# AXA Equitable Holdings

## Financial Supplement

EQH
LISTED
NYSE

Second Quarter 2019

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This financial supplement should be read in conjunction with AXA Equitable Holdings, Inc.'s ("EQH") Quarterly Report on Form 10-Q for the quarter ended June 30, 2019. AXA Equitable Holdings' filings with the Securities and Exchange Commission ("SEC") can be accessed upon filing at the SEC's website at www.sec.gov, and at our website at www.sec.gov, and at our website at ir.axaequitableholdings.com.

All information included in this financial supplement is unaudited.

**This financial supplement includes information from prior periods which have been revised and/or restated. For additional details, please refer to our Form 10-Q for the quarter ended June 30, 2019**

# Consolidated Financials and Key Metrics

## Key Metrics Summary

| (in millions USD, except per share and O/S share amounts) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Net income (loss)** | $ 261 | $ (443) | $ 1,999 | $ (709) | $ 430 | 64.8 % | $ 598 | $ (279) | (146.7)% |
| Net income (loss) attributable to the noncontrolling interest | (97) | (53) | (61) | (66) | (67) | 30.9 % | (220) | (133) | 39.5 % |
| **Net income (loss) attributable to Holdings** | $ 164 | $ (496) | $ 1,938 | $ (775) | $ 363 | 121.3 % | $ 378 | $ (412) | (209.0)% |
| **Non-GAAP Operating Earnings (1) (2)** | $ 486 | $ 693 | $ 504 | $ 509 | $ 559 | 15.0 % | $ 969 | $ 1,068 | 10.2 % |
| **Total equity attributable to Holdings** | $ 13,364 | $ 12,411 | $ 13,866 | $ 13,143 | $ 14,843 | 11.1 % | $ 13,364 | $ 14,843 | 11.1 % |
| Less: Accumulated other comprehensive income (loss) | (1,310) | (1,595) | (1,396) | (513) | 876 | 166.9 % | (1,310) | 876 | 166.9 % |
| **Total equity attributable to Holdings (ex. AOCI)** | $ 14,674 | $ 14,006 | $ 15,262 | $ 13,656 | $ 13,967 | (4.8)% | $ 14,674 | $ 13,967 | (4.8)% |
| **Return on Equity (ex. AOCI) - TTM** | 6.1% | 2.6% | 12.5% | 5.8% | 7.2% | | 6.1% | 7.2% | |
| **Non-GAAP Operating ROE (1) (3) (4)** | 13.6% | 15.6% | 14.9% | 15.2% | 15.9% | | 13.6% | 15.9% | |
| **Debt to capital:** | | | | | | | | | |
| Debt to Capital | 26.9% | 27.9% | 26.3% | 27.4% | 24.6% | | 26.9% | 24.6% | |
| Debt to Capital (ex. AOCI) | 25.1% | 25.5% | 24.5% | 26.6% | 25.8% | | 25.1% | 25.8% | |
| **Per share:** | | | | | | | | | |
| Diluted earnings per share: | | | | | | | | | |
| Net income (loss) attributable to Holdings | $ 0.29 | $ (0.89) | $ 3.57 | $ (1.50) | $ 0.74 | 154.5 % | $ 0.67 | $ (0.82) | (221.2)% |
| Non-GAAP Operating Earnings (1) (2) | $ 0.87 | $ 1.23 | $ 0.93 | $ 0.98 | $ 1.14 | 30.6 % | $ 1.73 | $ 2.11 | 22.4 % |
| Book value per share | $ 23.82 | $ 22.22 | $ 26.22 | $ 26.77 | $ 30.22 | 26.9 % | $ 23.82 | $ 30.22 | 26.9 % |
| Book value per share (ex. AOCI) | $ 26.16 | $ 25.08 | $ 28.86 | $ 27.81 | $ 28.44 | 8.7 % | $ 26.16 | $ 28.44 | 8.7 % |
| **Weighted-average common shares outstanding:** | | | | | | | | | |
| Basic | 561.0 | 560.3 | 543.3 | 518.0 | 491.1 | (12.5)% | 561.0 | 504.5 | (10.1)% |
| Diluted | 561.1 | 560.3 | 543.7 | 518.0 | 491.9 | (12.3)% | 561.1 | 504.5 | (10.1)% |
| **Ending common shares outstanding** | 561.0 | 558.5 | 528.9 | 491.0 | 491.1 | (12.5)% | 561.0 | 491.1 | (12.5)% |
| **Return to Stockholders:** | | | | | | | | | |
| Common stock dividend | | $ 73 | $ 69 | $ 68 | $ 73 | | $ — | $ 141 | |
| Repurchase of common shares | | 57 | 592 | 750 | — | | — | 750 | |
| **Total capital returned to stockholders** | | $ 130 | $ 661 | $ 818 | $ 73 | | $ — | $ 891 | |
| **Market Values:** | | | | | | | | | |
| S&P 500 | 2,718 | 2,914 | 2,507 | 2,834 | 2,942 | 8.2 % | 2,718 | 2,942 | 8.2 % |
| US 10-Year Treasury | 2.9% | 3.1% | 2.7% | 2.4% | 2.0% | | 2.9% | 2.0% | |

**Notes:**

(1) This measure is a Non-GAAP financial measure. For an explanation of our use of Non-GAAP financial measures, refer to the “Use of Non-GAAP Financial Measures” and "Glossary of Selected Financial and Product Terms" sections of this document. For a reconciliation of this item to the most directly comparable GAAP measure, refer to the “Non-GAAP Reconciliation” section in this document.

(2) In the first quarter of 2019, we modified our Non-GAAP Operating Earnings measure. Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Non-GAAP Operating ROE for the trailing twelve months ended June 30, 2019 would have been 16.0%. For additional information on the impact to the measure, see the “Additional Information” section herein.

(3) Calculated using Pro forma Non-GAAP Operating Earnings, excluding impact of non-recurring items which occurred in the fourth quarter of 2017. Please see “Additional Information” for adjustments of non-recurring items.

(4) Prior periods before 6/30/19 reflect pro forma adjustments.

# Consolidated Statements of Income (Loss)

| | For the Three Months Ended | | | | | | For the Six Months Ended | | |
|---|---|---|---|---|---|---|---|---|---|
| (in millions USD, unless otherwise indicated) | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | 6/30/2018 | 6/30/2019 | Change |
| **Revenues** | | | | | | | | | |
| Policy charges and fee income | $ 964 | $ 951 | $ 943 | $ 931 | $ 941 | (2.4)% | $ 1,930 | $ 1,872 | (3.0)% |
| Premiums | 275 | 269 | 271 | 283 | 280 | 1.8 % | 554 | 563 | 1.6 % |
| Net derivative gains (losses) | (46) | (2,006) | 2,057 | (1,630) | (236) | (413.0)% | (282) | (1,866) | (561.7)% |
| Net investment income (loss) | 596 | 681 | 825 | 1,015 | 976 | 63.8 % | 1,187 | 1,991 | 67.7 % |
| Investment gains (losses), net | (22) | (35) | (131) | (11) | (12) | 45.5 % | 80 | (23) | (128.8)% |
| Investment management and service fees | 1,075 | 1,088 | 1,050 | 999 | 1,072 | (0.3)% | 2,130 | 2,071 | (2.8)% |
| Other income | 124 | 135 | 140 | 127 | 139 | 12.1 % | 241 | 266 | 10.4 % |
| **Total revenues** | 2,966 | 1,083 | 5,155 | 1,714 | 3,160 | 6.5 % | 5,840 | 4,874 | (16.5)% |
| **Benefits and other deductions** | | | | | | | | | |
| Policyholders' benefits | 900 | 318 | 1,103 | 880 | 896 | (0.4)% | 1,494 | 1,776 | 18.9 % |
| Interest credited to policyholders' account balances | 268 | 278 | 273 | 304 | 314 | 17.2 % | 539 | 618 | 14.7 % |
| Compensation and benefits | 520 | 507 | 473 | 509 | 512 | (1.5)% | 1,099 | 1,021 | (7.1)% |
| Commissions and distribution related payments | 287 | 286 | 296 | 281 | 307 | 7.0 % | 578 | 588 | 1.7 % |
| Interest expense | 60 | 65 | 60 | 56 | 57 | (5.0)% | 106 | 113 | 6.6 % |
| Amortization of deferred policy acquisition costs | 185 | (182) | 158 | 198 | 177 | (4.3)% | 357 | 375 | 5.0 % |
| Other operating costs and expenses | 424 | 429 | 463 | 410 | 456 | 7.5 % | 917 | 866 | (5.6)% |
| **Total benefits and other deductions** | 2,644 | 1,701 | 2,826 | 2,638 | 2,719 | 2.8 % | 5,090 | 5,357 | 5.2 % |
| **Income (loss) from operations, before income taxes** | 322 | (618) | 2,329 | (924) | 441 | 37.0 % | 750 | (483) | (164.4)% |
| Income tax (expense) benefit | (61) | 175 | (330) | 215 | (11) | 82.0 % | (152) | 204 | 234.2 % |
| **Net income (loss)** | 261 | (443) | 1,999 | (709) | 430 | 64.8 % | 598 | (279) | (146.7)% |
| Less: net (income) loss attributable to the noncontrolling interest | (97) | (53) | (61) | (66) | (67) | 30.9 % | (220) | (133) | 39.5 % |
| **Net income (loss) attributable to Holdings** | $ 164 | $ (496) | $ 1,938 | $ (775) | $ 363 | 121.3 % | $ 378 | $ (412) | (209.0)% |
| Adjustments related to: | | | | | | | | | |
| Variable annuity product features | $ 249 | $ 1,403 | $ (1,898) | $ 1,540 | $ 200 | | $ 425 | $ 1,740 | |
| Investment gains (losses), net | 22 | 36 | 130 | 11 | 12 | | (80) | 23 | |
| Net actuarial gains (losses) related to pension and other postretirement benefit obligations | 27 | 24 | 33 | 24 | 24 | | 158 | 48 | |
| Other adjustments | 88 | 51 | 69 | 40 | 89 | | 179 | 129 | |
| Income tax (expense) benefit related to above adjustments | (75) | (331) | 350 | (337) | (71) | | (130) | (408) | |
| Non-recurring tax items | 11 | 6 | (118) | 6 | (58) | | 39 | (52) | |
| **Non-GAAP Operating earnings (1) (2)** | $ 486 | $ 693 | $ 504 | $ 509 | $ 559 | | $ 969 | $ 1,068 | |

**Notes:**

(1) This measure is a Non-GAAP financial measure. For an explanation of our use of Non-GAAP financial measures, refer to the "Use of Non-GAAP Financial Measures" and "Glossary of Selected Financial and Product Terms" sections of this document. For a reconciliation of this item to the most directly comparable GAAP measure, refer to the "Non-GAAP Reconciliation" section in this document.

(2) In the first quarter of 2019, we modified our Non-GAAP Operating Earnings measure. Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Non-GAAP Operating ROE for the trailing twelve months ended June 30, 2019 would have been 16.0%. For additional information on the impact to the measure, see the "Additional Information" section herein.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

## Consolidated Balance Sheets

| (in millions USD, unless otherwise indicated) | Balances as of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Total investments | $ 76,828 | $ 78,942 | $ 81,333 | $ 82,948 | $ 86,901 |
| Cash and cash equivalents | 6,833 | 4,777 | 4,469 | 5,129 | 4,734 |
| Cash and securities segregated, at fair value | 1,289 | 1,263 | 1,170 | 1,262 | 1,110 |
| Broker-dealer related receivables | 2,276 | 2,224 | 2,209 | 2,122 | 2,156 |
| Deferred policy acquisition costs | 6,285 | 6,736 | 6,745 | 6,018 | 6,080 |
| Goodwill and other intangible assets, net | 4,802 | 4,791 | 4,780 | 4,769 | 4,776 |
| Amounts due from reinsurers | 4,954 | 4,909 | 4,895 | 4,850 | 4,740 |
| GMIB reinsurance contract asset, at fair value | 1,636 | 1,375 | 1,732 | 1,740 | 1,896 |
| Current and deferred income taxes | 52 | 321 | — | — | — |
| Other assets | 3,025 | 3,124 | 3,127 | 3,787 | 3,760 |
| Separate Accounts assets | 122,967 | 125,989 | 110,337 | 120,194 | 122,444 |
| Total assets | $ 230,947 | $ 234,451 | $ 220,797 | $ 232,819 | $ 238,597 |
| **Liabilities** | | | | | |
| Policyholders' account balances | $ 48,849 | $ 50,066 | $ 49,923 | $ 52,197 | $ 53,211 |
| Future policy benefits and other policyholders' liabilities | 29,298 | 29,504 | 30,998 | 31,462 | 32,381 |
| Broker-dealer related payables | 603 | 491 | 431 | 494 | 443 |
| Securities sold under agreements to repurchase | 1,850 | 1,900 | 573 | — | — |
| Customers related payables | 2,713 | 2,781 | 3,095 | 2,999 | 2,686 |
| Amounts due to reinsurers | 1,398 | 1,415 | 1,438 | 1,372 | 1,390 |
| Short-term and long-term debt | 4,922 | 4,806 | 4,955 | 4,949 | 4,852 |
| Income taxes payable | — | — | 68 | 482 | 689 |
| Other liabilities | 3,350 | 3,485 | 3,360 | 3,781 | 3,856 |
| Separate Accounts liabilities | 122,967 | 125,989 | 110,337 | 120,194 | 122,444 |
| Total liabilities | 215,950 | 220,437 | 205,178 | 217,930 | 221,952 |
| Redeemable noncontrolling interest | 146 | 143 | 187 | 207 | 257 |
| **Equity** | | | | | |
| Common stock | 5 | 5 | 5 | 5 | 5 |
| Additional paid-in capital | 2,068 | 2,026 | 1,908 | 1,881 | 1,901 |
| Treasury shares | — | (56) | (640) | (1,234) | (1,232) |
| Retained earnings | 12,601 | 12,031 | 13,989 | 13,004 | 13,293 |
| Accumulated other comprehensive income (loss) | (1,310) | (1,595) | (1,396) | (513) | 876 |
| Total equity attributable to Holdings | 13,364 | 12,411 | 13,866 | 13,143 | 14,843 |
| Noncontrolling interest | 1,487 | 1,460 | 1,566 | 1,539 | 1,545 |
| Total equity | 14,851 | 13,871 | 15,432 | 14,682 | 16,388 |
| Total liabilities, redeemable noncontrolling interest and equity | $ 230,947 | $ 234,451 | $ 220,797 | $ 232,819 | $ 238,597 |

# Consolidated Capital Structure

| (in millions USD, unless otherwise indicated) | Balances as of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 |
|---|---|---|---|---|---|
| **Short-term and long-term debt:** | | | | | |
| Short-term debt | | | | | |
| AB commercial paper | $ 515 | $ 398 | $ 521 | $ 540 | $ 443 |
| AB revolving credit facility | — | — | 25 | — | — |
| Total short-term debt | 515 | 398 | 546 | 540 | 443 |
| Total long-term debt | 4,922 | 4,408 | 4,409 | 4,409 | 4,409 |
| Total short-term and long-term debt: [A] | $ 5,437 | $ 4,806 | $ 4,955 | $ 4,949 | $ 4,852 |
| **Equity:** | | | | | |
| Common stock | $ 5 | $ 5 | $ 5 | $ 5 | $ 5 |
| Additional paid-in capital | 2,068 | 2,026 | 1,908 | 1,881 | 1,901 |
| Treasury stock, at cost | — | (56) | (640) | (1,234) | (1,232) |
| Retained earnings | 12,601 | 12,031 | 13,989 | 13,004 | 13,293 |
| Accumulated other comprehensive income (loss) | (1,310) | (1,595) | (1,396) | (513) | 876 |
| Total equity attributable to Holdings | 13,364 | 12,411 | 13,866 | 13,143 | 14,843 |
| Noncontrolling interest | 1,487 | 1,460 | 1,566 | 1,539 | 1,545 |
| Total equity | $ 14,851 | $ 13,871 | $ 15,432 | $ 14,682 | $ 16,388 |
| Total equity attributable to Holdings, ex. AOCI: [B] | $ 14,674 | $ 14,006 | $ 15,262 | $ 13,656 | $ 13,967 |
| **Capital:** | | | | | |
| Total capitalization | $ 18,801 | $ 17,217 | $ 18,821 | $ 18,092 | $ 19,695 |
| **Total capitalization ex. AOCI: [A+B]** | $ 20,111 | $ 18,812 | $ 20,217 | $ 18,605 | $ 18,819 |
| **Debt to capital:** | | | | | |
| Debt to capital | 26.9% | 27.9% | 26.3% | 27.4% | 24.6% |
| Debt to capital ex. AOCI | 25.1% | 25.5% | 24.5% | 26.6% | 25.8% |
| **Roll-forward of common shares outstanding (millions of shares):** | | | | | |
| Beginning balance | 561.0 | 561.0 | 558.5 | 528.9 | 491.0 |
| Repurchases | — | (2.5) | (29.6) | (30.0) | — |
| Retirements | — | — | — | (8.1) | — |
| Issuances | — | — | — | 0.2 | 0.1 |
| Ending basic common shares outstanding | 561.0 | 558.5 | 528.9 | 491.0 | 491.1 |
| Total potentially dilutive shares | 0.1 | — | — | — | — |
| Ending common shares outstanding - maximum potential dilution | 561.1 | 558.5 | 528.9 | 491.0 | 491.1 |

# Operating Earnings (Loss) by Segment and Corporate and Other (1/2)

| (in millions USD, unless otherwise indicated) | Three Months Ended June 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Individual Retirement (1) | Group Retirement | Inv Mgmt and Research | Protection Solutions | Corporate and Other | Consolidated |
| **Revenues** | | | | | | |
| Policy charges, fee income and premiums | $ 524 | $ 69 | $ — | $ 530 | $ 98 | $ 1,221 |
| Net investment income (loss) | 280 | 150 | 15 | 248 | 132 | 825 |
| Net derivative gains (losses) | 87 | (2) | (9) | 1 | (3) | 74 |
| Investment management, service fees and other income | 182 | 50 | 842 | 64 | 73 | 1,211 |
| **Segment revenues** | 1,073 | 267 | 848 | 843 | 300 | 3,331 |
| **Benefits and other deductions** | | | | | | |
| Policyholders' benefits | 291 | 1 | — | 419 | 186 | 897 |
| Interest credited to policyholders' account balances | 84 | 75 | — | 127 | 29 | 315 |
| Commissions and distribution related payments | 71 | 11 | 116 | 43 | 66 | 307 |
| Amortization of deferred policy acquisition costs | 75 | 10 | — | 50 | 2 | 137 |
| Compensation, benefits and other operating costs and expenses | 114 | 54 | 547 | 75 | 58 | 848 |
| Interest expense and financing fees | — | — | 3 | — | 59 | 62 |
| **Segment benefits and other deductions** | 635 | 151 | 666 | 714 | 400 | 2,566 |
| **Operating earnings (loss), before income taxes** | 438 | 116 | 182 | 129 | (100) | 765 |
| Income Taxes | (79) | (21) | (33) | (23) | 20 | (136) |
| **Operating earnings (loss), before noncontrolling interest** | 359 | 95 | 149 | 106 | (80) | 629 |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | — | — | (69) | — | (1) | (70) |
| **Operating earnings (loss)** | $ 359 | $ 95 | $ 80 | $ 106 | $ (81) | $ 559 |

| | Three Months Ended June 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Individual Retirement | Group Retirement | Inv Mgmt and Research | Protection Solutions | Corporate and Other | Consolidated |
| **Revenues** | | | | | | |
| Policy charges, fee income and premiums | $ 530 | $ 70 | $ — | $ 537 | $ 102 | $ 1,239 |
| Net investment income (loss) | 258 | 124 | 4 | 194 | 129 | 709 |
| Net derivative gains (losses) | 95 | 2 | — | 3 | (5) | 95 |
| Investment Management, service fees and other income | 191 | 49 | 838 | 56 | 66 | 1,200 |
| **Segment revenues** | 1,074 | 245 | 842 | 790 | 292 | 3,243 |
| **Benefits and other deductions** | | | | | | |
| Policyholders' benefits | 305 | — | — | 419 | 182 | 906 |
| Interest credited to policyholders' account balances | 54 | 74 | — | 120 | 20 | 268 |
| Commissions and distribution related payments | 71 | 12 | 106 | 39 | 59 | 287 |
| Amortization of deferred policy acquisition costs | 50 | 6 | — | 133 | (2) | 187 |
| Compensation, benefits and other operating costs and expenses | 104 | 59 | 513 | 94 | 77 | 847 |
| Interest Expense and Financing Fees | — | — | 2 | — | 58 | 60 |
| **Segment benefits and other deductions** | 584 | 151 | 621 | 805 | 394 | 2,555 |
| **Operating earnings (loss), before income taxes** | 490 | 94 | 221 | (15) | (102) | 688 |
| Income Taxes | (87) | (17) | (41) | 3 | 17 | (125) |
| **Operating earnings (loss), before noncontrolling interest** | 403 | 77 | 180 | (12) | (85) | 563 |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | 2 | — | (83) | — | 4 | (77) |
| **Operating earnings (loss)** | $ 405 | $ 77 | $ 97 | $ (12) | $ (81) | $ 486 |

**Notes:**

(1) In the first quarter of 2019, we modified our Operating earnings measure. For additional information on the impact to the measure, see the "Business Segments: Operating Earnings Results and Metrics—Individual Retirement" section herein.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

# Operating Earnings (Loss) by Segment and Corporate and Other (2/2)

| (in millions USD, unless otherwise indicated) | Six Months Ended June 30, 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Individual Retirement (1) | Group Retirement | Inv Mgmt and Research | Protection Solutions | Corporate and Other | Consolidated |
| **Revenues** | | | | | | |
| Policy charges, fee income and premiums | $ 1,022 | $ 134 | $ — | $ 1,072 | $ 207 | $ 2,435 |
| Net investment income (loss) | 548 | 284 | 39 | 472 | 268 | 1,611 |
| Net derivative gains (losses) | 150 | 2 | (29) | 11 | (5) | 129 |
| Investment Management, service fees and other income | 360 | 98 | 1,618 | 119 | 142 | 2,337 |
| **Segment revenues** | 2,080 | 518 | 1,628 | 1,674 | 612 | 6,512 |
| **Benefits and other deductions** | | | | | | |
| Policyholders' benefits | 535 | 1 | — | 871 | 370 | 1,777 |
| Interest credited to policyholders' account balances | 146 | 148 | — | 265 | 59 | 618 |
| Commissions and distribution related payments | 137 | 21 | 222 | 81 | 127 | 588 |
| Amortization of deferred policy acquisition costs | 158 | 22 | — | 100 | (5) | 275 |
| Compensation, benefits and other operating costs and expenses | 225 | 114 | 1,056 | 170 | 126 | 1,691 |
| Interest expense and financing fees | — | — | 7 | — | 111 | 118 |
| **Segment benefits and other deductions** | 1,201 | 306 | 1,285 | 1,487 | 788 | 5,067 |
| **Operating earnings (loss), before income taxes** | 879 | 212 | 343 | 187 | (176) | 1,445 |
| Income Taxes | (150) | (36) | (62) | (32) | 31 | (249) |
| **Operating earnings (loss), before noncontrolling interest** | 729 | 176 | 281 | 155 | (145) | 1,196 |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | — | — | (124) | — | (4) | (128) |
| **Operating earnings (loss)** | $ 729 | $ 176 | $ 157 | $ 155 | $ (149) | $ 1,068 |

| | Six Months Ended June 30, 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Individual Retirement | Group Retirement | Inv Mgmt and Research | Protection Solutions | Corporate and Other | Consolidated |
| **Revenues** | | | | | | |
| Policy charges, fee income and premiums | $ 1,059 | $ 134 | $ — | $ 1,077 | $ 214 | $ 2,484 |
| Net investment income (loss) | 486 | 255 | 7 | 414 | 242 | 1,404 |
| Net derivative gains (losses) | (121) | 1 | 2 | 2 | 1 | (115) |
| Investment Management, service fees and other income | 379 | 93 | 1,742 | 111 | 123 | 2,448 |
| **Segment revenues** | 1,803 | 483 | 1,751 | 1,604 | 580 | 6,221 |
| **Benefits and other deductions** | | | | | | |
| Policyholders' benefits | 296 | — | — | 828 | 360 | 1,484 |
| Interest credited to policyholders' account balances | 113 | 144 | — | 242 | 40 | 539 |
| Commissions and distribution related payments | 143 | 22 | 216 | 71 | 126 | 578 |
| Amortization of deferred policy acquisition costs | 94 | 17 | — | 246 | (7) | 350 |
| Compensation, benefits and other operating costs and expenses | 210 | 113 | 1,075 | 190 | 158 | 1,746 |
| Interest Expense and Financing Fees | — | — | 4 | — | 102 | 106 |
| **Segment benefits and other deductions** | 856 | 296 | 1,295 | 1,577 | 779 | 4,803 |
| **Operating earnings (loss), before income taxes** | 947 | 187 | 456 | 27 | (199) | 1,418 |
| Income Taxes | (174) | (34) | (68) | (4) | 37 | (243) |
| **Operating earnings (loss), before noncontrolling interest** | 773 | 153 | 388 | 23 | (162) | 1,175 |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | — | — | (210) | — | 4 | (206) |
| **Operating earnings (loss)** | $ 773 | $ 153 | $ 178 | $ 23 | $ (158) | $ 969 |

**Notes**

(1) In the first quarter of 2019, we modified our Operating earnings measure. For additional information on the impact to the measure, see the "Business Segments: Operating Earnings Results and Metrics—Individual Retirement" section herein.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

## Assets Under Management and Administration

| (in billions USD, except for AXA Headcount) | Balances as of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 |
|---|---|---|---|---|---|
| **Assets Under Management** | | | | | |
| **AB AUM** | | | | | |
| Total AB | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 | $ 580.8 |
| Exclusion for General Account and other Affiliated Accounts | (57.8) | (58.3) | (61.5) | (62.9) | (66.8) |
| Exclusion for Separate Accounts | (32.9) | (34.0) | (32.4) | (36.3) | (37.0) |
| **AB third party** | $ 449.1 | $ 458.1 | $ 422.5 | $ 455.5 | $ 477.0 |
| **Total company AUM** | | | | | |
| AB third party | $ 449.1 | $ 458.1 | $ 422.5 | $ 455.5 | $ 477.0 |
| General Account and other Affiliated Accounts | 83.7 | 83.7 | 85.8 | 88.1 | 91.6 |
| Separate Accounts | 123.0 | 126.0 | 110.3 | 120.2 | 122.4 |
| **Total AUM** | $ 655.8 | $ 667.8 | $ 618.6 | $ 663.8 | $ 691.1 |
| Total Assets Under Administration (AUA) (1) | $ 45.9 | $ 47.8 | $ 43.9 | $ 47.8 | $ 50.1 |
| **AXA Advisor Headcount** | | | | | |
| Total Number of AXA Advisors (2) | 4,576 | 4,544 | 4,722 | 4,410 | 4,360 |

**Notes:**

(1) AUA includes AXA Advisors Advisory and Brokerage AUA; AXA Advisors broker-dealer business is included in Corporate and Other.

(2) Increased qualification requirements for retired advisors in the first quarter of 2019 resulting in a reduction of 233 advisors.

## Sales Metrics by Segment

| (in millions USD, unless otherwise indicated) | For the Three Months Ended 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | For the Six Months Ended 6/30/2018 | 6/30/2019 | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Insurance Operations** | | | | | | | | | |
| **Individual Retirement** | | | | | | | | | |
| First year premiums and deposits | $ 1,861 | $ 1,897 | $ 1,931 | $ 1,879 | $ 2,093 | 12.5 % | $ 3,480 | $ 3,972 | 14.1 % |
| Renewal premium and deposits | 78 | 82 | 80 | 95 | 92 | 18.4 % | 165 | 187 | 13.6 % |
| Total Gross Premiums | $ 1,939 | $ 1,979 | $ 2,011 | $ 1,974 | $ 2,185 | 12.7 % | $ 3,645 | $ 4,159 | 14.1 % |
| **Group Retirement** | | | | | | | | | |
| First year premiums and deposits | $ 351 | $ 344 | $ 390 | $ 329 | $ 358 | 1.8 % | $ 694 | $ 687 | (1.0)% |
| Renewal premium and deposits | 534 | 400 | 527 | 511 | 552 | 3.4 % | 1,028 | 1,063 | 3.4 % |
| Total Gross Premiums | $ 885 | $ 744 | $ 917 | $ 840 | $ 910 | 2.8 % | $ 1,722 | $ 1,750 | 1.6 % |
| **Protection Solutions** | | | | | | | | | |
| First year premiums and deposits | $ 125 | $ 105 | $ 119 | $ 111 | $ 113 | (9.8)% | $ 227 | $ 224 | (1.5)% |
| Renewal premium and deposits | 642 | 632 | 651 | 675 | 633 | (1.3)% | 1,294 | 1,309 | 1.1 % |
| Total Gross Premiums | $ 767 | $ 737 | $ 770 | $ 786 | $ 746 | (2.7)% | $ 1,521 | $ 1,532 | 0.7 % |
| **Investment Management and Research (in billions USD)** | | | | | | | | | |
| **Gross Sales by distribution channel** | | | | | | | | | |
| Institutional (3) | $ 3.9 | $ 3.7 | $ 3.4 | $ 3.4 | $ 5.5 | 41.0 % | $ 18.7 | $ 8.8 | (52.9)% |
| Retail | 11.6 | 12.6 | 15.1 | 16.4 | 18.8 | 62.1 % | 26.5 | 35.2 | 32.8 % |
| Private Wealth Management | 3.5 | 3.0 | 2.6 | 3.3 | 3.0 | (14.3)% | 7.9 | 6.3 | (20.3)% |
| **Firmwide Gross Sales (3)** | $ 19.0 | $ 19.3 | $ 21.1 | $ 23.1 | $ 27.3 | 43.7 % | $ 53.1 | $ 50.3 | (5.3)% |
| **Gross sales by investment service** | | | | | | | | | |
| Equity Active | $ 8.6 | $ 8.7 | $ 8.3 | $ 7.9 | $ 8.8 | 2.3 % | $ 19.5 | 16.7 | (14.4)% |
| Equity Passive (1) (3) | 1.1 | (0.1) | 3.1 | — | — | (100.0)% | 1.1 | (0.1) | (109.1)% |
| Fixed Income - Taxable | 5.2 | 7.3 | 6.6 | 11.5 | 13.1 | 151.9 % | 13.7 | 24.6 | 79.6 % |
| Fixed Income - Tax-Exempt | 1.9 | 2.0 | 1.7 | 2.6 | 2.6 | 36.8 % | 4.2 | 5.2 | 23.8 % |
| Fixed Income Passive (1) | — | — | — | — | 0.1 | 100.0 % | — | 0.1 | 100.0 % |
| Other (2) (3) | 2.2 | 1.4 | 1.4 | 1.1 | 2.8 | 27.3 % | 14.6 | 3.8 | (74.0)% |
| **Firmwide Gross Sales (3)** | $ 19.0 | $ 19.3 | $ 21.1 | $ 23.1 | $ 27.3 | 43.7 % | $ 53.1 | $ 50.3 | (5.3)% |

**Notes:**

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

(3) AB line item does not cross foot for six months ended June 30, 2019 due to rounding.

# Business Segments:
# Operating Earnings Results and Metrics

## Individual Retirement - Operating Earnings (Loss) and Summary Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of | | | | | | For the Six Months Ended or As of | | |
|---|---|---|---|---|---|---|---|---|---|
| | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | 6/30/2018 | 6/30/2019 | Change |
| **Revenues** | | | | | | | | | |
| Policy charges, fee income and premiums | $ 530 | $ 560 | $ 505 | $ 498 | $ 524 | (1.1)% | $ 1,059 | $ 1,022 | (3.5)% |
| Net investment income (loss) | 258 | 247 | 248 | 268 | 280 | 8.5 % | 486 | 548 | 12.8 % |
| Net derivative gains (losses) | 95 | 69 | 249 | 63 | 87 | (8.4)% | (121) | 150 | 224.0 % |
| Investment management, service fees and other income | 191 | 194 | 179 | 178 | 182 | (4.7)% | 379 | 360 | (5.0)% |
| **Segment revenues** | 1,074 | 1,070 | 1,181 | 1,007 | 1,073 | (0.1)% | 1,803 | 2,080 | 15.4 % |
| **Benefits and other deductions** | | | | | | | | | |
| Policyholders' benefits | 305 | 312 | 465 | 244 | 291 | (4.6)% | 296 | 535 | 80.7 % |
| Interest credited to policyholders' account balances | 54 | 63 | 53 | 62 | 84 | 55.6 % | 113 | 146 | 29.2 % |
| Commissions and distribution-related payments | 71 | 78 | 70 | 66 | 71 | — % | 143 | 137 | (4.2)% |
| Amortization of deferred policy acquisition costs | 50 | 5 | 87 | 83 | 75 | 50.0 % | 94 | 158 | 68.1 % |
| Compensation and benefits, interest expense and financing fees and other operating costs and expense | 104 | 103 | 102 | 111 | 114 | 9.6 % | 210 | 225 | 7.1 % |
| **Segment benefits and other deductions** | 584 | 561 | 777 | 566 | 635 | 8.7 % | 856 | 1,201 | 40.3 % |
| **Operating earnings (loss), before income taxes** | 490 | 509 | 404 | 441 | 438 | (10.6)% | 947 | 879 | (7.2)% |
| Income taxes | (87) | (75) | (56) | (71) | (79) | 9.2 % | (174) | (150) | 13.8 % |
| **Operating earnings (loss), before noncontrolling interest** | 403 | 434 | 348 | 370 | 359 | (10.9)% | 773 | 729 | (5.7)% |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | 2 | — | — | — | — | (100.0)% | — | — | — % |
| **Operating earnings (loss) (2)** | $ 405 | $ 434 | $ 348 | $ 370 | $ 359 | (11.4)% | $ 773 | $ 729 | (5.7)% |
| **Summary Metrics** | | | | | | | | | |
| **Operating earnings (loss) - TTM (2): [A]** | $ 1,507 | $ 1,615 | $ 1,555 | $ 1,557 | $ 1,511 | 0.3 % | $ 1,507 | $ 1,511 | 0.3 % |
| **Average capital - TTM: [B]** | $ 7,237 | $ 7,043 | $ 6,921 | $ 6,881 | $ 6,917 | (4.4)% | $ 7,237 | $ 6,917 | (4.4)% |
| **Non-GAAP Operating ROC - TTM (1) (2): [A/B]** | 20.8% | 22.9% | 22.5% | 22.6% | 21.8% | | 20.8% | 21.8% | |
| **Average Account Value** | $ 102,451 | $ 104,429 | $ 100,166 | $ 98,543 | $ 103,402 | 0.9 % | $ 103,268 | $ 99,448 | (3.7)% |
| **Return on assets** | 1.87% | 1.88% | 1.86% | 1.87% | 1.73% | | 1.86% | 1.80% | |
| **Net flows** | | | | | | | | | |
| Current Product Offering | $ 867 | $ 749 | $ 718 | $ 841 | $ 845 | (2.6)% | $ 1,446 | $ 1,686 | 16.5 % |
| Fixed Rate | (1,016) | (1,007) | (1,047) | (929) | (937) | 7.8 % | (2,057) | (1,866) | 9.3 % |
| **Net flows** | $ (149) | $ (258) | $ (329) | $ (88) | $ (92) | 38.0 % | $ (611) | $ (180) | 70.5 % |
| **First year premiums and deposits** | $ 1,861 | $ 1,897 | $ 1,931 | $ 1,879 | $ 2,093 | 12.5 % | $ 3,480 | $ 3,972 | 14.1 % |
| **In-force Policy Count by Product (in thousands):** | | | | | | | | | |
| Fixed rate | 386 | 380 | 376 | 370 | 365 | | 386 | 365 | |
| Current product offering | 526 | 529 | 534 | 537 | 542 | | 526 | 542 | |
| **Total** | 912 | 909 | 910 | 907 | 907 | | 912 | 907 | |

**Notes:**

(1) This measure is a Non-GAAP financial measure. For an explanation of our use of Non-GAAP financial measures, refer to the "Use of Non-GAAP Financial Measures" and "Glossary of Selected Financial and Product Terms" sections of this document.

(2) Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Operating earnings for the three and six months ended June 30, 2018 for the Individual Retirement segment would have been $392 million and $719 million and Non-GAAP Operating ROC for the trailing twelve months ended June 30, 2019 would have been 22.0%.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

## Individual Retirement - Select Operating Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|---|---|
| **Sales Metrics** | | | | | | | |
| **First Year Premiums by Product:** | | | | | | | |
| SCS | $ 999 | $ 1,064 | $ 1,088 | $ 1,106 | $ 1,302 | $ 1,774 | $ 2,408 |
| Retirement Cornerstone | 625 | 607 | 620 | 583 | 543 | 1,252 | 1,126 |
| Investment Edge | 138 | 133 | 134 | 110 | 152 | 270 | 262 |
| Other | 99 | 93 | 89 | 80 | 96 | 184 | 176 |
| **Total First Year Premiums** | $ 1,861 | $ 1,897 | $ 1,931 | $ 1,879 | $ 2,093 | $ 3,480 | $ 3,972 |
| **First Year Premiums by Guarantee:** | | | | | | | |
| Non-GMxB | $ 1,234 | $ 1,209 | $ 1,194 | $ 1,239 | $ 1,433 | $ 2,237 | $ 2,672 |
| ROP death benefit only | 80 | 161 | 177 | 119 | 165 | 158 | 284 |
| Total non-GMxB & ROP death benefit only | 1,314 | 1,370 | 1,371 | 1,358 | 1,598 | 2,395 | 2,956 |
| Floating rate GMxB | 537 | 519 | 543 | 511 | 479 | 1,062 | 990 |
| Fixed rate GMxB | 10 | 8 | 17 | 10 | 16 | 23 | 26 |
| **Total First Year Premiums** | $ 1,861 | $ 1,897 | $ 1,931 | $ 1,879 | $ 2,093 | $ 3,480 | $ 3,972 |
| **Account Values** | | | | | | | |
| **General Account:** | | | | | | | |
| Balance as of beginning of period | $ 19,479 | $ 20,470 | $ 21,403 | $ 20,631 | $ 22,677 | $ 19,059 | $ 20,631 |
| Gross premiums | 1,138 | 1,045 | 1,069 | 1,177 | 1,268 | 1,931 | 2,445 |
| Surrenders, withdrawals and benefits | (452) | (515) | (577) | (473) | (501) | (913) | (974) |
| Net flows | 686 | 530 | 492 | 704 | 767 | 1,018 | 1,471 |
| Investment performance, interest credited and policy charges | 305 | 403 | (1,264) | 1,342 | 469 | 393 | 1,811 |
| Transfer to Corp & Other | — | — | — | — | (458) | — | (458) |
| **Balance as of end of period** | $ 20,470 | $ 21,403 | $ 20,631 | $ 22,677 | $ 23,455 | $ 20,470 | $ 23,455 |
| **Separate Accounts:** | | | | | | | |
| Balance as of beginning of period | $ 82,310 | $ 82,643 | $ 84,341 | $ 73,958 | $ 79,821 | $ 84,364 | $ 73,958 |
| Gross premiums | 918 | 946 | 991 | 861 | 905 | 1,911 | 1,766 |
| Surrenders, withdrawals and benefits | (1,753) | (1,734) | (1,812) | (1,653) | (1,764) | (3,540) | (3,417) |
| Net flows | (835) | (788) | (821) | (792) | (859) | (1,629) | (1,651) |
| Investment performance, interest credited and policy charges | 1,168 | 2,486 | (9,562) | 6,655 | 1,890 | (92) | 8,545 |
| Transfer to Corp & Other | — | — | — | — | — | — | — |
| **Balance as of end of period** | $ 82,643 | $ 84,341 | $ 73,958 | $ 79,821 | $ 80,852 | $ 82,643 | $ 80,852 |
| **Total:** | | | | | | | |
| Balance as of beginning of period | $ 101,789 | $ 103,113 | $ 105,744 | $ 94,589 | $ 102,498 | $ 103,423 | $ 94,589 |
| Gross premiums (1) | 2,056 | 1,991 | 2,060 | 2,038 | 2,173 | 3,842 | 4,211 |
| Surrenders, withdrawals and benefits | (2,205) | (2,249) | (2,389) | (2,126) | (2,265) | (4,453) | (4,391) |
| Net flows | (149) | (258) | (329) | (88) | (92) | (611) | (180) |
| Investment performance, interest credited and policy charges | 1,473 | 2,889 | (10,826) | 7,997 | 2,359 | 301 | 10,356 |
| Transfer to Corp & Other | — | — | — | — | (458) | — | (458) |
| **Balance as of end of period** | $ 103,113 | $ 105,744 | $ 94,589 | $ 102,498 | $ 104,307 | $ 103,113 | $ 104,307 |
| **Net Amount at Risk (NAR)** | | | | | | | |
| Total GMIB NAR | $ 5,961 | $ 5,508 | $ 8,572 | $ 7,791 | $ 8,577 | $ 5,961 | $ 8,577 |
| Total GMDB NAR | 18,087 | 17,584 | 23,273 | 20,048 | 19,697 | 18,087 | 19,697 |
| **Reserves (Net of Reinsurance)** | | | | | | | |
| GMIB Reserves | $ 6,429 | $ 6,391 | $ 7,349 | $ 7,846 | $ 8,481 | $ 6,429 | $ 8,481 |
| GMDB Reserves | 4,004 | 4,412 | 4,545 | 4,560 | 4,606 | 4,004 | 4,606 |
| **Total GMDB/IB Variable Annuity Reserves (Net of Reinsurance)** | $ 10,433 | $ 10,803 | $ 11,894 | $ 12,406 | $ 13,087 | $ 10,433 | $ 13,087 |

**Notes:**

(1) Includes deposits from certain other products not reported as first year premiums and deposits or renewal premiums and deposits elsewhere in this document.

# Group Retirement - Operating Earnings (Loss) and Summary Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of | | | | | | For the Six Months Ended or As of | | |
|---|---|---|---|---|---|---|---|---|---|
| | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | 6/30/2018 | 6/30/2019 | Change |
| **Revenues** | | | | | | | | | |
| Policy charges, fee income and premiums | $ 70 | $ 70 | $ 67 | $ 65 | $ 69 | (1.4)% | $ 134 | $ 134 | — % |
| Net investment income (loss) | 124 | 140 | 157 | 134 | 150 | 21.0 % | 255 | 284 | 11.4 % |
| Net derivative gains (losses) | 2 | — | 1 | 4 | (2) | (200.0)% | 1 | 2 | 100.0 % |
| Investment management, service fees and other income | 49 | 52 | 49 | 48 | 50 | 2.0 % | 93 | 98 | 5.4 % |
| **Segment revenues** | 245 | 262 | 274 | 251 | 267 | 9.0 % | 483 | 518 | 7.2 % |
| **Benefits and other deductions** | | | | | | | | | |
| Policyholder benefits | — | 3 | 1 | — | 1 | 100.0 % | — | 1 | 100.0 % |
| Interest credited to policyholders' account balances | 74 | 72 | 74 | 73 | 75 | 1.4 % | 144 | 148 | 2.8 % |
| Commissions and distribution-related payments | 12 | 8 | 12 | 10 | 11 | (8.3)% | 22 | 21 | (4.5)% |
| Amortization of deferred policy acquisition costs | 6 | (35) | 11 | 12 | 10 | 66.7 % | 17 | 22 | 29.4 % |
| Compensation and benefits, interest expense and financing fees and other operating costs and expense | 59 | 56 | 56 | 60 | 54 | (8.5)% | 113 | 114 | 0.9 % |
| **Segment benefits and other deductions** | 151 | 104 | 154 | 155 | 151 | — % | 296 | 306 | 3.4 % |
| **Operating earnings (loss), before income taxes** | 94 | 158 | 120 | 96 | 116 | 23.4 % | 187 | 212 | 13.4 % |
| Income taxes | (17) | (24) | (18) | (15) | (21) | (23.5)% | (34) | (36) | (5.9)% |
| **Operating earnings (loss), before noncontrolling interest** | 77 | 134 | 102 | 81 | 95 | 23.4 % | 153 | 176 | 15.0 % |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | — | — | — | — | — | — % | — | — | — % |
| **Operating earnings (loss)** | $ 77 | $ 134 | $ 102 | $ 81 | $ 95 | 23.4 % | $ 153 | $ 176 | 15.0 % |
| **Summary Metrics** | | | | | | | | | |
| **Operating earnings (loss) - TTM:** [A] | $ 328 | $ 377 | $ 389 | $ 394 | $ 412 | N/M | $ 328 | $ 412 | 25.6 % |
| **Average capital - TTM:** [B] | $ 1,194 | $ 1,210 | $ 1,227 | $ 1,256 | $ 1,285 | N/M | $ 1,194 | $ 1,285 | 7.6 % |
| **Non-GAAP Operating ROC - TTM (1):** [A/B] | 27.5% | 31.2% | 31.7% | 31.3% | 32.1% | | 27.5% | 32.1% | |
| **Average Account Value** | $ 34,284 | $ 35,113 | $ 33,989 | $ 33,739 | $ 35,567 | 3.7 % | $ 34,278 | $ 34,229 | (0.1)% |
| **Return on assets** | 1.19% | 1.27% | 1.37% | 1.39% | 1.38% | | 1.19% | 1.43% | |
| **Net flows** | $ 151 | $ (100) | $ (56) | $ 107 | $ 164 | 8.4 % | $ 252 | $ 271 | 7.4 % |
| **Gross premiums** | $ 885 | $ 744 | $ 917 | $ 840 | $ 910 | 2.8 % | $ 1,722 | $ 1,750 | 1.6 % |

**Notes:**

(1) This measure is a Non-GAAP financial measure. For an explanation of our use of Non-GAAP financial measures, refer to the "Use of Non-GAAP Financial Measures" and "Glossary of Selected Financial and Product Terms" sections of this document.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

## Group Retirement - Select Operating Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|---|---|
| **Sales Metrics** | | | | | | | |
| **Gross premiums:** | | | | | | | |
| First-year premiums | $ 351 | $ 344 | $ 390 | $ 329 | $ 358 | $ 694 | $ 687 |
| Renewal premiums | 534 | 400 | 527 | 511 | 552 | 1,028 | 1,063 |
| **Group Retirement premiums** | $ 885 | $ 744 | $ 917 | $ 840 | $ 910 | $ 1,722 | $ 1,750 |
| **Gross premiums by market:** | | | | | | | |
| Tax-exempt | $ 212 | $ 225 | $ 267 | $ 198 | $ 223 | $ 419 | $ 421 |
| Corporate | 133 | 111 | 113 | 123 | 122 | 255 | 245 |
| Other | 6 | 8 | 10 | 8 | 13 | 20 | 21 |
| **Total First Year Premiums** | 351 | 344 | 390 | 329 | 358 | 694 | 687 |
| Tax-exempt | 399 | 286 | 408 | 376 | 420 | 756 | 796 |
| Corporate | 82 | 77 | 76 | 87 | 82 | 166 | 169 |
| Other | 53 | 37 | 43 | 48 | 50 | 106 | 98 |
| **Total renewal premiums** | 534 | 400 | 527 | 511 | 552 | 1,028 | 1,063 |
| **Group Retirement premiums by market** | $ 885 | $ 744 | $ 917 | $ 840 | $ 910 | $ 1,722 | $ 1,750 |
| **Account Values** | | | | | | | |
| **General Account:** | | | | | | | |
| Balance as of beginning of period | $ 11,393 | $ 11,502 | $ 11,587 | $ 11,619 | $ 11,752 | $ 11,319 | $ 11,619 |
| Gross premiums | 283 | 290 | 339 | 305 | 321 | 542 | 626 |
| Surrenders, withdrawals and benefits | (248) | (284) | (355) | (267) | (264) | (502) | (531) |
| Net flows | 35 | 6 | (16) | 38 | 57 | 40 | 95 |
| Investment performance, interest credited and policy charges | 74 | 79 | 48 | 95 | 83 | 143 | 178 |
| **Balance as of end of period** | $ 11,502 | $ 11,587 | $ 11,619 | $ 11,752 | $ 11,892 | $ 11,502 | $ 11,892 |
| **Separate Accounts:** | | | | | | | |
| Balance as of beginning of period | $ 22,525 | $ 23,147 | $ 23,989 | $ 20,782 | $ 23,325 | $ 22,587 | $ 20,782 |
| Gross premiums | 602 | 454 | 578 | 535 | 589 | 1,180 | 1,124 |
| Surrenders, withdrawals and benefits | (486) | (560) | (618) | (466) | (482) | (968) | (948) |
| Net flows | 116 | (106) | (40) | 69 | 107 | 212 | 176 |
| Investment performance, interest credited and policy charges | 506 | 948 | (3,167) | 2,474 | 733 | 348 | 3,207 |
| **Balance as of end of period** | $ 23,147 | $ 23,989 | $ 20,782 | $ 23,325 | $ 24,165 | $ 23,147 | $ 24,165 |
| **Total:** | | | | | | | |
| Balance as of beginning of period | $ 33,918 | $ 34,649 | $ 35,576 | $ 32,401 | $ 35,077 | $ 33,906 | $ 32,401 |
| Gross premiums | 885 | 744 | 917 | 840 | 910 | 1,722 | 1,750 |
| Surrenders, withdrawals and benefits | (734) | (844) | (973) | (733) | (746) | (1,470) | (1,479) |
| Net flows | 151 | (100) | (56) | 107 | 164 | 252 | 271 |
| Investment performance, interest credited and policy charges | 580 | 1,027 | (3,119) | 2,569 | 816 | 491 | 3,385 |
| **Balance as of end of period** | $ 34,649 | $ 35,576 | $ 32,401 | $ 35,077 | $ 36,057 | $ 34,649 | $ 36,057 |

## Investment Management and Research - Operating Earnings (Loss) and Summary Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | |
| Net investment income (loss) | $ 4 | $ 7 | $ (24) | $ 24 | $ 15 | 275.0 % | $ 7 | $ 39 | 457.1 % |
| Net derivative gains (losses) | — | (6) | 16 | (20) | (9) | (100.0)% | 2 | (29) | N/M |
| Investment management, service fees and other income | 838 | 850 | 817 | 776 | 842 | 0.5 % | 1,742 | 1,618 | (7.1)% |
| **Segment Revenues** | 842 | 851 | 809 | 780 | 848 | 0.7 % | 1,751 | 1,628 | (7.0)% |
| **Benefits and other deductions** | | | | | | | | | |
| Commissions and distribution related payments | 106 | 107 | 104 | 106 | 116 | 9.4 % | 216 | 222 | 2.8 % |
| Compensation, benefits and other operating costs and expenses | 513 | 540 | 500 | 509 | 547 | 6.6 % | 1,075 | 1,056 | (1.8)% |
| Interest Expense and Financing Fees | 2 | 2 | 2 | 4 | 3 | 50.0 % | 4 | 7 | 75.0 % |
| **Total benefits and other deductions** | 621 | 649 | 606 | 619 | 666 | 7.2 % | 1,295 | 1,285 | (0.8)% |
| **Operating earnings (loss), before income taxes** | 221 | 202 | 203 | 161 | 182 | (17.6)% | 456 | 343 | (24.8)% |
| Income taxes | (41) | (30) | (24) | (29) | (33) | 19.5 % | (68) | (62) | 8.8 % |
| **Operating earnings (loss), before noncontrolling interest** | 180 | 172 | 179 | 132 | 149 | (17.2)% | 388 | 281 | (27.6)% |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | (83) | (76) | (72) | (55) | (69) | 16.9 % | (210) | (124) | 41.0 % |
| **Operating earnings (loss)** | $ 97 | $ 96 | $ 107 | $ 77 | $ 80 | (17.5)% | $ 178 | $ 157 | (11.8)% |
| **Summary Metrics** | | | | | | | | | |
| **Adjusted operating margin (1)** | 27.3% | 29.7% | 29.3% | 24.1% | 25.1% | | 28.8% | 24.7% | |
| **Net flows (in billions USD)** | $ (7.7) | $ 1.3 | $ 0.8 | $ 1.1 | $ 9.5 | | $ (10.1) | $ 10.6 | |
| **Total AUM (in billions USD)** | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 | $ 580.8 | | $ 539.8 | $ 580.8 | |
| **Ownership Structure of AB** | | | | | | | | | |
| Holdings and its subsidiaries | 63.3% | 63.7% | 63.6% | 64.0% | 63.7% | | 63.3% | 63.7% | |
| AB Holding | 35.9% | 35.5% | 35.6% | 35.2% | 35.6% | | 35.9% | 35.6% | |
| Unaffiliated holders | 0.8% | 0.8% | 0.8% | 0.8% | 0.7% | | 0.8% | 0.7% | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | 100.0% | 100.0% | |
| EQH economic interest | 64.7% | 65.1% | 65.2% | 65.6% | 65.2% | | 64.7% | 65.2% | |
| EQH average economic interest | 58.6% | 65.0% | 65.3% | 65.6% | 65.2% | | 52.4% | 65.4% | |
| **Units of limited partnership outstanding (in millions)** | 270.2 | 268.6 | 268.9 | 267.2 | 268.8 | | 270.2 | 268.8 | |

**Notes:**

(1) Adjusted Operating Margin is a non-GAAP financial measure used by AllianceBernstein's ("AB") management in evaluating AB's financial performance on a standalone basis and to compare its performance, as reported by AB in its public filings. It is not comparable to any other non-GAAP financial measure used herein.

## Investment Management and Research - Select Operating Metrics

| (in billions USD, unless otherwise indicated) | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 |
|---|---|---|---|---|---|
| | For the Three Months Ended or As of | | | | |
| **AUM Roll-forward** | | | | | |
| Balance as of beginning of period | $ 549.5 | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 |
| Sales/new accounts | 19.0 | 19.3 | 21.2 | 23.1 | 27.3 |
| Redemptions/terminations | (23.3) | (13.3) | (19.7) | (18.2) | (16.1) |
| Cash flow/unreinvested dividends | (3.4) | (4.7) | (0.7) | (3.8) | (1.7) |
| Net long-term (outflows) inflows | (7.7) | 1.3 | 0.8 | 1.1 | 9.5 |
| Adjustments (1) | — | — | — | — | (0.9) |
| Market appreciation (depreciation) | (2.0) | 9.3 | (34.8) | 37.2 | 17.5 |
| Net change | (9.7) | 10.6 | (34.0) | 38.3 | 26.1 |
| **Balance as of end of period** | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 | $ 580.8 |
| **Ending Assets by distribution channel** | | | | | |
| Institutions | $ 254.4 | $ 257.0 | $ 246.3 | $ 256.6 | $ 269.1 |
| Retail | 190.3 | 196.3 | 180.8 | 201.9 | 214.5 |
| Private Wealth Management | 95.1 | 97.1 | 89.3 | 96.2 | 97.2 |
| **Total** | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 | $ 580.8 |
| **Ending Assets by investment service** | | | | | |
| **Equity** | | | | | |
| Actively Managed | $ 147.2 | $ 155.9 | $ 136.2 | $ 155.1 | $ 161.8 |
| Passively Managed (2) | 53.8 | 56.0 | 50.2 | 55.8 | 57.4 |
| Total Equity | $ 201.0 | $ 211.9 | $ 186.4 | $ 210.9 | $ 219.2 |
| **Fixed Income** | | | | | |
| Actively Managed | $ 267.5 | $ 266.8 | $ 261.4 | $ 271.0 | $ 285.1 |
| Passively Managed (2) | 10.1 | 9.9 | 9.4 | 9.3 | 9.5 |
| Total Fixed Income | 277.6 | 276.7 | 270.8 | 280.3 | 294.6 |
| **Total Other (3)** | 61.2 | 61.8 | 59.2 | 63.5 | 67.0 |
| **Total** | $ 539.8 | $ 550.4 | $ 516.4 | $ 554.7 | $ 580.8 |

**Notes:**

(1) Approximately $900 million of non-investment management fee earning taxable and tax-exempt money market assets were removed from assets under management during the second quarter of 2019.

(2) Includes index and enhanced index services.

(3) Includes certain multi-asset solutions and services and certain alternative investments.

## Investment Management and Research - Net Flows

| (in billions USD, unless otherwise indicated) | For the Three Months Ended 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | For the Six Months Ended 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|---|---|
| **Net Flows by Distribution Channel** | | | | | | | |
| **Institutions** | | | | | | | |
| US | $ (0.7) | $ (1.2) | $ 3.7 | $ (3.1) | $ 1.0 | $ (6.3) | $ (2.1) |
| Global and Non-US | (7.3) | 1.0 | (2.7) | (1.6) | 3.2 | (4.5) | 1.6 |
| Total Institutions | $ (8.0) | $ (0.2) | $ 1.0 | $ (4.7) | $ 4.2 | $ (10.8) | $ (0.5) |
| **Retail** | | | | | | | |
| US | $ 1.0 | $ 2.6 | $ 2.9 | $ 1.7 | $ 0.5 | $ 1.2 | $ 2.2 |
| Global and Non-US | (1.6) | (1.4) | (2.2) | 3.6 | 5.4 | (3.1) | 9.0 |
| Total Retail | $ (0.6) | $ 1.2 | $ 0.7 | $ 5.3 | $ 5.9 | $ (1.9) | $ 11.2 |
| **Private Wealth** | | | | | | | |
| US | $ 0.2 | $ (0.2) | $ (0.8) | $ 0.1 | $ (0.5) | $ 1.0 | $ (0.4) |
| Global and Non-US | 0.7 | 0.5 | (0.1) | 0.4 | (0.1) | 1.6 | 0.3 |
| Total Private Wealth | $ 0.9 | $ 0.3 | $ (0.9) | $ 0.5 | $ (0.6) | $ 2.6 | $ (0.1) |
| **Total Net Flows by Distribution Channel** | $ (7.7) | $ 1.3 | $ 0.8 | $ 1.1 | $ 9.5 | $ (10.1) | $ 10.6 |
| **Net Flows by Investment Service** | | | | | | | |
| **Equity Active** | | | | | | | |
| US (3) | $ 1.2 | $ 1.3 | $ 1.6 | $ (0.1) | $ 0.5 | $ (0.3) | $ 0.5 |
| Global and Non-US (3) | 2.2 | 1.6 | — | 1.1 | 0.5 | 6.6 | 1.5 |
| Total Equity Active | $ 3.4 | $ 2.9 | $ 1.6 | $ 1.0 | $ 1.0 | $ 6.3 | $ 2.0 |
| **Equity Passive (1)** | | | | | | | |
| US (3) | $ 0.1 | $ (1.1) | $ 2.7 | $ (0.7) | $ (0.5) | $ (1.0) | $ (1.3) |
| Global and Non-US (3) | 0.2 | (0.1) | (0.4) | (0.1) | (0.1) | (0.2) | (0.1) |
| Total Equity Passive (1) | $ 0.3 | $ (1.2) | $ 2.3 | $ (0.8) | $ (0.6) | $ (1.2) | $ (1.4) |
| **Fixed Income - Taxable** | | | | | | | |
| US | $ (1.8) | $ 0.5 | $ 2.6 | $ (2.1) | $ 0.9 | $ (6.2) | $ (1.2) |
| Global and Non-US (3) | (4.1) | (1.0) | (6.0) | 1.4 | 6.0 | (9.3) | 7.3 |
| Total Fixed Income - Taxable (3) | $ (5.9) | $ (0.5) | $ (3.4) | $ (0.7) | $ 6.9 | $ (15.5) | $ 6.1 |
| **Fixed Income - Tax-Exempt** | | | | | | | |
| US | $ 0.3 | $ 0.4 | $ (0.8) | $ 0.9 | $ 0.1 | $ 1.1 | $ 1.0 |
| Global and Non-US | — | — | — | — | — | — | — |
| Total Fixed Income - Taxable | $ 0.3 | $ 0.4 | $ (0.8) | $ 0.9 | $ 0.1 | $ 1.1 | $ 1.0 |
| **Fixed Income - Passive (1)** | | | | | | | |
| US (3) | $ 0.2 | $ — | $ (0.3) | $ (0.1) | $ (0.1) | $ 0.3 | $ (0.1) |
| Global and Non-US | — | (0.1) | (0.1) | (0.3) | (0.1) | — | (0.4) |
| Total Fixed Income - Passive (1) (3) | $ 0.2 | $ (0.1) | $ (0.4) | $ (0.4) | $ (0.2) | $ 0.3 | $ (0.5) |
| **Other (2)** | | | | | | | |
| US (3) | $ 0.6 | $ 0.1 | $ — | $ 0.8 | $ 0.1 | $ 2.1 | $ 1.0 |
| Global and Non-US (3) | (6.6) | (0.3) | 1.5 | 0.3 | 2.2 | (3.2) | 2.4 |
| Total Other (2) | $ (6.0) | $ (0.2) | $ 1.5 | $ 1.1 | $ 2.3 | $ (1.1) | $ 3.4 |
| **Total Net Flows by Investment Service** | $ (7.7) | $ 1.3 | $ 0.8 | $ 1.1 | $ 9.5 | $ (10.1) | $ 10.6 |
| **Active vs. Passive Net Flows** | | | | | | | |
| **Actively Managed** | | | | | | | |
| Equity | $ 3.4 | $ 2.9 | $ 1.6 | $ 1.0 | $ 1.0 | $ 6.3 | $ 2.0 |
| Fixed Income (3) | (5.6) | (0.1) | (4.2) | 0.2 | 7.0 | (14.4) | 7.1 |
| Other (2) | (6.0) | (0.3) | 1.4 | 1.0 | 2.2 | (1.2) | 3.2 |
| Total (3) | $ (8.2) | $ 2.5 | $ (1.2) | $ 2.2 | $ 10.2 | $ (9.3) | $ 12.3 |
| **Passively Managed (1)** | | | | | | | |
| Equity | $ 0.3 | $ (1.2) | $ 2.3 | $ (0.8) | $ (0.6) | $ (1.2) | $ (1.4) |
| Fixed Income (3) | 0.2 | -0.1 | (0.4) | (0.4) | (0.2) | 0.3 | (0.5) |
| Other (2) | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 |
| Total (3) | $ 0.5 | $ (1.2) | $ 2.0 | $ (1.1) | $ (0.7) | $ (0.8) | $ (1.7) |
| **Total Active vs Passive Net Flows** | $ (7.7) | $ 1.3 | $ 0.8 | $ 1.1 | $ 9.5 | $ (10.1) | $ 10.6 |

**Notes:**

(1) Includes index and enhanced index services.

(2) Includes certain multi-asset solutions and services and certain alternative investments.

(3) AB line item does not cross foot for the six months ended June 30, 2019 due to rounding.

## Protection Solutions - Operating Earnings (Loss) and Summary Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | Change | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 | Change |
|---|---|---|---|---|---|---|---|---|---|
| **Revenues** | | | | | | | | | |
| Policy charges, fee income and premiums | $ 537 | $ 485 | $ 541 | $ 542 | $ 530 | (1.3)% | $ 1,077 | $ 1,072 | (0.5)% |
| Net investment income (loss) | 194 | 233 | 254 | 224 | 248 | 27.8 % | 414 | 472 | 14.0 % |
| Net derivative gains (losses) | 3 | 2 | 1 | 10 | 1 | (66.7)% | 2 | 11 | 450.0 % |
| Investment management, service fees and other income | 56 | 55 | 57 | 55 | 64 | 14.3 % | 111 | 119 | 7.2 % |
| **Segment revenues** | 790 | 775 | 853 | 831 | 843 | 6.7 % | 1,604 | 1,674 | 4.4 % |
| **Benefits and other deductions** | | | | | | | | | |
| Policyholders' benefits | 419 | 515 | 484 | 452 | 419 | — % | 828 | 871 | 5.2 % |
| Interest credited to policyholders' account balances | 120 | 117 | 122 | 138 | 127 | 5.8 % | 242 | 265 | 9.5 % |
| Commissions and distribution-related payments | 39 | 30 | 41 | 38 | 43 | 10.3 % | 71 | 81 | 14.1 % |
| Amortization of deferred policy acquisition costs | 133 | (141) | 61 | 50 | 50 | (62.4)% | 246 | 100 | (59.3)% |
| Compensation and benefits, interest expense and financing fees and other operating costs and expense | 94 | 89 | 101 | 95 | 75 | (20.2)% | 190 | 170 | (10.5)% |
| **Segment benefits and other deductions** | 805 | 610 | 809 | 773 | 714 | (11.3)% | 1,577 | 1,487 | (5.7)% |
| **Operating earnings (loss), before income taxes** | (15) | 165 | 44 | 58 | 129 | 960.0 % | 27 | 187 | 592.6 % |
| Income taxes | 3 | (28) | (7) | (9) | (23) | (866.7)% | (4) | (32) | (700.0)% |
| **Operating earnings (loss), before noncontrolling interest** | (12) | 137 | 37 | 49 | 106 | 983.3 % | 23 | 155 | 573.9 % |
| Less: Operating (earnings) loss attributable to the noncontrolling interest | — | — | — | — | — | — % | — | — | — % |
| **Operating earnings (loss)** | $ (12) | $ 137 | $ 37 | $ 49 | $ 106 | 983.3 % | $ 23 | $ 155 | 573.9 % |
| **Summary Metrics** | | | | | | | | | |
| **Operating earnings (loss) - TTM (2):** [A] | $ 109 | $ 249 | $ 197 | $ 211 | $ 329 | N/M | $ 109 | $ 329 | N/M |
| **Average capital - TTM:** [B] | $ 2,577 | $ 2,605 | $ 2,656 | $ 2,762 | $ 2,870 | N/M | $ 2,577 | $ 2,870 | N/M |
| **Non-GAAP Operating ROC - TTM (1) (2):** [A/B] | 4.2% | 9.6% | 7.4% | 7.6% | 11.5% | | 4.2% | 11.5% | |
| **Benefit ratio** | 68.2% | 81.5% | 71.0% | 71.0% | 64.8% | | 66.7% | 67.9% | |
| **Gross written premiums** | $ 767 | $ 737 | $ 770 | $ 786 | $ 746 | (2.7)% | $ 1,521 | $ 1,532 | 0.7 % |
| **Annualized premiums** | $ 67 | $ 56 | $ 67 | $ 64 | $ 63 | (6.0)% | $ 123 | $ 127 | 3.3 % |
| **Total in-force face amount (in billions USD)** | $ 444.0 | $ 443.0 | $ 442.4 | $ 442.7 | $ 442.7 | (0.3)% | $ 444.0 | $ 442.7 | (0.3)% |

**Notes:**

(1) This measure is a Non-GAAP financial measure. For an explanation of our use of Non-GAAP financial measures, refer to the "Use of Non-GAAP Financial Measures" and "Glossary of Selected Financial and Product Terms" sections of this document.

(2) Protection Solutions Non-GAAP Operating ROC excludes after tax impact of certain one-time items between Q4 2017 and Q3 2018. For Q4 2017 the impact of one-time items excluded from Protection Solutions operating earnings is $535 million pre-tax and $359 million after tax, assuming a tax rate of 33%.

During the fourth quarter of 2018, we revised our presentation of the capitalization of deferred acquisition costs ("DAC") in the consolidated statements of income for all prior periods presented herein by netting the capitalized amounts within the applicable expense line items, such as Compensation and benefits, Commissions and distribution plan payments, and Other operating costs and expenses. Previously, the capitalized amounts were netted within the Amortization of deferred acquisition costs. There was no impact on Net income (loss) or Non-GAAP Operating earnings of this reclassification.

## Protection Solutions - Select Operating Metrics

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|---|---|
| **Sales Metrics** | | | | | | | |
| **First Year Premiums by Product Line:** | | | | | | | |
| Universal Life | $ 1 | $ 1 | $ — | $ — | $ — | $ 2 | $ 1 |
| Indexed Universal Life | 65 | 51 | 52 | 46 | 50 | 113 | 95 |
| Variable Universal Life | 43 | 40 | 54 | 47 | 42 | 82 | 89 |
| Term | 5 | 5 | 5 | 5 | 5 | 9 | 10 |
| Employee Benefits | 11 | 8 | 7 | 13 | 15 | 21 | 28 |
| Other (1) | — | — | 1 | — | — | — | — |
| **Total** | $ 125 | $ 105 | $ 119 | $ 111 | $ 113 | $ 227 | $ 224 |
| **Renewals by Product Line:** | | | | | | | |
| Universal Life | $ 230 | $ 237 | $ 231 | $ 225 | $ 218 | $ 450 | $ 443 |
| Indexed Universal Life | 56 | 55 | 58 | 70 | 59 | 111 | 129 |
| Variable Universal Life | 225 | 213 | 224 | 241 | 222 | 467 | 464 |
| Term | 122 | 114 | 121 | 121 | 117 | 248 | 238 |
| Employee Benefits | 4 | 7 | 10 | 12 | 12 | 7 | 24 |
| Other (1) | 5 | 6 | 7 | 6 | 5 | 11 | 11 |
| **Total** | 642 | 632 | 651 | 675 | 633 | 1,294 | 1,309 |
| **Total Gross Premiums** | $ 767 | $ 737 | $ 770 | $ 786 | $ 746 | $ 1,521 | $ 1,532 |
| **In-force Metrics** | | | | | | | |
| **In-force Face Amount by Product (2) (in billions):** | | | | | | | |
| Universal Life (3) | $ 58.0 | $ 57.0 | $ 55.9 | $ 55.1 | $ 54.5 | $ 58.0 | $ 54.5 |
| Indexed Universal Life | 22.0 | 22.0 | 22.9 | 23.6 | 24.3 | 22.0 | 24.3 |
| Variable Universal Life (4) | 128.0 | 128.0 | 127.3 | 127.4 | 127.1 | 128.0 | 127.1 |
| Term | 234.0 | 234.0 | 234.9 | 235.1 | 235.4 | 234.0 | 235.4 |
| Whole Life | 2.0 | 2.0 | 1.4 | 1.5 | 1.4 | 2.0 | 1.4 |
| **Total** | $ 444.0 | $ 443.0 | $ 442.4 | $ 442.7 | $ 442.7 | $ 444.0 | $ 442.7 |
| **In-force Policy Count by Product (2) (in thousands):** | | | | | | | |
| Universal Life (3) | 181 | 180 | 177 | 174 | 173 | 181 | 173 |
| Indexed Universal Life | 48 | 50 | 52 | 53 | 54 | 48 | 54 |
| Variable Universal Life (4) | 312 | 309 | 307 | 305 | 302 | 312 | 302 |
| Term | 336 | 335 | 333 | 331 | 329 | 336 | 329 |
| Whole Life | 19 | 19 | 19 | 19 | 18 | 19 | 18 |
| **Total** | 896 | 893 | 888 | 882 | 876 | 896 | 876 |
| **Protection Solutions Reserves** | | | | | | | |
| General Account | $ 17,407 | $ 17,564 | $ 17,562 | $ 17,731 | $ 17,716 | $ 17,407 | $ 17,716 |
| Separate Accounts | 12,597 | 13,055 | 11,393 | 12,572 | 12,903 | 12,597 | 12,903 |
| **Total** | $ 30,004 | $ 30,619 | $ 28,955 | $ 30,303 | $ 30,619 | $ 30,004 | $ 30,619 |

**Notes:**

(1) For the individual life insurance premiums, Other includes Whole Life insurance and other products available-for-sale but not actively marketed.

(2) Includes individual life insurance and does not include Employee Benefits as it is a start-up business and therefore has immaterial in-force policies.

(3) Universal Life includes Guaranteed Universal Life.

(4) Variable Universal Life includes variable life insurance and corporate-owned life insurance.

# Investments

## Consolidated Investment Portfolio Composition

| (in millions USD, unless otherwise indicated) | Balances as of | | | |
|---|---|---|---|---|
| | December 31, 2018 | | June 30, 2019 | |
| | Amount (1) | % of Total | Amount (1) | % of Total |
| **Composition of investment portfolio** | | | | |
| Fixed maturities, available-for-sale, at fair value | $ 46,279 | 53.9% | $ 57,572 | 62.8% |
| Mortgage loans on real estate | 11,835 | 13.8% | 12,288 | 13.4% |
| Policy loans | 3,779 | 4.4% | 3,740 | 4.1% |
| Real estate held for the production of income | 52 | 0.1% | 48 | 0.1% |
| Other equity investments | 1,334 | 1.6% | 1,309 | 1.4% |
| Other invested assets | 2,037 | 2.4% | 2,298 | 2.5% |
| Subtotal investment assets | 65,316 | 76.1% | 77,255 | 84.3% |
| Trading securities | 16,017 | 18.7% | 9,646 | 10.5% |
| Total investments | 81,333 | 94.8% | 86,901 | 94.8% |
| Cash and cash equivalents | 4,469 | 5.2% | 4,734 | 5.2% |
| **Total** | $ 85,802 | 100.0% | $ 91,635 | 100.0% |
| **General Account Fixed maturities by industry (Based on amortized cost)** | | | | |
| Corporate securities: | | | | |
| Finance | $ 6,343 | 13.7% | $ 10,231 | 18.8% |
| Manufacturing | 9,123 | 19.6% | 11,149 | 20.5% |
| Utilities | 4,413 | 9.5% | 4,603 | 8.5% |
| Services | 4,317 | 9.3% | 5,694 | 10.5% |
| Energy | 2,347 | 5.1% | 3,130 | 5.8% |
| Retail and wholesale | 2,163 | 4.7% | 2,849 | 5.2% |
| Transportation | 1,357 | 2.9% | 1,651 | 3.0% |
| Other | 171 | 0.4% | 169 | 0.3% |
| Total corporate securities | 30,234 | 65.1% | 39,476 | 72.7% |
| U.S. government and agency | 13,989 | 30.1% | 12,633 | 23.3% |
| Residential mortgage-backed (2) | 225 | 0.5% | 208 | 0.4% |
| Preferred stock | 448 | 1.0% | 419 | 0.8% |
| State & municipal | 415 | 0.9% | 495 | 0.9% |
| Foreign governments | 524 | 1.1% | 467 | 0.9% |
| Asset-backed securities | 612 | 1.3% | 617 | 1.1% |
| **Total** | $ 46,447 | 100.0% | $ 54,315 | 100.0% |
| General Account Fixed maturities credit quality (3) (Based on amortized cost) | | | | |
| Aaa, Aa, A (NAIC Designation 1) | $ 30,805 | 66.3% | $ 36,232 | 66.7% |
| Baa (NAIC Designation 2) | 14,541 | 31.3% | 16,828 | 31.0% |
| Investment grade | 45,346 | 97.6% | 53,060 | 97.7% |
| Below investment grade (NAIC Designation 3,4,5 and 6) | 1,101 | 2.4% | 1,255 | 2.3% |
| **Total** | $ 46,447 | 100.0% | $ 54,315 | 100.0% |

**Notes:**

(1) Investment data has been classified based on standard industry categorizations for domestic public holdings and similar classifications by industry for all other holdings.

(2) Includes publicly traded agency pass-through securities and collateralized obligations.

(3) Credit quality based on NAIC rating.

## Consolidated Results of General Account Investment Portfolio

| (in millions USD, unless otherwise indicated) | For the Six Months Ended or As of | | | | Year Ended or As of | |
|---|---|---|---|---|---|---|
| | June 30, 2018 | | June 30, 2019 | | December 31, 2018 | |
| | Yield | Amount (1) | Yield | Amount (1) | Yield | Amount (1) |
| **Fixed Maturities:** | | | | | | |
| Income (loss) | 3.82 % | $ 852 | 3.82 % | $ 951 | 3.86 % | $ 1,732 |
| Ending assets | | 44,154 | | 54,315 | | 46,447 |
| **Mortgages:** | | | | | | |
| Income (loss) | 4.18 % | 238 | 4.34 % | 262 | 4.26 % | 494 |
| Ending assets | | 11,808 | | 12,288 | | 11,835 |
| **Real Estate Held for Production of Income:** | | | | | | |
| Income (loss) | (3.00)% | (5) | (1.78)% | (1) | (5.29)% | (6) |
| Ending assets | | 53 | | 48 | | 52 |
| **Other Equity Investments:** | | | | | | |
| Income (loss) | 9.56 % | 62 | 7.01 % | 47 | 10.08 % | 133 |
| Ending assets | | 1,311 | | 1,334 | | 1,354 |
| **Policy Loans:** | | | | | | |
| Income | 5.70 % | 108 | 5.53 % | 104 | 5.71 % | 215 |
| Ending assets | | 3,739 | | 3,740 | | 3,779 |
| **Cash and Short-term Investments:** | | | | | | |
| Income | 0.68 % | 16 | 0.49 % | 8 | 0.49 % | 21 |
| Ending assets | | 5,763 | | 3,296 | | 3,332 |
| **Repurchase and Funding Agreements:** | | | | | | |
| Interest expense and other | | (49) | | (49) | | (104) |
| Ending (liabilities) | | (4,843) | | (4,001) | | (4,561) |
| **Total invested Assets:** | | | | | | |
| Income | 3.99 % | 1,222 | 3.99 % | 1,322 | 4.06 % | 2,485 |
| Ending assets | | 61,985 | | 71,020 | | 62,238 |
| **Short Duration Fixed Maturities:** | | | | | | |
| Income (loss) | 2.32 % | 147 | 3.02 % | 181 | 2.49 % | 333 |
| Ending assets | | 13,247 | | 8,797 | | 14,818 |
| **Total Net Investment Income:** | | | | | | |
| Investment income | 3.71 % | 1,369 | 3.85 % | 1,503 | 3.78 % | 2,818 |
| Less: investment fees | (0.08)% | (29) | (0.08)% | (32) | (0.08)% | (62) |
| Investment income, net | 3.63 % | $ 1,340 | 3.77 % | $ 1,471 | 3.70 % | $ 2,756 |
| **General Account Ending Net Assets** | | $ 75,232 | | $ 79,817 | | $ 77,056 |
| **Operating Earnings adjustments:** | | | | | | |
| Repurchase and Funding Agreements interest expense | | 49 | | 49 | | 104 |
| AB and other non-General Account investment income | | 15 | | 91 | | 2 |
| **Operating Net investment income (loss)** | | $ 1,404 | | $ 1,611 | | $ 2,862 |

**Notes:**

(1) Amount for fixed maturities and mortgages represents original cost, reduced by repayments, writedowns, adjusted amortization of premiums, accretion of discount, and for valuation allowances. Cost for equity securities represents original cost reduced by writedowns; cost for other limited partnership interests represents original cost adjusted for equity in earnings and reduced by distributions.

# Additional Information

## Deferred Policy Acquisition Costs Rollforward

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of | | | | | For the Six Months Ended or As of | |
|---|---|---|---|---|---|---|---|
| | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | 6/30/2018 | 6/30/2019 |
| **TOTAL** | | | | | | | |
| Beginning balance | $ 6,245 | $ 6,285 | $ 6,736 | $ 6,745 | $ 6,018 | $ 5,919 | $ 6,745 |
| Capitalization of commissions, sales and issue expenses | 170 | 180 | 190 | 173 | 189 | 332 | 362 |
| Amortization | (186) | 183 | (159) | (198) | (176) | (357) | (375) |
| Change in unrealized investment gains and losses | 56 | 88 | (22) | (702) | 49 | 391 | (652) |
| **Ending balance** | $ 6,285 | $ 6,736 | $ 6,745 | $ 6,018 | $ 6,080 | $ 6,285 | $ 6,080 |
| **Individual Retirement** | | | | | | | |
| Beginning balance | $ 3,039 | $ 3,089 | $ 3,171 | $ 3,229 | $ 3,212 | $ 2,988 | $ 3,229 |
| Capitalization of commissions, sales and issue expenses | 97 | 107 | 113 | 100 | 116 | 188 | 216 |
| Amortization | (49) | (3) | (83) | (144) | (114) | (97) | (259) |
| Change in unrealized investment gains and losses | 2 | (22) | 28 | 27 | (23) | 10 | 5 |
| **Ending balance** | $ 3,089 | $ 3,171 | $ 3,229 | $ 3,212 | $ 3,191 | $ 3,089 | $ 3,191 |
| **Group Retirement** | | | | | | | |
| Beginning balance | $ 554 | $ 578 | $ 640 | $ 657 | $ 650 | $ 518 | $ 657 |
| Capitalization of commissions, sales and issue expenses | 23 | 21 | 26 | 23 | 26 | 44 | 49 |
| Amortization | (6) | 37 | (9) | (12) | (10) | (18) | (22) |
| Change in unrealized investment gains and losses | 7 | 4 | — | (18) | (2) | 34 | (20) |
| **Ending balance** | $ 578 | $ 640 | $ 657 | $ 650 | $ 664 | $ 578 | $ 664 |
| **Protection Solutions** | | | | | | | |
| Beginning balance | $ 2,538 | $ 2,471 | $ 2,757 | $ 2,706 | $ 2,061 | $ 2,352 | $ 2,706 |
| Capitalization of commissions, sales and issue expenses | 51 | 51 | 51 | 50 | 47 | 101 | 97 |
| Amortization | (133) | 143 | (60) | (49) | (50) | (244) | (99) |
| Change in unrealized investment gains and losses | 15 | 92 | (42) | (646) | 127 | 262 | (519) |
| **Ending balance** | $ 2,471 | $ 2,757 | $ 2,706 | $ 2,061 | $ 2,185 | $ 2,471 | $ 2,185 |
| **Corporate and Other** | | | | | | | |
| Beginning balance | $ 114 | $ 147 | $ 168 | $ 153 | $ 95 | $ 61 | $ 153 |
| Capitalization of commissions, sales and issue expenses | (1) | 1 | — | — | — | (1) | — |
| Amortization | 2 | 6 | (7) | 7 | (2) | 2 | 5 |
| Change in unrealized investment gains and losses | 32 | 14 | (8) | (65) | (53) | 85 | (118) |
| **Ending balance** | $ 147 | $ 168 | $ 153 | $ 95 | $ 40 | $ 147 | $ 40 |

## Use of Non-GAAP Financial Measures

In addition to our results presented in accordance with U.S. GAAP, we report Non-GAAP Operating Earnings, Non-GAAP Operating ROE and, for certain prior periods, Pro forma Non-GAAP Operating ROE, and Non-GAAP Operating ROC by segment for our Individual Retirement, Group Retirement and Protection Solutions segments, Book value per share, excluding AOCI, and Non-GAAP Operating Earnings per share, each of which is a measure that is not determined in accordance with U.S. GAAP. Management believes that the use of these non-GAAP financial measures, together with relevant U.S. GAAP measures, provides a better understanding of our results of operations and the underlying profitability drivers and trends of our business. These non-GAAP financial measures are intended to remove from our results of operations the impact of market changes (where there is mismatch in the valuation of assets and liabilities) as well as certain other expenses which are not part of our underlying profitability drivers or likely to re-occur in the foreseeable future, as such items fluctuate from period-to period in a manner inconsistent with these drivers. These measures should be considered supplementary to our results that are presented in accordance with U.S. GAAP and should not be viewed as a substitute for the U.S. GAAP measures. Other companies may use similarly titled non-GAAP financial measures that are calculated differently from the way we calculate such measures. Consequently, our non-GAAP financial measures may not be comparable to similar measures used by other companies.

We also discuss certain operating measures, including AUM, AUA, AV, Protection Solutions Reserves and certain other operating measures, which management believes provide useful information about our businesses and the operational factors underlying our financial performance.

**Non-GAAP Operating Earnings**

Non-GAAP Operating Earnings is an after-tax non-GAAP financial measure used to evaluate our financial performance on a consolidated basis that is determined by making certain adjustments to our consolidated after-tax net income attributable to Holdings. The most significant of such adjustments relates to our derivative positions, which protect economic value and statutory capital, and are more sensitive to changes in market conditions than the variable annuity product liabilities as valued under U.S. GAAP. This is a large source of volatility in net income.

In the first quarter of 2019, we modified our Non-GAAP Operating Earnings measure's treatment of the impact of timing differences on the amortization of DAC resulting from market value adjustments for our SCS variable annuity product. As a result of this modification, the amortization of DAC for our SCS product included in Non-GAAP Operating Earnings was changed to be determined based on our SCS product's gross profits included in Non-GAAP Operating Earnings, consistent with both our exclusion from Non-GAAP Operating Earnings of other items that are distortive to the underlying drivers of our financial performance on a consolidated basis and with industry practice. Our presentation of Non-GAAP Operating Earnings in prior periods was not revised to reflect this modification, however, had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, SCS-related DAC amortization excluded from Non-GAAP Operating Earnings would have been $52 million, $17 million and $4 million lower during the first, second and third quarters of 2018, respectively, and $17 million higher during the fourth quarter of 2018.

Non-GAAP Operating Earnings equals our consolidated after-tax net income attributable to Holdings adjusted to eliminate the impact of the following items:

- Items related to variable annuity product features, which include certain changes in the fair value of the derivatives and other securities we use to hedge these features, the effect of benefit ratio unlock adjustments and changes in the fair value of the embedded derivatives reflected within variable annuity products' net derivative results and the impact of these items on DAC amortization;
- Investment (gains) losses, which includes other-than-temporary impairments of securities, sales or disposals of securities/investments, realized capital gains/losses and valuation allowances;
- Net actuarial (gains) losses, which includes actuarial gains and losses as a result of differences between actual and expected experience on pension plan assets or projected benefit obligation during a given period related to pension, other postretirement benefit obligations, and the one-time impact of the settlement of the defined benefit obligation;
- Other adjustments, which includes restructuring costs related to severance, lease write-offs related to non-recurring restructuring activities, and separation costs; and
- Income tax expense (benefit) related to the above items and non-recurring tax items, which includes the effect of uncertain tax positions for a given audit period and the impact of the Tax Reform Act.

Because Non-GAAP Operating Earnings excludes the foregoing items that can be distortive or unpredictable, management believes that this measure enhances the understanding of the Company's underlying drivers of profitability and trends in our business, thereby allowing management to make decisions that will positively impact our business.

We use the prevailing corporate federal income tax rate of 21%, while taking into account any non-recurring differences for events recognized differently in our financial statements and federal income tax returns as well as partnership income taxed at lower rates when reconciling Net income (loss) attributable to Holdings to Non-GAAP Operating Earnings.

**Non-GAAP Operating ROE, Pro forma Non-GAAP Operating ROE and Non-GAAP Operating ROC by Segment**

We report Non-GAAP Operating ROE, Pro forma Non-GAAP Operating ROE as well as Non-GAAP Operating ROC by segment for our Individual Retirement, Group Retirement and Protection Solutions segments, each of which is a non-GAAP financial measure used to evaluate our recurrent profitability on a consolidated basis and by segment, respectively. We calculate Non-GAAP Operating ROE by dividing Non-GAAP Operating Earnings for the previous twelve calendar months by consolidated average equity attributable to Holdings, excluding Accumulated Other Comprehensive Income ("AOCI"). We calculate Pro forma Non-GAAP Operating ROE by dividing Pro forma Non-GAAP Operating Earnings by consolidated average equity attributable to Holdings, excluding AOCI. We calculate Non-GAAP Operating ROC by segment by dividing Operating earnings (loss) on a segment basis for the previous twelve calendar months by average capital on a segment basis, excluding AOCI, as described below. AOCI fluctuates period-to-period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with our available-for-sale ("AFS") securities. Therefore, we believe excluding AOCI is more effective for analyzing the trends of our operations. We do not calculate Non-GAAP Operating ROC by segment for our Investment Management & Research segment because we do not manage that segment from a return of capital perspective. Instead, we use metrics more directly applicable to an asset management business, such as AUM, to evaluate and manage that segment. For Non-GAAP Operating ROC by segment, capital components pertaining directly to specific segments such as DAC along with targeted capital are directly attributed to these segments. Targeted capital for each segment is established using assumptions supporting CTE98 levels under most economic scenarios. CTE is a statistical measure of tail risk which quantifies the total asset requirement to sustain a loss if an event outside a given probability level has occurred. CTE98 denotes the financial resources a company would need to cover the average of the worst 2% of scenarios. To enhance the ability to analyze these measures across periods, interim periods are annualized. Non-GAAP Operating ROC by segment should not be used as a substitute for ROE.

**Book Value Per Share, excluding AOCI**

We use the term "book value" to refer to "Total equity attributable to Holdings." Book Value Per Share, excluding AOCI, is our stockholder's equity, excluding AOCI, divided by ending common shares outstanding.

**Non-GAAP Operating Earnings Per Share**

Non-GAAP Operating Earnings Per Share is calculated by dividing Non-GAAP Operating Earnings by diluted common shares outstanding.

# Reconciliation of Non-GAAP Measures (1/3)

| (in millions USD, unless otherwise indicated) | For the Three Months Ended or As of 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | 6/30/2019 | For the Six Months Ended or As of 6/30/2018 | 6/30/2019 |
|---|---|---|---|---|---|---|---|
| **Net income (loss) attributable to Holdings** | | | | | | | |
| Net income (loss) attributable to Holdings | $ 164 | $ (496) | $ 1,938 | $ (775) | $ 363 | $ 378 | $ (412) |
| Adjustments related to: | | | | | | | |
| Variable annuity product features | 249 | 1,403 | (1,898) | 1,540 | 200 | 425 | 1,740 |
| Investment gains (losses), net | 22 | 36 | 130 | 11 | 12 | (80) | 23 |
| Net actuarial gains (losses) related to pension and other postretirement benefit obligations | 27 | 24 | 33 | 24 | 24 | 158 | 48 |
| Other adjustments (1) | 88 | 51 | 69 | 40 | 89 | 179 | 129 |
| Income tax (expense) benefits related to above adjustments | (75) | (409) | 350 | (337) | (71) | (130) | (408) |
| Non-recurring tax items | 11 | 84 | (118) | 6 | (58) | 39 | (52) |
| **Non-GAAP Operating earnings (loss) (2)** | **$ 486** | **$ 693** | **$ 504** | **$ 509** | **$ 559** | **$ 969** | **$ 1,068** |
| | | | | | | | |
| **Net income (loss) attributable to Holdings** | $ 0.29 | $ (0.89) | $ 3.57 | $ (1.50) | $ 0.74 | $ 0.67 | $ (0.82) |
| Adjustments related to: | | | | | | | |
| Variable annuity product features | 0.44 | 2.50 | (3.49) | 2.97 | 0.41 | 0.75 | 3.44 |
| Investment gains (losses), net | 0.04 | 0.06 | 0.24 | 0.02 | 0.02 | (0.14) | 0.05 |
| Net actuarial gains (losses) related to pension and other postretirement benefit obligations | 0.05 | 0.04 | 0.06 | 0.05 | 0.05 | 0.28 | 0.10 |
| Other adjustments (1) | 0.16 | 0.10 | 0.13 | 0.08 | 0.18 | 0.33 | 0.25 |
| Income tax (expense) benefit related to above adjustments | (0.13) | (0.73) | 0.64 | (0.65) | (0.14) | (0.23) | (0.81) |
| Non-recurring tax items | 0.02 | 0.15 | (0.22) | 0.01 | (0.12) | 0.07 | (0.10) |
| **Non-GAAP Operating earnings (2)** | **$ 0.87** | **$ 1.23** | **$ 0.93** | **$ 0.98** | **$ 1.14** | **$ 1.73** | **$ 2.11** |
| | | | | | | | |
| **Book Value per share** | | | | | | | |
| Book Value per Share | $ 23.82 | $ 22.22 | $ 26.22 | $ 26.77 | $ 30.22 | $ 23.82 | $ 30.22 |
| Less: Per share impact of AOCI | (2.34) | (2.86) | (2.64) | (1.04) | 1.78 | (2.34) | 1.78 |
| Book value per share (ex. AOCI) | $ 26.16 | $ 25.08 | $ 28.86 | $ 27.81 | $ 28.44 | $ 26.16 | $ 28.44 |

**Notes:**

(1) "Other adjustments" includes separation costs of $58 million, $33 million, $82 million and $94 million for the three and six months ended June 30, 2019 and 2018, respectively.

(2) Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Non-GAAP Operating Earnings for the three and six months ended June 30, 2018 would have been $473 million and $915 million or $0.84 and $1.63 per diluted share basis.

## Reconciliation of Non-GAAP Measures (2/3)

| (in millions USD, unless otherwise indicated) | Pro forma (1) As of and for the Twelve Months Ended 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | As of and for the Twelve Months Ended 6/30/2019 |
|---|---|---|---|---|---|
| **Net Income to Pro forma Net Income** | | | | | |
| **Net Income (loss), as reported** | $ 1,331 | $ 782 | $ 2,154 | $ 1,108 | $ — |
| **Adjustments related to:** | | | | | |
| Pro forma adjustments before income tax (1) | (115) | (75) | (34) | (6) | — |
| Income tax impact | (13) | (12) | (6) | (1) | — |
| Pro forma adjustments, net of income tax | (128) | (87) | (40) | (7) | — |
| Pro forma Net income (loss) | 1,203 | 695 | 2,114 | 1,101 | — |
| Less: Pro forma net income (loss) attributable to the noncontrolling interest | (327) | (315) | (285) | (270) | — |
| **Pro forma Net income (loss) attributable to Holdings** | **$ 876** | **$ 380** | **$ 1,829** | **$ 831** | **$ —** |
| **Net Income to Non-GAAP Operating Earnings** | | | | | |
| **Net income (loss) attributable to Holdings** | $ 876 | $ 380 | $ 1,829 | $ 831 | $ 1,030 |
| **Adjustments related to:** | | | | | |
| Variable annuity product features | 1,307 | 2,201 | (70) | 1,295 | 1,244 |
| Investment (gains) losses | 92 | 116 | 86 | 201 | 189 |
| Goodwill impairment | (2) | — | — | — | — |
| Net actuarial (gains) losses related to pension and other postretirement benefit obligations | 227 | 216 | 215 | 107 | 105 |
| Other adjustments | 293 | 284 | 299 | 244 | 250 |
| Income tax (expense) benefits related to above adjustments | (461) | (662) | (111) | (396) | (389) |
| Non-recurring tax items | (37) | 61 | (73) | (94) | (164) |
| **Non-GAAP Operating Earnings (2)** | $ 2,295 | $ 2,596 | $ 2,175 | $ 2,188 | $ 2,265 |
| **Return on Equity Reconciliation** | | | | | |
| **Net income (loss) attributable to Holdings** | $ 876 | $ 380 | $ 1,829 | $ 831 | $ 1,030 |
| **Average equity attributable to Holdings excluding AOCI** | $ 14,260 | $ 14,352 | $ 14,610 | $ 14,400 | $ 14,223 |
| **Return on Equity** | **6.1%** | **2.6%** | **12.5%** | **5.8%** | **7.2%** |
| **Non-GAAP Operating Earnings (2)** | $ 2,295 | $ 2,596 | $ 2,175 | $ 2,188 | $ 2,265 |
| **Average equity attributable to Holdings excluding AOCI** | $ 14,260 | $ 14,352 | $ 14,610 | $ 14,400 | $ 14,223 |
| **Non-GAAP Operating Return on Equity (3)** | **16.1%** | **18.1%** | **14.9%** | **15.2%** | **15.9%** |
| **Non-GAAP Operating Earnings excluding Q4 2017 non-recurring items** | $ 1,936 | $ 2,237 | $ — | $ — | $ — |
| **Average equity attributable to Holdings excluding AOCI** | $ 14,260 | $ 14,352 | $ — | $ — | $ — |
| **Non-GAAP Operating Return on Equity excluding Q4 2017 non-recurring items** | **13.6%** | **15.6%** | **—%** | **—%** | **—%** |

**Notes:**

(1) Pro forma adjustments relate to certain Reorganization transactions that occurred in 2018, including: (a) the acquisition of AXA's remaining interest in AB and minority interests in AXA Financial, Inc.; (b) the transfer of certain U.S. property & casualty business held by AXA Equitable Holdings to AXA; (c) the issuance of $3.8 billion of external debt; and (d) the settlement of all outstanding financing balances with AXA.

(2) Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Non-GAAP Operating Earnings for the trailing twelve months ended June 30, 2019 would have been $2,275 million.

(3) Had we modified the treatment of the amortization of DAC for SCS starting in the first quarter of 2018, Non-GAAP Operating ROE for the trailing twelve months ended June 30, 2019 would have been 16.0%.

## Reconciliation of Non-GAAP Measures (3/3)

| (in millions USD, unless otherwise indicated) | Pro forma (1) Balances as of 9/30/2017 | 12/31/2017 | 3/31/2018 | 6/30/2018 | 9/30/2018 | 12/31/2018 | 3/31/2019 | Balances as of 6/30/2019 |
|---|---|---|---|---|---|---|---|---|
| **Equity Reconciliation - Quarter-end Balances** | | | | | | | | |
| **Total equity attributable to Holdings** | $ 12,401 | $ 13,421 | $ 13,547 | $ 13,364 | $ 12,411 | $ 13,866 | $ 13,143 | $ — |
| Pro forma adjustments (1) | 892 | 702 | 3 | — | — | — | — | — |
| **Total equity attributable to Holdings** | 13,293 | 14,123 | 13,550 | 13,364 | 12,411 | 13,866 | 13,143 | 14,843 |
| Less: Accumulated other comprehensive income (loss) | (345) | (108) | (946) | (1,310) | (1,595) | (1,396) | (513) | 876 |
| **Total equity attributable to Holdings excluding AOCI** | $ 13,638 | $ 14,231 | $ 14,496 | $ 14,674 | $ 14,006 | $ 15,262 | $ 13,656 | $ 13,967 |
| **Equity Reconciliation - Twelve Month Rolling Average (2)** | | | | | | | | |
| **Total equity attributable to Holdings** | | $ 12,414 | $ 12,932 | $ 13,182 | $ 13,186 | $ 13,297 | $ 13,196 | $ — |
| Pro forma adjustments (1) | | 891 | 220 | 399 | 176 | 1 | — | — |
| **Total equity attributable to Holdings** | | 13,305 | 13,152 | 13,582 | 13,362 | 13,298 | 13,196 | 13,566 |
| Less: Accumulated other comprehensive income (loss) | | (514) | (433) | (677) | (990) | (1,312) | (1,204) | (657) |
| **Total equity attributable to Holdings excluding AOCI** | | $ 13,819 | $ 13,585 | $ 14,260 | $ 14,352 | $ 14,610 | $ 14,400 | $ 14,223 |

**Notes:**

(1) Pro forma adjustments relate to certain Reorganization transactions that occurred in 2018, including: (a) the acquisition of AXA's remaining interest in AB and minority interests in AXA Financial, Inc.; (b) the transfer of certain U.S. property & casualty business held by AXA Equitable Holdings to AXA; (c) the issuance of $3.8 billion of external debt; and (d) the settlement of all outstanding financing balances with AXA.

(2) All Pro forma average equity amounts are calculated based on a four-quarter rolling average except for the twelve months ended December 31, 2017, which is calculated using an annual two-point average.

## Glossary of Selected Financial and Product Terms

Account Value ("AV") - AV generally equals the aggregate policy account value of our retirement and protection products. General Account AV refers to account balances in investment options that are backed by the General Account while Separate Accounts AV refers to Separate Accounts investment assets.

Annualized premiums - 100% of first year recurring premiums (up to target) and 10% of excess first year premiums or first year premiums from single premium products.

Assets Under Administration ("AUA") - AUA includes non-insurance client assets that are invested in our savings and investment products or serviced by our AXA Advisors platform. We provide administrative services for these assets and generally record the revenues received as distribution fees.

Assets Under Management ("AUM") - AUM means investment assets that are managed by one of our subsidiaries and includes: (i) assets managed by AB; (ii) the assets in our General Account investment portfolio; and (iii) the Separate Account assets of our Individual Retirement, Group Retirement and Protection Solutions businesses. Total AUM reflects exclusions between segments to avoid double counting.

Average Account Value - Calculated as the sum of total Account Value balance as of beginning of period and total Account Value balance as of end of period, divided by two.

Average Capital - For average capital amounts by segment, capital components pertaining directly to specific segments such as DAC along with targeted capital are directly attributed to these segments. Targeted capital for each segment is established using assumptions supporting statutory capital adequacy levels (including CTE98).

Benefit base - A notional amount (not actual cash value) used to calculate the owner's guaranteed benefits within an annuity contract. The death benefit and living benefit within the same contract may not have the same benefit base.

Current Product Offering (Individual Retirement) - Products sold 2011 and later.

Deferred policy acquisition costs ("DAC") - Represents the incremental costs related directly to the successful acquisition of new and certain renewal insurance policies and annuity contracts and which have been deferred on the balance sheet as an asset.

Fixed Rate (Individual Retirement) - Pre-2011 GMxB products.

FYP - First year premium and deposits.

GMxB - A general reference to all forms of variable annuity guaranteed benefits, including guaranteed minimum living benefits, or GMLBs (such as GMIBs, GMWBs and GMABs), and guaranteed minimum death benefits, or GMDBs (inclusive of return of premium death benefit guarantees).

Gross premiums - FYP and Renewal premium and deposits.

Guaranteed minimum death benefits ("GMDB") - An optional benefit (available for an additional cost) that guarantees an annuitant's beneficiaries are entitled to a minimum payment based on the benefit base, which could be greater than the underlying AV, upon the death of the annuitant.

Guaranteed minimum income benefits ("GMIB") - An optional benefit (available for an additional cost) where an annuitant is entitled to annuitize the policy and receive a minimum payment stream based on the benefit base, which could be greater than the underlying AV.

Guaranteed minimum living benefits ("GMLB") - A reference to all forms of guaranteed minimum living benefits, including GMIBs, GMWBs and GMABs (does not include GMDBs).

Invested assets - Includes fixed maturity securities, equity securities, mortgage loans, policy loans, alternative investments and short-term investments.

Inv Mgmt and Research - Abbreviation for Investment Management and Research.

Net flows - Net change in customer account balances in a period including, but not limited to, gross premiums, surrenders, withdrawals and benefits. It excludes investment performance, interest credited to customer accounts and policy charges.

Net long-term flows - Net change of assets under management in a period which includes new sales net of redemptions of mutual funds and terminations of separately managed accounts and cash flow which includes both cash invested or withdrawn by existing clients. In addition, cash flow includes fees received from certain clients. It excludes the impact of the markets.

Premiums and deposits - Amounts a policyholder agrees to pay for an insurance policy or annuity contract that may be paid in one or a series of payments as defined by the terms of the policy or contract.

Protection Solutions Benefit Ratio - Calculated as sum of policyholders' benefits and interest credited to policyholders' account balances dividend by segment revenues.

Protection Solutions Reserves - Protection Solutions Reserves equals the aggregate value of Policyholders' account balances and Future policy benefits for policies in our Protection Solutions segment.

Renewal premium and deposits - Premiums and deposits after the first twelve months of the policy or contract.

Return of premium ("ROP") death benefit - This death benefit pays the greater of the account value at the time of a claim following the owner's death or the total contributions to the contract (subject to adjustment for withdrawals). The charge for this benefit is usually included in the M&E fee that is deducted daily from the net assets in each variable investment option. We also refer to this death benefit as the Return of Principal death benefit.

Return on Assets - Calculated as trailing twelve months operating earnings, before income taxes divided by average account value.

Return on Equity (ex. AOCI) - Calculated as trailing twelve months net income (loss) attributable to Holdings, excluding Accumulated Other Comprehensive Income ("AOCI"), divided by average equity attributable to Holdings.

Trailing Twelve Months ("TTM") - The twelve calendar months preceding the balance sheet date of a given reporting period.

# Analyst Coverage, Ratings & Contact Information

## Analyst Coverage

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| Citi | Suneet Kamath | 1 (212) 816-3457 |
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| Deutsche Bank | Joshua Shanker | 1 (212) 250-7127 |
| Evercore ISI | Thomas Gallagher | 1 (212) 446-9439 |
| Goldman Sachs | Alex Scott | 1 (917) 343-7160 |
| J.P. Morgan | Jimmy Bhullar | 1 (212) 622-6397 |
| Keefe, Bruyette, & Woods | Ryan Krueger | 1 (860) 722-5930 |
| Morgan Stanley | Nigel Dally | 1 (212) 761-4132 |
| RBC Capital Markets | Mark Dwelle | 1 (804) 782-4008 |
| SunTrust Robinson Humphrey | Mark Hughes | 1 (615) 748-4422 |
| Wells Fargo Securities | Elyse Greenspan | 1 (212) 214-8031 |

*This list is provided for informational purposes only. AXA Equitable Holdings does not endorse the analyses, conclusions or recommendations contained in any reports issued by these or any other analysts.*

## Ratings

| | A.M. Best | S&P | Moody's |
|---|---|---|---|
| **Last review date** | **12/17/2018** | **7/19/2019** | **5/9/2019** |
| ***Financial Strength Ratings:*** | | | |
| AXA Equitable Life | A | A+ | A2 |
| MLOA | A | A+ | A2 |
| ***Credit Ratings:*** | | | |
| AXA Equitable Holdings | bbb+ | BBB+ | Baa2 |
| Alliance Bernstein (1) | — | A/Stable/A-1 | A2 |

## Investor and Media Contacts

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**Notes:**

(1) Last review dates: S&P as of 11/9/2018, Moody's as of 4/10/2019.