

# QUALITY

## MetLife Financial Quality



# MetLife

## METROPOLITAN LIFE INSURANCE COMPANY

A Wholly-Owned Subsidiary of MetLife, Inc.

Year-End Review 2010

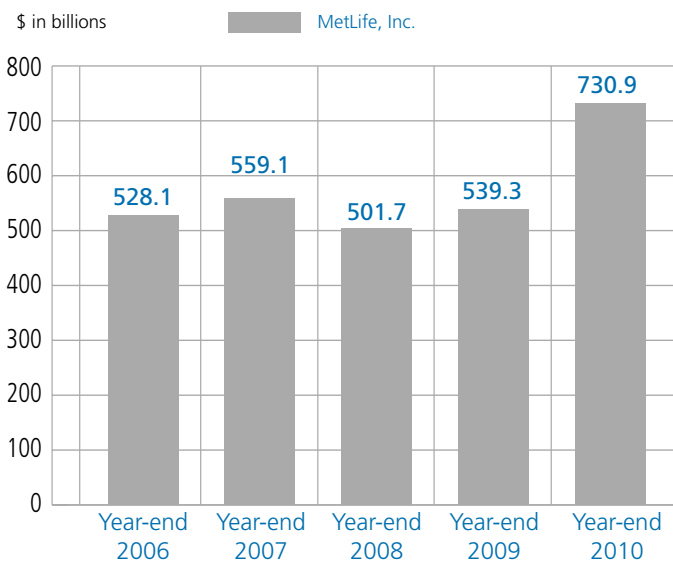
### OVERVIEW OF METLIFE, INC.

- MetLife, Inc., through its subsidiaries and affiliates, is a leading provider of insurance and financial products to individual and institutional customers.
- The financial strength of the MetLife enterprise has been built upon, and is sustained through, its diversity of businesses, conservative risk management expertise and focus on investment fundamentals. Diversified sources of revenue are

derived from serving institutional, individual and international markets with a variety of products, including life insurance, annuities, retirement & savings and other employee benefits.

- MetLife, Inc. had \$730.9 billion in total assets and \$681.8 billion in liabilities as of December 31, 2010.<sup>1</sup> On November 1, 2010, MetLife, Inc. completed the acquisition of American Life Insurance Company (Alico). This transaction resulted in the recording of \$118.7 billion in assets acquired and \$109.3 billion in liabilities assumed for MetLife, Inc. as of the acquisition date. Group life and group annuity contracts are principally issued through Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut, both operating companies of MetLife, Inc.

### TOTAL ASSETS (GAAP)<sup>1</sup>

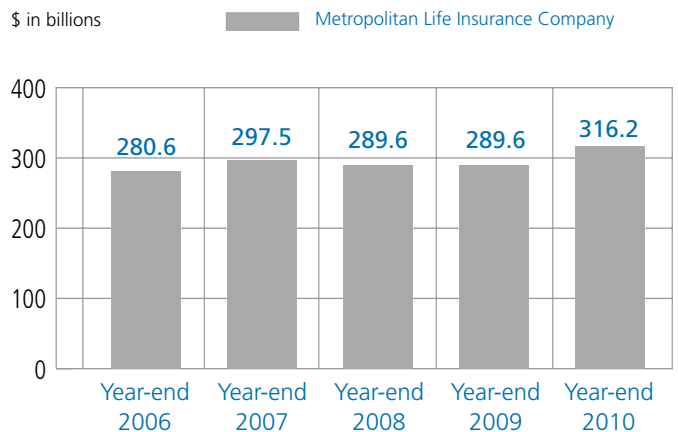


FOR OVER 140 YEARS,  
METLIFE HAS BEEN ONE OF  
THE COUNTRY'S MOST TRUSTED  
FINANCIAL INSTITUTIONS.

## OVERVIEW OF METROPOLITAN LIFE INSURANCE COMPANY

- Metropolitan Life Insurance Company is a wholly-owned subsidiary of MetLife, Inc. The major rating agencies have repeatedly recognized Metropolitan Life Insurance Company for its financial strength and capitalization.<sup>2</sup>
- In accordance with statutory reporting principles,<sup>3</sup> Metropolitan Life Insurance Company had reported \$316.2 billion in total assets and \$303.0 billion in liabilities as of December 31, 2010.<sup>4</sup>

### TOTAL ASSETS (STATUTORY)



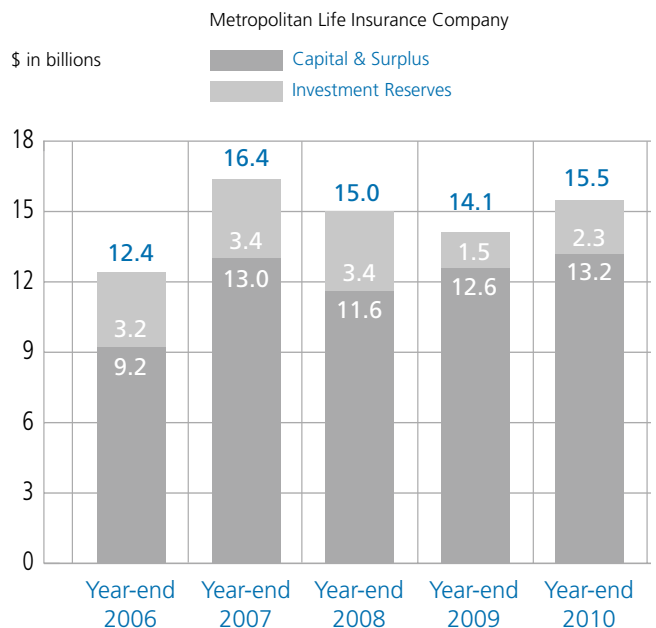
### PROFITABILITY

- Year to date as of December 31, 2010, Metropolitan Life Insurance Company's net gain from operations (after taxes and dividends) amounted to \$2.2 billion.<sup>5,6</sup>
- Metropolitan Life Insurance Company's investment portfolio has provided strong income while operating expenses have remained low.

### TOTAL CAPITAL<sup>5</sup>

As of December 31, 2010, Metropolitan Life Insurance Company's Total Capital was \$15.5 billion. Total Capital is comprised of Capital & Surplus and Investment Reserves. Capital & Surplus totaled \$13.2 billion and Investment Reserves totaled \$2.3 billion.

- Metropolitan Life Insurance Company's Capital Adequacy Ratio (total capital ÷ general account total cash and invested assets) was 7.09% as of December 31, 2010.



## RATING AGENCY ASSESSMENTS

Metropolitan Life Insurance Company's financial strength and claims-paying ability has been

rated "Superior," "Excellent" or "Very Strong" by the major rating agencies.

AGENCY <sup>7</sup>	FINANCIAL STRENGTH RATING
A.M. Best*	A+ (Superior)
Moody's*	Aa3 (Excellent)
Standard & Poor's*	AA- (Very Strong)
Fitch	AA- (Very Strong)

Ratings apply to Metropolitan Life Insurance Company's financial strength and claims-paying ability as of February 2, 2011, and not the performance of any of its products.  
\* Negative outlook by A.M. Best, Moody's and Standard & Poor's.

## INVESTMENT PORTFOLIO OF GENERAL ACCOUNT<sup>5</sup>

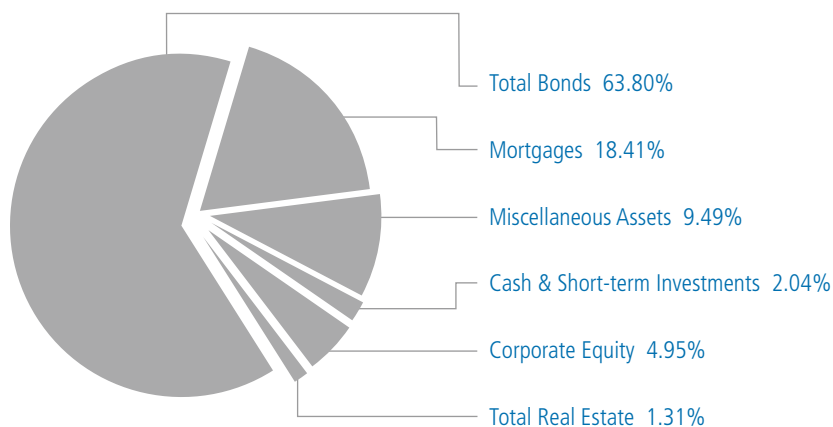
- Metropolitan Life Insurance Company's portfolio management approach has emphasized the following five factors:

- Diversity
- Liquidity
- Asset/Liability Matching
- Quality
- Total Return

**Metropolitan Life Insurance Company General Account Total Cash and Invested Assets: \$218.3 billion**

## Portfolio Allocation (Total Cash and Invested Assets)<sup>8</sup>

As of December 31, 2010, bonds comprised nearly two-thirds of Metropolitan Life Insurance Company's general account portfolio, with the rest diversified among several investment sectors.



## Bond Quality Distribution

QUALITY (MOODY'S INVESTOR SERVICE)	NAIC RATING	% <sup>8</sup>	AMOUNT (\$ Millions)
Aaa/Aa/A (highest quality/high quality/upper medium quality)	1	65.49	\$91,219
Baa (medium grade)	2	23.29	\$32,443
Ba (somewhat speculative)	3	6.48	\$9,031
B (low grade, speculative)	4	3.65	\$5,080
Caa and Lower (lower grade, default possible)	5	1.01	\$1,404
In/Near Default	6	0.09	\$118
<b>Total</b>			<b>\$139,295</b>

- As of December 31, 2010, approximately 88.78% of Metropolitan Life Insurance Company's bond portfolio was investment grade.

### **Real Estate and Mortgage Portfolios**

- Metropolitan Life Insurance Company maintains both real estate and commercial mortgages as components of its well-diversified and integrated investment portfolio.
- The percentage of equity real estate holdings in Metropolitan Life Insurance Company's investment portfolio was 1.31% as of December 31, 2010.

### **Liquidity**

- Metropolitan Life Insurance Company has maintained a high level of liquidity in its investment portfolios.
- Metropolitan Life Insurance Company has access to credit directly through the capital markets and via MetLife Funding, Inc.

### **CONCLUSION**

- Metropolitan Life Insurance Company's understanding of the risks associated with its core businesses enabled the company to have a long tradition of financial strength. It is this financial strength that enabled Metropolitan Life Insurance Company to capitalize on strategic opportunities and strengthen its position within the marketplace.
- As supported by a combination of key financial and investment indicators, Metropolitan Life Insurance Company is a company of high financial quality in solid financial health.

1 Total assets include general account and separate account assets and are reported under accounting principles generally accepted in the United States of America. Generally Accepted Accounting Principles (GAAP) are a set of accounting rules not specific to a particular type of entity (public or private) or to a particular business sector. These rules are the standard framework of guidelines for financial accounting in the United States.

2 For current ratings information and a more complete analysis of the financial strength of Metropolitan Life Insurance Company, please go to [www.metlife.com](http://www.metlife.com) and click on "About MetLife," "Ratings."

3 Statutory Accounting Principles are a set of accounting rules for insurance companies developed by the National Association of Insurance Commissioners (NAIC). These rules are used to prepare the statutory financial statements of insurance companies; with minor state-by-state variations, they are the basis for state regulation of insurance company solvency throughout the United States.

4 Total assets include general account and separate account assets and are reported on a statutory basis.

5 Reported on a statutory basis.

6 Net gain from operations after taxes and dividends excludes realized capital gains or (losses). For more detailed information, please see the statutory filings available in the Investor Relations, Financial Information section of [www.metlife.com](http://www.metlife.com).

7 A Best's Financial Strength Rating is an independent opinion, based on a comprehensive quantitative and qualitative evaluation, of a company's balance sheet strength, operating performance and business profile. The A+ rating is the second highest rating on this 16-step scale and indicates that the company has superior ability to meet their ongoing obligations to policyholders. Ratings explanations can be found at: [www.ambest.com](http://www.ambest.com).

A Moody's Insurance Financial Strength Rating is an opinion of the ability of insurance companies to repay punctually senior policyholder claims and obligations. The Aa3 rating is the fourth highest rating on this 21-step scale, and indicates that the company offers excellent financial security. Ratings explanations can be found at: [www.moody.com](http://www.moody.com).

A Standard & Poor's Insurer Financial Strength Rating is a current opinion of the financial security characteristics of an insurance organization with respect to its ability to pay under its insurance policies and contracts in accordance with their terms. This opinion is not specific to any particular policy or contract, nor does it address the suitability of a particular policy or contract for a specific purpose or purchaser. The AA- rating is the fourth highest rating on this 21-step scale and indicates that the insurer has very strong financial security characteristics, differing only slightly from those rated higher. Ratings explanations can be found at: [www.standardandpoors.com](http://www.standardandpoors.com).

A Fitch's Insurer Financial Strength Rating provides an assessment of the financial strength of an insurance organization. The rating is assigned to the company's policyholder obligations, including assumed reinsurance obligations and contract holder obligations, such as guaranteed investment contracts. The AA-rating is the fourth highest rating on this 21-step scale and indicates a very strong capacity to meet policyholder and contract obligations on a timely basis. Ratings explanations can be found at: [www.fitchratings.com](http://www.fitchratings.com).

8 Due to rounding, numbers may not equal 100%.

# **MetLife**

**Metropolitan Life Insurance Company**  
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