

A P O L L O

*Strictly Confidential*

*Athene Investment Opportunity  
December 2013*

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## Executive Summary – The Opportunity

### ➤ The Industry Backdrop

- Fixed annuity supply leaving the market – heightened regulatory requirements and a persistent low rate environment have constrained insurers from earning their cost of capital and have compelled a wave of divestitures and reinsurance transactions in the annuity space
- Market exits have come amidst growing demand for tax efficient retirement savings products from an aging American population whose portfolios are grossly inadequate to fund retirement
- Low-rate environment provides attractive underwriting opportunities through both direct origination as well as acquisition of policies written in higher interest rate environments which must be marked to market in a transaction
- Against this backdrop, Athene has completed more acquisitions of fixed annuities than any other buyer over the last several years, emerging as a lead consolidator in the industry with ~\$59 billion of management view GAAP assets and ~\$2.5 billion of management view GAAP capital (ex. AOCI)<sup>(1)</sup>

### ➤ The Platform

- Athene is led by long-time financial services industry veterans Jim Belardi, Grant Kvalheim, and David Johnson
- Having completed a number of acquisitions – including, most recently, the transformative Aviva transaction – Athene has grown to be the 4<sup>th</sup> largest fixed annuity platform in the US<sup>(2)</sup> and aims to be one of the leading retirement services companies to Americans
- Athene is a long-term, sustainable insurance franchise with multiple channels to source low-cost, “sticky”<sup>(3)</sup> liabilities. These liabilities are the core of Athene’s business model, underpinning an asset management strategy that does not require taking undue asset risk to stretch for yield
- By matching its low-cost liabilities against a high-quality asset book with strong risk-adjusted returns, Athene can generate predictable, attractive returns over a 5-10 year period and expects to yield long-term target ROEs in the mid to high teens

### ➤ The Capital Raise

- Athene’s existing shareholders have invested in Athene across multiple rounds of equity raising, with a total investment of ~\$1.4bn
- Athene is seeking to raise \$500 million of pre-IPO equity in order to fund continued growth, through both acquisitions and retail distribution. Apollo is also considering committing a minimum of 10% of this capital on the same financial terms as all other investors
- This offering has been priced to target a ~20% IRR for new investors assuming all capital is drawn at subscription, with identifiable and attainable paths to higher returns
- Athene will commit to file a registration statement by November 30, 2015. Investors will be provided the opportunity for liquidity on most of their stake in the first 12 months following Athene’s IPO and will have the opportunity for full liquidity at 15 months post-IPO

*Note: Please refer to Appendix I for footnotes. Refer to Appendix II for an explanation of Management View financials.*

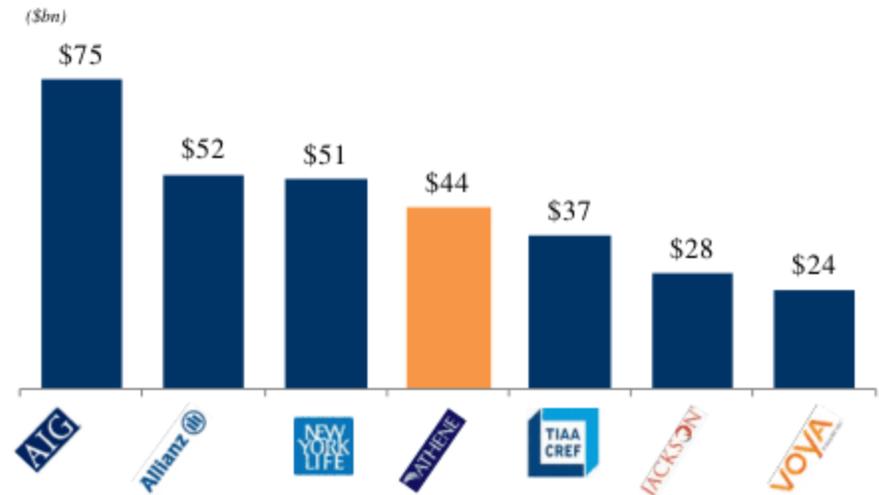
# Introduction to Athene

*Athene has a straight-forward business model with simple objectives*

## Overview

- Straight-forward business model
  - Earns the difference between investment return on assets and rate paid on liabilities
- Simple objectives
  - Policyholder protection
  - Sustainable business model
  - Active risk management
  - Disciplined, profit-focused underwriting
- Strong, well-capitalized balance sheet
  - ~\$59bn of management view GAAP assets and ~\$56bn of management view GAAP reserves
  - ~\$2.5bn of management view GAAP capital ex. AOCI<sup>(1)</sup>
  - ~\$4.2bn of regulatory capital<sup>(1)</sup>
- Profitable franchise, with YTD management view GAAP Operating ROE of ~40%<sup>(2)</sup>
- Experienced management team led by long-term industry veteran Jim Belardi
- Licensed to sell product in all 50 states, with initial annual run-rate retail volumes of ~\$2bn - \$3bn expected over the next few years
- Domiciled in Bermuda with US operations headquartered in Des Moines, IA

## Leading Fixed Annuity Player – Regulatory View<sup>(3)</sup>



## Geographical Presence



*Note: All Athene facts and figures are pro forma for Aviva USA unless explicitly noted otherwise. Please refer to Appendix I for footnotes. Refer to Appendix II for an explanation of Management View financials.*

# Investment Highlights

*Athene aims to be the premier retirement services company, with a particular focus on fixed annuities and other similar products (pensions, GICs, structured settlements, etc.)*

1	<b>Favorable Macro Trends</b>	<ul style="list-style-type: none"> <li>➤ Aging population and increased longevity</li> <li>➤ Savings deficits and declining benefits necessitating tax-efficient retirement solutions</li> <li>➤ Changing regulatory landscape forcing market exits / divestitures</li> </ul>
2	<b>Proven Management Team</b>	<ul style="list-style-type: none"> <li>➤ Led by CEO Jim Belardi (former President of SunAmerica), President Grant Kvalheim (former Co-President of Barclays Capital) and CFO David Johnson (former CFO of The Hartford)</li> <li>➤ Deep bench of industry executives with 20+ years of experience on average</li> </ul>
3	<b>Attractive Block of Liabilities</b>	<ul style="list-style-type: none"> <li>➤ Entered the market at favorable time (2009) – no legacy asset or liability issues</li> <li>➤ Low cost (~3.25% cost of funds)<sup>(1)</sup> and long-term (~10 year WAL) book of liabilities</li> <li>➤ Disciplined, profit-focused underwriting</li> <li>➤ Multiple channels for liability sourcing</li> </ul>
4	<b>High-Quality Asset Portfolio</b>	<ul style="list-style-type: none"> <li>➤ Asset management and portfolio services provided by Athene Asset Management, an AGM subsidiary led by Jim Belardi</li> <li>➤ AAM team of ~100 professionals supplemented by access to 250+ global AGM investment professionals</li> <li>➤ Highly-rated portfolio underpinned by disciplined credit underwriting has generated strong risk-adjusted returns</li> </ul>
5	<b>Strong Financial Profile</b>	<ul style="list-style-type: none"> <li>➤ ~\$1.4bn of capital raised from institutional investors and ~\$1.1bn of capital from management view GAAP earnings<sup>(2)</sup></li> <li>➤ Regulatory capital ratios in-line with other investment grade life insurance companies</li> <li>➤ \$500mm revolver underwritten by top-tier banks provides standby liquidity</li> <li>➤ Long-term nature of liabilities and matched asset portfolio provides predictable, long-term income stream expected to generate mid to high teens run-rate ROEs</li> <li>➤ 2013 YTD GAAP management view Operating Income of ~\$560mm, translating into ~40% management view GAAP operating ROAE<sup>(3)</sup> driven by outperformance in partnership assets<sup>(4)</sup>. Going forward, expect in-force book of business to generate stable run-rate ROEs in the mid to high teens</li> </ul>
6	<b>Robust Growth Pipeline</b>	<ul style="list-style-type: none"> <li>➤ <u>Organic opportunities</u>: retail and wholesale (institutional)             <ul style="list-style-type: none"> <li>– Retail led by Chris Grady (former President of Genworth’s retail distribution business); expect initial annual run-rate volumes of ~\$2bn – \$3bn over the next few years</li> </ul> </li> <li>➤ <u>Inorganic opportunities</u>: a number of attractive acquisitions and reinsurance transactions available in market             <ul style="list-style-type: none"> <li>– Proven acquisition track record and good relationships with regulators across the country</li> </ul> </li> </ul>

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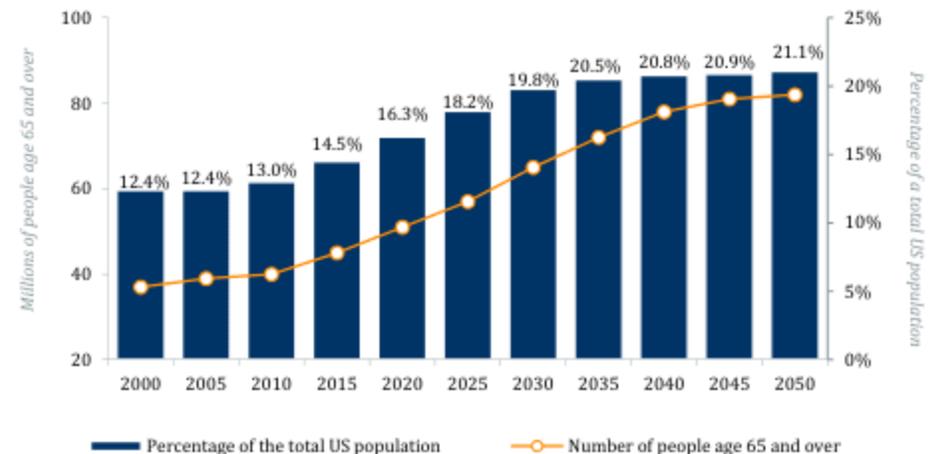
# Industry Dynamics

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## Favorable macro trends suggest sustained demand for insured retirement solutions

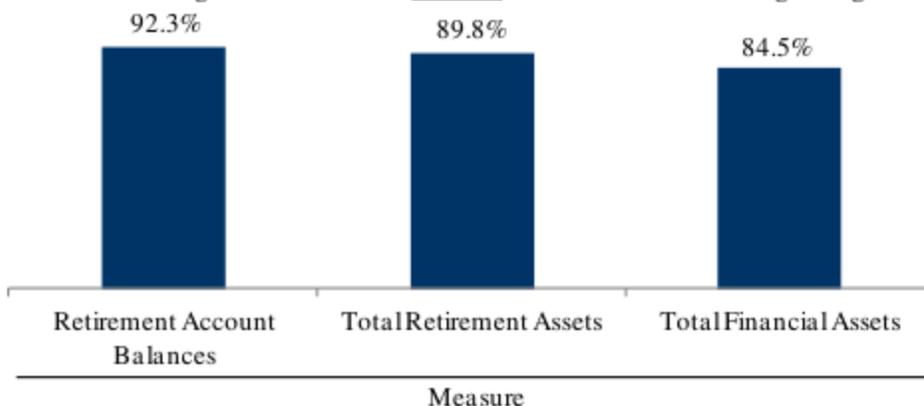
- Favorable demographic trends in US
  - Over 10,000 people will turn 65 each day over the next 15 years
  - Increased longevity, necessitating more years of retirement income
- Retirement savings gap will drive demand for tax-efficient savings products going forward
  - Decades of low savings rates will necessitate savings “catch up”
  - Strained government programs, as fewer workers will be supporting more retirees
  - Fewer Americans covered under traditional employer pension plans
- Likelihood of a long-term increase in income tax and interest rates increases the attractiveness of annuities
- Supply exiting the market due to the combined influence of:
  - Foreign regulatory changes making US-held fixed annuity businesses capital intensive in home jurisdictions
  - Insurers focusing efforts on fee-based products due to prolonged low-rate environment

### Aging Population: Number of Americans Age 65+

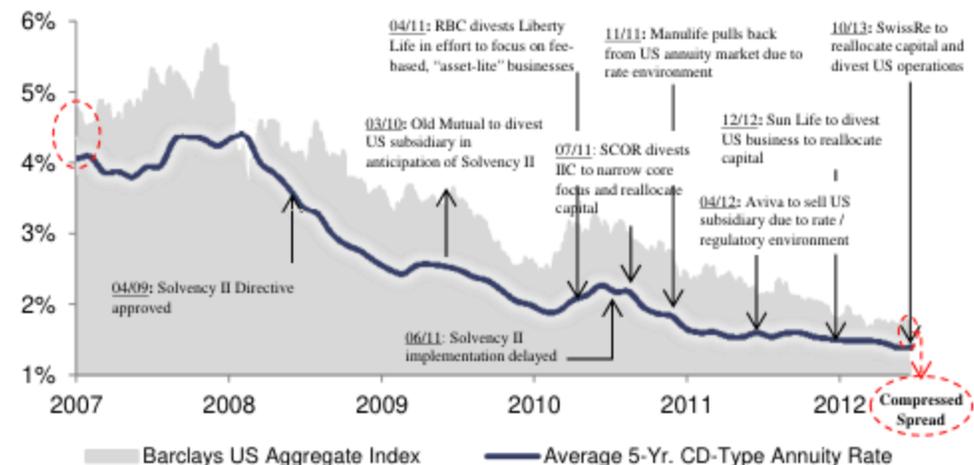


### Retirement Savings Gap

% of Working Households that Do Not Meet Retirement Savings Targets<sup>(1)</sup>



### Rate and Regulatory Environments Reducing Product Supply



Note: Please refer to Appendix I for footnotes.

Source: US Census Bureau, LIMRA, MetLife 2012 study, Federal Reserve Economic Data, National Institute on Retirement Security

# Management Team

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*Athene is led by well-known industry veterans with long, stable track records of performance*

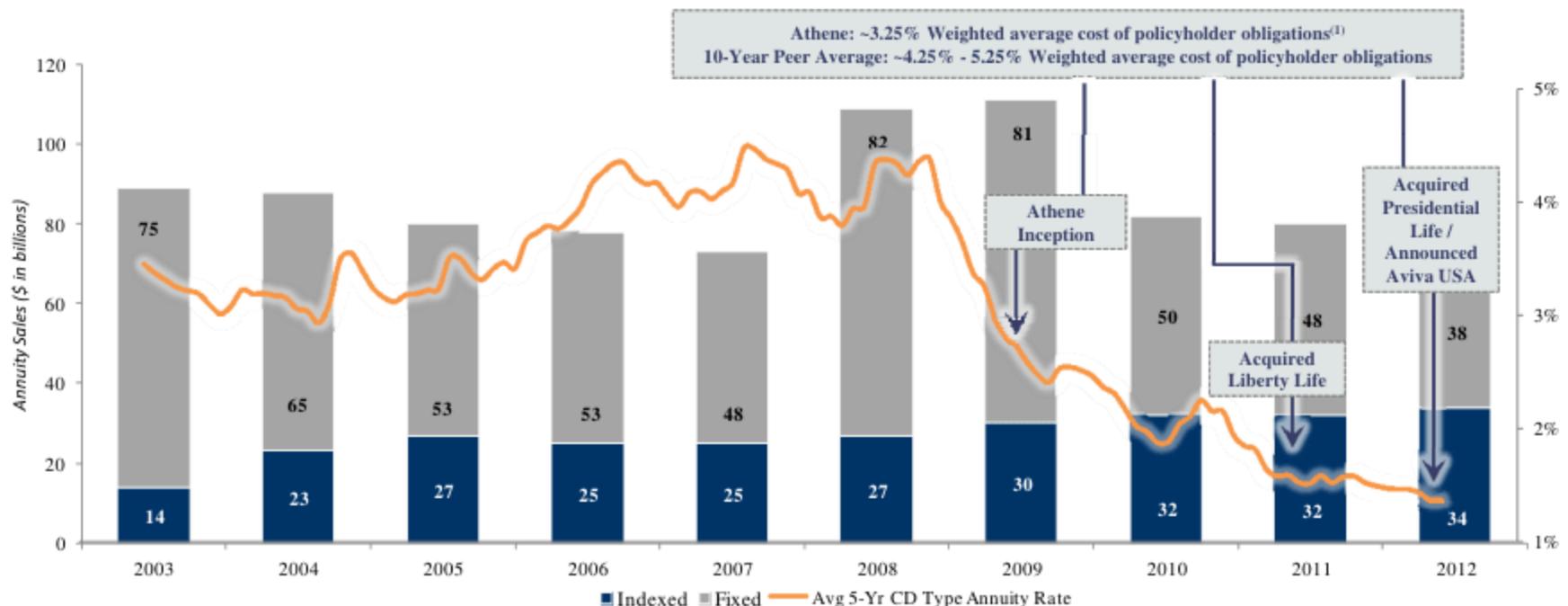
Name	Experience	Years Experience
<b>Jim Belardi</b> <i>CEO and CIO, Athene</i>	Jim has a proven 25+ year history of leadership and innovation in the life insurance industry as well as a demonstrated track record as an exceptional asset manager able to generate excess portfolio returns. Prior to founding AHL and AAM Jim was <b>President of SunAmerica Life Insurance Company and was also Chief Investment Officer of AIG Retirement Services, Inc.</b> , responsible for a \$250bn invested asset portfolio. In 1994, Jim created the GIC-backed note (GICBN), which developed into a \$300bn market.	25+
<b>Grant Kvalheim</b> <i>President, Athene</i>	Grant was <b>Co-President of Barclays Capital</b> from September 2005 until the end of 2007. Having joined Barclays in 2001 as Global Head of Credit Products, Grant converted a European cash investment grade business into a leading global cash and derivatives business across both securitized and non-securitized credit products. Assuming responsibility for Investment Banking in late 2001, he similarly expanded the Investment Banking platform.	30
<b>David Johnson</b> <i>CFO, Athene</i>	David was most recently <b>EVP and CFO of Fannie Mae</b> from 2008 to 2010. Prior to that David was <b>EVP and CFO of The Hartford Financial Services Group</b> from 2001 to 2008, where he also served as a Member of the Office of the Chairman. He was CFO of Cendant Corporation from 1998 to 2001 and, before that, was a Managing Director in the Investment Banking Division of Merrill Lynch.	20+
<b>Chip Gillis</b> <i>CEO, Athene Life Re</i>	Prior to founding Athene, Chip was a <b>Senior Managing Director of Bear, Stearns &amp; Co. Inc. (“BSC”) and Head of BSC’s Insurance Solutions Group</b> that provided advice and solutions to life and annuity companies. He led BSC’s entry into the GICBN business (which subsequently ranked consistently in the top 6 dealers in the market) and created the turn-key Premium Asset Trust Series program. It was recognized by S&P as the only non-issuer insurance-only program. Chip also serves on the Board of Directors of the Bermuda International Long-Term Insurers and Reinsurers.	30
<b>Steve Cernich</b> <i>Head of Corporate Development, Athene</i>	Steve has an extensive history of ALM and insurance experience. Prior to joining Athene, Steve was <b>Chief Risk Management Officer and EVP for Capital Assurance Corporation</b> . Steve built and managed the funding agreement line of business for XL Life & Annuity, and built and managed the funding agreement business for Zurich Kemper Life, with responsibility for its \$9bn bank-owned life insurance (BOLI) business.	28
<b>Chip Smith</b> <i>President, U.S. Business</i>	Prior to joining Athene Annuity, Chip was <b>President and CEO of Liberty Life Insurance Company</b> (now, Athene Annuity) from April 2010 until the acquisition by AHL in April 2011. Before becoming President of Athene Annuity, he served as Vice President, Treasurer, and Chief Financial Officer, with oversight of all finance and related areas of the U.S. insurance operations.	24
<b>Chris Grady</b> <i>Head of Retail, Athene</i>	Chris was most recently <b>President of Distribution and Marketing for Genworth Financial’s US Life Insurance Companies</b> , where he oversaw a diverse, multi-channel sales and marketing organization for fixed and variable annuities and life and long-term care insurance. Prior to joining Genworth, Chris spent 14 years in senior leadership roles at Merrill Lynch, ultimately serving as Managing Director and National Sales Manager for Merrill’s Consumer Finance Group.	20+

# Attractive Platform

3

**Athene's opportunistic market entry in 2009 allowed it to source low-cost liabilities without the burden of legacy asset issues**

- Athene entered the industry in 2009, when a number of other insurance companies were in distress
  - Equity capital was prohibitively expensive for publicly traded insurance companies, most of whom were trading below book
  - Foreign regulatory changes made US held fixed annuity businesses capital intensive in home jurisdictions
  - Capital starved providers forced to exit the fixed annuity sector, shrinking product supply
- Athene's access to private capital and its clean balance sheet helped insulate it from the damaging effects of the crisis
- Athene capitalized on the opportunity created by the financial crisis to source liabilities at historically low rates
  - *Mark to market* on product written in high interest rate environments resulted in acquisition at significant discount and “subsidy” to cost of funds



Source: Beacon Fixed Annuity Premium Study. Participants include AAA Life Insurance Company, AEGON/Transamerica, Allianz Life of North America, Allstate Financial, American Equity Investment Life Insurance Company, American National Insurance Company, American Standard, American, American Variable Life Insurance Company, AmeriLife Group Co., Athene Annuity & Life Assurance Company, AXA Equitable, Bankers Life and Casualty Company, Chase Insurance, Country Investors Life Assurance, CUNA Mutual Insurance Society, Farm Bureau Life Insurance Company, Farmers New World Life Annuity, Fidelity and Guaranty Life, Foresters, Genworth Financial, Great American Financial Resources, Inc., Hartford Life, Horace Mann Life Insurance Company, ING USA Annuity and Life Insurance Company, Jackson National Life, Jefferson Pilot Financial, John Hancock, Kansas City Life, Lincoln Financial Group, MassMutual Financial Group, MetLife, Midland National, Minnesota Life Insurance Company, Modern Woodmen of America, MONY & MONY Life of America, Nationwide Financial, New York Life, North American Company for Life and Health, Northwestern Mutual Life Insurance Co, Pacific Life, Presidential Life Insurance Company, Principal Financial Group, Protective Life Insurance Company, Prudential Annuities, Reliance Standard Life, RiverSource Life, Ltd., Security Benefit Life, Standard Insurance Company, Standard Life Insurance Company of Indiana, State Farm, Sun Life Financial, The Guardian Insurance & Annuity Co., The Integrity Companies, The Penn Mutual Life Insurance Company, Thrivent Financial for Lutherans, Travelers Life & Annuity, Union Central Life Insurance Company, USAA Life Insurance Company, Western National Life Insurance Company, Western United Life, Western-Southern Life Assurance Co

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# Attractive Platform

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## Athene's platform features multiple channels for sourcing low-cost liabilities

### Platform

**Inorganic**

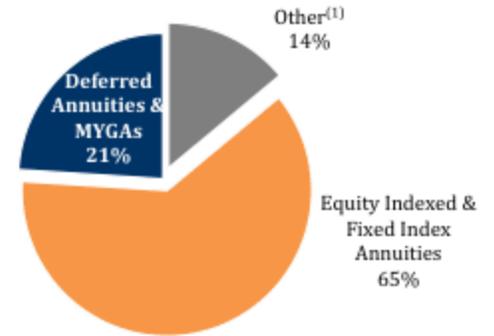
- Onshore Reinsurance
  - Ability to structure reinsurance treaties with US-based life insurance companies
  - Two highly rated onshore platforms, with acquired Aviva platform rated B++ by AM Best and A- (Neg) by S&P
  - Good relationship with primary regulators (Delaware, Iowa and New York)
- Offshore Reinsurance
  - Reinsures products from Athene's US businesses and third party life insurance companies
  - Products reinsured include: MYGAs (multi-year guaranteed annuity), EIAs (equity-indexed annuities), payout annuities, and institutional products
  - Good relationship with primary regulator – the BMA

**Organic**

- Retail Distribution
  - Retail distribution capabilities significantly enhanced by Aviva and Presidential Life acquisitions
  - Ability to write product through multiple highly rated platforms, with acquired Aviva platform rated B++ by AM Best and A- (Neg) by S&P
  - Licensed to sell product in all 50 states
  - Poised to be a significant driver of growth – target initial annual run-rate volumes of ~\$2bn - \$3bn over the next few years
- Wholesale Distribution
  - Focused on selling funding agreement backed notes to institutional investors
  - Products are scalable without any ability to surrender prior to maturity
  - In final stages of obtaining rating from S&P

### Overview of Liabilities

- Athene has used its platform to build a book of low cost, long-duration liabilities that are largely protected by surrender charges<sup>(3)</sup>
  - Purchase liabilities at a discount, creating a subsidy to weighted average cost of policyholder obligations
  - Conservative liability acquisition strategy focused on profitability rather than market share / volume



<b>Reserves (Regulatory // Management view GAAP)</b>	~\$51 billion // ~\$56 billion
<b>WAL</b>	~10 years
<b>Weighted Average Cost of Policyholder Obligations<sup>(2)</sup></b>	~3.25%
<b>% MVA protected<sup>(3)</sup></b>	~70%
<b>% SC protected<sup>(3)</sup></b>	~85%

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# Superior Asset Management Capabilities

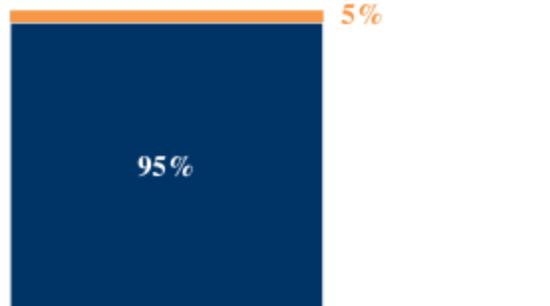
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*Asset management strategy focused on underwriting highly-rated, stable, credit-based assets*

- Athene holds a high quality asset portfolio yielding ~4.6%<sup>(1)</sup> against its low-cost liabilities (~3.25% cost of funds)<sup>(1)</sup>
- Due to its low cost block of liabilities, Athene does not have to take undue asset risk in order to meet its obligations

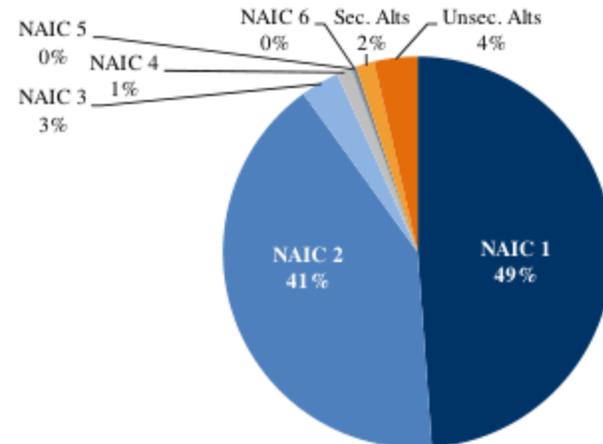
## Portfolio Snapshot<sup>(2)</sup>

■ Non-Alternatives      ■ Alternatives



Total Assets

## Portfolio Mix by NAIC Rating<sup>(2)</sup>



## Low Credit Impairments vs. Peers<sup>(3)</sup>

	Athene	MetLife	Lincoln	New York Life	The Hartford
<b>Non-Alternatives</b>	95%	93%	95%	92%	100%
<b>Alternatives</b>	5%	7%	5%	8%	0%
<b>OTTI asset related impairments (last 2 years)</b>	13.1bps	15.0bps	82.7bps	16.4bps	15.7bps

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# Superior Asset Management Capabilities

4

## Strategic relationship with AAM provides Athene access to a world-class asset and portfolio manager

- Athene Asset Management (AAM) is a subsidiary of Apollo Global Management (AGM) that provides asset management and other portfolio services to Athene
  - Services provided include: asset allocation, ALM management, portfolio management, risk management and investment selection, among others
- AAM’s team of ~100 professionals is led by Jim Belardi and is supplemented by access to AGM’s 250+ global investment professionals and infrastructure services (tax, risk, legal, compliance, etc.)
- AAM oversees Athene’s entire asset portfolio, managing ~90% directly and selecting subadvisors – including AGM – for asset classes that require special sourcing capabilities
  - All transactions with Apollo are conducted at fair market value / arm’s length basis and are monitored by a committee of Athene’s independent directors
- Strategic relationship with AAM has led to strong risk-adjusted performance

### Strong Performance

Prior 4 Years	Athene Asset Portfolio <sup>(1)</sup>	Barclays Aggregate Index	10-Year Treasury
<b>Annualized Return for Prior 4 Years</b>	11%	5%	5%
<b>Annualized Volatility of Quarterly Returns</b>	3%	3%	9%
<i>Period Returns</i>			
YTD 2013	5%	(2%)	(6%)
2012	15%	4%	4%
2011	8%	8%	17%
2010	11%	7%	8%

### Well-Positioned for Rising Rates<sup>(2)</sup>

- Athene’s assets and liabilities are well-positioned for a rising rate environment
  - High concentration of floating rate assets
  - Asset duration slightly shorter than liability duration
  - Rising rates typically more impactful on asset yields than cost of funds
- Athene will look to establish similar hallmarks in its portfolio pro forma for the Aviva acquisition

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# Capitalization Overview

## Athene benefits from a committed shareholder base and strong capitalization

- Since 2009, Athene has raised ~\$1.4bn of capital from its shareholder base, which consists entirely of large institutions
  - Management view GAAP earnings have contributed another ~\$1.1bn of capital<sup>(1)</sup>
- Shareholders have demonstrated a consistent commitment to the business, investing capital on multiple occasions
  - Committed to a long-term business plan and a non-finite life investment period
- \$500mm revolver in place underwritten by top-tier banks to provide standby liquidity and diversify capital base

(\$ billions)

Statutory or Regulatory Financials		
	2012Y	Q3 2013 <sup>(2)</sup>
Assets	\$14	~\$57
Reserves	12	~51
Capital & Surplus <sup>(3)</sup>	\$1.9	~\$4.2
Equity as a % of Reserves <sup>(4)</sup>	16.2%	~8.2%
Revolver Size (\$mm)	–	\$500

Management View GAAP Financials		
	2012Y	Q3 2013 <sup>(2)</sup>
Assets	\$15	~\$59
Reserves	12	~56
Equity (ex. AOCI)	\$1.7	~\$2.5
Revolver Size (\$mm)	–	\$500

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# Capital: Protection for Policyholder

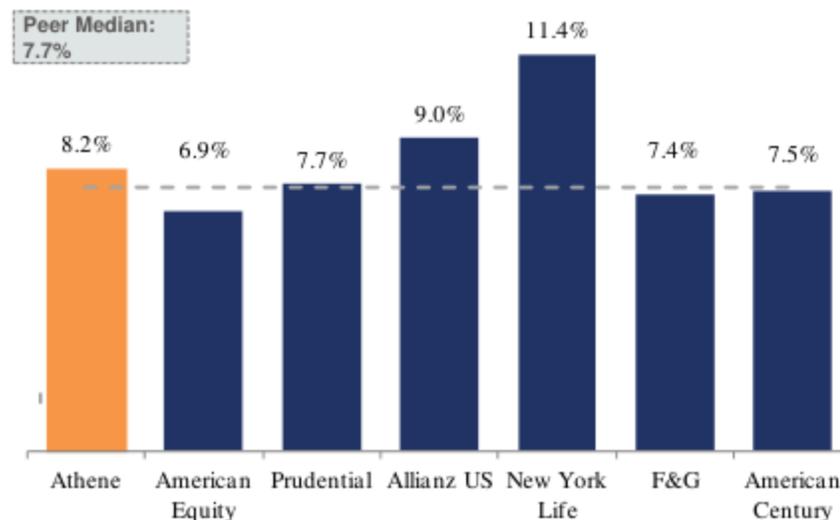
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*Athene's capitalization is in-line with other highly rated life insurance companies*

- Athene manages the Company's capitalization and leverage on a statutory basis to align with how regulators and rating agencies view risk metrics

Summary Athene Regulatory BS Statistics	
Assets	~\$57 billion
Reserves	~\$51 billion
Regulatory Capital <sup>(1)</sup>	~\$4.2billion
Regulatory Capital / Reserves	~8.2%

**Athene Comparison to Peers – Regulatory Capital / Reserves<sup>(2)</sup>**



**Athene Comparison to AM Best Ratings Criteria**

	Actual Rating	STAT Capital / Reserves	Debt / Capitalization
Athene <sup>(2)</sup>	B++ <sup>(3)</sup>	~8.2%	~12%
LNC	A+	8.9%	27%
Allianz	A	9.0%	NA
Aviva USA	A-	7.2%	NA
AEL	A-	6.9%	24%
PRU	A+	7.7%	28%
SLF	A-	9.0%	25%
Fidelity & Guaranty	B++	7.4%	NA
MET	A+	13.8%	29%
New York Life	A++	11.4%	14% <sup>(4)</sup>

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# High-Level Business Model Overview

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## Athene has a straight-forward business model

- Athene earns the difference between its investment return on assets and the rate on its liabilities
- Athene generates returns by matching low-cost, stable long term funding against an actively managed asset portfolio
- The long-term, sticky nature of Athene’s liabilities, along with a matched asset portfolio, provides a predictable, long-term income stream that is expected to result in run-rate ROEs in the mid to high teens
  - Expected run-rate net investment earned rate (NIER) of ~5% - 6% and expected run-rate cost of funds of ~3% - 4%
- Athene targets holding \$1 of regulatory capital for every \$10-\$14 of liabilities – return on equity (ROE) benefits from this embedded leverage

**Note: Numbers are for illustrative purposes only.**

Commentary / Assumptions	
Assumed Asset Portfolio Net Investment Yield	5%-6%
Assumed Cost of Funds / Reserves (Excluding G&A & Taxes)	3%-4%
<b>Net Spread</b>	<b>2%<del>3</del>%</b>
Less: G&A & Taxes	1%-1.5%
<b>Operating Income</b>	<b>1%<del>2</del>%</b>
Target Capital / Reserves Ratio <sup>(1)</sup>	7%-10%

Return On Equity Illustration for \$100mm of Equity				
(\$ in millions)				
Illustrative Balance Sheet	5% Capital	7% Capital	10% Capital	Notes:
<b>Assets</b>	\$ 2,100	\$ 1,500	\$ 1,100	
Reserves	\$ 2,000	\$ 1,400	\$ 1,000	
Capital	100	100	100	
<b>Liabilities / Equity</b>	\$ 2,100	\$ 1,500	\$ 1,100	Athene targets 7% -10% capital / reserves
Implied Income Statement				
Investment Income	\$ 116	\$ 83	\$ 61	= Assets x 5.50%
Cost of Funds / Reserves	(60)	(42)	(30)	= Reserves x (3.00%)
<b>Spread Income</b>	\$ 56	\$ 41	\$ 31	= <b>Assets</b> <span style="border: 1px solid black;">2.50% - 2.75%</span>
Less: G&A & Taxes	(30)	(21)	(15)	= Assets x (1.00%) - (1.50%)
<b>Operating Income</b>	\$ 26	\$ 20	\$ 16	= <b>Assets</b> <span style="border: 1px solid black;">1.00% - 1.50%</span>
ROAE	26%	20%	16%	= Operating Income ÷ Target Capital

Note: Please refer to Appendix I for footnotes.

# Overview of Athene's Financial Performance

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*Athene's business model forms the foundation for its stable financial performance*

## YTD 2013 Management View GAAP Financials<sup>(1)</sup>

(\$ millions)	YTD 2013	Average		
<b>Balance Sheet</b>				
Assets	\$15,671	\$15,095		
Reserves	\$12,718	\$12,604		
Target Capital <sup>(2)</sup>	\$1,272	\$1,260		
Total Capital (ex. AOCI)	2,250	1,954		
Total Capital (incl. AOCI)	2,433	2,155		
Liabilities & Equity	\$15,671			
<b>Income Statement</b>				
Investment Income <sup>(3)</sup>	\$1,031	= Assets	X	9.11%
Cost of Funds / Reserves	(378)	= Reserves	X	(4.00%)
Spread Income	\$653	= Assets	X	5.77%
G&A	(86)	= Assets	X	(0.76%)
Operating Income	\$566	= Assets	X	5.00%
Operating ROAE <sup>(4)</sup>	39%	= Op. Inc.	÷	Tot. Capital
Realized Gains & Other <sup>(5)</sup>	(84)			
Taxes	(22)			
Net Income	\$460			
Net Income ROAE	29%	= Net Inc.	÷	Tot. Capital
<b>Memo:</b>				
Operating ROAE at Tgt Capital	60%	= Op. Inc.	÷	Tgt. Capital
Net Income ROAE at Tgt Capital	42%	= Net Inc.	÷	Tgt. Capital

## Commentary

- Athene includes certain accounting and insurance-specific items in its financials, which adds some complexity relative to the high-level business model presented on the previous page
- General financial performance is still ultimately driven by Athene's business model: Athene earns the difference between its investment return on assets and the rate on its liabilities
- 2012: Athene earned management view GAAP operating income of ~\$200 million implying an operating ROAE of ~27%<sup>(6)</sup>
  - Strong profitability driven by outperformance in excess surplus assets
  - Going forward, expect ROEs to be more in-line with run-rate target range in the mid to high teens
- 2013: Strong YTD operating performance due to continued focus on managing yields and cost of policyholder obligations, as well as outperformance in partnership assets<sup>(7)</sup>
  - Through September 2013, management view GAAP operating income of ~\$560 million, translating into an operating ROAE of ~40%
  - Year to date outperformance driven by strong performance of partnership assets<sup>(7)</sup>. Going forward, expect in-force book of business to generate stable run-rate ROEs in the mid to high teens

Note: Please refer to Appendix I for footnotes. Refer to Appendix II for an explanation of Management View financials.

*Athene has a strong future*

**Aging population in need of yield**

- Athene Retail
- Aviva Retail

**Chaos in European financial system and inability to support U.S. focused business**

- SCOR
- Aviva USA
- AEGON
- RBC

**Multiple growth paths**

- Retail
- Institutional
- Reinsurance
- Opportunistic purchase of companies

# Offering Terms and Conditions

<p><b>Timing</b></p>	<ul style="list-style-type: none"> <li>➤ Launch on December 9, 2013 and close on February 28, 2014</li> </ul>
<p><b>Commitment</b></p>	<ul style="list-style-type: none"> <li>➤ \$500 million of committed capital at close             <ul style="list-style-type: none"> <li>– Commitments to remain in place until IPO</li> <li>– Athene will draw at least 10% of capital at close and will commit to draw all of the committed capital by IPO</li> <li>– All capital draws funded pro rata at offering price</li> </ul> </li> <li>➤ Target commitments of \$25 million - \$100 million, but potentially willing to accept greater amounts</li> </ul>
<p><b>Participation</b></p>	<ul style="list-style-type: none"> <li>➤ Institutional limited partners</li> <li>➤ Athene employees and board members</li> <li>➤ Apollo Global Management (or one or more subsidiaries) is also considering committing a minimum of 10% of this capital on the same financial terms as all other investors</li> </ul>
<p><b>Price</b></p>	<ul style="list-style-type: none"> <li>➤ This offering has been priced to target a ~20% IRR for new investors assuming all capital is drawn at subscription, with identifiable and attainable paths to higher returns</li> </ul>
<p><b>Liquidity</b></p>	<ul style="list-style-type: none"> <li>➤ Athene will file a registration statement by November 30, 2015</li> <li>➤ <u>Pre-IPO</u>: Transfers subject to contractual restrictions set forth in Shareholders Agreement</li> <li>➤ <u>Post-IPO</u>: Investors will be provided the opportunity for liquidity on most of their stake in the first 12 months following Athene's IPO and will have the opportunity for full liquidity at 15 months post-IPO</li> </ul>
<p><b>Fees and Expenses</b></p>	<ul style="list-style-type: none"> <li>➤ No management or incentive fees assessed on new capital (directly or at Company level). Fees earned by AAM and/or AGM as a subadvisor to AAM will be earned on all investible assets of Athene</li> <li>➤ Expenses associated with subscription for shares will be borne by Athene (excluding any legal or similar expenses associated with negotiation of investment incurred by prospective co-investor)</li> <li>➤ Expenses associated with any specialized reporting requirements or other customized terms required by a co-investor will be borne by the co-investor</li> </ul>
<p><b>Information Rights</b></p>	<ul style="list-style-type: none"> <li>➤ Customary information rights: quarterly package of financials, quarterly valuation memo, audited annual financials, and one shareholder meeting per year</li> </ul>

## Appendix I: Footnotes

### Page 3

- <sup>(1)</sup> *Estimated 9/30/2013 pro forma for Aviva transaction – midpoint of management’s pro forma range of \$2.2bn - \$2.7bn. Accumulated other comprehensive income (AOCI) is an equity account that captures the unrealized gains and losses primarily resulting from fair value adjustments to an insurance company’s investment portfolio. In evaluating an insurance company, AOCI is typically excluded so as to eliminate the effect of “non-core” items that can fluctuate significantly from period to period primarily based on changes in market value.*
- <sup>(2)</sup> *By statutory individual fixed and fixed index annuity data per SNL. Peer data as of year end 2012.*
- <sup>(3)</sup> *Athene aims to provide attractive, tax-efficient savings vehicles for policyholders over the long-term. However, policyholders retain flexibility to withdraw their funds over the life of the policy. To protect Athene against this early withdrawal risk, a majority of Athene’s policies feature market value adjustments and surrender charges. Market Value Adjustments (MVA) may protect against early policyholder withdrawals by adjusting the account value of a policy downwards in a rising rate environment. Surrender Charges provide protection against early surrenders by charging fees for early termination.*

### Page 4

- <sup>(1)</sup> *Management view GAAP capital ex. AOCI reflects midpoint of management’s pro forma range of \$2.2bn - \$2.7bn. Regulatory capital represents midpoint of management’s range of \$4.0bn - \$4.4bn.*
- <sup>(2)</sup> *Through September 2013.*
- <sup>(3)</sup> *Includes reserve contracts for individual fixed and individual indexed annuities. Data for peers as of 2012 year end per SNL Financial, data for Athene as of 9/30/13 pro forma for Aviva. The primary difference between regulatory and GAAP reserves are commissions, which are capitalized for GAAP purposes but expensed on day 1 for regulatory purposes.*

### Page 5

- <sup>(1)</sup> *Cash COF represents the IRR of all cash flows related to servicing the liabilities as of 9/30/13, pro forma for Aviva. Cash cost of funds includes both actual historical cash collected and projected future cash payments. For business that was acquired, the actual cash flow is based on the market value of assets at the time of transaction less any purchase price or upfront commission. Cash cost of funds also includes policyholder benefits paid, maintenance expenses, ongoing commissions, acquisition and policy issue costs, options purchases offset by maturities, and federal excise tax. No federal income tax, overhead, or surplus fees are included.*
- <sup>(2)</sup> *Includes impact of bargain purchase gains, including Aviva. Uses midpoint of management’s bargain purchase gain estimate of \$0mm - \$500mm for Aviva. Excludes impact of AOCI.*
- <sup>(3)</sup> *Through September 2013.*
- <sup>(4)</sup> *Limited partnership structures that contain non-traditional investments, such as levered fixed income strategies and some private equity investments. Includes assets contributed to Athene by AP Alternative Assets (AAA) in connection with the October 2012 Transaction (as described in AAA’s financial statements).*

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- <sup>(1)</sup> *Defined as the set of households sampled in the Survey of Consumer Finances (sponsored by the US Federal Reserve) that do not meet retirement savings benchmarks derived from Fidelity’s recommendations. These benchmarks are based on (i) age of head of household and (ii) income levels.*

### Page 8

- <sup>(1)</sup> *Cash COF represents the IRR of all cash flows related to servicing the liabilities as of 9/30/13, pro forma for Aviva. Cash cost of funds includes both actual historical cash collected and projected future cash payments. For business that was acquired, the actual cash flow is based on the market value of assets at the time of transaction less any purchase price or upfront commission. Cash cost of funds also includes policyholder benefits paid, maintenance expenses, ongoing commissions, acquisition and policy issue costs, options purchases offset by maturities, and federal excise tax. No federal income tax, overhead, or surplus fees are included.*

### Page 9

- <sup>(1)</sup> *Other includes Payout Annuities & FAs*
- <sup>(2)</sup> *Cash cost. Cash COF represents the IRR of all cash flows related to servicing the liabilities as of 9/30/13, pro forma for Aviva. Cash cost of funds includes both actual historical cash collected and projected future cash payments. For business that was acquired, the actual cash flow is based on the market value of assets at the time of transaction less any purchase price or upfront commission. Cash cost of funds also includes policyholder benefits paid, maintenance expenses, ongoing commissions, acquisition and policy issue costs, options purchases offset by maturities, and federal excise tax. No federal income tax, overhead, or surplus fees are included.*
- <sup>(3)</sup> *Market Value Adjustments (MVA) may protect against early policyholder withdrawals by adjusting the account value of a policy downwards in a rising rate environment. Surrender Charges provide protection against early surrenders by charging fees for early termination.*

## Appendix I: Footnotes ( )

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- <sup>(1)</sup> GAAP Book yield net of sub-advisor fees. Cash COF represents the IRR of all cash flows related to servicing the liabilities as of 9/30/13, pro forma for Aviva. Cash cost of funds includes both actual historical cash collected and projected future cash payments. For business that was acquired, the actual cash flow is based on the market value of assets at the time of transaction less any purchase price or upfront commission. Cash cost of funds also includes policyholder benefits paid, maintenance expenses, ongoing commissions, acquisition and policy issue costs, options purchases offset by maturities, and federal excise tax. No federal income tax, overhead, or surplus fees are included.
- <sup>(2)</sup> For Athene's portfolio, non-alternatives include investment grade corporate bonds, ABS, RMBS, Cash, CMBS, CLO, Convertible Bonds, EM, Munis, and Treasuries. CMBS and CML mapped to NAIC 1 and NAIC 2 respectively based on underlying collateral. Alternatives includes partnership assets; alternatives are primarily composed of fixed income, pull to par, non-binary return assets.
- <sup>(3)</sup> Athene portfolio split based on asset-level detail provided in the footnote above. Alternative assets for peers defined as Schedule BA assets, as well as other NAIC 4-6 assets. Credit impairment represents other than temporary impairments (OTTI) as a percentage of average assets over a 2 year period as reflected in Athene and comparable company financials ending in 2012.

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- <sup>(1)</sup> Athene Asset Management (Net) Returns are net of AAM management fees and subadvisor fees estimated per a standard fee schedule. Figures presented represent total return, including mark to market of all unrealized gains or losses on the portfolio of Athene, including assets held by third party ceding companies in connection with reinsurance arrangements entered into by Athene.
- <sup>(2)</sup> Commentary based on portfolio as of 9/30/2013.

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- <sup>(1)</sup> Includes impact of bargain purchase gains, including Aviva. Uses midpoint of management's bargain purchase gain estimate of \$0mm - \$500mm for Aviva. Excludes impact of AOCI.
- <sup>(2)</sup> Estimated pro forma for Aviva USA acquisition. Regulatory capital represents midpoint of management range of \$4.0bn - \$4.4bn. Management view GAAP capital represents midpoint of management's pro forma range of \$2.2bn - \$2.7bn
- <sup>(3)</sup> Excludes \$40mm surplus note at 2012 year end. Q3 2013 represents midpoint of management range of \$4.0bn - \$4.4bn.
- <sup>(4)</sup> At 12/31/2012, Athene had excess capital due to assets contributed to Athene by AP Alternative Assets (AAA) in connection with the October 2012 Transaction (as described in AAA's financial statements).

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- <sup>(1)</sup> Midpoint of management's pro forma range of \$4.0bn - \$4.4bn.
- <sup>(2)</sup> Athene data as of Q3 2013. Athene AM Best rating presented for Athene Annuity. Athene capital / reserves and debt / capitalization presented for Athene consolidated. Regulatory capital of \$4.2bn represents midpoint of management range of \$4.0bn - \$4.4bn, and GAAP capital represents midpoint of management pro forma range of \$2.2bn - \$2.7bn. Athene debt / capitalization includes ~\$300mm revolver draw as of Q3 2013; peers as of 2012 year end. Prudential's debt / capitalization ratio excludes operating debt and assumes Moody's equity treatment of junior sub debt.
- <sup>(3)</sup> Acquired Aviva subsidiaries rated A- by S&P.
- <sup>(4)</sup> Debt for New York Life Insurance Company per GAAP financial supplement.

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- <sup>(1)</sup> Statutory capital basis.

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- <sup>(1)</sup> Management view GAAP financials as of 9/30/2013 (pre-Aviva) – subject to audit adjustments. Refer to November 2013 AAA presentation on Athene (available on AAA's website) for an explanation of management view financials. Year to date financials are annualized to calculate percentages. Averages reflect average balances between 12/31/2012 and 9/30/2013.
- <sup>(2)</sup> Target capital for this example is conservatively assumed to equal 10% of reserves. At 12/31/2012 and 9/30/2013, Athene had excess capital due to pre-funding of the Aviva transaction.
- <sup>(3)</sup> Includes \$576mm of YTD income from partnership assets, which is more than double the original planned yield of these assets.
- <sup>(4)</sup> Removes accumulated other comprehensive income ("AOCI") – which is primarily composed of unrealized gains in investments.
- <sup>(5)</sup> Includes unrealized gains or losses from securities held within third party funds withheld accounts, realized gains / losses, derivatives income, amortization associated with non-operating earnings, and other.
- <sup>(6)</sup> Excludes impact of Presidential transaction, as that transaction closed on December 28, 2012.
- <sup>(7)</sup> Limited partnership structures that contain non-traditional investments, such as levered fixed income strategies and some private equity investments. Includes assets contributed to Athene by AP Alternative Assets (AAA) in connection with the October 2012 Transaction (as described in AAA's financial statements).

## Appendix II: Management View Financials

- Management's view of the financial statements differs from the way Athene's financials are presented on audited GAAP statements
- Management balance sheets are presented without the assets and liabilities related to the effects of reinsurance to Protective Life and the AEGON short portfolio<sup>(1)</sup>
- Management's view excludes the impact of grossing up Athene's assets and liabilities for the consolidation effect of CMBS partnerships<sup>(2)</sup>
- Other adjustments include reclassifications of negative liability balances to the assets section, such as VOBA and other liabilities, including accruals for expenses
- Management income statements present results by re-categorizing transactions into operating and non-operating based on management's view of what constitutes operating income

<sup>(1)</sup> AEGON short portfolio represents a group of assets for which the credit risk has been transferred out of the Company via a total return swap.

<sup>(2)</sup> CMBS partnerships represent a partnership investment that is consolidated for GAAP and is composed of highly rated CMBS assets backing a fixed credit facility.

# Appendix II: Management View Financials ( )

**ATHENE HOLDING LTD.**

**Report Bridges**

**Management View to unaudited Financial Statements View  
in USD millions**

Assets bridge

	Audited FULL YEAR 2012	Audited FULL YEAR 2011
Total Assets , per Management view	14,519	9,094
Total Assets , per unaudited Financial Statements view	19,169	13,115
	<u>(4,650)</u>	<u>(4,022)</u>
Ceded to third party	(2,056)	(2,082)
Deconsolidation of CMBS funds	(1,261)	(748)
AA Separate account assets	(15)	(17)
Aegon-Short term hedged business	(1,023)	(1,384)
VOBA reclassification as Assets , rather than negative liabilities	(67)	343
Deconsolidation of noncontrolling interests	-	(2)
DAC/URR netting at unaudited Financial Statements view (FAS91)	4	5
Netting of other operating liabilities in Assets at Management view	(232)	(137)
	<u>(4,650)</u>	<u>(4,022)</u>

Liabilities bridge

	Audited FULL YEAR 2012	Audited FULL YEAR 2011
Total Liabilities, per Management view	12,643	8,446
Total Liabilities, per unaudited Financial Statements view	17,293	12,466
	<u>(4,650)</u>	<u>(4,020)</u>
Ceded to third party	(2,056)	(2,082)
Deconsolidation of CMBS funds	(1,261)	(748)
AA Separate account assets	(15)	(17)
Aegon-Short term hedged business	(1,023)	(1,384)
VOBA reclassification as Assets , rather than negative liabilities	(67)	343
Deconsolidation of noncontrolling interests	-	-
DAC/URR netting at unaudited Financial Statements view (FAS91)	4	5
Netting of other operating liabilities in Assets at Management view	(232)	(137)
	<u>(4,650)</u>	<u>(4,020)</u>

Appendix II: Management View Financials ( )

**ATHENE HOLDING LTD.**

**Report Bridges**

**Management View to unaudited Financial Statements View  
in USD millions**

Operating income bridge

Operating income , per Management view  
Net income, per unaudited Financial Statements view

	<b>Audited FULL YEAR 2012</b>	<b>Audited FULL YEAR 2011</b>
	241	2
	391	(0)
	<b>(150)</b>	<b>2</b>
RCGs/(RCLs) net of incentive fees and impairments	(143)	(26)
UCGs/(UCLs)	(127)	23
G&A - non operating expenses	58	21
Market related options net of VED	(3)	42
Market related amortization	53	(150)
Derivatives	26	91
Taxes	(13)	4
	<b>(150)</b>	<b>2</b>