

# Globe Life Inc. Investor Update

November 2024



**Globe Life**

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**Financial Presentation.** The preparation of financial statements requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting periods. Financial information provided throughout this presentation is prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) unless otherwise specified as having been prepared in accordance with statutory accounting principles.

**Non-GAAP Financial Measures.** This presentation contains certain non-GAAP financial measures that differ from the comparable GAAP measures. Globe Life’s definitions of non-GAAP measures may differ from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with GAAP. Please see the appendix of this presentation for reconciliations to the most directly comparable GAAP financial measures and related information.

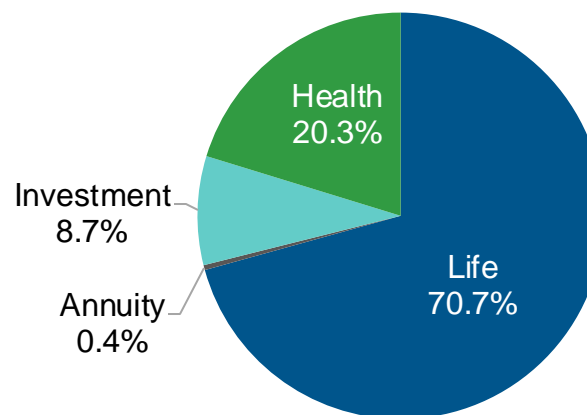
# Globe Life Works to Make Tomorrow Better

## Overview 09/30/24 Selected Metrics

- Globe Life operates in the underserved lower-middle income to middle income market by selling basic protection life insurance and supplemental health products
- Sells basic protection insurance products that have historically been insulated from interest rates and equity market fluctuations
- Distributes products primarily through exclusive independent agency network and direct-to-consumer marketing channels
- Focuses on cost efficiency, resulting in consistent and strong underwriting margins
- Maintains a stable in-force block of business, regardless of changes in economic conditions, with over 90% of premium revenue generated from policies sold in prior years

Market Capitalization <sup>1</sup>	\$8.9 BN
GAAP Total Assets	\$29.6 BN
GAAP Equity excl. Accumulated Other Comprehensive Income (AOCI) <sup>2</sup>	\$7.1 BN
LTM Premium Income	\$4.6 BN
Policies In-Force	17.2 MN
LTM Net Operating Income <sup>2</sup>	\$1.1 BN
LTM Net Operating Income as ROE <sup>2</sup>	15.2%

### 09/30/24 LTM Segment Profitability (pre-tax)<sup>3</sup>: \$1.9 billion



Source: Company financials.

<sup>1</sup> Assumes a stock price of \$105.60 as of 10/31/24 based on 84.275mn basic shares outstanding as of 09/30/24.

<sup>2</sup> This is a non-GAAP financial measure. See the reconciliation of non-GAAP financial measures in the Appendix.


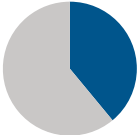





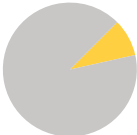


<sup>3</sup> Calculated as segment profitability (pre-tax) before corporate & other expenses during LTM ended 09/30/24.

See the Company's 2023 10-K and Q3 2024 10-Q. Note: Numbers may not sum due to rounding in the presentation.

# Key Highlights

- 1 Diversified, Controlled Distribution Channels Offering Low-Risk, Basic Protection Products
- 2 Stable Sales and Profitability Growth
- 3 Large In-force Block and Efficient Cost Control Generates Stable Net Operating Income
- 4 Conservative Investment Management with “Hold-to-Maturity” Strategy
- 5 Consistent Premium Income, Earnings and Shareholders’ Equity Growth
- 6 Consistent Excess Cash Flow and Dividend Capacity from Operating Subsidiaries
- 7 Long-Tenured and Experienced Management

# ① Diversified, Controlled Distribution Channels Offer Low-Risk, Basic Protection Products

	Products and Target Markets	Distribution <sup>1</sup>	Premium Income <sup>2</sup> \$4.6BN
	Individual life and supplemental health insurance to working families	11,954 producing agents in the U.S., Canada, and New Zealand.	 39%
	Individual life and supplemental health insurance including juvenile and senior life coverage and Medicare Supplement to lower middle-income to middle-income families	National distribution through direct-to consumer channels, including direct mail, electronic media and insert media	 23%
	Individual life and supplemental health insurance to lower middle-income to middle-income families	3,741 producing agents in the U.S.	 12%
	Supplemental limited-benefit health insurance to lower middle-income to middle-income families	1,533 producing agents in the U.S.	 9%
	Medicare Supplemental coverage to Medicare beneficiaries and, to a lesser extent, group worksite supplemental health coverage to people under age 65	3,223 independent producing agents in the U.S.	 13%

Source: Company financials.

<sup>1</sup> Agent count as of end of period 09/30/24, except for United American which is end of period 12/31/23.

<sup>2</sup> Premium Income is calculated for the LTM ended 09/30/24.

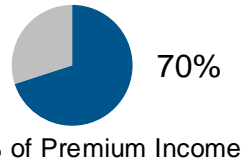
Note: Percentages do not add up to 100% due to the table not including the 'Other' category, which accounts for 4% of premium income during LTM ended 09/30/24.

# 2 Stable Sales and Profitability Growth

## Life Segment

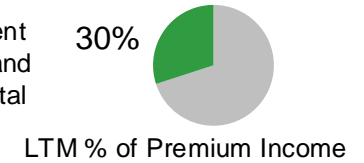
### Business Focus

Consists of nonparticipating ordinary life insurance products, including traditional whole life and term life insurance



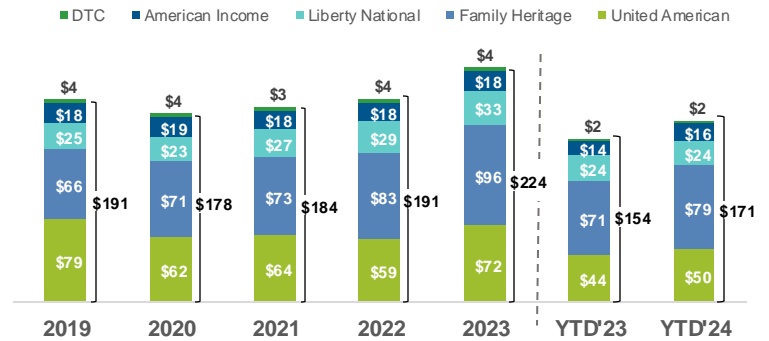
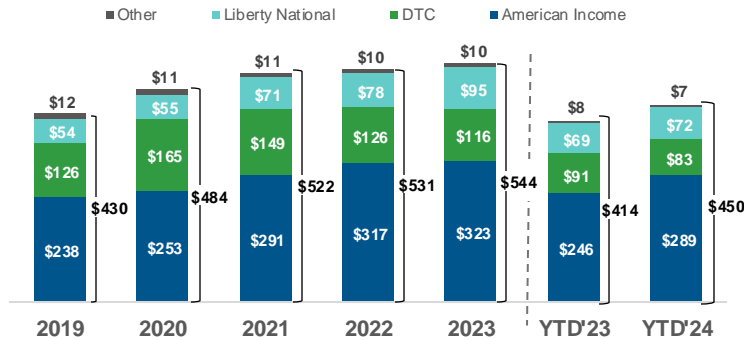
## Supplemental Health Segment

Consists of Medicare Supplement insurance, accident coverage, and other limited-benefit supplemental health products



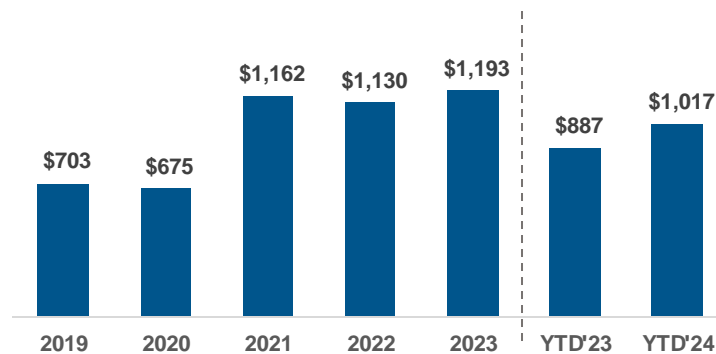
### Net Sales by Distribution Channels<sup>1</sup>

\$ in millions



### Underwriting Margins<sup>2,3</sup>

\$ in millions



Source: Company financials. <sup>1</sup> See the Appendix for 2013-2023 data and growth.

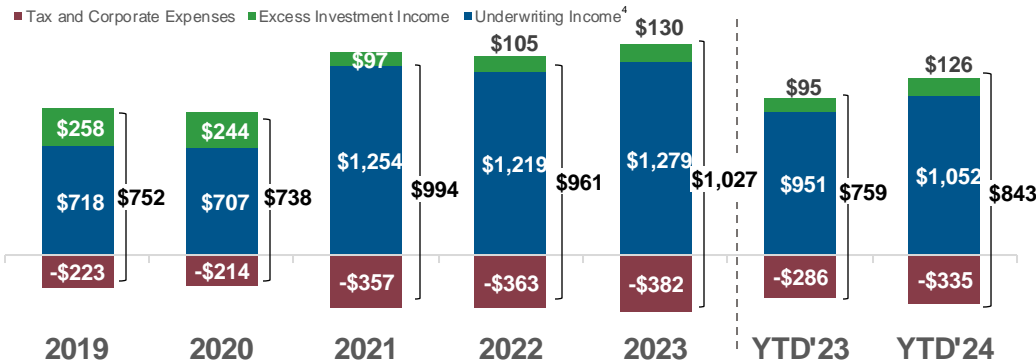
<sup>2</sup> Underwriting Margin for 2021-2024 post Long-Duration Targeted Improvement (LDTI) accounting change

<sup>3</sup> 2020 and beyond results were impacted by COVID life claims

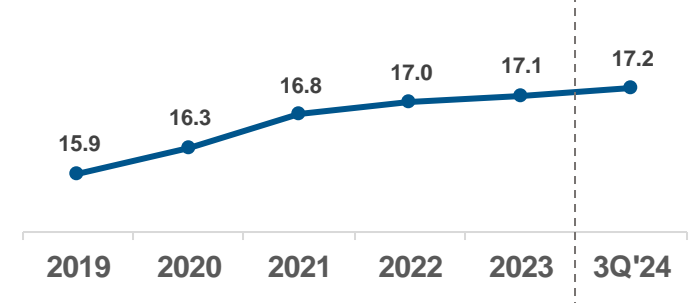
# 3 Large In-force Block and Efficient Cost Control Generates Stable Net Operating Income

- The lower-middle income to middle income market remains vastly underserved with low competition and significant growth potential
- Large stable in-force block is anchored by a highly persistent group of policies with more than 90% of our premium income generated from policies sold in prior years
- Low risk flexible business model that can weather the cyclical storms of the economy
- With an emphasis on expense control and a consistent menu of products for more than 60 years, Globe Life has been able to generate significant underwriting income in addition to excess investment income

**Net Operating Income<sup>1,2,3</sup> \$ in millions**



**In-Force Policies in millions**



**Administrative Expenses as % of Premiums**

2019	2020	2021	2022	2023	YTD'23	YTD'24
6.7%	6.6%	6.6%	6.9%	6.8%	6.7%	7.2%

Source: Company financials . <sup>1</sup> 2020 and beyond results were impacted by COVID life claims. <sup>2</sup> Net Operating Income for 2021-2024 post LDTI

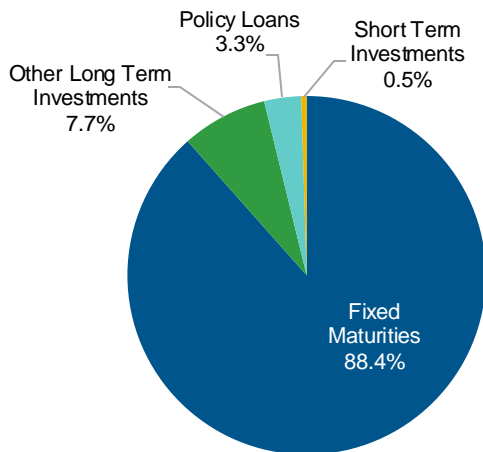
<sup>3</sup> This is a non-GAAP financial measure. See the reconciliation of non-GAAP financial measures in the Appendix. <sup>4</sup> Underwriting income is the sum of the insurance underwriting margins of the life, health, and annuity segments, plus other income, less insurance administrative expenses. It excludes the investment segment, Parent Company expense, stock compensation expense and income taxes.

# 4 Conservative Investment Management with “Hold-to-Maturity” Strategy

- Composed primarily of longer-dated fixed maturity securities (average maturity of 19 years) that more closely match the long-term nature of the Company’s fixed policy liabilities
- Strong and predictable cash flows allow the Company to hold its fixed income securities until maturity
- Diversified across multiple sectors with limited exposure to higher risk assets including derivatives, equities, and asset-backed securities
- The effective annual yield rate earned was 5.24% as of September 30, 2024, in the fixed maturity available for sale portfolio
- Average rating of A- for the total fixed maturity portfolio

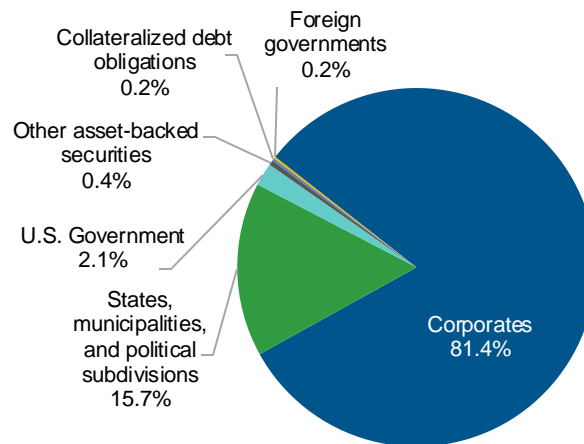
**Investment Portfolio by Type**

Total Invested Assets<sup>1</sup>: \$20.7 billion

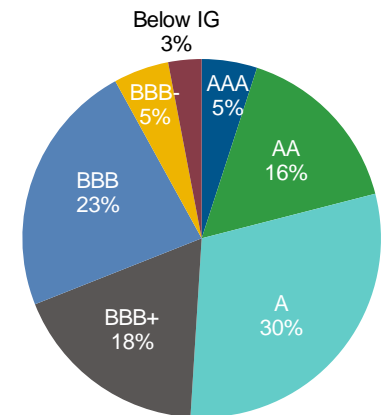


**Fixed Maturities by Type**

Fixed Maturities<sup>1</sup>: \$18.3 billion



**Fixed Maturities by Rating**



Source: Company financials.

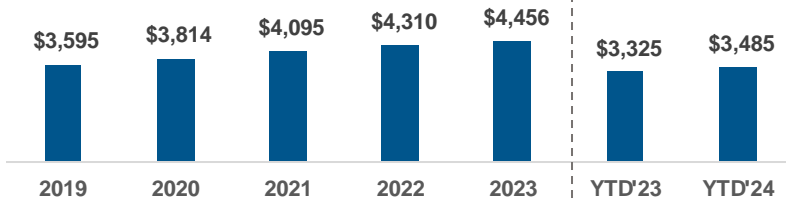
<sup>1</sup> Balance at fair value as of 09/30/24.



# 5 Consistent Premium Income, Earnings, and Shareholders' Equity Growth<sup>1</sup> \$ in millions

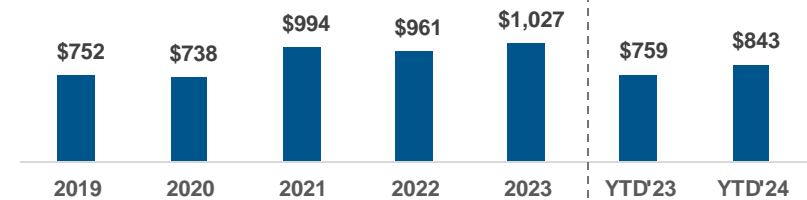
## Premium Income<sup>1,4</sup>

Premium Income 5-Year CAGR 5.4% and 10-Year CAGR 4.9%



## Net Operating Income<sup>1,2,3</sup>

Net Operating EPS 5-Year CAGR 11.7% and 10-Year CAGR 11.3%



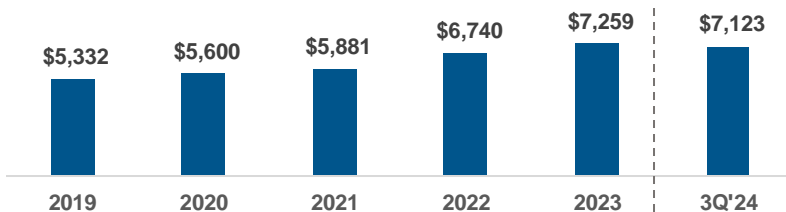
Net Operating Income per Share<sup>1,2,4</sup>

\$6.75	\$6.88	\$9.63	\$9.71	\$10.65	\$7.85	\$9.23
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## Shareholders' Equity

Excl. Net Unrealized Gains and Losses on Fixed Maturities/AOCI<sup>2,5,6</sup>

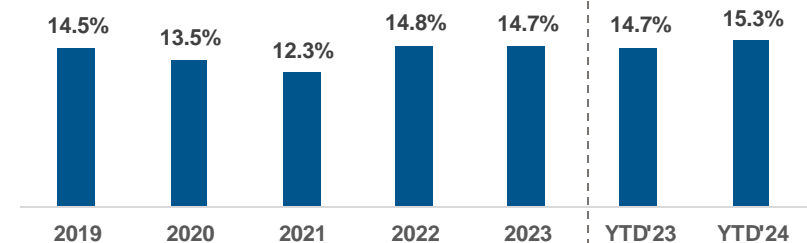
Book Value per Share<sup>4</sup> (Excl. Net Unrealized Gains or Losses on Fixed Maturities/AOCI) 5-Year CAGR 11.5% and 10-Year CAGR 11.4%



Book Value per Share (Excl. Net Unrealized Gains or Losses on Fixed Maturities/AOCI)

\$48.26	\$53.12	\$58.50	\$68.35	\$76.21	\$83.92
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## Net Operating Income as ROE<sup>2,4,6</sup>

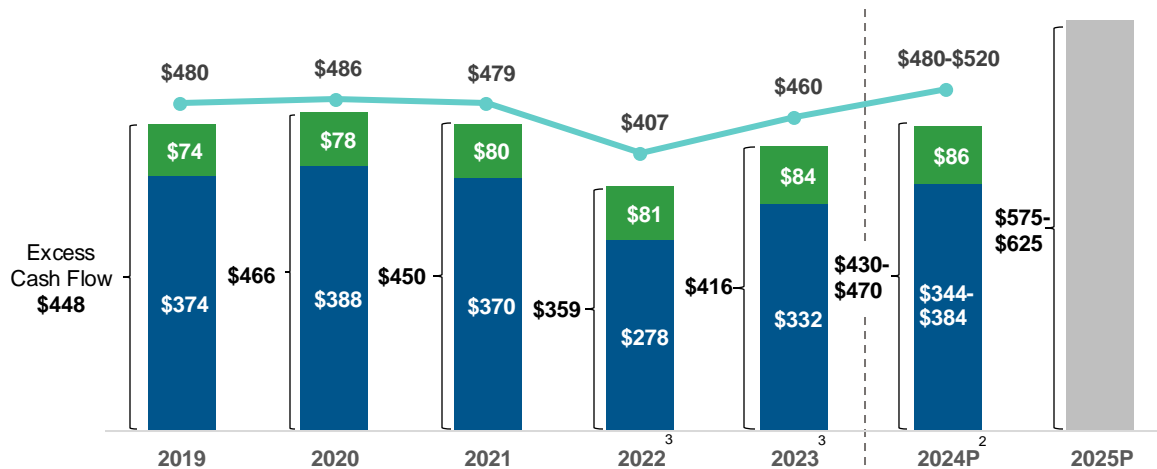


Source: Company financials. <sup>1</sup> 2021-2024 data post LDTI  
<sup>3</sup> 2020 and beyond results were impacted by COVID life claims

<sup>2</sup> This is a non-GAAP financial measure. See the reconciliation of non-GAAP financial measures in the Appendix.  
<sup>4</sup> See the Appendix for 2013-2023 data and growth. <sup>5</sup> Excl: AOCI for 2022-2024 <sup>6</sup> 2022-2024 data post LDTI

# 6 Consistent Excess Cash Flow and Dividend Capacity from Operating Subsidiaries *\$ in millions*

In each of the past 5 years, Parent Company excess cash flows before shareholder dividends have been at least \$350 million. Parent Company liquidity is supported by subsidiary dividends, cash, intercompany agreements, intercompany borrowing capacity, and a revolving credit facility.



■ Shareholder Dividends  
■ Excess Cash Flow After Shareholder Dividends<sup>1</sup>  
—●— Dividends from Subsidiaries

Source: Company financials.

<sup>1</sup> Excess cash flow at the Parent Company is primarily comprised of dividends received from the insurance subsidiaries less interest expense paid on its debt and other limited operating activities. Dividends from insurance subsidiaries generally were paid in amounts equal to the subsidiaries' prior year statutory net income excluding realized capital gains.

<sup>2</sup> The Actuals for nine months ended September 30, 2024: Total Excess Cash Flow: \$412m, Shareholder Dividends: \$65m, Excess CashFlow After Shareholder Dividends: \$347m.

<sup>3</sup> 2022 and 2023 were adversely impacted due to the pandemic and higher life claims in 2021 and 2022.

- Globe Life maintains a \$1 billion credit facility that expires March 2029 allowing for unsecured revolving borrowings and stand-by letters of credit, which could be increased to up to \$1.25 billion.
  - Up to \$250 million in letters of credit can be issued against the facility
  - The facility serves as a back-up credit line for a commercial paper program under which Globe Life may issue commercial paper at any time

# 7 Long-Tenured and Experienced Management

## Frank M. Svoboda

*Co-Chairman & Co-Chief Executive Officer  
21 years with Globe Life  
38 years relevant experience*

## J. Matthew Darden

*Co-Chairman & Co-Chief Executive Officer  
10 years with Globe Life  
30 years relevant experience*

## Michael C. Majors

*Executive Vice President of Administration &  
Investor Relations  
30 years with Globe Life  
38 years relevant experience*

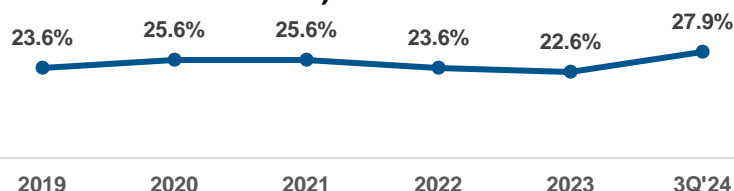
## Thomas P. Kalmbach

*Executive Vice President & Chief Financial Officer  
6 years with Globe Life  
35 years relevant experience*

# Appendix

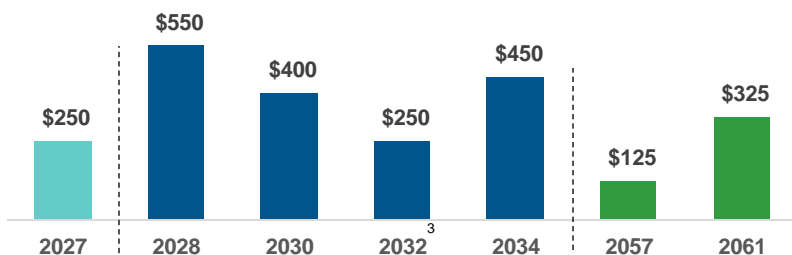
# Prudently Managed Capital Structure and Well-Capitalized Balance Sheet *\$ in millions*

## Historical Debt / Capitalization and Short-Term Debt (excl. net unrealized gains and losses on fixed maturities/AOCI<sup>1</sup>) 2019–2024

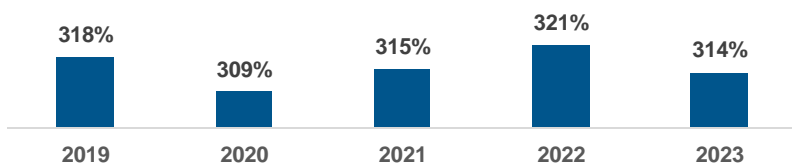


## Debt Maturity Profile (excl. Commercial Paper and FHLB Borrowings)<sup>2</sup>

■ Senior Notes ■ Junior Subordinated Notes ■ Term Loan



## Stable RBC Ratio Over Time



## Capitalization as of 09/30/24 (Debt at Book Value)

Short Term Debt	
FHLB Borrowings	\$17
Commercial Paper	\$420
<b>Total Short-Term Debt</b>	<b>\$437</b>
Long Term Debt	
Senior Notes	\$1,635
Term Loan	\$248
Junior Subordinated Debentures	\$441
<b>Total Long-Term Debt</b>	<b>\$2,324</b>
<b>Total Debt</b>	<b>\$2,761</b>
Total Shareholders' Equity (incl. AOCI)	\$4,639
<b>Total Capitalization and Short-Term Debt</b>	<b>\$7,400</b>
<b>Total Debt/Capitalization and Short-Term Debt (incl. AOCI)</b>	<b>37.3%</b>
Total Shareholders' Equity (excl. AOCI)	\$7,123
Total Capitalization and Short-Term Debt (excl. AOCI)	\$9,884
<b>Total Debt/Capitalization and Short-Term Debt (excl. AOCI)</b>	<b>27.9%</b>

## Credit Ratings<sup>4</sup>

Rating Agency	Financial Strength	Globe Life Inc. Long-term Debt Rating
MOODY'S	A1 (Stable)	Baa1 (Stable)
S&P Global	AA- (Stable)	A (Stable)
FitchRatings	A+ (Positive)	BBB+ (Positive)
AM BEST SINCE 1890	A (Stable)	BBB+ (Stable)

Source: Company financials

<sup>1</sup> 2022-2024 data post LDTI

<sup>2</sup> Par amount outstanding.

<sup>3</sup> \$150 million par value is held by insurance subsidiaries that eliminates in consolidation

<sup>4</sup> Ratings are not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time.

# Disciplined Approach to Governance and Risk Management

Committed to a corporate culture that aligns day-to-day decision making with risk awareness and helps assure that the Company's long-term initiatives are consistent with its risk appetite

## Integrated Risk Management Policies

- Enterprise Risk Management Committee, chaired by the Company's Chief Risk Officer and composed of senior management, is overseen by the Board of Directors
- Each of Globe Life's insurance subsidiaries has a Subsidiary Risk Committee to establish and implement risk management procedures, including the establishment of a separate actuarial governance committee with oversight over actuarial models and assumptions
- Globe Life's risk policies are focused on balance sheet, liquidity and operational risk

## Good Corporate Governance Practices

- Annual Board and Committee evaluations, including periodic individual director evaluations
- Policies prohibiting hedging and providing for clawbacks
- Strong mix of diversity and experience on Board. Of the 9 independent Board member, 56% are women and 33% identify as ethnic minorities
- Succession planning and leadership development for the Board, Board leadership, executive officers and senior management positions

## Focus on Sustainability

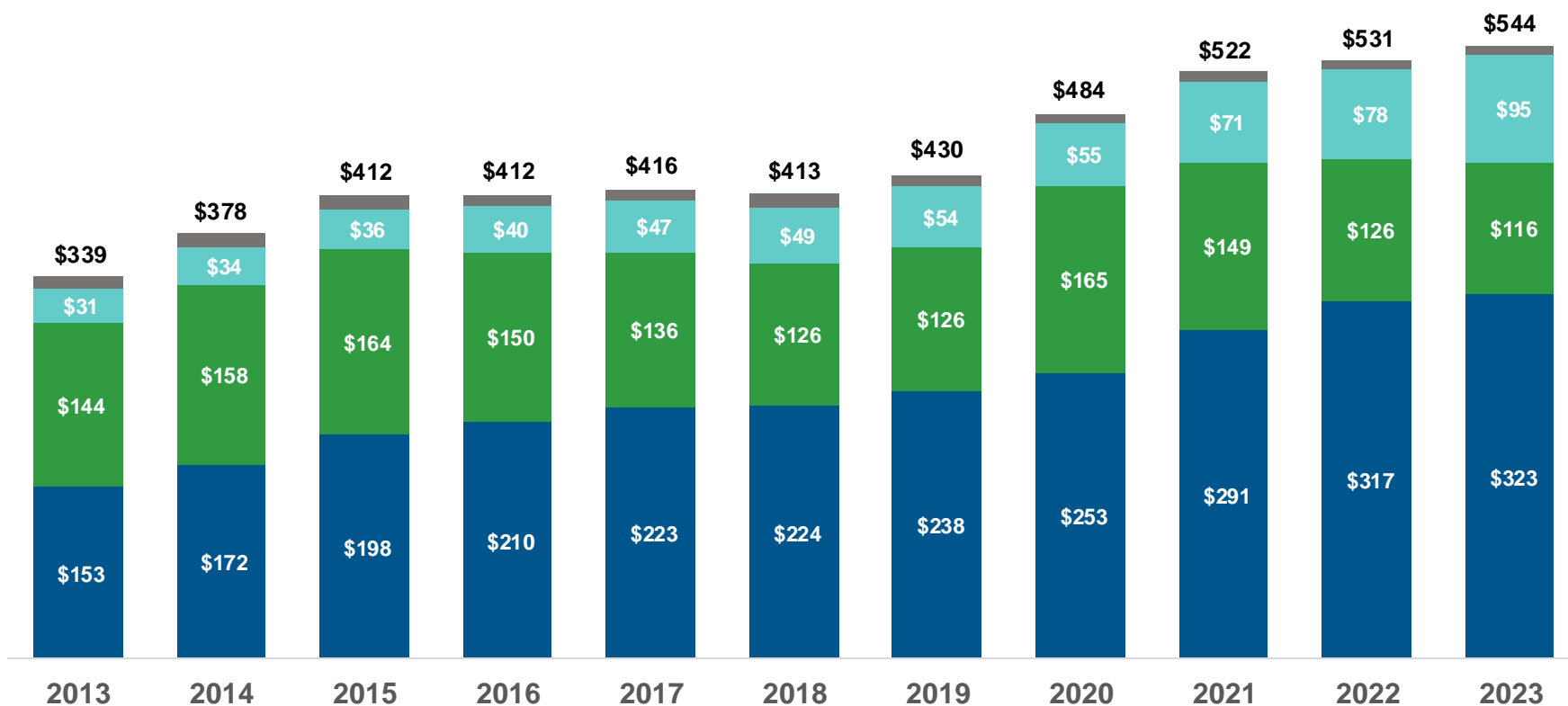
- Board oversees sustainability and receives periodic reports from the Sustainability Committee
- Sustainability Committee and our internal working group are responsible for setting the Company's sustainability agenda, pursuant to a charter adopted by the Board of Directors
- Business practices designed to further good corporate citizenship and focus on fiscal management

# Selected Financial Metrics *\$ in millions*

## Life Segment Net Sales by Distribution Channels

■ American Income ■ Direct to Consumer ■ Liberty National ■ Other

Compound Annual Growth Rate	
5-Year	5.7%
10-Year	4.8%



Source: Company financials.

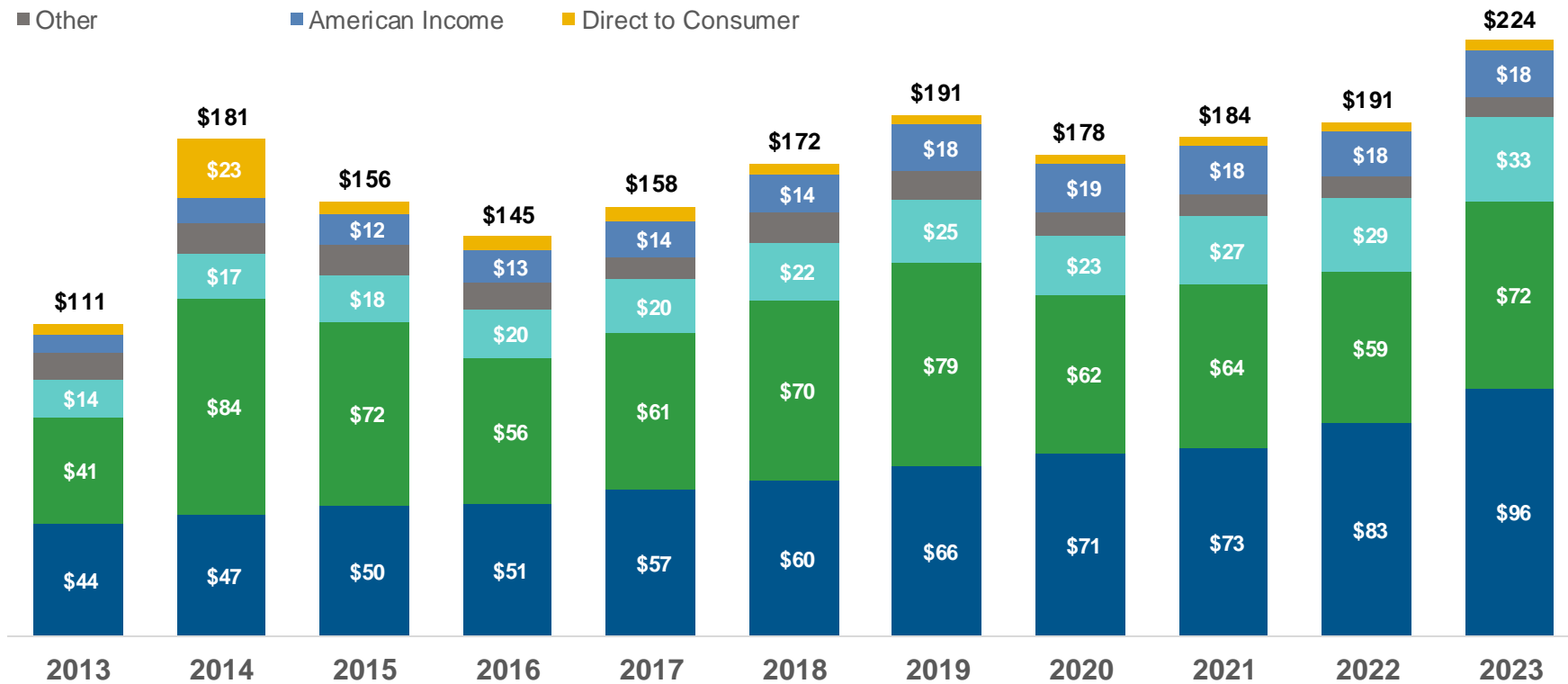
# Selected Financial Metrics (Cont'd) *\$ in millions*

## Supplemental Health Segment Net Sales by Distribution Channels

### Compound Annual Growth Rate

5-Year	5.4%
10-Year	7.3%

- Family Heritage
- United American
- Liberty National
- Other
- American Income
- Direct to Consumer



Source: Company financials.

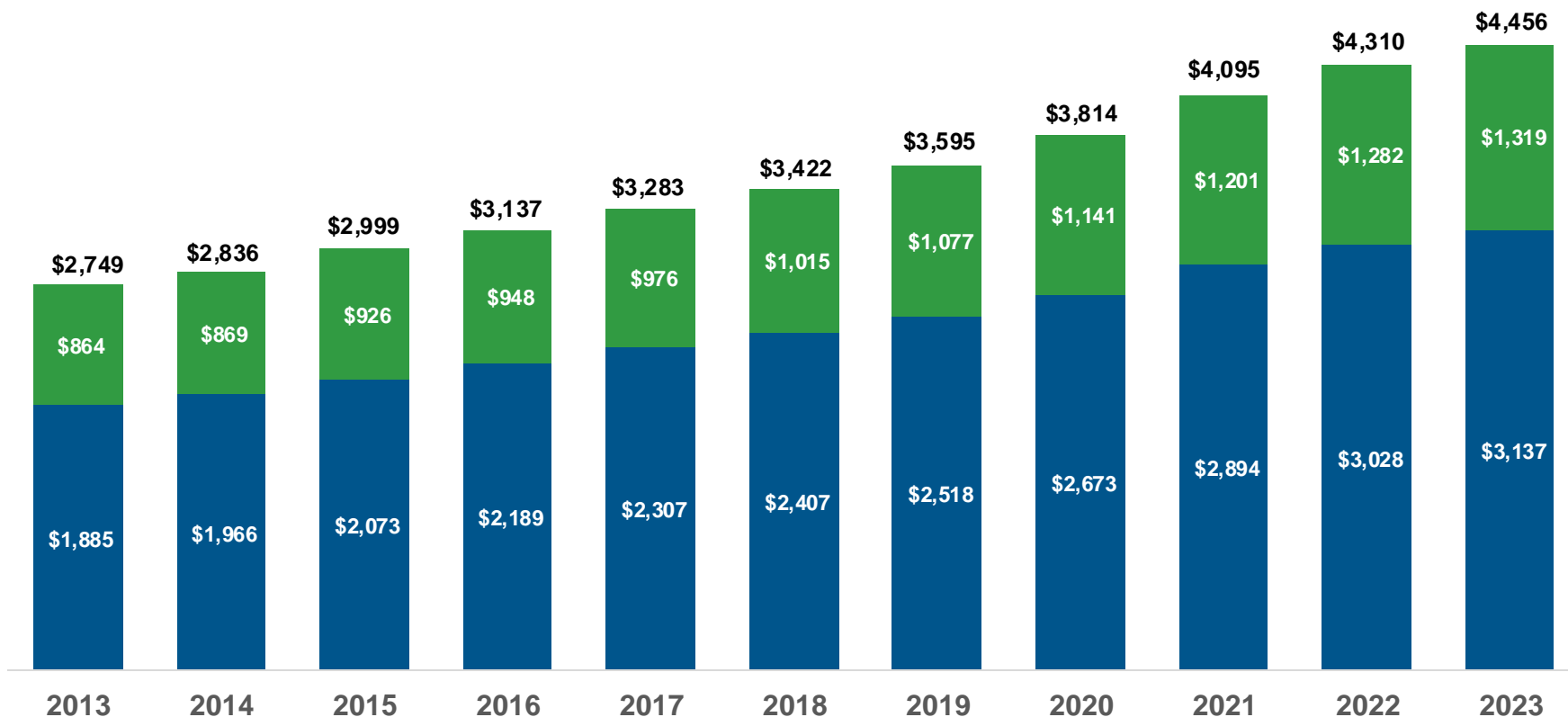


# Selected Financial Metrics (Cont'd) *\$ in millions*

## Premium Income by Life & Health<sup>1</sup>

■ Health ■ Life

Compound Annual Growth Rate	
5-Year	5.4%
10-Year	4.9%



Source: Company financials. Excludes Medicare Part D

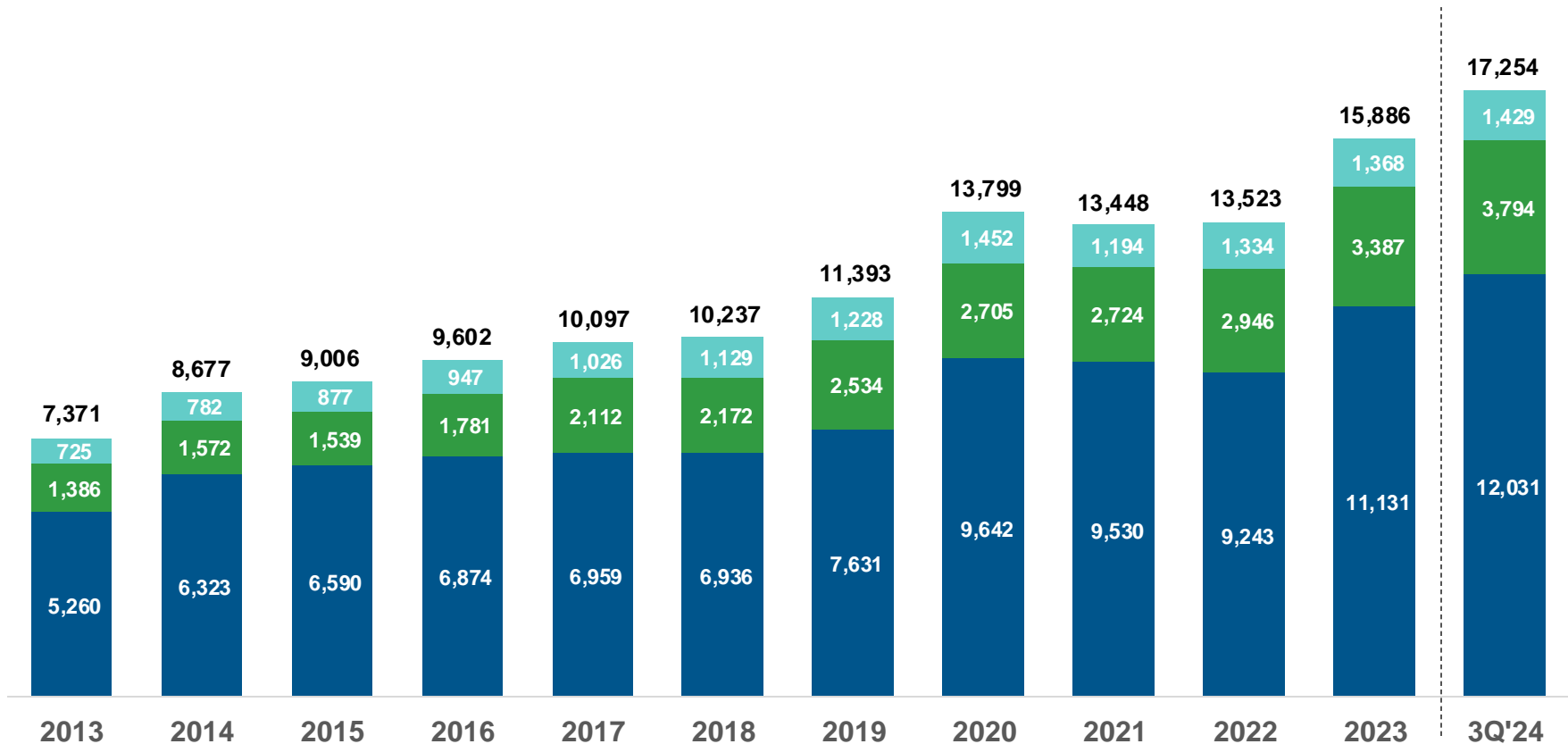
<sup>1</sup> Premium income for 2021-2023 post LDTI

# Selected Financial Metrics (Cont'd) *\$ in millions*

## Producing Agent Count Trending (Based on 4Q average)

■ American Income   ■ Liberty National   ■ Family Heritage

Compound Annual Growth Rate	
5-Year	9.2%
10-Year	8.0%



Source: Company financials.

The Average Weekly Producing Agents is based on the actual count at the end of each week during the last quarter of the period. Total agent count exclude Non-Captive agents.

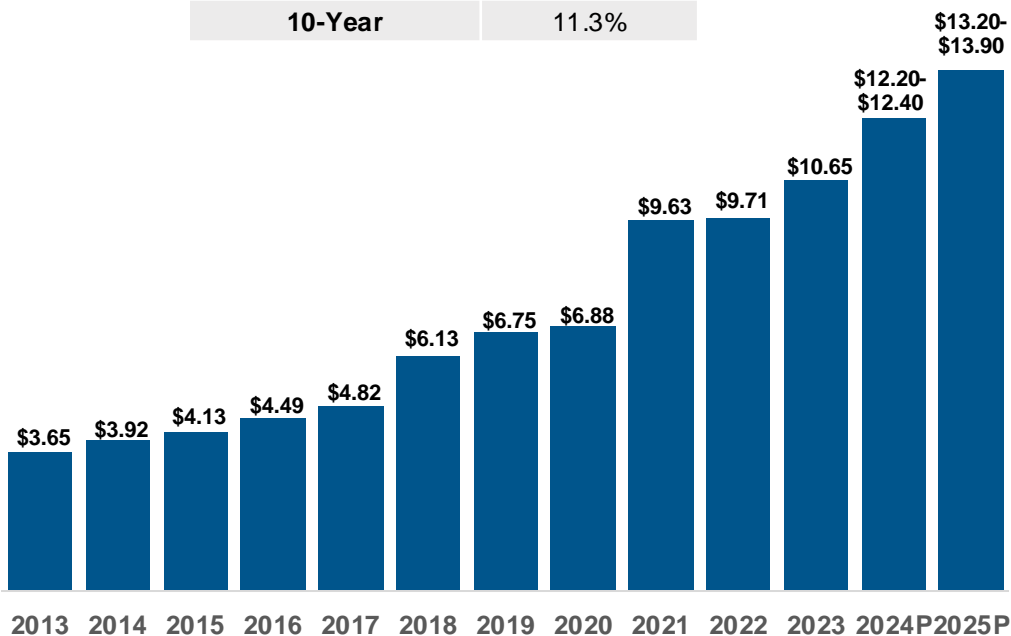
5-Year Compound Annual Growth Rate is calculated based on 2018-2023 data, 10-Year Compound Annual Growth Rate is calculated based on 2013-2023 data.

3Q'24 Producing Agent Count Trending is based on 3Q'24 average.

# Selected Financial Metrics (Cont'd)

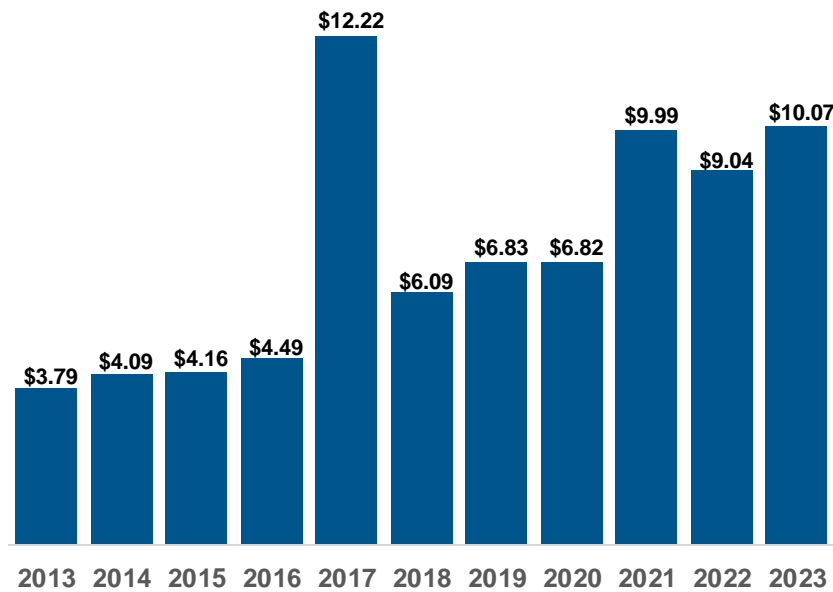
## Net Operating Income Per Share from Continuing Operations<sup>1,2,3,5,6</sup>

Compound Annual Growth Rate	
5-Year	11.7%
10-Year	11.3%



## Net Income Per Share<sup>1,2,4</sup>

Compound Annual Growth Rate	
5-Year	10.6%
10-Year	10.3%



Source: Company financials.

<sup>1</sup> The Company's financial results were negatively impacted by estimated incurred net life claims, as a result of COVID-19, of \$67 million ([Y 2020]), \$140 million ([Y 2021]).

<sup>2</sup> 2021-2024 data post LDTI.

<sup>3</sup> Net operating income for 2016 and after reflects the impact of new accounting guidance implemented on a prospective basis at the beginning of 2016 relating to excess tax benefits on equity compensation.

<sup>4</sup> On December 22, 2017, tax legislation was signed into law which revised the corporate income tax rate from 35% to 21% effective January 1, 2018, among other modifications.

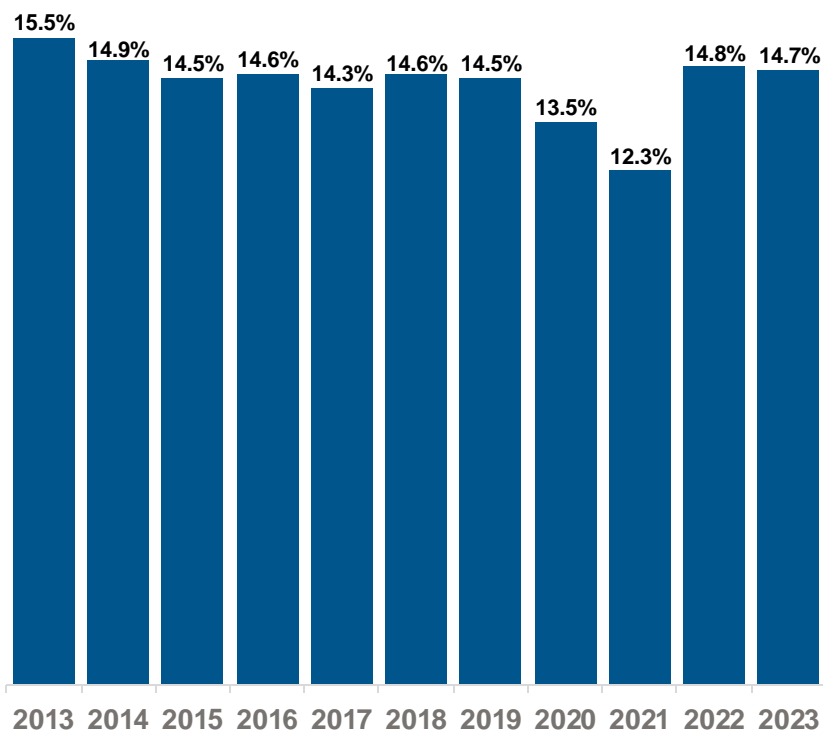
<sup>5</sup> Net operating income per share is a non-GAAP measure.

<sup>6</sup> 5-Year Compound Annual Growth Rate is calculated based on 2018-2023 annual data and 10-Year Compound Annual Growth Rate is calculated based on 2013-2023 annual data.

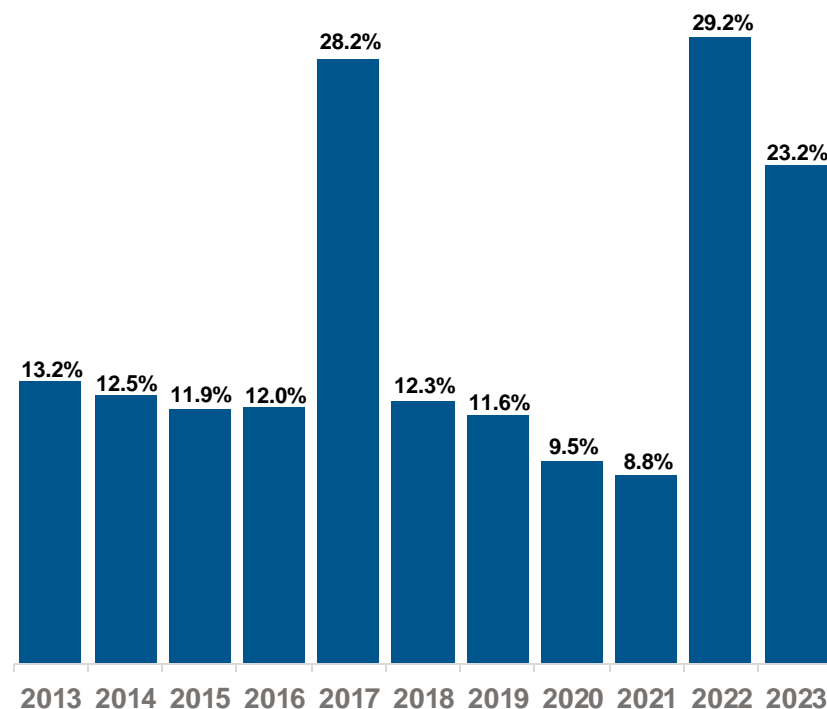
# Selected Financial Metrics (Cont'd)

## Net Operating Income as ROE<sup>1,2,3</sup>

(excludes net unrealized gains on fixed maturities/AOCI<sup>1</sup>)



## Net Income as ROE<sup>2</sup>



Source: Company financials. Note: 2022-2023 data post LDTI. 2020 and beyond results were impacted by COVID life claims.

<sup>1</sup> Excl: AOCI for 2022 & 2023

<sup>2</sup> On December 22, 2017, tax legislation was signed into law which revised the corporate income tax rate from 35% to 21% effective January 1, 2018, among other modifications

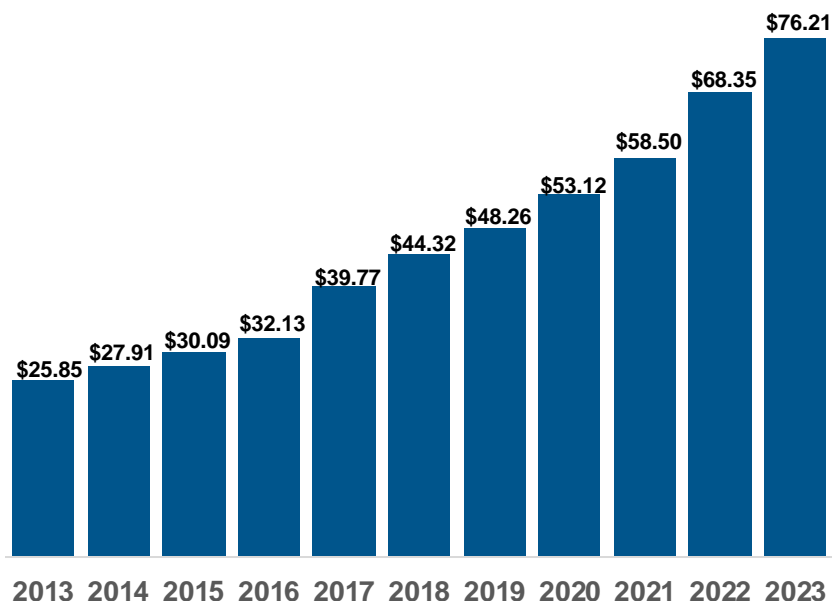
<sup>3</sup> Net operating income per share is a non-GAAP measure.

# Selected Financial Metrics (Cont'd)

## Book Value Per Share<sup>1,3</sup>

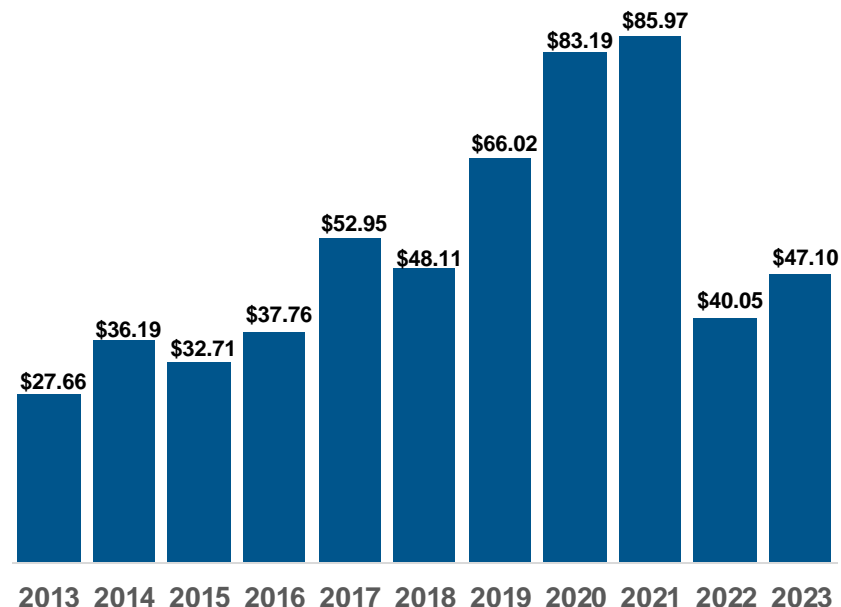
(excludes net unrealized gains on fixed maturities/AOCI)

Compound Annual Growth Rate	
5-Year	11.5%
10-Year	11.4%



## Book Value Per Share<sup>2</sup>

Compound Annual Growth Rate	
5-Year	-0.4%
10-Year	5.5%



Source: Company financials.

Book value per share as presented above is 2022-2023 data post LDTI

<sup>1</sup> Excl: AOCI for 2022 & 2023

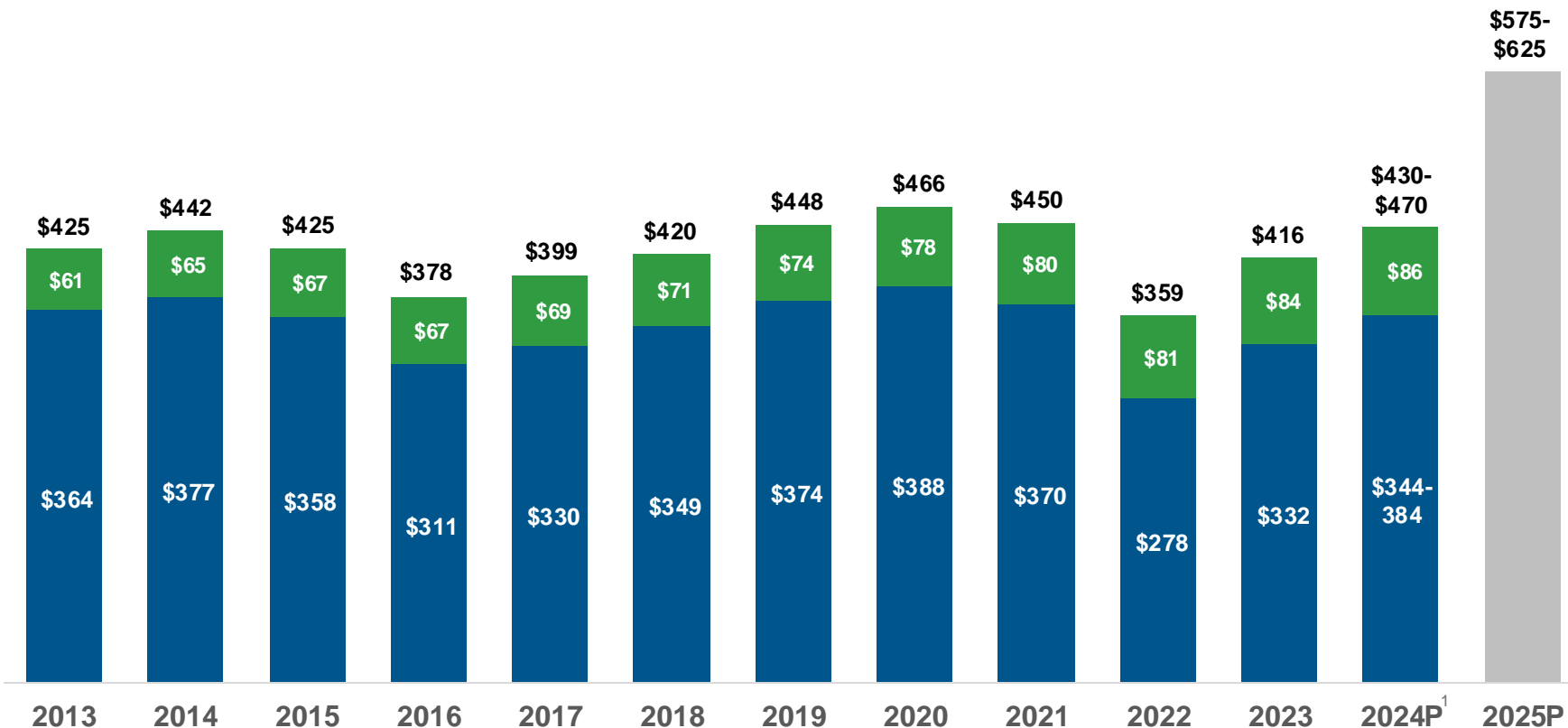
<sup>2</sup> On December 22, 2017, tax legislation was signed into law which revised the corporate income tax rate from 35% to 21% effective January 1, 2018, among other modifications.

<sup>3</sup> Book Value per share excluding net unrealized gains on fixed maturities/AOCI is a non-GAAP measure.

# Selected Financial Metrics (Cont'd) *\$ in millions*

## Total Excess Cash Flow

■ Excess Cash Flow After Shareholder Dividends    ■ Shareholder Dividends



Source: Company financials.

Excess cash flow at the Parent Company is primarily comprised of dividends received from the insurance subsidiaries less interest expense paid on its debt and other limited operating activities. Dividends from insurance subsidiaries generally were paid in amounts equal to the subsidiaries' prior year statutory net income excluding realized capital gains.

1. The Actuals for nine months ended September 30, 2024: Total Excess Cash Flow: \$412m, Shareholder Dividends: \$65m, Excess Cash Flow After Shareholder Dividends: \$347m.

# Non-GAAP Financial Information

(\$ in millions, except per share amounts. Shares outstanding amounts in thousands)

	Twelve Months Ended December 31					Nine Months Ended September 30,		
	2019	2020	LDTI 2021	LDTI 2022	LDTI 2023	LDTI YTD'2023	LDTI YTD'2024	
Life Insurance Underwriting Margin	\$703	\$675	\$1,162	\$1,130	\$1,193	\$887	\$1,017	
Health Insurance Underwriting Margin	\$244	\$272	\$352	\$377	\$378	\$280	\$281	
Annuity Underwriting Margin	\$9	\$9	\$10	\$11	\$8	\$7	\$5	
<b>Total Underwriting Margin</b>	<b>\$957</b>	<b>\$956</b>	<b>\$1,524</b>	<b>\$1,517</b>	<b>\$1,579</b>	<b>\$1,174</b>	<b>\$1,303</b>	
<b>Other Insurance:</b>								
Other Income	\$1	\$1	\$1	\$1	\$0	\$0	\$0	
Administrative Expense	(\$240)	(\$251)	(\$272)	(\$299)	(\$301)	(\$224)	(\$251)	
<b>Underwriting Income</b>	<b>\$718</b>	<b>\$707</b>	<b>\$1,254</b>	<b>\$1,219</b>	<b>\$1,279</b>	<b>\$951</b>	<b>\$1,052</b>	
Excess Investment Income	\$258	\$244	\$97	\$105	\$130	\$95	\$126	
Corporate and Other	(\$10)	(\$10)	(\$93)	(\$102)	(\$113)	(\$85)	(\$101)	
<b>Pre-Tax Operating Income</b>	<b>\$965</b>	<b>\$941</b>	<b>\$1,257</b>	<b>\$1,222</b>	<b>\$1,296</b>	<b>\$960</b>	<b>\$1,078</b>	
Income Tax	(\$189)	(\$180)	(\$245)	(\$238)	(\$250)	(\$185)	(\$212)	
Stock Compensation Expense, Net of Tax	(\$24)	(\$23)	(\$18)	(\$23)	(\$20)	(\$17)	(\$23)	
<b>Net Operating Income</b>	<b>\$752</b>	<b>\$738</b>	<b>\$994</b>	<b>\$961</b>	<b>\$1,027</b>	<b>\$759</b>	<b>\$843</b>	
<b>Reconciling Items, Net of Tax:</b>								
Realized Gains (Losses)-Investments	\$16	(\$2)	\$54	(\$60)	(\$52)	(\$62)	(\$21)	
Realized Loss-Redemption of Debt	\$0	(\$1)	(\$7)	\$0	0	\$0	\$0	
Other	(\$8)	(\$3)	(\$9)	(\$7)	(\$4)	(\$1)	(\$7)	
Tax Reform Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Net Income</b>	<b>\$761</b>	<b>\$732</b>	<b>\$1,031</b>	<b>\$894</b>	<b>\$971</b>	<b>\$696</b>	<b>\$816</b>	
<b>Per Share:</b>								
Weighted Average Diluted Shares Outstanding	111,381	107,225	103,170	98,985	96,364	96,657	91,323	
<b>Net Operating Income</b>	<b>\$6.75</b>	<b>\$6.88</b>	<b>\$9.63</b>	<b>\$9.71</b>	<b>\$10.65</b>	<b>\$7.85</b>	<b>\$9.23</b>	
<b>Reconciling Items, Net of Tax:</b>								
Realized Gains (Losses)-Investments	\$0.15	(\$0.02)	\$0.53	(\$0.61)	(\$0.54)	(\$0.65)	(\$0.23)	
Realized Loss-Redemption of Debt	\$0.00	\$0.00	(\$0.07)	\$0.00	\$0.00	\$0.00	\$0.00	
Other	(\$0.07)	(\$0.03)	(\$0.09)	(\$0.07)	(\$0.04)	(\$0.01)	(\$0.07)	
<b>Net Income</b>	<b>\$6.83</b>	<b>\$6.82</b>	<b>\$9.99</b>	<b>\$9.04</b>	<b>\$10.07</b>	<b>\$7.20</b>	<b>\$8.93</b>	

Source: Company financials. Net operating income, a non-GAAP financial measure, has been used consistently by Globe Life's management for many years to evaluate the operating performance of the Company, and is a measure commonly used in the life insurance industry. It differs from net income primarily because it excludes certain non-operating items such as realized investment gains and losses and certain significant and unusual items included in net income. Management believes an analysis of net operating income is important in understanding the profitability and operating trends of the Company's business. Net income is the most directly comparable GAAP measure.

# Non-GAAP Financial Information (Cont'd)

(\$ in millions, except per share amounts. Shares outstanding amounts in thousands )

	Twelve Months Ended December 31					Nine Months Ended September 30	
	2019	2020	2021	LDTI 2022	LDTI 2023	LDTI YTD'2023	LDTI YTD'2024
<b>Net Operating Income as ROE (excl. net unrealized gains on fixed maturities/AOCI<sup>1</sup>)</b>	<b>14.5%</b>	<b>13.5%</b>	<b>12.3%</b>	<b>14.8%</b>	<b>14.7%</b>	<b>14.7%</b>	<b>15.3%</b>
Shareholders' Equity	\$7,294	\$8,771	\$8,643	\$3,950	\$4,487	\$4,623	\$4,639
Impact of Adjustment to Exclude Net Unrealized Gains on Fixed Maturities/AOCI <sup>1</sup>	(\$1,962)	(\$3,171)	(\$2,762)	\$2,790	\$2,772	\$2,459	\$2,485
<b>Shareholders' Equity (excl. net unrealized gains on fixed maturities/AOCI<sup>1</sup>)</b>	<b>\$5,332</b>	<b>\$5,600</b>	<b>\$5,881</b>	<b>\$6,740</b>	<b>\$7,259</b>	<b>\$7,082</b>	<b>\$7,123</b>
<b>Per Share:</b>							
Diluted Shares Outstanding	110,494	105,429	100,535	98,615	95,254	95,310	84,880
<b>Book Value Per Share</b>	<b>\$66.02</b>	<b>\$83.19</b>	<b>\$85.97</b>	<b>\$40.05</b>	<b>\$47.10</b>	<b>\$48.51</b>	<b>\$54.65</b>
Impact of Adjustment to Exclude Net Unrealized Gains on Fixed Maturities/AOCI <sup>1</sup>	(\$17.76)	(\$30.07)	(\$27.47)	\$28.30	\$29.11	\$25.80	\$29.27
<b>Book Value Per Share (excl. net unrealized gains on fixed maturities/AOCI<sup>1</sup>)</b>	<b>\$48.26</b>	<b>\$53.12</b>	<b>\$58.50</b>	<b>\$68.35</b>	<b>\$76.21</b>	<b>\$74.31</b>	<b>\$83.92</b>

Source: Company financials.

Shareholders' equity, excluding net unrealized gains on fixed maturities, and book value per share, excluding net unrealized gains on fixed maturities, are non-GAAP measures that are utilized by management to view the business without the effect of unrealized gains or losses which are primarily attributable to fluctuation in interest rates associated with the available-for-sale portfolio. Management views the business in this manner because the Company does not intend to sell and it is likely that management will not be required to sell the fixed maturities prior to their anticipated recovery, and meaningful trends can more easily be identified without the fluctuations.

<sup>1</sup> Excl: AOCI for 2022-2024