

METLIFE INC
Form 10-Q
August 02, 2010

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

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

Commission file number: 001-15787

MetLife, Inc.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

200 Park Avenue, New York, N.Y.
(Address of principal executive offices)

13-4075851

*(I.R.S. Employer
Identification No.)*

10166-0188

(Zip Code)

(212) 578-2211

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At July 28, 2010, 820,439,008 shares of the registrant's common stock, \$0.01 par value per share, were outstanding.

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As used in this Form 10-Q, MetLife, the Company, we, our and us refer to MetLife, Inc., a Delaware corporation incorporated in 1999 (the Holding Company), and its subsidiaries, including Metropolitan Life Insurance Company (MLIC).

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q, including the Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate by reference information that includes or is based upon forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements give expectations or forecasts of future events. These statements can be identified by the fact that they do not relate strictly to historical or current facts. They use words such as anticipate, estimate, expect, project, intend, plan, believe and other words and terms of similar meaning in connection with a discussion of future operating or financial performance. In particular, these include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results. See Management's Discussion and Analysis of Financial Condition and Results of Operations.

Any or all forward-looking statements may turn out to be wrong. They can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining MetLife's actual future results. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance. Actual results could differ materially from those expressed or implied in the forward-looking statements. Risks, uncertainties, and other factors that might cause such differences include the risks, uncertainties and other factors identified in MetLife, Inc.'s filings with the U.S. Securities and Exchange Commission (the SEC). These factors include: (1) any delay or failure to complete the acquisition of American Life Insurance Company (Alico), a subsidiary of ALICO Holdings LLC (Alico Holdings) and Delaware American Life Insurance Company (DelAm) (collectively, the Acquisition); (2) the imposition of onerous conditions following the Acquisition; (3) difficulties in integrating the business acquired in the Acquisition (the Alico Business); (4) uncertainty with respect to the outcome of the closing agreement entered into between Alico and the United States Internal Revenue Service in connection with the Acquisition; (5) uncertainty with respect to the making of elections under Section 338 of the U.S. Internal Revenue Code of 1986, as amended, and any benefits therefrom; (6) an inability to manage the growth of the Alico Business; (7) a writedown of the goodwill established in connection with the Acquisition; (8) exchange rate fluctuations; (9) an inability to predict the financial impact of the Acquisition on MetLife's business and financial results; (10) events relating to American International Group, Inc. (AIG) that could adversely affect the Alico Business or MetLife; (11) the dilutive impact on MetLife, Inc.'s stockholders resulting from the issuance of equity securities to Alico Holdings in connection with the Acquisition; (12) a decrease in MetLife, Inc.'s stock price as a result of Alico Holdings' inability to sell its equity securities; (13) the conditional payment obligation of approximately \$300 million to Alico Holdings if the conversion of MetLife, Inc.'s Series B Contingent Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock (Series B Preferred Stock) issued to Alico Holdings in connection with the Acquisition into MetLife, Inc.'s common stock is not approved; (14) change of control provisions in the Alico Business agreements; (15) effects of guarantees within certain of the Alico Business variable life and annuity products; (16) regulatory action in the financial services industry affecting the combined business; (17) financial instability in Europe and possible writedowns of sovereign debt of European nations; (18) difficult conditions in the global capital markets; (19) increased volatility and disruption of the capital and credit markets, which may affect MetLife's ability to seek financing or access its credit facilities; (20) uncertainty about the effectiveness of the U.S. government's programs to stabilize the financial system, the imposition of fees relating thereto, or the promulgation of additional regulations; (21) impact of comprehensive financial services regulation reform on MetLife; (22) exposure to financial and capital market risk; (23) changes in general economic conditions,

including the performance of financial markets and interest rates, which may affect MetLife's ability to raise capital, generate fee income and market-related revenue and finance statutory reserve requirements and may require MetLife to pledge collateral or make payments related to declines in value of specified assets; (24) potential liquidity and other risks resulting from MetLife's participation in a securities lending program and other transactions; (25) investment losses and defaults, and changes to investment valuations; (26) impairments of goodwill and realized losses or market value impairments to illiquid assets; (27) defaults on MetLife's mortgage loans; (28) the impairment of other financial institutions; (29) MetLife's ability to address unforeseen liabilities, asset impairments or rating actions arising from any future acquisitions, including the Acquisition, and to successfully integrate acquired businesses with

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minimal disruption; (30) economic, political, currency and other risks relating to MetLife's international operations; (31) MetLife, Inc.'s primary reliance, as a holding company, on dividends from its subsidiaries to meet debt payment obligations and the applicable regulatory restrictions on the ability of the subsidiaries to pay such dividends; (32) downgrades in MetLife, Inc.'s and its affiliates' claims paying ability, financial strength or credit ratings; (33) ineffectiveness of risk management policies and procedures; (34) availability and effectiveness of reinsurance or indemnification arrangements, as well as default or failure of counterparties to perform; (35) discrepancies between actual claims experience and assumptions used in setting prices for MetLife's products and establishing the liabilities for MetLife's obligations for future policy benefits and claims; (36) catastrophe losses; (37) heightened competition, including with respect to pricing, entry of new competitors, consolidation of distributors, the development of new products by new and existing competitors, distribution of amounts available under U.S. government programs, and for personnel; (38) unanticipated changes in industry trends; (39) changes in accounting standards, practices and/or policies; (40) changes in assumptions related to deferred policy acquisition costs (DAC), deferred sales inducements (DSI), value of business acquired (VOBA) or goodwill; (41) increased expenses relating to pension and postretirement benefit plans, as well as health care and other employee benefits; (42) exposure to losses related to variable annuity guarantee benefits, including from significant and sustained downturns or extreme volatility in equity markets, reduced interest rates, unanticipated policyholder behavior, mortality or longevity, and the adjustment for nonperformance risk; (43) deterioration in the experience of the closed block established in connection with the reorganization of MLIC; (44) adverse results or other consequences from litigation, arbitration or regulatory investigations; (45) discrepancies between actual experience and assumptions used in establishing liabilities related to other contingencies or obligations; (46) regulatory, legislative or tax changes relating to MetLife's insurance, banking, international, or other operations that may affect the cost of, or demand for, MetLife's products or services, impair its ability to attract and retain talented and experienced management and other employees, or increase the cost or administrative burdens of providing benefits to employees; (47) the effects of business disruption or economic contraction due to terrorism, other hostilities, or natural catastrophes; (48) the effectiveness of MetLife's programs and practices in avoiding giving its associates incentives to take excessive risks; (49) other risks and uncertainties described from time to time in MetLife, Inc.'s filings with the SEC; and (50) any of the foregoing factors as they relate to the Alico Business and its operations.

MetLife, Inc. does not undertake any obligation to publicly correct or update any forward-looking statement if MetLife, Inc. later becomes aware that such statement is not likely to be achieved. Please consult any further disclosures MetLife, Inc. makes on related subjects in reports to the SEC.

Note Regarding Reliance on Statements in Our Contracts

In reviewing the agreements included as exhibits to this Quarterly Report on Form 10-Q, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about MetLife, Inc., its subsidiaries or the other parties to the agreements. The agreements contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

should not in all instances be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;

have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement;

may apply standards of materiality in a way that is different from what may be viewed as material to investors; and

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were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about MetLife, Inc. and its subsidiaries may be found elsewhere in this Quarterly Report on Form 10-Q and MetLife, Inc.'s other public filings, which are available without charge through the SEC website at www.sec.gov.

Table of Contents**Part I Financial Information****Item 1. Financial Statements****MetLife, Inc.****Interim Condensed Consolidated Balance Sheets**

June 30, 2010 (Unaudited) and December 31, 2009

(In millions, except share and per share data)

	June 30, 2010	December 31, 2009
Assets		
Investments:		
Fixed maturity securities available-for-sale, at estimated fair value (amortized cost: \$238,877 and \$229,709, respectively; includes \$3,256 and \$3,171, respectively, relating to variable interest entities)	\$ 246,348	\$ 227,642
Equity securities available-for-sale, at estimated fair value (cost: \$2,956 and \$3,187, respectively)	2,741	3,084
Trading securities, at estimated fair value (cost: \$3,183 and \$2,249, respectively; includes \$257 and \$0, respectively, relating to variable interest entities)	3,158	2,384
Mortgage loans:		
Held-for-investment, at amortized cost (net of valuation allowances of \$734 and \$721, respectively; includes \$7,107 and \$0, respectively, relating to variable interest entities)	55,601	48,181
Held-for-sale, principally at estimated fair value	2,650	2,728
Mortgage loans, net	58,251	50,909
Policy loans	10,180	10,061
Real estate and real estate joint ventures held-for-investment (includes \$19 and \$18, respectively, relating to variable interest entities)	6,832	6,852
Real estate held-for-sale	9	44
Other limited partnership interests (includes \$197 and \$236, respectively, relating to variable interest entities)	5,856	5,508
Short-term investments	9,746	8,374
Other invested assets (includes \$105 and \$137, respectively, relating to variable interest entities)	15,584	12,709
Total investments	358,705	327,567
Cash and cash equivalents (includes \$103 and \$68, respectively, relating to variable interest entities)	10,702	10,112
Accrued investment income (includes \$38 and \$0, respectively, relating to variable interest entities)	3,249	3,173
Premiums, reinsurance and other receivables	18,177	16,752

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Deferred policy acquisition costs and value of business acquired	17,720	19,256
Current income tax recoverable	243	316
Deferred income tax assets		1,228
Goodwill	5,037	5,047
Other assets (includes \$7 and \$16, respectively, relating to variable interest entities)	6,712	6,822
Separate account assets	153,362	149,041
Total assets	\$ 573,907	\$ 539,314

Liabilities and Stockholders Equity

Liabilities

Future policy benefits	\$ 140,239	\$ 135,879
Policyholder account balances	142,822	138,673
Other policyholder funds	8,660	8,446
Policyholder dividends payable	775	761
Policyholder dividend obligation	1,080	
Payables for collateral under securities loaned and other transactions	29,772	24,196
Bank deposits	9,790	10,211
Short-term debt	879	912
Long-term debt (includes \$7,187 and \$64, respectively, relating to variable interest entities)	20,647	13,220
Collateral financing arrangements	5,297	5,297
Junior subordinated debt securities	3,191	3,191
Deferred income tax liability	2,050	
Other liabilities (includes \$79 and \$26, respectively, relating to variable interest entities)	15,619	15,989
Separate account liabilities	153,362	149,041
Total liabilities	534,183	505,816

Contingencies, Commitments and Guarantees (Note 8)

Stockholders Equity

MetLife, Inc. s stockholders equity:

Preferred stock, par value \$0.01 per share; 200,000,000 shares authorized; 84,000,000 shares issued and outstanding; \$2,100 aggregate liquidation preference	1	1
Common stock, par value \$0.01 per share; 3,000,000,000 shares authorized; 823,590,958 and 822,359,818 shares issued at June 30, 2010 and December 31, 2009, respectively; 820,397,071 and 818,833,810 shares outstanding at June 30, 2010 and December 31, 2009, respectively	8	8
Additional paid-in capital	16,896	16,859
Retained earnings	21,820	19,501
Treasury stock, at cost; 3,193,887 and 3,526,008 shares at June 30, 2010 and December 31, 2009, respectively	(172)	(190)
Accumulated other comprehensive income (loss)	822	(3,058)
Total MetLife, Inc. s stockholders equity	39,375	33,121
Noncontrolling interests	349	377

Total equity	39,724	33,498
Total liabilities and stockholders equity	\$ 573,907	\$ 539,314

See accompanying notes to the interim condensed consolidated financial statements.

Table of Contents**MetLife, Inc.****Interim Condensed Consolidated Statements of Operations
For the Three Months and Six Months Ended June 30, 2010 and 2009 (Unaudited)****(In millions, except per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues				
Premiums	\$ 6,662	\$ 6,576	\$ 13,516	\$ 12,698
Universal life and investment-type product policy fees	1,485	1,216	2,892	2,399
Net investment income	4,087	3,730	8,431	6,991
Other revenues	544	572	1,057	1,126
Net investment gains (losses):				
Other-than-temporary impairments on fixed maturity securities	(244)	(566)	(395)	(1,119)
Other-than-temporary impairments on fixed maturity securities transferred to other comprehensive income (loss)	98	234	157	234
Other net investment gains (losses), net	1,614	(3,497)	1,778	(3,850)
Total net investment gains (losses)	1,468	(3,829)	1,540	(4,735)
Total revenues	14,246	8,265	27,436	18,479
Expenses				
Policyholder benefits and claims	7,018	6,946	14,555	13,528
Interest credited to policyholder account balances	1,049	1,229	2,192	2,397
Policyholder dividends	388	434	765	858
Other expenses	3,420	2,031	6,362	5,033
Total expenses	11,875	10,640	23,874	21,816
Income (loss) from continuing operations before provision for income tax	2,371	(2,375)	3,562	(3,337)
Provision for income tax expense (benefit)	830	(956)	1,188	(1,333)
Income (loss) from continuing operations, net of income tax	1,541	(1,419)	2,374	(2,004)
Income (loss) from discontinued operations, net of income tax	6	1	7	38
Net income (loss)	1,547	(1,418)	2,381	(1,966)
Less: Net income (loss) attributable to noncontrolling interests	(10)	(16)	(11)	(20)

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Net income (loss) attributable to MetLife, Inc.	1,557	(1,402)	2,392	(1,946)
Less: Preferred stock dividends	31	31	61	61
Net income (loss) available to MetLife, Inc. s common shareholders	\$ 1,526	\$ (1,433)	\$ 2,331	\$ (2,007)
Income (loss) from continuing operations, net of income tax, available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ 1.84	\$ (1.74)	\$ 2.82	\$ (2.51)
Diluted	\$ 1.83	\$ (1.74)	\$ 2.80	\$ (2.51)
Net income (loss) available to MetLife, Inc. s common shareholders per common share:				
Basic	\$ 1.85	\$ (1.74)	\$ 2.83	\$ (2.46)
Diluted	\$ 1.84	\$ (1.74)	\$ 2.81	\$ (2.46)

See accompanying notes to the interim condensed consolidated financial statements.

Table of Contents**MetLife, Inc.****Interim Condensed Consolidated Statements of Stockholders' Equity
For the Six Months Ended June 30, 2010 (Unaudited)****(In millions)**

						Accumulated	Other Comprehensive				
						Net	Income (Loss)		Defined	Total	
	Preferred	Common	Additional	Retained	Treasury	Unrealized	Other-Than	Currency	Benefit	MetLife,	Noncontrolling
	Stock	Stock	Capital	Earnings	Stock	Investment	Temporary	Translation	Plans	Inc. s	Interests
					at	Gains	Impairment	Adjustments	Adjustment	Equity	
					Cost	(Losses)					
December 31,	\$ 1	\$ 8	\$ 16,859	\$ 19,501	\$ (190)	\$ (817)	\$ (513)	\$ (183)	\$ (1,545)	\$ 33,121	\$ 377
Effect of											
accounting											
change in income tax				(12)		31	11			30	
January 1, 2010	1	8	16,859	19,489	(190)	(786)	(502)	(183)	(1,545)	33,151	377
Effect of compensation			37		18					55	
change in preferred				(61)						(61)	
Equity of											
noncontrolling interests											(18)
Share of income											
(loss)				2,392						2,392	(11)
Other Comprehensive											
Income (losses)											
Investment instruments,						435				435	
Income tax											
Investment											
(losses), net of											
Income and income						3,469	16			3,485	
Currency											
Adjustments, net											
Income tax								(151)		(151)	1
Benefit plans											
Net of income									69	69	

Comprehensive income												
Net income											3,838	1
Other comprehensive income											6,230	(10)
June 30, 2010	\$ 1	\$ 8	\$ 16,896	\$ 21,820	\$ (172)	\$ 3,118	\$ (486)	\$ (334)	\$ (1,476)	\$ 39,375	\$ 349	

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Stockholders' Equity (Continued)
For the Six Months Ended June 30, 2009 (Unaudited)

**Accumulated Other Comprehensive
Income (Loss)**

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2009	\$ 1	\$ 8	\$ 16,849	\$ 20,472	\$ (203)	\$ (7,997)	\$ (221)	\$ (252)	\$ (1,364)	\$ 27,293	\$ 319	\$ 2
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Table of Contents**MetLife, Inc.****Interim Condensed Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2010 and 2009 (Unaudited)****(In millions)**

	Six Months Ended June 30,	
	2010	2009
Net cash provided by (used in) operating activities	\$ 3,928	\$ (1,227)
Cash flows from investing activities		
Sales, maturities and repayments of:		
Fixed maturity securities	38,035	31,711
Equity securities	690	1,154
Mortgage loans	2,715	3,015
Real estate and real estate joint ventures	87	7
Other limited partnership interests	251	640
Purchases of:		
Fixed maturity securities	(47,014)	(47,052)
Equity securities	(364)	(1,102)
Mortgage loans	(2,878)	(2,076)
Real estate and real estate joint ventures	(305)	(213)
Other limited partnership interests	(452)	(413)
Cash received in connection with freestanding derivatives	986	2,810
Cash paid in connection with freestanding derivatives	(1,077)	(3,582)
Sales of businesses, net of cash disposed of \$0 and \$180, respectively		(46)
Net change in policy loans	(119)	(105)
Net change in short-term investments	(1,334)	5,761
Net change in other invested assets	754	713
Other, net	(95)	(103)
Net cash used in investing activities	(10,120)	(8,881)
Cash flows from financing activities		
Policyholder account balances:		
Deposits	34,213	45,763
Withdrawals	(32,390)	(46,389)
Net change in bank deposits	(497)	840
Net change in payables for collateral under securities loaned and other transactions	5,576	(6,452)
Net change in short-term debt	(33)	2,098
Long-term debt issued	678	2,225
Long-term debt repaid	(511)	(134)
Collateral financing arrangements issued		105

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Cash received in connection with collateral financing arrangements		400
Cash paid in connection with collateral financing arrangements		(400)
Debt issuance costs	(1)	(17)
Common stock issued to settle stock forward contracts		1,035
Dividends on preferred stock	(61)	(61)
Other, net	(113)	(15)
Net cash provided by (used in) financing activities	6,861	(1,002)
Effect of change in foreign currency exchange rates on cash balances	(79)	84
Change in cash and cash equivalents	590	(11,026)
Cash and cash equivalents, beginning of period	10,112	24,239
Cash and cash equivalents, end of period	\$ 10,702	\$ 13,213
Cash and cash equivalents, subsidiaries held-for-sale, beginning of period	\$	\$ 32
Cash and cash equivalents, subsidiaries held-for-sale, end of period	\$	\$
Cash and cash equivalents, from continuing operations, beginning of period	\$ 10,112	\$ 24,207
Cash and cash equivalents, from continuing operations, end of period	\$ 10,702	\$ 13,213
Supplemental disclosures of cash flow information:		
Net cash paid (received) during the period for:		
Interest	\$ 744	\$ 475
Income tax	\$ (11)	\$ 195
Non-cash transactions during the period:		
Remarketing of debt securities:		
Fixed maturity securities redeemed	\$	\$ 32
Long-term debt issued	\$	\$ 1,035
Junior subordinated debt securities redeemed	\$	\$ 1,067
Real estate and real estate joint ventures acquired in satisfaction of debt	\$ 10	\$ 172

See accompanying notes to the interim condensed consolidated financial statements.

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited)

1. Business, Basis of Presentation and Summary of Significant Accounting Policies

Business

MetLife or the Company refers to MetLife, Inc., a Delaware corporation incorporated in 1999 (the Holding Company), and its subsidiaries, including Metropolitan Life Insurance Company (MLIC). MetLife is a leading provider of insurance, employee benefits and financial services with operations throughout the United States and the Latin America, Asia Pacific and Europe, Middle East and India regions. Through its subsidiaries and affiliates, MetLife offers life insurance, annuities, auto and homeowners insurance, retail banking and other financial services to individuals, as well as group insurance and retirement & savings products and services to corporations and other institutions.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to adopt accounting policies and make estimates and assumptions that affect amounts reported in the interim condensed consolidated financial statements.

In applying the Company's accounting policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the insurance and financial services industries; others are specific to the Company's businesses and operations. Actual results could differ from these estimates.

The accompanying interim condensed consolidated financial statements include the accounts of the Holding Company and its subsidiaries, as well as partnerships and joint ventures in which the Company has control, and variable interest entities (VIEs) for which the Company is the primary beneficiary. See Adoption of New Accounting Pronouncements. Closed block assets, liabilities, revenues and expenses are combined on a line-by-line basis with the assets, liabilities, revenues and expenses outside the closed block based on the nature of the particular item. See Note 6. Intercompany accounts and transactions have been eliminated.

The Company uses the equity method of accounting for investments in equity securities in which it has a significant influence or more than a 20% interest and for real estate joint ventures and other limited partnership interests in which it has more than a minor equity interest or more than a minor influence over the joint venture's or partnership's operations, but does not have a controlling interest and is not the primary beneficiary. The Company uses the cost method of accounting for investments in real estate joint ventures and other limited partnership interests in which it has a minor equity investment and virtually no influence over the joint venture's or the partnership's operations.

Certain amounts in the prior year periods' interim condensed consolidated financial statements have been reclassified to conform with the 2010 presentation. Such reclassifications include \$840 million reclassified from policyholder account balances to net change in bank deposits within cash flows from financing activities in the interim condensed consolidated statement of cash flows for the six months ended June 30, 2009. In addition, \$2,810 million and (\$3,582) million were reclassified from net change in other invested assets to cash received in connection with freestanding derivatives and cash paid in connection with freestanding derivatives, respectively, within cash flows from investing activities in the interim condensed consolidated statement of cash flows for the six months ended June 30, 2009. See also Note 14 for reclassifications related to discontinued operations.

The accompanying interim condensed consolidated financial statements reflect all adjustments (including normal recurring adjustments) necessary to present fairly the consolidated financial position of the Company at June 30, 2010, its consolidated results of operations for the three months and six months ended June 30, 2010 and 2009, its consolidated cash flows for the six months ended June 30, 2010 and 2009, and its consolidated statements of stockholders' equity for the six months ended June 30, 2010 and 2009, in conformity with GAAP. Interim results are not necessarily indicative of full year performance. The December 31, 2009 consolidated balance sheet data was

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

derived from audited consolidated financial statements included in MetLife's Annual Report on Form 10-K for the year ended December 31, 2009 (the 2009 Annual Report) filed with the U.S. Securities and Exchange Commission (SEC), which includes all disclosures required by GAAP. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in the 2009 Annual Report.

Adoption of New Accounting Pronouncements

Financial Instruments

Effective January 1, 2010, the Company adopted new guidance related to financial instrument transfers and consolidation of VIEs. The financial instrument transfer guidance eliminates the concept of a qualified special purpose entity (QSPE), eliminates the guaranteed mortgage securitization exception, changes the criteria for achieving sale accounting when transferring a financial asset and changes the initial recognition of retained beneficial interests. The new consolidation guidance changes the definition of the primary beneficiary as well as the method of determining whether an entity is a primary beneficiary of a VIE from a quantitative model to a qualitative model. Under the new qualitative model, the entity that has both the ability to direct the most significant activities of the VIE and the obligation to absorb losses or receive benefits that could be significant to the VIE is considered to be the primary beneficiary of the VIE. The guidance requires reassessment on a quarterly basis, as well as enhanced disclosures, including the effects of a company's involvement with VIEs on its financial statements.

As a result of the adoption of this guidance, the Company consolidated certain former QSPEs that were previously accounted for as fixed maturity commercial mortgage-backed securities and equity security collateralized debt obligations. The Company also elected the fair value option for all of the consolidated assets and liabilities of these entities. Upon consolidation, the Company recorded \$278 million of securities classified as trading securities, \$6,769 million of commercial mortgage loans and \$6,822 million of long-term debt based on estimated fair values at January 1, 2010 and de-recognized \$179 million in fixed maturity securities and less than \$1 million in equity securities. The consolidation also resulted in a decrease in retained earnings of \$12 million, net of income tax, and an increase in accumulated other comprehensive income (loss) of \$42 million, net of income tax, at January 1, 2010. For the three months and six months ended June 30, 2010, the Company recorded \$109 million and \$218 million, respectively, of net investment income on the consolidated assets, \$103 million and \$209 million, respectively, of interest expense in other expenses on the related long-term debt, and (\$2) million and \$8 million, respectively, in net investment gains (losses) to remeasure the assets and liabilities at their estimated fair values at June 30, 2010.

In addition, the Company also deconsolidated certain partnerships for which the Company does not have the power to direct activities and for which the Company has concluded it is no longer the primary beneficiary. These deconsolidations did not result in a cumulative effect adjustment to retained earnings and did not have a material impact on the Company's consolidated financial statements.

Also effective January 1, 2010, the Company adopted new guidance that indefinitely defers the above changes relating to the Company's interests in entities that have all the attributes of an investment company or for which it is industry practice to apply measurement principles for financial reporting that are consistent with those applied by an investment company. As a result of the deferral, the above guidance did not apply to certain real estate joint ventures and other limited partnership interests held by the Company.

Fair Value

Effective January 1, 2010, the Company adopted new guidance that requires new disclosures about significant transfers in and/or out of Levels 1 and 2 of the fair value hierarchy and activity in Level 3 (Accounting Standards Update (ASU) 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*). In addition, this guidance provides clarification of existing disclosure requirements

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MetLife, Inc.

Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

about level of disaggregation and inputs and valuation techniques. The adoption of this guidance did not have an impact on the Company's consolidated financial statements.

Future Adoption of New Accounting Pronouncements

In July 2010, Financial Accounting Standards Board (FASB) issued new guidance regarding disclosures about the credit quality of financing receivables and the allowance for credit losses ASU 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*. This guidance requires additional disclosures about the credit quality of financing receivables, such as aging information and credit quality indicators. In addition, disclosures must be disaggregated by portfolio segment or class based on how a company develops its allowance for credit losses and how it manages its credit exposure. Most of the requirements are effective for the fourth quarter of 2010 with certain additional disclosures required for the first quarter of 2011. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

In April 2010, the FASB issued new guidance regarding accounting for investment funds determined to be VIEs (ASU 2010-15, *How Investments Held through Separate Accounts Affect an Insurer's Consolidation Analysis of Those Investments*). Under this guidance, an insurance entity would not be required to consolidate a voting-interest investment fund when it holds the majority of the voting interests of the fund through its separate accounts. In addition, an insurance entity would not consider the interests held through separate accounts for the benefit of policyholders in the insurer's evaluation of its economics in a VIE, unless the separate account contract holder is a related party. The guidance is effective for the first quarter of 2011. The Company does not expect the adoption of this new guidance to have a material impact on its consolidated financial statements.

In March 2010, the FASB issued new guidance regarding accounting for embedded credit derivatives within structured securities (ASU 2010-11, *Scope Exception Related to Embedded Credit Derivatives*). This guidance clarifies the type of embedded credit derivative that is exempt from embedded derivative bifurcation requirements. Specifically, embedded credit derivatives resulting only from subordination of one financial instrument to another continue to qualify for the scope exception. Embedded credit derivative features other than subordination must be analyzed to determine if they require bifurcation and separate accounting. The guidance is effective for the third quarter of 2010. The Company does not expect the adoption of this new guidance to have a material impact on its consolidated financial statements.

2. Pending Acquisition and Disposition

Pending Acquisition

On March 7, 2010, the Holding Company entered into a stock purchase agreement (the *Stock Purchase Agreement*) with Alico Holdings LLC (Alico Holdings) and American International Group, Inc., pursuant to which the Holding Company agreed to acquire all of the issued and outstanding capital stock of American Life Insurance Company (Alico) and Delaware American Life Insurance Company. The transaction is expected to close by the end of 2010, subject to certain regulatory approvals and determinations, as well as other customary closing conditions.

Pursuant to the Stock Purchase Agreement, the Holding Company will (i) pay \$6.8 billion to Alico Holdings in cash, and (ii) issue to Alico Holdings (a) 78,239,712 shares of its common stock, (b) 6,857,000 shares of Series B Contingent Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock of the Holding Company,

which will be convertible into approximately 68,570,000 shares of the Holding Company's common stock (subject to anti-dilution adjustments) upon a favorable vote of the Holding Company's common stockholders and (c) \$3.0 billion aggregate stated amount of equity units of the Holding Company (together, the Securities), initially consisting of (x) forward purchase contracts obligating the holder to purchase a variable number of shares of the Holding Company's common stock on each of three specified future settlement dates (expected to be approximately two, three and four years after closing), for a fixed amount per purchase contract, (an aggregate of

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Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)

\$1 billion each settlement date) and (y) an interest in shares of the Holding Company's preferred stock. At a future date, the interest in the preferred stock forming part of the equity units will be mandatorily exchanged for an interest in debt securities of the Company, which will be subject to remarketing and sold to investors. Holders of the equity units who elect to include their debt securities in a remarketing can use the proceeds thereof to meet their obligations under the forward purchase contracts. The aggregate amount of the Holding Company's common stock to be issued to Alico Holdings in connection with the transaction is expected to be 214.6 million to 231.5 million shares, consisting of 78.2 million shares to be issued at closing, 68.6 million shares to be issued upon conversion of the Series B Contingent Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock (with the stockholder vote on such conversion to be held within one year after the closing) and between 67.8 million and 84.7 million shares of common stock, in total, issuable upon settlement of the purchase contracts forming part of the equity units (in three tranches approximately two, three and four years after the closing). The ownership of the Securities is subject to an investor rights agreement, which grants to Alico Holdings certain rights and sets forth certain agreements with respect to Alico Holdings' ownership, voting and transfer of the Securities. Alico Holdings has indicated that it intends to monetize the Securities over time, subject to market conditions, following the lapse of agreed-upon minimum holding periods. See Note 7 for discussion of a related commitment letter signed by the Holding Company with various financial institutions for a senior credit facility.

Pending Disposition

During the second quarter of 2010, the Company entered into a definitive agreement with a third party to sell MetLife Taiwan Insurance Company Limited (MetLife Taiwan) for approximately \$113 million in cash consideration. The total equity of MetLife Taiwan was \$234 million, including accumulated other comprehensive income (loss) of \$65 million, at June 30, 2010. The Company has not classified the assets and liabilities of MetLife Taiwan as held-for-sale and its operations as discontinued for the periods presented in the interim condensed consolidated financial statements due to anticipated delays in the approval process in Taiwan.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)****3. Investments*****Fixed Maturity and Equity Securities Available-for-Sale***

The following tables present the cost or amortized cost, gross unrealized gain and loss, estimated fair value of the Company's fixed maturity and equity securities and the percentage that each sector represents by the respective total holdings for the periods shown. The unrealized loss amounts presented below include the noncredit loss component of other-than-temporary impairment (OTTI) loss:

	June 30, 2010						
	Cost or Amortized Cost	Gross Gain	Unrealized Temporary Loss	OTTI Loss	Estimated Fair Value	% of Total	
	(In millions)						
Fixed Maturity Securities:							
U.S. corporate securities	\$ 73,787	\$ 4,812	\$ 1,743	\$ 8	\$ 76,848	31.2%	
Residential mortgage-backed securities (RMBS)	42,632	1,941	1,225	598	42,750	17.3	
Foreign corporate securities	39,586	2,441	1,164		40,863	16.6	
U.S. Treasury, agency and government guaranteed securities (1)	30,810	2,139	87		32,862	13.3	
Commercial mortgage-backed securities (CMBS)	15,903	568	486	1	15,984	6.5	
Asset-backed securities (ABS)	15,110	312	804	199	14,419	5.9	
Foreign government securities	12,110	1,517	68		13,559	5.5	
State and political subdivision securities	8,924	376	252		9,048	3.7	
Other fixed maturity securities	15	1	1		15		
Total fixed maturity securities (2),(3)	\$ 238,877	\$ 14,107	\$ 5,830	\$ 806	\$ 246,348	100.0%	
Equity Securities:							
Common stock	\$ 1,483	\$ 53	\$ 21	\$	\$ 1,515	55.3%	
Non-redeemable preferred stock (2)	1,473	52	299		1,226	44.7	
Total equity securities (4)	\$ 2,956	\$ 105	\$ 320	\$	\$ 2,741	100.0%	

	December 31, 2009				Estimated Fair Value	% of Total
	Cost or Amortized Cost	Gain	Gross Unrealized Temporary Loss	OTTI Loss		
	(In millions)					

Fixed Maturity Securities:

U.S. corporate securities	\$ 72,075	\$ 2,821	\$ 2,699	\$ 10	\$ 72,187	31.7%
RMBS	45,343	1,234	1,957	600	44,020	19.3
Foreign corporate securities	37,254	2,011	1,226	9	38,030	16.7
U.S. Treasury, agency and government guaranteed securities (1)	25,712	745	1,010		25,447	11.2
CMBS	16,555	191	1,106	18	15,622	6.9
ABS	14,272	189	1,077	222	13,162	5.8
Foreign government securities	11,010	1,076	139		11,947	5.2
State and political subdivision securities	7,468	151	411		7,208	3.2
Other fixed maturity securities	20	1	2		19	
Total fixed maturity securities (2),(3)	\$ 229,709	\$ 8,419	\$ 9,627	\$ 859	\$ 227,642	100.0%

Equity Securities:

Common stock	\$ 1,537	\$ 92	\$ 8	\$	\$ 1,621	52.6%
Non-redeemable preferred stock (2)	1,650	80	267		1,463	47.4
Total equity securities (4)	\$ 3,187	\$ 172	\$ 275	\$	\$ 3,084	100.0%

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

- (1) The Company has classified within the U.S. Treasury, agency and government guaranteed securities caption certain corporate fixed maturity securities issued by U.S. financial institutions that were guaranteed by the Federal Deposit Insurance Corporation (FDIC) pursuant to the FDIC s Temporary Liquidity Guarantee Program of \$315 million and \$407 million at estimated fair value with unrealized gains of \$5 million and \$2 million at June 30, 2010 and December 31, 2009, respectively.
- (2) Upon acquisition, the Company classifies perpetual securities that have attributes of both debt and equity as fixed maturity securities if the security has an interest rate step-up feature which, when combined with other qualitative factors, indicates that the security has more debt-like characteristics. The Company classifies perpetual securities with an interest rate step-up feature which, when combined with other qualitative factors, indicates that the security has more equity-like characteristics, as equity securities within non-redeemable preferred stock. Many of such securities have been issued by non-U.S. financial institutions that are accorded Tier 1 and Upper Tier 2 capital treatment by their respective regulatory bodies and are commonly referred to as perpetual hybrid securities. The following table presents the perpetual hybrid securities held by the Company at:

Consolidated Balance Sheets	Classification Sector Table	Primary Issuers	June 30, 2010	December 31, 2009
			Estimated Fair Value	Estimated Fair Value
			(In millions)	
Equity securities	Non-redeemable preferred stock	Non-U.S. financial institutions	\$ 967	\$ 988
Equity securities	Non-redeemable preferred stock	U.S. financial institutions	\$ 243	\$ 349
Fixed maturity securities	Foreign corporate securities	Non-U.S. financial institutions	\$ 2,343	\$ 2,626
Fixed maturity securities	U.S. corporate securities	U.S. financial institutions	\$ 96	\$ 91

- (3) Redeemable preferred stock with stated maturity dates are included in the U.S. corporate securities sector within fixed maturity securities. These securities, commonly referred to as capital securities, are primarily issued by U.S. financial institutions and have cumulative interest deferral features. The Company held \$2.4 billion and \$2.5 billion at estimated fair value of such securities at June 30, 2010 and December 31, 2009, respectively.
- (4) Equity securities primarily consist of investments in common and preferred stocks, including certain perpetual hybrid securities and mutual fund interests. Privately-held equity securities were \$1.1 billion and \$1.0 billion at estimated fair value at June 30, 2010 and December 31, 2009, respectively.

The below investment grade and non-income producing amounts presented below are based on rating agency designations and equivalent designations of the National Association of Insurance Commissioners (NAIC), with the

exception of non-agency RMBS held by the Company's domestic insurance subsidiaries. Non-agency RMBS, including RMBS backed by sub-prime mortgage loans reported within ABS, held by the Company's domestic insurance subsidiaries are presented based on final ratings from the revised NAIC rating methodology (i.e., NAIC 16) which became effective December 31, 2009 (which may not correspond to rating agency designations). All NAIC designation amounts and percentages presented herein are based on the revised NAIC methodology described above. All rating agency designation (i.e., Aaa/AAA) amounts and percentages presented herein are based on rating agency designations without adjustment for the revised NAIC methodology described above. Rating agency designations (i.e., Aaa/AAA) are based on availability of applicable ratings from rating agencies on the NAIC acceptable rating organization list, including Moody's Investors Service (Moody's), Standard & Poor's Ratings Services (S&P) and Fitch Ratings (Fitch).

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The following table presents selected information about certain fixed maturity securities held by the Company at:

	June 30, 2010	December 31, 2009
	(In millions)	
Below investment grade or non-rated fixed maturity securities:		
Estimated fair value	\$ 20,793	\$ 20,201
Net unrealized loss	\$ 1,996	\$ 2,609
Non-income producing fixed maturity securities:		
Estimated fair value	\$ 186	\$ 312
Net unrealized loss	\$ 17	\$ 31
Fixed maturity securities credit enhanced by financial guarantor insurers		
by sector at estimated fair value:		
State and political subdivision securities	\$ 2,249	\$ 2,154
U.S. corporate securities	1,845	1,750
ABS	801	803
Other	53	43
Total fixed maturity securities credit enhanced by financial guarantor insurers	\$ 4,948	\$ 4,750
Ratings of the financial guarantor insurers providing the credit enhancement:		
Portion rated Aa/AA	19%	18%
Portion rated A	2%	2%
Portion rated Baa/BBB	36%	36%

Concentrations of Credit Risk (Fixed Maturity Securities) Summary. The following section contains a summary of the concentrations of credit risk related to fixed maturity securities holdings.

The Company was not exposed to any concentrations of credit risk of any single issuer greater than 10% of the Company's stockholders' equity, other than the U.S. and Mexican government securities described below. The Company's holdings in U.S. Treasury, agency and government guaranteed fixed maturity securities at estimated fair value were \$32.9 billion and \$25.4 billion at June 30, 2010 and December 31, 2009, respectively. The Company's holdings in Mexican government and certain Mexican government agency fixed maturity securities at estimated fair value were \$4.7 billion and \$4.8 billion at June 30, 2010 and December 31, 2009, respectively.

Concentrations of Credit Risk (Fixed Maturity Securities) U.S. and Foreign Corporate Securities. The Company maintains a diversified portfolio of corporate fixed maturity securities across industries and issuers. This portfolio does not have exposure to any single issuer in excess of 1% of total investments. The tables below present

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

the major industry types that comprise the corporate fixed maturity securities holdings, the largest exposure to a single issuer and the combined holdings in the ten issuers to which it had the largest exposure at:

	June 30, 2010		December 31, 2009	
	Estimated		Estimated	
	Fair	% of	Fair	% of
	Value	Total	Value	Total
	(In millions)			
Corporate fixed maturity securities by industry type:				
Foreign (1)	\$ 40,863	34.7%	\$ 38,030	34.5%
Consumer	19,176	16.3	16,924	15.4
Industrial	18,794	16.0	17,246	15.6
Utility	16,271	13.8	14,785	13.4
Finance	12,937	11.0	13,756	12.5
Communications	6,563	5.6	6,580	6.0
Other	3,107	2.6	2,896	2.6
Total	\$ 117,711	100.0%	\$ 110,217	100.0%

(1) Includes U.S. dollar-denominated debt obligations of foreign obligors and other foreign fixed maturity security investments.

	June 30, 2010		December 31, 2009	
	Estimated		Estimated	
	Fair	% of Total	Fair	% of Total
	Value	Investments	Value	Investments
	(In millions)			
Concentrations within corporate fixed maturity securities:				
Largest exposure to a single issuer	\$ 915	0.3%	\$ 1,038	0.3%
Holdings in ten issuers with the largest exposures	\$ 7,021	2.0%	\$ 7,506	2.3%

Concentrations of Credit Risk (Fixed Maturity Securities) RMBS. The table below presents the Company's RMBS holdings and portion rated Aaa/AAA and portion rated NAIC 1 at:

	June 30, 2010		December 31, 2009	
	Estimated		Estimated	
	Fair	% of	Fair	% of

	Value	Total	Value	Total
		(In millions)		
By security type:				
Collateralized mortgage obligations	\$ 23,318	54.5%	\$ 24,480	55.6%
Pass-through securities	19,432	45.5	19,540	44.4
Total RMBS	\$ 42,750	100.0%	\$ 44,020	100.0%
By risk profile:				
Agency	\$ 32,148	75.2%	\$ 33,334	75.7%
Prime	6,433	15.0	6,775	15.4
Alternative residential mortgage loans	4,169	9.8	3,911	8.9
Total RMBS	\$ 42,750	100.0%	\$ 44,020	100.0%
Portion rated Aaa/AAA	\$ 34,103	79.8%	\$ 35,626	80.9%
Portion rated NAIC 1	\$ 37,186	87.0%	\$ 38,464	87.4%

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Collateralized mortgage obligations are a type of mortgage-backed security structured by dividing the cash flows of mortgages into separate pools or tranches of risk that create multiple classes of bonds with varying maturities and priority of payments. Pass-through mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages. The monthly mortgage payments from homeowners pass from the originating bank through an intermediary, such as a government agency or investment bank, which collects the payments, and for a fee, remits or passes these payments through to the holders of the pass-through securities.

Prime residential mortgage lending includes the origination of residential mortgage loans to the most creditworthy borrowers with high quality credit profiles. Alternative residential mortgage loans (Alt-A) are a classification of mortgage loans where the risk profile of the borrower falls between prime and sub-prime. Sub-prime mortgage lending is the origination of residential mortgage loans to borrowers with weak credit profiles.

The following tables present the Company's investment in Alt-A RMBS by vintage year (vintage year refers to the year of origination and not to the year of purchase) and certain other selected data:

	June 30, 2010		December 31, 2009	
	Estimated		Estimated	
	Fair Value	% of Total	Fair Value	% of Total
	(In millions)			
Vintage Year:				
2004 & Prior	\$ 72	1.7%	\$ 109	2.8%
2005	1,518	36.4	1,395	35.7
2006	974	23.4	825	21.1
2007	848	20.3	814	20.8
2008	6	0.2		
2009	718	17.2	768	19.6
2010	33	0.8		
Total	\$ 4,169	100.0%	\$ 3,911	100.0%

	June 30, 2010		December 31, 2009	
	Amount	% of Total	Amount	% of Total
	(In millions)			
Net unrealized loss	\$ 956		\$ 1,248	
Rated Aa/AA or better		20.2%		26.3%
Rated NAIC 1		33.6%		31.3%
By collateral type:				

Fixed rate mortgage loans collateral	90.3%	89.3%
Hybrid adjustable rate mortgage loans collateral	9.7	10.7
Total Alt-A RMBS	100.0%	100.0%

Concentrations of Credit Risk (Fixed Maturity Securities) CMBS. The Company's holdings in CMBS were \$16.0 billion and \$15.6 billion at estimated fair value at June 30, 2010 and December 31, 2009, respectively. The Company had no exposure to CMBS index securities at June 30, 2010 and December 31, 2009. The Company held commercial real estate collateralized debt obligations securities of \$120 million and \$111 million at estimated fair value at June 30, 2010 and December 31, 2009, respectively.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The following tables present the Company's holdings of CMBS by rating agency designation and by vintage year at:

June 30, 2010

	Aaa		Aa		A		Baa		Below Investment Grade		Total
	Estimated		Estimated		Estimated		Estimated		Estimated		Estimated
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized
	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost
	(In millions)										
or	\$ 7,477	\$ 7,701	\$ 272	\$ 268	\$ 119	\$ 113	\$ 55	\$ 49	\$ 22	\$ 15	\$ 7,945
	2,024	2,145	123	117	52	43	88	69	64	50	2,351
	2,616	2,723	41	40	63	50	69	51	3	5	2,792
	1,568	1,571	45	41	51	39	28	24	86	66	1,778
	754	586	126	93	117	88	26	25	10	8	1,033
	2	2									2
	2	2									2
	\$ 14,443	\$ 14,730	\$ 607	\$ 559	\$ 402	\$ 333	\$ 266	\$ 218	\$ 185	\$ 144	\$ 15,903
tribution		92.1%		3.5%		2.1%		1.4%		0.9%	

The June 30, 2010 table reflects ratings assigned by nationally recognized rating agencies including Moody's, S&P, Fitch and Realpoint, LLC.

December 31, 2009

	Aaa		Aa		A		Baa		Below Investment Grade		Total
	Estimated		Estimated		Estimated		Estimated		Estimated		Estimated
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized
	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost
	(In millions)										
r	\$ 6,836	\$ 6,918	\$ 394	\$ 365	\$ 162	\$ 140	\$ 52	\$ 41	\$ 36	\$ 18	\$ 7,480
	2,240	2,255	200	166	114	71	133	87	88	58	2,775
	2,956	2,853	144	108	85	65	39	24	57	51	3,281
	1,087	1,009	162	139	380	323	187	129	123	48	1,939
	432	314	13	12	361	257	234	153	35	13	1,075
	5	5									5

	\$ 13,556	\$ 13,354	\$ 913	\$ 790	\$ 1,102	\$ 856	\$ 645	\$ 434	\$ 339	\$ 188	\$ 16,555
tribution		85.4%		5.1%		5.5%		2.8%		1.2%	

The December 31, 2009 table reflects ratings assigned by nationally recognized rating agencies including Moody's, S&P and Fitch.

Concentrations of Credit Risk (Fixed Maturity Securities) - ABS. The Company's holdings in ABS were \$14.4 billion and \$13.2 billion at estimated fair value at June 30, 2010 and December 31, 2009, respectively. The Company's ABS are diversified both by collateral type and by issuer.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

The following table presents the collateral type and certain other information about ABS held by the Company at:

	June 30, 2010		December 31, 2009	
	Estimated	% of	Estimated	% of
	Fair	Total	Fair	Total
	Value		Value	Total
	(In millions)			
By collateral type:				
Credit card loans	\$ 7,212	50.0%	\$ 7,057	53.6%
Student loans	2,460	17.1	1,855	14.1
RMBS backed by sub-prime mortgage loans	1,077	7.5	1,044	7.9
Automobile loans	712	4.9	963	7.3
Other loans	2,958	20.5	2,243	17.1
Total	\$ 14,419	100.0%	\$ 13,162	100.0%
Portion rated Aaa/AAA	\$ 10,480	72.7%	\$ 9,354	71.1%
Portion rated NAIC 1	\$ 12,779	88.6%	\$ 11,573	87.9%
RMBS backed by sub-prime mortgage loans portion credit enhanced by financial guarantor insurers		39.0%		37.6%
Of the 39.0% and 37.6% credit enhanced, the financial guarantor insurers were rated as follows:				
By financial guarantor insurers rated Aa/AA		22.9%		17.2%
By financial guarantor insurers rated A		8.3%		7.9%

The following tables present the Company's holdings of ABS supported by sub-prime mortgage loans by rating agency designation and by vintage year at:

	June 30, 2010										
	Aaa		Aa		A		Baa		Below Investment Grade		Total
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Estimated
	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Fair Value
	(In millions)										
Prior	\$ 47	\$ 42	\$ 66	\$ 55	\$ 14	\$ 12	\$ 7	\$ 6	\$ 94	\$ 58	\$ 228
	88	67	310	233	31	24	10	6	44	29	483
	58	47	103	85	44	31	117	104	214	117	536

63	33	12	4	99	66	174
78	41			29	17	107

\$ 193 \$ 156 \$ 620 \$ 447 \$ 89 \$ 67 \$ 146 \$ 120 \$ 480 \$ 287 \$ 1,528 \$ 1

Distribution 14.5% 41.5% 6.2% 11.1% 26.7% 1

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)****December 31, 2009**

	Aaa		Aa		A		Baa		Below Investment Grade		Total	
	Estimated		Estimated		Estimated		Estimated		Estimated		Estimated	
	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair	Amortized	Fair
	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost	Value	Cost	Value
	(In millions)											
& Prior	\$ 57	\$ 48	\$ 73	\$ 58	\$ 11	\$ 8	\$ 7	\$ 6	\$ 98	\$ 56	\$ 246	\$ 1
	99	68	316	222	39	27	24	15	31	15	509	3
	64	45	226	144	40	26	24	18	209	139	563	3
	6	6	62	22			22	5	115	72	205	
			78	28					36	16	114	
	\$ 226	\$ 167	\$ 755	\$ 474	\$ 90	\$ 61	\$ 77	\$ 44	\$ 489	\$ 298	\$ 1,637	\$ 1,0
s Distribution		16.0%		45.4%		5.8%		4.2%		28.6%		10

The rating distribution of the Company's ABS supported by sub-prime mortgage loans were as follows at:

	June 30, 2010	December 31, 2009
NAIC 1	69.2%	69.1%
NAIC 2	8.4%	4.2%
NAIC 3	12.3%	12.2%
NAIC 4	6.8%	6.2%
NAIC 5	3.2%	8.3%
NAIC 6	0.1%	%

Concentrations of Credit Risk (Equity Securities). The Company was not exposed to any concentrations of credit risk in its equity securities holdings of any single issuer greater than 10% of the Company's stockholders' equity at June 30, 2010 and December 31, 2009.

Maturities of Fixed Maturity Securities. The amortized cost and estimated fair value of fixed maturity securities, by contractual maturity date (excluding scheduled sinking funds), were as follows at:

June 30, 2010**December 31, 2009**

	Amortized Cost	Estimated Fair Value (In millions)	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 9,482	\$ 9,556	\$ 6,845	\$ 6,924
Due after one year through five years	41,725	42,908	38,408	39,399
Due after five years through ten years	44,589	47,295	40,448	41,568
Due after ten years	69,436	73,436	67,838	66,947
Subtotal	165,232	173,195	153,539	154,838
RMBS, CMBS and ABS	73,645	73,153	76,170	72,804
Total fixed maturity securities	\$ 238,877	\$ 246,348	\$ 229,709	\$ 227,642

Actual maturities may differ from contractual maturities due to the exercise of call or prepayment options. Fixed maturity securities not due at a single maturity date have been included in the above table in the year of final contractual maturity. RMBS, CMBS and ABS are shown separately in the table, as they are not due at a single maturity.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Evaluating Available-for-Sale Securities for Other-Than-Temporary Impairment***

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2009 Annual Report, the Company performs a regular evaluation, on a security-by-security basis, of its available-for-sale securities holdings in accordance with its impairment policy in order to evaluate whether such investments are other-than-temporarily impaired. As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2009 Annual Report, effective April 1, 2009, the Company adopted new OTTI guidance that amends the methodology for determining for fixed maturity securities whether an OTTI exists, and for certain fixed maturity securities, changes how the amount of the OTTI loss that is charged to earnings is determined. There was no change in the OTTI methodology for equity securities.

With respect to fixed maturity securities, the Company considers, among other impairment criteria, whether it has the intent to sell a particular impaired fixed maturity security. The Company's intent to sell a particular impaired fixed maturity security considers broad portfolio management objectives such as asset/liability duration management, issuer and industry segment exposures, interest rate views and the overall total return focus. In following these portfolio management objectives, changes in facts and circumstances that were present in past reporting periods may trigger a decision to sell securities that were held in prior reporting periods. Decisions to sell are based on current conditions or the Company's need to shift the portfolio to maintain its portfolio management objectives including liquidity needs or duration targets on asset/liability managed portfolios. The Company attempts to anticipate these types of changes and if a sale decision has been made on an impaired security, the security will be deemed other-than-temporarily impaired in the period that the sale decision was made and an OTTI loss will be recorded in earnings. In certain circumstances, the Company may determine that it does not intend to sell a particular security but that it is more likely than not that it will be required to sell that security before recovery of the decline in estimated fair value below amortized cost. In such instances, the fixed maturity security will be deemed other-than-temporarily impaired in the period during which it was determined more likely than not that the security will be required to be sold and an OTTI loss will be recorded in earnings. If the Company does not have the intent to sell (i.e., has not made the decision to sell) and it does not believe that it is more likely than not that it will be required to sell the security before recovery of its amortized cost, an impairment assessment is made, as described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2009 Annual Report. Prior to April 1, 2009, the Company's assessment of OTTI for fixed maturity securities was performed in the same manner as described below for equity securities.

With respect to equity securities, the Company considers in its OTTI analysis its intent and ability to hold a particular equity security for a period of time sufficient to allow for the recovery of its value to an amount equal to or greater than cost. Decisions to sell equity securities are based on current conditions in relation to the same broad portfolio management considerations in a manner consistent with that described above for fixed maturity securities.

With respect to perpetual hybrid securities, some of which are classified as fixed maturity securities and some of which are classified as equity securities, within non-redeemable preferred stock, the Company considers in its OTTI analysis whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of the securities that are in a severe and extended unrealized loss position. The Company also considers whether any perpetual hybrid securities with an unrealized loss, regardless of credit rating, have deferred any dividend payments.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Net Unrealized Investment Gains (Losses)***

The components of net unrealized investment gains (losses), included in accumulated other comprehensive income (loss), were as follows at:

	June 30, 2010	December 31, 2009
	(In millions)	
Fixed maturity securities that were temporarily impaired	\$ 8,277	\$ (1,208)
Fixed maturity securities with noncredit OTTI losses in other comprehensive income (loss)	(806)	(859)
Total fixed maturity securities	7,471	(2,067)
Equity securities	(215)	(103)
Derivatives	530	(144)
Other	105	71
Subtotal	7,891	(2,243)
Amounts allocated from:		
Insurance liability loss recognition	(1,773)	(118)
DAC and VOBA related to noncredit OTTI losses recognized in other comprehensive income (loss)	57	71
DAC and VOBA	(1,186)	145
Policyholder dividend obligation	(1,080)	
Subtotal	(3,982)	98
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in other comprehensive income (loss)	263	275
Deferred income tax benefit (expense)	(1,541)	539
Net unrealized investment gains (losses)	2,631	(1,331)
Net unrealized investment gains (losses) attributable to noncontrolling interests	1	1
Net unrealized investment gains (losses) attributable to MetLife, Inc.	\$ 2,632	\$ (1,330)

Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss), as presented above, of (\$806) million at June 30, 2010, includes (\$859) million recognized prior to January 1, 2010, (\$98) million and (\$157) million ((\$61) million and (\$162) million, net of DAC) of noncredit losses recognized in the three months and six months ended June 30, 2010, respectively, \$16 million transferred to retained earnings in connection with the adoption of new guidance related to the consolidation of VIEs (see Note 1) for the six months ended June 30, 2010, \$37 million and \$54 million, related to securities sold during the three months and six months ended June 30, 2010,

respectively, for which a noncredit loss was previously recognized in accumulated other comprehensive income (loss) and \$46 million and \$140 million of subsequent increases in estimated fair value during the three months and six months ended June 30, 2010, respectively, on such securities for which a noncredit loss was previously recognized in accumulated other comprehensive income (loss).

Fixed maturity securities with noncredit OTTI losses in accumulated other comprehensive income (loss), as presented above, of (\$859) million at December 31, 2009, includes (\$126) million related to the transition adjustment recorded in 2009 upon the adoption of new guidance on the recognition and presentation of OTTI, (\$939) million ((\$857) million, net of DAC) of noncredit losses recognized in the year ended December 31, 2009 (as more fully described in Note 1 of the Notes to the Consolidated Financial Statements included in the 2009 Annual Report), \$20 million related to securities sold during the year ended December 31, 2009 for which a noncredit loss was previously recognized in accumulated comprehensive income (loss) and \$186 million of subsequent increases

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

in estimated fair value during the year ended December 31, 2009 on such securities for which a noncredit loss was previously recognized in accumulated other comprehensive income (loss).

The changes in net unrealized investment gains (losses) were as follows:

	Six Months Ended June 30, 2010 (In millions)
Balance, beginning of period	\$ (1,330)
Cumulative effect of change in accounting principle, net of income tax	42
Fixed maturity securities on which noncredit OTTI losses have been recognized	37
Unrealized investment gains (losses) during the period	10,033
Unrealized investment gains (losses) relating to:	
Insurance liability gain (loss) recognition	(1,655)
DAC and Voba related to noncredit OTTI losses recognized in other comprehensive income (loss)	(14)
DAC and Voba	(1,331)
Policyholder dividend obligation	(1,080)
Deferred income tax benefit (expense) related to noncredit OTTI losses recognized in other comprehensive income (loss)	(7)
Deferred income tax benefit (expense)	(2,063)
Net unrealized investment gains (losses)	2,632
Net unrealized investment gains (losses) attributable to noncontrolling interests	
Balance, end of period	\$ 2,632
Change in net unrealized investment gains (losses)	\$ 3,962
Change in net unrealized investment gains (losses) attributable to noncontrolling interests	
Change in net unrealized investment gains (losses) attributable to MetLife, Inc.	\$ 3,962

Continuous Gross Unrealized Loss and OTTI Loss for Fixed Maturity and Equity Securities Available-for-Sale by Sector

The following tables present the estimated fair value and gross unrealized loss of the Company's fixed maturity and equity securities in an unrealized loss position, aggregated by sector and by length of time that the securities have been in a continuous unrealized loss position. The unrealized loss amounts presented below include the noncredit component of OTTI loss. Fixed maturity securities on which a noncredit OTTI loss has been recognized in accumulated other comprehensive income (loss) are categorized by length of time as being less than 12 months or equal to or greater than 12 months in a continuous unrealized loss position based on the point in

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

time that the estimated fair value initially declined to below the amortized cost basis and not the period of time since the unrealized loss was deemed a noncredit OTTI loss.

	June 30, 2010					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
	(In millions, except number of securities)					
Fixed Maturity Securities:						
U.S. corporate securities	\$ 5,828	\$ 271	\$ 12,282	\$ 1,480	\$ 18,110	\$ 1,751
RMBS	953	78	7,835	1,745	8,788	1,823
Foreign corporate securities	4,939	303	5,189	861	10,128	1,164
U.S. Treasury, agency and government guaranteed securities	2,595	1	2,348	86	4,943	87
CMBS	1,044	7	2,109	480	3,153	487
ABS	1,709	60	3,941	943	5,650	1,003
Foreign government securities	501	10	550	58	1,051	68
State and political subdivision securities	740	22	1,558	230	2,298	252
Other fixed maturity securities			5	1	5	1
Total fixed maturity securities	\$ 18,309	\$ 752	\$ 35,817	\$ 5,884	\$ 54,126	\$ 6,636
Equity Securities:						
Common stock	227	19	9	2	236	21
Non-redeemable preferred stock	36	5	905	294	941	299
Total equity securities	\$ 263	\$ 24	\$ 914	\$ 296	\$ 1,177	\$ 320
Total number of securities in an unrealized loss position	2,422		2,670			

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	December 31, 2009					
	Less than 12 Months		Equal to or Greater than 12 Months		Total	
	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss	Estimated Fair Value	Gross Unrealized Loss
(In millions, except number of securities)						
Fixed Maturity Securities:						
U.S. corporate securities	\$ 8,641	\$ 395	\$ 18,004	\$ 2,314	\$ 26,645	\$ 2,709
RMBS	5,623	119	10,268	2,438	15,891	2,557
Foreign corporate securities	3,786	139	7,282	1,096	11,068	1,235
U.S. Treasury, agency and government guaranteed securities	15,051	990	51	20	15,102	1,010
CMBS	2,052	29	5,435	1,095	7,487	1,124
ABS	1,259	143	5,875	1,156	7,134	1,299
Foreign government securities	2,318	55	507	84	2,825	139
State and political subdivision securities	2,086	94	1,843	317	3,929	411
Other fixed maturity securities	6	2			6	2
Total fixed maturity securities	\$ 40,822	\$ 1,966	\$ 49,265	\$ 8,520	\$ 90,087	\$ 10,486
Equity Securities:						
Common stock	56	7	14	1	70	8
Non-redeemable preferred stock	66	41	930	226	996	267
Total equity securities	\$ 122	\$ 48	\$ 944	\$ 227	\$ 1,066	\$ 275
Total number of securities in an unrealized loss position	2,210		3,333			

Aging of Gross Unrealized Loss and OTTI Loss for Fixed Maturity and Equity Securities Available-for-Sale

The following tables present the cost or amortized cost, gross unrealized loss, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss), gross unrealized loss as a percentage of cost or amortized cost and number of securities for fixed maturity and equity securities where

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

the estimated fair value had declined and remained below cost or amortized cost by less than 20%, or 20% or more at:

	Cost or Amortized Cost		June 30, 2010 Gross Unrealized Loss		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
	(In millions, except number of securities)					
Fixed Maturity Securities:						
Less than six months	\$ 15,620	\$ 2,383	\$ 404	\$ 595	1,534	216
Six months or greater but less than nine months	2,120	350	125	134	213	30
Nine months or greater but less than twelve months	926	210	70	59	78	17
Twelve months or greater	31,188	7,965	2,471	2,778	1,950	490
Total	\$ 49,854	\$ 10,908	\$ 3,070	\$ 3,566		
Percentage of amortized cost			6%	33%		
Equity Securities:						
Less than six months	\$ 224	\$ 468	\$ 9	\$ 129	544	173
Six months or greater but less than nine months	11	1	2	1	22	
Nine months or greater but less than twelve months					5	1
Twelve months or greater	411	382	54	125	44	23
Total	\$ 646	\$ 851	\$ 65	\$ 255		
Percentage of cost			10%	30%		

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	Cost or Amortized Cost		December 31, 2009 Gross Unrealized Loss		Number of Securities	
	Less than 20%	20% or more	Less than 20%	20% or more	Less than 20%	20% or more
(In millions, except number of securities)						
Fixed Maturity Securities:						
Less than six months	\$ 35,163	\$ 2,658	\$ 933	\$ 713	1,725	186
Six months or greater but less than nine months	4,908	674	508	194	124	49
Nine months or greater but less than twelve months	1,723	1,659	167	517	106	79
Twelve months or greater	41,721	12,067	3,207	4,247	2,369	724
Total	\$ 83,515	\$ 17,058	\$ 4,815	\$ 5,671		
Percentage of amortized cost			6%	33%		
Equity Securities:						
Less than six months	\$ 66	\$ 63	\$ 7	\$ 14	199	8
Six months or greater but less than nine months	6	1	1	1	15	2
Nine months or greater but less than twelve months	13	94	2	39	8	6
Twelve months or greater	610	488	73	138	50	24
Total	\$ 695	\$ 646	\$ 83	\$ 192		
Percentage of cost			12%	30%		

Equity securities with a gross unrealized loss of 20% or more for twelve months or greater decreased from \$138 million at December 31, 2009 to \$125 million at June 30, 2010. As shown in the section *Evaluating Temporarily Impaired Available-for-Sale Securities* below, the \$124 million of equity securities with a gross unrealized loss of 20% or more for twelve months or greater at June 30, 2010 were investment grade non-redeemable preferred stock, of which \$120 million were financial services industry investment grade non-redeemable preferred stock, of which 79% were rated A or better.

Concentration of Gross Unrealized Loss and OTTI Loss for Fixed Maturity and Equity Securities Available-for-Sale

The Company's gross unrealized losses related to its fixed maturity and equity securities, including the portion of OTTI loss on fixed maturity securities recognized in accumulated other comprehensive income (loss) of

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Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

\$7.0 billion and \$10.8 billion at June 30, 2010 and December 31, 2009, respectively, were concentrated, calculated as a percentage of gross unrealized loss and OTTI loss, by sector and industry as follows:

	June 30, 2010	December 31, 2009
Sector:		
RMBS	26%	24%
U.S. corporate securities	25	25
Foreign corporate securities	17	11
ABS	14	12
CMBS	7	10
State and political subdivision securities	4	4
U.S. Treasury, agency and government guaranteed securities	1	9
Other	6	5
Total	100%	100%
Industry:		
Mortgage-backed	33%	34%
Finance	25	22
Asset-backed	14	12
Consumer	6	4
Utility	5	4
State and political subdivision securities	4	4
Communications	3	2
Industrial	2	1
U.S. Treasury, agency and government guaranteed securities	1	9
Other	7	8
Total	100%	100%

Evaluating Temporarily Impaired Available-for-Sale Securities

The following table presents the Company's fixed maturity and equity securities, each with a gross unrealized loss of greater than \$10 million, the number of securities, total gross unrealized loss and percentage of total gross unrealized loss at:

June 30, 2010		December 31, 2009	
Fixed Maturity Securities	Equity Securities	Fixed Maturity Securities	Equity Securities

(In millions, except number of securities)

Number of securities	133	12	223	9
Total gross unrealized loss	\$ 2,437	\$ 186	\$ 4,465	\$ 132
Percentage of total gross unrealized loss	37%	58%	43%	48%

Fixed maturity and equity securities, each with a gross unrealized loss greater than \$10 million, decreased \$2.0 billion during the six months ended June 30, 2010. The cause of the decline in, or improvement in, gross unrealized losses for the six months ended June 30, 2010, was primarily attributable to a decrease in interest rates. These securities were included in the Company's OTTI review process. Based upon the Company's current evaluation of these securities and other available-for-sale securities in an unrealized loss position in accordance with its impairment policy, and the Company's current intentions and assessments (as applicable to the type of

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

security) about holding, selling and any requirements to sell these securities, the Company has concluded that these securities are not other-than-temporarily impaired.

In the Company's impairment review process, the duration and severity of an unrealized loss position for equity securities is given greater weight and consideration than for fixed maturity securities. An extended and severe unrealized loss position on a fixed maturity security may not have any impact on the ability of the issuer to service all scheduled interest and principal payments and the Company's evaluation of recoverability of all contractual cash flows or the ability to recover an amount at least equal to its amortized cost based on the present value of the expected future cash flows to be collected. In contrast, for an equity security, greater weight and consideration is given by the Company to a decline in market value and the likelihood such market value decline will recover.

The following table presents certain information about the Company's equity securities available-for-sale with a gross unrealized loss of 20% or more at June 30, 2010:

	Non-Redeemable Preferred Stock							
	All Types of							
	All	Non-Redeemable	% of	Investment Grade				
	Equity Securities	Preferred Stock		All Industries	Financial Services Industry			
	Gross	Gross	All	Gross	% of All	Gross	% of	% A
	Unrealized	Unrealized	Equity	Unrealized	Non-Redeemable	Unrealized	All	Rated
	Loss	Loss	Securities	Loss	Preferred	Loss	Industries	Better
	(In millions)							
Less than six months	\$ 129	\$ 118	91%	\$ 118	100%	\$ 118	100%	58%
Six months or greater but less than twelve months	1	1	100%	1	100%	1	100%	20%
Twelve months or greater	125	124	99%	124	100%	120	97%	79%
All equity securities with a gross unrealized loss of 20% or more	\$ 255	\$ 243	95%	\$ 243	100%	\$ 239	98%	68%

In connection with the equity securities impairment review process, the Company evaluated its holdings in non-redeemable preferred stock, particularly those companies in the financial services industry. The Company considered several factors including whether there has been any deterioration in credit of the issuer and the likelihood of recovery in value of non-redeemable preferred stock with a severe or an extended unrealized loss. The Company

also considered whether any issuers of non-redeemable preferred stock with an unrealized loss held by the Company, regardless of credit rating, have deferred any dividend payments. No such dividend payments were deferred.

With respect to common stock holdings, the Company considered the duration and severity of the unrealized losses for securities in an unrealized loss position of 20% or more; and the duration of unrealized losses for securities in an unrealized loss position of less than 20% in an extended unrealized loss position (i.e., 12 months or greater).

Future OTTIs will depend primarily on economic fundamentals, issuer performance (including changes in the present value of future cash flows expected to be collected), changes in credit rating, changes in collateral valuation, changes in interest rates and changes in credit spreads. If economic fundamentals and any of the above factors deteriorate, additional OTTIs may be incurred in upcoming quarters.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Net Investment Gains (Losses)***

As described more fully in Note 1 of the Notes to the Consolidated Financial Statements included in the 2009 Annual Report, effective April 1, 2009, the Company adopted new guidance on the recognition and presentation of OTTI that amends the methodology to determine for fixed maturity securities whether an OTTI exists, and for certain fixed maturity securities, changes how OTTI losses that are charged to earnings are measured. There was no change in the methodology for identification and measurement of OTTI losses charged to earnings for impaired equity securities.

The components of net investment gains (losses) were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In millions)			
Total losses on fixed maturity securities:				
Total OTTI losses recognized	\$ (244)	\$ (566)	\$ (395)	\$ (1,119)
Less: Noncredit portion of OTTI losses transferred to and recognized in other comprehensive income (loss)	98	234	157	234
Net OTTI losses on fixed maturity securities recognized in earnings	(146)	(332)	(238)	(885)
Fixed maturity securities net gains (losses) on sales and disposals	20	(46)	45	(102)
Total losses on fixed maturity securities	(126)	(378)	(193)	(987)
Other net investment gains (losses):				
Equity securities	74	(108)	101	(377)
Mortgage loans	11	(125)	(17)	(271)
Commercial mortgage loans held by consolidated securitization entities fair value option	172		653	
Real estate and real estate joint ventures	(27)	(68)	(49)	(93)
Other limited partnership interests	(10)	(247)	(11)	(344)
Freestanding derivatives	3,680	(3,637)	3,199	(4,687)
Embedded derivatives	(2,199)	793	(1,677)	2,010
Trading securities held by consolidated securitization entities fair value option	(17)		(21)	
Long-term debt of consolidated securitization entities related to trading securities fair value option	(1)		11	
Long-term debt of consolidated securitization entities related to mortgage loans fair value option	(156)		(635)	
Other	67	(59)	179	14

Total net investment gains (losses)	\$ 1,468	\$ (3,829)	\$ 1,540	\$ (4,735)
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See Variable Interest Entities for discussion of consolidated securitization entities included in the table above.

Proceeds from sales or disposals of fixed maturity and equity securities and the components of fixed maturity and equity securities net investment gains (losses) were as shown below. Investment gains and losses on sales of securities are determined on a specific identification basis.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

	Three Months Ended June 30,					
	2010	2009	2010	2009	2010	2009
	Fixed Maturity Securities		Equity Securities (In millions)		Total	
Proceeds	\$ 13,500	\$ 7,573	\$ 300	\$ 195	\$ 13,800	\$ 7,768
Gross investment gains	215	189	76	13	291	202
Gross investment losses	(195)	(235)	(1)	(49)	(196)	(284)
Total OTTI losses recognized in earnings:						
Credit-related	(146)	(287)			(146)	(287)
Other (1)		(45)	(1)	(72)	(1)	(117)
Total OTTI losses recognized in earnings	(146)	(332)	(1)	(72)	(147)	(404)
Net investment gains (losses)	\$ (126)	\$ (378)	\$ 74	\$ (108)	\$ (52)	\$ (486)

	Six Months Ended June 30,					
	2010	2009	2010	2009	2010	2009
	Fixed Maturity Securities		Equity Securities (In millions)		Total	
Proceeds	\$ 21,878	\$ 19,351	\$ 445	\$ 253	\$ 22,323	\$ 19,604
Gross investment gains	379	545	107	20	486	565
Gross investment losses	(334)	(647)	(4)	(67)	(338)	(714)
Total OTTI losses recognized in earnings:						
Credit-related	(232)	(743)			(232)	(743)
Other (1)	(6)	(142)	(2)	(330)	(8)	(472)
Total OTTI losses recognized in earnings	(238)	(885)	(2)	(330)	(240)	(1,215)

Net investment gains (losses)	\$	(193)	\$	(987)	\$	101	\$	(377)	\$	(92)	\$	(1,364)
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- (1) Other OTTI losses recognized in earnings include impairments on equity securities, impairments on perpetual hybrid securities classified within fixed maturity securities where the primary reason for the impairment was the severity and/or the duration of an unrealized loss position and fixed maturity securities where there is an intent to sell or it is more likely than not that the Company will be required to sell the security before recovery of the decline in estimated fair value.

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)**

Fixed maturity security OTTI losses recognized in earnings related to the following sectors and industries:

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	2010	2009	2010	2009
	(In millions)			
Sector:				
U.S. and foreign corporate securities by industry:				
Finance	\$ 20	\$ 67	\$ 28	\$ 188
Consumer	1	74	23	164
Communications		61	3	203
Utility	3	43	3	76
Industrial		3		20
Other industries		2		26
Total U.S. and foreign corporate securities	24	250	57	677
ABS	44	28	63	94
RMBS	27	20	57	78
CMBS	51	34	61	36
Total	\$ 146	\$ 332	\$ 238	\$ 885

Equity security OTTI losses recognized in earnings related to the following sectors and industries:

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	2010	2009	2010	2009
	(In millions)			
Sector:				
Common stock	\$ 1	\$ 12	2	\$ 50
Non-redeemable preferred stock		60		280
Total	\$ 1	\$ 72	\$ 2	\$ 330
Industry:				
Financial services industry:				
Perpetual hybrid securities	\$	\$ 60	\$	\$ 260

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Common and remaining non-redeemable preferred stock				30
Total financial services industry		60		290
Other industries	1	12	2	40
Total	\$ 1	\$ 72	\$ 2	\$ 330

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Credit Loss Rollforward Rollforward of the Cumulative Credit Loss Component of OTTI Loss Recognized in Earnings on Fixed Maturity Securities Still Held for Which a Portion of the OTTI Loss Was Recognized in Other Comprehensive Income (Loss)***

The table below presents a rollforward of the cumulative credit loss component of OTTI loss recognized in earnings on fixed maturity securities still held by the Company at June 30, 2010 for which a portion of the OTTI loss was recognized in other comprehensive income (loss):

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	2010	2009	2010	2009
	(In millions)			
Balance, beginning of period	\$ 424	\$	\$ 581	\$
Credit loss component of OTTI loss not reclassified to other comprehensive income (loss) in the cumulative effect transition adjustment		230		230
Additions:				
Initial impairments credit loss OTTI recognized on securities not previously impaired	62	152	81	152
Additional impairments credit loss OTTI recognized on securities previously impaired	39	5	70	5
Reductions:				
Due to sales (maturities, pay downs or prepayments) during the period of securities previously credit loss OTTI impaired	(30)	(7)	(134)	(7)
Due to securities de-recognized in connection with the adoption of new guidance related to the consolidation of VIEs			(100)	
Due to increases in cash flows accretion of previous credit loss OTTI	(4)		(7)	
Balance, end of period	\$ 491	\$ 380	\$ 491	\$ 380

Table of Contents**MetLife, Inc.****Notes to the Interim Condensed Consolidated Financial Statements (Unaudited) (Continued)*****Net Investment Income***

The components of net investment income were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
	(In millions)			
Fixed maturity securities	\$ 3,033	\$ 2,936	\$ 6,106	\$ 5,754
Equity securities	39	55	64	93
Trading securities	(56)	130	23	147
Trading securities held by consolidated securitization entities	4			