the likelihood of recovering all contractual payments, including principal at par value. As a result of a fundamental difference in approach, as of December 31, 2019 and 2018, NRSRO characterized 50.8% and 45.4%, respectively, of our RMBS portfolio as investment grade.

***Unrealized Losses***

Our investments in AFS securities, including related parties, are reported at fair value with changes in fair value recorded in other comprehensive income. Certain of our AFS securities, including related parties, have experienced declines in fair value that we consider temporary in nature. As of December 31, 2019, our AFS securities, including related party, had a fair value of $75.2 billion, which was 5.5% above amortized cost of $71.3 billion. As of December 31, 2018, our AFS securities, including related party, had a fair value of $60.7 billion, which was 1.3% below amortized cost of $61.5 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 portfolio, including related parties, by NAIC designations:

| | December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost of AFS Securities with Unrealized Loss | Gross Unrealized Losses | Fair Value of AFS Securities with Unrealized Loss | Fair Value to Amortized Cost Ratio | Fair Value of Total AFS Securities | Gross Unrealized Losses to Total AFS Fair Value |
| **NAIC designation** | | | | | | |
| 1 | $ 5,672 | $ (160) | $ 5,512 | 97.2% | $ 38,667 | (0.4)% |
| 2 | 5,252 | (223) | 5,029 | 95.8% | 32,336 | (0.7)% |
| Total investment grade | 10,924 | (383) | 10,541 | 96.5% | 71,003 | (0.5)% |
| 3 | 945 | (41) | 904 | 95.7% | 3,300 | (1.2)% |
| 4 | 338 | (34) | 304 | 89.9% | 740 | (4.6)% |
| 5 | 79 | (11) | 68 | 86.1% | 94 | (11.7)% |
| 6 | 1 | — | 1 | 100.0% | 41 | — % |
| Total below investment grade | 1,363 | (86) | 1,277 | 93.7% | 4,175 | (2.1)% |
| **Total** | $ 12,287 | $ (469) | $ 11,818 | 96.2% | $ 75,178 | (0.6)% |

| | December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost of AFS Securities with Unrealized Loss | Gross Unrealized Losses | Fair Value of AFS Securities with Unrealized Loss | Fair Value to Amortized Cost Ratio | Fair Value of Total AFS Securities | Gross Unrealized Losses to Total AFS Fair Value |
| **NAIC designation** | | | | | | |
| 1 | $ 15,373 | $ (545) | $ 14,828 | 96.5% | $ 31,311 | (1.7)% |
| 2 | 19,152 | (1,035) | 18,117 | 94.6% | 25,871 | (4.0)% |
| Total investment grade | 34,525 | (1,580) | 32,945 | 95.4% | 57,182 | (2.8)% |
| 3 | 2,308 | (147) | 2,161 | 93.6% | 2,746 | (5.4)% |
| 4 | 500 | (65) | 435 | 87.0% | 533 | (12.2)% |
| 5 | 88 | (5) | 83 | 94.3% | 232 | (2.2)% |
| 6 | 2 | — | 2 | 100.0% | 9 | — % |
| Total below investment grade | 2,898 | (217) | 2,681 | 92.5% | 3,520 | (6.2)% |
| **Total** | $ 37,423 | $ (1,797) | $ 35,626 | 95.2% | $ 60,702 | (3.0)% |

The gross unrealized losses on AFS securities, including related parties, were $469 million and $1.8 billion as of December 31, 2019 and 2018, respectively. The decrease in unrealized losses was driven by the decrease in U.S. Treasury rates and credit spreads tightening during year ended December 31, 2019.

***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 consolidated financial statements, as well as *Critical Accounting Estimates and Judgments.*

During the years ended December 31, 2019, 2018 and 2017, we recorded $38 million, $18 million and $33 million, respectively, of OTTI losses. OTTI losses in 2019 and 2018 were primarily related to corporate fixed maturities. OTTI losses in 2017 were primarily related to corporate fixed maturities, real estate and mortgage loans. The OTTI losses we have experienced for the years ended December 31, 2019, 2018 and 2017 translate into 3 basis points, 2 basis points and 4 basis points, respectively, of average gross invested assets. The OTTI losses in relation to average net invested assets, which exclude the ACRA noncontrolling interest, translate into 3 basis points, 2 basis points and 4 basis points for the years ended December 31, 2019, 2018 and 2017, respectively.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

***International Exposure***

A portion of our AFS securities are invested in securities with international exposure. As of December 31, 2019 and 2018, 32% and 30%, respectively, of the carrying value of our AFS securities, including related parties, was comprised of securities of issuers based outside of the United States and debt securities of foreign governments. The increase in international exposure was primarily driven by the purchase of CLOs and the investments acquired in the closing our first UK PRT transaction in 2019. 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 AFS portfolio, including related parties, by country or region:

| | December 31, 2019 | | | December 31, 2018 | | |
|---|---|---|---|---|---|---|
| *(In millions, except percentages)* | Amortized Cost | Fair Value | Percent of Total | Amortized Cost | Fair Value | Percent of Total |
| Country of risk | | | | | | |
| Ireland | $ 1,109 | $ 1,137 | 4.7% | $ 578 | $ 552 | 3.0% |
| Italy | 6 | 7 | 0.0% | 36 | 35 | 0.2% |
| Spain | 66 | 71 | 0.2% | 62 | 62 | 0.4% |
| Total Ireland, Italy, Greece, Spain and Portugal[1] | 1,181 | 1,215 | 4.9% | 676 | 649 | 3.6% |
| Other Europe | 7,333 | 7,711 | 32.1% | 6,335 | 6,133 | 33.3% |
| Total Europe | 8,514 | 8,926 | 37.0% | 7,011 | 6,782 | 36.9% |
| Non-U.S. North America | 11,650 | 11,670 | 48.5% | 9,261 | 8,906 | 48.4% |
| Australia & New Zealand | 1,853 | 1,966 | 8.2% | 1,731 | 1,696 | 9.2% |
| Central & South America | 473 | 501 | 2.1% | 448 | 445 | 2.4% |
| Africa & Middle East | 350 | 379 | 1.6% | 228 | 226 | 1.2% |
| Asia/Pacific | 580 | 616 | 2.6% | 351 | 345 | 1.9% |
| Total | $ 23,420 | $ 24,058 | 100.0% | $ 19,030 | $ 18,400 | 100.0% |

[1] *As of each of the respective periods, we had no holdings in Greece or Portugal.*

Approximately 95.8% and 93.9% of these securities are investment grade by NAIC designation as of December 31, 2019 and 2018, respectively. As of December 31, 2019, 10% of our AFS securities, including related parties, were invested in CLOs of Cayman Islands issuers (for which underlying investments are largely loans to U.S. issuers) and 22% were invested in securities of other 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 $1.2 billion and $649 million as of December 31, 2019 and 2018, respectively, of exposure in these countries.

As of December 31, 2019, we held UK and Channel Islands AFS securities of $3.2 billion, or 4.2% of our AFS securities, including related parties. As of December 31, 2019, these securities were in a net unrealized gain position of $111 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 $2.8 billion and $2.2 billion as of December 31, 2019 and 2018, 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.

***Mortgage Loans***

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

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Net Carrying Value | Percent of Total | Net Carrying Value | Percent of Total |
| **Property type** | | | | |
| Office building | $ 2,899 | 19.3% | $ 2,221 | 20.9% |
| Retail | 2,182 | 14.6% | 1,660 | 15.6% |
| Apartment | 2,142 | 14.3% | 791 | 7.4% |
| Hotels | 1,104 | 7.4% | 1,040 | 9.8% |
| Industrial | 1,448 | 9.7% | 1,196 | 11.2% |
| Other commercial[1] | 730 | 4.9% | 389 | 3.7% |
| Total net commercial mortgage loans | 10,505 | 70.2% | 7,297 | 68.6% |
| Residential loans | 4,454 | 29.8% | 3,334 | 31.4% |
| **Total mortgage loans, net of allowances** | $ 14,959 | 100.0% | $ 10,631 | 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 $15.0 billion and $10.6 billion as of December 31, 2019 and 2018, respectively. This included $1.9 billion and $2.1 billion of mezzanine mortgage loans as of December 31, 2019 and 2018, respectively. The increase in mortgage loans is mainly driven by attractive risk and return investments in both CML and RML during the period. 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 CMLs on income producing properties including hotels, apartments, retail and office buildings, and other commercial and industrial properties. Our RML portfolio primarily consists of first lien RMLs collateralized by properties located in the U.S. 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 December 31, 2019 and 2018, we had $67 million and $48 million, respectively, of mortgage loans that were 90 days past due, of which $33 million and $15 million, respectively, were in the process of foreclosure.

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

As of December 31, 2019 and 2018, we had no specific loan valuation allowances. We have established a general loan valuation allowance in the aggregate amount of $11 million and $2 million as of December 31, 2019 and 2018, respectively. For the years ended December 31, 2019, 2018 and 2017, we recorded $0 million, $0 million and $3 million, respectively, of impairments through net income.

***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 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 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:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| **Assets of consolidated VIEs** | | | | |
| Investments | | | | |
| Trading securities | $ 16 | 2.2% | $ 35 | 4.9% |
| Equity securities | 6 | 0.8% | 50 | 7.0% |
| Investment funds | 683 | 93.9% | 624 | 87.7% |
| Cash and cash equivalents | 3 | 0.4% | 2 | 0.3% |
| Other assets | 20 | 2.7% | 1 | 0.1% |
| Total assets of consolidated VIEs | $ 728 | 100.0% | $ 712 | 100.0% |

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

| | December 31, 2019 | | December 31, 2018[1] | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| Investment funds | | | | |
| Real estate | $ 277 | 6.4% | $ 215 | 6.0% |
| Credit funds | 153 | 3.6% | 172 | 4.8% |
| Private equity | 236 | 5.5% | 253 | 7.1% |
| Real assets | 64 | 1.5% | 56 | 1.6% |
| Natural resources | 1 | 0.0% | 4 | 0.1% |
| Other | — | —% | 3 | 0.1% |
| Total investment funds | 731 | 17.0% | 703 | 19.7% |
| Investment funds – related parties | | | | |
| Differentiated investments | | | | |
| AmeriHome | 487 | 11.3% | 463 | 13.0% |
| Catalina | 271 | 6.3% | 233 | 6.5% |
| Athora | 132 | 3.1% | 105 | 3.0% |
| Venerable | 99 | 2.3% | 92 | 2.6% |
| Other | 222 | 5.2% | 196 | 5.5% |
| Total differentiated investments | 1,211 | 28.2% | 1,089 | 30.6% |
| Real estate | 736 | 17.1% | 497 | 14.0% |
| Credit funds | 370 | 8.6% | 316 | 8.9% |
| Private equity | 105 | 2.4% | 18 | 0.5% |
| Real assets | 182 | 4.2% | 145 | 4.1% |
| Natural resources | 163 | 3.8% | 104 | 2.9% |
| Public equities | 119 | 2.8% | 63 | 1.8% |
| Total investment funds – related parties | 2,886 | 67.1% | 2,232 | 62.8% |
| Investment funds owned by consolidated VIEs | | | | |
| MidCap | 547 | 12.7% | 553 | 15.5% |
| Real estate | 117 | 2.7% | 30 | 0.8% |
| Real assets | 19 | 0.5% | 41 | 1.2% |
| Total investment funds owned by consolidated VIEs | 683 | 15.9% | 624 | 17.5% |
| Total investment funds, including related parties and funds owned by consolidated VIEs | $ 4,300 | 100.0% | $ 3,559 | 100.0% |

[1] *Certain reclassifications have been made to conform with current year presentation.*

Overall, the total investment funds, including related party and consolidated VIEs, were $4.3 billion and $3.6 billion as of December 31, 2019 and 2018, respectively. See *Note 2 – Investments* to the 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 risk 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. These risks expose us to potential volatility in our earnings period-over-period. We actively monitor our exposure to these risks.

***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. We hold funds withheld at interest receivables, including those held with VIAC and Lincoln. As of December 31, 2019, the significant majority of the ceding companies holding the assets pursuant to such reinsurance agreements had a financial strength rating of B+ 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 consolidated statements of income. The embedded derivative in our reinsurance agreements is similar to a total return swap on the income generated by the underlying assets held by the ceding companies. The change in the embedded derivative 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 Apollo to manage the withheld assets in accordance with our investment guidelines.

The following summarizes the underlying investment composition of the funds withheld at interest, including related parties:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| Fixed maturity securities | | | | |
| U.S. government and agencies | $ 15 | 0.1 % | $ 77 | 0.3 % |
| U.S. state, municipal and political subdivisions | 482 | 1.7 % | 563 | 2.0 % |
| Foreign governments | 143 | 0.5 % | 145 | 0.5 % |
| Corporate | 14,590 | 51.4 % | 16,267 | 56.9 % |
| CLO | 2,586 | 9.1 % | 1,990 | 7.0 % |
| ABS | 2,510 | 8.8 % | 1,601 | 5.6 % |
| CMBS | 756 | 2.7 % | 575 | 2.0 % |
| RMBS | 1,482 | 5.2 % | 1,876 | 6.6 % |
| Equity securities | 74 | 0.3 % | 66 | 0.2 % |
| Mortgage loans | 4,357 | 15.3 % | 3,815 | 13.3 % |
| Investment funds | 807 | 2.8 % | 660 | 2.3 % |
| Derivative assets | 224 | 0.8 % | 77 | 0.3 % |
| Short-term investments | 157 | 0.6 % | 641 | 2.2 % |
| Cash and cash equivalents | 239 | 0.8 % | 455 | 1.6 % |
| Other assets and liabilities | (21) | (0.1)% | (208) | (0.8)% |
| Total funds withheld at interest including related party | $ 28,401 | 100.0 % | $ 28,600 | 100.0 % |

As of December 31, 2019 and 2018, we held $28.4 billion and $28.6 billion, respectively, of funds withheld at interest receivables, including related party. Approximately 94.4% and 96.6% of the fixed maturity securities within the funds withheld at interest are investment grade by NAIC designation as of December 31, 2019 and 2018, 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.

A discussion regarding our derivative instruments and how such instruments are used to manage risk is included in *Note 3 – Derivative Instruments* to the consolidated financial statements.

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.

***Net Invested Assets***

The following summarizes our invested assets:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Net Invested Asset Value[1] | Percent of Total | Net Invested Asset Value[1] | Percent of Total |
| Corporate | $ 55,077 | 46.9% | $ 55,772 | 50.2% |
| CLO | 10,223 | 8.7% | 8,275 | 7.5% |
| Credit | 65,300 | 55.6% | 64,047 | 57.7% |
| RMBS | 8,394 | 7.1% | 9,814 | 8.9% |
| Mortgage loans | 18,528 | 15.8% | 14,423 | 13.0% |
| CMBS | 2,930 | 2.5% | 3,018 | 2.7% |
| Real estate | 29,852 | 25.4% | 27,255 | 24.6% |
| ABS | 10,317 | 8.8% | 7,706 | 6.9% |
| Alternative investments | 5,586 | 4.8% | 4,492 | 4.1% |
| State, municipal, political subdivisions and foreign government | 2,260 | 1.9% | 2,122 | 1.9% |
| Equity securities | 365 | 0.3% | 467 | 0.4% |
| Short-term investments | 624 | 0.5% | 765 | 0.7% |
| U.S. government and agencies | 49 | 0.0% | 134 | 0.1% |
| Other investments | 19,201 | 16.3% | 15,686 | 14.1% |
| Cash and equivalents | 1,958 | 1.7% | 2,881 | 2.6% |
| Policy loans and other | 1,175 | 1.0% | 1,165 | 1.0% |
| Net invested assets | $ 117,486 | 100.0% | $ 111,034 | 100.0% |

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

Our net invested assets were $117.5 billion and $111.0 billion as of December 31, 2019 and 2018, respectively. As of December 31, 2019, our net invested assets were mainly comprised of 46.9% of corporate securities, 27.1% of structured securities, 15.8% of mortgage loans and 4.8% of alternative investments. Corporate securities included $15.0 billion of private placements, which represented 13% of our net invested assets. The increase in net invested assets as of December 31, 2019 from 2018 was primarily driven by strong growth in deposits over liability outflows and reinvestment of earnings.

In managing our business, we utilize net invested assets as presented in the above table. Net invested assets do not correspond to total investments, including related parties, on our consolidated balance sheets, as discussed previously in *Key Operating and Non-GAAP Measures*. Net invested assets represent the investments that directly back our reserve 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 are included in the alternative investments line above. Net invested assets includes our proportionate share of ACRA investments, based on our economic ownership, but excludes the proportionate share of investments associated with the noncontrolling interest.

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

***Net Alternative Investments***

The following summarizes our alternative investments:

| | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|
| *(In millions, except percentages)* | Net Invested Asset Value | Percent of Total | Net Invested Asset Value | Percent of Total |
| **Retirement Services** | | | | |
| Differentiated investments | | | | |
| AmeriHome | $ 595 | 10.7% | $ 568 | 12.6% |
| MidCap | 547 | 9.8% | 553 | 12.3% |
| Catalina | 271 | 4.9% | 232 | 5.2% |
| Venerable | 99 | 1.8% | 92 | 2.1% |
| Other | 208 | 3.7% | 229 | 5.1% |
| Total differentiated investments | 1,720 | 30.9% | 1,674 | 37.3% |
| Real estate | 1,430 | 25.6% | 1,015 | 22.6% |
| Credit | 968 | 17.3% | 537 | 11.9% |
| Private equity | 378 | 6.8% | 279 | 6.2% |
| Real assets | 349 | 6.2% | 276 | 6.2% |
| Natural resources | 51 | 0.9% | 55 | 1.2% |
| Other | 58 | 1.0% | 4 | 0.1% |
| Total Retirement Services alternative investments | 4,954 | 88.7% | 3,840 | 85.5% |
| **Corporate and Other** | | | | |
| Athora | 140 | 2.5% | 130 | 2.9% |
| Credit | 128 | 2.3% | 203 | 4.5% |
| Natural resources | 245 | 4.4% | 213 | 4.8% |
| Public equities[1] | 119 | 2.1% | 100 | 2.2% |
| Other | — | —% | 6 | 0.1% |
| Total Corporate and Other alternative investments | 632 | 11.3% | 652 | 14.5% |
| **Net alternative investments** | $ 5,586 | 100.0% | $ 4,492 | 100.0% |

*[1] As of December 31, 2019, public equities is exclusively comprised of an investment in OneMain Holdings, Inc. (ticker: OMF).*

Net alternative investments were $5.6 billion and $4.5 billion as of December 31, 2019 and 2018, respectively, representing 4.8% and 4.1% of our net invested assets portfolio as of December 31, 2019 and 2018, respectively.

Net alternative investments do not correspond to the total investment funds, including related parties and VIEs, on our 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, we have indirectly invested in companies that meet the key characteristics we look for in net 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 CoInvest VII, of which MidCap constitutes substantially all of 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 had a net invested asset value of $547 million and $553 million as of December 31, 2019 and 2018, 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 11.56%, 14.48% and 8.93% for the years ended December 31, 2019, 2018, and 2017, respectively. Alternative investment income from CoInvest VII was $65 million, $81 million and $50 million for the years ended December 31, 2019, 2018, and 2017, respectively. The decrease in alternative investment income for 2019 compared to 2018 was driven by unfavorable changes in valuation in 2019 compared to a favorable valuation adjustment in 2018. The increase in alternative investment income for 2018 compared to 2017 was driven by a favorable valuation adjustment, higher loan volumes and increased assets under management.

*AmeriHome*

Our equity investment in AmeriHome is held indirectly through 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 the 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 had a net invested asset value of $595 million and $568 million as of December 31, 2019 and 2018, 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 14.00%, 13.15% and 12.01% for the years ended December 31, 2019, 2018, and 2017, respectively. Alternative investment income from A-A Mortgage was $81 million, $72 million and $58 million for the years ended December 31, 2019, 2018 and 2017, respectively. The increase in alternative investment income of $9 million was primarily driven by a gain on the sale of of mortgage servicing rights in 2019. The increase in alternative investment income of $14 million, or 24%, for 2018 compared to 2017 was driven by strong originations and an increase in balance sheet size.

*Public Equities*

We indirectly hold public equity positions through our equity investments in a few alternative investments. Although the net invested asset value of these securities is minor, such securities have resulted in volatility in our statements of income in recent periods. As of December 31, 2019 and 2018, we indirectly held public equity positions of $119 million and $100 million, respectively. As of December 31, 2019 and 2018, we held approximately 2.8 million and 2.8 million shares, respectively, of OneMain with a market value of $119 million and $63 million, respectively. As of December 31, 2018, we held approximately 5.5 million shares of Caesars, with a market value of $37 million. Caesars was held indirectly through our investment in AAA Investment (Co Invest VI), L.P. (CoInvest VI). In the first quarter of 2019, CoInvest VI sold its remaining shares of Caesars.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Non-GAAP Measure Reconciliations**

The reconciliations to the nearest GAAP measure for adjusted operating income available to common shareholders is included in the *Consolidated Results of Operations* section. See *Item 6. Selected Financial Data – Non-GAAP Measures* for additional reconciliations.

The reconciliation of total AHL shareholders' equity to total adjusted AHL common shareholders' equity, which is included in adjusted book value per common share, adjusted debt to capital ratio and adjusted operating ROE, is as follows:

| | December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Total AHL shareholders' equity | $ 13,391 | $ 8,276 | $ 9,176 |
| Less: Preferred stock | 1,172 | — | — |
| Total AHL common shareholders' equity | 12,219 | 8,276 | 9,176 |
| Less: AOCI | 2,281 | (472) | 1,449 |
| Less: Accumulated change in fair value of reinsurance assets | 493 | (75) | 161 |
| Total adjusted AHL common shareholders' equity | $ 9,445 | $ 8,823 | $ 7,566 |
| Segment adjusted common shareholders' equity | | | |
| Retirement Services | $ 7,443 | $ 7,807 | $ 5,237 |
| Corporate and Other | 2,002 | 1,016 | 2,329 |
| Total adjusted AHL common shareholders' equity | $ 9,445 | $ 8,823 | $ 7,566 |

The reconciliation of average AHL shareholders' equity to average adjusted AHL common shareholders' equity, which is included in adjusted operating ROE is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Average AHL shareholders' equity | $ 10,834 | $ 8,726 | $ 8,029 |
| Less: Average preferred stock | 586 | — | — |
| Less: Average AOCI | 905 | 489 | 908 |
| Less: Average accumulated change in fair value of reinsurance assets | 209 | 43 | 112 |
| Average adjusted AHL common shareholders' equity | $ 9,134 | $ 8,194 | $ 7,009 |
| Segment average adjusted common shareholders' equity | | | |
| Retirement Services | $ 7,625 | $ 6,522 | $ 4,823 |
| Corporate and Other | 1,509 | 1,672 | 2,186 |
| Average adjusted AHL common shareholders' equity | $ 9,134 | $ 8,194 | $ 7,009 |

The reconciliation of debt to capital ratio to adjusted debt to capital ratio is as follows:

| | December 31, | |
|---|---|---|
| *(In millions, except percentages)* | 2019 | 2018 |
| Total debt | $ 1,467 | $ 991 |
| Total AHL shareholders' equity | 13,391 | 8,276 |
| Total capitalization | 14,858 | 9,267 |
| Less: AOCI | 2,281 | (472) |
| Less: Accumulated change in fair value of reinsurance assets | 493 | (75) |
| Total adjusted capitalization | $ 12,084 | $ 9,814 |
| | | |
| Debt to capital ratio | 9.9% | 10.7 % |
| AOCI | 1.8% | (0.5)% |
| Accumulated change in fair value of reinsurance assets | 0.4% | (0.1)% |
| Adjusted debt to capital ratio | 12.1% | 10.1 % |

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

| | Years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| *(In millions, except percentages)* | Dollar | Rate | Dollar | Rate | Dollar | Rate |
| GAAP net investment income | $ 4,522 | 3.91 % | $ 4,004 | 4.30 % | $ 3,269 | 4.27 % |
| Change in fair value of reinsurance assets | 680 | 0.59 % | 301 | 0.32 % | 191 | 0.25 % |
| Net VIE earnings | 80 | 0.07 % | 37 | 0.04 % | 77 | 0.10 % |
| Alternative income gain (loss) | 1 | 0.00 % | (34) | (0.04)% | (20) | (0.03)% |
| ACRA noncontrolling interest | (61) | (0.05)% | — | — % | — | — % |
| Held for trading amortization and other | (43) | (0.04)% | (76) | (0.08)% | (94) | (0.12)% |
| Total adjustments to arrive at net investment earnings/earned rate | 657 | 0.57 % | 228 | 0.24 % | 154 | 0.20 % |
| Total net investment earnings/earned rate | $ 5,179 | 4.48 % | $ 4,232 | 4.54 % | $ 3,423 | 4.47 % |
| | | | | | | |
| Retirement Services | $ 5,062 | 4.43 % | $ 4,188 | 4.60 % | $ 3,241 | 4.70 % |
| Corporate and Other | 117 | 8.33 % | 44 | 1.99 % | 182 | 2.42 % |
| Total net investment earnings/earned rate | $ 5,179 | 4.48 % | $ 4,232 | 4.54 % | $ 3,423 | 4.47 % |
| | | | | | | |
| Retirement Services average net invested assets | $ 114,310 | | $ 90,995 | | $ 69,014 | |
| Corporate and Other average net invested assets | 1,409 | | 2,182 | | 7,541 | |
| Consolidated average net invested assets | $ 115,719 | | $ 93,177 | | $ 76,555 | |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

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

| | Years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | 2018 | | 2017 | |
| *(In millions, except percentages)* | Dollar | Rate | Dollar | Rate | Dollar | Rate |
| GAAP interest sensitive contract benefits | $ 4,557 | 3.99 % | $ 290 | 0.32 % | $ 2,866 | 4.15 % |
| Interest credited other than deferred annuities and institutional products | 232 | 0.20 % | 65 | 0.07 % | (35) | (0.05)% |
| FIA option costs | 1,109 | 0.97 % | 886 | 0.97 % | 607 | 0.88 % |
| Product charges (strategy fees) | (119) | (0.10)% | (98) | (0.11)% | (73) | (0.10)% |
| Reinsurance embedded derivative impacts | 57 | 0.05 % | 49 | 0.05 % | 37 | 0.05 % |
| Change in fair value of embedded derivatives – FIAs | (3,644) | (3.19)% | 436 | 0.48 % | (2,252) | (3.26)% |
| Negative VOBA amortization | 36 | 0.03 % | 31 | 0.04 % | 40 | 0.06 % |
| ACRA noncontrolling interest | (42) | (0.03)% | — | — % | — | — % |
| Unit-linked change in reserves | — | — % | — | — % | (29) | (0.04)% |
| Other changes in interest sensitive contract liabilities | (7) | (0.01)% | — | — % | (5) | (0.01)% |
| Total adjustments to arrive at cost of crediting | (2,378) | (2.08)% | 1,369 | 1.50 % | (1,710) | (2.47)% |
| Retirement Services cost of crediting | $ 2,179 | 1.91 % | $ 1,659 | 1.82 % | $ 1,156 | 1.68 % |
| | | | | | | |
| Retirement Services cost of crediting on deferred annuities | $ 1,774 | 1.97 % | $ 1,431 | 1.95 % | $ 1,066 | 1.88 % |
| Retirement Services cost of crediting on institutional products | 405 | 3.47 % | 228 | 3.42 % | 90 | 2.83 % |
| Retirement Services cost of crediting | $ 2,179 | 1.91 % | $ 1,659 | 1.82 % | $ 1,156 | 1.68 % |
| | | | | | | |
| Retirement Services average invested assets | $ 114,310 | | $ 90,995 | | $ 69,014 | |
| Average account value on deferred annuities | 89,878 | | 73,567 | | 56,589 | |
| Average institutional reserve liabilities | 11,632 | | 6,683 | | 3,194 | |

The reconciliation of GAAP benefits and expenses to other liability costs is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| GAAP benefits and expenses | $ 13,956 | $ 5,462 | $ 7,324 |
| Premiums | (6,382) | (3,462) | (2,526) |
| Product charges | (524) | (449) | (340) |
| Other revenues | (37) | (26) | (37) |
| Cost of crediting | (1,013) | (724) | (513) |
| Change in fair value of embedded derivatives – FIA, net of offsets | (3,577) | 327 | (2,404) |
| DAC, DSI and VOBA amortization related to investment gains and losses | (477) | 110 | (65) |
| Rider reserves related to investment gains and losses | (58) | 16 | (16) |
| Policy and other operating expenses, excluding policy acquisition expenses | (488) | (395) | (435) |
| AmerUs closed block fair value liability | (152) | 112 | (68) |
| Policyholder dividends | — | — | (84) |
| ACRA noncontrolling interest | (74) | — | — |
| Other | (2) | 10 | (30) |
| Total adjustments to arrive at other liability costs | (12,784) | (4,481) | (6,518) |
| Other liability costs | $ 1,172 | $ 981 | $ 806 |
| | | | |
| Retirement Services | $ 1,172 | $ 981 | $ 749 |
| Corporate and Other | — | — | 57 |
| Consolidated other liability costs | $ 1,172 | $ 981 | $ 806 |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

The reconciliation of policy and other operating expenses to operating expenses is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| GAAP policy and other operating expenses | $ 744 | $ 626 | $ 672 |
| Interest expense | (67) | (57) | (16) |
| Policy acquisition expenses, net of deferrals | (256) | (233) | (237) |
| Integration, restructuring and other non-operating expenses | (70) | (22) | (68) |
| Stock compensation expenses | (12) | (11) | (33) |
| ACRA noncontrolling interest | (5) | — | — |
| Total adjustments to arrive at operating expenses | (410) | (323) | (354) |
| Operating expenses | $ 334 | $ 303 | $ 318 |
| | | | |
| Retirement Services | $ 266 | $ 242 | $ 212 |
| Corporate and Other | 68 | 61 | 106 |
| Consolidated operating expenses | $ 334 | $ 303 | $ 318 |

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

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Total investments, including related parties | $ 129,845 | $ 107,632 |
| Derivative assets | (2,888) | (1,043) |
| Cash and cash equivalents (including restricted cash) | 4,639 | 3,403 |
| Accrued investment income | 807 | 682 |
| Payables for collateral on derivatives | (2,743) | (969) |
| Reinsurance funds withheld and modified coinsurance | (1,440) | 223 |
| VIE and VOE assets, liabilities and noncontrolling interest | 730 | 718 |
| Unrealized (gains) losses | (4,095) | 808 |
| Ceded policy loans | (235) | (281) |
| Net investment receivables (payables) | (57) | (139) |
| ACRA noncontrolling interest | (7,077) | — |
| Total adjustments to arrive at invested assets | (12,359) | 3,402 |
| Net invested assets | $ 117,486 | $ 111,034 |

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

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Investment funds, including related parties and VIEs | $ 4,300 | $ 3,559 |
| Nonredeemable preferred stock included in equity securities | 78 | — |
| CLO equities included in trading securities | 405 | 125 |
| Investment funds within funds withheld at interest | 807 | 660 |
| Royalties and other assets included in other investments | 66 | 71 |
| Net assets of the VIE, excluding investment funds | 1 | 50 |
| Unrealized (gains) losses and other adjustments | 8 | 27 |
| ACRA noncontrolling interest | (79) | — |
| Total adjustments to arrive at alternative investments | 1,286 | 933 |
| Net alternative investments | $ 5,586 | $ 4,492 |

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

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

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Total liabilities | $ 132,734 | $ 117,229 |
| Short-term debt | (475) | — |
| Long-term debt | (992) | (991) |
| Derivative liabilities | (97) | (85) |
| Payables for collateral on derivatives and securities to repurchase | (3,255) | (969) |
| Funds withheld liability | (408) | (721) |
| Other liabilities | (1,181) | (889) |
| Reinsurance ceded receivables | (4,863) | (5,534) |
| Policy loans ceded | (235) | (281) |
| ACRA noncontrolling interest | (6,574) | — |
| Other | (2) | (27) |
| Total adjustments to arrive at reserve liabilities | (18,082) | (9,497) |
| Net reserve liabilities | $ 114,652 | $ 107,732 |

**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.

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 December 31, 2019 was $77.1 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 $1.25 billion Credit Facility, which was undrawn as of December 31, 2019 and had a remaining term of approximately five years, subject to up to two one-year extensions. Our registration statement on Form S-3 ASR (Shelf Registration Statement) provides us access to the capital markets, subject to market conditions and other factors. 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. 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 from ALRe sufficient to support the ongoing operations of AHL must be available under moderate and substantial stress scenarios
    - 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; RMBS with weighted average lives less than three years rated A- or above and 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 the following collateral and capital maintenance calls under a substantial stress event, such as the failure of a major financial institution (Lehman event):
    - collateral calls from modco and third-party reinsurance contracts
    - AARe capital maintenance calls arising from AARe collateral calls from modco reinsurance contracts; and
    - U.S. regulated entity capital maintenance calls from nonmodco activity.

***Insurance Subsidiaries' Liquidity***

*Operations*

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, maturity payments on funding agreements, 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 December 31, 2019 and 2018, approximately 78% of our deferred annuity liabilities were subject to penalty upon surrender. In addition, as of December 31, 2019 and 2018, approximately 64% and 65%, respectively, of policies contained MVAs that may also have the effect of limiting early withdrawals if interest rates increase. Our funding agreements, group annuities and payout annuities are generally non-surrenderable.

*Membership in Federal Home Loan Bank*

Through our membership in the FHLB, 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. As of December 31, 2019 and 2018, we had $475 million and $0 million outstanding borrowings under these arrangements.

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 December 31, 2019 and 2018, we had funding agreements outstanding with the FHLB in the aggregate principal amount of $1.2 billion and $926 million, respectively.

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 December 31, 2019, the total maximum borrowings under the FHLB facility were limited to $19.5 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 December 31, 2019 we had the ability to draw up to a total of approximately $1.9 billion, inclusive of borrowings then outstanding. 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 AAIA's RBC ratio, which may further restrict our ability or willingness to draw up to our estimated capacity.

***Cash Flows***

Our cash flows were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Net income | $ 2,185 | $ 1,053 | $ 1,358 |
| Payment at inception of reinsurance agreements, net | — | (394) | — |
| Non-cash revenues and expenses | 471 | 2,215 | 1,812 |
| Net cash provided by operating activities | 2,656 | 2,874 | 3,170 |
| Sales, maturities and repayments of investments | 17,776 | 17,069 | 17,893 |
| Purchases of investments | (27,687) | (24,852) | (24,165) |
| Deconsolidation of Athora Holding Ltd. | — | (296) | — |
| Other investing activities | (45) | (94) | 503 |
| Net cash used in investing activities | (9,956) | (8,173) | (5,769) |
| Deposits on investment-type policies and contracts | 11,569 | 10,262 | 9,056 |
| Withdrawals on investment-type policies and contracts | (6,548) | (6,205) | (4,843) |
| Net change in cash collateral posted for derivative transactions and securities to repurchase | 2,286 | (1,354) | 940 |
| Net proceeds and repayment of debt | 475 | 998 | — |
| Issuance of preferred stock, net of expenses | 1,172 | — | — |
| Preferred stock dividends | (36) | — | — |
| Repurchase of common stock | (832) | (105) | (10) |
| Subsidiary issuance of equity interests to noncontrolling interests | 575 | — | — |
| Other financing activities | (124) | 111 | (95) |
| Net cash provided by financing activities | 8,537 | 3,707 | 5,048 |
| Effect of exchange rate changes on cash and cash equivalents | — | — | 32 |
| Net increase (decrease) in cash and cash equivalents[1] | $ 1,237 | $ (1,592) | $ 2,481 |

[1] *Includes cash and cash equivalents, restricted cash, and cash and cash equivalents of consolidated VIEs*

*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 and operating expenses. Our operating activities generated cash flows totaling $2.7 billion, $2.9 billion and $3.2 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The decrease in cash provided by operating activities for the year ended December 31, 2019 compared to 2018 was primarily driven by lower cash received on PRT premiums, partially offset by an increase in net investment income reflecting an increase in our investment portfolio, the 2018 ceding commissions related to the Voya and Lincoln reinsurance transactions and higher commissions in 2018 compared to 2019 related to higher 2018 retail sales. The increase in cash provided by operating activities for the year ended December 31, 2018 compared to 2017 was primarily driven by the ceding commissions related to the Voya and Lincoln reinsurance transactions, higher tax refunds in 2017 and higher commissions due to strong retail sales, partially offset by an increase in net investment income reflecting an increase in our investment portfolio and an increase in PRT premiums.

*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 $10.0 billion, $8.2 billion and $5.8 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The change in cash used in investing activities for the year ended December 31, 2019 compared to 2018 was primarily attributed to the purchase of investments related to the increase in deposits over liability outflows, the deconsolidation of AGER Bermuda Holding Ltd. and its subsidiaries and the reinvestment of earnings. The increase in cash used from investing activities for the year ended December 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, the deconsolidation of AGER Bermuda Holding Ltd. and its subsidiaries 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 of outstanding borrowings. Our financing activities provided cash flows totaling $8.5 billion, $3.7 billion and $5.0 billion for the years ended December 31, 2019, 2018 and 2017, respectively. The change in cash provided from financing activities for the year ended December 31, 2019 compared to 2018 was primarily attributed to the change in cash collateral posted for derivative transactions and securities to repurchase driven by favorable equity market performance in 2019, proceeds from the issuance of preferred stock, higher investment-type deposits from retail, flow reinsurance and funding agreement deposits, subsidiary issuance of equity shares related to the sale of ACRA shares to ADIP and issuance of short-term debt, partially offset by 2018 proceeds from the issuance of debt and the repurchase of common stock in 2019. The change in cash provided from financing activities for the year ended December 31, 2018 compared to 2017 was primarily attributed to the change in cash collateral posted for derivative transactions and lower funding agreement issuances in 2018, partially offset by proceeds from the issuance of debt.

***Holding Company Liquidity***

*Dividends from Subsidiaries*

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, debt servicing, preferred stock dividend payments 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.

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. AHL does not currently plan on having the U.S. subsidiaries pay any dividends to ALRe.

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. As of December 31, 2019 and 2018, ALRe was permitted to dividend or distribute up to $8.1 billion and $5.9 billion, respectively.

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 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 $1.25 billion Credit Facility or by pursuing future issuances of debt or equity securities to third-party investors. See *Note 9 – Debt* to the consolidated financial statements for more information regarding our Credit Facility. However, such additional funding may not be available on terms favorable to us or at all, depending on our financial condition, results of operations or prevailing market conditions. In addition, certain covenants in our Credit Facility prohibit us from maintaining debt in excess of specified thresholds, which may limit our ability to pursue future issuances of debt. Specifically, our Credit Facility prohibits us from permitting the Consolidated Debt to Capitalization Ratio (as such term is defined in the Credit Facility) to exceed 35% as of the end of any quarter. Certain other sources of liquidity potentially available at the holding company level are discussed below.

*Shelf Registration* – Under our Shelf Registration Statement, subject to market conditions, we have the ability to issue, in indeterminate amounts, debt securities, preference shares, depositary shares, Class A common shares, warrants and units.

*Debt* – On January 12, 2018 we issued $1.0 billion in aggregate principal amount of 4.125% Senior Notes due January 2028.

*Preferred Stock* – On June 10, 2019, we issued 34,500 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A, par value of $1.00 per share with a liquidation preference of $25,000 per share, for aggregate proceeds of $839 million, net of the underwriters' discount and expenses.

On September 19, 2019, we issued 13,800 5.625% Fixed Rate Perpetual Non-Cumulative Preference shares, Series B, par value of $1.00 per share with a liquidation preference of $25,000 per share, for aggregate proceeds of $333 million, net of the underwriters' discount and expenses. See *Note 10 – Equity* to the consolidated financial statements for further information.

*Intercompany Note* – AHL has an unsecured revolving note payable with ALRe, which permits AHL to borrow up to $1 billion with a fixed interest rate of 1.25% and a maturity date of March 31, 2024. As of December 31, 2019 and 2018, the revolving note payable had an outstanding balance of $38 million and $105 million, respectively.

***Use of Captives***

While our business strategy does not involve the use of captives, as a result of the Aviva USA acquisition, we acquired a captive reinsurer that was formed in 2011 and domiciled in the state of Vermont and we ceded certain liabilities to this captive reinsurer. The statutory reserves of the affiliated captive reinsurer are supported by a combination of funds withheld receivable assets and letters of credit issued by an unaffiliated financial institution. The reinsurance activities within the captive reinsurer are eliminated in consolidation. As discussed in *Note 13 – Statutory Requirements* to the consolidated financial statements, a permitted practice of the state of Vermont allows the captive to include issued and outstanding letters of credit in the amount of $137 million and $153 million as of December 31, 2019 and 2018, respectively, as admitted assets in its statutory financial statements.

The NAIC and certain state insurance departments have scrutinized insurance companies' use of affiliated captive reinsurers. It is uncertain what, if any, regulatory changes will result from this heightened scrutiny. A potential outcome, although not considered likely, is the prohibition on the continued use of captive reinsurance subsidiaries. If the use of existing captive reinsurance subsidiaries were discontinued, we would likely incur early termination fees with respect to the financing structure and diminished statutory capital position. The effect of potential regulatory changes regarding the use of captives on our consolidated financial condition and results of operations, although believed unlikely to be material, is uncertain at this time.

***Capital Resources***

As of December 31, 2019 and 2018, our U.S. insurance companies' TAC, as defined by the NAIC, was $2.4 billion and $2.2 billion, respectively, and our U.S. RBC ratio was 429% and 421%, respectively. 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 its authorized control level RBC (ACL). Our TAC was significantly in excess of all regulatory standards as of December 31, 2019 and 2018, respectively.

**Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

ALRe statutory capital was $11.0 billion and $9.7 billion as of December 31, 2019 and 2018, respectively. During 2018, AHL contributed its wholly owned subsidiary, Athene USA, to ALRe. ALRe adheres to BMA regulatory capital requirements to maintain statutory capital and surplus to meet the MMS and maintain minimum EBS capital and surplus to meet the enhanced capital requirement. 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. ALRe's EBS capital and surplus was $14.1 billion and $12.0 billion, resulting in a BSCR ratio of 310% and 340% as of December 31, 2019 and 2018, respectively. An insurer must have a BSCR ratio of 100% or greater to be considered solvent by the BMA. As of December 31, 2019 and 2018, 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 capital by applying the NAIC RBC factors to the statutory financial statements of AHL's non-U.S. reinsurance subsidiaries, on an aggregate basis. As of December 31, 2019 and 2018, our ALRe RBC was 443% and 405%, respectively. 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 and access to uncalled capital commitments at ACRA, provides us the opportunity to take advantage of market dislocations as they arise.

***Repurchase of Securities***

*Share Repurchase Program*

In the fourth quarter of 2018, our board of directors established a share repurchase program with an initial authorization for the repurchase of up to $250 million of our Class A common shares. In 2019, our board of directors has approved four additional authorizations under our share repurchase program for the purchase of up to an additional $1.3 billion of our Class A common shares, in the aggregate, for a total authorization of $1.6 billion. Pursuant to our share repurchase program, we repurchased 19.9 million Class A common shares for $827 million during the year ended December 31, 2019. As of February 20, 2020, we have repurchased, in the aggregate, 22.4 million Class A common shares for $927 million and have $640 million of repurchase authorization remaining.

*Repurchase of Other Securities*

We may from time to time seek to retire or purchase our other outstanding debt or equity securities through cash purchases and/or exchanges for other securities, purchases in the open market, privately negotiated transactions or otherwise. Any such repurchases will be dependent upon several factors, including our liquidity requirements, contractual restrictions, general market conditions and applicable regulatory, legal and accounting factors. Whether or not we repurchase any of our other securities and the size and timing of any such repurchases will be determined at our discretion.

**Balance Sheet and Other Arrangements**

***Balance Sheet Arrangements***

*Contractual Obligations*

The following table summarizes estimated future payments on our contractual obligations as of December 31, 2019:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Total | 2020 | 2021-2022 | 2023-2024 | 2025 and thereafter |
| Interest sensitive contract liabilities | $ 102,745 | $ 9,256 | $ 21,800 | $ 18,489 | $ 53,200 |
| Future policy benefits | 23,330 | 459 | 895 | 958 | 21,018 |
| Other policy claims and benefits | 138 | 138 | — | — | — |
| Dividends payable to policyholders | 113 | 5 | 10 | 9 | 89 |
| Short-term debt[1] | 479 | 479 | — | — | — |
| Long-term debt[1] | 1,351 | 41 | 83 | 83 | 1,144 |
| Total | $ 128,156 | $ 10,378 | $ 22,788 | $ 19,539 | $ 75,451 |

[1] *The obligations for short- and long-term debt payments include contractual maturities of principal and estimated future interest payments based on the terms of the debt agreement, as described in Note 9 – Debt to the consolidated financial statements.*

We also have other obligations related to collateral on derivatives, investment fund commitments and funds withheld liabilities which have not been included in the above table as the timing and amount of each of the return on the collateral, the fulfillment of the commitments and the funds withheld liabilities are uncertain. See *Note 15 – Commitments and Contingencies* to the consolidated financial statements for further discussion on the investment fund commitments.

*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 consolidated financial statements.

***Off Balance Sheet Arrangements***

None.

**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. The following summary of our critical accounting estimates is intended to enhance one's ability to assess our financial condition and results of operations and the potential volatility due to changes in estimates.

***Investments***

We are responsible for the fair value measurement of certain investments presented in our consolidated financial statements. We perform regular analysis and review of our valuation techniques, assumptions and inputs utilized in determining fair value to evaluate if the valuation approaches are appropriate and consistently applied, and the various assumptions are reasonable. We also perform quantitative and qualitative analysis and review of the information and prices received from commercial pricing services and broker-dealers, to verify it represents a reasonable estimate of the fair value of each investment. In addition, we utilize both internally-developed and commercially-available cash flow models to analyze the reasonableness of fair values utilizing credit spread and other market assumptions, where appropriate. For investment funds, we typically recognize our investment, including those for which we have elected the fair value option, based on net asset value information provided by the general partner or related asset manager. For a discussion of our investment funds for which we have elected the fair value option, see *Note 5 – Fair Value* to the consolidated financial statements.

*Valuation of Fixed Maturity and Equity Securities*

The following table presents the fair value of fixed maturity and equity securities, including those with related parties and those held by consolidated VIEs, by pricing source and fair value hierarchy:

| | December 31, 2019 | | | |
|---|---|---|---|---|
| *(In millions)* | Total | Level 1 | Level 2 | Level 3 |
| **Fixed maturity securities** | | | | |
| AFS securities | | | | |
| Priced via commercial pricing services | $ 29,377 | $ 36 | $ 29,329 | $ 12 |
| Priced via independent broker-dealer quotations | 45,037 | — | 41,183 | 3,854 |
| Priced via other methods | 764 | — | — | 764 |
| Trading securities | | | | |
| Priced via commercial pricing services | 240 | — | 240 | — |
| Priced via independent broker-dealer quotations | 2,399 | 8 | 1,784 | 607 |
| Priced via other methods | 200 | — | — | 200 |
| Trading securities of consolidated VIEs | 16 | — | — | 16 |
| Total fixed maturity securities including related party | 78,033 | 44 | 72,536 | 5,453 |
| **Equity securities** | | | | |
| Priced via commercial pricing services | 243 | 43 | 200 | — |
| Priced via independent broker-dealer quotations | 61 | — | 1 | 60 |
| Priced via other methods | 1 | — | — | 1 |
| Equity securities of consolidated VIEs | 6 | — | — | 6 |
| Total equity securities including related party | 311 | 43 | 201 | 67 |
| **Total fixed maturity and equity securities including related party** | $ 78,344 | $ 87 | $ 72,737 | $ 5,520 |
| **Percent of total** | 100.0% | 0.1% | 92.9% | 7.0% |

We measure the fair value of our securities based on assumptions used by market participants in pricing the assets, which may include inherent risk, restrictions on the sale or use of an asset, or nonperformance risk. The estimate of fair value is the price that would be received to sell a security in an orderly transaction between market participants in the principal market, or the most advantageous market in the absence of a principal market, for that security. Market participants are assumed to be independent, knowledgeable, able and willing to transact an exchange while not under duress. The valuation of securities involves considerable judgment, is subject to considerable variability and is revised as additional information becomes available. As such, changes in, or deviations from, the assumptions used in such valuations can significantly affect our consolidated financial statements. Financial markets are susceptible to severe events evidenced by rapid depreciation in security values accompanied by a reduction in asset liquidity. Our ability to sell securities, or the price ultimately realized upon the sale of securities, depends upon the demand and liquidity in the market and increases the use of judgment in determining the estimated fair value of certain securities. Accordingly, estimates of fair value are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

For fixed maturity securities, we obtain the fair values, when available, based on quoted prices in active markets that are regularly and readily obtainable. Generally, these are liquid securities and the valuation does not require significant management judgment. When quoted prices in active markets are not available, fair value is based on market standard valuation techniques, giving priority to observable inputs. We obtain the fair value for most marketable bonds without an active market from several commercial pricing services. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. For certain fixed maturity securities without an active market, an internally-developed discounted cash flow or other approach is utilized to calculate the fair value. A discount rate is used, which adjusts a market comparable base rate for securities with similar characteristics for credit spread, market illiquidity or other adjustments. The fair value of privately placed fixed maturity securities are 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, which considers 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.

For equity securities, we obtain the fair value, when available, based on quoted market prices. Other equity securities, typically private equities or equity securities not traded on an exchange, are valued based on other sources, such as commercial pricing services or brokers.

*Other-Than-Temporary Impairments*

The evaluation of securities for OTTIs is a quantitative and qualitative process done on a case-by-case basis, which is subject to risks and uncertainties and involves significant estimates and judgments by management. Changes in the estimates and judgments used in such analysis can have a significant impact on our consolidated results of operations.

We review and analyze our securities on an ongoing basis for changes in market interest rates, credit issues, changes in business climate, management changes, litigation, government actions, and other similar factors. Indicators of impairment may include changes in the issuers' credit ratings and outlook, the frequency of late payments, pricing levels, key financial ratios, financial statements, revenue forecasts and cash flow projections. We consider relevant facts and circumstances in evaluating whether a credit or interest rate-related impairment of a security is other-than-temporary. Relevant facts and circumstances include: (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in fair value; (3) the issuer's financial position and access to capital; and (4) for fixed maturity securities, our intent to sell a security or whether it is more-likely-than-not we will be required to sell the security before the recovery of its cost or amortized cost which, in some cases, may extend to maturity and our ability and intent to hold the security for a period of time that allows for the recovery in value. An extended and severe unrealized loss position on a fixed maturity security may not have any impact on the ability of the issuer to service all scheduled principal and interest payments. Accordingly, such an unrealized loss position may not impact our evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to the security's cost or amortized cost based on the present value of the expected future cash flows to be collected. To the extent we determine a security is deemed to be other-than-temporarily impaired, an impairment loss is recognized.

The recognition of impairment losses on fixed maturity securities is dependent on the facts and circumstances related to the specific security. If we intend to sell a security or it is more-likely-than-not that we would be required to sell a security before the recovery of its cost or amortized cost, less any recorded credit loss, we recognize a loss in other-than-temporary impairment losses on the consolidated statements of income for the difference between cost or amortized cost and fair value. If neither of these two conditions exists, then the recognition of the loss is bifurcated and we recognize the credit loss portion in other-than-temporary impairment losses on the consolidated statements of income and the non-credit loss portion in AOCI on the consolidated balance sheets.

We estimate the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. The present value is determined using estimated cash flows discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete an asset-backed or floating-rate security. The techniques and assumptions for establishing the estimated cash flows vary depending on the type of security. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity.

***Future Policy Benefits***

The future policy benefit liabilities associated with long duration contracts include term and whole-life products, accident and health, disability, and deferred and immediate annuities with life contingencies. Liabilities for non-participating long duration contracts are established using accepted actuarial valuation methods which require us to make certain assumptions regarding expenses, investment yields, mortality, morbidity, and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of December 31, 2019, the reserve investment yield assumptions for non-participating contracts range from 3.31% to 5.44% and are specific to our expected earned rate on the asset portfolio supporting the reserves. We base other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary. Premium deficiency tests are performed periodically using current assumptions, without provisions for adverse deviation, in order to test the appropriateness of the established reserves. If the reserves using current assumptions are greater than the existing reserves, the excess is recorded and the initial assumptions are revised.

*Liabilities for Guaranteed Living Withdrawal Benefits and Guaranteed Minimum Death Benefits*

We issue and reinsure deferred annuity contracts which contain GLWB and GMDB riders. We establish future policy benefits for GLWB and GMDB by estimating the expected value of withdrawal and death benefits in excess of the projected account balance. We recognize the excess proportionally over the accumulation period based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and utilization of the benefit riders; mortality; and market conditions affecting the account balance growth.

Projected policyholder lapse and withdrawal behavior assumptions are set in one of two ways. For certain blocks of business, this behavior is a function of our predictive analytics model which considers various observable inputs. For the remaining blocks of business, these assumptions are set at the product level by grouping individual policies sharing similar features and guarantees and reviewed periodically against experience. Base lapse rates consider the level of surrender charges and are dynamically adjusted based on the level of current interest rates relative to the guaranteed rates and the amount by which any rider guarantees are in a net positive position. Rider utilization assumptions consider the number and timing of policyholders electing the riders. We track and update this assumption as experience emerges. Mortality assumptions are set at the product level and generally based on standard industry tables, adjusted for historical experience and a provision for mortality improvement. Projected guaranteed benefit amounts in excess of the underlying account balances are considered over a range of scenarios in order to capture our exposure to the guaranteed withdrawal and death benefits.

The assessments used to accrue liabilities are based on interest margins, rider charges, surrender charges and realized gains (losses). As such, future reserve changes are sensitive to changes in investment results and the impacts of shadow adjustments, which represent the impact of assuming unrealized gains (losses) are realized in future periods. As of December 31, 2019, the GLWB and GMDB liability balance, including the impacts of shadow adjustments, totaled $4.3 billion. The increase (decrease) to the GLWB and GMDB liability balance, including the impacts of shadow adjustments from hypothetical changes in projected assessments, changes in the discount rate and annual equity growth is summarized as follows:

| *(In millions)* | December 31, 2019 |
|---|---|
| +10% assessments | $ (144) |
| −10% assessments | 160 |
| +100 bps discount rate | 130 |
| −100 bps discount rate | (175) |
| 1% higher annual equity growth | (49) |
| 1% lower annual equity growth | 46 |

***Derivatives***

*Valuation of Embedded Derivatives on FIAs*

We issue and reinsure products, primarily FIA products, or purchase investments that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the consolidated statements of income. Embedded derivatives are carried on the consolidated balance sheets at fair value in the same line item as the host contract.

FIA and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates, and policyholder behavior. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. The host contract accretion rate is updated each quarter so that the present value of actual and expected guaranteed cash flows is equal to the initial host value. Changes in the fair value of embedded derivatives associated with FIAs and indexed universal life insurance contracts are reflected in interest sensitive contract benefits on the consolidated statements of income.

In general, the change in the fair value of the embedded derivatives will not directly correspond to the change in fair value of the hedging derivative assets. The derivatives are intended to hedge the index credits expected to be granted at the end of the current term. The options valued in the embedded derivatives represent the rights of the policyholder to receive index credits over the entire period the FIAs are expected to be in force, which are typically much longer than the current term of the options. From an economic basis we believe it is suitable to hedge with options that align with index terms of our FIA products 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 differences in the recognition of income and expense for accounting purposes.

A significant assumption in determining policy liabilities for FIAs is the vector of rates used to discount the excess projected contract values. The change in risk free rates is expected to drive most of the movement in the discount rates between periods. Changes to credit spreads for a given credit rating as well as any change to our credit rating requiring a revised level of nonperformance risk would also be factors in the changes to the discount rate. If the discount rates used to discount the excess projected contract values were to fluctuate, there would be a resulting change in reserves for FIAs recorded through the consolidated statements of income.

As of December 31, 2019, we had embedded derivative liabilities classified as Level 3 in the fair value hierarchy of $10.9 billion. The increase (decrease) to the embedded derivatives on FIA products from hypothetical changes in discount rates is summarized as follows:

| *(In millions)* | December 31, 2019 |
|---|---|
| +100 bps discount rate | $ (904) |
| −100 bps discount rate | 1,038 |

However, these estimated effects do not take into account potential changes in other variables, such as equity price levels and market volatility, which can also contribute significantly to changes in carrying values. Therefore, the quantitative impact presented in the table above does not necessarily correspond to the ultimate impact on the consolidated financial statements. In determining the ranges, we have considered current market conditions, as well as the market level of discount rates that can reasonably be anticipated over the near-term. For additional information regarding sensitivities to interest rate risk and public equity risk, see *Item 7A. Quantitative and Qualitative Disclosures About Market Risks*.

*Valuation of Embedded Derivatives in Modco or Funds Withheld*

Reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. The right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of the embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is recognized in funds withheld at interest and funds withheld liability on the consolidated balance sheets for assumed and ceded agreements, respectively. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the consolidated statements of income.

*Valuation of Derivative Contracts*

Derivative contracts can be exchange-traded or OTC. Exchange-traded derivative contracts (for example, futures) typically fall within Level 1 of the fair value hierarchy depending on trading activity. OTC derivative contracts (for example, swaps) are valued using valuation models or an income approach using third-party broker-dealer 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 derivative liabilities. The majority of our derivatives trade in liquid markets; therefore, the model inputs and model selection does not involve significant judgment. As of December 31, 2019, we had derivative contract assets classified in the fair value hierarchy as Level 1 of $10 million, Level 2 of $2.9 billion and Level 3 of $0 million. As of December 31, 2019, we had derivative contract liabilities classified in the fair value hierarchy as Level 1 of $1 million, Level 2 of $93 million and Level 3 of $3 million.

***Deferred Acquisition Costs, Deferred Sales Inducements, and Value of Business Acquired***

Costs related directly to the successful acquisition of new or renewal insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances. We perform periodic tests, including at issuance, to determine if the deferred costs are recoverable. If it is determined that the deferred costs are not recoverable, we record a cumulative charge to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration, changes in the GLWB and GMDB reserves, and realized gains (losses) on investments. Current period gross profits for FIAs also include the change in fair value of both freestanding and embedded derivatives.

Our estimates of expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the use of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, we update estimated gross profits with actual gross profits as part of the amortization process. We also periodically revise the key assumptions used in the amortization calculation which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. The fair value of the liabilities purchased is determined using market participant assumptions at the time of acquisition and represents the amount an acquirer would expect to be compensated to assume the contracts. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions, as previously discussed in future policy benefits. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the consolidated balance sheets as the associated reserves. Positive VOBA is recorded in DAC, DSI and VOBA on the consolidated balance sheets.

VOBA associated with immediate annuity contracts classified as long-duration contracts is amortized at a constant rate in relation to net policyholder liabilities. For universal life-type policies and investment contracts with significant revenue streams from sources other than investment of policyholder funds, VOBA is amortized in relation to the present value of estimated gross profits using methods consistent with those used to amortize DAC and DSI. Negative VOBA is amortized at a constant rate in relation to applicable net policyholder liabilities.

Estimated future gross profits vary based on a number of factors but are typically most sensitive to changes in investment spread margins, which are the most significant component of gross profits. If estimated gross profits for all future years on business in force were to change, including the impacts of shadow adjustments, there would be a resulting increase or decrease to the balances of DAC, DSI and VOBA recorded as an increase or decrease to amortization of DAC, DSI, and VOBA on the consolidated statements of income or AOCI.

Actual gross profits will depend on actual margins, including the changes in the value of embedded derivatives. The most sensitive assumption in determining the value of the embedded derivative is the vector of rates used to discount the excess projected contract values. If the discount rates used to discount the excess projected contract values were to change, there would be a resulting increase or decrease to the balances of DAC, DSI and VOBA recorded as an increase or decrease in amortization of DAC, DSI, and VOBA on the consolidated statements of income.

As of December 31, 2019, DAC, DSI and VOBA totaled $5.0 billion. The increases (decreases) to DAC, DSI and VOBA from hypothetical changes in estimated future gross profits and the embedded derivative discount rate are summarized as follows:

| | December 31, 2019 | | | |
|---|---|---|---|---|
| *(In millions)* | DAC | DSI | VOBA | Total |
| +10% estimated future gross profits | $ 130 | $ 30 | $ 54 | $ 214 |
| −10% estimated future gross profits | (150) | (34) | (60) | (244) |
| +100 bps discount rate | (149) | (53) | (39) | (241) |
| −100 bps discount rate | 173 | 63 | 45 | 281 |

***Consolidation***

We consolidate all entities in which we hold a controlling financial interest as of the financial statement date whether through a majority voting interest or otherwise, including those investment funds that meet the definition of a VIE in which we are determined to be the primary beneficiary. If we are not the primary beneficiary, the general partner or another limited partner may consolidate the investment fund, and we record the investment as an equity method investment. See *Note 4 – Variable Interest Entities* to the consolidated financial statements.

The determination as to whether an entity qualifies as a VIE depends on the underlying facts and circumstances surrounding each entity. Our assessment of whether an entity is a VIE may require significant judgment. Those judgments may include, but are not limited to: (1) determining whether the total equity investment at risk is sufficient to permit the entity to finance its activities without additional subordinated financial support; (2) evaluating whether the holders of the equity investment at risk, as a group, lack any characteristics of a controlling financial interest, such as the obligation to absorb losses, right to receive expected residual returns or the ability to make decisions that have a significant effect on the success of the entity; and (3) determining whether the equity investors’ voting rights are not proportional to their economic rights, and whether substantially all of the activities of the entity either involve or are conducted on behalf of an investor with disproportionately fewer voting rights.

Judgments are also made in determining whether we, as a variable interest holder, are required to consolidate the VIE as its primary beneficiary. Determining whether we are the primary beneficiary may require significant judgment. Generally, the primary beneficiary is the party that has both the power to direct the activities that most significantly impact the VIE’s economic performance and the right to receive benefits or obligation to absorb losses that could be potentially significant to the VIE. This analysis considers related party and de-facto agent relationships, as well as indirect interests we may hold in the entity being evaluated. For example, we may not be deemed to control the VIE; however, to the extent the controlling party is a related party or a de-facto agent, we perform an additional assessment to determine if substantially all of the activities of the VIE are conducted on our behalf and we are therefore the primary beneficiary. This assessment is primarily qualitative and focused on the relationship between us and the VIE being evaluated, but also includes an analysis of the VIE’s economic impacts we receive. Additionally, in situations where the related parties share power or are under common control, we evaluate the nature of the relationship and activities of the parties involved to determine which party within the related-party group is most closely associated with the VIE and therefore required to consolidate.

Additionally, determining whether a VIE meets the criteria of an investment company is qualitative in nature and may involve significant judgment. The significance of this distinction relates to whether the investment fund retains the specialized accounting afforded investment companies.

To be deemed an investment company an entity must, at a minimum, meet the following fundamental criteria: (1) obtain funds from one or more investors and provides the investor(s) with defined investment management services, (2) commit to its investor(s) that its business purpose and only substantive activities are investing funds solely for returns from capital appreciation, investment income, or both, and (3) it or its affiliates do not obtain or have the objective of obtaining returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests or that are other than capital appreciation or investment income.

If the three fundamental characteristics are met, we evaluate whether the entity possesses some or all of the following typical characteristics that are generally associated with an investment company: (1) has more than one investment, (2) has more than one investor, (3) has investors that are not related parties of the parent entity (if there is a parent) and the investment manager, (4) has ownership interests in the form of equity or partnership interests, and (5) manages substantially all of its investments on a fair value basis. Lacking one or more of these characteristics does not preclude an entity from being considered an investment company. All relevant facts and circumstances are taken into consideration in making a final determination.

***Income Taxes***

In determining our income taxes, management is required to interpret complex income tax laws and regulations. We are subject to examinations by federal, state, local and foreign income tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. We recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by the relevant taxing authorities based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. The aggregate amount of any additional income tax liabilities that may result from these examinations, if any, is not expected to have a material impact on our consolidated financial results. For more information regarding income taxes, see *Note 12 – Income Taxes* to the consolidated financial statements.

Accounting for income taxes involves numerous estimates and assumptions regarding various events and transactions based on management's judgment and interpretation of the laws and regulations enacted as of the reporting date. Deferred tax assets and liabilities resulting from temporary differences between the financial reporting and tax basis of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. We routinely evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more-likely-than-not some portion of the tax benefit will not be realized. We have deferred tax assets primarily related to reserve valuation differences, net operating losses, DAC and employee benefit plans.

On a quarterly basis, we test the value of deferred tax assets for impairment at the taxpaying-component level within each tax jurisdiction. Significant judgment and estimates are required in determining whether valuation allowances should be established as well as the amount of such allowances. When making such determination, consideration is given to, among other things, the following:

- whether sufficient taxable income exists within the allowed carryback or carryforward periods;
- whether future reversals of existing taxable temporary differences will occur, including any tax planning strategies that could be utilized;
- nature or character (e.g., ordinary vs. capital) of the deferred tax assets and liabilities; and
- whether future taxable income exclusive of reversing temporary differences and carryforwards exists.

We may be required to change the provision for income taxes in certain circumstances. Examples of such circumstances include when the ultimate deductibility of certain items is challenged by taxing authorities, when it becomes clear that certain items will not be challenged, when forecasted results used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events such as changes in tax legislation could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in our consolidated financial statements in the period to which these changes apply.

We expect that earnings from AHL's U.S. subsidiaries will not be subject to U.S. dividend withholding tax under the UK Treaty. Any dividends remitted to AHL from ALRe are not subject to withholding tax.

**Impact of Recent Accounting Pronouncements**

For a discussion of new accounting pronouncements affecting us, see *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* to the consolidated financial statements.

## Item 7A. Quantitative and Qualitative Disclosures About Market Risks

### Risk Management Framework

The function of our risk management framework is to identify, assess and prioritize risks to ensure that both senior management and the board of directors understand and can manage our risk profile. The processes supporting risk management are designed to ensure that our risk profile is consistent with our stated risk appetite and that we maintain sufficient capital to support our corporate plan, while meeting the requirements imposed by our policyholders, shareholders, and regulators. Risk management strives to enable us to maximize the value of our existing business platform to shareholders, preserve our ability to realize business and market opportunities under moderately stressful market conditions, and to withstand the impact of severely adverse events.

The risk management framework includes a governance committee structure that supports accountability in current risk-based decision making, and effective risk management. Governance committees are established at three levels: the board of directors, AHL management, and subsidiary management. We utilize a host of assessment tools to monitor and assess our risk profile, results of which are shared with senior management periodically at management level committees such as the management risk committee (MRC) and the management investment committee (MIC) and with the board of directors quarterly. Business management retains the primary responsibility for day-to-day management of risk.

*Risk Management*

The risk management team structure consists of an enterprise risk management (ERM) team, a derivatives trading team and an asset risk team. The risk management team is led by our Chief Risk Officer, who reports to the chair of the AHL Risk Committee. Our risk management team is comprised of approximately 35 dedicated, full-time employees.

*Asset and Liability Management*

Asset and liability risk management is a joint effort that spans business management and the entire risk management team. Processes established to analyze and manage the risks of our assets and liabilities include but are not limited to:

- analyzing our liabilities to ascertain their sensitivity to behavioral variations and changes in market conditions and actuarial assumptions;
- analyzing interest rate risk, cash flow mismatch, and liquidity risk management;
- performing scenario and stress analyses to examine their impacts on capital and earnings;
- performing cash flow testing and capital modeling;
- modeling the values of the derivatives embedded in our policy liabilities so that they can be effectively hedged;
- hedging unwanted risks, including from embedded derivatives, interest rate exposures and currency risks;
- reviewing our corporate plan and strategic objectives, and identifying prospective risks to those objectives under normal and stressed economic, behavioral and actuarial conditions; and
- providing appropriate risk reports that show consolidated risk exposures from assets and liabilities as well as the economic consequences of stress events and scenarios.

### Market Risk and Management of Market Risk Exposures

Market risk is the risk of incurring losses due to adverse changes in market rates and prices. Included in market risk are potential losses in value due to credit and counterparty risk, interest rate risk, currency risk, commodity price risk, equity price risk and inflation risk. We are primarily exposed to credit risk, interest rate risk, equity price risk and inflation risk.

*Credit Risk and Counterparty Risk*

In order to operate our business model, which is based on earning spread income, we must bear credit risk. However, as we assume credit risk through our investment, reinsurance and hedging activities, we endeavor to ensure that risk exposures remain diversified, that we are adequately compensated for the risks we assume and that the level of risk is consistent with our risk appetite and objectives.

Credit risk is a key risk taken in the asset portfolio, as the credit spread on our investments is what drives our spread income. We manage credit risk by avoiding idiosyncratic risk concentrations, understanding and managing our systematic exposure to economic and market conditions through stress testing, monitoring investment activity daily and distinguishing between price and default risk from credit exposures. Concentration and portfolio limits are designed to ensure that exposure to default and impairment risk is sufficiently modest so as to not represent a solvency risk to us, even in severe economic conditions.

The investment teams within Apollo, which manage substantially all of our fixed income assets, focus on in-depth, bottom-up portfolio construction, and disciplined risk management. Their approach to taking credit risk is formulated based on:

- a fundamental view on existing and potential opportunities at the security level;
- an assessment of the current risk/reward proposition for each market segment;
- identification of downside risks and assigning a probability for those risks; and
- establishing a plan for best execution of the investment action.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risks**

A dedicated set of AHL risk managers, who are on-site with Apollo, monitor the asset risks to ensure that such risks are consistent with our risk appetite, standards for committing capital, and overall strategic objectives. Our risk management team is also a key contributor to the OTTI/credit impairment evaluation process.

In addition to credit-risk exposures from our investment portfolio, we are also exposed to credit risk from our counterparty exposures from our derivative hedging and reinsurance activities. Derivative counterparty risk is managed by trading on a collateralized basis with counterparties under International Swaps and Derivatives Association documents with a credit support annex having low or zero-dollar collateral thresholds.

We utilize reinsurance to mitigate risks that are inconsistent with our strategy or objectives. For example, we have reinsured much of the mortality risk we would otherwise have accumulated through our various acquisitions, allowing us to focus on our core annuity business. These reinsurance agreements expose us to the credit risk of our counterparties. We manage this risk to avoid counterparty risk concentrations through various mechanisms: utilization of reinsurance structures such as funds withheld or modco so as to retain ownership of the assets and limit counterparty risk to the cost of replacing the counterparty; diversification across counterparties; and when possible, novating policies to eliminate counterparty risk altogether.

*Interest Rate Risk*

Significant interest rate risk may arise from mismatches in the timing of cash flows from our assets and liabilities. Management of interest rate risk at the company-wide level, and at the various operating company levels, is one of the main risk management activities in which senior management engages.

Depending upon the materiality of the risk and our assessment of how we would perform across a spectrum of interest rate environments, we may seek to mitigate interest rate risk using on-balance-sheet strategies (portfolio management) or off-balance-sheet strategies (derivative hedges such as interest rate swaps and futures). We monitor ALM metrics (such as key-rate durations and convexity) and employ quarterly cash flow testing requirements across all of our insurance companies to assure the asset and liability portfolios are managed to maintain net interest rate exposures at levels that are consistent with our risk appetite. We have established a set of exposure and stress limits to communicate our risk tolerance and to ensure adherence to those risk tolerance levels. Risk management personnel and the MRC and MIC (together, management committees) are notified in the event that risk tolerance levels are exceeded. Depending on the specific risk threshold that is exceeded, the appropriate management committee then makes a decision as to what actions, if any, should be undertaken.

Active portfolio management is performed by the investment managers at Apollo, with direction from the management committees. ALM risk is also managed by the management committees. The performance of our investment portfolio managed by Apollo is reviewed periodically by the management committees and the board of directors. The management committees strive to improve returns to shareholders and protect policyholders, while dynamically managing the risk within our expectations.

*Equity Risk*

Our FIAs require us to make payments to policyholders that are dependent on the performance of equity market indices. We seek to minimize the equity risk from our liabilities by economically defeasing this equity exposure with granular, policy-level-based hedging. In addition, our investment portfolio can be invested in strategies involving public and private equity positions, though in general, we have limited appetite for passive, public equity investments.

The equity index hedging framework implemented is one of static and dynamic replication. Unique policy-level liability options are matched with static OTC options and residual risk arising from policyholder behavior and other trading constraints (for example minimum trade size) are managed dynamically by decomposing the risk of the portfolio (asset and liability positions) into market risk measures which are managed to pre-established risk limits. The portfolio risks are measured overnight and rebalanced daily to ensure that the risk profile remains within risk appetite. Valuation is done at the position level, and risks are aggregated and shown at the level of each underlying index. Risk measures that have term structure sensitivity, such as index volatility risk, and interest rate risk, are monitored and risk managed along the term structure.

We are also exposed to equity risk in our alternative investment portfolio. The form of those investments is typically a limited partnership interest in a fund. We currently target fund investments that have characteristics resembling fixed income investments versus those resembling pure equity investments, but as holders of partnership positions, our investments are generally held as equity positions. Alternative investments are comprised of several categories, including at the most liquid end of the spectrum “liquid strategies,” (which is mostly exposure to publicly traded equities), followed by “differentiated investments”, “credit funds”, “private equity” and “real assets.”

Our investment mandate in our alternative investment portfolio is inherently opportunistic. Each investment is examined and analyzed on its own merits to gain a full understanding of the risks present, and with a view toward determining likely return scenarios, including the ability to withstand stress in a downturn. We have a strong preference for alternative investments 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 we believe have less downside risk.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risks**

The alternative investment portfolio is monitored to ensure diversification across asset classes and strategy, and the portfolio's performance under stress scenarios is evaluated routinely as part of management and board reviews. Since alternative investments are marked-to-market on the balance sheet, risk analyses focus on potential changes in market value across a variety of market stresses.

*Currency Risk*

We manage our currency risk so as to maintain minimal exposure to currency fluctuations. We attempt to hedge completely the currency risk arising in our investment portfolio or FIA products. In general, we match currency exposure of assets and liabilities. When the currency denominations of the assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate currency mismatch risk.

*Inflation Risk*

We manage our inflation risk so as to maintain minimal exposure to changes in purchasing power. In general, we attempt to match inflation exposure of assets and liabilities. When the inflation exposure profiles of assets and liabilities do not match, we generally undertake hedging activities to eliminate or mitigate inflation mismatch risk. We attempt to hedge the majority of inflation risk arising from the PRT business that we reinsure.

*Scenario Analysis*

We evaluate our exposure to market risk through internally defined modeling of our portfolio performance during times of economic stress. We manage our business, capital and liquidity needs to withstand stress scenarios and target capital we believe will maintain our current ratings in a moderate recession scenario and will allow us to continue to be rated investment grade under a substantially severe financial crisis akin to the Lehman scenario in 2008. In the recession scenario, we calibrate recessionary shocks to several key risk factors (including but not limited to, S&P 500, BBB corporate spreads, high yield corporate spreads and 2 year and 10 year U.S. Treasury yields) using data from the 1991, 2001, and 2008 recessions, and estimate mark to market impacts to the various sectors in our portfolio using regression analysis of their credit spreads to the key risk factors. In the Lehman scenario, we use credit spread and interest rate movements from the 2008–2009 period to estimate mark to market changes, and we use default probabilities from the same 2008-2009 period, along with stressed recovery and ratings migration rates, to estimate OTTI impacts. We review the impacts of our stress test analyses quarterly with management.

**Sensitivities**

*Interest Rate Risk*

We assess interest rate exposures for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there was an immediate, parallel increase in interest rates of 25 basis points from levels as of December 31, 2019, we estimate a net decrease to our point-in-time pre-tax income from changes in the fair value of these financial instruments of $179 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC, DSI, and VOBA amortization and changes to rider reserves, resulting in an offsetting increase to our pre-tax income of $53 million. If there were a similar parallel increase in interest rates from levels as of December 31, 2018, we estimate a net decrease to our point-in-time pre-tax income from changes in the fair value of these financial instruments of $199 million with an additional decrease to pre-tax income of $23 million from DAC, DSI, and VOBA amortization and changes in rider reserves. The increase in the estimated impacts of the DAC, DSI and VOBA amortization and changes in rider reserves as of December 31, 2019 compared to December 31, 2018 is primarily driven by higher gross profits attributed to the favorable change in fair value of reinsurance assets. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include derivative instruments, embedded derivatives and certain fixed maturity securities. The sensitivity analysis excludes those financial instruments carried at fair value for which changes in fair value are recognized in equity, such as AFS fixed maturity securities.

Assuming a 25 basis point increase in interest rates that persists for a 12-month period, the estimated impact to adjusted operating income would be an increase of approximately $30 – $35 million. This is driven by an increase in investment income from floating rate assets, offset by DAC, DSI, and VOBA amortization and rider reserve change, all calculated without regard to future changes to assumptions. We are unable to make forward-looking estimates regarding the impact on net income of changes in interest rates that persist for a period of time as a result of an inability to determine how such changes will affect certain of the items that we characterize as “non-operating adjustments” in our reconciliation between net income available to AHL common shareholders and adjusted operating income available to common shareholders. See *Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations-Results of Operations by Segment* for the reconciliation of net income available to AHL common shareholders to adjusted operating income available to common shareholders. The impact of changing rates on these non-operating adjustments is likely to be significant. See above for a discussion regarding the estimated impact on net income of an immediate, parallel increase in interest rates of 25 basis points from levels as of December 31, 2019, which discussion encompasses the impact of such an increase on certain of the non-operating adjustment items.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risks**

The models used to estimate the impact of a 25 basis point change in market interest rates incorporate numerous assumptions, require significant estimates and assume an immediate change in interest rates without any discretionary management action to counteract such a change. Consequently, potential changes in our valuations indicated by these simulations will likely be different from the actual changes experienced under any given interest rate scenarios and these differences may be material. Because we actively manage our assets and liabilities, the net exposure to interest rates can vary over time. However, any such decreases in the fair value of fixed maturity securities, unless related to credit concerns of the issuer requiring recognition of an OTTI, would generally be realized only if we were required to sell such securities at losses to meet liquidity needs.

*Public Equity Risk*

We assess public equity market risk for financial assets and financial liabilities using hypothetical stress tests and exposure analyses. Assuming all other factors are constant, if there were a decline in public equity market prices of 10% as of December 31, 2019, we estimate a net decrease to our pre-tax income from changes in the fair value of these financial instruments of $415 million. The net change in fair value for these financial instruments would directly impact the current period gross profits and assessments used in the calculations of DAC, DSI, and VOBA amortization and changes to rider reserves, resulting in an offsetting increase to our pre-tax income of $167 million. As of December 31, 2018, we estimate that a decline in public equity market prices of 10% would cause a net decrease to our pre-tax income from changes in the fair value of these financial instruments of $214 million with an offsetting increase to our pre-tax income of $74 million from DAC, DSI, and VOBA amortization and changes in rider reserves. The decrease in the estimated outcome of the sensitivity analysis as of December 31, 2019 when compared to that as of December 31, 2018 is driven by equity market performance during 2019 which has resulted in more equity exposure to public equity market price declines. The financial instruments included in the sensitivity analysis are carried at fair value and changes in fair value are recognized in earnings. These financial instruments include public equity investments, derivative instruments and the FIA embedded derivative.

**Item 8. Financial Statements and Supplementary Data**

**Index to Consolidated Financial Statements**


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## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders
of Athene Holding Ltd.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Athene Holding Ltd. and its subsidiaries (the "Company") as of December 31, 2019 and 2018, and the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for each of the three years in the period ended December 31, 2019, including the related notes and financial statement schedules listed in the index appearing under Item 15(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

***Critical Audit Matters***

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

*Valuation of certain structured fixed maturity securities*

As described in Notes 2 and 5 to the consolidated financial statements, structured fixed maturity securities include collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), and commercial mortgage-backed securities (CMBS), which represented approximately 21% of the Company's total $107,952 million in investments and 21% of the Company's $21,893 million in investments in related parties as of December 31, 2019. Management utilized 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 and unobservable inputs to value certain of its structured fixed maturity securities. The significant unobservable inputs include discount rates, issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers.

The principal considerations for our determination that performing procedures relating to the valuation of certain structured fixed maturity securities is a critical audit matter are (i) there was significant judgment by management in determining the fair value of these investments as the valuation uses significant unobservable inputs, specifically, the discount rate, estimation of cash flows, and liquidity assumptions, which led to a high degree of auditor judgment, subjectivity and effort in performing the procedures relating to the estimate; and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of certain structured fixed maturity securities, including controls over the development of the model and the significant unobservable inputs. These procedures also included, among others, developing an independent estimate of the value for a sample of the securities by obtaining independent pricing from third party vendors, if available. For a sample of structured fixed maturity securities, professionals with specialized skill and knowledge were used to assist in developing an independent range of prices and comparing management's estimate to the independently developed ranges. Developing the independent estimate involved utilizing a range of available market inputs and assumptions specific to the discount rate, estimation of cash flows, and liquidity assumptions, and testing the completeness and accuracy of data provided by management.

*Valuation of embedded derivatives of fixed indexed annuities*

As described in Notes 1, 3 and 5 to the consolidated financial statements, the Company issues and reinsures fixed indexed annuity products that contain embedded derivatives, valued at $10,942 million as of December 31, 2019. Fixed indexed annuity contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which includes assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates, and policyholder behavior assumptions including lapses and the use of benefit riders.

The principal considerations for our determination that performing procedures relating to the valuation of embedded derivatives of fixed indexed annuities is a critical audit matter are (i) there was significant judgment by management in estimating the fair value of embedded derivatives, specifically the significant policyholder behavior assumptions including lapse and the use of benefit riders, which in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the audit evidence relating to the significant assumptions, and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of embedded derivatives of fixed indexed annuities, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of embedded derivatives for fixed indexed annuities, which included (i) evaluating the appropriateness of the methods used in the valuation of the embedded derivatives of fixed indexed annuities, and (ii) evaluating the reasonableness of management's significant assumptions of policyholder behavior assumptions including lapses and the use of benefit riders.

*Valuation of guaranteed lifetime withdrawal benefits (GLWB)*

As described in Note 1 to the consolidated financial statements, the Company issues and reinsures fixed indexed annuity products, which contain GLWB riders. The Company establishes future policy benefits reserve for GLWB by estimating the expected value of withdrawal benefits in excess of the projected account balance. The excess is recognized proportionally over the accumulation period based on total actual and expected assessments. The methods used to estimate future policy benefit reserve have assumptions about policyholder behavior, which includes lapses, withdrawals and use of benefit riders; mortality; expected yield on investments supporting the liability; and market conditions affecting the account balance growth.

The principal considerations for our determination that performing procedures relating to the valuation of the GLWB is a critical audit matter are (i) there was significant judgment by management in estimating the future policy benefit reserve of the GLWB rider, specifically the significant assumptions about policyholder behavior, including lapses and use of benefit riders, and the expected yield on investments supporting the liability which in turn led to a high degree of auditor judgment, subjectivity and effort in evaluating the audit evidence relating to the significant assumptions and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of GLWB, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of GLWB, which included (i) evaluating the appropriateness of the method used in the valuation of GLWB, and (ii) evaluating the reasonableness of management's significant assumptions about policyholder behavior, including lapses and use of benefit riders, and the expected yield on investments supporting the liability.

*Valuation of deferred acquisition costs (DAC)*

As described in Notes 1 and 7 to the consolidated financial statements, costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Estimates of the expected gross profits are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the use of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives.

The principal considerations for our determination that performing procedures relating to the valuation of DAC is a critical audit matter are (i) there was significant judgment by management in estimating the future gross profits used to amortize the DAC, specifically the significant policyholder behavior assumptions related to lapses and the use of benefit riders and yields on investments supporting the liabilities, which in turn led to a high degree of auditor judgment, subjectivity, and judgment in evaluating the audit evidence relating to the significant assumptions and (ii) the audit effort involved the use of professionals with specialized skill and knowledge to assist in performing procedures and evaluating the audit evidence obtained.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of DAC, including controls over the development of significant assumptions. These procedures also included, among others, testing the completeness and accuracy of key data underlying the development of the significant assumptions, and the involvement of professionals with specialized skill and knowledge to assist in testing management's process for determining the valuation of DAC, which included (i) evaluating the appropriateness of the actuarial methods used in the valuation of DAC, and (ii) evaluating the reasonableness of management's significant assumptions including lapses and the use of benefit riders and yields on investments supporting the liabilities.

/s/ PricewaterhouseCoopers LLP
Des Moines, Iowa
February 20, 2020

We have served as the Company's auditor since 2015.

**ATHENE HOLDING LTD.**
**Consolidated Balance Sheets**

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| **Assets** | | |
| Investments | | |
| Available-for-sale securities, at fair value (amortized cost: 2019 – $67,479 and 2018 – $60,025) | $ 71,374 | $ 59,265 |
| Trading securities, at fair value | 2,054 | 1,949 |
| Equity securities, at fair value | 247 | 216 |
| Mortgage loans, net of allowances (portion at fair value: 2019 – $27 and 2018 – $32) | 14,306 | 10,340 |
| Investment funds (portion at fair value: 2019 – $154 and 2018 – $182) | 731 | 703 |
| Policy loans | 417 | 488 |
| Funds withheld at interest (portion at fair value: 2019 – $801 and 2018 – $57) | 15,181 | 15,023 |
| Derivative assets | 2,888 | 1,043 |
| Short-term investments (portion at fair value: 2019 – $406 and 2018 – $191) | 596 | 191 |
| Other investments (portion at fair value: 2019 – $93 and 2018 – $52) | 158 | 122 |
| Total investments | 107,952 | 89,340 |
| Cash and cash equivalents | 4,237 | 2,911 |
| Restricted cash | 402 | 492 |
| Investments in related parties | | |
| Available-for-sale securities, at fair value (amortized cost: 2019 – $3,783 and 2018 – $1,462) | 3,804 | 1,437 |
| Trading securities, at fair value | 785 | 249 |
| Equity securities, at fair value | 58 | 120 |
| Mortgage loans | 653 | 291 |
| Investment funds (portion at fair value: 2019 – $252 and 2018 – $201) | 2,886 | 2,232 |
| Funds withheld at interest (portion at fair value: 2019 – $594 and 2018 – $(110)) | 13,220 | 13,577 |
| Other investments | 487 | 386 |
| Accrued investment income (related party: 2019 – $27 and 2018 – $25) | 807 | 682 |
| Reinsurance recoverable (related party: 2019 – $0 and 2018 – $344; portion at fair value: 2019 – $1,821 and 2018 – $1,676) | 4,863 | 5,534 |
| Deferred acquisition costs, deferred sales inducements and value of business acquired | 5,008 | 5,907 |
| Other assets (related party: 2019 – $0 and 2018 – $357) | 985 | 1,635 |
| Assets of consolidated variable interest entities | | |
| Investments | | |
| Trading securities, at fair value (related party: 2019 – $0 and 2018 – $35) | 16 | 35 |
| Equity securities, at fair value – related party | 6 | 50 |
| Investment funds (related party: 2019 – $664 and 2018 – $583; portion at fair value: 2019 – $567 and 2018 – $567) | 683 | 624 |
| Cash and cash equivalents | 3 | 2 |
| Other assets | 20 | 1 |
| **Total assets** | $ 146,875 | $ 125,505 |

*(Continued)*

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Balance Sheets**

| | December 31, | |
|---|---|---|
| *(In millions, except per share data)* | 2019 | 2018 |
| **Liabilities and Equity** | | |
| **Liabilities** | | |
| Interest sensitive contract liabilities (related party: 2019 – $15,285 and 2018 – $16,850; portion at fair value: 2019 – $11,992 and 2018 – $8,901) | $ 102,745 | $ 96,610 |
| Future policy benefits (related party: 2019 – $1,302 and 2018 – $1,259; portion at fair value: 2019 – $2,301 and 2018 – $2,173) | 23,330 | 16,704 |
| Other policy claims and benefits (related party: 2019 – $13 and 2018 – $10) | 138 | 142 |
| Dividends payable to policyholders | 113 | 118 |
| Short-term debt | 475 | — |
| Long-term debt | 992 | 991 |
| Derivative liabilities | 97 | 85 |
| Payables for collateral on derivatives and securities to repurchase | 3,255 | 969 |
| Funds withheld liability (related party: 2019 – $0 and 2018 – $337; portion at fair value: 2019 – $31 and 2018 – $(1)) | 408 | 721 |
| Other liabilities (related party: 2019 – $79 and 2018 – $59) | 1,181 | 889 |
| **Total liabilities** | 132,734 | 117,229 |
| **Commitments and Contingencies (Note 15)** | | |
| **Equity** | | |
| Preferred stock | | |
| Series A – par value $1 per share; $863 aggregate liquidation preference; authorized, issued and outstanding: 2019 and 2018 – 0.0 shares | — | — |
| Series B – par value $1 per share; $345 aggregate liquidation preference; authorized, issued and outstanding: 2019 and 2018 – 0.0 shares | — | — |
| Common stock | | |
| Class A – par value $0.001 per share; authorized: 2019 and 2018 – 425.0 shares; issued and outstanding: 2019 – 143.2 and 2018 – 162.4 shares | — | — |
| Class B – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 325.0 shares; issued and outstanding: 2019 – 25.4 and 2018 – 25.4 shares | — | — |
| Class M-1 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.1 shares; issued and outstanding: 2019 – 3.3 and 2018 – 3.4 shares | — | — |
| Class M-2 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 5.0 shares; issued and outstanding: 2019 – 0.8 and 2018 – 0.8 shares | — | — |
| Class M-3 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.5 shares; issued and outstanding: 2019 – 1.0 and 2018 – 1.0 shares | — | — |
| Class M-4 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.5 shares; issued and outstanding: 2019 – 4.0 and 2018 – 4.1 shares | — | — |
| Additional paid-in capital | 4,171 | 3,462 |
| Retained earnings | 6,939 | 5,286 |
| Accumulated other comprehensive income (loss) (related party: 2019 – $17 and 2018 – $(25)) | 2,281 | (472) |
| Total Athene Holding Ltd. shareholders' equity | 13,391 | 8,276 |
| Noncontrolling interests | 750 | — |
| **Total equity** | 14,141 | 8,276 |
| **Total liabilities and equity** | $ 146,875 | $ 125,505 |

*(Concluded)*

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Statements of Income**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions, except per share data)* | 2019 | 2018 | 2017 |
| **Revenues** | | | |
| Premiums (related party: 2019 – $243, 2018 – $679 and 2017 – $0) | $ 6,382 | $ 3,462 | $ 2,526 |
| Product charges (related party: 2019 – $54, 2018 – $34 and 2017 – $0) | 524 | 449 | 340 |
| Net investment income (related party investment income: 2019 – $707, 2018 – $539 and 2017 – $220; and related party investment expense: 2019 – $426, 2018 – $349 and 2017 – $318) | 4,522 | 4,004 | 3,269 |
| Investment related gains (losses) (related party: 2019 – $1,008, 2018 – $(77) and 2017 – $(16)) | 4,752 | (1,324) | 2,572 |
| Other-than-temporary impairment investment losses | | | |
| Other-than-temporary impairment losses | (44) | (24) | (29) |
| Other-than-temporary impairment losses reclassified to (from) other comprehensive income | 6 | 6 | (4) |
| Net other-than-temporary impairment losses | (38) | (18) | (33) |
| Other revenues | 37 | 26 | 37 |
| Revenues of consolidated variable interest entities | | | |
| Net investment income (related party: 2019 – $72, 2018 – $55 and 2017 – $42) | 74 | 56 | 42 |
| Investment related gains (losses) (related party: 2019 – $1, 2018 – $(21) and 2017 – $35) | 5 | (18) | 35 |
| **Total revenues** | 16,258 | 6,637 | 8,788 |
| **Benefits and expenses** | | | |
| Interest sensitive contract benefits (related party: 2019 – $511, 2018 – $63 and 2017 – $0) | 4,557 | 290 | 2,866 |
| Amortization of deferred sales inducements | 74 | 54 | 63 |
| Future policy and other policy benefits (related party: 2019 – $365, 2018 – $707 and 2017 – $0) | 7,587 | 4,281 | 3,261 |
| Amortization of deferred acquisition costs and value of business acquired | 958 | 174 | 344 |
| Dividends to policyholders | 36 | 37 | 118 |
| Policy and other operating expenses (related party: 2019 – $45, 2018 – $42 and 2017 – $13) | 744 | 626 | 672 |
| **Total benefits and expenses** | 13,956 | 5,462 | 7,324 |
| **Income before income taxes** | 2,302 | 1,175 | 1,464 |
| Income tax expense | 117 | 122 | 106 |
| **Net income** | 2,185 | 1,053 | 1,358 |
| Less: Net income attributable to noncontrolling interests | 13 | — | — |
| **Net income attributable to Athene Holding Ltd. shareholders** | 2,172 | 1,053 | 1,358 |
| Less: Preferred stock dividends | 36 | — | — |
| **Net income available to Athene Holding Ltd. common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 |
| | | | |
| **Earnings per share** | | | |
| Basic – Classes A, B, M-1, M-2, M-3 and M-4 | $ 11.44 | $ 5.34 | $ 6.95 |
| Diluted – Class A | 11.41 | 5.32 | 6.91 |
| Diluted – Class B | 11.44 | 5.34 | 6.95 |
| Diluted – Class M-1 | 11.44 | 5.34 | 6.95 |
| Diluted – Class M-2 | 11.44 | 5.31 | 5.05 |
| Diluted – Class M-3 | 11.44 | 5.31 | 3.86 |
| Diluted – Class M-4 | 9.94 | 4.11 | 3.10 |

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Statements of Comprehensive Income (Loss)**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Net income | $ 2,185 | $ 1,053 | $ 1,358 |
| Other comprehensive income (loss), before tax | | | |
| Unrealized investment gains (losses) on available-for-sale securities, net of offsets | 3,444 | (2,442) | 1,312 |
| Noncredit component of other-than-temporary impairment losses on available-for-sale securities | (6) | (6) | 4 |
| Unrealized gains (losses) on hedging instruments | 29 | 146 | (105) |
| Foreign currency translation and other adjustments | 1 | (8) | 19 |
| Other comprehensive income (loss), before tax | 3,468 | (2,310) | 1,230 |
| Income tax expense (benefit) related to other comprehensive income (loss) | 698 | (431) | 334 |
| Other comprehensive income (loss) | 2,770 | (1,879) | 896 |
| **Comprehensive income (loss)** | 4,955 | (826) | 2,254 |
| Less: Comprehensive loss attributable to noncontrolling interests | (4) | — | — |
| **Comprehensive income (loss) attributable to Athene Holding Ltd. shareholders** | $ 4,959 | $ (826) | $ 2,254 |

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Statements of Equity**

| *(In millions)* | Preferred stock | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income (loss) | Total Athene Holding Ltd. shareholders' equity | Noncontrolling interests | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2016** | $ — | $ — | $ 3,421 | $ 3,094 | $ 366 | $ 6,881 | $ 1 | $ 6,882 |
| Net income | — | — | — | 1,358 | — | 1,358 | — | 1,358 |
| Other comprehensive income | — | — | — | — | 896 | 896 | — | 896 |
| Issuance of common shares, net of expenses | — | — | 1 | — | — | 1 | — | 1 |
| Stock-based compensation | — | — | 50 | — | — | 50 | — | 50 |
| Retirement or repurchase of shares | — | — | — | (10) | — | (10) | — | (10) |
| Adoption of accounting standards | — | — | — | (187) | 187 | — | — | — |
| Other changes in equity of noncontrolling interests | — | — | — | — | — | — | (1) | (1) |
| **Balance at December 31, 2017** | — | — | 3,472 | 4,255 | 1,449 | 9,176 | — | 9,176 |
| Adoption of accounting standards | — | — | — | 39 | (42) | (3) | — | (3) |
| Net income | — | — | — | 1,053 | — | 1,053 | — | 1,053 |
| Other comprehensive loss | — | — | — | — | (1,879) | (1,879) | — | (1,879) |
| Issuance of common shares, net of expenses | — | — | 2 | — | — | 2 | — | 2 |
| Stock-based compensation | — | — | 32 | — | — | 32 | — | 32 |
| Retirement or repurchase of shares | — | — | (44) | (61) | — | (105) | — | (105) |
| **Balance at December 31, 2018** | — | — | 3,462 | 5,286 | (472) | 8,276 | — | 8,276 |
| Net income | — | — | — | 2,172 | — | 2,172 | 13 | 2,185 |
| Other comprehensive income | — | — | — | — | 2,787 | 2,787 | (17) | 2,770 |
| Issuance of preferred shares, net of expenses | — | — | 1,172 | — | — | 1,172 | — | 1,172 |
| Issuance of common shares, net of expenses | — | — | 3 | — | — | 3 | — | 3 |
| Stock-based compensation | — | — | 28 | — | — | 28 | — | 28 |
| Retirement or repurchase of shares | — | — | (349) | (483) | | (832) | | (832) |
| Preferred stock dividends | — | — | — | (36) | — | (36) | — | (36) |
| Subsidiary issuance of equity interests | | — | (145) | — | (34) | (179) | 754 | 575 |
| **Balance at December 31, 2019** | $ — | $ — | $ 4,171 | $ 6,939 | $ 2,281 | $ 13,391 | $ 750 | $ 14,141 |

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Statements of Cash Flows**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| **Cash flows from operating activities** | | | |
| Net income | $ 2,185 | $ 1,053 | $ 1,358 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Amortization of deferred acquisition costs and value of business acquired | 958 | 174 | 344 |
| Amortization of deferred sales inducements | 74 | 54 | 63 |
| Net accretion of net investment premiums, discounts and other | (94) | (178) | (192) |
| Payment at inception of reinsurance agreements, net (related party: 2019 – $0, 2018 – $(407) and 2017 – $0) | — | (394) | — |
| Net investment (income) loss (related party: 2019 – $(171), 2018 – $(103) and 2017 – $(63)) | (167) | (84) | (53) |
| Net recognized (gains) losses on investments and derivatives (related party: 2019 – $(15), 2018 – $(8) and 2017 – $8) | (2,479) | 1,095 | (2,180) |
| Policy acquisition costs deferred | (645) | (919) | (493) |
| Changes in operating assets and liabilities: | | | |
| Accrued investment income (related party: 2019 – $(2), 2018 – $(15) and 2017 – $0) | (128) | (66) | (91) |
| Interest sensitive contract liabilities (related party: 2019 – $471, 2018 – $30 and 2017 – $0) | 4,003 | (365) | 2,564 |
| Future policy benefits, other policy claims and benefits, dividends payable to policyholders and reinsurance recoverable (related party: 2019 – $295, 2018 – $109 and 2017 – $0) | 1,171 | 2,457 | 2,019 |
| Funds withheld assets and liabilities (related party: 2019 – $(1,317), 2018 – $113 and 2017 – $0) | (2,582) | 270 | (419) |
| Other assets and liabilities | 367 | (240) | 283 |
| Consolidated variable interest entities related: | | | |
| Net recognized (gains) losses on investments and derivatives (related party: 2019 – $(1), 2018 – $20 and 2017 – $(36)) | (5) | 17 | (36) |
| Other operating activities, net | (2) | — | 3 |
| Net cash provided by operating activities | 2,656 | 2,874 | 3,170 |
| **Cash flows from investing activities** | | | |
| Sales, maturities and repayments of: | | | |
| Available-for-sale securities (related party: 2019 – $252, 2018 – $181 and 2017 – $131) | $ 12,762 | $ 12,121 | $ 12,634 |
| Trading securities (related party: 2019 – $40, 2018 – $30 and 2017 – $55) | 272 | 348 | 156 |
| Equity securities (related party: 2019 – $72, 2018 – $29 and 2017 – $22) | 254 | 132 | 985 |
| Mortgage loans (related party: 2019 – $4, 2018 – $13 and 2017 – $0) | 2,070 | 1,373 | 1,669 |
| Investment funds (related party: 2019 – $291, 2018 – $305 and 2017 – $349) | 416 | 481 | 496 |
| Derivative instruments and other invested assets (related party: 2019 – $0, 2018 – $2 and 2017 – $0) | 1,503 | 1,859 | 1,503 |
| Real estate | — | — | 4 |
| Short-term investments (related party: 2019 – $0, 2018 – $172 and 2017 – $65) | 398 | 538 | 351 |
| Purchases of: | | | |
| Available-for-sale securities (related party: 2019 – $(2,897), 2018 – $(811) and 2017 – $(186)) | (17,237) | (15,435) | (18,883) |
| Trading securities (related party: 2019 – $(6), 2018 – $(4) and 2017 – $0) | (495) | (54) | (89) |
| Equity securities (related party: 2019 – $(262), 2018 – $(149) and 2017 – $0) | (451) | (334) | (847) |
| Mortgage loans (related party: 2019 – $(366), 2018 – $(389) and 2017 – $0) | (6,391) | (5,745) | (2,428) |
| Investment funds (related party: 2019 – $(746), 2018 – $(1,140) and 2017 – $(509)) | (902) | (1,375) | (660) |
| Derivative instruments and other invested assets (related party: 2019 – $(100), 2018 – $(150) and 2017 – $0) | (1,299) | (1,348) | (738) |
| Real estate | — | — | (76) |
| Short-term investments (related party: 2019 – $0, 2018 – $(121) and 2017 – $(117)) | (802) | (478) | (421) |
| Consolidated variable interest entities related: | | | |
| Sales, maturities and repayments of investments (related party: 2019 – $90, 2018 – $203 and 2017 – $85) | 101 | 217 | 95 |
| Purchases of investments (related party: 2019 – $(92), 2018 – $(31) and 2017 – $(23)) | (110) | (83) | (23) |
| Deconsolidation of Athora Holding Ltd. | — | (296) | — |
| Other investing activities, net | (45) | (94) | 503 |
| Net cash used in investing activities | (9,956) | (8,173) | (5,769) |

*(Continued)*

*See accompanying notes to consolidated financial statements*

**ATHENE HOLDING LTD.**
**Consolidated Statements of Cash Flows**

| *(In millions)* | Years ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Proceeds from short-term debt | $ 475 | $ 183 | $ — |
| Repayment of short-term debt | — | (183) | — |
| Proceeds from long-term debt | — | 998 | — |
| Deposits on investment-type policies and contracts (related party: 2019 – $146, 2018 – $151 and 2017 – $0) | 11,569 | 10,262 | 9,056 |
| Withdrawals on investment-type policies and contracts (related party: 2019 – $(455), 2018 – $(252) and 2017 – $0) | (6,548) | (6,205) | (4,843) |
| Payments for coinsurance agreements on investment-type contracts, net | (44) | (2) | (33) |
| Net change in cash collateral posted for derivative transactions and securities to repurchase | 2,286 | (1,354) | 940 |
| Issuance of preferred stock, net of expenses | 1,172 | — | — |
| Preferred stock dividends | (36) | — | — |
| Repurchase of common stock | (832) | (105) | (10) |
| Subsidiary issuance of equity interests to noncontrolling interests | 575 | — | — |
| Other financing activities, net | (80) | 113 | (62) |
| Net cash provided by financing activities | 8,537 | 3,707 | 5,048 |
| Effect of exchange rate changes on cash and cash equivalents | — | — | 32 |
| Net increase (decrease) in cash and cash equivalents | 1,237 | (1,592) | 2,481 |
| Cash and cash equivalents at beginning of year[1] | 3,405 | 4,997 | 2,516 |
| **Cash and cash equivalents at end of year[1]** | $ 4,642 | $ 3,405 | $ 4,997 |
| | | | |
| **Supplementary information** | | | |
| Cash paid (refunded) for taxes | $ 36 | $ 52 | $ (64) |
| Cash paid for interest | 49 | 26 | — |
| Non-cash transactions | | | |
| Deposits on investment-type policies and contracts through reinsurance agreements (related party: 2019 – $217, 2018 – $17,619 and 2017 – $0) | 782 | 26,532 | 663 |
| Withdrawals on investment-type policies and contracts through reinsurance agreements (related party: 2019 – $1,753, 2018 – $1,050 and 2017 – $0) | 3,393 | 1,843 | 482 |
| Investments received from settlements on reinsurance agreements | 56 | 52 | 73 |
| Investments received from settlements on related party reinsurance agreements | 149 | — | — |
| Investments received from pension risk transfer premiums | 5,235 | 435 | 334 |
| Investments exchanged for related party investments | — | 95 | 26 |
| Related party investments exchanged for investments | — | 115 | — |
| Investment in Athora Holding Ltd. received upon deconsolidation | — | 108 | — |
| Ceding commission on reinsurance agreements settled in investments | — | 266 | — |
| Decrease in investments due to novation of related party reinsurance transactions | 320 | — | — |

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

*(Concluded)*

*See accompanying notes to consolidated financial statements*

## 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 United States (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 Life Re International Ltd.; and
- Athene USA Corporation, an Iowa corporation (together with its subsidiaries, Athene USA).

**Consolidation and Basis of Presentation**—Our consolidated financial statements include our wholly owned subsidiaries, investees we control and any variable interest entities (VIEs) where we are the primary beneficiary. Investments in entities that we do not control, but have the ability to exercise significant influence over operating and financing decisions, other than investments for which we have elected the fair value option, are accounted for under the equity method. Intercompany balances and transactions have been eliminated.

For entities that are consolidated, but not 100% owned, we allocate a portion of the income or loss and corresponding equity to the owners other than us. We include the aggregate of the income or loss and corresponding equity that is not owned by us in noncontrolling interests in the consolidated financial statements.

We report investments in related parties and assets and liabilities of consolidated VIEs separately, as further described in the accounting policies that follow.

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual experience could materially differ from these estimates and assumptions. Our principal estimates impact:

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

Additional details around these principal estimates and assumptions are discussed in the significant accounting policies that follow and the related footnote disclosures.

*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, Athora entered into subscription agreements pursuant to which Athora secured commitments to purchase new common shares in Athora (Athora Offering). On January 1, 2018, the Athora Offering closed and Athora called capital from all of its investors, excluding us. In connection with the closing of the Athora Offering, our equity interest in Athora was exchanged for new common shares of Athora and our interest in Athora was reduced such that immediately after the closing of the Athora Offering, we held 10% of the aggregate voting power of and less than 50% of the economic interest in Athora. Our interest in Athora has since been held as a related party investment rather than a consolidated subsidiary. We did not recognize a material amount in the consolidated statements of income upon deconsolidation in 2018.

**Summary of Significant Accounting Policies**

**Investments**

*Fixed Maturity Securities* – Fixed maturity securities includes bonds, collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and redeemable preferred stock. We classify fixed maturity securities as available-for-sale (AFS) or trading at the time of purchase and subsequently carry them at fair value. Fair value hierarchy and valuation methodologies are discussed in *Note 5 – Fair Value*. Classification is dependent on a variety of factors including our expected holding period, election of the fair value option and asset and liability matching.

AFS Securities – Unrealized gains and losses on AFS securities, net of tax and adjustments to DAC, DSI, VOBA and future policy benefits, if applicable, are generally reflected in accumulated other comprehensive income (loss) (AOCI) on the consolidated balance sheets. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the consolidated statements of income.

Trading Securities – We elected the fair value option for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the consolidated statements of income. Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the consolidated statements of cash flows is classified as investing activities.

We generally record security transactions on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the consolidated balance sheets. Bank loans, private placements and investment funds are recorded on settlement date basis.

*Equity Securities* – Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities are carried at fair value with subsequent changes in fair value recognized in net income effective January 1, 2018. Prior to January 1, 2018, the accounting for subsequent changes in the fair value of an equity security was dependent on its classification as AFS or trading as discussed previously.

*Purchased Credit Impaired (PCI) Investments* – We purchase certain structured securities, primarily RMBS, and re-performing mortgage loans having experienced deterioration in credit quality since their issuance which meet the definition of PCI investments. We determined, based on our expectations as to the timing and amount of cash flows expected to be received, that it was probable at acquisition that we would not collect all contractually required payments, including both principal and interest, while also considering the effects of any prepayments for these PCI investments. Based on these assumptions, the difference between the undiscounted expected future cash flows of the PCI investment and the recorded investment represents the initial accretable yield, which is accreted into investment income, net of related expenses, over its remaining life on a level-yield basis. The difference between the contractually required payments on the PCI investment and the undiscounted expected future cash flows represents the non-accretable difference at acquisition. Over time, based on actual payments received and changes in estimates of undiscounted expected future cash flows, the accretable yield and the non-accretable difference can change. PCI investments are presented on the consolidated financial statements consistent with AFS securities or mortgage loans depending on the underlying investment.

Quarterly, we evaluate the undiscounted expected future cash flows associated with PCI investments based on updates to key assumptions. Changes to undiscounted expected future cash flows due solely to the changes in the contractual benchmark interest rates on variable rate PCI investments will change the accretable yield prospectively. Declines in undiscounted expected future cash flows due to further credit deterioration, as well as changes in the expected timing of the cash flows, can result in the recognition of an other-than-temporary impairment (OTTI) charge for PCI securities or a valuation allowance for PCI loans. Significant increases in undiscounted expected future cash flows are recognized prospectively as an adjustment to the accretable yield.

*Mortgage Loans* – 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 its contractual interest rate. We record amortization of premiums and discounts using the effective yield method and contractual cash flows on the underlying loan. We accrue interest on loans until it is probable we will not receive interest or the loan is 90 days past due. Interest income, amortization of premiums and discounts, and prepayment fees are reported in net investment income on the consolidated statements of income. We have also elected the fair value option on a portion of our mortgage loans.

*Investment Funds* – We invest in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which we have determined we are not the primary beneficiary, and therefore not required to consolidate, we typically record these investments using the equity method of accounting, where the cost is recorded as an investment in the fund, or we have elected the fair value option. Adjustments to the carrying amount reflect our pro rata ownership percentage of the operating results as indicated by net asset value (NAV) in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

We record our proportionate share of investment fund income within net investment income on the consolidated statements of income. Contributions paid or distributions received by us are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

*Policy Loans* – Policy loans are funds provided to policyholders in return for a claim on the policyholder's account value. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder's account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the consolidated statements of income.

*Funds Withheld at Interest* – Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance (funds withheld) and modified coinsurance (modco) reinsurance agreements in which we act as reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

*Securities Repurchase and Reverse Repurchase Agreements* – Securities repurchase and reverse repurchase transactions involve the temporary exchange of securities for cash or other collateral of equivalent value, with agreement to redeliver a like quantity of the same or similar securities at a future date prior to maturity at a fixed and determinable price. We evaluate transfers of securities under these agreements to repurchase or resell to determine whether they satisfy the criteria for accounting treatment as secured borrowing or lending arrangements. Agreements not meeting the criteria would require recognition of the transferred securities as sales or purchases, with related forward repurchase or resale commitments. All of our securities repurchase transactions are accounted for as collateralized borrowings and are included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets. Earnings from investing activities related to the cash received under our securities repurchase arrangements are included in net investment income on the consolidated statements of income. The associated borrowing cost is included in policy and other operating expenses on the consolidated statements of income.

*Short-term Investments* **–** Short-term investments consists of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with our policies for those investments. Short-term loans are carried at amortized cost. Fair values are determined consistent with methodologies described in *Note 5 – Fair Value* for the respective investment type.

*Investment Income* **–** We recognize investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupons interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the consolidated statements of income. Realized gains and losses on investments sold are determined based on a first-in first-out method.

*Other-Than-Temporary Impairment* – We identify securities that could potentially have impairments that are other-than-temporary by monitoring market events for changes in market interest rates, credit issues, changes in business climate, management changes, litigation, government actions and other similar factors. Indicators of impairment may include changes in the issuers' credit ratings and outlook, frequency of late payments, pricing levels, key financial ratios, financial statements, revenue forecasts and cash flow projections.

We review securities on a case-by-case basis to determine whether an other-than-temporary decline in value exists and whether losses should be recognized. We consider relevant facts and circumstances in evaluating whether a credit or interest rate-related impairment of a security is other-than-temporary. Relevant facts and circumstances include: (1) the extent and length of time the fair value has been below cost; (2) the reasons for the decline in fair value; (3) the issuer's financial position and access to capital; and (4) for fixed maturity securities, our intent to sell a security or whether it is more likely than not that we will be required to sell the security before the recovery of its cost or amortized cost which, in some cases, may extend to maturity and for equity securities prior to January 1, 2018, our ability and intent to hold the security for a period of time that allows for the recovery in value. To the extent we determine that a security is other-than-temporarily impaired, an impairment loss is recognized.

The recognition of impairment losses on fixed maturity securities is dependent upon the facts and circumstances related to the specific security. If we intend to sell a security or it is more likely than not that we would be required to sell a security before the recovery of its cost or amortized cost, less any recorded credit loss, we recognize a loss in other-than-temporary impairment losses on the consolidated statements of income for the difference between cost or amortized cost and fair value. If neither of these two conditions exists, then the recognition of the loss is bifurcated and we recognize the credit loss portion in other-than-temporary impairment losses on the consolidated statements of income and the non-credit loss portion in AOCI on the consolidated balance sheets. Impairment losses on equity securities were recognized in investment related gains (losses) on the consolidated statements of income prior to January 1, 2018. Effective January 1, 2018, equity securities are no longer evaluated for impairment as all changes in fair value are recognized in net income.

We estimate the amount of the credit loss component of a fixed maturity security impairment as the difference between amortized cost and the present value of the expected cash flows of the security. The present value is determined using the estimated cash flows discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete an asset-backed or floating rate security. The techniques and assumptions for establishing the estimated cash flows vary depending on the type of security. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity.

In periods after an OTTI is recognized on a fixed maturity security, we report the impaired security as if it had been purchased on the date it was impaired and continue to estimate the present value of the estimated cash flows of the security. Accordingly, the discount (or reduced premium) based on the new cost basis is accreted into net investment income over the remaining term of the fixed maturity security in a prospective manner based on the amount and timing of estimated future cash flows.

We impair a mortgage loan when it is probable we will not collect all amounts due under the agreement. We establish a general valuation allowance on mortgage loans based on loss history. Additionally, we establish a valuation allowance on individual loans based on expected losses from future dispositions or settlement, including foreclosures. We calculate the allowance based on how much the carrying value exceeds one of these values:

- the present value of expected future cash flows discounted at the loan's original effective interest rate;
- the value of the loan's collateral if it is in the process of foreclosure or otherwise collateral dependent; or
- the loan's fair value if the loan is being sold.

We first apply any interest accrued or received on the net carrying amount of the impaired loan to the principal of the loan, and once the principal is repaid, we include amounts received in net investment income. We limit accrued interest income on impaired loans to 90 days of interest. Once accrued interest on the impaired loan is received, we recognize interest income on a cash basis. Loans deemed uncollectible or in foreclosure are charged off against the valuation allowances, and subsequent recoveries, if any, are credited to the valuation allowances. Changes in valuation allowances are reported in investment related gains (losses) on the consolidated statements of income.

The cost of other invested assets is adjusted for impairments in value deemed to be other-than-temporary in the period in which the determination is made. These impairments are included within other-than-temporary impairment losses on the consolidated statements of income, and the cost basis of the investment securities is reduced accordingly. We do not change the revised cost basis for subsequent recoveries in value.

**Derivative Instruments—**We invest in derivatives to hedge the risks experienced in our ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with our indexed annuity products and reinsurance agreements. Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices or other underlying notional amounts. Derivative assets and liabilities are carried at fair value on the consolidated balance sheets. We elect to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. Disclosures regarding balance sheet presentation of derivatives subject to master netting agreements are discussed in *Note 3 – Derivative Instruments*. We may designate derivatives as cash flow or fair value hedges.

*Hedge Documentation and Hedge Effectiveness –* To qualify for hedge accounting, at the inception of the hedging relationship, we formally document our designation of the hedge as a cash flow or fair value hedge and our risk management objective and strategy for undertaking the hedging transaction. In this documentation, we identify how the hedging instrument is expected to hedge the designated risks related to the hedged item, the method that will be used to retrospectively and prospectively assess the hedging instrument's effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the designated hedging relationship.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI beginning January 1, 2018, and the related gains or losses on the derivative are reclassified into the consolidated statements of income when the cash flows of the hedged item affect earnings. Prior to January 1, 2018, any portion deemed to be ineffective was reported in investment related gains (losses) on the consolidated statements of income each reporting period as effectiveness was assessed.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged, are reported on the consolidated statements of income according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in earnings.

We discontinue hedge accounting prospectively when: (1) we determine the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the consolidated balance sheets at fair value, with changes in fair value recognized in investment related gains (losses) on the consolidated statements of income.

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the consolidated statements of income.

*Embedded Derivatives* **–** We issue and reinsure products, primarily fixed indexed annuity products, or purchase investments that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the consolidated statements of income. Embedded derivatives are carried on the consolidated balance sheets at fair value in the same line item as the host contract.

Fixed indexed annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain stock market indices. The equity market option is an embedded derivative, similar to a call option. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives is computed as the present value of benefits attributable to the excess of the projected policy contract values over the projected minimum guaranteed contract values. The projections of policy contract values are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions including lapses and the use of benefit riders. The projections of minimum guaranteed contract values include the same assumptions for policyholder behavior as were used to project policy contract values. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. The host contract accretion rate is updated each quarter so that the present value of actual and expected guaranteed cash flows is equal to the initial host value. Changes in the fair value of embedded derivatives associated with fixed indexed annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the consolidated statements of income.

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. The right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included in the funds withheld at interest and funds withheld liability lines on the consolidated balance sheets for assumed and ceded agreements, respectively. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the consolidated statements of income. Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the consolidated statements of cash flows.

**Variable Interest Entities**—An entity that does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors, as a group, do not have the characteristics typically afforded to common shareholders is a VIE. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgment. Our investment funds generally qualify as VIEs and are evaluated for consolidation under the VIE model.

We are required to consolidate a VIE if we are the primary beneficiary, defined as the variable interest holder with both the power to direct the activities that most significantly impact the VIE's economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. We determine whether we are the primary beneficiary of an entity based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose and our relative exposure to the related risks of the VIE. Since affiliates of Apollo Global Management, Inc. (AGM and, together with its subsidiaries, Apollo), a related party, are the decision makers in certain of the investment funds, we and a member of our related party group may together have the characteristics of the primary beneficiary of an investment fund. In this situation, we have concluded we are not under common control, as defined by GAAP, with the related party, and therefore consolidate in the circumstances when substantially all of the activities of the VIE are conducted on our behalf. We reassess the VIE and primary beneficiary determinations on an ongoing basis.

For entities that we do not consolidate but have significant influence over the entities' operations, we record our investment under the equity method of accounting. If we do not consolidate and do not have significant influence, generally on investment funds in which we own a less than a 3% interest, we elect the fair value option.

See *Note 4 – Variable Interest Entities* for discussion of our interest in entities that meet the definition of a VIE.

**Reinsurance**—We assume and cede insurance and investment contracts under coinsurance, funds withheld and modco. We follow reinsurance accounting for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge our obligations as the primary insurer, unless the requirements of assumption reinsurance have been met. We generally have the right of offset on reinsurance contracts, but have elected to present reinsurance settlement amounts due to and from the Company on a gross basis.

Assets and liabilities assumed or ceded under coinsurance, funds withheld, or modco are presented gross on the consolidated balance sheets. For investment contracts, the change in assumed and ceded reserves are presented net in interest sensitive contract benefits on the consolidated statements of income. For insurance contracts, the change in assumed and ceded reserves and benefits are presented net in future policy and other policy benefits on the consolidated statements of income. Assumed or ceded premiums are included in premiums on the consolidated statements of income.

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. We attempt to minimize our counterparty credit risk through the structuring of the terms of our reinsurance agreements, including the use of trusts, and we monitor credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, we record accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. We periodically compare actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities. See *Note 6 – Reinsurance* for more information.

*Funds Withheld and ModCo* – For business assumed or ceded on a funds withheld or modco basis, a funds withheld segregated portfolio, comprised of invested assets and other assets is maintained by the ceding entity, which is sufficient to support the current balance of statutory reserves. The fair value of the funds withheld is recorded as a funds withheld asset or liability and any excess or shortfall in relation to statutory reserves is settled periodically.

**Cash and Cash Equivalents**—Cash and cash equivalents include deposits and short-term highly liquid investments with a maturity of less than 90 days from the date of acquisition. Amounts included are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

**Restricted Cash**—Restricted cash primarily consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. Restricted cash is reported separately on the consolidated balance sheets, but is 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.

**Investments in Related Parties**—Investments in related parties and associated earnings, other comprehensive income and cash flows are separately identified on the consolidated financial statements and accounted for consistently with the policies described above for each category of investment. Investments in related parties are primarily a result of investments over which Apollo can exercise significant influence.

**Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired**

*Deferred Acquisition Costs and Deferred Sales Inducements* – Costs related directly to the successful acquisition of new, or renewal of, insurance or investment contracts are deferred to the extent they are recoverable from future premiums or gross profits. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets. We perform periodic tests, including at issuance, to determine if the deferred costs are recoverable. If we determine that the deferred costs are not recoverable, we record a cumulative charge to the current period.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are amortized over the lives of the policies, based upon the proportion of the present value of actual and expected deferred costs to the present value of actual and expected gross profits to be earned over the life of the policies. Gross profits include investment spread margins, surrender charge income, policy administration, changes in the guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) reserves and realized gains and losses on investments. Current period gross profits for fixed indexed annuities also include the change in fair value of both freestanding and embedded derivatives. Estimates of the expected gross profits and margins are based on assumptions using accepted actuarial methods related to policyholder behavior, including lapses and the use of benefit riders, mortality, yields on investments supporting the liabilities, future interest credited amounts (including indexed related credited amounts on fixed indexed annuity products), and other policy changes as applicable, and the level of expenses necessary to maintain the policies over their expected lives. Each reporting period, we update estimated gross profits with actual gross profits as part of the amortization process and adjust the DAC and DSI balances due to the other comprehensive income (OCI) effects of unrealized investment gains and losses on AFS securities. We also periodically revise the key assumptions used in the amortization calculation, which results in revisions to the estimated future gross profits. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved such that the present value of future liability cash flows is equal to the net liability at the inception of the contract.

*Value of Business Acquired* – We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions consistent with the policies described below for future policy benefits and interest sensitive contract liabilities. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative. Any negative VOBA is recorded to the same financial statement line on the consolidated balance sheets as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets. We perform periodic tests to determine if the VOBA remains recoverable. If we determine that VOBA is not recoverable, we record a cumulative charge to the current period.

VOBA associated with investment contracts without significant revenue streams from sources other than investment of the policyholder funds is amortized using the effective interest method. VOBA associated with immediate annuity contracts classified as long duration contracts is amortized at a constant rate in relation to net policyholder liabilities. For universal life-type policies and investment contracts with significant revenue streams from sources other than investment of policyholder funds, VOBA is amortized in relation to the present value of estimated gross profits using methods consistent with those used to amortize DAC and DSI. Negative VOBA is amortized at a constant rate in relation to applicable net policyholder liabilities.

See *Note 7 – Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired* for further discussion.

**Interest Sensitive Contract Liabilities**—Universal life-type policies and investment contracts include fixed indexed and traditional fixed annuities in the accumulation phase, funding agreements, universal life insurance, fixed indexed universal life insurance and immediate annuities without significant mortality risk (which includes pension risk transfer (PRT) annuities without life contingencies). We carry liabilities for fixed annuities, universal life insurance and funding agreements at the account balances without reduction for potential surrender or withdrawal charges, except for a block of universal life business ceded to Global Atlantic Financial Group Limited (together with its subsidiaries, Global Atlantic) which we carry at fair value. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. For a discussion regarding our indexed products, refer above to the embedded derivative discussion.

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the consolidated statements of income. Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the consolidated balance sheets. See the reinsurance accounting policy discussed in *–Reinsurance* above and *Note 6 – Reinsurance* for more information on reinsurance.

**Future Policy Benefits**—We issue contracts classified as long-duration, which includes term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which includes PRT annuities with life contingencies). Liabilities for non-participating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to expenses, investment yields, mortality, morbidity and persistency, with a provision for adverse deviation, at the date of issue or acquisition. As of December 31, 2019, the reserve investment yield assumptions for non-participating contracts range from 3.31% to 5.44% and are specific to our expected earned rate on the asset portfolio supporting the reserves. We base other key assumptions, such as mortality and morbidity, on industry standard data adjusted to align with actual company experience, if necessary.

For long-duration contracts, the assumptions are locked in at contract inception and only modified if we deem the reserves to be inadequate. We periodically review actual and anticipated experience compared to the assumptions used to establish policy benefits. If the net GAAP liability (gross reserves less DAC, DSI and VOBA) is less than the gross premium liability, impairment is deemed to have occurred, and the DAC, DSI and VOBA asset balances are reduced until the net GAAP liability is equal to the gross premium liability. If the DAC, DSI and VOBA asset balances are completely written off and the net GAAP liability is still less than the gross premium liability, then an additional liability is recorded to arrive at the gross premium liability.

We issue and reinsure deferred annuity contracts which contain GLWB and GMDB riders. We establish future policy benefits for GLWB and GMDB riders by estimating the expected value of withdrawal and death benefits in excess of the projected account balance. We recognize the excess proportionally over the accumulation period based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, which includes lapses, withdrawals and use of benefit riders; mortality, expected yield on investments supporting the liability; and market conditions affecting the account balance growth.

Future policy benefits includes liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance. We establish future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. We recognize these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability, and market conditions affecting the account balance growth.

For the liabilities associated with GLWB and GMDB riders and no-lapse guarantees, each reporting period, we update expected excess benefits and assessments with actual excess benefits and assessments and adjust the liability balances due to the OCI effects of unrealized investment gains and losses on AFS securities. We also periodically revise the key assumptions used in the calculation of the liabilities which results in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made.

Changes in future policy benefits other than the adjustment for the OCI effects of unrealized investment gains and losses on AFS securities, are recorded in future policy and other policy benefits on the consolidated statements of income. Future policy benefits are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the consolidated balance sheets. See the reinsurance accounting policy discussed in *–Reinsurance* above and *Note 6 – Reinsurance* for more information on reinsurance.

**Closed Block Business**—Two closed blocks of policies were established in connection with the reorganization of two predecessor subsidiaries from mutual companies to stock companies, collectively referred to as the Closed Blocks, and individually referred to as the AmerUs Life Insurance Company (AmerUs) closed block (AmerUs Closed Block) and the Indianapolis Life Insurance Company (ILICO) closed block (ILICO Closed Block). Insurance policies which had a dividend scale in effect as of each closed block establishment date were included in the respective closed block. The Closed Blocks were designed to give reasonable assurance to owners of insurance policies included therein that, after the reorganization, assets would be available to maintain the dividend scales and interest credits in effect prior to the reorganization, if the experience underlying such scales and crediting continued. The assets, including related revenue, allocated to the Closed Blocks will accrue solely to the benefit of the policyholders included in the Closed Blocks until they no longer exist. A policyholder dividend obligation is required to be established for earnings in the Closed Blocks that are not available to the shareholders. We have elected the fair value option for the AmerUs Closed Block and the ILICO Closed Block. See *Note 8 – Closed Block* for more information on the Closed Blocks.

**Other Policy Claims and Benefits**—Other policy claims and benefits include amounts payable relating to in course of settlements (ICOS) and incurred but not reported (IBNR) liabilities associated with interest sensitive contract liabilities and future policy benefits. For traditional life and universal life policies, ICOS claim liabilities are established when we are notified of the death of the policyholder but the claim has not been paid as of the reporting date. For immediate annuities and supplemental contracts, ICOS claim liabilities are established to accrue suspended benefit payments between the date of notification of death and the date of verification of death.

We determine IBNR claim liabilities using studies of past experience. The time that elapses from the death or claim date to when the claim is reported to us can vary significantly by product type, but generally ranges between one to six months for life business. We estimate IBNR claims on an undiscounted basis, using actuarial estimates of historical claims expense, adjusted for current trends and conditions. These estimates are continually reviewed and the ultimate liability may vary significantly from the amount recognized.

**Dividends Payable to Policyholders**—Participating policies entitle the policyholders to receive dividends based on actual interest, mortality, morbidity and expense experience for the year. Dividends are distributed to the policyholders through annual or terminal dividends which the board of directors of the applicable insurance subsidiary approves. As of December 31, 2019 and 2018, 10% and 10%, respectively, of life policies, inclusive of ceded policies, were participating, and the related liability is recorded in dividends payable to policyholders on the consolidated balance sheets. Premiums related to participating policies represented 30%, 26% and 52% of total life insurance direct premiums and deposits for the years ended December 31, 2019, 2018 and 2017, respectively.

Policyholder dividend liabilities are recorded in dividends payable to policyholders on the consolidated balance sheets and policyholder dividends are recorded in dividends to policyholders on the consolidated statements of income. For participating policies issued by our previously consolidated German subsidiaries, dividends payable to policyholders includes an adjustment to recognize timing differences between GAAP and local statutory earnings that reverse and enter into future calculations of dividends to policyholders. Except for changes due to unrealized gains or losses on AFS securities, the change in this adjustment is recorded in dividends to policyholders on the consolidated statements of income. Changes in this adjustment due to unrealized gains or losses on AFS securities are recorded in OCI.

**Share Repurchase**—When shares are repurchased, we can choose to record treasury shares or account for the repurchase as a constructive retirement. We have accounted for share repurchases as constructive retirement, whereby we reduce common stock and additional paid-in capital by the amount of the original issuance, with any excess purchase price recorded as a reduction to retained earnings. Under this method, issued and outstanding shares are reduced by the shares repurchased, and no treasury stock is recognized on the consolidated balance sheets.

**Earnings Per Share**—We compute basic earnings per share (EPS) by dividing unrounded net income available to Athene Holding Ltd. shareholders by the weighted average number of common shares eligible for earnings and outstanding for the period. As a result, it may not be possible to recalculate EPS as presented in our consolidated financial statements. Diluted earnings per share includes the effect of all potentially dilutive instruments, such as common shares, options and restricted stock units (RSUs), outstanding during the period. See *Note 11 – Earnings Per Share* for further information.

**Foreign Currency**—The accounts of foreign-based subsidiaries and equity method investments are measured using their functional currency. Revenue and expenses of these subsidiaries are translated into U.S. dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. For the equity method investments, our proportionate share of the investee's income is translated into U.S. dollars at the average exchange rate for the period and our investment is translated using the exchange rate as of the end of the reporting period. The resulting translation adjustments are included in equity as a component of AOCI. Gains or losses arising from transactions denominated in a currency other than the functional currency of the entity that is party to the transaction are included in net income. The impacts of any non-U.S. dollar denominated AFS securities are included in AOCI along with the change in its fair value unless in a fair value hedging relationship as discussed in *–Derivative Instruments* above.

**Recognition of Revenues and Related Expenses**—Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the consolidated statements of income.

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which benefits are provided, such as immediate annuities with life contingencies (which includes PRT annuities), a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the consolidated balance sheets and amortized into income in a constant relationship to the benefit reserve through future policy and other policy benefits on the consolidated statements of income.

All insurance related revenue is reported net of reinsurance ceded.

**Income Taxes**—We compute income taxes using the asset and liability method, under which deferred income taxes are provided for the temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities using estimated tax rates expected to be in effect for the year in which the differences are expected to reverse. Such temporary differences are primarily due to the tax basis of reserves, DAC, VOBA, unrealized investment gains/losses, reinsurance related differences, embedded derivatives and net operating loss carryforwards. Changes in deferred income tax assets and liabilities associated with components of OCI are recorded directly to OCI. We evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more likely than not that some portion of the tax benefit will not be realized. We adjust the valuation allowance if, based on our evaluation, there is a change in the amount of deferred income tax assets that are deemed more-likely-than-not to be realized. Changes in deferred tax assets and liabilities attributable to changes in enacted income tax rates are recorded through net income in the period of enactment. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the relevant taxing authorities, based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. We recognize any income tax interest and penalties in income tax expense.

See *Note 12 – Income Taxes* for discussion on withholding taxes for undistributed earnings of subsidiaries.

**Reclassifications—**Certain reclassifications have been made to conform with current year presentation.

**Adopted Accounting Pronouncements**

*Leases (ASU 2019-01, ASU 2018-20, ASU 2018-11, ASU 2018-10, ASU 2018-01, ASU 2017-13 and ASU 2016-02)*
These updates increase transparency and comparability for lease transactions. ASU 2016-02 requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with an original term longer than twelve months and disclose key information about leasing arrangements. Lessor accounting is largely unchanged.

ASU 2016-02 requires the adoption on a modified retrospective basis. However, ASU 2018-11 provides the option to recognize the cumulative effect as an adjustment to the opening balance of retained earnings in the year of adoption, while continuing to present all prior periods under the previous lease guidance. These updates also provide optional practical expedients in transition.

We adopted these updates effective January 1, 2019 by recording a lease liability and right-of-use asset related to office space, copiers, reserved areas and equipment at data centers, and other agreements. We will continue to present all prior periods under the previous lease guidance. We elected the “package of practical expedients,” which permits us to maintain our prior conclusions about lease identification, classification and initial direct costs. We also elected the short-term lease exception, which allows us to exclude contracts with a lease term of 12 months or less, including any reasonably certain renewal options, from consideration under the new guidance. This update did not have a material effect on our consolidated financial statements.

*Derivatives and Hedging (ASU 2018-16)*
The amendments in this update allow entities to use the Overnight Index Swap rate based on the Secured Overnight Financing Rate as a U.S. benchmark interest rate for hedge accounting purposes, in addition to the previously acceptable rates. We adopted this update prospectively for qualifying new or redesignated hedging relationships entered into on or after January 1, 2019. This update did not have an effect on our consolidated financial statements.

*Stock Compensation – Nonemployee Share-Based Payments (ASU 2018-07)*
The amendments in this update simplify the accounting for share-based payments to nonemployees by aligning with the accounting for share-based payments to employees, with certain exceptions. We adopted this update on a modified retrospective basis effective January 1, 2019. This update did not have a material effect on our consolidated financial statements.

**Recently Issued Accounting Pronouncements**

*Financial Instruments – Credit Losses (ASU 2019-05, ASU 2019-04, ASU 2018-19 and ASU 2016-13)*
This update will limit the number of credit impairment models used for different assets and will result in accelerated credit loss recognition on assets held at amortized cost, which includes our commercial and residential mortgage loans. The identification of purchased credit-deteriorated financial assets will include all assets that have experienced a more-than-insignificant deterioration in credit since origination. Additionally, changes in the expected cash flows of purchased credit-deteriorated financial assets will be recognized immediately in the income statement. Available-for-sale (AFS) 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 adopt this update effective January 1, 2020 with a cumulative-effect adjustment that will decrease retained earnings by approximately $216 million on a pre-tax basis, excluding the offsetting impacts to DAC, DSI, VOBA and the SOP 03-1 reserve, as a result of further refinement of our models and assumptions. The adjustment to retained earnings primarily relates to the establishment of an allowance on our commercial mortgage loan portfolio, which will represent approximately 1.72% of the amortized cost of the portfolio, but also includes immaterial impacts relating to other assets in scope, including residential mortgage loans, funds withheld at interest, and reinsurance recoverable.

*Collaborative Arrangements (ASU 2018-18)*
The amendments in this update provide guidance on whether certain transactions between collaborative arrangement participants should be accounted for as revenue under Topic 606, providing comparability in the presentation of revenue for certain transactions. The update is effective January 1, 2020. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

*Consolidation (ASU 2018-17)*
The amendments in this update expand certain discussions in the VIE guidance, including considerations necessary for determining when a decision-making fee is a variable interest. We will be required to adopt this update retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. The update is effective January 1, 2020. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

*Cloud Computing Arrangements (ASU 2018-15)*
The amendments in this update align the requirements for capitalizing implementation costs incurred in a cloud computing service arrangement with the requirements for capitalizing implementation costs incurred for internal-use software. The update is effective January 1, 2020 and will be adopted prospectively. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

*Fair Value Measurement – Disclosure Requirements (ASU 2018-13)*
The amendments in this update modify the disclosure requirements for fair value measurements by removing, modifying or adding certain disclosures. We early adopted the removal and modification of certain disclosures as permitted. The additional disclosures in the update are effective January 1, 2020. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

*Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2019-09, ASU 2018-12)*
These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts.

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate utilized in measuring the liability to be an upper-medium grade fixed-income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in other comprehensive income.
- The update simplifies the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits, or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are the guaranteed lifetime withdrawal benefits (GLWB) and guaranteed minimum death benefit (GMDB) riders attached to the Company’s annuity products. The change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in other comprehensive income.
- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities, and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

The amendments in ASU 2018-12 were originally effective January 1, 2021; however, with the issuance of ASU 2019-09, we will not be required to adopt the amendments until January 1, 2022. Certain provisions of the update are required to be adopted on a fully retrospective basis, while others may be adopted on a modified retrospective basis. Early adoption is permitted. We are currently evaluating the impact of this guidance 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. The update is effective January 1, 2020 and will be adopted prospectively. We do not expect the adoption of this update will have a material effect on our consolidated financial statements.

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

## 2. Investments

**AFS Securities**—The following table represents the amortized cost, gross unrealized gains and losses, fair value and OTTI in AOCI of our AFS investments by asset type:

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | OTTI in AOCI |
| AFS securities | | | | | |
| U.S. government and agencies | $ 35 | $ 1 | $ — | $ 36 | $ — |
| U.S. state, municipal and political subdivisions | 1,322 | 220 | (1) | 1,541 | — |
| Foreign governments | 298 | 29 | — | 327 | — |
| Corporate | 44,106 | 3,332 | (210) | 47,228 | 1 |
| CLO | 7,524 | 21 | (196) | 7,349 | — |
| ABS | 5,018 | 124 | (24) | 5,118 | 4 |
| CMBS | 2,304 | 104 | (8) | 2,400 | 1 |
| RMBS | 6,872 | 513 | (10) | 7,375 | 19 |
| **Total AFS securities** | 67,479 | 4,344 | (449) | 71,374 | 25 |
| AFS securities – related party | | | | | |
| Corporate | 18 | 1 | — | 19 | — |
| CLO | 951 | 3 | (18) | 936 | — |
| ABS | 2,814 | 37 | (2) | 2,849 | — |
| **Total AFS securities – related party** | 3,783 | 41 | (20) | 3,804 | — |
| **Total AFS securities including related party** | $ 71,262 | $ 4,385 | $ (469) | $ 75,178 | $ 25 |

| | December 31, 2018 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value | OTTI in AOCI |
| AFS securities | | | | | |
| U.S. government and agencies | $ 57 | $ — | $ — | $ 57 | $ — |
| U.S. state, municipal and political subdivisions | 1,183 | 117 | (7) | 1,293 | — |
| Foreign governments | 162 | 2 | (3) | 161 | — |
| Corporate | 38,018 | 394 | (1,315) | 37,097 | 1 |
| CLO | 5,658 | 2 | (299) | 5,361 | — |
| ABS | 4,915 | 53 | (48) | 4,920 | — |
| CMBS | 2,390 | 27 | (60) | 2,357 | 7 |
| RMBS | 7,642 | 413 | (36) | 8,019 | 11 |
| **Total AFS securities** | 60,025 | 1,008 | (1,768) | 59,265 | 19 |
| AFS securities – related party | | | | | |
| CLO | 587 | — | (25) | 562 | — |
| ABS | 875 | 4 | (4) | 875 | — |
| **Total AFS securities – related party** | 1,462 | 4 | (29) | 1,437 | — |
| **Total AFS securities including related party** | $ 61,487 | $ 1,012 | $ (1,797) | $ 60,702 | $ 19 |

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

| | December 31, 2019 | |
|---|---|---|
| *(In millions)* | Amortized Cost | Fair Value |
| AFS securities | | |
| Due in one year or less | $ 1,108 | $ 1,113 |
| Due after one year through five years | 9,175 | 9,479 |
| Due after five years through ten years | 11,274 | 11,931 |
| Due after ten years | 24,204 | 26,609 |
| CLO, ABS, CMBS and RMBS | 21,718 | 22,242 |
| **Total AFS securities** | 67,479 | 71,374 |
| AFS securities – related party | | |
| Due after one year through five years | 18 | 19 |
| CLO and ABS | 3,765 | 3,785 |
| **Total AFS securities – related party** | 3,783 | 3,804 |
| **Total AFS securities including related party** | $ 71,262 | $ 75,178 |

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:

| | December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | Total | |
| *(In millions)* | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| AFS securities | | | | | | |
| U.S. government and agencies | $ 3 | $ — | $ — | $ — | $ 3 | $ — |
| U.S. state, municipal and political subdivisions | 78 | (1) | 10 | — | 88 | (1) |
| Corporate | 2,898 | (140) | 902 | (70) | 3,800 | (210) |
| CLO | 1,959 | (38) | 3,241 | (158) | 5,200 | (196) |
| ABS | 642 | (6) | 255 | (18) | 897 | (24) |
| CMBS | 220 | (4) | 41 | (4) | 261 | (8) |
| RMBS | 445 | (6) | 163 | (4) | 608 | (10) |
| **Total AFS securities** | 6,245 | (195) | 4,612 | (254) | 10,857 | (449) |
| AFS securities – related party | | | | | | |
| CLO | 362 | (7) | 242 | (11) | 604 | (18) |
| ABS | 357 | (2) | — | — | 357 | (2) |
| **Total AFS securities – related party** | 719 | (9) | 242 | (11) | 961 | (20) |
| **Total AFS securities including related party** | $ 6,964 | $ (204) | $ 4,854 | $ (265) | $ 11,818 | $ (469) |

| | December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or more | | Total | |
| *(In millions)* | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| AFS securities | | | | | | |
| U.S. government and agencies | $ 32 | $ — | $ 2 | $ — | $ 34 | $ — |
| U.S. state, municipal and political subdivisions | 139 | (2) | 82 | (5) | 221 | (7) |
| Foreign governments | 97 | (2) | 15 | (1) | 112 | (3) |
| Corporate | 20,213 | (942) | 4,118 | (373) | 24,331 | (1,315) |
| CLO | 5,054 | (297) | 90 | (2) | 5,144 | (299) |
| ABS | 1,336 | (23) | 506 | (25) | 1,842 | (48) |
| CMBS | 932 | (27) | 497 | (33) | 1,429 | (60) |
| RMBS | 1,417 | (31) | 140 | (5) | 1,557 | (36) |
| **Total AFS securities** | 29,220 | (1,324) | 5,450 | (444) | 34,670 | (1,768) |
| AFS securities – related party | | | | | | |
| CLO | 534 | (25) | — | — | 534 | (25) |
| ABS | 306 | (2) | 116 | (2) | 422 | (4) |
| **Total AFS securities – related party** | 840 | (27) | 116 | (2) | 956 | (29) |
| **Total AFS securities including related party** | $ 30,060 | $ (1,351) | $ 5,566 | $ (446) | $ 35,626 | $ (1,797) |

As of December 31, 2019, we held 1,239 AFS securities that were in an unrealized loss position. Of this total, 493 were in an unrealized loss position 12 months or more. As of December 31, 2019, we held 47 related party AFS securities that were in an unrealized loss position. Of this total, fifteen 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 year ended December 31, 2019, we incurred $38 million of net OTTI, of which $25 million related to intent-to-sell impairments. The net remaining OTTI of $13 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 consolidated statements of income for OTTI related to pre-tax credit loss impairments on AFS securities, for which a portion of the securities' total OTTI was recognized in AOCI:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Beginning balance | $ 10 | $ 14 | $ 16 |
| Initial impairments – credit loss OTTI recognized on securities not previously impaired | 11 | 3 | 17 |
| Additional impairments – credit loss OTTI recognized on securities previously impaired | 2 | 2 | — |
| Reduction in impairments from securities sold, matured or repaid | — | (9) | (13) |
| Reduction for credit loss that no longer has a portion of the OTTI loss recognized in AOCI | — | — | (6) |
| **Ending balance** | $ 23 | $ 10 | $ 14 |

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

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

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| AFS securities | $ 3,088 | $ 2,855 | $ 2,579 |
| Trading securities | 189 | 200 | 200 |
| Equity securities | 16 | 12 | 14 |
| Mortgage loans | 670 | 457 | 371 |
| Investment funds | 308 | 231 | 211 |
| Funds withheld at interest | 527 | 492 | 148 |
| Other | 159 | 112 | 78 |
| Investment revenue | 4,957 | 4,359 | 3,601 |
| Investment expenses | (435) | (355) | (332) |
| **Net investment income** | $ 4,522 | $ 4,004 | $ 3,269 |

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

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| AFS securities | | | |
| Gross realized gains on investment activity | $ 178 | $ 165 | $ 169 |
| Gross realized losses on investment activity | (56) | (151) | (72) |
| Net realized investment gains on AFS securities | 122 | 14 | 97 |
| Net recognized investment gains (losses) on trading securities | 152 | (255) | 29 |
| Net recognized investment gains (losses) on equity securities | 17 | (19) | 88 |
| Derivative gains (losses) | 4,443 | (1,099) | 2,377 |
| Other gains (losses) | 18 | 35 | (19) |
| **Investment related gains (losses)** | $ 4,752 | $ (1,324) | $ 2,572 |

Proceeds from sales of AFS securities were $6,886 million, $6,547 million and $5,720 million for the years ended December 31, 2019, 2018 and 2017, respectively. Proceeds from sales of AFS securities for the years ended December 31, 2018 and 2017 have been revised for immaterial misstatements to be comparable to current year balances.

The following table summarizes the change in unrealized gains (losses) on trading and equity securities, including related party and consolidated VIEs, we held as of the respective year end:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Trading securities | $ 193 | $ (143) | $ 107 |
| Trading securities – related party | (21) | (25) | (3) |
| VIE trading securities – related party | 3 | — | 4 |
| Equity securities | 19 | (18) | 32 |
| Equity securities – related party | (17) | — | — |
| VIE equity securities – related party | (1) | 24 | 25 |

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

| | Fixed maturity securities | | Mortgage loans | |
|---|---|---|---|---|
| | December 31, | | December 31, | |
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Contractually required payments receivable | $ 6,772 | $ 8,179 | $ 3,647 | $ 2,675 |
| Less: Cash flows expected to be collected[1] | (6,064) | (7,195) | (3,606) | (2,628) |
| **Non-accretable difference** | $ 708 | $ 984 | $ 41 | $ 47 |
| Cash flows expected to be collected[1] | $ 6,064 | $ 7,195 | $ 3,606 | $ 2,628 |
| Less: Amortized cost | (4,603) | (5,518) | (2,575) | (1,931) |
| **Accretable difference** | $ 1,461 | $ 1,677 | $ 1,031 | $ 697 |
| **Fair value** | $ 5,007 | $ 5,828 | $ 2,756 | $ 1,933 |
| **Outstanding balance** | 5,740 | 6,773 | 2,925 | 2,210 |

[1] *Represents the undiscounted principal and interest cash flows expected.*

During the respective years ended December 31, we acquired PCI investments with the following amounts at the time of purchase:

| | Fixed maturity securities | | Mortgage loans | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Contractually required payments receivable | $ 176 | $ 623 | $ 1,198 | $ 1,625 |
| Cash flows expected to be collected | 146 | 562 | 1,179 | 1,601 |
| Fair value | 124 | 454 | 910 | 1,178 |

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

| | Fixed maturity securities | | Mortgage loans | |
|---|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| Beginning balance at January 1 | $ 1,677 | $ 2,020 | $ 697 | $ 273 |
| Purchases of PCI investments, net of sales | 1 | 65 | 191 | 407 |
| Accretion | (307) | (405) | (115) | (48) |
| Net reclassification from (to) non-accretable difference | 90 | (3) | 258 | 65 |
| **Ending balance at December 31** | $ 1,461 | $ 1,677 | $ 1,031 | $ 697 |

**Repurchase Agreements**—The following table summarizes the maturities of our repurchase agreements:

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| | Remaining Contractual Maturity | | | | |
| *(In millions)* | Overnight and continuous | Up to 30 days | 30–90 days | Greater than 90 days | Total |
| Payables for repurchase agreements[1] | $ — | $ 102 | $ 200 | $ 210 | $ 512 |

[1] *Included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets.*

The following table summarizes the securities pledged as collateral for repurchase agreements:

| | December 31, 2019 | |
|---|---|---|
| *(In millions)* | Amortized Cost | Fair Value |
| AFS securities – Corporate | $ 498 | $ 534 |
| Total securities pledged under repurchase agreements | $ 498 | $ 534 |

**Reverse Repurchase Agreements**—Reverse repurchase agreements represent the purchase of investments from a seller with the agreement that the investments will be repurchased by the seller at a specified price and date or within a specified period of time. The investments purchased, which represent collateral on a secured lending arrangement, are not reflected in our consolidated balance sheets; however, the secured lending arrangement is recorded as a short-term investment for the principal amount loaned under the agreement. As of December 31, 2019 and 2018, amounts loaned under reverse repurchase agreements were $190 million and $0 million, respectively, and collateral received was $630 million and $0 million, respectively.

**Mortgage Loans, including related party**—Mortgage loans, net of allowances, consists of the following:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Commercial mortgage loans | $ 10,412 | $ 7,217 |
| Commercial mortgage loans under development | 93 | 80 |
| **Total commercial mortgage loans** | 10,505 | 7,297 |
| Residential mortgage loans | 4,454 | 3,334 |
| **Mortgage loans, net of allowances** | $ 14,959 | $ 10,631 |

We primarily invest in commercial mortgage loans on income producing properties including office and retail buildings, hotels, industrial properties and apartments. 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.

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

| | December 31, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| *(In millions, except for percentages)* | Net Carrying Value | Percentage of Total | Net Carrying Value | Percentage of Total |
| **Property type** | | | | |
| Office building | $ 2,899 | 27.6% | $ 2,221 | 30.5% |
| Retail | 2,182 | 20.8% | 1,660 | 22.7% |
| Apartment | 2,142 | 20.4% | 791 | 10.8% |
| Hotels | 1,104 | 10.5% | 1,040 | 14.3% |
| Industrial | 1,448 | 13.8% | 1,196 | 16.4% |
| Other commercial | 730 | 6.9% | 389 | 5.3% |
| **Total commercial mortgage loans** | $ 10,505 | 100.0% | $ 7,297 | 100.0% |
| **U.S. Region** | | | | |
| East North Central | $ 1,036 | 9.9% | $ 855 | 11.7% |
| East South Central | 428 | 4.1% | 295 | 4.0% |
| Middle Atlantic | 2,580 | 24.6% | 1,131 | 15.5% |
| Mountain | 528 | 5.0% | 616 | 8.4% |
| New England | 340 | 3.2% | 374 | 5.1% |
| Pacific | 2,502 | 23.8% | 1,540 | 21.1% |
| South Atlantic | 1,920 | 18.3% | 1,468 | 20.2% |
| West North Central | 146 | 1.4% | 173 | 2.4% |
| West South Central | 791 | 7.5% | 845 | 11.6% |
| **Total U.S. Region** | 10,271 | 97.8% | 7,297 | 100.0% |
| **International Region** | 234 | 2.2% | — | —% |
| **Total commercial mortgage loans** | $ 10,505 | 100.0% | $ 7,297 | 100.0% |

Our residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties and is summarized in the following table:

| | December 31, | |
|---|---|---|
| | 2019 | 2018 |
| **U.S. States** | | |
| California | 27.0% | 30.3% |
| Florida | 12.7% | 16.3% |
| Texas | 6.2% | 3.3% |
| New York | 3.3% | 7.7% |
| Other[1] | 38.4% | 42.4% |
| **Total U.S. percentage** | 87.6% | 100.0% |
| **International percentage** – Ireland | 12.4% | —% |
| **Total residential mortgage loan percentage** | 100.0% | 100.0% |

[1] *Represents 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. As of December 31, 2019 and 2018, the valuation allowance was $11 million and $2 million, respectively. We did not record any material activity in the valuation allowance during the years ended December 31, 2019, 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 December 31, 2019 and 2018, $67 million and $48 million, respectively, of our residential mortgage loans were nonperforming.

*Commercial mortgage loans* – As of December 31, 2019 and 2018, none of our commercial loans were 30 days or more 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.

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:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Less than 50% | $ 2,640 | $ 1,883 |
| 50% to 60% | 2,486 | 1,988 |
| 61% to 70% | 4,093 | 2,394 |
| 71% to 80% | 1,162 | 898 |
| 81% to 100% | 31 | 54 |
| **Commercial mortgage loans** | $ 10,412 | $ 7,217 |

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:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Greater than 1.20x | $ 9,212 | $ 6,576 |
| 1.00x – 1.20x | 1,166 | 474 |
| Less than 1.00x | 34 | 167 |
| **Commercial mortgage loans** | $ 10,412 | $ 7,217 |

**Investment Funds**—Our investment fund portfolio consists of funds that employ various strategies and include investments in real estate, real assets, credit, equity and natural resources. Investment funds can meet the definition of VIEs, which are discussed further in *Note 4 – Variable Interest Entities*. Our investment funds do not specify timing of distributions on the funds' underlying assets.

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

| | December 31, 2019 | | December 31, 2018[1] | |
|---|---|---|---|---|
| *(In millions, except for percentages and years)* | Carrying Value | Percent of Total | Carrying Value | Percent of Total |
| Investment funds | | | | |
| Real estate | $ 277 | 37.9% | $ 215 | 30.6% |
| Credit funds | 153 | 20.9% | 172 | 24.5% |
| Private equity | 236 | 32.3% | 253 | 36.0% |
| Real assets | 64 | 8.8% | 56 | 7.9% |
| Natural resources | 1 | 0.1% | 4 | 0.6% |
| Other | — | —% | 3 | 0.4% |
| Total investment funds | 731 | 100.0% | 703 | 100.0% |
| Investment funds – related parties | | | | |
| Differentiated investments | | | | |
| AmeriHome Mortgage Company, LLC (AmeriHome)[2] | 487 | 16.9% | 463 | 20.7% |
| Catalina Holdings Ltd. (Catalina) | 271 | 9.4% | 233 | 10.4% |
| Athora Holding Ltd. (Athora)[2] | 132 | 4.6% | 105 | 4.7% |
| Venerable Holdings, Inc. (Venerable)[2] | 99 | 3.4% | 92 | 4.1% |
| Other | 222 | 7.7% | 196 | 8.8% |
| Total differentiated investments | 1,211 | 42.0% | 1,089 | 48.7% |
| Real estate | 736 | 25.6% | 497 | 22.3% |
| Credit funds | 370 | 12.8% | 316 | 14.2% |
| Private equity | 105 | 3.6% | 18 | 0.8% |
| Real assets | 182 | 6.3% | 145 | 6.5% |
| Natural resources | 163 | 5.6% | 104 | 4.7% |
| Public equities | 119 | 4.1% | 63 | 2.8% |
| Total investment funds – related parties | 2,886 | 100.0% | 2,232 | 100.0% |
| Investment funds owned by consolidated VIEs | | | | |
| MidCap FinCo Designated Activity Company (MidCap)[2] | 547 | 80.1% | 553 | 88.6% |
| Real estate | 117 | 17.1% | 30 | 4.8% |
| Real assets | 19 | 2.8% | 41 | 6.6% |
| Total investment funds owned by consolidated VIEs | 683 | 100.0% | 624 | 100.0% |
| **Total investment funds including related parties and funds owned by consolidated VIEs** | $ 4,300 | | $ 3,559 | |

[1] *Certain reclassifications have been made to conform with current year presentation.*
[2] *See further discussion on AmeriHome, Athora, Venerable and MidCap in Note 14 – Related Parties.*

**Summarized Ownership of Investment Funds**—The following is the aggregated summarized financial information of equity method investees, including those for which we elected the fair value option and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Assets | $ 50,563 | $ 40,630 |
| Liabilities | 31,821 | 24,241 |
| Equity | 18,742 | 16,389 |

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Net income | $ 817 | $ 1,159 | $ 1,587 |

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:

| *(In millions)* | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Ownership Percentage** | | |
| 100% | $ 11 | $ 17 |
| 50% – 99% | 1,378 | 1,044 |
| 3% – 49% | 1,938 | 1,617 |
| Equity method investment funds | $ 3,327 | $ 2,678 |

The following table presents the carrying value by ownership percentage of investment funds held at fair value, either due to election of the fair value option or requirement, including related party investment funds and investment funds owned by consolidated VIEs:

| *(In millions)* | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Ownership Percentage** | | |
| 50% – 99% | $ 28 | $ — |
| 3% – 49% | 772 | 687 |
| Less than 3% | 173 | 194 |
| Fair value investment funds | $ 973 | $ 881 |

**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. 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 of 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.

*Equity securities* – We invest in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Our risk of loss associated with our non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

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

| | December 31, | | | |
|---|---|---|---|---|
| | 2019 | | 2018 | |
| *(In millions)* | Carrying Value | Maximum Loss Exposure | Carrying Value | Maximum Loss Exposure |
| Investment funds | $ 731 | $ 1,246 | $ 703 | $ 1,329 |
| Investment in related parties – investment funds | 2,886 | 5,113 | 2,232 | 4,331 |
| Assets of consolidated VIEs – investment funds | 683 | 861 | 624 | 727 |
| Investment in fixed maturity securities | 22,694 | 22,170 | 21,188 | 21,139 |
| Investment in related parties – fixed maturity securities | 4,570 | 4,878 | 1,686 | 1,788 |
| Investment in related parties – equity securities | 58 | 58 | 120 | 120 |
| Total non-consolidated investments | $ 31,622 | $ 34,326 | $ 26,553 | $ 29,434 |

## 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 1 – Business, Basis of Presentation and Significant Accounting Policies* for a description of our accounting policies for derivatives and *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:

| | December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2019 | | | 2018 | | |
| | | Fair Value | | | Fair Value | |
| *(In millions)* | Notional Amount | Assets | Liabilities | Notional Amount | Assets | Liabilities |
| **Derivatives designated as hedges** | | | | | | |
| Foreign currency swaps | 3,158 | $ 113 | $ 56 | 2,041 | $ 83 | $ 55 |
| Foreign currency forwards | 717 | 1 | 9 | 85 | — | 1 |
| Foreign currency forwards on net investments | 139 | — | 2 | — | — | — |
| **Total derivatives designated as hedges** | | 114 | 67 | | 83 | 56 |
| **Derivatives not designated as hedges** | | | | | | |
| Equity options | 49,549 | 2,746 | 5 | 49,821 | 942 | 11 |
| Futures | 8 | 10 | 1 | 4 | 9 | 3 |
| Total return swaps | 106 | 6 | — | 62 | — | 3 |
| Foreign currency swaps | 35 | 2 | 1 | 38 | 3 | 2 |
| Interest rate swaps | 776 | 3 | 4 | 326 | — | 1 |
| Credit default swaps | 10 | — | 3 | 10 | — | 4 |
| Foreign currency forwards | 1,924 | 7 | 16 | 646 | 6 | 5 |
| Embedded derivatives | | | | | | |
| Funds withheld including related party | | 1,395 | 31 | | (53) | (1) |
| Interest sensitive contract liabilities | | — | 10,942 | | — | 7,969 |
| **Total derivatives not designated as hedges** | | 4,169 | 11,003 | | 907 | 7,997 |
| **Total derivatives** | | $ 4,283 | $ 11,070 | | $ 990 | $ 8,053 |

### 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 2050. During the years ended December 31, 2019, 2018 and 2017, we had foreign currency swap gains of $29 million and $146 million and losses of $105 million, respectively, recorded in AOCI. There were no amounts reclassified to income and no amounts deemed ineffective for the years ended December 31, 2019, 2018 or 2017. As of December 31, 2019, no amounts are expected to be reclassified to income within the next 12 months.

*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. Certain of these forwards are designated and accounted for as fair value hedges. As of December 31, 2019 and 2018, the carrying amount of the hedged AFS securities was $456 million and $88 million, respectively, and the cumulative amount of fair value hedging adjustments included in the hedged AFS securities included gains of $1 million and $1 million, respectively. The gains and losses on derivatives and the related hedged items in fair value hedge relationships are recorded in investment related gains (losses) on the consolidated statements of income. During the years ended December 31, 2019 and 2018, the derivatives had gains of $2 million and losses of $1 million, respectively, and the related hedged items had gains of $0 million and $1 million, respectively.

*Foreign currency forwards on net investments* – We have foreign currency forwards designated as net investment hedges. These forwards hedge the foreign currency exchange rate risk of our investments in subsidiaries that have a reporting currency other than the U.S. dollar. We assess hedge effectiveness based on the changes in forward rates. During the year ended December 31, 2019, these derivatives had losses of $2 million, which are included in foreign currency translation and other adjustments on the consolidated statements of comprehensive income. As of December 31, 2019, the cumulative foreign currency translation loss recorded in AOCI related to these net investment hedges was $2 million. There were no amounts deemed ineffective for the year ended December 31, 2019.

**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.

*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. 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.

*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.

*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 modco or funds withheld basis and indexed annuity products.

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

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Equity options | $ 2,169 | $ (877) | $ 1,939 |
| Futures | (13) | 2 | (24) |
| Swaps | 43 | (8) | 27 |
| Foreign currency forwards | (2) | 16 | 28 |
| Embedded derivatives on funds withheld | 2,246 | (232) | 407 |
| **Amounts recognized in investment related gains (losses)** | 4,443 | (1,099) | 2,377 |
| Embedded derivatives in indexed annuity products[1] | (2,526) | 923 | (1,744) |
| **Total gains (losses) on derivatives not designated as hedges** | $ 1,917 | $ (176) | $ 633 |

[1] *Included in interest sensitive contract benefits on the consolidated statements of income.*

**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:

| | | Gross amounts not offset on the consolidated balance sheets | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Gross amount recognized[1] | Financial instruments[2] | Collateral received/pledged | Net amount | Off-balance sheet securities collateral[3] | Net amount after securities collateral |
| **December 31, 2019** | | | | | | |
| Derivative assets | $ 2,888 | $ (67) | $ (2,743) | $ 78 | $ (145) | $ (67) |
| Derivative liabilities | (97) | 67 | 31 | 1 | — | 1 |
| **December 31, 2018** | | | | | | |
| Derivative assets | $ 1,043 | $ (52) | $ (969) | $ 22 | $ (4) | $ 18 |
| Derivative liabilities | (85) | 52 | 24 | (9) | — | (9) |

[1] *The gross amounts of recognized derivative assets and derivative liabilities are reported on the consolidated balance sheets. As of December 31, 2019 and 2018, 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 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.*

Certain derivative instruments contain provisions for credit-related events, such as downgrades in our credit ratings or for a negative credit event of a credit default swap's reference entity. If a credit event were to occur, we may be required to settle an outstanding liability. The following is a summary of our exposure to credit-related events:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Fair value of derivative liabilities with credit related provisions | $ 3 | $ 4 |
| Maximum exposure for credit default swaps | 10 | 10 |

As of December 31, 2019 and 2018, no additional collateral would be required if a default or termination event were to occur.

## 4. Variable Interest Entities

We consolidate the following investment funds as VIEs:

- 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);
- ALR Aircraft Investment Ireland Limited (ALR); and
- Entities included under our agreement to purchase funds managed by Apollo entities (Strategic Partnership). See *Note 14 – Related Parties* for further discussion on the Strategic Partnership.

We are the only limited partner or holder of profit participating notes 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 holder of profit participating notes, 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 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. Investments held by CoInvest VI, CoInvest VII and CoInvest Other are related party investments because Apollo affiliates exercise significant influence over the management or operations of the investees. 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.

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.

## 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.

NAV – Investment funds are typically measured using NAV as a practical expedient in determining fair value and are not classified in the fair value hierarchy. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and weighted average cost of capital rates applied in valuation models or a discounted cash flow model.

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.

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

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Total | NAV | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | | |
| AFS securities | | | | | |
| U.S. government and agencies | $ 36 | $ — | $ 36 | $ — | $ — |
| U.S. state, municipal and political subdivisions | 1,541 | — | — | 1,501 | 40 |
| Foreign governments | 327 | — | — | 327 | — |
| Corporate | 47,228 | — | — | 46,503 | 725 |
| CLO | 7,349 | — | — | 7,228 | 121 |
| ABS | 5,118 | — | — | 3,744 | 1,374 |
| CMBS | 2,400 | — | — | 2,354 | 46 |
| RMBS | 7,375 | — | — | 7,375 | — |
| Total AFS securities | 71,374 | — | 36 | 69,032 | 2,306 |
| Trading securities | | | | | |
| U.S. government and agencies | 11 | — | 8 | 3 | — |
| U.S. state, municipal and political subdivisions | 135 | — | — | 135 | — |
| Corporate | 1,456 | — | — | 1,456 | — |
| CLO | 6 | — | — | — | 6 |
| ABS | 92 | — | — | 92 | — |
| CMBS | 51 | — | — | 51 | — |
| RMBS | 303 | — | — | 251 | 52 |
| Total trading securities | 2,054 | — | 8 | 1,988 | 58 |
| Equity securities | 247 | — | 43 | 201 | 3 |
| Mortgage loans | 27 | — | — | — | 27 |
| Investment funds | 154 | 132 | — | — | 22 |
| Funds withheld at interest – embedded derivative | 801 | — | — | — | 801 |
| Derivative assets | 2,888 | — | 10 | 2,878 | — |
| Short-term investments | 406 | — | 46 | 319 | 41 |
| Other investments | 93 | — | — | 93 | — |
| Cash and cash equivalents | 4,237 | — | 4,237 | — | — |
| Restricted cash | 402 | — | 402 | — | — |
| Investments in related parties | | | | | |
| AFS securities | | | | | |
| Corporate | 19 | — | — | 19 | — |
| CLO | 936 | — | — | 936 | — |
| ABS | 2,849 | — | — | 525 | 2,324 |
| Total AFS securities – related party | 3,804 | — | — | 1,480 | 2,324 |
| Trading securities | | | | | |
| CLO | 74 | — | — | 36 | 38 |
| ABS | 711 | — | — | — | 711 |
| Total trading securities – related party | 785 | — | — | 36 | 749 |
| Equity securities | 58 | — | — | — | 58 |
| Investment funds | 252 | 120 | — | — | 132 |
| Funds withheld at interest – embedded derivative | 594 | — | — | — | 594 |
| Reinsurance recoverable | 1,821 | — | — | — | 1,821 |
| Assets of consolidated VIEs | | | | | |
| Trading securities | 16 | — | — | — | 16 |
| Equity securities | 6 | — | — | — | 6 |
| Investment funds | 567 | 567 | — | — | — |
| Cash and cash equivalents | 3 | — | 3 | — | — |
| **Total assets measured at fair value** | $ 90,589 | $ 819 | $ 4,785 | $ 76,027 | $ 8,958 |

*(Continued)*

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Total | NAV | Level 1 | Level 2 | Level 3 |
| **Liabilities** | | | | | |
| Interest sensitive contract liabilities | | | | | |
| Embedded derivative | $ 10,942 | $ — | $ — | $ — | $ 10,942 |
| Universal life benefits | 1,050 | — | — | — | 1,050 |
| Future policy benefits | | | | | |
| AmerUs Closed Block | 1,546 | — | — | — | 1,546 |
| ILICO Closed Block and life benefits | 755 | — | — | — | 755 |
| Derivative liabilities | 97 | — | 1 | 93 | 3 |
| Funds withheld liability – embedded derivative | 31 | — | — | 31 | — |
| **Total liabilities measured at fair value** | $ 14,421 | $ — | $ 1 | $ 124 | $ 14,296 |

*(Concluded)*

| | December 31, 2018 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Total | NAV | Level 1 | Level 2 | Level 3 |
| **Assets** | | | | | |
| AFS securities | | | | | |
| U.S. government and agencies | $ 57 | $ — | $ 54 | $ 3 | $ — |
| U.S. state, municipal and political subdivisions | 1,293 | — | — | 1,293 | — |
| Foreign governments | 161 | — | — | 161 | — |
| Corporate | 37,097 | — | — | 36,199 | 898 |
| CLO | 5,361 | — | — | 5,254 | 107 |
| ABS | 4,920 | — | — | 3,305 | 1,615 |
| CMBS | 2,357 | — | — | 2,170 | 187 |
| RMBS | 8,019 | — | — | 7,963 | 56 |
| Total AFS securities | 59,265 | — | 54 | 56,348 | 2,863 |
| Trading securities | | | | | |
| U.S. government and agencies | 5 | — | 3 | 2 | — |
| U.S. state, municipal and political subdivisions | 126 | — | — | 126 | — |
| Corporate | 1,287 | — | — | 1,287 | — |
| CLO | 9 | — | — | 8 | 1 |
| ABS | 87 | — | — | 87 | — |
| CMBS | 49 | — | — | 49 | — |
| RMBS | 386 | — | — | 252 | 134 |
| Total trading securities | 1,949 | — | 3 | 1,811 | 135 |
| Equity securities | 216 | — | 40 | 173 | 3 |
| Mortgage loans | 32 | — | — | — | 32 |
| Investment funds | 182 | 153 | — | — | 29 |
| Funds withheld at interest – embedded derivative | 57 | — | — | — | 57 |
| Derivative assets | 1,043 | — | 9 | 1,034 | — |
| Short-term investments | 191 | — | 66 | 125 | — |
| Other investments | 52 | — | — | 52 | — |
| Cash and cash equivalents | 2,911 | — | 2,911 | — | — |
| Restricted cash | 492 | — | 492 | — | — |

*(Continued)*

| (In millions) | December 31, 2018 Total | NAV | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|
| Investments in related parties | | | | | |
| AFS securities | | | | | |
| CLO | 562 | — | — | 562 | — |
| ABS | 875 | — | — | 547 | 328 |
| Total AFS securities – related party | 1,437 | — | — | 1,109 | 328 |
| Trading securities | | | | | |
| CLO | 100 | — | — | 22 | 78 |
| ABS | 149 | — | — | — | 149 |
| Total trading securities – related party | 249 | — | — | 22 | 227 |
| Equity securities | 120 | — | — | — | 120 |
| Investment funds | 201 | 96 | — | — | 105 |
| Funds withheld at interest – embedded derivative | (110) | — | — | — | (110) |
| Reinsurance recoverable | 1,676 | — | — | — | 1,676 |
| Assets of consolidated VIEs | | | | | |
| Trading securities | 35 | — | — | — | 35 |
| Equity securities | 50 | — | 37 | — | 13 |
| Investment funds | 567 | 552 | — | — | 15 |
| Cash and cash equivalents | 2 | — | 2 | — | — |
| **Total assets measured at fair value** | $ 70,617 | $ 801 | $ 3,614 | $ 60,674 | $ 5,528 |
| **Liabilities** | | | | | |
| Interest sensitive contract liabilities | | | | | |
| Embedded derivative | $ 7,969 | $ — | $ — | $ — | $ 7,969 |
| Universal life benefits | 932 | — | — | — | 932 |
| Future policy benefits | | | | | |
| AmerUs Closed Block | 1,443 | — | — | — | 1,443 |
| ILICO Closed Block and life benefits | 730 | — | — | — | 730 |
| Derivative liabilities | 85 | — | 3 | 78 | 4 |
| Funds withheld liability – embedded derivative | (1) | — | — | (1) | — |
| **Total liabilities measured at fair value** | $ 11,158 | $ — | $ 3 | $ 77 | $ 11,078 |

*(Concluded)*

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

*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 also have fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in our fair value hierarchy. Significant unobservable inputs used include: issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

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.

*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.

*Investment funds* – Certain investment funds for which we elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

*Funds withheld at interest 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 modco and 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 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.

*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 nonperformance 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. 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.

**Fair Value Option**—The following represents the gains (losses) recorded for instruments for which we have elected the fair value option, including related parties and consolidated VIEs:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Trading securities | $ 152 | $ (255) | $ 30 |
| Mortgage loans | — | — | (1) |
| Investment funds | (3) | 37 | 35 |
| Future policy benefits | (103) | 182 | (19) |
| **Total gains (losses)** | $ 46 | $ (36) | $ 45 |

Gains and losses on trading securities are recorded in investment related gains (losses) on the consolidated statements of income. 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 consolidated statements of income. Gains and losses related to investment funds, including related party investment funds, are recorded in net investment income on the consolidated statements of income. We record the change in fair value of future policy benefits to future policy and other policy benefits on the consolidated statements of income.

The following summarizes information for fair value option mortgage loans:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Unpaid principal balance | $ 25 | $ 30 |
| Mark to fair value | 2 | 2 |
| **Fair value** | $ 27 | $ 32 |

There were no fair value option mortgage loans 90 days or more past due as of December 31, 2019 and 2018.

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

| | Year ended December 31, 2019 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total realized and unrealized gains (losses) | | | Transfers | | | |
| *(In millions)* | Beginning balance | Included in income | Included in OCI | Net purchases, issuances, sales and settlements | In | Out | Ending balance | Total gains (losses) included in earnings[1] |
| **Assets** | | | | | | | | |
| AFS securities | | | | | | | | |
| U.S. state, municipal and political subdivisions | $ — | $ — | $ — | $ 40 | $ — | $ — | $ 40 | $ — |
| Corporate | 898 | 14 | 12 | (61) | 5 | (143) | 725 | — |
| CLO | 107 | — | 3 | 50 | — | (39) | 121 | — |
| ABS | 1,615 | 7 | 32 | 120 | 30 | (430) | 1,374 | — |
| CMBS | 187 | 2 | 7 | (131) | — | (19) | 46 | — |
| RMBS | 56 | 2 | 2 | (13) | — | (47) | — | — |
| Trading securities | | | | | | | | |
| CLO | 1 | — | — | — | 5 | — | 6 | 6 |
| RMBS | 134 | (21) | — | 10 | 4 | (75) | 52 | 1 |
| Equity securities | 3 | — | — | — | — | — | 3 | — |
| Mortgage loans | 32 | — | — | (5) | — | — | 27 | — |
| Investment funds | 29 | (3) | — | (4) | — | — | 22 | (3) |
| Funds withheld at interest – embedded derivative | 57 | 744 | — | — | — | — | 801 | — |
| Short-term investments | — | — | — | 41 | — | — | 41 | — |
| Investments in related parties | | | | | | | | |
| AFS securities, ABS | 328 | 2 | 22 | 2,076 | — | (104) | 2,324 | — |
| Trading securities | | | | | | | | |
| CLO | 78 | (7) | — | (14) | 17 | (36) | 38 | 2 |
| ABS | 149 | (14) | — | 473 | 103 | — | 711 | (6) |
| Equity securities | 120 | — | — | (62) | — | — | 58 | — |
| Investment funds | 105 | 8 | — | 19 | — | — | 132 | 8 |
| Funds withheld at interest – embedded derivative | (110) | 704 | — | — | — | — | 594 | — |
| Reinsurance recoverable | 1,676 | 145 | — | — | — | — | 1,821 | — |
| Investments of consolidated VIEs | | | | | | | | |
| Trading securities | 35 | — | — | (44) | 25 | — | 16 | 1 |
| Equity securities | 13 | (2) | — | (5) | — | — | 6 | (1) |
| Investment funds | 15 | (1) | — | — | — | (14) | — | (1) |
| **Total Level 3 assets** | $ 5,528 | $ 1,580 | $ 78 | $ 2,490 | $ 189 | $ (907) | $ 8,958 | $ 7 |
| **Liabilities** | | | | | | | | |
| Interest sensitive contract liabilities | | | | | | | | |
| Embedded derivative | $ (7,969) | $ (2,526) | $ — | $ (447) | $ — | $ — | $ (10,942) | $ — |
| Universal life benefits | (932) | (118) | — | — | — | — | (1,050) | — |
| Future policy benefits | | | | | | | | |
| AmerUs Closed Block | (1,443) | (103) | — | — | — | — | (1,546) | — |
| ILICO Closed Block and life benefits | (730) | (25) | — | — | — | — | (755) | — |
| Derivative liabilities | (4) | 1 | — | — | — | — | (3) | 1 |
| **Total Level 3 liabilities** | $ (11,078) | $ (2,771) | $ — | $ (447) | $ — | $ — | $ (14,296) | $ 1 |

[1] *Related to instruments held at end of period.*

| (In millions) | Year ended December 31, 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Total realized and unrealized gains (losses) | | | Transfers | | | |
| | Beginning balance | Included in income | Included in OCI | Net purchases, issuances, sales and settlements | In | Out | Ending balance | Total gains (losses) included in earnings[1] |
| **Assets** | | | | | | | | |
| AFS securities | | | | | | | | |
| Corporate | $ 578 | $ (16) | $ (6) | $ 249 | $ 97 | $ (4) | $ 898 | $ — |
| CLO | 64 | 2 | (2) | 36 | 7 | — | 107 | — |
| ABS | 1,457 | 8 | (11) | 252 | — | (91) | 1,615 | — |
| CMBS | 137 | 1 | — | 132 | 15 | (98) | 187 | — |
| RMBS | 301 | 4 | (11) | 21 | — | (259) | 56 | — |
| Trading securities | | | | | | | | |
| U.S. state, municipal and political subdivisions | 17 | 1 | — | — | — | (18) | — | 1 |
| CLO | 17 | (9) | — | — | — | (7) | 1 | (6) |
| ABS | 77 | (6) | — | — | — | (71) | — | (2) |
| RMBS | 342 | (65) | — | — | — | (143) | 134 | 5 |
| Equity securities | 8 | 2 | — | (7) | — | — | 3 | 2 |
| Mortgage loans | 41 | — | — | (9) | — | — | 32 | — |
| Investment funds | 41 | (3) | — | (9) | — | — | 29 | (3) |
| Funds withheld at interest – embedded derivative | 312 | (255) | — | — | — | — | 57 | — |
| Investments in related parties | | | | | | | | |
| AFS securities, ABS | 4 | — | (2) | 326 | — | — | 328 | — |
| Trading securities | | | | | | | | |
| CLO | 105 | (13) | — | (18) | 25 | (21) | 78 | (5) |
| ABS | — | — | — | — | 149 | — | 149 | — |
| Equity securities | — | — | — | 120 | — | — | 120 | — |
| Investment funds | — | (3) | — | 108 | — | — | 105 | (3) |
| Funds withheld at interest – embedded derivative | — | (110) | — | — | — | — | (110) | — |
| Reinsurance recoverable | 1,824 | (148) | — | — | — | — | 1,676 | — |
| Investments of consolidated VIEs | | | | | | | | |
| Trading securities | 48 | — | — | (13) | — | — | 35 | — |
| Equity securities | 28 | (12) | — | (3) | — | — | 13 | — |
| Investment funds | 21 | (3) | — | (3) | — | — | 15 | — |
| **Total Level 3 assets** | $ 5,422 | $ (625) | $ (32) | $ 1,182 | $ 293 | $ (712) | $ 5,528 | $ (11) |
| **Liabilities** | | | | | | | | |
| Interest sensitive contract liabilities | | | | | | | | |
| Embedded derivative | $ (7,411) | $ 923 | $ — | $ (1,481) | $ — | $ — | $ (7,969) | $ — |
| Universal life benefits | (1,005) | 73 | — | — | — | — | (932) | — |
| Future policy benefits | | | | | | | | |
| AmerUs Closed Block | (1,625) | 182 | — | — | — | — | (1,443) | — |
| ILICO Closed Block and life benefits | (803) | 73 | — | — | — | — | (730) | — |
| Derivative liabilities | (5) | 1 | — | — | — | — | (4) | 1 |
| **Total Level 3 liabilities** | $ (10,849) | $ 1,252 | $ — | $ (1,481) | $ — | $ — | $ (11,078) | $ 1 |

[1] *Related to instruments held at end of period.*

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

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

| | Year ended December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Purchases | Issuances | Sales | Settlements | Net purchases, issuances, sales and settlements |
| **Assets** | | | | | |
| AFS securities | | | | | |
| U.S. state, municipal and political subdivisions | $ 40 | $ — | $ — | $ — | $ 40 |
| Corporate | 116 | — | (3) | (174) | (61) |
| CLO | 94 | — | — | (44) | 50 |
| ABS | 409 | — | (172) | (117) | 120 |
| CMBS | — | — | (4) | (127) | (131) |
| RMBS | 1 | — | — | (14) | (13) |
| Trading securities, RMBS | 10 | — | — | — | 10 |
| Mortgage loans | — | — | — | (5) | (5) |
| Investment funds | — | — | (4) | — | (4) |
| Short-term investments | 74 | — | — | (33) | 41 |
| Investments in related parties | | | | | |
| AFS securities, ABS | 2,207 | — | — | (131) | 2,076 |
| Trading securities | | | | | |
| CLO | — | — | (14) | — | (14) |
| ABS | 511 | — | — | (38) | 473 |
| Equity securities | 75 | — | — | (137) | (62) |
| Investment funds | 20 | — | (1) | — | 19 |
| Investments of consolidated VIEs | | | | | |
| Trading securities | — | — | (44) | — | (44) |
| Equity securities | — | — | (5) | — | (5) |
| **Total Level 3 assets** | $ 3,557 | $ — | $ (247) | $ (820) | $ 2,490 |
| **Liabilities** | | | | | |
| Interest sensitive contract liabilities – embedded derivative | $ — | $ (937) | $ — | $ 490 | $ (447) |
| **Total Level 3 liabilities** | $ — | $ (937) | $ — | $ 490 | $ (447) |

| | Year ended December 31, 2018 | | | | |
|---|---|---|---|---|---|
| *(In millions)* | Purchases | Issuances | Sales | Settlements | Net purchases, issuances, sales and settlements |
| **Assets** | | | | | |
| AFS securities | | | | | |
| Corporate | $ 351 | $ — | $ (29) | $ (73) | $ 249 |
| CLO | 67 | — | — | (31) | 36 |
| ABS | 599 | — | (35) | (312) | 252 |
| CMBS | 151 | — | (3) | (16) | 132 |
| RMBS | 56 | — | — | (35) | 21 |
| Trading securities, CLO | 7 | — | (7) | — | — |
| Equity securities | 1 | — | (8) | — | (7) |
| Mortgage loans | — | — | — | (9) | (9) |
| Investment funds | — | — | — | (9) | (9) |
| Investments in related parties | | | | | |
| AFS securities, ABS | 326 | — | — | — | 326 |
| Trading securities, CLO | 30 | — | (48) | — | (18) |
| Equity securities | 120 | — | — | — | 120 |
| Investment funds | 108 | — | — | — | 108 |
| Investments of consolidated VIEs | | | | | |
| Trading securities | — | — | (13) | — | (13) |
| Equity securities | 1 | — | (4) | — | (3) |
| Investment funds | 14 | — | (17) | — | (3) |
| **Total Level 3 assets** | $ 1,831 | $ — | $ (164) | $ (485) | $ 1,182 |
| **Liabilities** | | | | | |
| Interest sensitive contract liabilities – embedded derivative | $ — | $ (1,888) | $ — | $ 407 | $ (1,481) |
| **Total Level 3 liabilities** | $ — | $ (1,888) | $ — | $ 407 | $ (1,481) |

**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.

*AFS and trading 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. An increase in the discount rate can lower the fair value; a decrease in the discount rate can increase the fair value. As of December 31, 2019, discounts ranged from 3% to 9%, and as of December 31, 2018, discounts ranged from 5% to 9%. 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. Nonperformance risk – For contracts we issue, we use the credit spread, relative to the U.S. Department of the Treasury (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.
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:

| | December 31, 2019 | | | | |
|---|---|---|---|---|---|
| *(In millions, except for percentages)* | 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 | $ 10,942 | Option budget method | Nonperformance risk | 0.2% – 1.1% | Decrease |
| | | | Option budget | 0.7% – 3.7% | Increase |
| | | | Surrender rate | 3.5% – 8.1% | Decrease |

| | December 31, 2018 | | | | |
|---|---|---|---|---|---|
| *(In millions, except for percentages)* | 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 | $ 7,969 | Option budget method | Nonperformance risk | 0.3% – 1.5% | Decrease |
| | | | Option budget | 0.7% – 3.7% | Increase |
| | | | Surrender rate | 3.6% – 7.3% | Decrease |

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

| | December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Carrying Value | Fair Value | NAV | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Mortgage loans | $ 14,279 | $ 14,719 | $ — | $ — | $ — | $ 14,719 |
| Investment funds | 577 | 577 | 577 | — | — | — |
| Policy loans | 417 | 417 | — | — | 417 | — |
| Funds withheld at interest | 14,380 | 14,380 | — | — | — | 14,380 |
| Short-term investments | 190 | 190 | — | — | — | 190 |
| Other investments | 65 | 65 | — | — | — | 65 |
| Investments in related parties | | | | | | |
| Mortgage loans | 653 | 641 | — | — | — | 641 |
| Investment funds | 2,634 | 2,634 | 2,634 | — | — | — |
| Funds withheld at interest | 12,626 | 12,626 | — | — | — | 12,626 |
| Other investments | 487 | 537 | — | — | — | 537 |
| Assets of consolidated VIEs | | | | | | |
| Investment funds | 116 | 116 | 116 | — | — | — |
| **Total financial assets not carried at fair value** | $ 46,424 | $ 46,902 | $ 3,327 | $ — | $ 417 | $ 43,158 |
| **Financial liabilities** | | | | | | |
| Interest sensitive contract liabilities | $ 57,272 | $ 58,027 | $ — | $ — | $ — | $ 58,027 |
| Short-term debt | 475 | 475 | — | — | 475 | — |
| Long-term debt | 992 | 1,036 | — | — | 1,036 | — |
| Securities to repurchase | 512 | 512 | — | — | 512 | — |
| Funds withheld liability | 377 | 377 | — | — | 377 | — |
| **Total financial liabilities not carried at fair value** | $ 59,628 | $ 60,427 | $ — | $ — | $ 2,400 | $ 58,027 |

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

| | December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| *(In millions)* | Carrying Value | Fair Value | NAV | Level 1 | Level 2 | Level 3 |
| **Financial assets** | | | | | | |
| Mortgage loans | $ 10,308 | $ 10,424 | $ — | $ — | $ — | $ 10,424 |
| Investment funds | 521 | 521 | 521 | — | — | — |
| Policy loans | 488 | 488 | — | — | 488 | — |
| Funds withheld at interest | 14,966 | 14,966 | — | — | — | 14,966 |
| Other investments | 70 | 70 | — | — | — | 70 |
| Investments in related parties | | | | | | |
| Mortgage loans | 291 | 290 | — | — | — | 290 |
| Investment funds | 2,031 | 2,031 | 2,031 | — | — | — |
| Funds withheld at interest | 13,687 | 13,687 | — | — | — | 13,687 |
| Other investments | 386 | 361 | — | — | — | 361 |
| Assets of consolidated VIEs | | | | | | |
| Investment funds | 57 | 57 | 57 | — | — | — |
| **Total financial assets not carried at fair value** | $ 42,805 | $ 42,895 | $ 2,609 | $ — | $ 488 | $ 39,798 |
| **Financial liabilities** | | | | | | |
| Interest sensitive contract liabilities | $ 54,655 | $ 51,655 | $ — | $ — | $ — | $ 51,655 |
| Long-term debt | 991 | 910 | — | — | 910 | — |
| Funds withheld liability | 722 | 722 | — | — | 722 | — |
| **Total financial liabilities not carried at fair value** | $ 56,368 | $ 53,287 | $ — | $ — | $ 1,632 | $ 51,655 |

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 consolidated balance sheets; however, in the case of policy loans, funds withheld at interest and liability, short-term investments, short-term debt and securities to repurchase, the carrying amount approximates fair value.

*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. Reinsurance

The following summarizes the effect of reinsurance on premiums and future policy and other policy benefits on the consolidated statements of income:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| **Premiums** | | | |
| Direct | $ 5,449 | $ 2,813 | $ 2,700 |
| Reinsurance assumed | 1,092 | 1,066 | 21 |
| Reinsurance ceded | (159) | (417) | (195) |
| **Total premiums** | $ 6,382 | $ 3,462 | $ 2,526 |
| **Future policy and other policy benefits** | | | |
| Direct | $ 6,697 | $ 3,739 | $ 3,537 |
| Reinsurance assumed | 1,223 | 1,093 | 37 |
| Reinsurance ceded | (333) | (551) | (313) |
| **Total future policy and other policy benefits** | $ 7,587 | $ 4,281 | $ 3,261 |

Reinsurance typically provides for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity. The required minimum assets are equal to or greater than statutory reserves, as defined by the agreement, and were $8,377 million and $5,719 million as of December 31, 2019 and 2018, respectively. Although we own the assets placed in trust, their use is restricted based on the trust agreement terms. If the statutory book value of the assets, or in certain cases fair value, in a trust declines because of impairments or other reasons, we may be required to contribute additional assets to the trust. In addition, the assets within a trust may be subject to a pledge in favor of the applicable reinsurance company.

**Reinsurance transactions**

We have entered into various coinsurance and modco agreements to reinsure blocks of fixed deferred and fixed indexed and PRT annuities. The following summarizes those agreements at inception:

| | Years ended December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Liabilities assumed | $ 791 | $ 27,238 |
| Less: Assets received | 818 | 26,255 |
| Ceding commission (paid) received | — | (660) |
| **Net cost of reinsurance** | $ (27) | $ 1,643 |
| DAC | $ — | $ 1,777 |
| Unearned revenue reserve[1] | — | (69) |
| Deferred profit liability[2] | (27) | (65) |
| **Net cost of reinsurance** | $ (27) | $ 1,643 |

[1] *Included within interest sensitive contract liabilities on the consolidated balance sheets.*
[2] *Included within future policy benefits on the consolidated balance sheets.*

DAC and unearned revenue reserve balances are amortized over the life of the reinsurance agreements on a basis consistent with our DAC amortization policy. The deferred profit liability balance is amortized over the life of the reinsurance agreement on a constant relationship to the benefit reserves.

Certain of these reinsurance agreements were with related parties. See *Note 14 – Related Parties* for further information.

*Global Atlantic* – We have a 100% coinsurance and assumption agreement with Global Atlantic. The agreement ceded all existing open block life insurance business issued by Athene Annuity and Life Company (AAIA), with the exception of enhanced guarantee universal life insurance products. We also entered into a 100% coinsurance agreement with Global Atlantic to cede all policy liabilities of the ILICO Closed Block. The ILICO Closed Block consists primarily of participating whole life insurance policies. We also have an excess of loss arrangement with Global Atlantic to reimburse us for any payments required from our general assets to meet the contractual obligations of the AmerUs Closed Block not covered by existing reinsurance through Athene Re USA IV. The AmerUs Closed Block consists primarily of participating whole life insurance policies. Since all liabilities were covered by the existing reinsurance at close, no reinsurance premiums were ceded. The assets backing the AmerUs Closed Block are managed, on AAIA's behalf, by Goldman Sachs Asset Management, an affiliate of Global Atlantic.

As of December 31, 2019 and 2018, Global Atlantic maintained a series of trust and custody accounts under the terms of these agreements with assets equal to or greater than a required aggregate statutory balance of $3,478 million and $3,967 million, respectively.

*Protective Life Insurance Company (Protective)* – We reinsured substantially all of the existing life and health business of Athene Annuity & Life Assurance Company (AADE) to Protective under a coinsurance agreement in 2011. As of December 31, 2019 and 2018, Protective maintained a trust for our benefit with assets having a fair value of $1,640 million and $1,525 million, respectively.

**Novations**—We have novated certain open blocks of business ceded to Global Atlantic, in accordance with the terms of the coinsurance and assumption agreement. Additionally, we have novated the reinsurance agreement for blocks of endowment contracts and annuities assumed from Athora Lebensversicherung AG (ALV) to Athora Life Re Ltd. (ARE). The below table summarizes the decreases in amounts on the consolidated balance sheets as a result of the novations. Novations during the year ended December 31, 2018 did not have a material effect on the consolidated balance sheets.

| *(In millions)* | Year ended December 31, 2019 |
|---|---|
| Interest sensitive contract liabilities | $ 407 |
| Future policy benefits | 305 |
| Funds withheld liability | 347 |
| Investments | 320 |
| Policy loans | 38 |
| Reinsurance recoverable | 674 |
| Other assets and liabilities | 27 |

**Reinsurance Recoverables**—The following summarizes our reinsurance recoverable from the following:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Global Atlantic | $ 2,981 | $ 3,166 |
| Protective | 1,605 | 1,652 |
| ARE | — | 337 |
| Other[1] | 277 | 379 |
| **Reinsurance recoverable** | $ 4,863 | $ 5,534 |

[1] *Represents all other reinsurers, with no single reinsurer having a carrying value in excess of 5% of total recoverable.*

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

The following represents a rollforward of DAC, DSI and VOBA:

| *(In millions)* | DAC | DSI | VOBA | Total |
|---|---|---|---|---|
| Balance at December 31, 2016 | $ 1,145 | $ 462 | $ 1,352 | $ 2,959 |
| Additions | 493 | 161 | — | 654 |
| Unlocking | 13 | 4 | (1) | 16 |
| Amortization | (194) | (67) | (162) | (423) |
| Impact of unrealized investment (gains) losses | (82) | (40) | (112) | (234) |
| Balance at December 31, 2017 | 1,375 | 520 | 1,077 | 2,972 |
| Additions | 2,481 | 264 | — | 2,745 |
| Unlocking | 21 | 7 | 54 | 82 |
| Amortization | (108) | (61) | (141) | (310) |
| Impact of unrealized investment (gains) losses | 152 | 69 | 197 | 418 |
| Balance at December 31, 2018 | 3,921 | 799 | 1,187 | 5,907 |
| Additions | 645 | 226 | — | 871 |
| Unlocking | (117) | (9) | (24) | (150) |
| Amortization | (749) | (65) | (68) | (882) |
| Impact of unrealized investment (gains) losses | (426) | (131) | (181) | (738) |
| Balance at December 31, 2019 | $ 3,274 | $ 820 | $ 914 | $ 5,008 |

The expected amortization of VOBA for the next five years is as follows:

| *(In millions)* | Expected Amortization |
|---|---|
| 2020 | $ 94 |
| 2021 | 85 |
| 2022 | 75 |
| 2023 | 71 |
| 2024 | 66 |

## 8. Closed Block

We pay guaranteed benefits under all policies included in the Closed Blocks. In the event the performance of the Closed Blocks' assets is insufficient to maintain dividend scales and interest credits, we may reduce the policyholder dividend scales. In the event dividends have been reduced to zero and the Closed Blocks' assets remain insufficient to fund the Closed Blocks' guaranteed benefits, we would use assets supporting open block policies or surplus to meet the contractual benefits of the Closed Blocks' policyholders. The ILICO Closed Block has been ceded to Global Atlantic. Therefore, Global Atlantic would be required to provide funding for any asset insufficiency related to the ILICO Closed Block. Additionally, the AmerUs Closed Block has a letter of credit and tail risk reinsurance agreement in place that limits our exposure to potential asset insufficiency.

We elected the fair value option for the AmerUs Closed Block. The fair value of liabilities of the AmerUs Closed Block was derived at election as the sum of the fair value of the AmerUs Closed Block assets plus our cost of capital in the AmerUs Closed Block. The cost of capital was then determined to be the present value of the projected release of required capital and future after tax earnings 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. At each reporting period, we record the fair value of the AmerUs Closed Block by adjusting the change in liabilities, exclusive of the cost of capital, to equal the change in assets. We do not record additional policyholder dividend obligations, as there are no future GAAP earnings available to the policyholders.

The excess of the fair value of the liabilities over the fair value of the assets represents our cost of capital in the AmerUs Closed Block. The maximum amount of future earnings from the assets and liabilities of the AmerUs Closed Block is represented by the reduction in the cost of capital in future years based on the operations of the AmerUs Closed Block and recalculation of the cost of capital each reporting period.

Summarized financial information of the AmerUs Closed Block is presented below.

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| **Liabilities** | | |
| Future policy benefits | $ 1,546 | $ 1,443 |
| Other policy claims and benefits | 18 | 14 |
| Dividends payable to policyholders | 87 | 89 |
| **Total liabilities** | 1,651 | 1,546 |
| **Assets** | | |
| Trading securities | 1,353 | 1,228 |
| Mortgage loans, net of allowances | 27 | 32 |
| Policy loans | 139 | 154 |
| Total investments | 1,519 | 1,414 |
| Cash and cash equivalents | 30 | 31 |
| Accrued investment income | 44 | 41 |
| Reinsurance recoverable | 19 | 22 |
| Other assets | 9 | 2 |
| **Total assets** | 1,621 | 1,510 |
| **Maximum future earnings to be recognized from AmerUs Closed Block** | $ 30 | $ 36 |

The following represents the contribution from AmerUs Closed Block.

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| **Revenues** | | | |
| Premiums | $ 54 | $ 48 | $ 58 |
| Net investment income | 74 | 77 | 79 |
| Investment related gains (losses) | 147 | (118) | 61 |
| **Total revenues** | 275 | 7 | 198 |
| **Benefits and Expenses** | | | |
| Future policy and other policy benefits | 234 | (49) | 144 |
| Dividends to policyholders | 36 | 36 | 51 |
| **Total benefits and expenses** | 270 | (13) | 195 |
| **Contribution from AmerUs Closed Block before income taxes** | 5 | 20 | 3 |
| Income tax benefit | (1) | — | (5) |
| **Contribution from AmerUs Closed Block, net of income taxes** | $ 6 | $ 20 | $ 8 |

## 9. Debt

**Credit Facility—**In the fourth quarter of 2019, we entered into a five-year revolving credit agreement, subject to up to two one-year extensions (Credit Facility) with Citibank, N.A., as administrative agent, which replaced our previous revolving credit agreement. The borrowing capacity under the Credit Facility is $1.25 billion, with potential increases up to $1.75 billion. In connection with the Credit Facility, AHL and Athene USA guaranteed all of the obligations of AHL, ALRe, Athene Annuity Re Ltd. (AARe) and Athene USA under this facility, and ALRe and AARe guaranteed certain of the obligations of AHL, ALRe, AARe and Athene USA under this facility. The Credit Facility contains various standard covenants with which we must comply, including the following:

1. Consolidated debt to capitalization ratio of not greater than 35%;
2. Minimum consolidated net worth of no less than $7.3 billion; and
3. Restrictions on our ability to incur debt and liens, in each case with certain exceptions.

As of December 31, 2019 and 2018, we had no amounts outstanding under the respective revolving credit agreements and were in compliance with all covenants under these facilities.

Interest accrues on outstanding borrowings at either the Eurodollar Rate (as defined in the Credit Facility) plus a margin or a base rate plus a margin, with the applicable margin varying based on AHL's Debt Rating (as defined in the Credit Facility). The Credit Facility has a commitment fee that is determined by reference to AHL's Debt Rating, and ranges from 0.10% to 0.30% of the undrawn commitment. As of December 31, 2019 and 2018, the commitment fee was 0.15% and 0.225%, respectively, of the undrawn commitment.

**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. Interest expense on long-term debt was $42 million and $41 million for the years ended December 31, 2019 and 2018, respectively.

**Short-term Borrowings—**In the fourth quarter of 2019, we borrowed $475 million from the Federal Home Loan Bank (FHLB) through their variable rate short-term federal funds program. As of December 31, 2019, the borrowings had maturity dates ranging from February 10, 2020 to May 11, 2020 and a weighted average interest rate of 1.79%, with interest due at maturity. In connection with short-term borrowings, the FHLB requires the borrower to purchase member stock and post sufficient collateral to secure the borrowings. See *Note 15 – Commitments and Contingencies* for further discussion regarding existing collateral posting with the FHLB.

## 10. Equity

**Preferred Stock—**On June 10, 2019, we issued 34,500 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A, par value of $1.00 per share with a liquidation preference of $25,000 per share (Series A). In 2019, we declared and paid dividends of $881.95 per Series A share and $31 million in the aggregate.

On September 19, 2019, we issued 13,800 5.625% Fixed Rate Perpetual Non-Cumulative Preference Shares, Series B, par value of $1.00 per share with a liquidation preference of $25,000 per share (Series B). In 2019, we declared and paid dividends of $394.53 per Series B share and $5 million in the aggregate.

Preferred stock dividends are payable on a non-cumulative basis only when, as and if declared, quarterly in arrears on the 30th day of March, June, September and December of each year. Preferred stock ranks senior to our common stock with respect to dividends, to the extent declared, and in liquidation, to the extent of the liquidation preference.

**Common Stock—**We have six classes of common stock: Class A, Class B, Class M-1, Class M-2, Class M-3 and Class M-4. The Class M-1, Class M-2, Class M-3 and Class M-4 shares are collectively referred to as Class M shares. In the fourth quarter of 2019, we entered into an agreement with Apollo in which, among other things, we will make certain amendments to our bye-laws to eliminate our current multi-class share structure, subject to the closing of the underlying transaction. See additional information regarding this agreement in *Note 14 – Related Parties*.

Class A shares collectively represented 55% of the total voting power of the Company. Class B shares collectively represent the remaining 45% of the total voting power of the Company, and are beneficially owned by shareholders who are members of the Apollo Group, as defined in our bye-laws. Class B shares can be converted to Class A shares on a one-to-one basis at any time upon notice to us. Our bye-laws place certain restrictions on Class A shares such that (1) a holder of Class A shares, including its affiliates, cannot control greater than 9.9% of the total outstanding vote and if a holder of Class A shares were to control greater than 9.9%, then a holder's voting power is automatically reduced to 9.9% and the other holders of Class A shares would vote the remainder on a prorated basis, (2) the total voting power held by employees of the Apollo Group is limited to 3% and (3) Class A shares may be deemed non-voting when owned by a shareholder who owns Class B shares, has an equity interest in certain Apollo entities, or is a member of the Apollo Group.

Class M shares are restricted, non-voting shares previously issued under equity incentive plans. Class M shares function similar to options in that they are exchangeable into Class A shares upon payment of a conversion price and other conditions being met, including vesting conditions. As of December 31, 2019, there were 9.1 million outstanding Class M shares with a weighted average conversion price of $18.63.

*Repurchase Authorizations*

Our board of directors has approved authorizations of $1,567 million for the repurchase of our Class A shares under our repurchase program. We may repurchase shares in open market transactions, in privately negotiated transactions or otherwise. The size and timing of repurchases will depend on legal requirements, market and economic conditions and other factors, and are solely at our discretion. The program has no expiration date, but may be modified, suspended or terminated by the board at any time.

The following summarizes the activity on our share repurchase authorizations:

| *(In millions)* | |
|---|---|
| Initial authorization | $ 250 |
| Repurchases | (100) |
| Remaining authorization at December 31, 2018 | 150 |
| Additional authorizations | 1,317 |
| Repurchases | (827) |
| Remaining authorization at December 31, 2019 | $ 640 |

*Other Share Activities*

2018

- In the first quarter, a total of 21.9 million Class B shares were converted into Class A shares pursuant to a distribution of common shares from AP Alternative Assets, L.P. (AAA) to AAA unitholders.

2017

- In the fourth quarter, a total of 21.4 million Class B shares were converted into Class A shares pursuant to a distribution of common shares from AP Alternative Assets, L.P. (AAA) to AAA unitholders.
- As a result of the lockup releases during the year, 1.3 million Class B shares were converted into Class A shares.
- During the year, we completed two follow-on offerings of our Class A common shares. Shareholders sold 50.3 million existing Class A shares through the offerings. We did not sell any shares in the follow-on offerings. A total of 41.7 million Class B shares were converted into Class A shares on a one-for-one basis in order to participate in the follow-on offerings.

As of December 31, 2019, we had 150 million shares of capital stock authorized which remain undesignated.

**ATHENE HOLDING LTD.**
**Notes to Consolidated Financial Statements**

The table below shows the changes in each class of shares issued and outstanding:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| **Class A** | | | |
| Beginning balance | 162.4 | 142.4 | 77.3 |
| Issued shares | 0.7 | 0.6 | 0.7 |
| Forfeited shares | (0.1) | — | — |
| Repurchased shares | (19.8) | (2.6) | — |
| Converted from Class B shares | — | 22.0 | 64.4 |
| Ending balance | 143.2 | 162.4 | 142.4 |
| **Class B** | | | |
| Beginning balance | 25.4 | 47.4 | 111.8 |
| Converted to Class A shares | — | (22.0) | (64.4) |
| Ending balance | 25.4 | 25.4 | 47.4 |
| **Class M-1** | | | |
| Beginning balance | 3.4 | 3.4 | 3.5 |
| Converted to Class A shares | (0.1) | — | (0.1) |
| Ending balance | 3.3 | 3.4 | 3.4 |
| **Class M-2** | | | |
| Beginning balance | 0.8 | 0.9 | 1.1 |
| Converted to Class A shares | — | (0.1) | (0.2) |
| Ending balance | 0.8 | 0.8 | 0.9 |
| **Class M-3** | | | |
| Beginning balance | 1.0 | 1.1 | 1.3 |
| Converted to Class A shares | — | (0.1) | (0.2) |
| Ending balance | 1.0 | 1.0 | 1.1 |
| **Class M-4** | | | |
| Beginning balance | 4.1 | 4.7 | 5.4 |
| Converted to Class A shares | (0.1) | (0.5) | (0.2) |
| Forfeited shares | — | — | (0.1) |
| Repurchased shares | — | (0.1) | (0.4) |
| Ending balance | 4.0 | 4.1 | 4.7 |

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**Accumulated Other Comprehensive Income (Loss)**—The following provides the details and changes in AOCI:

| (In millions) | Unrealized investment gains (losses) on AFS securities | DAC, DSI, VOBA, future policy benefits and dividends payable to policyholders adjustments on AFS securities | Noncredit component of OTTI losses on AFS securities | Unrealized gains (losses) on hedging instruments | Foreign currency translation and other adjustments | Accumulated other comprehensive income (loss) |
|---|---|---|---|---|---|---|
| **Balance at December 31, 2016** | $ 684 | $ (298) | $ (11) | $ 6 | $ (15) | $ 366 |
| Adoption of accounting standards | 273 | (72) | (2) | (12) | — | 187 |
| Other comprehensive income (loss) before reclassifications | 1,680 | (319) | (5) | (105) | 19 | 1,270 |
| Less: Reclassification adjustments for gains (losses) realized in net income[1] | 75 | (26) | (9) | — | — | 40 |
| Less: Income tax expense (benefit) | 463 | (95) | 1 | (35) | — | 334 |
| **Balance at December 31, 2017** | 2,099 | (568) | (10) | (76) | 4 | 1,449 |
| Adoption of accounting standards | (46) | 4 | — | — | — | (42) |
| Other comprehensive income (loss) before reclassifications | (3,291) | 852 | (9) | 146 | (8) | (2,310) |
| Less: Reclassification adjustments for gains (losses) realized in net income[1] | 4 | (1) | (3) | — | — | — |
| Less: Income tax expense (benefit) | (629) | 168 | (1) | 31 | — | (431) |
| **Balance at December 31, 2018** | (613) | 121 | (15) | 39 | (4) | (472) |
| Other comprehensive income (loss) before reclassifications | 4,928 | (1,322) | 1 | 29 | 1 | 3,637 |
| Less: Reclassification adjustments for gains (losses) realized in net income[1] | 218 | (56) | 7 | — | — | 169 |
| Less: Income tax expense (benefit) | 959 | (266) | (1) | 6 | — | 698 |
| Less: Other comprehensive income attributable to NCI, net of subsidiary issuance of equity interests and tax | 16 | — | — | 1 | — | 17 |
| **Balance at December 31, 2019** | $ 3,122 | $ (879) | $ (20) | $ 61 | $ (3) | $ 2,281 |

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

## 11. Earnings Per Share

The following represents our basic and diluted EPS calculations:

| | Year ended December 31, 2019 | | | | | |
|---|---|---|---|---|---|---|
| *(In millions, except per share data)* | Class A | Class B | Class M-1 | Class M-2 | Class M-3 | Class M-4 |
| Net income available to Athene Holding Ltd. common shareholders – basic and diluted | $ 1,760 | $ 291 | $ 38 | $ 10 | $ 11 | $ 26 |
| Basic weighted average shares outstanding | 153.9 | 25.4 | 3.3 | 0.8 | 1.0 | 2.2 |
| Dilutive effect of stock compensation plans | 0.4 | — | — | — | — | 0.3 |
| Diluted weighted average shares outstanding | 154.3 | 25.4 | 3.3 | 0.8 | 1.0 | 2.5 |
| **Earnings per share** | | | | | | |
| Basic | $ 11.44 | $ 11.44 | $ 11.44 | $ 11.44 | $ 11.44 | $ 11.44 |
| Diluted | $ 11.41 | $ 11.44 | $ 11.44 | $ 11.44 | $ 11.44 | $ 9.94 |

| (In millions, except per share data) | Year ended December 31, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Class A | Class B | Class M-1 | Class M-2 | Class M-3 | Class M-4 |
| Net income available to Athene Holding Ltd. common shareholders – basic and diluted | $ 857 | $ 157 | $ 18 | $ 5 | $ 5 | $ 11 |
| Basic weighted average shares outstanding | 160.5 | 29.3 | 3.4 | 0.8 | 1.0 | 2.1 |
| Dilutive effect of stock compensation plans | 0.6 | — | — | — | — | 0.6 |
| Diluted weighted average shares outstanding | 161.1 | 29.3 | 3.4 | 0.8 | 1.0 | 2.7 |
| **Earnings per share** | | | | | | |
| Basic | $ 5.34 | $ 5.34 | $ 5.34 | $ 5.34 | $ 5.34 | $ 5.34 |
| Diluted | $ 5.32 | $ 5.34 | $ 5.34 | $ 5.31 | $ 5.31 | $ 4.11 |

| (In millions, except per share data) | Year ended December 31, 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Class A | Class B | Class M-1 | Class M-2 | Class M-3 | Class M-4 |
| Net income available to Athene Holding Ltd. common shareholders – basic | $ 749 | $ 567 | $ 24 | $ 4 | $ 5 | $ 9 |
| Effect of stock compensation plans on allocated net income | 18 | — | — | — | — | — |
| Net income available to Athene Holding Ltd. common shareholders – diluted | $ 767 | $ 567 | $ 24 | $ 4 | $ 5 | $ 9 |
| Basic weighted average shares outstanding | 107.7 | 81.6 | 3.4 | 0.6 | 0.7 | 1.3 |
| Dilutive effect of stock compensation plans | 3.3 | — | — | 0.3 | 0.5 | 1.6 |
| Diluted weighted average shares outstanding | 111.0 | 81.6 | 3.4 | 0.9 | 1.2 | 2.9 |
| **Earnings per share** | | | | | | |
| Basic | $ 6.95 | $ 6.95 | $ 6.95 | $ 6.95 | $ 6.95 | $ 6.95 |
| Diluted | $ 6.91 | $ 6.95 | $ 6.95 | $ 5.05 | $ 3.86 | $ 3.10 |

We use the two-class method for allocating net income to each class of our common stock. Our Class M shares did not become eligible to participate in dividends until a return of investment (ROI) condition had been met for each class. Once eligible, each class of our common stock has equal dividend rights. In conjunction with our IPO in 2016, the ROI condition for Class M-1 was met. 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 31.9 million, 34.9 million and 52.3 million shares, RSUs and options as of December 31, 2019, 2018 and 2017, respectively.

## 12. Income Taxes

Income tax expense consists of the following:

| (In millions) | Years ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Current | $ 53 | $ 78 | $ 5 |
| Deferred | 64 | 44 | 101 |
| **Income tax expense (benefit)** | $ 117 | $ 122 | $ 106 |

Income tax expense was calculated based on the following components of income before income taxes:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Income before income taxes – Bermuda | $ 1,895 | $ 641 | $ 1,165 |
| Income before income taxes – U.S. | 528 | 534 | 274 |
| Income before income taxes – United Kingdom | (121) | — | — |
| Income before income taxes – Germany | — | — | 25 |
| **Income before income taxes** | $ 2,302 | $ 1,175 | $ 1,464 |

The expected tax provision computed on pre-tax income at the weighted average tax rate has been calculated as the sum of the pre-tax income in each jurisdiction multiplied by that jurisdiction's applicable statutory tax rate. Statutory tax rates of 0%, 21%, and 19% have been used for Bermuda, the U.S. and the United Kingdom (UK), respectively, for the year ended December 31, 2019. Statutory rates of 0% and 21% have been used for Bermuda and the U.S. for the year ended December 31, 2018. Statutory tax rates of 0%, 31% and 35% have been used for Bermuda, Germany and the U.S., respectively, for the year ended December 31, 2017. A reconciliation of the difference between the expected tax provision at the weighted average tax rate and income tax expense (benefit) is as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions, except for percentages)* | 2019 | 2018 | 2017 |
| Expected tax provision computed on pre-tax income at weighted average income tax rate | $ 88 | $ 112 | $ 104 |
| Increase in income taxes resulting from: | | | |
| Deferred tax valuation allowance | 16 | — | (5) |
| Non-deductible expenses | 17 | — | — |
| Prior year true-up | 2 | 11 | 8 |
| Corporate owned life insurance | (6) | (3) | (8) |
| Stock compensation expense | 2 | 1 | 5 |
| Change in statutory tax rates | — | — | (7) |
| State taxes and other | (2) | 1 | 9 |
| **Income tax expense (benefit)** | $ 117 | $ 122 | $ 106 |
| **Effective tax rate** | 5% | 10% | 7% |

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) was enacted on December 22, 2017 and made key changes to the U.S. tax law, including the reduction of the U.S. statutory tax rate from 35% to 21%. As such, the December 31, 2017 deferred tax balances were remeasured to reflect the reduction in rate and the resulting decrease to the net deferred tax liability is included in change in statutory tax rates of the reconciliation above.

Total income taxes were as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Income tax expense | $ 117 | $ 122 | $ 106 |
| Income tax expense (benefit) from OCI | 698 | (431) | 334 |
| **Total income taxes** | $ 815 | $ (309) | $ 440 |

Current income tax recoverable and deferred tax assets are included in other assets on the consolidated balance sheets, and current income tax payable and deferred tax liabilities are included in other liabilities on the consolidated balance sheets. Current and deferred income tax assets and liabilities were as follows:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Current income tax recoverable | $ — | $ 36 |
| Current income tax payable | 14 | 33 |
| Net current income tax recoverable (payable) | $ (14) | $ 3 |
| | | |
| Deferred tax assets | $ — | $ 340 |
| Deferred tax liabilities | 423 | — |
| Net deferred tax assets (liabilities) | $ (423) | $ 340 |

Deferred income tax assets and liabilities consisted of the following:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Deferred tax assets | | |
| Insurance liabilities | $ 1,753 | $ 1,186 |
| Net unrealized losses on AFS | — | 112 |
| Net operating and capital loss carryforwards | 133 | 78 |
| Tax credits | 2 | — |
| Fixed assets | — | 43 |
| Employee benefits | 21 | 24 |
| Other | 16 | 38 |
| Total deferred tax assets | 1,925 | 1,481 |
| Valuation allowance | (63) | (52) |
| Deferred tax assets, after valuation allowance | 1,862 | 1,429 |
| Deferred tax liabilities | | |
| Investments, including derivatives | 928 | 296 |
| Net unrealized gains on AFS | 585 | — |
| DAC, DSI and VOBA | 758 | 790 |
| Other | 14 | 3 |
| Total deferred tax liabilities | 2,285 | 1,089 |
| **Net deferred tax assets (liabilities)** | $ (423) | $ 340 |

As of December 31, 2019, we have gross deferred tax assets associated with U.S. federal and state net operating losses of $793 million, which will begin to expire in 2022.

The valuation allowance consists of the following:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| U.S. federal and state net operating losses and other deferred tax assets | $ 47 | $ 52 |
| UK net operating losses and other deferred tax assets | 16 | — |
| **Total valuation allowance** | $ 63 | $ 52 |

AHL and its Bermuda subsidiaries file protective U.S. income tax returns and its U.S. subsidiaries file income tax returns with the U.S. federal government and various U.S. state governments. AADE is not subject to U.S. federal and state examinations by tax authorities for years prior to 2011, while Athene Annuity & Life Assurance Company of New York (AANY) is not subject to examinations for years prior to 2015. The Internal Revenue Service is currently auditing the 2013 consolidated tax return filed by Athene USA Corporation, and is conducting a limited scope audit of the 2015 consolidated tax return filed by AADE. One state jurisdiction is auditing the 2016 and 2017 combined tax returns filed by Athene USA. No material adverse proposed adjustments have been issued with respect to any examination.

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, the Company will be exempted from taxation until the year 2035.

We expect that earnings from AHL's U.S. subsidiaries will not be subject to U.S. dividend withholding tax under the benefits provided by the income tax treaty between the U.S. and the UK. Any dividends remitted to AHL from ALRe are not subject to withholding tax.

## 13. Statutory Requirements

Our insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate including Bermuda, all U.S. states and the District of Columbia. Certain regulations include restrictions that limit the dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. The differences between financial statements prepared for insurance regulatory authorities and GAAP financial statements vary by jurisdiction.

**Bermuda statutory requirements**—ALRe, AARe, and Athene Co-Invest Reinsurance Affiliate 1A Ltd. (ACRA 1A, and together with its subsidiaries, ACRA) are each licensed by the Bermuda Monetary Authority (BMA) as long-term insurers and are subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet (EBS) framework into the Bermuda Solvency Capital Requirement (BSCR), which was granted equivalence to the European Union's Directive (2009/138/EC) (Solvency II).

Under the Bermuda Insurance Act, long-term insurers are required to maintain minimum statutory capital and surplus to meet the minimum margin of solvency (MMS) and minimum economic statutory capital and surplus (EBS capital and surplus) to meet the Enhanced Capital Requirement (ECR). For our Class C reinsurer, ACRA 1A, MMS is equal to the greater of $500,000, 1.5% of the total statutory assets or 25% of ECR. For our Class E reinsurers, ALRe and AARe, MMS is equal to the greater of $8 million, 2% of the first $500 million of statutory assets plus 1.5% of statutory assets above $500 million or 25% of ECR. For each class, the ECR is calculated based on a risk-based capital model where risk factor charges are applied to the EBS. The ECR is floored at the MMS. As of December 31, 2019, our Bermuda subsidiaries were in excess of the minimum levels required. For our Bermuda reinsurance subsidiaries, the ECR is the binding regulatory constraint. The following represents the EBS capital and surplus and BSCR ratios:

| | EBS capital & surplus | | BSCR ratio | |
|---|---|---|---|---|
| | December 31, | | December 31, | |
| *(In millions)* | 2019 | 2018 | 2019 | 2018 |
| ALRe | $ 14,073 | $ 12,000 | 310% | 340% |
| AARe | 2,898 | 3,029 | 257% | 176% |
| ACRA 1A | 1,237 | 575 | 341% | 295% |

Under the EBS framework, statutory financial statements are generally equivalent to GAAP financial statements, with the exception of permitted practices granted by the BMA. Our Bermuda subsidiaries have permission in the statutory financial statements to use amortized cost instead of fair value as the basis for certain investments. Additionally, our Bermuda subsidiaries use U.S. statutory reserving principles for the calculation of insurance reserves instead of GAAP, subject to the reserves being proved adequate based on cash flow testing. The following represents the effect of the permitted practices to the statutory financial statements:

| | December 31, 2019 | | |
|---|---|---|---|
| *(In millions)* | ALRe | AARe[1] | ACRA 1A |
| Increase (decrease) to capital and surplus due to permitted practices | $ (3,765) | $ (5,047) | $ (311) |
| Increase (decrease) to statutory net income due to permitted practices | (1,035) | (4,988) | (43) |

[1] *AARe has permission to use amortized cost instead of fair value as the basis for certain investments but does not produce GAAP financial statements. The effect of the permitted practices to the AARe statutory financial statements reflects the impact of the difference between amortized cost and fair value for certain investments.*

Under the Bermuda Insurance Act, our Bermuda subsidiaries are 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 the companies' respective 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 the subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda subsidiary 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, and further subject to meeting the MMS and ECR requirements, a Bermuda subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of statutory capital. Distributions in excess of this amount require the approval of the BMA. The following represents the maximum distribution our Bermuda subsidiaries would be permitted to remit to its parent without the need for prior approval:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| ALRe | $ 8,141 | $ 5,942 |
| AARe | 1,216 | 997 |
| ACRA 1A | 59 | — |

**U.S. statutory requirements**—Our regulated U.S. subsidiaries and the corresponding insurance regulatory authorities are as follows:

| Subsidiary | Regulatory Authority |
|---|---|
| AADE | Delaware Department of Insurance |
| AAIA | Iowa Insurance Division |
| AANY | New York Department of Financial Services |
| Athene Re USA IV | State of Vermont Department of Financial Regulation |

Each entity's statutory statements are presented on the basis of accounting practices determined by the respective regulatory authority. The regulatory authority recognizes only statutory accounting practices prescribed or permitted by the corresponding state for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under insurance law.

The maximum dividend these subsidiaries can pay to shareholders, without prior approval of the respective state insurance department, is subject to restrictions relating to statutory surplus or net gain from operations. The maximum dividend payment over a twelve-month period may not, without prior approval, be paid from a source other than earned surplus and may not exceed the greater of (1) the prior year's net gain from operations or (2) 10% of policyholders' surplus. Based on these restrictions, the maximum dividend AADE could pay to Athene USA absent regulatory approval was $152 million and $154 million as of December 31, 2019 and 2018, respectively. Any dividends from AHL's other U.S. statutory entities in excess of the amounts allowed for AADE would not be able to be remitted to Athene USA without regulatory approval from the Delaware Department of Insurance.

As of December 31, 2019, our U.S. subsidiaries' solvency, liquidity and risk-based capital amounts were significantly in excess of the minimum levels required.

In some instances, the states of domicile of our U.S. subsidiaries have adopted prescribed accounting practices that differ from the required accounting outlined in National Association of Insurance Commissioners (NAIC) Statutory Accounting Principles (SAP). These subsidiaries also have certain accounting practices permitted by the states of domicile that differ from those found in NAIC SAP. These prescribed and permitted practices are described as follows:

*AAIA* – Among the products issued by AAIA are indexed universal life insurance and fixed indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, primarily the S&P 500. We purchase call options, futures and variance swaps to hedge the growth in interest credited to the customer as a direct result of increases in the related index. The Iowa Insurance Division allows an insurer to elect (1) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (2) to use an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. AAIA has elected to apply this option to its over-the-counter call options and reserve liabilities. As a result, AAIA's statutory surplus decreased by $80 million and increased by $39 million as of December 31, 2019 and 2018, respectively.

*Athene Re USA IV* – AAIA has ceded the AmerUs Closed Block to Athene Re USA IV on a 100% funds withheld basis. A permitted practice in the State of Vermont allows Athene Re USA IV to include as admitted assets the face amount of all issued and outstanding letters of credit used to fund its reinsurance obligations to AAIA in its statutory financial statements. If Athene Re USA IV had not followed this permitted practice, then it would not have exceeded authorized control level risk based capital requirements. As of December 31, 2019 and 2018, Athene Re USA IV included as admitted assets $137 million and $153 million, respectively, related to the outstanding letters of credit.

**Statutory capital and surplus and net income (loss)**—The following table presents, for each of our primary insurance subsidiaries, the statutory capital and surplus and the statutory net income (loss), based on the most recent statutory financial statements to be filed with insurance regulators:

| | Statutory capital & surplus | | Statutory net income (loss) | | |
|---|---|---|---|---|---|
| | December 31, | | Years ended December 31, | | |
| *(In millions)* | 2019 | 2018 | 2019 | 2018 | 2017 |
| ALRe | $ 11,000 | $ 9,659 | $ 1,247 | $ 418 | $ 828 |
| AARe | 2,343 | 2,095 | 248 | 997 | — |
| ACRA 1A | 808 | 393 | 265 | (287) | — |
| AADE | 1,526 | 1,544 | (86) | 18 | 24 |
| AAIA | 1,209 | 1,234 | 241 | 81 | 239 |
| AANY | 318 | 282 | 33 | 6 | 29 |

## 14. Related Parties

### Apollo

*Current fee structure* – Substantially all of our investments are managed by Apollo, which 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.

During the second quarter of 2019, we entered into the Seventh Amended and Restated Fee Agreement, dated as of June 10, 2019, between us and AGM's wholly owned subsidiary, Athene Asset Management LLC (AAM, now known as Apollo Insurance Solutions Group LLC (ISG)) (Fee Agreement). Under the Fee Agreement, effective retroactive to January 1, 2019, we pay Apollo:

(1) a base management fee equal to the sum of (i) 0.225% per year of the lesser of (A) the aggregate market value of substantially all of the assets in substantially all of the investment accounts of or relating to us (collectively, the Accounts) on December 31, 2018 of $103.4 billion (Backbook Value) and (B) the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month, plus (ii) 0.15% per year of the amount, if any (Incremental Value), by which the aggregate market value of substantially all of the assets in the Accounts at the end of the respective month exceeds the Backbook Value; plus

(2) with respect to each asset in an Account, subject to certain exceptions, that is managed by Apollo and that belongs to a specified asset class tier (Core, Core Plus, Yield, and High Alpha), a sub-allocation fee as follows, which will, in the case of assets acquired after January 1, 2019, be subject to a cap of 10% of the applicable asset's gross book yield:

(i) 0.065% of the market value of Core assets, which include public investment grade corporate bonds, municipal securities, agency RMBS or CMBS, and obligations of governmental agencies or government sponsored entities that are not expressly backed by the U.S. government;
(ii) 0.13% of the market value of Core Plus assets, which include private investment grade corporate bonds, fixed rate first lien commercial mortgage loans (CML), and certain obligations issued or assumed by financial institutions and determined by Apollo to be "Tier 2 Capital" under Basel III, a set of recommendations for international banking regulations developed by the Bank for International Settlements;
(iii) 0.375% of the market value of Yield assets, which include non-agency RMBS, investment grade CLO, CMBS and other ABS (other than RMBS and CLO), emerging market investments, below investment grade corporate bonds, subordinated debt obligations, hybrid securities or surplus notes issued or assumed by a financial institution, rated preferred equity, residential mortgage loans (RML), bank loans, investment grade infrastructure debt, and floating rate CMLs on slightly transitional or stabilized traditional real estate;
(iv) 0.70% of the market value of High Alpha assets, which include subordinated CML, below investment grade CLO, unrated preferred equity, debt obligations originated by MidCap, CMLs for redevelopment or construction loans or secured by non-traditional real estate, below investment grade infrastructure debt, certain loans originated directly by Apollo (other than MidCap loans), and agency mortgage derivatives; and
(v) 0.00% of the market value of cash and cash equivalents, U.S. treasuries, non-preferred equities and alternatives.

The following represents assets based on the above sub-allocation structure:

| *(In millions, except percentages)* | December 31, 2019 | Percent of Total |
|---|---|---|
| Core | $ 32,474 | 25.5% |
| Core Plus | 30,155 | 23.6% |
| Yield | 48,557 | 38.0% |
| High Alpha | 5,062 | 4.0% |
| Other | 11,302 | 8.9% |
| **Total sub-allocation assets** | $ 127,550 | 100.0% |

Additionally, the Fee Agreement provides for a possible payment by Apollo to us, or a possible payment by us to Apollo, equal to 0.025% of the Incremental Value as of the end of each year, beginning on December 31, 2019, depending upon the percentage of our investments that consist of Core and Core Plus assets. If more than 60% of our invested assets that are subject to the sub-allocation fees are invested in Core and Core Plus assets, we will receive a 0.025% fee reduction on the Incremental Value. If less than 50% of our invested assets that are subject to the sub-allocation fee are invested in Core and Core Plus assets, we will pay an additional fee of 0.025% on Incremental Value. Under the Fee Agreement fees payable to Apollo for sub-advisory services are encompassed within the current fee structure and we no longer separately pay sub-advisory fees (as defined below). See *–Historical fee structure* below for further discussion of the prior fee structure.

For the years ended December 31, 2019, 2018 and 2017, we incurred management fees of $426 million, $349 million and $318 million, respectively. Management fees are included within net investment income on the consolidated statements of income. As of December 31, 2019 and 2018, management fees payable were $42 million and $54 million, respectively, and are included in other liabilities on the consolidated balance sheets.

*Historical fee structure* – Prior to January 1, 2019, we paid AAM an annual fee of 0.40%, subject to certain discounts and exceptions, on all assets that AAM managed 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) up to $65,846 million and 0.30% per year on assets managed in excess of such amount. Additionally, for certain assets which required specialized sourcing and underwriting capabilities, AAM had chosen to mandate sub-advisors rather than build out in-house capabilities. AAM 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 covered services rendered by Apollo-affiliated sub-advisors relating to the following investments:

| *(In millions, except for percentages)* | December 31, 2018 |
|---|---|
| AFS securities | |
| Foreign governments | $ 153 |
| Corporate | 3,398 |
| CLO | 5,703 |
| ABS | 663 |
| CMBS | 880 |
| Trading securities | 87 |
| Equity securities | 2 |
| Mortgage loans | 3,507 |
| Investment funds | 157 |
| Funds withheld at interest | 4,126 |
| Other investments | 70 |
| **Total assets sub-advised by Apollo affiliates** | $ 18,746 |
| **Percent of assets sub-advised by Apollo affiliates to total AAM-managed assets** | 18% |

AAM paid Apollo 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, 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, subject to certain exceptions (sub-advisory fees).

*Investment management agreement (IMA) termination* – Our bye-laws currently provide that we may not, and will cause our subsidiaries not to, terminate any IMA among us or any of our subsidiaries, on the one hand, and the applicable Apollo subsidiary, on the other hand, other than on June 4, 2023 or any two year anniversary of such date (each such date, an IMA Termination Election Date) and any termination on an IMA Termination Election Date requires (i) the approval of two-thirds of our Independent Directors (as defined in the bye-laws) and (ii) prior written notice to the applicable Apollo subsidiary of such termination at least 30 days, but not more than 90 days, prior to an IMA Termination Election Date. If our Independent Directors make such election to terminate and notice of such termination is delivered, the termination will be effective no earlier than the second anniversary of the applicable IMA Termination Election Date (IMA Termination Effective Date). Notwithstanding the foregoing, (A) except as set forth in clause (B) below, our board of directors may only elect to terminate an IMA on an IMA Termination Election Date if two-thirds of our Independent Directors determine, in their sole discretion and acting in good faith, that either (i) there has been unsatisfactory long-term performance materially detrimental to us by the applicable Apollo subsidiary or (ii) the fees being charged by the applicable Apollo subsidiary 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 the applicable Apollo subsidiary and the applicable Apollo subsidiary will 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 the applicable Apollo subsidiary are unfair and excessive, the applicable Apollo subsidiary has the right to lower its fees to match the fees of such comparable asset manager) and (B) upon the determination by two-thirds of our Independent Directors, we or our subsidiaries may also terminate an IMA with the applicable Apollo subsidiary, on a date other than an IMA Termination Effective Date, as a result of either (i) a material violation of law relating to the applicable Apollo subsidiary’s advisory business, or (ii) the applicable Apollo subsidiary’s gross negligence, willful misconduct or reckless disregard of its obligations under the relevant agreement, in each case of this clause (B), that is materially detrimental to us, and in either case of this clause (B), subject to the delivery of written notice at least 30 days prior to such termination; provided, that in connection with an event described in clause (B)(i) or (B)(ii), the applicable Apollo subsidiary shall have the right to dispute such determination of the Independent Directors within 30 days after receiving notice from us of such determination, in which case the matter will be submitted to binding arbitration and such IMA shall continue to remain in effect during the period of the arbitration (the events described in the foregoing clauses (A) and (B) are referred to in more detail in our bye-laws as “AHL Cause”).

*Governance* – 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 ISG and receives remuneration from acting as Chief Executive Officer of ISG. Mr. Belardi also owns a 5% profit interest in ISG (Interest). It is expected that the Interest will be revised such that Mr. Belardi will receive a lesser interest in the equity of ISG and also receive a specified percentage of other fee streams earned by Apollo, potentially comprised of or including the sub-allocation fees. Additionally, six of the fifteen 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 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**

*A-A Mortgage Opportunities, L.P. (A-A Mortgage)* – We have an equity method investment of $487 million and $463 million as of December 31, 2019 and 2018, respectively, in A-A Mortgage, which has an investment in AmeriHome. We have a loan purchase agreement with AmeriHome. The agreement allows us to purchase residential mortgage loans which AmeriHome has purchased from correspondent sellers and pooled for sale in the secondary market. AmeriHome retains the servicing rights to the sold loans. We purchased $411 million, $722 million and $57 million of residential mortgage loans under this agreement during the years ended December 31, 2019, 2018 and 2017, respectively. Additionally, we hold ABS securities issued by AmeriHome affiliates of $170 million and $121 million as of December 31, 2019 and 2018, respectively, which are included in related party AFS securities on the consolidated balances sheets. We also have commitments to make additional equity investments in A-A Mortgage of $169 million as of December 31, 2019.

*MidCap* – CoInvest VII holds a significant investment in MidCap, which is included in investment funds of consolidated VIEs on the consolidated balance sheets. We have also advanced amounts under a subordinated debt facility to Midcap and, as of December 31, 2019 and 2018, the principal balance was $345 million and $245 million, respectively, which is included in other related party investments on the consolidated balance sheets. Our total investment in MidCap, including amounts advanced under credit facilities, was $886 million and $792 million as of December 31, 2019 and 2018, respectively. Additionally, we hold ABS and CLO securities issued by MidCap affiliates of $624 million and $226 million as of December 31, 2019 and 2018, respectively, which are included in related party AFS securities on the consolidated balance sheets.

*Athora* – We have a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, we have the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora's reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to 20% of the liabilities ceded from a third party to any of Athora's insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora's liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora's insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary's total assets, (3) we provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK) and (4) Athora provides us and our subsidiaries with a right of first refusal to pursue acquisition and reinsurance transactions in North America and the UK. Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora's ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of December 31, 2019, we have not exercised our right of first refusal to reinsure liabilities ceded to Athora's insurance or reinsurance subsidiaries.

During the fourth quarter of 2018, we entered into a coinsurance agreement with ALV to reinsure endowment contracts and annuities, in which we assumed liabilities of $325 million. ALV coinsurance assets were recorded as receivable in other assets on the December 31, 2018 consolidated balance sheet, as the assets were not received prior to December 31, 2018. We then retroceded these endowment contracts and annuities through a modco agreement to ARE, in which we recorded a funds withheld liability of $337 million. ARE modco assets were recorded as reinsurance recoverable on the consolidated balance sheets. During the fourth quarter of 2019, we novated the reinsurance agreement for the ALV endowment contracts and annuities to ARE, which resulted in a decrease of $663 million of liabilities and related assets on the consolidated balance sheets.

Our investment in Athora, which is included in related party investment funds on the consolidated balance sheets, was $132 million and $105 million as of December 31, 2019 and 2018, respectively. Additionally, as of December 31, 2019 and 2018, we had $146 million and $166 million, respectively, of funding agreements outstanding to Athora, which were issued to Athora prior to closing. We also have commitments to make additional equity investments in Athora of $454 million as of December 31, 2019.

*Venerable* – On June 1, 2018, we entered into coinsurance and modco agreements with Voya Insurance and Annuity Company (VIAC) to reinsure a block of fixed and fixed indexed annuities, in which we assumed liabilities of $18,578 million. VIAC is a related party pursuant to GAAP due to our minority equity investment in its holding company's parent, VA Capital Company LLC (VA Capital), which was $99 million and $92 million as of December 31, 2019 and December 31, 2018, respectively. The minority equity investment in VA Capital is included in related party investment funds on the consolidated balance sheets and accounted for as an equity method investment. VA Capital is owned by a consortium of investors, led by affiliates of AGM, Crestview Partners and Reverence Capital Partners, and is the parent of Venerable, which is the parent of VIAC. Additionally, as of December 31, 2019, we have a $148 million, 15-year term loan receivable from Venerable, which is held at amortized cost and included in related party other investments on the consolidated balance sheets. While management views the overall transactions with VIAC and Venerable as favorable to us, the stated interest rate of 6.257% on the term loan to Venerable represents a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the Voya reinsurance transactions.

*Strategic Partnership* – On October 24, 2018, we entered into an agreement pursuant to which we may invest up to $2.5 billion over three years in funds managed by Apollo entities (Strategic Partnership). This arrangement is intended to permit us to invest across the Apollo alternatives platform into credit-oriented, strategic and other alternative investments in a manner and size that is consistent with our existing investment strategy. Fees for such investments payable by us to Apollo would be more favorable to us than market rates, and consistent with our existing alternative investments, investments made under the Strategic Partnership require approval of ISG and remain subject to our existing governance processes, including approval by our conflicts committee where applicable. As of December 31, 2019 and 2018, we had $97 million and $16 million, respectively, of investments under the Strategic Partnership and these investments are classified as investment funds of consolidated VIEs.

*PK AirFinance* – During the fourth quarter of 2019, we and Apollo purchased PK AirFinance (PK), an aviation lending business, including PK's in force loan portfolio (Aviation Loans), from the Aviation Services Unit of GE Capital (GE). The Aviation Loans are generally fully secured by aircraft leases and aircraft. In connection with such transaction, Apollo acquired the PK loan origination platform, including personnel and systems and, pursuant to certain agreements entered into between us, Apollo, and certain entities managed by Apollo (collectively, PK Transaction Agreements), the existing Aviation Loans were acquired and securitized by a newly formed SPV for which Apollo acts as ABS manager (ABS-SPV). The ABS-SPV issued tranches of senior notes and subordinated notes, which are secured by the Aviation Loans.

In connection with the acquisition of the existing Aviation Loans by the ABS-SPV (i) a tranche of senior notes was acquired by third-party investors and (ii) we purchased mezzanine tranches of the senior notes and the subordinated notes.

In addition to the investment in the senior notes and subordinated notes, we also have a right to acquire, whether directly, through the ABS-SPV or through a similar vehicle, all Aviation Loans originated by PK (Forward Flow Loans). All servicing and administrative costs and expenses of Apollo (determined at cost, without mark-up) that are incurred in connection with the sourcing, origination, servicing and maintaining the Forward Flow Loans, net of any service fees and servicing and administrative cost and expense reimbursement amounts received directly from the ABS-SPV or other entities investing in the Forward Flow Loans will be allocated to, and reimbursed by the ABS-SPV or us, as applicable, subject to an agreed-upon annual cap.

In addition to the payment of the expenses described in the preceding paragraph and the base management fee paid to Apollo on all assets managed by Apollo, we have paid or expect to pay the following fees to Apollo or certain service providers that are affiliates of, or are companies managed by, Apollo in connection with the PK Transaction Agreements:

(A) To Apollo, sub-allocation fees on the senior notes based on the rates applicable to Yield assets and sub-allocation fees on the subordinated notes based on the rates applicable to High Alpha assets.

(B) To Redding Ridge Asset Management LLC, a company in which certain funds managed by Apollo have an interest, as consideration for assistance with the structuring, monitoring, support and maintenance of the securitization transactions, a one-time structuring fee, as well as ongoing support fees equal to 1.5 bps on the total capitalization amount and certain other fees, which may become due upon the occurrence of certain events; and

(C) To Merx Aviation Servicing Limited, a company externally managed by Apollo Investment Management, L.P., with respect to certain diligence, technical support and enforcement, remarketing and restructuring services with respect to the existing Aviation Loans and the Forward Flow Loans, a one-time servicing fee, as well as certain special situations fees, which may become due upon the occurrence of certain events.

*Apollo/Athene Dedicated Investment Program (ADIP)* – On October 1, 2019, we sold 67% of our equity interests in our subsidiary, ACRA, to ADIP, which is managed by AGM, for $575 million. As a result, we reduced APIC and AOCI by $145 million and $34 million, respectively, and recorded $754 million for the issuance of equity to noncontrolling interests. The shares held by ADIP are non-voting and our shares represent 100% of the voting power and 33% of the equity interests in ACRA.

*Apollo Share Exchange and Related Transactions* – On October 27, 2019 we entered into a transaction agreement (Transaction Agreement) with AGM and certain affiliates of AGM which collectively comprise the Apollo Operating Group (AOG), pursuant to which, among other things, (i) we agreed to sell 27,959,184 new Class A common shares to the AOG for 29,154,519 new AOG units valued at approximately $1.2 billion (based on the closing market price of AGM's Class A common shares on October 25, 2019 and representing a 2.3% premium to the closing price of our Class A common shares on October 25, 2019), (ii) we agreed to sell 7,575,758 new Class A common shares to the AOG for $350 million in cash (representing a 10% premium to the closing price of our Class A common shares on October 25, 2019) (collectively, (i) and (ii), Share Issuance), (iii) we agreed to grant AGM the right to purchase additional Class A common shares from the closing date of the Share Issuance (Closing Date) until 180 days thereafter to the extent AOG and certain affiliates, employees and consultants of AGM do not beneficially own at least 35% of the issued and outstanding Class A common shares (inclusive of Class A common shares over which any such persons have a valid proxy), on a fully diluted basis, in a number to achieve such 35% ownership level at a price based upon a weighted average price during the 30 days prior to the exercise of the purchase right (Contingent Right), (iv) AMH (as defined below) will have the right to purchase up to that number of Class A common shares that would increase by 5 percentage points the percentage of the issued and outstanding Class A common shares beneficially owned by the AOG and certain affiliates, employees and consultants of AGM (inclusive of Class A common shares over which any such persons have a valid proxy), calculated on a fully diluted basis, and (v) we will make certain amendments to our bye-laws to, among other things, eliminate our current multi-class share structure.

The proposed transaction is subject to customary closing conditions, the receipt of all necessary regulatory and governmental approvals, and certain other closing conditions. Subject to certain assumptions, including those regarding the exercise of the Contingent Right, and taking into consideration certain voting proxies (as described below), AGM and certain of its related parties and employees are expected to control equity interests approximating 35% of our voting power and economic interest as compared to the 45% voting power and approximately 17% economic interest that AGM and certain of its related parties and employees hold today.

Concurrently with the entry into the Transaction Agreement, Apollo Management Holdings, L.P. (AMH), James Belardi, our Chief Executive Officer, and William Wheeler, our President (each an “Other Shareholder”), entered into a Voting Agreement (Voting Agreement), pursuant to which each Other Shareholder irrevocably appointed AMH as its proxy and attorney-in-fact (Proxy) to vote all of such Other Shareholder’s Class A common shares at any meeting of our shareholders occurring following the Closing Date and in connection with any written consent of our shareholders following the Closing Date. The Proxy will be of no force and effect if Apollo and certain affiliates thereof cease to hold some minimum level of ownership not to exceed 7.5% of our Class A common shares.

In addition, Messrs. Belardi and Wheeler have each entered into a letter agreement with us, pursuant to which they have agreed to vote their Class M common shares in favor of the proposals on which holders of our Class M common shares are entitled to vote at our shareholder meeting (including the proposal to approve the amendments to our bye-laws that eliminate the Class M common shares).

*AA Infrastructure Fund 1 LLC (AA Infrastructure)* – We have an investment in preferred shares of AA Infrastructure, which is a fund managed by ISG. As of December 31, 2019 and 2018, we held $58 million and $120 million, respectively, of preferred shares, which are included in related party equity securities on the consolidated balance sheets. In the fourth quarter of 2019, AA Infrastructure issued $267 million of ABS securities as a return of capital on the preferred shares. As of December 31, 2019, we held AA Infrastructure ABS securities of $267 million, which are included in related party trading securities on the consolidated balance sheets. Additionally, as of December 31, 2019, we had commitments to make additional investments in AA Infrastructure of $42 million.

## 15. Commitments and Contingencies

**Contingent Commitments**—We had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously, of $4,793 million and $3,036 million as of December 31, 2019 and 2018, 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.

**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 December 31, 2019 and 2018, we had $1,226 million and $926 million, respectively, of FHLB funding agreements outstanding. 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 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. As of December 31, 2019 and 2018, we had $3,700 million and $2,700 million, respectively, of FABN funding agreements outstanding. We had $6.0 billion of remaining FABN capacity as of December 31, 2019.

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

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| AFS securities | $ 9,369 | $ 5,439 |
| Trading securities | 45 | 68 |
| Equity securities | 22 | 2 |
| Mortgage loans | 2,535 | 1,830 |
| Investment funds | 84 | 53 |
| Derivative assets | 105 | 24 |
| Short-term investments | 92 | 77 |
| Other investments | 88 | 47 |
| Restricted cash | 402 | 492 |
| **Total restricted assets** | $ 12,742 | $ 8,032 |

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

**Letter of Credit**—We have an undrawn letter of credit for $198 million as of December 31, 2019. This letter of credit was issued for our reinsurance program and expires by December 31, 2020.

**Litigation, Claims and Assessments**

*Corporate-owned Life Insurance (COLI) Matter* – In 2000 and 2001, two insurance companies which were subsequently merged into AAIA, purchased broad based variable COLI policies from American General Life Insurance Company (American General) that, as of December 31, 2019, had an asset value of $387 million, and is included in other assets on the 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. Defendants moved to dismiss and the court heard oral arguments on February 13, 2019. The court issued an opinion on July 31, 2019 that did not address the merits, but found that the Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December, 18, 2019. The Superior Court took the matter under advisement and we expect an opinion in the next few months. 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 $188 million as of December 31, 2019.

*Regulatory Matters* – 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. The life insurance policies included in this block have been and are currently being administered by AllianceOne Inc. (AllianceOne), a subsidiary of DXC Technology Company, which was retained by such Global Atlantic affiliates to provide services on such policies. AllianceOne also administers certain annuity policies that were on Aviva USA's legacy policy administration systems that were also converted in connection with the acquisition of Aviva USA and have experienced similar service and administration issues.

As a result of the difficulties experienced with respect to the administration of such policies, we have received notifications from several state regulators, including but not limited to the New York State Department of Financial Services (NYSDFS), the California Department of Insurance (CDI) and the Texas Department of Insurance, indicating, in each case, that the respective regulator planned to undertake a market conduct examination or enforcement proceeding of the applicable U.S. insurance subsidiary 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 AllianceOne. On June 28, 2018 we entered into a consent order with the NYSDFS resolving that matter in a manner that, when considering the indemnification received from affiliates of Global Atlantic, did not have a material impact on our financial condition, results of operations or cash flows. Global Atlantic is currently in negotiation with the CDI to resolve the pending action related to the converted life insurance policies. We do not expect any settlement to be material to 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. In addition to the examinations and proceedings initiated to date, it is possible that other regulators 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. While we do not expect the amount of any such fines, penalties or payments arising from these matters to be material to our financial condition, results of operations or cash flows, it is possible that such amounts could be material.

Pursuant to the terms of the reinsurance agreements between us and the relevant affiliates of Global Atlantic, the applicable affiliates of Global Atlantic have financial responsibility for the ceded life block and are subject to significant administrative service requirements, including compliance with applicable law. The agreements also provide for indemnification to us, including for administration issues.

On January 23, 2019, we received a letter from the NYSDFS, with respect to a recent PRT transaction, which expressed concerns with our interpretation and reliance upon certain exemptions from licensing in New York in connection with certain activities performed by employees in our PRT channel, including specific activities performed within New York. We are currently in discussions with the NYSDFS to resolve its concerns.

*Caldera Matters* – On May 3, 2018, AHL filed a writ commencing litigation in the Supreme Court of Bermuda against a former officer of AHL, a former director of AHL (who is also considered a former officer pursuant to Bermuda law), and Caldera Holdings, Ltd. (Caldera). AHL alleges in the writ, among other things, that the defendants breached various duties owed to AHL under Bermuda law by using AHL's confidential information in their attempted acquisition of a company referred to in the litigation as Company A. AHL is seeking injunctive relief and damages. Athene amended its writ on October 16, 2018. The trial court denied two separate motions to dismiss made by defendant Caldera on June 28, 2018 and by the former officer and former director defendants on January 14, 2019. On September 20, 2019, the Bermuda Court of Appeal affirmed both trial court rulings and dismissed the defendants' appeal. Defendants have not further pursued an appeal of this decision to the Judicial Committee of the Privy Council, the court of final appeal for matters litigated in Bermuda, and litigation is proceeding in the trial court.

On May 3, 2018, following AHL's filing of the writ in Bermuda described above, Caldera, Caldera Life Reinsurance Company, and Caldera Shareholder, L.P., commenced an action in the Supreme Court of the State of New York, County of New York, by filing a Summons with Notice against AHL, Apollo, certain affiliates of Apollo and Leon Black, a founder of Apollo. On July 12, 2018, plaintiffs filed a complaint alleging claims for tortious interference with prospective business relations, defamation, and unfair competition related to plaintiffs' attempt to purchase Company A and seeking alleged damages of "no less than $1.5 billion." AHL has moved to dismiss the complaint. On January 21, 2019, plaintiffs filed an amended complaint, which revised certain allegations about jurisdiction, venue and the merits of the plaintiffs' claims. We have renewed our motion to dismiss and, on December 20, 2019, the court granted our motion to dismiss. Plaintiffs have filed an appeal. We believe we have meritorious defenses to the claims and intend to vigorously defend the litigation. In light of the inherent uncertainties involved in this matter, reasonably possible losses, if any, cannot be estimated at this time.

*Central Laborers' Pension Fund (CLPF) and Cambria County Employees' Retirement System (Cambria)* – On June 18, 2019 and July 25, 2019, CLPF and Cambria, respectively, filed derivative actions against AAM and AGM, as defendants, and us, as a nominal defendant, in New York State Court (the New York Actions). CLPF and Cambria, both purporting to be our shareholders, each allege that AAM and AGM injured us by causing us to pay excessive management fees to AAM and AGM. The complaints do not name any of our directors as defendants, but allege certain breaches of fiduciary duty. Both complaints seek forms of injunctive relief and disgorgement, but neither complaint seeks monetary relief from us.

On July 5, 2019 and July 29, 2019, the Supreme Court of Bermuda enjoined CLPF and Cambria, respectively, from taking any further steps to advance or otherwise positively participate in its respective New York Action in light of the exclusive jurisdiction provision in our bye-laws. On July 31, 2019, CLPF and Cambria each filed a notice that it was dismissing its claims in its respective New York Action. We moved for default judgments in the Supreme Court of Bermuda and, on October 15, 2019, the Court granted our applications and permanently enjoined CLPF and Cambria from taking any further steps in the New York Actions. The Supreme Court of Bermuda has awarded costs in our favor against CLPF and Cambria, which are in the process of being enforced.

## 16. 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 U.S. 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 group annuities, are included in our Retirement Services segment.

**Corporate and Other**—Corporate and Other includes certain other operations related to our corporate activities and prior to January 1, 2018, included our former Germany operations, which were primarily comprised of participating long-duration savings products. Included in Corporate and Other are corporate allocated expenses, merger and acquisition costs, debt costs, preferred stock dividends, certain integration and restructuring costs, certain stock-based compensation and intersegment eliminations. In addition, we also hold capital in excess of the level of capital we hold in Retirement Services to support our operating strategy. 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 available to common shareholders and net investment earnings are internal measures used by the chief operating decision maker to evaluate and assess the results of our segments.

Adjusted operating revenue is a component of adjusted operating income available to common shareholders and excludes market volatility and adjustments for other non-operating activity. Our adjusted 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 interests; and
- Other adjustments to revenues.

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

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Retirement Services | $ 11,460 | $ 8,118 | $ 5,960 |
| Corporate and Other | 117 | 44 | 368 |
| Non-operating adjustments | | | |
| Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets | 2,346 | (1,020) | 1,990 |
| Investment gains (losses), net of offsets | 1,685 | (515) | 461 |
| VIE expenses and noncontrolling interests | 637 | 1 | — |
| Other adjustments to revenues | 13 | 9 | 9 |
| **Total revenues** | $ 16,258 | $ 6,637 | $ 8,788 |

Adjusted operating income available to common shareholders 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 available to common shareholders equals net income available to Athene Holding Ltd. common shareholders 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 available to common shareholders to net income available to Athene Holding Ltd. common shareholders presented on the consolidated statements of income:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Retirement Services | $ 1,322 | $ 1,201 | $ 1,038 |
| Corporate and Other | (33) | (61) | 17 |
| Non-operating adjustments | | | |
| Investment gains (losses), net of offsets | 994 | (274) | 199 |
| Change in fair values of derivatives and embedded derivatives – index annuities, net of offsets | (65) | 242 | 230 |
| Integration, restructuring and other non-operating expenses | (70) | (22) | (68) |
| Stock-based compensation, excluding LTIP | (12) | (11) | (33) |
| Income tax (expense) benefit – non-operating | — | (22) | (25) |
| **Net income available to Athene Holding Ltd. common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 |

Net investment earnings used to evaluate the performance of our segments is an internal measure that does not correspond to GAAP net investment income. Adjustments are made to GAAP net investment income to arrive at a net investment earnings measure that reflects the profitability of our core deferred annuities business. Accordingly, we adjust net investment income to include earnings from our consolidated VIEs and earnings on certain alternative investments (primarily CLOs) classified in investment related gains (losses) on the consolidated statements of income. Additionally, we adjust for impacts of reinsurance embedded derivatives and noncontrolling interests on net investment income. The table below reconciles segment net investment earnings to net investment income presented on the consolidated statements of income:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Retirement Services | $ 5,062 | $ 4,188 | $ 3,241 |
| Corporate and Other | 117 | 44 | 182 |
| Adjustments to net investment income | | | |
| Reinsurance embedded derivative impacts | (680) | (301) | (191) |
| Net VIE earnings | (80) | (37) | (77) |
| Alternative income (gains) losses | (1) | 34 | 20 |
| Noncontrolling interests | 61 | — | — |
| Held for trading amortization | 43 | 76 | 94 |
| **Net investment income** | $ 4,522 | $ 4,004 | $ 3,269 |

Adjusted operating income available to common shareholders excludes the income tax impact of the taxable non-operating adjustments presented above. The income tax expense of non-operating income adjustments is comprised of the appropriate jurisdiction's tax rate applied to the non-operating adjustments subject to income tax, as well as the amount recorded for the change in the U.S. statutory rate resulting from the Tax Act. The table below reconciles segment provision for income taxes – operating to income tax expense presented on the consolidated statements of income:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Retirement Services | $ 117 | $ 100 | $ 83 |
| Corporate and Other | — | — | (2) |
| Income tax (expense) benefit – non-operating | — | 22 | 25 |
| **Income tax expense (benefit)** | $ 117 | $ 122 | $ 106 |

The following represents total assets by segment:

| | December 31, | |
|---|---|---|
| *(In millions)* | 2019 | 2018 |
| Retirement Services | $ 143,881 | $ 123,498 |
| Corporate and Other | 2,994 | 2,007 |
| **Total assets** | $ 146,875 | $ 125,505 |

We market annuity products, primarily fixed rate and fixed indexed annuities. Deposits, which are generally not included in revenues on the consolidated statements of income, and premiums collected are as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| Fixed indexed annuities | $ 7,304 | $ 29,973 | $ 5,480 |
| Fixed rate annuities | 3,192 | 5,501 | 873 |
| Payouts without life contingencies | 341 | 535 | 106 |
| Funding agreements | 1,301 | 650 | 3,054 |
| Life and other deposits | (13) | 4 | 33 |
| **Total deposits** | 12,125 | 36,663 | 9,546 |
| Payouts with life contingencies | 6,332 | 3,408 | 2,272 |
| Life and other premiums | 50 | 54 | 254 |
| **Total premiums** | 6,382 | 3,462 | 2,526 |
| **Total premiums and deposits, net of ceded** | $ 18,507 | $ 40,125 | $ 12,072 |

Deposits and premiums collected by the geographical location are as follows:

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| United States | $ 17,159 | $ 16,421 | $ 11,217 |
| Bermuda | 1,348 | 23,704 | 652 |
| Germany | — | — | 203 |
| **Total premiums and deposits, net of ceded** | $ 18,507 | $ 40,125 | $ 12,072 |

## 17. Quarterly Results of Operations (Unaudited)

The unaudited quarterly results of operations for the years ended December 31, 2019 and 2018 are summarized in the table below:

| | Three months ended | | | |
|---|---|---|---|---|
| *(In millions, except per share data)* | March 31 | June 30 | September 30 | December 31 |
| **2019** | | | | |
| Total revenues | $ 4,995 | $ 3,423 | $ 4,584 | $ 3,256 |
| Total benefits and expenses | 4,255 | 2,673 | 4,305 | 2,723 |
| Net income | 708 | 720 | 293 | 464 |
| Less: Net income attributable to noncontrolling interests | — | — | — | 13 |
| Net income attributable to Athene Holding Ltd. shareholders | 708 | 720 | 293 | 451 |
| Less: Preferred stock dividends | — | — | 17 | 19 |
| Net income available to Athene Holding Ltd. common shareholders | 708 | 720 | 276 | 432 |
| **Earnings per share** | | | | |
| Basic – All classes | $ 3.65 | $ 3.76 | $ 1.50 | $ 2.43 |
| Diluted – Class A | 3.64 | 3.75 | 1.50 | 2.42 |
| Diluted – Class B | 3.65 | 3.76 | 1.50 | 2.43 |
| Diluted – Class M-1 | 3.65 | 3.76 | 1.50 | 2.43 |
| Diluted – Class M-2 | 3.65 | 3.76 | 1.50 | 2.43 |
| Diluted – Class M-3 | 3.65 | 3.76 | 1.50 | 2.43 |
| Diluted – Class M-4 | 3.15 | 3.28 | 1.29 | 2.13 |
| **2018** | | | | |
| Total revenues | $ 1,023 | $ 1,850 | $ 2,586 | $ 1,178 |
| Total benefits and expenses | 701 | 1,529 | 1,907 | 1,325 |
| Net income (loss) | 277 | 257 | 623 | (104) |
| Net income (loss) attributable to Athene Holding Ltd. shareholders | 277 | 257 | 623 | (104) |
| Net income (loss) available to Athene Holding Ltd. common shareholders | 277 | 257 | 623 | (104) |
| **Earnings (loss) per share** | | | | |
| Basic – All classes | $ 1.40 | $ 1.30 | $ 3.16 | $ (0.53) |
| Diluted – Class A | 1.40 | 1.30 | 3.15 | (0.53) |
| Diluted – Class B | 1.40 | 1.30 | 3.16 | (0.53) |
| Diluted – Class M-1 | 1.40 | 1.30 | 3.16 | (0.53) |
| Diluted – Class M-2 | 1.39 | 1.29 | 3.16 | (0.53) |
| Diluted – Class M-3 | 1.38 | 1.30 | 3.16 | (0.53) |
| Diluted – Class M-4 | 0.97 | 1.02 | 2.42 | (0.53) |

## Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

### Evaluation of Disclosure 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 provide reasonable assurance 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 as of December 31, 2019.

### Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of management, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on criteria established in the *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on our evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2019.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of our internal control over financial reporting as of December 31, 2019. Their report is included in *Item 8. Financial Statements and Supplementary Data*.

### Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting during the three months ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Item 9B. Other Information

On February 18, 2020, Messrs. Belardi, Wheeler, Klein, Kvalheim and Rhodes as well as certain other members of our senior management were granted limited partner interests in a newly authorized subsidiary of the Company (Athene Plan LP) in the form of "Athene Plan Points." Each Athene Plan Point generally represents the right to participate in 1/1500th of the carried interest received by Apollo ADIP Advisors, L.P. (ADIP GP) from ADIP. Athene Plan Points are allocated from time to time by our management team, with approval of our Compensation Committee, where applicable, to certain personnel as incentive compensation in connection with, and based on the performance of, ADIP. We believe these grants further align such personnel with our strategic objective to deploy excess capital at attractive risk-adjusted returns across our various liability channels and, in particular, we believe that the efforts of our personnel who will be receiving these allocations are critical to achieving a successful, risk-adjusted return at ADIP and ACRA. In addition, these grants provide a key retention tool for personnel who are deemed key to the success of ADIP and ACRA, and therefore key to our success more broadly.

ALRe is expected to be the general partner of Athene Plan LP. Athene Plan LP is expected to become a limited partner in the ADIP GP and to become entitled to one-third of the carried interest allocated to the ADIP GP from ADIP. The value of the carried interest is calculated in a manner customarily used in the investment fund industry and is based on a percentage of the total returns on ADIP's capital after ADIP investors receive a preferred return. Distributions (other than tax distributions) will not be made with respect to Athene Plan Points until ADIP has returned contributed capital to its limited partners and made distributions in excess of a specified performance return. Any distributions made with respect to Athene Plan Points are expected to be paid in cash.

Messrs. Belardi, Wheeler, Klein, Kvalheim and Rhodes were granted 76, 59.5, 32.5, 32.5 and 16 Athene Plan Points, respectively, and they may receive additional Athene Plan Points upon the forfeiture of Athene Plan Points by other participants. A participant's Athene Plan Points are treated as fully vested for purposes of receiving distributions while the participant remains employed by us or our affiliates. Upon a termination of employment (other than for cause), a participant will be eligible to retain up to a maximum of 75% of his or her Athene Plan Points, with the actual number of Athene Plan Points retained to be determined based on a five-year monthly vesting schedule beginning on October 1, 2019, the date the ACRA joint venture began. A participant will forfeit all of his or her Athene Plan Points upon a termination for cause or upon a breach of applicable confidentiality, non-competition, non-solicitation, non-disparagement or other post-separation covenants. See *Item 1. Business–Capital–Deployable Capital–ACRA* for further discussion regarding ACRA.

# PART III

## Item 10. Directors, Executive Officers and Corporate Governance

The information called for by this Item is incorporated herein by reference to the sections entitled "Management," "Proposal 1: Election of Directors of the Company," "Corporate Governance–Classified Board of Directors," "Corporate Governance–Delinquent Section 16(a) Reports" and "Corporate Governance–Committees of the Board of Directors" in our definitive proxy statement for our 2020 Annual General Meeting of Shareholders to be filed by us with the SEC pursuant to Regulation 14A within 120 days after the year ended December 31, 2019 (2020 Proxy Statement).

### Corporate Governance Guidelines and Code of Business Conduct and Ethics

We have adopted corporate governance guidelines and a code of business conduct and ethics that applies to all of our directors, officers and employees. These documents are available at www.athene.com. Information contained on our website or connected thereto does not constitute a part of, and is not incorporated by reference into, this report. We intend to satisfy our disclosure obligations under Item 5.05 of Form 8-K by posting information about amendments to, or waivers from a provision of, our code of business conduct and ethics that apply to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer on our website at the address given above.

## Item 11. Executive Compensation

The information called for by this Item is incorporated herein by reference to the sections entitled "Compensation of Executive Officers and Directors," "Corporate Governance–Compensation Committee Interlocks and Insider Participation," and "Corporate Governance–Committees of the Board of Directors–Compensation Committee" in our 2020 Proxy Statement.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by this Item pertaining to security ownership of certain beneficial owners and management is incorporated herein by reference to the section entitled "Security Ownership of Certain Beneficial Owners" in our 2020 Proxy Statement.

**Share Incentive Plan Information**

The table below shows information regarding awards outstanding and shares of common stock available for issuance as of December 31, 2019 under the Share Incentive Plans:

| Plan Category | Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1] | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights[2] | Number of Securities Remaining Available for Future Issuance Under Share Incentive Plans[3] |
|---|---|---|---|
| Share Incentive Plans Approved by Security Holders | 1,966,566 | $ 46.69 | 6,969,377 |
| Share Incentive Plans Not Approved by Security Holders[4] | 9,522,864 | $ 19.31 | — |
| Total | 11,489,430 | $ 21.93 | 6,969,377 |

[1] *Consists of Class A shares underlying options, time-based RSUs, performance-based RSUs and Class M common shares. Class M common shares, once vested, are convertible into Class A shares, subject to payment of the conversion price. Performance-based RSUs are included at their target value. Class M common shares are included based on the assumption that 100% of such shares vest and are converted into Class A shares on a one-for-one basis.*

[2] *Includes options, Class M common shares and the RSUs issued in conjunction with the Class M-4 common shares. Does not include other time-based RSUs or performance-based RSUs, as they do not have exercise prices.*

[3] *Includes shares remaining available for issuance under the ESPP and the 2019 Share Incentive Plan. The ESPP is a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code. As of December 31, 2019, there were 3,662,780 shares remaining available for issuance under the ESPP. We estimate that 16,694 shares are subject to purchase during the current purchase period beginning on January 1, 2020 and ending on March 31, 2020, assuming a purchase price equal to 85% of the closing price of our Class A common shares on February 14, 2020.*

[4] *Includes securities pursuant to our 2009, 2012, and 2014 share incentive plans. These plans were frozen in 2016 and no additional awards may be granted under these plans.*

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information called for by this Item is incorporated herein by reference to the sections entitled “Certain Relationships and Related Transactions” and “Corporate Governance–Director Independence” in our 2020 Proxy Statement.

**Item 14. Principal Accountant Fees and Services**

The information called for by this Item is incorporated herein by reference to the sections entitled “Additional Information and Matters–Principal Accountant Fees and Services” and “Corporate Governance–Committees of the Board of Directors–Audit Committee–Pre-Approval Policies and Procedures of the Audit Committee” in our 2020 Proxy Statement.

# PART IV

## Item 15. Exhibits, Financial Statement Schedules

The following documents are filed as part of this report:


1. Financial Statements—Item 8. Financial Statements and Supplementary Data 126

2. Financial Statement Schedules

Schedule I—Summary of Investments Other Than Investments in Related Parties as of December 31, 2019 199
Schedule II—Condensed Financial Information of Registrant (Parent Company Only) 200
Schedule II—Balance Sheets as of December 31, 2019 and 2018 200
Schedule II—Statements of Income and Comprehensive Income (Loss) for the years ended December 31, 2019, 2018 and 2017 201
Schedule II—Statements of Cash Flows for the years ended December 31, 2019, 2018 and 2017 202
Schedule II—Notes to Condensed Financial Information of Registrant for the years ended December 31, 2019, 2018 and 2017 203
Schedule III—Supplementary Insurance Information for the years ended December 31, 2019, 2018 and 2017 204
Schedule IV—Reinsurance for the years ended December 31, 2019, 2018 and 2017 205
Schedule V—Valuation and Qualifying Accounts for the years ended December 31, 2019, 2018 and 2017 206


Any remaining schedules are omitted because they are inapplicable.

3. Exhibits

See the accompanying Exhibit Index. 207

**ATHENE HOLDING LTD.**
**Schedule I — Summary of Investments — Other Than Investments in Related Parties**

| | December 31, 2019 | | |
|---|---|---|---|
| *(In millions)* | Cost or Amortized Cost | Fair Value | Amount Shown on Consolidated Balance Sheet |
| AFS securities | | | |
| U.S government and agencies | $ 35 | $ 36 | $ 36 |
| U.S. state, municipal and political subdivisions | 1,322 | 1,541 | 1,541 |
| Foreign governments | 298 | 327 | 327 |
| Public utilities | 701 | 731 | 731 |
| Redeemable preferred stock | 106 | 114 | 114 |
| Other corporate | 43,299 | 46,383 | 46,383 |
| CLO | 7,524 | 7,349 | 7,349 |
| ABS | 5,018 | 5,118 | 5,118 |
| CMBS | 2,304 | 2,400 | 2,400 |
| RMBS | 6,872 | 7,375 | 7,375 |
| Trading securities | 1,890 | 2,054 | 2,054 |
| Total fixed maturity securities | 69,369 | 73,428 | 73,428 |
| Equity securities | | | |
| Public utilities | — | 1 | 1 |
| Industrial, miscellaneous and all other common stock | 50 | 48 | 48 |
| Nonredeemable preferred stocks | 188 | 198 | 198 |
| Total equity securities | 238 | 247 | 247 |
| Mortgage loans, net of allowances | 14,304 | | 14,306 |
| Investment funds | 664 | | 731 |
| Policy loans | 417 | | 417 |
| Funds withheld at interest | 15,181 | | 15,181 |
| Derivative assets | 1,588 | | 2,888 |
| Short-term investments | 596 | | 596 |
| Other investments | 158 | | 158 |
| Total investments | $ 102,515 | | $ 107,952 |

**ATHENE HOLDING LTD.**
**Schedule II — Condensed Financial Information of Registrant (Parent Company Only) — Balance Sheets**

| *(In millions, except per share data)* | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Investments | | |
| Available-for-sale securities, at fair value (amortized cost: 2019 – $56 and 2018 – $46) | $ 61 | $ 45 |
| Cash and cash equivalents | 171 | 112 |
| Investments in related parties | | |
| Available-for-sale securities, at fair value (amortized cost: 2019 – $2 and 2018 – $0) | 2 | — |
| Investment funds | 132 | 105 |
| Other assets | 6 | 24 |
| Intercompany receivable | 13 | 21 |
| Investments in subsidiaries | 14,085 | 9,108 |
| **Total assets** | $ 14,470 | $ 9,415 |
| **Liabilities and Equity** | | |
| **Liabilities** | | |
| Long-term debt | $ 992 | $ 991 |
| Note payable to subsidiary | 38 | 105 |
| Other liabilities | 40 | 35 |
| Intercompany payable | 9 | 8 |
| **Total liabilities** | 1,079 | 1,139 |
| **Equity** | | |
| Preferred stock | | |
| Series A – par value $1 per share; $863 aggregate liquidation preference; authorized, issued and outstanding: 2019 and 2018 – 0.0 shares | — | — |
| Series B – par value $1 per share; $345 aggregate liquidation preference; authorized, issued and outstanding: 2019 and 2018 – 0.0 shares | — | — |
| Common stock | | |
| Class A – par value $0.001 per share; authorized: 2019 and 2018 – 425.0 shares; issued and outstanding: 2019 – 143.2 and 2018 – 162.4 shares | — | — |
| Class B – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 325.0 shares; issued and outstanding: 2019 – 25.4 and 2018 – 25.4 shares | — | — |
| Class M-1 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.1 shares; issued and outstanding: 2019 – 3.3 and 2018 – 3.4 shares | — | — |
| Class M-2 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 5.0 shares; issued and outstanding: 2019 – 0.8 and 2018 – 0.8 shares | — | — |
| Class M-3 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.5 shares; issued and outstanding: 2019 – 1.0 and 2018 – 1.0 shares | — | — |
| Class M-4 – par value $0.001 per share; convertible to Class A; authorized: 2019 and 2018 – 7.5 shares; issued and outstanding: 2019 – 4.0 and 2018 – 4.1 shares | — | — |
| Additional paid-in capital | 4,171 | 3,462 |
| Retained earnings | 6,939 | 5,286 |
| Accumulated other comprehensive income (loss) | 2,281 | (472) |
| **Total Athene Holding Ltd. shareholders' equity** | 13,391 | 8,276 |
| **Total liabilities and equity** | $ 14,470 | $ 9,415 |

*See accompanying notes to condensed financial information of registrant (parent company only)*

**ATHENE HOLDING LTD.**
**Schedule II — Condensed Financial Information of Registrant (Parent Company Only)**
**Statements of Income and Comprehensive Income (Loss)**

| | Years ended December 31, | | |
|---|---|---|---|
| *(In millions)* | 2019 | 2018 | 2017 |
| **Revenue** | | | |
| Net investment income (related party: 2019 – $8, 2018 – $(3) and 2017 – $3) | $ 15 | $ 17 | $ 5 |
| Investment related gains (losses) (related party: 2019 – $1, 2018 – $24 and 2017 – $0) | 6 | 14 | (7) |
| Other revenues | — | 20 | — |
| **Total revenues** | 21 | 51 | (2) |
| **Benefits and Expenses** | | | |
| Operating expenses (related party: 2019 – $11, 2018 – $7 and 2017 – $8) | 142 | 124 | 142 |
| **Total benefits and expenses** | 142 | 124 | 142 |
| **Loss before income taxes and equity earnings in subsidiaries** | (121) | (73) | (144) |
| Equity earnings in subsidiaries | 2,293 | 1,126 | 1,502 |
| **Net income available to Athene Holding Ltd. shareholders** | 2,172 | 1,053 | 1,358 |
| Less: Preferred stock dividends | 36 | — | — |
| **Net income available to Athene Holding Ltd. common shareholders** | $ 2,136 | $ 1,053 | $ 1,358 |
| | | | |
| **Net income available to Athene Holding Ltd. shareholders** | $ 2,172 | $ 1,053 | $ 1,358 |
| Other comprehensive income (loss) | 2,787 | (1,879) | 896 |
| **Comprehensive income (loss)** | $ 4,959 | $ (826) | $ 2,254 |

*See accompanying notes to condensed financial information of registrant (parent company only)*

**ATHENE HOLDING LTD.**
**Schedule II — Condensed Financial Information of Registrant (Parent Company Only) — Statements of Cash Flows**

| *(In millions)* | Years ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| **Net cash used in operating activities** | $ (106) | $ (66) | $ (54) |
| **Cash flows from investing activities** | | | |
| Capital contributions to subsidiary | (70) | (95) | — |
| Receipts on loans to subsidiaries | — | 64 | — |
| Issuances of loans to subsidiaries | — | (20) | (44) |
| Sales, maturities, and repayments of: | | | |
| Available-for-sale securities | 4 | 178 | 9 |
| Investment funds – related party | 1 | — | — |
| Short-term investments | — | 64 | — |
| Purchases of: | | | |
| Fixed maturity securities, available-for-sale (related party: 2019 – $(2), 2018 – $0, and 2017 – $0) | (16) | (994) | (17) |
| Investment funds – related party | (20) | — | — |
| Short-term investments | — | (64) | — |
| Other investing activities, net | 27 | (90) | 74 |
| Net cash (used in) provided by investing activities | (74) | (957) | 22 |
| **Cash flows from financing activities** | | | |
| Proceeds from long-term debt | — | 998 | — |
| Proceeds from note payable with subsidiary | 108 | 105 | — |
| Repayment of note payable with subsidiary | (174) | — | — |
| Issuance of preferred stock, net of expenses | 1,172 | — | — |
| Preferred stock dividends | (36) | — | — |
| Repurchase of common stock | (832) | (105) | (10) |
| Other financing activities, net | 1 | (5) | (5) |
| Net cash provided by (used in) financing activities | 239 | 993 | (15) |
| Net increase (decrease) in cash and cash equivalents | 59 | (30) | (47) |
| Cash and cash equivalents at beginning of year | 112 | 142 | 189 |
| Cash and cash equivalents at end of year | $ 171 | $ 112 | $ 142 |
| | | | |
| **Supplementary information** | | | |
| Cash paid for interest | $ 46 | $ 23 | $ — |
| Non-cash transactions | | | |
| Non-cash capital contributions to subsidiaries | — | 803 | — |
| Investment in Athora Holding Ltd. received upon deconsolidation | — | 108 | — |

*See accompanying notes to condensed financial information of registrant (parent company only)*

**ATHENE HOLDING LTD.**
**Schedule II — Condensed Financial Information of Registrant (Parent Company Only)**
**Notes to Condensed Financial Information of Registrant**

**1. Basis of Presentation**

The accompanying condensed financial statements of Athene Holding Ltd. (AHL) should be read in conjunction with the consolidated financial statements and notes of AHL and its subsidiaries (consolidated financial statements).

For purposes of these condensed financial statements, AHL's wholly owned and majority owned subsidiaries are presented under the equity method of accounting. Under this method, the assets and liabilities of subsidiaries are not consolidated. The investments in subsidiaries are recorded on the condensed balance sheets. The income from subsidiaries is reported on a net basis as equity earnings of subsidiaries on the condensed statements of income.

**2. Intercompany Transactions**

**Unsecured Revolving Notes Receivable**—AHL has unsecured revolving notes receivable from subsidiaries Athene USA Corporation (Athene USA) and Athene Life Re Ltd. (ALRe).

The unsecured revolving notes receivable from Athene USA has a borrowing capacity of $250 million and had no outstanding balance as of December 31, 2019 and 2018. Interest accrues at the U.S. short-term applicable federal rate per year, and the balance is due on June 1, 2020, or earlier at AHL's request.

The unsecured revolving notes receivable from ALRe has a borrowing capacity of $1 billion and had no outstanding balance as of December 31, 2019 and 2018. Interest accrues at a fixed rate of 1.25% and has a maturity date of March 31, 2024, or earlier at AHL's request.

**Unsecured Revolving Note Payable**—In addition to the unsecured revolving notes receivable described above, AHL has an unsecured revolving note payable with ALRe, which permits AHL to borrow up to $1 billion with a fixed interest rate of 1.25% and a maturity date of March 31, 2024. As of December 31, 2019 and 2018, the revolving note payable had an outstanding balance of $38 million and $105 million, respectively.

**Funds in Trust (Restricted Assets)—**AHL has agreed to maintain the authorized control level risk-based capital (RBC) of its subsidiary, Athene Life Insurance Company of New York (ALICNY), at an amount not less than 450%. As a result, AHL has established a separate backstop trust account with a fair value of $44 million and $37 million as of December 31, 2019 and 2018, respectively, consisting of available-for-sale investments and cash. If ALICNY's authorized control level RBC falls below 450%, the funds in the backstop trust account would be used to replenish ALICNY's authorized control level RBC to at least 450%.

**3. Debt and Guarantees**

AHL has guaranteed certain of the obligations of Athene USA, ALRe, and Athene Annuity Re Ltd. in connection with its revolving credit facility. Additionally, AHL issued senior notes in the first quarter of 2018. See *Note 9 – Debt* to the consolidated financial statements for further discussion on the credit facility and senior notes.

AHL has entered into capital maintenance agreements with each of its material U.S. insurance subsidiaries, pursuant to which AHL agrees to provide capital to the subsidiary to the extent that the capital of the subsidiary falls below a specified threshold as set with the applicable subsidiary's domestic regulator. In addition, on December 17, 2018, AHL entered into a capital maintenance agreement with its indirect subsidiary Athene London Assignment Corporation (Athene London) pursuant to which AHL agreed to contribute cash, cash equivalents, marketable securities, or other liquid assets so as to maintain capital in Athene London to ensure that it has the necessary funds to timely satisfy any obligations it has under any assumed settlement agreement. AHL does not anticipate making any capital infusions in Athene London pursuant to the capital maintenance agreement.

**4. Dividends, Return of Capital and Capital Contributions**

During the years ended December 31, 2019 and 2018, AHL received $3 million and $50 million, respectively, of dividends from subsidiaries. During the years ended December 31, 2019 and 2018, AHL contributed $70 million and $898 million, respectively, to subsidiaries. There were no dividends received or contributions made to subsidiaries during the year ended December 31, 2017. See *Note 13 – Statutory Requirements* to the consolidated financial statements for additional information on subsidiary dividend restrictions.

**5. Income Taxes**

AHL is a tax resident of the United Kingdom (UK). See *Note 12 – Income Taxes* to the consolidated financial statements for additional information on UK income taxes.

**ATHENE HOLDING LTD.**
**Schedule III**
**Supplementary Insurance Information**

| *(In millions)* | DAC, DSI, and VOBA | Future policy benefits, losses, claims and loss expenses[1] | Other policy claims and benefits | Premiums | Net investment income | Benefits, claims, losses, and settlement expenses[2] | Amortization of DAC and VOBA | Policy and other operating expenses |
|---|---|---|---|---|---|---|---|---|
| **2019** | | | | | | | | |
| Retirement Services | $ 5,008 | $ 126,075 | $ 138 | $ 6,382 | $ 4,405 | $ 12,254 | $ 958 | $ 599 |
| Corporate and other | — | — | — | — | 117 | — | — | 145 |
| Total | $ 5,008 | $ 126,075 | $ 138 | $ 6,382 | $ 4,522 | $ 12,254 | $ 958 | $ 744 |
| **2018** | | | | | | | | |
| Retirement Services | $ 5,907 | $ 113,314 | $ 142 | $ 3,462 | $ 3,960 | $ 4,662 | $ 174 | $ 496 |
| Corporate and other | — | — | — | — | 44 | — | — | 130 |
| Total | $ 5,907 | $ 113,314 | $ 142 | $ 3,462 | $ 4,004 | $ 4,662 | $ 174 | $ 626 |
| **2017** | | | | | | | | |
| Retirement Services | $ 2,972 | $ 80,818 | $ 137 | $ 2,347 | $ 3,087 | $ 5,969 | $ 344 | $ 444 |
| Corporate and other | — | 4,838 | 74 | 179 | 182 | 339 | — | 228 |
| Total | $ 2,972 | $ 85,656 | $ 211 | $ 2,526 | $ 3,269 | $ 6,308 | $ 344 | $ 672 |

[1] *Represents interest sensitive contract liabilities and future policy benefits on the consolidated balance sheets.*

[2] *Represents interest sensitive contract benefits, amortization of deferred sales inducements, future policy and other policy benefits, and dividends to policyholders on the consolidated statements of income.*

**ATHENE HOLDING LTD.**
**Schedule IV**
**Reinsurance**

| *(In millions, except for percentages)* | Gross amount | Ceded to other companies | Assumed from other companies | Net amount | Percentage of amount assumed to net |
|---|---|---|---|---|---|
| **Year ended December 31, 2019** | | | | | |
| Life insurance in force at end of year | $ 33,221 | $ 39,145 | $ 7,317 | $ 1,393 | 525.3% |
| Premiums | 5,449 | 159 | 1,092 | 6,382 | 17.1% |
| **Year ended December 31, 2018** | | | | | |
| Life insurance in force at end of year | 39,941 | 45,957 | 7,857 | 1,841 | 426.8% |
| Premiums | 2,813 | 417 | 1,066 | 3,462 | 30.8% |
| **Year ended December 31, 2017** | | | | | |
| Life insurance in force at end of year | 43,267 | 49,860 | 8,551 | 1,958 | 436.7% |
| Premiums | 2,700 | 195 | 21 | 2,526 | 0.8% |

**ATHENE HOLDING LTD.**
**Schedule V**
**Valuation and Qualifying Accounts**

| *(In millions)* | | Additions | | | |
|---|---|---|---|---|---|
| **Description** | **Balance at beginning of year** | **Charged to costs and expenses** | **Assumed through acquisitions** | **Deductions** | **Balance at end of year** |
| **Reserves deducted from assets to which they apply** | | | | | |
| **Year ended December 31, 2019** | | | | | |
| Valuation allowance on deferred tax assets | $ 52 | $ 31 | $ — | $ (20) | $ 63 |
| Valuation allowance on mortgage loans | 2 | 10 | — | (1) | 11 |
| **Year ended December 31, 2018** | | | | | |
| Valuation allowance on deferred tax assets | 96 | 9 | — | (53) | 52 |
| Valuation allowance on mortgage loans | 2 | 1 | — | (1) | 2 |
| **Year ended December 31, 2017** | | | | | |
| Valuation allowance on deferred tax assets | 94 | 19 | — | (17) | 96 |
| Valuation allowance on mortgage loans | 2 | — | — | — | 2 |

**EXHIBIT INDEX**

| Exhibit No. | Description |
| --- | --- |
| 3.1 | Certificate of Incorporation of Athene Holding Ltd. (incorporated by reference to Exhibit 3.1 to the Form S-1 filed on May 9, 2016). |
| 3.2.1 | Memorandum of Association of Athene Holding Ltd. (incorporated by reference to Exhibit 3.2 to the Form S-1 filed on May 9, 2016). |
| 3.2.2 | Form of Certificate of Deposit of Memorandum of Increase of Share Capital (incorporated by reference to Exhibit 3.2.1 to the Form S-1 filed on November 10, 2016). |
| 3.3 | Twelfth Amended and Restated Bye-laws of Athene Holding Ltd., effective June 4, 2019 (incorporated by reference to Exhibit 3.2 to the Form 8-K filed on June 10, 2019 dated June 4, 2019). |
| 4.1 | Form of Athene Holding Ltd. Class A common share certificate (incorporated by reference to Exhibit 4.1 to the Form S-1 filed on November 10, 2016). |
| 4.2.1 | Third Amended and Restated Registration Rights Agreement, dated as of April 4, 2014, among Athene Holding Ltd. and the shareholders party thereto (incorporated by reference to Exhibit 4.2 to the Form S-1 filed on October 25, 2016). |
| 4.2.2 | First Amendment to Third Amended and Restated Registration Rights Agreement, dated as of October 6, 2015, among Athene Holding Ltd. and the shareholders party thereto (incorporated by reference to Exhibit 4.3 to the Form S-1 filed on October 25, 2016). |
| 4.2.3 | Second Amendment to Third Amended and Restated Registration Rights Agreement, dated as of November 22, 2016, among Athene Holding Ltd. and the shareholders party thereto (incorporated by reference to Exhibit 4.4 to the Form 10-K filed on March 16, 2017). |
| 4.3.1 | 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). |
| 4.3.2 | First Supplemental Indenture, dated 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). |
| 4.4.1 | Certificate of Designations of 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on June 10, 2019 dated June 5, 2019). |
| 4.4.2 | Form of Share Certificate evidencing 6.35% Fixed-to-Floating Rate Perpetual Non-Cumulative Preference Shares, Series A (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on June 10, 2019 dated June 5, 2019). |
| 4.4.3 | Deposit Agreement, dated June 10, 2019, between Athene Holding Ltd. and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depositary Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on June 10, 2019 dated June 5, 2019). |
| 4.4.4 | Form of Depositary Receipt (included in Exhibit 4.4.3). |
| 4.5.1 | Certificate of Designations of 5.625% Fixed Rate Perpetual Non-Cumulative Preference Shares, Series B (incorporated by reference to Exhibit 4.1 to the Form 8-K filed on September 19, 2019). |
| 4.5.2 | Form of Share Certificate evidencing 5.625% Fixed Rate Perpetual Non-Cumulative Preference Shares, Series B (incorporated by reference to Exhibit 4.2 to the Form 8-K filed on September 19, 2019). |
| 4.5.3 | Deposit Agreement, dated September 19, 2019, between Athene Holding Ltd. and Computershare Inc. and Computershare Trust Company, N.A., collectively, and the holders from time to time of the Depositary Receipts (incorporated by reference to Exhibit 4.3 to the Form 8-K filed on September 19, 2019). |
| 4.5.4 | Form of Depositary Receipt (included in Exhibit 4.5.3). |
| 4.6 | Description of Securities. |
| 10.1 | Credit Agreement, dated as of December 3, 2019, among Athene Holding Ltd., Athene Life Re Ltd., Athene USA Corporation and Athene Annuity Re Ltd., as Borrowers, the lenders from time to time party thereto, and Citibank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on December 3, 2019). |
| 10.2 | Guaranty, dated as of December 3, 2019, 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 (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on December 3, 2019). |
| 10.3.1 | Seventh Amended and Restated Fee Agreement, dated as of June 10, 2019, between Athene Asset Management, LLC and Athene Holding Ltd. (incorporated by reference to Exhibit 10.1 to the Form 8-K filed on June 10, 2019 dated June 4, 2019). |
| 10.3.2 | Applicable 2016 Liability Fee Discount, effective as of September 30, 2016, between Athene Asset Management, L.P. and Athene Holding Ltd. (incorporated by reference to Exhibit 10.7.2 to the Form S-1 filed on October 25, 2016). |
| 10.4 | Amended and Restated Coinsurance Agreement, dated as of July 31, 2015, between Athene Life Insurance Company of New York and First Allmerica Financial Life Insurance Company (regarding certain term and universal life policies) (incorporated by reference to Exhibit 10.9 to the Form S-1 filed on October 25, 2016). |
| 10.5 | Coinsurance and Assumption Agreement, dated as of October 1, 2013, between Aviva Life and Annuity Company (now known as Athene Annuity and Life Company) and Presidential Life Insurance Company - USA (now known as Accordia Life and Annuity Insurance Company) (incorporated by reference to Exhibit 10.10 to the Form S-1 filed on October 25, 2016). |

| Exhibit No. | Description |
|---|---|
| 10.6 | Amended and Restated Coinsurance and Assumption Agreement, dated as of July 31, 2015, between Athene Life Insurance Company of New York and First Allmerica Financial Life Insurance Company (regarding certain policies described therein) (incorporated by reference to Exhibit 10.11 to the Form S-1 filed on October 25, 2016). |
| 10.7 | Amended and Restated Coinsurance Agreement, dated as of December 28, 2015, between Athene Annuity and Life Company and Accordia Life and Annuity Company (formerly known as Presidential Life Insurance Company-USA) (regarding the ILICO closed block) (incorporated by reference to Exhibit 10.12 to the Form S-1 filed on October 25, 2016). |
| 10.8 | Funds Withheld Coinsurance Agreement, dated as of October 1, 2013, between Aviva Life and Annuity Company of New York (now known as Athene Life Insurance Company of New York) and First Allmerica Financial Life Insurance Company (regarding certain term and universal life policies) (incorporated by reference to Exhibit 10.13 to the Form S-1 filed on October 25, 2016). |
| 10.9 | Coinsurance Agreement, dated as of April 29, 2011, between Liberty Life Insurance Company (now known as Athene Annuity & Life Assurance Company) and Protective Life Insurance Company (incorporated by reference to Exhibit 10.14 to the Form S-1 filed on October 25, 2016). |
| 10.10.1 | Employment Agreement, dated as of February 27, 2013, between Athene Holding Ltd. and James R. Belardi (incorporated by reference to Exhibit 10.15.1 to the Form S-1 filed on October 25, 2016). |
| 10.10.2 | Employment Agreement, dated as of September 7, 2015, between Athene Holding Ltd. and William J. Wheeler (incorporated by reference to Exhibit 10.15.2 to the Form S-1 filed on October 25, 2016). |
| 10.10.3 | Employment Agreement, dated as of October 12, 2015, between Athene Holding Ltd. and Martin P. Klein (incorporated by reference to Exhibit 10.15.3 to the Form S-1 filed on October 25, 2016). |
| 10.11.1 | Amended and Restated Athene Holding Ltd. 2009 Share Incentive Plan (incorporated by reference to Exhibit 10.16.1 to the Form S-1 filed on October 25, 2016). |
| 10.11.2 | Amended and Restated Athene Holding Ltd. 2012 Share Incentive Plan (incorporated by reference to Exhibit 10.16.2 to the Form S-1 filed on October 25, 2016). |
| 10.11.3 | Athene Holding Ltd. 2014 Share Incentive Plan (incorporated by reference to Exhibit 10.16.3 to the Form S-1 filed on October 25, 2016). |
| 10.11.4 | Amendment No. 1 to 2014 Share Incentive Plan (incorporated by reference to Exhibit 10.16.4 to the Form S-1 filed on October 25, 2016). |
| 10.11.5 | Athene Holding Ltd. 2016 Share Incentive Plan (incorporated by reference to Exhibit 10.16.5 to the Form S-1 filed on October 25, 2016). |
| 10.11.6 | Athene Holding Ltd. 2019 Share Incentive Plan (incorporated by reference to Exhibit 10.2 to the Form 8-K filed on June 10, 2019 dated June 4, 2019). |
| 10.12 | Form of Amended and Restated Restricted Share Award Agreement (Class M-1 common shares) (incorporated by reference to Exhibit 10.17 to the Form S-1 filed on October 25, 2016). |
| 10.13 | Form of Amended and Restated Restricted Share Award Agreement (Class M-2 common shares) (incorporated by reference to Exhibit 10.18 to the Form S-1 filed on October 25, 2016). |
| 10.14 | Form of Amended and Restated Restricted Share Award Agreement (Class M-3 common shares) (incorporated by reference to Exhibit 10.19 to the Form S-1 filed on October 25, 2016). |
| 10.15 | Form of Amended and Restated Restricted Share Award Agreement (Class M-4 common shares) (incorporated by reference to Exhibit 10.20 to the Form S-1 filed on November 10, 2016). |
| 10.16 | Form of Amended and Restated Restricted Share Unit Award Agreement (similar to Class M-4 common shares) (incorporated by reference to Exhibit 10.21 to the Form S-1 filed on November 10, 2016). |
| 10.17 | Form of Amended and Restated Restricted Share Award Agreement (Class M-4 Prime common shares) (incorporated by reference to Exhibit 10.22 to the Form S-1 filed on November 10, 2016). |
| 10.18 | Form of Amended and Restated Restricted Share Unit Award Agreement (similar to Class M-4 Prime common shares) (incorporated by reference to Exhibit 10.23 to the Form S-1 filed on November 10, 2016). |
| 10.19.1 | Form of Amended and Restated Class A Share Award Agreement (Class A common shares issued at $13.46 per share) (incorporated by reference to Exhibit 10.24.1 to the Form S-1 filed on November 10, 2016). |
| 10.19.2 | Form of Amendment Letter to the Amended and Restated Class A Share Award Agreement (Class A common shares issued at $13.46 per share) (incorporated by reference to Exhibit 10.24.2 to the Form S-1 filed on November 10, 2016). |
| 10.20.1 | Form of Restricted Share Award Agreement (Class A common shares) (incorporated by reference to Exhibit 10.25.1 to the Form S-1 filed on November 10, 2016). |
| 10.20.2 | Form of Amendment Letter to the Restricted Share Award Agreement (Class A common shares) (incorporated by reference to Exhibit 10.25.2 to the Form S-1 filed on November 10, 2016). |
| 10.21.1 | Form of Class A Share Award Agreement (Class A common shares issued at fair market value) (incorporated by reference to Exhibit 10.26.1 to the Form S-1 filed on November 10, 2016). |
| 10.21.2 | Form of Amendment Letter to Class A Share Award Agreement (Class A common shares issued at fair market value) (incorporated by reference to Exhibit 10.26.2 to the Form S-1 filed on November 10, 2016). |
| 10.22.1 | Form of 2014 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.27 to the Form S-1 filed on October 25, 2016). |

| Exhibit No. | Description |
| --- | --- |
| 10.22.2 | Form of 2016 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.26.2 to the Form 10-K filed on February 26, 2018). |
| 10.22.3 | Form of 2019 Share Incentive Plan Nonqualified Stock Option Award Notice and Nonqualified Stock Option Agreement. |
| 10.23.1 | Form of 2014 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.28 to the Form S-1 filed on October 25, 2016). |
| 10.23.2 | Form of 2016 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.27.2 to the Form 10-K filed on February 26, 2018). |
| 10.23.3 | Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Performance-Based Vesting) and Restricted Share Unit Award Agreement. |
| 10.24.1 | Form of 2014 Share Incentive Plan Restricted Share Unit Award Notice (Time-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.29 to the Form S-1 filed on October 25, 2016). |
| 10.24.2 | Form of 2016 Share Incentive Plan Restricted Share Unit Award Notice (Time-Based Vesting) and Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.28.2 to the Form 10-K filed on February 26, 2018). |
| 10.24.3 | Form of 2019 Share Incentive Plan Restricted Share Unit Award Notice (Time-Based Vesting) and Restricted Share Unit Award Agreement. |
| 10.25.1 | Form of Amended and Restated Restricted Share Award Agreement (2014 awards to certain non-employee directors) (incorporated by reference to Exhibit 10.30 to the Form S-1 filed on November 10, 2016). |
| 10.25.2 | Form of Restricted Share Award Agreement (2015 awards to certain non-employee directors) (incorporated by reference to Exhibit 10.31 to the Form S-1 filed on November 10, 2016). |
| 10.25.3 | Form of Restricted Share Award Notice and Restricted Share Award Agreement (2019 awards to certain non-employee directors). |
| 10.26.1 | Form of 2016 Share Incentive Plan Restricted Share Award Notice and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.31 to the Form 10-K filed on February 26, 2018). |
| 10.26.2 | Form of 2019 Share Incentive Plan Restricted Share Award Notice and Restricted Share Award Agreement. |
| 10.27.1 | Form of 2016 Share Incentive Plan Restricted Share Award Notice (Performance-Based Vesting) and Restricted Share Award Agreement (incorporated by reference to Exhibit 10.32 to the Form 10-K filed on February 26, 2018). |
| 10.27.2 | Form of 2019 Share Incentive Plan Restricted Share Award Notice (Performance-Based Vesting) and Restricted Share Award Agreement. |
| 10.28 | Form of Director Retention Letter (incorporated by reference to Exhibit 10.3 to the Form 10-Q filed on August 5, 2019). |
| 10.29 | Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.33 to the Form S-1 filed on October 25, 2016). |
| 10.30.1 | Second Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC and Apollo Emerging Markets, LLC. |
| 10.30.2 | Third Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC, Apollo Royalties Management, LLC and Apollo Emerging Markets, LLC. |
| 10.30.3 | Third Amended and Restated Master Sub-Advisory Agreement, effective as of October 1, 2019, among Athene Asset Management LLC, Apollo Capital Management, L.P., Apollo Global Real Estate Management, L.P., ARM Manager LLC, Apollo Longevity, LLC and Apollo Emerging Markets, LLC. |
| 10.31.1 | 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 Form 8-K filed on January 2, 2018). |
| 10.31.2 | Amendment No. 1 to the Cooperation Agreement, dated as of January 7, 2020, between Athora Holding Ltd. and Athene Holding Ltd. |
| 10.32.1 | Reinsurance agreement (FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on August 3, 2018). |
| 10.32.2 | First Amendment to Reinsurance Agreement (FA Business), effective as of July 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company. |
| 10.33.1 | Modified coinsurance agreement (Separate Account FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company (incorporated by reference to Exhibit 10.2 to the Form 10-Q filed on August 3, 2018). |
| 10.33.2 | First Amendment to Modified Coinsurance Agreement (Separate Account FA Business), effective as of June 1, 2018, between Athene Annuity & Life Assurance Company and Voya Insurance and Annuity Company. |
| 10.34 | Modified coinsurance agreement (FA Business), effective as of December 31, 2019, between Athene Annuity Re Ltd. and Venerable Insurance and Annuity Company. |
| 10.35 | Master Framework Agreement, dated as of September 11, 2019, by and between Athene Co-Invest Reinsurance Affiliate 1A Ltd. and Athene Life Re Ltd. (incorporated by reference to Exhibit 10.1 to the Form 10-Q filed on November 5, 2019. |

| Exhibit No. | Description |
| --- | --- |
| 10.36.1 | Shareholders Agreement, dated as of October 1, 2019, by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., ADIP Holdings (A), L.P., ADIP Holdings (B), L.P., ADIP Holdings (C), L.P., ADIP Holdings (D), L.P., ADIP Holdings (E), L.P., ADIP Holdings (Lux), L.P. and Athene Life Re Ltd. |
| 10.36.2 | First Amendment to Shareholders Agreement, effective as of October 25, 2019, by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., ADIP Holdings (A), L.P., ADIP Holdings (B), L.P., ADIP Holdings (C), L.P., ADIP Holdings (D), L.P., ADIP Holdings (E), L.P., ADIP Holdings (Lux), L.P. and Athene Life Re Ltd. |
| 10.36.3 | Second Amendment to Shareholders Agreement, effective as of December 4, 2019, by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., ADIP Holdings (A), L.P., ADIP Holdings (B), L.P., ADIP Holdings (C), L.P., ADIP Holdings (D), L.P., ADIP Holdings (E), L.P., ADIP Holdings (Lux), L.P. and Athene Life Re Ltd. |
| 10.37 | Transaction Agreement, dated as of October 27, 2019, by and among Athene Holding Ltd., Apollo Global Management, Inc. and each Person identified on the signature page thereto as a member of the Apollo Operating Group. |
| 10.38 | Voting Agreement, dated as of October 27, 2019, by and among Apollo Management Holdings, L.P. and each Person identified on the signature pages thereto as an Other Shareholder. |
| 10.39 | Class M Letter Agreement, dated as of October 27, 2019, by and between Athene Holding Ltd. and James R. Belardi (with respect to shares held by Belardi 2018 GRAT). |
| 10.40 | Class M Letter Agreement, dated as of October 27, 2019, by and between Athene Holding Ltd. and James R. Belardi (with respect to shares held by Belardi 2019 GRAT). |
| 10.41 | Class M Letter Agreement, dated as of October 27, 2019, by and between Athene Holding Ltd. and William J. Wheeler. |
| 21.1 | Subsidiaries of the Registrant. |
| 23.1 | Consent of PricewaterhouseCoopers LLP regarding Athene Holding Ltd. financial statements. |
| 24.1 | Power of Attorney (included on the signature page hereto) |
| 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 – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

**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: February 20, 2020

/s/ Martin P. Klein
Martin P. Klein
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints James R. Belardi, Martin P. Klein and John A. Sondej as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign this Annual Report on Form 10-K, and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated below:

| Signatures | Title | Date |
|---|---|---|
| /s/ James R. Belardi<br>James R. Belardi | Chairman and Chief Executive Officer<br>(Principal Executive Officer) | February 20, 2020 |
| /s/ Martin P. Klein<br>Martin P. Klein | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | February 20, 2020 |
| /s/ John A. Sondej<br>John A. Sondej | Senior Vice President and Controller<br>(Principal Accounting Officer) | February 20, 2020 |
| /s/ Marc Beilinson<br>Marc Beilinson | Director | February 20, 2020 |
| /s/ Robert Borden<br>Robert Borden | Director | February 20, 2020 |
| /s/ Mitra Hormozi<br>Mitra Hormozi | Director | February 20, 2020 |
| /s/ Scott Kleinman<br>Scott Kleinman | Director | February 20, 2020 |
| /s/ Brian Leach<br>Brian Leach | Director | February 20, 2020 |
| Gernot Lohr | Director | February 20, 2020 |
| /s/ H. Carl McCall<br>H. Carl McCall | Director | February 20, 2020 |

| Signatures | Title | Date |
|---|---|---|
| /s/ Matthew R. Michelini<br>Matthew R. Michelini | Director | February 20, 2020 |
| /s/ Dr. Manfred Puffer<br>Dr. Manfred Puffer | Director | February 20, 2020 |
| /s/ Marc Rowan<br>Marc Rowan | Director | February 20, 2020 |
| /s/ Lawrence J. Ruisi<br>Lawrence J. Ruisi | Director | February 20, 2020 |
| /s/ Hope Schefler Taitz<br>Hope Schefler Taitz | Director | February 20, 2020 |
| /s/ Arthur Wrubel<br>Arthur Wrubel | Director | February 20, 2020 |
| /s/ Fehmi Zeko<br>Fehmi Zeko | Director | February 20, 2020 |

**Exhibit 4.6**

# DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of February 18, 2020, Athene Holding Ltd. ("we," "us," "our" or "the Company") has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): (1) our Class A common shares, par value $0.001 per Class A common share (our "Class A Common Shares"); (2) our depositary shares, each representing a 1/1,000$^{th}$ interest in a 6.35% fixed-to-floating rate perpetual non-cumulative preference share, series A, par value $1.00 and liquidation preference $25,000 per series A preference share (our "Series A Preference Shares"); and (3) our depositary shares, each representing a 1/1,000$^{th}$ interest in a 5.625% fixed rate perpetual non-cumulative preference share, series B, par value $1.00 and liquidation preference $25,000 per series A preference share (our "Series B Preference Shares" and together with our Series A Preference Shares, our "Preference Shares").

As of February 18, 2020, our authorized share capital consists of 425,000,000 Class A Common Shares, 325,000,000 Class B common shares, par value $0.001 per Class B common share (our "Class B Common Shares"), 7,109,560 Class M-1 common shares, par value $0.001 per Class M-1 common share (our "Class M-1 Common Shares"), 5,000,000 Class M-2 common shares, par value $0.001 per Class M-2 common share (our "Class M-2 Common Shares"), 7,500,000 Class M-3 common shares, par value $0.001 per Class M-3 common share (our "Class M-3 Common Shares"), 7,500,000 Class M-4 common shares, par value $0.001 per Class M-4 common share (our "Class M-4 Common Shares" and together with our Class M-1 Common Shares, Class M-2 Common Shares and Class M-3 Common Shares, our "Class M Common Shares" and our Class M Common Shares together with our Class A Common Shares and our Class B Common Shares, our "Common Shares"), 34,500 Series A Preference Shares, 13,800 Series B Preference Shares and 149,951,700 undesignated and unissued shares.

## Description of Our Common Shares

*The following description of our Common Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Memorandum of Association and Twelfth Amended and Restated Bye-laws, effective June 4, 2019 (our "Bye-laws"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.6 is a part, to applicable Bermuda law and to the listing rules of the New York Stock Exchange (the "NYSE").*

### General

Pursuant to our Bye-laws, subject to the applicable listing rules of the NYSE and to any resolution of the shareholders to the contrary, our board of directors is authorized to issue any of our authorized but unissued Common Shares. Our Common Shares have no pre-emptive rights or other rights to subscribe for additional shares, and no rights of redemption, conversion or exchange. All outstanding Common Shares are fully paid and non-assessable.

Class A Common Shares and Class B Common Shares are voting Common Shares and Class M Common Shares are non-voting incentive compensation shares which, upon the satisfaction of certain conditions, may be converted into Class A Common Shares.

While our Class A Common Shares and Class B Common Shares are economically equivalent-the dollar value of one Class A Common Share is equivalent to the dollar value of one Class B Common Share-they differ in terms of voting power. The Class A Common Shares currently account for 55% of the aggregate voting power of our equity securities, subject to adjustment as described under "-Voting Rights-Class A Common Shares-Voting Restrictions of Class A Common Shares" below. The voting Class A Common Shares are currently owned by persons that are not members of the Apollo Group, including certain members of our management. The Class B Common Shares currently account for the remaining 45% of the aggregate voting power of our equity securities, subject to adjustment as described under "-Voting Rights-Class B Common Shares" below. The Class B Common Shares are held by members of the Apollo Group, and accordingly, the Apollo Group beneficially owns or exercises voting control over the Class B Common Shares. The "Apollo Group" consists of (1) Apollo Global Management, Inc. ("AGM"), (2) AAA Guarantor - Athene, L.P., (3) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by AGM or one or more of AGM's subsidiaries, (4) BRH Holdings GP, Ltd. and its shareholders and (5) any executive officer of AGM whom AGM designates, in written notice delivered to us, as a member of the Apollo Group for purposes of the Bye-laws and (6) any affiliate of any of the foregoing (except that for purposes of this definition, we, our subsidiaries, our employees, the employees of our subsidiaries and the employees of Apollo Insurance Solutions Group LLC ("ISG") are not members of the Apollo Group).

Our Class A Common Shares may be subject to a cap of the voting power attributable to such shares or may be deemed to be non-voting depending upon whether a holder of such shares is subject to the restrictions set forth in our Bye-laws described below under "-Voting Rights-Class A Common Shares-Voting Restrictions of Class A Common Shares." These restrictions are applicable to certain holders only and such Class A Common Shares are not subject to such restrictions to the extent that our Class A Common Shares are held by persons not subject to such restrictions.

The holders of our Class B Common Shares, by a vote of the majority of our Class B Common Shares, may at any time and from time to time elect to reduce the percentage of our total voting power represented by our Class B Common Shares (and correspondingly increase the percentage of our total voting power represented by our Class A Common Shares, so that our total voting power remains equal to 100%). Should the holders of our Class B Common Shares elect to reduce the percentage of our total voting power represented by our Class B Common Shares, such holders, at their sole discretion, may at the time of election stipulate that the election is irrevocable by such holders.

A holder of vested Class M Common Shares may elect to exchange any or all of such shares for an equivalent number of Class A Common Shares upon payment to us (in cash or in shares at the election of the holder of Class M Common Shares) of an amount equal to the product of (a) the number of vested Class M Common Shares that are being exchanged and (b) the applicable conversion price, less the per share dividends and other distributions, if any, that we previously paid in respect of the Class A Common Shares from and after the issuance of the applicable Class M common shares.

On October 27, 2019 we entered into a transaction agreement (the “Transaction Agreement”) with AGM and certain affiliates of AGM that comprise the Apollo Operating Group (collectively, the “AOG”), pursuant to which, among other things, (i) we agreed to sell 35,534,942 new Class A Common Shares to the AOG for 29,154,159 new AOG units valued at approximately $1.2 billion (based on the closing market price of AGM’s Class A common shares on October 25, 2019 and representing a 2.3% premium to the closing price of our Class A Common Shares on October 25, 2019), (ii) $350 million in cash (collectively, (i) and (ii), “Share Issuance”), (iii) we agreed to grant AGM the right to purchase additional Class A Common Shares from the closing date of the Share Issuance (the “Closing Date”) until 180 days thereafter to the extent AOG and certain affiliates, employees and consultants of AGM do not beneficially own at least 35% of the issued and outstanding Class A Common Shares (inclusive of Class A Common Shares over which any such persons have a valid proxy), on a fully diluted basis, in a number to achieve such 35% ownership level at a price based on the weighted average price during the 30 days prior to the exercise of the purchase right, (iv) Apollo Management Holdings, L.P. (“AMH”) will have the right to purchase up to that number of Class A Common Shares that would increase by 5 percentage points the percentage of issued and outstanding Class A Common Shares beneficially owned by the AOG and certain affiliates, employees and consultants of AGM (inclusive of Class A Common Shares over which any such persons have a valid proxy), calculated on a fully diluted basis, and (v) we will make certain amendments to our bye-laws to, among other things, eliminate our current multi-class share structure (the “Multi-Class Share Elimination”). In connection with the Multi-Class Share Elimination, (i) all of the Class B Common Shares will be converted into an equal number of Class A Common Shares on a one-for-one basis and (ii) all of the Class M Common Shares, including those that will vest on the Closing Date, will be converted into a combination of Class A Common Shares and warrants to purchase Class A Common Shares. The proposed transaction, including the proposed amendments to our bye-laws related thereto, was approved at a special general meeting of our shareholders on February 12, 2020.

The proposed transaction is subject to customary closing conditions, including the receipt of all necessary regulatory and governmental approvals and certain other closing conditions. Subject to certain assumptions, including those regarding the volume of share repurchases and the prices at which those repurchases occur, and taking into consideration certain voting proxies, AGM and certain of its related parties and employees are expected to control equity interests approximating 35% of our voting power and economic interest as compared to the 45% voting power and approximately 17% economic interest that AGM and certain of its related parties and employees hold today.

**Dividends**

Our board of directors may, subject to Bermuda law and our Bye-laws, declare a dividend on our Common Shares to be paid (in cash or wholly or partly in kind) to shareholders of record on a record date set by our board of directors. Our board of directors may declare and pay a dividend on one or more classes of shares to the extent one or more classes of shares ranks senior to or has a priority over another class of shares. No unpaid dividend will bear any interest. Notwithstanding the foregoing, so long as any Preference Shares remain outstanding, no dividend may be paid or declared on our Common Shares, other than a dividend payable solely in our Common Shares, unless the full dividend for the last completed dividend period on all outstanding Preference Shares have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside).

We do not currently pay dividends on our Common Shares and we currently intend to retain all available funds and any future earnings attributable to our Common Shares for use in the operation of our business. We may, however, pay cash dividends on our Common Shares in the future. Any future determination to pay dividends will be made at the discretion of our board of directors and will depend upon many factors, including our financial condition, earnings, legal and regulatory requirements, restrictions in our debt agreements and other factors our board of directors deems relevant. Our ability to pay dividends on our Common Shares is limited by the terms of our existing indebtedness and may be restricted by the terms of any future credit agreement or any future debt or preferred securities of ours or of our subsidiaries.

Furthermore, we are a holding company and have no direct operations. All of our business operations are conducted through our subsidiaries. Any dividends we pay will depend upon our funds legally available for distribution, including dividends from our subsidiaries. Our U.S. insurance subsidiaries are highly regulated and are required to comply with various conditions before they are able to pay dividends or make distributions to us. In addition, any dividends payable to us by our U.S. insurance subsidiaries, if permitted, may be subject to a 30% withholding tax.

**Voting Rights**

The total voting power of our Common Shares, as referred to in our Bye-laws, means the total votes attributable to all of our shares issued and outstanding. The voting rights associated with our Class A Common Shares is in part dependent upon the voting rights associated with our Class B Common Shares. A description of the voting rights associated with our Class A Common Shares and our Class B Common Shares is set forth below.

***General***

Our Bye-laws restrict all holders of all classes of our shares from owning, directly or indirectly, an amount of our outstanding capital stock such that any one holder that is a "United States person" (as defined in Section 957(c) of the Code) would possess 50% or more of either the total voting power or total value of our shares outstanding, including any securities exchangeable for our capital stock and all options, warrants, contractual and other rights to purchase our capital stock ("Equity Securities"). Our Bye-laws also prohibit any holder of any class of our shares from transferring any such shares if, after giving effect to such transfer, 19.9% or greater of the total voting power or the total value of our outstanding shares or Equity Securities would be owned, directly or indirectly, by either (i) U.S. shareholders (as defined in Section 953(c) of the Code) who are insured or reinsured by us or any of our subsidiaries or ceding companies or (ii) any person who is related to any such person. In the event any holder of our shares or Equity Securities is in violation of these restrictions, our board of directors may require such holder to sell or allow us to repurchase some or all of such holder's shares or Equity Securities at fair market value, as the board of directors and such holder agree in good faith, or to take any reasonable action that the board of directors deems appropriate.

***Class A Common Shares***

The Bye-laws generally provide that shareholders are entitled to vote, on a non-cumulative basis, at all annual general and special meetings of shareholders with respect to matters on which Class A Common Shares are eligible to vote. The Class A Common Shares collectively represent 55% of the total voting power of all of the Common Shares, subject to certain voting restrictions and adjustments described below. This allocation of 55% of the total voting power to the Class A Common Shares applies regardless of the number of Class A Common Shares that may be issued and outstanding.

In general, the Bye-laws provide that the board of directors may determine that certain shares shall carry no voting rights or shall have reduced voting rights to the extent that our board of directors reasonably determines that it is necessary to avoid any adverse tax, legal or regulatory consequences to (i) us or any of our affiliates or (ii) upon the request of certain shareholders, to avoid adverse tax, legal or regulatory consequences to such shareholder or any of its affiliates or direct or indirect owners. In addition, the board of directors has the authority under the Bye-laws to request information from any shareholder for the purpose of determining whether a shareholder's voting rights are to be adjusted pursuant to the Bye-laws.

*Voting Restrictions of Class A Common Shares*

The Bye-laws also include several specific restrictions and adjustments to the voting power of the Class A Common Shares. If a holder is subject to the restrictions described below, their Class A Common Shares may be deemed to be non-voting or the voting power attributable to such Class A Common Shares may be reduced. Such restrictions depend on the identity and characteristics of the holder of the shares as of the date in question; for example, Class A Common Shares that are deemed non-voting at one general meeting may, as a result of a subsequent transfer to a different holder, be entitled to vote at a later general meeting. The Class A Common Share restrictions are as follows:

- Class A Common Shares shall be deemed non-voting if the holder of such shares (or any person related to the holder within the meaning of Section 953(c) of the Code or to whom the ownership of such holder's shares is attributed under Section 958 of the Code, each, a "Tax-Attributed Affiliate") (1) owns, directly, indirectly or constructively, Class B Common Shares, (2) owns, directly, indirectly or constructively, an equity interest in AGM or AP Alternative Assets, L.P. or (3) is a member of the Apollo Group at which time any member of the Apollo Group holds Class B Common Shares.
- The voting power of those Class A Common Shares that are entitled to vote shall be adjusted so that no shareholder or Tax-Attributed Affiliate (other than a member of the Apollo Group and its affiliates) holds more than 9.9% of the total voting power of Common Shares. This limitation is intended to reduce the likelihood that we or any of our subsidiaries domiciled outside of the United States will be treated as a controlled foreign corporation in any taxable year (other than for purposes of taking into account related person insurance income).
- The aggregate votes conferred by the Class A Common Shares held by employees of the Apollo Group may constitute collectively no more than 3% of our total voting power.

The amount of any reduction in voting power that occurs by operation of the adjustments described above will generally be allocated proportionately among all other Class A Common Shares entitled to vote. If such reallocation in turn triggers the adjustments described above, the adjustments will be applied serially until additional adjustments are no longer necessary.

Any of the foregoing adjustments are likely to result in a Class A Common Share having voting rights in excess of its *pro rata* share of the voting power of our Class A Common Shares. Therefore, a shareholder's voting rights may increase above 5% of the aggregate voting power of the outstanding Common Shares, thereby possibly resulting in the shareholder becoming a reporting person subject to Schedule 13D or 13G filing requirements under the Exchange Act.

Following the consummation of the proposed transaction with Apollo, we expect the Class A Common Shares to represent 100% of our total voting power.

***Class B Common Shares***

The Class B Common Shares represent, in aggregate, 45% of the total voting power of the Common Shares, subject to certain adjustments, that are described below and in our Bye-laws. Generally, only members of the Apollo Group may own Class B Common Shares. Our Bye-laws provide that the voting power of the Class B Common Shares is allocated on a pro rata basis among all holders of Class B Common

Shares, provided that if certain conditions are met (described in detail in Bye-law 4.2(b)(iii) and defined therein as a "Class B Adjustment Condition") then the voting power of Class B Common Shares shall be adjusted as follows:

(1) First, the voting power of the Class B Common Shares directly held by the shareholder(s) (i) with the highest Relative Class B Ownership Percentage (as defined in the Bye-laws) as of such time and (ii) whose Class B Common Shares have voting power as of such time (the "Adjustment Shareholder(s)") that are attributable to the Smallest Class B 9.9% U.S. Person (as defined in the Bye-laws) shall be reduced (but not below zero) until the Class B Adjustment Condition is no longer met or such Smallest Class B 9.9% U.S. Person is no longer a Class B 9.9% U.S. Person (taking into account any reallocation of voting power pursuant to clause (2) below), whichever requires the smallest reduction in voting power;

(2) Second, the aggregate voting power reduced in clause (1) above shall be reallocated pro rata among the Class B Common Shares directly held by all other shareholders;

(3) Third, the adjustments described in clause (1) above and the reallocation described in clause (2) above shall be reapplied serially to the next Smallest Class B 9.9% U.S. Person until the Class B Adjustment Condition is no longer met; and

(4) Any excess voting power that cannot be reallocated pursuant to clauses (1), (2) and (3) above shall be transferred pursuant to the Bye-laws, and thereafter clause (3) above shall not apply.

Pursuant to the Bye-laws, the pro rata reallocation of voting power of the Class B Common Shares provided for above shall not be permitted to the extent such reallocation would cause (i) a U.S. Person to become a Class B 9.9% U.S. Person (determined after such reallocation) or (ii) the Voting Ratio (as defined below) with respect to any Class B Common Share to be greater than 15. Any voting power that cannot be reallocated on a pro rata basis among all of the Class B Common Shares directly held by all other shareholders due to the reallocation discussed above shall nonetheless be reallocated to such shares to the maximum extent possible without violating the limitations described herein. "Voting Ratio" means, with respect to any of our shares, a fraction (i) the numerator of which is the percentage of the total voting power represented by such share and (ii) the denominator of which is a fraction (expressed as a percentage) (a) the numerator of which is the value of that share and (b) the denominator of which is the total value of all of our outstanding shares.

If the adjustments described above have been made but there still exists a Class B Adjustment Condition, then the voting power attributable to the Class B Common Shares shall be reduced (and the voting power of the Class A Common Shares correspondingly increased) until such Class B Adjustment Condition is no longer met, unless all Affected Class B Shareholders (as defined in the Bye-laws) agree otherwise. A transfer of voting power from the Class B Common Shares to the Class A Common Shares as described above could result in a holder of Class A Common Shares having voting rights in excess of its *pro rata* share of the voting power of the Class A Common Shares that it otherwise would have had.

Following the consummation of the proposed transaction with Apollo, the Class B Common Shares will be converted into Class A Common Shares.

**Rights upon Liquidation**

In the event of our liquidation, dissolution or winding up, holders of Class A Common Shares, Class B Common Shares and Class M Common Shares are entitled to share in the assets remaining after payment of liabilities and the liquidation preferences of our Series A Preference Shares and Series B Preference Shares, with the holders of Class A Common Shares, Class B Common Shares and vested Class M Common Shares (to the extent that an amount equal to the applicable conversion price associated with the relevant class of Class M Common Shares has been received by holders of the Class A Common Shares and Class B Common Shares) entitled to preferential distributions as set forth in our Bye-laws.

**Certain Bye-law Provisions**

Certain provisions of our Bye-laws may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that holders of our Class A Common Shares might consider in their best interest, including an attempt that might result in such holders' receipt of a premium over the market price of their shares. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors, which could result in an improvement of such persons' terms. See "-Voting Rights."

***Classified Board of Directors***

In accordance with the terms of our Bye-laws, our board of directors is classified into three classes of directors, with directors of each class serving staggered three-year terms. Directors have been apportioned to each class so as to maintain the number of directors in each class as nearly equal as possible.

Our Common Shares do not have cumulative voting rights.

***Removal of Directors***

Our Bye-laws provide that a director may only be removed for cause by a majority of our board of directors or shareholders holding a majority of the total voting power of our Common Shares at any general meeting.

***Shareholder Action by Written Consent***

Subject to certain exceptions, our Bye-laws provide that shareholder action may be taken by written resolution, if such resolution is signed by or on behalf of, more than 55% of the total voting power of our Common Shares.

***Shareholder Advance Notice Procedures***

Our Bye-laws establish advance notice procedures for shareholders to bring business before or to nominate directors at an annual meeting of our shareholders. Our Bye-laws provide that any shareholder wishing to bring such business before or to nominate directors at an annual meeting must be a shareholder of record (1) meeting the minimum requirements set forth for eligible shareholders to submit shareholder proposals under Rule 14a-8 of the Exchange Act (a "minimum shareholder"), at the time of giving of notice and at the time of the meeting, (2) entitled to vote at the meeting and (3) who complies with the notice procedures set forth below. These requirements may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed. In addition, we expect that these provisions, insofar as they relate to the nomination of directors, may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

To be timely, the shareholder's notice to bring business before or to nominate directors at an annual meeting must be delivered to or mailed and received by us not less than 90 days nor more than 120 days before the anniversary date of the preceding annual meeting, except that if the annual meeting is set for a date that is not within 30 days before or after such anniversary date, we must receive the notice not later than the later of (1) the close of business 90 days prior to the date of such annual meeting or (2) if the first public announcement of the date of such advanced or delayed annual meeting is less than 100 days prior to such date, 10 days following the date of the first public announcement of the general meeting.

The notice must include the following information:

- the name and address of the shareholder who intends to make the nomination and either the name and address of the person or persons to be nominated or the nature of the business to be proposed;
- the class and number of equity securities directly or indirectly owned by such shareholder or its affiliates and a description of any agreement, arrangement or understanding to which such shareholder is a party as of the date of such notice with respect to any equity securities or that has the effect or intent of mitigating loss to, managing the potential risk or benefit of share price changes for, or increasing or decreasing the voting power of such shareholder or its affiliates with respect to such equity securities;
- a representation that the shareholder is a shareholder of record of our share capital entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons or to introduce the business specified in the notice;
- if applicable, a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons, naming such person or persons, pursuant to which the nomination is to be made or business is to be proposed by the shareholder;
- a representation whether the shareholder intends, or is part of a "group" (as defined in Rule 13d-5 of the Exchange Act) that intends, to deliver a proxy statement and/or form of proxy statement to holders of at least the percentage of Common Shares required to approve or adopt the proposal and/or to otherwise solicit proxies from other shareholders in support of such proposal;
- such other information regarding each nominee or each matter of business to be proposed by such shareholder as would be required to be included in a proxy statement filed under the U.S. Security and Exchange Commission's proxy rules if the nominee had been nominated or intended to be nominated, or the matter that had been proposed, or intended to be proposed by the board of directors;
- if applicable, the consent of each nominee to serve as a director if elected; and
- such other information that the board of directors may request in its discretion.

Notwithstanding anything to the contrary, with respect to shareholder proposals, the notice requirements set forth in our Bye-laws will be deemed satisfied by a shareholder if such shareholder has submitted a proposal to us in compliance with Rule 14a-8 of the Exchange Act and such proposal has been included in a proxy statement that has been prepared by us (provided that the shareholder has provided the information specified above). In addition, no business may be brought by a shareholder except in accordance with the above, and unless otherwise required by the rules of the NYSE, if a shareholder intending to bring business before a general meeting does not provide the timely notifications contemplated above or appear in person or by proxy, such business will not be transacted.

***Meetings of Shareholders***

Our annual general meeting will be held each year at such place, date and time as determined by the board of directors. A special general meeting may be called upon the request of the Chairman, the Chief Executive Officer or a majority of the board of directors. Bermuda's Companies Act 1981 (the "Companies Act") requires that shareholders be given at least five business days' notice of a meeting, excluding the date the notice is given and the date of the meeting. In addition, upon receiving a requisition from holders of at least 10% of total voting power of our Common Shares, the board of directors is required to convene a special general meeting. The presence in person or by proxy of holders of our Common Shares holding a majority of the voting power of the Company at such meeting constitutes a quorum for the transaction of business at a general meeting. Unless otherwise set forth in our Bye-laws, any matter before the shareholders shall be decided by the affirmative votes of a majority of the total voting power cast in accordance with our Bye-laws.

**Market Listing**

Our Class A Common Shares are listed on the NYSE under the symbol "ATH."

**Transfer Agent and Registrar**

The transfer agent and registrar for our Class A Common Shares and Class B Common Shares is Computershare Limited.

**Description of The Depositary Shares**

*The following description of the depositary shares representing an interest in the Series A Preference Shares (the "Series A Depositary Shares") and the depositary shares representing an interest in the Series B Preference Shares (the "Series B Depositary Shares" and together with the Series A Depositary Shares, the "Depositary Shares") is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the terms and provisions of the Deposit Agreements (as defined below), the forms of depositary receipts, which contain the terms and provisions of the Depositary Shares, the pertinent sections of our Bye-laws and the pertinent sections of the Certificates of Designations, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.6 is a part, and to applicable Bermuda law.*

**General**

Each Depositary Share represents a 1/1,000th interest in a Preference Share and is evidenced by a depositary receipt. The underlying Preference Shares are deposited with the depositary pursuant to deposit agreements among us, Computershare Inc. and Computershare Trust Company, N.A., collectively, acting as depositary, and the holders from time to time of the depositary receipts (such agreements, the "Deposit Agreements"). Subject to the terms of the Deposit Agreements, each holder of a Depositary Share is entitled, through the depositary, in proportion to the applicable fraction of a Preference Share represented by such Depositary Share, to all the rights and preferences of the Preference Shares represented thereby (including any dividend, liquidation, redemption and voting rights). If the Preference Shares are exchanged for new securities pursuant to the provisions described under "Description of the Preference Shares-Substitution or Variation," each Depositary Share will represent the same percentage interest in such new security, and will be evidenced by a depositary receipt.

**Dividends and Other Distributions**

Any dividend or other distribution (including upon our voluntary or involuntary liquidation, dissolution or winding-up) paid in respect of a Depositary Share will be in an amount equal to 1/1,000th of the dividend declared or distribution payable, as the case may be, on the underlying Preference Share. The depositary will distribute any cash dividends or other cash distributions received on each series of Preference Shares, including any additional amounts as described under "Description of the Preference Shares-Dividends-Payment of Additional Amounts," to the record holders of the respective series of Depositary Shares in proportion to the number of Depositary Shares of such series held by each holder on the relevant record date. If we make a distribution on any series of Preference Shares other than in cash, the depositary will distribute any property received by it to the record holders of the respective series of Depositary Shares in proportion to the number of Depositary Shares of such series held by each holder, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of the property and distribution of the net proceeds from the sale to the holders of the relevant series of Depositary Shares.

Record dates for the payment of dividends and other matters relating to the Depositary Shares will be the same as the corresponding record dates for the Preference Shares.

Subject to any obligation to pay additional amounts as described in "Description of the Preference Shares-Dividends-Payment of Additional Amounts," the amount paid as dividends or otherwise distributable by the depositary with respect to the Depositary Shares or the underlying Preference Shares will be reduced by any amounts required to be withheld by us or the depositary on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange or withdrawal of any Depositary Shares or the Preference Shares until such taxes or other governmental charges are paid.

**Withdrawal of Preference Shares**

Unless the related Depositary Shares have been previously called for redemption, a holder of Depositary Shares may surrender his or her depositary receipts at the corporate trust office of the depositary, pay any taxes, charges and fees provided for in the applicable Deposit Agreement and comply with any other requirements of the applicable Deposit Agreement for the number of whole Preference Shares and any money or other property represented by such holder's depositary receipts. A holder of Depositary Shares who exchanges such depositary receipts for Preference Shares will be entitled to receive whole Preference Shares on the basis set forth herein; partial Preference Shares will not be issued.

However, holders of whole Preference Shares will not be entitled to deposit those shares under the respective Deposit Agreement or to receive Depositary Shares for those shares after the withdrawal. If the Depositary Shares surrendered by the holder in connection with the withdrawal exceed the number of Depositary Shares that represent the number of whole Preference Shares to be withdrawn, the depositary will deliver to the holder at the same time new Depositary Shares evidencing the excess number of Depositary Shares.

**Redemption of Depositary Shares**

If the Preference Shares underlying the Depositary Shares are redeemed, in whole or in part, a corresponding number of the applicable series of Depositary Shares will be redeemed with the proceeds received by the depositary from the redemption of the related Preference Shares held by the depositary. The redemption price per Depositary Share will be equal to 1/1,000th of the applicable per share redemption price payable in respect of such Preference Shares.

Whenever we redeem Preference Shares of any series held by the depositary, the depositary will redeem, as of the same redemption date, the number of Depositary Shares representing an interest in the Preference Shares of such series so redeemed. If less than all of the outstanding Depositary Shares of a particular series are to be redeemed, the depositary will select the Depositary Shares of that series to be redeemed by lot or pro rata or in such other manner as may be determined by the depositary to be fair and equitable and provided that such methodology is consistent with any applicable stock exchange rules. The depositary will mail (or otherwise transmit by an authorized method) notice of redemption to holders of the depositary receipts not less than 30 days (with respect to Series A Depositary Shares) and 15 days (with respect to Series B Depositary Shares) and not more than 60 days prior to the date fixed for redemption of the Depositary Shares representing an interest in our Preference Shares.

**Voting Rights**

Holders of the Depositary Shares representing an interest in the Preference Shares will not have any voting rights, except for the limited voting rights described under "Description of the Preference Shares-Voting Rights."

Because each Depositary Share represents a 1/1,000th interest in a Preference Share, holders of depositary receipts will be entitled to 1/1,000th of a vote per Preference Share under those limited circumstances in which holders of the Preference Shares are entitled to vote. Holders of the Depositary Shares must act through the depositary to exercise any voting rights in respect of the Preference Shares. Although each Depositary Share is entitled to 1/1,000th of a vote, the depositary can vote only whole Preference Shares. While the depositary will aggregate the fractional voting interests of individual holders of depository receipts to vote the maximum number of whole Preference Shares in accordance with the instructions it receives, any remaining votes of holders of Depositary Shares not representing a whole Preference Share will not be voted.

When the depositary receives notice of any meeting at which the holders of the Preference Shares are entitled to vote, the depositary will mail (or otherwise transmit by an authorized method) the information contained in the notice of meeting to the record holders of the Depositary Shares relating to the applicable Preference Shares. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Preference Shares, may instruct the depositary to vote the number of Preference Share votes represented by the holder's Depositary Shares. To the extent practicable, the depositary will vote the number of Preference Share votes represented by Depositary Shares in accordance with the instructions it receives.

We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. To the extent that the depositary does not receive specific instructions from the holders of any Depositary Shares representing an interest in the applicable Preference Shares, it will not vote the number of the Preference Share votes represented by such Depositary Shares.

**Preemptive and Conversion Rights**

The holders of the Depositary Shares will not have any preemptive right to subscribe to any additional issue of our shares of any class or series or to any of our securities convertible into such shares and will not have the right to convert Depositary Shares representing an interest in Preference Shares into, or exchange Depositary Shares representing an interest in Preference Shares for, any of our other securities or property.

**Amendment and Termination of the Deposit Agreement**

The forms of depositary receipt evidencing the Depositary Shares and any provision of the Deposit Agreements may be amended by agreement between us and the depositary. However, any amendment that materially and adversely alters the rights of the existing holders of Depositary Shares or would be materially and adversely inconsistent with the rights of holders of Preference Shares will not be effective unless such amendment has been approved by the record holders of Depositary Shares representing at least the amount of the Depositary Shares then outstanding necessary to approve any amendment that would alter or abrogate the special rights of the applicable series of Preference Shares. We may terminate a Deposit Agreement with the consent of holders of a majority of then outstanding Depositary Shares of the applicable series. A Deposit Agreement will automatically terminate if all outstanding Depositary Shares of the applicable series have been redeemed or if there has been made a final distribution in respect of the applicable series of Preference Shares in connection with our liquidation, dissolution or winding-up, and such distribution has been made to the holders of the Depositary Shares of the applicable series.

**Fees, Charges and Expenses of Depositary**

We will pay all transfer and other taxes, assessments, and governmental charges arising solely from the existence of the depositary arrangements. Holders of depositary receipts will pay transfer and other taxes, assessments, and governmental charges and any other charges as are expressly provided in the applicable Deposit Agreement to be for their accounts. The depositary may refuse to effect any transfer of a depositary receipt or any withdrawals of Preference Shares evidenced by a depositary receipt until all taxes, assessments, and governmental charges with respect to the depositary receipt or Preference Shares are paid by their holders.

**Resignation and Removal of Depositary**

The depositary may resign at any time by delivering to us notice of its election to do so, and we may at any time remove the depositary, with any resignation or removal to take effect upon the appointment of a successor depositary and its acceptance of such appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50 million. If a successor is not appointed within 60 days, the outgoing depositary may petition a court to appoint a successor.

**Miscellaneous**

The depositary will forward to the holders of Depositary Shares all of our reports and communications which are delivered to the depositary and which we are required to furnish to the holders of Preference Shares.

Neither we nor the depositary will be liable if we are prevented or delayed by law or any circumstance beyond our control in performing our obligations under the applicable Deposit Agreement. All of our obligations as well as the depositary's obligations under the respective Deposit Agreement are limited to performance in good faith of our respective duties set forth in the applicable Deposit Agreement, and neither of us will be obligated to prosecute or defend any legal proceeding relating to any Depositary Shares or Preference Shares unless provided with satisfactory indemnity. We, and the depositary, may rely upon written advice of counsel or accountants, or information provided by persons presenting Preference Shares for deposit, holders of Depositary Shares, or other persons believed to be competent and on documents believed to be genuine.

**Listing of the Depositary Shares**

Our Series A Depositary Shares are listed on the NYSE under the symbol "ATHPrA."

Our Series B Depositary Shares are listed on the NYSE under the symbol "ATHPrB."

**Transfer Agent, Registrar, Dividend Disbursing Agent and Redemption Agent**

Computershare Trust Company, N.A. is the transfer agent and registrar and Computershare Inc. is the dividend disbursing agent and redemption agent, for the Depositary Shares representing an interest in the Preference Shares.

**Book-Entry; Delivery and Form**

The Depositary Shares will be represented by one or more global securities that will be deposited with and registered in the name of The Depository Trust Company ("DTC") or its nominee. This means that we will not issue certificates to holders of the Depositary Shares except in limited circumstances. The global securities will be issued to DTC, the depository for the Depositary Shares, who will keep a computerized record of its participants (for example, a holder's broker) whose clients have purchased the Depositary Shares. Each participant will then keep a record of its clients. Unless exchanged in whole or in part for a certificated security, a global security may not be transferred. However, DTC, its nominees, and their successors may transfer a global security as a whole to one another. Beneficial interests in the global securities will be shown on, and transfers of the global securities will be made only through, records maintained by DTC and its participants.

We will wire dividend payments to DTC's nominee and we will treat DTC's nominee as the owner of the global securities for all purposes. Accordingly, we will have no direct responsibility or liability to pay amounts due on the global securities to any holder or any other beneficial owners in the global securities.

Any redemption notices will be sent by us directly to DTC, who will in turn inform the direct participants, who will then contact beneficial holders.

It is DTC's current practice, upon receipt of any payment of dividends or liquidation amount, to credit direct participants' accounts on the payment date based on their holdings of beneficial interests in the global securities as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting rights to direct participants whose accounts are credited with Preference Shares on a record date, by using an omnibus proxy. Payments by participants to owners of beneficial interests in the global securities, and voting by participants, will be based on the customary practices between the participants and owners of beneficial interests, as is the case with the Preference Shares held for the account of customers registered in "street name." However, payments will be the responsibility of the participants and not of DTC or us.

Depositary Shares represented by global securities will be exchangeable for certificated securities with the same terms in authorized denominations only if:

- DTC is unwilling or unable to continue as depositary or if DTC ceases to be a clearing agency registered under applicable law and a successor depositary is not appointed by us within 90 days; or
- we determine not to require all of the Depositary Shares to be represented by global securities.

If the book-entry-only system is discontinued, the transfer agent will keep the registration books for the Depositary Shares at its corporate office.

## Description of The Preference Shares

*The following description of our Preference Shares is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the pertinent sections of our Bye-laws and the Certificates of Designations creating the respective series of Preference Shares, each of which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.6 is a part, and to applicable Bermuda law. We encourage you to read our Bye-laws, the Certificates of Designations and applicable Bermuda law.*

### General

The Certificates of Designations set forth the specific rights, preferences, limitations and other terms of the Preference Shares. Each series of Preference Shares constitutes a series of our authorized preference shares. There is no issued class or series of share capital that ranks senior to the Preference Shares, and each series of Preference Shares ranks equally with the other with respect to the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Company. See “-Ranking” below.

We will generally be able to pay dividends and distributions upon liquidation, dissolution or winding-up only out of lawfully available funds for such payment (i.e., after taking account of all indebtedness and other non-equity claims). The Preference Shares are fully paid and nonassessable. Holders of the Preference Shares do not have preemptive or subscription rights to acquire more of our capital shares.

The Preference Shares are not convertible into, or exchangeable for, shares of any other class or series of shares or other securities of ours, except under the circumstances set forth under “-Substitution or Variation” below. The Preference Shares have no stated maturity and will not be subject to any sinking fund, retirement fund or purchase fund or other obligation of the Company to redeem, repurchase or retire the Preference Shares.

The depositary is the sole holder of Preference Shares. The holders of Depositary Shares are required to exercise their proportional rights in the Preference Shares through the depositary, as described in “Description of the Depositary Shares.”

### Ranking

Each series of Preference Shares:

- will rank senior to our junior shares (as defined below);
- will rank junior to our senior shares (as defined below) and any existing and future indebtedness of the Company and any of our subsidiaries;
- will rank equally with our parity shares (as defined below), including the other series of Preference Shares;
- will not represent an interest in any of our subsidiaries; and
- will be structurally subordinated in right of payment to all obligations of our subsidiaries. Under Bermuda law, in a winding-up of any of our subsidiaries, the Preference Shares will be subordinated to all existing and future policyholders’ obligations of our subsidiaries.

As used herein, “junior shares” means shares of any class or series that ranks junior to the Preference Shares either as to the payment of dividends or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Company. As of February 18, 2020, our junior shares outstanding consisted solely of our Common Shares.

As used herein, “senior shares” means shares of any class or series that ranks senior to the Preference Shares either as to the payment of dividends or as to the distribution of assets upon any liquidation, dissolution or winding-up of the Company. As of February 18, 2020, we had no senior shares outstanding.

As used herein, “parity shares” means shares of any class or series that ranks equally with the Preference Shares as to the payment of dividends and the distribution of assets on any liquidation, dissolution or winding-up of the Company. As of February 18, 2020, the two series of Preference Shares were our only parity shares outstanding.

Unless our shareholders otherwise provide, our board of directors may from time to time create and issue additional preference shares of other classes and series and fix their relative rights, preferences and limitations. Any such preference shares could be senior shares or parity shares.

### Dividends

Dividends on the Preference Shares are non-cumulative. Consequently, if our board of directors or a duly authorized committee of our board of directors does not authorize and declare a dividend for any dividend period, holders of the Preference Shares will not be entitled to receive a dividend for such period, and such undeclared dividend will not accumulate and will not be payable. We will have no obligation to pay dividends for a dividend period after the dividend payment date for such period if our board of directors or a duly authorized committee of our board of directors has not declared such dividend before the related dividend payment date, whether or not dividends are declared for any subsequent dividend period with respect to the Preference Shares.

Holders of Preference Shares will be entitled to receive non-cumulative cash dividends, only when, as and if declared by our board of directors or a duly authorized committee of our board of directors, out of funds legally available for the payment of dividends, from and

including the original issue date, quarterly in arrears on the 30th day of March, June, September and December of each year. To the extent declared, to but excluding June 30, 2029, which we refer to as the "fixed rate period," dividends on our Series A Preference Shares will be payable in an amount per share equal to 6.35% of the liquidation preference per annum (equivalent to $1,587.50 per share and $1.5875 per Series A Depositary Share per annum). Commencing on June 30, 2029, which is the commencement date of the "floating rate period," dividends on our Series A Preference Shares will be payable on a non-cumulative basis, when, as and if declared by our board of directors or a duly authorized committee of the board of directors out of funds legally available for the payment of dividends in an amount per share equal to a floating annual rate, reset quarterly, of three-month LIBOR plus 4.253% of the liquidation preference per annum. To the extent declared, dividends on our Series B Preference Shares will be payable in an amount per share equal to 5.625% of the liquidation preference per annum (equivalent to $1,406.25 per share and $1.40625 per Series B Depositary Share per annum).

Dividends, if so declared, will be payable to holders of record of the Preference Shares as they appear on our books on our register of members at 5:00 p.m. (New York City time) on the record date, which shall be the 15th calendar day before that dividend payment date or such other record date fixed by our board of directors (or a duly authorized committee of the board of directors) that is not more than 60 nor less than 10 days prior to such dividend payment date (each, a "dividend record date"). These dividend record dates will apply regardless of whether a particular dividend record date is a business day and a Bermuda business day. As used herein, "business day" means a day that is a Monday, Tuesday, Wednesday, Thursday or Friday and is not a day on which banking institutions in New York City generally are authorized or obligated by law or executive order to close. As used herein, "Bermuda business day" means any day other than a day on which commercial banks in Bermuda are authorized or obligated by law, executive order or regulation to close.

A dividend period is the period from and including a dividend payment date to, but excluding, the next dividend payment date. During the fixed rate period with respect to Series A Preference Shares and at all times with respect to the Series B Preference Shares, if any dividend payment date falls on a day that is not a business day and a Bermuda business day, the payment of dividends will be made on the first business day that is also a Bermuda business day following such dividend payment date, without accrual to the actual payment date.

With respect to Series A Preference Shares, during the floating rate period, if any dividend payment date other than a redemption date falls on a day that is not a business day and a Bermuda business day, the dividend payment date will be postponed to the next day that is a business day and is a Bermuda business day and, as a result, the corresponding dividend period shall be extended. If a redemption date falls on a day that is not a business day and a Bermuda business day, the payment of dividends and redemption price will be made on the first business day that is also a Bermuda business day following such redemption date, without accrual to the actual payment date.

During the fixed rate period, with respect to Series A Preference Shares, and at all times, with respect to Series B Preference Shares, dividends payable will be computed on the basis of a 360-day year consisting of twelve 30-day months with respect to a full dividend period, and on the basis of the actual number of days elapsed during the period with respect to a dividend period other than a full dividend period.

With respect to the Series A Preference Shares, during the floating rate period, dividends payable will be computed by multiplying the dividend rate for that dividend period by a fraction, the numerator of which will be the actual number of days elapsed during that dividend period (including the first day of the dividend period and excluding the last day, which is the dividend payment date), and the denominator of which will be 360, and by multiplying the result by the liquidation preference of the Series A Preference Shares.

So long as any Preference Shares of a particular series remain outstanding, unless the full dividend for the last completed dividend period on all outstanding Preference Shares of such series and all outstanding parity shares have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside):

- no dividend shall be paid or declared on our Common Shares or any other junior securities or any parity shares (except, in the case of the parity shares, on a pro rata basis with each other series of outstanding Preference Shares as described below), other than a dividend payable solely in our Common Shares, other junior securities or (solely in the case of parity shares) other parity shares, as applicable; and

- no Common Shares, other junior securities or parity shares shall be purchased, redeemed or otherwise acquired for consideration by us, directly or indirectly (other than (i) as a result of a reclassification of junior shares for or into other junior securities, or a reclassification of parity shares for or into other parity shares, or the exchange or conversion of one junior share for or into another junior security or the exchange or conversion of one parity share for or into another parity share, (ii) through the use of the proceeds of a substantially contemporaneous sale of junior shares or (solely in the case of parity shares) other parity shares, as applicable, or (iii) as required by or necessary to fulfill the terms of any employment contract, benefit plan or similar arrangement with or for the benefit of one or more employees, directors or consultants).

When dividends are not paid (or declared and a sum sufficient for the payment thereof has been set aside) in full on any dividend payment date (or, in the case of parity shares having dividend payment dates different from the dividend payment dates pertaining to the Preference Shares, on a dividend payment date falling within the related dividend period for the Preference Shares) on the Preference Shares and any parity shares, all dividends declared by our board of directors or a duly authorized committee of the board of directors on the Preference Shares and all such parity shares and payable on such dividend payment date (or, in the case of parity shares having dividend payment dates different from the dividend payment dates pertaining to the Preference Shares, on a dividend payment date falling within the related dividend period for the Preference Shares) shall be declared by the board of directors or such committee pro rata in accordance with the respective aggregate liquidation preferences of the Preference Shares and any parity shares so that the respective amounts of such dividends shall bear the same ratio to each other as all declared but unpaid dividends per Preference Share and all parity shares payable on such dividend payment date (or, in the case of parity shares having dividend payment dates different from the dividend payment dates pertaining to the Preference Shares, on a dividend payment date falling within the related dividend period for the Preference Shares) bear to each other.

Dividends on the Preference Shares will not be declared, paid or set aside for payment if we fail to comply, or if such act would cause us to fail to comply, with applicable laws, rules and regulations (including any applicable capital adequacy guidelines established by the "capital regulator").

Because we are a holding company and substantially all of our operations are conducted by our main operating subsidiaries, our ability to meet any ongoing cash requirements and to pay dividends will depend on our ability to obtain cash dividends or other cash payments or obtain loans from our subsidiaries.

***Determination of Floating Rate***

Beginning on June 30, 2029, dividends on the Series A Preference Shares will be payable on a non-cumulative basis, only when, as and if declared, at a floating annual rate, which is reset quarterly, equal to three-month LIBOR plus 4.253% of the liquidation preference per annum.

The floating rate will be reset quarterly on the first day of each dividend period (each, a "LIBOR reset date"). During the floating rate period, if any LIBOR reset date falls on a day that is not a business day and a Bermuda business day, the LIBOR reset date will be postponed to the next day that is a business day and a Bermuda business day, which will also be the dividend payment date for the preceding dividend period.

"Three-month LIBOR" means, with respect to any LIBOR determination date:

(a) the rate for three-month deposits in U.S. dollars as that rate appears on the Reuters Page LIBOR01 (as described below) as of 11:00 a.m. (London time) on the LIBOR determination date for that floating rate period, unless fewer than two such offered rates so appear;

(b) if fewer than two offered rates appear, or no rate appears, as the case may be, on the LIBOR determination date for that floating rate period on the Reuters Page LIBOR01, the rate calculated by the calculation agent based on two offered quotations after requesting the principal London offices of each of four major reference banks (which will not include our affiliates) in the London interbank market, as selected and identified by us, to provide the calculation agent with offered quotations for deposits in U.S. dollars for the period of three months, commencing on the first day of that floating rate period, to prime banks in the London interbank markets at approximately 11:00 a.m. (London time) on that date and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time;

(c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the calculation agent as the arithmetic mean of the rates quoted at approximately 11:00 a.m. (New York City time) on the LIBOR determination date for that floating rate period by three major banks (which will not include our affiliates) in New York City selected and identified by us for loans in U.S. dollars to leading European banks having a three-month maturity and in a principal amount that is representative for a single transaction in U.S. dollars in that market at that time; or

(d) if the banks so selected by the calculation agent are not quoting as mentioned in clause (c), the calculation agent, after consulting such sources as it deems comparable to any of the foregoing quotations or to Reuters Page LIBOR01, or any such source as it deems reasonable from which to estimate three-month LIBOR or any of the foregoing lending rates, shall determine three-month LIBOR for the applicable dividend period in its sole discretion.

Notwithstanding the foregoing clauses (a)-(d), if we or the calculation agent determine that LIBOR has been permanently discontinued, the calculation agent will use, as a substitute for LIBOR and for each future LIBOR determination date, the alternative reference rate (the "Alternative Rate") selected by a central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with accepted market practice. As part of such substitution, the calculation agent will, after consultation with us, make such adjustments ("Adjustments") to the Alternative Rate or the spread thereon, as well as the business day convention, LIBOR determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such Alternative Rate for debt obligations or preferred stock obligations such as the Series A Preference Shares. If the calculation agent determines, in consultation with us, that there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, (i) the calculation agent shall have the right to resign as calculation agent and (ii) we will appoint, in our sole discretion, a new calculation agent to replace the calculation agent, to determine the Alternative Rate and make any Adjustments thereon, and whose determinations will be binding on us and the holders of the Series A Preference Shares. If, however, the calculation agent determines that LIBOR has been discontinued, but for any reason an Alternative Rate has not been determined, three-month LIBOR determined as of a LIBOR determination date shall be three-month LIBOR in effect on such LIBOR determination date; *provided, however*, that if this sentence is applicable with respect to the first LIBOR determination date related to the floating rate period, the dividend rate, business day convention and manner of calculating dividends applicable during the fixed rate period will remain in effect during the floating rate period. Note that there can be no assurance that the Alternative Rate and fallbacks described above will be effective at preventing or mitigating disruption as a result of the transition from LIBOR. Please see the section entitled "Risk Factors" located in the Annual Report on Form 10-K of which this Exhibit 4.6 is a part for additional details.

"Calculation agent" means the calculation agent appointed by us prior to June 30, 2029, which may be a person or entity affiliated with us.

"LIBOR determination date" means the second London banking day immediately preceding the applicable LIBOR reset date.

"London banking day" means a day on which commercial banks are open for business, including dealings in deposits in U.S. dollars, in London.

"Reuters Page LIBOR01" means the display so designated on Reuters 3000 Xtra (or any successor service) (or any other page as may replace such page on such service) or such other service as may be nominated by us as the information vendor for the purpose of displaying the London interbank offer rates of major banks for U.S. dollars deposits.

***Certain Restrictions on Payment of Dividends***

The Companies Act limits our ability to pay dividends and distributions to shareholders. Under Bermuda law, we may not lawfully declare or pay a dividend if we have reasonable grounds for believing that we are, or would after payment of the dividend be, unable to pay our liabilities as they become due, or that the realizable value of our assets would, after payment of the dividend, be less than the aggregate value of our liabilities.

Because we are a holding company and substantially all of our operations are conducted by our main operating subsidiaries, our ability to meet any ongoing cash requirements and to pay dividends will depend on our ability to obtain cash dividends or other cash payments or obtain loans from these subsidiaries.

***Payment of Additional Amounts***

We will make all payments on the Preference Shares free and clear of and without withholding or deduction at source for, or on account of, any present or future taxes, fees, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any relevant taxing jurisdiction (as defined under "-Optional Redemption-Change in Tax Law"), unless such taxes, fees, duties, assessments or governmental charges are required to be withheld or deducted by (i) the laws (or any regulations or rulings promulgated thereunder) of any relevant taxing jurisdiction or (ii) an official position regarding the application, administration, interpretation or enforcement of any such laws, regulations or rulings (including, without limitation, a holding by a court of competent jurisdiction or by a taxing authority in any relevant taxing jurisdiction). If a withholding or deduction at source is required, we will, subject to certain limitations and exceptions described below, pay to the holders of the Preference Shares such additional amounts (the "additional amounts") as dividends as may be necessary so that every net payment, after such withholding or deduction (including any such withholding or deduction from such additional amounts), will be equal to the amounts we would otherwise have been required to pay had no such withholding or deduction been required.

We will not be required to pay any additional amounts for or on account of:

(a) any tax, fee, duty, assessment or governmental charge of whatever nature that would not have been imposed but for the fact that such holder was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, the relevant taxing jurisdiction or any political subdivision thereof or otherwise had some connection with the relevant taxing jurisdiction other than by reason of the mere ownership of, or receipt of payment under, the Preference Shares or any Preference Shares presented for payment (where presentation is required for payment) more than 30 days after the Relevant Date (except to the extent that the holder would have been entitled to such amounts if it had presented such shares for payment on any day within such 30 day period). The "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not been received by the dividend disbursing agent on or prior to such due date, it means the first date on which the full amount of such moneys having been so received and being available for payment to holders and notice to that effect shall have been duly given to the holders of the Preference Shares;

(b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge or any tax, assessment or other governmental charge that is payable otherwise than by withholding or deduction from payment of the liquidation preference or of any dividends on the Preference Shares;

(c) any tax, fee, duty, assessment or other governmental charge that is imposed or withheld by reason of the failure by the holder of such Preference Shares to comply with any reasonable request by us addressed to the holder within 90 days of such request (i) to provide information concerning the nationality, residence or identity of the holder or (ii) to make any declaration or other similar claim or satisfy any information or reporting requirement that is required or imposed by statute, treaty, regulation or administrative practice of the relevant taxing jurisdiction as a precondition to exemption from all or part of such tax, fee, duty, assessment or other governmental charge;

(d) any tax, fee, duty, assessment or governmental charge required to be withheld or deducted under Sections 1471 through 1474 of the Code (or any Treasury Regulations or other administrative guidance thereunder); or

(e) any combination of items (a), (b), (c), and (d).

In addition, we will not pay additional amounts with respect to any payment on the Preference Shares to any holder that is a fiduciary, partnership, limited liability company or other pass-through entity other than the sole beneficial owner of such Preference Shares if such payment would be required by the laws of the relevant taxing jurisdiction to be included in the income for tax purposes of a beneficiary or partner or settlor with respect to such fiduciary or a member of such partnership, limited liability company or other pass-through entity or a beneficial owner to the extent such beneficiary, partner or settlor would not have been entitled to such additional amounts had it been the holder of the Preference Shares.

If there is a substantial probability that we or any entity formed by a consolidation, merger or amalgamation (or similar transaction) involving us or the entity to which we convey, transfer or lease substantially all of our properties and assets (a "successor company") would become obligated to pay any additional amounts as a result of a change in tax law, we will also have the option to redeem the Preference Shares as described in "-Optional Redemption-Change in Tax Law."

**Liquidation Rights**

Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, holders of the Preference Shares are entitled to receive out of our assets available for distribution to shareholders, after satisfaction of liabilities to creditors and senior securities, if any, but before any distribution of assets is made to holders of our Common Shares or any other junior securities, a liquidating distribution in the amount of $25,000 per Preference Share (equivalent to $25.00 per Depositary Share) plus declared and unpaid dividends, if any, to the date fixed for distribution.

After payment of the full amount of the distributions to which they are entitled, holders of the Preference Shares will have no right or claim to any of our remaining assets. In any such distribution, if our assets are not sufficient to pay the liquidation preferences in full to all holders of Preference Shares and to the holders of any parity shares, the holders of Preference Shares and all holders of any parity shares will be paid pro rata in accordance with the respective aggregate liquidation preferences of those holders, but only to the extent we have assets available after satisfaction of all liabilities to creditors and holders of senior securities. In any such distribution, the "liquidation preference" of any holder of preference shares means the amount payable to such holder in such distribution (assuming no limitation on assets available for distribution), including any declared but unpaid dividends (and any unpaid, accrued cumulative dividends, whether or not declared, in the case of any holder of shares on which dividends accrue on a cumulative basis). If the liquidation preference has been paid in full to all holders of the Preference Shares and any holders of parity shares, the holders of our junior securities shall be entitled to receive all of our remaining assets according to their respective rights and preferences.

For purposes of this section, a consolidation, amalgamation, merger, arrangement, reincorporation, de-registration, reconstruction, reorganization or other similar transaction involving the Company or the sale or transfer of all or substantially all of our shares, property or business will not be deemed to constitute a liquidation, dissolution or winding-up.

**Mandatory Redemption**

The Preference Shares are not subject to any mandatory redemption, sinking fund, retirement fund, purchase fund or other similar provisions. Holders of the Preference Shares will have no right to require the redemption or repurchase of the Preference Shares.

**Optional Redemption**

***On or After the Applicable Redemption Commencement Date (as Defined Below)***

Except as described below under this "Optional Redemption" section, the Series A Preference Shares are not redeemable prior to June 30, 2029 and the Series B Preference Shares are not redeemable prior to September 30, 2024 (each date, as the context requires, the "Applicable Redemption Commencement Date"). On and after the Applicable Redemption Commencement Date, the respective series of Preference Shares will be redeemable at our option, for cash, in whole or from time to time in part, upon not less than 30 days' (in the case of Series A Preference Shares) and 15 days' (in the case of Series B Preference Shares) nor more than 60 days' prior written notice, at a redemption price equal to $25,000 per Preference Share (equivalent to $25.00 per Depositary Share), plus declared and unpaid dividends, if any, to, but excluding, the date of redemption, without interest on such unpaid dividends.

***Voting Event***

Each series of Preference Shares is redeemable at our option in whole, but not in part, at any time prior to the Applicable Redemption Commencement Date upon the time of notice to the common shareholders of a proposal for an amalgamation or any proposal for any other matter that requires, as a result of any changes in Bermuda law, an affirmative vote of the holders of the Preference Shares at the time outstanding, whether voting as a separate series or together with any other series of Preference Shares as a single class, at a redemption price of $26,000 per Preference Share (equivalent to $26.00 per Depositary Share), plus declared and unpaid dividends, if any, to, but excluding, the date of redemption, without accumulation of any undeclared dividend, and without interest.

***Capital Disqualification Event***

The Preference Shares are redeemable at our option at any time in whole, but not in part, upon not less than 30 days' (in the case of the Series A Preference Shares) or 15 days' (in the case of the Series B Preference Shares) nor more than 60 days' prior written notice, at a redemption price of $25,000 per share (equivalent to $25.00 per Depositary Share) plus declared and unpaid dividends, if any, to, but excluding, the date of redemption, without interest on such unpaid dividends, at any time within 90 days following the occurrence of the date on which we have reasonably determined that, as a result of (i) any amendment to, or change in, the laws or regulations of the jurisdiction of our "capital regulator" that is enacted or becomes effective after the initial issuance of the Preference Shares; (ii) any proposed amendment to, or change in, those laws or regulations that is announced or becomes effective after the initial issuance of the Preference Shares; or (iii) any official administrative decision or judicial decision or administrative action or other official pronouncement interpreting or applying those laws or regulations that is announced after the initial issuance of the Preference Shares, a "capital disqualification event" (as defined below) has occurred.

As used herein, "capital adequacy regulations" means the solvency margin, capital adequacy regulations or any other regulatory capital rules applicable to us from time to time on an individual or group basis pursuant to the laws of any applicable jurisdiction and which set out the requirements to be satisfied by financial instruments to qualify as solvency margin or additional solvency margin or regulatory capital (or any equivalent terminology employed by the then applicable capital adequacy regulations).

As used herein, a "capital disqualification event" has occurred if the Preference Shares do not qualify, as "Tier 1 Capital" (or a substantially similar concept) for purposes of the capital adequacy rules or regulatory standards of any "capital regulator" to which we are or will be

subject; *provided* that the proposal or adoption of any criterion that is substantially the same as the corresponding criterion in the capital adequacy rules of the Federal Reserve Board applicable to bank holding companies as of the date of the initial issuance of the Preference Shares will not constitute a regulatory capital event.

As used herein, "capital regulator" means any governmental agency, instrumentality or standard-setting organization as may then have group-wide oversight of our regulatory capital.

***Change in Tax Law***

The Preference Shares are redeemable at our option at any time, in whole, but not in part, upon not less than 30 days' (in the case of Series A Preference Shares) or 15 days' (in the case of Series B Preference Shares) nor more than 60 days' prior written notice, at a redemption price of $25,000 per share (equivalent to $25.00 per Depositary Share) plus declared and unpaid dividends, if any, to, but excluding, the date of redemption, without interest on such unpaid dividends, if as a result of a change in tax law (as defined below) there is, in our reasonable determination, a substantial probability that we or any successor company would be required to pay any additional amounts on the next succeeding dividend payment date with respect to the Preference Shares and the payment of those additional amounts cannot be avoided by the use of any reasonable measures available to us or any successor company (a "tax event").

A "change in tax law" that would trigger the provisions of the preceding paragraph would be (i) a change in or amendment to laws, regulations or rulings of any relevant taxing jurisdiction (as defined below), (ii) a change in the official application or interpretation of those laws, regulations or rulings, (iii) any execution of or amendment to any treaty affecting taxation to which any relevant taxing jurisdiction is party or (iv) a decision rendered by a court of competent jurisdiction in any relevant taxing jurisdiction, whether or not such decision was rendered with respect to us, in each case described in (i)-(iv) above occurring after the date of issuance of the applicable series of Preference Shares; provided that in the case of a relevant taxing jurisdiction other than Bermuda in which a successor company is organized, such change in tax law must occur after the date on which we consolidate, merge or amalgamate (or engage in a similar transaction) with the successor company, or convey, transfer or lease substantially all of our properties and assets to the successor company, as applicable.

As used herein, a "relevant taxing jurisdiction" is (i) Bermuda or any political subdivision or governmental authority of or in Bermuda with the power to tax, (ii) any jurisdiction from or through which we or our dividend disbursing agent are making payments on the Preference Shares or any political subdivision or governmental authority of or in that jurisdiction with the power to tax or (iii) any other jurisdiction in which we or a successor company is organized or generally subject to taxation or any political subdivision or governmental authority of or in that jurisdiction with the power to tax.

Prior to any redemption upon a tax event, we will be required to deliver to the transfer agent for the Preference Shares a certificate signed by one of our officers confirming that a tax event has occurred and is continuing (as reasonably determined by us).

***Rating Agency Event***

The Preference Shares are redeemable at our option at any time, in whole, but not in part, upon not less than 30 days' (in the case of Series A Preference Shares) or 15 days' (in the case of Series B Preference Shares) nor more than 60 days' prior written notice, at a redemption price of $25,500 per share (equivalent to $25.50 per Depositary Share) plus declared and unpaid dividends, if any, to, but excluding, the date of redemption, without interest on such unpaid dividends, within 90 days after the occurrence of a rating agency event (as defined below).

As used herein, a "rating agency event" has occurred if any nationally recognized statistical rating organization, as defined in Section 3(a)(62) of the Exchange Act, that then publishes a rating for us (a "rating agency") amends, clarifies or changes the criteria it uses to assign equity credit to securities such as the Preference Shares, which amendment, clarification or change results in:

- the shortening of the length of time the Preference Shares are assigned a particular level of equity credit by that rating agency as compared to the length of time they would have been assigned that level of equity credit by that rating agency or its predecessor on the initial issuance of the Preference Shares; or
- the lowering of the equity credit (including up to a lesser amount) assigned to the Preference Shares by that rating agency as compared to the equity credit assigned by that rating agency or its predecessor on the initial issuance of the Preference Shares.

***Procedures for Redemption***

The redemption price for any Preference Shares shall be payable on the redemption date to the holders of such shares against book-entry transfer or surrender of the certificate(s) evidencing such shares to us or our agent. Any declared but unpaid dividends payable on a redemption date that occurs subsequent to the dividend record date for a dividend period shall not be paid to the holder entitled to receive the redemption price on the redemption date, but rather shall be paid to the holder of record of the redeemed shares on such dividend record date relating to the dividend payment date provided in "-Dividends" above.

Prior to delivering any notice of redemption as provided below, we will file with our corporate records a certificate signed by one of our officers affirming our compliance with the redemption provisions under the Companies Act relating to the Preference Shares, and stating that there are reasonable grounds for believing that we are and after the redemption will be, able to pay our liabilities as they become due and that the redemption will not cause us to breach any provision of applicable Bermuda law or regulation.

If any Preference Shares are to be redeemed, the notice of redemption shall be given by first class mail to the holders of record of the Preference Shares to be redeemed, mailed not less than 30 days (in the case of the Series A Preference Shares) or 15 days (in the case of Series B Preference Shares) nor more than 60 days prior to the date fixed for redemption thereof (provided that, if the Preference Shares are

held in book-entry form through DTC, we may give such notice in any manner permitted by DTC). Each notice of redemption will include a statement setting forth:

- the redemption date;
- the number of Preference Shares to be redeemed and, if less than all of the applicable series of Preference Shares are to be redeemed, the number of such Preference Shares to be redeemed from such holder;
- the redemption price; and
- that the shares should be delivered via book-entry transfer or the place or places where holders may surrender certificates evidencing the Preference Shares for payment of the redemption price.

If notice of redemption of any Preference Shares has been given and if the funds necessary for such redemption have been set aside by us for the benefit of the holders of any Preference Shares so called for redemption, then, from and after the redemption date, no further dividends will be declared on such Preference Shares, such Preference Shares shall no longer be deemed outstanding and all rights of the holders of such Preference Shares will terminate, except the right to receive the redemption price, without interest.

In case of any redemption of only part of a particular series Preference Shares at the time outstanding, the Preference Shares to be redeemed shall be selected either pro rata or by lot.

In addition, if the Preference Shares are treated as "Tier 1 capital" (or a substantially similar concept) under the capital guidelines of a "capital regulator," any redemption of the Preference Shares may be subject to our receipt of any required prior approval from the "capital regulator" and to the satisfaction of any conditions to our redemption of the Preference Shares set forth in those capital guidelines or any other applicable regulations of the "capital regulator."

**Substitution or Variation**

At any time following a tax event or at any time following a capital disqualification event, we may, without the consent of any holders of the applicable series of Preference Shares, vary the terms of such series of Preference Shares such that they remain securities, or exchange such Preference Shares with new securities, which (i) in the case of a tax event, would eliminate the substantial probability that we or any successor company would be required to pay any additional amounts with respect to the applicable series of Preference Shares as a result of a change in tax law or (ii) in the case of a capital disqualification event, for purposes of determining the solvency margin, capital adequacy ratios or any other comparable ratios, regulatory capital resource or level of the Company or any member thereof, where subdivided into tiers, qualify as "Tier 1 capital" (or a substantially similar concept) under the capital guidelines of our "capital regulator." In either case, the terms of the varied securities or new securities considered in the aggregate cannot be less favorable to holders than the terms of the applicable series of Preference Shares prior to being varied or exchanged; provided that no such variation of terms or securities received in exchange shall change the specified denominations of, dividend payable on, the redemption dates (other than any extension of the period during which an optional redemption may not be exercised by us) or currency of, the applicable series of Preference Shares, reduce the liquidation preference thereof, lower the ranking in right of payment with respect to the payment of dividends or the distribution of assets upon liquidation, dissolution or winding-up of the applicable series of Preference Shares, or change the foregoing list of items that may not be so amended as part of such substitution or variation. Further, no such variation of terms or securities received in exchange shall impair the right of a holder of the securities to institute suit for the payment of any amounts due (as provided under the Certificates of Designations), but unpaid with respect to such holder's securities.

Prior to any substitution or variation, we will be required to receive an opinion of independent legal advisers of recognized standing to the effect that holders and beneficial owners (including holders and beneficial owners of Depositary Shares) of the applicable series of Preference Shares (including as holders and beneficial owners of the varied or exchanged securities) will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such substitution or variation and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case had such substitution or variation not occurred.

Any substitution or variation of the Preference Shares described above will be made after notice is given to the holders of the applicable series of Preference Shares not less than 30 days (in the case of the Series A Preference Shares) or 15 days (in the case of Series B Preference Shares) nor more than 60 days prior to the date fixed for substitution or variation, as applicable.

**Voting Rights**

Except as provided below or as otherwise from time to time required by law, the holders of the Preference Shares will have no voting rights.

Whenever dividends in respect of any series of Preference Shares shall have not been declared and paid for the equivalent of six or more dividend periods, whether or not for consecutive dividend periods (a "nonpayment event"), the holders of such series of Preference Shares, voting together as a single class with holders of any and all other series of voting preference shares (as defined below) then outstanding, will be entitled to vote for the election of a total of two additional members of the board of directors of the Company (the "preference shares directors"), provided that the election of any such directors shall not cause us to violate the corporate governance requirements of the SEC or the NYSE (or any other exchange on which our securities may be listed or quoted) that listed or quoted companies must have a majority of independent directors. In such case, we will use our best efforts to increase the number of directors constituting the board of directors to the extent necessary to effectuate such right and, if necessary, to amend our Bye-laws. Each preference share director will be added to an already existing class of directors.

As used herein, "voting preference shares" means any other class or series of our preference shares ranking equally with the applicable Preference Shares as to dividends and the distribution of assets upon liquidation, dissolution or winding-up of the Company and upon which like voting rights have been conferred and are exercisable, which, as of February 18, 2020 consisted solely of the other class of Preference Shares.

If and when dividends for at least four consecutive dividend periods following a nonpayment event have been paid in full (or declared and a sum sufficient for such payment shall have been set aside), the holders of the applicable series of Preference Shares shall be divested of the foregoing voting rights (subject to revesting in the event of each subsequent nonpayment event) and, if such voting rights for all other holders of voting preference shares have terminated, the term of office of each preference shares director so elected shall terminate and the number of directors on the board of directors of the Company shall automatically decrease by two. In determining whether dividends have been paid for four consecutive dividend periods following a nonpayment event, we may take account of any dividend we elect to pay for such a dividend period after the regular dividend payment date for that period has passed.

Any preference shares director may be removed at any time without cause by the holders of record of a majority of the aggregate voting power, as determined under our Bye-laws, of the applicable series of Preference Shares and any other shares of voting preference shares then outstanding (voting together as a single class) when they have the voting rights described above. So long as a nonpayment event shall continue, any vacancy in the office of a preference shares director (other than prior to the initial election after a nonpayment event) may be filled by the written consent of the preference shares director remaining in office, or if none remain in office, by a vote of the holders of record of a majority of the outstanding applicable series of Preference Shares and any other shares of voting preference shares then outstanding (voting together as a single class) when they have the voting rights described above. Any vote of holders of voting preference shares to remove, or to fill a vacancy in the office of, a preference shares director may be taken only at a special general meeting of such holders, called as provided above for an initial election of preference shares director after a nonpayment event (unless such request is received less than 90 days before the date fixed for the next annual or special meeting of the shareholders of the Company, in which event such election shall be held at such next annual or special general meeting of shareholders). The preference shares directors shall each be entitled to one vote per director on any matter. Each preference shares director elected at any special general meeting of shareholders or by written consent of the other preference shares director shall hold office until the next annual general meeting of the shareholders of the Company if such office shall not have previously terminated as above provided. Holders of the Depositary Shares must act through the depositary to exercise any voting rights in respect of the Preference Shares.

The Companies Act provides the right to vote in respect of an amalgamation or merger for all shares of a Bermuda incorporated company whether or not such shares otherwise carry the right to vote. As a result, the Preference Shares, along with our Common Shares and any other class or series of share capital, would have the right to vote together on an amalgamation or merger if a vote in connection with such a transaction is required under the Companies Act.

All or any of the special rights of the applicable series of Preference Shares may be altered or abrogated with the consent in writing of the holders of not less than three-quarters of the issued Preference Shares of that series or with the sanction of a special resolution approved by at least a majority of the votes cast by the holders of such series of Preference Shares at a separate general meeting in accordance with Section 47(7) of the Companies Act. The necessary quorum requirements for the separate general meeting are two or more persons holding or representing by proxy more than fifty percent (50%) of the aggregate voting power of the applicable series of Preference Shares. Our Bye-laws provide that rights conferred upon the holders of the capital shares of any class (including the Preference Shares) issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith. The Companies Act provides that in certain circumstances, non-voting shares have the right to vote (for example without limitation, converting a limited liability company to unlimited liability company, discontinuance of a company from Bermuda, or a merger or amalgamation pursuant to the Companies Act or conversion of preference shares into redeemable preference shares).

On any item on which the holders of the applicable series of Preference Shares are entitled to vote, such holders will be entitled to one vote for each Preference Share of that series held, subject to the voting cutbacks described in our bye-laws.

Without the consent of the holders of the applicable series of Preference Shares, so long as such action does not materially and adversely affect the special rights, preferences, privileges and voting powers of such Preference Shares, taken as a whole, our board of directors may, by resolution, amend, alter, supplement or repeal any terms of a particular series of Preference Shares:

- to cure any ambiguity, or to cure, correct or supplement any provision contained in the Certificate of Designations for the applicable series of Preference Shares that may be defective or inconsistent; or
- to make any provision with respect to matters or questions arising with respect to the applicable series of Preference Shares that is not inconsistent with the provisions of the Certificate of Designations;

provided that any such amendment, alteration, supplement or repeal of any terms of such Preference Shares effected in order to conform the terms thereof to the description of the terms of such Preference Shares set forth under "Description of Series A Preference Shares" or "Description of Series B Preference Shares" in the applicable prospectus supplement distributed in connection with the offering of the respective Preference Shares shall be deemed not to materially and adversely affect the special rights, preferences, privileges and voting powers of the respective Preference Shares, taken as a whole.

The foregoing voting provisions will not apply with respect to a particular series of Preference Shares if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, all outstanding Preference Shares of such series shall have

been redeemed or called for redemption upon proper notice and sufficient funds shall have been set aside by us for the benefit of the holders of such series of Preference Shares to effect such redemption.

**Conversion**

The Preference Shares are not convertible into or exchangeable for any other securities or property of the Company, except under the circumstances set forth under "-Substitution or Variation" above.

**Listing of the Preference Shares**

We do not intend to list the Preference Shares on any exchange or expect that there will be any separate public trading market for the Preference Shares except as represented by the Depositary Shares, which Depositary Shares are listed on the NYSE under the symbols "ATHPrA" (with respect to the Series A Depositary Shares) and "ATHPrB" (with respect to the Series B Depositary Shares).

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Nonqualified Stock Option Award Notice**

**[Participant Name]**

You have been awarded an option to purchase Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Nonqualified Stock Option Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Nonqualified Stock Option Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

| | |
|---|---|
| Option: | You have been awarded an Option to purchase from the Company **[Number of Awards Granted]** Class A common shares, par value $0.001 per share (the "Common Shares"), subject to adjustment as provided in Section 4.2 of the Agreement. |
| Option Date: | [Grant Date] |
| Vesting Inception Date: | January 1 of the year of grant |
| Exercise Price: | $[Grant Date FMV] per share, subject to adjustment as provided in Section 4.2 of the Agreement. |
| Vesting Schedule: | Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the Option shall vest and become exercisable on (i) the one-year anniversary of the Vesting Inception Date with respect to one-third of the number of shares subject thereto on the Option Date, (ii) on the two-year anniversary of the Vesting Inception Date with respect to an additional one-third of the number of shares subject thereto on the Option Date and (iii) on the three-year anniversary of the Vesting Inception Date with respect to the remaining one-third of the number of shares subject thereto on the Option Date, in each case, provided you have not experienced a Termination of Relationship prior to such date. |
| Expiration Date: | Except to the extent earlier terminated pursuant to Section 2.2 of the Agreement or earlier exercised pursuant to Section 2.3 of the Agreement, the Option shall terminate at 5:00 p.m., U.S. Central time, on the ten-year anniversary of the Option Date. |

**ATHENE HOLDING LTD.**

Name: James R. Belardi
Title: CEO, Athene Holding Ltd.

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Option granted to me, confirm I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]
______________________________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

**Athene Holding Ltd.**

**2019 Share Incentive Plan**

**Nonqualified Stock Option Agreement**

Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual ("Optionee") named in the award notice attached hereto (the "Award Notice") as of the "Option Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a nonqualified stock option (the "Option") to purchase from the Company the number of the Company's Class A common shares, par value $0.001 per share ("Common Shares"), set forth in the Award Notice at the price per share set forth in the Award Notice (the "Exercise Price"), upon and subject to the terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Option Subject to Acceptance of Agreement. The Option shall be null and void unless Optionee shall accept this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). Optionee acknowledges, understands and agrees that Optionee's acceptance of the Option is voluntary and is not a condition of Optionee's employment (continued or otherwise) with the Company or any of its Subsidiaries.

2. Time and Manner of Exercise of Option.

2.1. Maximum Term of Option. In no event may the Option be exercised, in whole or in part, after the expiration date set forth in the Award Notice (the "Expiration Date").

2.2. Vesting and Exercise of Option. The Option shall become vested and exercisable in accordance with the Vesting Schedule set forth in the Award Notice. The Option shall be exercisable following a Termination of Relationship according to the following terms and conditions:

(a) Termination of Relationship due to Death or Disability. If Optionee experiences a Termination of Relationship by reason of Optionee's death or Disability (as defined below), the Option shall become immediately and fully vested as of the date of such Termination of Relationship and may thereafter be exercised by Optionee or Optionee's executor, administrator, legal representative, guardian or similar person until and including the earlier to occur of (i) the date which is one (1) year after the date of such Termination of Relationship and (ii) the Expiration Date.

(b) Termination by Company for Cause. Notwithstanding anything to the contrary in the Award Notice or this Agreement, if Optionee experiences a Termination of Relationship by reason of the Company's termination of Optionee's employment for Cause (as defined below), then the Option, whether or not vested, shall terminate immediately upon such Termination of Relationship and shall no longer be exercisable as of the date of such Termination of Relationship.

(c) Termination of Relationship by the Company Other than for Cause, Death or Disability or by Optionee. If Optionee experiences a Termination of Relationship for any reason other than those described in Sections 2.2(a), (b) and (d), the Option, to the extent vested on the effective date of such Termination of Relationship, may thereafter be exercised by Optionee until and including the earlier to occur of (i) the date which is ninety (90) days after the date of such Termination of Relationship and (ii) the Expiration Date. The Option, to the extent unvested on the effective date of such Termination of Relationship, shall terminate and no longer be exercisable as of the effective date of such Termination of Relationship.

(d) Termination of Relationship Following a Change in Control. Notwithstanding anything to the contrary in Section 2.2(c), if Optionee experiences a Termination of Relationship due to (i) an involuntary termination by the Company without Cause or (ii) resignation by Optionee for Good Reason (as defined below), in each case, within eighteen (18) months following a Change in Control, the Option shall become immediately and fully vested as of the date of such Termination of Relationship and may thereafter be exercised by Optionee until and including the earlier to occur of (i) the date which is ninety (90) days after the date of such Termination of Relationship and (ii) the Expiration Date.

2.3. Method of Exercise.

(a) Exercise Procedures. Subject to the limitations set forth in this Agreement, the Option, to the extent vested, may be exercised by Optionee (a) by delivering to the Company an exercise notice in the form prescribed by the Company specifying the number of whole Common Shares to be purchased and by accompanying such notice with payment therefor in full (or by arranging for such payment to the Company's satisfaction) in cash or by one of the following methods of payment, subject to Section 2.3(b): (i) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of Common Shares having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable pursuant to the Option by reason of such exercise; (ii) authorizing the Company to withhold whole Common Shares which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable pursuant to the Option by reason of such exercise; (iii) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company to whom Optionee has

submitted an irrevocable notice of exercise; or (iv) a combination of cash, (i), (ii) and (iii), and (b) by executing such documents as the Committee may request. Any fraction of a Common Share which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by Optionee. No Common Shares shall be issued or delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 4.1, have been paid.

(b) Automatic Exercise. Notwithstanding the foregoing, if the Fair Market Value of a Common Share on the Expiration Date or, if applicable, the earlier termination date of the Option in accordance with Sections 2.2(a), 2.2(c) or 2.2(d) (each, a "Covered Termination Event") exceeds the Exercise Price per share of the Option, then to the extent the Option has not theretofore been exercised, expired or otherwise terminated, the Company shall cause the Option to be automatically exercised immediately prior to its termination on the Expiration Date or, if applicable, following the earlier Covered Termination Event, and to provide for the full Exercise Price and related withholding taxes thereon (as described in Section 4.1) to be satisfied through a cash payment, except as prohibited by applicable law, through the sale of Common Shares that would otherwise be delivered to the Optionee having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy the Exercise Price and the withholding taxes thereon; provided, however, if the forgoing method for the payment of the Exercise Price and the withholding taxes thereon is prohibited by applicable law, then the payment of the Exercise price and related withholding taxes shall be satisfied by withholding Common Shares that would otherwise be delivered to the Optionee having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy the Exercise Price and the withholding taxes thereon. This Section is intended to constitute a written plan pursuant to Rule 10b5-1(c) under the Securities Exchange Act of 1934.

2.4. Termination of Option. In no event may the Option be exercised after it terminates as set forth in this Section 2.4. The Option shall terminate, to the extent not earlier terminated pursuant to Section 2.2 or exercised pursuant to Section 2.3, on the Expiration Date. Upon the termination of the Option, the Option and all rights hereunder shall immediately become null and void.

2.5. Definitions.

(a) "Cause" means: (i) if Optionee is at the time of termination a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Company, any of its Subsidiaries or the Asset Management Company based on Optionee's (A) commission of a felony or a crime of moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) commission of a willful and material act of dishonesty involving the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (C) material non-curable breach of the Optionee's obligations hereunder or any other agreement entered into between the Optionee and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (D) breach of the Company's policies or procedures (or the policies or procedures of any of its Subsidiaries, the Asset Management Company or any of the Company's or their respective Affiliates which are applicable to the Optionee) that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (E) willful misconduct or gross negligence which causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (F) violation of a fiduciary duty of loyalty to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (G) knowing attempt to obstruct or knowing failure to cooperate with any investigation authorized by the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any governmental or self-regulatory entity; (H) disqualification or bar by any governmental or self-regulatory authority or the Optionee's loss of any governmental or self-regulatory license that is reasonably necessary for the Optionee to perform his/her duties to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (I) any directive has been made by any governmental or self-regulatory authority to terminate the Optionee; or (J) failure to cure a material breach of his or her obligations under the Plan, this Agreement or any other agreement entered into between the Optionee and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates within 30 days after written notice of such breach. For the avoidance of doubt, the termination of Optionee's service with the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates for Cause shall constitute Cause under this Agreement.

(b) "Disability" means: (i) if Optionee is at the time of termination a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders the Optionee unable to perform the essential functions of his or her employment with his or her employer, even with reasonable accommodation that does not impose an undue hardship on his or her employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply.

(c) "Good Reason" means: (i) if Optionee is at the time of termination a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Optionee following: (A) a reduction of greater than 10% in the Optionee's annual base salary or bonus potential under any bonus plan maintained by the Asset Management Company (if the Optionee is employed by the Asset Management Company), the Company or any of its Subsidiaries that employs the Optionee (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive); or (B) any material adverse change in the Optionee's title, authority, duties, or responsibilities or the assignment to the Optionee of any duties or responsibilities inconsistent in any material respect with those customarily associated with the position of the Optionee; provided, however,

that none of the events described in the foregoing clauses (A) and (B) shall constitute Good Reason unless the Optionee shall have notified the Company in writing describing the events which constitute Good Reason within 45 days after the occurrence of such events and then only if the relevant employer shall have failed to cure such events within 60 days after the Company's receipt of such written notice.

3. Transfer Restrictions and Investment Representations.

3.1. Nontransferability of Option. The Option may not be transferred by Optionee other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established by Optionee for estate planning purposes. During Optionee's lifetime, the Option is exercisable only by Optionee, unless Optionee becomes subject to a Disability in which case, the Option may be exercised by Optionee's designated beneficiary or if no beneficiary has been designated in writing, by Optionee's executors or administrators. Except as permitted by this Section 3.1, the Option may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Option, the Option and all rights hereunder shall immediately become null and void.

3.2. Investment Representation. Optionee hereby represents and covenants that (a) any Common Shares purchased upon exercise of the Option will be purchased for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such purchase has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Optionee shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of any purchase of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to any exercise of the Option, Optionee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.

4. Additional Terms and Conditions.

4.1. Withholding Taxes.

(a) As a condition precedent to the issuance of Common Shares following the exercise of all or any portion of the Option, Optionee shall, upon request by the Company, pay to the Company in addition to the purchase price of the shares, such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to such exercise of the Option. If Optionee shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Optionee.

(b) Subject to Section 2.3(b), Optionee may elect to satisfy his or her obligation to advance the Required Tax Payments by a cash payment to the Company or by any of the following means: (i) authorizing the Company to withhold whole shares of Common Shares which would otherwise be delivered to Optionee upon exercise of the Option having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments, (ii) delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole Common Shares having an aggregate Fair Market Value, on the Tax Date, equal to the Required Tax Payments, (iii) except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom Optionee has submitted an irrevocable notice of exercise, or (iv) any combination of foregoing. Common Shares to be delivered or withheld may not have a Fair Market Value in excess of the Required Tax Payments calculated using the highest statutory rates in the relevant jurisdictions, provided that the withholding rate does not have an adverse accounting impact on the Company. Any fraction of a Common Share which would be required to satisfy any such obligation shall be rounded up to the nearest whole number. No Common Share or certificate representing a Common Share shall be issued or delivered until the Required Tax Payments have been satisfied in full.

4.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the number and class of securities subject to the Option and the Exercise Price shall be appropriately adjusted by the Committee, such adjustment to be made in accordance with Section 409A of the Code. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Optionee. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

4.3. Compliance with Applicable Law. The Option is subject to the condition that if the listing, registration or qualification of the shares subject to the Option upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the purchase or issuance of shares hereunder, the Option may not be exercised, in whole or in part, and such shares may not be issued, unless

such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

4.4. Issuance or Delivery of Shares. Upon the exercise of the Option, in whole or in part, the Company shall promptly issue or deliver, subject to the conditions of this Agreement, the number of Common Shares purchased against full payment therefor. Such issuance shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance, except as otherwise provided in Section 4.1.

4.5. Option Confers No Rights as Shareholder. Optionee shall not be entitled to any privileges of ownership with respect to the shares subject to the Option unless and until such shares are purchased and issued upon the exercise of the Option, in whole or in part, and Optionee becomes a shareholder with respect to such issued shares. Optionee shall not be considered a shareholder of the Company with respect to any such shares not so purchased and issued.

4.6. Option Confers No Rights to Continued Employment. In no event shall the granting of the Option or its acceptance by Optionee, or any provision of this Agreement or the Plan, give or be deemed to give Optionee any right to continued employment by the Company, the Asset Management Company or any of their Subsidiaries or affiliates or affect in any manner the right of the Company, the Asset Management Company or any of their Subsidiaries or affiliates to terminate the employment of any person at any time.

4.7. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions which may arise in connection with the Option or its exercise. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

4.8. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Optionee, acquire any rights hereunder in accordance with this Agreement or the Plan.

4.9. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, EVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Optionee, to the last known mailing address of Optionee contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

4.10. Governing Law; Jurisdiction; Venue. This Agreement, the Option and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Optionee and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other option agreement(s) entered into between (i) Optionee and (ii) the Company, shall be brought exclusively in the state and federal courts in the State of Delaware. Optionee and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

4.11. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. The Optionee hereby acknowledges receipt of a copy of the Plan.

4.12. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

4.13. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

4.14. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Optionee where such amendment would materially impair Optionee’s rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

4.15. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

4.16. Option Subject to Clawback and Reduction for 280G. The Option and any Common Shares, other securities or other property delivered pursuant to the Option or otherwise (including any payment, benefit or distribution of any type to or for the benefit of the Optionee which is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to (a) forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Option Date or which the Company may adopt from time to time as required by applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder and (b) reduction pursuant to the Company's Policy on Limitations of Benefits Contingent Upon a Change in Control, in effect as of the Option Date, to avoid the potential adverse tax consequences that may be imposed on the Company or the Optionee pursuant to Section 280G and/or Section 4999 of the Code.

5. Protective Covenants.

5.1. Confidential Information.

(a) Optionee shall not disclose or use at any time any Confidential Information (as defined below) of which Optionee is or becomes aware, whether or not such information is developed by Optionee, except to the extent that such disclosure or use is directly related to and required by Optionee's performance in good faith of duties for the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates. Optionee shall take all appropriate steps to safeguard Confidential Information in Optionee's possession and to protect it against disclosure, misuse, espionage, loss and theft. Optionee shall deliver to the Company upon Optionee's Termination of Relationship, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company, its Subsidiaries, the Asset Management Company or any of their respective Affiliates which Optionee may then possess or have under his or her control. Notwithstanding the foregoing, Optionee may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates in connection with their businesses, including, but not limited to, information, observations and data obtained by Optionee while providing services to the Company, its Subsidiaries, the Asset Management Company, their respective Affiliates or any predecessors thereof (including those obtained prior to the date hereof) concerning (i) the business or affairs of the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by Optionee in breach of this Agreement) in a form generally available to the public prior to the date Optionee proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Optionee understands that nothing contained in this Agreement limits Optionee's ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"). Optionee further understands that this Agreement does not limit Optionee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing in this Agreement shall limit Optionee's ability under applicable United States federal law to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

5.2. Restriction on Competition.

(a) Optionee acknowledges that, in the course of his or her service with the Company, its Subsidiaries, the Asset Management Company and/or their predecessors (the "Protected Companies"), he or she has become familiar, or will become familiar, with the Protected Companies' trade secrets and with other confidential and proprietary information concerning the Protected Companies and that his or her services have been and will be of special, unique and extraordinary value to the Protected Companies. Optionee agrees that if Optionee were to become employed by, or substantially involved in, the business of a competitor of the Protected Companies during the Restricted Period, it would be very difficult for Optionee not to rely on or use the Protected Companies' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Protected Companies' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Protected Companies' relationships and goodwill with customers, during the Restricted Period, Optionee will not directly or indirectly through any other Person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or

indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer or licensor of technology. For purposes of this Agreement, "Restricted Area" means anywhere in the United States, Bermuda and elsewhere in the world where the Protected Companies engage in business, including, without limitation, jurisdictions where any of the Protected Companies reasonably anticipate engaging in business on the date of Optionee's Termination of Relationship (provided that as of the date of Optionee's Termination of Relationship, to the knowledge of Optionee, such area has been discussed as a market that the Protected Companies reasonably contemplate engaging in within the twelve (12) month period following the date of Optionee's Termination of Relationship). For purposes of this Agreement, "Competing Business" means a Person that at any time during Optionee's period of service has competed, or any time during the twelve (12) month period following the date of Optionee's Termination of Relationship begins competing with the Protected Companies anywhere in the Restricted Area and in the business of (i) retail annuities, (ii) annuity reinsurance, focusing on contracts reinsuring a quota share of future premiums of various fixed annuity product lines, (iii) reinsuring blocks of existing annuity business, (iv) issuing funding agreements or participating in a funding agreement backed note program, (v) pension risk transfer transactions, (vi) managing investments held by ceding companies pursuant to funds withheld and/or modified coinsurance contracts with their affiliates, (vii) managing investments in the life insurance industry, or (viii) any other significant business conducted by the Protected Companies as of the date of Optionee's Termination of Relationship and any significant business the Protected Companies conduct in the twelve (12) month period after Optionee's Termination of Relationship (provided that as of the date of Optionee's Termination of Relationship, to the knowledge of Optionee, such business has been discussed as a business that the Protected Companies reasonably contemplate engaging in within such twelve (12) month period). For purposes of this Agreement, "Restricted Period" means Optionee's period of service until his or her Termination of Relationship, and thereafter through and including: (A) twelve (12) months following Optionee's Termination of Relationship with respect to any Optionee with a title of CEO, President or EVP at the time of the Termination of Relationship; (B) nine (9) months following Optionee's Termination of Relationship with respect to any Optionee with a title of SVP at the time of the Termination of Relationship and (C) six (6) months following Optionee's Termination of Relationship with respect to any Optionee with a title of VP at the time of the Termination of Relationship.

(b) Nothing herein shall prohibit Optionee from (i) being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Optionee has no active participation in the business of such corporation, or (ii) providing services to a subsidiary, division or affiliate of a Competing Business if such subsidiary, division or affiliate is not itself engaged in a Competing Business and Optionee does not provide services to, or have any responsibilities regarding, the Competing Business.

5.3. Non-Solicitation of Employees and Consultants. During Optionee's period of service and for a period of twelve (12) months after the date of Optionee's Termination of Relationship, Optionee shall not directly or indirectly through any other Person (a) induce or attempt to induce any employee or independent contractor of the Protected Companies to leave the employ or service, as applicable, of the Protected Companies, or in any way interfere with the relationship between the Protected Companies, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Protected Companies, in each case, until six (6) months after such individual's employment relationship with the Protected Companies has been terminated.

5.4. Non-Solicitation of Customers. During Optionee's period of service and for a period of twelve (12) months after the date of Optionee's Termination of Relationship, Optionee shall not directly or indirectly through any other Person influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, ceding companies, associates, consultants, agents, or partners of the Protected Companies to divert their business away from the Protected Companies, and Optionee will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Protected Companies, on the one hand, and any of their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand (collectively, "Protected Company Clients"); provided, however, that this provision shall not apply to any Protected Company Clients for whom Optionee does not in the course of Optionee services to the Company or any Protected Company (a) perform services on behalf of the Company or any of the Protected Companies, or (b) have contact or acquire or have access to confidential information or other competitively advantageous information as a result of or in connection with Optionee's services to Company.

5.5. Understanding of Covenants. Optionee represents and agrees that he or she (a) is familiar with and carefully considered the foregoing covenants set forth in this Section 5 (together, the "Restrictive Covenants"), (b) is fully aware of his or her obligations hereunder, (c) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (d) agrees that the Restrictive Covenants are necessary to protect the Protected Companies' confidential and proprietary information, good will, stable workforce and customer relations, and (e) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 5 regardless of whether Optionee is then entitled to receive severance pay or benefits from any of the Protected Companies. Optionee understands that the Restrictive Covenants may limit his or her ability to earn a livelihood in a business similar to the business of the Protected Companies, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of or other service provider to the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his or her education, skills and ability), Optionee does not believe would prevent him or her from otherwise earning a living. Optionee agrees that the Restrictive Covenants do not confer a benefit upon the Protected Companies disproportionate to the detriment of Optionee.

5.6. Enforcement. Optionee agrees that Optionee's services are unique and that he or she has access to Confidential Information. Accordingly, Optionee agrees that a breach by Optionee of any of the Restrictive Covenants would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury

would therefore be an inadequate remedy for any such breach. Therefore, Optionee agrees that in the event of any breach or threatened breach of any provision of this Section 5, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 5, as the case may be, or require Optionee to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 5, if and when final judgment of a court of competent jurisdiction is so entered against Optionee. Optionee further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of Optionee's Termination of Relationship, as determined pursuant to the foregoing provisions of this Section 5, shall be extended by the same amount of time that Optionee is in breach of any Restrictive Covenant.

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Unit Award Notice (Performance-Based Vesting)**

**[Participant Name]**

You have been awarded a restricted share unit award with respect to Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Restricted Share Unit Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Share Unit Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

RSU Award: Subject to the terms and conditions of the Plan and this Agreement, this Award entitles you to receive [**Number of Awards Granted**] Class A common shares, par value $0.001 per share, of the Company (the "Common Shares") if the Company achieves the target level of performance with respect to the Performance Measures set forth below (the "Target Common Shares"). The actual number of Common Shares you are entitled to receive shall be based on the attainment of the applicable Performance Measures and your continued employment through the Vesting Date, each as described below. References in the Agreement to Common Shares shall also include references to the cash equivalent thereof.

| If the Company achieves the following level of performance: | Then, you will become vested in the following percentage of the Target Common Shares: |
|---|---|
| Minimum | 50% |
| Target | 100% |
| Maximum | 150% |

If the Company achieves a level of performance between any two performance levels in the above table, you will vest in a percentage of the Target Common Shares that will be determined based on linear interpolation between the applicable performance levels.

Grant Date: [**Grant Date**]

Performance Period: The three (3) consecutive fiscal years of the Company beginning on January 1 of the year of grant.

Performance Measures: With respect to 33.33% of the Target Common Shares, the Performance Measure will be based on the average Adjusted Operating Return on Equity for the Performance Period (calculated as the simple average of the Adjusted Operating Return on Equity for each fiscal year of the Company included in the Performance Period) (the "ROE Performance Measure"). With respect to another 33.33% of the Target Common Shares, the Performance Measure will be based on the cumulative Adjusted Operating Income over the Performance Period (the "Operating Income Performance Measure"). With respect to the final 33.34% of the Target Common Shares, the Performance Measure will be based on the Adjusted Book Value Per Share as of the end of the Performance Period (the "Adjusted Book Value Performance Measure").

For this purpose, Adjusted Operating Return on Equity, Adjusted Operating Income and Adjusted Book Value Per Share have the same meanings as disclosed in the Company's financial statements and reports filed with the U.S. Securities Exchange Commission (the "SEC"); provided, however, that any one or all three may be amended or adjusted to reflect changes in law or accounting principles.

Vesting Conditions: Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the number of Common Shares subject to the Award shall vest, if at all, on the February 28th immediately following the end of the Performance Period (the "Vesting Date") based on the attainment of the Performance Measures during the Performance Period as set forth below and provided that you have not had a Termination of Relationship prior to the Vesting Date. The number of Common Shares subject to the Award that vest upon the attainment of

Performance Measures between Minimum, Target and Maximum levels shall be determined by interpolation between the applicable performance levels.

| Applicable Performance Measures | If the Company attains the following level of performance, | Then, you will become vested in the following percentage of Target Common Shares subject to the applicable Performance Measure |
|---|---|---|
| With respect to the 33.33% of the Target Common Shares subject to the ROE Performance Measure | Minimum of [__]% | 50% |
| | Target of [__]% | 100% |
| | Maximum of [__]% | 150% |
| | | |
| With respect to the 33.33% of the Target Common Shares subject to the Operating Income Performance Measure | Minimum of $[__] | 50% |
| | Target of $[__] | 100% |
| | Maximum of $[__] | 150% |
| | | |
| With respect to the 33.34% of the Target Common Shares subject to the Adjusted Book Value Performance Measure | Minimum of $[__] | 50% |
| | Target of $[__] | 100% |
| | Maximum of $[__] | 150% |

If you experience a Termination of Relationship before the Vesting Date for any reason, the Award shall be forfeited and shall be canceled by the Company except as follows:

1) Death or Disability. If your Termination of Relationship is due to your death or Disability (as defined below), the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship with respect to the Target Common Shares; provided, however, if you experience a Termination of Relationship due to death or Disability following the conclusion of the Performance Period but prior to the Vesting Date, the Award shall become vested based on the actual level of performance measured through the end of the Performance Period, as calculated above;

2) Retirement. If your Termination of Relationship is due to your Retirement (as defined below), the Performance Period shall continue through the last day thereof and you will be eligible for a prorated Award, payable no later than the March 15th immediately following the end of the Performance Period. The Award shall become vested based on actual performance as set forth in the table above and shall be prorated based on the number of days that have elapsed between the first day of the Performance Period and the date of your Termination of Relationship relative to the total number of days in the Performance Period; and

3) Change in Control. If your Termination of Relationship occurs within eighteen (18) months following a Change in Control and is due to (i) an involuntary termination by the Company without Cause (as defined below) or (ii) a resignation by you for Good Reason (as defined below), the Award shall become vested as of the effective date of such Termination of Relationship with respect to the Target Common Shares; provided, however, if you experience such a Termination of Relationship following the conclusion of the Performance Period but prior to the Vesting Date, the Award shall become vested based on the greater of (a) target level of performance and (b) actual level of performance measured through the end of the Performance Period, as calculated above.

For the avoidance of doubt, any portion of the Award which does not become vested on the Vesting Date (or, if earlier as of the date of your Termination of Relationship pursuant to the paragraphs (1), (2) or (3) above) shall be forfeited and canceled by the Company immediately thereafter.

Definitions: For purposes of this Agreement, the following definitions shall apply:

1) "Cause" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Company, any of its Subsidiaries or the Asset Management Company based on (A) your commission of a felony or a crime of moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) your commission of a willful and material act of dishonesty involving the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (C) your material non-curable breach of the your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (D) your breach of the Company's policies or procedures (or the policies or procedures of any of its Subsidiaries, the Asset Management Company or any of the Company's or their respective Affiliates which are applicable) that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (E) your willful misconduct or gross negligence which causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (F) your violation of a fiduciary duty of loyalty to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (G) your knowing attempt to obstruct or knowing failure to cooperate with any investigation authorized by the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any governmental or self-regulatory entity; (H) your disqualification or bar by any governmental or self-regulatory authority or the loss of any governmental or self-regulatory license that is reasonably necessary for you to perform your duties to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (I) any directive made by any governmental or self-regulatory authority to terminate your services; or (J) your failure to cure a material breach of your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates within 30 days after written notice of such breach. For the avoidance of doubt, the termination of your service with the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates for Cause shall constitute Cause under this Agreement.

2) "Disability" means: (i) if at the time of termination you are party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders you unable to perform the essential functions of your employment with your employer, even with reasonable accommodation that does not impose an undue hardship on your employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply.

3) "Good Reason" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by you following: (A) a reduction of greater than 10% in your annual base salary or bonus potential under any bonus plan maintained by the Asset Management Company (if you are employed by the Asset Management Company), the Company or any of its Subsidiaries that employs you (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive); or (B) any material adverse change in your title, authority, duties, or responsibilities or the assignment to you of any duties or responsibilities inconsistent in any material respect with those customarily associated with your position; provided, however, that none of the events described in the foregoing clauses (A) and (B) shall constitute Good Reason unless you shall have notified the Company in writing describing the events which constitute Good Reason within 45 days after the occurrence of such events and then only if the relevant employer shall have failed to cure such events within 60 days after the Company's receipt of such written notice.

4) "Retirement" means: a Termination of Relationship other than for Cause on or after your attainment of age 60 with at least five (5) consecutive years of employment or service with the Company or its affiliates immediately prior to your Retirement.

**ATHENE HOLDING LTD.**

Name: James R. Belardi
Title: CEO, Athene Holding Ltd.

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Award granted to me, confirm that I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]
______________________________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Unit Award Agreement**

Athene Holding, Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the "Grant Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a restricted share unit award (the "Award") with respect to the number of the Company's Class A common shares, par value $0.001 per share (the "Common Shares"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless Holder shall accept this Agreement by executing it in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). Holder acknowledges, understands and agrees that Holder's acceptance of the Award is voluntary and is not a condition of Holder's employment (continued or otherwise) with the Company or any of its Subsidiaries.

2. Restriction Period and Vesting. Except as otherwise provided in this Agreement, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice (the "Vesting Schedule").

3. Settlement of Award.

(a) Subject to Sections 5.1 and 5.15, as soon as practicable after the vesting of all or a portion of the Award (but not later than the March 15th occurring immediately after the year in which the Holder's substantial risk of forfeiture with respect to the Award lapses), the Company shall settle the Award, subject to the conditions of this Agreement, with respect to the number of Common Shares so vested. Settlement shall be made by delivery of the number of Common Shares subject to the Award so vested. If the Company elects to issue any Common Shares in settlement of the Award, such issuance shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company and the Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance, except as otherwise provided in Section 5.1. Any fraction of a Common Share which would otherwise be issuable upon settlement of the Award shall be rounded up to the nearest whole number. The Holder shall pay promptly (and in any event no later than five (5) days after the settlement date) $0.001 per Common Share issued in settlement of the Award to the Company in a lump sum in cash. Except as set forth in this Agreement, Holder shall not be entitled to any voting rights or other privileges of ownership with respect to Common Shares subject to the Award unless and until the Award become vested and settled pursuant to Section 2 and this Section 3, and then only to the extent the Company has settled such portion of the Award in Common Shares. Prior to the settlement of the Award (whether in cash or Common Shares), Holder shall have only the status of a general unsecured creditor of the Company and shall have no direct or secured claim in any specific assets of the Company or in any Common Shares.

(b) Dividend Equivalents. In the event that the Company pays a dividend on its Common Shares, which dividend record date is prior to the date on which all or any portion of this Award is settled, then subject to Section 5.1, the Company shall pay to Holder, each time all or any portion of the Award is settled (or, subject to Section 3(a), the payment date for the dividend, if later) an amount in cash equal to the aggregate ordinary cash dividends that would have been paid on the equivalent number of Common Shares subject to the portion of the Award being settled (the "Dividend Equivalent Shares") during the period between the Grant Date and such settlement date had the Dividend Equivalent Shares been held directly by Holder during such period (the "Dividend Equivalents"). Dividend Equivalents shall be paid whether the Award (or portion thereof) is settled in cash or Common Shares. No Dividend Equivalents shall be paid prior to the date on which the Award vests and is settled, in whole or in part, and no Dividend Equivalents shall be paid with respect to any Common Shares subject to this Award that have either been settled or forfeited prior to the record date for such ordinary cash dividend.

4. Transfer Restrictions and Investment Representations.

4.1. Nontransferability of Award. The Award may not be transferred by Holder other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established for estate planning purposes. Except as permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

4.2. Investment Representation. Holder hereby represents and covenants that (a) any Common Shares acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Holder shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of any vesting of any shares hereunder or (y) is true and

correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to Holder of any Common Shares subject to the Award, Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

5. Additional Terms and Conditions.

5.1. Withholding Taxes.

(a) As a condition precedent to the settlement of any Award upon vesting, Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the vesting and settlement of the Award. If Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Holder.

(b) Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by a cash payment to the Company or, if applicable, authorizing the Company to withhold whole shares of Common Shares which would otherwise be delivered to Holder upon settlement of the Award having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments. Withholding may also be satisfied by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Shares having an aggregate Fair Market Value on the Tax Date equal to the Required Tax Payments or any combination of the methods described in this Section 5.1(b). Common Shares to be delivered or withheld may not have a Fair Market Value in excess of the Required Tax Payments calculated using the highest statutory rates in the relevant jurisdictions, provided that the withholding rate does not have an adverse accounting impact on the Company. Any fraction of a Common Share which would be required to satisfy any such obligation shall be rounded up to the nearest whole number. No Common Share or certificate representing a Common Share shall be issued or delivered until the Required Tax Payments have been satisfied in full.

5.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation or applicable successor guidance) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of the Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

5.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the Common Shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Common Shares subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

5.4. Awards Subject to Clawback and Reduction for 280G. The Award and any Common Shares, other securities, cash or other property delivered pursuant to the Award or otherwise (including any payment, benefit or distribution of any type to or for the benefit of Holder which is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to (a) forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or which the Company may adopt from time to time as required by applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder and (b) reduction pursuant to the Company's Policy on Limitations of Benefits Contingent Upon a Change in Control, in effect as of the Grant Date, to avoid the potential adverse tax consequences that may be imposed on the Company or Holder pursuant to Section 280G and/or Section 4999 of the Code.

5.5. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, the Asset Management Company or any of their Subsidiaries or affiliates or affect in any manner the right of the Company, the Asset Management Company or any of their Subsidiaries or affiliates to terminate the employment of any person at any time.

5.6. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

5.7. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

5.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, EVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

5.9. Governing Law; Jurisdiction; Venue. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Holder and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other restricted share/stock or restricted share/stock unit award agreement(s) entered into between (i) Holder and (ii) the Company shall be brought exclusively in the state and federal courts in the State of Delaware. Holder and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

5.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. Holder hereby acknowledges receipt of a copy of the Plan.

5.11. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

5.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

5.13. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Holder where such amendment would materially impair Holder's rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

5.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

5.15. Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly. Notwithstanding any other provision in this Award, to the extent any payments hereunder constitute nonqualified deferred compensation, within the meaning of Section 409A, then (a) to the extent this Agreement provides for the Award to become vested and be settled upon Holder's Termination of Relationship, the applicable Award shall be settled upon Holder's "separation from service" (within the meaning of Section 409A of the Code) even if the Award vests upon an earlier Termination of Relationship and (b) if Holder is a specified employee (within the meaning of Section 409A of the Code) as of the date of Holder's separation from service, each such payment that is payable upon Holder's separation from service and would have been paid prior to the six-month anniversary of Holder's separation from service, shall be delayed until the earlier to occur of (i) the six-month anniversary of Holder's separation from service and (ii) the date of Holder's death.

6. Protective Covenants.

6.1. Confidential Information.

(a) Holder shall not disclose or use at any time any Confidential Information (as defined below) of which Holder is or becomes aware, whether or not such information is developed by Holder, except to the extent that such disclosure or use is directly related to and required by Holder's performance in good faith of duties for the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates. Holder shall take all appropriate steps to safeguard Confidential Information in Holder's possession and to protect it against disclosure, misuse, espionage, loss and theft. Holder shall deliver to the Company upon Holder's Termination of Relationship, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company, its Subsidiaries, the Asset Management Company or any of their respective Affiliates which Holder may then possess or have under his or her control. Notwithstanding the foregoing, Holder may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest

possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates in connection with their businesses, including, but not limited to, information, observations and data obtained by Holder while providing services to the Company, its Subsidiaries, the Asset Management Company, their respective Affiliates or any predecessors thereof (including those obtained prior to the date hereof) concerning (i) the business or affairs of the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by Holder in breach of this Agreement) in a form generally available to the public prior to the date Holder proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Holder understands that nothing contained in this Agreement limits Holder's ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"). Holder further understands that this Agreement does not limit Holder's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing in this Agreement shall limit Holder's ability under applicable United States federal law to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

6.2. Restriction on Competition.

(a) Holder acknowledges that, in the course of his or her service with the Company, its Subsidiaries, the Asset Management Company and/or their predecessors (the "Protected Companies"), he or she has become familiar, or will become familiar, with the Protected Companies' trade secrets and with other confidential and proprietary information concerning the Protected Companies and that his or her services have been and will be of special, unique and extraordinary value to the Protected Companies. Holder agrees that if Holder were to become employed by, or substantially involved in, the business of a competitor of the Protected Companies during the Restricted Period, it would be very difficult for Holder not to rely on or use the Protected Companies' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Protected Companies' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Protected Companies' relationships and goodwill with customers, during the Restricted Period, Holder will not directly or indirectly through any other Person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer or licensor of technology. For purposes of this Agreement, "Restricted Area" means anywhere in the United States, Bermuda and elsewhere in the world where the Protected Companies engage in business, including, without limitation, jurisdictions where any of the Protected Companies reasonably anticipate engaging in business on the date of Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such area has been discussed as a market that the Protected Companies reasonably contemplate engaging in within the twelve (12) month period following the date of Holder's Termination of Relationship). For purposes of this Agreement, "Competing Business" means a Person that at any time during Holder's period of service has competed, or any time during the twelve (12) month period following the date of Holder's Termination of Relationship begins competing with the Protected Companies anywhere in the Restricted Area and in the business of (i) retail annuities, (ii) annuity reinsurance, focusing on contracts reinsuring a quota share of future premiums of various fixed annuity product lines, (iii) reinsuring blocks of existing annuity business, (iv) issuing funding agreements or participating in a funding agreement backed note program, (v) pension risk transfer transactions, (vi) managing investments held by ceding companies pursuant to funds withheld and/or modified coinsurance contracts with their affiliates, (vii) managing investments in the life insurance industry, or (viii) any other significant business conducted by the Protected Companies as of the date of Holder's Termination of Relationship and any significant business the Protected Companies conduct in the twelve (12) month period after Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such business has been discussed as a business that the Protected Companies reasonably contemplate engaging in within such twelve (12) month period). For purposes of this Agreement, "Restricted Period" means Holder's period of service until his or her Termination of Relationship, and thereafter through and including: (A) twelve (12) months following Holder's Termination of Relationship with respect to any Holder with a title of CEO, President or EVP at the time of the Termination of Relationship; (B) nine (9) months following Holder's Termination of Relationship with respect to any Holder with a title of SVP at the time of the Termination of Relationship and (C) six (6) months following Holder's Termination of Relationship with respect to any Holder with a title of VP at the time of the Termination of Relationship.

(b) Nothing herein shall prohibit Holder from (i) being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Holder has no active participation in the business of such corporation, or (ii) providing services to a subsidiary, division or affiliate of a Competing Business if such subsidiary, division or affiliate is not itself engaged in a Competing Business and Holder does not provide services to, or have any responsibilities regarding, the Competing Business.

6.3. Non-Solicitation of Employees and Consultants. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person (a) induce or attempt to induce any employee or independent contractor of the Protected Companies to leave the employ or service, as applicable, of the Protected Companies, or in any way interfere with the relationship between the Protected Companies, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Protected Companies, in each case, until six (6) months after such individual's employment relationship with the Protected Companies has been terminated.

6.4. Non-Solicitation of Customers. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, ceding companies, associates, consultants, agents, or partners of the Protected Companies to divert their business away from the Protected Companies, and Holder will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Protected Companies, on the one hand, and any of their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand (collectively, "Protected Company Clients"); provided, however, that this provision shall not apply to any Protected Company Clients for whom Holder does not in the course of Holder's services to the Company or any Protected Company (a) perform services on behalf of the Company or any of the Protected Companies, or (b) have contact or acquire or have access to confidential information or other competitively advantageous information as a result of or in connection with Holder's services to Company.

6.5. Understanding of Covenants. Holder represents and agrees that he or she (a) is familiar with and carefully considered the foregoing covenants set forth in this Section 6 (together, the "Restrictive Covenants"), (b) is fully aware of his or her obligations hereunder, (c) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (d) agrees that the Restrictive Covenants are necessary to protect the Protected Companies' confidential and proprietary information, good will, stable workforce and customer relations, and (e) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 6 regardless of whether Holder is then entitled to receive severance pay or benefits from any of the Protected Companies. Holder understands that the Restrictive Covenants may limit his or her ability to earn a livelihood in a business similar to the business of the Protected Companies, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of or other service provider to the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his or her education, skills and ability), Holder does not believe would prevent him or her from otherwise earning a living. Holder agrees that the Restrictive Covenants do not confer a benefit upon the Protected Companies disproportionate to the detriment of Holder.

6.6. Enforcement. Holder agrees that Holder's services are unique and that he or she has access to Confidential Information. Accordingly, Holder agrees that a breach by Holder of any of the Restrictive Covenants would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury would therefore be an inadequate remedy for any such breach. Therefore, Holder agrees that in the event of any breach or threatened breach of any provision of this Section 6, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 6, as the case may be, or require Holder to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 6, if and when final judgment of a court of competent jurisdiction is so entered against Holder. Holder further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of Holder's Termination of Relationship, as determined pursuant to the foregoing provisions of this Section 6, shall be extended by the same amount of time that Holder is in breach of any Restrictive Covenant.

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Unit Award Notice (Time-Based Vesting)**

[Participant Name]

You have been awarded a restricted share unit award with respect to Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Restricted Share Unit Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Share Unit Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

RSU Award: Subject to the terms and conditions of the Plan and this Agreement, this Award entitles you to receive [Number of Awards Granted] Class A common shares, par value $0.001 per share, of the Company (the "Common Shares"), subject to adjustment as provided in Section 5.2 of the Agreement.

Grant Date: [Grant Date]

Vesting Inception Date: January 1 of the year of grant

Vesting Schedule: Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the Award shall vest (i) on the one-year anniversary of the Vesting Inception Date with respect to one-third of the number of Common Shares subject thereto on the Grant Date, (ii) on the two-year anniversary of the Vesting Inception Date with respect to an additional one-third of the number of Common Shares subject thereto on the Grant Date and (iii) on the three-year anniversary of the Vesting Inception Date with respect to the remaining one-third of the number of Common Shares subject thereto on the Grant Date, in each case, provided you have not experienced a Termination of Relationship prior to such date.

If you experience a Termination of Relationship prior to the three-year anniversary of the Vesting Inception Date for any reason, the unvested portion of the Award, as of the effective date of your Termination of Relationship, shall be forfeited and shall be canceled by the Company; provided, however, that if your Termination of Relationship is due to your death or Disability (as defined below), the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship; provided, further, that if your Termination of Relationship is due to (i) an involuntary termination by the Company without Cause (as defined below) or (ii) resignation by you for Good Reason (as defined below) and, in each case, such Termination of Relationship occurs within eighteen (18) months following a Change in Control, the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship.

Definitions: For purposes of this Agreement, the following definitions shall apply:

1) "Cause" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Company, any of its Subsidiaries or the Asset Management Company based on (A) your commission of a felony or a crime of moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) your commission of a willful and material act of dishonesty involving the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (C) your material non-curable breach of the your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (D) your breach of the Company's policies or procedures (or the policies or procedures of any of its Subsidiaries, the Asset Management Company or any of the Company's or their respective Affiliates which are applicable) that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (E) your willful misconduct or gross negligence which causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (F) your violation of a fiduciary duty of loyalty to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates that causes material harm to the Company, any of its Subsidiaries, the Asset

Management Company, any of their respective Affiliates or any of their business reputations; (G) your knowing attempt to obstruct or knowing failure to cooperate with any investigation authorized by the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any governmental or self-regulatory entity; (H) your disqualification or bar by any governmental or self-regulatory authority or the loss of any governmental or self-regulatory license that is reasonably necessary for you to perform your duties to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (I) any directive made by any governmental or self-regulatory authority to terminate your services; or (J) your failure to cure a material breach of your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates within 30 days after written notice of such breach. For the avoidance of doubt, the termination of your service with the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates for Cause shall constitute Cause under this Agreement.

2) "Disability" means: (i) if at the time of termination you are party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders you unable to perform the essential functions of your employment with your employer, even with reasonable accommodation that does not impose an undue hardship on your employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply.

3) "Good Reason" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by you following: (A) a reduction of greater than 10% in your annual base salary or bonus potential under any bonus plan maintained by the Asset Management Company (if you are employed by the Asset Management Company), the Company or any of its Subsidiaries that employs you (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive); or (B) any material adverse change in your title, authority, duties, or responsibilities or the assignment to you of any duties or responsibilities inconsistent in any material respect with those customarily associated with your position; provided, however, that none of the events described in the foregoing clauses (A) and (B) shall constitute Good Reason unless you shall have notified the Company in writing describing the events which constitute Good Reason within 45 days after the occurrence of such events and then only if the relevant employer shall have failed to cure such events within 60 days after the Company's receipt of such written notice.

**ATHENE HOLDING LTD.**

Name: James R. Belardi
Title: CEO, Athene Holding Ltd.

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Award granted to me, confirm that I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]
______________________________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Unit Award Agreement**

Athene Holding, Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the "Grant Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a restricted share unit award (the "Award") with respect to the number of the Company's Class A common shares, par value $0.001 per share (the "Common Shares"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless Holder shall accept this Agreement by executing it in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). Holder acknowledges, understands and agrees that Holder's acceptance of the Award is voluntary and is not a condition of Holder's employment (continued or otherwise) with the Company or any of its Subsidiaries.

2. Restriction Period and Vesting. Except as otherwise provided in this Agreement, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice (the "Vesting Schedule").

3. Settlement of Award.

(a) Subject to Sections 5.1 and 5.15, as soon as practicable after the vesting of all or a portion of the Award (but not later than sixty (60) days after each date on which all or a portion of the Award vests), the Company shall settle the Award, subject to the conditions of this Agreement, with respect to the number of Common Shares so vested. Settlement shall be made by delivery of the number of Common Shares subject to the Award so vested. If the Company elects to issue any Common Shares in settlement of the Award, such issuance shall be evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company and the Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance, except as otherwise provided in Section 5.1. Any fraction of a Common Share which would otherwise be issuable upon settlement of the Award shall be rounded up to the nearest whole number. The Holder shall pay promptly (and in any event no later than five (5) days after the settlement date) $0.001 per Common Share issued in settlement of the Award to the Company in a lump sum in cash. Except as set forth in this Agreement, Holder shall not be entitled to any voting rights or other privileges of ownership with respect to Common Shares subject to the Award unless and until the Award become vested and settled pursuant to Section 2 and this Section 3, and then only to the extent the Company has settled such portion of the Award in Common Shares. Prior to the settlement of the Award (whether in cash or Common Shares), Holder shall have only the status of a general unsecured creditor of the Company and shall have no direct or secured claim in any specific assets of the Company or in any Common Shares.

(b) Dividend Equivalents. In the event that the Company pays a dividend on its Common Shares, which dividend record date is prior to the date on which all or any portion of this Award is settled, then subject to Section 5.1, the Company shall pay to Holder, each time all or any portion of the Award is settled (or, subject to Section 3(a), the payment date for the dividend, if later), an amount in cash equal to the aggregate ordinary cash dividends that would have been paid on the equivalent number of Common Shares subject to the portion of the Award being settled (the "Dividend Equivalent Shares") during the period between the Grant Date and such settlement date had the Dividend Equivalent Shares been held directly by Holder during such period (the "Dividend Equivalents"). Dividend Equivalents shall be paid whether the Award (or portion thereof) is settled in cash or Common Shares. No Dividend Equivalents shall be paid prior to the date on which the Award vests and is settled, in whole or in part, and no Dividend Equivalents shall be paid with respect to any Common Shares subject to this Award that have either been settled or forfeited prior to the record date for such ordinary cash dividend.

4. Transfer Restrictions and Investment Representations.

4.1. Nontransferability of Award. The Award may not be transferred by Holder other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established for estate planning purposes. Except as permitted by the foregoing sentence, the Award may not be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award, the Award and all rights hereunder shall immediately become null and void.

4.2. Investment Representation. Holder hereby represents and covenants that (a) any Common Shares acquired upon the vesting of the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Holder shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of any vesting of any shares hereunder or (ii) is true and

correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to Holder of any Common Shares subject to the Award, Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

5. Additional Terms and Conditions.

5.1. Withholding Taxes.

(a) As a condition precedent to the settlement of any portion of the Award upon vesting, Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the vesting and settlement of the Award. If Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Holder.

(b) Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by a cash payment to the Company or, if applicable, authorizing the Company to withhold whole shares of Common Shares which would otherwise be delivered to Holder upon settlement of the Award having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments. Withholding may also be satisfied by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Shares having an aggregate Fair Market Value on the Tax Date equal to the Required Tax Payments or any combination of the methods described in this Section 5.1(b). Common Shares to be delivered or withheld may not have a Fair Market Value in excess of the Required Tax Payments calculated using the highest statutory rates in the relevant jurisdictions, provided that the withholding rate does not have an adverse accounting impact on the Company. Any fraction of a Common Share which would be required to satisfy any such obligation shall be rounded up to the nearest whole number. No Common Share or certificate representing a Common Share shall be issued or delivered until the Required Tax Payments have been satisfied in full.

5.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation or applicable successor guidance) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of the Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

5.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the Common Shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Common Shares subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

5.4. Awards Subject to Clawback and Reduction for 280G. The Award and any Common Shares, other securities, cash or other property delivered pursuant to the Award or otherwise (including any payment, benefit or distribution of any type to or for the benefit of Holder which is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to (a) forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or which the Company may adopt from time to time as required by applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder and (b) reduction pursuant to the Company's Policy on Limitations of Benefits Contingent Upon a Change in Control, in effect as of the Grant Date, to avoid the potential adverse tax consequences that may be imposed on the Company or Holder pursuant to Section 280G and/or Section 4999 of the Code.

5.5. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, the Asset Management Company or any of their Subsidiaries or affiliates or affect in any manner the right of the Company, the Asset Management Company or any of their Subsidiaries or affiliates to terminate the employment of any person at any time.

5.6. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

5.7. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

5.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, EVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

5.9. Governing Law; Jurisdiction; Venue. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Holder and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other restricted share/stock or restricted share/stock unit award agreement(s) entered into between (i) Holder and (ii) the Company, shall be brought exclusively in the state and federal courts in the State of Delaware. Holder and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

5.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. Holder hereby acknowledges receipt of a copy of the Plan.

5.11. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

5.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

5.13. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Holder where such amendment would materially impair Holder's rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

5.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

5.15. Section 409A of the Code. This Award is intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment. Notwithstanding any other provision in this Award, to the extent any payments hereunder constitute nonqualified deferred compensation, within the meaning of Section 409A, then (a) to the extent this Agreement provides for the Award to become vested and be settled upon Holder's Termination of Relationship, the applicable Award shall be settled upon Holder's "separation from service" (within the meaning of Section 409A of the Code) even if the Award vests upon an earlier Termination of Relationship and (b) if Holder is a specified employee (within the meaning of Section 409A of the Code) as of the date of Holder's separation from service, each such payment that is payable upon Holder's separation from service and would have been paid prior to the six-month anniversary of Holder's separation from service, shall be delayed until the earlier to occur of (i) the six-month anniversary of Holder's separation from service and (ii) the date of Holder's death.

6. Protective Covenants.

6.1. Confidential Information.

(a) Holder shall not disclose or use at any time any Confidential Information (as defined below) of which Holder is or becomes aware, whether or not such information is developed by Holder, except to the extent that such disclosure or use is directly related to and required by Holder's performance in good faith of duties for the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates. Holder shall take all appropriate steps to safeguard Confidential Information in Holder's possession and to protect it against disclosure, misuse, espionage, loss and theft. Holder shall deliver to the Company upon Holder's Termination of Relationship, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company, its Subsidiaries, the Asset Management Company or any of their respective Affiliates which Holder may then possess or have under his or her control. Notwithstanding the foregoing, Holder may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest

possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates in connection with their businesses, including, but not limited to, information, observations and data obtained by Holder while providing services to the Company, its Subsidiaries, the Asset Management Company, their respective Affiliates or any predecessors thereof (including those obtained prior to the date hereof) concerning (i) the business or affairs of the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by Holder in breach of this Agreement) in a form generally available to the public prior to the date Holder proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Holder understands that nothing contained in this Agreement limits Holder's ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"). Holder further understands that this Agreement does not limit Holder's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing in this Agreement shall limit Holder's ability under applicable United States federal law to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

6.2. Restriction on Competition.

(a) Holder acknowledges that, in the course of his or her service with the Company, its Subsidiaries, the Asset Management Company and/or their predecessors (the "Protected Companies"), he or she has become familiar, or will become familiar, with the Protected Companies' trade secrets and with other confidential and proprietary information concerning the Protected Companies and that his or her services have been and will be of special, unique and extraordinary value to the Protected Companies. Holder agrees that if Holder were to become employed by, or substantially involved in, the business of a competitor of the Protected Companies during the Restricted Period, it would be very difficult for Holder not to rely on or use the Protected Companies' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Protected Companies' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Protected Companies' relationships and goodwill with customers, during the Restricted Period, Holder will not directly or indirectly through any other Person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer or licensor of technology. For purposes of this Agreement, "Restricted Area" means anywhere in the United States, Bermuda and elsewhere in the world where the Protected Companies engage in business, including, without limitation, jurisdictions where any of the Protected Companies reasonably anticipate engaging in business on the date of Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such area has been discussed as a market that the Protected Companies reasonably contemplate engaging in within the twelve (12) month period following the date of Holder's Termination of Relationship). For purposes of this Agreement, "Competing Business" means a Person that at any time during Holder's period of service has competed, or any time during the twelve (12) month period following the date of Holder's Termination of Relationship begins competing with the Protected Companies anywhere in the Restricted Area and in the business of (i) retail annuities, (ii) annuity reinsurance, focusing on contracts reinsuring a quota share of future premiums of various fixed annuity product lines, (iii) reinsuring blocks of existing annuity business, (iv) issuing funding agreements or participating in a funding agreement backed note program, (v) pension risk transfer transactions, (vi) managing investments held by ceding companies pursuant to funds withheld and/or modified coinsurance contracts with their affiliates, (vii) managing investments in the life insurance industry, or (viii) any other significant business conducted by the Protected Companies as of the date of Holder's Termination of Relationship and any significant business the Protected Companies conduct in the twelve (12) month period after Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such business has been discussed as a business that the Protected Companies reasonably contemplate engaging in within such twelve (12) month period). For purposes of this Agreement, "Restricted Period" means Holder's period of service until his or her Termination of Relationship, and thereafter through and including: (A) twelve (12) months following Holder's Termination of Relationship with respect to any Holder with a title of CEO, President or EVP at the time of the Termination of Relationship; (B) nine (9) months following Holder's Termination of Relationship with respect to any Holder with a title of SVP at the time of the Termination of Relationship and (C) six (6) months following Holder's Termination of Relationship with respect to any Holder with a title of VP at the time of the Termination of Relationship.

(b) Nothing herein shall prohibit Holder from (i) being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Holder has no active participation in the business of such corporation, or (ii) providing services to a subsidiary, division or affiliate of a Competing Business if such subsidiary, division or affiliate is not itself engaged in a Competing Business and Holder does not provide services to, or have any responsibilities regarding, the Competing Business.

6.3. Non-Solicitation of Employees and Consultants. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person (a) induce or attempt to induce any employee or independent contractor of the Protected Companies to leave the employ or service, as applicable, of the Protected Companies, or in any way interfere with the relationship between the Protected Companies, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Protected Companies, in each case, until six (6) months after such individual's employment relationship with the Protected Companies has been terminated.

6.4. Non-Solicitation of Customers. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, ceding companies, associates, consultants, agents, or partners of the Protected Companies to divert their business away from the Protected Companies, and Holder will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Protected Companies, on the one hand, and any of their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand (collectively, "Protected Company Clients"); provided, however, that this provision shall not apply to any Protected Company Clients for whom Holder does not in the course of Holder's services to the Company or any Protected Company (a) perform services on behalf of the Company or any of the Protected Companies, or (b) have contact or acquire or have access to confidential information or other competitively advantageous information as a result of or in connection with Holder's services to Company.

6.5. Understanding of Covenants. Holder represents and agrees that he or she (a) is familiar with and carefully considered the foregoing covenants set forth in this Section 6 (together, the "Restrictive Covenants"), (b) is fully aware of his or her obligations hereunder, (c) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (d) agrees that the Restrictive Covenants are necessary to protect the Protected Companies' confidential and proprietary information, good will, stable workforce and customer relations, and (e) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 6 regardless of whether Holder is then entitled to receive severance pay or benefits from any of the Protected Companies. Holder understands that the Restrictive Covenants may limit his or her ability to earn a livelihood in a business similar to the business of the Protected Companies, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of or other service provider to the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his or her education, skills and ability), Holder does not believe would prevent him or her from otherwise earning a living. Holder agrees that the Restrictive Covenants do not confer a benefit upon the Protected Companies disproportionate to the detriment of Holder.

6.6. Enforcement. Holder agrees that Holder's services are unique and that he or she has access to Confidential Information. Accordingly, Holder agrees that a breach by Holder of any of the Restrictive Covenants would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury would therefore be an inadequate remedy for any such breach. Therefore, Holder agrees that in the event of any breach or threatened breach of any provision of this Section 6, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 6, as the case may be, or require Holder to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 6, if and when final judgment of a court of competent jurisdiction is so entered against Holder. Holder further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of Holder's Termination of Relationship, as determined pursuant to the foregoing provisions of this Section 6, shall be extended by the same amount of time that Holder is in breach of any Restrictive Covenant.

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Notice (Outside Directors)**

**[Participant Name]**

You have been awarded a restricted share award with respect to Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Restricted Share Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Share Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

| | |
|---|---|
| Shares Subject to Award: | **[Number of Awards Granted]** Class A common shares, par value $0.001 per share, of the Company (the "Common Shares"), subject to adjustment as provided in Section 6.2 of the Agreement. The purchase price is $0.001 per share (the "Purchase Price"). You agree to allow the Company to deduct the Purchase Price from any amount then or thereafter payable by the Company to you, as a condition to receipt of the Restricted Shares. |
| Grant Date: | [Grant Date] |
| Vesting Inception Date: | January 1 of the year of grant |
| Vesting Schedule: | Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the Award shall vest **[_________________]**, provided you have not experienced a Termination of Relationship prior to such date.<br><br>If you experience a Termination of Relationship prior to the [____] anniversary of the Vesting Inception Date for any reason, the Award shall be forfeited and shall be canceled by the Company; provided, however, that upon the occurrence of a Change in Control prior to your Termination of Relationship, the Award shall become immediately and fully vested as of the effective date of such Change in Control; provided further that if your Termination of Relationship is due to your death or Disability, the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship. For purposes of this Agreement, "Disability" means: (i) if at the time of termination you are party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders you unable to perform the essential functions of your employment with your employer, even with reasonable accommodation that does not impose an undue hardship on your employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply. |

**ATHENE HOLDING LTD.**

Name: James R. Belardi
Title: CEO, Athene Holding Ltd.

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Award granted to me, confirm that I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]____________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Agreement**

Athene Holding, Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the "Grant Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a restricted share award (the "Award") with respect to the number of the Company's Class A common shares, par value $0.001 per share (the "Common Shares"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless Holder shall accept this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). Holder acknowledges, understands and agrees that Holder's acceptance of the Award is voluntary and is not a condition of Holder's employment (continued or otherwise) with the Company or any of its Subsidiaries. By acceptance of this Award, Holder shall be deemed to appoint, and does so appoint by execution of the Award Notice, the Company and each of its authorized representatives as Holder's attorney(s) in fact to (a) effect any transfer to the Company of the Common Shares subject to this Award (the "Restricted Shares") that are forfeited to the Company and (b) execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

2. Restriction Period and Vesting. Except as otherwise provided in this Agreement, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice (the "Vesting Schedule"). Upon the forfeiture of any Restricted Shares, such forfeited Restricted Shares shall be automatically transferred to the Company (without consideration) as of the date of such forfeiture, without any action by Holder. The Company may exercise its powers under the Plan and this Agreement and take any other action necessary or advisable to evidence such transfer.

3. Rights as a Shareholder. Holder shall not have any rights of a shareholder with respect to the Restricted Shares, including the right to vote, until such time as the Restricted Shares have become vested in accordance with Section 2; provided, however, that in the event the Company declares a dividend or other distribution with respect to Restricted Shares subject to this Award after the Grant Date, such dividend or other distribution shall be (a) deposited with the Company and held for the benefit of Holder, (b) subject to the same restrictions as the Restricted Shares with respect to which such dividend or other distribution was made and (c) delivered to Holder only upon the vesting of such Restricted Shares. If Holder forfeits any unvested Restricted Shares, Holder shall also forfeit any payments related to any dividends or other distributions otherwise deliverable in connection with the forfeited Restricted Shares.

4. Issuance and Delivery of Shares. The Company shall issue the Restricted Shares in book entry form, registered in the name of Holder with notations regarding the applicable restrictions on transfer imposed under the Plan and this Agreement until the Restricted Shares subject to the Award have become vested. Notwithstanding the foregoing, the Company, at its option, may hold the Restricted Shares in a Company controlled account until the Restricted Shares have vested. Promptly after the date any Restricted Shares become vested pursuant to Section 2, the Company shall remove the applicable notations regarding restrictions imposed by the Plan and/or this Agreement on the transfer of the Restricted Shares. The Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance. Holder shall deliver to the Company any representations or other documents or assurances as the Company may deem necessary or reasonably desirable to ensure compliance with all applicable legal and regulatory requirements.

5. Transfer Restrictions and Investment Representations.

5.1. Nontransferability of Restricted Shares and Award. Neither the Award nor any Restricted Shares subject to this Award may be transferred by Holder other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established for estate planning purposes. Except as permitted by the foregoing sentence, neither the Award nor any Restricted Shares subject to this Award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award or any Restricted Shares subject to the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. Holder hereby represents and covenants that (a) any Common Shares acquired pursuant to the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Holder shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of any vesting of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to Holder of any Common Shares subject to the Award, Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the

issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions

6.1. Taxes. Holder understands that, as a non-employee director, Holder is solely responsible for all tax consequences to Holder in connection with this Award.

6.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation or applicable successor guidance) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of the Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

6.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the Common Shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Common Shares subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

6.4. Awards Subject to Reduction for 280G. The Award and any Common Shares, other securities, cash or other property delivered pursuant to the Award or otherwise (including any payment, benefit or distribution of any type to or for the benefit of Holder which is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to reduction pursuant to any policy which the Company may adopt from time to time to avoid the potential adverse tax consequences that may be imposed on the Company or Holder pursuant to Section 280G and/or Section 4999 of the Code.

6.5. Award Confers No Rights to Continued Service. In no event shall the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continue to serve, to be elected or reelected to serve or to be nominated to serve as a director of the Company, the Asset Management Company or any of their Subsidiaries or affiliates.

6.6. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

6.7. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

6.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, SVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.9. Governing Law; Jurisdiction; Venue. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Holder and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other restricted share/stock or restricted share/stock unit award agreement(s) entered into between (i) Holder and (ii) the Company, shall be brought exclusively in the state and federal courts in the State of Delaware. Holder and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

6.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. Holder hereby acknowledges receipt of a copy of the Plan.

6.11. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

6.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

6.13. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Holder where such amendment would materially impair Holder's rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

6.15. Minimum Ownership and Holding Requirements. Holder hereby agrees to comply with such minimum equity ownership requirements, equity holding period requirements and other policies applicable to the Company's directors as the Committee or the Board may in its reasonable judgment adopt from time to time.

**Exhibit 10.26.2**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Notice**

[Participant Name]

You have been awarded a restricted share award with respect to Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Restricted Share Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Share Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

| | |
|---|---|
| Shares Subject to Award: | [Number of Awards Granted] Class A common shares, par value $0.001 per share, of the Company (the "Common Shares"), subject to adjustment as provided in Section 6.2 of the Agreement. The purchase price is $0.001 per share (the "Purchase Price"). You agree to allow the Company to deduct the Purchase Price from any amount then or thereafter payable by the Company to you, in a lump sum cash payment payable to the Company, as a condition to receipt of the Restricted Shares. |
| Grant Date: | [Grant Date] |
| Vesting Inception Date: | January 1 of the year of grant |
| Vesting Schedule: | Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the Award shall vest (i) on the one-year anniversary of the Vesting Inception Date with respect to one-half of the number of Common Shares subject thereto on the Grant Date, and (ii) on the two-year anniversary of the Vesting Inception Date with respect to the remaining one-half of the number of Common Shares subject thereto on the Grant Date, in each case, provided you have not experienced a Termination of Relationship prior to such date.<br><br>If you experience a Termination of Relationship prior to the two-year anniversary of the Vesting Inception Date for any reason, the Award, with respect to the number of Common Shares that remain unvested on the effective date of your Termination of Relationship, shall be forfeited and shall be canceled by the Company; provided, however, that if your Termination of Relationship is due to your death or Disability (as defined below), the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship; and provided, further, that if your Termination of Relationship is due to (i) an involuntary termination by the Company without Cause (as defined below) or (ii) resignation by you for Good Reason (as defined below) and, in each case, such Termination of Relationship occurs within eighteen (18) months following a Change in Control, the Award shall become immediately and fully vested as of the effective date of such Termination of Relationship. |
| Definitions: | For purposes of this Agreement, the following definitions shall apply:<br><br>1) "Cause" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Company, any of its Subsidiaries or the Asset Management Company based on (A) your commission of a felony or a crime of moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) your commission of a willful and material act of dishonesty involving the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (C) your material non-curable breach of the your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (D) your breach of the Company's policies or procedures (or the policies or procedures of any of its Subsidiaries, the Asset Management Company or any of the Company's or their respective Affiliates which are applicable) that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (E) your willful misconduct or gross negligence which causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (F) your violation of a fiduciary |

duty of loyalty to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (G) your knowing attempt to obstruct or knowing failure to cooperate with any investigation authorized by the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any governmental or self-regulatory entity; (H) your disqualification or bar by any governmental or self-regulatory authority or the loss of any governmental or self-regulatory license that is reasonably necessary for you to perform your duties to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (I) any directive made by any governmental or self-regulatory authority to terminate your services; or (J) your failure to cure a material breach of your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates within 30 days after written notice of such breach. For the avoidance of doubt, the termination of your service with the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates for Cause shall constitute Cause under this Agreement.

2) "Disability" means: (i) if at the time of termination you are party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders you unable to perform the essential functions of your employment with your employer, even with reasonable accommodation that does not impose an undue hardship on your employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply.

3) "Good Reason" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by you following: (A) a reduction of greater than 10% in your annual base salary or bonus potential under any bonus plan maintained by the Asset Management Company (if you are employed by the Asset Management Company), the Company or any of its Subsidiaries that employs you (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive); or (B) any material adverse change in your title, authority, duties, or responsibilities or the assignment to you of any duties or responsibilities inconsistent in any material respect with those customarily associated with your position; provided, however, that none of the events described in the foregoing clauses (A) and (B) shall constitute Good Reason unless you shall have notified the Company in writing describing the events which constitute Good Reason within 45 days after the occurrence of such events and then only if the relevant employer shall have failed to cure such events within 60 days after the Company's receipt of such written notice.

**ATHENE HOLDING LTD.**

Name: Kristi Kaye Burma
Title: EVP, Human Resources

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Award granted to me, confirm that I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]
______________________________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

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**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Agreement**

Athene Holding, Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the "Grant Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a restricted share award (the "Award") with respect to the number of the Company's Class A common shares, par value $0.001 per share (the "Common Shares"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless Holder shall accept this Agreement by executing the Award Notice in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). Holder acknowledges, understands and agrees that Holder's acceptance of the Award is voluntary and is not a condition of Holder's employment (continued or otherwise) with the Company or any of its Subsidiaries. By acceptance of this Award, Holder shall be deemed to appoint, and does so appoint by execution of the Award Notice, the Company and each of its authorized representatives as Holder's attorney(s) in fact to (a) effect any transfer to the Company of the Common Shares subject to this Award (the "Restricted Shares") that are forfeited to the Company and (b) execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer.

2. Restriction Period and Vesting. Except as otherwise provided in this Agreement, the Award shall vest in accordance with the vesting schedule set forth in the Award Notice (the "Vesting Schedule"). Upon the forfeiture of any Restricted Shares, such forfeited Restricted Shares shall be automatically transferred to the Company (without consideration) as of the date of such forfeiture, without any action by Holder. The Company may exercise its powers under the Plan and this Agreement and take any other action necessary or advisable to evidence such transfer.

3. Rights as a Shareholder. Holder shall not have any rights of a shareholder with respect to the Restricted Shares, including the right to vote, until such time as the Restricted Shares have become vested in accordance with Section 2; provided, however, that in the event the Company declares a dividend or other distribution with respect to Restricted Shares subject to this Award after the Grant Date, such dividend or other distribution shall be (a) deposited with the Company and held for the benefit of Holder, (b) subject to the same restrictions as the Restricted Shares with respect to which such dividend or other distribution was made and (c) delivered to Holder only upon the vesting of such Restricted Shares. If Holder forfeits any unvested Restricted Shares, Holder shall also forfeit any payments related to any dividends or other distributions otherwise deliverable in connection with the forfeited Restricted Shares.

4. Issuance and Delivery of Shares. The Company shall issue the Restricted Shares in book entry form, registered in the name of Holder with notations regarding the applicable restrictions on transfer imposed under the Plan and this Agreement until the Restricted Shares subject to the Award have become vested. The Company may hold the Restricted Shares in a Company controlled account until the Restricted Shared have vested. Promptly after the date any Restricted Shares become vested pursuant to Section 2, the Company shall remove the applicable notations regarding restrictions imposed by the Plan and/or this Agreement on the transfer of the Restricted Shares. Except as set forth in Section 6.1, the Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance. Holder shall deliver to the Company any representations or other documents or assurances as the Company may deem necessary or reasonably desirable to ensure compliance with all applicable legal and regulatory requirements.

5. Transfer Restrictions and Investment Representations.

5.1. Nontransferability of Restricted Shares and Award. Neither the Award nor any Restricted Shares subject to this Award may be transferred by Holder other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established for estate planning purposes. Except as permitted by the foregoing sentence, neither the Award nor any Restricted Shares subject to this Award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award or any Restricted Shares subject to the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. Holder hereby represents and covenants that (a) any Common Shares acquired pursuant to the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Holder shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (i) is true and correct as of the date of any vesting of any shares hereunder or (ii) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to Holder of any Common Shares subject to the Award, Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the

issuance or delivery of the shares and, in connection therewith, shall execute any documents which the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions

6.1. Withholding Taxes.

(a) As a condition precedent to the delivery of the Restricted Shares or any certificates evidencing the Restricted Shares (or the removal of the restrictive notations or legends on such shares or certificates) upon vesting of the Restricted Shares, Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the vesting of the Award. If Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Holder.

(b) Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by a cash payment to the Company or, if applicable, authorizing the Company to withhold from the number of Restricted Shares which would otherwise be delivered to Holder upon vesting of such Restricted Shares having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments. Withholding may also be satisfied by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Shares having an aggregate Fair Market Value on the Tax Date equal to the Required Tax Payments or any combination of the methods described in this Section 6.1(b). Common Shares to be delivered or withheld may not have a Fair Market Value in excess of the Required Tax Payments calculated using the highest statutory rates in the relevant jurisdictions, provided that the withholding rate does not have an adverse accounting impact on the Company. Any fraction of a Common Share which would be required to satisfy any such obligation shall be rounded up to the nearest whole number. No Common Share or certificate representing a Common Share shall be issued or delivered until the Required Tax Payments have been satisfied in full.

6.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation or applicable successor guidance) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of the Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

If any such adjustment is made to the Restricted Shares, the restrictions applicable to the Restricted Shares will continue in effect with respect to any consideration or other securities (the "Restricted Property" and, for the purposes of this Agreement, "Restricted Shares" shall include "Restricted Property," unless the context otherwise requires) received in respect of such Restricted Shares. Such Restricted Property shall vest at such times and in such proportion as the Restricted Shares to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof, if such Restricted Shares had remained outstanding.

6.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the Common Shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Common Shares subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

6.4. Awards Subject to Clawback and Reduction for 280G. The Award and any Common Shares, other securities, cash or other property delivered pursuant to the Award or otherwise (including any payment, benefit or distribution of any type to or for the benefit of Holder which is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to (a) forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or which the Company may adopt from time to time as required by applicable law, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder and (b) reduction pursuant to the Company's Policy on Limitations of Benefits Contingent Upon a Change in Control, in effect as of the Grant Date, to avoid the potential adverse tax consequences that may be imposed on the Company or Holder pursuant to Section 280G and/or Section 4999 of the Code.

6.5. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, the Asset Management Company or any of their Subsidiaries or affiliates or affect in any manner the right of the Company, the Asset Management Company or any of their Subsidiaries or affiliates to terminate the employment of any person at any time.

6.6. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions which may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

6.7. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

6.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, EVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.9. Governing Law; Jurisdiction; Venue. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Holder and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other restricted share/stock or restricted share/stock unit award agreement(s) entered into between (i) Holder and (ii) the Company, shall be brought exclusively in the state and federal courts in the State of Delaware. Holder and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

6.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. Holder hereby acknowledges receipt of a copy of the Plan.

6.11. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

6.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

6.13. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Holder where such amendment would materially impair Holder's rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

7. Protective Covenants.

7.1. Confidential Information.

(a) Holder shall not disclose or use at any time any Confidential Information (as defined below) of which Holder is or becomes aware, whether or not such information is developed by Holder, except to the extent that such disclosure or use is directly related to and required by Holder's performance in good faith of duties for the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates. Holder shall take all appropriate steps to safeguard Confidential Information in Holder's possession and to protect it against disclosure, misuse, espionage, loss and theft. Holder shall deliver to the Company upon Holder's Termination of Relationship, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company, its Subsidiaries, the Asset Management Company or any of their respective Affiliates which Holder may then possess or have under his or her control. Notwithstanding the foregoing, Holder may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates in connection with their businesses, including, but not limited to, information, observations and data obtained by Holder while providing services to the Company, its Subsidiaries, the Asset Management Company, their respective Affiliates or any predecessors thereof (including those obtained

prior to the date hereof) concerning (i) the business or affairs of the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by Holder in breach of this Agreement) in a form generally available to the public prior to the date Holder proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Holder understands that nothing contained in this Agreement limits Holder's ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"). Holder further understands that this Agreement does not limit Holder's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing in this Agreement shall limit Holder's ability under applicable United States federal law to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

7.2. Restriction on Competition.

(a) Holder acknowledges that, in the course of his or her service with the Company, its Subsidiaries, the Asset Management Company and/or their predecessors (the "Protected Companies"), he or she has become familiar, or will become familiar, with the Protected Companies' trade secrets and with other confidential and proprietary information concerning the Protected Companies and that his or her services have been and will be of special, unique and extraordinary value to the Protected Companies. Holder agrees that if Holder were to become employed by, or substantially involved in, the business of a competitor of the Protected Companies during the Restricted Period, it would be very difficult for Holder not to rely on or use the Protected Companies' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Protected Companies' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Protected Companies' relationships and goodwill with customers, during the Restricted Period, Holder will not directly or indirectly through any other Person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer or licensor of technology. For purposes of this Agreement, "Restricted Area" means anywhere in the United States, Bermuda and elsewhere in the world where the Protected Companies engage in business, including, without limitation, jurisdictions where any of the Protected Companies reasonably anticipate engaging in business on the date of Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such area has been discussed as a market that the Protected Companies reasonably contemplate engaging in within the twelve (12) month period following the date of Holder's Termination of Relationship). For purposes of this Agreement, "Competing Business" means a Person that at any time during Holder's period of service has competed, or any time during the twelve (12) month period following the date of Holder's Termination of Relationship begins competing with the Protected Companies anywhere in the Restricted Area and in the business of (i) retail annuities, (ii) annuity reinsurance, focusing on contracts reinsuring a quota share of future premiums of various fixed annuity product lines, (iii) reinsuring blocks of existing annuity business, (iv) issuing funding agreements or participating in a funding agreement backed note program, (v) pension risk transfer transactions, (vi) managing investments held by ceding companies pursuant to funds withheld and/or modified coinsurance contracts with their affiliates, (vii) managing investments in the life insurance industry, or (viii) any other significant business conducted by the Protected Companies as of the date of Holder's Termination of Relationship and any significant business the Protected Companies conduct in the twelve (12) month period after Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such business has been discussed as a business that the Protected Companies reasonably contemplate engaging in within such twelve (12) month period). For purposes of this Agreement, "Restricted Period" means Holder's period of service until his or her Termination of Relationship, and thereafter through and including: (A) twelve (12) months following Holder's Termination of Relationship with respect to any Holder with a title of CEO, President or EVP at the time of the Termination of Relationship; (B) nine (9) months following Holder's Termination of Relationship with respect to any Holder with a title of SVP at the time of the Termination of Relationship and (C) six (6) months following Holder's Termination of Relationship with respect to any Holder with a title of VP at the time of the Termination of Relationship.

(b) Nothing herein shall prohibit Holder from (i) being a passive owner of not more than 1% of the outstanding stock of any class of a corporation which is publicly traded, so long as Holder has no active participation in the business of such corporation, or (ii) providing services to a subsidiary, division or affiliate of a Competing Business if such subsidiary, division or affiliate is not itself engaged in a Competing Business and Holder does not provide services to, or have any responsibilities regarding, the Competing Business.

7.3. Non-Solicitation of Employees and Consultants. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person (a)

induce or attempt to induce any employee or independent contractor of the Protected Companies to leave the employ or service, as applicable, of the Protected Companies, or in any way interfere with the relationship between the Protected Companies, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Protected Companies, in each case, until six (6) months after such individual's employment relationship with the Protected Companies has been terminated.

7.4. Non-Solicitation of Customers. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, ceding companies, associates, consultants, agents, or partners of the Protected Companies to divert their business away from the Protected Companies, and Holder will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Protected Companies, on the one hand, and any of their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand (collectively, "Protected Company Clients"); provided, however, that this provision shall not apply to any Protected Company Clients for whom Holder does not in the course of Holder's services to the Company or any Protected Company (a) perform services on behalf of the Company or any of the Protected Companies, or (b) have contact or acquire or have access to confidential information or other competitively advantageous information as a result of or in connection with Holder's services to Company.

7.5. Understanding of Covenants. Holder represents and agrees that he or she (a) is familiar with and carefully considered the foregoing covenants set forth in this Section 7 (together, the "Restrictive Covenants"), (b) is fully aware of his or her obligations hereunder, (c) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (d) agrees that the Restrictive Covenants are necessary to protect the Protected Companies' confidential and proprietary information, good will, stable workforce and customer relations, and (e) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 7 regardless of whether Holder is then entitled to receive severance pay or benefits from any of the Protected Companies. Holder understands that the Restrictive Covenants may limit his or her ability to earn a livelihood in a business similar to the business of the Protected Companies, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of or other service provider to the Company and as otherwise provided hereunder to clearly justify such restrictions which, in any event (given his or her education, skills and ability), Holder does not believe would prevent him or her from otherwise earning a living. Holder agrees that the Restrictive Covenants do not confer a benefit upon the Protected Companies disproportionate to the detriment of Holder.

7.6. Enforcement. Holder agrees that Holder's services are unique and that he or she has access to Confidential Information. Accordingly, Holder agrees that a breach by Holder of any of the Restrictive Covenants would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury would therefore be an inadequate remedy for any such breach. Therefore, Holder agrees that in the event of any breach or threatened breach of any provision of this Section 7, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 7, as the case may be, or require Holder to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 7, if and when final judgment of a court of competent jurisdiction is so entered against Holder. Holder further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of Holder's Termination of Relationship, as determined pursuant to the foregoing provisions of this Section 7, shall be extended by the same amount of time that Holder is in breach of any Restrictive Covenant.

**Exhibit 10.27.2**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Notice (Performance-Based Vesting)**

**[Participant Name]**

You have been awarded a restricted share award with respect to Class A common shares of Athene Holding Ltd., a Bermuda exempted company limited by shares (the "Company"), pursuant to the terms and conditions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan") and the Restricted Share Award Agreement (together with this Award Notice, the "Agreement"). Copies of the Plan and the Restricted Share Award Agreement are attached hereto. Capitalized terms not defined herein shall have the meanings specified in the Plan or the Agreement.

Shares Subject to Award: [**Number of Awards Granted**] Class A common shares, par value $0.001 per share, of the Company, which are subject to the terms and conditions of the Plan and this Agreement (the "Restricted Shares"). You agree to allow the Company to deduct the Purchase Price from any amount then or thereafter payable by the Company to you, as a condition to receipt of the Restricted Shares. The "Purchase Price" is $0.001 per Restricted Share. The actual number of Restricted Shares that shall vest shall be based on the attainment of the applicable Performance Measures and your continued employment through the Vesting Date, each as described below.

The number of Restricted Shares that would vest (subject to your continued employment through the Vesting Date) if the Company achieves the target level of performance with respect to the Performance Measures is 66.66% of the Restricted Shares (the "Target Restricted Shares"). The following table shows the percentage of the Target Restricted Shares in which you will vest, in accordance with the Vesting Conditions and with respect to the Performance Measures (as described below):

| If the Company achieves the following level of performance: | Then, you will become vested in the following percentage of the Target Restricted Shares: |
|---|---|
| Minimum | 50% |
| Target | 100% |
| Maximum | 150% |

If the Company achieves a level of performance between any two performance levels in the above table, you will vest in a percentage of the Target Restricted Shares that will be determined based on linear interpolation between the applicable performance levels.

Any Restricted Shares subject to the portion of the award that does not become vested due to the failure of the Company to achieve the performance measures at the maximum level of performance shall be forfeited and transferred to the Company (or its assignee or nominee).

Grant Date: [**Grant Date**]

Performance Period: The three (3) consecutive fiscal years of the Company beginning on January 1 of the year of grant.

Performance Measures: With respect to 33.33% of the Restricted Shares, the Performance Measure will be based on the average Adjusted Operating Return on Equity for the Performance Period (calculated as the simple average of the Adjusted Operating Return on Equity for each fiscal year of the Company included in the Performance Period) (the "ROE Performance Measure"). With respect to another 33.33% of the Restricted Shares, the Performance Measure will be based on the cumulative Adjusted Operating Income over the Performance Period (the "Operating Income Performance Measure"). With respect to the final 33.34% of the Restricted Shares, the Performance Measure will be based on the Adjusted Book Value Per Share as of the end of the Performance Period (the "Adjusted Book Value Performance Measure").

For this purpose, Adjusted Operating Return on Equity, Adjusted Operating Income and Adjusted Book Value Per Share have the same meanings as disclosed in the Company's financial statements and reports filed with the U.S. Securities Exchange Commission (the "SEC"); provided, however, that any one or all three may be amended or adjusted to reflect changes in law or accounting principles.

Vesting Conditions: Except as otherwise provided in the Plan, the Agreement or any other agreement between you and the Company or any of its Subsidiaries, the number of Restricted Shares shall vest, if at all, on the February 28th immediately following the end of the Performance Period (the "Vesting Date"), based on the attainment of the Performance Measures during the Performance Period as set forth below, and provided that you have not had a Termination of Relationship prior to the Vesting Date. The number of Restricted Shares that vest upon the attainment of Performance Measures between Minimum, Target and Maximum performance levels shall be determined by interpolation between the applicable performance levels.

| Applicable Performance Measures | If the Company attains the following level of performance, | Then, you will become vested in the following percentage of Target Restricted Shares subject to the applicable Performance Measure |
|---|---|---|
| With respect to the 33.33% of the Restricted Shares subject to the ROE Performance Measure | Minimum of [__]% | 50% |
| | Target of [__]% | 100% |
| | Maximum of [__]% | 150% |
| | | |
| With respect to the 33.33% of the Restricted Shares subject to the Operating Income Performance Measure | Minimum of $[__] | 50% |
| | Target of $[__] | 100% |
| | Maximum of $[__] | 150% |
| | | |
| With respect to the 33.34% of the Restricted Shares subject to the Adjusted Book Value Per Share Performance Measure | Minimum of $[__] | 50% |
| | Target of $[__] | 100% |
| | Maximum of $[__] | 150% |

If you experience a Termination of Relationship before the Vesting Date for any reason, the Award shall be forfeited and shall be canceled by the Company, except as follows:

1) Death or Disability. If your Termination of Relationship is due to your death or Disability (as defined below), the Award shall become immediately and fully vested, at the target level of performance, as of the effective date of such Termination of Relationship with respect to the Restricted Shares; provided, however, if you experience a Termination of Relationship due to death or Disability following the conclusion of the Performance Period but prior to the Vesting Date, the Award shall become vested based on the actual level of performance measured through the end of the Performance Period, as calculated above;

2) Retirement. If your Termination of Relationship is due to your Retirement (as defined below), the Performance Period shall continue through the last day thereof and you shall be eligible for a prorated Award based on actual performance as set forth in the table above and shall be prorated based on the number of days that have elapsed between the first day of the Performance Period and the date of your Termination of Relationship relative to the total number of days in the Performance Period; and

3) Change in Control. If your Termination of Relationship occurs within eighteen (18) months following a Change in Control and is due to (i) an involuntary termination by the Company without Cause (as defined below) or (ii) a resignation by you for Good Reason (as defined below), the Award shall become vested, at the target level of performance, as of the effective date of such Termination of Relationship with respect to the Restricted Shares; provided, however, if you experience such a Termination of Relationship following the conclusion of the Performance Period but prior to the Vesting Date, the Award shall become vested based on the greater of (a) target level of performance and (b) actual level of performance measured through the end of the Performance Period, as calculated above.

For the avoidance of doubt, any portion of the Award that does not become vested on the Vesting Date (or, if earlier, as of the date of your Termination of Relationship pursuant to the paragraphs (1), (2) or (3) above) shall be forfeited and canceled by the Company immediately thereafter.

Definitions:

For purposes of this Agreement, the following definitions shall apply:

1) "Cause" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by the Company, any of its Subsidiaries or the Asset Management Company based on (A) your commission of a felony or a crime of moral turpitude (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction); (B) your commission of a willful and material act of dishonesty involving the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (C) your material non-curable breach of the your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (D) your breach of the Company's policies or procedures (or the policies or procedures of any of its Subsidiaries, the Asset Management Company or any of the Company's or their respective Affiliates which are applicable) that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (E) your willful misconduct or gross negligence which causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (F) your violation of a fiduciary duty of loyalty to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates that causes material harm to the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any of their business reputations; (G) your knowing attempt to obstruct or knowing failure to cooperate with any investigation authorized by the Company, any of its Subsidiaries, the Asset Management Company, any of their respective Affiliates or any governmental or self-regulatory entity; (H) your disqualification or bar by any governmental or self-regulatory authority or the loss of any governmental or self-regulatory license that is reasonably necessary for you to perform your duties to the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates; (I) any directive made by any governmental or self-regulatory authority to terminate your services; or (J) your failure to cure a material breach of your obligations under the Plan, this Agreement or any other agreement entered into between you and the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates within 30 days after written notice of such breach. For the avoidance of doubt, the termination of your service with the Company, any of its Subsidiaries, the Asset Management Company or any of their respective Affiliates for Cause shall constitute Cause under this Agreement.

2) "Disability" means: (i) if at the time of termination you are party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a physical or mental impairment which, as reasonably determined by the Committee, renders you unable to perform the essential functions of your employment with your employer, even with reasonable accommodation that does not impose an undue hardship on your employer, for more than 90 days in any 180-day period, unless a longer period is required by federal or state law, in which case that longer period would apply.

3) "Good Reason" means: (i) if at the time of termination you are a party to a written employment agreement with the Company, any of its Subsidiaries or the Asset Management Company which defines such term, the meaning given in such employment agreement; and (ii) in all other cases, a Termination of Relationship by you following: (A) a reduction of greater than 10% in your annual base salary or bonus potential under any bonus plan maintained by the Asset Management Company (if you are employed by the Asset Management Company), the Company or any of its Subsidiaries that employs you (but not including any diminution related to a broader compensation reduction that is not limited to any particular employee or executive); or (B) any material adverse change in your title, authority, duties, or responsibilities or the assignment to you of any duties or responsibilities inconsistent in any material respect with those customarily associated with your position; provided, however, that none of the events described in the foregoing clauses (A) and (B) shall constitute Good Reason unless you shall have notified the Company in writing describing the events which constitute Good Reason within 45 days after the occurrence of such events and then only if the relevant employer shall have failed to cure such events within 60 days after the Company's receipt of such written notice.

4) "Retirement" means: a Termination of Relationship other than for Cause on or after your attainment of age 60 with at least five (5) consecutive years of employment or service with the Company or its affiliates immediately prior to your Retirement.

**ATHENE HOLDING LTD.**

Name: James R. Belardi
Title: CEO, Athene Holding Ltd.

Acknowledgment, Acceptance and Agreement:

By signing below and returning this Award Notice to Athene Holding Ltd. at the address stated herein, I hereby acknowledge receipt of the Agreement and the Plan, voluntarily accept the Award granted to me, confirm that I have read this Agreement, and agree to be bound by the terms and conditions of the Agreement and the Plan.

[Electronic Signature]
______________________________
[Participant Name]

______________________________
[Acceptance Date]

**Athene Holding Ltd.**
**c/o Athene Employee Services, LLC**
**Attn: Kristi Burma, EVP of Human Resources**
**7700 Mills Civic Parkway**
**West Des Moines, IA 50266-3862**

**ATHENE HOLDING LTD.**
**2019 SHARE INCENTIVE PLAN**

**Restricted Share Award Agreement**

Athene Holding, Ltd., a Bermuda exempted company limited by shares (the "Company"), hereby grants to the individual (the "Holder") named in the award notice attached hereto (the "Award Notice") as of the "Grant Date" (as defined in the Award Notice), pursuant to the provisions of the Athene Holding Ltd. 2019 Share Incentive Plan (the "Plan"), a restricted share award (the "Award") with respect to the number of the Company's Class A common shares, par value $0.001 per share (the "Common Shares"), set forth in the Award Notice, upon and subject to the restrictions, terms and conditions set forth below, in the Award Notice and in the Plan. Capitalized terms not defined herein shall have the meanings specified in the Plan.

1. Award Subject to Acceptance of Agreement. The Award shall be null and void unless Holder shall accept this Agreement by executing it in the space provided therefor and returning an original execution copy of the Award Notice to the Company (or electronically accepting this Agreement pursuant to procedures established by the Committee). By acceptance of this Award, Holder shall be deemed to appoint, and does so appoint by execution of the Award Notice, the Company and each of its authorized representatives as Holder's attorney(s) in fact to (a) effect any transfer to the Company of the Common Shares subject to this Award (the "Restricted Shares") that are forfeited to the Company and (b) execute such documents as the Company or such representatives deem necessary or advisable in connection with any such transfer. Holder acknowledges, understands and agrees that Holder's acceptance of the Award is voluntary and is not a condition of Holder's employment (continued or otherwise) with the Company or any of its Subsidiaries.

2. Restriction Period and Vesting. Except as otherwise provided in this Agreement, the Award shall vest in accordance with the vesting conditions set forth in the Award Notice. Upon the forfeiture of any Restricted Shares, such forfeited Restricted Shares shall be automatically transferred to the Company (without consideration) as of the date of such forfeiture, without any action by Holder. The Company may exercise its powers under the Plan and this Agreement and take any other action necessary or advisable to evidence such transfer.

3. Rights as a Shareholder. Holder shall not have any rights of a shareholder with respect to the Restricted Shares, including the right to vote, until such time as the Restricted Shares have become vested in accordance with Section 2; provided, however, that in the event the Company declares a dividend or other distribution with respect to Restricted Shares subject to this Award after the Grant Date, such dividend or other distribution shall be (a) deposited with the Company and held for the benefit of Holder, (b) subject to the same restrictions as the Restricted Shares with respect to which such dividend or other distribution was made and (c) delivered to Holder only upon the vesting of such Restricted Shares. If Holder forfeits any unvested Restricted Shares, Holder shall also forfeit any payments related to any dividends or other distributions otherwise deliverable in connection with the forfeited Restricted Shares.

4. Issuance and Delivery of Shares. The Company shall issue the Restricted Shares in book entry form, registered in the name of Holder with notations regarding the applicable restrictions on transfer imposed under the Plan and this Agreement until the Restricted Shares subject to the Award have become vested. The Company may hold the Restricted Shares in a Company controlled account until the Restricted Shares have vested. Promptly after the date any Restricted Shares become vested pursuant to Section 2, the Company shall remove the applicable notations regarding restrictions imposed by the Plan and/or this Agreement on the transfer of the Restricted Shares. Except as set forth in Section 6, the Company shall pay all original issue or transfer taxes and all fees and expenses incident to such issuance. Holder shall deliver to the Company any representations or other documents or assurances as the Company may deem necessary or reasonably desirable to ensure compliance with all applicable legal and regulatory requirements.

5. Transfer Restrictions and Investment Representations.

5.1. Nontransferability of Restricted Shares and Award. Neither the Award nor any Restricted Shares subject to this Award may be transferred by Holder other than by will or the laws of descent and distribution, pursuant to the designation of one or more beneficiaries on the form prescribed by the Committee or, to the extent permitted by the Committee, to a trust or entity established for estate planning purposes. Except as permitted by the foregoing sentence, neither the Award nor any Restricted Shares subject to this Award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of the Award or any Restricted Shares subject to the Award, the Award and all rights hereunder shall immediately become null and void.

5.2. Investment Representation. Holder hereby represents and covenants that (a) any Common Shares acquired pursuant to the Award will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"), unless such acquisition has been registered under the Securities Act and any applicable state securities laws; (b) any subsequent sale of any such shares shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws; and (c) if requested by the Company, Holder shall submit a written statement, in a form satisfactory to the Company, to the effect that such representation (x) is true and correct as of the date of any vesting of any shares hereunder or (y) is true and correct as of the date of any sale of any such shares, as applicable. As a further condition precedent to the delivery to Holder of any Common Shares subject to the Award, Holder shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the

issuance or delivery of the shares and, in connection therewith, shall execute any documents that the Committee shall in its sole discretion deem necessary or advisable.

6. Additional Terms and Conditions

6.1. Withholding Taxes.

(a) As a condition precedent to the delivery of the Restricted Shares or any certificates evidencing the Restricted Shares (or the removal of the restrictive notations or legends on such shares or certificates) upon vesting of the Restricted Shares, Holder shall, upon request by the Company, pay to the Company such amount as the Company may be required, under all applicable federal, state, local or other laws or regulations, to withhold and pay over as income or other withholding taxes (the "Required Tax Payments") with respect to the vesting of the Award. If Holder shall fail to advance the Required Tax Payments after request by the Company, the Company may, in its discretion, deduct any Required Tax Payments from any amount then or thereafter payable by the Company to Holder.

(b) Holder may elect to satisfy his or her obligation to advance the Required Tax Payments by a cash payment to the Company or, if applicable, authorizing the Company to withhold from the number of Restricted Shares that would otherwise be delivered to Holder upon vesting of such Restricted Shares having an aggregate Fair Market Value, determined as of the date on which such withholding obligation arises (the "Tax Date"), equal to the Required Tax Payments. Withholding may also be satisfied by delivery to the Company (either actual delivery or by attestation procedures established by the Company) of previously owned whole shares of Common Shares having an aggregate Fair Market Value on the Tax Date equal to the Required Tax Payments or any combination of the methods described in this Section 6.1(b). Common Shares to be delivered or withheld may not have a Fair Market Value in excess of the Required Tax Payments calculated using the highest statutory rates in the relevant jurisdictions, provided that the withholding rate does not have an adverse accounting impact on the Company. Any fraction of a Common Share that would be required to satisfy any such obligation shall be rounded up to the nearest whole number. No Common Share or certificate representing a Common Share shall be issued or delivered until the Required Tax Payments have been satisfied in full.

6.2. Adjustment. In the event of any equity restructuring (within the meaning of Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation-Stock Compensation or applicable successor guidance) that causes the per share value of a Common Share to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the terms of the Award, including the number and class of securities subject hereto, shall be appropriately adjusted by the Committee. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee to prevent dilution or enlargement of rights of Holder. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive.

If any such adjustment is made to the Restricted Shares, the restrictions applicable to the Restricted Shares will continue in effect with respect to any consideration or other securities (the "Restricted Property" and, for the purposes of this Agreement, "Restricted Shares" shall include "Restricted Property," unless the context otherwise requires) received with respect to such Restricted Shares. Such Restricted Property shall vest at such times and in such proportion as the Restricted Shares to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof, if such Restricted Shares had remained outstanding.

6.3. Compliance with Applicable Law. The Award is subject to the condition that if the listing, registration or qualification of the Common Shares subject to the Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action incidental thereto is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Common Shares subject to the Award shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company.

6.4. Awards Subject to Clawback and Reduction for 280G. The Award and any Common Shares, other securities, cash or other property delivered pursuant to the Award or otherwise (including any payment, benefit or distribution of any type to or for the benefit of Holder that is paid, payable, provided or to be provided, distributed or distributable pursuant to any other agreement, arrangement, plan or program) are subject to (a) forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy in effect as of the Grant Date or that the Company may adopt from time to time as required by applicable law, including without limitation any such policy that the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder and (b) reduction pursuant to the Company's Policy on Limitations of Benefits Contingent Upon a Change in Control, in effect as of the Grant Date, to avoid the potential adverse tax consequences that may be imposed on the Company or Holder pursuant to Section 280G and/or Section 4999 of the Code.

6.5. Award Confers No Rights to Continued Employment. In no event shall the granting of the Award or its acceptance by Holder, or any provision of this Agreement or the Plan, give or be deemed to give Holder any right to continued employment by the Company, the Asset Management Company or any of their Subsidiaries or affiliates or affect in any manner the right of the Company, the Asset Management Company or any of their Subsidiaries or affiliates to terminate the employment of any person at any time.

6.6. Decisions of Board or Committee. The Committee (or Board, as applicable) shall have the right to resolve all questions that may arise in connection with the Award. Any interpretation, determination or other action made or taken by the Committee (or Board, as applicable) regarding the Plan, the Award Notice or this Agreement shall be final, binding and conclusive.

6.7. Successors. This Agreement shall be binding upon and inure to the benefit of any successor or successors of the Company and any person or persons who shall, upon the death of Holder, acquire any rights hereunder in accordance with this Agreement or the Plan.

6.8. Notices. All notices, requests or other communications provided for in this Agreement shall be made, if to the Company, to Athene Holding Ltd., c/o Athene Employee Services, LLC, Attn: Kristi Burma, EVP of Human Resources, 7700 Mills Civic Parkway, West Des Moines, IA 50266-3862, and if to Holder, to the last known mailing address of Holder contained in the records of the Company. All notices, requests or other communications provided for in this Agreement shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to the Company is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of the Company.

6.9. Governing Law; Jurisdiction; Venue. This Agreement, the Award and all determinations made and actions taken pursuant hereto and thereto, to the extent not governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws. Holder and the Company hereby agree that all legal proceedings arising out of or in connection with (a) this Agreement; and/or (b) any other restricted share/stock or restricted share/stock unit award agreement(s) entered into between (i) Holder and (ii) the Company, shall be brought exclusively in the state and federal courts in the State of Delaware. Holder and the Company each irrevocably consent to, and agree not to challenge, the exclusive jurisdiction and exclusive venue of the state and federal courts in the State of Delaware.

6.10. Agreement Subject to the Plan. This Agreement is subject to the provisions of the Plan and shall be interpreted in accordance therewith. In the event that the provisions of this Agreement and the Plan conflict, the Plan shall control. Holder hereby acknowledges receipt of a copy of the Plan.

6.11. Entire Agreement. This Agreement, including the Award Notice, and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Holder with respect to the subject matter hereof.

6.12. Partial Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof and this Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted.

6.13. Amendment and Waiver. The provisions of this Agreement may not be amended without the written consent of Holder if such amendment would materially impair Holder's rights under this Agreement. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6.14. Counterparts. The Award Notice may be executed in two counterparts, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

7. Protective Covenants.

7.1. Confidential Information.

(a) Holder shall not disclose or use at any time any Confidential Information (as defined below) of which Holder is or becomes aware, whether or not such information is developed by Holder, except to the extent that such disclosure or use is directly related to and required by Holder's performance in good faith of duties for the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates. Holder shall take all appropriate steps to safeguard Confidential Information in Holder's possession and to protect it against disclosure, misuse, espionage, loss and theft. Holder shall deliver to the Company upon Holder's Termination of Relationship, or at any time the Company may request, all memoranda, notes, plans, records, reports, computer tapes and software and other documents and data (and copies thereof) relating to the Confidential Information or the business of the Company, its Subsidiaries, the Asset Management Company or any of their respective Affiliates that Holder may then possess or have under his or her control. Notwithstanding the foregoing, Holder may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is used, developed or obtained by the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates in connection with their businesses, including, but not limited to, information, observations and data obtained by Holder while providing services to the Company, its Subsidiaries, the Asset Management Company, their respective Affiliates or any predecessors thereof (including those obtained prior to the

date hereof) concerning (i) the business or affairs of the Company, its Subsidiaries, the Asset Management Company or their respective Affiliates (or such predecessors), (ii) products or services, (iii) fees, costs and pricing structures, (iv) designs, (v) analyses, (vi) drawings, photographs and reports, (vii) computer software, including operating systems, applications and program listings, (viii) flow charts, manuals and documentation, (ix) data bases, (x) accounting and business methods, (xi) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xii) customers and clients and customer or client lists, (xiii) other copyrightable works, (xiv) all production methods, processes, technology and trade secrets, and (xv) all similar and related information in whatever form. Confidential Information will not include any information that has been published (other than a disclosure by Holder in breach of this Agreement) in a form generally available to the public prior to the date Holder proposes to disclose or use such information. Confidential Information will not be deemed to have been published merely because individual portions of the information have been separately published, but only if all material features comprising such information have been published in combination.

(b) Holder understands that nothing contained in this Agreement limits Holder's ability to report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"). Holder further understands that this Agreement does not limit Holder's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company. Nothing in this Agreement shall limit Holder's ability under applicable United States federal law to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

7.2. Restriction on Competition.

(a) Holder acknowledges that, in the course of his or her service with the Company, its Subsidiaries, the Asset Management Company and/or their predecessors (the "Protected Companies"), he or she has become familiar, or will become familiar, with the Protected Companies' trade secrets and with other confidential and proprietary information concerning the Protected Companies and that his or her services have been and will be of special, unique and extraordinary value to the Protected Companies. Holder agrees that if Holder were to become employed by, or substantially involved in, the business of a competitor of the Protected Companies during the Restricted Period, it would be very difficult for Holder not to rely on or use the Protected Companies' trade secrets and confidential information. Thus, to avoid the inevitable disclosure of the Protected Companies' trade secrets and confidential information, and to protect such trade secrets and confidential information and the Protected Companies' relationships and goodwill with customers, during the Restricted Period, Holder will not directly or indirectly through any other Person engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, any Competing Business. For purposes of this Agreement, the phrase "directly or indirectly through any other Person engage in" shall include, without limitation, any direct or indirect ownership or profit participation interest in such enterprise, whether as an owner, stockholder, member, partner, joint venturer or otherwise, and shall include any direct or indirect participation in such enterprise as an employee, consultant, director, officer or licensor of technology. For purposes of this Agreement, "Restricted Area" means anywhere in the United States, Bermuda and elsewhere in the world where the Protected Companies engage in business, including, without limitation, jurisdictions where any of the Protected Companies reasonably anticipate engaging in business on the date of Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such area has been discussed as a market that the Protected Companies reasonably contemplate engaging in within the twelve (12) month period following the date of Holder's Termination of Relationship). For purposes of this Agreement, "Competing Business" means a Person that at any time during Holder's period of service has competed, or any time during the twelve (12) month period following the date of Holder's Termination of Relationship begins competing with the Protected Companies anywhere in the Restricted Area and in the business of (i) retail annuities, (ii) annuity reinsurance, focusing on contracts reinsuring a quota share of future premiums of various fixed annuity product lines, (iii) reinsuring blocks of existing annuity business, (iv) issuing funding agreements or participating in a funding agreement backed note program, (v) pension risk transfer transactions, (vi) managing investments held by ceding companies pursuant to funds withheld and/or modified coinsurance contracts with their affiliates, (vii) managing investments in the life insurance industry, or (viii) any other significant business conducted by the Protected Companies as of the date of Holder's Termination of Relationship and any significant business the Protected Companies conduct in the twelve (12) month period after Holder's Termination of Relationship (provided that as of the date of Holder's Termination of Relationship, to the knowledge of Holder, such business has been discussed as a business that the Protected Companies reasonably contemplate engaging in within such twelve (12) month period). For purposes of this Agreement, "Restricted Period" means Holder's period of service until his or her Termination of Relationship, and thereafter through and including: (A) twelve (12) months following Holder's Termination of Relationship with respect to any Holder with a title of CEO, President or EVP at the time of the Termination of Relationship; (B) nine (9) months following Holder's Termination of Relationship with respect to any Holder with a title of SVP at the time of the Termination of Relationship and (C) six (6) months following Holder's Termination of Relationship with respect to any Holder with a title of VP at the time of the Termination of Relationship.

(b) Nothing herein shall prohibit Holder from (i) being a passive owner of not more than 1% of the outstanding stock of any class of a corporation that is publicly traded, so long as Holder has no active participation in the business of such corporation, or (ii) providing services to a subsidiary, division or affiliate of a Competing Business if such subsidiary, division or affiliate is not itself engaged in a Competing Business and Holder does not provide services to, or have any responsibilities regarding, the Competing Business.

7.3. Non-Solicitation of Employees and Consultants. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person (a)

induce or attempt to induce any employee or independent contractor of the Protected Companies to leave the employ or service, as applicable, of the Protected Companies, or in any way interfere with the relationship between the Protected Companies, on the one hand, and any employee or independent contractor thereof, on the other hand, or (b) hire any person who was an employee of the Protected Companies, in each case, until six (6) months after such individual's employment relationship with the Protected Companies has been terminated.

7.4. Non-Solicitation of Customers. During Holder's period of service and for a period of twelve (12) months after the date of Holder's Termination of Relationship, Holder shall not directly or indirectly through any other Person influence or attempt to influence customers, vendors, suppliers, licensors, lessors, joint venturers, ceding companies, associates, consultants, agents, or partners of the Protected Companies to divert their business away from the Protected Companies, and Holder will not otherwise interfere with, disrupt or attempt to disrupt the business relationships, contractual or otherwise, between the Protected Companies, on the one hand, and any of their customers, suppliers, vendors, lessors, licensors, joint venturers, associates, officers, employees, consultants, managers, partners, members or investors, on the other hand (collectively, "Protected Company Clients"); provided, however, that this provision shall not apply to any Protected Company Clients for whom Holder does not in the course of Holder's services to the Company or any Protected Company (a) perform services on behalf of the Company or any of the Protected Companies, or (b) have contact or acquire or have access to confidential information or other competitively advantageous information as a result of or in connection with Holder's services to Company.

7.5. Understanding of Covenants. Holder represents and agrees that he or she (a) is familiar with and carefully considered the foregoing covenants set forth in this Section 7 (together, the "Restrictive Covenants"), (b) is fully aware of his or her obligations hereunder, (c) agrees to the reasonableness of the length of time, scope and geographic coverage, as applicable, of the Restrictive Covenants, (d) agrees that the Restrictive Covenants are necessary to protect the Protected Companies' confidential and proprietary information, good will, stable workforce and customer relations, and (e) agrees that the Restrictive Covenants will continue in effect for the applicable periods set forth above in this Section 7 regardless of whether Holder is then entitled to receive severance pay or benefits from any of the Protected Companies. Holder understands that the Restrictive Covenants may limit his or her ability to earn a livelihood in a business similar to the business of the Protected Companies, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of or other service provider to the Company and as otherwise provided hereunder to clearly justify such restrictions that, in any event (given his or her education, skills and ability), Holder does not believe would prevent him or her from otherwise earning a living. Holder agrees that the Restrictive Covenants do not confer a benefit upon the Protected Companies disproportionate to the detriment of Holder.

7.6. Enforcement. Holder agrees that Holder's services are unique and that he or she has access to Confidential Information. Accordingly, Holder agrees that a breach by Holder of any of the Restrictive Covenants would cause immediate and irreparable harm to the Company that would be difficult or impossible to measure, and that damages to the Company for any such injury would therefore be an inadequate remedy for any such breach. Therefore, Holder agrees that in the event of any breach or threatened breach of any provision of this Section 7, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Agreement, at law or otherwise, to obtain specific performance, injunctive relief and/or other appropriate relief (without posting any bond or deposit) in order to enforce or prevent any violations of the provisions of this Section 7, as the case may be, or require Holder to account for and pay over to the Company all compensation, profits, moneys, accruals, increments or other benefits derived from or received as a result of any transactions constituting a breach of this Section 7, if and when final judgment of a court of competent jurisdiction is so entered against Holder. Holder further agrees that the applicable period of time any Restrictive Covenant is in effect following the date of Holder's Termination of Relationship, as determined pursuant to the foregoing provisions of this Section 7, shall be extended by the same amount of time that Holder is in breach of any Restrictive Covenant.

**Exhibit 10.30.1**

**SECOND AMENDED AND RESTATED**
**MASTER SUB-ADVISORY AGREEMENT**

This Second Amended and Restated Master Sub-Advisory Agreement (this "Agreement"), effective as of October 1, 2019 (the "Effective Date"), is entered into by and among Athene Asset Management LLC, a Delaware limited liability company (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM, ALL and any other sub-advisors as may be appointed from time to time pursuant to Section 1(b) below, the "Sub-Advisors").

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by certain insurance companies (each a "Company") from time to time and set forth on Schedule 1 attached hereto (as amended in accordance with Section 1(c) hereof), as subject to the Investment Manager's management, pursuant to the Investment Management Agreement set forth opposite each Company's name on Schedule 1 (each, an "Investment Management Agreement"), with authority to delegate its investment advisory obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager and the Sub-Advisors previously entered into that certain Amended and Restated Master Sub-Advisory Agreement, dated as of April 1, 2014 (as amended or modified from time to time prior to the date hereof, the "Prior Agreement") upon the terms and conditions set forth in the Prior Agreement, to sub-advise an investment portfolio of one or more of such Company accounts (the portion of the accounts sub-advised by a Sub-Advisor, together with all additions, substitutions and alterations thereto, are individually referred to as an "Account" and, collectively, referred to herein as the "Accounts"); and

**WHEREAS**, the Investment Manager and the Sub-Advisors desire to amend and restate the Prior Agreement, among other things, to incorporate herein the fee structure set forth in Schedule 2, on the terms and conditions set forth herein.

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

1. Appointment of Sub-Advisors.

(a) From time to time, as the Investment Manager and the applicable Sub-Advisors shall agree, the Investment Manager may designate and appoint one or more Sub-Advisors (acting individually or jointly as the parties may agree), on the terms and subject to the conditions set forth herein, as a sub-investment advisor for one or more Accounts with authority, (i) if such mandate is a discretionary mandate, to invest and reinvest funds and assets in the applicable Account or Accounts on a discretionary basis, subject to this Agreement and applicable investment guidelines and mandates (as such investment guidelines and/or mandate may be changed from time to time by the Investment Manager in writing (which writing may be by electronic mail (each as updated from time to time, a "Mandate")), and (ii) if such Mandate is a non-discretionary mandate, to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts subject to the approval of the Investment Manager in its sole discretion. Each Sub-Advisor of any Mandate hereunder (or any of them as the case may be) hereby accepts such appointment, as applicable. The Sub-Advisors hereby acknowledge and agree that the Mandates are designed to permit the Investment Manager to comply with its own obligations and therefore the Mandates may be modified from time to time by the Investment Manager without consent of the Sub-Advisors, provided, however that to the extent that any such modifications would reduce the fee rates payable in respect of sub-advised assets hereunder, impose additional material obligations or burdens on such Sub-Advisor or result in the Sub-Advisor bearing additional non-deminimis costs and expenses that are not otherwise reimbursed hereunder, the Sub-Advisor's consent shall be required in respect of any such change (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) The Investment Manager and one or more Sub-Advisors may execute an addendum to this Agreement to add additional Sub-Advisers to this Agreement or to modify the terms of this Agreement as they may apply to a specific Sub-Advisor or specific assets or asset classes (each such Addendum, including any schedules thereto, an "Addendum"). The parties intend that each Addendum shall be substantially in the form of the Master Sub-Advisory Agreement Addendum attached hereto as Exhibit A or as otherwise may be agreed upon among the applicable parties. For the avoidance of doubt, Mandates (and any modifications thereof) may be documented pursuant to a written arrangement (including, without limitation, by electronic mail) between the Investment Manager and the Sub-Advisor and may be modified from time to time without the consent of the Iowa Insurance Division (the "Division").

(c) From time to time, the Investment Manager may designate and appoint additional sub-advisors for one or more Accounts with authority to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts. Any such designation and appointment shall be effective upon the execution by the Investment Manager and such additional sub-advisor(s) of an Addendum setting forth the terms of the sub-advisory services to be provided by such sub-advisor(s). Following the execution of any such Addendum, each such additional sub-advisor shall be deemed to be a Sub-Advisor for all purposes of this Agreement.

(d) Within a reasonable time after the appointment or termination of any Sub-Advisor with respect to any particular Company, and after the execution of each Addendum, if any, Schedule 1 attached hereto shall be amended to reflect such appointment (by addition to such Schedule) or termination (by deletion from such Schedule), as the case may be, it being understood that Schedule 1 is solely for the convenience of the parties and shall not be evidence of, or precondition for, any such appointment or termination.

(e) The Sub-Advisors agree that any discretionary Mandate may be changed and/or converted to a non-discretionary mandate at any time or, without limiting Section 7 below, terminated at any time upon thirty days prior written notice of the Investment Manager and that Schedule 1 may be amended from time to time by the Investment Manager upon written notice to the Sub-Advisors for the purpose of adding additional insurance companies and/or accounts thereto, and, following any such amendment, (i) each such additional insurance company shall be deemed to be a Company for all purposes of this Agreement and (ii) each such additional account shall be deemed to be an Account for all purposes of this Agreement.

2. Management Services; Duties of and Restrictions on Sub-Advisors.

(a) For the avoidance of doubt and without limiting the generality of the powers conferred upon it by Section 1, the Sub-Advisors shall be responsible for facilitating execution (through third party brokers or other agents or as otherwise permitted hereby) of any approved investment recommendations in accordance with this Agreement and any instructions provided by the Investment Manager. For the avoidance of doubt, to the extent that the Mandate is a non-discretionary mandate, the Sub-Advisors (i) shall be responsible for making recommendations for the investment and reinvestment of the assets of each Account, and the Investment Manager shall approve or decline such recommendations in its sole discretion and (ii) may only execute (or facilitate execution of) transactions in an Account pursuant to this Agreement with the prior consent of the Investment Manager.

(b) The Investment Manager shall be responsible for ensuring that any transaction approved by the Investment Manager and any transaction entered into under a discretionary mandate is permissible under applicable Mandate (including, without limitation any investment guidelines) agreed upon between the Investment Manager and the applicable Company.

(c) In the case of a non-discretionary Mandate, where the prior consent of the Investment Manager is required prior to the Sub-Advisor taking any action under this Agreement, the Investment Manager's written or verbal consent (including consent by electronic mail) shall suffice, unless the this Agreement, an applicable Addendum or the applicable Mandate expressly requires the Investment Manager's consent in writing, in which case only the signed consent of the Investment Manager shall suffice. Where verbal consent for a particular trade is given by the Investment Manager, and provided that the applicable Sub-Advisor provides normal documentary evidence of such trade on the trade date (i.e., via trade ticket, trade confirmation, trade blotter excerpt or similar means provided in the normal course), the Investment Manager's consent with respect to such trade shall be deemed evidenced by the absence of the Investment Manager's objection to such trade in writing (including by electronic mail) prior to the earlier of (i) the close of business on the second business day following the trade date and (ii) the settlement date.

(d) Subject to the other provisions of this Agreement, including, without limitation, Sections 2(a), 2(j) and the applicable Mandate(s), the Sub-Advisors have authority: (i) to buy, sell, sell short, hold and trade, on margin or otherwise and in or on any market or exchange within or outside the United States or otherwise, securities convertible into preferred or common stock of domestic and foreign issuers, debt securities of domestic and foreign governmental issuers (including federal, state and municipal issuers) and domestic and foreign corporate issuers, investment company securities, money-market securities, partnership interests, mortgage- and asset- backed securities (including, without limitation, collateralized loan obligations and other collateralized debt obligations), foreign currencies and currency forwards, futures contracts and options thereon, bank and debtor-in-possession loans, trade receivables, repurchase and reverse repurchase agreements, commercial paper, other securities, futures and derivatives (including interest rate and currency swaps, swaptions, caps, collars and floors), rights and options on all of the foregoing and other investments, assets or property; and (ii) to effect such other investment transactions involving the assets in an Account's name and solely for such Account, including without limitation, to execute swap, futures, options and other agreements with counterparties. Without the prior written consent of the Investment Manager, the Sub-Advisor shall not open or close any accounts on a Company's behalf.

(e) With respect to each Account advised by such Sub-Advisor, such Sub-Advisor will have the authority to exercise any voting rights relating to assets of such Account. Upon receipt of the Investment Manager's prior verbal or written consent (if required under the applicable non-discretionary Mandate), each Sub-Advisor shall be authorized to exercise rights, options, warrants, conversion privileges, and redemption privileges, and to tender securities pursuant to a tender offer, in each case, with respect to such Account. Each Sub-Advisor shall have the authority to exercise, on behalf of each Account managed by such Sub-Advisor, all rights, remedies and obligations associated with assets held in such Account. Each Sub-Advisor shall have the authority to execute trade confirmations, trade tickets, purchase orders, assignment agreements, engagement letters, amendments, forbearance agreements and all other documents related to the purchase, sale, amendment, restructuring or insolvency of assets of an Account managed by such Sub-Advisor; provided that, in the case of a non-discretionary Mandate, any exercise of such authority which would result in a conversion (including, without limitation, a conversion into a different asset) or transfer of an asset, shall be subject to the prior verbal or written consent of the Investment Manager.

(f) Subject to each respective Investment Management Agreement with respect to each Account, the Investment Manager may rebalance or reallocate assets among such Account in its discretion (or between the Accounts and any other accounts of any Company or other clients of the Investment Manager sub-advised by any Sub-Advisor).

(g) The Sub-Advisors (or any of them as the case may be) will reasonably cooperate with the Investment Manager to the limited extent necessary for the Investment Manager to perform such ongoing due diligence reasonably relating to each Account and the Sub-Advisors as the Investment Manager reasonably deems necessary or advisable, provided, that such cooperation shall be at no cost or expense to the Sub-Advisors and any cost or expense associated therewith shall be paid by the Investment Manager.

(h) No Sub-Advisor may retain any sub-advisors or otherwise delegate any of its obligations under this Agreement with respect to each Account managed by such Sub-Advisor without the prior written consent of the Investment Manager; provided that each Sub-Advisor may delegate any of its obligations to its affiliates without the prior consent of the Investment Manager. To the extent specified in a Mandate, the Sub-Advisor shall also manage and oversee certain other sub-advisors of the Investment Manager as specified in the Mandate as if such sub-advisor had been delegated authority hereunder ("Third Party Sub-Advisors"). Notwithstanding any such delegation permitted pursuant to this Section 2(f), such Sub-Advisor shall remain responsible to the Investment Manager for such Sub-Advisor's obligations hereunder with respect to such Company's Account.

(i) With the written consent of the Investment Manager, each Sub-Advisor shall have the authority to engage such attorneys, accountants and other professionals or advisors as may be necessary or advisable in the discharge of its duties and obligations under this Agreement.

(j) Unless otherwise allowed by an Addendum with respect to a particular Company, none of the Sub-Advisors shall enter into, whether in the name, and on behalf, of any Company or otherwise, any over-the-counter, exchange-traded and other derivative transactions (including any and all contracts or agreements related thereto and including for purposes of hedging) in respect of any Accounts without the prior written consent of the Investment Manager (which written consent may be conveyed via electronic mail).

(k) None of the Sub-Advisors shall make a claim for exemption from U.S. withholding tax to the U.S. Internal Revenue Service on the basis that income of any Company is effectively connected with the conduct of a trade or business in the United States, nor shall any Sub-Advisor file a U.S. Internal Revenue Service Form W8-ECI (or any successor form) on behalf of any Company with any withholding agent.

(l) Each Sub-Advisor shall promptly notify the Investment Manager upon its actual knowledge of the occurrence of any event which in the reasonable opinion of such Sub-Advisor would have a materially adverse impact on the ability of such Sub-Advisor to manage any Account sub-advised by such Sub-Advisor.

(m) Each Sub-Advisor agrees to use reasonable best efforts to cause its portfolio managers to trade within the Investment Manager's systems environment, including staging such trades prior to execution.

3. Compensation; Expenses.

(a) The Investment Manager agrees to pay the Sub-Advisors sub-advisory fees with respect to assets the Sub-Advisors manage hereunder (collectively, the "Asset Management Fees") in accordance with Schedule 2 attached hereto (as amended from time to time). The Asset Management Fee described in Schedule 2 shall be allocated among the Sub-Advisors as such Sub-Advisors shall determine. The Investment Manager and the applicable Sub-Advisor may enter into an Addendum or other written arrangement to amend or agree to additional Asset Management Fees or fee rebates with respect to assets the Sub-Advisors manage hereunder, without the consent of the Division, provided that under no circumstances shall any Company be responsible for any Asset Management Fees unless the payment of such fees by such Company has been approved by the Division.

(b) Following the Effective Date, (i) the parties shall calculate the Asset Management Fees with respect to assets sub-advised under the Prior Agreement with respect to the period from January 1, 2019 to the Effective Date as if the amendment and restatement of the Prior Agreement by this Agreement occurred on January 1, 2019 and (ii) if the aggregate amount of such Asset Management Fees exceeds the aggregate amount of Management Fees (as defined in the Prior Agreement) that were paid under the Prior Agreement with respect to such period, the Investment Manager shall pay the amount of such excess to the Sub-Advisors (as applicable), and if the aggregate amount of Management Fees that Investment Manager paid under the Prior Agreement with respect to such period exceeds the aggregate amount of such calculated Asset Management Fees, the Sub-Advisors shall pay the amount of such excess to Investment Manager.

(c) Each Sub-Advisor will be responsible for all fees and expenses incurred by it in performing its obligations under this Agreement except, for the avoidance of doubt, Account Trading and Investment Expenses, which shall be allocated to, and paid by, each respective Company on a pro rata basis out of the assets of the Account of such Company.

(d) For purposes of this Agreement, "Account Trading and Investment Expenses" shall mean all brokerage fees, brokerage commissions and all other brokerage transaction costs, stock borrowing and lending fees, interest on cash balances, custodial fees, reasonable transaction legal expenses, regulatory fees or taxes payable in respect of the Account, professional expenses (including fees in connection with the use of proxy voting services) and any other fees and expenses related to the trading and investment activity of the Account as determined by the Sub-Advisors in good faith; provided that such fees and expenses are not duplicative of any services provided by the Investment Managers or agents, brokers, advisors or professionals engaged in any capacity by the Investment Manager.

(e) Each Sub-Advisor, through its designee, shall (i) be responsible for providing the price of the assets that are purchased for the Accounts that it manages in accordance with such Sub-Advisor's existing policies and procedures, and (ii) use commercially reasonable efforts to submit pricing information in respect of the assets in the Accounts three (3) business days (but in no event later than six (6) business days) following each month-end to the Investment Manager. Notwithstanding the foregoing, Asset Management Fees shall be determined using the valuations as may have been agreed between Investment Manager and applicable Company whose Accounts may be subject to this Agreement. The parties hereto agree to negotiate in good faith as to any objections raised as to the valuation of assets in the Accounts for purposes of determining the Asset Management Fees.

(f) The Asset Management Fee will be billed and paid quarterly in arrears, based on the monthly fees calculated pursuant to Section 3(a) for each of the three calendar months during the relevant quarter, or in the case of any partial quarterly period, the last day of each calendar month during the relevant period and the last business day of such period. The Investment Manager will pay any Asset Management Fees payable hereunder within 30 calendar days following receipt by the Investment Manager of an invoice for such fee, detailing the calculation of such fee. The Investment Manager and the Sub-Advisors shall agree on the form and substance of such invoice before the first Asset Management Fee billing cycle. Upon termination of the Agreement, any outstanding Asset Management Fee shall become immediately due and payable by the Investment Manager.

4. Custodian.

(a) The assets of each Account shall be held by a trustee, custodian or securities intermediary that is a "qualified custodian" as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940 duly appointed by each Company (the "Custodian"), and each Sub-Advisor is authorized to give instructions to the Custodian, in writing, with respect to all investment decisions regarding each Account managed by such Sub-Advisor. Nothing contained herein shall be deemed to authorize the Sub-Advisors to take or receive physical possession of any of the assets for the Account and no Sub-Advisor shall have custody or possession of any such assets, it being intended that sole responsibility for safekeeping thereof (in such investments as the Investment Manager or the Sub-Advisors may direct) and the consummation of all purchases, sales, deliveries and investments made pursuant to such Sub-Advisor's direction shall rest upon the Custodian. The Custodian may be changed with respect to any Company's Account from time to time upon the written instructions of such Company, subject to any required consents.

(b) Except as expressly provided herein, a Sub-Advisor may not withdraw or substitute funds or other assets from any Account managed by it without the approval of the Custodian (which approval may be subject to the further approval of the applicable Company (as the case may be) and/or the Investment Manager).

(c) Each Company shall instruct the Custodian to send the Investment Manager and the Sub-Advisors (or any of them as the case may be) duplicate copies of all Account statements given to such Company by the Custodian.

5. Brokerage. The Sub-Advisors may designate the brokers or dealers through whom all purchases and sales on behalf of each Account will be made. To the extent permitted by applicable law, such brokers or dealers may include affiliates of the Sub-Advisors. The Sub-Advisors will determine the rate or rates, if any, to be paid for brokerage services provided to each Account. In selecting brokers or dealers to effect transactions on behalf of any Account, the Sub-Advisors, subject to their overall duty to obtain "best execution" of Account transactions, will have authority to and may consider the full range and quality of the ability of the brokers or dealers to execute transactions efficiently, their responsiveness to each Sub-Advisor's instructions, their facilities, reliability and financial responsibility and the value of any research or other services or products they provide. None of the Sub-Advisors will be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for any Account or to select any broker-dealer on the basis of its purported posted commission rate. As long as the services or other products provided by a particular broker or dealer (whether directly or through a third party) qualify as "brokerage and research" services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (and relevant Securities and Exchange Commission ("SEC") interpretations of that section) and the Sub-Advisors (or any of them as the case may be) determine in good faith that the amount of commission charged by such broker or dealer is reasonable in relation to the value of such "brokerage and research services," the Sub-Advisors (or any of them as the case may be) may utilize the services of that broker or dealer to execute transactions for each Account on an agency basis even if (i) such Account would incur higher transaction costs than it would have incurred had another broker or dealer been used and (ii) such Account does not necessarily benefit from the research or products provided by that broker or dealer.

6. Limitation of Liability.

(a) None of the Sub-Advisors guarantee the future performance of any Account or any specific level of performance, the success of any investment decision or strategy that any Sub-Advisor may use, or the success of any Sub-Advisor's overall management of any Account. None of the Sub-Advisors provide any express or implied warranty as to the performance or profitability of the Account nor any part thereof nor that any specific investment objectives will be successfully met. Investment decisions made by any Sub-Advisor on behalf of any Account managed by such Sub-Advisor are subject to various market, currency, economic, political and business risks, and those investment decisions will not always be profitable. The Sub-Advisors shall be severally and not jointly liable for their respective obligations and liabilities under this Agreement.

(b) To the maximum extent permitted by law, none of the Sub-Advisors, any affiliate of the Sub-Advisors or any member, partner, shareholder, principal, director, officer, employee or agent of the Sub-Advisors or any such affiliate (each, a "Sub-Advisor Party") shall be liable for any loss, liability or damage (including attorney's fees and other related expenses) ("Losses") resulting from: (i) any

act or failure to act by the Custodian, any administrator or any broker or dealer; or (ii) any act or omission by any Sub-Advisor or any permitted Sub-Advisor in connection with the performance of its services under this Agreement (including any Addendum hereto), except in cases of willful misconduct, gross negligence, bad faith or reckless disregard by any Sub-Advisor or any permitted Sub-Advisor of its obligations and duties under this Agreement (including any Addendum hereto). Except as expressly set forth above, none of the Sub-Advisors shall have liability for any Losses suffered and shall be fully indemnified by the Investment Manager for any Losses it may suffer, as the result of any actions it takes or does not take based on instructions or permissions received from any of the authorized persons of the Investment Manager reasonably believed by such Sub-Advisor to be genuine. Each Sub-Advisor may consult with legal counsel at its cost and expense (without limiting the reimbursement provisions set forth in this Agreement, including those set forth in Section 3(b)) concerning any question which may arise with reference to this Agreement or its duties hereunder, and the opinion of such counsel shall be full and complete protection with respect to, and none of the Sub-Advisors shall have liability for any Losses suffered as a result of, any action taken or suffered by any Sub-Advisor hereunder in good faith and in accordance with the opinion of such counsel. Under no circumstances shall any Sub-Advisor be liable for any special, incidental, exemplary, consequential, punitive, lost profits or indirect damages.

(c) **The federal and state securities laws may impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement will waive or limit any rights that the Investment Manager or any Company may have under those laws.**

7. Termination.

(a) The terms and provisions of this Agreement shall apply to all transactions from the date of this Agreement and this Agreement shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors on the other hand, without penalty, by the terminating party giving written notice to the other party in writing which will take effect 30 days after the date on which notice is received by the other party or such later date as such notice specifies (which shall not exceed 90 days from the date of such notice) or such earlier date as the other party may agree. In addition, this Agreement may be terminated by:

(i) the Investment Manager with respect to any particular Sub-Advisor in the event of: (A) a material breach by such Sub-Advisor; (B) bankruptcy or insolvency by such Sub-Advisor; or (C) the inability of such Sub-Advisor for regulatory reasons to perform its services hereunder; and

(ii) each Sub-Advisor in the event of: (A) a material breach by the Investment Manager; (B) bankruptcy or insolvency by the Investment Manager; or (C) the inability of the Investment Manager for regulatory reasons to perform its services hereunder.

(b) Notwithstanding anything in this Agreement to the contrary, (a) the Investment Manager may suspend all trading in any Account upon 2 business days' prior written notice to the Sub-Advisors (or any of them, as the case may be) for any or no reason and (b) this Agreement shall automatically terminate upon the termination of the last remaining Investment Management Agreement with respect to the applicable Account listed on Schedule 1.

(c) Upon receipt of a termination notice from the Investment Manager, or delivery of a termination notice by any Sub-Advisor, such Sub-Advisor shall, at the reasonable request of the Investment Manager, continue to perform its functions under this Agreement or in respect of such terminated Account, and shall be entitled to receive the requisite portion of any fees due (including Asset Management Fees) until a successor has been appointed, provided that such Sub-Advisor shall not be required to perform its functions after ninety (90) days from the receipt of a termination notice.

(d) Section 6 of this Agreement shall continue in full force and effect notwithstanding the termination hereof or the invalidation of any provision contained herein.

8. Representations and Warranties.

(a) Each Sub-Advisor, severally and not jointly, represents and warrants to the Investment Manager, as of the date hereof, as follows:

(i) such Sub-Advisor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) such Sub-Advisor is a registered investment adviser under the Investment Advisers Act of 1940, as amended or is relying on such a registered investment adviser (the "Advisers Act"), and in turn each such Sub-Advisor acknowledges that the Advisers Act provides for the following duty: (A) to act with utmost good faith; (B) to act with loyalty to clients; (C) to provide full and fair disclosure of all material facts; and (D) to employ reasonable care to avoid misleading clients;

(iii) to its knowledge, there are no material suits, actions, claims or proceedings pending or threatened in any court or before or by any governmental, regulatory or administrative body, nor have there been any such material suits,

actions, claims or proceedings, to which such Sub-Advisor is a party which might reasonably be expected to have a materially adverse effect on the ability of such Sub-Advisor to perform its duties hereunder;

(iv) the Sub-Advisor has not been subject to any legal or regulatory action, proceeding, or claim involving fraud, misrepresentation or violation of any securities laws, rules or regulations;

(v) in performing its duties and obligations under this Agreement, all acts and omissions taken by such Sub-Advisor in respect of any Account shall be in compliance in all material respects with all applicable laws, rules and regulations;

(vi) such Sub-Advisor has all necessary governmental, regulatory and exchange approvals and licenses and has effected all filings and registrations with all necessary authorities required to conduct its business and to perform its obligations hereunder in all material respects;

(vii) such Sub-Advisor has, and its employees or related parties are subject to, written procedures regarding compliance with all relevant rules and regulations as required by and in conformity with applicable law, and such Sub-Advisor has procedures in place which comply with all relevant anti-money laundering and privacy principles applicable to it pursuant to applicable law;

(viii) such Sub-Advisor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ix) this Agreement constitutes a binding obligation of such Sub-Advisor, enforceable against such Sub-Advisor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(x) the execution, delivery and performance of this Agreement by such Sub-Advisor do not violate (A) any law, rule or regulation applicable to such Sub-Advisor, (B) any provision of the articles of incorporation or by-laws of such Sub-Advisor, or (C) any agreement or instrument to which such Sub-Advisor is a party except, in each case, for such violations as would not have a materially adverse effect on the ability of such Sub-Advisor to perform its obligations under this Agreement.

(b) Except as otherwise provided in an Addendum, if any, with respect to a particular Company, the Investment Manager represents and warrants to each Sub-Advisor as follows:

(i) the Investment Manager is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) the Investment Manager has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(iii) this Agreement constitutes a binding obligation of the Investment Manager, enforceable against the Investment Manager in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iv) the execution, delivery and performance of this Agreement by the Investment Manager do not violate (A) any law, rule or regulation applicable to the Investment Manager, (B) any provision of the articles of incorporation or by-laws of the Investment Manager, or (C) any agreement or instrument to which the Investment Manager is a party, except for such violations as would not have a materially adverse effect, directly or indirectly, on the ability of the Investment Manager to perform its duties under this Agreement;

(v) except for the approval of the Iowa Commissioner of Insurance (the "Commissioner"), which shall be required prior to the execution, delivery and performance of this Agreement and any amendment hereto (except as otherwise set forth herein), no consent of any person, and no license, permit, approval or authorization of, exemption by, report to, or registration, filing or declaration with, any governmental authority is required by the Investment Manager in connection with the execution, delivery and performance of this Agreement other than those already obtained;

(vi) each Company is a "qualified institutional buyer" ("QIB") as defined in Rule 144A under the Securities Act of 1933, as amended, and the Investment Manager will promptly notify the Sub-Advisors if such Company ceases to be a QIB; and

(vii) none of the assets contained in any Account are or will be "plan assets" of an employee benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code").

9. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if delivered by hand, facsimile, e-mail, or mailed by first class, registered mail, return receipt requested, postage and registry fees prepaid and addressed as follows:

(a) If to any Sub-Advisor:

Apollo Capital Management, L.P.
9 W 57th Street
New York, NY 10036
Attention: Joseph Glatt
Email: jglatt@apollolp.com

(b) If to the Investment Manager:

Athene Asset Management LLC
2121 Rosecrans Avenue, Suite 5300
El Segundo, CA 90245
Attention: Legal Department
Telephone: (310) 698-4431
Facsimile: (310) 698-4492
Email: legal@athenelp.com

Addresses may be changed by notice in writing signed by the addressee.

10. No Assignment. This Agreement may not be assigned by any party to this Agreement without the prior written consent of the other parties hereto; provided, that, upon five (5) days' prior written notice to the Investment Manager, any Sub-Advisor may assign this Agreement to its affiliates without the prior written consent of the Investment Manager or any Company, provided that such assignment does not result in a change of actual control or management of such Sub-Advisor, which shall be determined with reference to Section 202(a)(1) of the Advisers Act and Rule 202(a)(1)-1 and other guidance issued by the SEC thereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding on the parties hereto and their successors and permitted assigns, in each case *provided* that such successor or assignee agrees to be bound by the terms and conditions of this Agreement.

11. Governing Law. To the extent consistent with any mandatorily applicable federal law, this Agreement shall be governed by the laws of the State of Iowa without giving effect to any principles of conflicts of law thereof that would permit or require the application of the law of another jurisdiction and are not mandatorily applicable by law, and the Iowa District Court in and for Polk County, Iowa, or the United States District Court for the Southern District of Iowa, Central Division, shall have jurisdiction over the subject matter and shall be the appropriate venue or the resolution of any dispute arising under this Agreement.

12. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. Each party hereby (i) certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other would not, in the event of a proceeding, seek to enforce the forgoing waiver and (ii) acknowledge that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this paragraph.

13. Right to Audit. The Investment Manager and its representatives shall have the right, at its own expense, to conduct an audit of the relevant books, records and accounts of each Sub-Advisor related to the Accounts (or any particular Account) managed by such Sub-Advisor during normal business hours upon giving reasonable notice of their intent to conduct such an audit. In the event of such audit, each Sub-Advisor shall comply with the reasonable requests of the Investment Manager and/or any Company and their respective representatives and provide access to all books, records and accounts necessary to the audit and the Investment Manager shall reimburse each Sub-Advisor for its costs and expenses in connection with such audit.

14. Books and Records. Each Sub-Advisor shall keep and maintain proper books and records wherein shall be recorded the business transacted by it on behalf of, in the name of, or on account of each Company in respect of such Company's Account. Each Sub-Advisor shall maintain voting records for each Account managed by such Sub-Advisor for a minimum period of five (5) years or for such longer time as may be required by applicable law and shall make such voting records available to the Investment Manager as the Investment Manager may reasonably request from time to time.

15. Reports. In addition to any notice requirements otherwise described herein, each Sub-Advisor shall, subject to any confidentiality obligations, legal, regulatory or other disclosure restrictions, provide the Investment Manager with (i) reports containing the information set forth on Schedule 3 and/or in any Mandate; (ii) all other information reasonably requested by the Investment Manager that is required to meet the Investment Manger's or its client's compliance, financial reporting, operational, accounting, audit, regulatory and other obligations, to the extent the Sub-Advisor actually possesses or has control over such information. Schedule 3 may otherwise be amended, supplemented or modified from time to time as agreed to in writing solely by the Investment Manager and the Sub-Advisors (as applicable) without a formal amendment or Addendum to the Agreement.

16. Force Majeure. No party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or gross negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, terrorism, acts of the state in its sovereign capacity, fires, floods, earthquakes, power failure, disabling strikes, epidemics, quarantine restrictions and freight embargoes.

17. Non-Exclusive Dealings with and by Sub-Advisor Parties; Conflicts of Interest.

(a) Although nothing herein shall require any Sub-Advisor to devote its full time or any material portion of its time to the performance of its duties and obligations under this Agreement, each Sub-Advisor shall furnish continuous investment advisory services for the Accounts and, in that connection, devote to such services such of its time and activity (and the time and activity of its employees) during normal business days and hours as it shall reasonably determine to be necessary for each Account to achieve its investment objective(s); *provided, however,* that nothing contained in this Section 17(a) shall preclude the Sub-Advisor Parties from acting, consistent with the foregoing, either individually or as a member, partner, shareholder, principal, director, trustee, officer, official, employee or agent of any entity, in connection with any type of enterprise (whether or not for profit), regardless of whether any Company, Account or any Sub-Advisor Party has dealings with or invests in such enterprise.

(b) The Investment Manager understands that each Sub-Advisor will continue to furnish investment management and advisory services to others, and that each Sub-Advisor shall be at all times free, in its discretion, to make recommendations to others which may be the same as, or may be different from or inconsistent with, those made to each Account. The Investment Manager further understands that the Sub-Advisor Parties may or may not have an interest in the securities whose purchase and sale any Sub-Advisor may recommend. Actions with respect to securities of the same kind may be the same as or different from or inconsistent with the action which the Sub-Advisor Parties or other investors may take with respect thereto. Furthermore, the Investment Manager understands and agrees that each Sub-Advisor Party shall have the right to engage, directly or indirectly, in the same or similar business activities or lines of business as any Sub-Advisor and any other Sub-Advisor Party and no knowledge or expertise of any Sub-Advisor Parties or any opportunities available to such Sub-Advisor Parties shall be imputed to any Sub-Advisor or any other Sub-Advisor Parties.

(c) The Investment Manager agrees that each Sub-Advisor may refrain from rendering any advice or services concerning securities of companies of which any of the Sub-Advisor Parties are directors or officers, or companies as to which the Sub-Advisor Parties have any substantial economic interest or possesses material non-public information, unless such Sub-Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to the Investment Manager and any applicable Company or discloses such conflict to the Investment Manager and such Company prior to rendering such advice or services with respect to any Account.

(d) From time to time, when determined by any Sub-Advisor to be in the best interest of any Company and with the prior approval of the Investment Manager, the Account in respect of such Company may purchase securities from or sell securities to another account (including, without limitation, public or private collective investment vehicles) managed, maintained or trusteed by such Sub-Advisor or an affiliate at prevailing market levels in accordance with applicable law and utilizing such pricing methodology determined to be fair and equitable to such Company in such Sub-Advisor's reasonable judgment.

(e) Notwithstanding anything else in this Agreement to the contrary, none of the Sub-Advisors shall be under any obligation to effect trades or satisfy any other obligation required of it herein if such Sub-Advisor determines that such transactions might be adverse to the interests of clients managed by such Sub-Advisor or its affiliates. Each Sub-Advisor shall be entitled to consider its fiduciary duties to all clients that hold parallel positions in the securities to be sold or distributed, if any. In the event that, in accordance with this provision, a Sub-Advisor declines to follow the instructions of the Investment Manager, the Sub-Advisor will notify the Investment Manager of such conflict and its decision with respect thereto. For the avoidance of doubt, if the Sub-Advisor determines not to follow the direction of the Investment Manager, nothing herein shall prevent the Investment Manager from immediately making a full or partial withdrawal from the applicable Account(s) and proceeding with the relevant course of action on its own.

(f) This Section 17 is further subject to the disclosures relating to the Sub-Advisors and their affiliates described therein the ACM's Form ADV Part 2A and Part 2B as required by Rule 204-3(b) of the Advisers Act.

18. Aggregation and Allocation of Orders.

(a) The Investment Manager acknowledges that circumstances may arise under which a Sub-Advisor determines that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of such Sub-Advisor's clients' accounts, there is a limited supply or demand for the security or other investment. Under such circumstances, the Investment Manager acknowledges that, while such Sub-Advisor will seek to allocate the opportunity to purchase or sell that security or

other investment among those accounts on an equitable basis, such Sub-Advisor shall not be required to assure equality of treatment among all of its clients (including that the opportunity to purchase or sell that security or other investment will be proportionally allocated among those clients according to any particular or predetermined standards or criteria). Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for each Account (or for the other accounts advised or sub-advised by such Sub-Advisor), such Sub-Advisor may average the various prices and charge or credit any Account with the average price.

(b) It is each Sub-Advisor's general policy to allocate investment opportunities among investment funds and client accounts on a basis that such Sub-Advisor and its affiliates determine in good faith to be appropriate, taking into consideration such factors as each client's and investment fund's primary mandates, the relative amounts of capital available for investment (after taking into account applicable reserves and available financing), any restrictions on investment or other legal, regulatory, tax, reporting or confidentiality considerations, the sourcing of the transaction, the size, liquidity and duration of the transaction, capital structure, client exposure to the type of transaction, the amount of potential follow-on investing strategy of the client or investment fund, reasons of portfolio balance and other factors deemed applicable by such Sub-Advisor and its affiliates in good faith.

19. Sub-Advisors Independent. For all purposes of this Agreement, each Sub-Advisor shall be deemed to be an independent contractor and shall have no authority to act for, bind or represent the Investment Manager, any Company or any Company's shareholders in any way, except as expressly provided herein or in any Addendum, and shall not otherwise be deemed to be an agent of any Company. Nothing contained herein shall create or constitute any Sub-Advisor, the Investment Manager and/or any Company as a member of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, nor shall anything contained herein be deemed to confer on any of them any express, implied, or apparent authority to incur any obligation or liability on behalf of any other person, except as expressly provided herein. Each Sub-Advisor shall be severally liable for its own obligations and the Investment Manager shall have no recourse to any Sub-Advisory for the actions or omissions of any other Sub-Advisor.

20. Entire Agreement. Except for those documents, agreements or Addendums referred to herein, including for the avoidance of doubt the Mandates and any agreements regarding Asset Management Fees (including, without limitation Special Asset Fees (as defined on Schedule 2)), this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes from and after the Effective Date all other prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement. There are no understandings between the parties with respect to the subject matter of this Agreement other than as expressed herein.

21. Severability. To the extent this Agreement may be in conflict with any applicable law or regulation, this Agreement shall be construed to the greatest extent practicable in a manner consistent with such law or regulation. The invalidity or illegality of any provision of this Agreement shall not be deemed to affect the validity or legality of any other provision of this Agreement.

22. Counterparts; Amendment. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as set forth herein or in any Addendum, this Agreement may not be modified or amended, except by an instrument in writing approved by the Commissioner and signed by the party to be bound or as may otherwise be provided for herein.

23. Addendums. In the event that the Investment Manager and the Sub-Advisors (or any of them as the case may be) execute an Addendum to this Agreement, such Addendum shall be deemed to be attached to and become a part of this Agreement and the terms of this Agreement shall be amended, supplemented or modified by the terms of such Addendum as applicable. In the event of conflict between this Agreement and any Addendum, the terms and conditions contained in such Addendum shall control. Upon the execution by the Investment Manager and the Sub-Advisors (or any of them, as the case may be) of any Addendum, this "Agreement" shall be deemed to include the terms set forth in any such Addendum.

24. No Recourse to Companies. Each Sub-Advisor acknowledges and agrees that such Sub-Advisor shall not have any recourse against any Company for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with this Agreement or any transaction contemplated hereunder.

25. Third-Party Beneficiary. Notwithstanding any provision herein to the contrary, each Sub-Advisor and the Investment Manager acknowledge and agree that each Company is an intended third-party beneficiary of each term and provision hereof and each term and provision of this Sub-Advisory Agreement may be enforced by the Company.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

/s/ James R. Belardi
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**ARM MANAGER LLC**

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**SCHEDULE 1**

**Schedule of Account**

| Company | Investment Management Agreement | Sub-Advisor |
|---|---|---|
| ATHENE ANNUITY AND LIFE COMPANY (f/k/a AVIVA LIFE AND ANNUITY COMPANY), a life insurance company domiciled in the State of Iowa ("AAIA") | Investment Management Agreement dated as of October 2, 2013, by and between AAIA and the Investment Manager | All Sub-Advisors |
| Structured Annuity Reinsurance Company, a life insurance company domiciled in the State of Iowa ("STAR") | Investment Management Agreement dated as of October 2, 2013, by and between STAR and the Investment Manager | All Sub-Advisors |
| AVIVA RE USA IV, INC., a life insurance company domiciled in the State of Vermont ("AUSAIV") | Investment Management Agreement dated as of October 2, 2013, by and between AUSAIV and the Investment Manager | All Sub-Advisors |
| Voya insurance and annuity company, a life insurance company domiciled in the State of Iowa ("VIAC") | Investment Management Agreement dated as of June 1, 2018, by and between VIAC and the Investment Manager | All Sub-Advisors |

**SCHEDULE 2**

**Asset Management Fees**

I. The "Asset Management Fee" means, with respect to any asset in an Account as of any date of determination:

(a) if such asset constitutes a Core Asset as of such date of determination, 0.065% of the market value of such asset as of such date of determination;

(b) if such asset constitutes a Core Plus Asset as of such date of determination, 0.13% of the market value of such asset as of such date of determination;

(c) if such asset constitutes a Yield Asset as of such date of determination, 0.375% of the market value of such asset as of such date of determination; and

(d) if such asset constitutes a High Alpha Asset as of such date of determination, 0.70% of the market value of such asset as of such date of determination; and

(e) if such asset constitutes a Special Asset as of such date of determination, the applicable asset management fees as may be mutually agreed to in writing from time to time between the Investment Manager and the applicable Sub-Advisor with respect to such Special Asset;

(f) if such asset constitutes a Non-Fee Asset, zero.

For purposes of this Schedule 2, the determination of whether an asset constitutes a Core Asset, Core Plus Asset, Yield Asset or High Alpha Asset, and the determination of the market value of an asset, shall be made as of the end of the day of the applicable date of determination.

II. The Investment Manager (or its designee) shall provide valuations of assets managed hereunder for purposes of determining fees hereunder. The parties agree to negotiate in good faith as to any disputes regarding classification or valuation of the assets in the Accounts for purposes of determining fees accruing hereunder or in connection with any Account or, if applicable, including with respect to any determination of whether or not an asset constitutes a Non-Fee Asset, a Special Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset (which negotiation shall take into account the yield, duration and risk profile of such asset). Additionally, in the event that an asset in an Account is classified as of an applicable date of determination within a category that was not contemplated by this Agreement as of the Effective Date, the parties shall negotiate in good faith to determine whether such asset should constitute a Non-Fee Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset.

III. For purposes of this Schedule 2:

(a) "Core Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (public), (ii) as a municipal security, (iii) as an agency residential or commercial mortgage-backed security, (iv) as an obligation of any governmental agency or government sponsored entity that is not expressly backed by the U.S. government or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core asset category or a core asset.

(b) "Core Plus Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (private), (ii) as a fixed rate first lien commercial mortgage loan (CML), (iii) as an obligation issued or assumed by a financial institution (such an institution, a "Financial Issuer") and determined by Investment Manager to be "Tier 2 Capital" under the Basel III recommendations developed by the Basel Committee on Banking Supervision (or any successor to such recommendations) or (iv) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core plus asset category or a core plus asset.

(c) "High Alpha Asset" means any asset classified as of the applicable date of determination (i) as a subordinated commercial mortgage loan, (ii) as a sub-investment grade collateralized loan obligation, (iii) as unrated preferred equity, (iv) as a debt obligation originated by MidCap, (v) as a commercial mortgage loan for redevelopment or construction or secured by non-traditional real estate, (vi) as sub-investment grade infrastructure debt, (vii) as a loan originated directly by Apollo (other than MidCap) and made to a borrower by an Apollo client that was made either directly, sourced privately from a financial sponsor, by debtors seeking a direct loan or financed bilaterally, (viii) as an agency mortgage derivative or (ix) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a high alpha asset category or a high alpha asset.

(d) "Non-Fee Asset" means any asset classified as of the applicable date of determination as (a) cash or a cash equivalent, (ii) a U.S. treasury security, (iii) an alternative asset; (iv) non-preferred equity; or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute a non-fee asset category or non-fee asset.

(e) A “Special Asset” means an asset that Investment Manager and Sub-Advisor mutually agree in writing from time to time constitutes a Special Asset.

(f) A “Yield Asset” means any asset classified as of the applicable date of determination (i) as a non-agency residential mortgage-backed security, (ii) as an investment grade collateralized loan obligation, (iii) as an asset-backed security (both insurance-linked securities and non-insurance-linked securities) that is not a residential mortgage-backed security or a commercial mortgage-backed security or a collateralized loan obligation, (iv) as an commercial mortgage-backed security, (v) as an emerging market investment, (vi) as a sub-investment grade corporate (private and public), (vii) as a subordinated debt obligation, hybrid security or surplus note issued or assumed by a Financial Issuer, (viii) as rated preferred equity, (ix) as a residential mortgage loan, (x) as a bank loan, (xi) as investment grade infrastructure debt, (xii) as a floating rate commercial mortgage loan on slightly transitional or stabilized traditional real estate or (xiii) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a yield asset category or a yield asset.

For the avoidance of doubt, an asset shall constitute only one of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset as of any date of determination. If an asset can be described as two or more of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset, such asset shall be deemed to fall solely within the categories most specific to such asset.

**SCHEDULE 3**

**Exception Report & Transfer Procedures**

Within 25 days of the end of each calendar month, each Sub Advisor shall provide the Investment Manager with an exception report ("Exception Report") detailing specific securities owned in the portfolio with relevant characteristics (e.g. paramount, ratings, etc.) that had their Index status affected during the month by upgrade (departing the Index). With respect to High Yield Assets, the Exception Report shall apply only to those securities being held in the applicable account that had their Index status affected by the ratings upgrade. Upgrades highlighted on the Exception Report, (securities moving from the Sub-Advisor's Index to investment grade public credit) shall be transferred to the applicable investment grade public credit Sub-Advisor on the 1st business day of the month following the upgrade.

**Monthly Client Reporting**

Beginning no later than Q3 2014, within 10 business days following each calendar month-end, each Sub-Advisor shall provide a report to the Investment Manager with the following information:

(i) Relative to Benchmark:

- (a) Total Return - 1M, 3M, YTD, LTM, 3YR, 5YR and Since Inception performance
- (b) Yield to Worst
- (c) Yield to Maturity
- (d) Duration
- (e) OAS
- (f) Weighted average rating
- (g) Industry Analysis with Exposure by Industries
- (h) Credit Quality Analysis
- (i) Asset Class Analysis
- (j) Top Ten Issuer Overweight - (measured on a market value basis)
- (k) Top Ten Issuer Underweight - (measured on a market value basis)

(ii) Unique to Sub-Advisor Strategy:

- (a) Total Market Value - current, last quarter end, most recent year end
- (b) Performance Attribution - main drivers of performance (ex: security selection, duration, etc.)
- (c) Turnover - current and historical
- (d) Total Holdings
- (e) Out of Index Holdings
- (f) Purchases - include yield, rating, total dollar amount
- (g) Sales - include yield, rating, total dollar amount

**Quarterly Presentation**

In addition to above reporting requirements, each Sub-Advisor shall provide on a quarterly basis (generally via telephone or video) a review of economic and market commentary, strategy, performance and attribution with respect to such Sub-Advisor's asset class. To the extent that the Investment Manager requests that the Sub-Adviser provide such reporting updates in person, the Investment Manager shall be responsible for the Sub-Adviser's reasonable out-of-pocket travel expenses related thereto.

**Compliance Reporting**

Within 15 days of the end of each month, Sub-Advisors shall provide a compliance report showing compliance with this Agreement and the Mandates, and to the extent of any express limitations or concentration limits, showing compliance with each of such limitations.

**Additional Reporting**.

Subadvisors shall provide such additional reporting as may be reasonably required by the Investment Manager from time to time.

**EXHIBIT A**

**Form of MASTER Sub-Advisory Agreement Addendum**

This Master Sub-Advisory Agreement Addendum is made this **[]** day of **[]**, 201**[]** (this "Addendum"), by and among Athene Asset Management LLC, a Delaware limited liability company (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM and ALL, the "Sub-Advisors") pursuant to that certain Second Amended and Restated Master Sub-Advisory Agreement, dated as of [ ], 2019 (as amended, supplemented or modified from time to time, the "Master Sub-Advisory Agreement"), by and among the Investment Manager and the Sub-Advisors. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Master Sub-Advisory Agreement.

**WHEREAS**, the Investment Manager and the Sub-Advisors entered into the Master Sub-Advisory Agreement pursuant to which the Investment Manager retained the Sub-Advisors to manage an investment portfolio of one or more Accounts;

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by **[Company Name]**, a **[life]** insurance company domiciled in **[State or other jurisdiction]** ("**[Company Name]**"), as subject to the Investment Manager's management, pursuant to an Investment Management Agreement dated as of **[date]**, with authority to delegate any of its rights and obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager desires to retain each Sub-Advisor, upon the terms and conditions set forth in this Addendum and in accordance with the Master Sub-Advisory Agreement, to provide advice with respect to the Accounts of **[Company Name]** accounts (the "**[Company Name]** Accounts", which, for the avoidance of doubt, shall be deemed to be an "Account" as such term is defined in the Master Sub-Advisory Agreement), and each Sub-Advisor desires to so act;

**WHEREAS**, this **[Company Name]** Addendum shall be attached to and become a part of the Master Sub-Advisory Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Appointment of Sub-Advisors; Delegation of Obligations of Investment Manager to Sub-Advisors. On the terms and subject to the conditions set forth herein and in the Master Sub-Advisory Agreement, the Investment Manager hereby appoints each Sub-Advisor as a sub-investment advisor of the **[Company Name]** Account with authority with respect to the investment and reinvestment of the funds and assets of the **[Company Name]** Account, and each Sub-Advisor accepts such appointment.

2. **[Additional Terms]**. **[Insert additional terms and conditions which modify the Master Sub-Advisory Agreement.]**

3. Termination. The terms and provisions of this **[Company Name]** Addendum shall apply to all transactions with respect to the **[Company Name]** Account from the date of this **[Company Name]** Addendum and this **[Company Name]** Addendum shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors collectively on the other hand, without penalty, by the terminating party giving notice to the other party in accordance with the termination provisions contained in Section 7 of the Master Sub-Advisory Agreement.

4. No Assignment. This **[Company Name]** Addendum may only be assigned in accordance with the assignment restrictions contained in Section 10 of the Master Sub-Advisory Agreement, which section shall apply equally to this **[Company Name]** Addendum.

5. Addendum to Master Sub-Advisory Agreement. This **[Company Name]** Addendum constitutes an Addendum to the Master Sub-Advisory Agreement (as such term is defined in Section 1 of the Master Sub-Advisory Agreement). This **[Company Name]** Addendum shall be deemed to be attached to and become a part of the Master Sub-Advisory Agreement and the terms of the Master Sub-Advisory Agreement shall be amended, supplemented or modified by the terms of this **[Company Name]** Addendum as applicable. Any reference to "this Agreement" in the Master Sub-Advisory Agreement shall be deemed to include the terms set forth in this **[Company Name]** Addendum.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

________________________________
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**ARM MANAGER LLC**

________________________________
Name:
Title:

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

Exhibit A

**Exhibit 10.30.2**

**THIRD AMENDED AND RESTATED**
**MASTER SUB-ADVISORY AGREEMENT**

This Third Amended and Restated Master Sub-Advisory Agreement (this "Agreement"), effective as of October 1, 2019 (the "Effective Date"), is entered into by and among Athene Asset Management LLC, a Delaware limited liability company, f/k/a Athene Asset Management, L.P. (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL"), Apollo Royalties Management, LLC, a Delaware limited liability company ("AR") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM, ALL and AR, and any other sub-advisors as may be appointed from time to time pursuant to Section 1(b) below, the "Sub-Advisors").

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by certain insurance companies (each a "Company") from time to time and set forth on Schedule 1 attached hereto (as amended in accordance with Section 1(c) hereof), as subject to the Investment Manager's management, pursuant to the Investment Management Agreement set forth opposite each Company's name on Schedule 1 (each, an "Investment Management Agreement"), with authority to delegate its investment advisory obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager and the Sub-Advisors previously entered into that certain Second Amended and Restated Master Sub-Advisory Agreement, dated as of April 1, 2014 (as amended or modified from time to time prior to the date hereof, the "Prior Agreement") upon the terms and conditions set forth in the Prior Agreement, to sub-advise an investment portfolio of one or more of such Company accounts (the portion of the accounts sub-advised by a Sub-Advisor, together with all additions, substitutions and alterations thereto, are individually referred to as an "Account" and, collectively, referred to herein as the "Accounts"); and

**WHEREAS**, the Investment Manager and the Sub-Advisors desire to amend and restate the Prior Agreement, among other things, to incorporate herein the fee structure set forth in Schedule 2, on the terms and conditions set forth herein.

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

1. Appointment of Sub-Advisors.

(a) From time to time, as the Investment Manager and the applicable Sub-Advisors shall agree, the Investment Manager may designate and appoint one or more Sub-Advisors (acting individually or jointly as the parties may agree), on the terms and subject to the conditions set forth herein, as a sub-investment advisor for one or more Accounts with authority, (i) if such mandate is a discretionary mandate, to invest and reinvest funds and assets in the applicable Account or Accounts on a discretionary basis, subject to this Agreement and applicable investment guidelines and mandates (as such investment guidelines and/or mandate may be changed from time to time by the Investment Manager in writing (which writing may be by electronic mail (each as updated from time to time, a "Mandate")), and (ii) if such Mandate is a non-discretionary mandate, to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts subject to the approval of the Investment Manager in its sole discretion. Each Sub-Advisor of any Mandate hereunder (or any of them as the case may be) hereby accepts such appointment, as applicable. The Sub-Advisors hereby acknowledge and agree that the Mandates are designed to permit the Investment Manager to comply with its own obligations and therefore the Mandates may be modified from time to time by the Investment Manager without consent of the Sub-Advisors, provided, however that to the extent that any such modifications would reduce the fee rates payable in respect of sub-advised assets hereunder, impose additional material obligations or burdens on such Sub-Advisor or result in the Sub-Advisor bearing additional non-deminimis costs and expenses that are not otherwise reimbursed hereunder, the Sub-Advisor's consent shall be required in respect of any such change (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) The Investment Manager and one or more Sub-Advisors may execute an addendum to this Agreement to add additional Sub-Advisers to this Agreement or to modify the terms of this Agreement as they may apply to a specific Sub-Advisor or specific assets or asset classes (each such Addendum, including any schedules thereto, an "Addendum"). The parties intend that each Addendum shall be substantially in the form of the Master Sub-Advisory Agreement Addendum attached hereto as Exhibit A or as otherwise may be agreed upon among the applicable parties.

(c) From time to time, the Investment Manager may designate and appoint additional sub-advisors for one or more Accounts with authority to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts. Any such designation and appointment shall be effective upon the execution by the Investment Manager and such additional sub-advisor(s) of an Addendum setting forth the terms of the sub-advisory services to be provided by such sub-advisor(s). Following the execution of any such Addendum, each such additional sub-advisor shall be deemed to be a Sub-Advisor for all purposes of this Agreement.

(d) Within a reasonable time after the appointment or termination of any Sub-Advisor with respect to any particular Company, and after the execution of each Addendum, if any, Schedule 1 attached hereto shall be amended to reflect such appointment (by addition to such Schedule) or termination (by deletion from such Schedule), as the case may be, it being understood that Schedule 1 is solely for the convenience of the parties and shall not be evidence of, or precondition for, any such appointment or termination.

(e) The Sub-Advisors agree that any discretionary Mandate may be changed and/or converted to a non-discretionary mandate at any time or, without limiting Section 7 below, terminated at any time upon thirty days prior written notice of the Investment Manager and that Schedule 1 may be amended from time to time by the Investment Manager upon written notice to the Sub-Advisors for the purpose of adding additional insurance companies and/or accounts thereto, and, following any such amendment, (i) each such additional insurance company shall be deemed to be a Company for all purposes of this Agreement and (ii) each such additional account shall be deemed to be an Account for all purposes of this Agreement.

2. Management Services; Duties of and Restrictions on Sub-Advisors.

(a) For the avoidance of doubt and without limiting the generality of the powers conferred upon it by Section 1, the Sub-Advisors shall be responsible for facilitating execution (through third party brokers or other agents or as otherwise permitted hereby) of any approved investment recommendations in accordance with this Agreement and any instructions provided by the Investment Manager. For the avoidance of doubt, to the extent that the Mandate is a non-discretionary mandate, the Sub-Advisors (i) shall be responsible for making recommendations for the investment and reinvestment of the assets of each Account, and the Investment Manager shall approve or decline such recommendations in its sole discretion and (ii) may only execute (or facilitate execution of) transactions in an Account pursuant to this Agreement with the prior consent of the Investment Manager.

(b) The Investment Manager shall be responsible for ensuring that any transaction approved by the Investment Manager and any transaction entered into under a discretionary mandate is permissible under applicable Mandate (including, without limitation any investment guidelines) agreed upon between the Investment Manager and the applicable Company.

(c) In the case of a non-discretionary Mandate, where the prior consent of the Investment Manager is required prior to the Sub-Advisor taking any action under this Agreement, the Investment Manager's written or verbal consent (including consent by electronic mail) shall suffice, unless the this Agreement, an applicable Addendum or the applicable Mandate expressly requires the Investment Manager's consent in writing, in which case only the signed consent of the Investment Manager shall suffice. Where verbal consent for a particular trade is given by the Investment Manager, and provided that the applicable Sub-Advisor provides normal documentary evidence of such trade on the trade date (i.e., via trade ticket, trade confirmation, trade blotter excerpt or similar means provided in the normal course), the Investment Manager's consent with respect to such trade shall be deemed evidenced by the absence of the Investment Manager's objection to such trade in writing (including by electronic mail) prior to the earlier of (i) the close of business on the second business day following the trade date and (ii) the settlement date.

(d) Subject to the other provisions of this Agreement, including, without limitation, Sections 2(a), 2(j) and the applicable Mandate(s), the Sub-Advisors have authority: (i) to buy, sell, sell short, hold and trade, on margin or otherwise and in or on any market or exchange within or outside the United States or otherwise, securities convertible into preferred or common stock of domestic and foreign issuers, debt securities of domestic and foreign governmental issuers (including federal, state and municipal issuers) and domestic and foreign corporate issuers, investment company securities, money-market securities, partnership interests, mortgage- and asset- backed securities (including, without limitation, collateralized loan obligations and other collateralized debt obligations), foreign currencies and currency forwards, futures contracts and options thereon, bank and debtor-in-possession loans, trade receivables, repurchase and reverse repurchase agreements, commercial paper, other securities, futures and derivatives (including interest rate and currency swaps, swaptions, caps, collars and floors), rights and options on all of the foregoing and other investments, assets or property; and (ii) to effect such other investment transactions involving the assets in an Account's name and solely for such Account, including without limitation, to execute swap, futures, options and other agreements with counterparties. Without the prior written consent of the Investment Manager, the Sub-Advisor shall not open or close any accounts on a Company's behalf.

(e) With respect to each Account advised by such Sub-Advisor, such Sub-Advisor will have the authority to exercise any voting rights relating to assets of such Account. Upon receipt of the Investment Manager's prior verbal or written consent (if required under the applicable non-discretionary Mandate), each Sub-Advisor shall be authorized to exercise rights, options, warrants, conversion privileges, and redemption privileges, and to tender securities pursuant to a tender offer, in each case, with respect to such Account. Each Sub-Advisor shall have the authority to exercise, on behalf of each Account managed by such Sub-Advisor, all rights, remedies and obligations associated with assets held in such Account. Each Sub-Advisor shall have the authority to execute trade confirmations, trade tickets, purchase orders, assignment agreements, engagement letters, amendments, forbearance agreements and all other documents related to the purchase, sale, amendment, restructuring or insolvency of assets of an Account managed by such Sub-Advisor; provided that, in the case of a non-discretionary Mandate, any exercise of such authority which would result in a conversion (including, without limitation, a conversion into a different asset) or transfer of an asset, shall be subject to the prior verbal or written consent of the Investment Manager.

(f) Subject to each respective Investment Management Agreement with respect to each Account, the Investment Manager may rebalance or reallocate assets among such Account in its discretion (or between the Accounts and any other accounts of any Company or other clients of the Investment Manager sub-advised by any Sub-Advisor).

(g) The Sub-Advisors (or any of them as the case may be) will reasonably cooperate with the Investment Manager to the limited extent necessary for the Investment Manager to perform such ongoing due diligence reasonably relating to each Account and the Sub-Advisors as the Investment Manager reasonably deems necessary or advisable, provided, that such cooperation shall be at no cost or expense to the Sub-Advisors and any cost or expense associated therewith shall be paid by the Investment Manager.

(h) No Sub-Advisor may retain any sub-advisors or otherwise delegate any of its obligations under this Agreement with respect to each Account managed by such Sub-Advisor without the prior written consent of the Investment Manager; provided that each Sub-Advisor may delegate any of its obligations to its affiliates without the prior consent of the Investment Manager. To the extent specified in a Mandate, the Sub-Advisor shall also manage and oversee certain other sub-advisors of the Investment Manager as specified in the Mandate as if such sub-advisor had been delegated authority hereunder ("Third Party Sub-Advisors"). Notwithstanding any such delegation permitted pursuant to this Section 2(f), such Sub-Advisor shall remain responsible to the Investment Manager for such Sub-Advisor's obligations hereunder with respect to such Company's Account.

(i) With the written consent of the Investment Manager, each Sub-Advisor shall have the authority to engage such attorneys, accountants and other professionals or advisors as may be necessary or advisable in the discharge of its duties and obligations under this Agreement.

(j) Unless otherwise allowed by an Addendum with respect to a particular Company, none of the Sub-Advisors shall enter into, whether in the name, and on behalf, of any Company or otherwise, any over-the-counter, exchange-traded and other derivative transactions (including any and all contracts or agreements related thereto and including for purposes of hedging) in respect of any Accounts without the prior written consent of the Investment Manager (which written consent may be conveyed via electronic mail).

(k) None of the Sub-Advisors shall make a claim for exemption from U.S. withholding tax to the U.S. Internal Revenue Service on the basis that income of any Company is effectively connected with the conduct of a trade or business in the United States, nor shall any Sub-Advisor file a U.S. Internal Revenue Service Form W8-ECI (or any successor form) on behalf of any Company with any withholding agent.

(l) Each Sub-Advisor shall promptly notify the Investment Manager upon its actual knowledge of the occurrence of any event which in the reasonable opinion of such Sub-Advisor would have a materially adverse impact on the ability of such Sub-Advisor to manage any Account sub-advised by such Sub-Advisor.

(m) Each Sub-Advisor agrees to use reasonable best efforts to cause its portfolio managers to trade within the Investment Manager's systems environment, including staging such trades prior to execution.

3. Compensation; Expenses.

(a) The Investment Manager agrees to pay the Sub-Advisors sub-advisory fees with respect to assets the Sub-Advisors manage hereunder (collectively, the "Asset Management Fees") in accordance with Schedule 2 attached hereto (as amended from time to time). The Asset Management Fee described in Schedule 2 shall be allocated among the Sub-Advisors as such Sub-Advisors shall determine. The Investment Manager and the applicable Sub-Advisor may enter into an Addendum or other written arrangement to amend or agree to additional Asset Management Fees or fee rebates with respect to assets the Sub-Advisors manage hereunder.

(b) Following the Effective Date, (i) the parties shall calculate the Asset Management Fees with respect to assets sub-advised under the Prior Agreement with respect to the period from January 1, 2019 to the Effective Date as if the amendment and restatement of the Prior Agreement by this Agreement occurred on January 1, 2019 and (ii) if the aggregate amount of such Asset Management Fees exceeds the aggregate amount of Management Fees (as defined in the Prior Agreement) that were paid under the Prior Agreement with respect to such period, the Investment Manager shall pay the amount of such excess to the Sub-Advisors (as applicable), and if the aggregate amount of Management Fees that Investment Manager paid under the Prior Agreement with respect to such period exceeds the aggregate amount of such calculated Asset Management Fees, the Sub-Advisors shall pay the amount of such excess to Investment Manager.

(c) Each Sub-Advisor will be responsible for all fees and expenses incurred by it in performing its obligations under this Agreement except, for the avoidance of doubt, Account Trading and Investment Expenses, which shall be allocated to, and paid by, each respective Company on a pro rata basis out of the assets of the Account of such Company.

(d) For purposes of this Agreement, "Account Trading and Investment Expenses" shall mean all brokerage fees, brokerage commissions and all other brokerage transaction costs, stock borrowing and lending fees, interest on cash balances, custodial fees, reasonable transaction legal expenses, regulatory fees or taxes payable in respect of the Account, professional expenses (including fees in connection with the use of proxy voting services) and any other fees and expenses related to the trading and investment activity of the Account as determined by the Sub-Advisors in good faith; provided that such fees and expenses are not duplicative of any services provided by the Investment Managers or agents, brokers, advisors or professionals engaged in any capacity by the Investment Manager.

(e) Each Sub-Advisor, through its designee, shall (i) be responsible for providing the price of the assets that are purchased for the Accounts that it manages in accordance with such Sub-Advisor's existing policies and procedures, and (ii) use commercially reasonable efforts to submit pricing information in respect of the assets in the Accounts three (3) business days (but in no event later than six (6) business days) following each month-end to the Investment Manager. Notwithstanding the foregoing, Asset Management Fees shall be determined using the valuations as may have been agreed between Investment Manager and applicable Company whose Accounts may be subject to this Agreement. The parties hereto agree to negotiate in good faith as to any objections raised as to the valuation of assets in the Accounts for purposes of determining the Asset Management Fees.

(f) The Asset Management Fee will be billed and paid quarterly in arrears, based on the monthly fees calculated pursuant to Section 3(a) for each of the three calendar months during the relevant quarter, or in the case of any partial quarterly period, the last day of each calendar month during the relevant period and the last business day of such period. The Investment Manager will pay any Asset Management Fees payable hereunder within 30 calendar days following receipt by the Investment Manager of an invoice for such fee, detailing the calculation of such fee. The Investment Manager and the Sub-Advisors shall agree on the form and substance of such invoice before the first Asset Management Fee billing cycle. Upon termination of the Agreement, any outstanding Asset Management Fee shall become immediately due and payable by the Investment Manager.

4. Custodian.

(a) The assets of each Account shall be held by a trustee, custodian or securities intermediary that is a "qualified custodian" as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940 duly appointed by each Company (the "Custodian"), and each Sub-Advisor is authorized to give instructions to the Custodian, in writing, with respect to all investment decisions regarding each Account managed by such Sub-Advisor. Nothing contained herein shall be deemed to authorize the Sub-Advisors to take or receive physical possession of any of the assets for the Account and no Sub-Advisor shall have custody or possession of any such assets, it being intended that sole responsibility for safekeeping thereof (in such investments as the Investment Manager or the Sub-Advisors may direct) and the consummation of all purchases, sales, deliveries and investments made pursuant to such Sub-Advisor's direction shall rest upon the Custodian. The Custodian may be changed with respect to any Company's Account from time to time upon the written instructions of such Company, subject to any required consents.

(b) Except as expressly provided herein, a Sub-Advisor may not withdraw or substitute funds or other assets from any Account managed by it without the approval of the Custodian (which approval may be subject to the further approval of the applicable Company (as the case may be) and/or the Investment Manager).

(c) Each Company shall instruct the Custodian to send the Investment Manager and the Sub-Advisors (or any of them as the case may be) duplicate copies of all Account statements given to such Company by the Custodian.

5. Brokerage. The Sub-Advisors may designate the brokers or dealers through whom all purchases and sales on behalf of each Account will be made. To the extent permitted by applicable law, such brokers or dealers may include affiliates of the Sub-Advisors. The Sub-Advisors will determine the rate or rates, if any, to be paid for brokerage services provided to each Account. In selecting brokers or dealers to effect transactions on behalf of any Account, the Sub-Advisors, subject to their overall duty to obtain "best execution" of Account transactions, will have authority to and may consider the full range and quality of the ability of the brokers or dealers to execute transactions efficiently, their responsiveness to each Sub-Advisor's instructions, their facilities, reliability and financial responsibility and the value of any research or other services or products they provide. None of the Sub-Advisors will be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for any Account or to select any broker-dealer on the basis of its purported posted commission rate. As long as the services or other products provided by a particular broker or dealer (whether directly or through a third party) qualify as "brokerage and research" services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (and relevant Securities and Exchange Commission ("SEC") interpretations of that section) and the Sub-Advisors (or any of them as the case may be) determine in good faith that the amount of commission charged by such broker or dealer is reasonable in relation to the value of such "brokerage and research services," the Sub-Advisors (or any of them as the case may be) may utilize the services of that broker or dealer to execute transactions for each Account on an agency basis even if (i) such Account would incur higher transaction costs than it would have incurred had another broker or dealer been used and (ii) such Account does not necessarily benefit from the research or products provided by that broker or dealer.

6. Limitation of Liability.

(a) None of the Sub-Advisors guarantee the future performance of any Account or any specific level of performance, the success of any investment decision or strategy that any Sub-Advisor may use, or the success of any Sub-Advisor's overall management of any Account. None of the Sub-Advisors provide any express or implied warranty as to the performance or profitability of the Account nor any part thereof nor that any specific investment objectives will be successfully met. Investment decisions made by any Sub-Advisor on behalf of any Account managed by such Sub-Advisor are subject to various market, currency, economic, political and business risks, and those investment decisions will not always be profitable. The Sub-Advisors shall be severally and not jointly liable for their respective obligations and liabilities under this Agreement.

(b) To the maximum extent permitted by law, none of the Sub-Advisors, any affiliate of the Sub-Advisors or any member, partner, shareholder, principal, director, officer, employee or agent of the Sub-Advisors or any such affiliate (each, a "Sub-Advisor Party") shall be liable for any loss, liability or damage (including attorney's fees and other related expenses) ("Losses") resulting from: (i) any act or failure to act by the Custodian, any administrator or any broker or dealer; or (ii) any act or omission by any Sub-Advisor or any permitted Sub-Advisor in connection with the performance of its services under this Agreement (including any Addendum hereto), except in cases of willful misconduct, gross negligence, bad faith or reckless disregard by any Sub-Advisor or any permitted Sub-Advisor of its obligations and duties under this Agreement (including any Addendum hereto). Except as expressly set forth above, none of the Sub-Advisors shall have liability for any Losses suffered and shall be fully indemnified by the Investment Manager for any Losses it may suffer, as the result of any actions it takes or does not take based on instructions or permissions received from any of the authorized persons of the Investment Manager reasonably believed by such Sub-Advisor to be genuine. Each Sub-Advisor may consult with legal counsel at its cost and expense (without limiting the reimbursement provisions set forth in this Agreement, including those set forth in Section 3(b)) concerning any question which may arise with

reference to this Agreement or its duties hereunder, and the opinion of such counsel shall be full and complete protection with respect to, and none of the Sub-Advisors shall have liability for any Losses suffered as a result of, any action taken or suffered by any Sub-Advisor hereunder in good faith and in accordance with the opinion of such counsel. Under no circumstances shall any Sub-Advisor be liable for any special, incidental, exemplary, consequential, punitive, lost profits or indirect damages.

(c) **The federal and state securities laws may impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement will waive or limit any rights that the Investment Manager or any Company may have under those laws.**

7. Termination.

(a) The terms and provisions of this Agreement shall apply to all transactions from the date of this Agreement and this Agreement shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors on the other hand, without penalty, by the terminating party giving written notice to the other party in writing which will take effect 30 days after the date on which notice is received by the other party or such later date as such notice specifies (which shall not exceed 90 days from the date of such notice) or such earlier date as the other party may agree. In addition, this Agreement may be terminated by:

(i) the Investment Manager with respect to any particular Sub-Advisor in the event of: (A) a material breach by such Sub-Advisor; (B) bankruptcy or insolvency by such Sub-Advisor; or (C) the inability of such Sub-Advisor for regulatory reasons to perform its services hereunder; and

(ii) each Sub-Advisor in the event of: (A) a material breach by the Investment Manager; (B) bankruptcy or insolvency by the Investment Manager; or (C) the inability of the Investment Manager for regulatory reasons to perform its services hereunder.

(b) Notwithstanding anything in this Agreement to the contrary, (a) the Investment Manager may suspend all trading in any Account upon 2 business days' prior written notice to the Sub-Advisors (or any of them, as the case may be) for any or no reason and (b) this Agreement shall automatically terminate upon the termination of the last remaining Investment Management Agreement with respect to the applicable Account listed on Schedule 1.

(c) Upon receipt of a termination notice from the Investment Manager, or delivery of a termination notice by any Sub-Advisor, such Sub-Advisor shall, at the reasonable request of the Investment Manager, continue to perform its functions under this Agreement or in respect of such terminated Account, and shall be entitled to receive the requisite portion of any fees due (including Asset Management Fees) until a successor has been appointed, provided that such Sub-Advisor shall not be required to perform its functions after ninety (90) days from the receipt of a termination notice.

(d) Section 6 of this Agreement shall continue in full force and effect notwithstanding the termination hereof or the invalidation of any provision contained herein.

8. Representations and Warranties.

(a) Each Sub-Advisor, severally and not jointly, represents and warrants to the Investment Manager, as of the date hereof, as follows:

(i) such Sub-Advisor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) such Sub-Advisor is a registered investment adviser under the Investment Advisers Act of 1940, as amended or is relying on such a registered investment adviser (the "Advisers Act"), and in turn each such Sub-Advisor acknowledges that the Advisers Act provides for the following duty: (A) to act with utmost good faith; (B) to act with loyalty to clients; (C) to provide full and fair disclosure of all material facts; and (D) to employ reasonable care to avoid misleading clients;

(iii) to its knowledge, there are no material suits, actions, claims or proceedings pending or threatened in any court or before or by any governmental, regulatory or administrative body, nor have there been any such material suits, actions, claims or proceedings, to which such Sub-Advisor is a party which might reasonably be expected to have a materially adverse effect on the ability of such Sub-Advisor to perform its duties hereunder;

(iv) the Sub-Advisor has not been subject to any legal or regulatory action, proceeding, or claim involving fraud, misrepresentation or violation of any securities laws, rules or regulations;

(v) in performing its duties and obligations under this Agreement, all acts and omissions taken by such Sub-Advisor in respect of any Account shall be in compliance in all material respects with all applicable laws, rules and regulations;

(vi) such Sub-Advisor has all necessary governmental, regulatory and exchange approvals and licenses and has effected all filings and registrations with all necessary authorities required to conduct its business and to perform its obligations hereunder in all material respects;

(vii) such Sub-Advisor has, and its employees or related parties are subject to, written procedures regarding compliance with all relevant rules and regulations as required by and in conformity with applicable law, and such Sub-Advisor has procedures in place which comply with all relevant anti-money laundering and privacy principles applicable to it pursuant to applicable law;

(viii) such Sub-Advisor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ix) this Agreement constitutes a binding obligation of such Sub-Advisor, enforceable against such Sub-Advisor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(x) the execution, delivery and performance of this Agreement by such Sub-Advisor do not violate (A) any law, rule or regulation applicable to such Sub-Advisor, (B) any provision of the articles of incorporation or by-laws of such Sub-Advisor, or (C) any agreement or instrument to which such Sub-Advisor is a party except, in each case, for such violations as would not have a materially adverse effect on the ability of such Sub-Advisor to perform its obligations under this Agreement.

(b) Except as otherwise provided in an Addendum, if any, with respect to a particular Company, the Investment Manager represents and warrants to each Sub-Advisor as follows:

(i) the Investment Manager is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) the Investment Manager has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(iii) this Agreement constitutes a binding obligation of the Investment Manager, enforceable against the Investment Manager in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iv) the execution, delivery and performance of this Agreement by the Investment Manager do not violate (A) any law, rule or regulation applicable to the Investment Manager, (B) any provision of the articles of incorporation or by-laws of the Investment Manager, or (C) any agreement or instrument to which the Investment Manager is a party, except for such violations as would not have a materially adverse effect, directly or indirectly, on the ability of the Investment Manager to perform its duties under this Agreement;

(v) no consent of any person, and no license, permit, approval or authorization of, exemption by, report to, or registration, filing or declaration with, any governmental authority is required by the Investment Manager in connection with the execution, delivery and performance of this Agreement other than those already obtained;

(vi) each Company is a "qualified institutional buyer" ("QIB") as defined in Rule 144A under the Securities Act of 1933, as amended, and the Investment Manager will promptly notify the Sub-Advisors if such Company ceases to be a QIB; and

(vii) none of the assets contained in any Account are or will be "plan assets" of an employee benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code").

9. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if delivered by hand, facsimile, e-mail, or mailed by first class, registered mail, return receipt requested, postage and registry fees prepaid and addressed as follows:

(a) If to any Sub-Advisor:
Apollo Capital Management, L.P.
9 W 57th Street
New York, NY 10036
Attention: Joseph Glatt
Email: jglatt@apollolp.com

(b) If to the Investment Manager:
Athene Asset Management LLC
2121 Rosecrans Avenue, Suite 5300
El Segundo, CA 90245
Attention: Legal Department
Telephone: (310) 698-4431
Facsimile: (310) 698-4492
Email: legal@athenelp.com

Addresses may be changed by notice in writing signed by the addressee.

10. No Assignment. This Agreement may not be assigned by any party to this Agreement without the prior written consent of the other parties hereto; provided, that, upon five (5) days' prior written notice to the Investment Manager, any Sub-Advisor may assign this Agreement to its affiliates without the prior written consent of the Investment Manager or any Company, provided that such assignment does not result in a change of actual control or management of such Sub-Advisor, which shall be determined with reference to Section 202(a)(1) of the Advisers Act and Rule 202(a)(1)-1 and other guidance issued by the SEC thereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding on the parties hereto and their successors and permitted assigns, in each case *provided* that such successor or assignee agrees to be bound by the terms and conditions of this Agreement.

11. Governing Law. To the extent consistent with any mandatorily applicable federal law, this Agreement shall be governed by the laws of the State of New York without giving effect to any principles of conflicts of law thereof that would permit or require the application of the law of another jurisdiction and are not mandatorily applicable by law.

12. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. Each party hereby (i) certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other would not, in the event of a proceeding, seek to enforce the forgoing waiver and (ii) acknowledge that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this paragraph.

13. Right to Audit. The Investment Manager and its representatives shall have the right, at its own expense, to conduct an audit of the relevant books, records and accounts of each Sub-Advisor related to the Accounts (or any particular Account) managed by such Sub-Advisor during normal business hours upon giving reasonable notice of their intent to conduct such an audit. In the event of such audit, each Sub-Advisor shall comply with the reasonable requests of the Investment Manager and/or any Company and their respective representatives and provide access to all books, records and accounts necessary to the audit and the Investment Manager shall reimburse each Sub-Advisor for its costs and expenses in connection with such audit.

14. Books and Records. Each Sub-Advisor shall keep and maintain proper books and records wherein shall be recorded the business transacted by it on behalf of, in the name of, or on account of each Company in respect of such Company's Account. Each Sub-Advisor shall maintain voting records for each Account managed by such Sub-Advisor for a minimum period of five (5) years or for such longer time as may be required by applicable law and shall make such voting records available to the Investment Manager as the Investment Manager may reasonably request from time to time.

15. Reports. In addition to any notice requirements otherwise described herein, each Sub-Advisor shall, subject to any confidentiality obligations, legal, regulatory or other disclosure restrictions, provide the Investment Manager with (i) reports containing the information set forth on Schedule 3 and/or in any Mandate; (ii) all other information reasonably requested by the Investment Manager that is required to meet the Investment Manger's or its client's compliance, financial reporting, operational, accounting, audit, regulatory and other obligations, to the extent the Sub-Advisor actually possesses or has control over such information. Schedule 3 may otherwise be amended, supplemented or modified from time to time as agreed to in writing solely by the Investment Manager and the Sub-Advisors (as applicable) without a formal amendment or Addendum to the Agreement.

16. Force Majeure. No party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or gross negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, terrorism, acts of the state in its sovereign capacity, fires, floods, earthquakes, power failure, disabling strikes, epidemics, quarantine restrictions and freight embargoes.

17. Non-Exclusive Dealings with and by Sub-Advisor Parties; Conflicts of Interest.

(a) Although nothing herein shall require any Sub-Advisor to devote its full time or any material portion of its time to the performance of its duties and obligations under this Agreement, each Sub-Advisor shall furnish continuous investment advisory services for the Accounts and, in that connection, devote to such services such of its time and activity (and the time and activity of its employees) during normal business days and hours as it shall reasonably determine to be necessary for each Account to achieve its investment objective(s); *provided, however,* that nothing contained in this Section 17(a) shall preclude the Sub-Advisor Parties from acting, consistent with the foregoing, either individually or as a member, partner, shareholder, principal, director, trustee, officer, official, employee or agent of any entity, in connection with any type of enterprise (whether or not for profit), regardless of whether any Company, Account or any Sub-Advisor Party has dealings with or invests in such enterprise.

(b) The Investment Manager understands that each Sub-Advisor will continue to furnish investment management and advisory services to others, and that each Sub-Advisor shall be at all times free, in its discretion, to make recommendations to others which may be the same as, or may be different from or inconsistent with, those made to each Account. The Investment Manager further understands that the Sub-Advisor Parties may or may not have an interest in the securities whose purchase and sale any Sub-Advisor may recommend. Actions with respect to securities of the same kind may be the same as or different from or inconsistent with the action which the Sub-Advisor Parties or other investors may take with respect thereto. Furthermore, the Investment Manager understands and agrees that each Sub-Advisor Party shall have the right to engage, directly or indirectly, in the same or similar business activities or lines of business as any Sub-Advisor and any other Sub-Advisor Party and no knowledge or expertise of any Sub-Advisor Parties or any opportunities available to such Sub-Advisor Parties shall be imputed to any Sub-Advisor or any other Sub-Advisor Parties.

(c) The Investment Manager agrees that each Sub-Advisor may refrain from rendering any advice or services concerning securities of companies of which any of the Sub-Advisor Parties are directors or officers, or companies as to which the Sub-Advisor Parties have any substantial economic interest or possesses material non-public information, unless such Sub-Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to the Investment Manager and any applicable Company or discloses such conflict to the Investment Manager and such Company prior to rendering such advice or services with respect to any Account.

(d) From time to time, when determined by any Sub-Advisor to be in the best interest of any Company and with the prior approval of the Investment Manager, the Account in respect of such Company may purchase securities from or sell securities to another account (including, without limitation, public or private collective investment vehicles) managed, maintained or trusteed by such Sub-Advisor or an affiliate at prevailing market levels in accordance with applicable law and utilizing such pricing methodology determined to be fair and equitable to such Company in such Sub-Advisor's reasonable judgment.

(e) Notwithstanding anything else in this Agreement to the contrary, none of the Sub-Advisors shall be under any obligation to effect trades or satisfy any other obligation required of it herein if such Sub-Advisor determines that such transactions might be adverse to the interests of clients managed by such Sub-Advisor or its affiliates. Each Sub-Advisor shall be entitled to consider its fiduciary duties to all clients that hold parallel positions in the securities to be sold or distributed, if any. In the event that, in accordance with this provision, a Sub-Advisor declines to follow the instructions of the Investment Manager, the Sub-Advisor will notify the Investment Manager of such conflict and its decision with respect thereto. For the avoidance of doubt, if the Sub-Advisor determines not to follow the direction of the Investment Manager, nothing herein shall prevent the Investment Manager from immediately making a full or partial withdrawal from the applicable Account(s) and proceeding with the relevant course of action on its own.

(f) This Section 17 is further subject to the disclosures relating to the Sub-Advisors and their affiliates described therein the ACM's Form ADV Part 2A and Part 2B as required by Rule 204-3(b) of the Advisers Act.

18. Aggregation and Allocation of Orders.

(a) The Investment Manager acknowledges that circumstances may arise under which a Sub-Advisor determines that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of such Sub-Advisor's clients' accounts, there is a limited supply or demand for the security or other investment. Under such circumstances, the Investment Manager acknowledges that, while such Sub-Advisor will seek to allocate the opportunity to purchase or sell that security or other investment among those accounts on an equitable basis, such Sub-Advisor shall not be required to assure equality of treatment among all of its clients (including that the opportunity to purchase or sell that security or other investment will be proportionally allocated among those clients according to any particular or predetermined standards or criteria). Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for each Account (or for the other accounts advised or sub-advised by such Sub-Advisor), such Sub-Advisor may average the various prices and charge or credit any Account with the average price.

(b) It is each Sub-Advisor's general policy to allocate investment opportunities among investment funds and client accounts on a basis that such Sub-Advisor and its affiliates determine in good faith to be appropriate, taking into consideration such factors as each client's and investment fund's primary mandates, the relative amounts of capital available for investment (after taking into account applicable reserves and available financing), any restrictions on investment or other legal, regulatory, tax, reporting or confidentiality considerations, the sourcing of the transaction, the size, liquidity and duration of the transaction, capital structure, client exposure to the type of transaction, the amount of potential follow-on investing strategy of the client or investment fund, reasons of portfolio balance and other factors deemed applicable by such Sub-Advisor and its affiliates in good faith.

19. Sub-Advisors Independent. For all purposes of this Agreement, each Sub-Advisor shall be deemed to be an independent contractor and shall have no authority to act for, bind or represent the Investment Manager, any Company or any Company's shareholders in any way, except as expressly provided herein or in any Addendum, and shall not otherwise be deemed to be an agent of any Company. Nothing contained herein shall create or constitute any Sub-Advisor, the Investment Manager and/or any Company as a member of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, nor shall anything contained herein be deemed to confer on any of them any express, implied, or apparent authority to incur any obligation or liability on behalf of any other person, except as expressly provided herein. Each Sub-Advisor shall be severally liable for its own obligations and the Investment Manager shall have no recourse to any Sub-Advisory for the actions or omissions of any other Sub-Advisor.

20. Entire Agreement. Except for those documents, agreements or Addendums referred to herein, including for the avoidance of doubt the Mandates and any agreements regarding Asset Management Fees (including, without limitation Special Asset Fees (as defined on Schedule 2)), this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes from and after the Effective Date all other prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement. There are no understandings between the parties with respect to the subject matter of this Agreement other than as expressed herein.

21. Severability. To the extent this Agreement may be in conflict with any applicable law or regulation, this Agreement shall be construed to the greatest extent practicable in a manner consistent with such law or regulation. The invalidity or illegality of any provision of this Agreement shall not be deemed to affect the validity or legality of any other provision of this Agreement.

22. Counterparts; Amendment. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as set forth herein or in any Addendum, this Agreement may not be modified or amended, except by an instrument in writing signed by the party to be bound or as may otherwise be provided for herein.

23. Addendums. In the event that the Investment Manager and the Sub-Advisors (or any of them as the case may be) execute an Addendum to this Agreement, such Addendum shall be deemed to be attached to and become a part of this Agreement and the terms of this Agreement shall be amended, supplemented or modified by the terms of such Addendum as applicable. In the event of conflict between this Agreement and any Addendum, the terms and conditions contained in such Addendum shall control. Upon the execution by the Investment Manager and the Sub-Advisors (or any of them, as the case may be) of any Addendum, this "Agreement" shall be deemed to include the terms set forth in any such Addendum.

24. No Recourse to Companies. Each Sub-Advisor acknowledges and agrees that such Sub-Advisor shall not have any recourse against any Company for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with this Agreement or any transaction contemplated hereunder.

25. Third-Party Beneficiary. Notwithstanding any provision herein to the contrary, each Sub-Advisor and the Investment Manager acknowledge and agree that each Company is an intended third-party beneficiary of each term and provision hereof and each term and provision of this Sub-Advisory Agreement may be enforced by the Company.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

/s/ James R. Belardi
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**ARM MANAGER LLC**

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO ROYALTIES MANAGEMENT, LLC**

By: Apollo Commodities Management, L.P., with respect to Series III its sole member

By: Apollo Commodities Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**SCHEDULE 1**

**Schedule of Accounts**

| Company | Investment Management Agreement/Sub-Advisory Agreement (each as amended from time to time) | Sub-Advisor |
|---|---|---|
| WESTERN UNITED LIFE ASSURANCE COMPANY, a life insurance company domiciled in the State of Washington ("WULA") | Investment Management Agreement dated as of October 27, 2009, by and between WULA and the Investment Manager | All Sub-Advisors |
| ATHENE LIFE RE LTD., a reinsurance company organized as a Bermuda exempted company ("ALRE") | Investment Management Agreement dated as of July 22, 2009, by and between ALRE and the Investment Manager; Investment Management Agreement dated as of October 29, 2010, by and between ALRE and the Investment Manager; Investment Management Agreement dated as of May 26, 2011, by and between ALRE and the Investment Manager | All Sub-Advisors |
| AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY, a life insurance company domiciled in the State of Iowa ("AEL") | Investment Management Agreement dated as of August 14, 2009, by and between AEL and the Investment Manager | All Sub-Advisors |
| JEFFERSON NATIONAL LIFE INSURANCE COMPANY, a life insurance company domiciled in the State of Texas ("JNL") | Investment Management Agreement dated as of December 28, 2010, by and between JNL and the Investment Manager | All Sub-Advisors |
| ATHENE ANNUITY & LIFE ASSURANCE COMPANY, a life insurance company domiciled in the State of Delaware ("Athene Annuity") | Investment Management Agreement dated as of April 29, 2011 (as amended), by and between Athene Annuity and the Investment Manager | All Sub-Advisors |
| SENTINEL SECURITY LIFE INSURANCE COMPANY, a life insurance company domiciled in the State of Utah ("Sentinel") | Amended and Restated Investment Management Agreement (Non-Reinsured Account) dated as of December 21, 2011; Amended and Restated Investment Management Agreement (Funds Withheld Account) dated as of December 21, 2011 | All Sub-Advisors |
| midland national life insurance company, a life insurance company domiciled in the State of Iowa ("Midland") | Investment Management Agreement dated as of January 2, 2014, by and between Midland and the Investment Manager | All Sub-Advisors |
| Athene holding ltd., a Bermuda exempted company ("AHL") | Investment Management Agreement dated as of October 3, 2012, by and between AHL and the Investment Manager | All Sub-Advisors |
| FIDELITY SECURITY LIFE INSURANCE COMPANY, a life insurance company domiciled in the State of Missouri ("Fidelity") | Investment Management Agreement dated as of June 1, 2016 by and between Fidelity and the Investment Manager | All Sub-Advisors |
| ATHENE ANNUITY RE LTD., a reinsurance company organized as a Bermuda exempted company ("AARE") | Investment Management Agreement dated as of March 14, 2018, by and between AARE and the Investment Manager | All Sub-Advisors |
| ReliaStar Life Insurance Company, a life insurance company domiciled in the State of Minnesota ("RLIC") | Sub-Advisory Agreement, dated as of June 1, 2018, by and between Voya Investment Management LLC (as the Investment Manager to RLIC) and Athene Asset Management LLC (as the Sub-Advisor), in respect of RLIC | All Sub-Advisors |
| Life Insurance Company of The Southwest, a Texas insurance company ("LSW") | Investment Management Agreement dated as of October 4, 2018 by and between LSW and the Investment Manager | All Sub-Advisors |
| THE Lincoln national life insurance company, a life insurance company organized and existing under the laws of Indiana ("LNC") | Investment Management Agreement dated as of December 7, 2018 by and between LNC and the Investment Manager | All Sub-Advisors |
| ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD. (formerly known as Acra Re II Ltd.), a reinsurance company organized as a Bermuda exempted company ("ACRA 1A") | Investment Management Agreement dated as of December 31, 2018, by and between ACRA 1A and the Investment Manager | All Sub-Advisors |

| | | |
|---|---|---|
| ATHENE CO-INVEST REINSURANCE AFFILIATE 1B LTD., a reinsurance company organized as a Bermuda exempted company ("ACRA 1B") | Investment Management Agreement dated as of September 11, 2019, by and between ACRA 1B and the Investment Manager | All Sub-Advisors |
| ATHENE USA CORPORATION, a life insurance company domiciled in the State of Delaware ("AUSA") | Investment Management Agreement dated as of December 15, 2014, by and between Athene Annuity and the Investment Manager | All Sub-Advisors |

**SCHEDULE 2**

**Asset Management Fees**

I. The "Asset Management Fee" means, with respect to any asset in an Account as of any date of determination:

(a) if such asset constitutes a Core Asset as of such date of determination, 0.065% of the market value of such asset as of such date of determination;

(b) if such asset constitutes a Core Plus Asset as of such date of determination, 0.13% of the market value of such asset as of such date of determination;

(c) if such asset constitutes a Yield Asset as of such date of determination, 0.375% of the market value of such asset as of such date of determination; and

(d) if such asset constitutes a High Alpha Asset as of such date of determination, 0.70% of the market value of such asset as of such date of determination; and

(e) if such asset constitutes a Special Asset as of such date of determination, the applicable asset management fees as may be mutually agreed to in writing from time to time between the Investment Manager and the applicable Sub-Advisor with respect to such Special Asset;

(f) if such asset constitutes a Non-Fee Asset, zero.

For purposes of this Schedule 2, the determination of whether an asset constitutes a Core Asset, Core Plus Asset, Yield Asset or High Alpha Asset, and the determination of the market value of an asset, shall be made as of the end of the day of the applicable date of determination.

II. The Investment Manager (or its designee) shall provide valuations of assets managed hereunder for purposes of determining fees hereunder. The parties agree to negotiate in good faith as to any disputes regarding classification or valuation of the assets in the Accounts for purposes of determining fees accruing hereunder or in connection with any Account or, if applicable, including with respect to any determination of whether or not an asset constitutes a Non-Fee Asset, a Special Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset (which negotiation shall take into account the yield, duration and risk profile of such asset). Additionally, in the event that an asset in an Account is classified as of an applicable date of determination within a category that was not contemplated by this Agreement as of the Effective Date, the parties shall negotiate in good faith to determine whether such asset should constitute a Non-Fee Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset.

II. For purposes of this Schedule 2:

(a) "Core Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (public), (ii) as a municipal security, (iii) as an agency residential or commercial mortgage-backed security, (iv) as an obligation of any governmental agency or government sponsored entity that is not expressly backed by the U.S. government or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core asset category or a core asset.

(b) "Core Plus Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (private), (ii) as a fixed rate first lien commercial mortgage loan (CML), (iii) as an obligation issued or assumed by a financial institution (such an institution, a "Financial Issuer") and determined by Investment Manager to be "Tier 2 Capital" under the Basel III recommendations developed by the Basel Committee on Banking Supervision (or any successor to such recommendations) or (iv) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core plus asset category or a core plus asset.

(c) "High Alpha Asset" means any asset classified as of the applicable date of determination (i) as a subordinated commercial mortgage loan, (ii) as a sub-investment grade collateralized loan obligation, (iii) as unrated preferred equity, (iv) as a debt obligation originated by MidCap, (v) as a commercial mortgage loan for redevelopment or construction or secured by non-traditional real estate, (vi) as sub-investment grade infrastructure debt, (vii) as a loan originated directly by Apollo (other than MidCap) and made to a borrower by an Apollo client that was made either directly, sourced privately from a financial sponsor, by debtors seeking a direct loan or financed bilaterally, (viii) as an agency mortgage derivative or (ix) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a high alpha asset category or a high alpha asset.

(d) "Non-Fee Asset" means any asset classified as of the applicable date of determination as (a) cash or a cash equivalent, (ii) a U.S. treasury security, (iii) an alternative asset; (iv) non-preferred equity; or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute a non-fee asset category or non-fee asset.

(e) A "Special Asset" means an asset that Investment Manager and Sub-Advisor mutually agree in writing from time to time constitutes a Special Asset.

(f) A "Yield Asset" means any asset classified as of the applicable date of determination (i) as a non-agency residential mortgage-backed security, (ii) as an investment grade collateralized loan obligation, (iii) as an asset-backed security (both insurance-linked securities and non-insurance-linked securities) that is not a residential mortgage-backed security or a commercial mortgage-backed security or a collateralized loan obligation, (iv) as an commercial mortgage-backed security, (v) as an emerging market investment, (vi) as a sub-investment grade corporate (private and public), (vii) as a subordinated debt obligation, hybrid security or surplus note issued or assumed by a Financial Issuer, (viii) as rated preferred equity, (ix) as a residential mortgage loan, (x) as a bank loan, (xi) as investment grade infrastructure debt, (xii) as a floating rate commercial mortgage loan on slightly transitional or stabilized traditional real estate or (xiii) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a yield asset category or a yield asset.

For the avoidance of doubt, an asset shall constitute only one of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset as of any date of determination. If an asset can be described as two or more of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset, such asset shall be deemed to fall solely within the categories most specific to such asset.

# SCHEDULE 3

**Exception Report & Transfer Procedures**

Within 25 days of the end of each calendar month, each Sub Advisor shall provide the Investment Manager with an exception report ("Exception Report") detailing specific securities owned in the portfolio with relevant characteristics (e.g. paramount, ratings, etc.) that had their Index status affected during the month by upgrade (departing the Index). With respect to High Yield Assets, the Exception Report shall apply only to those securities being held in the applicable account that had their Index status affected by the ratings upgrade. Upgrades highlighted on the Exception Report, (securities moving from the Sub-Advisor's Index to investment grade public credit) shall be transferred to the applicable investment grade public credit Sub-Advisor on the 1st business day of the month following the upgrade.

**Monthly Client Reporting**

Beginning no later than Q3 2014, within 10 business days following each calendar month-end, each Sub-Advisor shall provide a report to the Investment Manager with the following information:

(i) Relative to Benchmark:

- (a) Total Return - 1M, 3M, YTD, LTM, 3YR, 5YR and Since Inception performance
- (b) Yield to Worst
- (c) Yield to Maturity
- (d) Duration
- (e) OAS
- (f) Weighted average rating
- (g) Industry Analysis with Exposure by Industries
- (h) Credit Quality Analysis
- (i) Asset Class Analysis
- (j) Top Ten Issuer Overweight - (measured on a market value basis)
- (k) Top Ten Issuer Underweight - (measured on a market value basis)

(ii) Unique to Sub-Advisor Strategy:

- (a) Total Market Value - current, last quarter end, most recent year end
- (b) Performance Attribution - main drivers of performance (ex: security selection, duration, etc.)
- (c) Turnover - current and historical
- (d) Total Holdings
- (e) Out of Index Holdings
- (f) Purchases - include yield, rating, total dollar amount
- (g) Sales - include yield, rating, total dollar amount

Notwithstanding anything to the contrary herein, AR's report with respect to Monthly Client Reporting requirements shall only include Total Market Value (current, last quarter end and most recent year end).

**Quarterly Presentation**

In addition to above reporting requirements, each Sub-Advisor shall provide on a quarterly basis (generally via telephone or video) a review of economic and market commentary, strategy, performance and attribution with respect to such Sub-Advisor's asset class. To the extent that the Investment Manager requests that the Sub-Adviser provide such reporting updates in person, the Investment Manager shall be responsible for the Sub-Adviser's reasonable out-of-pocket travel expenses related thereto.

**Compliance Reporting**

Within 15 days of the end of each month, Sub-Advisors shall provide a compliance report showing compliance with this Agreement and the Mandates, and to the extent of any express limitations or concentration limits, showing compliance with each of such limitations.

**Additional Reporting**.

Subadvisors shall provide such additional reporting as may be reasonably required by the Investment Manager from time to time.

**EXHIBIT A**

**Form of MASTER Sub-Advisory Agreement Addendum**

This Master Sub-Advisory Agreement Addendum is made this **[]** day of **[]**, 201**[]** (this "Addendum"), by and among Athene Asset Management LLC, a Delaware limited liability company (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL"), Apollo Royalties Management, LLC, a Delaware limited liability company ("AR") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM, ALL and AR, the "Sub-Advisors") pursuant to that certain Third Amended and Restated Master Sub-Advisory Agreement, dated as of [] (as amended, supplemented or modified from time to time, the "Master Sub-Advisory Agreement"), by and among the Investment Manager and the Sub-Advisors. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Master Sub-Advisory Agreement.

**WHEREAS**, the Investment Manager and the Sub-Advisors entered into the Master Sub-Advisory Agreement pursuant to which the Investment Manager retained the Sub-Advisors to manage an investment portfolio of one or more Accounts;

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by **[Company Name]**, a **[life]** insurance company domiciled in **[State or other jurisdiction]** ("**[Company Name]**"), as subject to the Investment Manager's management, pursuant to an Investment Management Agreement dated as of **[date]**, with authority to delegate any of its rights and obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager desires to retain each Sub-Advisor, upon the terms and conditions set forth in this Addendum and in accordance with the Master Sub-Advisory Agreement, to provide advice with respect to the Accounts of **[Company Name]** accounts (the "**[Company Name]** Accounts", which, for the avoidance of doubt, shall be deemed to be an "Account" as such term is defined in the Master Sub-Advisory Agreement), and each Sub-Advisor desires to so act;

**WHEREAS**, this **[Company Name]** Addendum shall be attached to and become a part of the Master Sub-Advisory Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Appointment of Sub-Advisors; Delegation of Obligations of Investment Manager to Sub-Advisors. On the terms and subject to the conditions set forth herein and in the Master Sub-Advisory Agreement, the Investment Manager hereby appoints each Sub-Advisor as a sub-investment advisor of the **[Company Name]** Account with authority with respect to the investment and reinvestment of the funds and assets of the **[Company Name]** Account, and each Sub-Advisor accepts such appointment.

2. **[Additional Terms]**. **[Insert additional terms and conditions which modify the Master Sub-Advisory Agreement.]**

3. Termination. The terms and provisions of this **[Company Name]** Addendum shall apply to all transactions with respect to the **[Company Name]** Account from the date of this **[Company Name]** Addendum and this **[Company Name]** Addendum shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors collectively on the other hand, without penalty, by the terminating party giving notice to the other party in accordance with the termination provisions contained in Section 7 of the Master Sub-Advisory Agreement.

4. No Assignment. This **[Company Name]** Addendum may only be assigned in accordance with the assignment restrictions contained in Section 10 of the Master Sub-Advisory Agreement, which section shall apply equally to this **[Company Name]** Addendum.

5. Addendum to Master Sub-Advisory Agreement. This **[Company Name]** Addendum constitutes an Addendum to the Master Sub-Advisory Agreement (as such term is defined in Section 1 of the Master Sub-Advisory Agreement). This **[Company Name]** Addendum shall be deemed to be attached to and become a part of the Master Sub-Advisory Agreement and the terms of the Master Sub-Advisory Agreement shall be amended, supplemented or modified by the terms of this **[Company Name]** Addendum as applicable. Any reference to "this Agreement" in the Master Sub-Advisory Agreement shall be deemed to include the terms set forth in this **[Company Name]** Addendum.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

________________________________
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**ARM MANAGER LLC**

________________________________
Name:
Title:

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO ROYALTIES MANAGEMENT, LLC**

By: Apollo Commodities Management, L.P., with respect to Series III its sole member

By: Apollo Commodities Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

Exhibit A

**Exhibit 10.30.3**

**THIRD AMENDED AND RESTATED**
**MASTER SUB-ADVISORY AGREEMENT**

This Third Amended and Restated Master Sub-Advisory Agreement (this "Agreement"), effective as of October 1, 2019 (the "Effective Date"), is entered into by and among Athene Asset Management LLC, a Delaware limited liability company (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM, ALL and any other sub-advisors as may be appointed from time to time pursuant to Section 1(b) below, the "Sub-Advisors").

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by certain insurance companies (each a "Company") from time to time and set forth on Schedule 1 attached hereto (as amended in accordance with Section 1(c) hereof), as subject to the Investment Manager's management, pursuant to the Investment Management Agreement set forth opposite each Company's name on Schedule 1 (each, an "Investment Management Agreement"), with authority to delegate its investment advisory obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager and the Sub-Advisors previously entered into that certain Second Amended and Restated Master Sub-Advisory Agreement, effective as of January 1, 2015 (as amended or modified from time to time prior to the date hereof, the "Prior Agreement") upon the terms and conditions set forth in the Prior Agreement, to sub-advise an investment portfolio of one or more of such Company accounts (the portion of the accounts sub-advised by a Sub-Advisor, together with all additions, substitutions and alterations thereto, are individually referred to as an "Account" and, collectively, referred to herein as the "Accounts"); and

**WHEREAS**, the Investment Manager and the Sub-Advisors desire to amend and restate the Prior Agreement, among other things, to incorporate herein the fee structure set forth in Schedule 2, on the terms and conditions set forth herein.

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

1. Appointment of Sub-Advisors.

(a) From time to time, as the Investment Manager and the applicable Sub-Advisors shall agree, the Investment Manager may designate and appoint one or more Sub-Advisors (acting individually or jointly as the parties may agree), on the terms and subject to the conditions set forth herein, as a sub-investment advisor for one or more Accounts with authority, (i) if such mandate is a discretionary mandate, to invest and reinvest funds and assets in the applicable Account or Accounts on a discretionary basis, subject to this Agreement and applicable investment guidelines and mandates (as such investment guidelines and/or mandate may be changed from time to time by the Investment Manager in writing (which writing may be by electronic mail (each as updated from time to time, a "Mandate")), and (ii) if such Mandate is a non-discretionary mandate, to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts subject to the approval of the Investment Manager in its sole discretion. Each Sub-Advisor of any Mandate hereunder (or any of them as the case may be) hereby accepts such appointment, as applicable. The Sub-Advisors hereby acknowledge and agree that the Mandates are designed to permit the Investment Manager to comply with its own obligations and therefore the Mandates may be modified from time to time by the Investment Manager without consent of the Sub-Advisors, provided, however that to the extent that any such modifications would reduce the fee rates payable in respect of sub-advised assets hereunder, impose additional material obligations or burdens on such Sub-Advisor or result in the Sub-Advisor bearing additional non-deminimis costs and expenses that are not otherwise reimbursed hereunder, the Sub-Advisor's consent shall be required in respect of any such change (which consent shall not be unreasonably withheld, conditioned or delayed).

(b) The Investment Manager and one or more Sub-Advisors may execute an addendum to this Agreement to add additional Sub-Advisers to this Agreement or to modify the terms of this Agreement as they may apply to a specific Sub-Advisor or specific assets or asset classes (each such Addendum, including any schedules thereto, an "Addendum"). The parties intend that each Addendum shall be substantially in the form of the Master Sub-Advisory Agreement Addendum attached hereto as Exhibit A or as otherwise may be agreed upon among the applicable parties.

(c) From time to time, the Investment Manager may designate and appoint additional sub-advisors for one or more Accounts with authority to make recommendations to the Investment Manager with respect to the investment and reinvestment of the funds and assets of such Account or Accounts. Any such designation and appointment shall be effective upon the execution by the Investment Manager and such additional sub-advisor(s) of an Addendum setting forth the terms of the sub-advisory services to be provided by such sub-advisor(s). Following the execution of any such Addendum, each such additional sub-advisor shall be deemed to be a Sub-Advisor for all purposes of this Agreement.

(d) Within a reasonable time after the appointment or termination of any Sub-Advisor with respect to any particular Company, and after the execution of each Addendum, if any, Schedule 1 attached hereto shall be amended to reflect such appointment (by addition to such Schedule) or termination (by deletion from such Schedule), as the case may be, it being understood that Schedule 1 is solely for the convenience of the parties and shall not be evidence of, or precondition for, any such appointment or termination.

(e) The Sub-Advisors agree that any discretionary Mandate may be changed and/or converted to a non-discretionary mandate at any time or, without limiting Section 7 below, terminated at any time upon thirty days prior written notice of the Investment Manager and that Schedule 1 may be amended from time to time by the Investment Manager upon written notice to the Sub-Advisors for the purpose of adding additional insurance companies and/or accounts thereto, and, following any such amendment, (i) each such additional insurance company shall be deemed to be a Company for all purposes of this Agreement and (ii) each such additional account shall be deemed to be an Account for all purposes of this Agreement.

2. Management Services; Duties of and Restrictions on Sub-Advisors.

(a) For the avoidance of doubt and without limiting the generality of the powers conferred upon it by Section 1, the Sub-Advisors shall be responsible for facilitating execution (through third party brokers or other agents or as otherwise permitted hereby) of any approved investment recommendations in accordance with this Agreement and any instructions provided by the Investment Manager. For the avoidance of doubt, to the extent that the Mandate is a non-discretionary mandate, the Sub-Advisors (i) shall be responsible for making recommendations for the investment and reinvestment of the assets of each Account, and the Investment Manager shall approve or decline such recommendations in its sole discretion and (ii) may only execute (or facilitate execution of) transactions in an Account pursuant to this Agreement with the prior consent of the Investment Manager.

(b) The Investment Manager shall be responsible for ensuring that any transaction approved by the Investment Manager and any transaction entered into under a discretionary mandate is permissible under applicable Mandate (including, without limitation any investment guidelines) agreed upon between the Investment Manager and the applicable Company.

(c) In the case of a non-discretionary Mandate, where the prior consent of the Investment Manager is required prior to the Sub-Advisor taking any action under this Agreement, the Investment Manager's written or verbal consent (including consent by electronic mail) shall suffice, unless the this Agreement, an applicable Addendum or the applicable Mandate expressly requires the Investment Manager's consent in writing, in which case only the signed consent of the Investment Manager shall suffice. Where verbal consent for a particular trade is given by the Investment Manager, and provided that the applicable Sub-Advisor provides normal documentary evidence of such trade on the trade date (i.e., via trade ticket, trade confirmation, trade blotter excerpt or similar means provided in the normal course), the Investment Manager's consent with respect to such trade shall be deemed evidenced by the absence of the Investment Manager's objection to such trade in writing (including by electronic mail) prior to the earlier of (i) the close of business on the second business day following the trade date and (ii) the settlement date.

(d) Subject to the other provisions of this Agreement, including, without limitation, Sections 2(a), 2(j) and the applicable Mandate(s), the Sub-Advisors have authority: (i) to buy, sell, sell short, hold and trade, on margin or otherwise and in or on any market or exchange within or outside the United States or otherwise, securities convertible into preferred or common stock of domestic and foreign issuers, debt securities of domestic and foreign governmental issuers (including federal, state and municipal issuers) and domestic and foreign corporate issuers, investment company securities, money-market securities, partnership interests, mortgage- and asset- backed securities (including, without limitation, collateralized loan obligations and other collateralized debt obligations), foreign currencies and currency forwards, futures contracts and options thereon, bank and debtor-in-possession loans, trade receivables, repurchase and reverse repurchase agreements, commercial paper, other securities, futures and derivatives (including interest rate and currency swaps, swaptions, caps, collars and floors), rights and options on all of the foregoing and other investments, assets or property; and (ii) to effect such other investment transactions involving the assets in an Account's name and solely for such Account, including without limitation, to execute swap, futures, options and other agreements with counterparties. Without the prior written consent of the Investment Manager, the Sub-Advisor shall not open or close any accounts on a Company's behalf.

(e) With respect to each Account advised by such Sub-Advisor, such Sub-Advisor will have the authority to exercise any voting rights relating to assets of such Account. Upon receipt of the Investment Manager's prior verbal or written consent (if required under the applicable non-discretionary Mandate), each Sub-Advisor shall be authorized to exercise rights, options, warrants, conversion privileges, and redemption privileges, and to tender securities pursuant to a tender offer, in each case, with respect to such Account. Each Sub-Advisor shall have the authority to exercise, on behalf of each Account managed by such Sub-Advisor, all rights, remedies and obligations associated with assets held in such Account. Each Sub-Advisor shall have the authority to execute trade confirmations, trade tickets, purchase orders, assignment agreements, engagement letters, amendments, forbearance agreements and all other documents related to the purchase, sale, amendment, restructuring or insolvency of assets of an Account managed by such Sub-Advisor; provided that, in the case of a non-discretionary Mandate, any exercise of such authority which would result in a conversion (including, without limitation, a conversion into a different asset) or transfer of an asset, shall be subject to the prior verbal or written consent of the Investment Manager.

(f) Subject to each respective Investment Management Agreement with respect to each Account, the Investment Manager may rebalance or reallocate assets among such Account in its discretion (or between the Accounts and any other accounts of any Company or other clients of the Investment Manager sub-advised by any Sub-Advisor).

(g) The Sub-Advisors (or any of them as the case may be) will reasonably cooperate with the Investment Manager to the limited extent necessary for the Investment Manager to perform such ongoing due diligence reasonably relating to each Account and the Sub-Advisors as the Investment Manager reasonably deems necessary or advisable, provided, that such cooperation shall be at no cost or expense to the Sub-Advisors and any cost or expense associated therewith shall be paid by the Investment Manager.

(h) No Sub-Advisor may retain any sub-advisors or otherwise delegate any of its obligations under this Agreement with respect to each Account managed by such Sub-Advisor without the prior written consent of the Investment Manager; provided that each Sub-Advisor may delegate any of its obligations to its affiliates without the prior consent of the Investment Manager. To the extent specified in a Mandate, the Sub-Advisor shall also manage and oversee certain other sub-advisors of the Investment Manager as specified in the Mandate as if such sub-advisor had been delegated authority hereunder ("Third Party Sub-Advisors"). Notwithstanding any such delegation permitted pursuant to this Section 2(f), such Sub-Advisor shall remain responsible to the Investment Manager for such Sub-Advisor's obligations hereunder with respect to such Company's Account.

(i) With the written consent of the Investment Manager, each Sub-Advisor shall have the authority to engage such attorneys, accountants and other professionals or advisors as may be necessary or advisable in the discharge of its duties and obligations under this Agreement.

(j) Unless otherwise allowed by an Addendum with respect to a particular Company, none of the Sub-Advisors shall enter into, whether in the name, and on behalf, of any Company or otherwise, any over-the-counter, exchange-traded and other derivative transactions (including any and all contracts or agreements related thereto and including for purposes of hedging) in respect of any Accounts without the prior written consent of the Investment Manager (which written consent may be conveyed via electronic mail).

(k) None of the Sub-Advisors shall make a claim for exemption from U.S. withholding tax to the U.S. Internal Revenue Service on the basis that income of any Company is effectively connected with the conduct of a trade or business in the United States, nor shall any Sub-Advisor file a U.S. Internal Revenue Service Form W8-ECI (or any successor form) on behalf of any Company with any withholding agent.

(l) Each Sub-Advisor shall promptly notify the Investment Manager upon its actual knowledge of the occurrence of any event which in the reasonable opinion of such Sub-Advisor would have a materially adverse impact on the ability of such Sub-Advisor to manage any Account sub-advised by such Sub-Advisor.

(m) Each Sub-Advisor agrees to use reasonable best efforts to cause its portfolio managers to trade within the Investment Manager's systems environment, including staging such trades prior to execution.

3. Compensation; Expenses.

(a) The Investment Manager agrees to pay the Sub-Advisors sub-advisory fees with respect to assets the Sub-Advisors manage hereunder (collectively, the "Asset Management Fees") in accordance with Schedule 2 attached hereto (as amended from time to time). The Asset Management Fee described in Schedule 2 shall be allocated among the Sub-Advisors as such Sub-Advisors shall determine. The Investment Manager and the applicable Sub-Advisor may enter into an Addendum or other written arrangement to amend or agree to additional Asset Management Fees or fee rebates with respect to assets the Sub-Advisors manage hereunder.

(b) Following the Effective Date, (i) the parties shall calculate the Asset Management Fees with respect to assets sub-advised under the Prior Agreement with respect to the period from January 1, 2019 to the Effective Date as if the amendment and restatement of the Prior Agreement by this Agreement occurred on January 1, 2019 and (ii) if the aggregate amount of such Asset Management Fees exceeds the aggregate amount of Management Fees (as defined in the Prior Agreement) that were paid under the Prior Agreement with respect to such period, the Investment Manager shall pay the amount of such excess to the Sub-Advisors (as applicable), and if the aggregate amount of Management Fees that Investment Manager paid under the Prior Agreement with respect to such period exceeds the aggregate amount of such calculated Asset Management Fees, the Sub-Advisors shall pay the amount of such excess to Investment Manager.

(c) Each Sub-Advisor will be responsible for all fees and expenses incurred by it in performing its obligations under this Agreement except, for the avoidance of doubt, Account Trading and Investment Expenses, which shall be allocated to, and paid by, each respective Company on a pro rata basis out of the assets of the Account of such Company.

(d) For purposes of this Agreement, "Account Trading and Investment Expenses" shall mean all brokerage fees, brokerage commissions and all other brokerage transaction costs, stock borrowing and lending fees, interest on cash balances, custodial fees, reasonable transaction legal expenses, regulatory fees or taxes payable in respect of the Account, professional expenses (including fees in connection with the use of proxy voting services) and any other fees and expenses related to the trading and investment activity of the Account as determined by the Sub-Advisors in good faith; provided that such fees and expenses are not duplicative of any services provided by the Investment Managers or agents, brokers, advisors or professionals engaged in any capacity by the Investment Manager.

(e) Each Sub-Advisor, through its designee, shall (i) be responsible for providing the price of the assets that are purchased for the Accounts that it manages in accordance with such Sub-Advisor's existing policies and procedures, and (ii) use commercially reasonable efforts to submit pricing information in respect of the assets in the Accounts three (3) business days (but in no event later than six (6) business days) following each month-end to the Investment Manager. Notwithstanding the foregoing, Asset Management Fees shall be determined using the valuations as may have been agreed between Investment Manager and applicable Company whose Accounts may be subject to this Agreement. The parties hereto agree to negotiate in good faith as to any objections raised as to the valuation of assets in the Accounts for purposes of determining the Asset Management Fees.

(f) The Asset Management Fee will be billed and paid quarterly in arrears, based on the monthly fees calculated pursuant to Section 3(a) for each of the three calendar months during the relevant quarter, or in the case of any partial quarterly period, the last day of each calendar month during the relevant period and the last business day of such period. The Investment Manager will pay any Asset Management Fees payable hereunder within 30 calendar days following receipt by the Investment Manager of an invoice for such fee, detailing the calculation of such fee. The Investment Manager and the Sub-Advisors shall agree on the form and substance of such invoice before the first Asset Management Fee billing cycle. Upon termination of the Agreement, any outstanding Asset Management Fee shall become immediately due and payable by the Investment Manager.

4. Custodian.

(a) The assets of each Account shall be held by a trustee, custodian or securities intermediary that is a "qualified custodian" as defined in Rule 206(4)-2 under the Investment Advisers Act of 1940 duly appointed by each Company (the "Custodian"), and each Sub-Advisor is authorized to give instructions to the Custodian, in writing, with respect to all investment decisions regarding each Account managed by such Sub-Advisor. Nothing contained herein shall be deemed to authorize the Sub-Advisors to take or receive physical possession of any of the assets for the Account and no Sub-Advisor shall have custody or possession of any such assets, it being intended that sole responsibility for safekeeping thereof (in such investments as the Investment Manager or the Sub-Advisors may direct) and the consummation of all purchases, sales, deliveries and investments made pursuant to such Sub-Advisor's direction shall rest upon the Custodian. The Custodian may be changed with respect to any Company's Account from time to time upon the written instructions of such Company, subject to any required consents.

(b) Except as expressly provided herein, a Sub-Advisor may not withdraw or substitute funds or other assets from any Account managed by it without the approval of the Custodian (which approval may be subject to the further approval of the applicable Company (as the case may be) and/or the Investment Manager).

(c) Each Company shall instruct the Custodian to send the Investment Manager and the Sub-Advisors (or any of them as the case may be) duplicate copies of all Account statements given to such Company by the Custodian.

5. Brokerage. The Sub-Advisors may designate the brokers or dealers through whom all purchases and sales on behalf of each Account will be made. To the extent permitted by applicable law, such brokers or dealers may include affiliates of the Sub-Advisors. The Sub-Advisors will determine the rate or rates, if any, to be paid for brokerage services provided to each Account. In selecting brokers or dealers to effect transactions on behalf of any Account, the Sub-Advisors, subject to their overall duty to obtain "best execution" of Account transactions, will have authority to and may consider the full range and quality of the ability of the brokers or dealers to execute transactions efficiently, their responsiveness to each Sub-Advisor's instructions, their facilities, reliability and financial responsibility and the value of any research or other services or products they provide. None of the Sub-Advisors will be obligated to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction for any Account or to select any broker-dealer on the basis of its purported posted commission rate. As long as the services or other products provided by a particular broker or dealer (whether directly or through a third party) qualify as "brokerage and research" services within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended (and relevant Securities and Exchange Commission ("SEC") interpretations of that section) and the Sub-Advisors (or any of them as the case may be) determine in good faith that the amount of commission charged by such broker or dealer is reasonable in relation to the value of such "brokerage and research services," the Sub-Advisors (or any of them as the case may be) may utilize the services of that broker or dealer to execute transactions for each Account on an agency basis even if (i) such Account would incur higher transaction costs than it would have incurred had another broker or dealer been used and (ii) such Account does not necessarily benefit from the research or products provided by that broker or dealer.

6. Limitation of Liability.

(a) None of the Sub-Advisors guarantee the future performance of any Account or any specific level of performance, the success of any investment decision or strategy that any Sub-Advisor may use, or the success of any Sub-Advisor's overall management of any Account. None of the Sub-Advisors provide any express or implied warranty as to the performance or profitability of the Account nor any part thereof nor that any specific investment objectives will be successfully met. Investment decisions made by any Sub-Advisor on behalf of any Account managed by such Sub-Advisor are subject to various market, currency, economic, political and business risks, and those investment decisions will not always be profitable. The Sub-Advisors shall be severally and not jointly liable for their respective obligations and liabilities under this Agreement.

(b) To the maximum extent permitted by law, none of the Sub-Advisors, any affiliate of the Sub-Advisors or any member, partner, shareholder, principal, director, officer, employee or agent of the Sub-Advisors or any such affiliate (each, a "Sub-Advisor Party") shall be liable for any loss, liability or damage (including attorney's fees and other related expenses) ("Losses") resulting from: (i) any act or failure to act by the Custodian, any administrator or any broker or dealer; or (ii) any act or omission by any Sub-Advisor or any permitted Sub-Advisor in connection with the performance of its services under this Agreement (including any Addendum hereto), except in cases of willful misconduct, gross negligence, bad faith or reckless disregard by any Sub-Advisor or any permitted Sub-Advisor of its obligations and duties under this Agreement (including any Addendum hereto). Except as expressly set forth above, none of the Sub-Advisors shall have liability for any Losses suffered and shall be fully indemnified by the Investment Manager for any Losses it may suffer, as the result of any actions it takes or does not take based on instructions or permissions received from any of the authorized persons of the Investment Manager reasonably believed by such Sub-Advisor to be genuine. Each Sub-Advisor may consult with legal counsel at its cost and expense (without limiting the reimbursement provisions set forth in this Agreement, including those set forth in Section 3(b)) concerning any question which may arise with

reference to this Agreement or its duties hereunder, and the opinion of such counsel shall be full and complete protection with respect to, and none of the Sub-Advisors shall have liability for any Losses suffered as a result of, any action taken or suffered by any Sub-Advisor hereunder in good faith and in accordance with the opinion of such counsel. Under no circumstances shall any Sub-Advisor be liable for any special, incidental, exemplary, consequential, punitive, lost profits or indirect damages.

(c) **The federal and state securities laws may impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement will waive or limit any rights that the Investment Manager or any Company may have under those laws.**

7. Termination.

(a) The terms and provisions of this Agreement shall apply to all transactions from the date of this Agreement and this Agreement shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors on the other hand, without penalty, by the terminating party giving written notice to the other party in writing which will take effect 30 days after the date on which notice is received by the other party or such later date as such notice specifies (which shall not exceed 90 days from the date of such notice) or such earlier date as the other party may agree. In addition, this Agreement may be terminated by:

(i) the Investment Manager with respect to any particular Sub-Advisor in the event of: (A) a material breach by such Sub-Advisor; (B) bankruptcy or insolvency by such Sub-Advisor; or (C) the inability of such Sub-Advisor for regulatory reasons to perform its services hereunder; and

(ii) each Sub-Advisor in the event of: (A) a material breach by the Investment Manager; (B) bankruptcy or insolvency by the Investment Manager; or (C) the inability of the Investment Manager for regulatory reasons to perform its services hereunder.

(b) Notwithstanding anything in this Agreement to the contrary, (a) the Investment Manager may suspend all trading in any Account upon 2 business days' prior written notice to the Sub-Advisors (or any of them, as the case may be) for any or no reason and (b) this Agreement shall automatically terminate upon the termination of the last remaining Investment Management Agreement with respect to the applicable Account listed on Schedule 1.

(c) Upon receipt of a termination notice from the Investment Manager, or delivery of a termination notice by any Sub-Advisor, such Sub-Advisor shall, at the reasonable request of the Investment Manager, continue to perform its functions under this Agreement or in respect of such terminated Account, and shall be entitled to receive the requisite portion of any fees due (including Asset Management Fees) until a successor has been appointed, provided that such Sub-Advisor shall not be required to perform its functions after ninety (90) days from the receipt of a termination notice.

(d) Section 6 of this Agreement shall continue in full force and effect notwithstanding the termination hereof or the invalidation of any provision contained herein.

8. Representations and Warranties.

(a) Each Sub-Advisor, severally and not jointly, represents and warrants to the Investment Manager, as of the date hereof, as follows:

(i) such Sub-Advisor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) such Sub-Advisor is a registered investment adviser under the Investment Advisers Act of 1940, as amended or is relying on such a registered investment adviser (the "Advisers Act"), and in turn each such Sub-Advisor acknowledges that the Advisers Act provides for the following duty: (A) to act with utmost good faith; (B) to act with loyalty to clients; (C) to provide full and fair disclosure of all material facts; and (D) to employ reasonable care to avoid misleading clients;

(iii) to its knowledge, there are no material suits, actions, claims or proceedings pending or threatened in any court or before or by any governmental, regulatory or administrative body, nor have there been any such material suits, actions, claims or proceedings, to which such Sub-Advisor is a party which might reasonably be expected to have a materially adverse effect on the ability of such Sub-Advisor to perform its duties hereunder;

(iv) the Sub-Advisor has not been subject to any legal or regulatory action, proceeding, or claim involving fraud, misrepresentation or violation of any securities laws, rules or regulations;

(v) in performing its duties and obligations under this Agreement, all acts and omissions taken by such Sub-Advisor in respect of any Account shall be in compliance in all material respects with all applicable laws, rules and regulations;

(vi) such Sub-Advisor has all necessary governmental, regulatory and exchange approvals and licenses and has effected all filings and registrations with all necessary authorities required to conduct its business and to perform its obligations hereunder in all material respects;

(vii) such Sub-Advisor has, and its employees or related parties are subject to, written procedures regarding compliance with all relevant rules and regulations as required by and in conformity with applicable law, and such Sub-Advisor has procedures in place which comply with all relevant anti-money laundering and privacy principles applicable to it pursuant to applicable law;

(viii) such Sub-Advisor has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(ix) this Agreement constitutes a binding obligation of such Sub-Advisor, enforceable against such Sub-Advisor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law; and

(x) the execution, delivery and performance of this Agreement by such Sub-Advisor do not violate (A) any law, rule or regulation applicable to such Sub-Advisor, (B) any provision of the articles of incorporation or by-laws of such Sub-Advisor, or (C) any agreement or instrument to which such Sub-Advisor is a party except, in each case, for such violations as would not have a materially adverse effect on the ability of such Sub-Advisor to perform its obligations under this Agreement.

(b) Except as otherwise provided in an Addendum, if any, with respect to a particular Company, the Investment Manager represents and warrants to each Sub-Advisor as follows:

(i) the Investment Manager is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(ii) the Investment Manager has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder;

(iii) this Agreement constitutes a binding obligation of the Investment Manager, enforceable against the Investment Manager in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws relating to or affecting creditors' rights or by general equity principles, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(iv) the execution, delivery and performance of this Agreement by the Investment Manager do not violate (A) any law, rule or regulation applicable to the Investment Manager, (B) any provision of the articles of incorporation or by-laws of the Investment Manager, or (C) any agreement or instrument to which the Investment Manager is a party, except for such violations as would not have a materially adverse effect, directly or indirectly, on the ability of the Investment Manager to perform its duties under this Agreement;

(v) no consent of any person, and no license, permit, approval or authorization of, exemption by, report to, or registration, filing or declaration with, any governmental authority is required by the Investment Manager in connection with the execution, delivery and performance of this Agreement other than those already obtained;

(vi) each Company is a "qualified institutional buyer" ("QIB") as defined in Rule 144A under the Securities Act of 1933, as amended, and the Investment Manager will promptly notify the Sub-Advisors if such Company ceases to be a QIB; and

(vii) none of the assets contained in any Account are or will be "plan assets" of an employee benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code").

9. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given if delivered by hand, facsimile, e-mail, or mailed by first class, registered mail, return receipt requested, postage and registry fees prepaid and addressed as follows:

(a) If to any Sub-Advisor:
Apollo Capital Management, L.P.
9 W 57th Street
New York, NY 10036
Attention: Joseph Glatt
Email: jglatt@apollolp.com

(b) If to the Investment Manager:
Athene Asset Management LLC
2121 Rosecrans Avenue, Suite 5300
El Segundo, CA 90245
Attention: Legal Department
Telephone: (310) 698-4431
Facsimile: (310) 698-4492
Email: legal@athenelp.com

Addresses may be changed by notice in writing signed by the addressee.

10. No Assignment. This Agreement may not be assigned by any party to this Agreement without the prior written consent of the other parties hereto; provided, that, upon five (5) days' prior written notice to the Investment Manager, any Sub-Advisor may assign this Agreement to its affiliates without the prior written consent of the Investment Manager or any Company, provided that such assignment does not result in a change of actual control or management of such Sub-Advisor, which shall be determined with reference to Section 202(a)(1) of the Advisers Act and Rule 202(a)(1)-1 and other guidance issued by the SEC thereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and be binding on the parties hereto and their successors and permitted assigns, in each case *provided* that such successor or assignee agrees to be bound by the terms and conditions of this Agreement.

11. Governing Law. To the extent consistent with any mandatorily applicable federal law, this Agreement shall be governed by the laws of the State of New York without giving effect to any principles of conflicts of law thereof that would permit or require the application of the law of another jurisdiction and are not mandatorily applicable by law.

12. Arbitration. Any controversy arising out of or in connection with this Agreement shall be settled by arbitration in New York City in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, and any award rendered thereon shall be enforceable in any court of competent jurisdiction. Without giving effect to Section 11, any such arbitration and this Section 12 shall be governed by Title 9 of the U.S. Code (Arbitration).

13. Waiver of Jury Trial. EACH PARTY HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THAT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. Each party hereby (i) certifies that no representative, agent or attorney of the other has represented, expressly or otherwise, that the other would not, in the event of a proceeding, seek to enforce the forgoing waiver and (ii) acknowledge that it has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this paragraph.

14. Right to Audit. The Investment Manager and its representatives shall have the right, at its own expense, to conduct an audit of the relevant books, records and accounts of each Sub-Advisor related to the Accounts (or any particular Account) managed by such Sub-Advisor during normal business hours upon giving reasonable notice of their intent to conduct such an audit. In the event of such audit, each Sub-Advisor shall comply with the reasonable requests of the Investment Manager and/or any Company and their respective representatives and provide access to all books, records and accounts necessary to the audit and the Investment Manager shall reimburse each Sub-Advisor for its costs and expenses in connection with such audit.

15. Books and Records. Each Sub-Advisor shall keep and maintain proper books and records wherein shall be recorded the business transacted by it on behalf of, in the name of, or on account of each Company in respect of such Company's Account. Each Sub-Advisor shall maintain voting records for each Account managed by such Sub-Advisor for a minimum period of five (5) years or for such longer time as may be required by applicable law and shall make such voting records available to the Investment Manager as the Investment Manager may reasonably request from time to time.

16. Reports. In addition to any notice requirements otherwise described herein, each Sub-Advisor shall, subject to any confidentiality obligations, legal, regulatory or other disclosure restrictions, provide the Investment Manager with (i) reports containing the information set forth on Schedule 3 and/or in any Mandate; (ii) all other information reasonably requested by the Investment Manager that is required to meet the Investment Manger's or its client's compliance, financial reporting, operational, accounting, audit, regulatory and other obligations, to the extent the Sub-Advisor actually possesses or has control over such information. Schedule 3 may otherwise be amended, supplemented or modified from time to time as agreed to in writing solely by the Investment Manager and the Sub-Advisors (as applicable) without a formal amendment or Addendum to the Agreement.

17. Force Majeure. No party to this Agreement shall be liable for damages resulting from delayed or defective performance when such delays arise out of causes beyond the control and without the fault or gross negligence of the offending party. Such causes may include, but are not restricted to, acts of God or of the public enemy, terrorism, acts of the state in its sovereign capacity, fires, floods, earthquakes, power failure, disabling strikes, epidemics, quarantine restrictions and freight embargoes.

18. Non-Exclusive Dealings with and by Sub-Advisor Parties; Conflicts of Interest.

(a) Although nothing herein shall require any Sub-Advisor to devote its full time or any material portion of its time to the performance of its duties and obligations under this Agreement, each Sub-Advisor shall furnish continuous investment advisory services for the Accounts and, in that connection, devote to such services such of its time and activity (and the time and activity of its employees) during normal business days and hours as it shall reasonably determine to be necessary for each Account to achieve its investment objective(s); *provided, however,* that nothing contained in this Section 17(a) shall preclude the Sub-Advisor Parties from acting, consistent with the foregoing, either individually or as a member, partner, shareholder, principal, director, trustee, officer, official, employee or agent of any entity, in connection with any type of enterprise (whether or not for profit), regardless of whether any Company, Account or any Sub-Advisor Party has dealings with or invests in such enterprise.

(b) The Investment Manager understands that each Sub-Advisor will continue to furnish investment management and advisory services to others, and that each Sub-Advisor shall be at all times free, in its discretion, to make recommendations to others which may be the same as, or may be different from or inconsistent with, those made to each Account. The Investment Manager further understands that the Sub-Advisor Parties may or may not have an interest in the securities whose purchase and sale any Sub-Advisor may recommend. Actions with respect to securities of the same kind may be the same as or different from or inconsistent with the action which the Sub-Advisor Parties or other investors may take with respect thereto. Furthermore, the Investment Manager understands and agrees that each Sub-Advisor Party shall have the right to engage, directly or indirectly, in the same or similar business activities or lines of business as any Sub-Advisor and any other Sub-Advisor Party and no knowledge or expertise of any Sub-Advisor Parties or any opportunities available to such Sub-Advisor Parties shall be imputed to any Sub-Advisor or any other Sub-Advisor Parties.

(c) The Investment Manager agrees that each Sub-Advisor may refrain from rendering any advice or services concerning securities of companies of which any of the Sub-Advisor Parties are directors or officers, or companies as to which the Sub-Advisor Parties have any substantial economic interest or possesses material non-public information, unless such Sub-Advisor either determines in good faith that it may appropriately do so without disclosing such conflict to the Investment Manager and any applicable Company or discloses such conflict to the Investment Manager and such Company prior to rendering such advice or services with respect to any Account.

(d) From time to time, when determined by any Sub-Advisor to be in the best interest of any Company and with the prior approval of the Investment Manager, the Account in respect of such Company may purchase securities from or sell securities to another account (including, without limitation, public or private collective investment vehicles) managed, maintained or trusteed by such Sub-Advisor or an affiliate at prevailing market levels in accordance with applicable law and utilizing such pricing methodology determined to be fair and equitable to such Company in such Sub-Advisor's reasonable judgment.

(e) Notwithstanding anything else in this Agreement to the contrary, none of the Sub-Advisors shall be under any obligation to effect trades or satisfy any other obligation required of it herein if such Sub-Advisor determines that such transactions might be adverse to the interests of clients managed by such Sub-Advisor or its affiliates. Each Sub-Advisor shall be entitled to consider its fiduciary duties to all clients that hold parallel positions in the securities to be sold or distributed, if any. In the event that, in accordance with this provision, a Sub-Advisor declines to follow the instructions of the Investment Manager, the Sub-Advisor will notify the Investment Manager of such conflict and its decision with respect thereto. For the avoidance of doubt, if the Sub-Advisor determines not to follow the direction of the Investment Manager, nothing herein shall prevent the Investment Manager from immediately making a full or partial withdrawal from the applicable Account(s) and proceeding with the relevant course of action on its own.

(f) This Section 17 is further subject to the disclosures relating to the Sub-Advisors and their affiliates described therein the ACM's Form ADV Part 2A and Part 2B as required by Rule 204-3(b) of the Advisers Act.

19. Aggregation and Allocation of Orders.

(a) The Investment Manager acknowledges that circumstances may arise under which a Sub-Advisor determines that, while it would be both desirable and suitable that a particular security or other investment be purchased or sold for the account of more than one of such Sub-Advisor's clients' accounts, there is a limited supply or demand for the security or other investment. Under such circumstances, the Investment Manager acknowledges that, while such Sub-Advisor will seek to allocate the opportunity to purchase or sell that security or

other investment among those accounts on an equitable basis, such Sub-Advisor shall not be required to assure equality of treatment among all of its clients (including that the opportunity to purchase or sell that security or other investment will be proportionally allocated among those clients according to any particular or predetermined standards or criteria). Where, because of prevailing market conditions, it is not possible to obtain the same price or time of execution for all of the securities or other investments purchased or sold for each Account (or for the other accounts advised or sub-advised by such Sub-Advisor), such Sub-Advisor may average the various prices and charge or credit any Account with the average price.

(b) It is each Sub-Advisor's general policy to allocate investment opportunities among investment funds and client accounts on a basis that such Sub-Advisor and its affiliates determine in good faith to be appropriate, taking into consideration such factors as each client's and investment fund's primary mandates, the relative amounts of capital available for investment (after taking into account applicable reserves and available financing), any restrictions on investment or other legal, regulatory, tax, reporting or confidentiality considerations, the sourcing of the transaction, the size, liquidity and duration of the transaction, capital structure, client exposure to the type of transaction, the amount of potential follow-on investing strategy of the client or investment fund, reasons of portfolio balance and other factors deemed applicable by such Sub-Advisor and its affiliates in good faith.

20. Sub-Advisors Independent. For all purposes of this Agreement, each Sub-Advisor shall be deemed to be an independent contractor and shall have no authority to act for, bind or represent the Investment Manager, any Company or any Company's shareholders in any way, except as expressly provided herein or in any Addendum, and shall not otherwise be deemed to be an agent of any Company. Nothing contained herein shall create or constitute any Sub-Advisor, the Investment Manager and/or any Company as a member of any partnership, joint venture, association, syndicate, unincorporated business or other separate entity, nor shall anything contained herein be deemed to confer on any of them any express, implied, or apparent authority to incur any obligation or liability on behalf of any other person, except as expressly provided herein. Each Sub-Advisor shall be severally liable for its own obligations and the Investment Manager shall have no recourse to any Sub-Advisory for the actions or omissions of any other Sub-Advisor.

21. Entire Agreement. Except for those documents, agreements or Addendums referred to herein, including for the avoidance of doubt the Mandates and any agreements regarding Asset Management Fees (including, without limitation Special Asset Fees (as defined on Schedule 2)), this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes from and after the Effective Date all other prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement. There are no understandings between the parties with respect to the subject matter of this Agreement other than as expressed herein.

22. Severability. To the extent this Agreement may be in conflict with any applicable law or regulation, this Agreement shall be construed to the greatest extent practicable in a manner consistent with such law or regulation. The invalidity or illegality of any provision of this Agreement shall not be deemed to affect the validity or legality of any other provision of this Agreement.

23. Counterparts; Amendment. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as set forth herein or in any Addendum, this Agreement may not be modified or amended, except by an instrument in writing signed by the party to be bound or as may otherwise be provided for herein.

24. Addendums. In the event that the Investment Manager and the Sub-Advisors (or any of them as the case may be) execute an Addendum to this Agreement, such Addendum shall be deemed to be attached to and become a part of this Agreement and the terms of this Agreement shall be amended, supplemented or modified by the terms of such Addendum as applicable. In the event of conflict between this Agreement and any Addendum, the terms and conditions contained in such Addendum shall control. Upon the execution by the Investment Manager and the Sub-Advisors (or any of them, as the case may be) of any Addendum, this "Agreement" shall be deemed to include the terms set forth in any such Addendum.

25. No Recourse to Companies. Each Sub-Advisor acknowledges and agrees that such Sub-Advisor shall not have any recourse against any Company for any claims, losses, damages, liabilities, indemnities or other obligations whatsoever in connection with this Agreement or any transaction contemplated hereunder.

26. Third-Party Beneficiary. Notwithstanding any provision herein to the contrary, each Sub-Advisor and the Investment Manager acknowledge and agree that each Company is an intended third-party beneficiary of each term and provision hereof and each term and provision of this Sub-Advisory Agreement may be enforced by the Company.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

/s/ James R. Belardi
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**ARM MANAGER LLC**

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

/s/ Joseph D. Glatt
Name: Joseph D. Glatt
Title: Vice President

**SCHEDULE 1**

**Schedule of Accounts**

| Company | Investment Management Agreement | Sub-Advisor |
|---|---|---|
| ATHENE ANNUITY & LIFE ASSURANCE COMPANY OF NEW YORK (F/K/A PRESIDENTIAL LIFE INSURANCE COMPANY), a life insurance company domiciled in the State of New York (“AANY”) | Investment Management Agreement dated as of December 28, 2012, by and between AANY and the Investment Manager | All Sub-Advisors |
| ATHENE LIFE INSURANCE COMPANY OF NEW YORK (F/K/A AVIVA LIFE AND ANNUITY COMPANY OF NEW YORK), a life insurance company domiciled in the State of New York (“ALICNY”) | Investment Management Agreement dated as of October 2, 2013, by and between ALICNY and the Investment Manager | All Sub-Advisors |

**SCHEDULE 2**

**Asset Management Fees**

I. The "Asset Management Fee" means, with respect to any asset in an Account as of any date of determination:

(a) if such asset constitutes a Core Asset as of such date of determination, 0.065% of the market value of such asset as of such date of determination;

(b) if such asset constitutes a Core Plus Asset as of such date of determination, 0.13% of the market value of such asset as of such date of determination;

(c) if such asset constitutes a Yield Asset as of such date of determination, 0.375% of the market value of such asset as of such date of determination; and

(d) if such asset constitutes a High Alpha Asset as of such date of determination, 0.70% of the market value of such asset as of such date of determination; and

(e) if such asset constitutes a Special Asset as of such date of determination, the applicable asset management fees as may be mutually agreed to in writing from time to time between the Investment Manager and the applicable Sub-Advisor with respect to such Special Asset;

(f) if such asset constitutes a Non-Fee Asset, zero.

For purposes of this Schedule 2, the determination of whether an asset constitutes a Core Asset, Core Plus Asset, Yield Asset or High Alpha Asset, and the determination of the market value of an asset, shall be made as of the end of the day of the applicable date of determination.

II. The Investment Manager (or its designee) shall provide valuations of assets managed hereunder for purposes of determining fees hereunder. The parties agree to negotiate in good faith as to any disputes regarding classification or valuation of the assets in the Accounts for purposes of determining fees accruing hereunder or in connection with any Account or, if applicable, including with respect to any determination of whether or not an asset constitutes a Non-Fee Asset, a Special Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset (which negotiation shall take into account the yield, duration and risk profile of such asset). Additionally, in the event that an asset in an Account is classified as of an applicable date of determination within a category that was not contemplated by this Agreement as of the Effective Date, the parties shall negotiate in good faith to determine whether such asset should constitute a Non-Fee Asset, a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset.

III. For purposes of this Schedule 2:

(a) "Core Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (public), (ii) as a municipal security, (iii) as an agency residential or commercial mortgage-backed security, (iv) as an obligation of any governmental agency or government sponsored entity that is not expressly backed by the U.S. government or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core asset category or a core asset.

(b) "Core Plus Asset" means any asset classified as of the applicable date of determination (i) as an investment grade corporate (private), (ii) as a fixed rate first lien commercial mortgage loan (CML), (iii) as an obligation issued or assumed by a financial institution (such an institution, a "Financial Issuer") and determined by Investment Manager to be "Tier 2 Capital" under the Basel III recommendations developed by the Basel Committee on Banking Supervision (or any successor to such recommendations) or (iv) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a core plus asset category or a core plus asset.

(c) "High Alpha Asset" means any asset classified as of the applicable date of determination (i) as a subordinated commercial mortgage loan, (ii) as a sub-investment grade collateralized loan obligation, (iii) as unrated preferred equity, (iv) as a debt obligation originated by MidCap, (v) as a commercial mortgage loan for redevelopment or construction or secured by non-traditional real estate, (vi) as sub-investment grade infrastructure debt, (vii) as a loan originated directly by Apollo (other than MidCap) and made to a borrower by an Apollo client that was made either directly, sourced privately from a financial sponsor, by debtors seeking a direct loan or financed bilaterally, (viii) as an agency mortgage derivative or (ix) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a high alpha asset category or a high alpha asset.

(d) "Non-Fee Asset" means any asset classified as of the applicable date of determination as (a) cash or a cash equivalent, (ii) a U.S. treasury security, (iii) an alternative asset; (iv) non-preferred equity; or (v) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute a non-fee asset category or non-fee asset.

(e) A "Special Asset" means an asset that Investment Manager and Sub-Advisor mutually agree in writing from time to time constitutes a Special Asset.

(f) A "Yield Asset" means any asset classified as of the applicable date of determination (i) as a non-agency residential mortgage-backed security, (ii) as an investment grade collateralized loan obligation, (iii) as an asset-backed security (both insurance-linked securities and non-insurance-linked securities) that is not a residential mortgage-backed security or a commercial mortgage-backed security or a collateralized loan obligation, (iv) as an commercial mortgage-backed security, (v) as an emerging market investment, (vi) as a sub-investment grade corporate (private and public), (vii) as a subordinated debt obligation, hybrid security or surplus note issued or assumed by a Financial Issuer, (viii) as rated preferred equity, (ix) as a residential mortgage loan, (x) as a bank loan, (xi) as investment grade infrastructure debt, (xii) as a floating rate commercial mortgage loan on slightly transitional or stabilized traditional real estate or (xiii) with respect to which Investment Manager and Sub-Advisor have mutually agreed following the Effective Date to constitute as a yield asset category or a yield asset.

For the avoidance of doubt, an asset shall constitute only one of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset as of any date of determination. If an asset can be described as two or more of a Core Asset, a Core Plus Asset, a High Alpha Asset or a Yield Asset, such asset shall be deemed to fall solely within the categories most specific to such asset.

**SCHEDULE 3**

**Exception Report & Transfer Procedures**

Within 25 days of the end of each calendar month, each Sub Advisor shall provide the Investment Manager with an exception report ("Exception Report") detailing specific securities owned in the portfolio with relevant characteristics (e.g. paramount, ratings, etc.) that had their Index status affected during the month by upgrade (departing the Index). With respect to High Yield Assets, the Exception Report shall apply only to those securities being held in the applicable account that had their Index status affected by the ratings upgrade. Upgrades highlighted on the Exception Report, (securities moving from the Sub-Advisor's Index to investment grade public credit) shall be transferred to the applicable investment grade public credit Sub-Advisor on the 1st business day of the month following the upgrade.

**Monthly Client Reporting**

Within 10 business days following each calendar month-end, each Sub-Advisor shall provide a report to the Investment Manager with the following information:

(i) Relative to Benchmark:

- (a) Total Return - 1M, 3M, YTD, LTM, 3YR, 5YR and Since Inception performance
- (b) Yield to Worst
- (c) Yield to Maturity
- (d) Duration
- (e) OAS
- (f) Weighted average rating
- (g) Industry Analysis with Exposure by Industries
- (h) Credit Quality Analysis
- (i) Asset Class Analysis
- (j) Top Ten Issuer Overweight - (measured on a market value basis)
- (k) Top Ten Issuer Underweight - (measured on a market value basis)

(ii) Unique to Sub-Advisor Strategy:

- (a) Total Market Value - current, last quarter end, most recent year end
- (b) Performance Attribution - main drivers of performance (ex: security selection, duration, etc.)
- (c) Turnover - current and historical
- (d) Total Holdings
- (e) Out of Index Holdings
- (f) Purchases - include yield, rating, total dollar amount
- (g) Sales - include yield, rating, total dollar amount

**Quarterly Presentation**

In addition to above reporting requirements, each Sub-Advisor shall provide on a quarterly basis (generally via telephone or video) a review of economic and market commentary, strategy, performance and attribution with respect to such Sub-Advisor's asset class. To the extent that the Investment Manager requests that the Sub-Adviser provide such reporting updates in person, the Investment Manager shall be responsible for the Sub-Adviser's reasonable out-of-pocket travel expenses related thereto.

**Compliance Reporting**

Within 15 days of the end of each month, Sub-Advisors shall provide a compliance report showing compliance with this Agreement and the Mandates, and to the extent of any express limitations or concentration limits, showing compliance with each of such limitations.

**Additional Reporting**.

Subadvisors shall provide such additional reporting as may be reasonably required by the Investment Manager from time to time.

**EXHIBIT A**

**Form of MASTER Sub-Advisory Agreement Addendum**

This Master Sub-Advisory Agreement Addendum is made this **[]** day of **[]**, 201**[]** (this "Addendum"), by and among Athene Asset Management LLC, a Delaware limited liability company (the "Investment Manager"), Apollo Capital Management, L.P., a Delaware limited partnership ("ACM"), Apollo Global Real Estate Management, L.P., a Delaware limited partnership ("AGREM"), ARM Manager LLC, a Delaware limited liability company ("ARM"), Apollo Longevity, LLC, a Delaware limited liability company ("ALL") and Apollo Emerging Markets, LLC, a Delaware limited liability company ("AEM", and, together with ACM, AGREM, ARM and ALL, the "Sub-Advisors") pursuant to that certain Third Amended and Restated Master Sub-Advisory Agreement, dated as of [] (as amended, supplemented or modified from time to time, the "Master Sub-Advisory Agreement"), by and among the Investment Manager and the Sub-Advisors. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Master Sub-Advisory Agreement.

**WHEREAS**, the Investment Manager and the Sub-Advisors entered into the Master Sub-Advisory Agreement pursuant to which the Investment Manager retained the Sub-Advisors to manage an investment portfolio of one or more Accounts;

**WHEREAS**, the Investment Manager serves as investment manager to one or more accounts as may be designated by **[Company Name]**, a **[life]** insurance company domiciled in **[State or other jurisdiction]** ("**[Company Name]**"), as subject to the Investment Manager's management, pursuant to an Investment Management Agreement dated as of **[date]**, with authority to delegate any of its rights and obligations thereunder to one or more sub-advisors;

**WHEREAS**, the Investment Manager desires to retain each Sub-Advisor, upon the terms and conditions set forth in this Addendum and in accordance with the Master Sub-Advisory Agreement, to provide advice with respect to the Accounts of **[Company Name]** accounts (the "**[Company Name]** Accounts", which, for the avoidance of doubt, shall be deemed to be an "Account" as such term is defined in the Master Sub-Advisory Agreement), and each Sub-Advisor desires to so act;

**WHEREAS**, this **[Company Name]** Addendum shall be attached to and become a part of the Master Sub-Advisory Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Appointment of Sub-Advisors; Delegation of Obligations of Investment Manager to Sub-Advisors. On the terms and subject to the conditions set forth herein and in the Master Sub-Advisory Agreement, the Investment Manager hereby appoints each Sub-Advisor as a sub-investment advisor of the **[Company Name]** Account with authority with respect to the investment and reinvestment of the funds and assets of the **[Company Name]** Account, and each Sub-Advisor accepts such appointment.

2. **[Additional Terms]**. **[Insert additional terms and conditions which modify the Master Sub-Advisory Agreement.]**

3. Termination. The terms and provisions of this **[Company Name]** Addendum shall apply to all transactions with respect to the **[Company Name]** Account from the date of this **[Company Name]** Addendum and this **[Company Name]** Addendum shall continue in effect until terminated by the Investment Manager on the one hand, or the Sub-Advisors collectively on the other hand, without penalty, by the terminating party giving notice to the other party in accordance with the termination provisions contained in Section 7 of the Master Sub-Advisory Agreement.

4. No Assignment. This **[Company Name]** Addendum may only be assigned in accordance with the assignment restrictions contained in Section 10 of the Master Sub-Advisory Agreement, which section shall apply equally to this **[Company Name]** Addendum.

5. Addendum to Master Sub-Advisory Agreement. This **[Company Name]** Addendum constitutes an Addendum to the Master Sub-Advisory Agreement (as such term is defined in Section 1 of the Master Sub-Advisory Agreement). This **[Company Name]** Addendum shall be deemed to be attached to and become a part of the Master Sub-Advisory Agreement and the terms of the Master Sub-Advisory Agreement shall be amended, supplemented or modified by the terms of this **[Company Name]** Addendum as applicable. Any reference to "this Agreement" in the Master Sub-Advisory Agreement shall be deemed to include the terms set forth in this **[Company Name]** Addendum.

* * * * *

IN WITNESS WHEREOF, the parties hereto have caused this Addendum to be executed by their respective duly authorized officers as of the date and year first above written.

**ATHENE ASSET MANAGEMENT LLC**

________________________________
Name: James R. Belardi
Title: Chief Executive Officer

**APOLLO CAPITAL MANAGEMENT, L.P.**

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO GLOBAL REAL ESTATE MANAGEMENT, L.P.**

By: Apollo Global Real Estate Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**ARM MANAGER LLC**

________________________________
Name:
Title:

**APOLLO LONGEVITY, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

**APOLLO EMERGING MARKETS, LLC**

By: Apollo Capital Management, L.P.,
its sole member

By: Apollo Capital Management, GP, LLC,
its General Partner

________________________________
Name:
Title:

Exhibit A

**Exhibit 10.31.2**

**AMENDMENT NO. 1 TO THE COOPERATION AGREEMENT**

This AMENDMENT NO. 1 TO THE COOPERATION AGREEMENT (this "Amendment"), dated as of January 7, 2020 (the "First Amendment Effective Date"), is made by and between ATHORA HOLDING LTD. ("Athora"), and ATHENE HOLDING LTD. ("Athene").

**WITNESSETH**:

WHEREAS, Athora and Athene entered into that certain Cooperation Agreement (the "Cooperation Agreement"), dated as of January 1, 2018, in order to maintain the alignment of the interests of Athora and Athene following Athora's deconsolidation from Athene, which became effective January 1, 2018;

WHEREAS, on June 6, 2019, Athora Netherlands Holding Ltd., an immediate Subsidiary of Athora, entered into an agreement to purchase all of the issued and outstanding shares of VIVAT N.V. ("VIVAT" and, together with its Subsidiaries, the "VIVAT Group");

WHEREAS, Athora and Athene have agreed to clarify their understanding that no member of the VIVAT Group shall be subject to any obligation to enter into any agreement or arrangement with Athene or any of its Subsidiaries pursuant to the Cooperation Agreement; and

WHEREAS, pursuant to Section 5.5 of the Cooperation Agreement, the Cooperation Agreement may be amended by a written instrument duly executed by Athora and Athene.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, Athora and Athene hereby agree as follows:

**1. Definitions.** Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in the Cooperation Agreement.

**2. Amendment.**

(a) All references in the Cooperation Agreement to "AGER Bermuda Holding Ltd." and "AGER" are hereby deleted in their entirety and replaced with "Athora Holding Ltd." and "Athora," respectively.

(b) From and after the First Amendment Effective Date, the definition of "AGER Insurance Subsidiary" in Section 1.1 of the Cooperation Agreement is hereby deleted in its entirety and replaced with the following:

> "'Athora Insurance Subsidiary' means a Subsidiary of Athora that is an Insurance Company, other than any member of the VIVAT Group, each of which shall be expressly excluded from the definition of Athora Insurance Subsidiary."

(c) The definition of "BermudaRe" in Section 1.1 of the Cooperation Agreement is hereby deleted in its entirety and replaced with the following:

> "'Athora Life Re' means Athora Life Re Ltd. or any Affiliate of Athora Life Re that is an Athora Insurance Subsidiary, as designated by Athora from time to time; provided, that no such designation of a member of the VIVAT Group shall be effective unless VIVAT consents thereto in writing."

(d) All references in the Cooperation Agreement to "BermudaRe" are hereby deleted and replaced with "Athora Life Re."

(e) From and after the First Amendment Effective Date, Section 1.1 of the Cooperation Agreement is hereby amended to add the following definition:

> "'VIVAT Group' means VIVAT N.V and any Subsidiary of VIVAT N.V."

(f) From and after the First Amendment Effective Date, Section 1.1 of the Cooperation Agreement is hereby amended to add the following definition:

> "'VIVAT Insurance Subsidiary' means a member of the VIVAT Group that is an Insurance Company."

(g) From and after the First Amendment Effective Date, Article II to the Cooperation Agreement is hereby amended by adding the following as Section 2.3:

> "**2.3 No Obligation of VIVAT Group**. Notwithstanding anything in this Agreement to the contrary, in no event shall this Agreement obligate (i) any member of the VIVAT Group to purchase any Funding Agreement from any Athene Insurance Subsidiary or other Person or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group to purchase any Funding Agreement from any Athene Insurance Subsidiary or other Person."

(h) From and after the First Amendment Effective Date, Section 3.1 of the Cooperation Agreement is hereby deleted in its entirety and replaced with the following:

"**3.1 Cession of European Insurance Liabilities**.

(a) Athora shall use its reasonable best efforts to cause each Athora Insurance Subsidiary that is not a member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to cede to Athora Life Re the maximum amount of Insurance Contract liabilities as is commercially reasonable (without taking into account the transfer of profits to Athene and its Subsidiaries under this Article III) and permitted under Applicable Law. Notwithstanding anything in this Agreement to the contrary, in no event shall this Agreement obligate (i) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to cede any Insurance Contract liabilities to Athora Life Re or any other Person or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to cede any Insurance Contract liabilities to Athora Life Re or any other Person.

(b) Athora shall cause Athora Life Re to provide prompt written notice to Athene and ALRe of the cession of any Insurance Contract liabilities from any Athora Insurance Subsidiary, or any VIVAT Insurance Subsidiary (but without limiting the last sentence of Section 3.1(a)), to Athora Life Re. The notice shall set forth in reasonable detail the material terms and conditions of such reinsurance of the Insurance Contract liabilities, including the amount of Insurance Contract liabilities ceded to Athora Life Re and shall offer ALRe the right to reinsure up to at least fifty percent (50%) of such liabilities on arm's-length commercial terms. For a period of thirty (30) days following the delivery of the notice, ALRe shall have the right of first refusal, but not the obligation, to accept such offer to assume on arm's-length commercial terms up to fifty percent (50%) of all such Insurance Contract liabilities reinsured by Athora Life Re; provided, that Athora shall not be required to cause Athora Life Re to offer to cede Insurance Contract liabilities to the extent the cession of such Insurance Contract liabilities would cause the Reinsurance Exposure to exceed the Overall Exposure Cap. In the event that ALRe accepts any offer made under this Section 3.1(b), each of Athene and Athora shall, and shall cause its Subsidiaries to, work together and take all necessary actions to promptly finalize and consummate the reinsurance transaction to which such offer relates; provided, however, in no event shall this sentence obligate (i) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to work in any manner or take any such action or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to work in any such manner or take any such action.

(c) In the event ALRe elects to assume Insurance Contract liabilities offered in accordance with Section 3.1(b) above from Athora Life Re, it shall assume such Insurance Contract liabilities at a cost (i) equal to the liability cost paid by Athora Life Re in assuming such Insurance Contract liabilities or (ii) if otherwise agreed to by the parties, determined by the parties that will provide ALRe substantially the same expected return for its shareholder for such Insurance Contract liabilities that Athora Life Re expects to return for its shareholder with respect to such underlying Insurance Contract liability incurred.

(d) Notwithstanding anything to the contrary herein, other than the last sentence of this Section 3.1(d), and subject to the Overall Exposure Cap, in order to facilitate the purposes of this Agreement, the parties may agree to enter into alternative reinsurance transaction arrangements, including, but not limited to, ALRe or another Athene Insurance Subsidiary directly reinsuring Insurance Contract liabilities of any Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable, but without limiting the last sentence of this Section 3.1(d)) and subsequently retroceding such Insurance Contract liabilities to Athora Life Re or any other Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable, but without limiting the last sentence of this Section 3.1(d)). Other alternative transaction structures may include any form of direct or indirect reinsurance, the acquisition of derivative instruments or the funding of spread instruments within the asset portfolio of the Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable, but without limiting the last sentence of this Section 3.1(d)) that acquired the Insurance Contract liabilities (such as a Funding Agreement or a special purpose vehicle), or any other transaction arrangement as may be mutually agreed to by the parties from time to time. Notwithstanding anything in this Agreement to the contrary, in no event shall this Section 3.1(d) obligate (i) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to enter into any alternative reinsurance or other transaction with any Person or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to enter into any alternative reinsurance or other transaction with any Person.

(e) To the extent the proposed cession of Insurance Contract liabilities by Athora Life Re or any other Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable) to ALRe or any other Athene Insurance Subsidiary would cause the Reinsurance Exposure to exceed the Overall Exposure Cap, each party hereby agrees to cooperate and

use their respective reasonable best efforts to alter the size of such reinsurance transaction or take such other actions with respect to such reinsurance transaction necessary to permit the cession of such Insurance Contract liabilities to ALRe or any other Athene Insurance Subsidiary in accordance with the terms and conditions set forth in this Agreement."

(i) From and after the First Amendment Effective Date, Section 3.2 of the Cooperation Agreement is hereby deleted in its entirety and replaced with the following:

"**3.2 Cession of European Reinsurance Liabilities**.

(a) To the extent an Athora Insurance Subsidiary enters into a reinsurance transaction with a Third Party pursuant to which such Athora Insurance Subsidiary assumes Insurance Contract liabilities ceded by such Third Party, and to the extent that the proviso in the immediately following sentence does not apply, Athora shall provide written notice to Athene of such reinsurance transaction and shall offer any one or more applicable Athene Insurance Subsidiaries the right to reinsure the Retrocession Percentage of such Insurance Contract liabilities so assumed. For a period of thirty (30) days following the delivery of the notice, the applicable Athene Insurance Subsidiary shall have the right of first refusal, but not the obligation, to accept such offer to assume by retrocession the Retrocession Percentage of each reinsurance transaction involving Insurance Contract liabilities ceded by Third Parties; provided, that (i) Athora shall not be required to cause any Athora Insurance Subsidiary to offer to cede any such Insurance Contract liabilities ceded by Third Parties to the extent the cession of such liabilities would cause the Reinsurance Exposure to exceed the Overall Exposure Cap and (ii) if the applicable Athora Insurance Subsidiary is a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), Athora shall not be required to either (A) provide any such notice or (B) cause such Athora Insurance Subsidiary to offer to cede any such Insurance Contract Liabilities. In the event that an Athene Insurance Subsidiary accepts any offer made under this Section 3.2(a), each of Athene and Athora shall, and shall cause its Subsidiaries to, work together and take all necessary actions to promptly finalize and consummate the reinsurance transaction to which such offer relates on arm's-length commercial terms; provided, however, in no event shall this sentence obligate (i) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to work in any manner or take any such action or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to work in any such manner or take any such action.

(b) Athene Insurance Subsidiaries shall assume Insurance Contract liabilities ceded by a Third Party to an Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable, but without limiting Section 3.2(g)) at a cost (i) equal to the liability cost paid by the applicable Athora Insurance Subsidiary when it acquired such Insurance Contract liabilities or (ii) if otherwise agreed to by the parties, determined by the parties that will provide such Athene Insurance Subsidiaries substantially the same expected return for its shareholder for such Insurance Contract liabilities that the Athora Insurance Subsidiary expects to return for its shareholder with respect to such underlying Insurance Contract liability incurred.

(c) Notwithstanding anything to the contrary herein and subject to the Overall Exposure Cap, in order to facilitate the purposes of this Agreement, the parties may agree to enter into alternative transaction structures involving the cession of Insurance Contract liabilities ceded by Third Parties, including, but not limited to, (i) joint venture structures, (ii) joint bidding structures, (iii) fronting structures (iv) or any other transaction structure as may be mutually agreed to by the parties from time to time; provided, however, in no event shall this Section 3.2(c) obligate (x) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to enter into any such alternative transaction structure or (y) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to enter into any such alternative transaction structure.

(d) To the extent the proposed cession to an Athene Insurance Subsidiary of Insurance Contract liabilities assumed by an Athora Insurance Subsidiary (including a member of the VIVAT Group (including a VIVAT Insurance Subsidiary), if applicable) from a Third Party would cause the Reinsurance Exposure to exceed the Overall Exposure Cap, each party hereby agrees to cooperate and use its reasonable best efforts to alter the size of such retrocession transaction or take such other actions with respect to such retrocession transaction necessary to permit the retrocession of such Insurance Contract liabilities assumed from such Third Party by such Athora Insurance Subsidiary to an Athene Insurance Subsidiary in accordance with the terms and conditions set forth in this Agreement.

(e) For the avoidance of doubt, Athora and its Subsidiaries shall be responsible for the administration of all Insurance Contract liabilities ceded to Athene Insurance Subsidiaries in accordance with this Agreement and neither Athene nor any of its Subsidiaries shall be (i) responsible for the administration of, or otherwise be required to administer, any Insurance Contracts related to the liabilities assumed in

accordance with this Agreement or (ii) required to assume any responsibilities or obligations in regard to the ceded business, except for its financial obligations under the applicable Reinsurance Contacts.

(f) Athora and Athene hereby agree and acknowledge that any reinsurance proposed to be ceded pursuant to Section 3.1 or 3.2 hereof on terms substantially consistent with the terms of the underlying Insurance Contract shall be deemed to be "arms-length commercial terms" as used in Sections 3.1 and 3.2 hereof.

(g) Notwithstanding anything in this Section 3.2 to the contrary, in no event shall this Section 3.2 obligate (i) any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to retrocede (or to enter into any agreement to retrocede), or to offer to retrocede (or offer to enter into any agreement to retrocede), any Insurance Contract liabilities to any Athene Insurance Subsidiary or other Person or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group (including a VIVAT Insurance Subsidiary) to retrocede (or to enter into any agreement to retrocede), or to offer to retrocede (or to offer to enter into any agreement to retrocede), any Insurance Contract liabilities to any Athene Insurance Subsidiary or other Person."

(j) From and after the First Amendment Effective Date, Section 4.1 of the Cooperation Agreement is hereby amended by adding the following as a separate paragraph after Subsection (c) of Section 4.1:

"provided, that, for purposes of clarification, in no event shall this Section 4.1 obligate (i) any member of the VIVAT Group to (A) cooperate with any Person, (B) permit any audit, appraisal, market study or other due diligence investigation to be performed or (C) participate in any meeting with any rating agency, bank or potential investor or (ii) Athora to cause, or use any effort to cause, any member of the VIVAT Group to (A) cooperate with any Person, (B) permit any audit, appraisal, market study or other due diligence investigation to be performed or (C) participate in any meeting with any rating agency, bank or potential investor."

(k) From and after the First Amendment Effective Date, Section 5.4 of the Cooperation Agreement is hereby deleted in its entirety and replaced with the following:

"**5.4 Binding Effect; Assignment; No Third Party Benefit**.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns. Except as otherwise expressly provided in this Agreement, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by either party without the consent of the other party.

(b) Except to the extent set forth in the immediately following sentence, nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties hereto, and their respective heirs, legal representatives, successors, and permitted assigns, any rights, benefits, or remedies of any nature whatsoever under or by reason of this Agreement. Each member of the VIVAT group shall be an express third-party beneficiary of the following provisions, and none of the following provisions may be modified or amended without VIVAT's prior written consent: (i) Section 2.3; (ii) the last sentence of Section 3.1(a); (iii) the proviso in the last sentence of Section 3.1(b); (iv) the last sentence of Section 3.1(d); (v) the proviso of the first sentence of Section 3.2(a); (vi) the proviso of the last sentence of Section 3.2(a); (vii) Section 3.2(g); (viii) the proviso of Section 3.3(c); (ix) the proviso of the last sentence of Section 4.1; and (x) Section 5.5."

**3. Miscellaneous.**

(a) Full Force and Effect. Except to the extent modified or amended by this Amendment, all terms and provisions of the Cooperation Agreement shall continue in full force and effect and shall remain enforceable and binding in accordance with their respective terms. Upon the execution and delivery hereof, the Cooperation Agreement shall be deemed to be amended and supplemented as set forth herein as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Cooperation Agreement, and this Amendment and the Cooperation Agreement shall henceforth be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Cooperation Agreement. As used in the Cooperation Agreement, the terms "this Agreement," "herein," "hereto," and words of similar import shall mean and refer to, from and after the execution and delivery of this Amendment, unless the context requires otherwise, the Cooperation Agreement as amended by this Amendment.

(b) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same agreement, and any party to this Amendment may execute this Amendment by signing any one of the counterparts. Any counterpart of this Amendment may be executed via facsimile or portable document format transmission.

(c) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAWS THEREOF.

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**ATHORA:**

**ATHORA HOLDING LTD.**

By: /s/ Joelina Redden
Name: Joelina Redden
Title: Senior Counsel, Legal and Governance

**ATHENE:**

**ATHENE HOLDING LTD.**

By: /s/ Adam Laing
Name: Adam Laing
Title: VP, Finance Officer

Signature Page to Amendment No. 1 to the Cooperation Agreement

**Exhibit 10.32.2**

**FIRST AMENDMENT TO REINSURANCE AGREEMENT (FA BUSINESS)**

This FIRST AMENDMENT TO REINSURANCE AGREEMENT (FA BUSINESS) (this "Amendment"), effective as of July 1, 2018 (the "Amendment Effective Date"), is made by and between VOYA INSURANCE AND ANNUITY COMPANY, an insurance company organized under the laws of the State of Iowa (the "Ceding Company"), and ATHENE ANNUITY & LIFE ASSURANCE COMPANY, a reinsurance company organized under the laws of the State of Delaware (the "Reinsurer").

**WITNESSETH**:

WHEREAS, the Ceding Company and the Reinsurer are parties to that certain Reinsurance Agreement (FA Business), designated as Treaty Number DEVFACO - 060118 and effective as of June 1, 2018 (the "Reinsurance Agreement");

WHEREAS, the Ceding Company and the Reinsurer desire to amend the Reinsurance Agreement as provided herein; and

WHEREAS, pursuant to Section 17.05 of the Reinsurance Agreement, the Reinsurance Agreement may be amended by a written instrument duly executed by the proper officers of both parties to the Reinsurance Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the Ceding Company and the Reinsurer hereby agree as follows:

**1. Definitions.** Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in the Reinsurance Agreement.

**2. Amendment.**

(a) From and after the Amendment Effective Date, Article I to the Reinsurance Agreement is hereby amended by adding the following definitions:

""Company Action Level RBC" means, with respect to the Reinsurer at any date of determination, the company action level risk-based capital of the Reinsurer determined in accordance with the applicable Law of the state of domicile of the Reinsurer.

"RBC Ratio" shall mean the percentage equal to (i) the Total Adjusted Capital of the Reinsurer *divided by* the Company Action Level RBC for the Reinsurer, *multiplied by* (ii) 100.

"Total Adjusted Capital" shall mean, with respect to the Reinsurer, its total adjusted capital as calculated in accordance with the most current formula for calculating such amount adopted by the insurance regulatory authority in the Reinsurer's state of domicile.

"Trust Account" shall have the meaning specified in Section 9.08.

"Trust Agreement" shall have the meaning specified in Section 9.08.

"Trustee" shall have the meaning specified in Section 9.08."

(b) From and after the Amendment Effective Date, Section 1.01 of the Reinsurance Agreement is hereby amended and restated by deleting the definition of "Business Day" and replacing such definition with the following:

""Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banking institutions are authorized or required by Law to close in New York, New York, Des Moines, Iowa or Hamilton, Bermuda."

(c) From and after the Amendment Effective Date, Section 7.01(a) of the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Section and replacing such Section with the following:

"(a) Within three (3) Business Days following the end of each calendar week, the Ceding Company shall deliver to the Reinsurer (i) a weekly accounting report, substantially in the form set forth in Exhibit A-1, for such calendar week (a "Weekly Accounting Report") and (ii) a year-to-date accounting report, substantially in the form set forth in Exhibit A-2, as of the end of such calendar week. The parties shall from time to time amend Exhibit A-1 and Exhibit A-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed."

(d) From and after the Amendment Effective Date, Section 7.01(b) of the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Section and replacing such Section with the following:

> "(b) Within three (3) Business Days following the end of each calendar month (each such calendar month, a "Monthly Accounting Period"), the Ceding Company shall deliver to the Reinsurer an initial monthly accounting report, substantially in the form set forth in Exhibit B-1, setting forth a preliminary report of the policyholder cash flows with respect to such calendar month. Within five (5) Business Days following the end of each Monthly Accounting Period, the Ceding Company shall deliver to the Reinsurer a full monthly accounting report, substantially in the form set forth in Exhibit B-2, which shall set forth (i) a final report of the policyholder cash flows with respect to such calendar month and (ii) certain additional information with respect to such calendar month. Any such monthly accounting report shall be a "Monthly Accounting Report." The parties shall from time to time amend Exhibit B-1 and Exhibit B-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed."

(e) From and after the Amendment Effective Date, Article VII to the Reinsurance Agreement is hereby amended by adding the following as Subsection (f) of Section 7.02:

> "(f) Within five (5) Business Days following the filing of the Reinsurer's risk-based capital statement with the Delaware Department of Insurance, the Reinsurer shall deliver to the Ceding Company a report setting forth its RBC Ratio as of December 31 of the preceding calendar year, along with supporting reasonable detail for the calculation thereof."

(f) From and after the Amendment Effective Date, Article IX to the Reinsurance Agreement is hereby amended by adding the following as Section 9.08:

> "Section 9.08 Termination of Custody Account; Establishment of Collateral Trust Account. If the Reinsurer's RBC Ratio as of the end of any calendar year, as reflected in the report delivered by the Reinsurer to the Ceding Company pursuant to Section 7.02(f), is less than 150%,then, within sixty (60) calendar days following the date on which the applicable report is delivered to the Ceding Company, the Reinsurer shall enter into a trust agreement (the "Trust Agreement") with the Ceding Company and Citibank, N.A. (in its role as trustee, the "Trustee"), pursuant to which the Reinsurer shall establish a trust account (the "Trust Account") for the benefit of the Ceding Company in which the Reinsurer will maintain assets supporting the Reinsured Liabilities. As soon as practicable following the establishment of the Trust Account, the parties shall cause the Custody Account to be terminated in accordance with the Custody Agreement and all assets contained therein to be transferred to the Trust Account. The Reinsurer and the Ceding Company agree that the terms of the Trust Agreement and the terms applicable to the Trust Account herein shall be substantially similar to the terms of the Custody Agreement and the terms applicable to the Custody Account set forth herein, including terms relating to the Custody Account Required Balance, the Permitted Investments, the Ceding Company withdrawal rights, the Custody Account settlements and the Reinsurer withdrawal and substitution rights. In furtherance of the foregoing, all references herein to "Custody Account" shall be automatically replaced with references to "Trust Account" following the date on which the Trust Account is funded pursuant to this Section 9.08. The Reinsurer and the Ceding Company shall work together in good faith to negotiate any other amendments to this Agreement that are necessary to reflect the replacement of the Custody Account with the Trust Account."

(g) From and after the Amendment Effective Date, Exhibit A to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibits attached hereto as Exhibit A-1 and Exhibit A-2.

(h) From and after the Amendment Effective Date, Exhibit B to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibits attached hereto as Exhibit B-1 and Exhibit B-2.

(i) From and after the Amendment Effective Date, Exhibit C to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibit attached hereto as Exhibit C.

(j) From and after the Amendment Effective Date, Schedule II to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Schedule and replacing such Schedule with Schedule II attached hereto as Exhibit D.

(k) From and after the Amendment Effective Date, Schedule III to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Schedule and replacing such Schedule with Schedule III attached hereto as Exhibit E.

**3. Miscellaneous.**

(a) Full Force and Effect. Except as expressly modified by this Amendment, all of the terms, covenants, agreements, conditions and other provisions of the Reinsurance Agreement shall remain in full force and effect in accordance with their respective terms and are hereby ratified or confirmed. This Amendment shall not constitute an amendment or waiver of any provision of the Reinsurance Agreement except as expressly set forth herein. Upon the execution and delivery hereof, the Reinsurance Agreement shall thereupon be deemed to be amended and supplemented as hereinabove set forth as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Reinsurance Agreement, and this Amendment and the Reinsurance Agreement shall henceforth be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Reinsurance Agreement. As used in the Reinsurance Agreement, the terms "this Agreement," "herein," "hereinafter," "hereto," and words of similar import shall mean and refer to, from and after the Amendment Effective Date, unless the context requires otherwise, the Reinsurance Agreement as amended by this Amendment.

(b) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an electronic copy of an executed counterpart of a signature page to this Amendment by email or facsimile shall be as effective as delivery of a manually executed counterpart of this Amendment.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the Amendment Effective Date.

**VOYA INSURANCE AND ANNUITY COMPANY**

By: /s/ Timothy W. Brown____________________

Title: EVP and CLO_________________________

Date: 01/30/2019____________________________

**ATHENE ANNUITY & LIFE ASSURANCE COMPANY**

By: /s/ Erin Kuhl___________________________

Title: Vice President and Treasurer_____________

Date: 01/29/19______________________________

**EXHIBIT A-1**

Form of Weekly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

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**EXHIBIT A-2**

Form of Year-To-Date Weekly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

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**EXHIBIT B-1**

Form of Initial Monthly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

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**EXHIBIT B-2**

Form of Full Monthly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

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**EXHIBIT C**

Form of Quarterly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT D**

**SCHEDULE II**

**POLICY EXPENSES**

The Policy Expenses with respect to each Quarterly Accounting Period shall be an amount equal to (A) plus (B) plus (C), each as defined below:

(A) solely with respect to the Payout Annuities, an amount equal to (i) eighteen (18) basis points divided by four (4) multiplied by (ii) (a) the sum of the Ceded Reserves with respect to the Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Ceded Reserves with respect to the Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (b) two (2); and

(B) with respect to the Non-Payout Annuities, an amount equal to the sum of:

(i) (a) the Quota Share of $50 (provided, that a two percent (2.00%) per annum inflation factor will be added to such amount each year commencing on January 1, 2019) divided by four (4), multiplied by (b) (I) the sum of the total number of Non-Payout Annuities in force at the beginning of the applicable Quarterly Accounting Period plus the total number of Non-Payout Annuities in force at the end of the applicable Quarterly Accounting Period, divided by (II) two (2), plus

(ii) (a) three (3) basis points divided by four (4) multiplied by (b) (I) the sum of the Ceded Reserves with respect to the Non-Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Ceded Reserves with respect to the Non-Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (II) two (2); and

(C) an amount equal to a Quota Share of the Ceding Company's reasonable expenses for certain hedge settlement and collateral management services relating to the Reinsured Policies that are provided by a third party; provided, that such expenses shall not exceed fifty thousand dollars ($50,000) per month for each month in which Voya Investment Management Co. LLC is providing such hedge settlement and collateral management services; provided, further, that the Ceding Company shall not outsource such hedge settlement and collateral management services to any person other than Voya Investment Management Co. LLC without the prior approval of the Reinsurer.

**EXHIBIT E**

**Schedule III**

Schedule of Initial Premium Assets omitted pursuant to Regulation S-K Item 601(a)(5).

**FIRST AMENDMENT TO MODIFIED COINSURANCE AGREEMENT (SEPARATE ACCOUNT FA BUSINESS)**

This FIRST AMENDMENT TO MODIFIED COINSURANCE AGREEMENT (SEPARATE ACCOUNT FA BUSINESS) (this "Amendment"), effective as of June 1, 2018 (the "Amendment Effective Date"), is made by and between VOYA INSURANCE AND ANNUITY COMPANY, an insurance company organized under the laws of the State of Iowa (the "Ceding Company"), and ATHENE ANNUITY & LIFE ASSURANCE COMPANY, a reinsurance company organized under the laws of the State of Delaware (the "Reinsurer").

**WITNESSETH**:

WHEREAS, the Ceding Company and the Reinsurer are parties to that certain Modified Coinsurance Agreement (Separate Account FA Business), designated as Treaty Number DEVFAMCO - 060118 and effective as of June 1, 2018 (the "Reinsurance Agreement");

WHEREAS, the Ceding Company and the Reinsurer desire to amend the Reinsurance Agreement as provided herein; and

WHEREAS, pursuant to Section 17.05 of the Reinsurance Agreement, the Reinsurance Agreement may be amended by a written instrument duly executed by the proper officers of both parties to the Reinsurance Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the Ceding Company and the Reinsurer hereby agree as follows:

**1. Definitions.** Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in the Reinsurance Agreement.

**2. Amendment.**

(a) From and after the Amendment Effective Date, Section 1.01 of the Reinsurance Agreement is hereby amended and restated by deleting the definition of "Business Day" and replacing such definition with the following:

> ""Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banking institutions are authorized or required by Law to close in New York, New York, Des Moines, Iowa or Hamilton, Bermuda."

(b) From and after the Amendment Effective Date, Section 7.01(a) of the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Section and replacing such Section with the following:

> "(a) Within three (3) Business Days following the end of each calendar week, the Ceding Company shall deliver to the Reinsurer (i) a weekly accounting report, substantially in the form set forth in Exhibit A-1, for such calendar week (a "Weekly Accounting Report") and (ii) a year-to-date accounting report, substantially in the form set forth in Exhibit A-2, as of the end of such calendar week. The parties shall from time to time amend Exhibit A-1 and Exhibit A-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed."

(c) From and after the Amendment Effective Date, Section 7.01(b) of the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Section and replacing such Section with the following:

> "(b) Within three (3) Business Days following the end of each calendar month (each such calendar month, a "Monthly Accounting Period"), the Ceding Company shall deliver to the Reinsurer an initial monthly accounting report, substantially in the form set forth in Exhibit B-1, setting forth a preliminary report of the policyholder cash flows with respect to such calendar month. Within five (5) Business Days following the end of each Monthly Accounting Period, the Ceding Company shall deliver to the Reinsurer a full monthly accounting report, substantially in the form set forth in Exhibit B-2, which shall set forth (i) a final report of the policyholder cash flows with respect to such calendar month and (ii) certain additional information with respect to such calendar month. Any such monthly accounting report shall be a "Monthly Accounting Report." The parties shall from time to time amend Exhibit B-1 and Exhibit B-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed."

(d) From and after the Amendment Effective Date, Section 7.01(f) of the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Section and replacing such Section with the following:

> "(f) The Ceding Company shall deliver to the Reinsurer, as of the end of such Monthly Accounting Period or the Recapture Effective Date, as applicable, (i) within five (5) Business Days following the receipt of structured credit assets and cash flows provided by the Investment Manager, or book value

calculations provided by the Reinsurer, following the end of each Monthly Accounting Period, a report of the assets held in the Modco Account and an investment accounting report which shall include holdings, book value roll forward and income reports, in each case, on a CUSIP level and (ii) within five (5) Business Days following the end of each Monthly Accounting Period, a report of the Existing Hedges and the effectiveness thereof in a form mutually agreed upon by the Ceding Company and the Reinsurer."

(e) From and after the Amendment Effective Date, Exhibit A to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibits attached hereto as Exhibit A-1 and Exhibit A-2.

(f) From and after the Amendment Effective Date, Exhibit B to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibits attached hereto as Exhibit B-1 and Exhibit B-2.

(g) From and after the Amendment Effective Date, Exhibit C to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Exhibit and replacing such Exhibit with the Exhibit attached hereto as Exhibit C.

(h) From and after the Amendment Effective Date, Schedule II to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Schedule and replacing such Schedule with Schedule II attached hereto as Exhibit E.

(i) From and after the Amendment Effective Date, Schedule III to the Reinsurance Agreement is hereby amended and restated in its entirety by deleting such Schedule and replacing such Schedule with Schedule III attached hereto as Exhibit F.

**3. Miscellaneous.**

(a) Full Force and Effect. Except as expressly modified by this Amendment, all of the terms, covenants, agreements, conditions and other provisions of the Reinsurance Agreement shall remain in full force and effect in accordance with their respective terms and are hereby ratified or confirmed. This Amendment shall not constitute an amendment or waiver of any provision of the Reinsurance Agreement except as expressly set forth herein. Upon the execution and delivery hereof, the Reinsurance Agreement shall thereupon be deemed to be amended and supplemented as hereinabove set forth as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Reinsurance Agreement, and this Amendment and the Reinsurance Agreement shall henceforth be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Reinsurance Agreement. As used in the Reinsurance Agreement, the terms "this Agreement," "herein," "hereinafter," "hereto," and words of similar import shall mean and refer to, from and after the Amendment Effective Date, unless the context requires otherwise, the Reinsurance Agreement as amended by this Amendment.

(b) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an electronic copy of an executed counterpart of a signature page to this Amendment by email or facsimile shall be as effective as delivery of a manually executed counterpart of this Amendment.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the Amendment Effective Date.

**VOYA INSURANCE AND ANNUITY COMPANY**

By: /s/ Timothy W. Brown____________________

Title: EVP and CLO__________________________

Date: 01/30/2019____________________________

**ATHENE ANNUITY & LIFE ASSURANCE COMPANY**

By: /s/ Erin Kuhl___________________________

Title: Vice President and Treasurer______________

Date: 01/29/19_____________________________

**EXHIBIT A-1**

Form of Weekly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT A-2**

Form of Year-To-Date Weekly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

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**EXHIBIT B-1**

Form of Initial Monthly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT B-2**

Form of Full Monthly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT C**

Form of Quarterly Accounting Report

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT D**

**SCHEDULE II**

**POLICY EXPENSES**

The Policy Expenses with respect to each Quarterly Accounting Period shall be an amount equal to (A) plus (B) plus (C), each as defined below:

(A) solely with respect to the Payout Annuities, an amount equal to (i) eighteen (18) basis points divided by four (4) multiplied by (ii) (a) the sum of the Modco Reserves with respect to the Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves with respect to the Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (b) two (2); and

(B) with respect to the Non-Payout Annuities, an amount equal to the sum of:

(i) (a) the Quota Share of $50 (provided, that a two percent (2.00%) per annum inflation factor will be added to such amount each year commencing on January 1, 2019) divided by four (4), multiplied by (b) (I) the sum of the total number of Non-Payout Annuities in force at the beginning of the applicable Quarterly Accounting Period plus the total number of Non-Payout Annuities in force at the end of the applicable Quarterly Accounting Period, divided by (II) two (2), plus

(ii) (a) three (3) basis points divided by four (4) multiplied by (b) (I) the sum of the Modco Reserves with respect to the Non-Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves with respect to the Non-Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (II) two (2); and

(C) with respect to all Reinsured Policies, an amount with respect to investment accounting services equal to:

(i) from the Effective Date through February 28, 2019, (a) 4.5 basis points divided by four (4) multiplied by (b) (I) the sum of the Modco Reserves at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves at the end of the applicable Quarterly Accounting Period, divided by (II) two (2); and

(ii) after February 28, 2019, (a) 0.6 basis points divided by four (4) multiplied by (b) (I) the sum of the Modco Reserves at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves at the end of the applicable Quarterly Accounting Period, divided by (II) two (2).

**EXHIBIT E**

Schedule III

Schedule of Initial Premium Assets omitted pursuant to Regulation S-K Item 601(a)(5).

**Exhibit 10.34**

# MODIFIED COINSURANCE AGREEMENT (FA BUSINESS)

**between**

**ATHENE ANNUITY RE LTD.**

**and**

**VENERABLE INSURANCE AND ANNUITY COMPANY**
**(FORMERLY KNOWN AS VOYA INSURANCE AND ANNUITY COMPANY)**

**effective as of December 31, 2019**

**Treaty Number VIACAAREFA - 12312019**

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**MODIFIED COINSURANCE AGREEMENT (FA BUSINESS)**

This MODIFIED COINSURANCE AGREEMENT (FA BUSINESS) (this "Agreement"), effective as of December 31, 2019 (the "Effective Date"), is made by and between Venerable Insurance and Annuity Company (formerly known as Voya Insurance and Annuity Company), an insurance company organized under the Laws of the State of Iowa (the "Ceding Company"), and Athene Annuity Re Ltd., a Bermuda Class E insurer under the Insurance Act 1978 that has filed an election under Section 953(d) of the Code (as defined below) to be taxed as a U.S. corporation (the "Reinsurer").

**WITNESSETH:**

WHEREAS, pursuant to that certain Modified Coinsurance Agreement (FA Business) by and between the Ceding Company and Athene Life Re Ltd. ("ALRe"), effective June 1, 2018 (the "ALRe Modco Agreement"), the Ceding Company has ceded to ALRe certain liabilities relating to the Reinsured Policies (as defined below);

WHEREAS, pursuant to that certain Recapture Amendment, dated as of the date hereof, between the Ceding Company and ALRe (the "Recapture Amendment"), (a) the Ceding Company recaptured all liabilities ceded to ALRe under the ALRe Modco Agreement as of the Effective Date and (b) all of the assets held in the modified coinsurance account established pursuant to the ALRe Modco Agreement as of the date hereof (the "Recapture Assets") were released to the Ceding Company; and

WHEREAS, the Ceding Company desires to cede and the Reinsurer desires to assume, on a modified coinsurance basis and as of the Effective Date, a specified quota share of the Reinsured Liabilities, including all the liabilities previously ceded to ALRe under the ALRe Modco Agreement, subject to the terms, conditions and limitations contained herein.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the Ceding Company and the Reinsurer hereby agree as follows:

**ARTICLE I**

**GENERAL PROVISIONS**

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

"Action" shall mean (a) any civil, criminal or administrative action, suit, claim, litigation, arbitration or similar proceeding, in each case, before a Governmental Entity, or (b) any investigation or written inquiry by a Governmental Entity other than any examination by a taxing authority, including a tax audit.

"Affiliate" shall mean, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such first Person, and the term "Affiliated" shall have a correlative meaning. For the purposes of this definition, "control", when used with respect to any Person, means the power to direct the management and policies of such Person, directly or indirectly through the ownership of voting securities, by contract, or otherwise, and the terms "controlling" and "controlled" have the meanings correlative to the foregoing. For the avoidance of doubt, the Ceding Company and the Reinsurer shall not be deemed "Affiliates" for purposes of this Agreement.

"Agreement" shall have the meaning specified in the Preamble hereto.

"Allianz Trust Account" shall mean the trust account established pursuant to that certain Asset Trust Agreement, dated as of December 30, 1993, among the Ceding Company (formerly known as USG Annuity & Life Company), Allianz Life Insurance Company of North America and The Bank of New York Mellon (formerly known as The Bank of New York).

"ALRe" shall have the meaning specified in the Recitals hereto.

"ALRe Modco Agreement" shall have the meaning specified in the Recitals hereto.

"Authorized Representative" shall have the meaning specified in Section 14.01(a)(i).

"Business Day" shall mean any day other than a Saturday, Sunday or any other day on which banking institutions are authorized or required by Law to close in New York, New York or Des Moines, Iowa.

"Ceding Company" shall have the meaning specified in the Preamble hereto.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Custodian" shall have the meaning specified in Section 8.01(a).

"Effective Date" shall have the meaning specified in the Preamble hereto.

"Effective Tax Year" shall have the meaning specified in Section 15.02(d).

"Excluded Liabilities" shall mean without duplication (a) all Extra-Contractual Obligations other than Reinsurer Extra-Contractual Obligations, (b) any liabilities resulting from any change to the terms of any Reinsured Policy after June 1, 2018, unless such change is required by applicable Law or by the express terms of the Reinsured Policies or has been approved in writing in advance by the Reinsurer or any of its Affiliates, (c) any liabilities other than Reinsured Liabilities and (d) any *ex gratia* payments made by the Ceding Company (*i.e.*, payments the Ceding Company is not required to make under the terms of the Reinsured Policies) unless such payment has been approved in writing in advance by the Reinsurer.

"Extra-Contractual Obligations" shall mean any liabilities or obligations not arising under the express terms and conditions of, or in excess of the applicable policy limits of, the Reinsured Policies, including liabilities or obligations for fines, penalties, taxes, fees, forfeitures, compensatory damages, and punitive, special, treble, bad faith, tort, exemplary or other forms of extra-contractual damages awarded against or paid by the Ceding Company, which liabilities or obligations arise from any act, error or omission committed by the Ceding Company or any of its Affiliates or any of the directors, officers, employees, agents, representatives, annuity producers, administrators, service providers, successors or assigns of the Ceding Company or any of its Affiliates, whether or not intentional, negligent, in bad faith or otherwise relating to (a) the form, marketing, sale, underwriting, production, issuance, cancellation or administration of the Reinsured Policies, (b) the investigation, defense, trial, settlement or handling of claims, benefits or payments under the Reinsured Policies, (c) the failure to pay, the delay in payment, or errors in calculating or administering the payment of benefits, claims or any other amounts due or alleged to be due under or in connection with the Reinsured Policies, (d) fines or other penalties associated with escheat or unclaimed property liabilities arising under or relating to the Reinsured Policies, (e) the failure of the Reinsured Policies or the payments thereunder to qualify for their intended or expected tax status, or (f) any tax, penalty or interest imposed in respect of any withholding or reporting obligation of the Ceding Company in respect of taxes.

"Factual Information" shall have the meaning specified in Section 16.01(d).

"FATCA" shall have the meaning specified in Section 15.03.

"Governmental Entity" shall mean any foreign, federal, state, local or other governmental, legislative, judicial, administrative or regulatory authority, agency, commission, board, body, court or entity or any instrumentality thereof or any self-regulatory body or arbitral body or arbitrator.

"IMR" shall mean the interest maintenance reserve relating to the Reinsured Liabilities, determined in accordance with Iowa SAP, consisting of the after-tax unamortized deferred gains and losses in respect of the assets maintained in the Modco Account.

"Investment Management Agreement" shall have the meaning specified in Section 8.03.

"Investment Manager" shall have the meaning specified in Section 8.03.

"Iowa SAP" shall mean the statutory accounting principles and practices prescribed or permitted for Iowa life insurance companies by the Iowa Insurance Division, consistently applied by the Ceding Company; provided, that, for the avoidance of doubt, Iowa SAP as applied by the Ceding Company shall include the methodology for calculating indexed annuity product reserves set forth in Iowa Administrative Code Chapter 191-97 to the extent applicable.

"Law" shall mean any law, statute, ordinance, written rule or regulation, order, injunction, judgment, decree, principle of common law, constitution or treaty enacted, promulgated, issued, enforced or entered by any Governmental Entity.

"Modco Account" shall have the meaning specified in Section 8.01(a).

"Modco Adjustment" shall mean, as of any date of determination, an amount equal to (a) the Modco Reserves as of such date, plus (b) the IMR as of such date, minus (c) the Statutory Carrying Value of the assets maintained in the Modco Account (including the Quota Share of the Statutory Carrying Value of the assets maintained in the Allianz Trust Account) as of such date, minus (d) any amounts due and unpaid by the Ceding Company under Section 7.03(a) or (b).

"Modco Excess Withdrawals" shall have the meaning specified in Section 8.01(c).

"Modco Reserves" shall mean an amount equal to the Quota Share of the Net Statutory Reserves.

"Monthly Accounting Period" shall have the meaning specified in Section 7.01(b).

"Monthly Accounting Report" shall have the meaning specified in Section 7.01(b).

"Monthly Settlement Amount" shall have the meaning specified in Section 7.03(b).

“Net Statutory Reserves” shall mean the net statutory reserves of the Ceding Company in respect of the Reinsured Policies, which shall be calculated in good faith on a *seriatim* basis in accordance with Iowa SAP and using valuation interest rates determined in a manner consistent with the Ceding Company’s historical practices; provided, however, that Net Statutory Reserves shall not include (a) additional actuarial reserves (as used in connection with Iowa SAP), if any, established by the Ceding Company as a result of its annual cash flow testing, (b) any asset valuation reserves (as used in connection with Iowa SAP) established by the Ceding Company, (c) any interest maintenance reserves (as used in connection with Iowa SAP) established by the Ceding Company or (d) any other reserve not directly attributable to specific Reinsured Policies.

“Non-Payout Annuities” shall have the meaning specified in Section 7.01(e).

“Non-Public Personal Information” shall have the meaning specified in Section 17.10(b).

“Payout Annuities” shall have the meaning specified in Section 7.01(e).

“Permits” shall mean any licenses, certificates of authority or other similar certificates, registrations, franchises, permits, approvals or other similar authorizations issued to a Person by a Governmental Entity.

“Permitted Assets” shall mean (a) with respect to any asset other than the assets maintained in the Separate Account, cash and any securities or other assets qualifying as admitted assets of the Ceding Company under the applicable Laws of the State of domicile of the Ceding Company and (b) with respect to any assets maintained in the Separate Account, any assets into which the investment portfolio of the Separate Account may be invested pursuant to applicable Law.

“Person” shall mean an individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated organization, Governmental Entity or other entity.

“Policy Expenses” shall have the meaning specified in Section 5.01.

“Proprietary Information” shall have the meaning specified in Section 17.10(a).

“Quarterly Accounting Period” shall have the meaning specified in Section 7.01(c).

“Quarterly Accounting Report” shall have the meaning specified in Section 7.01(c).

“Quarterly Settlement Amount” shall have the meaning specified in Section 7.03(c).

“Quota Share” shall mean eighty percent (80%).

“Recapture Amendment” shall have the meaning specified in the Recitals hereto.

“Recapture Assets” shall have the meaning specified in the Recitals hereto.

“Recapture Effective Date” shall mean the date on which the liability of the Reinsurer with respect to all of the Reinsured Policies is terminated pursuant to Section 11.02 or the effective date of the rejection of this Agreement by any Receiver or of a recapture in full.

“Receiver” shall have the meaning specified in Section 11.03(a).

“Reinsurance Premiums” shall mean the Quota Share of the premiums, policy loan principal and interest payments, and other fees, amounts, payments, collections and recoveries received by the Ceding Company with respect to the Reinsured Policies.

“Reinsured Liabilities” shall mean the Quota Share of (a) liabilities of the Ceding Company with respect to claims, net of applicable surrender charges and market value adjustments, if any, for benefits related to partial surrenders, full surrenders, death claims, annuitizations, policy loans and other contractual benefits under the Reinsured Policies, (b) the Reinsurer Extra-Contractual Obligations, (c) liabilities with respect to premium taxes payable by the Ceding Company to the extent relating to premiums with respect to the Reinsured Policies that are issued after June 1, 2018, (d) premium taxes and guaranty fund assessments payable by the Ceding Company to the extent relating to premiums received by the Ceding Company with respect to the Reinsured Policies and (e) trail commissions payable to producers with respect to the Reinsured Policies and other commissions payable with respect to premiums received by the Ceding Company after June 1, 2018 and paid to the Reinsurer; provided, that in no event shall “Reinsured Liabilities” include any Excluded Liabilities.

“Reinsured Policies” shall mean (a) all fixed annuity contracts issued by the Ceding Company on the policy forms that are listed on Schedule I and were in force on June 1, 2018, including any riders that are listed on Schedule I and any amendments or endorsements attached thereto as of June 1, 2018, (b) all fixed annuity contracts assumed by the Ceding Company pursuant to the reinsurance agreements listed on Schedule I, (c) all supplementary contracts, whether with or without life contingencies, issued by the Ceding Company on or following June 1, 2018 upon the annuitization of any annuity contract referenced in (a) or (b) above or (d) below, and (d) all fixed annuity contracts of the type

referenced in clause (a) above that were issued by the Ceding Company during the sixty (60) days following June 1, 2018, including any amendments or endorsements attached thereto. The policy numbers for all Reinsured Policies described in (a) and (b) are set forth in Schedule I.

"Reinsurer" shall have the meaning specified in the Preamble hereto.

"Reinsurer Extra-Contractual Obligations" shall mean Extra-Contractual Obligations relating to the Reinsured Policies to the extent caused by, arising from or related to any act of, or failure to act by, the Reinsurer or any of its Affiliates following the June 1, 2018.

"Reserves Report" shall have the meaning specified in Section 7.02(a).

"Seller" shall have the meaning specified in the Recitals hereto.

"Separate Account" shall mean the separate account in which assets are maintained by the Ceding Company to support the Ceding Company's payment obligations with respect to the separate account fixed annuity contracts comprising the Reinsured Policies.

"Statutory Carrying Value" shall mean, with respect to any asset, as of the relevant date of determination, the amount permitted to be carried by the Ceding Company as an admitted asset consistent with Iowa SAP.

"Terminal Accounting Report" shall have the meaning specified in Section 11.03(a).

"Unamortized Ceding Commission" shall mean an amount equal to: (a) $225,507,330, multiplied by (b)(i) the Modco Reserves as of the Recapture Effective Date, divided by (ii) the Modco Reserves as of the Effective Date; provided, however, that as of any date of determination on or following the tenth anniversary of June 1, 2018, the Unamortized Ceding Commission will be zero.

"Weekly Accounting Report" shall have the meaning specified in Section 7.01(a).

"Weekly Settlement Amount" shall have the meaning specified in Section 7.03(a).

Section 1.02 Other Definitional Provisions.

(a) For purposes of this Agreement, the words "hereof," "herein," "hereby" and other words of similar import refer to this Agreement as a whole, including all Schedules and Exhibits to this Agreement, unless otherwise indicated.

(b) Whenever the singular is used herein, the same shall include the plural, and whenever the plural is used herein, the same shall include the singular, where appropriate.

(c) The term "including" means "including but not limited to."

(d) Whenever used in this Agreement, the masculine gender shall include the feminine and neutral genders and vice versa.

(e) The Schedules and Exhibits hereto are hereby incorporated by reference into the body of this Agreement.

(f) All references herein to Articles, Sections, Subsections, Paragraphs, Exhibits and Schedules shall be deemed references to Articles and Sections and Subsections and Paragraphs of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require.

(g) All terms defined in this Agreement shall have the defined meaning when used in any Schedule, Exhibit, certificate, report or other documents attached hereto or made or delivered pursuant hereto unless otherwise defined therein.

## ARTICLE II

## COVERAGE

Section 2.01 Scope and Basis of Reinsurance.

(a) This Agreement shall be effective as of 11:59:59 p.m. Eastern Time on the Effective Date.

(b) This Agreement is an agreement for indemnity reinsurance made solely between the Ceding Company and the Reinsurer.

(c) Subject to the terms, conditions and limits of this Agreement (including the exclusion from coverage of Excluded Liabilities), the Ceding Company shall automatically cede and the Reinsurer shall automatically reinsure, on a modified coinsurance basis, the Reinsured Liabilities.

(d) Subject to the terms, conditions and limits of this Agreement (including the exclusion from coverage of Excluded Liabilities), the Reinsurer shall follow the fortunes of the Ceding Company, and to that end the Reinsurer's liability for the Reinsured Policies shall be identical to that of the Ceding Company and shall be subject to the same risks, terms, conditions, interpretations, waivers, modifications, alterations and cancellations to which the Ceding Company is subject with respect to the Reinsured Policies, subject in each case to the Ceding Company's duty to adhere to its obligations pursuant to Article X.

(e) Notwithstanding anything to the contrary herein, the Reinsurer shall not be liable for any Excluded Liabilities.

Section 2.02 Policy Changes.

(a) The Ceding Company shall not, without the prior written consent of the Reinsurer, terminate, amend, modify or waive any provision or provisions of the Reinsured Policies, except to the extent required by applicable Law or the express terms of the Reinsured Policies.

(b) Any such terminations, amendments, modifications or waivers made without the prior written consent of the Reinsurer shall be disregarded for purposes of this Agreement, and the reinsurance with respect to the affected Reinsured Policy will continue as if such termination, amendment, modification or waiver had not been made.

Section 2.03 Reinstatement of Surrendered Policies. If a Reinsured Policy that has been surrendered is reinstated according to its terms and the Ceding Company's reinstatement policies, the Reinsurer will, upon notification, automatically reinstate the reinsurance with respect to such Reinsured Policy; provided, that, to the extent that the reinstatement of such Reinsured Policy requires payment of premiums in arrears or reimbursement of claims paid, the Ceding Company shall pay to the Reinsurer all Reinsurance Premiums in arrears and all reimbursements of Reinsured Liabilities paid on such Reinsured Policy.

Section 2.04 Misstatement of Fact. In the event of a change in the amount payable under a Reinsured Policy due to a misstatement of fact, the Reinsurer's liability with respect to such Reinsured Policy will change proportionately. Such Reinsured Policy will be rewritten from commencement on the basis of the adjusted amounts using premiums and such other terms based on the correct facts, and the proper adjustment for the difference in Reinsurance Premiums, without interest, will be made.

Section 2.05 Credited Rates and Non-Guaranteed Elements. The Ceding Company will be responsible for establishing contractual guarantees, credited interest rates and other non-guaranteed elements of the Reinsured Policies; provided, that the Reinsurer shall be permitted to provide recommendations regarding the contractual guarantees, credited interest rates and other non-guaranteed elements and index strategies of the Reinsured Policies and, to the extent such recommendations comply with applicable Law, generally accepted actuarial standards of practice, and the terms of the Reinsured Policies, the Ceding Company shall not unreasonably take any actions that contravene such recommendations and shall promptly incorporate such recommendations. If the Ceding Company fails to adhere to such recommendations, then the Ceding Company shall promptly notify the Reinsurer in writing of such failure.

Section 2.06 Programs of Internal Replacement. The Ceding Company shall not solicit, or allow any of its Affiliates to solicit, directly or indirectly, policy holders of the Reinsured Policies in connection with any program of internal replacement. The term "program of internal replacement" means any program sponsored or supported by the Ceding Company or any of its Affiliates that is offered to a class of policy owners and in which a Reinsured Policy or a portion of a Reinsured Policy is exchanged for another policy that is written by the Ceding Company or any Affiliate of the Ceding Company or any successor or assignee of any of them.

Section 2.07 Conservation Program. Upon the request of the Reinsurer, the Ceding Company shall reasonably cooperate and work with the Reinsurer in good faith to develop and implement a conservation program with respect to the Reinsured Policies.

Section 2.08 Retrocession. The Reinsurer may retrocede all or any portion of the risks ceded to it pursuant to this Agreement without the consent of the Ceding Company.

Section 2.09 Interest Maintenance Reserve. The Ceding Company and the Reinsurer agree that the IMR shall be ceded to the Reinsurer and maintained in the Modco Account. The IMR shall be calculated by the Ceding Company.

Section 2.10 Valuation of Liabilities. The Reinsurer shall calculate the statutory reserves and tax reserves with respect to the Reinsured Policies.

## ARTICLE III

## REINSURANCE PREMIUMS

Section 3.01 Reinsurance Premiums. The payment of Reinsurance Premiums and the deposit of the Recapture Assets into the Modco Account is a condition precedent to the liability of the Reinsurer under this Agreement. All Reinsurance Premiums shall be payable in accordance with Section 7.03.

## ARTICLE IV

## CEDING COMMISSION

Section 4.01 Ceding Commission. Within ten (10) Business Days of the date hereof, as consideration for the transactions contemplated hereunder, the Reinsurer shall transfer to the Ceding Company assets with a fair market value as of the Effective Date equal to $225,507,330.

## ARTICLE V

## ADMINISTRATION FEE

Section 5.01 Policy Expenses. On a quarterly basis, the Reinsurer shall pay the Ceding Company an administrative expense fee (“Policy Expenses”) to cover the cost of providing all administrative and other services necessary or appropriate in connection with the administration of the Reinsured Policies and the Reinsured Liabilities in an amount calculated in accordance with Schedule II attached hereto. The Policy Expenses shall be payable by the Reinsurer to the Ceding Company in accordance with Section 7.03.

## ARTICLE VI

## REINSURED LIABILITIES

Section 6.01 Reinsured Liabilities. Subject to Sections 6.02 and 6.03, the Reinsurer shall pay to the Ceding Company the Reinsured Liabilities in accordance with Section 7.03.

Section 6.02 Claims Settlement.

(a) Subject to Section 6.02(b) and 6.03, the Ceding Company shall be responsible for the settlement of claims with respect to the Reinsured Liabilities in accordance with Article X, applicable Law and the terms and conditions of the Reinsured Policies.

(b) The Ceding Company shall notify the Reinsurer in writing if the Ceding Company determines that a claim for payment under a Reinsured Policy either requires investigation or should be contested or denied. The Reinsurer and the Ceding Company shall consult in good faith regarding the disposition of any such claim. The Reinsurer may, but shall not be required to, recommend to the Ceding Company how to handle such claim. In the event of any disagreement between the Ceding Company and the Reinsurer as to the validity or amount of such a claim, the Reinsurer shall have final authority over the disposition of such claim.

Section 6.03 Recoveries. Subject to Section 6.02(b), if the Ceding Company obtains any recoveries in respect of a claim with respect to the Reinsured Liabilities paid by it in accordance with the terms of any Reinsured Policy, the Ceding Company shall promptly pay to the Reinsurer the Quota Share of such recoveries.

## ARTICLE VII

## REPORTING AND SETTLEMENTS

Section 7.01 Ceding Company Reporting.

(a) Within three (3) Business Days following the end of each calendar week, the Ceding Company shall deliver to the Reinsurer (i) a weekly accounting report, substantially in the form set forth in Exhibit A-1, for such calendar week (a “Weekly Accounting Report”) and (ii) a year-to-date accounting report, substantially in the form set forth in Exhibit A-2, as of the end of such calendar week. The parties shall from time to time amend Exhibit A-1 and Exhibit A-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed.

(b) Within three (3) Business Days following the end of each calendar month (each such calendar month, a “Monthly Accounting Period”), the Ceding Company shall deliver to the Reinsurer an initial monthly accounting report, substantially in the form set forth in Exhibit B-1, setting forth a preliminary report of the policyholder cash flows with respect to such calendar month. Within five (5) Business Days following the end of each Monthly Accounting Period, the Ceding Company shall deliver to the Reinsurer a full monthly accounting report,

substantially in the form set forth in Exhibit B-2, which shall set forth (i) a final report with respect to the policyholder cash flows with respect to such calendar month and (ii) certain additional information with respect to such calendar month. Any such monthly accounting report shall be a "Monthly Accounting Report." The parties shall from time to time amend Exhibit B-1 and Exhibit B-2 as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed.

(c) Within five (5) Business Days following the receipt of the Reserves Report by the Ceding Company, the Ceding Company shall deliver to the Reinsurer a quarterly accounting report (a "Quarterly Accounting Report") substantially in the form set forth in Exhibit C for such calendar quarter (a "Quarterly Accounting Period"). The parties shall from time to time amend Exhibit C as necessary to appropriately effectuate the terms and conditions of this Agreement and to ensure the accounting and settlements made hereunder are correctly computed.

(d) Within ten (10) Business Days following the end of each calendar quarter and any Recapture Effective Date, the Ceding Company shall deliver to the Reinsurer a report setting forth the IMR as of the end of such calendar quarter or such Recapture Effective Date, as applicable.

(e) (i) Within four (4) Business Days following the end of each Monthly Accounting Period, the Ceding Company shall deliver to the Reinsurer, as of the end of such Monthly Accounting Period or the Recapture Effective Date, as applicable, a report of the Reinsured Policies in the form specified by the Reinsurer, which shall include, among other things, data feeds underlying roll-forward of policy count and account values with respect to the Reinsured Policies as identified in Exhibit D, the final form of which the parties will negotiate in good faith and (ii) within three (3) Business Days following the end of each Monthly Accounting Period solely with respect to the payout annuities comprising the Reinsured Policies (the "Payout Annuities") and within one (1) Business Day following the end of each Monthly Accounting Period with respect to all Reinsured Policies other than the Payout Annuities (the "Non-Payout Annuities"), the Ceding Company shall deliver to the Reinsurer, as of the end of such Monthly Accounting Period or the Recapture Effective Date, as applicable, a report setting forth *seriatim* information with respect to each of the Reinsured Policies, including the information identified in Exhibit E, the final form of which the parties will negotiate in good faith and which shall be redacted such that it does not include Non-Public Personal Information.

(f) The Ceding Company shall deliver to the Reinsurer, as of the end of such Monthly Accounting Period or the Recapture Effective Date, as applicable, within five (5) Business Days following the receipt of structured credit assets and cash flows provided by the Investment Manager, or book value calculations provided by the Reinsurer, following the end of each Monthly Accounting Period, a report of the assets held in the Modco Account and an investment accounting report which shall include holdings, book value roll forward and income reports, in each case, on a CUSIP level.

(g) The Ceding Company shall deliver to the Reinsurer: (i) within five (5) Business Days following the filing of the Ceding Company's unaudited annual statement with the Iowa Insurance Division but no later than March 20 of each year, a copy of such unaudited annual statement; (ii) within five (5) Business Days of the filing of the Ceding Company's audited annual statutory financial statements with the Iowa Insurance Division but no later than June 20 of each year, a copy of such annual statutory financial statements; and (iii) within five (5) Business Days following the filing of the Ceding Company's unaudited quarterly statutory financial statements with the Iowa Insurance Division but no later than sixty (60) calendar days following the end of each calendar quarter, a copy of such unaudited quarterly statutory financial statements.

(h) Upon request, the Ceding Company will, within a reasonable timeframe, provide the Reinsurer with any additional information related to the Reinsured Policies available to the Ceding Company and not reasonably available to the Reinsurer which the Reinsurer requires in order to complete its financial statements or is otherwise required to comply with regulatory requirements. The Reinsurer will identify and communicate any such requests to the Ceding Company sufficiently in advance of any required deadlines such that the applicable information and timing for the provision thereof can be mutually agreed by the parties.

(i) The Ceding Company acknowledges that timely and correct compliance with the reporting requirements of this Agreement are a material element of the Ceding Company's responsibilities hereunder and an important basis of the Reinsurer's ability to reinsure the risks hereunder. Consistent and material non-compliance with reporting requirements, including extended delays, will constitute a material breach of the terms of this Agreement.

Section 7.02 Reinsurer Reporting.

(a) Within ten (10) Business Days following the end of each calendar quarter and any Recapture Effective Date, the Reinsurer shall deliver to the Ceding Company a report (the "Reserves Report") setting forth the Modco Reserves, determined on a *seriatim* basis, as of the end of such calendar quarter or such Recapture Effective Date, as applicable. The Reinsurer will work with the Ceding Company in good faith to provide reasonable supporting data in connection with the delivery of each Reserves Report.

(b) Within five (5) Business Days following the end of each calendar quarter, the Reinsurer shall deliver to the Ceding Company (and any applicable investment accounting service provider) a report setting forth, with respect to structured credit assets held in the Modco Account, projected cash flows provided by the Investment Manager or book value calculations prepared by the Reinsurer, which shall be used by the Ceding Company in connection with the preparation of the Quarterly Accounting Report for such calendar quarter.

(c) The Reinsurer shall deliver to the Ceding Company: (i) a copy of its audited annual statutory financial statements within five (5) Business Days following the filing thereof with the Bermuda Monetary Authority but no later than May 20 of each year, and (ii) a copy of its unaudited quarterly statutory financial statements within five (5) Business Days after the completion thereof but no later than sixty (60) calendar days after the end of each calendar quarter.

(d) The Reinsurer shall provide to the Ceding Company the additional reports set forth on Schedule III at the times set forth on Schedule III.

(e) Upon request, the Reinsurer will, within a reasonable timeframe, provide the Ceding Company with any additional information related to the Reinsured Policies available to the Reinsurer and not reasonably available to the Ceding Company which the Ceding Company reasonably requires in order to complete its financial statements or is otherwise required to comply with regulatory requirements. The Ceding Company will identify and communicate any such requests to the Reinsurer sufficiently in advance of any required deadlines such that the applicable information and timing for the provision thereof can be mutually agreed by the parties.

Section 7.03 Settlements.

(a) An interim net balance payable under this Agreement for each calendar week (as set forth in the applicable Weekly Accounting Report, the "Weekly Settlement Amount") shall be calculated by the Ceding Company and reported to the Reinsurer in the Weekly Accounting Report delivered with respect to such period. Each Weekly Settlement Amount shall be payable as follows:

(i) If the Weekly Settlement Amount with respect to any period is positive, then the Ceding Company shall deposit into the Modco Account an amount equal to such Weekly Settlement Amount on the date on which such Weekly Settlement Amount is reported by the Ceding Company to the Reinsurer; or

(ii) If the Weekly Settlement Amount with respect to any period is negative, then the Ceding Company shall be permitted to withdraw from the Modco Account an amount equal to the absolute value of such Weekly Settlement Amount within two (2) Business Days following the date on which such Weekly Settlement Amount is reported by the Ceding Company to the Reinsurer; provided, that if the absolute value of such Weekly Settlement Amount is greater than the fair market value of the assets maintained in the Modco Account, then the Reinsurer shall pay the amount of such difference to the Ceding Company.

All Weekly Settlement Amounts paid during any Monthly Accounting Period shall be reflected in the Monthly Accounting Report with respect to such Monthly Accounting Period and taken into account in determining the Monthly Settlement Amount with respect to such Monthly Accounting Period. All Weekly Settlement Amounts paid during any Quarterly Accounting Period shall be reflected in the Quarterly Accounting Report with respect to such Quarterly Accounting Period and taken into account in determining the Quarterly Settlement Amount with respect to such Quarterly Accounting Period.

(b) The net balance payable under this Agreement for each Monthly Accounting Period (as set forth in the applicable Monthly Accounting Report, the "Monthly Settlement Amount") shall be calculated by the Ceding Company and reported to the Reinsurer in the Monthly Accounting Report delivered with respect to such Monthly Accounting Period. Each Monthly Settlement Amount shall be payable as follows:

(i) if the Monthly Settlement Amount indicated in the Monthly Accounting Report is positive, then the Ceding Company shall deposit into the Modco Account, on the date of delivery of such Monthly Accounting Report to the Reinsurer, an amount equal to such Monthly Settlement Amount; or

(ii) if the Monthly Settlement Amount indicated in a Monthly Accounting Report is negative, then the Ceding Company shall be permitted to withdraw from the Modco Account, on the date that is five (5) Business Days following the delivery of the Monthly Accounting Report to the Reinsurer, an amount equal to the absolute value of such Monthly Settlement Amount; provided, that if the absolute value of such negative Monthly Settlement Amount is greater than the fair market value of the assets in the Modco Account as of the last day of the relevant Monthly Accounting Period, then the Reinsurer shall pay the amount of such difference to the Ceding Company no later than five (5) Business Days after the receipt by the Reinsurer of the applicable Monthly Accounting Report.

(c) The net balance payable under this Agreement for each Quarterly Accounting Period (as set forth in the applicable Quarterly Accounting Report, the "Quarterly Settlement Amount") shall be calculated by the Ceding Company and reported to the Reinsurer in the Quarterly Accounting Report delivered with respect to such Quarterly Accounting Period. Each Quarterly Settlement Amount shall be payable as follows:

(i) if the Quarterly Settlement Amount indicated in the Quarterly Accounting Report is positive, then the Ceding Company shall deposit into the Modco Account, on the date of delivery of such Quarterly Accounting Report to the Reinsurer, an amount equal to such Quarterly Settlement Amount; or

(ii) if the Quarterly Settlement Amount indicated in a Quarterly Accounting Report is negative, then the Ceding Company shall be permitted to withdraw from the Modco Account, on the date that is five (5) Business Days following the delivery of the Quarterly Accounting Report to the Reinsurer, an amount equal to the absolute value of such Quarterly Settlement Amount; provided, that if the absolute value of such negative Quarterly Settlement Amount is greater than the fair market value of the assets in the Modco Account as of the last day of the relevant Quarterly Accounting Period, then the Reinsurer shall pay the amount of such difference to the Ceding Company no later than five (5) Business Days after the receipt by the Reinsurer of the applicable Quarterly Accounting Report.

(d) The Modco Adjustment payable under this Agreement for each Quarterly Accounting Period (as set forth in the applicable Quarterly Accounting Report) shall be payable as follows:

(i) if the Modco Adjustment is positive, then the Reinsurer shall pay to the Ceding Company for immediate deposit into the Modco Account such positive amount no later than five (5) Business Days after the receipt by the Reinsurer of the applicable Quarterly Accounting Report; and

(ii) if the Modco Adjustment is negative, then, on the date of delivery of the Quarterly Accounting Report to the Reinsurer, the Ceding Company shall withdraw assets with a Statutory Carrying Value equal to the absolute value of such negative amount from the Modco Account and pay the absolute value of such negative amount to the Reinsurer.

(e) Except as otherwise set forth herein, any amount due under this Agreement shall be paid by wire transfer of immediately available funds to the account or accounts designated by the recipient thereof.

Section 7.04 Settlement of Obligations Under ALRe Modco Agreement. Notwithstanding any provision in this Agreement to the contrary, the Parties acknowledge and agree that the “Modco Adjustment” (as defined in the ALRe Modco Agreement) for the “Quarterly Accounting Period” (as defined in the ALRe Modco Agreement) ended December 31, 2019 will be paid following the date hereof in accordance with the Recapture Amendment and this Section 7.04. If such “Modco Adjustment” is positive, then the Ceding Company shall deposit such positive amount into the Modco Account promptly following its receipt of such amount from ALRe. If such “Modco Adjustment” is negative, then the Ceding Company shall be permitted to withdraw assets from the Modco Account with a Statutory Carrying Value equal to the absolute value of such negative amount and transfer such assets to ALRe.

## ARTICLE VIII

## MODCO ACCOUNT

Section 8.01 Modco Account.

(a) As of the Effective Date, the Ceding Company shall (i) establish a modified coinsurance account (the “Modco Account”) on the books and records of the Ceding Company which shall consist of, collectively, a custody account established by the Ceding Company with The Bank of New York Mellon (as custodian of such custody account, the “Custodian”), a Quota Share allocation of the assets maintained by the Ceding Company in the Allianz Trust Account, a Quota Share allocation of the assets maintained by the Ceding Company in the portfolio of the Separate Account supporting the Ceding Company’s payment obligations with respect to the separate account fixed annuity contracts comprising the Reinsured Policies and (ii) deposit into the Modco Account the Recapture Assets. The Modco Account and the assets maintained therein will be owned and maintained by the Ceding Company and will be used exclusively for the purposes set forth in this Agreement. The assets maintained in the Modco Account shall be invested in and consist only of Permitted Assets, and the Permitted Assets shall be valued, for the purposes of this Agreement, according to their Statutory Carrying Value. In accordance with Iowa SAP, the Ceding Company elects to cede all capital gains and losses in respect of the assets maintained in the Modco Account to the Reinsurer on a gross basis.

(b) Notwithstanding any other provision hereof, assets held in the Modco Account may be withdrawn by the Ceding Company at any time and shall be utilized and applied by the Ceding Company or any of its successors in interest by operation of law, including any liquidator, rehabilitator, receiver or conservator of the Ceding Company, without diminution because of insolvency on the part of the Ceding Company or the Reinsurer, only for the following purposes:

(i) to reimburse the Ceding Company for the Quota Share of premiums which are returned to the owners of the Reinsured Policies because of cancellations of such Reinsured Policies;

(ii) to reimburse the Ceding Company for the Reinsured Liabilities paid pursuant to the provisions of the Reinsured Policies;

(iii) to pay any Weekly Settlement Amount, Monthly Settlement Amount, Quarterly Settlement Amount and other undisputed amounts due to the Ceding Company under this Agreement; and

(iv) to pay any Modco Adjustment due from the Ceding Company to the Reinsurer;

provided, however, that, other than withdrawals made by the Ceding Company for the purpose of effectuating the payment of the Weekly Settlement Amounts, Monthly Settlement Amounts, Quarterly Settlement Amounts and Modco Adjustments, the Ceding Company shall not withdraw funds from the Modco Account until the expiration of any payment period afforded the Reinsurer hereunder, and then only upon providing the Reinsurer with written notice at least five (5) Business Days prior to such withdrawal.

(c) The Ceding Company shall promptly return to the Modco Account any assets withdrawn in excess of the actual amounts required in paragraphs (i) through (iv) immediately above or any amounts that are subsequently determined not to be due under such paragraphs ("Modco Excess Withdrawals"). The Ceding Company shall also pay interest on any Modco Excess Withdrawals at a rate determined in accordance with Section 17.02 from and including the date of withdrawal to but excluding the date on which the Modco Excess Withdrawal is returned to the Modco Account. Any Modco Excess Withdrawals shall be held by the Ceding Company or any successor in interest of the Ceding Company in trust for the benefit of the Reinsurer and shall at all times be maintained separate and apart from any assets of the Ceding Company, for the sole purposes described in paragraphs (i) through (iv) immediately above.

(d) Determinations of statutory impairments of assets maintained in the Modco Account shall be made by the Ceding Company and shall be (i) based upon the statutory rules and guidelines and the impairment policy used by the Ceding Company and its auditors for purposes of calculating statutory impairments reflected in the Ceding Company's statutory financial statements and (ii) subject to consultation between the Reinsurer and the Ceding Company. The Ceding Company shall promptly notify the Reinsurer in writing if the Ceding Company determines that any assets maintained in the Modco Account have become impaired for purposes of determining Statutory Carrying Value. Such notice shall describe any such assets, the reason for the impairment and the effect on Statutory Carrying Value of such assets.

(e) The Reinsurer shall bear the administrative costs and expenses related to the establishment and maintenance of the Modco Account, including the fees of the Custodian to the extent relating to the Modco Account and the fees of any investment manager appointed pursuant to Section 8.03 (including any sub-investment manager appointed in accordance with the Investment Management Agreement). The Ceding Company shall promptly forward to the Reinsurer any invoice it receives relating to such costs and expenses. On the fifth (5th) Business Day following the date on which it delivers such invoice to the Reinsurer, the Ceding Company shall authorize the withdrawal of the amount of such costs and expenses from the Modco Account; provided, that if such amount is greater than the Statutory Carrying Value of the assets in the Modco Account, then the Reinsurer shall pay the amount of such difference to the Ceding Company no later than eight (8) Business Days following the delivery of such invoice to the Reinsurer.

(f) The performance of the assets maintained in the Modco Account, including of all investment income paid or accrued, investment gains or losses, defaults and/or statutory impairments, will inure to the sole benefit or cost of the Reinsurer.

Section 8.02 Credit for Reinsurance. The Ceding Company shall own the Modco Account and the assets maintained therein, and the Reinsurer will not be required to provide reserve credit in respect of the Reinsured Liabilities ceded hereunder on a modified coinsurance basis. If a change in applicable law or Iowa SAP or interpretation thereof (a) requires reserve credit in respect of the Reinsured Liabilities ceded on a modified coinsurance basis hereunder to be obtained or (b) results in the Ceding Company not being able to treat the business ceded hereunder as qualifying for reinsurance accounting under Iowa SAP, then the parties shall take all actions as may be reasonably necessary to ensure that the Ceding Company receives credit on its statutory financial statements in its domiciliary State for the reinsurance provided hereunder or that the reinsurance hereunder qualifies for reinsurance accounting under Iowa SAP, as applicable. The Reinsurer shall take actions as reasonably necessary and, in its reasonable discretion, may elect among the methods available to it in ensuring that such reserve credit is obtained.

Section 8.03 Investment Management. Pursuant to an investment management agreement (the "Investment Management Agreement"), the Ceding Company has appointed Apollo Insurance Solutions Group LLC (formerly known as Athene Asset Management LLC) as investment manager to provide investment management services with respect to the assets maintained in the Modco Account (the "Investment Manager"). The Ceding Company shall not amend, modify or change the terms of the Investment Management Agreement, including the investment guidelines attached as an exhibit thereto, or remove or replace the Investment Manager without the prior written consent of the Reinsurer. If the Ceding Company and the Reinsurer agree to any amendments, modifications or changes to the investment guidelines relating to the assets maintained in the Modco Account, then the Ceding Company shall propose such changes in writing to the Investment Manager in accordance with the terms of the Investment Management Agreement. The Ceding Company shall not propose any additional limitations (including with respect to asset allocations) on the assets maintained in the Modco Account without the prior written consent of the Reinsurer. In the event that the Investment Manager is removed or resigns, the Ceding Company shall appoint a replacement investment manager as directed by the Reinsurer. The replacement investment manager shall accept its appointment by entering into an investment management agreement in a form acceptable to the Ceding Company and the Reinsurer, and substantially similar to the Investment Management Agreement.

## ARTICLE IX

## HEDGING

Section 9.01 Hedging. The Reinsurer shall be responsible for hedging its share of the index risk and other risk associated with the Reinsured Policies.

## ARTICLE X

## ADMINISTRATION

Section 10.01 Policy Administration. The Ceding Company shall provide all required, necessary and appropriate claims, administrative and other services, including reporting under Article VII, with respect to the Reinsured Policies and the Separate Account. The Ceding Company shall conduct its administration and claims practices with respect to the Reinsured Policies (a) with a level of skill, diligence and expertise that would reasonably be expected from experienced and qualified personnel performing such duties in similar circumstances, (b) in accordance with applicable Law and the terms of the Reinsured Policies, and (c) in a manner no less favorable to the Reinsurer and the Reinsured Polices than those used by the Ceding Company with respect to other policies of the Ceding Company not reinsured by the Reinsurer hereunder. The Ceding Company shall not outsource any administrative functions or claims administration with respect to the Reinsured Policies or this Agreement without the prior written consent of the Reinsurer. If the Reinsurer consents to any outsourcing of any administrative functions or claims administration with respect to the Reinsured Policies or this Agreement, the Ceding Company shall secure the Reinsurer's right to audit and inspect the party performing such outsourced services.

Section 10.02 Record-Keeping.

(a) Each of the Ceding Company and Reinsurer shall maintain all records and correspondence for services performed by such party hereunder relating to the Reinsured Policies in accordance with industry standards of insurance record-keeping. In addition, such records shall be made available for examination, audit, and inspection by the other party, or the department of insurance of any State within whose jurisdiction the Ceding Company or the Reinsurer operates. The Ceding Company and the Reinsurer further agree that in the event of the termination of this Agreement, any such records in the possession of the Reinsurer shall promptly be duplicated and forwarded to the Ceding Company unless otherwise instructed.

(b) The Ceding Company shall establish and maintain an adequate system of internal controls and procedures for financial reporting relating to the Reinsured Policies and the Separate Account, including associated documentation, and shall make such documentation available for examination and inspection by the Reinsurer. All reports provided by the Ceding Company pursuant to Article VII shall be prepared in accordance with such system and procedures and shall be consistent with the Ceding Company's books and records.

## ARTICLE XI

## TERM AND TERMINATION

Section 11.01 Duration of Agreement. This Agreement shall continue in force until such time as the Ceding Company has no further liabilities or obligations with respect to the Reinsured Liabilities. In the event this Agreement is terminated, the Ceding Company shall promptly notify the Iowa Insurance Division of such termination.

Section 11.02 Recapture.

(a) Neither party shall be permitted to cause a recapture of the Reinsured Policies except in accordance with this Section 11.02. For the avoidance of doubt, neither party shall be permitted to cause a partial recapture of the Reinsured Policies pursuant to this Section 11.02.

(b) Recapture for Non-Payment. Either party may cause the Reinsured Policies to be recaptured in full and this Agreement to be terminated as to all Reinsured Policies if the other party fails to pay any amounts due under this Agreement within thirty (30) calendar days following written notice of non-payment from the non-defaulting party.

(c) Recapture by Ceding Company for Other Material Breach. The Ceding Company may terminate this Agreement and recapture all of the Reinsured Policies in the event the Reinsurer materially breaches this Agreement and fails to cure such material breach within thirty (30) calendar days following written notice thereof from the Ceding Company.

(d) Recapture for Insolvency of Reinsurer. The Ceding Company may terminate this Agreement and recapture all of the Reinsured Policies in the event that the Reinsurer becomes insolvent (as set forth in Article XIV) by promptly providing the Reinsurer or its Authorized Representative with written notice of recapture, to be effective as of the date on which the Reinsurer's insolvency is established by the authority responsible for such determination. Any requirement for a notification period prior to the termination of this Agreement shall not apply under such circumstances

Section 11.03 Recapture Payment.

(a) In the event the Reinsured Policies are recaptured in full (including if this Agreement is rejected by any liquidator, receiver, rehabilitator, trustee or similar Person acting on behalf of the Ceding Company (a "Receiver")), a net accounting and settlement as to any balance due under this Agreement shall be undertaken by the Ceding Company in accordance with Article VII, which calculations shall be as of the Recapture Effective Date. Within thirteen (13) Business Days following the Recapture Effective Date, the Ceding Company shall deliver to the Reinsurer a final Quarterly Accounting Report, each as of the Recapture Effective Date (collectively, the "Terminal Accounting

Report”), and the final Quarterly Settlement Amount and final Modco Adjustment set forth in such Terminal Accounting Report shall be paid in accordance with Section 7.03. In addition, within thirteen (13) Business Days following the Recapture Effective Date, the Ceding Company shall pay to the Reinsurer an amount equal to the Unamortized Ceding Commission in cash by wire transfer of immediately available funds.

(b) Either party’s right to terminate the reinsurance provided hereunder will not prejudice its right to collect amounts owed to it hereunder, including applicable interest as specified in Section 17.02, for the period during which such reinsurance was in force, through and including any notice period.

Section 11.04 Survival. All provisions of this Agreement will survive any termination of this Agreement and recapture of the Reinsured Policies to the extent necessary to carry out the purpose of this Agreement.

## ARTICLE XII

## ERRORS AND OMISSIONS

Section 12.01 Errors and Omissions. Any unintentional or accidental failure to comply with the terms of this Agreement which can be shown to be the result of an oversight or clerical error relating to the administration of reinsurance by either party will not constitute a breach of this Agreement; provided, that, upon discovery, the error shall be promptly corrected so that both parties are restored to the position they would have occupied had the oversight or clerical error not occurred. In the event a payment is corrected, the party receiving the payment shall be entitled to interest in accordance with Section 17.02. Should it not be possible to restore both parties to this position, the party responsible for the oversight or clerical error will be responsible for any resulting liabilities and expenses.

## ARTICLE XIII

## DISPUTE RESOLUTION

Section 13.01 Negotiation.

(a) Within fifteen (15) calendar days after the Reinsurer or the Ceding Company has given the other party written notification of a specific dispute arising out of or relating to this Agreement, each party will appoint a designated officer of its company to attempt to resolve such dispute. The officers will meet at a mutually agreeable time and location as soon as reasonably possible and as often as reasonably necessary in order to gather and furnish the other with all appropriate and relevant information concerning the dispute. Any such meetings may be held by telephone or video conference. The officers will discuss the matter in dispute and will negotiate in good faith without the necessity of formal arbitration proceedings. During the negotiation process, all reasonable requests made by one officer to the other for information will be honored. The specific format for such discussions will be decided by the designated officers.

(b) If the officers cannot resolve the dispute within thirty (30) calendar days of their first meeting, the dispute will be submitted to formal arbitration pursuant to Section 13.02, unless the parties agree in writing to extend the negotiation period for an additional thirty (30) calendar days.

Section 13.02 Arbitration; Waiver of Trial by Jury.

(a) It is the intention of the Reinsurer and the Ceding Company that the customs and practices of the insurance and reinsurance industry will be given full effect in the operation and interpretation of this Agreement. If the Reinsurer and the Ceding Company cannot mutually resolve a dispute that arises out of or relates to this Agreement, including the validity of this Agreement, and the dispute cannot be resolved through the negotiation process, then the dispute will be finally settled by arbitration in accordance with the provisions of this Section 13.02.

(b) To initiate arbitration, either the Ceding Company or the Reinsurer will notify the other party by certified mail of its desire to arbitrate, stating the nature of the dispute and the remedy sought.

(c) Any arbitration pursuant to this Section 13.02 will be conducted before a panel of three (3) arbitrators who will be current or former officers of life insurance or reinsurance companies other than the parties to this Agreement, their Affiliates or subsidiaries, or other professionals with experience in life insurance or reinsurance; provided, that such professionals shall not have performed services for either party or its Affiliates within the previous five (5) years. Each of the arbitrators will be familiar with the prevailing customs and practices for reinsurance in the life insurance and reinsurance industry in the United States. Each of the parties will appoint one arbitrator and the two (2) so appointed will select the third arbitrator who shall be independent and impartial. If either party refuses or fails to appoint an arbitrator within sixty (60) calendar days after the other party has given written notice to such party of its arbitrator appointment, the party that has given notice may appoint the second arbitrator. If the two (2) arbitrators do not agree on a third arbitrator within thirty (30) calendar days of the appointment of the second arbitrator, then the third arbitrator shall be selected by the ARIAS-U.S. Umpire Selection Procedure (available at www.ARIAS-US.org), subject to the arbitrator qualification requirements of this paragraph.

(d) Each arbitration hearing under this Agreement will be held on the date set by the arbitrators at a mutually agreed upon location. In no event will this date be later than six (6) months after the appointment of the third arbitrator. As soon as possible, the arbitrators will establish arbitration procedures as warranted by the facts and issues of the particular case. Notwithstanding Section 17.17, the arbitration and this Section 13.02 shall be governed by Title 9 (Arbitration) of the United States Code.

(e) The arbitrators will base their decision on the terms and conditions of this Agreement and the customs and practices of the insurance and reinsurance industries rather than on strict interpretation of the law. The decision of the arbitrators will be made by majority rule and will be final and binding on both parties, unless (i) the decision was procured by corruption, fraud or other undue means; (ii) there was evident partiality by an arbitrator or corruption in any of the arbitrators or misconduct prejudicing the rights of any party; or (iii) the arbitrators exceeded their powers. Subject to the preceding sentence, neither party may seek judicial review of the decision of the arbitrators. The arbitrators shall enter an award which shall do justice between the parties and the award shall be supported by written opinion. The parties agree that the federal courts in the State of Iowa, or the State courts of such State, have jurisdiction to hear any matter relating to compelling arbitration or enforcing the judgment of an arbitral panel, and the parties hereby consent to such jurisdiction. Each party hereby waives, to the fullest extent permitted by Law, any objection it may now or hereafter have to the laying of such venue, or any claim that a proceeding has been brought in an inconvenient forum. In addition, the Ceding Company and the Reinsurer hereby consent to service of process out of such courts at the addresses set forth in Section 17.06.

(f) Unless the arbitrators decide otherwise, each party will bear the expense of its own arbitration activities, including its appointed arbitrator and any outside attorney and witness fees. The parties will jointly bear the expense of the third arbitrator.

(g) Waiver of Trial by Jury. THE REINSURER AND THE CEDING COMPANY HEREBY WAIVE ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT.

**ARTICLE XIV**

**INSOLVENCY**

Section 14.01 Insolvency.

(a) A party to this Agreement will be deemed "insolvent" when it:

(i) applies for or consents to the appointment of a receiver, rehabilitator, conservator, liquidator or statutory successor (the "Authorized Representative") of its properties or assets;

(ii) is adjudicated as bankrupt or insolvent;

(iii) files or consents to the filing of a petition in bankruptcy, seeks reorganization or an arrangement with creditors or takes advantage of any bankruptcy, dissolution, liquidation, rehabilitation, conservation or similar Law; or

(iv) becomes the subject of an order to rehabilitate or an order to liquidate as defined by the insurance code of the jurisdiction of the party's domicile.

(b) In the event of the insolvency of either party, the rights or remedies of this Agreement will remain in full force and effect.

(c) Insolvency of the Ceding Company. In the event of the insolvency, liquidation or rehabilitation of the Ceding Company or the appointment of a liquidator, receiver or statutory successor of the Ceding Company, the reinsurance coverage provided hereunder shall be payable by the Reinsurer directly to the Ceding Company or to its liquidator, receiver or statutory successor, on the basis of the liability of the Ceding Company for the Reinsured Liabilities without diminution because of such insolvency, liquidation, rehabilitation or appointment or because such liquidator, receiver or statutory successor has failed to pay any claims or any portion thereof. In any such event, the reinsurance being provided hereunder shall be payable immediately upon demand, with reasonable provision for verification, on the basis of claims allowed against the Ceding Company by any court of competent jurisdiction or by any liquidator, receiver or statutory successor. In any such event, the liquidator, receiver or statutory successor of the Ceding Company shall give written notice to the Reinsurer of the pendency of each claim against the Ceding Company with respect to such Reinsured Liabilities within a reasonable time after each such claim is filed in the insolvency, liquidation or rehabilitation proceeding. During the pendency of any such claims, the Reinsurer may, at its own expense, investigate such claim and interpose in the proceeding in which such claim is to be adjudicated any defense or defenses that the Reinsurer may reasonably deem available to the Ceding Company or its liquidator, receiver or statutory successor. For the avoidance of doubt, the Reinsurer will be liable only for benefits reinsured as benefits become due under the terms of the Reinsured Policies and will not be or become liable for any amounts or reserves to be held by the Ceding Company as to the Reinsured Policies or for any damages or payments resulting from the termination or restructuring of the Reinsured Policies, in each case, that are not otherwise expressly covered by this Agreement.

**ARTICLE XV**

**TAXES**

Section 15.01 Taxes. No taxes, allowances, or other expenses will be paid by the Reinsurer to the Ceding Company for any Reinsured Policy, except as specifically referred to in this Agreement.

Section 15.02 DAC Tax Election. The Ceding Company and the Reinsurer hereby elect and agree under Treasury Regulations Section 1.848-2(g)(8) as follows:

(a) The Ceding Company and the Reinsurer will each attach a schedule to its federal income tax return for the first taxable year ending after the Effective Date that identifies this Agreement as a reinsurance agreement for which a joint election under Treasury Regulation Section 1.848-2(g)(8) has been made, and will otherwise file its respective federal income tax returns in a manner consistent with the provisions of Treasury Regulation Section 1.848-2 as in effect on the date this Agreement is executed;

(b) For each taxable year under this Agreement, the party hereto with the net positive consideration, as defined in the regulations promulgated under Section 848 of the Code, will capitalize specified policy acquisition expenses with respect to this Agreement without regard to the general deductions limitation of Section 848(c)(1) of the Code;

(c) The Ceding Company and the Reinsurer agree to exchange information pertaining to the amount of net consideration under this Agreement each year to ensure consistency or as otherwise required by the Code and applicable Treasury Regulations;

(d) The first tax year for which this election is effective is the taxable year ending December 31, 2019 (the "Effective Tax Year");

(e) The Reinsurer will submit to the Ceding Company by May 15 each year its calculation of the amount of the net consideration for the preceding calendar year. This schedule of calculations will be accompanied by a statement that the Reinsurer will report such amount of net consideration in its tax return for the preceding calendar year;

(f) The Ceding Company may contest such calculation by providing an alternative calculation to the Reinsurer in writing within thirty (30) calendar days of the Ceding Company's receipt of the Reinsurer's calculation. If the Ceding Company does not so notify the Reinsurer, the Ceding Company will report the amount of net consideration as determined by the Reinsurer in the Ceding Company's tax return for the previous calendar year;

(g) If the Ceding Company contests the Reinsurer's calculation of the amount of net consideration, the parties will act in good faith to reach an agreement as to the correct amount within thirty (30) calendar days of the date on which the Ceding Company submits its alternative calculation.

Both the Ceding Company and the Reinsurer are subject to U.S. taxation under Subchapter L of Chapter 1 of the Code.

Section 15.03 FATCA. Both the Reinsurer and the Ceding Company agree to provide all information necessary to comply (or permit the other Party to comply) with Sections 1471 - 1474 of the Code ("FATCA") and any regulations or other guidance issued pursuant thereto and any information necessary for the Reinsurer or the Ceding Company to enter into an agreement described in Section 1471(b) of the Code and to comply with the terms of that agreement or to comply with the terms of any inter-governmental agreements between the U.S. and any other jurisdictions relating to FATCA. This information shall be provided upon execution of this Agreement, promptly upon reasonable demand by either Party to this Agreement and promptly upon learning that any such information previously provided has become obsolete or incorrect.

Section 15.04 DAC Reimbursement. Reinsurer shall compensate Ceding Company for certain tax costs arising as a result of this Agreement, pursuant to the provisions of this Section 15.04.

(a) Within sixty (60) days following the filing of the federal income tax return filed in respect of the Ceding Company for the Effective Tax Year, the Ceding Company shall deliver to Reinsurer a calculation of the "Initial Year Tax Cost," pursuant to the provisions of this Section 15.04(a)(i):

(i) "Initial Year Net Positive Consideration" shall mean the "net positive consideration" received by Ceding Company with respect to this Agreement for the Effective Tax Year, calculated in accordance with the provisions of Treas. Reg. Section 1.848-2(f);

(ii) "Initial Year Capitalization Amount" shall mean the amount of general deductions the Ceding Company is required to capitalize and amortize under the provisions of Section 848 of the Code in the Effective Tax Year as a result of receiving the Initial Year Net Positive Consideration, taking into account (i) any amount permitted to be amortized in the Effective Tax Year, (ii) the status of each Reinsured Policy as a "specified insurance contract" as defined in Section 848(e) of the Code, and (iii) any other

relevant facts, computed on a "with and without" basis, taking into account all other consideration received or paid by the Ceding Company for the Effective Tax Year. For the avoidance of doubt, the "with and without" calculation shall be performed by comparing the amount required to be capitalized for the Effective Tax Year to the amount that would have been required to be capitalized if the Recapture Amendment and related transactions not occurred.

(iii) "Initial Year Tax Cost" shall mean the amount of additional federal income Tax the Ceding Company is actually required to pay for the Effective Tax Year as a result of being required to capitalize the Initial Year Capitalization Amount, computed on a "with and without" basis. The "with and without" calculation shall be performed (i) by comparing the amount of federal income Tax the Ceding Company is actually required to pay for the Effective Tax Year to the amount of federal income Tax the Ceding Company would actually be required to pay for the Effective Tax Year if the Recapture Amendment and related transactions had not occurred and (ii) by disregarding any carryforward of net operating loss from any tax year prior to the Effective Tax Year.

(iv) In addition, the Ceding Company shall deliver supporting information reasonably necessary for the Reinsurer to review the calculations of the foregoing.

(b) The parties shall negotiate in good faith to resolve any disagreements regarding the calculation set forth in Section 15.04(a).

(c) The Reinsurer shall pay to the Ceding Company the lesser of (i) the Initial Year Tax Cost and (ii) five hundred fifty thousand dollars ($550,000), which payment shall be made as part of the first monthly settlement under Section 7.03(b) following the resolution of any disagreements as to the amount of Initial Year Tax Cost (or notification by Reinsurer it has no disagreement with the amount proposed).

## ARTICLE XVI

## REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 16.01 Representations and Warranties of the Ceding Company. The Ceding Company hereby represents and warrants to the Reinsurer, as of the Effective Date, as follows:

(a) Organization and Qualification. The Ceding Company is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Iowa and has all requisite corporate power and authority to operate its business as now conducted, and is duly qualified as a foreign corporation to do business, and, to the extent legally applicable, is in good standing, in each jurisdiction where the character of its owned, operated or leased properties or the nature of its activities makes such qualification necessary, except for failures to be so qualified or be in good standing that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on the Ceding Company's ability to perform its obligations under this Agreement.

(b) Authorization. The Ceding Company has all requisite corporate power to enter into, consummate the transactions contemplated by and carry out its obligations under, this Agreement. The execution and delivery by the Ceding Company of this Agreement, and the consummation by the Ceding Company of the transactions contemplated by, and the performance by the Ceding Company of its obligations under, this Agreement have been duly authorized by all requisite corporate action on the part of the Ceding Company. This Agreement has been duly executed and delivered by the Ceding Company, and (assuming due authorization, execution and delivery by the Reinsurer) this Agreement constitutes the legal, valid and binding obligation of the Ceding Company, enforceable against it in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, or similar Laws relating to or affecting creditors' rights generally.

(c) No Conflict. The execution, delivery and performance by the Ceding Company of, and the consummation by the Ceding Company of the transactions contemplated by, this Agreement do not and will not (i) violate or conflict with the organizational documents of the Ceding Company, (ii) conflict with or violate any Law or Permit of any Governmental Entity applicable to the Ceding Company or by which it or its properties or assets is bound or subject, or (iii) result in any breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, or give to any Person any rights of termination, acceleration or cancellation of, any agreement, lease, note, bond, loan or credit agreement, mortgage, indenture or other instrument, obligation or contract of any kind to which the Ceding Company or any of its subsidiaries is a party or by which the Ceding Company or any of its subsidiaries or any of their respective properties or assets is bound or affected, except, in the case of clause (iii), any such conflicts, violations, breaches, loss of contractual benefits, defaults or rights that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on the Ceding Company's ability to perform its obligations under this Agreement.

(d) Factual Information Relating to the Reinsured Policies. The information relating to the business reinsured under this Agreement and the Reinsured Policies that was supplied by or on behalf of the Ceding Company to the Reinsurer or any of the Reinsurer's Affiliates or representatives in connection with this Agreement or the ALRe Modco Agreement (such information, the "Factual Information"), as of the date supplied (or if later corrected or supplemented prior to the date hereof, as of the date corrected or supplemented), did not contain any untrue statement of a material fact or omit to state any material fact necessary to make such Factual Information, taken as a whole, not misleading in light of the circumstances under which the statements contained therein were made, and was otherwise complete and accurate in all material respects. The Factual Information was compiled in a commercially reasonable manner given its intended purpose.

(e) Solvency. The Ceding Company is and will be Solvent on a statutory basis immediately after giving effect to this Agreement. For the purposes of this Section 16.01(e), "Solvent" means that: (i) the aggregate assets of the Ceding Company are greater than the aggregate liabilities of the Ceding Company, in each case determined in accordance with Iowa SAP; (ii) the Ceding Company does not intend to, and does not believe that it will, incur debts or other liabilities beyond its ability to pay such debts and other liabilities as they come due; and (iii) the Ceding Company is not engaged in a business or transaction, and does not contemplate engaging in a business or transaction, for which the Ceding Company's assets would constitute unreasonably insufficient capital.

(f) Governmental Licenses. The Ceding Company has all Permits necessary to conduct its business as currently conducted and execute and deliver, and perform its obligations under, this Agreement, except in such cases where the failure to have a Permit has not had and would not reasonably be expected to have a material adverse effect on the Ceding Company's ability to perform its obligations under this Agreement. All Permits that are material to the conduct of the Ceding Company's business are valid and in full force and effect. The Ceding Company is not subject to any pending Action or, to the knowledge of the Ceding Company, any threatened Action that seeks the revocation, suspension, termination, modification or impairment of any Permit that, if successful, would reasonably be expected to have, or with the passage of time become, a material adverse effect on the Ceding Company's ability to perform its obligations under this Agreement.

(g) Separate Account. The Separate Account has been maintained in accordance with applicable Law. No plan of operations with respect to the Separate Account was required to be filed and approved by any Governmental Entity.

Section 16.02 Covenants of the Ceding Company.

(a) Investigations. To the extent permitted by applicable Law, the Ceding Company shall promptly notify the Reinsurer, in writing, of any and all investigations of the Ceding Company conducted by any Governmental Entity commencing after the date hereof, other than routine State insurance department examinations that do not relate to the business reinsured pursuant to this Agreement or would not otherwise reasonably be expected to adversely affect the performance by the Ceding Company of its obligations under this Agreement; provided, however, that the Ceding Company may withhold any notice otherwise required to be delivered pursuant to this Section 16.02(a) to the extent that the delivery thereof to the Reinsurer would result in a waiver of the attorney-client privilege, the work-product doctrine or any other applicable legal privilege or similar doctrine.

(b) Statutory Accounting Principles. The Ceding Company shall prepare its financial statements as required by, and in accordance with, Iowa SAP.

(c) Existence; Conduct of Business. The Ceding Company shall do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect its legal existence and the rights, Permits and privileges material to the conduct of its business.

(d) Compliance with Law. The Ceding Company shall comply with all Laws applicable to, and all Permits issued by any Governmental Entity to, the Ceding Company or by which it or its properties or assets is bound or subject, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the Ceding Company's ability to perform its obligations, or on the Reinsurer's rights or obligations, under this Agreement.

(e) Governmental Notices. The Ceding Company shall provide the Reinsurer, within five (5) Business Days after receipt thereof, copies of any written notice or report from any Governmental Entity with respect to the business reinsured under this Agreement and a written summary of any material oral communication with any Governmental Entity with respect to the business reinsured under this Agreement.

(f) Restrictions on Liens. The Ceding Company shall not create, incur, assume or suffer to exist any liens on the assets in the Modco Account (whether owned on the date of this Agreement or hereafter acquired), or on any interest therein or the proceeds thereof.

(g) Plan of Operations. The Ceding Company shall not establish, amend or otherwise modify any plan of operations with respect to the Separate Account without the prior written approval of the Reinsurer.

Section 16.03 Representations and Warranties of the Reinsurer. The Reinsurer hereby represents and warrants to the Ceding Company, as of the Effective Date, as follows:

(a) Organization and Qualification. The Reinsurer is a Bermuda Class E insurer under the Insurance Act 1978 duly established, validly existing and in good standing under the Laws of Bermuda and has all requisite corporate power and authority to operate its business as now conducted, and is duly qualified as a foreign corporation to do business, and, to the extent legally applicable, is in good standing, in each jurisdiction where the character of its owned, operated or leased properties or the nature of its activities makes such qualification necessary, except for failures to be so qualified or be in good standing that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on the Reinsurer's ability to perform its obligations under this Agreement.

(b) Authorization. The Reinsurer has all requisite corporate power to enter into, consummate the transactions contemplated by and carry out its obligations under, this Agreement. The execution and delivery by the Reinsurer of this Agreement, and the consummation by the Reinsurer of the transactions contemplated by, and the performance by the Reinsurer of its obligations under, this Agreement

have been duly authorized by all requisite corporate action on the part of the Reinsurer. This Agreement has been duly executed and delivered by the Reinsurer, and (assuming due authorization, execution and delivery by the Ceding Company) this Agreement constitutes the legal, valid and binding obligation of the Reinsurer, enforceable against it in accordance with its terms, subject to the effect of any applicable bankruptcy, reorganization, insolvency, moratorium, or similar Laws relating to or affecting creditors' rights generally.

(c) No Conflict. The execution, delivery and performance by the Reinsurer of, and the consummation by the Reinsurer of the transactions contemplated by, this Agreement do not and will not (i) violate or conflict with the organizational documents of the Reinsurer, (ii) conflict with or violate any Law or Permit of any Governmental Entity applicable to the Reinsurer or by which it or its properties or assets is bound or subject, or (iii) result in any breach of, or constitute a default (or event which, with the giving of notice or lapse of time, or both, would become a default) under, or give to any Person any rights of termination, acceleration or cancellation of, any agreement, lease, note, bond, loan or credit agreement, mortgage, indenture or other instrument, obligation or contract of any kind to which the Reinsurer or any of its subsidiaries is a party or by which the Reinsurer or any of its subsidiaries or any of their respective properties or assets is bound or affected, except, in the case of clause (iii), any such conflicts, violations, breaches, loss of contractual benefits, defaults or rights that, individually or in the aggregate, do not have, and would not reasonably be expected to have, a material adverse effect on the Reinsurer's ability to perform its obligations under this Agreement.

(d) Governmental Licenses. The Reinsurer has all Permits necessary to conduct its business as currently conducted and execute and deliver, and perform its obligations under, this Agreement, except in such cases where the failure to have a Permit has not had and would not reasonably be expected to have a material adverse effect on the Reinsurer's ability to perform its obligations under this Agreement. All Permits that are material to the conduct of the Reinsurer's business are valid and in full force and effect. The Reinsurer is not subject to any pending Action or, to the knowledge of the Reinsurer, any threatened Action that seeks the revocation, suspension, termination, modification or impairment of any Permit that, if successful, would reasonably be expected to have, or with the passage of time become, a material adverse effect on the Reinsurer's ability to perform its obligations under this Agreement.

Section 16.04 Covenants of the Reinsurer.

(a) Investigations. To the extent permitted by applicable Law, the Reinsurer shall promptly notify the Ceding Company, in writing, of any and all investigations of the Reinsurer conducted by any Governmental Entity commencing after the date hereof, other than routine Bermuda Monetary Authority examinations that do not relate to the business reinsured pursuant to this Agreement or would not otherwise reasonably be expected to adversely affect the performance by the Reinsurer of its obligations under this Agreement; provided, however, that the Reinsurer may withhold any notice otherwise required to be delivered pursuant to this Section 16.04(a) to the extent that the delivery thereof to the Ceding Company would result in a waiver of the attorney-client privilege, the work-product doctrine or any other applicable legal privilege or similar doctrine.

(b) Statutory Accounting Principles. The Reinsurer shall prepare its financial statements as required by, and in accordance with, Bermuda statutory accounting principles.

(c) Existence; Conduct of Business. The Reinsurer shall do or cause to be done all things reasonably necessary to preserve, renew and keep in full force and effect its legal existence and the rights, Permits and privileges material to the conduct of its business.

(d) Compliance with Law. The Reinsurer shall comply with all Laws applicable to, and all Permits issued by any Governmental Entity to, the Reinsurer or by which it or its properties or assets is bound or subject, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the Reinsurer's ability to perform its obligations, or on the Ceding Company's rights or obligations, under this Agreement.

(e) Governmental Notices. The Reinsurer shall provide the Ceding Company, within five (5) Business Days after receipt thereof, copies of any written notice or report from any Governmental Entity with respect to the business reinsured under this Agreement and a written summary of any material oral communication with any Governmental Entity with respect to the business reinsured under this Agreement.

## ARTICLE XVII

## MISCELLANEOUS

Section 17.01 Currency. All payments due under this Agreement shall be made in U.S. Dollars.

Section 17.02 Interest. All amounts due and payable by the Ceding Company or the Reinsurer under this Agreement that remain unpaid for more than fifteen (15) calendar days from the date due hereunder will incur interest from the date due hereunder. Except as otherwise set forth in this Agreement, such interest shall accrue at a rate equal to six percent (6%) per annum, calculated on a 30/360 basis.

Section 17.03 Right of Setoff and Recoupment.

(a) Each of the Ceding Company and the Reinsurer shall have, and may exercise at any time and from time to time, the right to setoff or recoup any undisputed balance or balances, whether on account of Reinsurance Premiums, allowances, credits, Reinsured Liabilities or otherwise, due from one party to the other under this Agreement and may setoff or recoup such balance or balances against any balance or balances due to the former from the latter under this Agreement.

(b) The parties' setoff rights may be enforced notwithstanding any other provision of this Agreement including the provisions of Article XIV.

Section 17.04 No Third-Party Beneficiaries. This Agreement is an indemnity reinsurance agreement solely between the Ceding Company and the Reinsurer. The acceptance of risks under this Agreement by the Reinsurer will create no right or legal relation between the Reinsurer and the insured, owner, beneficiary, or assignee of any insurance policy of the Ceding Company. In addition, nothing expressed or implied in this Agreement is intended to or shall confer remedies, obligations or liabilities upon any Person other than the parties hereto and their respective administrators, successors, legal representatives and permitted assigns or relieve or discharge the obligation or liability of any third party to any party to this Agreement.

Section 17.05 Amendment. This Agreement may not be changed or modified or in any way amended except by a written instrument duly executed by the proper officers of both parties to this Agreement, and any change or modification to this Agreement will be null and void unless made by amendment to this Agreement and duly executed by the proper officers of both parties to this Agreement. Prior written approval of the Iowa Insurance Division is required for any amendment to this Agreement.

Section 17.06 Notices.

(a) All demands, notices, reports and other communications provided for herein shall be delivered by the following means: (i) hand-delivery; (ii) overnight courier service (*e.g.,* FedEx, Airborne Express, or DHL); (iii) registered or certified U.S. mail, postage prepaid and return receipt requested; or (iv) facsimile transmission or e-mail; provided, that the fax or e-mail is confirmed by delivery using one of the three (3) methods identified in clauses (i) through (iii). All such demands, notices, reports and other communications shall be delivered to the parties as follows:

if to the Ceding Company:

Venerable Insurance and Annuity Company
699 Walnut Street, Suite 1350
Des Moines, Iowa 50309
Attention: General Counsel
Email: legal@venerableannuity.com

if to the Reinsurer:

Athene Annuity Re Ltd.
Chesney House
96 Pitts Bay Road
Hamilton, HM 08 Bermuda
Attention: Chief Executive Officer; General Counsel
Telephone: 441-279-8410; 441-279-8414
Telecopy: 441-279-8401
Email: legalbda@athene.bm

(b) Either party hereto may change the names or addresses where notice is to be given by providing notice to the other party of such change in accordance with this Section 17.06.

(c) If either party hereto becomes aware of any change in applicable Law restricting the transmission of notices or other information in accordance with the foregoing, such party shall notify the other party hereto of such change in Law and such resulting restriction.

Section 17.07 Consent to Jurisdiction. Subject to the terms and conditions of Article XIII, each party hereto hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for purposes of all legal proceedings arising out of or relating to this Agreement or for recognition and enforcement of any judgment in respect thereof. In any action, suit or other proceeding, each party hereby irrevocably waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of the venue of any such proceedings brought in such court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each party hereto also agrees that any final and nonappealable judgment against a party in connection with any action, suit or other proceeding shall be conclusive and binding on such party and that such award or judgment may be enforced in any court of competent jurisdiction, either

within or outside of the United States. A certified or exemplified copy of such award or judgment shall be conclusive evidence of the fact and amount of such award or judgment. Each party hereto agrees that any process or other paper to be served in connection with any action or proceeding under this Agreement shall, if delivered, sent or mailed in accordance with Section 17.06, constitute good, proper and sufficient service thereof. This Section 17.07 is not intended to conflict with or override Article XIII.

Section 17.08 Service of Process. The Reinsurer hereby designates the Iowa Insurance Commissioner as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Ceding Company. A copy of any such process shall be delivered to the Reinsurer in accordance with Section 17.06. This Section 17.08 is not intended to conflict with or override Article XIII.

Section 17.09 Inspection of Records.

(a) Upon giving at least five (5) Business Days' prior written notice, the Reinsurer, or its duly authorized representatives, will have the right to audit, examine and copy, electronically or during regular business hours, at the home office of the Ceding Company, any and all books, records, statements, correspondence, reports, and other documents that relate to the Reinsured Policies, the Separate Account, the assets maintained in the Modco Account, the Allianz Trust Account or this Agreement, subject to the confidentiality provisions contained in this Agreement. In the event the Reinsurer exercises its inspection rights, the Ceding Company must provide a reasonable work space for such audit, examination or copying, cooperate fully and faithfully, and produce any and all materials reasonably requested to be produced, subject to confidentiality provisions contained in this Agreement. The expenses related to any two (2) such inspections in any calendar year shall be borne by the Ceding Company; provided, that if any breach of this Agreement by the Ceding Company has occurred, the expenses relating to all such inspections shall be borne by the Ceding Company.

(b) The Reinsurer's right of access as specified above will survive until all of the Reinsurer's obligations under this Agreement have terminated or been fully discharged.

Section 17.10 Confidentiality.

(a) The parties will keep confidential and not disclose or make competitive use of any shared Proprietary Information, as defined below, unless:

(i) The information becomes publicly available or is obtained other than through unauthorized disclosure by the party seeking to disclose or use such information;

(ii) The information is independently developed by the recipient; or

(iii) The disclosure is required by Law; provided, that, if applicable, the party required to make such disclosure will allow the other party to seek an appropriate protective order.

"Proprietary Information" includes, but is not limited to, underwriting manuals and guidelines, applications, contract forms, agent lists and premium rates and allowances of the Reinsurer and the Ceding Company, but shall not include the existence of this Agreement and the identity of the parties. Additionally, Proprietary Information may be shared by either party on a need-to-know basis with its officers, directors, employees, Affiliates, third-party service providers, auditors, consultants or retrocessionaires, or in connection with the dispute process specified in this Agreement.

(b) The Ceding Company shall not provide to the Reinsurer, and the Reinsurer shall have no right to access, any Non-Public Personal Information except to the extent (i) necessary for purposes of administration of this Agreement and (ii) requested in writing by a duly authorized representative of the Reinsurer. The Reinsurer and its representatives and service providers will protect the confidentiality and security of Non-Public Personal Information (as defined below) provided to it hereunder by:

(i) holding all Non-Public Personal Information in strict confidence;

(ii) maintaining appropriate measures that are designed to protect the security, integrity and confidentiality of Non-Public Personal Information; and

(iii) disclosing and using Non-Public Personal Information received under this Agreement for purposes of carrying out the Reinsurer's obligations under this Agreement, for purposes of retrocession, or as may be required or permitted by Law.

"Non-Public Personal Information" is personally identifiable medical, financial, and other personal information about proposed, current and former applicants, policy owners, contract holders, insureds, annuitants, claimants, and beneficiaries of Reinsured Policies or contracts issued by the Ceding Company, and their representatives, that is not publicly available. Non-Public Personal Information does not include de-identified personal data, *i.e.*, information that does not identify, or could not reasonably be associated with, an individual.

Section 17.11 Successors. This Agreement will be binding upon the parties hereto and their respective successors and assigns including any Authorized Representative of either party. Neither party may effect any novation or assignment of this Agreement without the prior written consent of the other party and the Iowa Insurance Division.

Section 17.12 Entire Agreement. This Agreement and the Exhibits hereto constitute the entire agreement between the parties with respect to the business reinsured hereunder and supersede any and all prior representations, warranties, prior agreements or understandings between the parties pertaining to the subject matter of this Agreement. There are no understandings between the parties other than as expressed in this Agreement and the Exhibits hereto. In the event of any express conflict between this Agreement and the Exhibits hereto, the Exhibits hereto will control.

Section 17.13 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or entity or any circumstance, is found by a court or other Governmental Entity of competent jurisdiction to be invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 17.14 Construction. This Agreement will be construed and administered without regard to authorship and without any presumption or rule of construction in favor of either party. This Agreement is between sophisticated parties, each of which has reviewed this Agreement and is fully knowledgeable about its terms and conditions.

Section 17.15 Non-Waiver. Neither the failure nor any delay on the part of the Ceding Company or the Reinsurer to exercise any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof. No single or partial exercise of any right, remedy, power or privilege shall preclude the further exercise of that right, remedy, power or privilege or the exercise of any other right, remedy, power or privilege. No waiver of any right, remedy, power or privilege with respect to any occurrence shall be construed as a waiver of that right, remedy, power or privilege with respect to any other occurrence. No prior transaction or dealing between the parties will establish any custom, usage or precedent waiving or modifying any provision of this Agreement. No waiver shall be effective unless it is in writing and signed by the party granting the waiver.

Section 17.16 Further Assurances. From time to time, as and when requested by a party hereto, the other party hereto shall execute and deliver all such documents and instruments and shall take all actions as may be reasonably necessary to consummate the transactions contemplated by this Agreement.

Section 17.17 Governing Law. This Agreement will be governed by and construed in accordance with the Laws of the State of Iowa without giving effect to any principles of conflicts of law thereof that are not mandatorily applicable by Law and would permit or require the application of the Laws of another jurisdiction.

Section 17.18 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party hereto and delivered to the other party. Each party hereto may deliver its signed counterpart of this Agreement to the other party by means of electronic mail or any other electronic medium utilizing image scan technology, and such delivery will have the same legal effect as hand delivery of an originally executed counterpart. When this Agreement has been fully executed by the Ceding Company and the Reinsurer, it will become effective as of the Effective Date.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the Effective Date.

**VENERABLE INSURANCE AND ANNUITY COMPANY**

By: /s/ Timothy W. Brown________________

Title: EVP and CLO_____________________

Date: 01/30/2019_______________________

**ATHENE ANNUITY RE LTD.**

By: /s/ Natasha Scotland Courcy____________

Name: Natasha Scotland Courcy____________

Title: SVP, General Counsel_______________

**SCHEDULE I**

**POLICY FORMS AND RIDERS**

| Product Name | Policy Form |
|---|---|
| Advantage | UCLIC-AN1009 |
| Advantage | UCLIC-PI-1249 |
| Advantage Index | 1837-11/97 |
| Advantage Platinum | 1827-11/95 |
| Advantage Silver | 1801-7/94 |
| AmeriGain | 17003 |
| AmeriGrand | 17026 |
| Amerilink | 17002 |
| Ameriset | 17000 |
| Asset Builder | UCLIC-AN-1022 |
| Bonus 10 | FB10-11/92 |
| Capital Builder | UCLIC-PI-1224 |
| Choice Index | 1819-9/96 |
| Choice Index | 1819-9/96 or 1819-C-1/97 |
| Choice Index | 1819-C-1/97 |
| Classic 5 | 1868 |
| Classic 7 | 1869 |
| Classic Choice MVA | 1825-2/95 |
| Cornerstone | 1350-1/93 |
| Envoy Nine | IU-IA-3064 |
| Envoy Nine v2 | IU-IA-3064 |
| Envoy Six | IU-IA-3067 |
| Envoy Six v2 | IU-IA-3067 |
| Envoy Three | IU-IA-3065 |
| Flex 100 | 1000-B-4/92 |
| Flex 15 | 1500-1/93 |
| Flex 15 | 1500-4/92 |
| Flex 2 | FLEXII-1/93 |
| Flex 200 | 1100-B-6/92 |
| Flex 3 | FLEXIII-1/93 |
| Flex 4 | FLXIV-8/92 |
| Flex 7 | FLEXVII 1/93 |
| Flex 7 | FLEXVII 7/91 |
| Flex Builder | 1853 |
| Flex Guarantee | 1853 |
| FPA 9 | FLEXIX-1/93 |
| FPA 9 (conversion) | FLEXIX-5/91 |
| FPDA | 89A4 |
| FPDA | 8FPDA |
| FPDA | 94FPDA |
| FPDA | ALSFLX-3 |
| FPDA | ALSFLX-4.5 |

[1] All variations and attachments to the policy forms, including, but not limited to, state variations, contract schedules, riders, and endorsements, are also included in the scope of the agreement. Please see **Annex A** for a listing of all policies written on the policy forms included in the scope of the agreement which comprise the Reinsured Policies.

| | |
|---|---|
| FPDA | ALZFLX-4.5 |
| FPDA | AN-1002 |
| FPDA | AN-1011 |
| GAA | GFPDA |
| Generation Flex | 1859 |
| GoldenSelect Guarantee | GA-GIA-1070 |
| GoldenSelect Guarantee | GA-IA-1070 |
| Guarantee Choice | IU-IA-3036 |
| Heritage | 1858 |
| Heritage Vested | 1862 |
| Income Outcome Annuity | FA-2017 |
| Independence | UCSPDA |
| Interest Builder | 1200-1/93 |
| Journey | VI-IA-3165 |
| Lifetime Income | IU-IA-3119 |
| Mark II | UCLIC-AN-1020 |
| MarketSmart | IU-FA-3006 |
| Max | PI-1550 |
| Max Guarantee | 1885 |
| MaxSaver | AN-1004 |
| MaxSaver | AN-1008 |
| MaxSaver | PI-2034 |
| Multibuilder | 1853 |
| MVA 15 | 1251-1/93 |
| MVA 200 | 1300-1/93 |
| MVA 200 | 93A10 |
| MVA 3 | 1400-1/93 |
| MVA 3 | 1811-3/96 |
| MVA 9 | MVAIX-1/93 |
| MVA Cornerstone | 1250-1/93 |
| MVA Cornerstone | 1812-4/96 |
| MYGA/Multiset | 1818-4/96 |
| MYGA/Multiset | 1825-2/95 |
| MYGA/Multiset (no MVA) | 1826-5/95 |
| PotentialPLUS | IU-IA-4040 |
| Protective Life | 1840-2/96 |
| Protective Life | 1845-2/96 |
| Provider | UCLIC-AN-1007 |
| Quest 5 | VI-IA-3147 |
| QUEST 5 ROP | VI-IA-3147 |
| Quest 7 | VI-IA-3147 |
| Quest Plus | VI-IA-3148 |
| Regency | 1860 |
| Retirement Asset Builder | 1807-5/95 |
| Retirement Choice | 1805-4/95 |
| SD Fixed Flex | GA-IA-1093 - individual; GA-CA-1093 - group |

[1] All variations and attachments to the policy forms, including, but not limited to, state variations, contract schedules, riders, and endorsements, are also included in the scope of the agreement. Please see **Annex A** for a listing of all policies written on the policy forms included in the scope of the agreement which comprise the Reinsured Policies.

| | |
|---|---|
| SD Fixed Guar | GA-IA-1094 - individual; GA-CA-1094 - group |
| Secure | 1890 |
| Secure Extra | FA-2014 |
| Secure Five | IU-IA-3022 |
| Secure Five v2 | IU-IA-3033 |
| Secure Five v3 | IU-IA-3033 |
| Secure II | FA-2013 |
| Secure Opp Plus | IU-IA-3021 |
| Secure Opp Plus v2 | IU-IA-3032 |
| Secure Opp Plus v3 | IU-IA-3050 |
| Secure Opp Plus v4 | IU-IA-3050 |
| Secure Outlook | IU-IA-3038 |
| Secure Outlook v2 | IU-IA-3038 |
| Secure Seven | IU-IA-3025 |
| Secure Seven v2 | IU-IA-3034 |
| Secure Seven v3 | IU-IA-3034 |
| Security | PI-1233 |
| Select Guarantee | 1829-3/97 |
| Select Guarantee | 1829C-3/97 |
| Selectra | 1865 |
| Selectra | 1865 or 1870 |
| Selectra | 1870 |
| Selectra v2 | IU-IA-3026 |
| Senior Provider | UCLIC-AN-1014 |
| SimpleChoice | IU-IA-3054 |
| SimpleFlex | IU-IA-3019 |
| Single Premium Immediate Annuity | 1823 |
| SmartDesign MRI | GA-IA-1100 - individual; GA-CA-1100 - group |
| SPA 15 | 1351-1/93 |
| SPA 3 | SPIII-1/93 |
| SPA 5 | SPV-6/88 |
| SPA 6 | SPVI-1/93 |
| SPA 7 | SPVII-1/93 |
| SPA 7 | SPVII-10/90 |
| SPA 9 | FLEXIX-1/93 or SPIX-1/93 |
| SPA 9 | SPIX-1/93 |
| SPA 9 | SPIX-10/90 |
| SPDA | 88SPDA |
| SPDA | 89A1-A |
| SPDA | 89A3 |
| SPDA | 89SPDA |
| SPDA | 94SPDA |
| SPDA | ALS-3 |
| SPDA | ALS-4.5 |
| SPDA | ALZSP-4.5 |
| SPDA | UCLIC-PI-1218 |

[1] All variations and attachments to the policy forms, including, but not limited to, state variations, contract schedules, riders, and endorsements, are also included in the scope of the agreement. Please see **Annex A** for a listing of all policies written on the policy forms included in the scope of the agreement which comprise the Reinsured Policies.

| | |
|---|---|
| SPDA | UCLIC-PI-1801 |
| SPIA | 1823 |
| Sterling Plus | 1800-2/94 |
| Supp Con | 1825-2/95 |
| Supp Con | GA-GIA-1070 or GA-IA-1070 |
| Supp Con | GA-IA-1093 - individual; GA-CA-1093 - group |
| Supp Con | GA-IA-1094 - individual; GA-CA-1094 - group |
| Supp Con | GA-IA-1100 - individual; GA-CA-1100 - group |
| Supp Con | IU-IA-3019 |
| Taxsaver | FLEXIX-1/93 |
| TaxSaver | UCLIC-AN1255 |
| TaxSaver | UCLIC-PI-1253 |
| TaxSaver | UCLIC-PI-1255 |
| TSA Pro | 1600-1/93 |
| TSA Pro | 1600-4/92 |
| TSA Rollover | 1832G-6/97 |
| Ultimate | 1225-4/93 |
| Ultra SPA | 1325-4/93 |
| Unidex | EIAN-4000 |
| United | AN-1021 |
| Wealth Builder 6 | IU-IA-3128 |
| Wealth Builder 8 | IU-IA-3128 |
| Wealth Builder PLUS | IU-IA-3128 |
| All immediate annuities and annuitizations issued by Voya Insurance and Annuity Company and its predecessors and administered on Des Moines RPS, excluding annuitizations arising from contracts with a Guaranteed Minimum Income Benefit (GMIB). | |
| Home Office Pension Plan Voluntary and Mandatory Contributions Administered by Aon Hewitt on behalf of VIAC. | |
| All contracts assumed under the League Services Life Insurance Company (Magna Insurance Company) reinsurance agreement dated 2/24/1987, as amended. | |
| All contracts assumed under the Protective Life Insurance Company reinsurance agreement dated 6/15/1996. | |
| All contracts assumed under the Allianz Life Insurance Company of North America reinsurance agreement dated 8/1/1988. | |

[1] All variations and attachments to the policy forms, including, but not limited to, state variations, contract schedules, riders, and endorsements, are also included in the scope of the agreement. Please see **Annex A** for a listing of all policies written on the policy forms included in the scope of the agreement which comprise the Reinsured Policies.

**ANNEX A**

**POLICY LISTINGS**

The following policies provided by the Ceding Company to the Reinsurer:

Omitted pursuant to Regulation S-K Item 601(a)(5).

**SCHEDULE II**

**POLICY EXPENSES**

The Policy Expenses with respect to each Quarterly Accounting Period shall be an amount equal to (A) plus (B) plus (C) plus (D) plus (E), each as defined below:

(A) solely with respect to the Payout Annuities, an amount equal to (i) eighteen (18) basis points divided by four (4) multiplied by (ii) (a) the sum of the Modco Reserves with respect to the Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves with respect to the Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (b) two (2); and

(B) with respect to the Non-Payout Annuities, an amount equal to the sum of:

(i) (a) the Quota Share of $50 (provided, that a two percent (2.00%) per annum inflation factor will be added to such amount each year commencing on January 1, 2019) divided by four (4), multiplied by (b) (I) the sum of the total number of Non-Payout Annuities in force at the beginning of the applicable Quarterly Accounting Period plus the total number of Non-Payout Annuities in force at the end of the applicable Quarterly Accounting Period, divided by (II) two (2), plus

(ii) (a) three (3) basis points divided by four (4) multiplied by (b) (I) the sum of the Modco Reserves with respect to the Non-Payout Annuities at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves with respect to the Non-Payout Annuities at the end of the applicable Quarterly Accounting Period, divided by (II) two (2); and

(C) with respect to all Reinsured Policies, an amount with respect to investment accounting services equal to (a) 0.6 basis points divided by four (4) multiplied by (b) (I) the sum of the Modco Reserves at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves at the end of the applicable Quarterly Accounting Period, divided by (II) two (2); and

(D) with respect to all Reinsured Policies, a ceding commission equal to (i) 6.6 basis points divided by four (4) multiplied by (ii) (a) the sum of the Modco Reserves at the beginning of the applicable Quarterly Accounting Period plus the Modco Reserves at the end of the applicable Quarterly Accounting Period, divided by (b) two (2); and

(E) an amount equal to a Quota Share of the Ceding Company's reasonable expenses for certain hedge settlement and collateral management services relating to the Reinsured Policies that are provided by a third party; provided, that such expenses shall not exceed fifty thousand dollars ($50,000) per month for each month in which Voya Investment Management Co. LLC is providing such hedge settlement and collateral management services; provided, further, that the Ceding Company shall not outsource such hedge settlement and collateral management services to any person other than Voya Investment Management Co. LLC without the prior approval of the Reinsurer.

**SCHEDULE III**

**REINSURER REPORTS**

| Ceding Company Receipt of Information | Information to be Provided |
|---|---|
| 8 Business Days after end of quarter | Draft reserve report |
| 10 Business Days after end of quarter | Final reserve report, including statutory, GAAP and tax reserves, with an inventory of reserve topsides or adjustments |
| 10 Business Days after the end of the quarter | Best estimate cash flows |
| 17 Business Days after end of quarter | Reliance statements for reserves and for fixed income annuities including AG35 AA certificate and reliance for the economic assumptions used to calculate the market value of the options |
| 10 Business Days prior to effective date of proposed changes | Recommendation for Interest Crediting |
| 5 Business Days prior to effective date of proposed changes | Upload file for Interest Crediting |
| 17 Business Days after end of year | Valuation Certificate/Affidavit |
| 37 calendar days after end of year | Annual Opinion Statements |
| Annually by September 30$^{th}$ | Assumptions to support calculation of Actuarial Present Values |
| Annually | Support for Blue Book exhibits, including Exhibits 5 and 7; Exhibit of Policies; Analysis of Increase in Reserves (AIR), and all applicable state pages for filing of Blue Book. Additional information if needed for notes to VIAC's financial statements, supplements, and general interrogatories |
| Annually | Support for Green Book exhibits, including Exhibits 3 and 6; Analysis of Increase in Reserves (AIR). Additional information if needed for notes to VIAC's financial statements, supplements, and general interrogatories |
| Annually | Reliance for Asset Adequacy |

**EXHIBIT A-1**

**FORM OF WEEKLY ACCOUNTING REPORT**

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT A-2**

**FORM OF YEAR-TO-DATE WEEKLY ACCOUNTING REPORT**

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT B-1**

**FORM OF INITIAL MONTHLY ACCOUNTING REPORT**

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT B-2**

**FORM OF FULL MONTHLY ACCOUNTING REPORT**

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT C**

**FORM OF QUARTERLY ACCOUNTING REPORT**

Omitted pursuant to Regulation S-K Item 601(a)(5).

**EXHIBIT D**

**ACCOUNT VALUE ROLL-FORWARD AND SERIATIM INFORMATION FIELDS**

| Field | Definition |
|---|---|
| POLICY NUM | Associated policy number for the contract |
| PLAN CODE | Admin Plan code for the associated policy |
| ISSUE DATE | Date of Issuance |
| Month End Date | Date of the month end value |
| Bucket CODE | Identification of Fixed or Fund |
| FIA FLAG | Y / N to indicate if FIA. |
| Prior Month End Value | Value from the prior AVRF file at the bucket level. |
| Deposits | AV deposited into Bucket or Free look removed from bucket. |
| Annuitizations | Account Value annuitized. |
| AWS | Systematic Withdrawals. Would expect GMWB payments / Claims to be reported here. |
| DEATH CLAIMS | Death Claim |
| DEATH CLAIMS Excess | Death Claim paid in excess of AV |
| Shifts | Money moved between buckets. |
| SURRENDER - FULL | Full surrenders |
| SURRENDER - PARTIAL | Partial Surrenders |
| Surr Charges | Surrender charges applied |
| MVA | MVA applied |
| Apprec | Bucket Appreciation (Interest credited) |
| GMWB_Credit | Credit to offset the GMWB Claim, expected this to be populated when AV approaches zero. This will keep AV from going negative. |
| GMDB_Credit | Credit that represents excess death benefit paid out due to a GMDB rider. |
| GMWB_Charge | Charge applied for GMWB rider |
| GMDB_Charge | Charge applied for GMDB rider |
| Current Month End Value | Value after all monthly transactions have occurred. This should align with the "VOYA_FIELDS_IF" request. This should be the rolled value from the prior month. |

**EXHIBIT E**

**SERIATIM INFORMATION FIELDS**

**Seriatim Information Fields**

I. For Payout Annuities

| Request |
|---|
| Policy Number |
| Policy Status |
| Plan Code |
| Company Name |
| Issue State |
| Contract Type (Payout, Annuitization, Structured Settlement, etc..) |
| Owner Sex |
| Owner Issue Age |
| Owner Date of Birth |
| Owner Date of Death |
| Number of Lives |
| Initial Premium |
| Rated Age |
| Substandard Category |
| Payout Type (Cert Only, C&L, Life Only) |
| Recurring Benefit Payment Amount |
| Payment Mode |
| Issue Date |
| Benefit Start Date |
| Benefit Stop Date |
| Benefit Stop Reason |
| Certain Period End Date |
| Certain Period Months |
| JointSurvivor Benefit Percent or Amount -1st Life |
| JointSurvivor Benefit Percent or Amount -2nd Life |
| Contingent Annuitant's Issue Age |
| Contingent Annuitant's Date of Birth |
| Contingent Annuitant's Date of Death |
| Contingent Annuitant's Sex |
| Cost of Living Adjustment/Benefit Growth Rate Pct |
| Cost of Living Adjustment Frequency |
| Income Change Date |
| Income Change Amount |
| Lump Sum Payment Amount |
| Lump Sum Payment Date |
| Death Benefit Amount |
| Stat Valuation Rate 1 |
| Stat Valuation Rate 2 |
| Stat Valuation Rate 3 |
| Stat Valuation Rate 4 |
| Tax Valuation Rate 1 |
| Tax Valuation Rate 2 |
| Tax Valuation Rate 3 |
| Tax Valuation Rate 4 |
| Death Status |
| Valuation Date |

II. <u>For Non-Payout Annuities</u>

a. For Fixed and Fixed Indexed Annuities

| Field | Definition |
|---|---|
| POLICY NUM | Associated policy number for the contract |
| PLAN CODE | Admin Plan code for the associated policy |
| Company | Issuing company |
| Treaty | Description of the if it is in the flow or block treaty. |
| Quota Share | Reinsured Quota share associated with policy. This is expected to be 1.00 for Voya. |
| Annuity Type | Source of Funds |
| Policy Form Name | Name of the policy form |
| STATUS | A= Active, SR = Surrendered, P = Pending , T = Terminated, CA = Canceled, DH = Death, AN: Annuitized, O = Terminated for other reason |
| REASON | Reason for Terminating Policy (Surrender, Etc.) |
| ISSUE STATE | two letter code for each issue state |
| ISSUE DATE | Date of Issuance |
| RATE DETERMINATION DATE | As of date of the rates, can be different from issue date. |
| Application Date | Date at which policy application was filed |
| LIFE1 ISSUE AGE | Age at Issue |
| LIFE1 SEX CODE | F = female, M = Male |
| LIFE1 Birth Date | Date of Birth |
| SingleJointIndicator | Is the policy single or Joint |
| LIFE2 ISSUE AGE | Joint Life Age at Issue |
| LIFE2 SEX CODE | Joint Life F = female, M = Male |
| LIFE2 Birth Date | Joint Life Date of Birth |
| QUAL CODE | Q = Qualified, NQ = non qualified. Any other values should be explained |
| PremBonus | Premium Bonus (if applicable) |
| PremBonusType | How is the premium bonus recaptured? Via a vesting schedule or higher surrender charges? |
| PremBonusVestTable | Vesting schedule for premium bonus |
| PremBonusAddSCTable | Additional surrender charge for premium bonus. |
| Accum Value | Account Value |
| Surr Value | Accumulation value - surrender charge - premium tax |
| MVA_Type | Indentifier for the Type of MVA. This would generally indicate different MVA calculations. Could be descriptive or form types. NA if no MVA. |
| MVA_Adjustment | Current Calculated MVA Adjustment |
| MVA_Term | Number of years the MVA applies |
| MVA_RateType | They Type of rate that the MVA calculation is based on. |
| MVA_RateInitial | The rate from contract issue date that the mva is calculated against |
| MVA_RateTerm | Term of rate to be looked in the projection to calculate future MVAs |
| MVA_RateAdd | Additive factor to the calculation |
| Stat Reserve | Calculated statutory reserve |
| Prem Rcd | Total premium received |
| Prem 1yr | Total premium received in first year |
| Remaining Premium | Total premium received less ITD withdrawals |
| Comm | Total commissions paid to Agent |
| Comm_Code | Commission Code. Represents heaped, level, other |

| | |
|---|---|
| Comm_Table | Table reference for the commission. |
| Comm_ChgbackITD | ITD amount of commission chargebacks |
| Comm_Deferrable | Deferrable Comm |
| Comm_NonDeferrable | Non deferrable Comm |
| Comm_Ceding | Ceding Commission Associated with Policy |
| Death Claim | Total death claim distributed upon death |
| Withdrawals | Withdrawal Value |
| Surrenders | Total amount paid upon surrender |
| Surr Charge | Total surrender charges collected upon surrender |
| SURR CHG PCT | Current surrender charge percent (5% Surrender Charge should be shown as 0.05) |
| SC_Table | Table reference for looking up policy year based surrender charges |
| Fix_GuarPeriod_Current | Current guarantee period in months for fixed bucket. {May move to Strat Request} |
| Fix_GuarPeriod_Prior | Prior Guar Period in months for fixed buckets. {May move to Strat Request} |
| Fix_GuarPeriod_Next | What is the length of next available guaranteed period for Fixed Buckets? In months. {May move to Strat Request} |
| Renewal Date | Date on which the policy has had its most recent renewal |
| Fixed Credit RT | Current guarantee period interest rate |
| Fix FV | Fixed Rate Fund Value |
| Index FV | Indexed Rate Fund Value |
| SNFL Value Indexed | Minimum guaranteed contract value for Indexed buckets |
| SNFL Rate Indexed | Minimum guaranteed contract value interest rate for indexed buckets |
| SNFL Value Fixed | Minimum guaranteed contract value for fixed buckets (Including MYGA or Traditional products) |
| SNFL Rate Fixed | Minimum guaranteed contract value interest rate for fixed buckets. (Including MYGA or Traditional products) |
| MGCV | If there is an additional guarantee other than SNFL |
| MGCV Int Rate | If there is an additional guaranteed Rate other than SNFL |
| MGCV2 | If there is an additional guarantee other than SNFL and MGCV |
| MGCV2 Int Rate | If there is an additional guaranteed Rate other than SNFL and MCGV |
| FPW_Avail | Free Partial Withdrawal Currently Available to the policy |
| FPW_ITD_Free | Inception to date free partial withdrawals taken |
| FPW_ITD_Excess | Inception to date partial withdrawals in excess of the free partial withdrawal amount |
| FPW_ITD_Total | Inception to date total partial withdrawals taken (free + excess) |
| Spousal Cont / Beneficiary | Indicator if it is a spousal continuation or Beneficiary, S if Spousal, B if Bene, & N if it is not |
| Spousal/Beneficiary Continuation Date | Date of the spousal continuation |
| Premium Tax | Premium tax charged to the policy |
| Stat Val Rate Withdrawal | Statutory Valuation rate at issue for Withdrawal Benefit Stream |
| Stat Val Rate Annuitization | Statutory Valuation rate at issue for Annuitization Benefit Stream |
| Stat Val Rate Death | Statutory Valuation rate at issue for Death Benefit Stream |
| Original Issue Age | For Renewed MYGAs, the issue age for first surrender period |
| Original Issue Month | For Renewed MYGAs, the issue month for first surrender period |
| Original Issue Year | For Renewed MYGAs, the issue year for first surrender period |
| GMWB_RiderCode | Code or form type of GMWB rider |
| GMWB_Value | GMWB value to multiply the payout table by calculate the benefit. |
| GMWB_SimpleIntBase | If rollup is simple interest, this is the basis for the interest credited to the GMWB Value |
| GMWB_PayoutTable | Table reference for defining attained age or select/Ult payout factors (MAW) |

| | |
|---|---|
| GMWB_ChargeType | Definition of charges. Includes, what the basis of the charge is (AV or GMWB AV), as well as if the charge is proportional or dollar for the dollar. |
| GMWB_Charge% | Charge Rate |
| GMWB_ChargeTable | Table reference for defining charges, if more complex than a single number |
| GMWB_ChargeITD | Charges collected from issue |
| GMWB_RollupType | Definition of rollup of the GMWB Value. Generally thought of Simple / Compound interest and Dollar for Dollar or Proportional. There may be other types not listed. |
| GMWB_Rollup% | Rollup rate |
| GMWB_RollupTable | Table reference for defining rollups, if more complex than a single number |
| GMWB_RollupPar | Participation Rate in base contract interest credits |
| GMWB_AccumYrs | Years the GMWB_Value will accumulate |
| GMWB_ValueBonus | Bonus decimal applied to the GMWB_Value |
| GMWB_PaymentElectDate | Date GMWB payments are elected. Default for none elected. |
| GMWB_PaymentAttainedAge | Attained Age used to determine GMWB payment, if attained age driven |
| GMWB_PaymentIssueAge | Issue Age used to determine GMWB payment, if attained age driven |
| GMWB_PaymentElection | Systematic or One-time MAW; |
| GMWB_Payment | Current annual payment for elected GMWB. 0 if not elected. |
| GMWB_PaymentRemaining | Remaining annual payments for GMWB. 0 if not elected |
| GMWB_PaymentType | Type of GMWB payment elected. Joint/Single and Level, Inflation, Increasing, Inflation, etc. This field should have all possible payment options that have been elected. Default for none elected. |
| GMWB_PaymentMode | Frequency of the elected gwmb payment |
| GMWB_PaymentUtil | Is the maximum available being taken(max), excess, or less(partial)? |
| GMWB_PaymentIncr | decimal representing annual increase in GMWB_Payment. 0 if no increase or not elected |
| GMWB_TerminationDate | Date that the income rider was terminated by the policyholder |
| GMWB_Restart | Y\N flag if IR Restart has been elected. Restart |
| GMWB_RestartDate | Date of IR Restart (if applicable) |
| GMWB_RestartAccumDate | If Restarted, new end date of accumulation phase |
| GMWB_NHBType | Determines which type of nursing home benefit can be elected under the GMWB rider. Example are 2x payment for life, 2x payment for 5 years, 2x payment until AV is exhausted, etc… |
| GMWB_NHBMult | Multiplier applied to payments when "X" ADLs can not be performed |
| GMWB_NHBElectDate | Date the Nursing home benefit is turned on |
| GMWB_NHBEndDate | Date the nursing benefit is turned off. |
| GMWBDB | Yes/No flag to indicate if GMWB rider has a death benefit associated with it |
| GMWBDB_PayoutTermCurr | Number of years the GMWB face is paid out over as the death benefit |
| GMWBDB_PayoutTermGuar | Guaranteed number of years the GMWB face is paid out over as the death benefit |
| GMDB_RiderCode | Code or form type of GMDB rider |
| GMDB_Value | GMDB Base paid out as death benefit |
| GMDB_SimpleIntBase | If rollup is simple interest, this is the basis for the interest credited to the GMDB Value |
| GMDB_ChargeType | Definition of charges. Includes, what the basis of the charge is (AV or GMDB AV), as well as if the charge is proportional or dollar for the dollar. |
| GMDB_Charge% | Charge Rate |
| GMDB_ChargeTable | Table reference for defining charges, if more complex than a single number |

| | |
|---|---|
| GMDB_RollupType | Definition of rollup of the GMDB Value. Generally thought of Simple / Compound interest and Dollar for Dollar or Proportional. There may be other types not listed. |
| GMDB_Rollup% | Rollup rate |
| GMDB_RollupTable | Table reference for defining rollups, if more complex than a single number |
| GMDB_RollupPar | Participation Rate in base contract interest credits |
| GMDB_PayoutTermCurr | Number of years the GMDB face is paid out over as the death benefit |
| GMDB_PayoutTermGuar | Guaranteed number of years the GMDB face is paid out over as the death benefit |
| PolicyLoan_Amount | Amount of loaned out AV |
| DistChannel | Distribution Channel. Specific names of the |
| Annuitization_Value | Value that can be annuitized. Generally expected to be AV. Some products have none AV values |
| Annuitization_Bonus | Bonus applied to the Annuitization Value. |
| Annuitization_MaxDate | Max Date at which the policy can annuitize |
| Annuitization_MinCertPeriod | Shortest certain years the policy can annuitize. |
| Annuitization_MinCertPeriodRate | Annuitization rate assoicated with the shortest certain period. |

b. For Fixed Indexed Annuities Only

i. Strategy Data

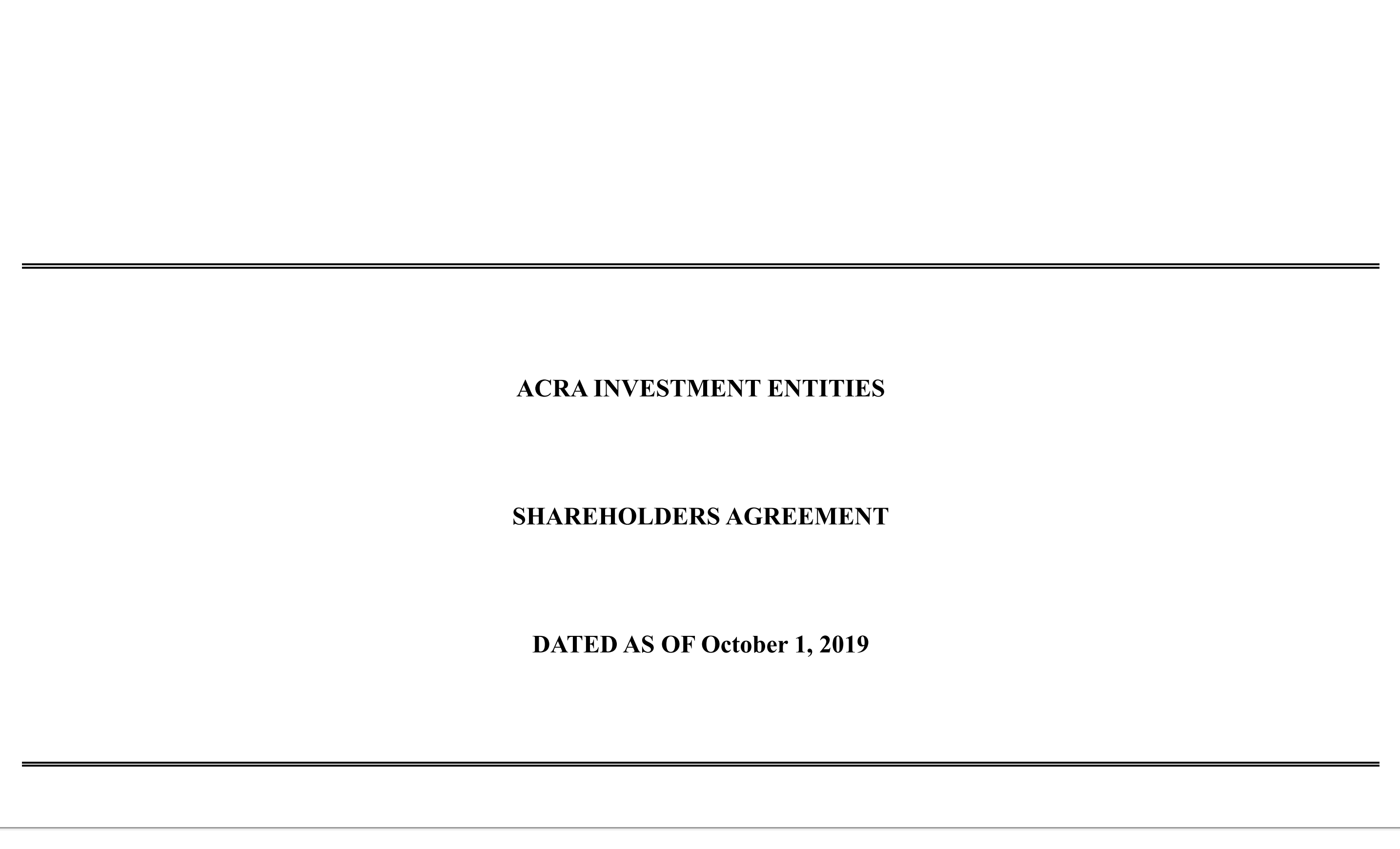
| Field | Definition |
|---|---|
| POLICY NUM | Associated policy number for the contract |
| PLAN CODE | Admin Plan code for the associated policy |
| Bucket CODE | Identification of Fixed or Fund |
| ISSUE DATE | Date of Issuance |
| Index Date | Date of most recent renew |
| Index Value | Index Value as of Index Date |
| Index End Date | End Date to compare Index Values |
| Term | Term Length, in months or years |
| FundInBucket | Account value for index |
| Index Desc | description of index |
| Index Cap | Cap associated with index |
| Min Index Cap | minimum cap for index |
| Participation Rate | participation rate for index |
| Min Part Rate | minimum participation rate for index |
| MinGuar | Minimum guarantee rate |
| Trigger Rate | Performance Trigger rate |
| Min Trigger Rate | Minimum Trigger rate |
| Bucket MGCV | Minimum guaranteed contract value at the index bucket level (sum of buckets should total to the aggregate MGCV) |
| Bucket F133 Guaranteed Value | Guaranteed Value at the indexed bucket level. Total of premium + transfers - withdrawals from the strategy. Could be aggregated to the total of the indexed buckets. |
| Buffer Rate | Rate at which policy holders beging experiencing loss |
| SpreadRate | Annual spread rate |
| Max Spread Rate | Maximum spread rate |
| Bailout Fields | Any fields applicable to Bailout Strategies |
| TIER Rates | High and Low Tiered Rates for Tiered Rate Strategies |

ii. Transaction Data

| Field | Definition |
| --- | --- |
| POLICY NUM | Associated policy number for the contract |
| PLAN CODE | Admin Plan code for the associated policy |
| ISSUE DATE | Date of Issuance |
| Bucket CODE | Identification of Fixed or Fund |
| Index Desc | description of index |
| transaction type | Detailed description of transaction |
| Account value post | Account Value after transaction |
| Transaction amount | Transaction amount |
| Effective Date | Effective Date of transaction (sometimes it is back dated) |
| Processdate | Process Date of transaction |
| Death Date | Date of Death |
| Death Notification Date | Date of Death Notification |
| reversal code | Code for reversing transactions |
| date of reversal | Used in cases of reversed transactions |
| surrender charges | Surrender Charges associated with transaction |
| MVA | MVA associated with transaction |
| Free withdrawal amount | $ of transaction that was free of SC and MVA |
| Interest Earned | Interest Credited to the policy (i.e. Fixed Interest or Indexed Interest (on Anniversary)) |
| Gross Premium | Gross Premium |
| Remaining premium | Remaining Premium as of after transaction |
| | |

| Additional Transaction relevant fields | Include any other transaction relevant fields commonly used by VOYA |
| --- | --- |

**Exhibit 10.36.1**



**ACRA INVESTMENT ENTITIES**

**SHAREHOLDERS AGREEMENT**

**DATED AS OF October 1, 2019**

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This **SHAREHOLDERS AGREEMENT**, dated as of October 1, 2019 (this "Agreement"), is made by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda Class C insurer ("ACRA"), ADIP Holdings (A), L.P., a Cayman Islands limited partnership ("ADIP A"), ADIP Holdings (B), L.P., a Cayman Islands limited partnership ("ADIP B"), ADIP Holdings (C), L.P., a Cayman Islands limited partnership ("ADIP C"), ADIP Holdings (D), L.P., a Cayman Islands limited partnership ("ADIP D"), ADIP Holdings (E), L.P., a Cayman Islands limited partnership ("ADIP E") and ADIP Holdings (Lux), L.P., a Cayman Islands limited partnership ("ADIP Lux" and, together with ADIP A, ADIP B, ADIP C, ADIP D, ADIP E and any additional limited partnership formed for the purpose of investing in ACRA that executes a counterpart to this Agreement (if such Person is not then a party to this Agreement), the "Co-Investors" and each, a "Co-Investor"), Athene Life Re Ltd., a reinsurance company organized under the laws of Bermuda ("ALRe" and, together with the Co-Investors, the "Shareholders"), and, following execution of a Joinder Agreement (as defined below), any alternative investment vehicles formed from time to time in which ALRe and the Co-Investors will make a direct investment for purposes of entering into Qualifying Transactions (as defined below) (each such alternative investment vehicle formed whose direct economic owners include ALRe and the Co-Investors, a "New ACRA Investment Entity" and, together with ACRA, the "ACRA Investment Entities"). ACRA, the Co-Investors, ALRe and, immediately following execution of a Joinder Agreement, any New ACRA Investment Entities, are the "Parties" and each a "Party" to this Agreement.

**RECITALS**

**WHEREAS**, as of the date hereof, (a) each Co-Investor owns and/or has committed to subscribe for that number of ACRA Class A Common Shares (as defined herein) set forth opposite such Co-Investor's name on Schedule A-1 and (b) the Co-Investors may each in the future own and/or commit to subscribe for an amount of New ACRA Investment Entity Class A Common Shares (as defined below) as set forth in the applicable Joinder Agreement, as any such New ACRA Investment Entity is formed from time to time hereafter;

**WHEREAS**, as of the date hereof, ALRe: (a) owns and/or has committed to subscribe for that number of ACRA Class B Common Shares (as defined below) set forth opposite ALRe's name on Schedule A-2 and (b) may in the future own and/or commit to subscribe for an amount of New ACRA Investment Entity Class B Common Shares (as defined below) as set forth in the applicable Joinder Agreement, as any such New ACRA Investment Entity is formed from time to time hereafter;

**WHEREAS**, ACRA and ALRe entered into that certain Master Framework Agreement, dated as of September 11, 2019 (the "Master Agreement"), pursuant to which ACRA will have the right, subject to the terms and conditions set forth in the Master Agreement, to elect to participate in Qualifying Transactions;

**WHEREAS**, pursuant to the Master Agreement, the board of directors of ACRA (the "Board") may, in its sole discretion, exercise its rights to participate in Qualifying Transactions through any New ACRA Investment Entities, in which case ACRA will assign its right to participate in the applicable Qualifying Transactions to the applicable ACRA Investment Entity;

**WHEREAS**, the Shareholders believe it to be in the best interest of ACRA and the Shareholders to provide for the continued stability of the business and policies of ACRA and any New ACRA Investment Entities and their respective Subsidiaries (as defined herein), as the same may exist from time to time, and, to that end, the Parties set forth this Agreement.

**ACCORDINGLY**, in consideration of the mutual covenants and agreements contained in this Agreement, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

**ARTICLE I**

**DEFINITIONS; CERTAIN RULES OF CONSTRUCTION**

**1.1 Definitions.** The following terms have the following meanings:

"AAM" means Athene Asset Management LLC (or any successor entity thereto).

"ACRA" has the meaning set forth in the preamble.

"ACRA Board Third Party Transfer Approval" has the meaning set forth in Section 3.2(a).

"ACRA Boards" means the Board and any New ACRA Investment Entity Board.

"ACRA Bye-laws" means the Amended and Restated Bye-laws of ACRA in effect as of the date hereof, as amended, supplemented or modified from time to time.

"ACRA Class A Common Shares" means ACRA's class A common shares, par value $1.00 per share.

"ACRA Class B Common Shares" means ACRA's class B common shares, par value $1.00 per share.

"ACRA Information" has the meaning set forth in Section 3.2(a).

"ACRA Investment Entities" has the meaning set forth in the preamble.

"ADIP A" has the meaning set forth in the preamble.

"ADIP B" has the meaning set forth in the preamble.

"ADIP C" has the meaning set forth in the preamble.

"ADIP D" has the meaning set forth in the preamble.

"ADIP E" has the meaning set forth in the preamble.

"ADIP Lux" has the meaning set forth in the preamble.

"ADIP Nominees" has the meaning set forth in Section 3.9(a)(iii).

"ADIP Subscription Agreement" means that certain Subscription Agreement entered into in connection with the Private Placement, dated as of September 11, 2019, by and between each Co-Investor, ALRe (solely with respect to Articles I and II thereof), ACRA and any New ACRA Investment Entity that executes a joinder to such agreement.

"Affiliate" means, as to any Person, any Person which directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise. For the avoidance of doubt, none of the following groups of Persons shall be considered "Affiliates" of each other for purposes of this Agreement (a) Apollo and its Subsidiaries, (b) Athene and its Subsidiaries or (c) the ACRA Investment Entities and their Subsidiaries.

"AEOI Compliance Failure" has the meaning set forth in Section 3.8(b)(iv).

"AEOI Regimes" has the meaning set forth in Section 3.8(b).

"Agreement" has the meaning set forth in the preamble.

"ALRe" has the meaning set forth in the preamble.

"Apollo" means Apollo Global Management, LLC.

"Apollo/Athene Representative" has the meaning set forth in Section 3.9(a)(ii).

"Apollo Group" means (i) Apollo, (ii) Athene, (iii) Athora, (iv) AAA Guarantor - Athene, L.P., (v) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by Apollo or by one or more of Apollo's Subsidiaries, (vi) BRH Holdings GP, Ltd. and its shareholders, and (vii) any Affiliate of a Person described in clause (i) through (vi) above; provided, none of (x) the ACRA Investment Entities, (y) any Subsidiary of the ACRA Investment Entities or (z) any Person employed by Athene or Athora or any of their respective Subsidiaries, the ACRA Investment Entities or any of their Subsidiaries or AAM or any of its Subsidiaries, shall be deemed for this purpose to be a member of the Apollo Group. For the avoidance of doubt, with respect to clause (ix) of this definition of "Apollo Group," any Person managed by Apollo or one or more of its Subsidiaries pursuant to a managed account agreement (or similar arrangement) without Apollo or any of its Subsidiaries controlling such Person as a general partner or managing member shall not be part of the Apollo Group. The inclusion of Athene and Athora and their respective Subsidiaries in the Apollo Group is solely deemed for purposes of the provisions of this Agreement, and is thus referenced without any prejudice from an accounting, regulatory or control perspective.

"Apollo Representative" has the meaning set forth in Section 3.9(a)(ii).

"Applicable Law" means, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions, decrees or orders of any Governmental Authority applicable to such Person.

"Approved Reorganization" has the meaning set forth in Section 3.5(a).

"Approved Sale" has the meaning set forth in Section 3.5(a).

"Athene" means Athene Holding Ltd.

"Athene Group" means Athene and its Subsidiaries; provided, that (x) no other member of the Apollo Group, (y) none of the ACRA Investment Entities or any of their Subsidiaries and (z) no Person employed by Athene, the Apollo Group, the ACRA Investment Entities, AAM or any of their respective Subsidiaries, shall be deemed to be a member of the Athene Group.

"Athene Nominees" has the meaning set forth in Section 3.9(a)(ii).

"Athene Representative" has the meaning set forth in Section 3.9(a)(ii).

"Athene Subscription Agreement" means that certain Subscription Agreement entered into in connection with the Private Placement, dated as of September 11, 2019, by and between ALRe, ACRA and any New ACRA Investment Entity that executes a joinder to such agreement.

"Athora" means Athora Holding Ltd.

"Board" has the meaning set forth in the recitals.

"Bye-laws" means the ACRA Bye-laws and any New ACRA Investment Entity Bye-laws.

"Call Notice" has the meaning set forth in the Subscription Agreements.

"Capital Call" has the meaning set forth in the Subscription Agreements.

"Chairman" has the meaning set forth in Section 3.9(a)(ii).

"Class A Common Shares" means the ACRA Class A Common Shares and any New ACRA Investment Entity Class A Common Shares.

"Class B Common Shares" means the ACRA Class B Common Shares and any New ACRA Investment Entity Class B Common Shares.

"Class A Shareholders" means the Shareholders owning Class A Common Shares.

"Class B Shareholders" means the Shareholders owning Class B Common Shares.

"Closing Date" has the meaning set forth in the ADIP Subscription Agreement.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Co-Investors" has the meaning set forth in the preamble.

"Co-Sale Notice" has the meaning set forth in Section 3.3(a).

"Co-Sale Offeree" has the meaning set forth in Section 3.3(a).

"Commitment" means, with respect to each Shareholder, each Share for which such Shareholder has agreed to subscribe for by paying the applicable purchase price for such Share in the amount and manner set forth in the applicable Subscription Agreement.

"Common Shares" means the Class A Common Shares and the Class B Common Shares held at any time during the term of this Agreement by any Shareholder.

"Confidential Information" has the meaning set forth in Section 4.14(b).

"Director" means a director of any ACRA Investment Entity.

"Eligible Shareholders" has the meaning set forth in Section 3.4(a).

"Equity Securities" means all shares of capital stock of any ACRA Investment Entity or any of their respective Subsidiaries, all securities exercisable or convertible into or exchangeable for shares of capital stock of any ACRA Investment Entity or any of their respective Subsidiaries, and all options, warrants, and other rights to purchase or otherwise acquire from any ACRA Investment Entity or any of their respective Subsidiaries shares of such capital stock, including any share appreciation or similar rights, contractual or otherwise.

"Excluded Securities" means (i) Equity Securities issued in respect of or in exchange for all Shares on a pro rata basis by way of a dividend, distribution, share split, reverse share split, merger, consolidation, reorganization, recapitalization or similar transaction, (ii) Equity Securities issued upon exercise, conversion or exchange of any options, warrants, rights or other convertible securities outstanding as of the date hereof or issued after the date hereof in accordance with the terms of this Agreement or the Organizational Documents, (iii) Equity Securities issued to a third party financing source (which is not a Class B Shareholder or an Affiliate of a Class B Shareholder, or an Affiliate of an ACRA Investment Entity) in connection with a debt financing of any ACRA Investment Entity and/or any of their respective Subsidiaries,

(iv) Equity Securities issued to ceding companies or other insurance companies in connection with any reinsurance agreements, (v) Equity Securities issued to a seller or sellers of a business or the assets thereof (which is not a member of the Apollo Group or the Athene Group) or issued to any other un-Affiliated Persons, in each case, in connection with any ACRA Investment Entity's (or any of their respective Affiliates') acquisition of such seller's or sellers' business or the assets thereof, whether such acquisition is in the form of a merger, consolidation, asset purchase or other similar business combination, (vi) Equity Securities issued or distributed in connection with a transaction permitted under Section 3.5, (vii) Equity Securities issued at any time to directors, officers, employees or consultants of any ACRA Investment Entity or AAM pursuant to an ACRA Board-approved option or incentive plan of any ACRA Investment Entity or AAM and (viii) any Equity Securities issued to a Shareholder in connection with the funding in full of a capital call of such Shareholder related to an outstanding Commitment; provided, that in the case of clauses (i) through (vi), if and only to the extent such issuances or distributions are approved by the applicable ACRA Board.

"FATCA" has the meaning set forth in Section 3.8(b).

"Feeder Funds" means, collectively, the limited partners of each Co-Investor.

"FFI Agreement" has the meaning ascribed to it under the AEOI Regimes.

"Furnishing Parties" has the meaning set forth in Section 4.14(b).

"Future Shareholder" has the meaning set forth in Section 3.1.

"General Partner" has the meaning set forth in Section 3.9(a)(iii).

"GAAP" means U.S. generally accepted accounting principles.

"Governmental Authority" means any Bermudian, U.S. Federal, state, county, city, local or other governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body and any self-regulating authority).

"Group" means:

(a) in the case of any Shareholder who is an individual and not a Class B Shareholder, (i) such Shareholder, (ii) any spouse, parent, sibling or descendant of such Shareholder, (iii) all trusts for the benefit of such Shareholder or any spouse, parent, sibling or descendants of such Shareholder and (iv) all Persons principally owned by and/or organized or operating for the benefit of any of the foregoing;

(b) in the case of any Shareholder which is a partnership and not a Class B Shareholder, (i) such Shareholder and (ii) its limited, special and general partners;

(c) in the case of any Shareholder which is a corporation or a limited liability company and not a Class B Shareholder, (i) such Shareholder and (ii) its shareholders or members as the case may be; and

(d) in the case of any Class B Shareholder, the Athene Group.

"Independent Director" means any Director that does not have (and such Director's immediate family members do not have) a material financial or other relationship with Athene or Apollo (or any of their Affiliates), as determined by the applicable ACRA Board or a duly authorized committee thereof. Without limiting the foregoing, (a) no officer or employee of any ACRA Investment Entity or any of their respective Subsidiaries shall constitute an Independent Director and (b) no officer or employee of (i) any member of the Apollo Group described in clauses (i) through (viii) of the definition of "Apollo Group" or (ii) Apollo or any of its Subsidiaries (excluding any Subsidiary that constitutes any portfolio company (or investment) of (A) an investment fund or other investment vehicle whose general partner, managing member or similar governing person is owned, directly or indirectly, by Apollo or by one or more of its Subsidiaries or (B) a managed account agreement (or similar arrangement) whereby Apollo or one or more of its Subsidiaries serves as general partner, managing member or in a similar governing position) shall constitute an Independent Director.

"Initial Subscribing Shareholder" has the meaning set forth in Section 3.4(d).

"Insolvency Event" means: (a) an ACRA Investment Entity or any Subsidiary thereof shall commence a voluntary case or other Proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Applicable Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other Proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing; (b) an involuntary case or other Proceeding shall be commenced against an ACRA Investment Entity or any Subsidiary thereof seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other

Proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or (c) an order for relief shall be entered against an ACRA Investment Entity or any Subsidiary thereof under the bankruptcy laws in effect at such time.

"Investment Company Act" means the United States Investment Company Act of 1940, as amended from time to time, and the rules and regulations promulgated thereunder, and any successor statute.

"IRS" has the meaning set forth in Section 3.8(b)(i).

"Joinder Agreement" has the meaning set forth in Section 2.2(a).

"Limited Partners" means, collectively, the limited partners of each Feeder Fund.

"Listing" means the consummation of the sale by one or more persons in an underwritten public offering of common equity of any of the ACRA Investment Entities that (a) is led by a nationally recognized financial institution, (b) is registered on a S-1 registration statement (or comparable form of registration statement) under the Securities Act (or applicable United Kingdom securities law) and (c) following which such publicly-offered common equity is listed on the New York Stock Exchange, the NASDAQ Stock Market or the London Stock Exchange's Main Market.

"Liquidation" means: (a) any Insolvency Event; (b) any Sale of an ACRA Investment Entity; or (c) any dissolution or winding up of an ACRA Investment Entity, other than any dissolution, liquidation or winding up in connection with any reincorporation of an ACRA Investment Entity in another jurisdiction.

"Master Agreement" has the meaning set forth in the recitals.

"New ACRA Investment Entity" has the meaning set forth in the preamble.

"New ACRA Investment Entity Board" means the board of directors of any New ACRA Investment Entity.

"New ACRA Investment Entity Bye-laws" means the bye-laws of each New ACRA Investment Entity that executes a Joinder Agreement, in effect as of the date such Joinder Agreement is executed, as amended, supplemented or modified from time to time.

"New ACRA Investment Entity Class A Common Shares" means the class A common shares of each New ACRA Investment Entity, the par value of such class A common shares to be set forth in the Joinder Agreement executed by such New ACRA Investment Entity.

"New ACRA Investment Entity Class B Common Shares" means the class B common shares of each New ACRA Investment Entity, the par value of such class B common shares to be set forth in the Joinder Agreement executed by such New ACRA Investment Entity.

"New Securities" means all newly-issued Equity Securities other than Excluded Securities.

"Nominee" has the meaning set forth in Section 3.5(d).

"Organizational Documents" means the Certificate of Incorporation, the Memorandum of Association and the Bye-laws of each ACRA Investment Entity in effect as of the date hereof (or, with respect to any New ACRA Investment Entity, in effect as of the date such New ACRA Investment Entity executes a Joinder Agreement), as the same may be amended, modified or supplemented after the date hereof.

"Other Eligible Shareholder" has the meaning set forth in Section 3.4(d).

"Parties" has the meaning set forth in the preamble.

"Pecuniary Value" means, with respect to any Shares in connection with any proposed Transfer, the portion of the aggregate consideration from such Transfer that such Shareholder would have received if the aggregate consideration for such Transfer (in the case of an asset sale, after payment or provision for all liabilities) had been distributed by an ACRA Investment Entity in a Liquidation after giving effect to Bye-law 4 of the applicable Bye-laws.

"Permitted Transfer" means:

(a) any Transfer made in compliance with:

(i) Section 3.3 of this Agreement; or

(ii) Section 3.5 of this Agreement; or

(b) any Transfer of Shares by a Class A Shareholder to an Affiliate of such Class A Shareholder or any limited partner or member (or Affiliate thereof) of such Class A Shareholder;

(c) any pledge of capital stock by a Shareholder to, and any foreclosure and subsequent Transfer of capital stock by, a bona fide commercial bank or other lending institution to the extent such capital stock secures any loan, credit facility or other financing permitted hereunder;

(d) any Transfer of Shares by a Class B Shareholder to any member of the Athene Group; or

(e) any other Transfer designated by the applicable ACRA Board as a Permitted Transfer, including pursuant to a request by a Shareholder under Section 3.2(a) of this Agreement.

Other than pursuant to clause (e) above, a Transfer shall not be a Permitted Transfer if it would (i) cause any ACRA Investment Entity to be required to register under the Investment Company Act, (ii) cause ACRA (or any other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty or (iii) subject any ACRA Investment Entity or any member of the Athene Group or any of their respective Affiliates to adverse tax or regulatory requirements (other than de minimis requirements of general applicability).

"Permitted Transferee" means any Person acquiring Shares from a Shareholder in accordance with the terms of this Agreement.

"Person" shall be construed in the broadest sense and means and includes a natural person, a company, an enterprise, a partnership, a corporation, an association, a joint stock company, a limited liability company, a trust, a joint venture, an unincorporated organization and any other entity and any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal.

"Preemptive Offer" has the meaning set forth in Section 3.4(a).

"Preemptive Offeror" has the meaning set forth in Section 3.4(a).

"Preemptive Period" has the meaning set forth in Section 3.4(a).

"Private Placement" has the meaning set forth in the Subscription Agreements.

"Pro Rata Amount" means, as of the date of determination, with respect to any ACRA Investment Entity and any Shareholder of such ACRA Investment Entity, the quotient obtained by dividing (a) the aggregate number of outstanding Class A Common Shares and Class B Common Shares held by such Shareholder as of such date of determination by (b) the aggregate number of outstanding Class A Common Shares and Class B Common Shares held by all Shareholders or class of Shareholders (as applicable) as of such date of determination.

"Proceeding" means any action, suit, lawsuit, customer claim, warranty claim, insurance claim, counterclaim, proceeding or investigation at law, or in equity, or by or before any Governmental Authority.

"Purchase Notice" has the meaning set forth in Section 3.4(b).

"Qualifying Transaction" has the meaning set forth in the Master Agreement.

"Reorganization of an ACRA Investment Entity" means a transaction pursuant to which (a)(i) a corporation, partnership, limited liability company or other business entity is formed (such entity, the "New Holding Company") to hold all or a majority of the Equity Securities and (ii) a contribution of such Equity Securities is made to the New Holding Company in exchange for the issuance of capital stock of the New Holding Company to the holders of such Equity Securities; or (b) an ACRA Investment Entity is restructured or reorganized to, among other things, increase the tax efficiency of such ACRA Investment Entity and its Subsidiaries by, among other things, distributing equity interests of its Subsidiaries to the Shareholders. A Reorganization of an ACRA Investment Entity may be effected by means of a sale, contribution and/or exchange of shares, a merger, recapitalization, consolidation, transfer or other transaction; provided, that after giving effect to any Reorganization of an ACRA Investment Entity, each Shareholder's Pro Rata Amount or pro rata share of the New Holding Company, as applicable, and their pro rata indirect economic interests in the business of such ACRA Investment Entity and its Subsidiaries or of the New Holding Company, vis à vis one another and all other Shareholders and holders of other Equity Securities, shall be the same as immediately prior to such Reorganization of an ACRA Investment Entity.

"Representatives" has the meaning set forth in Section 4.14(a).

"Sale of an ACRA Investment Entity" has the meaning ascribed to "Sale of the Company" in the applicable Bye-laws.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" means, without duplication, (a) with respect to the Class A Shareholders, the Class A Common Shares and (b) with respect to the Class B Shareholders, the Class B Common Shares.

"Shareholders" has the meaning set forth in the preamble.

"Subscription Agreements" means, collectively, the ADIP Subscription Agreement and the Athene Subscription Agreement.

"Subscription Increase Notice" has the meaning set forth in the ADIP Subscription Agreement.

"Subscription Period" has the meaning set forth in the ADIP Subscription Agreement.

"Subsidiary" means, with respect to any given Person, any other Person in which the first Person directly or indirectly owns or controls the majority of the equity securities or voting securities able to elect the board of directors or comparable governing body.

"Tag-Along Notice" has the meaning set forth in Section 3.3(b).

"Third Party" means, any Person that is not (a) an ACRA Investment Entity or any of its Affiliates, (b) a member of the Apollo Group or (c) a member of the Athene Group.

"Third Party Transfer" has the meaning set forth in Section 3.2(a).

"Third Party Transfer Notice" has the meaning set forth in Section 3.2(a).

"Total Commitment" has the meaning set forth in the ADIP Subscription Agreement.

"Total Shares" has the meaning set forth in the ADIP Subscription Agreement.

"Total Voting Power" means, with respect to each ACRA Investment Entity, the total votes attributable to all shares of such ACRA Investment Entity issued and outstanding, as adjusted pursuant to the applicable Bye-laws.

"Transfer" means to sell, transfer, assign, pledge, hypothecate, encumber in any way or otherwise dispose of Shares (including any economic or voting interests with respect to such Shares and including by way of hedging and other derivative transaction that limits or eliminates economic risk), either voluntarily or involuntarily and with or without consideration, excluding by employees to an ACRA Investment Entity upon a termination of employment.

"Transferee" means any Person to whom a Shareholder shall Transfer Shares.

"Treaty" means the Convention between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains, singed at London, England on July 24, 2001, as amended.

**1.2 Certain Rules of Construction**. For all purposes of this Agreement, except as otherwise expressly provided for herein or unless the context of this Agreement otherwise requires:

(a) whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation";

(b) the words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, schedule and exhibit references refer to this Agreement unless otherwise specified;

(c) the word (i) "may" shall be construed as permissive and (ii) "shall" shall be construed as imperative;

(d) a reference herein to any party to this Agreement or any other agreement or document shall be deemed to refer to any Person that becomes (or became, if applicable) a permitted successor or permitted assign of such party, upon the occurrence thereof;

(e) a reference herein to any agreement or other document is to such agreement or other document (together with the schedules, exhibits and other attachments thereto) as it may have been or may hereafter be amended, modified, supplemented, waived or restated from time to time in accordance with its terms and the terms hereof (if applicable thereto); and

(f) a reference herein to any legislation or to any provision of any legislation includes any modification or re-enactment thereof (including prior to the date hereof), any legislative provision substituted therefor and all regulations and rules issued thereunder or pursuant thereto.

## ARTICLE II

## FRAMEWORK

**2.1 Capital Stock of ACRA**. The capital stock of ACRA shall consist of the ACRA Class A Common Shares and the ACRA Class B Common Shares. Subject to the ACRA Bye-laws and Section 2.3, the ACRA Class B Common Shares shall, at all times, hold one hundred percent (100%) of the Total Voting Power of ACRA.

**2.2 New ACRA Investment Entities**.

(a) ACRA and ALRe hereby agree to cause each New ACRA Investment Entity to execute a counterpart to this Agreement promptly upon the formation of such New ACRA Investment Entity by executing a joinder agreement, a form of which is attached hereto as Exhibit A (a "Joinder Agreement"). Each New ACRA Investment Entity shall be bound by, and entitled to the benefits of, the provisions of this Agreement immediately upon execution of such Joinder Agreement.

(b) The capital stock of each New ACRA Investment Entity shall be divided into and shall consist of the New ACRA Investment Entity Class A Common Shares, which will be held in each case by the Co-Investors, and the New ACRA Investment Entity Class B Common Shares, which will be held in each case by ALRe. Subject to the applicable Bye-laws and Section 2.3, the New ACRA Investment Entity Class B Common Shares of each New ACRA Investment Entity will hold one hundred percent (100%) of the Total Voting Power of the applicable New ACRA Investment Entity. The New ACRA Investment Entity Class A Common Shares shall, in the aggregate, constitute sixty-seven percent (67%) of the capital stock of each New ACRA Investment Entity, and the New ACRA Investment Entity Class B Common Shares shall, in the aggregate, constitute thirty-three percent (33%) of the capital stock of each New ACRA Investment Entity, unless otherwise agreed to by ALRe and ACRA.

(c) For the avoidance of doubt, this Section 2.2 shall not apply to any existing or newly-formed subsidiary of an ACRA Investment Entity (including any subsidiary of a New ACRA Investment Entity).

**2.3 Amendment of Governing Documents**. ACRA and ALRe shall consult with and not act contrary to the advice of the applicable Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds, with respect to the amendment of the following documents or provisions: (a) the voting rights provided in Bye-law 4.2 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (b) the rights to receive dividends and other payments provided in Bye-law 4.4 and Bye-law 16 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (c) the conversion rights provided in Bye-law 4.5 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (d) the conflicts rights provided in Bye-law 64 and Bye-law 65 of the ACRA Bye-laws and corresponding bye-laws contained in each New ACRA Investment Entity Bye-laws, (e) the charter of any ACRA Investment Entity's Conflicts Committee if such amendment is materially adverse to the Co-Investors and (f) this Section 2.3 and Section 3.9 of this Agreement. ALRe shall not proceed with any such amendment under consideration described in this Section 2.3 to which the Class A Shareholders object in the manner described above.

## ARTICLE III

## SHARES

**3.1 Future Shareholders and Transfers.** Unless otherwise waived in its sole discretion by the applicable ACRA Board, the applicable ACRA Investment Entity shall require that each Person that acquires capital stock of an ACRA Investment Entity after the date hereof (or, in the case of a New ACRA Investment Entity, each Person that acquires capital stock of such New ACRA Investment Entity after the date such New ACRA Investment Entity executes a Joinder Agreement) (a "Future Shareholder"), as a condition to the effectiveness of such acquisition, execute a counterpart to this Agreement (if such Person is not then a party to this Agreement), agreeing to be treated as a Class A Shareholder or a Class B Shareholder, as applicable. Notwithstanding the foregoing, in the event that (a) any Co-Investor acquires Equity Securities from an ACRA Investment Entity, ALRe and/or any other Class A Shareholder, in each case, such Equity Securities shall be deemed Class A Common Shares and shall be bound by, and entitled to the benefits of, the provisions of this Agreement and the Bye-laws applicable to Class A Common Shares and Class A Common Shareholders and (b) ALRe acquires Equity Securities from an ACRA Investment Entity or a Class A Common Shareholder, in each case, such Equity Securities shall be deemed Class B Common Shares and shall be bound by, and entitled to the benefits of, the provisions of this Agreement and the Bye-laws applicable to Class B Common Shares and Class B Shareholders.

**3.2 Limitations on Transfers**

(a) Subject to Section 3.2(b) and, in the case of a proposed Transfer by a Shareholder under clause (e) of the definition of Permitted Transfer, this Section 3.2(a), a Shareholder may Transfer Shares if such Transfer is a Permitted Transfer, and otherwise no Shareholder shall be permitted to Transfer any Shares held by such Shareholder or Commitments of such Shareholder to subscribe for additional Shares. For the avoidance of doubt, no Transfer that would cause ACRA (or any other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty shall be permitted hereunder. In the event a Shareholder requests that a proposed Transfer be approved by the applicable ACRA Board as contemplated by clause (e) of the definition of Permitted Transfer, such Shareholder may Transfer all or any of the Shares and Commitments held at the time of the proposed Transfer by such Shareholder to a Third Party (a "Third Party Transfer") upon approval of the applicable ACRA Board of such Third Party Transfer, which approval shall not be

unreasonably withheld (any such approval, an "ACRA Board Third Party Transfer Approval"), and the satisfaction of the following conditions: (i) the Shareholder shall have delivered prior written notice to the applicable ACRA Investment Entity, identifying the proposed Transferee and describing in reasonably sufficient detail the terms and conditions of the proposed Third Party Transfer (a "Third Party Transfer Notice") accompanied by a written legal opinion (which may be an opinion of internal corporate and securities legal counsel of the Shareholder), if requested by the applicable ACRA Investment Entity, addressed to the applicable ACRA Investment Entity, and reasonably satisfactory in form and substance to the applicable ACRA Investment Entity, to the effect that the proposed Third Party Transfer (A) will be made in compliance with applicable securities laws and may be effected without registration under, or subject the applicable ACRA Investment Entity to ongoing reporting obligations under, applicable securities laws, (B) will not cause the applicable ACRA Investment Entity to be required to register under the Investment Company Act and (C) will not subject the applicable ACRA Investment Entity, ALRe or any of their respective Affiliates to additional regulatory requirements (other than de minimis requirements of general applicability) and (ii) the proposed Transferee shall have executed a confidentiality agreement on terms reasonably acceptable to the applicable ACRA Investment Entity; provided, that the primary business or other material business operations of proposed Transferee or any Affiliate of such proposed Transferee is not in the business of underwriting and/or insuring or reinsuring life insurance, annuities, or similar products anywhere in the world nor is such proposed Transferee or any Affiliate thereof an Affiliate of any entity conducting such business, unless the applicable ACRA Investment Entity in its sole discretion waives such requirement. Subject to an ACRA Board Third Party Approval and the satisfaction of the condition described in clause (ii) of the immediately preceding sentence, the applicable ACRA Investment Entity shall co-operate reasonably with the Shareholder to facilitate the delivery of information to the proposed Transferee regarding the applicable ACRA Investment Entity and the applicable Shares ("ACRA Information") that is reasonably necessary for the proposed Transferee to evaluate the proposed Third Party Transfer; provided, that the applicable ACRA Investment Entity shall not be required to deliver any ACRA Information that (x) it reasonably determines constitutes material non-public information or the disclosure of which the applicable ACRA Investment Entity reasonably believes to be prohibited by agreement or Applicable Law or would result in a waiver of the attorney-client privilege or (y) the disclosure of which the applicable ACRA Investment Entity reasonably believes would have an adverse effect on the applicable ACRA Investment Entity or any of its Affiliates. Any purported Transfer in violation of the provisions of this Section 3.2(a) shall be null and void and shall have no force or effect.

(b) Notwithstanding anything herein to the contrary, no Transfer of any Shares by any Shareholder shall become effective unless and until the Transferee executes and delivers to the applicable ACRA Investment Entity a counterpart to this Agreement in form and substance reasonably satisfactory to the applicable ACRA Board, unless such Transferee is already subject to this Agreement. Any Transfer of Shares by any such Shareholder not in accordance with this paragraph shall be null and void and shall have no force or effect, shall not be recorded on the books of the applicable ACRA Investment Entity, and shall not be recognized by the applicable ACRA Investment Entity.

(c) Each Co-Investor and any Future Shareholder that is an entity that was formed for the sole purpose of directly or indirectly acquiring Shares or that has no substantial assets other than Shares or direct or indirect interests in Shares agrees that (i) no common shares or other instruments reflecting equity interests may be Transferred (including any Transfer or issuance by the applicable ACRA Investment Entity) to any Person other than in accordance with the terms and provisions of this Agreement as if such common shares or other instruments reflecting equity interests were Shares and (ii) any Transfer of such common shares or other instruments reflecting equity interests shall be deemed to be a transfer of a pro rata number of Shares hereunder.

**3.3 Co-Sale Rights**

(a) If at any time ALRe proposes to Transfer to a Third Party (the "Co-Sale Offeree") any Shares of an ACRA Investment Entity owned by ALRe that, together with all of the Shares of such ACRA Investment Entity previously Transferred by ALRe, represent in excess of ten percent (10%) of ALRe's equity interest in such ACRA Investment Entity, ALRe shall, at least fifteen (15) business days before such Transfer deliver a notice (the "Co-Sale Notice") to the applicable ACRA Investment Entity and the Class A Shareholders of the applicable ACRA Investment Entity setting forth the material terms in connection with such proposed Transfer, including (i) the number of Shares to which the Co-Sale Notice relates and the name and address of the Co-Sale Offeree, (ii) the proposed amount and type of consideration and the terms and conditions of payment offered by the Co-Sale Offeree, (iii) a description of the anticipated required indemnities by ALRe (and any Class A Shareholder of the applicable ACRA Investment Entity that may elect to participate in the proposed Transfer pursuant to this Section 3.3) and the Co-Sale Offeree and (iv) an indication that the Co-Sale Offeree has been informed of the co-sale rights provided for in this Section 3.3 and has agreed to purchase Shares in accordance with the terms hereof. For the avoidance of doubt, the granting of a pledge or security interest in any Shares owned by ALRe shall not be subject to this Section 3.3.

(b) Within fifteen (15) business days after delivery of the Co-Sale Notice by ALRe, each Class A Shareholder of the applicable ACRA Investment Entity may elect to participate in the proposed Transfer by delivering to such Co-Sale Offeree a notice (the "Tag-Along Notice") specifying the number of Class A Common Shares up to his, her or its Pro Rata Amount of such Common Shares, with respect to which such Class A Shareholder intends to exercise his, her or its rights under this Section 3.3. If none of the Class A Shareholders of the applicable ACRA Investment Entity give ALRe a timely Tag-Along Notice with respect to the sale proposed in the Co-Sale Notice, ALRe may thereafter sell the Shares specified in the Co-Sale Notice on terms and conditions no more favorable, in all material respects, in the aggregate, than the terms and conditions set forth in the Co-Sale Notice. If one or more of the Class A Shareholders of the applicable ACRA Investment Entity give ALRe a timely Tag-Along Notice, then ALRe shall use commercially reasonable efforts to cause the Co-Sale Offeree(s) to agree to acquire all Shares identified in all Tag-Along Notices that are timely given to ALRe, at an aggregate price equal to the Pecuniary Value of such Shares and upon other terms and conditions no less favorable,

in all material respects, in the aggregate, than such other terms and conditions set forth in the Co-Sale Notice. If the Co-Sale Offeree(s) are unwilling or unable to acquire all Shares proposed to be included in such sale upon such terms, then ALRe may elect either to cancel such proposed sale or to allocate the maximum number of Shares that the Co-Sale Offeree is willing to purchase among ALRe and the Class A Shareholders of the applicable ACRA Investment Entity giving timely Tag-Along Notices in proportion to each such Shareholder's Pro Rata Amount in relation to the Pro Rata Amount of ALRe and all participating Class A Shareholders of the applicable ACRA Investment Entity; provided, that, in such circumstances, the amount of Shares set forth in each such Class A Shareholder's Tag-Along Notices (and which shall be allocated to the prospective purchase as set forth above) shall be allocated proportionately between the Class A Common Shares of such Class A Shareholders to the extent possible.

(c) ALRe shall not Transfer any Shares to the Co-Sale Offeree unless such Transfer complies with this Section 3.3 and is otherwise Transferred in accordance with this Agreement.

(d) In the event that the Transfer between ALRe and the Co-Sale Offeree is not completed by the later of: (i) one hundred twenty (120) days following the delivery of the Co-Sale Notice or, if required for such Transfer, one hundred twenty (120) days after the respective regulatory approval or regulatory clearance has been obtained or the respective regulatory waiting period has expired; and (ii) thirty (30) days following the satisfaction or waiver by the parties thereto of (A) all of the conditions set forth in the definitive documentation related to such Transfer (if applicable) and (B) if clause (A) does not apply, then all of the conditions identified in the Co-Sale Notice, ALRe shall serve a new Co-Sale Notice to the applicable ACRA Investment Entity and the applicable Class A Shareholders under Section 3.3(a) and permit the applicable Class A Shareholders to deliver a new Tag-Along Notice under Section 3.3(b) before completing the Transfer.

(e) Notwithstanding the foregoing, ALRe shall not be required to comply with the provisions of this Section 3.3 with respect to any Shareholder or any limited partner of any Shareholder, Co-Investor or Feeder Fund who is a Co-Sale Offeree to the extent such compliance (i.e., such Transfer pursuant to this Section 3.3) would require registration of such Transferred Shares, or subject any ACRA Investment Entity to ongoing reporting obligations, under the securities laws of any jurisdiction where any ACRA Investment Entity or ALRe would not otherwise be required to do so but for this Section 3.3, or would otherwise (i) subject any ACRA Investment Entity or ALRe to general taxation in a jurisdiction in which such ACRA Investment Entity or ALRe were not previously subject to taxation, (ii) cause ACRA (or any other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty or (iii) require any ACRA Investment Entity or ALRe to consent to general service of process in any jurisdiction where they are not currently subject to any such requirement.

(f) For purposes of this Section 3.3, "Third Party" shall not be deemed to include (i) any Person which has directly or indirectly invested in, or otherwise has ownership interests in, an investment fund managed or advised by Apollo Management Holdings, L.P. or its Affiliates, if the applicable Transfer is from such investment fund to such Person; or (ii) any directors, officers, employees or Affiliates of Apollo, Athene, the ACRA Investment Entities or any of their respective Subsidiaries.

**3.4 Preemptive Rights**

(a) If at any time from time to time (i) ACRA or any of its Subsidiaries, or (ii) any time after the formation of a New ACRA Investment Entity, such New ACRA Investment Entity or any of its Subsidiaries ((i) and (ii)), a "Preemptive Offeror"), proposes to offer New Securities to any Person after the date hereof (or, in the case of a New ACRA Investment Entity, after the date such New ACRA Investment Entity executes its Joinder Agreement), the Preemptive Offeror, as applicable, shall, prior to such offer, deliver to all Shareholders of the applicable ACRA Investment Entity an offer (the "Preemptive Offer") for such Shareholders that are able to certify to the Preemptive Offeror, as the case may be, that they are "accredited investors" (as such term is defined in Rule 501 pursuant to the Securities Act) (the "Eligible Shareholders"), to purchase that number of New Securities in connection with such proposed offering of New Securities, so that each such Shareholder would, in the aggregate, after the issuance or sale of all of such New Securities in connection with the proposed offering, hold the same Pro Rata Amount of shares of the applicable Preemptive Offeror as was held by such Shareholder prior to such issuance and sale (or, in regard to the issuance and sale by a Subsidiary of a Preemptive Offeror, its Pro Rata Amount of such New Securities). Such issue shall be at the same price and the New Securities issued to each such Shareholder shall have no less favorable terms and conditions as are applicable to the New Securities received by all other purchasers of such New Securities. The Preemptive Offer shall state (A) that the applicable Preemptive Offeror proposes to issue New Securities, (B) the amount of New Securities to be issued, (C) the terms of the New Securities, (D) the purchase price of the New Securities, (E) the portion of the New Securities available for purchase by such Shareholder and (F) any other material terms of the proposed issuance. The Preemptive Offer shall remain open and irrevocable for a period of fifteen (15) business days (the "Preemptive Period") from the date of its delivery.

(b) Each Eligible Shareholder may accept the Preemptive Offer by delivering to the Preemptive Offeror a written notice (the "Purchase Notice") within the Preemptive Period. At the closing of the issuance of such New Securities, all of the parties to the transaction shall execute such customary documents as are otherwise necessary or appropriate to effect the transaction set forth in the Preemptive Offer. If after the Preemptive Period expires, the Preemptive Offeror proposes to offer New Securities to any Person on terms that differ from those set forth in the Preemptive Offer, the Preemptive Offeror or such Subsidiary, as the case may be, shall make a new Preemptive Offer setting forth such modified terms.

(c) The issuance of New Securities to the Eligible Shareholders who delivered a Purchase Notice shall be made on a business day, as designated by the Preemptive Offeror, not more than thirty (30) days after expiration of the Preemptive Period on those terms and conditions of the Preemptive Offer not inconsistent with this Section 3.4.

(d) Notwithstanding anything to the contrary contained herein, the Preemptive Offeror may, in order to expedite the issuance of New Securities hereunder, issue all or a portion of such New Securities to one or more Persons (each, an "Initial Subscribing Shareholder"), without complying with the provisions of this Section 3.4; provided, that, prior to such issuance, either (i) each Initial Subscribing Shareholder agrees to offer to sell to each Eligible Shareholder who is not an Initial Subscribing Shareholder (each such Shareholder, an "Other Eligible Shareholder") such Other Eligible Shareholder's respective Pro Rata Amount (excluding for the purposes of this calculation Shares held by Shareholders who are not Eligible Shareholders) of such New Securities on the same terms and conditions as issued to the Initial Subscribing Shareholders and in a manner which provides such Other Eligible Shareholder with rights substantially similar to the rights outlined in Sections 3.4(a) through (c) above (with such differences limited to differences reasonably necessary to reflect differences in the nature of the transactions) or (ii) the Preemptive Offeror shall offer to sell an additional amount of New Securities to each Other Eligible Shareholder only in an amount and manner which provides such Other Eligible Shareholder with rights substantially the same as the rights outlined in Sections 3.4(a) through (c) (with such differences limited to differences reasonably necessary to reflect differences in the nature of the transactions). The Initial Subscribing Shareholders and the Preemptive Offeror, as applicable, shall offer to sell such New Securities to each Other Eligible Shareholder within the Preemptive Period. In the event New Securities are sold to an Initial Subscribing Shareholder pursuant to this Section 3.4(d), the Preemptive Offeror shall not, and shall cause its applicable Subsidiary to not, declare or pay any dividend or enter into an Approved Sale until the completion of any transaction entered into with each Other Eligible Shareholder pursuant to clause (i) or (ii) above, without the consent of such Other Eligible Shareholder.

(e) Each Eligible Shareholder who elects not to purchase all or any portion of the New Securities made available to such Eligible Shareholder pursuant to this Section 3.4 hereby waives any and all rights and claims it may have with respect to or arising out of the New Securities not purchased by such Eligible Shareholder and the issuance thereof against the Preemptive Offeror, any other Shareholder, and each of their respective officers, directors, employees, agents and Affiliates.

(f) For purposes of this Section 3.4, each Eligible Shareholder may aggregate his, her or its Pro Rata Amount among other Shareholders of the applicable ACRA Investment Entity in his, her or its Group to the extent that other Shareholders of the applicable ACRA Investment Entity in his, her or its Group do not elect to purchase their respective Pro Rata Amounts.

(g) Notwithstanding the foregoing, the Preemptive Offerors shall not be required to comply with the provisions of this Section 3.4 (i) to the extent such compliance (i.e., such issuance pursuant to this Section 3.4) would (A) require registration of any New Securities where the Preemptive Offeror would not otherwise be required to do so but for this Section 3.4, (B) subject the Preemptive Offeror to general taxation in a jurisdiction in which it was not previously subject to taxation, (C) cause ACRA (or any other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty or (D) require the Preemptive Offeror to consent to general service of process in any jurisdiction where it is not then subject to such requirement or (ii) in the case of New Securities that are being issued by a Preemptive Offeror solely to another Preemptive Offeror.

**3.5 Approved Sale; Sale of an ACRA Investment Entity; Approved Reorganization**

(a) If at any time (i) ALRe proposes (A) a Sale of an ACRA Investment Entity to any Third Party, ALRe shall be entitled to deliver notice to the applicable ACRA Investment Entity that ALRe desires such ACRA Investment Entity and/or the Shareholders of the applicable ACRA Investment Entity to enter into agreements with one or more Persons that would result in a Sale of an ACRA Investment Entity or (B) a Reorganization of an ACRA Investment Entity, and (ii) the applicable ACRA Board has approved such Sale of an ACRA Investment Entity or Reorganization of an ACRA Investment Entity (subject to fulfillment of the conditions set forth in clause (i) and (ii), such Sale of an ACRA Investment Entity, an "Approved Sale" and such Reorganization of an ACRA Investment Entity, an "Approved Reorganization"), all Shareholders hereby agree to consent to and raise no objection against, and hereby agree that the applicable ACRA Investment Entity shall consent to and raise no objections against, the Approved Sale or the Approved Reorganization, and if the Approved Sale or Approved Reorganization is structured as a sale, contribution and/or exchange or issuance of the capital stock of the applicable ACRA Investment Entity (whether by merger, recapitalization, consolidation, Transfer of Equity Securities, or otherwise, as applicable), and each Shareholder shall waive, and hereby waives, any dissenter's rights, appraisal rights or similar rights in connection with such Approved Sale or Approved Reorganization and (1) in the case of an Approved Sale, each Shareholder shall agree, and hereby agrees, to Transfer his, her or its Shares on the terms and conditions approved by ALRe, and hereby waives preemptive or other similar rights with respect to any share issuance to be effected in connection therewith, and (2) in the case of an Approved Reorganization, each Shareholder shall agree, and hereby agrees, to contribute, exchange and/or otherwise Transfer his, her or its Shares on the terms and conditions approved by ALRe and/or consent to any other transaction constituting a Reorganization of an ACRA Investment Entity, and hereby waives preemptive or other similar rights with respect to any share issuance to be effected in connection therewith. All Shareholders of the applicable ACRA Investment Entity and the applicable ACRA Investment Entity shall take all necessary and desirable actions in connection with the consummation of the Approved Sale or Approved Reorganization, including the execution of such agreements and such instruments and other actions reasonably necessary to (I) provide the representations, warranties, indemnities, covenants, conditions, escrow agreements and other provisions and agreements relating to such Approved Sale or Approved Reorganization and (II) if applicable, to effectuate the allocation and distribution of the aggregate consideration upon any Approved Sale as set forth below; provided, that any Shareholders of the applicable ACRA Investment Entity (other than ALRe) shall only be required to provide representations as to their ownership of the Common Shares, the absence of liens

and encumbrances with respect to such Common Shares and their authority to enter into the Approved Sale and have it enforced; provided, further, that no Shareholder of the applicable ACRA Investment Entity (other than ALRe) shall be required to (x) indemnify or contribute for any amount in excess of the gross proceeds received by such Shareholder in connection with any such Approved Sale and/or any Approved Reorganization, (y) indemnify the acquirer for the misrepresentations of any other Shareholder or (z) agree to any restrictive covenants requiring it not to compete with the acquirer or the ACRA Investment Entities or any of their respective Subsidiaries. The Shareholders shall not be required to comply with, and shall have no rights under, Sections 3.1 through 3.4 in connection with an Approved Sale or Approved Reorganization.

(b) The applicable ACRA Investment Entity shall provide the Shareholders of the applicable ACRA Investment Entity with written notice of any Approved Sale or Approved Reorganization at least five (5) business days prior to the consummation thereof. Upon the consummation of the Approved Sale, each Shareholder of the applicable ACRA Investment Entity shall receive a portion of the aggregate consideration from such Approved Sale equal to the Pecuniary Value of the Shares sold by such Shareholders as part of such Approved Sale.

(c) The obligations of the Shareholders to participate in any Approved Sale pursuant to this Section 3.5 are subject to the satisfaction of the following conditions:

(i) if any Shareholders of a class of Shares are given an option as to the form and amount of consideration to be received with respect to Shares in a class, all holders of Shares of such class will be given the same option; and

(ii) no Shareholder shall be obligated to pay more than his, her or its Pro Rata Amount of reasonable expenses incurred (based on the proportion of the aggregate transaction consideration received) in connection with a consummated Approved Sale, to the extent such expenses are incurred for the benefit of all Shareholders of the applicable ACRA Investment Entity and are not otherwise paid by the applicable ACRA Investment Entity or the acquiring party (with expenses incurred by or on behalf of a Shareholder for his, her or its sole benefit not being considered expenses incurred for the benefit of all Shareholders of the applicable ACRA Investment Entity).

(d) Each Shareholder of the applicable ACRA Investment Entity and the applicable ACRA Investment Entity hereby grants an irrevocable proxy and power of attorney to any nominee selected by a majority of all the outstanding Class B Common Shares (the "Nominee") to take all necessary actions and execute and deliver all documents deemed necessary and appropriate by such Person to effectuate the consummation of any Approved Sale and/or any Approved Reorganization. The Shareholders of the applicable ACRA Investment Entity hereby indemnify, defend and hold the Nominee harmless (severally in accordance with their pro rata share of the consideration received in any such Approved Sale (and not jointly and severally)) against all liability, loss or damage, together with all reasonable costs and expenses (including reasonable legal fees and expenses), relating to or arising from its exercise of the proxy and power of attorney granted hereby, except to the extent relating to or arising from such Nominee's gross negligence or willful misconduct; provided, that the Nominee may not obligate any Shareholder to indemnify or contribute for any amount in excess of the gross proceeds received by such Shareholder in connection with any such Approved Sale and/or any Approved Reorganization. Copies of any documents executed by the Nominee on behalf of any Shareholder and the applicable ACRA Investment Entity pursuant to this Section 3.5(d) shall be provided to such Shareholder and the applicable ACRA Investment Entity, as applicable, in accordance with Section 4.6.

**3.6 Information Rights; Covenants**

(a) Financial Reports. Except as otherwise determined by each ACRA Board, each ACRA Investment Entity shall deliver (in English) to each of its Shareholders:

(i) within seventy five (75) days after the end of each fiscal quarter of each ACRA Investment Entity, beginning with the quarter following the quarter in which this Agreement is executed (or, with respect to a New ACRA Investment Entity, the quarter following the quarter in which such New ACRA Investment Entity executes a Joinder Agreement), (A) consolidated unaudited balance sheet and income statement of each ACRA Investment Entity, each prepared in accordance with GAAP, except that the financial statements may omit the notes thereto, for such fiscal quarter and (B) such inputs as are reasonably required for an embedded value report for such fiscal quarter;

(ii) within four (4) calendar months after the end of each fiscal year of each ACRA Investment Entity, beginning with the fiscal year in which this Agreement is executed (or, with respect to a New ACRA Investment Entity, the fiscal year in which such New ACRA Investment Entity executes a Joinder Agreement), consolidated audited balance sheet, income statement and statement of cash flows of each ACRA Investment Entity, each prepared in accordance with GAAP (and including the notes thereto), for such fiscal year; and

(iii) to the extent the ACRA Investment Entities are required by law or pursuant to the terms of any outstanding indebtedness of the respective ACRA Investment Entity to prepare such reports, any annual reports, quarterly reports and other periodic reports pursuant to applicable securities laws or exchange listing requirements, and if such reports are actually filed with or delivered to the applicable Governmental Authority or other party, as soon as practical.

All financial statements to be delivered under this Section 3.6(a) shall be presented in a format in accordance with the books and records of the ACRA Investment Entities and their Subsidiaries and shall have been prepared in accordance with GAAP, except as otherwise noted therein, and subject to the absence of footnotes and to year-end adjustments for unaudited financial statements.

(b) Additional Information. Each Party shall provide the other Parties, upon request, with any information reasonably requested by such other Parties for purposes of determining the tax consequences to such other Parties, any of their Affiliates, any of their direct or indirect owners or any direct or indirect ceding company with respect to any of the foregoing of the transactions contemplated by this Agreement, including (i) the amount of income (if any) of any ACRA Investment Entity (or any of its Affiliates) that constitutes "related person insurance income," (ii) whether any ACRA Investment Entity (or any of its Affiliates) qualifies for any of the exceptions in section 953(c)(3) of the Code, (iii) whether any ACRA Investment Entity (or any of its Affiliates) is a "controlled foreign corporation" or a "passive foreign investment company" within the meaning of the Code, (iv) information necessary to make a "qualified electing fund" election with respect to any ACRA Investment Entity (or any Subsidiary thereof) that is a "passive foreign investment company," within the meaning of the Code, (v) information necessary to comply tax reporting requirements, including under the rules applicable to "controlled foreign corporations" and "passive foreign investment companies," or (vi) whether any person directly or indirectly making any payments to any ACRA Investment Entity (or any of its Affiliates) is subject to any tax under section 59A of the Code.

(c) Electronic Delivery. ACRA may establish a secure online dataroom on behalf of itself and/or any of the ACRA Investment Entities for the provision of information required under Sections 3.6(a) or 3.6(b) to Shareholders (including information related to the other ACRA Investment Entities), and access to such dataroom (including email notifications of the addition of a document to such dataroom) shall be provided to the person(s) designated by each Shareholder in writing. The inclusion of information in such dataroom or the filing or furnishing of any notices or reports in the manner required by any Applicable Law, or otherwise required by any securities exchange on which any ACRA Investment Entity's securities are listed, that are publicly available shall be deemed to constitute delivery to the Shareholders of the applicable ACRA Investment Entity in compliance with Section 3.6(a) without any further action by ACRA or any of the other ACRA Investment Entities with respect to which such information relates.

(d) Confidentiality; Privilege. Notwithstanding the foregoing, the ACRA Investment Entities are not required to provide any information or documents pursuant to this Section 3.6 if doing so would violate any confidentiality obligation or would waive or diminish any attorney work-product protections, attorney-client privileges or similar protections.

(e) Feeder Fund Information. The Co-Investors shall provide ALRe with prompt written notice of: (i) any proposed amendments to (A) the limited partnership agreements of the Co-Investors and (B) the limited partnership agreements of the Feeder Funds, (ii) any side letters or other agreements proposed to be entered into between a Feeder Fund and a Limited Partner, including any proposed amendments to such side letter or other agreements, and (iii) any other actions proposed to be taken by any Co-Investor, Feeder Fund or Limited Partner that would reasonably be expected to have a material impact on the governance or operations of any ACRA Investment Entity.

(f) Independent Actuary. ACRA agrees that, in accordance with and subject to the terms and conditions of the Fee and Capitalization Agreement, dated as of September 11, 2019, by and between ACRA and ALRe (the "Fee and Capitalization Agreement"), ACRA will engage an Independent Actuary (as defined in the Fee and Capitalization Agreement) to review the valuation of each Qualifying Transaction in which an ACRA Investment Entity has exercised its participation right on an annual basis.

**3.7 Class A Common Share Preference and Class B Common Share Preference**. In the event of a Liquidation, each Shareholder shall use his, her or its best efforts to ensure that the Class A Common Shares and Class B Common Shares receive (out of the proceeds of such Liquidation distributable to each ACRA Investment Entity's equityholders) the full amount that they are entitled to receive in connection with the consummation at such time of a Liquidation for cash and the distribution of the proceeds thereof in accordance with the provisions of the applicable ACRA Investment Entity's Bye-laws.

**3.8 Agreement to Provide Certain Information; AEOI**

(a) Each Shareholder agrees that upon request of the applicable ACRA Investment Entity, the Shareholder will provide to such ACRA Investment Entity any information requested that is necessary for such ACRA Investment Entity to prevent or reduce the rate of withholding on premiums or other payments it receives, to make payments to the Shareholder without or at a reduced rate of withholding, or to enable such ACRA Investment Entity (or any of its Subsidiaries) to satisfy any reporting or withholding requirements under the Code or other Applicable Law. Each Shareholder also agrees to provide, upon request by of the applicable ACRA Investment Entity, any certification or form required by law regarding such information that is requested by such ACRA Investment Entity, to the extent permissible to do so under Applicable Law. Each Shareholder acknowledges that such information may be required by law to be disclosed to taxing or Governmental Authorities or to Persons making payments to an ACRA Investment Entity (or any of its Subsidiaries), and each Shareholder hereby consents to such disclosure. Each Shareholder acknowledges that failure to provide the information requested by the applicable ACRA Investment Entity pursuant to this paragraph may result in withholding on payments made to the Shareholder consistent with Applicable Law.

(b) The U.S. tax provisions commonly known as the Foreign Account Tax Compliance Act, the regulations (whether proposed, temporary or final), including any subsequent amendments, and administrative guidance promulgated thereunder (or which may be promulgated in the future) and any applicable intergovernmental agreements in respect thereof (or any similar intergovernmental agreements which may be applicable to the ACRA Investment Entities or their Subsidiaries), including any implementing legislation, regulations and guidance promulgated (or which may be promulgated) thereunder and any subsequent amendments to any of the foregoing ("FATCA") and similar withholding or information reporting provisions, including the "Common Reporting Standard" developed by the Organisation for Economic Co-operation and Development and any legislation, regulations, intergovernmental agreements and guidance in respect thereof (all such provisions, collectively with FATCA, the "AEOI Regimes") impose or may impose a number of obligations on the ACRA Investment Entities or their Subsidiaries. In this regard:

(i) Each Shareholder acknowledges that, in order to comply with the provisions of the AEOI Regimes and avoid the imposition of U.S. federal withholding tax, the applicable ACRA Investment Entities may, from time to time and to the extent provided under the AEOI Regimes, (A) require further information and/or documentation from such Shareholder, which information and/or documentation may (1) include, but is not limited to, information and/or documentation relating to or concerning such Shareholder, the Shareholder's direct and indirect beneficial owners (if any), and any such Person's identity, residence (or jurisdiction of formation) and income tax status, and (2) need to be certified by such Shareholder under penalties of perjury, and (B) provide or disclose any such information and documentation to Governmental Authorities of the United States or other jurisdictions (including the U.S. Internal Revenue Service (the "IRS")) and Persons from or through which the applicable ACRA Investment Entities or any of their Subsidiaries may receive payments or with which the ACRA Investment Entities or any of their Subsidiaries may have an account (within the meaning of the AEOI Regimes).

(ii) Each Shareholder agrees that it shall provide such information and/or documentation concerning itself and its direct and indirect beneficial owners (if any), as and when requested by any ACRA Investment Entity, as such ACRA Investment Entity, in its sole discretion, determines is necessary or advisable for such ACRA Investment Entity (or any of its Subsidiaries) to comply with its obligations under the AEOI Regimes, including, but not limited to, in connection with such ACRA Investment Entity or any of its Subsidiaries entering into or amending or modifying an FFI Agreement with the IRS and maintaining ongoing compliance with such agreement. Each Shareholder should consult its tax advisors as to the type of information that may be required from such Shareholder under this Section 3.8(b).

(iii) Consistent with the AEOI Regimes, each Shareholder agrees to waive any provision of law of any jurisdiction that would, absent a waiver, prevent the applicable ACRA Investment Entities' (or any of their Subsidiaries') compliance with their obligations under the AEOI Regimes, including under any FFI Agreement, and hereby consents to the disclosure by the applicable ACRA Investment Entities or any of their Subsidiaries of any information regarding such Shareholder (including information regarding its direct and indirect beneficial owners, if any) as such ACRA Investment Entities or their Subsidiaries determine is necessary or advisable to comply with the AEOI Regimes (including the terms of any FFI Agreement).

(iv) Each Shareholder acknowledges that if such Shareholder does not timely provide and/or update the requested information and/or documentation or waiver, as applicable (an "AEOI Compliance Failure"), the applicable ACRA Investment Entities may, in their sole and absolute discretion and in addition to all other remedies available at law, in equity or under this Agreement, cause such Shareholder to withdraw from the applicable ACRA Investment Entities in whole or in part.

(v) To the extent that the ACRA Investment Entities or any Affiliate thereof suffers any withholding taxes, interest, penalties or other expenses or costs on account of any Shareholder's AEOI Compliance Failure, unless otherwise agreed by the applicable ACRA Investment Entity, (A) such Shareholder shall promptly pay upon demand by the applicable ACRA Investment Entity to such ACRA Investment Entity, or, at the applicable ACRA Investment Entity's direction, to the relevant Subsidiary, an amount equal to such withholding taxes, interest, penalties and other expenses and costs, or (B) the applicable ACRA Investment Entity may reduce the amount of the next distribution or distributions which would otherwise have been made to such Shareholder or, if such distributions are not sufficient for that purpose, reduce the proceeds of liquidation otherwise payable to such Shareholder by an amount equal to such withholding taxes, interest, penalties and other expenses and costs; provided, that (1) if the amount of the next succeeding distribution or distributions or proceeds of liquidation is reduced, such amount shall include an amount to cover interest on the amount of such withholding taxes, interest, penalties and other expenses and costs at the lesser of (I) the rate of two percent (2%) per annum over the rate of interest announced publicly from time to time by JPMorgan Chase Bank in New York, New York as such bank's prime rate, and (II) the maximum rate permitted by Applicable Law, and (2) should the applicable ACRA Investment Entity elect to so reduce such distributions or proceeds, the applicable ACRA Investment Entity shall use commercially reasonable efforts to notify such Shareholder of its intention to do so. Whenever the ACRA Investment Entities make any such reduction of the proceeds payable to a Shareholder pursuant to clause (ii) of the preceding sentence, for all other purposes such Shareholder may be treated as having received all distributions (whether before or upon liquidation) unreduced by the amount of such reduction. Unless otherwise agreed to by the applicable ACRA Investment Entity in writing, each Shareholder shall indemnify and hold harmless the ACRA Investment Entities and their Subsidiaries from and against any withholding taxes, interest, penalties or other expenses or costs with respect to such Shareholder's AEOI Compliance Failure.

(vi) Each Shareholder acknowledges that each applicable ACRA Investment Entity (or the applicable Subsidiary thereof) will determine in its sole discretion how to comply with the AEOI Regimes.

(vii) Each Shareholder acknowledges and agrees that it shall have no claim against the ACRA Boards or the ACRA Investment Entities (or their Subsidiaries) for any damages or liabilities attributable to any AEOI Regimes compliance-related determinations pursuant to Section 3.8(b)(vi).

**3.9 Board of Directors**

(a) Subject to Section 3.9(b), each Shareholder shall take all actions necessary or desirable, including voting all Shares held by such Shareholder, so that:

(i) the authorized number of Directors on each ACRA Board shall be eleven (11), with each ACRA Board having the authority to designate a Chairman (as defined below) and a Vice Chairman;

(ii) seven (7) members of each ACRA Board shall be individuals nominated by ALRe, which shall include (A) the Chairman of each ACRA Board (the "Chairman"), (B) one (1) representative from Apollo (the "Apollo Representative"), (C) one (1) representative from Athene (the "Athene Representative"), (D) two (2) additional representatives from Apollo or Athene, as selected by Athene (the "Apollo/Athene Representatives") and (E) two (2) Independent Directors ((A) through (E), collectively, the "Athene Nominees");

(iii) four (4) members of each ACRA Board shall be individuals nominated by the Co-Investors (through Apollo ADIP Advisors, L.P., (the "General Partner") as general partner of the Co-Investors), at least two (2) of which shall be Independent Directors (the "ADIP Nominees");

(iv) each ACRA Board shall be separated into three (3) classes, with each class serving a five (5) year term;

(v) subject to the requirements of Section 3.9(b), at the end of each five (5) year term, ALRe shall re-nominate the Chairman, the Apollo Representative and the Athene Representative to serve for an additional five (5) year term;

(vi) the Board, immediately following the effectiveness of this Agreement, shall be composed of the members set forth on Schedule B;

(vii) subject to the requirements of the ACRA Bye-laws regarding vacancies on the Board, and any corresponding bye-law contained in each New ACRA Investment Entity Bye-laws, each ACRA Board shall, at all times, be comprised of at least four (4) Independent Directors; and

(viii) each ACRA Board shall have:

(A) a Conflicts Committee consisting of three (3) Directors selected by the applicable ACRA Board from among the Athene Nominees that are Independent Directors and the ADIP Nominees that are Independent Directors;

(B) an Audit Committee; and

(C) a Transaction Committee consisting of three (3) Directors, which shall be the Chairman, the Apollo Representative and the Athene Representative.

(b) Pursuant to the Twelfth Amended and Restated Bye-laws of Athene, any vote for the appointment, removal or remuneration of directors of a non-U.S. subsidiary of Athene must be referred to the shareholders of Athene. Following the expiration of each Director's term, ALRe shall use reasonable best efforts to cause the board of directors of Athene to recommend that the shareholders of Athene vote in favor of the proposal to authorize the election or re-election of the Athene Nominees and the ADIP Nominees, as the case may be. Subject to Bye-law 43.2(c) of the ACRA Bye-laws, and any corresponding bye-law contained in each New ACRA Investment Entity Bye-laws, in the event that the shareholders of Athene vote against the proposal to authorize the election of any Athene Nominee or ADIP Nominee, the then-existing Directors shall use reasonable best efforts to cause such vacancy to be filled so that, (a) any vacant seat that had been filled by an Athene Nominee shall be filled by an individual selected by the remaining Directors that are Athene Nominees and (b) any vacant seat that had been filled by an ADIP Nominee shall be filled by an individual selected by the remaining Directors that are ADIP Nominees, such that the same proportion of Directors are Athene Nominees and ADIP Nominees as would be required pursuant to Section 3.9(a).

(c) Notwithstanding the foregoing, subject to the applicable Bye-laws, each ACRA Board may approve a change in the number of Directors on the Board or on any Committee thereof; provided, that no change in the number of Directors that constitutes the entire ACRA Board or any Committee thereof of one ACRA Board may be made without making corresponding changes to the number of Directors or Committee members of each other ACRA Board; provided, further, that no change in the number of Directors

on the Board or any Committee thereof that would alter the proportion of ADIP Nominees as compared to Athene Nominees shall be permitted unless the applicable ACRA Board consults with and does not act contrary to the advice of the Class A Shareholders, received in writing, based on the affirmative vote of the advisory board of the Feeder Funds.

**3.10 Acquisitions and Capitalization.**

The ACRA Investment Entities agree that they will only deliver Call Notices and make Capital Calls (as each such term is defined in the Subscription Agreements) pursuant to the Subscription Agreements, the Master Agreement and the Fee and Capitalization Agreement.

**3.11 Sales between Shareholders.**

(a) Sales between Co-Investors.

(i) Notwithstanding anything to the contrary herein, if (A) during the Subscription Period, any Co-Investor delivers a Subscription Increase Notice to the ACRA Investment Entities in accordance with Section 1.1(b) of the ADIP Subscription Agreement or (B) upon an Investor Event of Default (as defined in the ADIP Subscription Agreement), each Co-Investor agrees to sell a portion of its Shares to the other Co-Investors as necessary, such that, following the adjustment of each Co-Investor's Total Commitment or Capital Call pursuant to the Subscription Increase Notice or Section 3.6(c) of the ADIP Subscription Agreement, each Co-Investor holds the number of Shares of each ACRA Investment Entity in existence at such time and has contributed capital to the applicable ACRA Investment Entities equal to its pro rata portion of the Total Shares and the Total Commitment.

(ii) The sale and purchase of Shares pursuant to this Section 3.11(a) shall be made at the initial purchase price paid by the Co-Investors for such Shares *plus* a cost of carry equal to six percent (6%) (compounded annually) calculated from the Closing Date, unless there has been a material change or significant event relating to an ACRA Investment Entity that would, in the sole discretion of the General Partner, render it more appropriate to ascribe a different valuation to the cost of carry.

(iii) Immediately upon any Co-Investor's delivery of a Subscription Increase Notice or upon an Investor Event of Default, as applicable, the General Partner shall cause the applicable Co-Investors to execute any Share transfer required under this Section 3.11(a), and immediately upon such transfer each applicable ACRA Investment Entity shall update Schedule A-1 and shall make any necessary updates to the applicable register of Shareholders pursuant to the applicable Bye-laws. In addition, the Parties acknowledge and agree that Exhibit A-1 to the ADIP Subscription Agreement shall automatically be amended and restated to reflect any adjustments next to each Co-Investor's name as contemplated by this Section 3.11(a).

(b) Issuance of Additional Shares to ALRe.

(i) Notwithstanding anything to the contrary herein, if at any time ACRA (or any other relevant ACRA Investment Entity) determines, in its sole discretion, that the ownership of Shares by any Co-Investor could cause ACRA (or such other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty at any time while this Agreement is in effect, the parties hereto agree that ALRe will be permitted to purchase from each applicable ACRA Investment Entity, and each applicable ACRA Investment Entity will be required to issue and sell new Shares to ALRe, in such amount as ACRA determines, in its sole discretion, is necessary or appropriate to ensure that, following the consummation of such purchase, sale and issuance, ACRA (and each other relevant ACRA Investment Entity) will continue to qualify for the benefits of the Treaty.

(ii) The purchase, sale and issuance of Shares pursuant to this Section 3.11(b) shall be made at the initial purchase price paid by the Co-Investors for Shares *plus* a cost of carry equal to six percent (6%) (compounded annually) calculated from the Closing Date, unless there has been a material change or significant event relating to an ACRA Investment Entity that would, in the sole discretion of ACRA, render it more appropriate to ascribe a different valuation to the cost of carry.

(iii) ACRA shall deliver notice to the Co-Investors and ALRe of any purchase, sale and issuance of Shares it determines is necessary or appropriate under this Section 3.11(b). Upon any issuance pursuant to this Section 3.11(b), each applicable ACRA Investment Entity shall update Schedule A-1 and Schedule A-2, and shall make any necessary updates to the applicable register of Shareholders pursuant to the applicable Bye-laws. In addition, the Parties acknowledge and agree that Exhibit A-1 to the Athene Subscription Agreement shall automatically be amended and restated to reflect any adjustments next to ALRe's name as contemplated by this Section 3.11(b).

(iv) The specific timing of any purchase, sale and issuance made pursuant to this Section 3.11(b) shall be determined by ACRA in its sole discretion.

**3.12 Treaty**. Notwithstanding any other provision of this Agreement, no Shareholder may (i) sell, assign, pledge, mortgage, charge or otherwise transfer in any manner whatsoever all or any part of its ownership interest in any ACRA Investment Entity or (ii) permit any person to sell, assign, pledge, mortgage, charge or otherwise transfer in any manner whatsoever all or any part of its direct or indirect ownership interest in such Shareholder, if in either case, ACRA (or any other relevant ACRA Investment Entity) determines, in its sole discretion, that such sale, assignment, pledge mortgage, charge or other transfer could reasonably be expected to cause ACRA (or such other relevant ACRA Investment Entity) to fail to qualify for the benefits of the Treaty.

## ARTICLE IV

## MISCELLANEOUS

**4.1 Termination**.

This Agreement shall automatically terminate and be of no further force or effect upon the repurchase of all of the Common Shares by each ACRA Investment Entity in accordance with Section 3.3 of the Subscription Agreements or at any such time that the only Shareholders of each ACRA Investment Entity are one (1) or more members of the Athene Group.

**4.2 Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial**.

This Agreement shall be governed by and construed in accordance Bermuda law, without giving effect to any law or rule that would cause the laws of any jurisdiction other than Bermuda to be applied.

**ANY ACTION OR PROCEEDING AGAINST THE PARTIES RELATING IN ANY WAY TO THIS AGREEMENT MAY ONLY BE BROUGHT AND ENFORCED IN THE COURTS OF BERMUDA, AND THE PARTIES IRREVOCABLY SUBMIT TO THE JURISDICTION OF SUCH COURTS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING. EACH OF THE PARTIES IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH ACTION OR PROCEEDING IN THE COURTS OF BERMUDA AND ANY CLAIM THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM. THE PARTIES AGREE THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENTERED IN AND ENFORCED IN ANY COURT HAVING JURISDICTION THEREOF.**

**EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

**4.3 Severability**.

It is the desire and intent of the Parties that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

**4.4 Assignments; Successors and Assigns**.

Except in connection with any Transfer of Shares in accordance with this Agreement, the rights of each Party under this Agreement may not be assigned. This Agreement shall bind and inure to the benefit of the Parties and their respective successors, permitted assigns, legal representatives and heirs.

**4.5 Amendments; Waivers**.

Subject to Section 2.3, this Agreement may only be modified or amended by an instrument in writing signed by each of (a) each ACRA Investment Entity and (b) the holders of the Class B Common Shares; provided, however, that (i) any amendment or modification that is adverse to Class A Shareholders and does not adversely affect the Class B Shareholders in a similar and proportionate manner shall require the consent of at least a majority of the Class A Shareholders, (ii) any amendment or modification that would materially, adversely and disproportionately affect the rights, obligations, powers or preferences of any class of Common Shares without similarly affecting the rights, obligations, powers or preferences of all classes of Common Shares shall require the consent of the holders of at least a majority of Common Shares of such class so affected, (iii) any amendment or modification that would materially, adversely and disproportionately affect the rights, obligations, powers or preferences of any Shareholder with respect to a class of Shares, in his, her or its capacity as a holder of such class of Shares without similarly affecting the rights, obligations, powers or preferences of all holders of such class of Shares, shall not be effective as to such Shareholder without his, her or its prior written consent, (iv) ACRA shall automatically amend Schedule A hereto without the consent of the Shareholders and shall distribute such amended Schedule A to each of the Shareholders upon any change in any Shareholder's information

thereon, such as a change in the Shareholder's notice information and a Transfer of Shares by a Shareholder in accordance with this Agreement, (v) each New ACRA Investment Entity shall automatically amend the schedule of capital stock attached to its Joinder Agreement as Annex I thereto, and such schedule shall be incorporated as an exhibit to this Agreement without the consent of the Shareholders, and such New ACRA Investment Entity shall distribute such amended schedule of capital stock to each of the Shareholders upon any change in any Shareholder's information thereon, such as a change in the Shareholder's notice information and a Transfer of Shares by a Shareholder in accordance with this Agreement and (vi) any modification or amendment to the Shareholders Agreement may not lead to a joint control or an acting in concert by all or a group of Shareholders. The Parties agree to amend this Agreement to mitigate any undue regulatory burden resulting from the interpretation of this Agreement by any regulatory authority. In the event such amendment is required, the Parties agree to preserve the original intent of this Agreement to the extent possible. To be effective, any waiver of any provision of this Agreement requested by any Party must be granted in writing by the Party against whom such waiver is sought to be enforced. The holders of a majority of all then outstanding (A) Class B Common Shares may grant a waiver on behalf of all Class B Shareholders and (B) Class A Common Shares may grant a waiver on behalf of all Class A Shareholders.

**4.6 Notices**.

All notices, requests, consents and other communications hereunder to any Party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile, electronic mail, nationally-recognized overnight courier or first class registered or certified mail, return receipt requested, postage prepaid, addressed to such Party at the address set forth below or such other address as may hereafter be designated in writing by such Party to the other Parties:

(i) if to ACRA, to:

Athene Co-Invest Reinsurance Affiliate 1A Ltd.
Chesney House
96 Pitts Bay Road
Hamilton HM 08
Bermuda
Attention: Chief Executive Officer; General Counsel
Telephone: 441-279-8410
Email: legalbda@athene.com

with a copy to:

Sidley Austin LLP
One South Dearborn
Chicago, IL 60603
Attention: Perry J. Shwachman
Telephone: (312) 854-7061
Facsimile: (312) 853-7036
Email: pshwachman@sidley.com

(ii) if to ALRe, to:

Athene Life Re Ltd.
Chesney House
96 Pitts Bay Road
Hamilton, HM 08 Bermuda

Attention: Chief Executive Officer; General Counsel

Telephone: 441-279-8410

Email: legalbda@athene.bm

(iii) if to the Co-Investors, to their respective addresses in the register of Shareholders pursuant to the applicable Bye-laws; and

(iv) if to any New ACRA Investment Entity, to the address set forth in such New ACRA Investment Entity's Joinder Agreement.

All such notices, requests, consents and other communications shall be deemed to have been delivered and received (a) in the case of personal delivery or delivery by facsimile or electronic mail, on the date of such delivery, (b) in the case of dispatch by nationally-recognized overnight courier, on the next business day following such dispatch and (c) in the case of mailing, on the third business day after the posting thereof.

**4.7 Headings.**

The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

**4.8 Nouns and Pronouns.**

Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of names and pronouns shall include the plural and vice versa.

**4.9 Entire Agreement; Inconsistency.**

This Agreement, together with the Exhibits and Schedules, and the Subscription Agreements and the other agreements contemplated herein and therein, contain the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings, whether written or oral, with respect to such subject matter. The Parties represent and warrant that there are no other agreements or understandings, written or oral, regarding any of the subject matter hereof other than as set forth herein and covenant not to enter into any such agreements or understandings after the date hereof, except pursuant to an amendment, modification or waiver of the provisions of this Agreement. In the event that any provision of any Organizational Document is inconsistent with any provision in this Agreement, (a) the provisions of this Agreement shall govern and (b) the Shareholders shall take such action as may be necessary to amend the applicable provision in such Organizational Document in order to correct such inconsistency in favor of such provision of this Agreement. In the event that such provision is required to be set forth in any Organizational Document in order to be enforceable upon the ACRA Investment Entities and/or the Shareholders under Applicable Law, the Shareholders of the applicable ACRA Investment Entity shall take such action as may be necessary to amend such Organizational Document in order reflect the applicable provision of this Agreement.

**4.10 Counterparts.**

This Agreement may be executed in any number of original or facsimile counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

**4.11 Further Assurances.**

Each Party shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments and documents as are required in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

**4.12 Remedies.**

Each Party acknowledges and agrees that in the event he, she or it fails to perform, observe or discharge any of its obligations or liabilities under this Agreement, no remedy at law will provide adequate relief to the other Parties, and agrees that the other Parties shall be entitled to specific performance and/or temporary and permanent injunctive relief in any such case without the necessity of proving actual damages or without posting a bond.

**4.13 No Conflicting Agreements.**

No Shareholder shall enter into any agreements or arrangements of any kind with any Person with respect to any Shares or other Equity Securities that prohibit such Shareholder from complying with the applicable provisions of this Agreement (whether or not such agreements or arrangements are with other Shareholders or with Persons that are not party to this Agreement).

**4.14 Confidentiality.**

(a) Subject to Section 4.14(d), each Shareholder agrees that it will use any Confidential Information (as defined in Section 4.14(b) below) solely for the purpose of monitoring and managing its investment in the ACRA Investment Entities and will use reasonable precautions in accordance with its established procedures to keep such information confidential; provided, however, that any such information may be disclosed to each Shareholder's affiliates, partners (which includes, with respect to each Co-Investor, the applicable Feeder Fund and Limited Partners) and its and their respective directors, officers, employees, agents, counsel, auditors, advisors, consultants and representatives (collectively, including such affiliates and partners, the "Representatives") who do not compete with the ACRA Investment Entities, have been informed of the confidentiality obligations under this Agreement and need to know such information for the purpose of monitoring and managing each Shareholder's investment in the ACRA Investment Entities (it being understood that such Representatives shall be informed by the applicable Shareholder of the confidential nature of such information and agree to abide by these confidentiality provisions). To the extent permitted by Applicable Law, each Shareholder agrees to be responsible for any breach of this Agreement that results from the actions or omissions of its Representatives. Each Shareholder agrees to enforce the provisions of this Section 4.14 with respect to its Representatives at the direction of any ACRA Investment Entity.

(b) The term "Confidential Information" means, subject to the following sentence, (i) all information related to the ACRA Investment Entities and any of their Subsidiaries or Affiliates provided to each Shareholder or any Representative thereof by or on behalf of the ACRA Investment Entities or their Affiliates (the "Furnishing Parties") and (ii) all analyses developed by such Shareholders or any of their Representatives using any information specified under clause (i) above. The term "Confidential Information" shall not include information that (A) is or becomes generally available to the public other than as a result of a disclosure by a Shareholder or any of its Representatives in violation of this Agreement, (B) was within the applicable Shareholder's possession prior to its being furnished to it by a Furnishing Party or a representative thereof; provided, that the source of such information was not known by the applicable Shareholder to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to a Furnishing Party or any other party with respect to such information or (C) is or becomes available to the applicable Shareholder on a non-confidential basis from a source other than a Furnishing Party or a representative thereof; provided, that such source is not known by the applicable Shareholder to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to a Furnishing Party, or any other party with respect to such information.

(c) Each Shareholder shall be permitted to disclose any Confidential Information in the event that such Shareholder is otherwise required by law, rule or regulation or receives a demand by any Governmental Authority or in connection with any legal proceedings (including pursuant to any special deposition, interrogation, request for documents, subpoena, civil investigative demand or arbitration). Each Shareholder agrees that it will immediately notify the ACRA Investment Entities in the event of any such disclosure (other than as a result of an examination by any regulatory agency), unless such notification shall be prohibited by Applicable Law or legal process and, to the extent permitted by law or regulation, reasonably cooperate with the applicable ACRA Investment Entity to obtain a protective order or other remedy or reasonable assurance that such Confidential Information will be afforded confidential treatment.

(d) Notwithstanding the foregoing, each Shareholder shall be permitted to disclose certain information that may constitute Confidential Information in order to comply with its reporting obligations to its direct and indirect investors and equity holders including: (i) the name and brief description of the ACRA Investment Entity and the date of the applicable Shareholder's investment in the ACRA Investment Entity, (ii) the amount of the applicable Shareholder's Total Commitment and such equity holder's indirect share of such Total Commitment and (iii) the quarterly valuation of the Shareholder's investment in the ACRA Investment Entities, except to the extent such Confidential Information would constitute material non-public information for U.S. securities law purposes; provided, that nothing in this Section 4.14(d) shall supersede the confidentiality obligations of each Shareholder set forth in any confidentiality agreement entered into in connection with the Private Placement including, but not limited to, any confidentiality obligations set forth in the Fund LPA (as defined in the Subscription Agreements). In addition, ALRe and its Affiliates may disclose certain information that may constitute Confidential Information in the ordinary course of their respective businesses.

(e) The ACRA Investment Entities acknowledge their confidentiality obligations, if any, to each Shareholder as set forth in each Shareholder's Subscription Agreement.

(f) Each Shareholder acknowledges and agrees that the Confidential Information may constitute material nonpublic information with respect to Athene and Apollo and that such Confidential Information is proprietary to Athene and Apollo. Each Shareholder acknowledges and agrees on behalf of itself and its Representatives, that certain securities laws prohibit any person or entity who or that has received from or on behalf of an issuer or any of its affiliates material non-public information from purchasing or selling securities of such issuer or any of its subsidiaries or from communicating such information to any other person or entity under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell such securities. Subject to this Section 4.14, each Shareholder agrees that it will not convey any of the material non-public information it may receive by receiving Confidential Information to any other person that is not its Representative and that it or its Representatives will communicate such information within its respective firm(s) only on a need to know basis. Each Shareholder and its Representatives also agree to comply with Applicable Law in this regard.

(g) Nothing in this Agreement shall be construed as any Furnishing Party granting any other party any rights, interest or license to the Confidential Information or any copyrights, trademark, trade secret, patent right or any other property right related thereto.

* * * * *

**IN WITNESS WHEREOF**, the Parties have executed this Shareholders Agreement on the date first written above.

**ACRA:**

**ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD.**

By: /s/ Adam Laing________________________________
Name: Adam Laing
Title: Chief Financial Officer

**IN WITNESS WHEREOF**, the Parties have executed this Shareholders Agreement on the date first written above.

**SHAREHOLDERS:**

By: /s/ Frank Gillis_______________
Name: Frank Gillis
Title: Chief Executive Officer

SHAREHOLDERS AGREEMENT SIGNATURE PAGE

**SCHEDULE A-1**

**Shareholdings of ACRA - Class A Common Shares**

| SHAREHOLDER | TOTAL ACRACLASS A COMMON SHARES | PERCENTAGE OWNERSHIP OF ACRA CLASS A COMMON SHARES |
|---|---|---|
| ADIP Holdings (A), L.P. | 45,184 | 27.0% |
| ADIP Holdings (B), L.P. | 62,519 | 37.3% |
| ADIP Holdings (C), L.P. | 41,065 | 24.5% |
| ADIP Holdings (D), L.P. | 16,462 | 9.8% |
| ADIP Holdings (E), L.P. | 0 | 0.0% |
| ADIP Holdings (Lux), L.P. | 2,270 | 1.4% |
| **TOTAL** | **167,500** | **100%** |

**SCHEDULE A-2**

**Shareholdings of ACRA - Class B Common Shares**

| SHAREHOLDER | TOTAL ACRA CLASS B COMMON SHARES | PERCENTAGE OWNERSHIP OF ACRA CLASS B COMMON SHARES |
| --- | --- | --- |
| Athene Life Re Ltd. | 82,500 | 100% |
| **TOTAL** | **82,500** | **100%** |

**SCHEDULE B**

**INITIAL ACRA DIRECTORS**

| | Director | Class | End of Initial Term |
|---|---|---|---|
| Chairman | Jamshid Ehsani | III | 2024 |
| Apollo Representative | Matthew R. Michelini | II | 2023 |
| Athene Representative | William J. Wheeler | I | 2022 |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | Chip Gillis | III | 2024 |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | Gary Parr | II | 2023 |
| Athene Independent Director (per Section 3.9(a)(ii)) | Josh Mandel | III | 2024 |
| Athene Independent Director (per Section 3.9(a)(ii)) | Karen Berman | II | 2023 |
| ADIP Independent Director (per Section 3.9 (a)(iii)) | Shaun Mathews | I | 2022 |
| ADIP Independent Director (per Section 3.9(a)(iii)) | VACANT | | |
| ADIP Nominee (per Section 3.9(a)(iii)) | VACANT | | |
| ADIP Nominee (per Section 3.9(a)(iii)) | Vishal Sheth | I | 2022 |

**EXHIBIT A**

**FORM OF JOINDER AGREEMENT**

**Joinder Agreement to Shareholders Agreement**

This **JOINDER AGREEMENT** (this "Joinder Agreement") to the Shareholders Agreement, dated as of October 1, 2019 (the "Shareholders Agreement"), by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., the Shareholders and each New ACRA Investment Entity that has executed a joinder agreement prior to the date hereof, is made effective as of [•] by the undersigned (the "New ACRA Investment Entity") in favor and for the benefit of the existing Parties to the Shareholders Agreement. Any terms used but not otherwise defined herein have the meaning set forth in the Shareholders Agreement.

The New ACRA Investment Entity hereby acknowledges, agrees and confirms that:

(a) The capital stock of the New ACRA Investment Entity consists of (i) class A common shares, par value $[•] per class A common share and (ii) class B common shares, par value $[•] per class B common share.

(b) As of the date hereof, (i) each Co-Investor holds that number of New ACRA Investment Entity Class A Common Shares as is set forth on Annex I-1 hereto and (ii) ALRe holds that number of New ACRA Investment Entity Class B Common Shares as is set forth on Annex I-2 hereto.

(c) Immediately following the effectiveness of this Agreement, the board of directors of the New ACRA Investment Entity shall be composed of the members set forth on Annex II hereto.

(d) Any notice required to be delivered to the New ACRA Investment Entity pursuant to Section 4.6 of the Shareholders Agreement shall be delivered to the New ACRA Investment Entity at the following address:

[New ACRA Investment Entity]
[•]
[•]
Attention: [•]
Telephone: [•]
Email: [•]

(e) The New ACRA Investment Entity hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Shareholders Agreement. By executing this Joinder Agreement, the New ACRA Investment Entity is hereby deemed to be a Party to the Shareholders Agreement, and the New ACRA Investment Entity will have all of the rights, and will be bound by all of the obligations, under the Shareholders Agreement. Upon execution of this Joinder Agreement, all of the information contained herein, including the information set forth on the Annexes hereto, shall be deemed to supplement, and to form part of, the Shareholders Agreement.

[*Signature Page Follows*]

**IN WITNESS WHEREOF**, the undersigned has executed this Joinder Agreement effective as of the date first written above.

[•]

By:___________________________________

Name:

Title:

**ANNEX I-1**

**Shareholdings of the New ACRA Investment Entity - Class A Common Shares**

| SHAREHOLDER | TOTAL NEW ACRA INVESTMENT ENTITY CLASS A COMMON SHARES | PERCENTAGE OWNERSHIP OF NEW ACRA INVESTMENT ENTITY CLASS A COMMON SHARES |
|---|---|---|
| ADIP Holdings (A), L.P. | [] | []% |
| ADIP Holdings (B), L.P. | [] | []% |
| ADIP Holdings (C), L.P. | [] | []% |
| ADIP Holdings (D), L.P. | [] | []% |
| ADIP Holdings (E), L.P. | [] | []% |
| ADIP Holdings (Lux), L.P. | [] | []% |
| **TOTAL** | **[]** | 100% |

**ANNEX I-2**

**Shareholdings of the New ACRA Investment Entity - Class B Common Shares**

| SHAREHOLDER | TOTAL NEW ACRA INVESTMENT ENTITY CLASS B COMMON SHARES | PERCENTAGE OWNERSHIP OF NEW ACRA INVESTMENT ENTITY CLASS B COMMON SHARES |
|---|---|---|
| Athene Life Re Ltd. | [] | 100% |
| **TOTAL** | **[]** | 100% |

**ANNEX II**

**NEW ACRA INVESTMENT ENTITY DIRECTORS**

| | |
|---|---|
| Chairman | [] |
| Apollo Representative | [] |
| Athene Representative | [] |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | [] |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | [] |
| Athene Independent Director (per Section 3.9(a)(ii)) | [] |
| Athene Independent Director (per Section 3.9(a)(ii)) | [] |
| ADIP Independent Director (per Section 3.9(a)(iii)) | [] |
| ADIP Independent Director (per Section 3.9(a)(iii)) | [] |
| ADIP Nominee (per Section 3.9(a)(iii)) | [] |
| ADIP Nominee (per Section 3.9(a)(iii)) | [] |

**Exhibit 10.36.2**

# FIRST AMENDMENT TO SHAREHOLDERS AGREEMENT

This FIRST AMENDMENT TO SHAREHOLDERS AGREEMENT (this "Amendment"), effective as of October [•], 2019 (the "First Amendment Effective Date"), is made by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda Class C insurer ("ACRA"), ADIP Holdings (A), L.P., a Cayman Islands limited partnership ("ADIP A"), ADIP Holdings (B), L.P., a Cayman Islands limited partnership ("ADIP B"), ADIP Holdings (C), L.P., a Cayman Islands limited partnership ("ADIP C"), ADIP Holdings (D), L.P., a Cayman Islands limited partnership ("ADIP D"), ADIP Holdings (E), L.P., a Cayman Islands limited partnership ("ADIP E") and ADIP Holdings (Lux), L.P., a Cayman Islands limited partnership ("ADIP Lux" and, together with ADIP A, ADIP B, ADIP C, ADIP D and ADIP E, the "Co- Investors" and each, a "Co-Investor") and Athene Life Re Ltd., a reinsurance company organized under the laws of Bermuda ("ALRe" and, together with the Co-Investors, the "Shareholders"). ACRA, the Co-Investors and ALRe are the "Parties" and each a "Party" to this Amendment.

**WITNESSETH**:

WHEREAS, the Parties are parties to that certain Shareholders Agreement effective as of October 1, 2019 (the "Shareholders Agreement");

WHEREAS, the Parties desire to amend the Shareholders Agreement as provided herein; and

WHEREAS, pursuant to Section 4.5 of the Shareholders Agreement, the Shareholders Agreement may be amended by a written instrument duly executed by the proper officers of each party to the Shareholders Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the Parties hereby agree as follows:

**1. Definitions.** Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

**2. Amendment.**

(a) From and after the First Amendment Effective Date, paragraph (e) of the definition of "Permitted Transfer" in Section 1.1 of the Shareholders Agreement is hereby amended and restated in its entirety to read as follows:

> "(e) any other Transfer designated by either (i) the Conflicts Committee or (ii) a majority of the Independent Directors of the applicable ACRA Board (at the applicable ACRA Board's discretion) as a Permitted Transfer, including pursuant to a request by a Shareholder under Section 3.2(a) of this Agreement."

(b) From and after the First Amendment Effective Date, Section 3.6 of the Shareholders Agreement is hereby amended to include the following as a new Section 3.6(g):

> "(g) Report of Certain Transactions. Each ACRA Investment Entity shall, within four (4) calendar months after the end of each fiscal year of such ACRA Investment Entity, provide the advisory board of the Feeder Funds and the Conflicts Committee of the applicable ACRA Investment Entity a report describing ordinary course transactions entered into between such ACRA Investment Entity and any member of the Apollo Group during such fiscal year."

(c) From and after the First Amendment Effective Date, Section 3.9(a)(iii) of the Shareholders Agreement is hereby amended and restated in its entirety to read as follows:

> "(iii) four (4) members of each ACRA Board shall be individuals nominated by the Co-Investors (through Apollo ADIP Advisors, L.P., (the "General Partner") as general partner of the Co-Investors), at least three (3) of which shall be Independent Directors (the "ADIP Nominees");"

(d) From and after the First Amendment Effective Date, Section 3.9(a)(viii)(A) of the Shareholders Agreement is hereby amended and restated in its entirety to read as follows:

> "(A) a Conflicts Committee consisting of five (5) Directors selected by the applicable ACRA Board from among the Athene Nominees that are Independent Directors and the ADIP Nominees that are Independent Directors;"

(e) From and after the First Amendment Effective Date, Schedule B to the Shareholders Agreement is hereby amended and restated in its entirety by deleting such Schedule and replacing such Schedule with the Schedule attached hereto as Exhibit A.

**3. Miscellaneous.**

(a) Full Force and Effect. Except as expressly modified by this Amendment, all of the terms, covenants, agreements, conditions and other provisions of the Shareholders Agreement shall remain in full force and effect in accordance with their respective terms and are hereby ratified or confirmed. This Amendment shall not constitute an amendment or waiver of any provision of the Shareholders Agreement except as expressly set forth herein. Upon the execution and delivery hereof, the Shareholders Agreement shall thereupon be deemed to be amended and supplemented as hereinabove set forth as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Shareholders Agreement, and this Amendment and the Shareholders Agreement shall henceforth be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Shareholders Agreement. As used in the Shareholders Agreement, the terms "this Agreement," "herein," "hereinafter," "hereto," and words of similar import shall mean and refer to, from and after the First Amendment Effective Date, unless the context requires otherwise, the Shareholders Agreement as amended by this Amendment.

(b) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an electronic copy of an executed counterpart of a signature page to this Amendment by email or facsimile shall be as effective as delivery of a manually executed counterpart of this Amendment.

[Remainder of Page Intentionally Left Blank]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the First Amendment Effective Date.

**ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD.**

By: /s/ Adam Laing______________________________

Name: Adam Laing______________________________

Title: Chief Financial Officer______________________

*Signature Page to First Amendment to*
*Shareholders Agreement*

**ADIP HOLDINGS (A), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (B), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (C), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (D), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President

*Signature Page to First Amendment to Shareholders Agreement*

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**ADIP HOLDINGS (E), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President



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**ADIP HOLDINGS (LUX), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt___________

Name: Joseph D. Glatt

Title: Vice President

**ATHENE LIFE RE LTD.**

By: /s/ Natasha Scotland Courcy________________

Name: Natasha Scotland Courcy________________

Title: SVP, General Counsel____________________



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**EXHIBIT A**

**INITIAL ACRA DIRECTORS**

| | Director | Class | End of Initial Term |
|---|---|---|---|
| Chairman | Jamshid Ehsani | III | 2024 |
| Apollo Representative | Matthew R. Michelini | II | 2023 |
| Athene Representative | William J. Wheeler | I | 2022 |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | Chip Gillis | III | 2024 |
| Apollo/Athene Representative (per Section 3.9(a)(ii)) | Gary Parr | II | 2023 |
| Athene Independent Director (per Section 3.9(a)(ii)) | Josh Mandel | III | 2024 |
| Athene Independent Director (per Section 3.9(a)(ii)) | Karen Berman | II | 2023 |
| ADIP Independent Director (per Section 3.9 (a)(iii)) | Shaun Mathews | I | 2022 |
| ADIP Independent Director (per Section 3.9(a)(iii)) | [] | [] | [] |
| ADIP Independent Director (per Section 3.9(a)(iii)) | VACANT | | |
| ADIP Nominee (per Section 3.9(a)(iii)) | Vishal Sheth | I | 2022 |

*Signature Page to First Amendment to*
*Shareholders Agreement*

# SECOND AMENDMENT TO SHAREHOLDERS AGREEMENT

This SECOND AMENDMENT TO SHAREHOLDERS AGREEMENT (this "Amendment"), effective as of [•], 2020 (the "Second Amendment Effective Date"), is made by and among Athene Co-Invest Reinsurance Affiliate 1A Ltd., a Bermuda Class C insurer ("ACRA"), ADIP Holdings (A), L.P., a Cayman Islands limited partnership ("ADIP A"), ADIP Holdings (B), L.P., a Cayman Islands limited partnership ("ADIP B"), ADIP Holdings (C), L.P., a Cayman Islands limited partnership ("ADIP C"), ADIP Holdings (D), L.P., a Cayman Islands limited partnership ("ADIP D"), ADIP Holdings (E), L.P., a Cayman Islands limited partnership ("ADIP E") and ADIP Holdings (Lux), L.P., a Cayman Islands limited partnership ("ADIP Lux" and, together with ADIP A, ADIP B, ADIP C, ADIP D and ADIP E, the "Co- Investors" and each, a "Co-Investor") and Athene Life Re Ltd., a reinsurance company organized under the laws of Bermuda ("ALRe" and, together with the Co-Investors, the "Shareholders"). ACRA, the Co-Investors and ALRe are the "Parties" and each a "Party" to this Amendment.

**WITNESSETH**:

WHEREAS, the Parties are parties to that certain Shareholders Agreement effective as of October 1, 2019 (the "Shareholders Agreement"), as amended pursuant to that First Amendment to the Shareholders Agreement, effective as of October 25, 2019;

WHEREAS, the Parties desire to amend the Shareholders Agreement as provided herein; and

WHEREAS, pursuant to Section 4.5 of the Shareholders Agreement, the Shareholders Agreement may be amended by a written instrument duly executed by the proper officers of each party to the Shareholders Agreement.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, the Parties hereby agree as follows:

1. **Definitions.** Capitalized terms used but not otherwise defined in this Amendment shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

2. **Amendment.**

(a) From and after the Second Amendment Effective Date, Section 3.9(b) of the Shareholders Agreement is hereby amended and restated in its entirety to read as follows:

> "(b) Pursuant to the Twelfth Amended and Restated Bye-laws of Athene, any vote for the appointment, removal or remuneration of directors of a non-U.S. subsidiary of Athene must be referred to the shareholders of Athene. Following the expiration of each Director's term, ALRe shall use reasonable best efforts to cause the board of directors of Athene to recommend that the shareholders of Athene vote in favor of the proposal to authorize the election or re-election of the Athene Nominees and the ADIP Nominees, as the case may be. Subject to Bye-law 43.2(c) of the ACRA Bye-laws, and any corresponding bye-law contained in each New ACRA Investment Entity Bye-laws, in the event that the shareholders of Athene vote against the proposal to authorize the election of any Athene Nominee or ADIP Nominee, the then-existing Directors shall use reasonable best efforts to cause such vacancy to be filled so that, (a) any vacant seat that had been filled by an Athene Nominee shall be filled by an individual selected by the remaining Directors that are Athene Nominees and (b) any vacant seat that had been filled by an ADIP Nominee shall be filled by an individual selected by the remaining Directors that are ADIP Nominees; provided, that any vacant seat that had previously been filled by an ADIP Nominee that was nominated by the General Partner in accordance with that certain Letter Agreement, dated October 25, 2019, by and among ADIP E, the General Partner and the LP (as defined in such Letter Agreement) (the "Investor Letter Agreement"), shall be filled by an individual selected by the General Partner in accordance with the terms of the Investor Letter Agreement, such that the same proportion of Directors are Athene Nominees and ADIP Nominees as would be required pursuant to Section 3.9(a)."

3. **Miscellaneous.**

(a) Full Force and Effect. Except as expressly modified by this Amendment, all of the terms, covenants, agreements, conditions and other provisions of the Shareholders Agreement shall remain in full force and effect in accordance with their respective terms and are hereby ratified or confirmed. This Amendment shall not constitute an amendment or waiver of any provision of the Shareholders Agreement except as expressly set forth herein. Upon the execution and delivery hereof, the Shareholders Agreement shall thereupon be deemed to be amended and supplemented as hereinabove set forth as fully and with the same effect as if the amendments and supplements made hereby were originally set forth in the Shareholders Agreement, and this Amendment and the Shareholders Agreement shall henceforth be read, taken and construed as one and the same instrument, but such amendments and supplements shall not operate so as to render invalid or improper any action heretofore taken under the Shareholders Agreement. As used in the Shareholders Agreement, the terms "this Agreement," "herein," "hereinafter," "hereto," and words of similar import shall mean and refer to, from and after the Second Amendment Effective Date, unless the context requires otherwise, the Shareholders Agreement as amended by this Amendment.

(b) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an electronic copy of an executed counterpart of a signature page to this Amendment by email or facsimile shall be as effective as delivery of a manually executed counterpart of this Amendment.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed effective as of the Second Amendment Effective Date.

**ATHENE CO-INVEST REINSURANCE AFFILIATE 1A LTD.**

By: /s/ Adam Laing____________________

Name: Adam Laing____________________

Title: Chief Financial Officer____________

*Signature Page to Second Amendment to*
*Shareholders Agreement*

**ADIP HOLDINGS (A), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt____________________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (B), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt____________________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (C), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt_____________________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (D), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt____________________

Name: Joseph D. Glatt

Title: Vice President

**ADIP HOLDINGS (E), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt____________________

Name: Joseph D. Glatt

Title: Vice President



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**ADIP HOLDINGS (LUX), L.P.**

By: Apollo ADIP Advisors, L.P., its general partner

By: Apollo ADIP Capital Management, LLC, its general partner

By: APH Holdings, L.P., its sole member

By: Apollo Principal Holdings III GP, Ltd., its general partner

By: /s/ Joseph D. Glatt____________________

Name: Joseph D. Glatt

Title: Vice President

**ATHENE LIFE RE LTD.**

By: /s/ Natasha Scotland Courcy__________

Name: Natasha Scotland Courcy__________

Title: SVP, General Counsel______________

**Exhibit 10.37**

**TRANSACTION AGREEMENT**

**dated as of**

**October 27, 2019,**

**by and among**

**ATHENE HOLDING LTD.,**

**APOLLO GLOBAL MANAGEMENT, INC.,**

**THE APOLLO OPERATING GROUP**

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Exhibit C - Issued AOG Units
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Exhibit G - Specified Parties

**TRANSACTION AGREEMENT**

This TRANSACTION AGREEMENT (this "Agreement"), dated as of October 27, 2019, by and among Athene Holding Ltd., a Bermuda exempted company ("AHL"), Apollo Global Management, Inc., a Delaware corporation ("AGM") and each Person identified on the signature pages hereto as a member of the Apollo Operating Group.

**BACKGROUND**

WHEREAS, AHL wishes to contribute to the Apollo Operating Group, upon the terms and subject to the conditions stated in this Agreement, the Contributed AHL Shares.

WHEREAS, the Apollo Operating Group wishes to issue to AHL (or its applicable Subsidiary or other designee), upon the terms and subject to the conditions stated in this Agreement, the Issued AOG Units (as defined below).

WHEREAS, the Apollo Operating Group wishes to purchase, and AHL wishes to sell, upon the terms and subject to the conditions stated in this Agreement, the Purchased AHL Shares (as defined below).

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

**ARTICLE I**

**DEFINITIONS**

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings indicated:

"Adverse AHL Recommendation" has the meaning set forth in Section 5.4(a).

"Affiliate" means in the case of a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such Person; provided, that none of AGM, the Apollo Operating Group or their respective Subsidiaries will be deemed Affiliates of AHL or its Subsidiaries for purposes of this Agreement.

"AGM" has the meaning set forth in the Preamble.

"AGM Common Stock" means the Class A common stock, $0.00001 par value per share, of AGM.

"AGM SEC Documents" has the meaning set forth in Section 4.8.

"Agreement" has the meaning set forth in the Preamble.

"AHL" has the meaning set forth in the Preamble.

"AHL Class B Common Shares" means the Class B Common Shares, $0.001 par value per share, of AHL.

"AHL Common Shares" means the Class A Common Shares, $0.001 par value per share, of AHL.

"AHL Recommendation" has the meaning set forth in Section 3.3.

"AHL SEC Documents" has the meaning set forth in Section 3.8.

"AHL Shareholders Agreement" means the Shareholders Agreement of AHL, by and among AHL and the other parties thereto in substantially the form of Exhibit A.

"AHL Shareholders Meeting" has the meaning set forth in Section 5.2(a).

"Amended and Restated Bye-Laws" has the meaning set forth in Section 5.6.

"Antitrust Laws" means all Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or significant impediments or lessening of competition or the creation or strengthening of a dominant position through merger or acquisition, in any case that are applicable to the Transactions.

"Apollo Exchange Agreement" means the Sixth Amended and Restated Exchange Agreement, dated as of September 5, 2019, by and among AGM and the other parties thereto, as it may be amended.

"Apollo Operating Group" means the Persons listed on Exhibit C.

"beneficial ownership" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act; provided, however, that beneficial ownership shall be deemed to exclude the Conditional Right Shares, except to the extent such Conditional Right Shares are issued, outstanding and paid for pursuant to the exercise of the Conditional Right.

"Business Day" means any day other than Saturday, Sunday, any day which shall be a federal legal holiday in the United States or Bermuda or any day on which banking institutions in The State of New York are authorized or required by Law or other governmental action to close.

"Bye-law Amendments" has the meaning set forth in Section 3.3.

"Cash Purchase Price" means $350,000,000.

"Class M Holder Letter Agreements" has the meaning set forth in Section 5.15.

"Closing" means the consummation of the transactions described in Section 2.1.

"Closing Agreements" means the Liquidity Agreement, the AHL Shareholders Agreement and the Registration Rights Agreement.

"Closing AHL Shares" means the Contributed AHL Shares and the Purchased AHL Shares.

"Closing Date" has the meaning set forth in Section 2.1.

"Conditional Right" has the meaning set forth in Section 5.7(a).

"Conditional Right Parties Shares" means the number of AHL Shares that AGM can reasonably demonstrate with documentary or other evidence to the reasonable satisfaction of AHL are beneficially owned in the aggregate by AGM, the controlled Affiliates of AGM and the Persons set forth on Exhibit B, including AHL Shares to which such Persons have been granted a valid proxy.

"Conditional Right Price" means a price per AHL Common Share equal to the VWAP for an AHL Common Share for the 30 calendar day period ending on the date that AGM delivers its Exercise Notice to AHL under Section 5.7(b).

"Conditional Right Shares" has the meaning set forth in Section 5.7(a).

"Contributed AHL Shares" means 27,959,184 AHL Common Shares to be exchanged in the Transactions.

"control" including the correlative terms "controlling," "controlled by" and "under common control with," means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"Convertible Securities" means any stock or securities directly or indirectly convertible into or exercisable or exchangeable for AHL Common Shares.

"Disclosure Schedule" means the disclosure schedule delivered by the parties concurrently with this Agreement.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor Law, in each case together with the rules and regulations promulgated thereunder.

"Exercise Notice" has the meaning set forth in Section 5.7(b).

"Fund" means any separate account, client (other than AHL and its Subsidiaries), investment vehicle or similar entity sponsored, advised or managed, directly or indirectly, by AGM or any of its Subsidiaries.

"Governing Documents" means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the "Governing Documents" of a corporation are its certificate or articles of incorporation and by-laws, the "Governing Documents" of a limited partnership are its limited partnership agreement and certificate of limited partnership and the "Governing Documents" of a limited liability company are its operating agreement and certificate of formation or articles of organization.

"Governmental Entity" means any federal, state, local, municipal or foreign government or subdivision thereof or any other governmental, administrative, judicial, arbitral, legislative, executive, regulatory or self-regulatory authority (including the NYSE and FINRA-Financial Industry Regulatory Authority), instrumentality, agency, commission or body.

"Investment" means any investment (or similar term describing the results of the deployment of capital) as defined in the governing document of any Fund.

"Intended Tax Treatment" has the meaning set forth in Section 2.4.

"ISG" has the meaning set forth in Section 5.11.

"Issued AOG Units" means 29,154,519 Operating Group Units to be issued in the Transactions (in accordance with the allocations designated in writing by AHL to AGM pursuant to Section 2.1(a)(ii)), as further described on Exhibit C.

"Issuer" has the meaning set forth in Section 5.5(a).

"knowledge" shall mean with respect to (i) AHL, the actual knowledge of the executive officers (as defined in Rule 405 under the Securities Act) of AHL after due inquiry and (ii) AGM, the actual knowledge of the executive officers (as defined in Rule 405 under the Securities Act) of AGM after due inquiry.

"Law" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, order, award, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

"Legend" has the meaning set forth in Section 5.5(a).

"Lien" means any lien, charge, claim, security interest, encumbrance, right of first refusal or other restriction.

"Liquidity Agreement" means the Liquidity Agreement, to be dated as of the Closing Date, by and among AGM, AHL and the other parties thereto, in substantially the form of Exhibit D.

"Material Adverse Effect" means, with respect to any Person, any change, effect, event, circumstance, occurrence or state of facts that either alone or in combination with any other effect has, or would reasonably be expected to have, a materially adverse effect in relation to the condition (financial or otherwise), properties, assets, liabilities, business, operations, or results of operations of such Person and its Subsidiaries (other than, in the case of AGM, any Portfolio Companies), taken as a whole or the ability of such Person and its Subsidiaries to perform their respective obligations hereunder or to consummate the Transactions, other than any change, effect, event, circumstance, occurrence or state of facts to the extent relating to (i) changes in general economic conditions or the credit, financial or capital markets, including changes in interest or exchange rates; (ii) changes in general conditions in any industry in which such Person and it its Subsidiaries operate or participate; (iii) the announcement, pendency or anticipated consummation of the Transactions; (iv) any failure, in and of itself, by such Person or its Subsidiaries or Affiliates to meet any analyst projections or any internal or published projections, forecasts, estimates or predictions of revenue, earnings or other financial or operating metrics before, on or after the date of this Agreement (provided, that the underlying factors contributing to such failure shall not be deemed excluded unless such underlying factors would otherwise be excepted from this definition); (v) changes in general legal, regulatory or political conditions after the date of this Agreement; (vi) changes in GAAP or applicable Law or the interpretation thereof after the date of this Agreement; (vii) actions taken by such Person or its Subsidiaries and Affiliates as expressly required by this Agreement; (viii) any natural or man-made disaster; or (ix) any pandemic, act of terrorism, sabotage, military action or war, or any escalation or worsening thereof; provided that with respect to clauses (i), (ii), (v), (vi) and (viii), such change, effect, event, circumstance, occurrence or state of facts does not materially disproportionately affect the relevant party to this Agreement relative to other companies operating in the industry in which such party and its Subsidiaries operate.

"NYSE" means the New York Stock Exchange.

"Operating Group Units" refers to units in the Apollo Operating Group, with each such unit representing one (1) limited partnership interest or limited liability company interest, as applicable, in each of the limited partnerships or limited liability companies that comprise the Apollo Operating Group.

"Order" means any judgment, order, award, injunction, writ, permit, license or decree of any Governmental Entity or arbitrator of applicable jurisdiction.

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

"Portfolio Companies" means any Person in which any Fund owns or has made, directly or indirectly, an Investment.

“Proceeding” has the meaning set forth in Section 8.7.

“Proxy Statement” has the meaning set forth in Section 5.2(a).

“Purchased AHL Shares” means 7,575,758 AHL Common Shares to be sold in the Transactions.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of the date hereof, agreed to by AGM, and AHL in substantially the form of Exhibit E.

“Registration Statement” means any registration statement filed with, or to be filed with, the SEC under the Securities Act, including the related prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement.

“Regulation D” means Regulation D as promulgated by the SEC under the Securities Act.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended, and any successor Law, in each case together with the rules and regulations promulgated thereunder.

“Selected Court” has the meaning set forth in the Section 8.7.

“Share Transactions” has the meaning set forth in Section 3.3.

“Special Committee” means the special committee of the AHL board of directors, consisting of independent directors, which was formed in connection with the Transactions.

“Specified Party” means the Persons set forth on Exhibit G and their Controlled Affiliates. For the avoidance of doubt, Specified Parties may include Portfolio Companies or Funds.

“Subsidiary” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests, in each case, is owned, directly or indirectly, by such Person.

“Transaction Documents” means this Agreement, the Closing Agreements and each of the other agreements or instruments entered into or executed by the parties hereto in connection with the Transactions.

“Transactions” means the transactions contemplated by this Agreement and the other Transaction Documents.

“VWAP” means with respect to any publicly traded equity security, the volume weighted average price of such equity security over a specified period of time as reported by Bloomberg (or its equivalent, nationally recognized successor if Bloomberg ceases to provide such reports).

1.2 Interpretation. In this Agreement and in the exhibits hereto, except to the extent that the context otherwise requires:

(a) the headings are for convenience of reference only and shall not affect the interpretation of this Agreement;
(b) defined terms include the plural as well as the singular and vice versa;
(c) words importing gender include all genders;
(d) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been or may from time to time be amended, extended, re-enacted or consolidated and to all statutory instruments or orders made thereunder;
(e) any agreement or instrument defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement or instrument as from time to time amended, modified, supplemented or restated, including by waiver or consent, and references to all attachments thereto and instruments incorporated therein, but in the case of each of the foregoing, only to the extent that such amendment, modification, supplement, restatement, waiver or consent is effected in accordance with this Agreement;
(f) any reference to “day” or “month” means a calendar day or a calendar month;
(g) any reference to a “day” means the whole of such day, being the period of 24 hours running from midnight to midnight;
(h) references to Articles, Sections, subsections, clauses and Exhibits are references to Articles, Sections, subsections, clauses and Exhibits of and to this Agreement;
(i) the words “including” and “include” and other words of similar import shall be deemed to be followed by the phrase “without limitation”;
(j) the word “or” shall be disjunctive but not exclusive;
(k) unless otherwise specified, references to any party to this Agreement or any other document or agreement shall include such party’s successors and permitted assigns; and

(l) references to "$" or "dollars" shall mean "United States dollars".

**ARTICLE II**

**TRANSACTIONS**

2.1 Closing. Subject to the terms and conditions set forth in this Agreement, at the Closing:

(a)

(i) Each Person comprising the Apollo Operating Group shall issue that number (calculated in accordance with the terms of this Agreement) of Issued AOG Units to a newly formed wholly owned Cayman limited liability company of such member of the Apollo Operating Group (each a "New AOG Subsidiary," and together the "New AOG Subsidiaries") in exchange for interests in such New AOG Subsidiary.

(ii) (A) AHL shall issue and transfer or cause a Subsidiary of AHL to transfer the Contributed AHL Shares (calculated in accordance with the terms of this Agreement) to the New AOG Subsidiaries in accordance with the allocations designated on Schedule 2.1(a)(ii)(A) (which schedule may be amended upon notice in writing by AGM to AHL at least two (2) Business Days prior to the Closing so long as such amendments do not give rise to any governmental approval, consents or authorizations that would reasonably be expected to materially delay the Closing), and, in exchange therefor (B) each New AOG Subsidiary shall transfer the Issued AOG Units issued to such New AOG Subsidiary pursuant to Section 2.1(a)(i) to AHL or Subsidiaries of AHL in accordance with the allocations designated on Schedule 2.1(a)(ii)(B) (which schedule may be amended upon notice in writing by AHL to AGM at least two (2) Business Days prior to the Closing so long as such amendments do not give rise to any governmental approval, consents or authorizations that would reasonably be expected to materially delay the Closing); and

(iii) (A) AGM or members of the Apollo Operating Group shall pay, or cause to be paid, the Cash Purchase Price (which payment(s), for the avoidance of doubt, may be made by such Persons in any proportions as may be determined by AGM in its sole discretion) to AHL or a Subsidiary of AHL designated in writing by AHL to AGM prior to the Closing and, in exchange therefor, (B) AHL shall issue and sell or cause such Subsidiary to sell the corresponding portion of the Purchased AHL Shares to such members of the Apollo Operating Group in amounts designated on Schedule 2.1(a)(iii) (which schedule may be amended upon notice in writing by AGM to AHL at least two (2) Business Days prior to the Closing so long as such amendments do not give rise to any governmental approval, consents or authorizations that would reasonably be expected to materially delay the Closing).

(b) The date and time of the Closing shall be at 10:00 a.m., New York City Time, on the second Business Day after the satisfaction or waiver of the conditions to the Closing set forth in this Agreement (other than those conditions that by their nature are to be satisfied at the Closing, but subject to fulfillment or waiver of those conditions), or such other date as is mutually agreed upon in writing by AHL and AGM (the "Closing Date"); *provided* that, notwithstanding anything contained in this Agreement to the contrary, without the prior written consent of AHL and AGM, in no event shall the Closing occur prior to January 6, 2020. The Closing shall take place at the offices of AGM's legal counsel.

2.2 Closing Deliverables.

(a) At the Closing, AHL shall deliver, or cause to be delivered, to the members of the Apollo Operating Group a certificate or certificates representing the Closing AHL Shares or evidence of the issuance of book-entry shares representing the Closing AHL Shares reasonably satisfactory to AGM, in either case, registered to the Persons as designated in writing by AGM to AHL prior to the Closing in accordance with Section 2.1(a).

(b) At the Closing, the members of the Apollo Operating Group shall pay, or cause to be paid, to AHL the aggregate Cash Purchase Price, by wire transfer to an account designated in writing to AGM by AHL for such purpose.

(c) At the Closing, the members of the Apollo Operating Group shall deliver, or cause to be delivered, to AHL certificates representing the Issued AOG Units or evidence of the issuance of book-entry interests representing the Issued AOG Units reasonably satisfactory to AHL, in either case, registered to AHL or Subsidiaries of AHL in accordance with the allocations designated in writing by AHL to AGM at least two (2) Business Days prior to the Closing.

2.3 Anti-Dilution. The Closing AHL Shares and the Issued AOG Units shall be appropriately adjusted to take into account any stock split, stock dividend, combination, reverse stock split, recapitalization, or similar change in AHL Common Shares or Operating Group Units, as the case may be, which may occur between the date of execution of this Agreement and the Closing. For the avoidance of doubt, none of the Transactions contemplated by the Transaction Documents shall trigger any adjustment under this Section 2.3.

2.4 Intended Tax Treatment. The parties hereto intend that each transfer of Contributed AHL Shares by AHL to each New AOG Subsidiary in exchange for Issued AOG Units described in Section 2.1(a) shall be treated as a contribution and exchange of such Contributed AHL Shares for an interest in the member of the Apollo Operating Group that owns such New AOG Subsidiary, which contribution and exchange is described in Section 721 of the Internal Revenue Code of 1986, as amended, for U.S. federal, state and local income tax purposes (the "Intended Tax Treatment"). The parties hereto shall file all U.S. federal, state and local tax returns in a manner consistent with the Intended Tax Treatment. The parties hereto acknowledge and agree that the transactions contemplated by this Agreement will result in a "revaluation of partnership property" with respect to each member of the Apollo Operating Group as described in Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations.

## ARTICLE III
## REPRESENTATIONS AND WARRANTIES OF AHL

Except as (a) otherwise disclosed or modified by the Disclosure Schedule, or (b) as otherwise disclosed in the AHL SEC Documents (other than (i) any information that is contained solely in the "Risk Factors" section of such AHL SEC Documents, except to the extent such information in "Risk Factors" consists of factual historical statements, and (ii) any forward-looking statements contained in such AHL SEC Documents or other disclosures that are predictive, cautionary or forward-looking in nature), AHL hereby represents and warrants to AGM, as of the date hereof and as of the Closing Date, as follows:

3.1 Organization and Qualification. AHL has been incorporated and is validly existing as a corporation in good standing under the Laws of Bermuda, has the corporate power and authority to own, lease or operate its property and to conduct its business in which it is currently engaged and presently proposes to engage and is qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that any such failure to be so qualified or be in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AHL.

3.2 Capitalization.

(a) As of the date hereof, the authorized capital stock of AHL consists of (i) 425,000,000 AHL Class A Common Shares, (ii) 325,000,000 AHL Class B Common Shares, (iii) 7,109,560 Class M-1 Common Shares, (iv) 5,000,000 Class M-2 Common Shares, (v) 7,500,000 Class M-3 Common Shares, and (vi) 7,500,000 Class M-4 Common Shares. As of October 23, 2019, (A) except as set forth on Schedule 3.2, 143,947,935 AHL Class A Common Shares were issued and outstanding, (B) 25,433,465 AHL Class B Common Shares were issued and outstanding, (C) 3,273,390 Class M-1 Common Shares were issued and outstanding, (D) 841,011 Class M-2 Common Shares were issued and outstanding, (E) 1,000,000 Class M-3 Common Shares were issued and outstanding, and (F) 3,971,030 Class M-4 Common Shares were issued and outstanding. As of October 23, 2019, there were (x) outstanding stock options to acquire 1,425,154 AHL Class A Common Shares, (y) outstanding restricted stock units covering 632,636 AHL Class A Common Shares and (z) outstanding restricted stock units covering 13,951 Class M-4 Common Shares. Except as set forth in the preceding sentences of this Section 3.2, as of October 23, 2019, there are no outstanding shares of capital stock of, or other equity or voting interest in AHL and no outstanding options, warrants, rights or other commitments or agreements to acquire from AHL, or that obligates AHL to issue, any capital stock of, or other equity or voting interest in, or any securities convertible into or exchangeable for shares of capital stock of, or other equity or voting interest in, AHL. As of the date hereof there have been no changes to the capitalization set forth in the preceding sentences of this Section 3.2 since October 23, 2019 other than de minimis changes (except for the Class M-1, M-2, M-3 and M-4 Shares of which, as of the date hereof, there has been no change to the capitalization set forth in the preceding sentences of this Section 3.2).

(b) Except as set forth on Schedule 3.2, AHL or one or more of its direct or indirect Subsidiaries owns the common stock, membership interests or other ownership interests, as applicable, in each of its Subsidiaries free and clear of all Liens, encumbrances and adverse claims, except for such Liens, encumbrances and adverse claims as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AHL.

3.3 Authorization, Execution and Delivery. AHL has requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the Transactions. On or prior to the date of this Agreement, the Special Committee has recommended the Transaction to the AHL board of directors, and the disinterested members of the AHL board of directors have (i) approved this Agreement and the other Transaction Documents and the Transactions; (ii) determined that the terms of this Agreement and the other Transaction Documents and the Transactions, including the issuances of AHL Common Shares contemplated by this Agreement and the AHL Shareholders Agreement (the "Share Transactions"), are in the best interests of AHL and its shareholders; (iii) directed that the proposed Bye-law amendments contemplated by the Amended and Restated Bye-Laws (the "Bye-law Amendments") and the Share Transactions be submitted to the shareholders of AHL for approval; (iv) resolved to recommend approval of the Bye-law Amendments and the Share Transactions by AHL's shareholders (the "AHL Recommendation"); and (v) declared that this Agreement and the other Transaction Documents and the Transactions, including the Share Transactions, are advisable. Subject to receipt of the Required Vote as described in Section 3.18, no other corporate proceedings on the part of AHL are necessary to authorize the Transactions. This Agreement has been executed and delivered by AHL.

3.4 No Conflict. Neither the offer and sale of the Closing AHL Shares or the Conditional Right Shares nor the execution and delivery by AHL of, and the performance by AHL of its obligations under, this Agreement will result in a violation or default of, or the imposition of any Lien upon any property or assets of AHL or any of its Subsidiaries pursuant to (a) any provision of applicable Law, (b) the memorandum of association or bye-laws of AHL, (c) the Governing Documents of any Subsidiary of AHL, (d) any agreement or other instrument binding upon AHL or any Subsidiary of AHL or (e) any Order of any Governmental Entity, agency or court having jurisdiction over AHL or any of its Subsidiaries or any of their properties, except in the case of clauses (a), (c), (d) and (e) for any such violation, default or Lien that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AHL.

3.5 Consents and Approvals. Except as set forth on Schedule 3.5, no consent, approval, authorization, Order, registration, qualification or filing of or with any Governmental Entity by AHL is required in connection with the Transactions, except such as may be required under the Exchange Act, the Securities Act or "Blue Sky" Laws. Except as set forth on Schedule 3.5, no consent, approval, or authorization of any other Person is required to be obtained by AHL in connection with the Transactions, except for any such consent, approval or authorization that would not reasonably be expected to have a Material Adverse Effect on AHL.

3.6 Issuance; Valid Issuance. The Closing AHL Shares and Conditional Right Shares to be issued pursuant to the terms of this Agreement will, when issued, be duly and validly authorized, issued and delivered and shall be fully paid and non-assessable, and the Closing AHL Shares and Conditional Right Shares will be free and clear of all Liens, preemptive rights, subscription and similar rights (other than transfer restrictions imposed under the Transaction Documents or by applicable Law). Assuming the accuracy of the representations and warranties of AGM set forth in Article IV, it is not necessary in connection with the issuance and sale of the Closing AHL Shares or the Conditional Right Shares in the manner contemplated by this Agreement to register such issuance and sale under the Securities Act.

3.7 Investment Company Act. AHL is not an "investment company" within the meaning of the Investment Company Act of 1940.

3.8 Compliance with SEC Filings.

(a) AHL has timely filed or furnished all forms, documents and reports required to be filed or furnished by it with the SEC since January 1, 2018 through the date hereof (such documents together with all other forms, documents and reports filed or furnished by AHL with the SEC, including the exhibits thereto and documents incorporated by reference therein, collectively, the "AHL SEC Documents"). As of their respective filing dates or, if amended, as of the date of filing such amendment, the AHL SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations promulgated thereunder, and none of the AHL SEC Documents included, as of their respective filing dates, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. There are no outstanding or unresolved SEC comments in relation to the AHL SEC Documents and no pro forma financial statements are required to be included in the AHL SEC Documents.

(b) AHL maintains (i) systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, its principal executive and principal financial officers, or Persons performing similar functions, sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (ii) a system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that is designed to ensure that information required to be disclosed by AHL in reports that it files with the SEC pursuant to the SEC's rules and forms is so disclosed and includes controls and procedures designed to ensure that such information is accumulated and communicated to AHL's management as appropriate to allow timely decisions regarding required disclosure, and conclusions regarding the effectiveness of such disclosure controls and procedures as set forth in the AHL SEC Documents were accurate as of the times therein indicated. Conclusions regarding the effectiveness of AHL's internal control over financial reporting as set forth in the AHL SEC Documents were accurate as of the times therein indicated.

3.9 Financial Statements. The audited financial statements and unaudited financial statements (including all related notes and schedules) of AHL included in the AHL SEC Documents complied as to form in all material respects with the rules and regulations of the SEC then in effect, fairly present in all material respects the consolidated financial position of AHL and its consolidated Subsidiaries, as of the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal recurring year-end audit adjustments that were not or are not expected to be, individually or in the aggregate, materially adverse to AHL), and were prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved.

3.10 Absence of Certain Changes or Events. Since the date of the most recent balance sheet included in the AHL SEC Documents and after giving effect to the Transactions, there has not occurred any Material Adverse Effect with respect to AHL. As of the date hereof, no stop order suspending the effectiveness of any Registration Statement of AHL is in effect, and no Proceedings for such purpose are pending before or, to the knowledge of AHL, threatened by the SEC.

3.11 Litigation and Regulatory Proceedings. Except as set forth on Schedule 3.11, there are no legal or governmental claims, actions, suits, arbitrations or similar Proceedings pending or, to the knowledge of AHL, threatened, to which AHL or any of its Subsidiaries is a party or to which any of the properties of AHL or any of its Subsidiaries are subject wherein an unfavorable decision, ruling or finding would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect on AHL.

3.12 Compliance with Law. AHL and each of its Subsidiaries are, and since January 1, 2018 have been, in compliance with and not in default under or in violation of any Law, except as where such non-compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AHL. Since January 1, 2018, neither AHL nor any of its Subsidiaries have received any notice or other communication from any Governmental Entity regarding any actual or possible violation of, or failure to comply with, any Law, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AHL.

3.13 No Broker's Fees. AHL is not a party to any contract with any Person that would give rise to a valid claim against AGM for a brokerage commission, finder's fee or like payment in connection with the Transactions.

3.14 No General Solicitation. Neither AHL, nor any of its officers, directors, managers, members, employees, agents, stockholders, partners or Affiliates has either directly or indirectly engaged in any general solicitation or published any advertisement in connection with the offer and sale of the Closing AHL Shares or the Conditional Right Shares.

3.15 No Integration; No Disqualifying Event. Neither AHL nor, to AHL's knowledge, any of its Affiliates or any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security of AHL or solicited any offers to buy any security, under circumstances that would adversely affect reliance by AHL on Section 4(a)(2) of the Securities Act for the exemption from the registration requirements imposed under Section 5 of the Securities Act for the Transactions or that would require such registration under the Securities Act. No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) under the Securities Act is applicable to AHL.

3.16 Compliance with Listing Requirements. The AHL Common Shares are registered pursuant to Section 12(b) of the Exchange Act and are listed on the NYSE. AHL is in compliance in all material respects with the listing and listing maintenance requirements of the NYSE applicable to it for the continued trading of its AHL Common Shares thereon. AHL has not received any notification that the NYSE is contemplating delisting the AHL Common Shares from the NYSE.

3.17 Use of Form S-3. AHL is a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act and meets the registration and transaction requirements for use of the Registration Statement on Form S-3 for the registration of the resale of the AHL Common Shares issued pursuant to this Agreement.

3.18 Required Vote. The affirmative vote of a majority of the votes cast by the holders of the AHL Common Shares and AHL Class B Common Shares (voting as a single class) at a meeting is required in connection with the Share Transactions and the affirmative vote of (a) the holders of capital stock of AHL holding at least a majority of the aggregate voting power of the AHL Common Shares and AHL Class B Common Shares (voting as a single class), (b) the majority of the total outstanding AHL Class B Common Shares and (c) the holders of capital stock of AHL holding at least a majority of the aggregate voting power of the AHL Class M-1, M-2, M-3 and M-4 Shares (each voting as a single class) are required in connection with the amendment and restatement of the bye-laws of AHL contemplated by this Agreement (collectively, the "Required Vote") and no other vote or consent of the holders of any class or series of capital stock of AHL is necessary to approve this Agreement or any of the Transactions.

3.19 No Registration. AHL understands that (a) the Issued AOG Units have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of AHL's representations as expressed herein or otherwise made pursuant hereto and (b) the Issued AOG Units cannot be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

3.20 Purchasing Intent. AHL is acquiring the Issued AOG Units for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and AHL has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities Laws and subject to compliance with the provisions hereof.

3.21 Sophistication; Investigation.

(a) AHL has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Issued AOG Units. AHL is an "accredited investor" within the meaning of Rule 501(a) of the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act. AHL understands and is able to bear any economic risks associated with its investment in the Issued AOG Units (including the necessity of holding such shares for an indefinite period of time and including an entire loss of its investment in the Issued AOG Units). Except for the representations and warranties expressly set forth in this Agreement, AHL has independently evaluated the merits and risks of its decision to enter into this Agreement, is consummating the Transactions with a full understanding, based exclusively on its own independent review, of all of the terms, conditions and risks and willingly assumes those terms, conditions and risks, and disclaims reliance on any representations or warranties, either expressed or implied, by or on behalf of AGM.

(b) AHL acknowledges and understands that AGM has not been requested to provide, and has not provided, AHL with any advice with respect to the Issued AOG Units, and such advice is neither necessary nor desired.

**ARTICLE IV**

**Representations and Warranties of AGM**

Except as (a) otherwise disclosed or modified by the Disclosure Schedule, or (b) as otherwise disclosed in the AGM SEC Documents (other than (i) any information that is contained solely in the "Risk Factors" section of such AGM SEC Documents, except to the extent such information in "Risk Factors" consists of factual historical statements, and (ii) any forward-looking statements contained in such AGM SEC Documents or other disclosures that are predictive, cautionary or forward-looking in nature), AGM hereby represents and warrants to AHL, as of the date hereof and as of the Closing Date, as follows:

4.1 Organization and Qualification. AGM and each member of the Apollo Operating Group is a legal entity organized, validly existing and, if applicable, in good standing (or the equivalent thereof) under the Laws of its jurisdiction of incorporation or organization, has the requisite power and authority (corporate or otherwise) to own, lease or operate its property and to conduct its business in which it is currently engaged and presently proposes to engage and is qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that any such failure to be so qualified or be in good standing would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AGM.

4.2 Capitalization.

(a) As of the date hereof, the authorized capital stock of AGM consists of (i) 90,000,000,000 shares of AGM Common Stock, (ii) 999,999,999 shares of Class B Common Stock, (iii) 1 share of Class C Common Stock, (iv) 11,000,000 shares of Series A Preferred Stock, (v) 12,000,000 shares of Series B Preferred Stock. As of October 23, 2019, (A) 222,402,725 shares of AGM Common Stock were issued and outstanding, (B) 1 share of Class B Common Stock was issued and outstanding, (C) 1 share of Class C Common Stock was issued and outstanding, (D) 11,000,000 shares of Series A Preferred Stock were issued and outstanding, (E) 12,000,000 shares of Series B Preferred Stock were issued an outstanding, and (F) 402,764,033 Operating Group Units were outstanding. As of October 23, 2019, there were (x) outstanding stock options to acquire 200,0000 shares of AGM Common Stock and (y) outstanding restricted share units covering 11,983,008 shares of AGM Common Stock. Except as set forth in the preceding sentences of this Section 4.2, as of October 23, 2019, there are no outstanding shares of capital stock of, or other equity or voting interest in AGM and no outstanding options, warrants, rights or other commitments or agreements to acquire from AGM, or that obligates AGM to issue, any capital stock of, or other equity or voting interest in, or any securities convertible into or exchangeable for shares of capital stock of, or other equity or voting interest in, AGM. As of the date hereof there have been no changes to the capitalization set forth in the preceding sentences of this Section 4.2 since October 23, 2019 other than de minimis changes.

(b) The capitalization of each member of the Apollo Operating Group as of the date hereof is set forth on Section 4.2(b) of the Disclosure Schedule.

(c) AGM or one or more of its direct or indirect Subsidiaries owns the common stock, membership interests or other ownership interests, as applicable, in each of its Subsidiaries free and clear of all Liens, encumbrances and adverse claims, except for such Liens, encumbrances and adverse claims as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AGM.

(d) No member of the Apollo Operating Group owns capital stock of AGM.

4.3 Authorization, Execution and Delivery. Each of AGM and each member of the Apollo Operating Group has the requisite power and authority (corporate or otherwise) to enter into this Agreement, to perform its obligations hereunder and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly authorized by the board of directors of AGM and the requisite corporate proceedings of each member of the Apollo Operating Group and no other corporate proceedings on the part of AGM or any member of the Apollo Operating Group are necessary to authorize the Transactions. This Agreement has been executed and delivered by AGM.

4.4 No Conflict. Neither the offer and sale of the Issued AOG Units nor the execution and delivery by AGM and each member of the Apollo Operating Group of, and the performance by AGM and each member of the Apollo Operating Group of their respective obligations under, this Agreement will result in a violation or default of, or the imposition of any Lien upon any property or assets of AGM or any of its Subsidiaries pursuant to (a) any provision of applicable Law, (b) the certificate of incorporation or bylaws of AGM or the Governing Documents of any member of the Apollo Operating Group, (c) the Governing Documents of any Subsidiary of AGM or any member of the Apollo Operating Group, (d) any agreement or other instrument binding upon AGM, any member of the Apollo Operating Group or any of their respective Subsidiaries or (e) any Order of any Governmental Entity, agency or court having jurisdiction over AGM, any member of the Apollo Operating Group or any of their respective Subsidiaries or any of their properties, except in the case of clauses (a), (c), (d) and (e) for any such violation, default or Lien that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AGM.

4.5 Consents and Approvals. The Class C Stockholder (as defined in the Certificate of Incorporation of AGM) has duly approved the Transaction, and, except as set forth on Schedule 4.5, no other consent, approval, authorization, Order, registration, qualification or filing of or with any Governmental Entity by AGM or any member of the Apollo Operating Group, including any shareholder approvals, is required in connection with the Transactions, except such as may be required under the Exchange Act, the Securities Act or "Blue Sky" Laws. Except for the approval of the Class C Stockholder, no consent, approval, or authorization of any other Person is required to be obtained by AGM or any member of the Apollo Operating Group in connection with the Transactions, except for any such consent, approval or authorization that would not reasonably be expected to have a Material Adverse Effect on AGM.

4.6 Issuance; Valid Issuance. The Issued AOG Units to be issued pursuant to the terms of this Agreement will, when issued, be duly and validly authorized, issued and delivered and shall be fully paid and non-assessable, and the Issued AOG Units will be free and clear of all Liens, preemptive rights, subscription and similar rights (other than restrictions imposed under the Transaction Documents or by applicable Law). Assuming the accuracy of the representations and warranties of AHL set forth in Article III, it is not necessary in connection with the issuance and sale of the Issued AOG Units in the manner contemplated by this Agreement to register such issuance and sale under the Securities Act.

4.7 Investment Company Act. Neither AGM nor any member of the Apollo Operating Group is an "investment company" within the meaning of the Investment Company Act of 1940.

4.8 Compliance with SEC Filings.

(a) AGM has timely filed or furnished all forms, documents and reports required to be filed or furnished by it with the SEC since January 1, 2018 through the date hereof (such documents together with all other forms, documents and reports filed or furnished by AGM with the SEC, including the exhibits thereto and documents incorporated by reference therein, collectively, the "AGM SEC Documents"). As of their respective filing dates or, if amended, as of the date of filing such amendment, the AGM SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations promulgated thereunder, and none of the AGM SEC Documents included, as of their respective filing dates, any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. There are no outstanding or unresolved SEC comments in relation to the AGM SEC Documents and no pro forma financial statements are required to be included in the AGM SEC Documents.

(b) AGM maintains (i) systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that comply with the requirements of the Exchange Act and have been designed by, or under the supervision of, its principal executive and principal financial officers, or Persons performing similar functions, sufficient to provide reasonable assurance that (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; and (ii) a system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that is designed to ensure that information required to be disclosed by AGM in reports that it files with the SEC pursuant to the SEC's rules and forms is so disclosed and includes controls and procedures designed to ensure that such information is accumulated and communicated to AGM's management as appropriate to allow timely decisions regarding required disclosure, and conclusions regarding the effectiveness of such disclosure controls and procedures as set forth in the AGM SEC Documents were accurate as of the times therein indicated. Conclusions regarding the effectiveness of AGM's internal control over financial reporting as set forth in the AGM SEC Documents were accurate as of the times therein indicated.

4.9 Financial Statements. The audited financial statements and unaudited financial statements (including all related notes and schedules) of AGM included in the AGM SEC Documents complied as to form in all material respects with the rules and regulations of the SEC then in effect, fairly present in all material respects the consolidated financial position of AGM and its consolidated Subsidiaries, as of the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods then ended (subject, in the case of the unaudited statements, to normal recurring year-end audit adjustments that were not or are not expected to be, individually or in the aggregate, materially adverse to AGM), and were prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved. The unaudited financial information of the Apollo Operating Group included in the AGM SEC Documents as an "Unaudited Reconciliation of Financial Data" fairly present in all material respects the consolidated financial position of the Apollo Operating Group, as of the respective dates thereof, and the consolidated results of their operations and their consolidated cash flows for the respective periods reflected therein.

4.10 Absence of Certain Changes or Events. Since the date of the most recent balance sheet included in the AGM SEC Documents and after giving effect to the Transactions, there has not occurred any Material Adverse Effect with respect to AGM. As of the date hereof, no stop order suspending the effectiveness of any Registration Statement of AGM is in effect, and no Proceedings for such purpose are pending before or, to the knowledge of AGM, threatened by the SEC.

4.11 Litigation and Regulatory Proceedings. There are no legal or governmental claims, actions, suits, arbitrations or similar Proceedings pending or, to the knowledge of AGM, threatened, to which AGM or any of its Subsidiaries is a party or to which any of the properties of AGM or any of its Subsidiaries are subject wherein an unfavorable decision, ruling or finding would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect on AGM.

4.12 Compliance with Law. AGM and each of its Subsidiaries are, and since January 1, 2018 have been, in compliance with and not in default under or in violation of any Law, except as where such non-compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AGM. Since January 1, 2018, neither AGM nor any of its Subsidiaries have received any notice or other communication from any Governmental Entity regarding any actual or possible violation of, or failure to comply with, any Law, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on AGM.

4.13 No Broker's Fees. AGM is not a party to any contract with any Person that would give rise to a valid claim against AHL for a brokerage commission, finder's fee or like payment in connection with the Transactions.

4.14 No General Solicitation. Neither AGM, nor any of its officers, directors, managers, members, employees, agents, stockholders, partners or Affiliates has either directly or indirectly engaged in any general solicitation or published any advertisement in connection with the offer and sale of the Issued AOG Units to AHL.

4.15 No Integration; No Disqualifying Event. Neither AGM nor, to AGM's knowledge, any of its Affiliates or any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security of AGM or solicited any offers to buy any security, under circumstances that would adversely affect reliance by AGM on Section 4(a)(2) of the Securities Act for the exemption from the registration requirements imposed under Section 5 of the Securities Act for the Transactions or that would require such registration under the Securities Act. No "bad actor" disqualifying event described in Rule 506(d)(1)(i)-(viii) under the Securities Act is applicable to AGM.

4.16 Compliance with Listing Requirements. The AGM Common Stock is registered pursuant to Section 12(b) of the Exchange Act and is listed on the NYSE. AGM is in compliance in all material respects with the listing and listing maintenance requirements of the NYSE applicable to it for the continued trading of its AGM Common Stock thereon. AGM has not received any notification that the NYSE is contemplating delisting the AGM Common Stock from the NYSE.

4.17 Use of Form S-3. AGM is a "well-known seasoned issuer" as defined in Rule 405 under the Securities Act and meets the registration and transaction requirements for use of the Registration Statement on Form S-3.

4.18 No Registration. AGM understands that (a) neither the Closing AHL Shares nor the Conditional Right Shares have been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act, the availability of which depends on, among other things, the bona fide nature of the investment intent and the accuracy of AGM's representations as expressed herein or otherwise made pursuant hereto and (b) neither the Closing AHL Shares nor the Conditional Right Shares can be sold unless subsequently registered under the Securities Act or an exemption from registration is available.

4.19 Purchasing Intent. AGM is acquiring the AHL Common Shares issued pursuant to this Agreement for its own account or accounts or funds over which it holds voting discretion, not otherwise as a nominee or agent, and not otherwise with the view to, or for resale in connection with, any distribution thereof not in compliance with applicable securities Laws, and AGM has no present intention of selling, granting any other participation in, or otherwise distributing the same, except in compliance with applicable securities Laws and subject to compliance with the provisions hereof.

4.20 Sophistication; Investigation.

(a) AGM and the Apollo Operating Group have such knowledge and experience in financial and business matters such that it is capable of evaluating the merits and risks of its investment in the Closing AHL Shares and the Conditional Right Shares. AGM is an "accredited investor" within the meaning of Rule 501(a) of the Securities Act or a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act. AGM understands and is able to bear any economic risks associated with its investment in the Closing AHL Shares and Conditional Right Shares (including the necessity of holding such shares for an indefinite period of time and including an entire loss of its investment in the Closing AHL Shares and Conditional Right Shares). Except for the representations and warranties expressly set forth in this Agreement, AGM has independently evaluated the merits and risks of its decision to enter into this Agreement, is consummating the Transactions with a full understanding, based exclusively on its own independent review, of all of the terms, conditions and risks and willingly assumes those terms, conditions and risks, and disclaims reliance on any representations or warranties, either expressed or implied, by or on behalf of AHL.

(b) AGM acknowledges and understands that AHL has not been requested to provide, and has not provided, AGM with any advice with respect to the Closing AHL Shares or Conditional Right Shares, and such advice is neither necessary nor desired.

4.21 Information Supplied. The information to be supplied by or on behalf of AGM for inclusion or incorporation by reference in the Proxy Statement, on the date the Proxy Statement, or any amendment or supplement thereto, is first published, sent or given to the shareholders of AHL, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they shall be made, not misleading. Notwithstanding

the foregoing, AGM makes no representation or warranty with respect to statements made or incorporated by reference therein based on information supplied by or on behalf of AHL for inclusion or incorporation by reference in the Proxy Statement.

4.22 Tax Classification. Each member of the Apollo Operating Group is properly classified as a partnership for U.S. federal income (and applicable state and local) tax purposes and each New AOG Subsidiary is properly classified as an entity disregarded as separate from the applicable member of the Apollo Operating Group from which it will receive Issued AOG Units pursuant to Section 2.1 of this Agreement for U.S. federal income (and applicable state and local) tax purposes.

## ARTICLE V
## OTHER AGREEMENTS OF THE PARTIES

5.1 Filings; Other Actions.

(a) Efforts Standard. AHL, on the one hand, and AGM, on the other hand, will cooperate and consult with the other and use commercially reasonable efforts to prepare and file, or cause to be prepared and filed, all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to obtain all necessary permits, consents, orders, approvals and authorizations of, or any exemption by, all third parties and Governmental Entities, and the expiration or termination of any applicable waiting periods, necessary or advisable to consummate the Transactions, and to perform the covenants contemplated by this Agreement. AHL and AGM will have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable Laws relating to the exchange of information, all the information relating to such other party, and any of their respective Affiliates, which appears in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions to which it will be party contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. Each party hereto agrees to keep the other party apprised of the status of matters referred to in this Section 5.1. AHL and AGM shall promptly furnish the other with copies of all written communications received by it or its Subsidiaries from, or delivered by any of the foregoing to, any Governmental Entity in respect of the Transactions. AHL and AGM shall each timely file any filings and notices required by the SEC or applicable Law with respect to the Transactions. For the avoidance of doubt, the efforts required by this Section 5.1 shall not require, or be construed to require, any Specified Party, Fund or Portfolio Company to (A) agree to sell, hold separate, divest, discontinue or limit, before or after the Closing Date, any assets, businesses or interest in any of their respective assets or businesses, or (B) any conditions relating to, or changes or restriction in, the operations of any such assets or businesses; provided that the inclusion of a reference to any action in this sentence shall not imply that commercially reasonable efforts would require a party to take any such action. Notwithstanding anything contained herein to the contrary, nothing in this Agreement shall require AGM or its Affiliates to take any action which would adversely impact the compensation arrangements between AGM or its Affiliates, on the one hand, and Athene or its Affiliates, on the other hand.

(b) Blue Sky.

(i) AHL shall take such action as AHL shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Closing AHL Shares at the Closing and Conditional Right Shares at the closing of the sale of any Conditional Right Shares under applicable securities or “Blue Sky” Laws of the states of the United States, and shall provide evidence of any such action so taken to AGM. AHL shall make all filings and reports relating to the offer and sale of the Closing AHL Shares and Conditional Right Shares required under applicable securities or “Blue Sky” Laws of the states of the United States. AHL will provide to AGM a reasonable opportunity to review and provide comments with respect to any filings and reports prior to the submission thereof and AHL shall reasonably consider any comments promptly provided by AGM; provided, that in no event shall AHL be obligated to delay the submission of a filing or report in connection with such review and comment by AGM past its due date.

(ii) AGM shall take such action as AGM shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Issued AOG Units under applicable securities or “Blue Sky” Laws of the states of the United States, and shall provide evidence of any such action so taken to AHL. AGM shall make all filings and reports relating to the offer and sale of the Issued AOG Units required under applicable securities or “Blue Sky” Laws of the states of the United States. AGM will provide to AHL a reasonable opportunity to review and provide comments with respect to any filings and reports prior to the submission thereof and AGM shall reasonably consider any comments promptly provided by AHL; provided, that in no event shall AGM be obligated to delay the submission of a filing or report in connection with such review and comment by AHL past its due date.

(c) Listing.

(i) AHL shall file supplemental listing application(s) with the NYSE and shall use commercially reasonable efforts to cause the Closing AHL Shares to be approved for listing on the NYSE at the Closing (subject to official notice of issuance) and the Conditional Right Shares to be approved for listing on the NYSE at the closing of the sale of any Conditional Right Shares (subject to official notice of issuance).

5.2 Proxy Statement.

(a) AHL shall (i) as promptly as practicable after the date of this Agreement, prepare and file with the SEC a proxy statement (together with any amendments thereof or supplements thereto and any other required proxy materials, the “Proxy Statement”) relating to a meeting of the shareholders of AHL for the purpose of seeking the Required Vote (the “AHL Shareholders Meeting”), (ii) respond as promptly

as reasonably practicable to any comments received from the staff of the SEC with respect to such filings, (iii) as promptly as reasonably practicable, prepare and file any amendments or supplements necessary to be filed in response to any such comments, (iv) use commercially reasonable efforts to have the Proxy Statement cleared by the staff of the SEC and thereafter mail to its stockholders such Proxy Statement in final form as promptly as practicable, and (v) to the extent required by applicable Law, promptly file and mail to the AHL shareholders any supplement or amendment to such Proxy Statement. AHL shall promptly notify AGM upon the receipt of any comments (written or oral) from the SEC or its staff or any requests from the SEC or its staff for amendments or supplements to the Proxy Statement, shall consult with AGM and provide AGM with the opportunity to review and comment upon any response to such comments or requests prior to responding to any such comments or requests and shall reasonably consider AGM's comments in good faith, and shall provide AGM promptly with copies of all correspondence between AHL and its representatives, on the one hand, and the SEC and its staff, on the other hand. AGM shall cooperate with AHL in connection with the preparation and filing of the Proxy Statement, including promptly furnishing AHL, upon request, with any and all information as may be reasonably required to be set forth in the Proxy Statement under the Exchange Act. AHL will provide AGM a reasonable opportunity to review and comment upon the Proxy Statement, or any amendments or supplements thereto, prior to filing the same with the SEC, and shall reasonably consider AGM's comments in good faith.

(b) If, at any time prior to AHL Shareholders Meeting any information relating to AHL or AGM or any of their respective Affiliates should be discovered by AHL or AGM which should be set forth in an amendment or supplement to the Proxy Statement, so that the Proxy Statement shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading, the party that discovers such information shall promptly notify the other party, and, to the extent required by applicable Law, AHL shall disseminate an appropriate amendment thereof or supplement thereto describing such information to AHL's shareholders.

(c) Subject to Section 5.4, the AHL Recommendation shall be included in the Proxy Statement.

5.3 Shareholder Approval. AHL shall, as soon as reasonably practicable following the date on which the Proxy Statement has been declared effective by the SEC, duly call and give notice of and convene and hold the AHL Shareholders Meeting; *provided*, *however*, that AHL may postpone or adjourn the AHL Shareholders Meeting (a) with the prior written consent of AGM; (b) if a quorum has not been established for such AHL Shareholders Meeting; (c) to allow reasonable additional time for the filing and mailing of any supplemental or amended disclosure which the board of directors of AHL has determined in good faith after consultation with outside counsel is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by the shareholders of AHL prior to the AHL Shareholders Meeting; (d) to allow reasonable additional time to solicit additional AHL shareholders, if and to the extent the Required Vote would not otherwise be obtained; or (e) if required by applicable Law; *provided, however*, that in the case of clause (b), (c), or (d), the AHL Shareholders Meeting shall not be postponed or adjourned for more than twenty (20) Business Days from the originally scheduled date of the AHL Shareholders Meeting without the prior written consent of AGM. AHL shall postpone or adjourn the AHL Shareholders Meeting, if requested by AGM (in AGM's sole discretion) to permit additional time to solicit the Required Vote, if sufficient proxies constituting the Required Vote have not been received by AHL. Each of AGM and AHL shall keep the other reasonably updated with respect to proxy solicitation results.

5.4 No Adverse AHL Recommendation.

(a) Except as set forth in Section 5.4(b), the board of directors of AHL or any committee thereof (including the Special Committee) shall not withdraw, suspend, modify or amend the AHL Recommendation in any manner adverse to AGM or fail to include the AHL Recommendation in the Proxy Statement (an "Adverse AHL Recommendation").

(b) Notwithstanding the foregoing, the board of directors of AHL or the Special Committee may, at any time before obtaining the Required Vote, to the extent it determines by resolution in good faith, after consultation with its outside financial advisors and outside legal counsel, that failure to take such action would be a breach of its fiduciary duties under the Laws of Bermuda, make an Adverse AHL Recommendation, but only if:

(i) AHL shall have first provided AGM prior written notice, at least five (5) Business Days in advance, that it intends to make such Adverse AHL Recommendation, which notice shall include reasonable detail regarding the reasons for such Adverse AHL Recommendation; and

(ii) during the five (5) Business Days after the receipt of such notice, AHL shall have negotiated, and shall have caused its representatives to negotiate, with AGM in good faith (to the extent AGM desires to negotiate) to make such adjustments in the terms and conditions of this Agreement so that there is no longer a reasonable basis for such Adverse AHL Recommendation.

5.5 Securities Law Matters.

(a) Legends. Each certificate evidencing securities issued hereunder and each certificate issued in exchange for or upon the transfer of any such securities, shall be stamped or otherwise imprinted with a legend (the "Legend") in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN AVAILABLE EXEMPTION FROM REGISTRATION THEREUNDER.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER RESTRICTIONS AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE ISSUER AND THE HOLDER."

In the event that any such securities are uncertificated, such securities shall be subject to a restrictive notation substantially similar to the Legend in the stock ledger or other appropriate records maintained by the issuer of such securities (the "Issuer") or agent and the term "Legend" shall include such restrictive notation. The Issuer shall, and shall cause any transfer agent to, remove the Legend (or restrictive notation, as applicable) set forth above from the certificates evidencing any such securities (or the securities register or other appropriate records, in the case of uncertified securities), promptly upon request, at any time after the restrictions described in such Legend cease to be applicable, including, as applicable, when such securities may be sold pursuant to Rule 144 under the Securities Act, pursuant to an effective Registration Statement, and under this Agreement. The Issuer may reasonably request such opinions, certificates or other evidence that such restrictions no longer apply as a condition to removing the Legend.

(b) Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the AHL Common Shares to the public without registration, AHL agrees, so long as AGM and its Controlled Affiliates beneficially own equal to or greater than 7.5% of AHL's Common Shares to (A) use its commercially reasonable efforts to make and keep public information regarding AHL available, as those terms are understood and defined in Rule 144 under the Securities Act, and file with the SEC in a timely manner all reports and other documents required to be filed by AHL under the Securities Act and the Exchange Act at, in each case, all times from and after the date hereof and (B) furnish, unless otherwise available at no charge by access electronically to the SEC's EDGAR filing system, to AGM forthwith upon request (I) a copy of the most recent annual or quarterly report of AHL, and (II) such other reports and documents of AHL so filed with the SEC as AGM may reasonably request in availing itself of any rule or regulation of the SEC allowing AGM to sell any such AHL Common Shares without registration.

(c) Integration.

(i) AHL shall not, and shall use commercially reasonable efforts to ensure that no Affiliate thereof shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Closing AHL Shares or Conditional Right Shares in a manner that would require the registration under the Securities Act of the sale of the Closing AHL Shares or Conditional Right Shares or that would be integrated with the offer or sale of the Closing AHL Shares or Conditional Right Shares for purposes of the rules and regulations of the NYSE.

(ii) AGM shall not, and shall use commercially reasonable efforts to ensure that no Affiliate thereof shall, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Issued AOG Units in a manner that would require the registration under the Securities Act of the sale of the Issued AOG Units or that would be integrated with the offer or sale of the Issued AOG Units for purposes of the rules and regulations of the NYSE.

5.6 AHL Capital Structure. Contemporaneously with the Closing, AHL shall cause its bye-laws to be amended and restated in the form attached hereto as Exhibit F (the "Amended and Restated Bye-Laws").

5.7 Conditional Right.

(a) Terms. AHL hereby grants AGM, or its designee as set out below, a conditional right (the "Conditional Right") to purchase up to that number of AHL Common Shares that would result in the Conditional Right Parties Shares, following the exercise of such Conditional Right, being equal to thirty-five percent (35%) of the issued and outstanding AHL Common Shares (including in the denominator the maximum number of AHL Common Shares issuable upon conversion of all outstanding Convertible Securities) (the "Conditional Right Shares"), for a purchase price equal to the Conditional Right Price of the AHL Common Shares. AGM shall have the right to exercise the Conditional Right for one hundred and eighty (180) days after the Closing Date, if at such time, the Conditional Right Parties Shares are equal to less than thirty-five percent (35%) of the issued and outstanding AHL Common Shares (including in the denominator the maximum number of AHL Common Shares issuable upon conversion of all outstanding Convertible Securities) as of such date. The Conditional Right may be exercised in whole or in part and on up to three (3) separate occasions. If not terminated earlier upon exercise, the Conditional Right shall automatically terminate on the date that is one hundred and eighty one (181) days after the Closing Date.

(b) Exercise Procedures. To exercise the Conditional Right, AGM shall deliver a written notice of such exercise (the "Exercise Notice") to AHL. The Exercise Notice shall indicate the number of AHL Common Shares that AGM is purchasing pursuant to the Conditional Right. As promptly as reasonably practicable, but not less than five (5) Business Days, following the delivery of the Exercise Notice to AHL (provided that such period shall be tolled to the extent necessary to obtain all required regulatory approvals), AHL and AGM shall effect the closing of the purchase indicated by the Exercise Notice. At such closing, (i) AGM shall pay or cause to be paid to AHL, by wire transfer to an account designated in writing to AGM by AHL for such purpose, an amount in U.S. dollars that is equal to the aggregate Conditional Right

Price in respect of the number of Conditional Right Shares indicated by the Exercise Notice, and (ii) AHL shall issue the Conditional Right Shares indicated in the Exercise Notice to one (1) or more Affiliates of AGM designated by AGM.

5.8 Closing Agreements. Concurrently with the Closing, AHL, AGM and each member of the Apollo Operating Group shall execute each of the Closing Agreements that this Agreement contemplates such parties will be a party to as of the Closing.

5.9 Tax Classification. Neither AGM nor any of its Affiliates shall file an election to treat any member of the Apollo Operating Group as other than a partnership for U.S. federal income (and applicable state and local) tax purposes or take any action or file an election to treat any New AOG Subsidiary as other than an entity disregarded as separate from the applicable member of the Apollo Operating Group from which it has received Issued AOG Units pursuant to Section 2.1 of this Agreement for U.S. federal income (and applicable state and local) tax purposes.

5.10 Tax Audits. AGM shall cause each member of the Apollo Operating Group to, and each such member shall, make an election pursuant to 6226 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any similar provision of state, local, or foreign law with respect to any material "imputed underpayment" (as defined in the Code) of any member of the Apollo Operating Group or any other material adjustment to the taxes of any member of the Apollo Operating Group by a Governmental Entity or any material penalties or interest incurred in connection with such adjustment, in each case with respect to taxable periods beginning prior to the Closing Date.

5.11 Tax Cooperation. AGM shall, upon AHL's reasonable request and at AHL's expense, cooperate with AHL and its Affiliates to structure the sale by AHL (or any Affiliate of AHL) of the Issued AOG Units pursuant to the Liquidity Agreement in a tax-efficient manner; provided, however that AGM shall not be required to agree to structure any sale by AHL (or any affiliate of AHL) in a manner that would be materially adverse to AGM, its Affiliates or any other holder of Operating Group Units (provided, that for these purposes, structuring any sale in a manner that would cause AGM to lose any step-up in tax basis of any assets owned by any member of the Apollo Operating Group attributable to any appreciation in value in such assets from the Closing Date will not be deemed to be materially adverse to AGM, but structuring any sale in a manner that could cause AGM to ultimately recognize any of the built in gain attributable to the built-in gain in the Contributed AHL Shares as of the time of their contribution to the Apollo Operating Group, will be deemed to be materially adverse to AGM). AGM shall (i) following the date hereof, cooperate in good faith with AHL and its advisors to identify any member of the Apollo Operating Group or any subsidiary thereof that (a) is reasonably likely to be treated as an entity that is fiscally opaque for U.K. tax purposes and (b) is reasonably likely to recognize a material amount of income which is treated as (or taxed as if) effectively connected with the conduct of a trade or business within the United States within the meaning of Section 882(a) of the Code (including pursuant to Section 897 of the Code) (any such entity, a "Relevant AOG Entity") and the parties shall cooperate in good faith to complete such inquiry prior to the Closing Date, and (ii) use commercially reasonable efforts to convert or otherwise reorganize any Relevant AOG Entity into an entity that is treated as fiscally transparent for U.K. tax purposes; provided, however, that AGM shall not be required to convert any Relevant AOG Entity (A) that currently generates, or is expected to generate after the date of this Agreement, an immaterial amount of income, or (B) to the extent the conversion of such Relevant AOG Entity would result in material adverse tax, accounting, regulatory or other similar consequences to AGM, its Affiliates or any other holder of Operating Group Units. Without limitation of the foregoing, AGM shall use reasonable best efforts to convert or otherwise reorganize Apollo Insurance Solutions Group, LLC ("ISG") and any direct or indirect owner of ISG that is a subsidiary of any member of the Apollo Operating Group that is fiscally opaque for U.K. tax purposes into an entity that is treated as fiscally transparent for U.K. tax purposes prior to the Closing Date. All out-of-pocket costs and expenses incurred by AGM in connection with conversion of Relevant AOG Entities pursuant to this provision shall be borne by AHL, and AHL shall promptly reimburse AGM for such costs and expenses upon AGM's request.

5.12 Apollo Exchange Agreement. AGM agrees that, without the prior written consent of AHL not to be unreasonably withheld, conditioned or delayed, AGM shall, and shall cause each of its Affiliates to, maintain the ratio of Operating Group Units to shares of AGM Common Stock in accordance with the applicable terms and conditions set forth in the Apollo Exchange Agreement as of the date hereof. Prior to amending or otherwise modifying the Apollo Exchange Agreement in a manner that would (or would be reasonably likely to) have a material adverse and material disproportionate effect on AHL and its Subsidiaries, taken as a whole (an "Adverse Amendment"), AGM shall notify AHL of its intent to make such Adverse Amendment. For a period of thirty (30) days following delivery of such notice, AGM shall not, and shall cause each of its Affiliates not to, make such Adverse Amendment and, upon AHL's request, AGM shall discuss in good faith the Adverse Amendment with AHL and shall make commercially reasonable efforts to amend or modify the Adverse Amendment such that it does not have a materially adverse and materially disproportionate effect on AHL and its Subsidiaries, taken as a whole. For the avoidance of doubt, nothing in this Section 5.12 shall limit Section 3.1(b) of the Liquidity Agreement (the "Exchange MFN") to the extent the Exchange MFN is applicable to the Adverse Amendment.

5.13 Ownership of AGM Capital Stock. AGM and each member of the Apollo Operating Group hereby agrees that, so long as AHL holds the Issued AOG Units, AGM shall not sell or otherwise transfer to any member of the Apollo Operating Group or their Subsidiaries, and shall not direct or facilitate the acquisition or holding by any member of the Apollo Operating Group or any of their Subsidiaries of, any capital stock of AGM, any other interest treated for U.S. federal income tax purposes as capital stock of AGM or any option to acquire any such capital stock or other interest (including an option to acquire such an option, and each one of a series of such options); provided that, the foregoing shall not apply to transitory ownership by any member of the Apollo Operating Group as agent, nominee or custodian (A) for participants in an AGM shareholder-approved equity plan or (B) in connection with repurchases of capital stock of AGM issued pursuant to such an equity plan.

5.14 Class M Matters. AHL has delivered to AGM true and complete copies of the letter agreements executed by holders of a majority of each of the Class M-1, M-2, M-3 and M-4 Shares relating to, among other things, the voting of such shares at that AHL Shareholders Meeting (the "Class M Holder Letter Agreements"). AHL shall not agree to any amendment or modification to, or grant any waiver of, the voting

provision of the Class M Holder Letter Agreements by and among certain shareholders of AHL and AHL dated as of the date hereof (the "Class M Voting Agreement"). AHL shall use commercially reasonable efforts to fully enforce its rights under the Class M Holder Letter Agreements. AHL shall not issue any Class M-1, M-2, M-3 or M-4 Shares prior to the Required Vote having been obtained except such issuances as would not result in the Class M-1, M-2, M-3 or M-4 Shares subject to the Voting Agreements representing less than a majority of the aggregate voting power of any of the Class M-1, M-2, M-3 or M-4 Shares.

## ARTICLE VI

## CONDITIONS

6.1 Conditions Precedent to the Obligations of each Party. The obligation of each party to consummate the Closing is subject to the satisfaction or waiver (to the extent waivable) by such party, at or before the Closing, of each of the following conditions:

(a) Regulatory Approvals. The governmental and regulatory approvals set forth on Section 6.1(a)(i) of the Disclosure Schedule shall have been obtained and the approval of the NYSE for the listing of the Closing AHL Shares (subject to official notice of issuance) shall have been obtained.

(b) Reinsurance Restructure. All governmental and regulatory approvals necessary for the consummation of the transactions described in Section 6.1(b)(ii) of the Disclosure Schedule shall have been obtained, and the agreements described in Section 6.1(b)(ii) of the Disclosure Schedule shall have been executed and delivered by the parties thereto.

(c) No Legal Restraints. No provision of any applicable Law or regulation and no Order shall prohibit the Transactions and there shall be no pending or threatened Proceeding by any Governmental Entity or investigation by any Governmental Entity seeking any such Order.

(d) Agreements. The AHL Shareholders Agreement shall be in full force and effect.

(e) Required Vote. The Required Vote shall have been obtained.

6.2 Conditions Precedent to the Obligations of AGM. The obligation of AGM to consummate the Closing is subject to the satisfaction or waiver (to the extent waivable) by AGM, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of AHL contained in Section 3.2(a) shall be true and correct in all respects (except for *de minimis* inaccuracies) as of the date when made, and (ii) all other representations and warranties of AHL contained herein shall be true and correct in all material respects as of the date when made and as of the Closing as though made on and as of such date (except for those representations and warranties that (A) are already qualified by materiality, which shall be qualified in the same manner, or (B) speak as of a specific date, which shall be true and correct as of such specified date).

(b) Performance. AHL shall have performed and complied in all material respects with all covenants, obligations and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing.

(c) Amended and Restated Bye-Laws of AHL. The Amended and Restated Bye-Laws shall be in full force and effect.

(d) Deliverables. AHL shall have executed each of the Transaction Documents that this Agreement contemplates such party will be a party to as of the Closing and shall have delivered the same to AGM. AHL shall have delivered to AGM those items required by Sections 2.2(a) and 2.2(c).

6.3 Conditions Precedent to the Obligations of AHL. The obligation of AHL to consummate the Closing is subject to the satisfaction or waiver (to the extent waivable) by AHL, at or before the Closing, of each of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of AGM contained in Sections 4.2(a) and 4.2(b) shall be true and correct in all respects (except for *de minimis* inaccuracies) as of the date when made, and (ii) all other representations and warranties of AGM contained herein shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made on and as of such date (except for those representations and warranties that (A) are already qualified by materiality, which shall be qualified in the same manner, or (B) speak as of a specific date, which shall be true and correct as of such specified date).

(b) Performance. AGM and the Apollo Operating Group shall have performed and complied in all material respects with all covenants, obligations and agreements required by this Agreement to be performed or complied with by AGM or the Apollo Operating Group at or prior to the Closing.

(c) Deliverables. AGM and each member of the Apollo Operating Group shall have executed each of the Transaction Documents that this Agreement contemplates such parties will be a party to as of the Closing and shall have delivered the same to AHL. AGM and the Apollo Operating Group shall have delivered to AHL those items required by Sections 2.2(b) and 2.2(c).

## ARTICLE VII

## TERMINATION

7.1 Termination. This Agreement may be terminated:

(a) by mutual written agreement of AHL and AGM;

(b) by AHL or AGM, upon written notice to the other parties hereto, in the event that (i) the Closing does not occur on or before April 27, 2020 (the "Initial Outside Date"), provided that, if on the Initial Outside Date any of the conditions to the Closing set forth in Section 6.1(a), 6.1(b) or 6.1(c) (solely as it relates to any regulatory approvals) have not been satisfied or, to the extent permissible, waived on or prior to the Initial Outside Date but all other conditions to Closing set forth in Article 6 have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing (so long as such conditions are reasonably capable of being satisfied if the Closing were to occur on such date)) or, to the extent permissible, waived, then the Initial Outside Date shall be automatically extended to July 27, 2020, unless otherwise agreed in writing by AHL and AGM prior to the Initial Outside Date, or (ii) the Required Vote is not obtained at the AHL Shareholders Meeting; *provided*, *however*, that the right to terminate this Agreement pursuant to this Section 7.1(b) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

(c) by any party, upon written notice to the other parties, in the event that any Governmental Entity shall have issued any Order or taken any other action restraining, enjoining or prohibiting any of the Transactions, and such Order or other action shall have become final and nonappealable.

7.2 Effects of Termination. In the event of any termination of this Agreement as provided in Section 7.1, this Agreement (other than Article VIII, which shall remain in full force and effect) shall forthwith become wholly null and void and of no further force and effect; *provided* that nothing herein shall relieve any party from liability for intentional breach of this Agreement.

## ARTICLE VIII

## MISCELLANEOUS

8.1 Survival. With the exception of the representations and warranties set forth in Section 3.1 through Section 3.6, Section 3.13, Section 4.1 through Section 4.6 and Section 4.13, which shall survive indefinitely, the representations and warranties contained herein shall not survive the Closing Date. Except as otherwise provided herein and except for Section 2.3, 5.9, 5.10, 5.11 and 5.13, which shall survive indefinitely, all covenants and agreements contained herein, other than those which by their terms are to be performed in whole or in part after the Closing Date, shall terminate as of the Closing Date.

8.2 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement.

8.3 Entire Agreement. This Agreement, together with documents contemplated hereby, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and fully supersede any and all prior or contemporaneous agreements or understandings among the parties hereto pertaining to the subject matter hereof.

8.4 Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its permitted assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other actions as may be required by Law or reasonably requested by any party hereto to effectively carry out the intent and purposes of this Agreement.

8.5 Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, (b) sent by overnight mail or registered or certified mail, return receipt requested, postage prepaid, or (c) sent by email, with electronic or written confirmation of receipt, in each case addressed as follows:

(i) if to AGM or any member of the Apollo Operating Group, to:

Apollo Global Management, Inc.
9 West 57th Street, 43rd Floor
New York, NY 10019
Attention: John J. Suydam
Email: jsuydam@apollo.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: John M. Scott
Brian P. Finnegan
Ross A. Fieldston

Email: jscott@paulweiss.com
bfinnegan@paulweiss.com
rfieldston@paulweiss.com

(ii) If to AHL, to:

Athene Holding Ltd.
Chesney House
96 Pitts Bay Road
Pembroke HM 08
Bermuda
Attention: Natasha Scotland Courcy
E-mail: NCourcy@athene.bm

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
United States of America
Attention: Perry J. Shwachman
Samir A. Gandhi
Jeremy Watson
E-mail: pshwachman@sidley.com
sgandhi@sidley.com
jcwatson@sidley.com

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: A. Peter Harwich
Daniel E. Rees
Email: peter.harwich@lw.com
daniel.rees@lw.com

Any such notice shall be deemed to be delivered, given and received for all purposes as of: (A) the date so delivered, if delivered personally, (B) upon receipt, if sent by facsimile or e-mail, or (C) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

8.6 Governing Law. ALL ISSUES AND QUESTIONS CONCERNING THE APPLICATION, CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF THE STATE OF Delaware OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF Delaware.

8.7 Consent to Jurisdiction. With respect to any suit, action or proceeding ("Proceeding") arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of the Supreme Court of Bermuda (the "Selected Court") and waives any objection to venue being laid in the Selected Court whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before the Selected Court; provided, however, that a party may commence any Proceeding in a court other than the Selected Court solely for the purpose of enforcing an order or judgment issued by the Selected Court; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the applicable party hereto at their respective addresses referred to in Section 8.5; provided, however, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by Law; and (c) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER among THEM RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

8.8 Equitable Remedies. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at Law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party hereto further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at Law would be adequate.

8.9 Amendments; Waivers. No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by AHL and AGM or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

8.10 Construction. This Agreement shall be construed as if all parties hereto prepared this Agreement.

8.11 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

8.12 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties hereto any legal or equitable right, remedy or claim under or in respect of any agreement or provision contained herein, it being the intention of the parties hereto that this Agreement is for the sole and exclusive benefit of such parties and for the benefit of no other Person; provided, that the Related Parties of the parties hereto and the Related Parties of the Related Parties of the parties hereto shall be express third party beneficiaries of Section 8.15.

8.13 Binding Effect. Except as otherwise provided herein, all the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the parties hereto. No party may assign any of its rights hereunder to any Person.

8.14 Severability. In the event that any provision of this Agreement as applied to any party hereto or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of Law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of the Agreement as a whole.

8.15 Non-Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, by its acceptance of this Agreement, each party hereto covenants, acknowledges and agrees that no Person other than the parties hereto shall have any obligation hereunder and that (a) notwithstanding that any of the parties hereto may be a partnership or limited liability company, no recourse hereunder or under any documents or instruments delivered in connection herewith shall be had against any former, current or future, direct or indirect director, manager, officer, employee, agent, financing source or Affiliate of any of the parties hereto, any former, current or future, direct or indirect holder of any equity interests or securities of any of the parties hereto (whether such holder is a limited or general partner, manager, member, stockholder, securityholder or otherwise), any former, current or future assignee of any of the parties hereto, any former, current or future director, officer, employee, agent, financing source, general or limited partner, manager, management company, member, stockholder, securityholder, Affiliate, controlling Person or representative or assignee of any of the foregoing, or any former, current or future heir, executor, administrator, trustee, successor or assign of any of the foregoing other than the parties hereto or their respective successors or assignees under this Agreement (any such Person or entity, other than the parties hereto or their respective successors or assignees under this Agreement, a "Related Party") or any Related Party of the Related Parties of the parties hereto whether by the enforcement of any judgment

or assessment or by any legal or equitable Proceeding, or by virtue of any applicable Law; and (b) no personal liability whatsoever will attach to, be imposed on or otherwise incurred by any Related Party of any party hereto or any Related Party of such party's Related Parties under this Agreement or any documents or instruments delivered in connection herewith or for any claim based on, in respect of, or by reason of such obligations hereunder or by their creation.

8.16 Apollo Operating Group Indemnification of AGM. The Apollo Operating Group agrees to indemnify and hold harmless AGM from and against any and all losses, claims, damages and liabilities, that arise out of, or are based upon, this Agreement.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**AHL**

ATHENE Holding Ltd.

By: /s/ Natasha Scotland Courcy
Name: Natasha Scotland Courcy
Title: SVP, Legal

**AGM**

Apollo Global Management, Inc.

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Chief Legal Officer,
Vice President and Secretary

**Apollo Operating Group**

APOLLO PRINCIPAL HOLDINGS I, L.P.

By: Apollo Principal Holdings I GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS II, L.P.

By: Apollo Principal Holdings II GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS III, L.P.

By: Apollo Principal Holdings III GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS IV, L.P.

By: Apollo Principal Holdings IV GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS V, L.P.

By: Apollo Principal Holdings V GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS VI, L.P.

By: Apollo Principal Holdings VI GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS VII, L.P.

By: Apollo Principal Holdings VII GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS VIII, L.P.

By: Apollo Principal Holdings VIII GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS IX, L.P.

By: Apollo Principal Holdings IX GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS X, L.P.

By: Apollo Principal Holdings X GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS XII, L.P.

By: Apollo Principal Holdings XII GP, LLC, its General Partner

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

AMH HOLDINGS (CAYMAN), L.P.

By: AMH Holdings GP, Ltd, its General Partner

By: AGM Management Holdings GP, LLC its Sole Director

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

APOLLO PRINCIPAL HOLDINGS XI, L.P.

By: /s/ Dominic Fry
Name: Dominic Fry
Title: Manager

**Exhibit A**

**AHL Shareholders Agreement**

**dated as of**

**[•], 2020**

**by and among**

**Athene Holding Ltd.**

**and**

**the Apollo SHAREHOLDERS**

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**SHAREHOLDERS AGREEMENT**

SHAREHOLDERS AGREEMENT (this "Agreement"), dated as of [•], by and among Athene Holding Ltd., a Bermuda exempted company ("AHL") and each Person identified on the signature pages hereto as an Apollo Shareholder (together with any other shareholders of AHL who become party hereto as "Apollo Shareholders" in accordance with this Agreement, the "Apollo Shareholders").

WHEREAS, in connection with the transactions contemplated by that certain Transaction Agreement, dated as of October 27, 2019, by and among Apollo Global Management, Inc., a Delaware corporation, AHL and the other parties thereto (the "Transaction Agreement"), AHL and the Apollo Shareholders desire to address herein certain relationships among themselves; and

WHEREAS, the parties hereto desire to provide for certain governance rights and other matters on and after the Closing.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I**

**DEFINITIONS AND USAGE**

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means in the case of a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such Person; provided, that none of AHL and its Subsidiaries will be deemed an Affiliate of any Apollo Shareholder or any of such Apollo Shareholders' Affiliates for purposes of this Agreement.

As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"AGM" Apollo Global Management, Inc., a Delaware corporation.

"Apollo Related Holder Shares" means the number of Class A Shares that AGM can reasonably demonstrate with documentary or other evidence to the reasonable satisfaction of AHL are beneficially owned in the aggregate by the Apollo Shareholders, the controlled Affiliates of AGM and the Persons set forth on Exhibit A (excluding for this purpose any Class A Shares to which the Apollo Shareholders have been granted a proxy by an employee of AHL).

"Apollo Representative" means Apollo Management Holdings, L.P. or, subject to receipt of all required regulatory consents, authorizations and approvals (if any), such other Apollo Shareholder selected by the Apollo Shareholders and designated by the Apollo Representative in a written notice to AHL.

"beneficial ownership" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms "beneficially own" and "beneficial owner" shall have correlative meanings.

"Board of Directors" means the board of directors of AHL.

"Business Day" means any day other than Saturday, Sunday, any day which shall be a federal legal holiday in the United States or Bermuda or any day on which banking institutions in The State of New York are authorized or required by Law or other governmental action to close.

"Class A Shares" means the Class A common shares, $0.001 par value per share, of AHL.

"Closing" has the meaning given to such term in the Transaction Agreement.

"Closing Date" has the meaning given to such term in the Transaction Agreement.

"Closing Price" means the average of the closing bid and asked prices on such date, as officially reported on the principal national securities exchange on which the Class A Shares are then listed or admitted to trading.

"Competitor" means any Person that is, or is affiliated in any manner with any other Person that is the reasonable good faith judgement of AHL in direct competition with, or controls any Person in direct competition with, AHL; provided that none of AGM or any of its Affiliates shall be deemed a Competitor at any time other than an Affiliate of AGM that is itself a Portfolio Company which may be deemed a Competitor to the extent such Portfolio Company is itself a Competitor pursuant to this definition.

"Confidential Information" means all non-public information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof or whether pursuant to this Agreement or otherwise) concerning AHL and its Controlled Affiliates that may be or may have been furnished to any Person by or on behalf of AHL, its Controlled Affiliates or any of their respective representatives, pursuant to or in connection with this Agreement, other than information which (a) becomes generally available to the public other than as a result of a breach of this Agreement or another duty or obligation of confidentiality, (b) becomes available to such Person on a non-confidential basis from a source other than AHL, its Controlled Affiliates or any of their respective representatives; provided that the source thereof is not known by such Person or its Affiliates or its or their respective representatives to be bound by a duty or obligation of confidentiality, or (c) is independently developed by such Person, its Affiliates or its or their respective representatives without the use of or reference to any information that would otherwise be Confidential Information hereunder.

"Controlled Affiliate" of any Person means any Affiliate that directly or indirectly, through one or more intermediaries, is controlled (as defined in the definition of "Affiliate") by such Person.

"Controlled Entity" means, as to any Person, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Person or such Person's Affiliates, (b) any partnership of which such Person or an Affiliate of such Person is the managing partner (or the general partner if such partnership is a limited partnership) and in which such Person or such Person's Affiliates hold partnership interests representing at least fifty percent (50%) of such partnership's capital and profits and (c) any limited liability company of which such Person or an Affiliate of such Person is the manager or managing member and in which such Person or such Person's Affiliates hold membership interests representing at least fifty percent (50%) of such limited liability company's capital and profits.

"Convertible Securities" means any stock or securities directly or indirectly convertible into or exercisable or exchangeable for Class A Shares (excluding any unvested options or similar interests that are subject to vesting and any options or other similar interests that are not then exercisable).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor Law, in each case together with the rules and regulations promulgated thereunder.

"Fall-away Date" means the first date on which (i) the Apollo Related Holder Shares represent less than seven and one-half percent (7.5%) of the total aggregate number of Class A Shares issued and outstanding, or (ii) the Apollo Shareholders have a Percentage Interest of less than five percent (5%).

"Funds" means any separate account, client (other than AHL and its Subsidiaries), investment vehicle or similar entity sponsored, advised or managed, directly or indirectly, by AGM or any of its Subsidiaries.

"Governing Documents" means the legal document(s) by which any Person (other than an individual) establishes its legal existence or which govern its internal affairs. For example, the "Governing Documents" of a corporation are its certificate or articles of incorporation and by-laws, the "Governing Documents" of a limited partnership are its limited partnership agreement and certificate of limited partnership and the "Governing Documents" of a limited liability company are its operating agreement and certificate of formation or articles of organization.

"Governmental Entity" means any federal, state, local, municipal or foreign government or subdivision thereof or any other governmental, administrative, judicial, arbitral, legislative, executive, regulatory or self-regulatory authority (including the New York Stock Exchange and FINRA-Financial Industry Regulatory Authority), instrumentality, agency, commission or body.

"Hedging Transaction" means any short sale (whether or not against the box) or any purchase, sale, pledge or grant of any right (including any put or call option) with respect to any security (other than a broad-based market basket or index) that includes, relates to or derives any significant part of its value from the Class A Shares.

"Law" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, order, award, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

"Liquidity Agreement" means the Liquidity Agreement, dated as of the date hereof, by and among AGM, AHL and the other parties thereto

"Percentage Interest" means, with respect to any Person and as of any time of determination, a fraction, expressed as a percentage, the numerator of which is the number of Class A Shares held or beneficially owned by such Person, including Class A Shares to which such Person has been granted a valid proxy, as of such date and the denominator of which is the aggregate number of Class A Shares issued and outstanding as of such date.

"Permitted Transferee" means, with respect to any Person, any Controlled Entity or Affiliate of such Person, a Transfer to which such Controlled Entity or Affiliate would not reasonably be expected to result in adverse tax or regulatory consequences to any party hereto, as reasonably determined by AHL in good faith; provided, however, that no Person that is a Competitor shall be a Permitted Transferee for purposes of this Agreement; provided further that such Permitted Transferee has signed a joinder pursuant to Section 2.5.

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

"Portfolio Companies" means any Person in which any Fund owns or has made, directly or indirectly, an investment.

"SEC" means U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and any successor Law, in each case together with the rules and regulations promulgated thereunder.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person.

"Transfer" means any direct or indirect sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, charge, encumbrance, hypothecation, mortgage, creation of a security interest in, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of Law (including the creation of any derivative or synthetic interest). The terms "Transferred" and "Transferrable" have correlative meanings.

"VWAP" means, with respect to any publicly traded equity security, the volume weighted average price of such equity security over a specified period of time as reported by Bloomberg (or its equivalent, nationally recognized successor if Bloomberg ceases to provide such reports).

Section 1.2 Interpretation. In this Agreement and in the exhibits hereto, except to the extent that the context otherwise requires:

(a) the headings are for convenience of reference only and shall not affect the interpretation of this Agreement;

(b) defined terms include the plural as well as the singular and vice versa;

(c) words importing gender include all genders;

(d) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been or may from time to time be amended, extended, re-enacted or consolidated and to all statutory instruments or orders made thereunder;

(e) any agreement or instrument defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement or instrument as from time to time amended, modified, supplemented or restated, including by waiver or consent, and references to all attachments thereto and instruments incorporated therein, but in the case of each of the foregoing, only to the extent that such amendment, modification, supplement, restatement, waiver or consent is effected in accordance with this Agreement;

(f) any reference to "day" or "month" means a calendar day or a calendar month;

(g) any reference to a "day" means the whole of such day, being the period of 24 hours running from midnight to midnight;

(h) references to Articles, Sections, subsections, clauses and Exhibits are references to Articles, Sections, subsections, clauses and Exhibits of and to this Agreement;

(i) the words "including" and "include" and other words of similar import shall be deemed to be followed by the phrase "without limitation";

(j) the word "or" shall be disjunctive but not exclusive; and

(k) unless otherwise specified, references to any party to this Agreement or any other document or agreement shall include such party's successors and permitted assigns.

## ARTICLE II

## TRANSFER

Section 2.1 Generally. The parties hereto acknowledge and agree that the Class A Shares held by any Apollo Shareholder may not be Transferred to any Person, and no Apollo Shareholder shall have any right to Transfer or otherwise dispose of any Class A Shares, other than (a) after consultation with AHL, and subject to receipt of all required regulatory consents, authorizations and approvals, to a Permitted Transferee; or (b) in accordance with and subject to the terms of this Agreement.

Section 2.2 Apollo Lockup. For the period beginning on the Closing Date and ending on the three (3) year anniversary of the Closing Date (the "Lock-Up Period") no Apollo Shareholder shall (a) directly or indirectly, Transfer any Class A Share to any Person other than to a Permitted Transferee as permitted under Section 2.1, or (b) enter into any Hedging Transaction.

Section 2.3 Additional Transfer Restrictions. From and after the expiration of the Lock-Up Period (or prior to such expiration in connection with a Transfer to a Permitted Transferee pursuant to Section 2.1), no Apollo Shareholder shall directly or indirectly, Transfer any Class A Share to any Person that, (a) is a Competitor or (b) to the knowledge of such Apollo Shareholder, after reasonable inquiry (including, where practicable, obtaining a representation of the ownership of Class A Shares of such proposed transferee), would have a Percentage Interest in excess of two and one half of a percent (2.5%) after giving effect to such Transfer; provided, however, that the restrictions in this Section 2.3 shall not apply to any sale of any Class A Share on a national stock exchange or pursuant to a widely distributed underwritten public offering.

Section 2.4 Right of First Offer. Except for Transfers (x) to a Permitted Transferees pursuant to Section 2.1(a) or (y) that are registered under the Securities Act:

(a) Right of First Offer. If, following the Lock-Up Period, any Apollo Shareholder proposes to effect a Transfer (such Person proposing to effect such Transfer, the "ROFO Offeror" and such transaction, a "ROFO Transaction") of all or any of its Class A Shares to any Person other than a Permitted Transferee (the "ROFO Purchaser"), then the ROFO Offeror shall give prior written notice to AHL of such Transfer (a "ROFO Notice"), which ROFO Notice shall set forth the aggregate number of Class A Shares proposed to be subject to Transfer by the ROFO Offeror.

(b) Exercise of ROFO.

(i) Within five (5) days after the delivery of the ROFO Notice to AHL (the "Initial ROFO Period"), AHL shall have the right and option, but not the obligation, to deliver a written notice offering to purchase the Class A Shares subject to such ROFO Notice (the "ROFO Offer Notice"), which ROFO Offer Notice shall set forth the material terms and conditions of the proposed ROFO Transaction (including (i) the proposed price per Class A Share and the form of consideration, if other than cash and (iii) the proposed terms and conditions of payment). If AHL delivers a ROFO Offer Notice in accordance with this Section 2.4(b) and the ROFO Offeror wishes to accept the offer in such ROFO Offer Notice, AHL and the ROFO Offeror shall negotiate in good faith to enter into definitive documentation with respect to such ROFO Transaction within five (5) days (the "ROFO Negotiation Period") of the date of the ROFO Offer Notice. If the ROFO Offer Notice is given to the ROFO Offeror but the ROFO Offeror does not wish to accept the offer in such ROFO Offer Notice or AHL (or its designated Affiliate(s)) and the ROFO Offeror fail to enter into definitive documentation with respect to the ROFO Transaction prior to the expiration of the ROFO Negotiation Period, the ROFO Offeror shall be permitted to enter into and consummate a ROFO Transaction with one or more transferees on terms and conditions substantially similar to (and in no event more favorable to the transferee than) the terms and conditions set forth in the ROFO Offer Notice, so long as the ROFO Offeror has complied with the other provisions of this Agreement.

(ii) If a ROFO Notice is given to AHL, and during the Initial ROFO Period, AHL does not deliver a ROFO Offer Notice in accordance with this Section 2.4(b), the ROFO Offeror shall be free, upon the expiration of the Initial ROFO Period, to enter into and consummate a ROFO Transaction with one or more transferees, so long as the ROFO Offeror has complied with the other provisions of this Agreement.

(iii) If, at the end of the ninety (90) day period following the end of the ROFO Negotiation Period (or, if no ROFO Offer Notice was delivered by AHL pursuant to this Section 2.4, the end of the Initial ROFO Period) with respect to a ROFO Notice delivered to AHL pursuant to this Section 2.4 that did not result in a transaction being consummated between AHL and the ROFO Offeror, the ROFO Offeror has not consummated the applicable ROFO Transaction, then such ROFO Transaction shall be deemed to have been abandoned and may only be completed if the procedures set forth in this Section 2.4 are followed again with respect to such ROFO Transaction.

(c) ROFO Transaction Closing. The closing (a "ROFO Closing") of any Transfer by the ROFO Offeror to AHL or its designated Affiliates under this Section 2.4 (any such Transfer, an "Exercised ROFO Transaction") shall take place on such date as is set forth in the definitive transaction agreement entered into between, on the one hand, the ROFO Offeror, and, on the other hand, AHL or such Affiliates (with respect to a particular Exercised ROFO Transaction under this Section 2.4, such date, the "ROFO Closing Date"). At the ROFO Closing, (i) AHL or such Affiliates shall pay or cause to be paid to the ROFO Offeror the applicable purchase price in cash in immediately available funds (or other consideration as may be agreed by AHL or such Affiliate(s), on the one hand, and the ROFO Offeror, on the other hand) and (ii) (x) the ROFO Offeror shall Transfer the Class A Shares sold pursuant to such Exercised ROFO Transaction to AHL or such Affiliates and (y) the ROFO Offeror shall cease to hold the Class A Shares sold pursuant to such Exercised ROFO Transaction.

Section 2.5 Transfers and Joinders. If any Apollo Shareholder effects any Transfer of Class A Shares to a Permitted Transferee, such Apollo Shareholder shall, if such Permitted Transferee is not an Apollo Shareholder, prior to or concurrently with such Transfer, cause such Permitted Transferee to execute a joinder to this Agreement, in form and substance reasonably acceptable to AHL, in which such Permitted Transferee agrees to be an "Apollo Shareholder" for all purposes of this Agreement and which provides that such Permitted Transferee shall be bound by and shall fully comply with the terms of this Agreement that are applicable to Apollo Shareholders. Notwithstanding the foregoing or anything herein to the contrary, such Apollo Shareholder shall not be relieved of any obligation or liability hereunder arising prior to the consummation of such Transfer.

Section 2.6 Binding Effect on Transferees. Subject to execution of a joinder to this Agreement prior to or concurrently with the applicable Transfer, in form and substance reasonably acceptable to AHL pursuant to Section 2.5, such Permitted Transferee shall become an Apollo Shareholder hereunder.

Section 2.7 Improper Transfer. Any attempt to Transfer any Class A Shares other than in accordance with this Agreement shall be null and void and no right, title or interest in or to such Class A Shares shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder in connection with any attempted Transfer. AHL will not give, or permit its transfer agent to give, any effect to any such attempted Transfer on its records.

Section 2.8 Certain Transfers. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall prohibit, restrict or impose any conditions on any Transfer of Class A Shares by any Fund or Portfolio Company, except to the extent that such Class A Shares were Transferred to such Fund or Portfolio Company by an Apollo Shareholder after the date hereof.

## ARTICLE III

## BOARD REPRESENTATION; INFORMATION

Section 3.1 Apollo Nominees.

(a) Until the Fall-away Date, AHL shall take all necessary actions so as to cause to be nominated for election to the Board of Directors at each annual or special general meeting at which the shareholders will vote on the election of directors, a number of individuals nominated by the Apollo Shareholders (which shall act for such purposes through the Apollo Representative) who meet all legal and regulatory requirements necessary to serve on the Board of Directors equal to (x) the Percentage Interest of the Apollo Shareholders multiplied by the total number of directorships comprising the Board of Directors (i.e., for the avoidance of doubt, including any vacancies and newly created directorships) and rounded up to the nearest whole number (for sake of clarity, the result of this calculation shall not equal less than zero and any number that is not a whole number shall be rounded to the next highest whole number) (each such Person nominated pursuant to this Section 3.1, an "Apollo Nominee"), minus (y) the number of Apollo Nominees then serving on classes of the Board of Directors whose terms are not expiring at such annual or special general meeting. Notwithstanding the foregoing, the number of Apollo Nominees shall not equal or exceed a majority of the individuals nominated to serve on the Board of Directors unless the Percentage Interest of the Apollo Shareholders is greater than fifty percent (50%). For purposes of the nomination right set forth in this Section 3.1, the employees of or consultants to AGM and its Affiliates who are on the Board of Directors as of the date hereof (other than the Chief Executive Officer of the Company) shall be deemed to be Apollo Nominees.

(b) Prior to the Fall-away Date, if any Apollo Nominee should resign from the Board of Directors or be rendered unable to serve on the Board of Directors by reason of death or disability or otherwise, then the Apollo Shareholders (which shall act for such purposes through the Apollo Representative) shall be entitled to nominate a replacement meeting all legal and regulatory requirements necessary to serve on the Board of Directors and AHL shall use commercially reasonable efforts to cause the Board of Directors to cause such vacancy to be filled with such replacement Apollo Nominee; provided, that for the avoidance of doubt, the Apollo Shareholders shall not have the right to nominate a new Apollo Nominee, and AHL shall not be required to take any action to cause any vacancy to be filled with any such new Apollo Nominee, to the extent that election of such new Apollo Nominee to the Board of Directors would result in a number of Apollo Nominees serving on the Board of Directors being in excess of the number of Apollo Nominees to which the Apollo Shareholders is then entitled pursuant to Section 3.1(a). Any such nominated replacement who becomes a member of the Board of Directors shall be deemed to be an Apollo Nominee for all purposes under this Agreement.

(c) AHL shall (i) use commercially reasonable efforts to cause the Board of Directors to recommend to AHL shareholders to vote in favor of the election of each Apollo Nominee, (ii) use commercially reasonable efforts to solicit proxies or consents in favor of the Apollo Nominees to the same or greater extent as it does so in favor of the other persons nominated or recommended by the Board of Directors (or a committee thereof), and (iii) reasonably cooperate with the Apollo Shareholders with respect to the Apollo Shareholders' desired classification of the Apollo Nominees across the various classes of the Board of Directors.

(d) The Apollo Shareholders' right to nominate the Apollo Nominees is personal to the Apollo Shareholders and shall not be Transferrable to any other Person.

Section 3.2 Books and Records; Access. Without derogating from any rights the Apollo Shareholders have under any other agreement or otherwise, until the Fall-away Date, AHL shall, and shall cause its Subsidiaries to, permit the Apollo Shareholders and their respective designated representatives, upon reasonable prior notice to AHL: (a) to inspect, review or make copies and extracts during normal business hours from the books and records of AHL or any of such Subsidiaries and (b) once during any fiscal quarter to discuss the affairs, finances and condition of AHL or any of such Subsidiaries with the officers and public accountants of AHL or any such Subsidiary. Notwithstanding the foregoing or anything in this Agreement to the contrary, AHL shall not be required to provide such portions of any materials pursuant to this Section 3.2 containing attorney-client, work product or similar privileged information of AHL or any of their respective Subsidiaries or other information required by AHL or any of its Subsidiaries to be kept confidential pursuant to and in accordance with the terms of any confidentiality agreement with a third Person or applicable Law, so long as AHL has used its commercially reasonable efforts to enter into an arrangement pursuant to which it may provide such information to the Apollo Shareholders without the loss of any such privilege or without violating such

confidentiality obligation. If the Apollo Shareholders exercise their rights pursuant to this Section 3.2, it shall be at the sole cost and expense of the Apollo Shareholders.

Section 3.3 Confidentiality. Each Apollo Shareholder shall, and shall cause the Apollo Nominees to, keep confidential all Confidential Information; provided, that such Apollo Shareholder may, subject to and in compliance with applicable securities Laws, provide Confidential Information to any of its Affiliates or representatives to the extent reasonably necessary (and to the extent such Person reasonably needs to know such information) in connection with such Apollo Shareholder's investment in AHL; provided, however, that such Apollo Shareholder shall cause any such recipient to agree to comply, and to comply, with the provisions of this Section 3.3, as well as Section 3.4, which are applicable to such Apollo Shareholder, it being understood that such Apollo Shareholder shall be responsible for any breach of the provisions hereof by such recipient. Notwithstanding the foregoing, such Apollo Shareholder, and any director, officer or employee of such Apollo Shareholder who receives Confidential Information (or any other Person who receives Confidential Information from such Apollo Shareholder in accordance with the terms of this Agreement) may disclose any such Confidential Information to the extent required by applicable Law; provided that, to the extent practicable and legally permissible, the disclosing party (a) gives AHL reasonable notice of any such requirement so that AHL may seek appropriate protective measures (at AHL's sole cost and expense) and (b) to the extent requested in writing by AHL, reasonably cooperates with AHL (at AHL's sole cost and expense) in attempting to obtain such protective measures.

Section 3.4 Securities Laws. Each Apollo Shareholder acknowledges that it is aware, and will advise any of its Affiliates who receive Confidential Information pursuant to Section 3.1, Section 3.2 or otherwise, that applicable securities Laws prohibit any Person who has received material, non-public information from purchasing or selling securities on the basis of such information or from communicating such information to any other Person unless in compliance with such Laws.

## ARTICLE IV

## CAPITAL SUPPORT FACILITY

Section 4.1 Capital Support Facility. AHL hereby grants the Apollo Representative, or its designees as set out below, a right (the "Facility Right"), exercisable on one or more occasions, to purchase up to that number of Class A Shares that would increase by five (5) percentage points the percentage of the issued and outstanding Class A Shares represented by the Conditional Right Parties Shares (as defined in the Transaction Agreement) (including in the denominator the maximum number of Class A Shares issuable upon conversion of all outstanding Convertible Securities and the Class A Shares issued pursuant to the Facility Right) as further described in this Section 4.1, for a purchase price equal to the higher of the Closing Price of the Class A Shares on the last trading day immediately prior to the applicable exercise of the Facility Right and (a) for the first year after the Closing, $42.92, and (b) thereafter, the 60 calendar day trailing VWAP of such Class A Shares as of the applicable exercise date of the Facility Right (the "Facility Price"). The Apollo Representative shall have the right to exercise the Facility Right at any time following the Closing. The Facility Right may be exercised in whole or in part, and on one or more occasion but, except to the extent that the exercise of a lesser percentage would result in the Facility Right being exercised in whole, each exercise will increase by no less than one (1) percentage point the percentage of the issued and outstanding Class A Shares as of such date of exercise represented by the Conditional Right Parties Shares (including in the denominator the maximum number of Class A Shares issuable upon conversion of all outstanding Convertible Securities and the Class A Shares issued pursuant to such exercise of the Facility Right). For illustrative purposes, if the Apollo Representative exercises the Facility Right to increase by one (1) percentage point the percentage of the issued and outstanding Class A Shares as of such date of exercise represented by the Conditional Right Parties Shares (including in the denominator the maximum number of Class A Shares issuable upon conversion of all outstanding Convertible Securities and the Class A Shares issued pursuant to such exercise of the Facility Right), then the Apollo Representative will continue to have the right to, at a later date, increase by four (4) percentage points the percentage of the issued and outstanding Class A Shares as of such later date of exercise represented by the Conditional Right Parties Shares (including in the denominator the maximum number of Class A Shares issuable upon conversion of all outstanding Convertible Securities and the Class A Shares issued pursuant to such later exercise of the Facility Right).

Section 4.2 Exercise Procedures. To exercise the Facility Right, the Apollo Representative shall deliver a written notice of such exercise (the "Exercise Notice") to AHL. The Exercise Notice shall indicate the number of Class A Shares or percentage of Class A Shares as of such date of exercise (including in the denominator the maximum number of Class A Shares issuable upon conversion of all outstanding Convertible Securities and the Class A Shares issued pursuant to such exercise of the Facility Right) that the Apollo Representative, or its designees as set out below, is purchasing pursuant to the Facility Right (the "Facility Shares"). As promptly as reasonably practicable, but not less than five (5) Business Days following the delivery of an Exercise Notice to AHL (provided that such period shall be tolled to the extent necessary to obtain all required regulatory consents, authorizations and approvals, including those implicated for any Affiliates), AHL and the Apollo Representative shall effect the closing of the purchase indicated by the Exercise Notice (the "Facility Closing"). At the Facility Closing, (a) the Apollo Representative shall pay or cause to be paid to AHL, by wire transfer to an account designated in writing to the Apollo Representative by AHL for such purpose, an amount in U.S. dollars that is equal to the aggregate Facility Price in respect of the number of Facility Shares indicated by the Exercise Notice, and (b) AHL shall issue the Facility Shares indicated in the Exercise Notice to the Apollo Representative or one (1) or more Affiliates of the Apollo Representative designated by the Apollo Representative.

Section 4.3 AHL Action. AHL will use commercially reasonable efforts in accordance with applicable Law (including the rules of the New York Stock Exchange) to cause the Facility Closing to occur.

## ARTICLE V

## APOLLO REPRESENTATIVE

Section 5.1 Authority. The Apollo Representative shall have the right to vote the Class A Shares beneficially owned by each Apollo Shareholder, including Class A Shares to which an Apollo Shareholder has been granted a valid proxy, at any meeting of AHL's shareholders and in any action by written consent of AHL's shareholders. All decisions, actions, consents and instructions of the Apollo Representative pursuant to this Agreement shall be final and binding upon all of the Apollo Shareholders, and no such Person shall have any right to object, dissent, protest or otherwise contest the same. The Apollo Shareholders shall be bound by all actions taken and documents executed by the Apollo Representative in connection with this Agreement.

## ARTICLE VI

## TERMINATION

Section 6.1 Term. The terms of this Agreement shall terminate, and be of no further force and effect, upon the first to occur of:

(a) the mutual consent of the Apollo Representative and AHL; and

(b) with respect to any Apollo Shareholder, the first time such Apollo Shareholder has Transferred all (but not less than all) of its Class A Shares.

Section 6.2 Survival. If this Agreement is terminated pursuant to Section 6.1, this Agreement shall become null and void and of no further force and effect, except for: (i) the provisions set forth in Section 3.3, this Section 6.2, Section 8.4, Section 8.5, Section 8.9 and Section 8.14 and (ii) the rights of the Apollo Shareholders with respect to the breach of any provision hereof by AHL, which shall, in each case of the preceding clauses (i) and (ii), survive the termination of this Agreement.

## ARTICLE VII

## REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations and Warranties of the Apollo Shareholders. Each Apollo Shareholder represents and warrants to AHL as of the date hereof that (a) such Apollo Shareholder is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly executed by such Apollo Shareholder and is a valid and binding agreement of such Apollo Shareholder, enforceable against such Apollo Shareholder in accordance with its terms; and (c) the execution, delivery and performance by such Apollo Shareholder of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both would constitute) a default under any agreement to which such Apollo Shareholder is a party or, if such Apollo Shareholder is an entity, the Governing Documents of such Apollo Shareholder.

Section 7.2 Representations and Warranties of AHL. AHL represents and warrants to each Apollo Shareholder that as of the date hereof (a) AHL is duly authorized to execute, deliver and perform this Agreement; (b) this Agreement has been duly authorized, executed and delivered by AHL and is a valid and binding agreement of AHL, enforceable against AHL in accordance with its terms; and (c) the execution, delivery and performance by AHL of this Agreement does not violate or conflict with or result in a breach by AHL of or constitute (or with notice or lapse of time or both would constitute) a default by AHL under the Governing Documents of AHL, any existing applicable Law, judgment, order, or decree of any Governmental Entity exercising any statutory or regulatory authority over any of the foregoing, domestic or foreign, having jurisdiction over AHL or any of its Subsidiaries or Controlled Affiliates or any of their respective properties or assets, or any agreement or instrument to which AHL or any of its Subsidiaries or Controlled Affiliates is a party or by which AHL or any of its Subsidiaries or Controlled Affiliates or any of its or their respective properties or assets may be bound.

## ARTICLE VIII

## MISCELLANEOUS

Section 8.1 Entire Agreement. This Agreement, the Transaction Agreement and the Liquidity Agreement, together with the other documents contemplated hereby and thereby, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and thereof and fully supersede any and all prior or contemporaneous agreements or understandings among the parties hereto pertaining to the subject matter hereof and thereof.

Section 8.2 Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its permitted assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other actions as may be required by Law or reasonably necessary to effectively carry out the intent and purposes of this Agreement.

Section 8.3 Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, (b) sent by overnight mail or registered or certified mail, return receipt requested, postage prepaid, or (c) sent by email, with electronic or written confirmation of receipt, in each case addressed as follows:

(i) If to AHL, to:

Athene Holding Ltd.
Chesney House
96 Pitts Bay Road
Pembroke HM 08
Bermuda
Attention: Natasha Scotland Courcy

E-mail: NCourcy@Athene.bm

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Perry J. Shwachman
Samir A. Gandhi
Jeremy Watson
Email: pshwachman@sidley.com
sgandhi@sidley.com
jcwatson@sidley.com

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: A. Peter Harwich
Daniel E. Rees
Email: peter.harwich@lw.com
daniel.rees@lw.com

(ii) if to any Apollo Shareholder, to:

Apollo Global Management, Inc.
9 West 57th Street, 43rd Floor
New York, NY 10019
Attention: John J. Suydam
Email: jsuydam@apollo.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: John M. Scott
Brian P. Finnegan
Ross A. Fieldston
Email: jscott@paulweiss.com
bfinnegan@paulweiss.com
rfieldston@paulweiss.com

Any such notice shall be deemed to be delivered, given and received for all purposes as of: (A) the date so delivered, if delivered personally, (B) upon receipt, if sent by facsimile or e-mail, or (C) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

Section 8.4 Governing Law. ALL ISSUES AND QUESTIONS CONCERNING THE APPLICATION, CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF BERMUDA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF BERMUDA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN BERMUDA.

Section 8.5 Consent to Jurisdiction. With respect to any suit, action or proceeding ("Proceeding") arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of the Supreme Court of Bermuda (the "Selected Court") and waives any objection to venue being laid in the Selected Court whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before the Selected Court; provided, however, that a party may commence any Proceeding in a court other than the Selected Court solely for the purpose of enforcing an order or judgment issued by the Selected Court; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the applicable party hereto at its address set forth in Section 8.3; provided, however, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by Law; and (c) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER among THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

Section 8.6 Equitable Remedies. The parties hereto agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to seek an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at Law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party hereto further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at Law would be adequate.

Section 8.7 Construction. This Agreement shall be construed as if all parties hereto prepared this Agreement.

Section 8.8 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

Section 8.9 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties hereto (or their respective legal representatives, successors, heirs and distributees) any legal or equitable right, remedy or claim under or in respect of any agreement or provision contained herein, it being the intention of the parties hereto that this Agreement is for the sole and exclusive benefit of such parties (or such legal representatives, successors, heirs and distributees) and for the benefit of no other Person; provided, that the Related Parties of the parties hereto and the Related Parties of the Related Parties of the parties hereto shall be express third party beneficiaries of Section 8.14.

Section 8.10 Binding Effect. Except as otherwise provided herein, all the terms and provisions of this Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the respective successors and permitted assigns of the parties hereto. No party may assign any of its rights hereunder to any Person; provided, that the Apollo Shareholders may assign their rights hereunder to their respective Permitted Transferees. Each Permitted Transferee of any Apollo Shareholder shall be subject to all of the terms of this Agreement, and by taking and holding such shares such Person shall be entitled to receive the benefits of and be conclusively deemed to have agreed to be bound by and to comply with all of the terms and provisions of this Agreement. Notwithstanding the foregoing, no successor or assignee of AHL shall have any rights granted under this Agreement until such Person shall acknowledge its rights and obligations hereunder by a signed written statement of such Person's acceptance of such rights and obligations.

Section 8.11 Severability. In the event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of Law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of the Agreement as a whole.

Section 8.12 Adjustments Upon Change of Capitalization. In the event of any change in the outstanding Class A Shares, by reason of dividends, distributions, splits, reverse splits, spin-offs, split-ups, recapitalizations, combinations, exchanges of shares and the like, the term "Class A Shares" shall refer to and include the securities received or resulting therefrom, but only to the extent such securities are received in exchange for or in respect of Class A Shares.

Section 8.13 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the Apollo Representative and AHL, or in the case of a waiver, by either the Apollo Representative if such waiver is to be effective against the Apollo Shareholders, AHL, if such waiver is to be effective against AHL.

(b) No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 8.14 Non-Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, by its acceptance of this Agreement, each party hereto covenants, acknowledges and agrees that no Person other than the parties hereto shall have any obligation hereunder and that (a) notwithstanding that any of the parties hereto may be a partnership or limited liability company, no recourse hereunder or under any documents or instruments delivered in connection herewith shall be had against any former, current or future, direct or indirect director, manager, officer, employee, agent, financing source or Affiliate of any of the parties hereto, any former, current or future, direct or indirect holder of any equity interests or securities of any of the parties hereto (whether such holder is a limited or general partner, manager, member, stockholder, securityholder or otherwise), any former, current or future assignee of any of the parties hereto, any former, current or future director, officer, employee, agent, financing source, general or limited partner, manager, management company, member, stockholder, securityholder, Affiliate, controlling Person or representative or assignee of any of the foregoing, or any former, current or future heir, executor, administrator, trustee, successor or assign of any of the foregoing other than the parties hereto or their respective successors or assignees under the this Agreement (any such Person or entity, other than the parties hereto or their respective successors or assignees under this Agreement, a "Related Party") or any Related Party of the Related Parties of the parties hereto whether by the enforcement of any judgment or assessment or by any legal or equitable Proceeding, or by virtue of any applicable Law; and (b) no personal liability whatsoever will attach to, be imposed on or otherwise incurred by any Related Party of any party hereto or any Related Party of such party's Related Parties under this Agreement or any documents or instruments delivered in connection herewith or for any claim based on, in respect of, or by reason of such obligations hereunder or by their creation.

[*Signature pages follow.*]

IN WITNESS WHEREOF, the parties hereto have caused this Shareholders Agreement to be duly executed and delivered, all as of the date first set forth above.

**AHL**

Athene Holding Ltd.

By: ______________________
Name: [__________]
Title: [__________]

**APOLLO SHAREHOLDERS**

[__________]

By: _______________________
Name: [__________]
Title: [__________]

**Exhibit A**

**Apollo Related Holders**

Each member of the AGM Executive Committee, each member of the AGM Management Committee, each Apollo Nominee and each employee of or consultant to AGM and the Controlled Affiliates of AGM.

**Exhibit B**

**Conditional Right Parties Shares**

Each member of the AGM Executive Committee, each member of the AGM Management Committee, each Person nominated by an Affiliate of AGM to the board of directors of Athene pursuant to Section 3.1 of the AHL Shareholders Agreement and each employee of or consultant to AGM and the Controlled Affiliates of AGM.

**Exhibit C**

**Issued AOG Units**

The Issued AOG Units are comprised of the following equity interests of the Apollo Operating Group:

| Apollo Operating Group entity | Equity Interests |
|---|---|
| Apollo Principal Holdings I, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings II, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings III, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings IV, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings V, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings VI, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings VII, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings VIII, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings IX, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings X, L.P. | 29,154,519 Class A Units |
| Apollo Principal Holdings XI, LLC | 29,154,519 Ordinary Shares |
| Apollo Principal Holdings XII, L.P. | 29,154,519 Class A Units |
| AMH Holdings (Cayman), L.P. | 29,154,519 Class A Units |

**Exhibit D**

**Liquidity Agreement**

LIQUIDITY AGREEMENT (the "Agreement"), dated as of [•], 20[•], among Apollo Global Management, Inc., a Delaware corporation (the "Purchaser"), and Athene Holding Ltd., a Bermuda exempted company (together with its Permitted Transferees, the "Holder").

WHEREAS, the Holder is the Holder of certain AOG Units acquired from the Apollo Operating Group in exchange for certain common shares of the Holder;

WHEREAS, the Purchaser and the Holder wish to provide for the Purchaser to purchase certain AOG Units held by the Holder for cash upon the request of the Holder, on the terms and subject to the conditions set forth herein; and

WHEREAS, the Purchaser and the Holder wish to also provide for the Holder to sell certain AOG Units held by the Holder to any Person, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I**

**DEFINITIONS**

SECTION 1.1 DEFINITIONS.

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"Affiliate" means in the case of a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such Person; provided, that none of the Purchaser, the Apollo Operating Group and their respective subsidiaries will be deemed an Affiliate of Holder or any of Holder's Affiliates for purposes of this Agreement.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"AOG Unit" refers to units in the Apollo Operating Group, which represent one (1) limited partnership interest or limited liability company interest, as applicable in each of the limited partnerships or limited liability companies that comprise the Apollo Operating Group.

"AOG Transaction" means the sale by the Holder to one or more Persons of AOG Units in one or more transactions that are exempt from the registration requirements of the Securities Act, including (but not limited to) Regulation D of the Securities Act; provided that no such Person shall be a Prohibited Transferee.

"APO Corp." means APO Corp., a corporation formed under the laws of the State of Delaware, and any successor thereto.

"APO FC" means APO (FC), LLC, an Anguilla limited liability company, and any successor thereto.

"APO FC II" means APO (FC II), LLC, an Anguilla limited liability company, and any successor thereto.

"APO FC III" means APO (FC III), LLC, a Cayman Islands limited liability company, and any successor thereto.

"APO LLC" means APO Asset Co., LLC, a limited liability company formed under the laws of the State of Delaware, and any successor thereto.

"APO UK" means APO UK (FC), Limited, a United Kingdom incorporated company, and any successor thereto.

"Apollo Operating Group" means any carry vehicles, management companies or other entities formed by Purchaser or its Affiliates to engage in the asset management business (including alternative asset management) and receiving management fees, incentive fees, fees paid by Portfolio Companies, carry or other remuneration which are directly owned by Purchaser or its Subsidiaries and AP Professional Holdings, L.P. and which are not subsidiaries of another member of the Apollo Operating Group, excluding any Funds and any Portfolio Companies. As of the date hereof, the Apollo Operating Group consists of Apollo Principal Holdings I, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings II, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings III, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings IV, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings V, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VI, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VII, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VIII, L.P., a Cayman Islands

exempted limited partnership, Apollo Principal Holdings IX, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings X, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings XI, LLC, an Anguilla limited liability company, Apollo Principal Holdings XII, L.P., a Cayman Islands exempted limited partnership and AMH Holdings (Cayman), L.P., a Cayman Islands exempted limited partnership..

"Apollo Principal Entities" has the meaning set forth in the Founders Exchange Agreement.

"Apollo Principal Operating Agreements" means, collectively, the operating agreement of each Apollo Principal Entity, as each may be amended, supplemented or restated from time to time.

"beneficial ownership" or "beneficially owned" has the meaning set forth in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and any successor provision.

"Business Day" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York or Hamilton, Bermuda are authorized or required by law to close.

"Cash Amount" means (a) in the case of a Registered Sale, the cash proceeds that the Purchaser receives upon the consummation of a Sale Transaction after deducting any documented commissions, fees and expenses (including fees and expenses of counsel for the Purchaser); provided that the amounts of such commissions, fees and expenses shall be consistent with the customary and then-prevailing market practice for similar transactions (taking into account the size of the Sale Transaction and other relevant factors but assuming a seller other than Purchaser); provided further that in the case of a Piggyback Registration or a Demand Registration, any such commissions, fees and expenses (including fees and expenses of counsel for the Purchaser) shall be allocated to the holders participating in the related Sale Transaction on a pro rata basis based on the amount of Class A Shares sold in such registration by all such holders, (b) in the case of a Purchase Transaction, the cash proceeds to which the Purchaser and the Holder shall agree and (c) in the case of a Private Placement, the cash proceeds that the Purchaser receives upon the consummation of a Private Placement after deducting any documented commissions, fees and expenses (including fees and expenses of counsel for the Purchaser); provided that the amounts of such commissions, fees and expenses shall be consistent with customary and then-prevailing market practice for similar transactions (taking into account the size of the Private Placement and other relevant factors but assuming a seller other than Purchaser).

"Class A Shares" means the Class A common stock, $.00001 par value per share, of the Purchaser.

"Code" means the Internal Revenue Code of 1986, as amended.

"Delaware Arbitration Act" has the meaning set forth in Section 3.8(d).

"Demand" has the meaning set forth in Section 2.6(a).

"Demand Registration" has the meaning set forth in the Founders Shareholders Agreement.

"Founders Exchange Agreement" means that certain Sixth Amended and Restated Exchange Agreement, dated as of September 5, 2019, among the Purchaser, the Apollo Principal Entities and the Apollo Principal Holders (as defined therein), as may be amended, supplemented or restated from time to time.

"Founders Shareholders Agreement" means the Amended and Restated Shareholders Agreement, dated as of September 5, 2019, among the Purchaser, AP Professional and the other parties thereto, as may be amended, supplemented or restated from time to time; other than such amendments, supplements or restatements that modify the agreement in a manner that would (or would be reasonably likely to) disproportionately and adversely affect the Holder in any material respect.

"Funds" means any pooled investment vehicle or similar entity sponsored or managed, directly or indirectly, by Purchaser or any of its subsidiaries.

"Holder" has the meaning set forth in the preamble of this Agreement.

"Insider Trading Policy" means the Insider Trading Policy of the Purchaser applicable to the directors, executive officers and employees of the Purchaser or its manager or the Purchaser's subsidiaries, as such Insider Trading Policy may be amended from time to time.

"Intent Notice Date" means, with respect to each Quarter, a single date that is not later than sixty (60) days immediately preceding the first Business Day that directors, executive officers and employees of the Purchaser or its manager or the Purchaser's subsidiaries are permitted to trade under the Insider Trading Policy.

"Investors" has the meaning set forth in the Founders Shareholders Agreement.

"Minimum Sale Price" has the meaning set forth in Section 2.2(b).

"Notice of Sale" has the meaning set forth in Section 2.2(b).

"Other Demanding Sellers" has the meaning set forth in the Founders Shareholders Agreement.

"Permitted Transferee" means, with respect to any Person, any Affiliate of such Person, a Transfer to which such Affiliate would not reasonably be expected to result in materially adverse tax or regulatory consequences to any party hereto, as reasonably determined by the board of directors of Purchaser in good faith; provided that any Permitted Transferee shall execute a joinder (x) to this Agreement and (y) upon the request of Purchaser, to the applicable organizational documents of the Apollo Operating Group.

"Person" shall be construed broadly and includes any individual, corporation, partnership, firm, joint venture, limited liability company, estate, trust, business association, organization, governmental entity or other entity.

"Piggyback Registration" has the meaning set forth in the Founders Shareholders Agreement.

"Piggyback Sellers" has the meaning set forth in the Founders Shareholders Agreement.

"Portfolio Companies" means any Person in which any Fund owns or has made, directly or indirectly, an investment.

"Price Floor" means a price per Class A Share equal to a 10% discount to the average VWAP of the Class A Shares in the 10 consecutive Business Days prior to the applicable measurement date.

"Private Placement" means a sale of Class A Shares by the Purchaser to any Person pursuant to an exemption from the registration requirements of the Securities Act, including (but not limited to) Regulation D of the Securities Act; provided that no such Person shall be a Prohibited Transferee.

"Prohibited Transferee" means (i) any Person who is a "Bad Actor" as defined in Regulation D of the Securities Act, (ii) any Person with which the Purchaser would be prohibited by any law or regulation from transacting, and (iii) any Person listed on Exhibit C hereto, which may be amended and supplemented from time to time with the Holder's prior written consent, not to be unreasonably withheld, and any Affiliate of any thereof.

"Purchase Transaction" means the purchase by the Purchaser of AOG Units from the Holder pursuant to a Notice of Sale at a price agreed upon, in good faith, by the Holder and the Purchaser that does not involve a Registered Sale or a Private Placement.

"Purchaser" has the meaning set forth in the preamble of this Agreement.

"Purchaser Certificate of Incorporation" means the Certificate of Incorporation of the Purchaser, dated as of September 5, 2019, as may be amended, supplemented or restated from time to time.

"Quarter" means, unless the context requires otherwise, a fiscal quarter of the Purchaser.

"Quarterly Sale Date" means, for each Quarter, unless otherwise required by Section 409A of the Code:

(i) with respect to any amount of Class A Shares to be issued and offered in a Registered Sale, the closing date of such offering (or if such Registered Sale does not occur, the next Business Day following the date when it has been determined such Registered Sale will not occur);

(ii) with respect to any amount of Class A Shares to be issued and offered pursuant to the exercise of an underwriter's over-allotment option granted in connection with a Registered Sale, the closing date of such sale of Class A Shares pursuant to the exercise of such over-allotment option (or if such over-allotment option is not exercised or is not exercised in full, the sale as to such portion shall occur on the Business Day immediately following the lapse of the over-allotment option period);

(iii) with respect to any amount of Class A Shares to be issued and offered in a Private Placement, the closing date of such Private Placement; and

(iv) with respect to any amount of AOG Units that shall be acquired by the Purchaser in a Purchase Transaction, the closing date of such Purchase Transaction.

"Ratio" means the ratio of Class A Shares to AOG Units specified in this Agreement. On the date of this Agreement, the initial Ratio shall be 100% and shall be subject to adjustments as provided in Section 2.3.

"Registered Sale" means a public offering of Class A Shares pursuant to an effective registration statement under the Securities Act, other than pursuant to a registration statement on Form S-4 or Form S-8 or any similar or successor form; provided that the parties hereto agree

that such Registered Sale may be conducted as a block trade and may be either underwritten or a registered direct transaction; provided, further, that the Purchaser shall in its sole discretion select the underwriters (if any) and its counsel for any Registered Sale.

"Requested Information" has the meaning set forth in the Founders Shareholders Agreement.

"Sale" has the meaning set forth in Section 2.1(a) of this Agreement.

"Sale Notice Date" means, with respect to each Quarter, the single date that is ten (10) days prior to the first Business Day of the Purchaser's Trading Window.

"Sale Transaction" means (a) a Registered Sale of a number of Class A Shares equal to the product of (i) the AOG Units to be sold by the Holder pursuant to the applicable Notice of Sale and (ii) the Ratio, (b) a Purchase Transaction or (c) a Private Placement.

"Securities Act" means Securities Act of 1933, as amended.

"Shareholder" has the meaning set forth in the Founders Shareholders Agreement.

"Stock Exchange" means the principal securities exchange on which Class A Shares are then traded.

"Suspension Period" has the meaning set forth in Section 2.6(b)(iii) of this Agreement.

"Threshold Amount" means $50 million, which value shall be determined on the basis of the product of (i) such AOG Units listed on the applicable Notice of Sale, (ii) the Ratio on the date of such Notice of Sale and (iii) the Minimum Sale Price listed on the applicable Notice of Sale; provided that "Threshold Amount" means $0 if the Sale Transaction is a Demand Registration.

"Trading Window" means a period during which the directors, executive officers and/or employees of the Purchaser or its manager or the Purchaser's subsidiaries are permitted to transact in the Purchaser's securities pursuant to the Purchaser's Insider Trading Policy.

"Transfer" means any direct or indirect sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, charge, encumbrance, hypothecation, mortgage, creation of a security interest in, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of law (including the creation of any derivative or synthetic interest).

"Transfer Agent" means such bank, trust company or other Person as shall be appointed from time to time by the Purchaser pursuant to the Purchaser Certificate of Incorporation to act as registrar and transfer agent for the Class A Shares.

"Underwriters Cut-Backs" means the reduction in the number of securities sought to be sold in any offering as a result of the written advice by any managing underwriter (or a nationally recognized independent investment bank selected by the Purchaser and reasonably acceptable to the Holder) that, in its opinion, the inclusion of the entire amount of the securities sought to be included in such offering would adversely affect the marketability of the equity securities sought to be sold pursuant to such offering.

"VWAP" means with respect to any publicly traded equity security, the volume weighted average price of such equity security over a specified period of time as reported by Bloomberg (or its equivalent, nationally recognized successor if Bloomberg ceases to provide such reports).

**ARTICLE II**

**SALE OF AOG UNITS**

SECTION 2.1 SALE OF AOG UNITS.

(a) Subject to adjustment and other provisions as provided in this Article II, once each Quarter, on the applicable Quarterly Sale Date, the Holder shall be entitled to sell to the Purchaser AOG Units held by the Holder representing at least the Threshold Amount. Holder shall, on the applicable Quarterly Sale Date, deliver and surrender AOG Units to the Purchaser in exchange for the payment by the Purchaser of the Cash Amount (such sale, a "Sale").

(b) On the Quarterly Sale Date, all rights and obligations of the Holder as holder of such AOG Units shall cease upon payment in full of the Cash Amount and surrender of the AOG Units subject to such sale.

(c) To the extent consent of any Person shall be required pursuant to the provisions of the Apollo Principal Operating Agreements, the Purchaser, APO Corp., APO FC, APO FC II, APO FC III, APO LLC and/or APO UK, as applicable, shall use commercially reasonable efforts to cause such consent to be obtained (if not already obtained).

(d) The parties hereto acknowledge and agree that the AOG Units held by Holder may not be Transferred to any Person, and the Holder shall not have any right to Transfer or otherwise dispose of any AOG Units, other than (x) subject to required regulatory approvals, to a Permitted Transferee or (y) through a Transfer in accordance with this Agreement.

(e) Any attempt to Transfer any AOG Units other than to a Permitted Transferee or in accordance with this Agreement shall be null and void and no right, title or interest in or to such AOG Units shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder in connection with any such attempted Transfer. Neither the Purchaser nor the members of the Apollo Operating Group will give, or permit their respective transfer agents to give, any effect to any such attempted Transfer on their records.

(f) Notwithstanding anything to the contrary in this Agreement, no limited partnership interest or limited liability company interest comprising an AOG Unit (an "Underlying AOG Interest") may be Transferred to any Person unless an equal number of each of the other limited partnership interests and limited liability company interests comprising an AOG Unit is Transferred concurrently therewith to the same transferee such that the transferee receives securities comprising AOG Units as defined under this Agreement. Any Transfer of any Underlying AOG Interest which does not comply with the preceding sentence shall be null and void and no right, title or interest in or to such Underlying AOG Interest shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder in connection with any such attempted Transfer. For so long as any subsidiary of Holder that holds Underlying AOG Interests as of the date hereof holds any Underlying AOG Interests other than as undivided Operating Group Units, Holder shall cause such subsidiary to (i) not conduct any business or operations or other activities and to not have any assets or liabilities except for ownership of Underlying AOG Interests and (ii) be a wholly owned subsidiary of Holder.

SECTION 2.2 SALE PROCEDURES; NOTICES AND REVOCATIONS.

(a) Notice of Intent.

(i) If the Holder determines that it may exercise the right to sell AOG Units as set forth in Section 2.1(a), the Holder shall, to the extent it has determined to do so, on the Intent Notice Date, provide a revocable written notice of its intent to sell such AOG Units, substantially in the form of Exhibit A hereto, which notice of intent shall include an estimate of the number of AOG Units intended to be so sold to the Purchaser.

(ii) A notice of intent shall permit, but not obligate, the Holder to sell any or all of the AOG Units included in such notice of intent up to the amount of AOG Units set forth in such notice of intent. The Holder shall not be entitled to sell AOG Units on a Quarterly Sale Date in excess of the number of AOG Units set forth in its notice of intent submitted with respect to such quarterly period.

(b) Notice of Sale. In the event that the Holder has satisfied the notice procedures in Section 2.2(a)(i), the Holder may exercise the right to sell AOG Units set forth in Section 2.1(a) by providing on or before the Sale Notice Date an irrevocable written notice of sale to the Purchaser, which shall include the number of AOG Units to be so sold to the Purchaser (which, for the avoidance of doubt, shall equal or exceed the Threshold Amount), substantially in the form of Exhibit B hereto (each, a "Notice of Sale"); provided, that a Notice of Sale shall include a minimum sale price (stated on a per-Unit basis before deducting for any commissions, fees and expenses) for the AOG Units included in such Notice of Sale that is equal to at least the Price Floor (such price, the "Minimum Sale Price").

(c) Purchaser's Options. If the Purchaser has received a Notice of Sale, the Purchaser in its sole discretion may elect either (i) to consummate a Sale Transaction or (ii) to permit the Holder to consummate an AOG Transaction.

(d) Sale Transaction.

(i) Purchase Transaction. If the Purchaser has received a Notice of Sale and has elected to consummate a Sale Transaction, the Purchaser and the Holder may agree to consummate the Sale Transaction through a Purchase Transaction.

(ii) Registered Sale. If the Purchaser has received a Notice of Sale and has elected to consummate a Sale Transaction, and the Purchaser and the Holder have not agreed to consummate a Purchase Transaction pursuant to Section 2.2(d)(i), the Purchaser shall use its best efforts to consummate one Registered Sale within the Trading Window following receipt of such Notice of Sale; provided that the Purchaser shall not be required to consummate such Registered Sale, and the Notice of Sale for such Sale Transaction shall be void and have no further effect, if the gross sale price per Class A Share that the Purchaser would receive upon the consummation of such Registered Sale shall be less than the Minimum Sale Price; provided further that in a Registered Sale the Holder shall be permitted to adjust the Minimum Sale Price prior to the pricing of such offering so long as such adjusted Minimum Sale Price remains in excess of the Price Floor on the date of such adjustment.

(iii) Private Placement. If the Purchaser notifies the Holder that it cannot consummate a Registered Sale pursuant to Section 2.2(d)(ii), the Holder may require the Purchaser to use its best efforts to consummate a Private Placement to one or more Persons; provided that the Purchaser shall not be required to consummate such Private Placement, and the Notice of Sale for such Sale Transaction shall be void and have no further effect, if the gross sale price per Class A Share that the Purchaser would receive upon the consummation of such Private Placement shall be less than the Minimum Sale Price on the applicable Quarterly Sale Date; provided further that the Purchaser shall not consummate a Private Placement to a Prohibited Transferee.

(iv) Limits. In the case of a Sale Transaction pursuant to Section 2.2(d)(ii) or (iii), the Purchaser may, in each case, refuse to consummate a Sale Transaction to any Person if the difference between (x) the beneficial ownership of Class A Shares by such Person following such Sales Transaction minus (y) the beneficial ownership of Class A Shares by such Person prior to such Sales Transaction, in each case computed on a fully diluted basis, would be greater than 2.0%.

(v) Settlement of Sale. Provided that the parties have not agreed to consummate a Purchase Transaction pursuant to Section 2.2(d)(i), the Purchaser's obligation to acquire any AOG Units from the Holder (x) in a Registered Sale is conditioned upon its ability to complete a Registered Sale of Class A Shares and receive gross cash proceeds per share at or above the Minimum Sale Price and (y) in a Private Placement is conditioned upon its ability to complete a Private Placement of Class A Shares and receive gross cash proceeds per share at or above the Minimum Sale Price on the applicable Quarterly Sale Date. As promptly as practicable following the consummation of a Sale Transaction and the surrender for exchange of AOG Units as set forth in Section 2.1(b), the Purchaser shall deliver or cause to be delivered to the Holder the Cash Amount by wire transfer of immediately available funds to the account of the Holder set forth on the applicable Notice of Sale.

(e) AOG Transaction. If the Purchaser has received a Notice of Sale and has elected not to consummate a Sale Transaction pursuant to Section 2.2(d), the Purchaser shall notify the Holder of such election and shall permit the Holder to consummate an AOG Transaction in accordance with Section 2.7.

(f) Procedures. The Purchaser may adopt reasonable procedures for the implementation of the provisions set forth in this Article II, including, without limitation, procedures for the giving of notice of an election for sale, subject to consent of the Holder to the extent contrary to any procedures expressly set forth herein. The Purchaser may consummate any Sale Transaction through one or more designees, provided that the use of such designee does not adversely affect any rights of the Holder, or the underlying obligation of the Purchaser, pursuant to this Agreement.

(g) Investment Bank. In connection with any Sale Transaction or Purchase Transaction, any investment bank will be selected by the Purchaser and any commissions and fees will be agreed by the investment bank and the Purchaser and, in each case, reasonably acceptable to the Holder.

SECTION 2.3 SPLITS, DISTRIBUTIONS AND RECLASSIFICATIONS.

If there is: (a) any subdivision (by split, distribution, reclassification, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of the AOG Units it shall be accompanied by an identical subdivision or combination of the Class A Shares; or (b) any subdivision (by split, distribution, reclassification, recapitalization or otherwise) or combination (by reverse split, reclassification, recapitalization or otherwise) of the Class A Shares it shall be accompanied by an identical subdivision or combination of the AOG Units. In the event of a reclassification, recapitalization, merger, consolidation, reorganization or other similar transaction as a result of which the Class A Shares are converted into another security, then all references in this agreement to the Class A Shares shall be substituted by a reference to such other security. Except as may be required in the immediately preceding sentence, no adjustments in respect of distributions shall be made upon the sale of any AOG Unit.

SECTION 2.4 BLACKOUT PERIODS.

Notwithstanding anything to the contrary herein, the Purchaser shall have the right to refuse to consummate a Sale if, (a) at any time the Purchaser reasonably determines that there may be material non-public information that the Purchaser has a bona fide business purpose for preserving as confidential, provided, however, that this shall not restrict the Holder from selling AOG Units if it is anticipated that the material non-public information will become public prior to, or in conjunction with, the applicable Quarterly Sale Date; or (b) if such Sale would be prohibited under applicable law or regulation. The Purchaser shall be entitled to so refuse to consummate a Sale for a reasonable period of time not to exceed ninety (90) consecutive days or one-hundred eighty (180) days in the aggregate in any twelve (12) month period.

SECTION 2.5 CONSIDERATIONS PERTAINING TO REGISTERED SALES.

(a) If a Registered Sale of any Class A Shares to be issued upon any Sale in respect of a Quarterly Sale Date is to occur and (A) such Registered Sale does not occur, the Purchaser is not obligated to consummate such Sale, (B) there are Underwriter Cut-Backs on such Registered Sale, the Purchaser may reduce the number of AOG Units to be purchased on the applicable Quarterly Sale Date according to the Ratio or (C) such Registered Sale includes an over-allotment option, which option shall lapse un-exercised in whole or in part, the Purchaser may reduce the number of AOG Units to be purchased on the applicable Quarterly Sale Date, as adjusted by the applicable Ratio, by the number of AOG Units attributable to such un-exercised portion of the over-allotment amount, as adjusted by the applicable Ratio.

(b) If a Registered Sale of any Class A Shares to be issued upon any Sale in respect of a Quarterly Sale Date is to occur, the Holder agrees that it shall (x) provide promptly the Requested Information to the Purchaser, (y) agree to customary indemnification provisions regarding the Requested Information in favor of the Purchaser and to any lock-up agreement requested by the underwriters (if any) of such Registered Sale and (z) provide to the Purchaser any additional materials or information reasonably requested by the Purchaser.

(c) The parties agree that a Registered Sale shall constitute a Piggyback Registration pursuant to the Founders Shareholders Agreement, which entitles each Shareholder to include its own Class A Shares on such Piggyback Registration. If (i) any Shareholder

requests to include its own Class A Shares on such Piggyback Registration and (ii) such offering is the subject of Underwriter Cut-Backs, then the Class A Shares the Purchaser intended to issue in such Registered Sale shall be included together with Class A Shares requested to be included in such Piggyback Registration by any Shareholders, pro rata among the Purchaser and such Shareholders based upon the number of shares of Class A Shares deemed to be owned by such Persons.

SECTION 2.6 CONSIDERATIONS PERTAINING TO PRIVATE PLACEMENTS.

(a) If a Private Placement of any Class A Shares to be issued upon any Sale in respect of a Quarterly Sale Date is to occur and such Private Placement does not occur, the Purchaser will cancel all exchanges of the number of AOG Units attributable to the Class A Shares to be offered in such Private Placement in respect of such Quarterly Sale Date.

(b) If a Private Placement of any Class A Shares to be issued upon any Sale in respect of a Quarterly Sale Date is to occur, (x) the Holder shall be entitled to designate a placement agent that is reasonably satisfactory to the Purchaser to consummate such Private Placement and (y) each Person purchasing Class A Shares in such Private Placement shall enter into a customary purchase agreement, which shall, among other things, include customary representations and warranties to and indemnification provisions in favor of the Purchaser.

SECTION 2.7 CONSIDERATIONS PERTAINING TO AOG TRANSACTIONS.

(a) Subject to Section 2.7(b), the Holder agrees that any Person that acquires AOG Units from the Holder in an AOG Transaction shall be required to directly hold such AOG Units for at least 30 calendar days.

(b) Notwithstanding anything to the contrary in Section 2.7(a), in connection with any AOG Transaction, the Person that acquires such AOG Units from the Holder and the Purchaser shall enter into a shareholders agreement that shall provide that (i) such Person shall have the right to exchange any AOG Units it acquired into Class A Shares, (ii) the Purchaser shall have the right to require that such Person exchange any AOG Units it acquired into Class A Shares, (iii) such Person shall not be permitted to sell or transfer such AOG Units, provided that such Person shall be permitted to exchange such AOG Units into Class A Shares and sell or transfer such Class A Shares subject to compliance with applicable laws.

(c) The Holder shall not dispose of AOG Units in an AOG Transaction to any Person if the beneficial ownership of Class A Shares by such Person following such AOG Transaction would be greater than 3.5% of the number of total outstanding Class A Shares, in each case computed on a fully diluted basis.

(d) The Purchaser shall provide all reasonable and customary assistance to the Holder in connection with the consummation of any AOG Transaction.

SECTION 2.8 CONSIDERATIONS PERTAINING TO THE FOUNDERS SHAREHOLDERS AGREEMENT.

(a) The Purchaser agrees that it shall give written notice (the "Demand Notice") to the Holder of any demand for registration under the Securities Act (a "Demand") that the Purchaser receives pursuant to the Founders Shareholders Agreement within five (5) Business Days after receipt of such Demand.

(b) If the Holder submits a Notice of Sale which ultimately results in a Registered Sale pursuant to Section 2.2(d)(ii) after the Purchaser has delivered to the Holder a Demand Notice, the Holder acknowledges that Purchaser shall consummate such Registered Sale concurrently, and in the same registration statement, with the related Demand Registration.

(c) Notwithstanding anything to the contrary in the Founders Shareholders Agreement, the Holder agrees that if (i) the Purchaser consummates a Registered Sale concurrently, and in the same registration statement, with the Demand Registration relating to the Demand Notice and (ii) such offering is the subject to Underwriter Cut-Backs, then the Class A Shares that the Purchaser intended to issue in such Registered Sale shall be included together with Class A Shares requested to be included in such Demand Registration and any applicable Piggyback Registration by any Other Demanding Sellers, any Piggyback Sellers and any Investors, pro rata among the Purchaser, Other Demanding Sellers, Piggyback Sellers and the Investors based upon the number of shares of Class A Shares deemed to be owned by such Persons.

SECTION 2.9 TAXES.

The delivery of the Cash Amount upon sale of AOG Units shall be made without charge to the Holder for any stamp or other similar tax in respect of such issuance.

SECTION 2.10 APOLLO OPERATING GROUP.

Upon the formation after the date hereof of a new Apollo Principal Entity that becomes a member of the Apollo Operating Group and in which AP Professional Holdings, L.P. holds an interest, the Purchaser covenants that it shall cause such new Apollo Principal Entity to issue to the Holder a number of AOG Units of such new Apollo Principal Entity equal to the product of (a) the total number of AOG Units of such new Apollo Principal Entity and (b) the percentage of each other Apollo Principal Entity then owned by the Holder.

## ARTICLE III

## GENERAL PROVISIONS

SECTION 3.1 AMENDMENT.

(a) The provisions of this Agreement may be amended only by the written consent of each of the Purchaser and the Holder.

(b) Notwithstanding anything to the contrary in Section 3.1(a) above, upon any amendment (the "Exchange Amendment") to a provision of the Founders Exchange Agreement for which there is an analogous provision in this Agreement that improves the terms of the Founders Exchange Agreement for any Apollo Principal Holder (as defined in the Founders Exchange Agreement), the Purchaser shall notify the Holder and, upon the request of the Holder, the Purchaser shall agree to amend this Agreement to implement *mutatis mutandis* any such Exchange Amendment.

(c) If the Purchaser determines in good faith after the date of this Agreement that there is a material risk that one or more members of the Apollo Operating Group will be (or is reasonably likely to be) treated as an association taxable as a corporation for U.S. federal income tax purposes (including as a result of having more than 100 partners for U.S. federal income tax purposes), then the Purchaser and the Holder shall cooperate in good faith to amend the terms of this Agreement in order to reduce the risk of such treatment and provide for the sale of AOG Units in a mutually tax-efficient manner.

SECTION 3.2 ADDRESSES AND NOTICES.

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax, by electronic mail (delivery receipt requested) or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be as specified in a notice given in accordance with this Section 3.2):

(a) If to the Purchaser, to:

Apollo Global Management, Inc.
9 West 57th Street, 43rd Floor
New York, New York 10019
Attention: John J. Suydam, Esq.
Electronic Mail: jsuydam@apollo.com

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: John M. Scott, Esq., Brian P. Finnegan, Esq. and Ross A. Fieldston, Esq.
Electronic mail: jscott@paulweiss.com, bfinnegan@paulweiss.com and rfieldston@paulweiss.com

(b) If to the Holder:

Athene Holding Ltd.
Chesney House
96 Pitts Bay Road
Pembroke HM 08
Bermuda
Attention: Natasha Scotland Courcy
E-mail: NCourcy@athene.bm

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
United States of America
Attention: Perry J. Shwachman; Samir A. Gandhi; Jeremy Watson
E-mail: pshwachman@sidley.com; sgandhi@sidley.com; jcwatson@sidley.com

SECTION 3.3 FURTHER ACTION.

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

SECTION 3.4 BINDING EFFECT.

(a) This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

(b) The Holder shall not transfer AOG Units to any Person, who is not a party to this Agreement without first obtaining an agreement from such Person to be a party to this Agreement; provided that the foregoing condition shall not apply to a Purchase Transaction, transfers of AOG Units to the Purchaser or any of its subsidiaries or to any Apollo Principal Entities or an AOG Transaction.

SECTION 3.5 SEVERABILITY.

If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

SECTION 3.6 INTERACTION.

This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

SECTION 3.7 WAIVER.

No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

SECTION 3.8 SUBMISSION TO JURISDICTION: WAIVER OF JURY TRIAL.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then-existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the Purchaser may bring an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), the Holder (i) expressly consents to the application of paragraph (c) of this Section 3.8 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the Purchaser as the Holder's agents for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise the Holder of any such service of process, shall be deemed in every respect effective service of process upon the Holder in any such action or proceeding.

(c) (i) EACH PARTY TO THIS AGREEMENT HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 3.8, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the forum designated by this paragraph (c) has a reasonable relation to this Agreement, and to the parties' relationship with one another.

(ii) The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in the preceding paragraph of this Section 3.8 and such parties agree not to plead or claim the same.

(d) Notwithstanding any provision of this Agreement to the contrary, this Section 3.8 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Delaware Uniform Arbitration Act (10 Del. C. § 5701 et seq.) (the "Delaware Arbitration Act"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 3.8, including any rules of the International Chamber of Commerce, shall be invalid or unenforceable under the Delaware Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 3.8. In that case, this Section 3.8 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 3.8 shall be construed to omit such invalid or unenforceable provision.

SECTION 3.9 COUNTERPARTS.

This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 3.9.

SECTION 3.10 TAX TREATMENT.

To the extent this Agreement imposes obligations upon a particular Apollo Principal Entity, this Agreement shall be treated as part of the relevant Apollo Principal Entity Agreement as described in Section 761(c) of the Code and Sections 1.704-1(b)(2)(ii)(h) and 1.761-1(c) of the Treasury Regulations. The parties shall report any Sale Transaction consummated hereunder as a taxable sale to the Purchaser of AOG Units by the Holder. No party shall take a contrary position on any income tax return, amendment thereof or communication with a taxing authority unless otherwise required by applicable law.

SECTION 3.11 APPLICABLE LAW.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF).

[Remainder of Page Intentionally Left Blank]

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

**APOLLO GLOBAL MANAGEMENT, INC.**

By: ________________________

[•]

[•]

**ATHENE HOLDING, LTD.**

By: ________________________

[_]
[_]

EXHIBIT A

FORM OF

NOTICE OF INTENT

Apollo Global Management, Inc.
9 West 57th Street
New York, NY 10019
Attention: John J. Suydam
Fax: (212) 515-3251
Electronic Mail: jsuydam@apollo.com

Reference is hereby made to the Liquidity Agreement, dated as of [_], 20[_] (the "Liquidity Agreement"), among Apollo Global Management, Inc. and Athene Holding Ltd., as amended or amended and restated from time to time, in accordance with its terms. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Liquidity Agreement.

The undersigned Holder intends to sell AOG Units to the Purchaser pursuant to the terms of the Liquidity Agreement, as set forth below.

| | |
|---|---|
| **Legal Name of Holder:** | [ ] |
| **Address:** | [ ] |
| **Date of this Notice:** | [ ] |
| **Estimate of the Number of AOG Units Intended to be Sold** | [ ] |

The undersigned acknowledges that the sale of AOG Units shall be subject to the terms and conditions of the Liquidity Agreement.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice of Intent to be executed and delivered by the undersigned or by its duly authorized attorney.

Name: ______________________________________

Dated: ______________________________________

FORM OF

NOTICE OF SALE

Apollo Global Management, Inc.
9 West 57th Street
New York, NY 10019
Attention: John J. Suydam
Fax: (212) 515-3251
Electronic Mail: jsuydam@apollo.com

Reference is hereby made to the Liquidity Agreement, dated as of [_], 20[_] (the "Liquidity Agreement"), among Apollo Global Management, Inc. and Athene Holding Ltd., as amended or amended and restated from time to time, in accordance with its terms. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Liquidity Agreement.

Reference is hereby also made to the Notice of Intent, dated as of [_], previously delivered by the Holder to the Purchaser pursuant to the terms of the Liquidity Agreement.

The undersigned Holder desires to sell the number of AOG Units set forth below to be issued in its name as set forth below:

| | |
|---|---|
| **Legal Name of Holder:** | [ ] |
| **Address:** | [ ] |
| **Wire Information:** | [ ] |
| **Number of AOG Units to be sold:** | [ ] |
| **Minimum Sale Price for AOG Units to be sold:** | [ ] |

The undersigned acknowledges that the number of AOG Units to be sold pursuant to this notice shall be equal to the lesser of (x) the number of AOG Units set forth above, and (y) the number of AOG Units that the undersigned is permitted to sell taking into account any subsequent revocation permitted by Section 2.2(b) of the Liquidity Agreement and any limitations imposed pursuant to Article II of the Liquidity Agreement.

The undersigned (1) hereby represents that the AOG Units set forth above are beneficially owned by the undersigned, (2) hereby agrees to sell such AOG Units at the Minimum Sale Price as set forth in the Liquidity Agreement, and (3) hereby irrevocably constitutes and appoints any officer of the Apollo Principal Entities, APO LLC, APO FC, APO FC II, APO FC III, APO UK, APO Corp., or the Purchaser as its attorney, with full power of substitution, to sell on behalf of such Holder such AOG Units on the books and records of the Apollo Principal Entities at the Minimum Sale Price.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice of Sale to be executed and delivered by the undersigned or by its duly authorized attorney.

Name: ________________________

Dated: ________________________

## EXHIBIT C

Prohibited Transferees

1. Highland Capital Management, L.P.
2. Icahn & Co. Inc / High River LP
3. Aurelius Capital Management
4. Elliott Management
5. Cyrus Capital Partners, LP
6. Appaloosa Management L.P.
7. Oaktree Capital Management, L.P.
8. Any actually known or reasonably identifiable affiliate (reasonably identifiable by their name) of, and, if applicable, any actually known or reasonably identifiable fund or other entity managed by (in the case of such fund or such other entity, reasonably identifiable by their name), any of the entities listed above.

Final

**Exhibit E**

REGISTRATION RIGHTS AGREEMENT

dated as of [•]

between

ATHENE HOLDING LTD.

AND

APOLLO GLOBAL MANAGEMENT, INC.

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**REGISTRATION RIGHTS AGREEMENT** (the "Agreement"), dated as of [•], among Apollo Global Management, Inc. ("Holder") and Athene Holding Ltd. (the "Company").

**WHEREAS**, the Company has issued to certain affiliates of Holder new common shares of the Company ("Shares") having an aggregate market value based on market price of approximately $[ ] (the "Share Issuance"), the consideration for which is (i) units of the Apollo Operating Group having an aggregate market value on the date hereof of approximately $[ ] and (ii) $[ ] million in cash; and

**WHEREAS** the Company has also granted to Holder the right to purchase additional Shares from the Company under certain circumstances; and

**WHEREAS**, in connection with, and effective upon, the date of completion of the Share Issuance (the "Closing Date"), the Company and Holder wish to set forth certain understandings between such parties.

**NOW**, **THEREFORE**, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

## ARTICLE I

## DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"Affiliate" of any Person means any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"Agreement" has the meaning set forth in the recitals to this Agreement.

"Apollo Operating Group" means any carry vehicles, management companies or other entities formed by Holder or its Affiliates to engage in the asset management business (including alternative asset management) and receiving management fees, incentive fees, fees paid by Portfolio Companies, carry or other remuneration which are directly owned by Holder or its Subsidiaries and AP Professional Holdings, L.P. and which are not Subsidiaries of another member of the Apollo Operating Group, excluding any Funds and any Portfolio Companies. As of the date hereof, the Apollo Operating Group consists of Apollo Principal Holdings I, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings II, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings III, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings IV, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings V, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VI, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VII, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings VIII, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings IX, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings X, L.P., a Cayman Islands exempted limited partnership, Apollo Principal Holdings XI, LLC, an Anguilla limited liability company, Apollo Principal Holdings XII, L.P., a Cayman Islands exempted limited partnership and AMH Holdings (Cayman), L.P., a Cayman Islands exempted limited partnership.

"Beneficial Owner" means, a Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares: (A) voting power, which includes the power to vote, or to direct the voting of, such security and/or (B) investment power, which includes the power to dispose, or to direct the disposition of, such security. The terms "Beneficially Own" and "Beneficial Ownership" have correlative meanings.

"Board" means the board of directors of the Company or any duly authorized committee thereof.

"Bye-laws" means the Bye-laws of the Company, as they may be amended, supplemented, restated or otherwise modified from time to time.

"Company" shall have the meaning set forth in the recitals to this Agreement.

"Demand" has the meaning set forth in Section 2.1(a).

"Demand Registration" has the meaning set forth in Section 2.1(a).

"Disclosure Package" means, with respect to any offering of securities, (i) the preliminary prospectus, (ii) each Free Writing Prospectus and (iii) all other information, in each case, that is deemed, under Rule 159 promulgated under the Securities Act, to have been conveyed to purchasers of securities at the time of sale of such securities (including a contract of sale).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

"Form S-3" has the meaning set forth in Section 2.3.

"Free Writing Prospectus" has the meaning set forth in Section 2.6(a)(iii).

"Governmental Entity" means any Federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body).

"Inspectors" has the meaning set forth in Section 2.6(a)(viii).

"Long-Form Registration" has the meaning set forth in Section 2.1(c).

"Losses" has the meaning set forth in Section 2.8(a).

"Marketed Underwritten Offering" has the meaning set forth in Section 2.1(e).

"Non-Marketed Underwritten Offering" has the meaning set forth in Section 2.1(f).

"Non-Underwritten Shelf Takedown" has the meaning set forth in Section 2.1(f).

"Other Demanding Sellers" has the meaning set forth in Section 2.2(b).

"Person" shall be construed broadly and includes any individual, corporation, firm, partnership, limited liability company, joint venture, estate, business, association, trust, Governmental Entity or other entity.

"Piggyback Notice" has the meaning set forth in Section 2.2(a).

"Piggyback Registration" has the meaning set forth in Section 2.2(a).

"Piggyback Seller" has the meaning set forth in Section 2.2(a).

"Proceeding" has the meaning set forth in Section 4.7.

"Records" has the meaning set forth in Section 2.6(a)(viii).

"Registrable Amount" means a number of Registrable Securities representing at least the lesser of (i) 1.0% of the total Shares then outstanding (taking into account for this purpose all vested and unvested Shares, if any) and (ii) $40 million (such value shall be determined based on the value of such Registrable Securities, in each case on the date immediately preceding the date upon which the Demand or Shelf Notice, as applicable, has been received by the Company).

"Registrable Securities" means any Shares currently owned or hereafter acquired by any Shareholder (whether acquired upon conversion, exchange or exercise of any securities, through open market purchases, or otherwise). As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (i) such securities have been sold or otherwise transferred by the holder thereof pursuant to an effective registration statement or (ii) such securities are sold in accordance with Rule 144 (or any successor provision) promulgated under the Securities Act, in each case to a person other than a Shareholder or an eligible assignee of a Shareholder under Section 4.9.

"Registration Expenses" has the meaning set forth in Section 2.7.

"Requesting Shareholder" means one or more Shareholders (and its affiliates) who collectively beneficially own, outstanding shares of Common Stock.

"SEC" means the United States Securities and Exchange Commission or any similar agency then having jurisdiction to enforce the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

"Selected Court" has the meaning set forth in Section 4.7.

"Selling Shareholder Expenses Cap" has the meaning set forth in Section 2.7.

"Selling Shareholders" means the Persons named as selling shareholders in any registration statement under Article II hereof and who is the Beneficial Owner of Registrable Securities being offered thereunder.

"Shareholder" and "Shareholders" shall mean Holder together with its successors, permitted transferees and permitted assigns.

"Shares" means the shares of Common Stock of the Company, $0.001 par value per share, and any equity securities issued or issuable in exchange for or with respect to such shares of Common Stock (i) by way of a dividend, split or combination of shares or (ii) in connection with a reclassification, recapitalization, merger, consolidation or other reorganization.

"Shelf Notice" has the meaning set forth in Section 2.3.

"Shelf Registration Statement" has the meaning set forth in Section 2.3.

"Short-Form Registration" has the meaning set forth in Section 2.1(c).

"Suspension Period" has the meaning set forth in Section 2.3(d).

"Underwritten Offering" means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

"Underwritten Offering Notice" has the meaning set forth in Section 2.1(f).

"Well-Known Seasoned Issuer" means a "well-known seasoned issuer" as defined in Rule 405 promulgated under the Securities Act and which (i) is a "well-known seasoned issuer" under paragraph (1)(i)(A) of such definition or (ii) is a "well-known seasoned issuer" under paragraph (1)(i)(B) of such definition and is also eligible to register a primary offering of its securities relying on General Instruction I.B.1 of Form S-3 or Form F-3 under the Securities Act.

Section 1.2 Interpretation. In this Agreement, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms;

(c) a reference to a clause, party, annex, exhibit or schedule is a reference to a clause of, and a party, annex, exhibit and schedule to this Agreement, and a reference to this Agreement includes any annex, exhibit and schedule hereto;

(d) a reference to a statute, regulation, proclamation, ordinance or by-law includes all statues, regulations, proclamations, ordinances or by-laws amending, consolidating or replacing it, whether passed by the same or another Governmental Entity with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by-laws issued under the statute;

(e) a reference to a document includes all amendments or supplements to, or replacements or novations of that document;

(f) a reference to a party to a document includes that party's successors, permitted transferees and permitted assigns;

(g) the use of the term "including" means "including, without limitation";

(h) the words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole, including the annexes, schedules and exhibits, as the same may from time to time be amended, modified, supplemented or restated, and not to any particular section, subsection, paragraph, subparagraph or clause contained in this Agreement;

(i) the title of and the section and paragraph headings used in this Agreement are for convenience of reference only and shall not govern or affect the interpretation of any of the terms or provisions in this Agreement;

(j) where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates;

(k) the language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party; and

(l) unless expressly provided otherwise, the measure of a period of one (1) month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date, provided that if no corresponding date exists, the measure shall be that date of the following month or year corresponding to the next day following the starting date (for example, one (1) month following February 18 is March 18, and one (1) month following March 31 is May 1 (or in the case of January 29, 30 or 31, the following month shall be March 1)).

## ARTICLE II

## REGISTRATION RIGHTS

Section 2.1 Demand Registration.

(a) One or more Requesting Shareholders shall be entitled to make a written request of the Company (a "Demand") for registration under the Securities Act of an amount of Registrable Securities that, in the aggregate taking into account all of the Requesting Shareholders, equals or is greater than the Registrable Amount (a "Demand Registration") and thereupon the Company will, subject to the terms of this Agreement, use its commercially reasonable efforts to effect the registration as promptly as practicable under the Securities Act of:

(i) the offer and sale of the Registrable Securities which the Company has been so requested to register by the Requesting Shareholders for disposition in accordance with the intended method of disposition stated in such Demand;

(ii) all other Registrable Securities which the Company has been requested to register pursuant to Section 2.1(b); and

(iii) all equity securities of the Company which the Company may elect to register in connection with any offering of Registrable Securities pursuant to this Section 2.1;

all to the extent necessary to permit the disposition (in accordance with the intended methods thereof) of the Registrable Securities and the additional Shares, if any, to be so registered.

(b) Each Demand shall specify: (i) the aggregate number of Registrable Securities requested to be registered in such Demand Registration, (ii) the intended method of disposition in connection with such Demand Registration, if then known and (iii) the identity of the Requesting Shareholder (or Requesting Shareholders). Within five (5) business days after receipt of a Demand, the Company shall give written notice of such Demand to all other Shareholders, if any. Subject to Section 2.1(h), the Company shall include in the Demand Registration covered by such Demand all Registrable Securities with respect to which the Company has received a written request for inclusion therein within ten (10) days after the Company's notice required by this paragraph has been mailed. Such written request shall comply with the requirements of a Demand as set forth in this Section 2.1(b).

(c) Demand Registrations shall be on (i) if option (ii) and (iii) below are not available, Form S-1 or any similar long-form registration ("Long-Form Registration"), (ii) if option (iii) below is not available, Form S-3 or any similar short form registration, if such short form registration is then available to the Company, or (iii) Form S-3ASR if the Company is, at the time a Demand is made, a Well-Known Seasoned Issuer (a Demand Registration under each of clauses (ii) and (iii), a "Short-Form Registration"), in each case, in compliance with the Securities Act and in the form of registration statements that the Company has customarily prepared and filed with the SEC for issuances of its Shares. The Company shall not be required to effect more than two Long-Form Registrations per fiscal year.

(d) Effective Demand Registration. A Demand Registration shall not be deemed to have been effected:

(i) unless a registration statement with respect thereto has been declared effective by the SEC and remains effective in compliance with the provisions of the Securities Act and the laws of any U.S. state or other jurisdiction applicable to the disposition of Registrable Securities covered by such registration statement until such time as all of such Registrable Securities shall have been disposed of in accordance with such registration statement or there shall cease to be any Registrable Securities;

(ii) if, after it has become effective, such registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other Governmental Entities or court for any reason other than a violation of applicable law solely by any Selling Shareholder and has not thereafter become effective;

(iii) if, in the case of an Underwritten Offering, the conditions to closing specified in an underwriting agreement applicable to the Company are not satisfied or waived other than by reason of any breach or failure by any Selling Shareholder; or

(iv) if the Company effects a postponement, declares a Suspension Period or similarly delays the exercise of rights under this Agreement pursuant to the terms in the paragraph below or the terms of this Agreement generally.

Notwithstanding the foregoing, the Company shall not be obligated to (i) maintain the effectiveness of a Long-Form Registration, filed pursuant to a Demand Registration, for a period longer than 75 days or (ii) effect any Demand Registration (A) within six (6) months of the effective date of a registration statement with respect to a "firm commitment" Underwritten Offering in which all Piggyback Sellers were given "piggyback" rights pursuant to Section 2.2 (and at least 50% of the number of Registrable Securities requested by such Piggyback Sellers to be included in such Demand Registration were included), (B) within three (3) months of the effective date of a registration statement with respect to any other Demand Registration, (C) within 90 days from the date on which a Marketed Underwritten Offering was priced or (D) if, in the reasonable judgment of the Board, it is not feasible for the Company to proceed with the Demand Registration because of the unavailability of audited or other required financial statements or financial information, provided that the Company shall use commercially reasonable efforts to obtain such financial statements or financial information as promptly as practicable. In addition, the Company shall be entitled to postpone (upon written notice to all Shareholders) the filing or the effectiveness of a registration statement for any Demand Registration (but no more than twice in any period of twelve (12) consecutive months and in no event for more than an aggregate of one-hundred twenty (120) days in any three-hundred sixty-five (365) consecutive day period) if the Board determines in its reasonable judgment that the filing or effectiveness of the registration statement relating to such Demand Registration would cause the disclosure of material, non-public information that the Company has a *bona fide* business purpose for preserving as confidential, provided, however, that such postponement shall terminate at such time that such information is no longer material, non-public information or the Company no longer has a bona fide business purpose for preserving such information as confidential.

(e) Offering Requests.

(i) Requests for Marketed Underwritten Offerings. A Requesting Shareholder may from time to time request to sell Registrable Securities in an underwritten offering that is registered pursuant to the Shelf Registration Statement or under a Demand Registration that includes roadshow presentations or investor calls by management of the Company or other marketing efforts by the Company (a "Marketed Underwritten Offering"); provided that in the case of each such Marketed Underwritten Offering the Registrable Securities proposed to be sold shall have an expected aggregate offering price of at least $40 million; and provided, further, that the Company shall not be required to effect (A) a Marketed Underwritten Offering if another Marketed Underwritten Offering has been effected and priced within 90 days or (B) more than four Marketed Underwritten Offerings within any 12-month period. Notwithstanding anything contrary in this Section 2.1, unless otherwise agreed to by the Requesting Shareholders, no other Shareholder shall have the right to participate in a Marketed Underwritten Offering.

(ii) Requests for Non-Marketed Underwritten Offerings. Requesting Shareholders may from time to time request to sell Registrable Securities in an underwritten offering that is registered under the Shelf Registration Statement or under a Demand Registration that does not include any marketing efforts by the Company or its management, including a "block trade" (a "Non-Marketed Underwritten Offering"); provided that in the case of each such Non-Marketed Underwritten Offering the Registrable Securities proposed to be sold shall have an aggregate offering price of at least $5 million. Notwithstanding anything contrary in this Section 2.1, unless otherwise agreed to by the Requesting Shareholders, no other Shareholder shall have the right to participate in a Non-Marketed Underwritten Offering.

(iii) Requests for Non-Underwritten Offerings. At any time that a Shelf Registration Statement or any shelf registration statement filed in connection with a Demand Registration shall be effective with respect to Registrable Securities of a Requesting Shareholder and such Requesting Shareholder desires to initiate an offering or sale of all or part of such Requesting Shareholder's Registrable Securities that does not constitute an Underwritten Offering (a "Non-Underwritten Shelf Takedown"), such Requesting Shareholder shall so indicate in a written request delivered to the Company no later than three Business Days prior to the expected date of such Non-Underwritten Shelf Takedown, which request shall include (i) the type and total number of Registrable Securities expected to be offered and sold in such Non-Underwritten Shelf Takedown and (ii) the expected plan of distribution of such Non-Underwritten Shelf Takedown. Notwithstanding anything contrary in this Section 2.1, unless otherwise agreed to by the Requesting Shareholder, no other Shareholder shall have the right to participate in a Non-Underwritten Shelf Takedown.

(iv) Underwritten Offering Notices. All requests for Underwritten Offerings shall be made by giving written notice to the Company (an "Underwritten Offering Notice"). Each Underwritten Offering Notice shall specify (i) the approximate number of Registrable Securities to be sold in the Underwritten Offering, (ii) whether such offering will be a Marketed Underwritten Offering or a Non-Marketed Underwritten Offering, and (iii) the intended marketing efforts, if any. Within five Business Days after receipt of any Offering Notice, if agreed to by the Requesting Shareholders in accordance with the provisions set forth above, the Company shall (A) send written notice of such requested Offering to all other Shareholders, if any, and shall include in such Offering all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten (10) days after mailing such notice or (B) follow such other procedure agreed to by the Requesting Shareholders with respect to allowing other Shareholders to participate in the Underwritten Offering.

(f) Any time that a Demand Registration involves an Underwritten Offering, (i) the Shareholders holding a majority of the Registrable Securities requested to be included in the Demand Registration shall select the investment banker or investment bankers and managers that will serve as lead and co-managing underwriters with respect to the offering of such Registrable Securities, subject to the consent of the Company, such consent not to be unreasonably withheld, and (ii) the Company and the Selling Shareholders shall enter into an underwriting agreement that is reasonably acceptable to the Shareholders holding a majority of the Registrable Securities requested to be included in the Demand Registration with respect to the provisions affecting such Shareholders and which agreement shall contain representations, warranties, indemnities and agreements of the Company customarily included (but not inconsistent with the covenants and

agreements of the Company contained herein) by an issuer of common stock in underwriting agreements with respect to offerings of common stock for the account of, or on behalf of, such issuers.

(g) The Company shall not include any securities other than Registrable Securities in a Demand Registration, except with the written consent of the Requesting Shareholders participating in such Demand Registration holding a majority of the Registrable Securities included in such Demand Registration. If, in connection with a Demand Registration, the lead bookrunning underwriters (or, if such Demand Registration is not an Underwritten Offering, a nationally recognized independent investment bank selected by the Company and reasonably acceptable to Shareholders holding a majority of the Registrable Securities included in such Demand Registration, and whose fees and expenses (other than any underwriting discounts relating to such Registrable Securities sold in such Demand Registration) shall be borne solely by the Company) advise the Company, in writing, that, in their reasonable opinion, the inclusion of all of the securities, including securities of the Company that are not Registrable Securities, sought to be registered in connection with such Demand Registration would adversely affect the marketability of the Registrable Securities sought to be sold pursuant thereto, then the Company shall include in such registration statement only such securities as the Company is reasonably advised by such underwriters or investment bank can be sold without such adverse effect as follows and in the following order of priority: (i) first, up to the number of Shares requested to be included in such Demand Registration by any Shareholders, which, in the opinion of the underwriter or investment bank can be sold without adversely affecting the marketability of the offering, pro rata among such Shareholders based upon the number of Shares deemed to be owned by such Persons; (ii) second, securities the Company proposes to sell for its own account; and (iii) third, all other equity securities of the Company duly requested to be included in such registration statement by any other shareholders holding *pari passu* registration rights, pro rata on the basis of the amount of such other securities requested to be included or such other method determined by the Company.

Section 2.2 Piggyback Registration.

(a) Subject to the terms and conditions hereof, whenever the Company proposes to register the offer and sale of any of its equity securities under the Securities Act (other than a registration by the Company on a registration statement on Form S-4 or a registration statement on Form S-8 or any successor forms thereto) (a "Piggyback Registration"), whether for its own account or for the account of others, the Company shall give each Shareholder prompt written notice thereof (but not less than ten (10) business days prior to the public filing by the Company with the SEC of any registration statement with respect thereto, provided that the Company shall not be required to deliver such notice prior to the a confidential submission or non-public filing of any registration statement with the SEC). Such notice (a "Piggyback Notice") shall specify, at a minimum, the number of equity securities proposed to be registered, the proposed date of filing of such registration statement with the SEC, the proposed means of distribution, the proposed managing underwriter or underwriters (if any and if known) and a reasonable estimate by the Company of the proposed minimum offering price of such equity securities. Upon the written request of any Person that on the date of the Piggyback Notice is a Shareholder (a "Piggyback Seller") (which written request shall specify the number of Registrable Securities then presently intended to be disposed of by such Piggyback Seller, and may condition the sale of such Registrable Securities on a price range) given within ten (10) days after such Piggyback Notice is received by such Piggyback Seller, the Company, subject to the terms and conditions of this Agreement, shall use its commercially reasonable efforts to cause all such Registrable Securities held by Piggyback Sellers with respect to which the Company has received such written requests for inclusion to be included in such Piggyback Registration on the same terms and conditions as the Company's equity securities being sold in such Piggyback Registration (whether for the account of the Company or for the account of others).

(b) If, in connection with a Piggyback Registration, any managing underwriter (or, if such Piggyback Registration is not an Underwritten Offering, a nationally recognized independent investment bank selected by the Company and reasonably acceptable to the Shareholders holding a majority of the Registrable Securities included in such Piggyback Registration, and whose fees and expenses shall be borne solely by the Company) advises the Company in writing that, in its opinion, the inclusion of all the equity securities sought to be included in such Piggyback Registration by (i) the Company, (ii) others who acquire Shares after the date hereof and whom the Company gives registration rights and have sought to have all or part of such Shares registered in such Piggyback Registration pursuant to such registration rights, (iii) others with the written consent of Shareholders participating in such Demand Registration holding a majority of the Registrable Securities included in such Demand Registration (such Persons referenced in clauses (ii) and (iii) of this Section 2.2(b) being "Other Demanding Sellers"), and (iv) the Piggyback Sellers, as the case may be, would adversely affect the marketability of the equity securities sought to be sold pursuant thereto, then the Company shall include in the registration statement applicable to such Piggyback Registration only such equity securities as the Company is so advised by such underwriter can be sold without such an effect, as follows and in the following order of priority:

(i) if the Piggyback Registration relates to an offering for the Company's own account, then (A) first, such number of equity securities to be sold by the Company for its own account, and (B) second, Shares requested to be included in such Piggyback Registration by any Other Demanding Sellers and any Piggyback Sellers, pro rata among such Other Demanding Sellers and Piggyback Sellers based upon the number of Shares deemed to be beneficially owned by such Persons; or

(ii) if the Piggyback Registration relates to an offering other than for the Company's own account, then (A) first, Shares requested to be included in such Piggyback Registration by any Other Demanding Sellers and any Piggyback Sellers, pro rata among such Other Demanding Sellers and Piggyback Sellers based upon the number of Shares deemed to be owned by such Persons, and (B) second, the other equity securities of the Company proposed to be sold by the Company as determined by the Company.

(c) In connection with any Underwritten Offering under this Section 2.2, the Company shall not be required to include the Registrable Securities of a Shareholder in the Underwritten Offering unless such Shareholder accepts the terms of the underwriting as agreed upon between the Company and the underwriters, or, if applicable, the underwriters selected by the Shareholders holding a majority of the Registrable Securities requested to be included in the Demand Registration in accordance with the terms of hereof.

(d) If, at any time after giving written notice of its intention to register the offer and sale of any of its equity securities as set forth in this Section 2.2 and prior to the time the registration statement filed in connection with such Piggyback Registration is declared effective, the Company shall determine, at its election, for any reason not to register the offer and sale of such equity securities, the Company shall give written notice of such determination to each Shareholder within five (5) days thereof and thereupon shall be relieved of its obligation to register the offer and sale of any Registrable Securities in connection with such particular withdrawn or abandoned Piggyback Registration (but not from its obligation to pay the Registration Expenses in connection therewith as provided herein); provided, that Shareholders may continue the registration as a Demand Registration pursuant to the terms of Section 2.1.

Section 2.3 Shelf Registration.

(a) Subject to Section 2.3(d), and further subject to the availability of a registration statement on Form S-3 or on any other form which permits incorporation of information by reference to other documents filed by the issuer with the SEC ("Form S-3") to the Company, any of the Shareholders may by written notice delivered to the Company (the "Shelf Notice") require the Company to file as soon as practicable (but no later than sixty (60) days after the date the Shelf Notice is delivered), and to use commercially reasonable efforts to cause to be declared effective by the SEC as promptly as practicable and within ninety (90) days after such filing date, a Form S-3 providing for an offering to be made on a continuous basis pursuant to Rule 415 under the Securities Act relating to the offer and sale, from time to time, of a number of Registrable Securities that is equal to or greater than the Registrable Amount (based on the number of Registrable Securities outstanding on the date such notice is delivered) owned by such Shareholders and any other Shareholders who elect to participate therein as provided in Section 2.3(b) in accordance with the plan and method of distribution set forth in the prospectus included in such Form S-3 (the "Shelf Registration Statement").

(b) Within five (5) business days after receipt of a Shelf Notice pursuant to Section 2.3, the Company will deliver written notice thereof to each Shareholder. Each Piggyback Seller may elect to participate in the Shelf Registration Statement by delivering to the Company a written request to so participate within ten (10) days after the Shelf Notice is received by any such Piggyback Seller.

(c) Subject to Section 2.3(d), the Company will use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective (including through updates, amendments, replacements or otherwise) until the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder in accordance with the plan and method of distribution disclosed in the prospectus included in the Shelf Registration Statement, or otherwise. If the Company becomes ineligible to use Form S-3 for secondary sales, the Company shall use commercially reasonable efforts to file a Form S-1 shelf as promptly as practicable to replace the Shelf Registration Statement that is a Form S-3 shelf (but in no event more than 20 Business Days after the date of such ineligibility) and have the Form S-1 shelf declared effective as promptly as practicable (but in no event more than 90 days after the date of such filing) (at which time the Shelf Registration Statement shall refer to such Form S-1, and, in the event the Company again becomes eligible to use Form S-3 for secondary sales, the Company shall use commercially reasonable efforts to convert the Form S-1 shelf into a Form S-3 shelf).

(d) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled to suspend the use of the prospectus included in the Shelf Registration Statement, filed in accordance with Section 2.3, for a reasonable period of time not to exceed ninety (90) days in succession or one-hundred eighty (180) days in the aggregate in any twelve (12) month period (a "Suspension Period", provided, however, that any Suspension Period shall terminate at such time as the conditions which gave rise to the Suspension Period have ceased) if the Board shall determine in its reasonable judgment that (A) it is not feasible for the Shareholder to use the prospectus for the sale of Registrable Securities because of the unavailability of audited or other required financial statements or financial information, provided that the Company shall use its reasonable efforts to obtain such financial statements as promptly as practicable, or (B) the filing or effectiveness of the prospectus relating to the Shelf Registration Statement would cause the disclosure of material, non-public information that the Company has a bona fide business purpose for preserving as confidential. After the expiration of any Suspension Period and without any further request from a Shareholder, the Company shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Shelf Registration Statement or the prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The Shareholders shall be entitled to demand such number of shelf registrations as shall be necessary to sell all of its Registrable Securities pursuant to this Section 2.3.

Section 2.4 Withdrawal Rights.

Any Shareholder having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement. No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn; provided, however, that in the case of a Demand Registration, if such withdrawal shall reduce the number of Registrable Securities sought to be included in such registration below the Registrable Amount, then the Company shall as promptly as practicable give each Shareholder seeking to register Registrable Securities notice to such effect and, within ten (10) days following the mailing of such notice, such Shareholders still seeking registration shall, by written notice to the Company, elect to register additional Registrable Securities to satisfy the Registrable Amount or elect that such registration statement not be filed or, if theretofore filed, be withdrawn. During such 10-day period, the Company shall not file such registration statement if not theretofore filed or, if such registration statement has been theretofore filed, the Company shall not seek, and shall use commercially reasonable efforts to prevent, the effectiveness thereof. If a Shareholder more than once in any year withdraws its notification or direction to the Company to include Registrable Securities in a registration statement in accordance with this Section 2.4 with respect to a sufficient number of shares so as to reduce the number of Registrable Securities requested to be included in such registration statement below the Registrable Amount (and Shareholders do not elect to register additional Registrable Securities to satisfy the Registrable Amount), such Shareholder shall be required to promptly reimburse the Company for all expenses incurred by the Company in connection with preparing for the registration of such Registrable Securities.

Section 2.5 Holdback Agreements.

(a) In the case of any Underwritten Offering in connection with a Demand or Shelf Registration pursuant to this Agreement, each Requesting Shareholder, and in the case of any Piggyback Registration pursuant to this Agreement, each participating Shareholder, agrees not to effect any public sale or distribution (including sales pursuant to Rule 144) of equity securities of the Company, or any securities convertible into or exchangeable or exercisable for such equity securities, during any time period reasonably requested by the managing underwriter(s) of such Underwritten Offering (which shall not exceed seventy-five (75) days) with respect to any Demand, Shelf or Piggyback Registration (in each case, except as part of such registration subject to customary exceptions to be agreed). Each Shareholder subject to the restrictions of the first sentence of Section 2.5 shall receive the benefit of any shorter "lock-up" period or permitted exceptions agreed to by the managing underwriter(s) for any Underwritten Offering pursuant to this Agreement irrespective of whether such Shareholder participated in the Underwritten Offering and the terms of such lock-up agreements shall govern such Shareholders in lieu of the first sentence of Section 2.5.

(b) In the case of any Underwritten Offering pursuant to this Agreement, the Company shall use commercially reasonable efforts to cause other Shareholders (other than the Shareholders) and its directors and officers to execute any lock-up agreements in form and substance as agreed by the Shareholders and as reasonably requested by the managing underwriters; provided, that the Holder agrees to cause the directors of the Company then employed by the Holder to execute any such lock-up agreements.

(c) In the case of any Underwritten Offering, the Company agrees not to effect any Public Offering or distribution of any equity securities of the Company, or securities convertible into or exchangeable or exercisable for equity securities of the Company for a period (a) commencing upon the earlier of (x) the commencement of the roadshow in respect of such offering and(y) seven days prior to the pricing of such offering and (b) ending 90 days after the pricing of such offering, except, in each case, as part of such Underwritten Offering.

Section 2.6 Registration Procedures.

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 2.1, Section 2.2, and Section 2.3 the Company shall as expeditiously as reasonably possible:

(i) prepare and file with the SEC (subject to the provisions of Section 2.3 with respect to Shelf Registrations, promptly and, in any event on or before the date that is (i) 90 days, in the case of any Long-Form Registration, after the receipt by the Company a Demand from a Requesting Shareholder or (ii) 45 days, in the case of any Short-Form Registration, after the receipt by the Company of a Demand from a Requesting Shareholder) the requisite registration statement to effect any such registration and thereafter use its commercially reasonable efforts to cause such registration statement to be declared effective by the SEC and remain effective pursuant to the terms of this Agreement and cause such registration statement to contain a "Plan of Distribution" that permits the distribution of securities pursuant to all legal means; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further that before filing such registration statement, prospectus or any amendments thereto, the Company will furnish to the counsel selected by the Shareholders which are including Registrable Securities in such registration copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel, and such review to be conducted with reasonable promptness;

(ii) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply

with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement or (i) in the case of a Demand Registration pursuant to Section 2.1, the expiration of ninety (90) days after such registration statement becomes effective or (ii) in the case of a Piggyback Registration pursuant to Section 2.2, the expiration of ninety (90) days after such registration statement becomes effective;

(iii) furnish to each Selling Shareholder and each underwriter, if any, of the securities being sold by such Selling Shareholder such number of conformed copies of such registration statement and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a "Free Writing Prospectus") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as such Selling Shareholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by such Selling Shareholder;

(iv) use commercially reasonable efforts to register or qualify such Registrable Securities covered by such registration statement under such other securities laws or blue sky laws of such jurisdictions as any Selling Shareholder and any underwriter of the securities being sold by such Selling Shareholder shall reasonably request, and take any other action which may be reasonably necessary or advisable to enable such Selling Shareholder and underwriter to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Shareholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (iv) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction or (C) file a general consent to service of process in any such jurisdiction;

(v) use commercially reasonable efforts to cause such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed and, if no such securities are so listed, use commercially reasonable efforts to cause such Registrable Securities to be listed on the New York Stock Exchange or the NASDAQ Stock Market;

(vi) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other Governmental Entities as may be necessary to enable each Selling Shareholder thereof to consummate the disposition of such Registrable Securities;

(vii) in connection with an Underwritten Offering, obtain for each Selling Shareholder and underwriter:

(A) an opinion of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such Selling Shareholder and underwriters, and

(B) a "comfort" letter (or, in the case of any such Person which does not satisfy the conditions for receipt of a "comfort" letter specified in Statement on Auditing Standards No. 72, an "agreed upon procedures" letter) signed by the independent public accountants who have certified the Company's financial statements included in such registration statement;

(viii) promptly make available for inspection by a representative of the Selling Shareholders, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained by the Selling Shareholders (collectively and not individually) or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility in connection with such registration statement, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; provided, however, that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Company shall not be required to provide any information under this subparagraph (viii) if (i) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (ii) if either (A) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (B) the Company reasonably determines that such Records are confidential and so notifies the Inspectors in writing unless prior to furnishing any such information with respect to (i) or (ii) such Selling Shareholder requesting such information agrees, and causes each of its Inspectors, to enter into a confidentiality agreement on terms reasonably acceptable to the Company; and provided, further, that each Selling Shareholder agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(ix) promptly notify in writing each Selling Shareholder and the underwriters, if any, of the following events:

(A) the filing (or confidential submission, as applicable) of the registration statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective;

(B) any request by the SEC or any other Governmental Entity for amendments or supplements to the registration statement or the prospectus or for additional information;

(C) the issuance by the SEC or any other Governmental Entity of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; and

(D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation or threat of any proceeding for such purpose;

(x) notify each Selling Shareholder, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, upon discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and promptly prepare and furnish to such Selling Shareholder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(xi) use commercially reasonable efforts to prevent the issuance of and, if issued, obtain the withdrawal of any order suspending the effectiveness of such registration statement or any suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction;

(xii) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, and make available to each Selling Shareholder, as soon as reasonably practicable, an earning statement of the Company covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first day of the Company's first full quarter after the effective date of such registration statement, which earning statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xiii) cooperate with the Selling Shareholders and the managing underwriter to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or such Selling Shareholders may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates, or, if requested by a Selling Shareholder or an underwriter, to facilitate the delivery of such securities in book-entry form;

(xiv) have appropriate officers of the Company prepare and make presentations at any "road shows" and before analysts and rating agencies, as the case may be, and other information meetings organized by the underwriters, take other actions to obtain ratings for any Registrable Securities (if they are eligible to be rated) and otherwise use its commercially reasonable efforts to cooperate as reasonably requested by the Selling Shareholders and the underwriters in the offering, marketing or selling of the Registrable Securities;

(xv) with respect to each Free Writing Prospectus or other materials to be included in the Disclosure Package, ensure that no Registrable Securities be sold "by means of" (as defined in Rule 159A(b) promulgated under the Securities Act) such Free Writing Prospectus or other materials without the prior written consent of the Shareholders holding the Registrable Securities covered by such registration statement, which Free Writing Prospectuses or other materials shall be subject to the prior reasonable review of the Selling Shareholders and their counsel;

(xvi) (A) as expeditiously as possible and within the deadlines specified by the Securities Act, make all required filings of all prospectuses and Free Writing Prospectuses with the SEC and (B) within the deadlines specified by the Exchange Act, make all filings of periodic and current reports and other materials required by the Exchange Act;

(xvii) as expeditiously as possible and within the deadlines specified by the Securities Act, make all required filing fee payments in respect of any registration statement or prospectus used under this Agreement (and any offering covered thereby);

(xviii) as expeditiously as practicable, keep the Selling Shareholders and their counsel advised as to the initiation and progress of any registration hereunder;

(xix) cooperate with each Selling Shareholder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the FINRA;

(xx) furnish the Selling Shareholders, their counsel and the underwriters, as expeditiously as possible, copies of all correspondence with or from the SEC, the FINRA, any stock exchange or other self-regulatory organization relating to the registration statement or the transactions contemplated thereby and, a reasonable time prior to furnishing or filing any such correspondence to the SEC, the FINRA, stock exchange or self-regulatory organization, furnish drafts of such correspondence to the Selling Shareholders, their counsel, and the underwriters for review and comment, such review and comment to be conducted with reasonable promptness; and

(xxi) to take all other reasonable steps necessary to effect the registration and disposition of the Registrable Securities contemplated hereby.

(b) The Company may require each Selling Shareholder and each underwriter, if any, to furnish the Company in writing such information regarding each Selling Shareholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request to complete or amend the information required by such registration statement.

(c) Without limiting the terms of Section 2.1(a), in the event that the offering of Registrable Securities is to be made by or through an underwriter, the Company, if requested by the underwriter, shall enter into an underwriting agreement with a managing underwriter or underwriters in connection with such offering containing representations, warranties, indemnities and agreements customarily included (but not inconsistent with the covenants and agreements of the Company contained herein) by an issuer of common stock in underwriting agreements with respect to offerings of common stock for the account of, or on behalf of, such issuers.

(d) Each Selling Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in Sections 2.6(a)(ix)(C), 2.6(a)(ix)(D), or 2.6(a)(x), such Selling Shareholder shall forthwith discontinue (in the case of Section 2.6(a)(ix)(D), only in the relevant jurisdiction set forth in such notice) such Selling Shareholder's disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until such Selling Shareholder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 2.6(a)(x) and, if so directed by the Company, deliver to the Company, at the Company's expense, all copies, other than permanent file copies, then in such Selling Shareholder's possession of the prospectus current at the time of receipt of such notice relating to such Registrable Securities. In the event the Company shall give such notice, any applicable period during which such registration statement must remain effective pursuant to this Agreement shall be extended by the number of days during the period from the date of giving of a notice regarding the happening of an event of the kind described in Section 2.6(a)(ix), Section 2.6(a)(ix)(D) or Section 2.6(a)(x) to the date when all such Selling Shareholders shall receive such a supplemented or amended prospectus and such prospectus shall have been filed with the SEC.

Section 2.7 Registration Expenses. All expenses incident to the Company's performance of, or compliance with, its obligations under Article II of this Agreement in respect of a particular offering, including, without limitation, all registration and filing fees, all fees and expenses of compliance with securities and "blue sky" laws, all fees and expenses associated with filings required to be made with the FINRA (including, if applicable, reasonable and customary fees and expenses of any "qualified independent underwriter" as such term is defined by the FINRA), all fees and expenses of compliance with securities and "blue sky" laws, all printing (including, without limitation, expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by a holder of Registrable Securities) and copying expenses, all messenger and delivery expenses, all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions) and reasonable and customary fees and expenses of one firm of counsel to the Selling Shareholders (which firm shall be selected by the Selling Shareholders holding a majority of the Registrable Securities included in such registration) (collectively, the "Registration Expenses") shall be borne by the Selling Shareholders that are selling Registrable Securities in connection with such offering, regardless of whether a registration is effected; provided, that such expenses shall be consistent with the customary and then-prevailing market practice for similar offerings (taking into account the size of such offerings and other relevant factors but assuming a seller of registrable securities other than the Company) (the "Selling Shareholder Expenses Cap"). The Company will pay any amounts above the Selling Shareholder Expenses Cap in respect of any offering and will pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties, the expense of any annual audit and the expense of any liability insurance) and the expenses and fees for listing the securities to be registered on each securities exchange and included in each established over-the-counter market on which similar securities issued by the Company are then listed or traded. Each Selling Shareholder shall pay its portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of such Selling Shareholder's Registrable Securities pursuant to any registration.

Section 2.8 Registration Indemnification.

(a) By the Company. The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Selling Shareholder and each of their respective Affiliates and their respective officers, directors, employees, managers, partners and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such Selling Shareholder or such other Person indemnified under this Section 2.8(a) from and against all losses, claims, damages, liabilities and expenses, whether joint or several (including reasonable expenses of investigation and reasonable attorneys' fees and expenses) (collectively, the "Losses"), to which they are or any of them may become subject under the Securities Act, the Exchange Act or

other U.S. federal or state statutory law (including any applicable "blue sky" laws), rule or regulation, at common law or otherwise, insofar as such Losses arise out of, are based upon, are caused by or relate to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus, offering circular, offering memorandum or Disclosure Package (including the Free Writing Prospectus) or any amendment or supplement thereto or any filing or document incidental to such registration or qualification of the securities as required by this Agreement, or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein not misleading, except that no Person indemnified shall be indemnified hereunder insofar as the same are made in conformity with and in reliance on information furnished in writing to the Company by such Person concerning such Person expressly for use therein. Such indemnification obligation shall be in addition to any liability that the Company may otherwise have to any such indemnified person. In connection with an Underwritten Offering and without limiting any of the Company's other obligations under this Agreement, the Company shall also indemnify such underwriters, their officers, directors, employees and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriters or such other Person indemnified under this Section 2.8(a) to the same extent as provided above with respect to the indemnification (and exceptions thereto) of Selling Shareholders. Reimbursements payable pursuant to the indemnification contemplated by this Section 2.8(a) will be made by periodic payments during the course of any investigation or defense, as and when bills are received or expenses incurred.

(b) By the Selling Shareholders. In connection with any registration statement in which a Shareholder is participating, each such Selling Shareholder will furnish to the Company in writing information regarding such Person's ownership of Registrable Securities and its intended method of distribution thereof and, to the extent permitted by law, shall, severally and not jointly, indemnify the Company, its Affiliates and their respective directors, officers, employees and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company or such other Person indemnified under this Section 2.8(b) against all Losses caused by any untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is furnished in writing by such Person concerning such Person expressly for use therein; provided, however, that each Selling Shareholder's obligation to indemnify the Company hereunder shall, to the extent more than one Person is subject to the same indemnification obligation, be apportioned between each Person based upon the net amount received by each Person from the sale of Registrable Securities, as compared to the total net amount received by all of the indemnifying Persons pursuant to such registration statement. Notwithstanding the foregoing, no Person shall be liable to the Company and the underwriters for aggregate amounts in excess of the lesser of (i) such apportionment and (ii) the net amount received by such holder in the offering giving rise to such liability.

(c) Notice. Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been materially prejudiced by such failure to provide such notice on a timely basis.

(d) Defense of Actions. In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party, (ii) counsel to the indemnifying party has informed the indemnifying party that the joint representation of the indemnifying party and one or more indemnified parties could be inappropriate under applicable standards of professional conduct, or (iii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or is reasonably likely to be prejudiced by such delay, in any such event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate legal counsel). An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent (such consent not to be unreasonably withheld). The indemnifying party shall lose its right to defend, contest, litigate and settle a matter if it shall fail to diligently contest such matter (except to the extent settled in accordance with the next following sentence). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, it being understood that the indemnified party shall not be deemed to be unreasonable in withholding its consent if the proposed settlement imposes any obligation on the indemnified party).

(e) Survival. The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the indemnified Person and will survive the transfer of the Registrable Securities and the termination of this Agreement.

(f) Contribution. If recovery is not available or is insufficient under the foregoing indemnification provisions for any reason or reasons other than as specified therein, in each case as determined by a court of competent jurisdiction, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons. In determining the amount of contribution to which the respective Persons are entitled, there shall be considered the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or

omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentence of this Section 2.8(f). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, no Selling Shareholder or transferee thereof shall be required to make a contribution in excess of the net amount received by such holder from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

Section 2.9 Request for Information; Certain Rights.

(a) Request for Information. Not less than five (5) business days before the expected filing (or confidential submission, if applicable) date of each registration statement pursuant to this Agreement, the Company shall notify each Shareholder who has timely provided the requisite notice hereunder entitling the Shareholder to include for registration Registrable Securities in such registration statement of the information, documents and instruments from such Shareholder that the Company or any underwriter reasonably requests in connection with such registration statement, including, but not limited to a questionnaire, custody agreement, power of attorney, form of lock-up letter and form of underwriting agreement (the "Requested Information"). Such Shareholder shall promptly return the Requested Information to the Company. If the Company has not received the Requested Information (or a written assurance from such Shareholder that the Requested Information that cannot practicably be provided prior to filing of the registration statement will be provided in a timely fashion) from such Shareholder within a reasonable period of time (as determined by the Company) prior to the filing (or confidential submission, if applicable) of the applicable registration statement, the Company may file such registration statement without including Registrable Securities of such Shareholder, provided that the Company shall include such Registrable Securities upon receipt of such Requested Information. The failure to so include in any registration statement the Registrable Securities of a Shareholder (with regard to that registration statement) shall not in and of itself result in any liability on the part of the Company to such Shareholder.

(b) No Grant of Future Registration Rights. The Company shall not grant any shelf, demand, piggyback or incidental registration rights that are senior to or otherwise conflict with the rights granted to the Shareholders hereunder to any other Person without the prior written consent of Shareholders holding a majority of the Registrable Securities held by all Shareholders.

(c) Alternative Markets. In the event that a trading market for the Company's Shares develops that does not require that the Shares be registered under Section 12 of the Exchange Act (e.g. outside the United States or through a Rule 144A trading market), the Company agrees to provide alternative liquidity provisions to the Shareholders that would be the functional equivalent of this Article II, including the provision of offering documents, the entering into of placement and/or listing agreements and the functional equivalent of the other terms of this Article II and with the functional equivalent of the division of liabilities and expenses as provided in this Article II.

(d) Adjustments Affecting Registrable Shares. Without the written consent of each Shareholder, the Company shall not effect or permit to occur any combination, subdivision or reclassification of Registrable Shares that would materially adversely affect the ability of the Shareholders to include such Registrable Shares in any registration of securities under the Securities Act contemplated by this Agreement or the marketability of such Registrable Shares under any such registration or other offering.

(e) Rule 144. The Company shall take all actions reasonably necessary to enable Shareholders to sell Registrable Shares without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such rule may be amended from time to time or (b) any similar rules or regulations adopted by the Commission, including, without limiting the generality of the foregoing, filing on a timely basis all reports required to be filed under the Exchange Act. Upon the written request of any Shareholder, the Company shall deliver to such Shareholder a written statement as to whether it has complied with such requirements.

## ARTICLE III

## REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of Holder. Holder represents and warrants to the Company that (a) this Agreement has been duly authorized, executed and delivered by such Shareholder, and is a valid and binding agreement of Holder, enforceable against it in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and (b) the execution, delivery and performance by Holder, of this Agreement does not violate or conflict with or result in a breach of or constitute (or with notice or lapse of time or both constitute) a default under any agreement to which such Shareholder, is a party or, the organizational documents of Holder.

Section 3.2 Representations and Warranties of the Company. The Company represents and warrants to Holder that (a) this Agreement has been duly authorized, executed and delivered by the Company and is a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except that the enforcement thereof may be subject to bankruptcy,

insolvency, reorganization, fraudulent conveyance, moratorium or other similar laws now or hereafter in effect relating to creditors' rights generally and to general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law); and (b) the execution, delivery and performance by the Company of this Agreement does not violate or conflict with or result in a breach by the Company of or constitute (or with notice or lapse of time or both constitute) a violation by the Company under its Bye-laws, any existing applicable law, rule, regulation, judgment, order, or decree of any Governmental Entity exercising any statutory or regulatory authority of any of the foregoing, domestic or foreign, having jurisdiction over the Company or any of its respective properties or assets, or any agreement or instrument to which the Company is a party or by which the Company or any of its respective properties or assets may be bound.

**ARTICLE IV**

**MISCELLANEOUS**

Section 4.1 Notices. All notices, requests, consents and other communications hereunder to any party shall be deemed to be sufficient if contained in a written instrument delivered in person or sent by facsimile (provided a copy is thereafter promptly delivered as provided in this Section 4.1) or nationally recognized overnight courier, addressed to such party at the address or facsimile number set forth below or such other address or facsimile number as may hereafter be designated in writing by such party to the other parties:

(a) if to the Company, to:

(ii) If to AHL, to:

Athene Holding Ltd.
Chesney House
96 Pitts Bay Road
Pembroke HM 08
Bermuda
Attention: Natasha Scotland Courcy
E-mail: NCourcy@athene.bm

with a copy (which shall not constitute notice) to:

Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
United States of America
Attention: Perry J. Shwachman
Samir A. Gandhi
Jeremy Watson
E-mail: pshwachman@sidley.com
sgandhi@sidley.com
jcwatson@sidley.com

Latham & Watkins LLP
885 Third Avenue
New York, NY 10022
Attention: A. Peter Harwich
Daniel E. Rees
Email: peter.harwich@lw.com
daniel.rees@lw.com

(b) if to Holder, to:

c/o Apollo Global Management
9 West 57th Street, 43rd Floor
New York, NY 10019
Attention: John J. Suydam and General Counsel

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019
Attention: Tracey A. Zaccone, Esq.
Fax: (212) 492-0085

Section 4.2 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 4.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall, taken together, be considered one and the same agreement, it being understood that both parties need not sign the same counterpart. Facsimile counterpart signatures to this Agreement shall be binding and enforceable.

Section 4.4 Entire Agreement; No Third Party Beneficiaries. This Agreement (a) constitutes the entire agreement and supersedes all other prior agreements, both written and oral, among the parties with respect to the subject matter hereof and is not intended to confer upon any Person, other than the parties hereto, any rights or remedies hereunder.

Section 4.5 Further Assurances. Each party hereto shall do and perform or cause to be done and performed all such further acts and things and shall execute and deliver all such other agreements, certificates, instruments, and documents as any other party hereto reasonably may request in order to carry out the provisions of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.6 Governing Law; Equitable Remedies. **THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF BERMUDA (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF)**. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in the Selected Court (as defined below), this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at law would be adequate.

Section 4.7 Consent To Jurisdiction. With respect to any suit, action or proceeding ("Proceeding") arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of the Supreme Court of Bermuda (the "Selected Court") and waives any objection to venue being laid in the Selected Court whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before one of the Selected Court; provided, however, that a party may commence any Proceeding in a court other than the Selected Court solely for the purpose of enforcing an order or judgment issued by the Selected Court; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the applicable party hereto at their respective addresses referred to in Section 4.1; provided, however, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law; and (c) **TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER AMONG THEM RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.**

Section 4.8 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and Shareholders holding a majority of the Registrable Securities, or in the case of a waiver, by the party against whom the waiver is to be effective; provided, that such amendment or waiver which adversely affects any party to this Agreement and is prejudicial to such party relative to all other parties (other than the Company) cannot be effected without the consent of such party.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 4.9 Assignment. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties; provided that any Shareholder may assign its rights hereunder in connection with a transfer of its Shares if such transferee (i) (A) is an Affiliate of such Shareholder or (B) shall own at least 5% of the Company's outstanding Common Stock (on an as-converted basis, if applicable and after giving effect to all vested and unvested Shares, if applicable) after giving effect to such transfer and (ii) shall execute a joinder to this Agreement. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 4.10 Effectiveness. This Agreement shall become effective upon the Closing Date.

Section 4.11 Term. This Agreement shall automatically terminate with respect to any Shareholder upon the date on which the such Shareholder no longer Beneficially Own Shares representing at least 1% of the Shares then outstanding (after giving effect to all vested and unvested Shares, if applicable).

[Remainder of page intentionally left blank]

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed and delivered, all as of the date first set forth above.

**APOLLO GLOBAL MANAGEMENT, INC.**

By: _________________________________
Name:
Title:

**ATHENE HOLDING LTD.**

By: _________________________________
Name:
Title:

**Exhibit F**

**Amended and Restated Bye-Laws**

# THIRTEENTH AMENDED AND RESTATED

# BYE-LAWS

# OF

# ATHENE HOLDING LTD.

**Adopted on [•]**

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**1. Definitions**

**1.1** In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

| | |
|---|---|
| 9.9% Shareholder | means a Person whose Controlled Shares constitute more than nine and nine-tenths percent (9.9%) of the Total Voting Power; |
| Act | means the Companies Act 1981 of Bermuda as amended from time to time; |
| Affiliate | means, as to any Person, any Person which directly or indirectly controls, is controlled by, or is under common control with such Person. For purposes of this definition, "control" of a Person shall mean the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by ownership of voting stock, by contract or otherwise; |
| Apollo Group | means, (i) Apollo Global Management, Inc., (ii) AAA Guarantor - Athene, L.P., (iii) any investment fund or other collective investment vehicle whose general partner or managing member is owned, directly or indirectly, by Apollo Global Management, Inc. or by one or more of Apollo Global Management, Inc.'s Subsidiaries, (iv) BRH Holdings GP, Ltd. and its shareholders, (v) any executive officer or employee of Apollo Global Management, Inc. or its Subsidiaries, (vi) any Shareholder that has granted to Apollo Global Management, Inc. or any of its Affiliates a valid proxy with respect to all of such Shareholder's Class A Common Shares pursuant to Bye-law 34 and (vii) any Affiliate of a Person described in clauses (i), (ii), (iii), (iv), (v) or (vi) above; *provided*, none of the Company or its Subsidiaries shall be deemed to be a member of the Apollo Group; |
| Applicable Law | means, with respect to any Person, all provisions of laws, statutes, ordinances, rules, regulations, permits, certificates, judgments, decisions, decrees or orders of any Governmental Authority applicable to such Person; |
| Auditor | means the individual or entity for the time being performing the duties of auditor of the Company (if any); |
| Bermuda | means the Islands of Bermuda; |
| Board | means the board of directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the directors present at a meeting of directors at which there is a quorum; |
| Business Day | means any day that is not a Saturday, Sunday or other day on which commercial banks in Bermuda are authorised or required by law to close; |
| Bye-laws | means these thirteenth Amended and Restated Bye-laws adopted by the Company on [•], in their present form or as from time to time amended; |
| Code | means the United States Internal Revenue Code of 1986, as amended from time to time, or any U.S. Federal statute from time to time in effect that has replaced such statute, and any reference in these Bye-laws to a provision of the Code or a Treasury regulation promulgated thereunder means such provision or regulation as amended from time to time or any provision of a U.S. Federal law or any U.S. Treasury regulation, from time to time in effect that has replaced such provision or regulation; |
| Company | means Athene Holding Ltd.; |
| Comparable Asset Manager | means an asset manager with personnel of experience, education and qualification, and whose services are of a scale and scope, comparable to those of ISG (after giving effect to any assistance provided to ISG by its Affiliates; |
| Controlled Shares | means, in reference to any Person, all Class A Common Shares owned by such Person or any of its Affiliates beneficially within the meaning of Section 13(d)(3) of the Exchange Act and the rules and regulations promulgated thereunder; |

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|---|---|
| Director | means a director of the Company; |
| Equity Securities | means all shares of capital stock of the Company, all securities exercisable or convertible into or exchangeable for shares of capital stock of the Company, and all options, warrants, and other rights to purchase or otherwise acquire from the Company shares of such capital stock, including any share appreciation or similar rights, contractual or otherwise; |
| Exchange Act | means the U.S. Securities Exchange Act of 1934, as amended; |
| Expenses | means all fees, costs and expenses incurred in connection with any Proceeding, including, without limitation, attorneys' fees, disbursements and retainers, fees and disbursements of expert witnesses, private investigators and professional advisors (including, without limitation, accountants and investment bankers), court costs, transcript costs, fees of experts, travel expenses, duplicating, printing and binding costs, telephone and fax transmission charges, postage, delivery services, secretarial services and other disbursements and expenses; |
| Governmental Authority | means any Bermudan, U.S. Federal, state, county, city, local or foreign governmental, administrative or regulatory authority, commission, committee, agency or body (including any court, tribunal or arbitral body and any self-regulating authority such as FINRA); |
| Group | shall have the meaning ascribed to it in Rule 13d-5 promulgated under the Exchange Act; |
| IMA | means the investment management agreement, dated as of July 22, 2009, as amended from time to time; |
| Independent Director | means any Director that meets the independence requirements under the then-prevailing rules of the New York Stock Exchange or any stock exchange or quotation system on which the Company's common equity securities are then listed or quoted, as determined by the Board; |
| Insolvency Event | means: (i) the Company or any Subsidiary thereof shall commence a voluntary case or other Proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Applicable Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other Proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorise any of the foregoing; (ii) an involuntary case or other Proceeding shall be commenced against the Company or any Subsidiary thereof seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other Proceeding shall remain undismissed and unstayed for a period of sixty days; or (iii) an order for relief shall be entered against the Company or any Subsidiary thereof under the bankruptcy laws in effect at such time; |
| ISG | means Apollo Insurance Solutions Group, LLC, a Delaware limited liability company (or any successor entity thereto); |
| Liabilities | means losses, claims, damages, liabilities, joint or several, judgments, fines, penalties, interest, settlements or other amounts; |
| Liquidation | means: (i) any Insolvency Event; (ii) any Sale of the Company or (iii) any dissolution or winding up of the Company, other than any dissolution, liquidation or winding up in connection with any reincorporation of the Company in another jurisdiction; |

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|---|---|
| Minimum Shareholder | means a Shareholder of record of the Company meeting the minimum requirements set forth for eligible shareholders to submit shareholder proposals under Rule 14a-8 of the Exchange Act or any applicable rules thereunder, as may be amended or promulgated thereunder from time to time; |
| notice | means written notice as further provided in these Bye-laws unless otherwise specifically stated; |
| Officer | means any person appointed by the Board to hold an office in the Company; |
| Permitted 9.9% Shareholder | means a Person that has received consent of at least 70% of the Board (or, after March 31, 2021, 75% of the Board) to be a 9.9% Shareholder; |
| Proceeding | means claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, and whether formal or informal and including appeals, at law or in equity, by or before any Governmental Authority; |
| Register of Directors and Officers | means the register of directors and officers referred to in these Bye-laws; |
| Register of Shareholders | means the register of shareholders referred to in these Bye-laws; |
| Registered Office | means the registered office of the Company, which shall be at such place in Bermuda as the Board shall from time to time appoint; |
| Related Insured Entity | means any Person who is (directly or indirectly) insured or reinsured by any of the Company's Subsidiaries as specified in Schedule 1 hereto or by any ceding company as specified in Schedule 1 hereto to which the Company's Subsidiaries provide reinsurance; *provided*, after the date hereof, such Schedule may be amended by the Board and shall be published in each case thereafter on the Company's website. This definition is intended to comply with the intent of Section 953(c) of the Code and will be interpreted accordingly; |
| Resident Representative | means any person appointed to act as resident representative and includes any deputy or assistant resident representative; |
| Resolution | means a resolution of the Shareholders approved by Shareholders entitled to vote for the election of directors to the Board or, where required, of a separate class or separate classes of Shareholders, adopted in a general meeting, in each case in accordance with the provisions of these Bye-laws; |
| Restricted Common Share | means a Class A Common Share that is treated (for purposes of Section 954(d)(3) of the Code, as applicable for purposes of Section 953(c) of the Code) as owned (in whole or in part) by any Person (other than a member of the Apollo Group (without regard to clause (v) of the definition of "Apollo Group")) who is treated (for purposes of Section 954(d)(3) of the Code, as applicable for purposes of Section 953(c) of the Code) as owning any stock of Apollo Global Management, Inc.; |
| Restriction Termination Date | means any date identified as the "Restriction Termination Date" for purposes of these Bye-laws by at least 70% of the Board (or, after March 31, 2021, 75% of the Board). |
| RPII Control Group | means any RPII Shareholder, or any person or persons who control (within the meaning of Section 954(d)(3) of the Code, as applicable for purposes of Section 953(c) of the Code) a RPII Shareholder, who would be treated (for purposes of Section 954(d)(3) of the Code, as applicable for purposes of Section 953(c) of the Code) as owning more than 49.9% of the total voting power of all classes of stock entitled to vote, of the Company or any Subsidiary of the Company but not more than 50% of the total value of the stock of the Company or such Subsidiary, respectively, but for the application of Bye-law 4.3(a)(iii); |
| RPII Shareholder | means a U.S. Person who owns (within the meaning of Section 958(a) of the Code) any stock of the Company; |

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|---|---|
| Sale of the Company | means (i) the sale or transfer of all or substantially all of the Company's assets to a Third Party; (ii) the sale or transfer of outstanding Equity Securities to a Third Party; or (iii) a business combination involving the Company and one or more additional Persons by means of merger, consolidation, scheme of arrangement, amalgamation, share exchange or similar transaction, in each case in clauses (ii) and (iii) above under circumstances in which the Third Party, immediately following such transaction, holds 51% or more of the aggregate economic value of the outstanding Equity Securities. A sale (or multiple sales) of one or more Subsidiaries of the Company (whether by way of merger, consolidation, reorganization or sale of all or substantially all of the assets or securities or otherwise) which constitutes all or substantially all of the consolidated assets or revenues of the Company shall be deemed a Sale of the Company; |
| SEC | means the U.S. Securities and Exchange Commission; |
| Securities Act | means the U.S. Securities Act of 1933, as amended; |
| Secretary | means the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary; |
| Shareholder | means the person registered in the Register of Shareholders as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Shareholders as one of such joint holders or all of such persons, as the context so requires; |
| Shareholders Agreement | means that certain Shareholders Agreement of the Company, by and between the Company and certain Shareholders, dated as of [•], as amended, supplemented or modified from time to time; |
| Subsidiary | means, with respect to any Person, any other Person the majority of whose equity securities or voting securities able to elect the board of directors or comparable governing body are directly or indirectly owned or controlled by such Person; |
| Tentative 9.9% Shareholder | means a Person that, but for adjustments to the voting rights of Class A Common Shares pursuant to Bye-law 4.3, would be a 9.9% Shareholder; provided, that in no event shall a Permitted 9.9% Shareholder be a Tentative 9.9% Shareholder; |
| Third Party | means any Person, or any Group of Persons, who, immediately prior to a proposed Sale of the Company, held less than 10% of the aggregate economic value of the outstanding Equity Securities; *provided*, that the Company and its Subsidiaries shall not be a Third Party or a member of a Group of Persons constituting a Third Party; |
| Total Voting Power | means the total votes attributable to all shares of the Company issued and outstanding; |
| Treasury Share | means a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled; and |
| U.S. Person | means a "United States person", as such term is defined in Section 957(c) of the Code. |

**1.2** In these Bye-laws, the following terms have the meanings set forth in the sections indicated:

| Term | Bye-law |
|---|---|
| AHL Cause | 88.4 |
| cause | 44.1 |
| Chairman | 49(c) |
| Class A Common Shares | 4.1 |
| Company Merger Vote | 4.3(b) |
| Company Opportunity | 57.1 |
| Conflicts Committee | 67.1 |
| Covered Arrangement | 23.4(b) |
| Covered Person | 56.1 |
| Fee Agreement | 88.2 |
| IMA Termination Effective Date | 88.1 |
| IMA Termination Election Date | 88.1 |
| IMA Termination Notice | 88.1 |
| Indemnified Persons | 56.12 |
| Insurance Subsidiaries | 57.1 |
| New IMA | 88.1 |
| Other Holders | 40.11 |
| public announcement | 23.6 |
| Record Date Request | 37.3 |
| Record Date Requesting Shareholder(s) | 37.3 |
| Shareholder Affiliates | 56.12 |
| Specified Parties | 57.1 |
| Valid IMA Termination Notice | 88.1 |
| Vice Chairman | 49(c) |
| Voting Commitment | 40.7 |

**1.3** In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) words importing "person" or "Person" shall be construed in the broadest sense and means and includes a natural person, a partnership, a corporation, an association, a joint share company, a limited liability company, a trust, a joint venture, an unincorporated organization and any other entity and any federal, state, municipal, foreign or other government, governmental department, commission, board, bureau, agency or instrumentality, or any private or public court or tribunal;

(d) the words:

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative; and

(e) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

**1.4** In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

**1.5** Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

**1.6** The rights and obligations set forth in these Bye-laws may be modified or restricted by any shareholders agreement entered into by two or more Shareholders or by the Company and one or more Shareholders, *provided*, that any such modification or restriction shall apply only to the parties to such shareholders agreement.

## SHARES

**2. Power to Issue Shares**

**2.1** Subject to these Bye-laws and to any Resolution to the contrary and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power and authority to the fullest extent permitted under the Act, but subject to all contractual restrictions to which the Company is bound, to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise as the Board may by resolution prescribe, and to fix or alter the number of shares comprising any such class or series.

**2.2** The authority of the Board with respect to each such class or series shall include, without any limitation of the foregoing, the right to determine and fix the following preferences and powers, which may vary as between different classes or series of shares:

(a) the distinctive designation of such class or series and the number of shares to constitute such class or series;

(b) the rate at which any dividends on the shares of such class or series shall be declared and paid, or set aside for payment, whether dividends at the rate so determined shall be cumulative or accruing, and whether the shares of such class or series shall be entitled to any participating or other dividends in addition to dividends at the rate so determined, and if so, on what terms;

(c) the right or obligation, if any, of the Company to redeem shares of the particular class or series and, if redeemable, the price, terms and manner of such redemption;

(d) the special and relative rights and preferences, if any, and the amount or amounts per share, which the shares of such class or series shall be entitled to receive upon any voluntary or involuntary liquidation, dissolution or winding up of the Company;

(e) the terms and conditions, if any, upon which shares of such class or series shall be convertible into, or exchangeable for, shares of capital stock of any other class or series, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(f) the obligation, if any, of the Company to retire, redeem or purchase shares of such series pursuant to a sinking fund or fund of a similar nature or otherwise, and the terms and conditions of such obligation;

(g) voting rights, if any, including special voting rights with respect to the election of directors and matters adversely affecting any such class or series; and

(h) limitations, if any, on the issuance of additional shares of such class or series or any shares of any other class or series.

**2.3** Subject to the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).

**3. Power of the Company to Purchase its Shares**

**3.1** The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.

**3.2** The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

**4. Rights Attaching to Shares**

**4.1** Subject to any Resolution to the contrary (and without prejudice to any special rights conferred thereby on the holders of any other shares or class of shares), the common share capital of the Company shall consist of a single class of common

shares designated as Class A Common Shares (the "Class A Common Shares"). In accordance with Bye-law 2.2, the Board may authorize the creation and issuance of one or more series of preference shares.

**4.2** The Class A Common Shares shall collectively represent 100% of the Total Voting Power, and subject to the provisions of Bye-law 4.3, each Class A Common Share shall be entitled to one vote.

**4.3**

(a) The voting rights of the Class A Common Shares shall, until the Restriction Termination Date, be subject to the provisions of this Bye-law 4.3(a); *provided*, that this Bye-law 4.3(a) shall not apply at any time that the number and relationships of the Company's Shareholders would make it impossible to fully reallocate (pursuant to Bye-law 4.3(a)(iii)) all the vote that would be reduced pursuant to Bye-law 4.3(a)(ii); *provided*, *further*, that after the Restriction Termination Date, the provisions of this Bye-law 4.3(a) shall be inoperative and of no further force or effect:

(i) The voting power to which the Controlled Shares of each Tentative 9.9% Shareholder would otherwise be entitled is hereby adjusted (and shall be automatically adjusted in the future) to the extent provided in Bye-law 4.3(a)(ii). The Board shall from time to time, including prior to any time at which a vote of Shareholders is taken, take all reasonable steps necessary to ascertain through communications with Shareholders or otherwise (including by reviewing publicly filed ownership reports of Shareholders filed pursuant to Section 16 of the Exchange Act) whether there exists, or will exist at the time any vote of Shareholders is taken, a Tentative 9.9% Shareholder.

(ii) In the event that any Tentative 9.9% Shareholder exists, then (A) the votes of the Controlled Shares of each such Tentative 9.9% Shareholder shall be reduced *pro rata* to the extent necessary such that the aggregate votes of such Controlled Shares constitute no more than 9.9% of the Total Voting Power; (B) the votes of all Restricted Common Shares shall be reduced to zero, except to the extent provided in Bye-law 4.3(b); and (C) the provisions of Bye-law 86 shall apply.

(iii) The votes of all Class A Common Shares whose votes were not reduced pursuant to Bye-law 4.3(a)(ii) shall be increased *pro rata* based on their then current voting power, in an aggregate amount equal to the aggregate reduction in votes of Class A Common Shares pursuant to Bye-law 4.3(a)(ii); *provided*, that such increase shall be limited as to any Class A Common Share to the extent necessary to avoid (A) causing any Person other than a Permitted 9.9% Shareholder to be a 9.9% Shareholder or (B) creating a RPII Control Group.

(b) In connection with any vote of Shareholders to approve a merger or amalgamation with respect to the Company (a "Company Merger Vote"), each outstanding Restricted Common Share and each outstanding preferred share shall have the power to vote in connection with any such Company Merger Vote. Solely in connection with any such Company Merger Vote, any outstanding Restricted Common Shares (if they would otherwise have no votes pursuant to Bye-law 4.3(a)(ii)) and preferred shares shall collectively represent 0.1% of the Total Voting Power (such voting power allocated equally among such Restricted Common Shares and preferred shares) with the Total Voting Power attributable to each of the Class A Common Shares (other than such Restricted Common Shares) being reduced by such percentage on a pro-rated basis.

(c) The Board may deviate from any of the principles described in this Bye-law 4.3 and determine that Class A Common Shares held by a Shareholder shall carry different voting rights (or no voting rights) as it determines appropriate (1) to avoid the existence of any 9.9% Shareholder other than any Permitted 9.9% Shareholder or (2) upon the request of a Shareholder, to avoid adverse tax, legal or regulatory consequences for such Shareholder or any of its Affiliates or direct or indirect owners.

(d)

(i) The Board shall have the authority to request from any Person holding, directly or indirectly, Class A Common Shares, and such Person shall provide, as promptly as reasonably practicable, such information as the Board may require for the purpose of determining whether any Person's voting rights are to be adjusted pursuant to these Bye-laws. If such Person fails to reasonably respond to such a request, or submits incomplete or inaccurate information in response to such a request, the Company may, in its sole and absolute discretion, determine that such Person's Class A Common Shares shall carry no voting rights or reduced voting rights, in which case such Class A Common Shares shall not carry any voting rights or shall carry only such reduced voting rights until otherwise determined by the Company in its sole and absolute discretion.

(ii) Any Person shall give notice to the Company within ten days following the date that such Person acquires actual knowledge that it is a Tentative 9.9% Shareholder or that its Class A Common Shares are Controlled Shares of a Tentative 9.9% Shareholder.

(iii) Notwithstanding the foregoing, no Person shall be liable to any other Person or the Company for any losses or damages resulting from a Person's failure to respond to, or submission of incomplete or inaccurate information in response to, a request under paragraph (i) above or from such Person's failure to give notice under paragraph (ii) above. The Board may rely on the information provided by a Person under this Bye-law 4.3(d) in the satisfaction of its obligations under this Bye-law 4.3. The Company may, but shall have no obligation to, provide notice to any Person of any adjustment to its voting power that may result from the application of this Bye-law 4.3.

(iv) Bye-law 4.3(a) and the definitions of "Permitted 9.9% Shareholder", "Tentative 9.9% Shareholder" and "Restriction Termination Date" may not be rescinded, altered or amended (a) unless in accordance with the Act and (b) until the same has been approved by at least 70% of the Board (or, after March 31, 2021, 75% of the Board) and at least 50% of the Total Voting Power (which, for the avoidance of doubt will take into account the application of Bye-law 4.3).

(v) For the avoidance of doubt, the Board may, in its discretion, grant its consent for certain Persons to be Permitted 9.9% Shareholders and need not grant its consent for other Persons. No consent obtained from the Board allowing a Person to be a Permitted 9.9% Shareholder may be revoked, rescinded or otherwise limited following the granting of such consent without the consent of such Person.

**4.4**

(a) The Class A Common Shares shall be entitled to such dividends, in proportion to the number of Class A Common Shares held by such holder, as the Board may from time to time declare.

(b) In addition to the foregoing, upon a Liquidation, after payment or provision for payment of the debts and other liabilities of the Company and payment or provision for payment for the aggregate liquidation preference for all outstanding preferred shares have each been made, distributions out of the remaining assets of the Company available for distribution to its Shareholders shall be made to the holders of the Class A Common Shares (on a pro-rata basis based upon the number of Class A Common Shares held by each such holder in proportion to the total number of Class A Common Shares then outstanding).

(c) In the event of a Liquidation resulting from circumstances set forth in either clause (ii) or clause (iii) of the definition of Sale of the Company, the "remaining assets of the Company available for distribution" (as referred to in clause (b) above) shall be deemed to be the aggregate consideration to be paid to all holders of Class A Common Shares participating in such Liquidation. In connection with such a Liquidation, the holders of the Class A Common Shares shall allocate the aggregate consideration to be paid to all such Shareholders participating in such Liquidation among such Shareholders, such that each such Shareholder shall receive the same portion of the aggregate consideration from such Liquidation that such Shareholder would have received if such aggregate consideration had been distributed by the Company in a Liquidation caused by circumstances other than those set forth in clause (ii) or clause (iii) of the definition of Sale of the Company.

(d) If any or all of the proceeds payable to the Shareholders in connection with a Liquidation are in a form other than cash or marketable securities, the fair market value of such consideration shall be determined in good faith by the Board.

**4.5** All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

**4.6** All determinations to be made in connection with the application of the provisions set forth in this Bye-law 4 shall be made by the Company in its sole discretion, and any such determination shall be binding on all Shareholders and holders of securities of the Company.

**5. Tax Restrictions**

The following restrictions apply to each Shareholder or holder of Equity Securities, other than the Apollo Group:

**5.1** No Shareholder or holder of Equity Securities (or, to its actual knowledge, any direct or indirect beneficial owner thereof) who is a "United States shareholder" of the Company (within the meaning of Section 953(c) of the Code), nor any "related person" (within the meaning of Section 953(c) of the Code) to such Shareholder or holder of Equity Securities (or such

owner), shall at any time knowingly permit itself to be a Related Insured Entity. No Shareholder or holder of Equity Securities who is a U.S. Person, shall knowingly permit itself (or, to its actual knowledge, any direct or indirect beneficial owner thereof) to own (directly, indirectly or constructively pursuant to Section 958 of the Code) outstanding capital stock of the Company or Equity Securities possessing 50% or more of (i) the total voting power of the Class A Common Shares or Equity Securities, or (ii) the total value of the Class A Common Shares or Equity Securities. No Shareholder or holder of Equity Securities (or, to its actual knowledge, any direct or indirect beneficial owner thereof) nor any "related person" (within the meaning of Section 953(c) of the Code) to such Shareholder or holder of Equity Securities (or such owner) (in all cases, excluding any member of the Apollo Group) shall (i) acquire any interests (for this purpose, including any instrument or arrangement that is treated as an equity interest for U.S. federal income tax purposes) in Apollo Global Management, Inc. or (ii) make any investment, or enter into a transaction, that, to the actual knowledge of such Shareholder at the time such Shareholder, holder of Equity Securities, owner or related person becomes bound to make the investment or enter into the transaction, would cause such Shareholder, holder of Equity Securities, owner or related person, or any other U.S. Person, to own (directly, indirectly or constructively pursuant to Section 958 of the Code) outstanding capital stock of the Company or Equity Securities possessing 50% or more of (a) the total voting power of the Class A Common Shares or Equity Securities entitled to vote or (b) the total value of the Class A Common Shares or Equity Securities.

**5.2** All determinations to be made in connection with the application of the provisions set forth in Bye-law 5.1 shall be made by the Board in its sole discretion, and any such determination shall be binding on all Shareholders, it being understood that a Shareholder will in no instance be liable for monetary damages with respect to a breach of this Bye-law 5. The Board may, at any time, and from time to time, request evidence and/or require representations that the restrictions set forth in this Bye-law 5 have not, or will not, be breached. Each Shareholder agrees to furnish such evidence to the Board promptly upon request therefor. The Board may waive any provision in this Bye-law 5 with respect to any Shareholder without granting similar waivers to any other Shareholder. The Board and any particular Shareholder may agree in writing to amend the application of the provisions of this Bye-law 5 with respect to such Shareholder, and the Board shall not be required to enter into similar agreements with other Shareholders.

**5.3** In the event any Shareholder or holder of Equity Securities becomes aware that there is a material risk that it, any of its direct or indirect beneficial owners and/or any "related person" (within the meaning of Section 953(c) of the Code) to such Shareholder or holder of Equity Securities (or such owner) has violated any provision contained in this Bye-law 5 (without regard to any knowledge qualifier therein), such Shareholder or holder of Equity Securities will be obligated to notify the Board as promptly as possible. In the event any Shareholder or holder of Equity Securities violates Bye-law 5.1 (without regard to any knowledge qualifier therein), at the discretion of the Board, such Shareholder or holder of Equity Securities shall, and shall cause any direct or indirect beneficial owner of such Shareholder or holder of Equity Securities and any "related person" (within the meaning of Section 953(c) of the Code) to such Shareholder or holder of Equity Securities to (x) sell some or all of its Class A Common Shares or Equity Securities at fair market value (as mutually agreed by the Company and such Shareholder in good faith) as directed by the Board and/or (y) allow the Company to repurchase some or all of its Class A Common Shares or Equity Securities at fair market value (as determined by the Company and such Shareholder in good faith); *provided*, that if the Company and such Shareholder cannot mutually agree on the fair market value of the Class A Common Shares or Equity Securities to be sold or repurchased in accordance with this Bye-law 5.3, then fair market value shall be determined by an investment banking firm of national recognition, which firm shall be reasonably acceptable to the Company and such Shareholder or holder of Equity Securities. The determination of fair market value by such investment banking firm shall be final and binding upon the parties. If the Company and such Shareholder or holder of Equity Securities are unable to agree upon an acceptable investment banking firm within ten (10) days after the date either party proposed that one be selected, the investment banking firm will be selected by an arbitrator located in the City of New York, New York selected by the American Arbitration Association (or if such organization ceases to exist, the arbitrator shall be chosen by a court of competent jurisdiction). The arbitrator shall select the investment banking firm (within ten (10) days of his appointment) from a list, jointly prepared by the Company and such Shareholder or holder of Equity Securities, of not more than six investment banking firms of national standing in the United States, of which no more than three may be named by the Company and no more than three may be named by such Shareholder or holder of Equity Securities. The arbitrator may consider, within the ten-day period allotted, arguments from the parties regarding which investment banking firm to choose, but the selection by the arbitrator shall be made in its sole discretion from the list of six. The selection by the arbitrator of such investment banking firm shall be final and binding upon the parties. The Company and such Shareholder or holder of Equity Securities shall each pay one-half of the fees and expenses of the investment banking firms and arbitrator (if any) used to determine the fair market value. If required by any such investment banking firm or arbitrator, the Company shall execute a retainer and engagement letter containing reasonable terms and conditions, including, without limitation, customary provisions concerning the rights of indemnification and contribution by the Company in favor of such investment banking firm or arbitrator and its officers, directors, partners, employees, agents and Affiliates. The parties shall provide to the investment banking firm, on a confidential basis, such information it reasonably requests to perform its duties.

**5.4** Notwithstanding anything to the contrary herein, upon a breach of this Bye-law 5 (without regard to any knowledge qualifier therein), the breaching Shareholder or holder of Equity Securities shall be required to take any reasonable action the Board deems appropriate.

**6. Calls on Shares**

**6.1** The Board may make such calls as it thinks fit upon the Shareholders in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Shareholders and, if a call is not paid on or before the day appointed for payment thereof, the Shareholders may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

**6.2** The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

**6.3** The Company may accept from any Shareholder the whole or a part of the amount remaining unpaid on any shares held by such Shareholder, although no part of that amount has been called up.

**7. [Reserved]**

**8. Share Certificates**

**8.1** Every Shareholder shall be entitled to a certificate under the common seal (or a facsimile thereof) of the Company or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign specifying the number and, where appropriate, the class of shares held by such Shareholder and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

**8.2** The Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.

**8.3** The holder of any shares of the Company, promptly upon discovery, shall notify the Company of any loss, destruction or mutilation of the certificate therefor, and the Board may, in its discretion, cause to be issued to such holder a new certificate or certificates for such shares, upon the surrender of the mutilated certificates or, in the case of loss or destruction of the certificate, upon satisfactory proof of such loss or destruction, and the Board may, in its discretion, require the owner of the lost or destroyed certificate or its legal representative to give the Company a bond in such sum and with such surety or sureties as it may direct to indemnify the Company against any claim that may be made against it on account of the alleged loss or destruction of any such certificate.

**9. Fractional Shares**

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

**REGISTRATION OF SHARES**

**10. Register of Shareholders**

**10.1** The Board shall cause to be kept in one or more books a Register of Shareholders and shall enter therein the particulars required by the Act.

**10.2** The Register of Shareholders shall be open to inspection without charge at the Registered Office of the Company on every Business Day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each Business Day be allowed for inspection. The Register of Shareholders may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

**11. Registered Holder Absolute Owner**

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

## 12. Transfer of Registered Shares

**12.1** The following transfer restrictions are in addition to any transfer restrictions that may apply pursuant to the terms of any contract or other agreement between the Shareholders as among themselves or with any third parties or that the Company may enter into with any of its Shareholders.

**12.2** An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares

Athene Holding Ltd. (the "Company")

FOR VALUE RECEIVED…………………….[amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] shares of the Company.

DATED this [ ] day of [ ], 20[ ]

Signed by: In the presence of:

________________ ________________

Transferor Witness

________________ ________________

Transferee Witness

**12.3** Such instrument of transfer shall be signed by or on behalf of the transferor and transferee, *provided*, that in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Shareholders.

**12.4** The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

**12.5** The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Shareholder may transfer any such share to the executors or administrators of such deceased Shareholder.

**12.6** The Board may in its absolute discretion refuse to register the transfer of a share if, and only if, all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have not been obtained. If the Board refuses to register a transfer of any share, the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

## 13. Transfer Agent; Registrar; Rules Respecting Certificates

**13.1** The Company may maintain one or more transfer offices or agencies where shares of the Company shall be transferable. The Company may also maintain one or more registry offices where such shares shall be registered. The Board may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of share certificates in accordance with Applicable Laws and the rules of any stock exchange or quotation system on which shares of the Company may be then listed or quoted.

## 14. Transmission of Registered Shares

**14.1** Subject to the terms of any contracts or other agreements by and between the Shareholders or by and between the Company and any of its Shareholders, in the case of the death of a Shareholder, the survivor or survivors where the deceased Shareholder was a joint holder, and the legal personal representatives of the deceased Shareholder where the deceased Shareholder was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Shareholder's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Shareholder with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Shareholder or such other

person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Shareholder.

**14.2** Any person becoming entitled to a share in consequence of the death or bankruptcy of any Shareholder may be registered as a Shareholder upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Shareholder

Athene Holding Ltd. (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Shareholder] to [number] share(s) standing in the Register of Shareholders of the Company in the name of the said [name of deceased/bankrupt Shareholder] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 20[ ]

Signed by: In the presence of:

_________________ _________________

Transferor Witness

_________________ _________________

Transferee Witness

**14.3** On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Shareholder. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Shareholder before such Shareholder's death or bankruptcy, as the case may be.

**14.4** Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

## ALTERATION OF SHARE CAPITAL

### 15. Power to Alter Capital

**15.1** The Company may if authorised by Resolution increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.

**15.2** Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

### 16. Variation of Rights Attaching to Shares

Subject to any contract or agreement by and between the Shareholders or by and between the Company and any of its Shareholders, which contains provisions affecting the rights attaching to shares of the Company, if, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class, as the case may be) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of a majority of the issued shares of that class (as the case may be) or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class, as the case may be. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

## DIVIDENDS AND CAPITALISATION

**17. Dividends**

**17.1** The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to all holders of Class A Common Shares, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.

**17.2** In the event of a distribution in specie, the value of any distributed assets shall be the fair market value of such assets at the time of distribution as reasonably determined by the Board.

**17.3** The Board may declare and pay dividends on one or more class of shares of the Company to the extent one or more classes of shares of the Company ranks senior to or has priority or a preference over another class of shares of the Company.

**17.4** The Board may fix, in advance, a date as the record date for the purpose of determining the Shareholders entitled to receive payment of any dividend or other distribution or the allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of shares, or in order to make a determination of the Shareholders for the purpose of any other lawful action, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) calendar days prior to such action. If no record date is fixed by the Board, the record date for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

**17.5** The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

**17.6** The Board may declare and make such other distributions (in cash or in specie) to the Shareholders as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

**18. Power to Set Aside Profits**

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

**19. Method of Payment**

**19.1** Any dividend, interest, or other moneys payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Shareholder at such Shareholder’s address in the Register of Shareholders, or to such person and to such address as the holder may in writing direct.

**19.2** In the case of joint holders of shares, any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Shareholders, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

**19.3** The Board may deduct from the dividends or distributions payable to any Shareholder all moneys due from such Shareholder to the Company on account of calls or otherwise.

**20. Capitalisation**

**20.1** The Board may capitalise any amount for the time being standing to the credit of any of the Company’s share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Shareholders.

**20.2** The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Shareholders who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

## MEETINGS OF SHAREHOLDERS

**21. Annual General Meetings**

Subject to any provisions of the Act and the rules of any stock exchange or quotation system on which the Company's common equity securities may be then listed or quoted, an annual general meeting shall be held by December 31 of each year at such place, date and time as shall be determined by the Board.

**22. Special General Meetings; Requisitioned General Meetings**

**22.1** A special general meeting may be called by the Secretary for any purpose at any time in accordance with these Bye-laws upon the request of any of (i) the Chairman, (ii) the Vice Chairman, (iii) the Chief Executive Officer of the Company or (iv) a majority of the Board.

**22.2** The Board shall, on the requisition of Shareholders holding shares at the date of the deposit of the requisition not less than ten percent (10%) of the Total Voting Power, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply. Subject to Applicable Law, Shareholders requisitioning such special general meeting shall be responsible for all costs incurred to convene such meeting.

**23. Purposes of Annual General Meetings; Proposals of Other Business by Shareholders**

**23.1** At each annual general meeting the Shareholders shall elect the members of the Board then subject to election in accordance with the procedures set forth in these Bye-laws and subject to Applicable Law and the rules of any stock exchange or quotation system on which shares of the Company may be then listed or quoted. At any such annual general meeting any other business properly brought before the meeting may be transacted.

**23.2** To be properly brought before an annual general meeting, business (other than nominations of directors, which must be made in compliance with, and shall be exclusively governed by, Bye-law 40) must be (a) specified in the notice of the meeting (or any supplement thereto) given to Shareholders by or at the direction of the Board in accordance with Bye-laws 24 and 25 below, (b) otherwise properly brought before the meeting by or at the direction of the Board or (c) otherwise properly brought before the meeting by a Shareholder who (1) is a Minimum Shareholder at the time of giving of the notice provided for in this Bye-law 23 and at the time of the annual general meeting, (2) is entitled to vote at such meeting and (3) complies with the notice procedures set forth in this Bye-law 23.

**23.3** For any such business to be properly brought before any annual general meeting pursuant to clause (c) of Bye-law 23.2, the Shareholder must have given timely notice thereof in writing, either by personal delivery or express or registered mail (postage prepaid), to the Secretary at the Registered Office not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the one-year anniversary of the date of the annual general meeting for the immediately preceding year. However, in the event that the date of the annual general meeting is more than 30 days before or after such anniversary date, in order to be timely, a Shareholder's notice must be received by the Secretary at the Registered Office not later than the later of (x) the close of business 90 days prior to the date of such annual general meeting and (y) if the first public announcement of the date of such advanced or delayed annual general meeting is less than 100 days prior to such date, 10 days following the date of the first public announcement of the annual general meeting date. In no event shall the public announcement of an adjournment or postponement of an annual general meeting, or such adjournment or postponement, commence a new time period or otherwise extend any time period for the giving of a Shareholder's notice as described herein.

**23.4** Any such notice of other business shall set forth as to each matter the Shareholder proposes to bring before the annual general meeting:

(a) a brief description of the business desired to be brought before the annual general meeting, the reasons for conducting such business at the annual general meeting and the text of any proposal regarding such business (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend these Bye-laws, the text of the proposed amendment), which shall not exceed 1,000 words;

(b) as to the Shareholder giving notice and any beneficial owner on whose behalf the proposal is made, (1) the name and address of such Shareholder (as it appears in the Register of Shareholders) and such beneficial owner on whose behalf the proposal is made, (2) the class and number of Equity Securities which are, directly or indirectly, owned beneficially or of record by any such Shareholder and by such beneficial owner, respectively, or their respective Affiliates (naming such Affiliates), as of the date of such notice, (3) a description of any agreement, arrangement or understanding (including, without limitation, any swap or other derivative or short positions, profit interests, options, hedging transactions, and securities lending or borrowing arrangement) to which such Shareholder or any such beneficial owner or their respective Affiliates is, directly or indirectly, a party as of the date of such notice (x) with respect to any Equity Securities or (y) the effect or intent of which is to mitigate loss to, manage the

potential risk or benefit of share price changes (increases or decreases) for, or increase or decrease the voting power of such Shareholder or beneficial owner or any of their Affiliates with respect to Equity Securities or which may have payments based in whole or in part, directly or indirectly, on the value (or change in value) of any Equity Securities (any agreement, arrangement or understanding of a type described in this clause (3), a "Covered Arrangement") and (4) a representation that the Shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business;

(c) a description of any direct or indirect material interest by security holdings or otherwise of the Shareholder and of any beneficial owner on whose behalf the proposal is made, or their respective Affiliates, in such business (whether by holdings of securities, or by virtue of being a creditor or contractual counterparty of the Company or of a third party, or otherwise), and all agreements, arrangements and understandings between such Shareholder or any such beneficial owner or their respective Affiliates and any other person or persons (naming such person or persons) in connection with the proposal of such business by such Shareholder;

(d) a representation whether the Shareholder or the beneficial owner intends or is part of a Group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Company's Class A Common Shares (or other Equity Securities) required to approve or adopt the proposal and/or (ii) otherwise to solicit proxies from Shareholders in support of such proposal;

(e) an undertaking by the Shareholder and any beneficial owner on whose behalf the proposal is made to (i) notify the Company in writing of the information set forth in clauses (b)(2), (b)(3) and (c) above as of the record date (set in accordance with Bye-law 24 below) for the meeting promptly (and, in any event, within five (5) Business Days) following the later of the record date or the date notice of the record date is first disclosed by public announcement and (ii) update such information thereafter within two (2) Business Days of any change in such information and, in any event, as of close of business on the day preceding the meeting date; and

(f) any other information relating to such Shareholder, any such beneficial owner and their respective Affiliates that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, such proposal pursuant to Section 14 of the Exchange Act, to the same extent as if the shares of the Company were registered under the Exchange Act.

**23.5** Notwithstanding anything to the contrary, the notice requirements set forth herein with respect to the proposal of any business pursuant to this Bye-law 23, other than nominations for directors which must be made in compliance with, and shall be exclusively governed by, Bye-law 40, shall be deemed satisfied by a Shareholder if such Shareholder has submitted a proposal to the Company in compliance with Rule 14a-8 of the Exchange Act and such Shareholder's proposal has been included in a proxy statement that has been prepared by the Company to solicit proxies for the annual general meeting; *provided,* that such Shareholder shall have provided the information required by Bye-law 23.4; *provided, further,* that the information required by Bye-law 23.4(b) may be satisfied by providing the information to the Company required pursuant to Rule 14a-8(b) of the Exchange Act.

**23.6** Notwithstanding anything in these Bye-laws to the contrary: (a) no other business brought by a Shareholder (other than the nominations of directors, which must be made in compliance with, and shall be exclusively governed by and subject to, Bye-law 40) shall be conducted at any annual general meeting except in accordance with the procedures set forth in this Bye-law 23; and (b) unless otherwise required by Applicable Law and the rules of any stock exchange or quotation system on which shares of the Company may be then listed or quoted, if a Shareholder intending to bring business before an annual general meeting in accordance with this Bye-law 23 does not (x) timely provide the notifications contemplated by clause (e) of Bye-law 23.4 above, or (y) timely appear in person or by proxy at the meeting to present the proposed business, such business shall not be transacted, notwithstanding that proxies in respect of such business may have been received by the Company or any other person or entity.

Except as otherwise provided by Applicable Law or these Bye-laws, the presiding officer of any annual general meeting shall have the power and duty to determine whether any business proposed to be brought before an annual general meeting was proposed in accordance with the foregoing procedures (including whether the Shareholder solicited or did not so solicit, as the case may be, proxies in support of such Shareholder's proposal in compliance with such Shareholder's representation as required by clause (d) of Bye-law 23.4) and if any business is not proposed in compliance with Bye-law 23, to declare that such defective proposal shall be disregarded. The requirements of this Bye-law 23 shall apply to any business to be brought before an annual general meeting by a Shareholder other than nominations of directors (which must be made in compliance with, and shall be exclusively governed by, Bye-law 40) and other than matters properly brought under Rule 14a-8 of the Exchange Act. For purposes of these Bye-laws, "public announcement" shall mean disclosure in a press release of the Company reported by the Dow Jones News Service, Associated Press or comparable news service or in a document publicly filed or furnished by the Company with or to the SEC pursuant to Section 13, 14 or 15(b) of the Exchange Act.

**23.7** Nothing in this Bye-law 23 shall be deemed to affect any rights of (a) Shareholders to request inclusion of proposals in the Company's proxy statement pursuant to applicable rules and regulations under the Exchange Act or (b) the holders of any

series of preferred shares, or any other series or class of shares authorised to be issued by the Company, to make proposals pursuant to any applicable provisions thereof.

Notwithstanding the foregoing provisions of this Bye-law 23, a Shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bye-law, if applicable.

**24. Notice**

**24.1** Not less than 21 days' nor more than 60 days' notice of an annual general meeting shall be given to each Shareholder entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors up for election at that meeting will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

**24.2** Not less than 21 days' nor more than 60 days' notice of a special general meeting shall be given to each Shareholder entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

**24.3** The Board may fix any date as the record date for determining the Shareholders entitled to receive notice of and to vote at any general meeting.

**24.4** A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Shareholders entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.

**24.5** The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

**25. Giving Notice and Access**

**25.1** A notice of a general meeting may be given by the Company to a Shareholder:

(a) by delivering it to such Shareholder in person; or

(b) by sending it by letter mail or courier to such Shareholder's address in the Register of Shareholders; or

(c) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given and expressly consented to by such Shareholder to the Company for such purpose; or

(d) in accordance with Bye-law 25.4.

**25.2** Any notice required to be given to a Shareholder in connection with a general meeting shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Shareholders and notice so given shall be sufficient notice to all the holders of such shares.

**25.3** Any notice in connection with a general meeting (save for one delivered in accordance with Bye-law 25.4) shall be deemed to have been served at the time when the same would be delivered in the ordinary course of transmission and, in proving such service, it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted, and the time when it was posted, delivered to the courier, or transmitted by electronic means.

**25.4** Where a Shareholder indicates his consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, or receipt in this manner is otherwise permitted by the Act, the Company may deliver such information or documents by notifying the Shareholder of the availability of such and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.

**25.5** In the case of information or documents delivered in accordance with Bye-law 25.4, service shall be deemed to have occurred when (i) the Shareholder is notified in accordance with that Bye-law; and (ii) the information or document is published on the website.

**26. Postponement of General Meeting**

The Secretary, at the request of the Board, may postpone any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to the Shareholders before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Shareholder in accordance with these Bye-laws.

**27. Electronic Participation in Meetings**

Shareholders may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

**28. Quorum at General Meetings**

**28.1** Unless otherwise expressly required by Applicable Law, at any general meeting, the presence in person or by proxy of Shareholders entitled to cast a majority of the Total Voting Power shall constitute a quorum for the entire meeting, notwithstanding the withdrawal of Shareholders entitled to cast a sufficient number of votes in person or by proxy to reduce the number of votes represented at the meeting below a quorum; *provided,* that shares of the Company belonging to the Company or any of its Subsidiaries shall neither be counted for the purpose of determining the presence of a quorum nor entitled to vote at any general meeting.

**28.2** At any general meeting at which a quorum shall be present, a majority of those present in person or by proxy may adjourn the meeting from time to time without notice other than an announcement of such at the meeting. In the absence of a quorum, the officer presiding thereat pursuant to Bye-law 29 shall have power to adjourn the meeting from time to time until a quorum shall be present. Notice of any adjourned meeting other than an announcement of such at the meeting shall not be required to be given, except as provided in Bye-law 28.4 below and except where expressly required by Applicable Law.

**28.3** At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting originally called, but only those Shareholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof unless a new record date is fixed by the Board.

**28.4** If an adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in the manner specified in these Bye-laws to each Shareholder of record entitled to vote at the meeting.

**29. Chairman to Preside at General Meetings**

The Chairman of the Board shall preside at all general meetings for which the Chairman is present. If the Chairman is absent, the Vice Chairman shall preside. For any meeting where both the Chairman and Vice Chairman are absent, a presiding officer shall be appointed or elected by those present at the meeting and entitled to vote.

**30. Voting on Resolutions**

**30.1** Other than as set forth in these Bye-laws, any question proposed for the consideration of the Shareholders at any general meeting shall be decided by the affirmative votes of a majority of the Total Voting Power cast in accordance with these Bye-laws (which, for the avoidance of doubt will take into account the application of Bye-law 4.3) and in the case of an equality of votes the Resolution shall fail.

**30.2** At any general meeting a Resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Bye-laws, every Shareholder present in person and every person holding a valid proxy at such meeting shall be entitled to such number of votes attaching to the Class A Common Shares held by such Shareholder (which, for the avoidance of doubt will take into account the application of Bye-law 4.3) and shall cast such vote by raising his hand.

**30.3** In the event that a Shareholder participates in a general meeting by telephone, electronic or other communication facilities or means, the chairman of the meeting shall direct the manner in which such Shareholder may cast his vote on a show of hands.

**30.4** At any general meeting, if an amendment is proposed to any Resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

**30.5** At any general meeting, a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

**31. [Reserved]**

**32. Power to Demand a Vote on a Poll**

**32.1** Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

(a) the chairman of such meeting; or

(b) any Shareholder or Shareholders or Group present in person or represented by proxy and holding between them not less than 10% of the Total Voting Power; or

(c) any Shareholder or Shareholders present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total amount paid up on all such shares conferring such right.

**32.2** Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares (which, for the avoidance of doubt will take into account the application of Bye-law 4.3), every person present at such meeting shall have the number of votes corresponding to each Class A Common Share of which such person is the holder or for which such person holds a proxy, and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Shareholders are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

**32.3** A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

**32.4** Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Shareholders or proxy holders appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

**33. Voting by Joint Holders of Shares**

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Shareholders.

**34. Instrument of Proxy**

**34.1** Any Shareholder entitled to vote at any general meeting may vote either in person or by his or her attorney-in-fact or proxy.

**34.2** An instrument appointing a proxy shall be in writing in substantially the following form or such other form as the Board or the chairman of the meeting shall accept:

Proxy

Athene Holding Ltd. (the "Company")

I/We, [insert names here], being a Shareholder of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Shareholders to be held on the [ ] day of [ ], 20[ ] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [ ] day of [ ], 20[ ]

_________________

Shareholder(s)

**34.3** The instrument appointing a proxy must be received by the Company at the Registered Office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the instrument appointing a proxy proposes to vote, and an instrument appointing a proxy which is not received in the manner so prescribed shall be invalid.

**34.4** A Shareholder who is the holder of two or more shares may appoint more than one proxy to represent such Shareholder and vote on such Shareholder's behalf in respect of different shares.

**34.5** The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

**35. Representation of Corporate Shareholder**

A corporation which is a Shareholder may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Shareholder, and that Shareholder shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

**36. Adjournment of General Meeting**

The chairman of a general meeting may, with the consent of the Shareholders at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Shareholder entitled to attend and vote thereat in accordance with these Bye-laws.

**37. Written Resolutions of Shareholders**

**37.1** Subject to these Bye-laws, anything which may be done by resolution of the Company in a general meeting or by resolution of a meeting of any class of the Shareholders may, without a meeting, be done by written resolution in accordance with this Bye-law.

**37.2** Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Shareholders who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Shareholder does not invalidate the passing of a resolution.

**37.3** Any Shareholder seeking to have the Shareholders authorize or take action by written consent shall, by written notice to the Secretary of the Company signed by Shareholders holding not less than (25%) of the Total Voting Power (which, for the avoidance of doubt will take into account the application of Bye-law 4.3), who shall not revoke such request, and complying with the procedures set forth in this Bye-law 37.3 (such Shareholder(s), together with any beneficial owner(s) on whose behalf such requisition is made and the Affiliates of each of the foregoing, the "Record Date Requesting Shareholder(s)"), request the Board to fix a record date for such consent (each such notice, a "Record Date Request") in proper form. Without qualification, to be in proper form, such Record Date Request shall include the information and be subject to the requirements set forth in, Bye-law 23.4 as to each Record Date Requesting Shareholder, and shall describe in reasonable detail each item

of business proposed to be considered pursuant to such action by written resolution, as if such business were to be considered at an annual general meeting. Notwithstanding anything to the contrary in these Bye-laws, upon receipt of a Record Date Request, the Board may require the Shareholder(s) submitting such request to furnish such other information as may be requested by the Board to determine the validity of the Record Date Request and to determine whether such request relates to an action that may be effected by written resolution of Shareholders in lieu of a meeting under this Bye-law 37 and Applicable Law.

**37.4** The Board shall, within twenty (20) days after the date on which a Record Date Request is received, or five (5) days after the delivery of any information requested by the Company to determine the validity of any such request or whether the action to which such Record Date Request relates is an action that may be taken by written resolution of Shareholders in lieu of a meeting, determine the validity of the Record Date Request and whether the Request relates to an action that may be authorized or taken by consent pursuant to Bye-law 37. If the Board determines that such request is valid, the Board shall adopt a resolution fixing the record date for such purpose. Such record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board.

**37.5** Every written resolution shall bear the date of the signature of each Shareholder who signs the written resolution and no written resolution shall be effective to take the action referred to therein unless, within sixty (60) days after the earliest date such written resolution is received, a valid written resolution or valid written resolutions signed by a sufficient number of Shareholders to take such action are delivered to the Company in the manner prescribed by this Bye-law and Applicable Law and not revoked. Any Shareholder giving a written resolution, or the Shareholder’s proxy holder, may revoke the consent in any manner permitted by Applicable Law. Delivery must be made by hand or by mail, return receipt requested. In addition, the Company shall be entitled to engage independent inspectors of elections to perform a ministerial review of the validity of the written resolutions. No action by written resolution shall be effective until such inspectors have completed their review and certified to the Company that the consents delivered to the Company in accordance with this Bye-law 37 represent at least the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote thereon were present and voted, in accordance with this Bye-law 37.

**37.6** No action may be authorized or taken by the Shareholders by written resolution except in accordance with this Bye-law 37. The Secretary shall not accept, and shall consider ineffective, any Record Date Request (and any consent delivered to the Company in connection therewith) that (i) does not comply with this Bye-law 37, (ii) includes an action proposed to be taken by written resolution of Shareholders in lieu of a meeting that did not appear on the Record Date Request, (iii) relates to an action proposed to be taken by written resolution of Shareholders in lieu of a meeting that is not a proper subject for Shareholder action under Applicable Law or (iv) otherwise does not comply with Applicable Law. If the Board shall determine that any Request was not properly made in accordance with, or relates to an action that may not be effected by consent pursuant to, Bye-law 37, or any Shareholders seeking to authorize or take such action do not otherwise comply with this Bye-law 37, then the Board shall not be required to fix a record date and any such purported action by consent shall be null and void to the fullest extent permitted by Applicable Law. Nothing contained in this Bye-law 37 shall be construed to imply that the Board or any Shareholder shall not be entitled to contest the validity of any consent or related revocations, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation). Notwithstanding anything to the contrary set forth in this Bye-law 37, (x) none of the foregoing provisions of this Bye-law 37 shall apply to any solicitation of action by written resolution by or at the direction of the Board and (y) the Board shall be entitled to solicit action by consent in accordance with Applicable Law.

**37.7** A written resolution is passed when it is signed by, or in the case of a Shareholder that is a corporation, on behalf of, the Shareholders who at the date that the notice is given represent more than 55% of the Total Voting Power.

**37.8** A resolution in writing may be signed in any number of counterparts.

**37.9** A resolution in writing made in accordance with this Bye-law is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Shareholders, as the case may be, and any reference in any Bye-law to a meeting at which a resolution is passed or to Shareholders voting in favour of a resolution shall be construed accordingly.

**37.10** A resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Act.

**37.11** This Bye-law shall not apply to:

(a) a resolution passed to remove an Auditor from office before the expiration of his term of office; or

(b) a resolution passed for the purpose of removing a Director before the expiration of his term of office.

**37.12** Subject to Bye-law 37.3, for the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by, or in the case of a Shareholder that is a corporation whether or not a company within the meaning of the Act,

on behalf of, the last Shareholder whose signature results in the necessary Total Voting Power being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date.

**38. Directors Attendance at General Meetings**

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

**DIRECTORS AND OFFICERS**

**39. Election of Directors**

**39.1** Each Director shall be elected or appointed in the first place at the statutory meeting of the Company and, except in the case of a casual vacancy or removal, shall hold office until the annual general meeting at which such Director's term is due to expire.

**39.2** Any vote of Shareholders taken in respect of Director elections shall be in compliance with Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, to the same extent as if the shares of the Company were registered under the Exchange Act.

**39.3** For the avoidance of doubt, any Shareholder participating in the election of Directors shall be subject to the limitations on voting rights described in Bye-law 4.3.

**40. Nomination of Directors for Election**

**40.1** Nominations of persons for election as Directors may be made at an annual general meeting only by (a) the Board or (b) by any Shareholder of the Company who (1) is a Minimum Shareholder at the time of giving of the notice provided for in this Bye-law 40 and at the time of the annual general meeting, (2) is entitled to vote for the election of Directors at such annual general meeting and (3) complies with the notice procedures set forth in this Bye-law 40. Except where special representation is required by the default provisions of a class or classes of preferred shares or as contemplated by the Shareholders Agreement, clause (b) of this Bye-law 40.1 shall be the exclusive means for a Shareholder to make nominations of persons for election to the Board at an annual general meeting.

**40.2** Any Shareholder entitled to vote for the election of Directors may nominate a person or persons for election as Directors only if written notice of such Shareholder's intent to make such nomination is given in accordance with the procedures set forth in this Bye-law 40, either by personal delivery or express or registered mail (postage prepaid), to the Secretary at the Registered Office not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the one-year anniversary of the date of the annual general meeting for the immediately preceding year. However, in the event that the date of the annual general meeting is more than 30 days before or after such anniversary date, in order to be timely, a Shareholder's notice must be received by the Secretary at the Registered Office not later than the later of (x) the close of business 90 days prior to the date of such annual general meeting and (y) if the first public announcement of the date of such advanced or delayed annual general meeting is less than 100 days prior to such date, 10 days following the date of the first public announcement of the annual general meeting date. In no event shall the public announcement of an adjournment or postponement of an annual general meeting, or such adjournment or postponement, commence a new time period or otherwise extend any time period for the giving of a Shareholder's notice as described herein. Shareholders may nominate a person or persons (as the case may be) for election to the Board only as provided in this Bye-law and only for such class(es) or slate(s) as are specified in the Company's notice of meeting as being up for election at such annual general meeting.

**40.3** Each such notice of a Shareholder's intent to make a nomination of a Director shall set forth:

(a) as to the Shareholder giving notice and any beneficial owner on whose behalf the nomination is made, (1) the name and address of such Shareholder (as it appears in the Register of Shareholders) and any such beneficial owner on whose behalf the nomination is made, (2) the class and number of Equity Securities which are, directly or indirectly, owned beneficially and of record by such Shareholder and any such beneficial owner, respectively, or their respective Affiliates (naming such Affiliates), as of the date of such notice, (3) a description of any Covered Arrangement to which such Shareholder or beneficial owner, or their respective Affiliates, directly or indirectly, is a party as of the date of such notice, (4) any other information relating to such Shareholder and any such beneficial owner that would be required to be disclosed in a proxy statement in connection with a solicitation of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder and (5) a representation that the Shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in such Shareholder's notice;

(b) a description of all arrangements or understandings between the Shareholder or any beneficial owner, or their respective Affiliates, and each nominee or any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the Shareholder;

(c) a representation whether the Shareholder or the beneficial owner is or intends to be part of a Group which intends (i) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Class A Common Shares (or other Equity Securities) required to elect the Director or Directors nominated and/or (ii) otherwise to solicit proxies from Shareholders in support of such nomination or nominations;

(d) as to each person whom the Shareholder proposes to nominate for election or reelection as a Director, (1) all information relating to such person as would have been required to be included in a proxy statement filed in connection with a solicitation of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (2) a description of any Covered Arrangement to which such nominee or any of his or her Affiliates is a party as of the date of such notice, (3) the written consent of each nominee to being named in the proxy statement as a nominee and to serving as a Director if so elected and (4) whether, if elected, the nominee intends to tender any advance resignation notice(s) requested by the Board in connection with subsequent elections, such advance resignation to be contingent upon the nominee's failure to receive a majority vote and acceptance of such resignation by the Board; and

(e) an undertaking by the Shareholder of record and each beneficial owner, if any, to (i) notify the Company in writing of the information set forth in clauses (a)(2), (a)(3), (b) and (d) above as of the record date for the meeting promptly (and, in any event, within five (5) Business Days) following the later of the record date or the date notice of the record date is first disclosed by public announcement and (ii) update such information thereafter within two (2) Business Days of any change in such information and, in any event, as of close of business on the day preceding the meeting date.

**40.4** Except where as otherwise required by the default provisions of a class or classes of preferred shares or as contemplated by the Shareholders Agreement, no person shall be eligible for election as a Director unless nominated in accordance with the procedures set forth in these Bye-laws. Except as otherwise provided by Applicable Law or these Bye-laws, the presiding officer of any meeting of Shareholders to elect Directors or the Board may, if the facts warrant, determine that a nomination was not made in compliance with the foregoing procedure or if the Shareholder solicits proxies in support of such Shareholder's nominee(s) without such Shareholder having made the representation required by clause (c) of Bye-law 40.3; and if the presiding officer or the Board should so determine, it shall be so declared to the meeting, and the defective nomination shall be disregarded. Notwithstanding anything in these Bye-laws to the contrary, unless otherwise required by Applicable Law or the rules of any stock exchange or quotation system on which shares of the Company may be then listed or quoted, if a Shareholder intending to make a nomination at a general meeting in accordance with this Bye-law 40 does not (i) timely provide the notifications contemplated by clause (e) of Bye-law 40.3, or (ii) timely appear in person or by proxy at the annual general meeting to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Company or any other person or entity.

**40.5** Notwithstanding the foregoing provisions of this Bye-law 40, any Shareholder intending to make a nomination at an annual general meeting in accordance with this Bye-law 40, and each related beneficial owner, if any, shall also comply with all requirements of the Exchange Act and the rules and regulations thereunder applicable to the same extent as if the shares of the Company were registered under the Exchange Act with respect to the matters set forth in these Bye-laws; *provided, however,* that any references in these Bye-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations made or intended to be made in accordance with clause (b) of Bye-law 40.1.

**40.6** Nothing in this Bye-law 40 shall be deemed to affect (i) any rights of the holders of any series of preferred shares, or any other series or class of shares authorised to be issued by the Company, to elect directors pursuant to the terms thereof or (ii) any rights of the members of the Apollo Group that are party to the Shareholders Agreement to nominate Directors to the Board pursuant to the Shareholders Agreement.

**40.7** To be eligible to be a nominee for election or reelection as a Director pursuant to Bye-law 40.1(b), a person must deliver (not later than the deadline prescribed for delivery of notice) to the Secretary at the Registered Office a written questionnaire prepared by the Company with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request) and a written representation and agreement (in the form provided by the Secretary upon written request) that such person: (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a Director, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Company or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a Director, with such person's duties under Applicable Law; (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or

indemnification in connection with service or action as a Director that has not been disclosed therein; (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a Director, and will comply with, Applicable Law and corporate governance, conflict of interest, corporate opportunity, confidentiality and stock ownership and trading policies and guidelines of the Company that are applicable to Directors generally and (iv) if elected as a Director, will act in the best interests of the Company and its Shareholders and not in the interest of any individual constituency. The Nominating and Governance Committee shall review all such information submitted by the Shareholder with respect to the proposed nominee and determine whether such nominee is eligible to act as a Director. The Company and the Nominating and Governance Committee may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an Independent Director or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such nominee.

**40.8** At each annual general meeting of the Shareholders for the election of Directors at which a quorum is present, each Director or slate of Directors shall be elected by the vote of the majority of the votes cast with respect to the Director or slate, excluding abstentions. For purposes of this Bye-law 40.8, a majority of the votes cast shall mean that the number of shares voted "for" a Director or slate of Directors must exceed the number of votes "against" that Director or slate of Directors.

**40.9** At the request of the Board, any person nominated for election as a director of the Company shall furnish to the Secretary the information that is required to be set forth in a Shareholders' notice of nomination pursuant to Bye-law 40.

**40.10** Other than with respect to nominations made in accordance with the default provisions of a class or classes of preferred shares or under the Shareholders Agreement, any Shareholder proposing to nominate a person or persons for election shall be responsible for, and bear the costs associated with, soliciting votes from any other voting Shareholder and distributing materials to such Shareholders prior to the annual general meeting in accordance with these Bye-laws and applicable SEC rules. A Shareholder shall include any person or persons such Shareholder intends to nominate for election in its own proxy statement and proxy card.

**40.11** Unless prohibited by Applicable Law, the Company shall promptly (but in any event within five (5) Business Days of receipt of written request from any Shareholder proposing to nominate a person or persons for election) provide to such proposing Shareholder the names and addresses of all persons and entities who are record holders of the Company's shares (the "Other Holders"), *provided*, that if any Other Holder has requested that its identity or address be kept confidential, then the Company shall (at the expense of such Shareholder) promptly (but in any event within five (5) Business Days of receipt of a written request) forward to such Other Holder any materials provided by such Shareholder in relation to the person or persons such Shareholder intends to nominate for election and a notice requesting that such Other Holder contact such Shareholder.

**41. [Reserved]**

**42. Number of Directors**

The number of Directors which shall constitute the entire Board shall be such as from time to time shall be determined by Resolution adopted by a majority of the entire Board, but the number shall not be less than two or more than seventeen; *provided*, that the tenure of a Director shall not be affected by a decrease in the number of Directors so made by the Board.

**43. Term of Office of Directors**

The Directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the number of Directors constituting the Board, Class I to hold office initially for a term expiring at the annual general meeting to be held in 2016, Class II to hold office initially for a term expiring at the annual general meeting to be held in 2017, and Class III to hold office initially for a term expiring at the annual general meeting to be held in 2018. At each succeeding annual general meeting beginning in 2016, successors to the class of Directors whose term expires at that annual general meeting shall be elected for a three (3) year term with each Director to hold office in such class until his or her successor shall have been duly elected and qualified, or until such Director's earlier death, resignation or removal. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Director of any class elected to fill a vacancy resulting from an increase in such class or from the removal from office, death, disability, resignation or disqualification of a Director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no event will a decrease in the authorised number of Directors shorten the term of any incumbent Director.

**44. Removal of Directors**

**44.1** Subject to any provision to the contrary in these Bye-laws, a Director may only be removed for cause and not otherwise. The removal of a Director for cause shall be effected either (i) by the Board by affirmative vote of a majority of the Directors at any duly called meeting of the Board or (ii) by the Shareholders holding a majority of the Total Voting Power at any general meeting called and held in accordance with these Bye-laws. For purposes of this Bye-law 44.1, "cause" shall mean

a conviction for a criminal offence involving dishonesty or engaging in conduct which brings the Director or the Company into disrepute or which results in a material financial detriment to the Company.

**44.2** If a Director is removed from the Board under this Bye-law 44, the Board may fill the vacancy. Persons appointed by the Board to fill a vacancy shall be approved by an affirmative vote of a majority of the Board and shall be subject to election at the immediately succeeding annual general meeting.

**45. Vacancy in the Office of Director**

**45.1** The office of Director shall be vacated immediately if the Director:

(a) is prohibited from being a Director by law;

(b) is or becomes bankrupt or insolvent;

(c) is or becomes of unsound mind or a patient for any purpose of any statute or Applicable Law relating to mental health and the Board resolves that his office is vacated, or dies;

(d) by virtue of holding the office of Director causes the Company to be taxed in an adverse manner; or

(e) resigns his office by notice to the Secretary.

**45.2** If there is a vacancy on the Board occurring as a result of the death, disability, disqualification or resignation of any Director, or on account of an increase in the number of members of the Board or a failure to elect a Director at an annual general meeting, subject to the rights of the members of the Apollo Group that are parties to the Shareholders Agreement to nominate Directors to the Board, the Board may appoint any person as a Director on an interim basis until the next annual general meeting, *provided*, that such person has been approved to serve as a Director by the Nominating and Governance Committee. The Board vacancy shall be submitted to a vote at the next succeeding annual general meeting irrespective of class.

**46. Remuneration of Directors**

The remuneration (if any) of the Directors shall be determined by the Board or an appropriate committee thereof delegated by the Board. The Directors shall also be paid all reasonable travel, hotel and related expenses incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally. The Company shall also bear reasonable travel, hotel and related expenses incurred by any advisors to the Board related to such matters.

**47. Defect in Appointment**

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

**48. Directors to Manage Business**

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.

**49. Powers of the Board of Directors**

The Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) designate a Chairman of the Board (the "Chairman") and a Vice Chairman of the Board (the "Vice Chairman");

(d) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

(e) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(f) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

(g) procure that the Company pays all expenses incurred in promoting and incorporating the Company;

(h) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, *provided,* that every such committee shall conform to such directions as the Board shall impose on them; and *provided, further,* that the meetings and proceedings of any such committee shall be governed by the provisions of these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board;

(i) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;

(j) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(k) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

(l) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

**50. Register of Directors and Officers**

The Board shall cause to be kept in one or more books at the Registered Office of the Company a Register of the Directors and Officers of the Company and shall enter therein the particulars required by the Act.

**51. Appointment of Officers**

The Board may appoint such officers (who may or may not be Directors) as the Board may determine.

**52. Appointment of Secretary**

The Secretary shall be appointed by the Board from time to time.

**53. Duties of Officers**

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

**54. Remuneration of Officers**

The Officers shall receive such remuneration as the Board may determine.

**55. Conflicts of Interest**

**55.1** Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.

**55.2** A Director who is directly or indirectly interested in a contract or proposed contract or arrangement with the Company shall declare the nature of such interest as required by the Act.

**55.3** Following a declaration being made pursuant to this Bye-law, a Director may vote in respect of any contract or proposed contract or arrangement in which such Director is interested and may be counted in the quorum for such meeting and, to the fullest extent permitted by Applicable Law, the interested Director shall not be liable to account to the Company for any profit realized thereby. To the fullest extent permitted by Applicable Law, in the event that one or more interested Directors are disqualified or elect to be recused from voting on a matter, or one or more Directors are later found to have an interest or conflict that should have been declared, the matter shall be approved or stand approved if it is or was approved by a majority of the votes cast by the Directors that do not have any interest or conflict in the matter, even if less than a quorum.

**55.4** Subject to the Act and any further disclosure required thereby, a general notice to the Directors by a Director or officer declaring that he is a director or officer or has an interest in any business entity and is to be regarded as interested in any transaction or arrangement made with that business entity shall be sufficient declaration of interest in relation to any transaction or arrangement so made.

**55.5** This Bye-law 55 shall be subject to any U.S. securities laws and the rules of any exchange or quotation system on which the Company's shares are then listed.

**56. Indemnification and Exculpation**

**56.1** To the fullest extent permitted by Applicable Law, but subject to the limitations expressly provided in this Bye-law 56, (i) the past, present and future (x) Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board), (y) any consultants participating in any Company equity incentive plan, and (z) liquidators or trustees (if any) for the time being acting in relation to any of the affairs of the Company or any Subsidiary thereof, (ii) any Person who is or was an employee or agent of the Company or a director, officer, employee or agent of any of the Company's Subsidiaries and who, while an employee or agent of the Company or a director, officer, employee or agent of any of the Company's Subsidiaries, is or was also an officer, director, employee, managing director, general or limited partner, manager, member, shareholder, agent or other Affiliate of any member of the Apollo Group or of any Affiliate of any member of the Apollo Group (other than the Company and its Subsidiaries) and (iii) any other Person who, while a Director or Officer, is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, limited liability company, joint venture, trust, enterprise, nonprofit entity or other entity, including service with respect to employee benefit plans (each, a "Covered Person") shall be indemnified and secured harmless by the Company from and against all Liabilities and Expenses arising from any and all threatened, pending or completed Proceedings, in which any Covered Person may be involved, or is threatened to be involved, as a party or otherwise, by reason of (A) in the case of any Covered Person described in the preceding clauses (i) and (iii), its status as a Covered Person or (B) in the case of any Covered Person described in the preceding clause (ii), the fact that such Covered Person is or was an employee or agent of the Company, or is or was a director, officer, employee or agent of any of the Company's Subsidiaries, acting in relation to the affairs of the Company or any such Subsidiary, whether arising from acts or omissions to act occurring before or after the date of the adoption of these Bye-laws; *provided, however*, that a Covered Person shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Covered Person is seeking indemnification pursuant to this Bye-law 56, the Covered Person acted fraudulently and/or dishonestly in relation to the Company; *provided further*, subject in all respects to Bye-law 56.12, no Covered Person shall be entitled to indemnification from the Company (nor any amounts provided for under Bye-law 56.2) for any acts or omissions of such Covered Person in such Covered Person's role as a director, officer, consultant, representative or agent of ISG. Notwithstanding the preceding sentence, except as otherwise described in Bye-law 56.10, the Company shall be required to indemnify a Person described in such sentence in connection with any Proceeding (or part thereof) commenced by such Person only if the commencement of such Proceeding (or part thereof) by such Person was authorised by the Board. To the fullest extent permitted by Applicable Law, each Shareholder agrees to waive any claim or right of action such Shareholder might have, whether individually or by or in right of the Company, against any Covered Person on account of any action taken by such Covered Person, or the failure of such Covered Person to take any action in the performance of such Covered Person's duties with or for the Company or any subsidiary thereof; *provided, that* such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company or its Subsidiaries which may attach to such Covered Person.

**56.2** To the fullest extent permitted by Applicable Law, Expenses incurred by a Covered Person in appearing at, participating in or defending any indemnifiable Proceeding pursuant to this Bye-law 56 shall, from time to time, be advanced by the Company prior to a final and non-appealable disposition of the Proceeding in which it is determined that the Covered Person is not entitled to be indemnified upon receipt by the Company of an undertaking by or on behalf of the Covered Person to repay such amount if it ultimately shall be determined that the Covered Person is not entitled to be indemnified pursuant to this Bye-law 56. Notwithstanding the immediately preceding sentence, except as otherwise provided in Bye-law 56.10, the Company shall be required to indemnify a Covered Person pursuant to the immediately preceding sentence in connection with any Proceeding (or part thereof) commenced by such Person only if the commencement of such Proceeding (or part thereof) by such Person was authorised by the Board.

**56.3** The indemnification and advancement of Expenses provided by this Bye-law 56 shall be in addition to any other rights to which a Covered Person may be entitled under these Bye-laws or any agreement between the Company and such Covered Person, pursuant to a vote of a majority of disinterested Directors with respect to such matter, as a matter of law, in equity or otherwise, both as to actions in the Covered Person's capacity as a Covered Person and as to actions in any other capacity, and shall continue as to a Covered Person who has ceased to serve in such capacity.

**56.4** The Company may purchase and maintain insurance on behalf of a Covered Person, and such other Persons as the Board shall determine, against any Liability that may be asserted against, or Expense that may be incurred by, such Person in connection with the Company's activities or any such Person's activities on behalf of the Company, regardless of whether the Company would have the power to indemnify such Person against such Liability or Expense under the provisions of these Bye-laws or Applicable Law.

**56.5** For purposes of this Bye-law 56 (i) the Company shall be deemed to have requested a Covered Person to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Company also imposes duties on, or otherwise involves services by, such Covered Person to the plan or participants or beneficiaries of the plan and (ii) excise taxes assessed on a Covered Person with respect to an employee benefit plan pursuant to Applicable Law shall constitute "fines" within the meaning of "Liabilities".

**56.6** A Covered Person shall not be denied indemnification in whole or in part under this Bye-law 56 because the Covered Person had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by these Bye-laws.

**56.7** Except with respect to any Shareholder Affiliate, which shall be a third party beneficiary of the rights set forth in Bye-law 56.12, the provisions of this Bye-law 56 are for the benefit of the Covered Persons and their heirs, successors, assigns, executors and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

**56.8** Each Covered Person shall, in the performance of his, her or its duties, be fully protected in relying in good faith upon the records of the Company and on such information, opinions, reports or statements presented to the Company by any of the Officers, Directors or employees of the Company, or any of the officers, directors or employees of the Company's Subsidiaries, or committees of the Board, or by any other Person (including legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by or on behalf of it) as to matters such Covered Person reasonably believes are within such other Person's professional or expert competence.

**56.9** No amendment, modification or repeal of this Bye-law 56 or any provision hereof or, to the fullest extent permitted by Applicable Law, any modification of Applicable Law, shall in any manner terminate, reduce or impair the right of any past, present or future Covered Person to be indemnified or to have such Covered Person's Expenses advanced by the Company, nor the obligations of the Company to indemnify or advance Expenses to any such Covered Person under and in accordance with the provisions of this Bye-law 56 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or-in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

**56.10** If a claim for indemnification (following the final disposition of the Proceeding for which indemnification is being sought) or advancement of Expenses under this Bye-law 56 is not paid in full within thirty (30) days after a written claim therefor by any Covered Person has been received by the Company, such Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the Expenses of prosecuting such claim, including reasonable attorneys' fees.

**56.11** This Bye-law 56 shall not limit the right of the Company, to the extent and in the manner permitted by Applicable Law, to indemnify and to advance Expenses to, and purchase and maintain insurance on behalf of Persons other than Covered Persons.

**56.12** The Company hereby acknowledges that the indemnitees under this Bye-law 56 (the "Indemnified Persons") may have certain rights to indemnification, advancement of Expenses and/or insurance provided by shareholders, members of the Apollo Group, or other Affiliates of the Company or Affiliates of members of the Apollo Group ("Shareholder Affiliates") separate from the indemnification and advancement of Expenses provided by the Company under these Bye-laws. The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to the Indemnified Persons under these Bye-laws are primary and any obligation of any Shareholder Affiliate to advance Expenses or to provide indemnification for the same Expenses or Liabilities incurred by the Indemnified Persons are secondary), (ii) that the Company shall be required to advance the full amount of Expenses incurred by the Indemnified Persons and shall be liable for the full amount of all Expenses and Liabilities paid in settlement to the extent legally permitted and as required by Bye-law 56, without regard to any rights the Indemnified Persons may have against any Shareholder Affiliate, and (iii) that the Company irrevocably waives, relinquishes and releases the Shareholder Affiliates from any and all claims against the Shareholder Affiliates for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by any Shareholder Affiliate on behalf of an Indemnified Person with respect to any claim for which such Indemnified Person has sought indemnification from the Company pursuant to Bye-law 56 shall affect the

foregoing and the Shareholder Affiliates shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of the Indemnified Person against the Company. For the avoidance of doubt, no Person providing directors' or officers' or similar insurance obtained or maintained by or on behalf of the Company, and of its Affiliates or any of the foregoing's respective Subsidiaries, including any Person providing such insurance obtained or maintained pursuant to Bye-law 56.4, shall be, or be deemed to be, a Shareholder Affiliate.

**56.13** No Covered Person shall be personally liable either to the Company or to any of its Shareholders for monetary damages for breach of fiduciary duty as a Covered Person, except to the extent such exemption from liability or limitation thereof is not permitted under Applicable Law as the same exists or may hereafter be amended. Any amendment, modification or repeal of this Bye-law inconsistent with the foregoing sentence shall not adversely affect any right or protection of a Covered Person in respect of any act or omission occurring prior to the time of such amendment, modification or repeal.

**56.14** Any Person purchasing or otherwise acquiring any interest in any shares of the Company shall be deemed to have notice of and to have consented to the provisions of this Bye-law 56.

**56.15** This Bye-law 56 may not be rescinded, altered or amended (a) unless in accordance with the Act and (b) until the same has been approved by the Board and at least 50% of the Total Voting Power (which, for the avoidance of doubt will take into account the application of Bye-law 4.3).

**BUSINESS OPPORTUNITIES**

**57. Business Opportunities**

**57.1** To the fullest extent permitted by Applicable Law, the Company, on behalf of itself and its Subsidiaries, other than its Subsidiaries that are insurance companies which are regulated by a governmental entity ("Insurance Subsidiaries"), waives and renounces any right, interest or expectancy of the Company and/or its Subsidiaries, other than its Insurance Subsidiaries, in, or in being offered an opportunity to participate in, business opportunities of any kind, nature or description that are from time to time presented to (x) any member of the Apollo Group or an Affiliate of any member of the Apollo Group (other than the Company and its Subsidiaries), (y) any of the Directors or any of their respective Affiliates (other than the Company and its Subsidiaries), or (z) any Officer, employee or agent of the Company, or any director, officer, employee or agent of any of the Company's Subsidiaries, who is also, and is presented such business opportunity in his or her capacity as, an officer, director, employee, managing director, general or limited partner, manager, member, shareholder, agent or other Affiliate of any member of the Apollo Group or of any Affiliate of any member of the Apollo Group (other than the Company and its Subsidiaries), in the case of each of clauses (x), (y) and (z), excluding the Chief Executive Officer of the Company and the other executive officers and employees of the Company and its Subsidiaries (the Persons described in clauses (x), (y) and (z), "Specified Parties" and each, a "Specified Party"), or of which any Specified Parties have or gain knowledge, whether or not the opportunity is competitive with the business of the Company or its Subsidiaries or in the same or similar lines of business as the Company or its Subsidiaries or one that the Company or its Subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each Specified Party shall have no duty (statutory, fiduciary, contractual or otherwise) to communicate or offer such business opportunity to the Company and, to the fullest extent permitted by Applicable Law, shall not be liable to the Company or any of its Subsidiaries, other than its Insurance Subsidiaries, for breach of any statutory, fiduciary, contractual or other duty, as a Director, Officer, employee or agent of the Company, or a director, officer, employee or agent of any of the Company's Subsidiaries, as the case may be, or otherwise, by reason of the fact that such Specified Party pursues or acquires such business opportunity, directs such business opportunity to another Person or fails to present or communicate such business opportunity, or information regarding such business opportunity, to the Company or its Subsidiaries. Notwithstanding the foregoing, the Company and its Subsidiaries do not renounce any right, interest or expectancy in any business opportunity offered to a Specified Party who is a Director or Officer if such business opportunity is expressly offered for the Company or its Subsidiaries to such person solely in his or her capacity as a Director or Officer (a "Company Opportunity"); *provided*, *however*, that all of the protections of this Bye-law 57 shall otherwise apply to the Specified Parties with respect to such Company Opportunity, including the ability of the Specified Parties to pursue or acquire such Company Opportunity, directly or indirectly, or to direct such Company Opportunity to another person, if and to the extent that the Company or the applicable Subsidiary of the Company, as applicable, determines not to pursue such Company Opportunity or if it is subsequently determined by the Board or any committee thereof (or board of directors or other governing body of such Subsidiary or any committee thereof), or by any court of competent jurisdiction, that the business opportunity was not in the line of business of the Company or such Subsidiary, as applicable, was not of material or practical advantage to the Company or such Subsidiary, as applicable, or was one that the Company or such Subsidiary, as applicable, was not financially capable of undertaking. For the avoidance of doubt, notwithstanding anything to the contrary set forth herein or otherwise, to the fullest extent permitted by Applicable Law, the Company, on behalf of itself and its Subsidiaries, other than its Insurance Subsidiaries, hereby waives and renounces any right, interest or expectancy of the Company or its Subsidiaries to participate in or be offered an opportunity to participate in any business or business opportunity of any member of the Apollo Group or its Affiliates (other than the Company and its Subsidiaries), except to the extent such right, interest or expectancy is expressly granted to the Company or any of its Subsidiaries under a binding agreement between or among the Company and/or its Subsidiaries, on the one hand, and any member of the Apollo Group or its Affiliates (other than the Company and its Subsidiaries), on the other hand.

**57.2** No amendment, modification or repeal of this Bye-law 57 or any provision hereof or, to the fullest extent permitted by Applicable Law, any modification of Applicable Law, shall in any manner terminate, reduce or impair the right of any Person under and in accordance with the provisions of this Bye-law 57 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

**57.3** This Bye-law 57 shall not limit any protections or defenses available to, or indemnification or advancement rights of, any Specified Party under any agreement, these Bye-laws, vote of the Board, Applicable Law or otherwise.

**57.4** Any Person purchasing or otherwise acquiring any interest in any shares of the Company shall be deemed to have notice of and to have consented to the provisions of this Bye-law 57.

**57.5** Notwithstanding anything to the contrary herein, under no circumstances shall the provisions of this Bye-law 57 (other than this Bye-law 57.5) apply to (or result in or be deemed to result in a limitation or elimination of) any duty (contractual, fiduciary or otherwise, whether at law or in equity) owed by any Specified Party who is also an Officer, employee or agent of the Company, or any director, officer, employee or agent of any of its Subsidiaries (other than any such Specified Party who is also an officer, director, employee, managing director, general or limited partner, manager, member, shareholder, agent or other Affiliate of any member of the Apollo Group or of any Affiliate of any member of the Apollo Group (other than the Company and its Subsidiaries)), and any business opportunity waived or renounced by any Person pursuant to such other provisions of this Bye-law 57 shall be expressly reserved and maintained (and shall not be waived or renounced) by such Person as to any such Specified Party.

**57.6** This Bye-law 57 may not be rescinded, altered or amended (a) unless in accordance with the Act and (b) until the same has been approved by the Board and at least 50% of the Total Voting Power (which, for the avoidance of doubt will take into account the application of Bye-law 4.3).

## MEETINGS OF THE BOARD OF DIRECTORS

### 58. Board Meetings

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes cast the resolution shall fail.

### 59. Notice of Board Meetings

Upon the requisition of (i) the Chairman or Vice Chairman of the Board, (ii) a majority of the Directors, (iii) the Chief Executive Officer of the Company or (iv) a majority of the Independent Directors, the Secretary shall summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director’s last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

### 60. Electronic Participation in Meetings

Subject to Applicable Law, Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

### 61. Quorum at Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board shall be two (2) Directors; *provided, that* at any meeting where only two (2) Directors are in attendance any Board action taken at such meeting must be approved unanimously.

### 62. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

**63. Chairman to Preside**

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his absence a chairman shall be appointed or elected by the Directors present at the meeting.

**64. Written Consent**

A written consent signed by all the Directors, which may be in counterparts, shall be as valid as if a resolution in respect thereof had been passed at a meeting of the Board duly called and constituted, such written consent to be effective on the date on which the last Director signs such written consent.

**65. Validity of Prior Acts of the Board**

No regulation or alteration to these Bye-laws made by the Company in a general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

**CONFLICTS**

**66. Resolution of Conflicts**

For so long as the Controlled Shares of the Apollo Group (excluding, for the purpose of this definition, any Persons identified in clauses (v) of the definition of "Apollo Group") constitute at least seven and one-half percent (7.5%) of the Total Voting Power, none of the Company or any of its Subsidiaries shall enter into or amend any contract or agreement with a member of the Apollo Group, unless such contract or agreement or amendment is:

(a) fair and reasonable to the Company and its 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 Company and its Subsidiaries); or

(b) entered into on an arm's-length basis; or

(c) approved by a majority of the disinterested Directors; or

(d) approved by the holders of a majority of the issued and outstanding Class A Common Shares that are not held by members of the Apollo Group; or

(e) approved by the Conflicts Committee in accordance with its charter and guidelines as they may be amended from time to time.

Notwithstanding the above, all Apollo Conflicts, as defined in the charter of the Conflicts Committee, shall be approved by the Conflicts Committee unless such conflict is specifically exempted from approval in accordance with the Conflicts Committee charter and guidelines as they may be amended from time to time.

**67. Conflicts Committee**

**67.1** The Board shall constitute a committee comprised solely of Directors who are not general partners, directors, managers, officers or employees of the Apollo Group (the "Conflicts Committee").

**67.2** The Conflicts Committee shall consist of up to five (5) individuals designated by the Board. The Conflicts Committee shall have a chairman, who shall be designated by the Board or, if the Board so delegates, by the Conflicts Committee. The vote necessary to approve any action at a meeting of the Conflicts Committee shall be a majority of the entire Conflicts Committee.

**67.3** The Conflicts Committee may meet in person, by telephone or video conference call or in any other manner in which the Board is permitted to meet under Applicable Law and may also take action by written consent of the number and identity of Conflicts Committee members who have not less than the minimum number of votes that would be necessary to take such action at a meeting at which all Conflicts Committee members entitled to vote were present and voted.

**67.4** The Conflicts Committee, upon the affirmative vote of a majority of the entire Committee, shall have the authority to engage consultants to assist in the evaluation of conflicts matters. It shall have the sole authority to retain and terminate any such consultants, including sole authority to approve the consultants' fees and other retention terms; *provided,* that fees and expenses incurred in connection with the engagement of any such consultant are reasonable.

## CORPORATE RECORDS

**68. Minutes**

The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Shareholders, meetings of the Board, meetings of managers and meetings of committees appointed by the Board.

**69. Place Where Corporate Records Kept**

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the Registered Office of the Company.

**70. Form and Use of Seal**

**70.1** The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

**70.2** A seal may, but need not, be affixed to any deed, instrument, share certificate or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director, or (ii) any Officer, or (iii) the Secretary, or (iv) any person authorised by the Board for that purpose.

**70.3** A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

## ACCOUNTS

**71. Books of Account**

**71.1** The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

(a) all amounts of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

**71.2** Such records of account shall be kept at the principal place of business of the Company, or subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

**72. Financial Year End**

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st December in each year.

## AUDITS

**73. Annual Audit**

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

**74. Appointment of Auditor**

**74.1** Subject to the Act, at the annual general meeting or at a subsequent special general meeting in each year, an independent representative of the Shareholders shall be appointed by them as Auditor of the accounts of the Company.

**74.2** The Auditor may be a Shareholder but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

**75. Remuneration of Auditor**

Save in the case of an Auditor appointed pursuant to Bye-law 80, the remuneration of the Auditor shall be fixed by the Company in a general meeting or in such manner as the Shareholders may determine. In the case of an Auditor appointed pursuant to Bye-law 80, the remuneration of the Auditor shall be fixed by the Board.

**76. Duties of Auditor**

**76.1** The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

**76.2** The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

**77. Access to Records**

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers for any information in their possession relating to the books or affairs of the Company.

**78. Financial Statements**

Subject to any rights to waive laying of accounts pursuant to the Act, financial statements as required by the Act shall be laid before the Shareholders in a general meeting.

**79. Distribution of Auditor's Report**

The report of the Auditor shall be submitted to the Shareholders in a general meeting.

**80. Vacancy in the Office of Auditor**

The Board may fill any casual vacancy in the office of the Auditor.

**VOLUNTARY WINDING-UP AND DISSOLUTION**

**81. Winding-Up**

Subject to Bye-law 4 and any agreement contemplated by Bye-law 1.6 to the contrary, if the Company shall be wound up the liquidator may, with the sanction of a Resolution, divide amongst the Shareholders in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders. Subject to Bye-law 4 and any agreement contemplated by Bye-law 1.6 to the contrary, the liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Shareholders as the liquidator shall think fit, but so that no Shareholder shall be compelled to accept any shares or other securities or assets whereon there is any liability.

**CHANGES TO CONSTITUTION; EXCLUSIVE JURISDICTION**

**82. Changes to Bye-laws**

No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a Resolution; *provided*, that any such action that would materially, adversely and disproportionately affect the rights, obligations, powers or preferences of any class of shares without similarly affecting

the rights, obligations, powers or preferences of all classes of shares shall require a vote of the majority of the issued and outstanding shares constituting such class so affected.

**83. Changes to the Memorandum of Association**

No alteration or amendment to the Memorandum of Association may be made save in accordance with the Act and until same has been approved by a resolution of the Board and by a Resolution.

**84. Exclusive Jurisdiction**

In the event that any dispute arises concerning the Act or out of or in connection with these Bye-laws, including any question regarding the existence and scope of any Bye-law and/or whether there has been any breach of the Act or these Bye-laws by an Officer or Director (whether or not such a claim is brought in the name of a Shareholder or in the name of the Company), any such dispute shall be subject to the exclusive jurisdiction of the Supreme Court of Bermuda.

**85. Discontinuance**

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

**CERTAIN MATTERS RELATING TO SUBSIDIARIES**

**86. Voting of Subsidiary Shares**

**86.1** Notwithstanding any other provision of these Bye-laws to the contrary (but subject to Bye-law 86.2 and Bye-law 86.3), if the Company, in its capacity as a shareholder of any Subsidiary of the Company, has the right to vote at a general meeting or special meeting of such Subsidiary (whether in person or by its attorney-in-fact or proxy) (or by written resolution in lieu of a general meeting or special meeting), and the subject matter of the vote is (a) the appointment, removal or remuneration of directors of a non-U.S. Subsidiary of the Company or (b) any other subject matter with respect to a non-U.S. Subsidiary that legally requires the approval of the shareholders of such non-U.S. Subsidiary, the Board shall refer the subject matter of the vote to the Shareholders and seek authority from the Shareholders entitled to vote for the Board for the Company's corporate representative or proxy to vote with respect to the resolution proposed by such Subsidiary. The Board shall cause the Company's corporate representative or proxy to vote the Company's shares in such Subsidiary pro rata to the votes received at the general meeting of the Company, with votes for or against the directing resolution being taken, respectively, as an instruction for the Company's corporate representative or proxy to vote the appropriate proportion of its share for and the appropriate proportion of its shares against the resolution proposed by such Subsidiary. For the avoidance of doubt, for purposes of this Bye-law 86 and Bye-law 87, the term "non-U.S. Subsidiary" shall mean a Subsidiary that is treated as a non-U.S. person for U.S. federal income tax purposes. The Board shall have authority to resolve any ambiguity in this Bye-law 86 or Bye-law 87. All votes referred to the Company's Shareholders pursuant to this Bye-law 86.1 shall give effect to and otherwise be subject to the voting power restrictions of Bye-law 4.3.

**86.2** If the Board in its discretion, determines that the application of Bye-law 86.1(b) with respect to a particular vote is not necessary to achieve the purposes of this Bye-law 86, it may waive the application of Bye-law 86.1(b) with respect to such vote.

**86.3** Notwithstanding any provision in these Bye-laws to the contrary, this Bye-law 86 shall only apply if and when applicable pursuant to Bye-law 4.3(a)(ii). Further, from and after the Restriction Termination Date, the provisions of this Bye-law 86 shall be inoperative and of no further force or effect.

**87. Bye-laws or Articles of Association of Certain Subsidiaries**

**87.1** The Board shall require that the Bye-laws or Articles of Association or similar organizational documents of each non-U.S. Subsidiary of the Company shall contain provisions substantially similar to Bye-law 86.1, Bye-law 86.3 and Bye-law 87. The Company shall enter into agreements, as and when determined by the Board, with each such non-U.S. Subsidiary, only if and to the extent reasonably necessary and permitted under Applicable Law, to effectuate or implement this Bye-law.

**87.2** From and after the Restriction Termination Date, the provisions of this Bye-law 87 shall be inoperative and of no further force or effect.

**88. Termination of IMAs**

**88.1** Except as set forth in Bye-law 88.2, the Company shall not, and shall cause each Subsidiary of the Company not to, elect to terminate the IMA or any other investment advisory or investment management agreement by and between the Company

or any of its Subsidiaries and a member of the Apollo Group (a "New IMA") (a) on any date other than June 4, 2023 or any two (2)-year anniversary of such date (each, an "IMA Termination Election Date") and (b) unless it has provided written notice to ISG or the member of the Apollo Group that is a party to such New IMA, as applicable, of such termination at least thirty (30) days, but not more than ninety (90) days, prior to the applicable IMA Termination Election Date (an "IMA Termination Notice"); *provided*, that (i) the IMA or any New IMA may only be terminated by the Company or a Subsidiary of the Company with the approval of at least two-thirds (2/3) of the Independent Directors in accordance with the immediately following sentence (an IMA Termination Notice delivered with such approval and in accordance with Bye-law 88.1(a) and (b), a "Valid IMA Termination Notice") and (ii) notwithstanding any such election to terminate or delivery of a Valid IMA Termination Notice, no such termination shall be effective on any date earlier than the second annual anniversary of the applicable IMA Termination Election Date (the "IMA Termination Effective Date"). Notwithstanding anything to the contrary contained in this Bye-law 88.1, the Board shall not approve any election to terminate the IMA or any New IMA on any IMA Termination Election Date pursuant to this Bye-law 88.1 unless at least two-thirds (2/3) of the Independent Directors agree that an event described in clause (iii) or (iv) of the definition of AHL Cause occurred with respect to the IMA or such New IMA, as applicable. If the Company and/or applicable Subsidiary of the Company does not provide a Valid IMA Termination Notice with respect to an IMA Termination Election Date, then the Company or such Subsidiary may only elect to terminate such IMA or New IMA under this Bye-law 88.1 on the next IMA Termination Election Date, and neither the Company nor any Subsidiary of the Company shall terminate any such IMA or New IMA in accordance with this Bye-law 88.1 without providing a Valid IMA Termination Notice. Furthermore, beginning on June 4, 2019, the IMA and any New IMA shall be subject to an initial term of four (4) years from such date; *provided* that, on each IMA Termination Election Date after June 4, 2019, beginning with the IMA Termination Election Date on June 4, 2023, to the extent no Valid IMA Termination Notice has been delivered in accordance with this Bye-law 88.1 with respect to the IMA or any New IMA, the term of the IMA and each such New IMA shall be extended automatically without any further action or obligation by any persons (including, without limitation, the parties thereto or hereto) for a period of two (2) additional years; *provided*, *further* that, if a Valid IMA Termination Notice has been previously delivered in accordance with this Bye-law 88.1 and has not been rescinded prior to the applicable IMA Termination Effective Date, this sentence shall no longer be of any force or effect with respect to the IMA or such New IMA that is the subject of such delivered Valid IMA Termination Notice and the term of the IMA or such New IMA subject to such Valid IMA Termination Notice shall continue through the end of the IMA Remediation Period. Notwithstanding anything to the contrary, the term of any IMA or New IMA shall be extended for the IMA Remediation Period.

**88.2** Notwithstanding anything to the contrary in Bye-law 88.1, the Company and/or the applicable Subsidiary of the Company may terminate the IMA or any New IMA upon the occurrence of an event described in clause (i) or (ii) of the definition of AHL Cause with respect to the IMA or such New IMA, as applicable; *provided*, that any termination of the IMA or any New IMA by the Company or Subsidiary of the Company, as applicable, for such AHL Cause shall require the approval of at least two-thirds (2/3) of the Independent Directors and the delivery of written notice to ISG or such member of the Apollo Group that is a party to such New IMA, as applicable, of such termination for such AHL Cause at least thirty (30) days prior to the effective date of such termination; provided, further, that in each case ISG or the member of the Apollo Group that is a party to the applicable IMA or New IMA, as applicable, shall have the right to dispute such determination of the Independent Directors within thirty (30) days after receiving notice from the Company of such determination, in which case the parties to such IMA or New IMA, as applicable, shall submit the question as to whether the conditions of AHL Cause have been met to binding arbitration in accordance with Section 12 of the seventh amended and restated fee agreement dated June 10, 2019 between the Company and ISG, as amended from time to time (the "Fee Agreement"), and such IMA or New IMA, as applicable, shall continue to remain in effect during the period of the arbitration.

**88.3** For the avoidance of doubt, subject in all respects to the other provisions of this Bye-law 88 and the definition of AHL Cause, any termination of the IMA or any New IMA by the Company and/or any Subsidiary of the Company shall require the approval of at least two-thirds (2/3) of the Independent Directors. Notwithstanding anything to the contrary herein, for purposes of this Bye-law 88 and the definition of AHL Cause, (x) no officer or employee of the Company or any of its Subsidiaries shall constitute an Independent Director and (y) no officer or employee of (1) any member of the Apollo Group described in clauses (i) through (iv) of the definition of Apollo Group or (2) Apollo Global Management, Inc. or any of its Subsidiaries (excluding any Subsidiary that constitutes any portfolio company (or investment) of (A) an investment fund or other investment vehicle whose general partner, managing member or similar governing person is owned, directly or indirectly, by Apollo Global Management, Inc. or by one or more of its Subsidiaries or (B) a managed account agreement (or similar arrangement) whereby Apollo Global Management, Inc. or one or more of its Subsidiaries serves as general partner, managing member or in a similar governing position) shall constitute an Independent Director.

**88.4** This Bye-law 88 may not be rescinded, altered or amended (a) unless in accordance with the Act and (b) until the same has been approved by at least two-thirds (2/3) of the Independent Directors and at least 50% of the Total Voting Power (which, for the avoidance of doubt will take into account the application of Bye-law 4.3).

AHL Cause means, (i) with respect to the IMA, a material violation of Applicable Law relating to ISG's advisory business, and with respect to a New IMA, a material violation of Applicable Law relating to the advisory business of the member of the Apollo Group that is a party to such New IMA, in each case that is materially detrimental to the Company, (ii) the gross negligence, willful misconduct or reckless disregard of any of the obligations of ISG under the IMA or the member of the Apollo Group that is a party to the applicable New IMA under such New IMA, as applicable, that is materially detrimental

to the Company, (iii) the unsatisfactory long term performance of ISG under the IMA, or the member of the Apollo Group that is a party to the applicable New IMA under such a New IMA, as applicable, that is materially detrimental to the Company, as determined in the sole discretion of at least two-thirds (2/3) of the Independent Directors, acting in good faith or (iv) a determination in the sole discretion of at least two-thirds (2/3) of the Independent Directors, acting in good faith, that the fees charged by ISG under the IMA, or by the member of the Apollo Group that is a party to the applicable New IMA under such New IMA, as applicable, in each case, taking into account, without duplication, the Fee Agreement, are unfair and excessive compared to a Comparable Asset Manager, *provided*, *however*, in the case of clauses (iii) and (iv), the Independent Directors shall deliver written notice of such finding to ISG or such other member of the Apollo Group, as applicable, and ISG or such other member of the Apollo Group, as applicable, shall have until the applicable IMA Termination Effective Date to address the Independent Directors' concerns and; *provided further*, that in the case of clause (iv), ISG or such other member of the Apollo Group, as applicable, shall have a right to lower its fees to match a Comparable Asset Manager. If ISG or such member of the Apollo Group has addressed the Independent Directors' concerns (with the assessment of whether the Independent Directors' concerns have been addressed being rendered thereby in good faith with the approval of at least two-thirds (2/3) of the Independent Directors) or, if applicable, lowered its fees to match a Comparable Asset Manager, then the applicable IMA Termination Notice shall be deemed rescinded and of no further force or effect. For the avoidance of doubt, the occurrence of an event constituting AHL Cause under the IMA shall not constitute an event of AHL Cause under any New IMA and vice versa, unless such event of AHL Cause shall be separately established thereunder.

## Schedule 1

## Related Party Insurance

Athene Holding Ltd. Insurance Subsidiaries:

1. Athene Life Re Ltd.
2. Athene Annuity & Life Assurance Company
3. Athene Life Insurance Company of New York
4. Athene Annuity & Life Assurance Company of New York
5. Structured Annuity Reinsurance Company
6. Athene Annuity and Life Company
7. Athene Re USA IV, Inc.
8. Athene Annuity Re Ltd.
9. Athene Life Re International Ltd.
10. Athene Co-Invest Reinsurance Affiliate 1A
11. Athene Co-Invest Reinsurance Affiliate 1B

Current Ceding Companies:

1. Western United Life Assurance Company
2. American Equity Investment Life Insurance Company
3. American Pioneer Life Insurance Company
4. American Progressive Life and Health Insurance Company of New York
5. Nassau Life Insurance Company of Texas (formerly known as Constitution Life Insurance Company)
6. Union Bankers Life Insurance Company
7. Pennsylvania Life Insurance Company (merged into Nassau Life Insurance Company of Texas)
8. The Pyramid Life Insurance Company
9. Jefferson National Life Insurance Company
10. Athene Annuity & Life Assurance Company
11. Continental Assurance Company
12. Reassure America Life Insurance Company
13. Eagle Life Insurance Company

14. Liberty Bankers Life Insurance Company
15. Athene Annuity & Life Assurance Company of New York
16. Athene Annuity and Life Company
17. Structured Annuity Reinsurance Company
18. Transamerica Life Insurance Company
19. Midland National Life Insurance Company
20. North American Company for Life and Health Insurance
21. Athene Re USA IV, Inc.
22. Sentinel Security Life Insurance Company
23. Athene Life Insurance Company of New York
24. Royal Neighbors of America
25. Fidelity Security Life Insurance Company
26. The Lincoln National Life Insurance Company
27. Massachusetts Mutual Life Insurance Company
28. Brighthouse Life Insurance Company
29. Brighthouse Life Insurance Company of NY
30. Life Insurance Company of the Southwest
31. Voya Insurance and Annuity Company
32. Reliastar Life Insurance Company
33. Athora Lebensvericherung AG

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**Exhibit G**

**Specified Entities**

1. Athora Holding Ltd. and its Subsidiaries
2. VA Capital Company LLC and its Subsidiaries.

**DISCLOSURE SCHEDULES**
**TO**
**TRANSACTION AGREEMENT**

**Dated as of October 27, 2019**

These disclosure schedules ("Disclosure Schedules") have been prepared and delivered pursuant to that certain Transaction Agreement (the "Agreement"), dated as of the date hereof, by and between, Athene Holding Ltd., a Bermuda exempted company ("AHL"), Apollo Global Management, Inc., a Delaware corporation ("AGM") and each Person identified on the signature pages of the Transaction Agreement as a member of the Apollo Operating Group.

Any matter set forth in any section of these Disclosure Schedules shall be deemed to be referred to and incorporated in any section to which it is specifically referenced or cross-referenced, and also in all other sections of these Disclosure Schedules to which such matter's application or relevance is reasonably apparent on the face of such disclosure. Any capitalized terms used in these Disclosure Schedules but not otherwise defined herein shall be defined as set forth in the Agreement.

The headings contained in these Disclosure Schedules are for convenience of reference only and shall not be deemed to modify or influence the interpretation of the information contained in these Disclosure Schedules or the Agreement. Nothing contained in these Disclosure Schedules should be construed as an admission of liability or responsibility of any party to any third party in connection with any pending or threatened action or otherwise. The inclusion of any document or other item in this Disclosure Schedule shall not constitute an admission by AHL that such document or other item meets any standard of materiality, or shall be used as a basis for interpreting the term "material", "materially" "Material Adverse Effect" or "materiality" in the Agreement. Except as otherwise expressly set forth herein, in no event shall the listing or disclosure of any information or document in these Disclosure Schedules or in the documents referred to or incorporated by reference herein constitute or be deemed to imply any representation, warranty, undertaking, covenant or other obligation of the Parties not expressly set out in the Agreement nor shall such disclosure be construed as extending the scope of any representation or warranty, undertaking, covenant or obligation set out in the Agreement.

**SECTION 2.1(a)(ii)(A)**
**Contributed AHL Shares Allocation**

| Apollo Operating Group entity - Corresponding New AOG Subsidiary | Contributed AHL Shares Allocation |
|---|---|
| AMH Holdings (Cayman), L.P. | 20,250,154 |
| Apollo Principal Holdings I, L.P. | 3,100,369 |
| Apollo Principal Holdings II, L.P. | 55,863 |
| Apollo Principal Holdings III, L.P. | 391,038 |
| Apollo Principal Holdings IV, L.P. | 307,244 |
| Apollo Principal Holdings V, L.P. | 55,863 |
| Apollo Principal Holdings VI, L.P. | 391,038 |
| Apollo Principal Holdings VII, L.P. | 446,900 |
| Apollo Principal Holdings VIII, L.P. | 949,663 |
| Apollo Principal Holdings IX, L.P. | 391,038 |
| Apollo Principal Holdings X, L.P. | 55,863 |
| Apollo Principal Holdings XI, LLC | 1,284,838 |
| Apollo Principal Holdings XII, L.P. | 279,313 |

**SECTION 2.1(a)(ii)(B)**
**Issued AOG Units Allocation**

The equity interests comprising the portions of the Issued AOG Units with respect to AMH Holdings (Cayman), L.P., Apollo Principal Holdings II, L.P., Apollo Principal Holdings IV, L.P., Apollo Principal Holdings VI, L.P. and Apollo Principal Holdings VIII, L.P. are expected to be acquired by AHL. All other Issued AOG Units are expected to be acquired by a newly formed Cayman limited liability company subsidiary of AHL; provided, however, that in the event that AGM or any member of the Apollo Operating Group notifies AHL within sixty (60) days of the date hereof that AGM has reasonably and in good faith determined, after consultation with AHL, that the transfer of the limited partnership interests and limited liability company interests comprising the Operating Group Units in separate groups of interests as described in this Schedule would result in any tax, accounting, regulatory, corporate governance or other similar consequences that are adverse to AGM, its Affiliates or any other holder of Operating Group Units, then the allocation set forth on this Schedule shall be disregarded and all of the Issued AOG Units shall instead be issued to AHL or one of its controlled Subsidiaries and shall not be transferrable other than as combined undivided Operating Group Units.

**SECTION 2.1(a)(iii)**
**Purchased AHL Shares**

| Apollo Operating Group entity | Purchased AHL Shares Allocation |
|---|---|
| Apollo Principal Holdings VIII, L.P. | 7,575,758 |

**SECTION 3.2**
**CAPITALIZATION**

3.2(a)(A): Except as specifically set forth in an email sent by counsel to AHL to counsel to AGM at approximately 10:34 p.m. Eastern Time on October 26, 2019.

3.2(b): Certain indirect Subsidiaries of AHL (the "ACRA Investment Entities") are subject to the ACRA Investment Entities Shareholders Agreement, dated as of October 1, 2019, which contains certain drag-along rights and tag-along rights in the event that Athene Life Re Ltd. proposes to transfer all or a portion of its Class B Common Shares in such ACRA Investment Entity.

**SECTION 3.5**
**CONSENTS AND APPROVALS**

1. If required, the holders of any unvested shares of Class M Common Shares of AHL.

2. Regulatory filings and approvals:

*Pre-Closing Filings/Approvals*

a. Iowa Insurance Division: Approval (or non-disapproval within the applicable statutory period) of Form D Prior Notice of Transaction filings with respect to the following agreements (the "Affiliate Agreements"):
    i. Recapture Amendment (GMIB Payout Annuity Business) between Venerable Insurance and Annuity Company ("VIAC") and Athene Life Re Ltd. ("ALRe");
    ii. Modified Coinsurance Agreement (GMIB Payout Annuity Business) between VIAC and Athene Annuity Re Ltd. ("AARe");
    iii. Recapture Amendment (FA Business) between VIAC and ALRe;
    iv. Modified Coinsurance Agreement (FA Business) between VIAC and AARe;
    v. Amended and Restated Assumption Consent Agreement among VIAC, Rocky Range, Inc. ("Rocky Range"), Athene Annuity & Life Assurance Company ("AADE") and AARe (the "A&R Assumption Consent Agreement"); and
    vi. First Amendment to Investment Management Agreement between VIAC and Apollo Insurance Solutions Group, LLC (formerly Athene Asset Management LLC) ("ISG").

b. Arizona Department of Insurance: Filing of (i) notification letter with pre- and post-Closing structure charts regarding change of intermediate controlling entities and (ii) request for approval of captive business plan amendment for the novation to AARe of ALRe's rights and obligations under the retrocession agreement with Rocky Range and the A&R Assumption Consent Agreement.

c. Delaware Department of Insurance: Approval (or non-disapproval within the applicable statutory period) of a Form D Prior Notice of Transaction filing with respect to the A&R Assumption Consent Agreement may be required.

*Post-Closing Filings*

a. California Department of Business Oversight: Filing of notice of AGM's increased economic ownership in AHL and pre- and post-Closing structure charts within 30 days after the Closing with respect to the following entities that hold California finance lender licenses: Midcap Financial, LLC; Midcap Funding IV, LLC; Midcap Funding III, LLC; Midcap Funding Re Holdings, LLC; Midcap Funding II, LLC; HFG Healthco-4 Trust; and Healthcare Finance Group, LLC.

b. Captive Insurance Division of the Vermont Department of Financial Regulation: Filing of notification letter regarding the change of intermediate controlling entities of Athene Re USA IV including pre- and post-Closing structure charts.

c. Form B amendment filing within 15 days following the end of the month in which the Closing occurs by each of the AHL Insurers The "AHL Insurers" are: (i) AADE; (ii) AAIA; (iii) Structured Annuity Reinsurance Company ("STAR"); (iv) Athene Annuity & Life Assurance Company of New York ("AANY"); and (v) Athene Life Insurance Company of New York ("ALICNY"). and VIAC with the insurance regulator of its domiciliary state disclosing (i) the new AHL share/capitalization structure, (ii) an updated organizational chart and (iii) in the case of VIAC, the Affiliate Agreements, among any other matters that require disclosure at the time of filing.

d. Delaware Department of Insurance: Form B amendment filing disclosing the A&R Assumption Consent Agreement within 15 days following the end of the month of its execution.

e. Bermuda Monetary Authority: Post-transaction notice required to be filed within 45 days following closing by ALRe, AARe, Athene Co-Invest Reinsurance Affiliate 1A Ltd., Athene Co-Invest Reinsurance Affiliate 1B Ltd., Athene Life Re International Ltd. and Athene Co-Invest Reinsurance International Ltd.

3. The Required Vote of AHL shareholders.

[1]The "AHL Insurers" are: (i) AADE; (ii) AAIA; (iii) Structured Annuity Reinsurance Company ("STAR"); (iv) Athene Annuity & Life Assurance Company of New York ("AANY"); and (v) Athene Life Insurance Company of New York ("ALICNY").

**SECTION 3.11**
**LITIGATION AND REGULATORY PROCEEDINGS**

AHL is subject to litigation arising in the ordinary course of our business, including litigation principally relating to its FIA business.

The following matters, as more fully described in the AHL SEC Documents:

*Corporate-owned Life Insurance (COLI) Matter*.

*Regulatory Matters*.

*Caldera Matters*.

**SECTION 3.12**
**COMPLIANCE WITH LAW**

The disclosures in Section 3.11 are incorporated herein by reference.

SECTION 4.2

CAPITALIZATION

**(b)**

| Apollo Operating Group entity | Capitalization |
|---|---|
| Apollo Principal Holdings I, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings II, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings III, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings IV, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings V, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings VI, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings VII, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings VIII, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings IX, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings X, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings XI, LLC | Ordinary Shares: 222,402,725<br>Voting Shares: 100<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| Apollo Principal Holdings XII, L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |
| AMH Holdings (Cayman), L.P. | Class A Units: 222,402,725<br>Series A Preferred Mirror Units: 11,000,000<br>Series B Preferred Mirror Units: 12,000,000 |

**SECTION 4.5**
**CONSENTS AND APPROVALS**

*Pre-Closing Filings/Approvals*

1. Iowa Insurance Division: Request for approval of Form A filing exemption pertaining to Athene Annuity and Life Company, Structured Annuity Reinsurance Company and Venerable Insurance and Annuity Company.

2. Iowa Insurance Division: Request for approval of exchange of securities pursuant to Iowa Code § 507B.14.

3. Iowa Insurance Division: Filing and approval (or non-disapproval within the applicable statutory period) of a Form D Prior Notice of Transaction with respect to the Affiliate Agreements (as defined in Section 3.5 of the Disclosure Schedules).

4. Delaware Department of Insurance: Request for approval of Form A filing exemption pertaining to Athene Annuity & Life Assurance Company.

5. New York State Department of Financial Services: Request for approval of Form A filing exemption pertaining to Athene Annuity & Life Assurance Company of New York and Athene Life Insurance Company of New York.

6. Arizona Department of Insurance: Notification letter with pre- and post-transaction structure charts pertaining to Rocky Range, Inc.

7. Bermuda Monetary Authority: Notification in respect of AGM letter if AGM's control falls below 33% in connection with the Transaction.

8. Dutch Central Bank (Netherlands): Notification in respect of existing filing relating to the approval of qualifying shareholders.

Solely to the extent required by Applicable Law:

9. Central Bank of Ireland: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

10. Dutch Central Bank (Netherlands) and the Netherlands Authority for Financial Markets: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

11. Federal Financial Supervisory Authority (Germany): All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification

12. Deutsche Bundesbank (Germany): All applicable filings and/or approvals required in respect of AGM's holding in Oldenburgische Landesbank AG.

13. European Central Bank: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

14. National Bank of Belgium: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

15. Bermuda Monetary Authority: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing shareholder controllers that cease to be shareholder controllers or cross into new bands requiring approval or notification.

16. Arizona Department of Insurance: Approval of captive business plan amendment for the novation to AARe of ALRe's rights and obligations under the retrocession agreement with Rocky Range and the A&R Assumption Consent Agreement (and any other filing or approval required in connection with proposed changes to reinsurance arrangements involving Rocky Range).

17. Delaware Department of Insurance: Filing in connection with proposed changes to the Assumption Consent Agreement among Rocky Range, VIAC, AADE and ALRe.

18. Monetary Authority of Singapore and Lloyd's Asia: Notification of change in equity shareholding required in respect of Apollo Singapore and in respect of Aspen Insurance UK Limited (Singapore Branch) and Aspen Singapore Pte Ltd.

19. Securities & Futures Commission (Hong Kong): Notification regarding transaction involving significant shareholder of Apollo Management Hong Kong Limited.

20. Commission de Surveillance du Secteur Financier (Luxembourg): Pre-Closing notification in respect of new indirect shareholder of Apollo Investment Management Europe (Luxembourg) S.à r.l.

*Post-Closing Filings*

1. Captive Insurance Division of the Vermont Department of Financial Regulation: Filing of notification letter regarding the change of intermediate controlling entities of Athene Re USA IV including pre- and post-Closing structure charts.

2. Office of the Superintendent of Financial Institutions (Canada) and Canadian provisional insurance regulators: Courtesy notification within one week of Closing pertaining to Aspen Insurance UK Limited (Canadian branch).

3. Bank of Slovenia / ECB (through its Joint Supervisory Team or other competent body): To the extent required by Law, post-Closing notification pertaining to AGM's indirect qualifying holding in Nova KBM d.d.

**SECTION 6.1(A)**
**REGULATORY APPROVAL**

1. Iowa Insurance Division: Request for approval of Form A filing exemption pertaining to Athene Annuity and Life Company, Structured Annuity Reinsurance Company and Venerable Insurance and Annuity Company.

2. Iowa Insurance Division: Request for approval of exchange of securities pursuant to Iowa Code § 507B.14.

3. Iowa Insurance Division: Filing and approval (or non-disapproval within the applicable statutory period) of a Form D Prior Notice of Transaction with respect to the Affiliate Agreements (as defined in Section 3.5 of the Disclosure Schedules).

4. Delaware Department of Insurance: Request for approval of Form A filing exemption pertaining to Athene Annuity & Life Assurance Company.

5. New York State Department of Financial Services: Request for approval of Form A filing exemption pertaining to Athene Annuity & Life Assurance Company of New York and Athene Life Insurance Company of New York.

6. Arizona Department of Insurance: Notification letter with pre- and post-transaction structure charts pertaining to Rocky Range, Inc.

Solely to the extent approval is required by Applicable Law:

7. Central Bank of Ireland: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

8. Dutch Central Bank (Netherlands) and the Netherlands Authority for Financial Markets: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

9. Federal Financial Supervisory Authority (Germany): All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

10. Deutsche Bundesbank (Germany): All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

11. European Central Bank: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

12. National Bank of Belgium: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing qualifying shareholders that cease to be qualifying shareholders or cross into new bands requiring approval or notification.

13. Bermuda Monetary Authority: All applicable filings and/or approvals required in respect of any new qualifying shareholders and/or existing shareholder controllers that cease to be shareholder controllers or cross into new bands requiring approval or notification.

14. Delaware Department of Insurance: Filing in connection with proposed changes to the Assumption Consent Agreement among Rocky Range, VIAC, AADE and ALRe.

15. Arizona Department of Insurance: Approval of captive business plan amendment for the novation to AARe of ALRe's rights and obligations under the retrocession agreement with Rocky Range and the A&R Assumption Consent Agreement (and any other filing or approval required in connection with proposed changes to reinsurance arrangements involving Rocky Range).

**SECTION 6.1(b)**
**Reinsurance restructure**

Pursuant to a Modified Coinsurance Agreement, effective June 1, 2018, between VIAC and ALRe (the "FA Business Reinsurance Agreement"), VIAC cedes to ALRe an 80% quota share of certain liabilities arising under fixed annuities issued by VIAC (the "FA Business"). In addition, pursuant to a Modified Coinsurance Agreement, effective June 1, 2018, between VIAC and ALRe (the "GMIB Business Reinsurance Agreement"), VIAC cedes to ALRe an 80% quota share of certain liabilities arising under payout annuities issued in connection with elections made by policyholders under guaranteed minimum income benefit riders relating to variable annuities issued by VIAC (the "GMIB Business"). Prior to the closing of the transactions contemplated by the Agreement, the reinsurance from VIAC to ALRe will restructured as follows (the "Restructuring"):

1. Pursuant to Recapture Amendments to be entered into between VIAC and ALRe, VIAC will recapture all of the liabilities ceded under the FA Business Reinsurance Agreement and the GMIB Business Reinsurance Agreement.

2. Pursuant to a Modified Coinsurance Agreement to be entered into between VIAC and AARe, VIAC will cede to AARe all of the liabilities related to the FA Business that were previously ceded to ALRe. Pursuant to a Modified Coinsurance Agreement to be entered into between VIAC and AARe, VIAC will cede to AARe all of the liabilities relating to the GMIB Business that were previously ceded to ALRe.

3. Certain other agreements related to the reinsurance of the FA Business and the GMIB Business will be entered into in connection with the Restructuring. The Investment Management Agreement, dated as of June 1, 2018, by and between VIAC and ISG, pursuant to which ISG provides investment management services with respect to the modified coinsurance accounts established in connection with the FA Business Reinsurance Agreement and the GMIB Business Reinsurance Agreement, will be amended to replace references to the FA Business Reinsurance Agreement and the GMIB Business Reinsurance Agreement (and the modified coinsurance accounts established thereunder) with references to the new AARe Reinsurance Agreements (and the modified coinsurance accounts established thereunder). In addition, VIAC, Rocky Range, AADE and ALRe entered into an Assumption Consent Agreement, effective as of June 1, 2018 (the "Assumption Consent Agreement"), pursuant to which, among other things, ALRe agreed to assume certain liabilities with respect to payout annuities (defined below) directly from VIAC. The Assumption Consent Agreement will be amended and restated in its entirely to replace ALRe with AARe. Finally, Rocky Range and ALRe entered into a Retrocession Agreement, effective as of June 1, 2018 (the "Retrocession Agreement"), whereby, ALRe agreed that it would reinsure the GMIB Business from Rocky Range in the event that the Assumption Consent Agreement is ever terminated. Pursuant to a Novation Agreement to be entered into among ALRe, AARe and Rocky Range, all of ALRe's rights and obligations under the Retrocession Agreement will be novated to AARe.

The Restructuring will be subject to the approvals set forth below:

1. Iowa Insurance Division - Approval (or non-disapproval within the applicable statutory period) of Form D Prior Notice of Transaction filings with respect to the following agreements:
    a. Recapture Amendment (GMIB Payout Annuity Business) between VIAC and ALRe;
    b. Modified Coinsurance Agreement (GMIB Payout Annuity Business) between VIAC and AARe;
    c. Recapture Amendment (FA Business) between VIAC and ALRe;
    d. Modified Coinsurance Agreement (FA Business) between VIAC and AARe;
    e. Amended and Restated Assumption Consent Agreement among VIAC, Rocky Range, AADE and AARe; and
    f. First Amendment to Investment Management Agreement between VIAC and ISG.
2. Arizona Department of Insurance - Approval of captive business plan amendment to reflect the novation to AARe of ALRe's rights and obligations under the Retrocession Agreement and the A&R Assumption Consent Agreement.
3. Solely to the extent required by Applicable Law, the Delaware Department of Insurance - Approval (or non-disapproval within the applicable statutory period) of a Form D Prior Notice of Transaction filing with respect to the A&R Assumption Consent Agreement.

**Exhibit 10.38**

# VOTING AGREEMENT

**dated as of**

**October 27, 2019**

**by and among**

**APOLLO MANAGEMENT HOLDINGS, L.P. and**

**THE OTHER SHAREHOLDERS**

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**VOTING AGREEMENT**

VOTING AGREEMENT (this "Agreement"), dated as of October 27, 2019, by and among Apollo Management Holdings, L.P., a Delaware limited partnership ("AMH") and each Person identified on the signature pages hereto as an Other Shareholder (the "Other Shareholders").

WHEREAS, in connection with the transactions contemplated by that certain Transaction Agreement, dated as of the date hereof, by and among Apollo Global Management, Inc., a Delaware corporation, AHL and the other parties thereto (the "Transaction Agreement"), AMH and the Other Shareholders desire to address herein certain relationships among themselves.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

## ARTICLE I

## DEFINITIONS AND USAGE

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means in the case of a Person, another Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such Person; provided, that none of AHL and its Subsidiaries will be deemed an Affiliate of AMH or any of AMH's Affiliates for purposes of this Agreement.

As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"AGM" means Apollo Global Management, Inc., a Delaware corporation.

"AHL" means Athene Holding Ltd., a Bermuda exempted company.

"Apollo Related Holder Shares" means the number of Class A Shares that AGM can reasonably demonstrate with documentary or other evidence are beneficially owned in the aggregate by the Apollo Shareholders, the controlled Affiliates of AGM and the Persons set forth on Exhibit A (excluding for this purpose any Class A Shares to which the Apollo Shareholders have been granted a proxy by an employee of AHL).

"Apollo Shareholders" means any Person that is a shareholder of AHL and a party to the Shareholders Agreement to be entered into at the Closing among AHL, AMH and certain Affiliates of AMH that will acquire Class A Shares at the Closing pursuant to the Transaction Agreement.

"Board of Directors" means the board of directors of AHL.

"Business Day" means any day other than Saturday, Sunday, any day which shall be a federal legal holiday in the United States or Bermuda or any day on which banking institutions in The State of New York are authorized or required by Law or other governmental action to close.

"Class A Shares" means the Class A common shares, $0.001 par value per share, of AHL.

"Closing" has the meaning given to such term in the Transaction Agreement.

"Controlled Entity" means, as to any Person, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Person or such Person's Affiliates, (b) any partnership of which such Person or an Affiliate of such Person is the managing partner (or the general partner if such partnership is a limited partnership) and in which such Person or such Person's Affiliates hold partnership interests representing at least fifty percent (50%) of such partnership's capital and profits and (c) any limited liability company of which such Person or an Affiliate of such Person is the manager or managing member and in which such Person or such Person's Affiliates hold membership interests representing at least fifty percent (50%) of such limited liability company's capital and profits.

"Competitor" means any Person that is, or is affiliated in any manner with any other Person that is the reasonable good faith judgement of AHL in direct competition with, or controls any Person in direct competition with, AHL; provided that none of AGM or any of its Affiliates shall be deemed a Competitor at any time other than an Affiliate of AGM that is itself a Portfolio Company which may be deemed a Competitor to the extent such Portfolio Company is itself a Competitor pursuant to this definition.

"Fall-away Date" means the first date on which (i) the Apollo Related Holders Shares represent less than seven and one-half percent (7.5%) of the total aggregate number of Class A Shares issued and outstanding, or (ii) the Apollo Shareholders have a Percentage Interest of less than five percent (5%).

"Fund" means any separate account, client (other than AHL and its Subsidiaries), investment vehicle, or similar entity sponsored, advised or managed, directly or indirectly, by AGM or any of its Subsidiaries.

"Governmental Entity" means any federal, state, local, municipal or foreign government or subdivision thereof or any other governmental, administrative, judicial, arbitral, legislative, executive, regulatory or self-regulatory authority (including the New York Stock Exchange and FINRA-Financial Industry Regulatory Authority), instrumentality, agency, commission or body.

"Law" means any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, order, award, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

"Percentage Interest" means, with respect to any Person and as of any time of determination, a fraction, expressed as a percentage, the numerator of which is the number of Class A Shares held or beneficially owned by such Person, including Class A Shares to which such Person has been granted a valid proxy, as of such date and the denominator of which is the aggregate number of Class A Shares issued and outstanding as of such date

"Permitted Transferee" means, with respect to any Person, any Controlled Entity or Affiliate of such Person, a Transfer to which such Controlled Entity or Affiliate would not reasonably be expected to result in adverse tax or regulatory consequences to any party hereto or to AHL, as reasonably determined by AHL in good faith; provided, however, that no Person that is a Competitor, a Fund or a Portfolio Company shall be a Permitted Transferee for purposes of this Agreement.

"Person" means any individual, partnership, firm, corporation, limited liability company, association, trust, unincorporated organization or other entity.

"Portfolio Companies" means any Person in which any Fund owns or has made, directly or indirectly, an investment.

"Subject Shares" shall mean all Class A Shares beneficially owned by an Other Shareholder.

"Transfer" means any direct or indirect sale, assignment, bequest, conveyance, devise, gift (outright or in trust), pledge, charge, encumbrance, hypothecation, mortgage, creation of a security interest in, exchange, transfer or other disposition or act of alienation, whether voluntary or involuntary or by operation of Law (including the creation of any derivative or synthetic interest). The terms "Transferred" and "Transferrable" have correlative meanings.

Section 1.2 Interpretation. In this Agreement and in the exhibits hereto, except to the extent that the context otherwise requires:

(a) the headings are for convenience of reference only and shall not affect the interpretation of this Agreement;

(b) defined terms include the plural as well as the singular and vice versa;

(c) words importing gender include all genders;

(d) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been or may from time to time be amended, extended, re-enacted or consolidated and to all statutory instruments or orders made thereunder;

(e) any agreement or instrument defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement or instrument as from time to time amended, modified, supplemented or restated, including by waiver or consent, and references to all attachments thereto and instruments incorporated therein, but in the case of each of the foregoing, only to the extent that such amendment, modification, supplement, restatement, waiver or consent is effected in accordance with this Agreement;

(f) any reference to "day" or "month" means a calendar day or a calendar month;

(g) any reference to a "day" means the whole of such day, being the period of 24 hours running from midnight to midnight;

(h) references to Articles, Sections, subsections, clauses and Exhibits are references to Articles, Sections, subsections, clauses and Exhibits of and to this Agreement;

(i) the words "including" and "include" and other words of similar import shall be deemed to be followed by the phrase "without limitation";

(j) the word "or" shall be disjunctive but not exclusive; and

(k) unless otherwise specified, references to any party to this Agreement or any other document or agreement shall include such party's successors and permitted assigns.

## ARTICLE II

## PROXY

Section 2.1 Irrevocable Proxy and Power of Attorney.

(a) Subject to Section 2.1(b), Section 2.1(c), Section 2.3 and Section 3.12, and in each case subject to any limitations imposed by applicable Law, effective as of the Closing, each Other Shareholder hereby irrevocably constitutes and appoints AMH with full power of substitution, as its true and lawful proxy and attorney-in-fact to vote all of such Other Shareholder's Subject Shares at any meeting (and any adjournment or postponement thereof) of AHL's shareholders and in connection with any written consent of AHL's shareholders.

(b) The proxy and power of attorney granted herein (the "Proxy") shall be irrevocable during the Term, shall be deemed to be coupled with an interest sufficient in law to support an irrevocable proxy, and shall revoke all prior proxies granted by such Other Shareholder (if any) with respect to such Other Shareholder's Subject Shares. No Other Shareholder shall grant to any entity or other person any proxy which conflicts with the Proxy, and any attempt to do so shall be void.

(c) AMH may exercise the Proxy with respect to the Subject Shares only during the Term, and during the Term AMH shall have the right to vote the Subject Shares at any meeting of AHL's shareholders and in any action by written consent of AHL's shareholders in accordance with the provisions of Section 2.1(a). Unless expressly requested by AMH in writing, no Other Shareholder shall vote all or any portion of the Subject Shares at any such meeting or in connection with any such written consent of shareholders. During the Term, the vote, written consent or other action by AMH shall control in any conflict between a vote of or written consent or other action with respect to the Subject Shares by AMH, and a vote of or written consent or other action by any Other Shareholder with respect to the Subject Shares.

(d) The Other Shareholders shall execute and deliver all such further documents and take such other actions as may be required by the AHL Bye-Laws to effectuate the Proxy.

Section 2.2 Covenants of the Other Shareholders. Each Other Shareholder covenants and agrees that, while the Proxy is in effect with respect to any of such Other Shareholder's Subject Shares, and except as contemplated by this Agreement, (i) not to enter into any voting agreements, whether by proxy, voting agreement or other voting arrangement with respect to such Other Shareholder's Subject Shares, and (ii) not to take any action that would make any representation or warranty of such Other Shareholder contained herein untrue or incorrect, in each case, that would have the effect of preventing such Other Shareholder from performing its obligations under this Agreement.

Section 2.3 Term and Termination. The term of the Proxy and each Other Shareholder's covenants and agreements contained herein shall commence as of the Closing and shall terminate (i) with respect to any Other Shareholder's Subject Shares, automatically with respect to any Subject Share of such Other Shareholder (x) as and when, and to the extent, that such Subject Share ceases to constitute a Subject Share or (y) upon written notice by AMH to such Other Shareholder and (ii) with respect to all Subject Shares, upon the occurrence of the Fall-Away Date, in each case, without any requirement for any further act by any Other Shareholder or AMH or the delivery of any certificate to memorialize the same (the "Term").

Section 2.4 No Liability. Neither AMH, nor any of its Related Parties shall be liable, responsible or accountable in damages or otherwise to any Other Shareholder or any Related Party of any Other Shareholder by reason of any act or omission related to the possession or exercise of the Proxy in accordance with this Agreement. Each Other Shareholder acknowledges and agrees that no duty is owed to such Other Shareholder by AMH or any of its Related Parties in connection with or as a result of the granting of the Proxy or by reason of any act or omission related to the possession or the exercise thereof, and, to the extent any duty shall nonetheless be deemed or found to exist, such Other Shareholder hereby expressly and knowingly irrevocably waives, to the fullest extent permitted by applicable law, any and all such duty or duties, regardless of type or source.

Section 2.5 Assignment. Subject to Section 2.9, neither this Agreement nor the Proxy shall not be assignable by an Other Shareholder or by AMH.

Section 2.6 No Ownership Interest. Except as expressly set forth in this ARTICLE II, nothing contained in this ARTICLE II shall be deemed to vest in AMH any direct or indirect ownership or incidence of ownership of or with respect to the Subject Shares.

Section 2.7 Binding Effect; Reliance. All decisions, actions, consents and instructions of AMH in respect of the exercise of the Proxy in accordance with this Agreement shall be final and binding upon all of the Other Shareholders, and no such Person shall have any right to object, dissent, protest or otherwise contest the same. Other Shareholders shall be bound by all actions taken and documents executed by AMH in respect of the exercise of the Proxy in accordance with this Agreement, and AHL shall be entitled to rely on any action or decision of AMH in respect of the exercise of the Proxy in accordance with this Agreement. Notices or communications to or from AMH in respect of the exercise of the Proxy in accordance with this Agreement shall constitute notice to or from each of Other Shareholders.

Section 2.8 Regulatory Matters. Each Other Shareholder shall reasonably cooperate with AMH and its representatives in connection with any consents, approvals, authorizations, waivers, permits, filings and notifications of Governmental Entities (including the SEC and any insurance regulator located in the United States or other jurisdiction) that AMH makes or obtains for any matter that relates to, or arises from, the Proxy. Such cooperation shall be at AMH's sole expense, and AMH shall indemnify and hold harmless each Other Shareholder for any and all liabilities incurred by such Other Shareholder in connection with any action taken pursuant to this Section 2.8.

Section 2.9 Transfers and Joinders. Subject to receipt of all required consents, approvals and authorizations, AMH shall be permitted to assign the Proxy to any Permitted Transferee that beneficially owns Class A Shares, provided that such Permitted Transferee shall, prior to or concurrently with such Transfer, cause such Permitted Transferee to execute a joinder to this Agreement, in which such Permitted Transferee agrees to be bound by and shall fully comply with the terms of this Agreement that are applicable to AMH. If, following a Transfer of any Subject Shares by an Other Shareholder, such Subject Shares continue to constitute Subject Shares, then such Other Shareholder shall cause the applicable transferee to execute a joinder to this Agreement, in which such transferee agrees to be bound by and shall fully comply with the terms of this Agreement that are applicable to such Other Shareholder to the extent relating to such Subject Shares. For the avoidance of doubt, a joinder to this Agreement executed in accordance with the foregoing shall not require the consent of any other party hereto. Notwithstanding the foregoing or anything herein to the contrary, AMH shall not be relieved of any obligation or liability hereunder arising prior to the consummation of any such assignment of the Proxy.

## ARTICLE III

## MISCELLANEOUS

Section 3.1 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and thereof and fully supersede any and all prior or contemporaneous agreements or understandings among the parties hereto pertaining to the subject matter hereof and thereof.

Section 3.2 Further Assurances. Each of the parties hereto does hereby covenant and agree on behalf of itself, its successors, and its permitted assigns, without further consideration, to prepare, execute, acknowledge, file, record, publish, and deliver such other instruments, documents and statements, and to take such other actions as may be required by Law or reasonably necessary to effectively carry out the intent and purposes of this Agreement.

Section 3.3 Notices. Any notice, consent, payment, demand, or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be (a) delivered personally to the Person or to an officer of the Person to whom the same is directed, (b) sent by overnight mail or registered or certified mail, return receipt requested, postage prepaid, or (c) sent by email, with electronic or written confirmation of receipt, in each case addressed as follows:

(i) if to AMH, to:

Apollo Management Holdings, L.P.
9 West 57th Street, 43rd Floor
New York, NY 10019
Attention: John J. Suydam
Email: jsuydam@apollo.com

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attention: John M. Scott
Brian P. Finnegan
Ross A. Fieldston
Email: jscott@paulweiss.com
bfinnegan@paulweiss.com
rfieldston@paulweiss.com

(ii) if to any Other Shareholder, to: the address of such Other Shareholder set forth in the records of AHL.

Any such notice shall be deemed to be delivered, given and received for all purposes as of: (A) the date so delivered, if delivered personally, (B) upon receipt, if sent by facsimile or e-mail, or (C) on the date of receipt or refusal indicated on the return receipt, if sent by registered or certified mail, return receipt requested, postage and charges prepaid and properly addressed.

Section 3.4 Governing Law. ALL ISSUES AND QUESTIONS CONCERNING THE APPLICATION, CONSTRUCTION, VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS AGREEMENT AND THE EXHIBITS AND SCHEDULES TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF BERMUDA, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW RULES OR PROVISIONS (WHETHER OF BERMUDA OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN BERMUDA.

Section 3.5 Consent to Jurisdiction. With respect to any suit, action or proceeding ("Proceeding") arising out of or relating to this Agreement or any transaction contemplated hereby each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of the Supreme Court of Bermuda (the "Selected Court") and waives any objection to venue being laid in the Selected Court whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before the Selected Court; provided, however, that a party may commence any Proceeding in a court other than the Selected Court solely for the purpose of enforcing an order or judgment issued by the Selected Court; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to the applicable party hereto at its address set forth in Section 3.3; provided, however, that nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by Law; and (c) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER among THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

Section 3.6 Equitable Remedies. The parties hereto agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto shall be entitled to seek an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at Law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party hereto further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at Law would be adequate.

Section 3.7 Construction. This Agreement shall be construed as if all parties hereto prepared this Agreement.

Section 3.8 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall for all purposes be deemed an original, and all such counterparts shall together constitute but one and the same agreement.

Section 3.9 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended or shall be construed to give any Person other than the parties hereto (or their respective legal representatives, successors, heirs and distributees) any legal or equitable right, remedy or claim under or in respect of any agreement or provision contained herein, it being the intention of the parties hereto that this Agreement is for the sole and exclusive benefit of such parties (or such legal representatives, successors, heirs and distributees) and for the benefit of no other Person; provided, that the Related Parties of the parties hereto and the Related Parties of the Related Parties of the parties hereto shall be express third party beneficiaries of Section 2.4 and Section 3.13.

Section 3.10 Severability. In the event that any provision of this Agreement as applied to any party or to any circumstance, shall be adjudged by a court to be void, unenforceable or inoperative as a matter of Law, then the same shall in no way affect any other provision in this Agreement, the application of such provision in any other circumstance or with respect to any other party, or the validity or enforceability of the Agreement as a whole.

Section 3.11 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed by the parties hereto.

(b) No failure or delay by any party hereto in exercising any right, power or privilege hereunder shall operate as waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 3.12 Effectiveness. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be effective as of the Closing and, upon any termination of the Transaction Agreement prior to the Closing, this Agreement shall be null and void and of no further force or effect.

Section 3.13 Non-Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, by its acceptance of this Agreement, each party hereto covenants, acknowledges and agrees that no Person other than the parties hereto shall have any obligation hereunder and that (a) notwithstanding that any of the parties hereto may be a partnership or limited liability company, no recourse hereunder or under any documents or instruments delivered in connection herewith shall be had against any former, current or future, direct or indirect director, manager, officer, employee, agent, financing source or Affiliate of any of the parties hereto, any former, current or future, direct or indirect holder of any equity interests or securities of any of the parties hereto (whether such holder is a limited or general partner, manager, member, stockholder, securityholder or otherwise), any former, current or future assignee of any of the parties hereto, any former, current or future director, officer, employee, agent, financing source, general or limited partner, manager, management company, member, stockholder, securityholder, Affiliate, controlling Person or representative or assignee of any of the foregoing, or any former, current or future heir, executor, administrator, trustee, successor or assign of any of the foregoing other than the parties hereto or their respective successors or assignees under the this Agreement (any such Person or entity, other than the parties hereto or their respective successors or assignees under this Agreement, a "Related Party") or any Related Party of the Related Parties of the parties hereto whether by the enforcement of any judgment or assessment or by any legal or equitable Proceeding, or by virtue of any applicable Law; and (b) no personal liability whatsoever will attach to, be imposed on or otherwise incurred by any Related Party of any party hereto or any Related Party of such party's Related Parties under this Agreement or any documents or instruments delivered in connection herewith or for any claim based on, in respect of, or by reason of such obligations hereunder or by their creation.

IN WITNESS WHEREOF, the parties hereto have caused this Voting Agreement to be duly executed and delivered, all as of the date first set forth above.

**OTHER SHAREHOLDERS**

BELARDI 2018 GRAT

By: /s/ James R. Belardi
Name: James R. Belardi
Title: Trustee

BELARDI 2019 GRAT

By: /s/ James R. Belardi
Name: James R. Belardi
Title: Trustee

BELARDI 2019 GRAT

By: /s/ James R. Belardi
Name: James R. Belardi
Title: Trustee

By: /s/ William J. Wheeler
Name: William J. Wheeler

APOLLO MANAGEMENT HOLDINGS, L.P.

By: AMH Holding GP, Ltd., its General Partner

By: Apollo Management Holdings GP, LLC its Sole Director

By: /s/ John J. Suydam
Name: John J. Suydam
Title: Vice President and Secretary

**Exhibit A**

**Apollo Related Holders**

Each member of the AGM Executive Committee, each member of the AGM Management Committee, each Apollo Nominee (as defined in the Shareholders Agreement of AHL, by and among AGM, AHL and the other parties thereto) and each employee of or consultant to AGM and the Controlled Affiliates of AGM

**Exhibit 10.39**

October 27, 2019

James R. Belardi
Trustee, Belardi 2018 Grat
2900 The Strand
Manhattan Beach, CA 90266

Dear Mr. Belardi:

Athene Holding Ltd. (the "Company") intends to enter into a transaction involving, among other things, an exchange of shares between the Company and certain subsidiaries of Apollo Global Management, Inc., as well as the elimination of the Company's Class B and Class M common shares (the "Transaction"). As the holder (the "Holder") of the Class M Shares set forth on Exhibit A (the "Class M Shares"), the Company requests that you execute and return this letter agreement confirming your agreement with respect to the matters described below.

The Company and the Holder hereby agree as follows:

1. Contemporaneous with the closing of the Transaction (the "Closing"), the Company will exchange all of the Class M Shares for the securities described on Exhibit B hereto, as set forth in more detail on Exhibit B. The Company agrees that as of the date on which the Transaction closes, the total economic value of the securities to be received by the Holder is intended to be at least equal to the value of the Class M Shares as of such date, as determined pursuant to an independent analysis performed by Duff & Phelps.

2. The Holder hereby agrees to vote all of the Holder's Class M Shares at the special meeting of the Company's shareholders concerning the Transaction in favor of (i) the conversion of the series of Class M Common Shares owned by the Holder into other securities as set forth in Exhibit B and (ii) the amendment of the Bye-laws to eliminate each series of Class M Common Shares owned by the Holder and all rights relating thereto.

[SIGNATURE PAGE FOLLOWS]

If the above correctly reflects your understanding and agreement with respect to the foregoing matters, please so confirm by signing the enclosed copy of this letter agreement in the space provided below.

Sincerely,

ATHENE HOLDING LTD.

By: /s/ James R. Belardi_________

Name: James R. Belardi_________

Title: Trustee__________________

Signature Page to Class M Letter Agreement

ACKNOWLEDGED AND AGREED:

**HOLDER**

BELARDI 2018 GRAT

/s/ James R. Belardi________
Name: James R. Belardi
Title: Trustee

**EXHIBIT A**

**CLASS M SHARES**

190,841 Class M-2 shares and 500,000 Class M-3 shares held by the Belardi 2018 GRAT

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**EXHIBIT B**

**EXCHANGE TERM SHEET**

**Athene Holding Ltd.**

**Class M Shares Exchange Terms**

The following is a summary of the principal terms of the exchange by holders of Class M Shares for (i) Class A Common Shares of Athene Holding Ltd. ("AHL") and (ii) warrants for the purchase of Class A Common Shares of AHL taking place in connection with the closing of the transactions contemplated by the Transaction Agreement, dated as of October 27, 2019, by and among AHL, Apollo Global Management, Inc., a Delaware corporation ("AGM"), and certain others (such agreement, the "Transaction Agreement").

<table>
<tr><td>1. Acceleration</td><td>In connection with the closing of the transactions contemplated by the Transaction Agreement (the "Closing") and immediately before such Closing, all vesting conditions with respect to the outstanding unvested Class M4 and M4 Prime Awards will be accelerated, and the holder shall hold the relevant Class M4 or M4 Prime Shares subject to such awards not subject to any further vesting condition.</td></tr>
<tr><td>2. Exchange Terms</td><td>Contemporaneous with the Closing, each holder of vested Class M Common Shares will exchange such vested Class M Common Shares (the "Exchanged Shares") for:<br><br>(A) A number of Class A Common Shares of AHL with an aggregate value equal to 5% of the fair market value of the Class M Common Shares surrendered (the "Shares");<br><br>(B) A number of warrants to purchase Class A Common Shares of AHL at a specified exercise price, with terms calculated to produce a fair market value equal to 95% of the fair market value of the Exchanged Shares (the "Warrants") (the foregoing, the "Exchange").<br><br>It is intended that the value of Class A Common Shares and Warrants received in connection with the Exchange as of the Closing will be equal to the value of the Exchanged Shares as of the Closing, including substantially similar "leverage" inherent in the terms and design of the Class M Common Shares.<br><br>Fair market value will be determined as follows:<br><br>(A) For Class A Common Shares, in accordance with customary valuation methodologies to be agreed between the parties;<br><br>(B) For the Class M Common Shares, in accordance with the Duff & Phelps valuation; and<br><br>(C) For the Warrants, in accordance with the Duff & Phelps valuation.<br><br>Where any calculation would otherwise produce a fractional Class A Common Share, the results of such calculation shall be rounded up to the nearest whole number.</td></tr>
<tr><td>3. Vesting</td><td>Neither the Shares nor the Warrants shall be subject to any vesting conditions.</td></tr>
<tr><td>4. Dividend Equivalents</td><td>In the event dividends are paid with respect to Class A Common Shares prior to the exercise of a Warrant, the terms of any Warrant exercised subsequent to such dividend shall be adjusted so that, upon exercise, the holder receives an additional number of Class A Common Shares to reflect such dividends.</td></tr>
<tr><td>5. Exercise Price of Warrants</td><td>In order to provide the holder with shares and securities with an aggregate value approximately equal to the Exchanged Shares, the exercise price of the Warrants will be approximately equal to (but may not be exactly equal to) the exchange price of the Exchanged Shares.</td></tr>
<tr><td>6. Exercise of Warrants</td><td>A warrant may be exercised either by:<br><br>(A) Payment of cash purchase price equal to the exercise price for such Warrant (a "Cash Exercise"); or<br><br>(B) Surrender of warrants in exchange for a number of Class A Common Shares equal to (I) the number of Warrants surrendered, multiplied by, (II) (A) the value of Class A Common Shares on the exercise date, less (B) the exercise price of such Warrant, divided by (III) the value of Class A Common Shares on the exercise date (the foregoing, a "Cashless Exercise").</td></tr>
<tr><td>7. Voting Rights of Warrants</td><td>Consistent with the award agreements for the Shares, Holders of Warrants will not have any voting rights unless and until they exercise their Warrants and receive Class A Common Shares.</td></tr>
</table>

| | |
|---|---|
| 8. Taxation of Holder | For holders who did not file an 83(b) election, such holders of unvested Class M Common Shares whose vesting period is accelerated in connection with the Exchange will recognize ordinary income in an amount equal to the fair market value of such Class M Common Shares as of the vesting acceleration date. For holders who did file an 83(b) election, the acceleration of their unvested Class M Common Shares will not be a taxable event, and such holders will not recognize any income, gain, loss or deduction as a result of such acceleration.<br><br>Following acceleration, the Exchange is expected to be tax-free to holders for US federal income tax purposes. The holding period for Shares and Warrants received in the Exchange will include the holding period for the Exchanged Shares. A holder's basis in Class A Common Shares and Warrants received in the Exchange will equal such holder's basis in the Exchanged Shares, and will be divided between the Shares and Warrants in accordance with the relative fair market value of each.<br><br>Following a Cash Exercise, a holder will have basis in the purchased Class A Common Shares equal to (i) the holder's basis in the Warrants *plus* (ii) the amount of cash paid for the Class A Common Shares in the Cash Exercise. The holding period for Class A Common Shares purchased in connection with a Cash Exercise will begin no earlier than the day of such Cash Exercise. Accordingly, any gain recognized on a disposition of such Class A Common Shares purchased in a Cash Exercise and disposed of within one year from the date of such Cash Exercise will be subject to U.S. federal income tax as short-term capital gain.<br><br>A Cashless Exercise is expected to be tax-free to holders. Assuming this treatment is correct, the holding period for Class A Common Shares received in a Cashless Exercise will include the holder's holding period for the Warrants, and a holder's basis in Class A Common Shares received in such Cashless Exercise will be equal to the basis in the Warrants exchanged. If such holding period is one year or longer, upon a disposition of such Class A Common Shares, any gain or loss will be long-term capital gain or long-term capital loss, as the case may be. |
| 9. Adjustments for Changes in Capital Structure | In the event of stock splits, stock dividends or an extraordinary corporate event affecting the capital structure of AHL, the Board of Directors of AHL will adjust the Warrants to the extent necessary to preserve the economic terms of the Warrants. No adjustment will be made for ordinary cash dividends or new issuances of securities by Athene for consideration. |
| 10. Protective Covenants | The employee will continue to be subject to the covenants in the award agreement, including but not limited to non-competition, non-solicitation and confidentiality covenants. In addition, customary covenants regarding consistent tax reporting will be included. |
| 11. Arbitration | In general, and consistent with the terms of the award agreements for the Shares, disputes, controversies or claims relating to the Exchange (including the terms of the Warrants) are required to be settled by binding arbitration before the American Arbitration Association (the "AAA") in accordance with the AAA's then existing National Rules for the Resolution of Employment Disputes. The arbitration will be conducted in the State of Delaware before a neutral arbitrator. |
| 12. Advisors | Each holder is advised to consult with his or her personal tax, financial and legal advisors concerning the treatment of the Exchange (tax, value and otherwise), and should not rely on AHL as to such treatment. |

**Exhibit 10.40**

October 27, 2019

James R. Belardi
Trustee, Belardi 2019 Grat
2900 The Strand
Manhattan Beach, CA 90266

Dear Mr. Belardi:

Athene Holding Ltd. (the "Company") intends to enter into a transaction involving, among other things, an exchange of shares between the Company and certain subsidiaries of Apollo Global Management, Inc., as well as the elimination of the Company's Class B and Class M common shares (the "Transaction"). As the holder (the "Holder") of the Class M Shares set forth on Exhibit A (the "Class M Shares"), the Company requests that you execute and return this letter agreement confirming your agreement with respect to the matters described below.

The Company and the Holder hereby agree as follows:

1. Contemporaneous with the closing of the Transaction (the "Closing"), the Company will exchange all of the Class M Shares for the securities described on Exhibit B hereto, as set forth in more detail on Exhibit B. The Company agrees that as of the date on which the Transaction closes, the total economic value of the securities to be received by the Holder is intended to be at least equal to the value of the Class M Shares as of such date, as determined pursuant to an independent analysis performed by Duff & Phelps.

2. The Holder hereby agrees to vote all of the Holder's Class M Shares at the special meeting of the Company's shareholders concerning the Transaction in favor of (i) the conversion of the series of Class M Common Shares owned by the Holder into other securities as set forth in Exhibit B and (ii) the amendment of the Bye-laws to eliminate each series of Class M Common Shares owned by the Holder and all rights relating thereto.

[SIGNATURE PAGE FOLLOWS]

If the above correctly reflects your understanding and agreement with respect to the foregoing matters, please so confirm by signing the enclosed copy of this letter agreement in the space provided below.

Sincerely,

ATHENE HOLDING LTD.

By: /s/ James R. Belardi_________

Name: James R. Belardi_________

Title: Trustee__________________

ACKNOWLEDGED AND AGREED:

**HOLDER**

BELARDI 2019 GRAT

/s/James R. Belardi________
Name: James R. Belardi
Title: Trustee

**EXHIBIT A**

**CLASS M SHARES**

1,994,233 Class M-1 shares; 650,169.76 Class M-2 shares; and 500,000 Class M-3 shares held by the Belardi 2019 GRAT

**EXHIBIT B**

**EXCHANGE TERM SHEET**

**Athene Holding Ltd.**

**Class M Shares Exchange Terms**

The following is a summary of the principal terms of the exchange by holders of Class M Shares for (i) Class A Common Shares of Athene Holding Ltd. ("AHL") and (ii) warrants for the purchase of Class A Common Shares of AHL taking place in connection with the closing of the transactions contemplated by the Transaction Agreement, dated as of October 27, 2019, by and among AHL, Apollo Global Management, Inc., a Delaware corporation ("AGM"), and certain others (such agreement, the "Transaction Agreement").

| | |
|---|---|
| 1. Acceleration | In connection with the closing of the transactions contemplated by the Transaction Agreement (the "Closing") and immediately before such Closing, all vesting conditions with respect to the outstanding unvested Class M4 and M4 Prime Awards will be accelerated, and the holder shall hold the relevant Class M4 or M4 Prime Shares subject to such awards not subject to any further vesting condition. |
| 2. Exchange Terms | Contemporaneous with the Closing, each holder of vested Class M Common Shares will exchange such vested Class M Common Shares (the "Exchanged Shares") for:<br><br>(A) A number of Class A Common Shares of AHL with an aggregate value equal to 5% of the fair market value of the Class M Common Shares surrendered (the "Shares");<br><br>(B) A number of warrants to purchase Class A Common Shares of AHL at a specified exercise price, with terms calculated to produce a fair market value equal to 95% of the fair market value of the Exchanged Shares (the "Warrants") (the foregoing, the "Exchange").<br><br>It is intended that the value of Class A Common Shares and Warrants received in connection with the Exchange as of the Closing will be equal to the value of the Exchanged Shares as of the Closing, including substantially similar "leverage" inherent in the terms and design of the Class M Common Shares.<br><br>Fair market value will be determined as follows:<br><br>(A) For Class A Common Shares, in accordance with customary valuation methodologies to be agreed between the parties;<br><br>(B) For the Class M Common Shares, in accordance with the Duff & Phelps valuation; and<br><br>(C) For the Warrants, in accordance with the Duff & Phelps valuation.<br><br>Where any calculation would otherwise produce a fractional Class A Common Share, the results of such calculation shall be rounded up to the nearest whole number. |
| 3. Vesting | Neither the Shares nor the Warrants shall be subject to any vesting conditions. |
| 4. Dividend Equivalents | In the event dividends are paid with respect to Class A Common Shares prior to the exercise of a Warrant, the terms of any Warrant exercised subsequent to such dividend shall be adjusted so that, upon exercise, the holder receives an additional number of Class A Common Shares to reflect such dividends. |
| 5. Exercise Price of Warrants | In order to provide the holder with shares and securities with an aggregate value approximately equal to the Exchanged Shares, the exercise price of the Warrants will be approximately equal to (but may not be exactly equal to) the exchange price of the Exchanged Shares. |
| 6. Exercise of Warrants | A warrant may be exercised either by:<br><br>(A) Payment of cash purchase price equal to the exercise price for such Warrant (a "Cash Exercise"); or<br><br>(B) Surrender of warrants in exchange for a number of Class A Common Shares equal to (I) the number of Warrants surrendered, *multiplied by*, (II) (A) the value of Class A Common Shares on the exercise date, *less* (B) the exercise price of such Warrant, *divided by* (III) the value of Class A Common Shares on the exercise date (the foregoing, a "Cashless Exercise"). |
| 7. Voting Rights of Warrants | Consistent with the award agreements for the Shares, Holders of Warrants will not have any voting rights unless and until they exercise their Warrants and receive Class A Common Shares. |

| | |
|---|---|
| 8. Taxation of Holder | For holders who did not file an 83(b) election, such holders of unvested Class M Common Shares whose vesting period is accelerated in connection with the Exchange will recognize ordinary income in an amount equal to the fair market value of such Class M Common Shares as of the vesting acceleration date. For holders who did file an 83(b) election, the acceleration of their unvested Class M Common Shares will not be a taxable event, and such holders will not recognize any income, gain, loss or deduction as a result of such acceleration.<br><br>Following acceleration, the Exchange is expected to be tax-free to holders for US federal income tax purposes. The holding period for Shares and Warrants received in the Exchange will include the holding period for the Exchanged Shares. A holder's basis in Class A Common Shares and Warrants received in the Exchange will equal such holder's basis in the Exchanged Shares, and will be divided between the Shares and Warrants in accordance with the relative fair market value of each.<br><br>Following a Cash Exercise, a holder will have basis in the purchased Class A Common Shares equal to (i) the holder's basis in the Warrants *plus* (ii) the amount of cash paid for the Class A Common Shares in the Cash Exercise. The holding period for Class A Common Shares purchased in connection with a Cash Exercise will begin no earlier than the day of such Cash Exercise. Accordingly, any gain recognized on a disposition of such Class A Common Shares purchased in a Cash Exercise and disposed of within one year from the date of such Cash Exercise will be subject to U.S. federal income tax as short-term capital gain.<br><br>A Cashless Exercise is expected to be tax-free to holders. Assuming this treatment is correct, the holding period for Class A Common Shares received in a Cashless Exercise will include the holder's holding period for the Warrants, and a holder's basis in Class A Common Shares received in such Cashless Exercise will be equal to the basis in the Warrants exchanged. If such holding period is one year or longer, upon a disposition of such Class A Common Shares, any gain or loss will be long-term capital gain or long-term capital loss, as the case may be. |
| 9. Adjustments for Changes in Capital Structure | In the event of stock splits, stock dividends or an extraordinary corporate event affecting the capital structure of AHL, the Board of Directors of AHL will adjust the Warrants to the extent necessary to preserve the economic terms of the Warrants. No adjustment will be made for ordinary cash dividends or new issuances of securities by Athene for consideration. |
| 10. Protective Covenants | The employee will continue to be subject to the covenants in the award agreement, including but not limited to non-competition, non-solicitation and confidentiality covenants. In addition, customary covenants regarding consistent tax reporting will be included. |
| 11. Arbitration | In general, and consistent with the terms of the award agreements for the Shares, disputes, controversies or claims relating to the Exchange (including the terms of the Warrants) are required to be settled by binding arbitration before the American Arbitration Association (the "AAA") in accordance with the AAA's then existing National Rules for the Resolution of Employment Disputes. The arbitration will be conducted in the State of Delaware before a neutral arbitrator. |
| 12. Advisors | Each holder is advised to consult with his or her personal tax, financial and legal advisors concerning the treatment of the Exchange (tax, value and otherwise), and should not rely on AHL as to such treatment. |

**Exhibit 10.41**

October 27, 2019

William Wheeler
147 Brite Avenue,
Scarsdale, New York 10583

Dear Mr. Wheeler:

Athene Holding Ltd. (the "Company") intends to enter into a transaction involving, among other things, an exchange of shares between the Company and certain subsidiaries of Apollo Global Management, Inc., as well as the elimination of the Company's Class B and Class M common shares (the "Transaction"). As the holder (the "Holder") of the Class M Shares set forth on Exhibit A (the "Class M Shares"), the Company requests that you execute and return this letter agreement confirming your agreement with respect to the matters described below.

The Company and the Holder hereby agree as follows:

1. Contemporaneous with the closing of the Transaction (the "Closing"), the Company will accelerate the vesting conditions associated with any time-based or performance-based vesting Class M restricted share awards held by the Holder, and then exchange all vested Class M Shares described on Exhibit A for the securities described on Exhibit B hereto, as set forth in more detail on Exhibit B. The Company agrees that as of the date on which the Transaction closes, the total economic value of the securities to be received by the Holder is intended to be at least equal to the value of the vested Class M Shares as of such date, as determined pursuant to an independent analysis performed by Duff & Phelps.

2. Contemporaneous with the Closing, the Company will exchange all of the Class M Shares for the securities described on Exhibit A hereto, as set forth in more detail on Exhibit C. The Company agrees that as of the date on which the Transaction closes, the total economic value of the securities to be received by the Holder is intended to be at least equal to the value of the Class M Shares as of such date, as determined pursuant to an independent analysis performed by Duff & Phelps.

3. The Holder hereby agrees to vote all of the Holder's Class M Shares at the special meeting of the Company's shareholders concerning the Transaction in favor of (i) the conversion of the series of Class M Common Shares owned by the Holder into other securities as set forth in Exhibits B and C and (ii) the amendment of the Bye-laws to eliminate each series of Class M Common Shares owned by the Holder and all rights relating thereto.

[SIGNATURE PAGE FOLLOWS]

If the above correctly reflects your understanding and agreement with respect to the foregoing matters, please so confirm by signing the enclosed copy of this letter agreement in the space provided below.

Sincerely,

ATHENE HOLDING LTD.

By: /s/ William J. Wheeler_______

Name: William J. Wheeler_______

Title: Trustee_________________

Signature Page to Class M Letter Agreement

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ACKNOWLEDGED AND AGREED:

**HOLDER**

/s/ William J. Wheeler________
Name: William J. Wheeler

**EXHIBIT A**

**CLASS M SHARES**

2,500,000 Class M-4 Prime common shares, of which 1,000,000 are unvested.

**EXHIBIT B**

**EXCHANGE TERM SHEET (ACCELERATION)**

**Athene Holding Ltd.**

**Class M Shares Exchange Terms**

The following is a summary of the principal terms of the exchange by holders of Class M Shares for (i) Class A Common Shares of Athene Holding Ltd. ("AHL") and (ii) warrants for the purchase of Class A Common Shares of AHL taking place in connection with the closing of the transactions contemplated by the Transaction Agreement, dated as of October 27, 2019, by and among AHL, Apollo Global Management, Inc., a Delaware corporation ("AGM"), and certain others (such agreement, the "Transaction Agreement").

| | |
|---|---|
| 1. Acceleration | In connection with the closing of the transactions contemplated by the Transaction Agreement (the "Closing") and immediately before such Closing, all vesting conditions with respect to the outstanding unvested Class M4 and M4 Prime Awards will be accelerated, and the holder shall hold the relevant Class M4 or M4 Prime Shares subject to such awards not subject to any further vesting condition. |
| 2. Exchange Terms | Contemporaneous with the Closing, each holder of vested Class M Common Shares will exchange such vested Class M Common Shares (the "Exchanged Shares") for:<br><br>(A) A number of Class A Common Shares of AHL with an aggregate value equal to 5% of the fair market value of the Class M Common Shares surrendered (the "Shares");<br><br>(B) A number of warrants to purchase Class A Common Shares of AHL at a specified exercise price, with terms calculated to produce a fair market value equal to 95% of the fair market value of the Exchanged Shares (the "Warrants") (the foregoing, the "Exchange").<br><br>It is intended that the value of Class A Common Shares and Warrants received in connection with the Exchange as of the Closing will be equal to the value of the Exchanged Shares as of the Closing, including substantially similar "leverage" inherent in the terms and design of the Class M Common Shares.<br><br>Fair market value will be determined as follows:<br><br>(A) For Class A Common Shares, in accordance with customary valuation methodologies to be agreed between the parties;<br><br>(B) For the Class M Common Shares, in accordance with the Duff & Phelps valuation; and<br><br>(C) For the Warrants, in accordance with the Duff & Phelps valuation.<br><br>Where any calculation would otherwise produce a fractional Class A Common Share, the results of such calculation shall be rounded up to the nearest whole number. |
| 3. Vesting | Neither the Shares nor the Warrants shall be subject to any vesting conditions. |
| 4. Dividend Equivalents | In the event dividends are paid with respect to Class A Common Shares prior to the exercise of a Warrant, the terms of any Warrant exercised subsequent to such dividend shall be adjusted so that, upon exercise, the holder receives an additional number of Class A Common Shares to reflect such dividends. |
| 5. Exercise Price of Warrants | In order to provide the holder with shares and securities with an aggregate value approximately equal to the Exchanged Shares, the exercise price of the Warrants will be approximately equal to (but may not be exactly equal to) the exchange price of the Exchanged Shares. |
| 6. Exercise of Warrants | A warrant may be exercised either by:<br><br>(A) Payment of cash purchase price equal to the exercise price for such Warrant (a "Cash Exercise"); or<br><br>(B) Surrender of warrants in exchange for a number of Class A Common Shares equal to (I) the number of Warrants surrendered, *multiplied by*, (II) (A) the value of Class A Common Shares on the exercise date, *less* (B) the exercise price of such Warrant, *divided by* (III) the value of Class A Common Shares on the exercise date (the foregoing, a "Cashless Exercise"). |
| 7. Voting Rights of Warrants | Consistent with the award agreements for the Shares, Holders of Warrants will not have any voting rights unless and until they exercise their Warrants and receive Class A Common Shares. |

| 8. Taxation of Holder | For holders who did not file an 83(b) election, such holders of unvested Class M Common Shares whose vesting period is accelerated in connection with the Exchange will recognize ordinary income in an amount equal to the fair market value of such Class M Common Shares as of the vesting acceleration date. For holders who did file an 83(b) election, the acceleration of their unvested Class M Common Shares will not be a taxable event, and such holders will not recognize any income, gain, loss or deduction as a result of such acceleration.<br><br>Following acceleration, the Exchange is expected to be tax-free to holders for US federal income tax purposes. The holding period for Shares and Warrants received in the Exchange will include the holding period for the Exchanged Shares. A holder's basis in Class A Common Shares and Warrants received in the Exchange will equal such holder's basis in the Exchanged Shares, and will be divided between the Shares and Warrants in accordance with the relative fair market value of each.<br><br>Following a Cash Exercise, a holder will have basis in the purchased Class A Common Shares equal to (i) the holder's basis in the Warrants *plus* (ii) the amount of cash paid for the Class A Common Shares in the Cash Exercise. The holding period for Class A Common Shares purchased in connection with a Cash Exercise will begin no earlier than the day of such Cash Exercise. Accordingly, any gain recognized on a disposition of such Class A Common Shares purchased in a Cash Exercise and disposed of within one year from the date of such Cash Exercise will be subject to U.S. federal income tax as short-term capital gain.<br><br>A Cashless Exercise is expected to be tax-free to holders. Assuming this treatment is correct, the holding period for Class A Common Shares received in a Cashless Exercise will include the holder's holding period for the Warrants, and a holder's basis in Class A Common Shares received in such Cashless Exercise will be equal to the basis in the Warrants exchanged. If such holding period is one year or longer, upon a disposition of such Class A Common Shares, any gain or loss will be long-term capital gain or long-term capital loss, as the case may be. |
|---|---|
| 9. Adjustments for Changes in Capital Structure | In the event of stock splits, stock dividends or an extraordinary corporate event affecting the capital structure of AHL, the Board of Directors of AHL will adjust the Warrants to the extent necessary to preserve the economic terms of the Warrants. No adjustment will be made for ordinary cash dividends or new issuances of securities by Athene for consideration. |
| 10. Protective Covenants | The employee will continue to be subject to the covenants in the award agreement, including but not limited to non-competition, non-solicitation and confidentiality covenants. In addition, customary covenants regarding consistent tax reporting will be included. |
| 11. Arbitration | In general, and consistent with the terms of the award agreements for the Shares, disputes, controversies or claims relating to the Exchange (including the terms of the Warrants) are required to be settled by binding arbitration before the American Arbitration Association (the "AAA") in accordance with the AAA's then existing National Rules for the Resolution of Employment Disputes. The arbitration will be conducted in the State of Delaware before a neutral arbitrator. |
| 12. Advisors | Each holder is advised to consult with his or her personal tax, financial and legal advisors concerning the treatment of the Exchange (tax, value and otherwise), and should not rely on AHL as to such treatment. |

**EXHIBIT C**

**EXCHANGE TERM SHEET**

**Athene Holding Ltd.**

**Class M Shares Exchange Terms**

The following is a summary of the principal terms of the exchange by holders of Class M Shares for (i) Class A Common Shares of Athene Holding Ltd. ("AHL") and (ii) warrants for the purchase of Class A Common Shares of AHL taking place in connection with the closing of the transactions contemplated by the Transaction Agreement, dated as of October 27, 2019, by and among AHL, Apollo Global Management, Inc., a Delaware corporation ("AGM"), and certain others (such agreement, the "Transaction Agreement").

| | |
|---|---|
| 1. Exchange Terms | Contemporaneous with the closing of the transactions contemplated by the Transaction Agreement (the "Closing"), each holder of vested Class M Common Shares will exchange such vested Class M Common Shares (the "Exchanged Shares") for:<br><br>(A) A number of Class A Common Shares of AHL with an aggregate value equal to 5% of the fair market value of the Class M Common Shares surrendered (the "Shares");<br><br>(B) A number of warrants to purchase Class A Common Shares of AHL at a specified exercise price, with terms calculated to produce a fair market value equal to 95% of the fair market value of the Exchanged Shares (the "Warrants") (the foregoing, the "Exchange").<br><br>It is intended that the value of Class A Common Shares and Warrants received in connection with the Exchange as of the Closing will be equal to the value of the Exchanged Shares as of the Closing, including substantially similar "leverage" inherent in the terms and design of the Class M Common Shares.<br><br>Fair market value will be determined as follows:<br><br>(A) For Class A Common Shares, in accordance with customary valuation methodologies to be agreed between the parties;<br><br>(B) For the Class M Common Shares, in accordance with the Duff & Phelps valuation; and<br><br>(C) For the Warrants, in accordance with the Duff & Phelps valuation.<br><br>Where any calculation would otherwise produce a fractional Class A Common Share, the results of such calculation shall be rounded up to the nearest whole number. |
| 2. Vesting | Neither the Shares nor the Warrants shall be subject to any vesting conditions. |
| 3. Dividend Equivalents | In the event dividends are paid with respect to Class A Common Shares prior to the exercise of a Warrant, the terms of any Warrant exercised subsequent to such dividend shall be adjusted so that, upon exercise, the holder receives an additional number of Class A Common Shares to reflect such dividends. |
| 4. Exercise Price of Warrants | In order to provide the holder with shares and securities with an aggregate value approximately equal to the Exchanged Shares, the exercise price of the Warrants will be approximately equal to (but may not be exactly equal to) the exchange price of the Exchanged Shares. |
| 5. Exercise of Warrants | A warrant may be exercised either by:<br><br>(A) Payment of cash purchase price equal to the exercise price for such Warrant (a "Cash Exercise"); or<br><br>(B) Surrender of warrants in exchange for a number of Class A Common Shares equal to (I) the number of Warrants surrendered, *multiplied by*, (II) (A) the value of Class A Common Shares on the exercise date, *less* (B) the exercise price of such Warrant, *divided by* (III) the value of Class A Common Shares on the exercise date (the foregoing, a "Cashless Exercise"). |
| 6. Voting Rights of Warrants | Consistent with the award agreements for the Shares, Holders of Warrants will not have any voting rights unless and until they exercise their Warrants and receive Class A Common Shares. |

| | |
|---|---|
| 7. Taxation of Holder | The Exchange is expected to be tax-free to holders for US federal income tax purposes. The holding period for Shares and Warrants received in the Exchange will include the holding period for the Exchanged Shares. A holder's basis in Class A Common Shares and Warrants received in the Exchange will equal such holder's basis in the Exchanged Shares, and will be divided between the Shares and Warrants in accordance with the relative fair market value of each.<br><br>Following a Cash Exercise, a holder will have basis in the purchased Class A Common Shares equal to (i) the holder's basis in the Warrants *plus* (ii) the amount of cash paid for the Class A Common Shares in the Cash Exercise. The holding period for Class A Common Shares purchased in connection with a Cash Exercise will begin no earlier than the day of such Cash Exercise. Accordingly, any gain recognized on a disposition of such Class A Common Shares purchased in a Cash Exercise and disposed of within one year from the date of such Cash Exercise will be subject to U.S. federal income tax as short-term capital gain.<br><br>A Cashless Exercise is expected to be tax-free to holders. Assuming this treatment is correct, the holding period for Class A Common Shares received in a Cashless Exercise will include the holder's holding period for the Warrants, and a holder's basis in Class A Common Shares received in such Cashless Exercise will be equal to the basis in the Warrants exchanged. If such holding period is one year or longer, upon a disposition of such Class A Common Shares, any gain or loss will be long-term capital gain or long-term capital loss, as the case may be. |
| 8. Adjustments for Changes in Capital Structure | In the event of stock splits, stock dividends or an extraordinary corporate event affecting the capital structure of AHL, the Board of Directors of AHL will adjust the Warrants to the extent necessary to preserve the economic terms of the Warrants. No adjustment will be made for ordinary cash dividends or new issuances of securities by Athene for consideration. |
| 9. Protective Covenants | The employee will continue to be subject to the covenants in the award agreement, including but not limited to non-competition, non-solicitation and confidentiality covenants. In addition, customary covenants regarding consistent tax reporting will be included. |
| 10. Arbitration | In general and consistent with the terms of the award agreements for the Shares, disputes, controversies or claims relating to the Exchange (including the terms of the Warrants) are required to be settled by binding arbitration before the American Arbitration Association (the "AAA") in accordance with the AAA's then existing National Rules for the Resolution of Employment Disputes. The arbitration will be conducted in the State of Delaware before a neutral arbitrator. |
| 11. Advisors | Each holder is advised to consult with his or her personal tax, financial and legal advisors concerning the treatment of the Exchange (tax, value and otherwise), and should not rely on AHL as to such treatment. |

**Exhibit 21.1**

**Subsidiaries of the Registrant**

| Subsidiary | Jurisdiction of incorporation |
| --- | --- |
| Athene Life Re Ltd. | Bermuda |
| Athene Life Re International Ltd. | Bermuda |
| Athene USA Corporation | Iowa |
| Athene Annuity Re Ltd. | Bermuda |
| Athene HD Investor, L.P. | Cayman Islands |
| Athene Employee Services, LLC | Iowa |
| Athene London Assignment Corporation | Delaware |
| Athene Assignment Corporation | Delaware |
| A-A Onshore Fund, LLC | Delaware |
| Apollo Asia Real Estate AAC Fund, L.P. | Delaware |
| Athene Noctua, LLC | Delaware |
| Athene Annuity & Life Assurance Company | Delaware |
| ACM Trademarks, L.L.C | Iowa |
| ARPH (Headquarters Building), LLC | Iowa |
| Athene Annuity and Life Company | Iowa |
| P.L. Assigned Services, Inc. | New York |
| Athene Annuity & Life Assurance Company of New York | New York |
| Structured Annuity Reinsurance Company | Iowa |
| Athene Securities, LLC | Iowa |
| Centralife Annuities Service, Inc. | Arizona |
| Athene Re USA IV, Inc. | Vermont |
| AREI (CBP), LLC | Iowa |
| AREI (Norwood-TX), LLC | Iowa |
| AREI (US Forest-WY), LLC | Iowa |
| AREI (BLM-NV), LLC | Iowa |
| AREI (Interpark), LLC | Iowa |
| Athene Life Insurance Company of New York | New York |
| AADE RML, LLC | Iowa |
| AAIA RML, LLC | Iowa |
| AAIA RML 3526 Massey Ford, LLC | Iowa |
| Athene Bermuda Employee Company Ltd. | Bermuda |
| Athene IP Holding Ltd. | Bermuda |
| Athene IP Development Limited | United Kingdom |
| Athene North Employment Service Corporation | Canada |
| Athene Co-Invest Reinsurance Affiliate 1A Ltd. | Bermuda |
| Athene Co-Invest Reinsurance Affiliate 1B Ltd. | Bermuda |
| Athene Co-Invest Reinsurance Affiliate LP | Delaware |
| Athene Co-Invest Reinsurance Affiliate International Ltd. | Bermuda |
| Athene Risk Aggregator, LLC | Delaware |

**EXHIBIT 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-232182, 333-219352 and 333-215031) and Form S-3 (No. 333-222392) of Athene Holding Ltd. of our report dated February 20, 2020 relating to the financial statements and financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Des Moines, Iowa
February 20, 2020

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002**

I, James R. Belardi, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 20, 2020

/s/ James R. Belardi

James R. Belardi
Chairman, Chief Executive Officer and Chief Investment Officer
(principal executive officer)

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY OF 2002**

I, Martin P. Klein, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: February 20, 2020

/s/ Martin P. Klein

Martin P. Klein

Executive Vice President and Chief Financial Officer

(principal financial officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002**

I, James R. Belardi, certify that Athene Holding Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2019 (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: February 20, 2020 | /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.

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY OF 2002**

I, Martin P. Klein, certify that Athene Holding Ltd.'s Annual Report on Form 10-K for the year ended December 31, 2019 (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: February 20, 2020

/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.