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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 12, 2018**



Brighthouse Financial, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-37905

(Commission File Number)

81-3846992

(IRS Employer Identification No.)

**11225 North Community House Road
Charlotte, North Carolina**

(Address of principal executive offices)

28277

(Zip Code)

Registrant's telephone number, including area code:

(980) 365-7100

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 under the Securities Act (17 CFR 230.405) or Rule 12b-2 under the Exchange Act (17 CFR 240.12b-2).

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.

Item 2.02. Results of Operations and Financial Condition.

On February 12, 2018, Brighthouse Financial, Inc. issued (i) a news release announcing its results for the quarter ended December 31, 2017, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference, and (ii) a Financial Supplement for the quarter ended December 31, 2017, a copy of which is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	<u>News release of Brighthouse Financial, Inc., dated February 12, 2018, announcing its results for the quarter ended December 31, 2017</u>
99.2	<u>Financial Supplement for the quarter ended December 31, 2017</u>

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 hereunto duly authorized.

BRIGHTHOUSE FINANCIAL, INC.

By: /s/ Lynn A. Dumais

Name: Lynn A. Dumais

Title: Chief Accounting Officer

Date: February 12, 2018

EXHIBIT INDEX

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Exhibit 99.1

FOR IMMEDIATE RELEASE

Brighthouse Financial Announces Fourth Quarter 2017 Results

- *Fourth quarter 2017 net income of \$668 million, benefiting from the Tax Cuts and Jobs Act*
- *Annuity sales grew 26 percent over the fourth quarter of 2016, driven by strong sales of Shield annuities*
- *Variable annuity assets above CTE95 increased to \$2.6 billion, driven by strong market performance*

CHARLOTTE, NC, February 12, 2018 — Brighthouse Financial, Inc. ("Brighthouse Financial") (Nasdaq: BHF) announced today its financial results for the fourth quarter ended December 31, 2017.

Fourth Quarter 2017 Results

The company reported net income of \$668 million in the fourth quarter of 2017, or \$5.58 on a per share basis, compared to a net loss of \$1,765 million in the fourth quarter of 2016. The company ended the fourth quarter of 2017 with stockholders' equity ("book value") of \$14.5 billion, or \$121.19 on a per share basis, and book value, excluding accumulated other comprehensive income ("AOCI"), of \$13.1 billion, or \$109.71 on a per share basis.

For the fourth quarter of 2017, the company reported adjusted earnings* (previously reported as operating earnings) of \$992 million, or \$8.28 on a per share basis. Results for the fourth quarter included a \$947 million favorable impact, or \$7.91 on a per share basis, primarily related to the re-measurement of the company's net deferred tax liability due to the enactment of the Tax Cuts and Jobs Act ("tax reform") during the quarter. Excluding the impact of tax reform, adjusted earnings for the quarter would have been \$45 million, or \$0.37 on a per share basis.

Adjusted earnings for the quarter also included \$152 million of net unfavorable notable items, or \$1.27 on a per share basis, including:

- \$53 million in unfavorable reserve adjustments from recaptured business, partially offset by reserve refinements, in the company's universal life with secondary guarantees ("ULSG") book of business;
- \$47 million in establishment costs related to planned technology and branding investments;
- \$38 million increase in reserves related to certain legacy non-retail, group annuity contracts administered by the company's former parent; and
- \$14 million unfavorable impact from tax items related to the company's separation from its former parent.

Annuity sales increased 26 percent quarter-over-quarter and 25 percent sequentially, primarily driven by sales of Shield annuities, which increased 74 percent quarter-over-quarter and 22 percent sequentially.

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"We are pleased with the sales performance of our annuity products in the quarter, and with the progress we have made in building Brighthouse Financial into a standalone company and a recognizable brand," commented Eric Steigerwalt, president and chief executive officer, Brighthouse Financial. "As we continue to execute on our strategy in 2018, we believe our sales momentum and focus on expense management will serve as positive drivers towards achieving our goals."

Key Metrics (Unaudited, dollars in millions except share and per share amounts)

	As of or for the Three Months Ended			
	December 31, 2017		December 31, 2016	
	Total	Per share	Total	Per share
Net income (loss)	\$668	\$5.58	\$(1,765)	N/A
Adjusted earnings (1)	\$992	\$8.28	\$(61)	N/A
Book value	\$14,515	\$121.19	\$14,862	N/A
Book value, excluding AOCI	\$13,140	\$109.71	\$13,597	N/A
Weighted average common shares outstanding - basic	119,773,106	—	N/A	N/A
Weighted average common shares outstanding - diluted	119,773,106	—	N/A	N/A
Ending common shares outstanding	119,773,106	—	N/A	N/A
Ending common shares outstanding - diluted	119,773,106	—	N/A	N/A

(1) The company uses the term "adjusted loss" throughout this news release to refer to negative adjusted earnings values.

* Information regarding the non-GAAP and other financial measures included in this news release and a reconciliation of such non-GAAP financial measures to the most directly comparable GAAP measures is provided in the Non-GAAP and Other Financial Disclosures discussion below as well as in the tables that accompany this news release and/or the Fourth Quarter 2017 Brighthouse Financial, Inc. Financial Supplement (which is available on the Brighthouse Financial Investor Relations web page at <http://investor.brighthousefinancial.com>). Additional information regarding notable items can be found on page 13 of this news release.

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Results by Business Segment and Corporate & Other (Unaudited, in millions)

Adjusted earnings	For the Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Annuities	\$208	\$355	\$292
Life	\$5	\$6	\$(24)
Run-off	\$(80)	\$83	\$(349)
Corporate & Other	\$859	\$(1,120)	\$20

Sales (Unaudited, in millions)

	For the Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Annuities (1)	\$1,341	\$1,074	\$1,067
Life	\$3	\$5	\$33

(1) Annuities sales in the fourth quarter of 2017 include \$203 million in sales of a fixed indexed annuity product sold by MassMutual, representing 90% of gross sales of that product.

Annuities

Adjusted earnings in the Annuities segment were \$208 million in the current quarter, compared to adjusted earnings of \$292 million in the fourth quarter of 2016 and adjusted earnings of \$355 million in the third quarter of 2017.

There were no notable items in the current quarter. The fourth quarter of 2016 included \$46 million of favorable notable items and the third quarter of 2017 included \$142 million of favorable notable items. On a quarter-over-quarter basis, adjusted earnings reflect higher expenses and lower derivative net investment income. On a sequential basis, adjusted earnings reflect higher expenses.

As mentioned above, overall annuity sales increased 26 percent quarter-over-quarter and 25 percent sequentially, primarily driven by strong sales of Shield annuities, which increased 74 percent quarter-over-quarter and 22 percent sequentially.

Life

Adjusted earnings in the Life segment were \$5 million in the current quarter, compared to an adjusted loss of \$24 million in the fourth quarter of 2016 and adjusted earnings of \$6 million in the third quarter of 2017.

There were no notable items in either the current quarter or in the fourth quarter of 2016. The third quarter of 2017 included \$17 million of unfavorable notable items. Quarter-over-quarter life insurance product underwriting results, in the aggregate, were flat, reflecting elevated mortality that was offset by lower reinsurance costs. Resegmentation

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activity between the Life and Run-off segments in the fourth quarter of 2016 makes quarter-over-quarter segment-level analysis between Life and Run-off less meaningful this period. On a sequential basis, adjusted earnings reflect unfavorable underwriting due to elevated mortality.

Life insurance sales were down, consistent with the company's strategy of migrating to simpler life insurance solutions and away from products such as participating whole life. The company expects life insurance sales to remain at similar levels over the next 12 to 18 months, as it revamps its life insurance business.

Run-off

The adjusted loss in the Run-off segment was \$80 million in the current quarter, compared to an adjusted loss of \$349 million in the fourth quarter of 2016 and adjusted earnings of \$83 million in the third quarter of 2017.

The current quarter contains \$91 million of unfavorable notable items, while the fourth quarter of 2016 included \$399 million in unfavorable notable items. The third quarter of 2017 included \$9 million in favorable notable items. As mentioned above, quarter-over-quarter life insurance product underwriting results, in the aggregate, were flat, reflecting elevated mortality that was offset by lower reinsurance costs. Resegmentation activity between the Life and Run-off segments in the fourth quarter of 2016 makes quarter-over-quarter segment-level analysis between Life and Run-off less meaningful this period. On a sequential basis, adjusted earnings reflect unfavorable underwriting due to elevated mortality coupled with higher expenses.

Corporate & Other

Corporate & Other had adjusted earnings of \$859 million in the current quarter, compared to adjusted earnings of \$20 million in the fourth quarter of 2016 and an adjusted loss of \$1,120 million in the third quarter of 2017.

The current quarter contains \$886 million of favorable notable items, primarily due to tax reform, while the fourth quarter of 2016 did not include notable items. The third quarter of 2017 included \$1,104 million in unfavorable notable items, primarily related to a non-cash tax expense triggered prior to separation, recognized by the company's former parent. On a quarter-over-quarter basis, adjusted earnings reflect higher corporate expenses and lower net investment income. On a sequential basis, adjusted earnings reflect higher taxes.

Net Investment Income

On a quarter-over-quarter basis, net investment income decreased \$16 million to \$769 million, primarily from a reduction in the size of the securities lending program and a lower average asset base. On a sequential basis, net investment income in the quarter reflected a slight increase of \$8 million.

The net investment income yield was 4.30 percent during the quarter.

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Statutory Capital and Liquidity (Unaudited, in billions)

	As of		
	December 31, 2017	September 30, 2017	December 31, 2016
Variable annuity assets above CTE95 (1)	\$2.6	\$2.3	N/A
Statutory combined total adjusted capital (2) (3)	\$6.6	\$6.6	\$5.4

(1) Conditional Tail Expectation ("CTE") 95 is defined as the amount of assets required to satisfy contract holder obligations across market environments in the average of the worst 5 percent of 1,000 capital market scenarios over the life of the contracts ("CTE95").

(2) Represents combined results for Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY and New England Life Insurance Company.

(3) Reflects preliminary statutory results as of December 31, 2017.

Capitalization

Holding company liquid assets were \$655 million at December 31, 2017.

Statutory total adjusted capital on a preliminary basis remained at \$6.6 billion.

Assets above CTE95 increased to \$2.6 billion due to strong market performance in the quarter.

Earnings Conference Call

Brighthouse Financial plans to hold a conference call and audio webcast to discuss its financial results for the fourth quarter of 2017 at 8:00 a.m. Eastern Time on Tuesday, February 13, 2018.

To listen to the audio webcast via the internet, please visit the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

To join the conference call via telephone, please dial (844) 358-9117 from within the U.S. or +1-209-905-5952 from outside the U.S.

A replay of the conference call will be made available until Friday, February 23, 2018 on the Brighthouse Financial Investor Relations webpage at <http://investor.brighthousefinancial.com>.

Non-GAAP and Other Financial Disclosures

Non-GAAP Financial Disclosures

In this news release, we present certain measures of our performance that are not calculated in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We believe that these non-GAAP

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financial measures enhance the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business.

The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

Non-GAAP financial measures:

adjusted earnings
adjusted revenues
adjusted expenses
adjusted earnings per common share
adjusted return on equity

Comparable GAAP financial measures:

net income (loss)
revenues
expenses
earnings per share
return on equity

Reconciliations of these measures to the most directly comparable historical GAAP measures are included in this news release. These adjusted measures were previously referred to as operating measures.

Our definitions of the non-GAAP and other financial measures discussed in this news release may differ from those used by other companies. For example, as indicated below, we exclude guaranteed minimum income benefit ("GMIB") revenues and related embedded derivatives gains (losses) as well as GMIB benefits and associated DAC and value of business acquired ("VOBA") offsets from adjusted earnings, thereby excluding substantially all guaranteed minimum living benefit ("GMLB") activity from adjusted earnings.

Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

Adjusted earnings, which may be positive or negative, is used by management to evaluate performance, allocate resources and facilitate comparisons to industry results. This financial measure focuses on our primary businesses principally by excluding the impact of market volatility, which could distort trends, as well as businesses that have been or will be sold or exited by us, referred to as divested businesses.

Provided below are the adjustments to GAAP revenues and GAAP expenses used to calculate adjusted revenues and adjusted expenses, respectively. Adjusted earnings, as presented in this news release, reflects adjusted revenues less adjusted expenses, both net of income tax.

The following are significant items excluded from total revenues, net of income tax, in calculating the adjusted revenues component of adjusted earnings:

- Net investment gains (losses);
- Net derivative gains (losses) except: earned income on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment ("Investment Hedge Adjustments"); and
- Amortization of unearned revenue related to net investment gains (loss) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees").⁽¹⁾

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The following are significant items excluded from total expenses, net of income tax, in calculating the adjusted expenses component of adjusted earnings:

- Amounts associated with benefits and hedging costs related to GMIBs ("GMIB Costs");⁽¹⁾
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments"); and
- Amortization of DAC and VOBA related to (i) net investment gains (losses), (ii) net derivative gains (losses), (iii) GMIB Fees and GMIB Costs and (iv) Market Value Adjustments.⁽¹⁾

The tax impact of the adjustments mentioned is calculated net of the U.S. statutory tax rate, which could differ from our effective tax rate.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance.

Adjusted Earnings per Common Share and Adjusted Return on Equity

Adjusted earnings per common share and adjusted return on equity are measures used by management to evaluate the execution of our business strategy and align such strategy with our shareholders' interests.

Adjusted earnings per common share is defined as adjusted earnings for the period divided by the weighted average number of fully diluted shares of common stock outstanding for the period.

Adjusted return on equity is defined as total annual adjusted earnings on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total stockholders' equity, excluding AOCI.

⁽¹⁾ Collectively, amounts related to GMIB, excluding amounts recorded in NDGL, may be referred to as "GMIB adjustments".

Other Financial Disclosures

Book Value per Common Share, excluding AOCI

Brighthouse uses the term "book value" to refer to "stockholders' equity." Book value per common share is defined as ending stockholders' equity, including AOCI, divided by ending common shares outstanding - diluted. Book value per common share, excluding AOCI, is defined as ending stockholders' equity, excluding AOCI, divided by ending common shares outstanding - diluted.

Sales

Statistical sales information for Life sales is calculated using the LIMRA definition of sales for core direct sales, excluding company-sponsored internal exchanges, corporate-owned life insurance, bank-owned life insurance, and private placement variable universal life insurance. Annuity sales consist of 100 percent of direct statutory premiums, except for fixed indexed annuity sales distributed through MassMutual that consist of 90 percent of gross



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sales. Annuity sales exclude company sponsored internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Holding company liquid assets

Holding company liquid assets include liquid assets in Brighthouse Financial, Inc., Brighthouse Holdings, LLC, and Brighthouse Services, LLC. Liquid assets include cash and cash equivalents, short-term investments and publicly-traded securities excluding assets that are pledged or otherwise committed. Assets pledged or otherwise committed include amounts received in connection with derivatives and collateral financing arrangements.

Basis of Presentation

The information presented in this news release is derived from the consolidated financial statements of Brighthouse Financial, Inc. for periods subsequent to the separation from MetLife, Inc. that occurred on August 4, 2017, and is derived from the combined financial information of the MetLife U.S. Retail Separation Business for periods prior to the separation. The combined financial information was prepared in connection with the separation of a substantial portion of MetLife, Inc.'s former Retail segment as well as certain portions of its former Corporate Benefit Funding segment, and presents the combined results of operations and financial condition of certain former direct and indirect subsidiaries and certain of its current and former affiliates.

Forward-Looking Statements

This news release may contain information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "expect," "project," "will," "intend," "plan," "believe" and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, statements regarding the separation from MetLife, including the expected benefits thereof, the recapitalization actions, including the expected benefits thereof, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse, its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others: differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models; higher risk management costs and exposure to increased counterparty risk due to guarantees within certain of our products; the effectiveness of our exposure management strategy and the impact of such strategy on net income volatility and



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negative effects on our statutory capital; the additional reserves we will be required to hold against our variable annuities as a result of actuarial guidelines; a sustained period of low equity market prices and interest rates that are lower than those we assumed when we issued our variable annuity products; our degree of leverage following the separation due to indebtedness incurred in connection with the separation; the effect adverse capital and credit market conditions may have on our ability to meet liquidity needs and our access to capital; the impact of changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the effectiveness of our risk management policies and procedures; the availability of reinsurance and the ability of our counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition; changes in accounting standards, practices and/or policies applicable to us; the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders; our ability to market and distribute our products through distribution channels; the impact of the separation on our business and profitability due to MetLife's strong brand and reputation, the increased costs related to replacing arrangements with MetLife with those of third parties and incremental costs as a public company; whether the operational, strategic and other benefits of the separation can be achieved, and our ability to implement our business strategy; whether all or any portion of the separation tax consequences are not as expected, leading to material additional taxes or material adverse consequences to tax attributes booked to us; the uncertainty of the outcome of any disputes with MetLife over tax-related matters and agreements including the potential of outcomes adverse to us that could cause us to owe MetLife material tax reimbursements or payments; the impact on our business structure, profitability, cost of capital and flexibility due to restrictions we have agreed to that preserve the tax-free treatment of certain parts of the separation; the potential material negative tax impact of proposed legislation that could decrease the value of our tax attributes, lead to increased RBC requirements and cause other cash expenses, such as reserves, to increase materially; whether the distribution will qualify for non-recognition treatment for U.S. federal income tax purposes and potential indemnification to MetLife if the distribution does not so qualify; our ability to attract and retain key personnel; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the "SEC").

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in the Preliminary Information Statement of Brighthouse Financial, Inc., subject to completion, dated June 30, 2017 included as Exhibit 99.1 to Amendment No. 5 to Brighthouse Financial, Inc.'s Registration Statement on Form 10, filed with the SEC on June 30, 2017 and in Brighthouse Financial, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed with the SEC on November 9, 2017, including under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations-Note Regarding Forward-Looking Statements" and "Risk Factors." Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law. Please consult any further disclosures Brighthouse Financial, Inc. makes on related subjects in reports to the SEC.

About Brighthouse Financial, Inc.

Brighthouse Financial, Inc. (Nasdaq: BHF) is a major provider of annuities and life insurance in the U.S. Established by MetLife, our mission is to help people achieve financial security by offering essential annuity and life insurance



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solutions designed to protect what they have earned and help ensure it lasts. Learn more at www.brighthousefinancial.com.

CONTACT

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Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Revenues			
Premiums	\$233	\$236	\$201
Universal life and investment-type product policy fees	963	1,025	939
Net investment income	769	761	785
Other revenues	322	93	255
Revenues before NIGL and NDGL	2,287	2,115	2,180
Net investment gains (losses)	6	21	(63)
Net derivative gains (losses)	(413)	(164)	(2,670)
Total revenues	\$1,880	\$1,972	\$(553)
Expenses			
Interest credited	\$273	\$279	\$294
Policyholder benefits and claims	904	1,083	955
Amortization of DAC and VOBA	231	123	416
Interest expense	37	34	42
Other expenses	657	577	517
Total expenses	2,102	2,096	2,224
Income (loss) before provision for income tax	(222)	(124)	(2,777)
Provision for income tax expense (benefit)	(890)	819	(1,012)
Net income (loss)	\$668	\$(943)	\$(1,765)

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Condensed Balance Sheets (Unaudited, in millions)

ASSETS	As of		
	December 31, 2017	September 30, 2017	December 31, 2016
Investments:			
Fixed maturity securities available-for-sale	\$64,991	\$63,565	\$61,388
Equity securities available-for-sale	232	265	300
Mortgage loans, net	10,742	10,431	9,378
Policy loans	1,523	1,522	1,517
Real estate and real estate joint ventures	433	407	215
Other limited partnership interests	1,669	1,654	1,642
Short-term investments	312	1,149	1,288
Other invested assets	2,436	2,666	4,904
Total investments	82,338	81,659	80,632
Cash and cash equivalents	1,857	1,698	5,228
Accrued investment income	601	641	693
Reinsurance recoverables	12,763	12,727	13,455
Premiums and other receivables	762	864	1,192
DAC and VOBA	6,286	6,414	6,293
Current income tax recoverable	740	1,772	778
Other assets	588	647	616
Separate account assets	118,257	116,857	113,043
Total assets	\$224,192	\$223,279	\$221,930
LIABILITIES, STOCKHOLDERS' EQUITY AND NONCONTROLLING INTERESTS			
Liabilities			
Future policy benefits	\$36,616	\$36,035	\$33,372
Policyholder account balances	37,783	37,298	37,526
Other policy-related balances	2,985	2,964	3,045
Payables for collateral under securities loaned and other transactions	4,169	4,569	7,390
Long-term financing obligations:			
Debt	3,612	3,615	810
Reserve financing	—	—	3,897
Deferred income tax liability	927	2,116	2,056
Other liabilities	5,263	5,994	5,929
Separate account liabilities	118,257	116,857	113,043
Total liabilities	209,612	\$209,448	\$207,068
Stockholders' Equity and Noncontrolling Interests			
Common stock	1	1	—
Additional paid-in capital	12,432	12,418	—
Retained earnings	707	39	—
Shareholder's net investment	—	—	13,597
Accumulated other comprehensive income (loss)	1,375	1,308	1,265
Total stockholders' equity	14,515	\$13,766	\$14,862
Noncontrolling interests	65	65	—
Total stockholders' equity and noncontrolling interests	14,580	\$13,831	\$14,862

Total liabilities, stockholders' equity and noncontrolling interests	\$224,192	\$223,279	\$221,930
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For periods ending prior to the separation, stockholders' equity was previously reported as shareholder's net investment.

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Reconciliation of Net Income (Loss) to Adjusted Earnings and Reconciliation of Net Income (Loss) per Common Share to Adjusted Earnings per Common Share (Unaudited, in millions except per share data)

	For the Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
Net income (loss)	\$668	\$(943)	\$(1,765)
Adjustments from net income (loss) to adjusted earnings:			
Less: Net investment gains (losses)	6	21	(63)
Less: Net derivative gains (losses)	(424)	(182)	(2,767)
Less: GMIB adjustments	(76)	(488)	179
Less: Market value adjustments	(3)	(1)	34
Less: Other	—	22	(3)
Less: Provision for income tax (expense) benefit on reconciling adjustments	173	361	917
Adjusted earnings	\$992	\$(676)	\$(62)
Net income (loss) per common share	\$5.58	\$(7.87)	N/A
Less: Net investment gains (losses)	0.05	0.18	N/A
Less: Net derivative gains (losses)	(3.54)	(1.52)	N/A
Less: GMIB adjustments	(0.63)	(4.07)	N/A
Less: Market value adjustments	(0.02)	(0.01)	N/A
Less: Other	—	0.18	N/A
Less: Provision for income tax (expense) benefit on reconciling adjustments	1.44	3.01	N/A
Adjusted earnings per common share	\$8.28	\$(5.64)	N/A

Notable Items (Unaudited, in millions)

	For the Three Months Ended		
	December 31, 2017	September 30, 2017	December 31, 2016
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS			
Actuarial assumption review and other insurance adjustments	\$91	\$(134)	\$399
Establishment costs	47	31	—
Separation related transactions	14	1,073	(23)
Tax reform adjustment (1)	(947)	—	—
Other	—	—	(23)
Total notable items (2)	\$(795)	\$970	\$353
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER			
Annuities	\$—	\$(142)	\$(46)
Life	—	17	—
Run-off	91	(9)	399
Corporate & Other	(886)	1,104	—
Total notable items (2)	\$(795)	\$970	\$353

(1) The notable item for the three month period ended December 31, 2017 includes a reduction of \$222 in a tax-related obligation to our former parent, MetLife, Inc.

(2) Notable items reflect the negative (positive) after-tax impact to adjusted earnings of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items is intended to help investors better understand the Company's results and to evaluate and forecast those results.

Brighthouse Financial, Inc. Financial Supplement

Fourth Quarter 2017






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Note: See Appendix for non-GAAP financial information, definitions and reconciliations. Financial information, unless otherwise noted, is rounded to millions. Some financial information, therefore, may not sum to the corresponding total.

The information presented in this financial supplement is derived from the consolidated financial statements of Brighthouse Financial, Inc. for periods subsequent to the separation from MetLife, Inc. that occurred on August 4, 2017, and is derived from the combined financial information of the MetLife U.S. Retail Separation Business for periods prior to the separation. The combined financial information was prepared in connection with the separation of a substantial portion of MetLife, Inc.'s former Retail segment as well as certain portions of its former Corporate Benefit Funding segment, and presents the combined results of operations and financial condition of certain former direct and indirect subsidiaries and certain of its current and former affiliates. As used in this financial supplement, "Brighthouse Financial," "Brighthouse," the "Company," "we," "our" and "us" refer to Brighthouse Financial, Inc., the entity that subsequent to the separation holds, through its subsidiaries, the assets (including the equity interests of certain former MetLife, Inc. subsidiaries) and liabilities associated with MetLife, Inc.'s former Brighthouse Financial segment.



Financial Results

Key Metrics (Unaudited, dollars in millions except share and per share amounts)

Financial Results and Metrics	As of or for the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net income (loss) (1)	\$668	\$(943)	\$246	\$(349)	\$(1,765)
Adjusted earnings (1)	\$992	\$(676)	\$324	\$280	\$(61)
Total corporate expenses (2)	\$287	\$241	\$226	\$215	\$198
Stockholders' Equity (3)					
Ending stockholders' equity	\$14,515	\$13,766	\$16,415	\$15,116	\$14,862
Ending AOCI	1,375	1,308	1,894	1,506	1,265
Ending stockholders' equity, excluding AOCI	\$13,140	\$12,458	\$14,521	\$13,610	\$13,597
Pro forma ending stockholders' equity, excluding AOCI (4)	\$12,840	N/A	\$12,170	N/A	N/A
Return on Equity					
Return on equity	(2.5)%	(17.9)%	(12.2)%	(21.4)%	(16.7)%
Return on equity, excluding AOCI (5)	(2.8)%	(20.1)%	(13.8)%	(24.3)%	(18.9)%
Adjusted return on equity (6)	6.8%	(1.0)%	5.9%	4.1%	4.4%
Per Common Share					
Net income (loss) per common share (7)	\$5.58	\$(7.87)	N/A	N/A	N/A
Adjusted earnings per common share (8)	\$8.28	\$(5.64)	N/A	N/A	N/A
Book value per common share (9)	\$121.19	\$114.93	N/A	N/A	N/A
Book value per common share, excluding AOCI (10)	\$109.71	\$104.01	N/A	N/A	N/A
Common Shares					
Weighted average common shares outstanding - basic	119,773,106	119,773,106	N/A	N/A	N/A
Weighted average common shares outstanding - diluted (7)(8)	119,773,106	119,773,106	N/A	N/A	N/A
Ending common shares outstanding	119,773,106	119,773,106	N/A	N/A	N/A
Ending common shares outstanding - diluted (9)(10)	119,773,106	119,773,106	N/A	N/A	N/A

(1) The Company recorded a non-cash tax expense of \$1.1 billion in the third quarter of 2017 related to a tax obligation triggered prior to the separation, recognized by the Company's former parent. This tax expense had no impact on the book value of Brighthouse.

(2) Includes functional department expenses, public company expenses, certain investment expenses, retirement funding and incentive compensation; and excludes establishment costs.

(3) For periods ending prior to the separation, stockholders' equity was previously reported as shareholder's net investment.

(4) December 31, 2017 amounts have been adjusted for an estimated \$300 million of tax reform impact related to the unwinding of previously recognized amounts of unrealized gains (losses) at the former statutory tax rate. June 30, 2017 amounts have been adjusted for subsequent separation transactions, including the distribution to MetLife, Inc. of \$1.8 billion and a tax separation liability of \$600 million.

(5) Return on equity, excluding AOCI, is defined as total annual net income (loss) on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total stockholders' equity, excluding AOCI.

(6) Adjusted return on equity is defined as total annual adjusted earnings on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total stockholders' equity, excluding AOCI.

(7) Net income (loss) per common share is defined as net income (loss), divided by weighted average common shares outstanding - diluted.

(8) Adjusted earnings per common share is defined as adjusted earnings, divided by weighted average common shares outstanding - diluted.

(9) Book value per common share is defined as ending stockholders' equity, including AOCI, divided by ending common shares outstanding - diluted.


(10) Book value per common share, excluding AOCI, is defined as ending stockholders' equity, excluding AOCI, divided by ending common shares outstanding - diluted.

Condensed Statements of Operations (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Revenues							
Premiums	\$233	\$236	\$218	\$176	\$201	\$863	\$1,222
Universal life and investment-type product policy fees	963	1,025	957	953	939	3,898	3,782
Net investment income	769	761	766	782	785	3,078	3,207
Other revenues	322	93	162	74	255	651	736
Revenues before NIGL and NDGL	2,287	2,115	2,103	1,985	2,180	8,490	8,947
Net investment gains (losses)	6	21	—	(55)	(63)	(28)	(78)
Net derivative gains (losses)	(413)	(164)	(78)	(965)	(2,670)	(1,620)	(5,851)
Total revenues	\$1,880	\$1,972	\$2,025	\$965	\$(553)	\$6,842	\$3,018
Expenses							
Interest credited	\$273	\$279	\$284	\$275	\$294	\$1,111	\$1,165
Policyholder benefits and claims	904	1,083	785	864	955	3,636	3,903
Amortization of DAC and VOBA	231	123	21	(148)	416	227	371
Interest expense on debt	37	34	37	45	42	153	175
Other expenses	657	577	577	519	517	2,330	2,109
Total expenses	2,102	2,096	1,704	1,555	2,224	7,457	7,723
Income (loss) before provision for income tax	(222)	(124)	321	(590)	(2,777)	(615)	(4,705)
Provision for income tax expense (benefit)	(890)	819	75	(241)	(1,012)	(237)	(1,766)
Net income (loss)	\$668	\$(943)	\$246	\$(349)	\$(1,765)	\$(378)	\$(2,939)

Balance Sheets (Unaudited, in millions)

ASSETS	As of				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Investments:					
Fixed maturity securities available-for-sale	\$64,991	\$63,565	\$63,507	\$60,870	\$61,388
Equity securities available-for-sale	232	265	278	290	300
Mortgage loans, net	10,742	10,431	10,263	9,908	9,378
Policy loans	1,523	1,522	1,513	1,512	1,517
Real estate and real estate joint ventures	433	407	302	242	215
Other limited partnership interests	1,669	1,654	1,623	1,596	1,642
Short-term investments	312	1,149	1,286	1,058	1,288
Other invested assets	2,436	2,666	3,037	3,817	4,904
Total investments	82,338	81,659	81,809	79,293	80,632
Cash and cash equivalents	1,857	1,698	4,443	5,812	5,228
Accrued investment income	601	641	608	641	693
Reinsurance recoverables	12,763	12,727	12,732	12,869	13,455
Premiums and other receivables	762	864	683	817	1,192
DAC and VOBA	6,286	6,414	6,464	6,500	6,293
Current income tax recoverable	740	1,772	1,423	1,247	778
Other assets	588	647	600	644	616
Separate account assets	118,257	116,857	115,566	115,365	113,043
Total assets	\$224,192	\$223,279	\$224,328	\$223,188	\$221,930
LIABILITIES, STOCKHOLDERS' EQUITY AND NONCONTROLLING INTERESTS					
Liabilities					
Future policy benefits	\$36,616	\$36,035	\$34,352	\$33,622	\$33,372
Policyholder account balances	37,783	37,298	37,296	36,986	37,526
Other policy-related balances	2,985	2,964	2,985	3,009	3,045
Payables for collateral under securities loaned and other transactions	4,169	4,569	7,121	7,177	7,390
Long-term financing obligations:					
Debt	3,612	3,615	3,016	807	810
Reserve financing	—	—	—	3,897	3,897
Deferred income tax liability	927	2,116	2,337	2,445	2,056
Other liabilities	5,263	5,994	5,190	4,764	5,929
Separate account liabilities	118,257	116,857	115,566	115,365	113,043
Total liabilities	209,612	209,448	207,863	208,072	207,068
Stockholders' Equity and Noncontrolling Interests					
Common stock	1	1	—	—	—
Additional paid-in capital	12,432	12,418	—	—	—
Retained earnings	707	39	—	—	—
Shareholder's net investment	—	—	14,521	13,610	13,597
Accumulated other comprehensive income (loss)	1,375	1,308	1,894	1,506	1,265
Total stockholders' equity	14,515	13,766	16,415	15,116	14,862
Noncontrolling interests	65	65	50	—	—
Total stockholders' equity and noncontrolling interests	14,580	13,831	16,465	15,116	14,862
Total liabilities, stockholders' equity and noncontrolling interests	\$224,192	\$223,279	\$224,328	\$223,188	\$221,930



Earnings and Select Metrics from Business Segments and Corporate & Other

Annuities — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Adjusted revenues							
Premiums	\$33	\$44	\$48	\$50	\$58	\$175	\$444
Universal life and investment-type product policy fees	645	629	639	632	629	2,545	2,521
Net investment income	329	310	311	327	376	1,277	1,451
Other revenues	93	87	128	65	86	373	540
Total adjusted revenues	\$1,100	\$1,070	\$1,126	\$1,074	\$1,149	\$4,370	\$4,956
Adjusted expenses							
Interest credited	\$148	\$153	\$152	\$152	\$153	\$605	\$627
Policyholder benefits and claims	153	258	163	160	182	734	1,079
Amortization of DAC and VOBA	102	(228)	112	94	92	80	368
Interest expense on debt	—	—	—	—	—	—	—
Other operating costs	422	399	386	358	314	1,565	1,246
Total adjusted expenses	825	582	813	764	741	2,984	3,320
Adjusted earnings before provision for income tax	275	488	313	310	408	1,386	1,636
Provision for income tax expense (benefit)	67	133	87	82	116	369	484
Adjusted earnings	\$208	\$355	\$226	\$228	\$292	\$1,017	\$1,152

Annuities — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
FIXED ANNUITIES ACCOUNT VALUE					
Account value, beginning of period	\$13,123	\$13,230	\$13,369	\$13,523	\$13,715
Premiums and deposits	232	113	47	48	56
Surrenders and contract benefits	(374)	(331)	(298)	(313)	(358)
Net flows	(142)	(218)	(251)	(265)	(302)
Interest credited	106	111	112	111	110
Policy charges and other	(25)	—	—	—	—
Account value, end of period	\$13,062	\$13,123	\$13,230	\$13,369	\$13,523
VARIABLE & INDEXED ANNUITIES ACCOUNT VALUE (1)					
Account value, beginning of period	\$118,574	\$116,830	\$115,920	\$113,271	\$115,099
Premiums and deposits	1,128	981	965	930	1,015
Surrenders and contract benefits	(2,799)	(2,402)	(2,689)	(2,585)	(2,413)
Net flows	(1,671)	(1,421)	(1,724)	(1,655)	(1,398)
Investment performance (2)	4,129	3,873	3,330	4,949	224
Policy charges and other	(699)	(708)	(696)	(645)	(654)
Account value, end of period	\$120,333	\$118,574	\$116,830	\$115,920	\$113,271
INCOME ANNUITIES (1)					
Income annuity insurance liabilities	\$4,544	\$4,544	\$4,531	\$4,518	\$4,521

(1) Includes general account and separate account.

(2) Includes imputed interest on indexed annuities and the interest credited on the general account investment option of variable products.

Annuities — Select Operating Metrics (Cont.) (Unaudited, in millions)

VARIABLE & INDEXED ANNUITY SALES	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Shield Annuities (1)	\$794	\$653	\$570	\$458	\$456	\$2,475	\$1,655
Fixed indexed annuity (2)	203	69	—	—	—	272	—
GMWB/GMAB	173	190	215	234	326	812	1,371
GMDB only	94	92	107	115	142	408	574
GMIB (3)	36	25	43	51	56	155	356
Total variable & indexed annuity sales	\$1,300	\$1,029	\$935	\$858	\$980	\$4,122	\$3,956
FIXED ANNUITY SALES							
Fixed deferred annuities	\$32	\$37	\$47	\$49	\$56	\$165	\$275
Single premium immediate annuities	6	7	8	12	17	33	192
Other fixed annuities	3	1	5	12	14	21	140
Total fixed annuity sales	\$41	\$45	\$60	\$73	\$87	\$219	\$607

(1) Shield Annuities is the suite of deferred index-linked annuities consisting of products marketed under the names Shield Level SelectorSM, Shield Level SelectSM and Shield Level 10SM.

(2) Represents 90% of gross sales assumed via reinsurance agreement.

(3) Ceased issuing GMIBs for new purchase in February 2016.

Life — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended				For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2016
Adjusted revenues						
Premiums	\$172	\$164	\$142	\$100	\$114	\$493
Universal life and investment-type product policy fees	81	134	75	83	12	248
Net investment income	79	87	69	107	66	371
Other revenues	1	2	19	—	128	138
Total adjusted revenues	\$333	\$387	\$305	\$290	\$320	\$1,250
Adjusted expenses						
Interest credited	\$48	\$40	\$40	\$28	\$31	\$114
Policyholder benefits and claims	187	161	169	147	138	567
Amortization of DAC and VOBA	33	138	7	45	162	284
Interest expense on debt	—	—	—	—	—	—
Other operating costs	58	56	66	85	31	259
Total adjusted expenses	326	395	282	305	362	1,224
Adjusted earnings before provision for income tax	7	(8)	23	(15)	(42)	26
Provision for income tax expense (benefit)	2	(14)	11	(8)	(18)	—
Adjusted earnings	\$5	\$6	\$12	\$(7)	\$(24)	\$26

Life — Select Operating Metrics (Unaudited, in millions)

	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
LIFE ACCOUNT VALUE: GENERAL ACCOUNT					
Variable universal and universal life account value, beginning of period	\$2,800	\$2,818	\$2,823	\$2,914	\$2,891
Premiums and deposits (1)	66	64	76	77	94
Surrender and contract benefits	(49)	(49)	(36)	(124)	(41)
Net flows	17	15	40	(47)	53
Net transfers from (to) separate account	7	14	17	17	17
Interest credited	30	29	19	22	34
Policy charges and other	(79)	(76)	(81)	(83)	(81)
Variable universal and universal life account value, end of period	\$2,775	\$2,800	\$2,818	\$2,823	\$2,914
LIFE ACCOUNT VALUE: SEPARATE ACCOUNT					
Variable universal life account value, beginning of period	\$5,107	\$4,977	\$4,886	\$4,704	\$4,730
Premiums and deposits	60	65	70	70	69
Surrender and contract benefits	(69)	(58)	(71)	(67)	(68)
Net flows	(9)	7	(1)	3	1
Investment performance	215	196	171	250	55
Net transfers from (to) general account	(7)	(14)	(17)	(17)	(17)
Policy charges and other	(56)	(59)	(62)	(54)	(65)
Variable universal life account value, end of period	\$5,250	\$5,107	\$4,977	\$4,886	\$4,704

(1) Includes premiums and sales directed to the general account investment option of variable products.

Life — Select Operating Metrics (Cont.) (Unaudited, in millions)

LIFE SALES	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Whole life	\$—	\$1	\$5	\$9	\$11	\$15	\$75
Term life	1	2	3	6	10	12	54
Variable universal life	—	—	2	1	2	3	11
Universal life without secondary guarantees	2	2	1	1	10	6	18
Total life sales	\$3	\$5	\$11	\$17	\$33	\$36	\$158

LIFE INSURANCE IN-FORCE	As of				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Whole Life					
Life Insurance in-force, before reinsurance	\$23,204	\$23,532	\$23,881	\$24,090	\$24,280
Life Insurance in-force, net of reinsurance	\$3,820	\$3,747	\$3,827	\$3,089	\$3,165
Term Life					
Life Insurance in-force, before reinsurance	\$453,804	\$459,001	\$464,872	\$470,405	\$471,857
Life Insurance in-force, net of reinsurance	\$342,487	\$329,833	\$333,685	\$120,791	\$120,090
Universal and Variable Universal Life					
Life Insurance in-force, before reinsurance	\$60,514	\$61,408	\$62,142	\$62,760	\$63,709
Life Insurance in-force, net of reinsurance (1)	\$42,009	\$40,183	\$39,909	\$32,602	\$32,930

(1) \$675 million associated with certain universal life business was recaptured by the Company in the first quarter of 2018.

Run-off — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Adjusted revenues							
Premiums	\$—	\$—	\$1	\$—	\$1	\$1	\$146
Universal life and investment-type product policy fees	169	196	175	173	232	713	731
Net investment income	339	348	354	358	384	1,399	1,441
Other revenues	8	3	15	8	6	34	24
Total adjusted revenues	\$516	\$547	\$545	\$539	\$623	\$2,147	\$2,342
Adjusted expenses							
Interest credited	\$76	\$86	\$91	\$94	\$110	\$347	\$421
Policyholder benefits and claims	493	287	288	299	390	1,367	1,519
Amortization of DAC and VOBA	1	—	—	6	556	7	961
Interest expense on debt	—	—	8	15	15	23	61
Other operating costs	71	55	79	51	88	256	214
Total adjusted expenses	641	428	466	465	1,159	2,000	3,176
Adjusted earnings before provision for income tax	(125)	119	79	74	(536)	147	(834)
Provision for income tax expense (benefit)	(45)	36	27	25	(187)	43	(295)
Adjusted earnings	\$(80)	\$83	\$52	\$49	\$(349)	\$104	\$(539)

Run-off — Select Operating Metrics (Unaudited, in millions)

UNIVERSAL LIFE WITH SECONDARY GUARANTEES ACCOUNT VALUE	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Account value, beginning of period	\$6,292	\$6,282	\$6,258	\$6,252	\$6,227
Premiums and deposits (1)	199	200	215	208	211
Surrenders and contract benefits	(27)	(17)	(30)	(42)	(22)
Net flows	172	183	185	166	189
Interest credited	59	61	76	65	67
Policy charges and other	(238)	(234)	(237)	(225)	(231)
Account value, end of period	\$6,285	\$6,292	\$6,282	\$6,258	\$6,252

LIFE INSURANCE IN-FORCE	As of				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Universal Life with Secondary Guarantees					
Life Insurance in-force, before reinsurance	\$82,747	\$83,325	\$83,645	\$83,587	\$83,566
Life Insurance in-force, net of reinsurance (2)	\$37,133	\$35,243	\$35,356	\$24,556	\$24,287

(1) Includes premiums and sales directed to the general account investment option of variable products.

(2) \$1.1 billion associated with certain ULSG business was recaptured by the Company in the first quarter of 2018.

Corporate & Other — Statements of Adjusted Earnings (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Adjusted revenues							
Premiums	\$28	\$28	\$27	\$26	\$29	\$109	\$139
Universal life and investment-type product policy fees	(3)	(4)	(3)	(3)	(3)	(13)	(11)
Net investment income	33	35	58	66	52	192	239
Other revenues	222	—	—	—	32	222	33
Total adjusted revenues	\$280	\$59	\$82	\$89	\$110	\$510	\$400
Adjusted expenses							
Interest credited	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Policyholder benefits and claims	14	21	17	10	17	62	87
Amortization of DAC and VOBA	5	4	6	5	3	20	22
Interest expense on debt	38	36	28	30	29	132	111
Other operating costs	105	93	20	21	48	239	141
Total adjusted expenses	162	154	71	66	97	453	361
Adjusted earnings before provision for income tax	118	(95)	11	23	13	57	39
Provision for income tax expense (benefit)	(741)	1,025	(23)	13	(7)	274	(8)
Adjusted earnings	\$859	\$(1,120)	\$34	\$10	\$20	\$(217)	\$47



Other Information

DAC and VOBA and Net Derivative Gains (Losses) (Unaudited, in millions)

DAC AND VOBA ROLLFORWARD	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Balance, beginning of period	\$6,414	\$6,464	\$6,500	\$6,293	\$6,589
Capitalization	73	72	47	68	79
Amortization:					
Related to net investment gains (losses) and net derivative gains (losses) (1)	(90)	(209)	105	297	397
Notable items, included in adjusted expenses	—	229	—	—	(539)
Other amortization, included in adjusted expenses	(140)	(143)	(125)	(149)	(274)
Total amortization	(230)	(123)	(20)	148	(416)
Unrealized investment gains (losses)	29	1	(63)	(9)	90
Other	—	—	—	—	(49)
Balance, end of period	\$6,286	\$6,414	\$6,464	\$6,500	\$6,293
DAC AND VOBA BY SEGMENT AND CORPORATE & OTHER	As of				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Annuities	\$5,046	\$5,142	\$5,076	\$5,106	\$4,878
Life	1,106	1,134	1,248	1,253	1,261
Run-off	6	6	2	5	6
Corporate & Other	128	132	138	136	148
Total DAC and VOBA	\$6,286	\$6,414	\$6,464	\$6,500	\$6,293
NET DERIVATIVE GAINS (LOSSES)	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net derivative gains (losses):					
Variable annuity embedded derivatives (2)	\$190	\$579	\$212	\$291	\$1,753
Variable annuity hedges	(548)	(730)	(471)	(1,070)	(2,538)
ULSG hedges	(43)	(9)	267	(44)	(1,388)
Other hedges and embedded derivatives	(23)	(22)	(113)	(218)	(590)
Subtotal	(424)	(182)	(105)	(1,041)	(2,763)
Investment hedge adjustments	11	18	27	76	93
Total net derivative gains (losses)	\$(413)	\$(164)	\$(78)	\$(965)	\$(2,670)

(1) Includes amounts related to GMIB fees and GMIB costs that are also included as an adjustment from net income (loss) to adjusted earnings.

(2) Beginning with the period ended September 30, 2017, in connection with the transition to our new variable annuity hedge program, the change in value of embedded derivative liabilities associated with Shield Annuities is included in and presented with variable annuity embedded derivatives.

Notable Items (Unaudited, in millions)

	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
NOTABLE ITEMS IMPACTING ADJUSTED EARNINGS					
Actuarial assumption review and other insurance adjustments	\$91	\$(134)	\$—	\$—	\$399
Establishment costs	47	31	—	—	—
Separation related transactions	14	1,073	(42)	—	(23)
Tax reform adjustment (1)	(947)	—	—	—	—
Other	—	—	—	—	(23)
Total notable items (2)	\$(795)	\$970	\$(42)	\$—	\$353
NOTABLE ITEMS BY SEGMENT AND CORPORATE & OTHER					
Annuities	\$—	\$(142)	\$(25)	\$—	\$(46)
Life	—	17	(12)	—	—
Run-off	91	(9)	(5)	—	399
Corporate & Other	(886)	1,104	—	—	—
Total notable items (2)	\$(795)	\$970	\$(42)	\$—	\$353

(1) The notable item for the three month period ended December 31, 2017 includes a reduction of \$222 in a tax-related obligation to our former parent, MetLife, Inc.

(2) Notable items reflect the negative (positive) after-tax impact to adjusted earnings of certain unanticipated items and events, as well as certain items and events that were anticipated, such as establishment costs. The presentation of notable items is intended to help investors better understand the Company's results and to evaluate and forecast those results.

Variable Annuity Separate Account Returns and Allocations (Unaudited)

VARIABLE ANNUITY SEPARATE ACCOUNT RETURNS	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Total Quarterly VA separate account gross returns	3.81%	3.61%	3.11%	4.72%	0.20%
TOTAL VARIABLE ANNUITY SEPARATE ACCOUNT ALLOCATIONS					
Percent allocated to equity funds	28.04%	27.87%	27.77%	27.70%	27.41%
Percent allocated to bond funds/other funds	8.65%	8.82%	8.94%	9.01%	9.23%
Percent allocated to target volatility funds	14.90%	14.82%	14.78%	14.69%	14.76%
Percent allocated to balanced funds	48.41%	48.49%	48.52%	48.60%	48.60%

Summary of Investments (Unaudited, dollars in millions)

	December 31, 2017		December 31, 2016	
	Amount	% of Total	Amount	% of Total
Fixed maturity securities:				
U.S. corporate securities	\$22,957	27.27%	\$22,311	25.99%
U.S. government and agency securities	16,292	19.35%	13,090	15.25%
Residential mortgage-backed securities	7,977	9.47%	8,023	9.34%
Foreign corporate securities	7,023	8.34%	6,393	7.45%
State and political subdivision securities	4,181	4.97%	3,945	4.59%
Commercial mortgage-backed securities	3,423	4.07%	3,812	4.44%
Asset-backed securities	1,829	2.17%	2,652	3.09%
Foreign government securities	1,309	1.55%	1,162	1.35%
Total fixed maturity securities	64,991	77.19%	61,388	71.50%
Equity securities	232	0.28%	300	0.35%
Mortgage loans:				
Commercial mortgage loans	7,260	8.62%	6,523	7.60%
Agricultural mortgage loans	2,276	2.70%	1,892	2.20%
Residential mortgage loans	1,138	1.35%	867	1.01%
Valuation allowances	(47)	(0.06)%	(40)	(0.05)%
Commercial mortgage loans held by CSEs	115	0.14%	136	0.16%
Total mortgage loans	10,742	12.75%	9,378	10.92%
Policy loans	1,523	1.81%	1,517	1.77%
Real estate and real estate joint ventures	433	0.51%	215	0.25%
Other limited partnership interests	1,669	1.98%	1,642	1.91%
Cash, cash equivalents and short-term investments	2,169	2.58%	6,516	7.59%
Other invested assets:				
Derivatives:				
Interest rate	1,112	1.32%	2,152	2.51%
Equity markets	937	1.11%	1,076	1.25%
Foreign currency exchange rate	165	0.20%	366	0.43%
Credit	40	0.05%	28	0.03%
Total derivatives	2,254	2.68%	3,622	4.22%
Loans to affiliates	—	0.00%	1,090	1.27%
Other	182	0.22%	192	0.22%
Total other invested assets	2,436	2.90%	4,904	5.71%
Total invested assets and cash and cash equivalents	\$84,195	100.00%	\$85,860	100.00%

For the Three Months Ended

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net investment income yield (1)	4.30%	4.32%	4.40%	4.74%	4.69%

(1) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes recognized gains and losses and reflects the GAAP adjustments described beginning on page A-1 of the Appendix hereto. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets, collateral received from derivative counterparties and the effects of consolidating under GAAP certain VIEs that are treated as CSEs.

Select Actual and Preliminary Statutory Financial Results (1) (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017 (2)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017 (2)	December 31, 2016
REVENUE AND EXPENSES							
Total revenues (Line 9)	\$2,800	\$2,647	\$3,194	\$8,889	\$3,022	\$17,500	\$16,151
Total benefits and expenses before dividends to policyholders (Line 28)	\$2,000	\$1,763	\$2,501	\$9,246	\$1,387	\$15,500	\$12,605
	For the Three Months Ended					For the Years Ended	
	December 31, 2017 (2)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017 (2)	December 31, 2016
NET INCOME (LOSS)							
Gain (loss) from operations net of taxes (Line 33)	\$800	\$686	\$114	\$(279)	\$1,620	\$1,300	\$2,685
Net realized capital gains (losses), net of federal income tax and transfers to interest maintenance reserve (Line 34)	(600)	(403)	(234)	(463)	(569)	(1,700)	(1,478)
Net income (loss) (Line 35)	\$200	\$283	\$(120)	\$(742)	\$1,051	\$(400)	\$1,207
	As of						
	December 31, 2017 (2)	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016		
COMBINED TOTAL ADJUSTED CAPITAL							
Combined total adjusted capital	\$6,600	\$6,648	\$6,377	\$4,217	\$5,377		

(1) Combined statutory results for Brighthouse Life Insurance Company, Brighthouse Life Insurance Company of NY and New England Life Insurance Company.

(2) Reflects preliminary statutory results for the three months and the year to date periods ended December 31, 2017.



Appendix

This financial supplement may contain information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “will,” “intend,” “plan,” “believe” and other words and terms of similar meaning, or are tied to future periods, in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, statements regarding the separation from MetLife, including the expected benefits thereof, the recapitalization actions, including the expected benefits thereof, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining the actual future results of Brighthouse, its subsidiaries and affiliates. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements due to a variety of known and unknown risks, uncertainties and other factors. Although it is not possible to identify all of these risks and factors, they include, among others: differences between actual experience and actuarial assumptions and the effectiveness of our actuarial models; higher risk management costs and exposure to increased counterparty risk due to guarantees within certain of our products; the effectiveness of our exposure management strategy and the impact of such strategy on net income volatility and negative effects on our statutory capital; the additional reserves we will be required to hold against our variable annuities as a result of actuarial guidelines; a sustained period of low equity market prices and interest rates that are lower than those we assumed when we issued our variable annuity products; our degree of leverage following the separation due to indebtedness incurred in connection with the separation; the effect adverse capital and credit market conditions may have on our ability to meet liquidity needs and our access to capital; the impact of changes in regulation and in supervisory and enforcement policies on our insurance business or other operations; the effectiveness of our risk management policies and procedures; the availability of reinsurance and the ability of our counterparties to our reinsurance or indemnification arrangements to perform their obligations thereunder; heightened competition, including with respect to service, product features, scale, price, actual or perceived financial strength, claims-paying ratings, credit ratings, e-business capabilities and name recognition; changes in accounting standards, practices and/or policies applicable to us; the ability of our insurance subsidiaries to pay dividends to us, and our ability to pay dividends to our shareholders; our ability to market and distribute our products through distribution channels; the impact of the separation on our business and profitability due to MetLife’s strong brand and reputation, the increased costs related to replacing arrangements with MetLife with those of third parties and incremental costs as a public company; whether the operational, strategic and other benefits of the separation can be achieved, and our ability to implement our business strategy; whether all or any portion of the separation tax consequences are not as expected, leading to material additional taxes or material adverse consequences to tax attributes booked to us; the uncertainty of the outcome of any disputes with MetLife over tax-related matters and agreements including the potential of outcomes adverse to us that could cause us to owe MetLife material tax reimbursements or payments; the impact on our business structure, profitability, cost of capital and flexibility due to restrictions we have agreed to that preserve the tax-free treatment of certain parts of the separation; the potential material negative tax impact of proposed legislation that could decrease the value of our tax attributes, lead to increased RBC requirements and cause other cash expenses, such as reserves, to increase materially; whether the distribution will qualify for non-recognition treatment for U.S. federal income tax purposes and potential indemnification to MetLife if the distribution does not so qualify; our ability to attract and retain key personnel; and other factors described from time to time in documents that we file with the U.S. Securities and Exchange Commission (the “SEC”).

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements included and the risks, uncertainties and other factors identified in the Preliminary Information Statement of Brighthouse Financial, Inc., subject to completion, dated June 30, 2017 included as Exhibit 99.1 to Amendment No. 5 to Brighthouse Financial, Inc.’s Registration Statement on Form 10, filed with the SEC on June 30, 2017 and in Brighthouse Financial, Inc.’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, filed with the SEC on November 9, 2017, including under the captions “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Note Regarding Forward-Looking Statements” and “Risk Factors.” Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law. Please consult any further disclosures Brighthouse Financial, Inc. makes on related subjects in reports to the SEC.

Non-GAAP and Other Financial Disclosures

Non-GAAP Financial Disclosures

In this financial supplement, we present certain measures of our performance that are not calculated in accordance with GAAP. We believe that these non-GAAP financial measures enhance the understanding of our performance by highlighting the results of operations and the underlying profitability drivers of our business.

The following non-GAAP financial measures should not be viewed as substitutes for the most directly comparable financial measures calculated in accordance with GAAP:

<u>Non-GAAP financial measures:</u>	<u>Comparable GAAP financial measures:</u>
(i) adjusted earnings	(i) net income (loss)
(ii) adjusted revenues	(ii) revenues
(iii) adjusted expenses	(iii) expenses
(iv) adjusted earnings per common share	(iv) earnings per share
(v) adjusted return on equity	(v) return on equity

Reconciliations of these measures to the most directly comparable historical GAAP measures are included in this financial supplement. These adjusted measures were previously referred to as operating measures.

Our definitions of the non-GAAP and other financial measures discussed in this financial supplement may differ from those used by other companies. For example, as indicated below, we exclude GMIB revenues and related embedded derivatives gains (losses) as well as GMIB benefits and associated DAC and VOBA offsets from adjusted earnings, thereby excluding substantially all GMLB activity from adjusted earnings.

Adjusted Earnings, Adjusted Revenues and Adjusted Expenses

Adjusted earnings, which may be positive or negative, is used by management to evaluate performance, allocate resources and facilitate comparisons to industry results. This financial measure focuses on our primary businesses principally by excluding the impact of market volatility, which could distort trends, as well as businesses that have been or will be sold or exited by us, referred to as divested businesses.

Provided below are the adjustments to GAAP revenues and GAAP expenses used to calculate adjusted revenues and adjusted expenses, respectively. Adjusted earnings, as presented in this financial supplement, reflects adjusted revenues less adjusted expenses, both net of income tax.

Non-GAAP and Other Financial Disclosures (Cont.)

The following are significant items excluded from total revenues, net of income tax, in calculating the adjusted revenues component of adjusted earnings:

- Net investment gains (losses);
- Net derivative gains (losses), except earned income on derivatives that are hedges of investments or that are used to replicate certain investments, but do not qualify for hedge accounting treatment ("Investment Hedge Adjustments"); and
- Amortization of unearned revenue related to net investment gains (loss) and net derivative gains (losses) and certain variable annuity GMIB fees ("GMIB Fees")(1).

The following are significant items excluded from total expenses, net of income tax, in calculating the adjusted expenses component of adjusted earnings:

- Amounts associated with benefits and hedging costs related to GMIBs ("GMIB Costs")(1);
- Amounts associated with periodic crediting rate adjustments based on the total return of a contractually referenced pool of assets and market value adjustments associated with surrenders or terminations of contracts ("Market Value Adjustments"); and
- Amortization of DAC and VOBA related to (i) net investment gains (losses), (ii) net derivative gains (losses), (iii) GMIB Fees and GMIB Costs and (iv) Market Value Adjustments(1).

The tax impact of the adjustments mentioned is calculated net of the U.S. statutory tax rate, which could differ from our effective tax rate.

Consistent with GAAP guidance for segment reporting, adjusted earnings is also our GAAP measure of segment performance.

(1) Collectively, amounts related to GMIB, excluding amounts recorded in NDGL, may be referred to as "GMIB adjustments".

Non-GAAP and Other Financial Disclosures (Cont.)

Adjusted Earnings per Common Share and Adjusted Return on Equity

Adjusted earnings per common share and adjusted return on equity are measures used by management to evaluate the execution of our business strategy and align such strategy with our shareholders' interests.

Adjusted earnings per common share is defined as adjusted earnings for the period divided by the weighted average number of fully diluted shares of common stock outstanding for the period.

Adjusted return on equity is defined as total annual adjusted earnings on a four quarter trailing basis, divided by the simple average of the most recent five quarters of total stockholders' equity, excluding AOCI.

Other Financial Disclosures

Book Value per Common Share, excluding AOCI

Brighthouse uses the term "book value" to refer to "stockholders' equity." Book value per common share is defined as ending stockholders' equity, including AOCI, divided by ending common shares outstanding - diluted. Book value per common share, excluding AOCI, is defined as ending stockholders' equity, excluding AOCI, divided by ending common shares outstanding - diluted.

Sales

Statistical sales information for Life sales is calculated using the LIMRA definition of sales for core direct sales, excluding company-sponsored internal exchanges, corporate-owned life insurance, bank-owned life insurance, and private placement variable universal life insurance. Annuity sales consist of 100 percent of direct statutory premiums, except for fixed indexed annuity sales distributed through MassMutual that consist of 90 percent of gross sales. Annuity sales exclude company sponsored internal exchanges. These sales statistics do not correspond to revenues under GAAP, but are used as relevant measures of business activity.

Acronyms

AOCI	Accumulated other comprehensive income (loss)
CSE	Consolidated securitization entity
DAC	Deferred policy acquisition costs
GAAP	Accounting principles generally accepted in the United States of America
GMAB	Guaranteed minimum accumulation benefits
GMDB	Guaranteed minimum death benefits
GMIB	Guaranteed minimum income benefits
GMLB	Guaranteed minimum living benefits
GMWB	Guaranteed minimum withdrawal benefits
LIMRA	Life Insurance Marketing and Research Association
NDGL	Net derivative gains (losses)
NIGL	Net investment gains (losses)
PAB	Policyholder account balances
ULSG	Universal life insurance with secondary guarantees
VA	Variable annuity
VIE	Variable interest entity
VOBA	Value of business acquired

Reconciliation of Net Income (Loss) to Adjusted Earnings and Reconciliation of Net Income (Loss) per Common Share to Adjusted Earnings per Common Share
(Unaudited, in millions except per share data)

	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net income (loss)	\$668	\$(943)	\$246	\$(349)	\$(1,765)
Adjustments from net income (loss) to adjusted earnings:					
Less: Net investment gains (losses)	6	21	—	(55)	(63)
Less: Net derivative gains (losses)	(424)	(182)	(105)	(1,041)	(2,767)
Less: GMIB adjustments	(76)	(488)	42	132	179
Less: Market value adjustments	(3)	(1)	(11)	(6)	34
Less: Other	—	22	(31)	(12)	(3)
Less: Provision for income tax (expense) benefit on reconciling adjustments	173	361	27	353	917
Adjusted earnings	\$992	\$(676)	\$324	\$280	\$(62)
Net income (loss) per common share	\$5.58	\$(7.87)	N/A	N/A	N/A
Less: Net investment gains (losses)	0.05	0.18	N/A	N/A	N/A
Less: Net derivative gains (losses)	(3.54)	(1.52)	N/A	N/A	N/A
Less: GMIB adjustments	(0.63)	(4.07)	N/A	N/A	N/A
Less: Market value adjustments	(0.02)	(0.01)	N/A	N/A	N/A
Less: Other	—	0.18	N/A	N/A	N/A
Less: Provision for income tax (expense) benefit on reconciling adjustments	1.44	3.01	N/A	N/A	N/A
Adjusted earnings per common share	\$8.28	\$(5.64)	N/A	N/A	N/A

Reconciliation of Return on Equity to Adjusted Return on Equity (Unaudited, dollars in millions)

ADJUSTED EARNINGS	Four Quarters Cumulative Trailing Basis				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Net income (loss)	\$(378)	\$(2,811)	\$(2,026)	\$(3,695)	\$(2,939)
Adjustments from net income (loss) to adjusted earnings:					
Less: Net investment gains (losses)	(28)	(97)	(92)	(72)	(78)
Less: Net derivative gains (losses)	(1,752)	(4,095)	(4,490)	(7,421)	(6,152)
Less: GMIB adjustments	(390)	(135)	312	1,206	1,101
Less: Market value adjustments	(21)	16	15	4	(11)
Less: Other	(21)	(24)	(199)	(375)	(432)
Less: Provision for income tax (expense) benefit on reconciling adjustments	914	1,658	1,557	2,337	1,947
Adjusted earnings	\$920	\$(134)	\$871	\$626	\$686

STOCKHOLDERS' EQUITY, EXCLUDING AOCI	Five Quarters Average Stockholders' Equity Basis				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Stockholders' equity	\$14,935	\$15,666	\$16,605	\$17,258	\$17,603
Accumulated other comprehensive income (loss) (AOCI)	1,470	1,682	1,947	2,060	2,063
Stockholders' equity, excluding AOCI	\$13,465	\$13,983	\$14,658	\$15,198	\$15,540

ADJUSTED RETURN ON EQUITY	Five Quarters Average Stockholders' Equity Basis				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Return on equity	(2.5)%	(17.9)%	(12.2)%	(21.4)%	(16.7)%
Return on AOCI	(25.7)%	(167.1)%	(104.1)%	(179.4)%	(142.5)%
Return on equity, excluding AOCI	(2.8)%	(20.1)%	(13.8)%	(24.3)%	(18.9)%
Return on adjustments from net income (loss) to adjusted earnings:					
Less: Return on Net investment gains (losses)	(0.2)%	(0.7)%	(0.6)%	(0.5)%	(0.5)%
Less: Return on Net derivative gains (losses)	(13.0)%	(29.3)%	(30.6)%	(48.8)%	(39.6)%
Less: Return on GMIB adjustments	(2.9)%	(1.0)%	2.1%	7.9%	7.1%
Less: Return on Market value adjustments	(0.2)%	0.1%	0.1%	—%	(0.1)%
Less: Return on Other	(0.2)%	(0.2)%	(1.4)%	(2.5)%	(2.8)%
Less: Return on Provision for income tax (expense) benefit on reconciling adjustments	6.8%	11.9%	10.6%	15.4%	12.5%
Adjusted return on equity	6.8%	(1.0)%	5.9%	4.1%	4.4%

Reconciliation of Total Revenues to Adjusted Revenues and Reconciliation of Total Expenses to Adjusted Expenses (Unaudited, in millions)

	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Total revenues	\$1,880	\$1,972	\$2,025	\$965	\$(553)	\$6,842	\$3,018
Less: Net investment gains (losses)	6	21	—	(55)	(63)	(28)	(78)
Less: Net derivative gains (losses)	(413)	(164)	(78)	(965)	(2,670)	(1,620)	(5,851)
Less: Other GMIB adjustments:							
GMIB fees	71	70	70	69	73	280	295
Investment hedge adjustments	(11)	(19)	(27)	(76)	(92)	(133)	(296)
Other	(2)	1	2	—	(3)	1	—
Total adjusted revenues	\$2,229	\$2,063	\$2,058	\$1,992	\$2,202	\$8,342	\$8,948
Total expenses	\$2,102	\$2,096	\$1,704	\$1,555	\$2,224	\$7,457	\$7,723
Less: Amortization of DAC and VOBA related to net investment gains (losses) and net derivative gains (losses)	37	78	(124)	(240)	(325)	(249)	(1,401)
Less: Other adjustments to expenses:							
GMIB costs and amortization of DAC and VOBA related to GMIB fees and GMIB costs	106	486	158	185	190	935	778
Other	5	(1)	12	6	(36)	22	178
Less: Divested business	—	(26)	26	4	36	4	87
Total adjusted expenses	\$1,954	\$1,559	\$1,632	\$1,600	\$2,359	\$6,745	\$8,081

Investment Reconciliation Details (Unaudited, dollars in millions)

NET INVESTMENT GAINS (LOSSES)	For the Three Months Ended					For the Years Ended	
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Investment portfolio gains (losses)	\$13	\$23	\$4	\$(51)	\$(67)	\$(11)	\$(16)
Investment portfolio writedowns	(6)	(1)	(3)	(4)	2	(14)	(63)
Total net Investment portfolio gains (losses)	7	22	1	(55)	(65)	(25)	(79)
Net investment gains (losses) related to CSEs	(1)	(1)	(1)	—	1	(3)	(1)
Other	—	—	—	—	1	—	2
Net Investment Gains (Losses)	\$6	\$21	\$—	\$(55)	\$(63)	\$(28)	\$(78)

NET INVESTMENT YIELD	For the Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Investment income yield (1)	4.46%	4.47%	4.55%	4.89%	4.84%
Investment fees and expenses	(0.16)%	(0.15)%	(0.15)%	(0.15)%	(0.15)%
Net investment income yield (1)	4.30%	4.32%	4.40%	4.74%	4.69%

(1) Yields are calculated on investment income as a percent of average quarterly asset carrying values. Investment income includes investment hedge adjustments, excludes recognized gains and losses and reflects the GAAP adjustments described beginning on page A-1 of the Appendix hereto. Asset carrying values exclude unrealized gains (losses), collateral received in connection with our securities lending program, freestanding derivative assets, collateral received from derivative counterparties and the effects of consolidating under GAAP certain VIEs that are treated as CSEs.



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