EQUITABLE

Dear Strategic Partners,

We appreciate your ongoing support and greatly value our relationship as we navigate through this current market volatility and macroeconomic uncertainty. Overall, we remain confident about the future and would like to take this moment to share our financial strength and balance sheet stability.

For Equitable, while there is a large degree of uncertainty in today's economy, I do know that we are prepared. We have weathered many challenges during our 160-year history, and today our balance sheet and capital position remain strong. We have a well-diversified conservative investment portfolio with highly rated credit positions, and we are managing the business on an economic basis, protecting our balance sheet against declines in interest rates and equity markets. Allow me to provide additional color on each of these points:

Equitable's balance sheet is protected against low rates through our economic hedging program.

- We utilize a two-pronged hedging approach:
  - **The primary strategy — our dynamic strategy — is fully economic**, meaning we hedge to current interest rates and equity markets, and as such, it better protects shareholders and our future cash flows.
  - In addition, we have a static overlay protecting our statutory balance sheet.
- **This means we take no position on interest rates.** We use the forward curve as opposed to a (less conservative) locked-in long-term rate or any future growth assumption.
- **We are fully hedged against our economic liabilities** (i.e., our guarantees to policyholders), we are duration matched, and rebalance daily to reflect any movements in interest rates or equities.

Our liquidity and capital position remain robust.

- As of year-end, we had cash at the holding company in excess of $1.3 billion, and an RBC ratio of c. 500%, which is well in excess of our 375%-400% minimum target. This implies excess capital of $1.5 to $2 billion on a statutory basis as of year-end in our insurance entities.
- Further, because we fully hedge our economic liabilities, we are actually over-hedged on a statutory basis, so as interest rates decline, we have hedge gains to offset any changes in our liabilities.

We are ensuring our people are safe, remaining disciplined in our risk management practices, managing our investments conservatively, and diligently protecting our balance sheet.

While we know this is a stressful time for all, we are proud and grateful for your response and remain confident we will emerge from this period in a position of strength.

I wish you and your families all the best.

Sincerely,

Anders Malmström
Chief Financial Officer, Equitable

We have a high-quality, well-diversified investment portfolio.

- **We have larger relative positions in U.S. Treasuries and lower credit exposure than industry peers.**
- **In our fixed maturity portfolio, the average credit rating is A3 and 98% of assets are investment-grade.**
- **Of corporates, we have limited exposure to the energy sector at 6% and less than 3% exposure to transportation, which includes less than 1% in airlines and aerospace.**
- **Finally, we have de minimis investment in structured securities and low exposure to alternatives.**

We are in a very strong position, which has been recognized by rating agencies.*

- A.M. Best – A Excellent (Stable as of 12/19/2019).
- Moody's – A2 Good (Stable as of 8/26/2019).
- Standard & Poor's – A+ Strong (Stable as of 11/18/2019).

* "As of" date indicates the last public statement by the rating agency. Ratings are subject to change.

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